Budget 2024 Submission

The Irish
Farmers'
Association
July 2023

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Introduction

As a micro chasm of the broader national economy, the Agri sector aligns almost perfectly. Robust, resilient headline figures, despite prevailing geopolitical and inflationary challenges, conceal real, albeit well documented, vulnerabilities.

In the case of the national economy these include an over dependence on a small number of multinational companies for employment and tax receipts; emerging budgetary pressures as the population ages; and the cost of meeting the country's climate targets.

Similarly for Agriculture, meeting climate targets and the realities of an ever-ageing demographic are to the fore, as is access to labour; prevailing on-farm profitability for most (66% of farms earned less than €30k in 2022; with 57% of farms not considered economically viable) coupled with the disproportionate power / concerted efforts by retailers to continually utilise fresh produce as a 'loss leader', despite the ever complex, costly, demanding, and bureaucratic environment in which farmers operate.

The role and contribution of Irish farmers and food production to Irish society is increasingly being de-valued, including amongst our elected representatives. Farmers cannot continually be the sacrificial lamb for others benefit. And it extends beyond food production too. Take for example the housing crisis and persistent shortfalls in the housing stock. It is inherently unjust and unfair that its 'solution' will mean thousands of Irish farm families are facing the very real reality of being forced to sell intergenerationally held and actively farmed land because of the penal Government introduced Residential Zoned Land Tax (RZLT). It's immoral and wrong. As IFA have continually advocated, and recently supported by An Taoiseach, **legislative change and/or a full exemption is required for actively farmed land as a matter of priority against the Residential Zoned Land Tax.**

Decisive Government action will be required to redress, not only in relation to the RZLT, but also the other issues raised above. The long-awaited **Agri-Food Regulator (An Rialálaí Agraibhia) needs to swiftly exert influence before many of our fresh food producers (i.e. Liquid Milk; Fruit & Veg; Pig & Poultry producers) are forced to exit**. We are at a critical juncture currently if we really want to preserve our food sovereignty. The office, at a minimum, must deliver a fair share of the consumer euro goes to farmers. We have enough 'talking shops' without establishing more.

At a time of full employment, access to labour (particularly needed within dairy, pig, poultry and horticulture sectors) its increasingly difficult. There is increased reliance on sourcing workers from outside the EU, but under the current system, if a farmer wants to bring in a non-EU worker, they must apply as a 'production or site manager' on the critical skills list, which is more costly and has a lot of additional red tape. Often, by the time the process is complete the worker, who must be identified at the beginning of the process, could have taken up work elsewhere. Then the farmer is out of pocket and must start a new application from scratch again. IFA is looking for **farm workers to be categorised as critical skills for the purpose of securing work permits**.

One positive regarding the above is that the mechanisms are there presently to swiftly intervene and make a difference. For new / innovative interventions too, with a government surplus of €10bn in prospect this year, and a further €1bn Brexit Adjustment Reserve to be fully utilised by end 2023, thankfully public finances should not be a limitation in this regard in framing Budget 2024. Instead, much will depend on Government strategic intent and quantum allocations afforded to the mix of targeted expenditure measures, reduced taxes, reducing debt and/or setting up a savings fund for future pension / healthcare costs.

A central construct within Budget 2024 must be minimising the effects and risk of further inflation - which although moderating somewhat, and expected to fall even further through 2024, has left an indelible imprint for most through 2022, most particularly among the most vulnerable in our society, as poverty rates increase.

Farmers across all sectors have been hit by an array of **spiralling input costs since the second half of 2021**, and while subsiding somewhat from their peak, many of the main on-farm cost centres (i.e. feed; fuel; fertiliser) remain historically high. Agflation far exceeded general and indeed food price inflation throughout 2022 and much of 2023, with **negative terms of trade evident**.

More worryingly though, given the buffer for many through 2022, that is **output prices, are now in decline across most commodities**, is that 2023 will likely be a lot more financially challenging year for many farm families, particularly those exposed to high tax liabilities from 2022 receipts, as cash reserves become depleted.

Government, to their credit, have acted repeatedly and decisively, costing c.€12bn overall, to help insulate households and businesses from the most severe impacts of inflation, of which farmers were among the beneficiaries with the Fodder Support Scheme; Tillage Support Scheme etc.

Given the economic outlook and persistent global uncertainties such as inflationary pressures; rising interest rates and ongoing geopolitical risks, coupled with depressed output prices referenced above, additional targeted, timely and temporary measures against inflationary pressures will be required in Budget 2024, including the **suspension of the proposed 5% Concrete Levy** announced in Budget 2023. Planning permissions for agricultural development has already fallen 29% in Q1 2023, and the introduction of the Concrete will only compound already inflated construction costs (estimated by industry stakeholders at +€1k on a typical silage pit using 150m3 of concrete).

Speaking to stifled endeavour, there are thousands of farm families throughout Ireland operating within a veil of uncertainty, and fear somewhat, as to the potential impact of a plethora of EU initiated reductionist policies – spanning the Nature Restoration Law; Industrial Emissions Directive; Water Quality Framework etc – on existing and future farm operations. These policies show little regard to the positive efforts made by farm families to improve on-farm sustainability (many of which take time to exert influence) nor indeed encompass any form of economic / social impact assessment at a local level (individual or combined) where introduced. **All that is known at this point, is that any measure applied on farm is done so on a voluntary basis, and will come at a cost (directly / indirectly) to the farmer. It is imperative that Government ensure not only that maximum flexibilities apply at a local level and that actions applied on a voluntarily basis only, but there must be an adequate financial package provided, independent of CAP funds, to compensate farmers for their endeavour and any lost income and/or asset value arising**. With regard the latter, false promises were made in the past to farmers operating in designated areas. This must be rectified in first instance, and the same mistake avoided at all costs. Operating within the current realm of uncertainty makes on-farm decisions and strategic planning near impossible.

IFA is seeking confirmation too from Government and the Minister for Agriculture that, to protect and help build business resilience, a **fair share of the €1bn Brexit Adjustment Reserve allocated to Ireland is ringfenced and provided specifically for farmers and primary producers**. Trickle-down economics has proven ineffective, yet to date stakeholders further up the food-chain appear better able to access BAR funding than primary producers. Such a situation would appear completely illogical, and indeed contrary to the overall sentiment to the BAR, given the undeniable fact that farmers, as 'price takers', are among the most exposed to the negative adverse impact of Brexit (actual/potential). It is difficult to comprehend too how Government would have agreed to such a poorly designed or restrictive instrument. IFA submitted a comprehensive submission on the potential use of BAR to support the Agri Sector in May 2022, and remain open to further engagement with Government to deliver a series of tangible supports for farmers by year end.

Elsewhere, key income supports such as **Areas of Natural Constraints (ANCs), Agri-Climate Rural Environment Scheme (ACRES), Targeted Agricultural Modernisation Scheme (TAMS), Suckler Carbon Efficiency Programme (SCEP), Beef Environmental Efficiency Programme – Sucklers (BEEP-S); the Sheep Improvement Scheme and Organic Farming Scheme must also be properly funded**. This commitment is vital to deliver **€300/suckler cow and €30/ewe** in targeted payments and minimise also the significant cuts in Basic Payments that many will encounter from 2023 as the new CAP Programme begins.

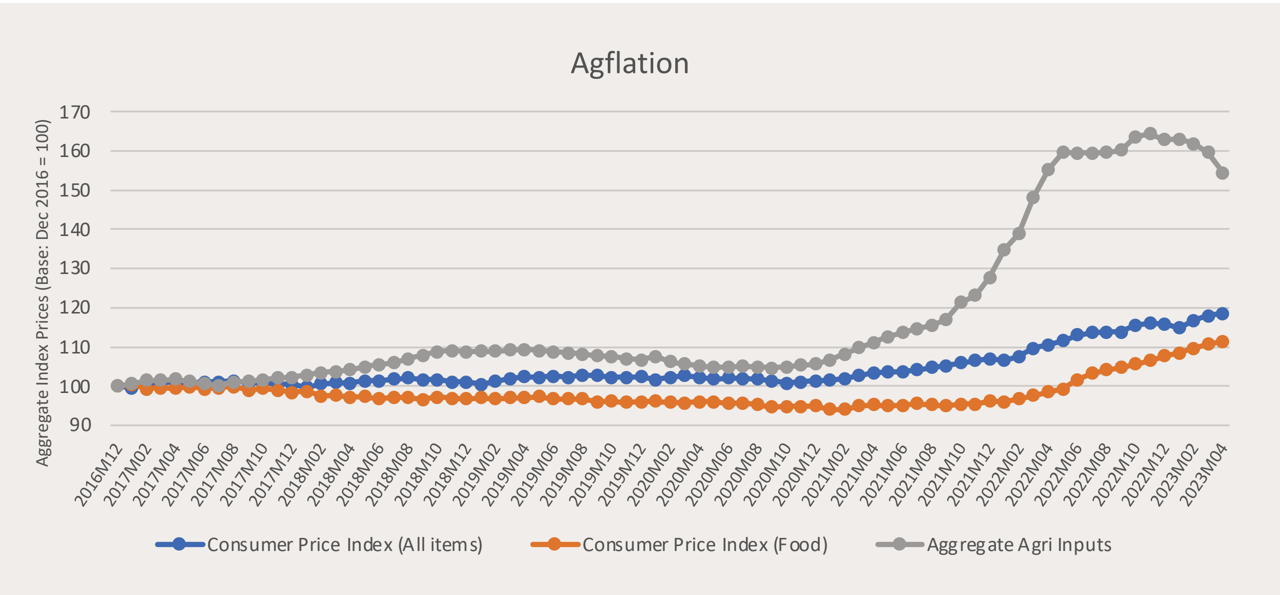
The complexity and level of bureaucracy surrounding existing farm payments overall needs to be reviewed and simplified, with maximum allocations possible afforded to active farmers. Farmers cannot be penalised for delayed and/or non-action on the part of scheme requirements contracted to third parties.

Tranche 2 of ACRES must be opened at the earliest possible opportunity, with all farmers seeking to get into Tranche 2 accommodated and an upfront payment provided. In addition, to support our environmental ambitions, unless to the farmers advantage, there must be no revision or pro-rata reduction in payment or eligible area within individual measures.

Finally, within the context of increased global uncertainty, it is **imperative too that Government put in place and maintain the appropriate agri-taxation measures** to support sustainable growth; agricultural activity; asset transfer and balanced rural development for at least the next 3 years.

A vibrant Agri-Food sector is imperative not only for sustainable rural development, but also toward minimising our reliance on multinationals for employment and tax receipts. Our Government and Minister for Agriculture has to act now to protect Irish farmers and rural Ireland. Within this submission, IFA set out our proposed support measures spanning the following sections:

- Supports to mitigate increased cost of production and general inflationary pressures;
- Measures to support Farm Enterprises;
- Measures to support farmers through Brexit;
- Measures to support Climate Action; and,
- Measures to support Farm Succession, Transfer & Partnerships.



	Aggregate Agri Inputs	Consumer Price Index	Food Price Inflation
Apr '23 vs. Apr '21	39.0%	14.7%	17.0%
Apr '23 vs. Apr '22	-0.6%	7.2%	13.1%

Note: April 2023 data is the most up-to-date information at the time of writing. (Source: Central Statistics Office, 2023)

	Calcium Ammonium Nitrate (27.5% N)	Urea (46% N)	Compound 18-6-12
April '23	609	683	755
April '22	970	1,157	984
April '21	281	389	377
April '20	249	343	350

Section 1: Measures to mitigate increased cost of production and general inflationary pressures

1.1 Farm Schemes

Input prices, while below Russia/Ukraine war peaks, remain historically high, and when combined with downward trending output prices across most farm sectors are eroding already low margins for most. Analysis on the increases in the costs of productions are outlined in Appendix 4.

IFA acknowledge targeted supports received to date to combat the agricultural input price crisis, however given the likely persistence of high input prices in the short-medium term, further allocation of targeted interventions will be needed in Budget 2024.

1.1.1 Tillage Incentive Scheme

The Tillage Incentive Scheme (TIS) has been a successful policy for increasing the area under arable and forage crops since its launch in 2022. The tillage area is likely to decrease significantly in 2023 as a result of changes to the Nitrates Legislation. It is therefore important that the TIS remains in place until 2026 to avoid the national tillage area declining back to the area planted in 2020.

A proposed payment rate structure is outlined below with land brought into tillage production in 2022 as the reference for Year 1. To ensure eligible land remains in tillage for more than 2 years post 2023, an annual payment of €200/ha must be made for the three subsequent years in 2024, 2025 and 2026.

The tillage incentive scheme must also be open to new entrants in 2024.

	Year 1 (2022)	Year 2 (2023)	Year 3 (2024)	Year 4 (2025)	Year 5 (2026)
Payment per hectare (€)	400	200	200	200	200

1.1.2 Straw Incorporation Measure

A €2.5 million annual top up from the National Exchequer for the Straw Incorporation Measure should be put in place for 2024, 2025 and 2026 to support alongside the CAP Pillar Two funding. A total funding allowance of €12.5 million will enable a minimum of 50,000ha of straw to be chopped and incorporated back into the soil. This represents 90% of the 55,000ha target under the Climate Action Plan 2030. The €2.5 million top up fund must be targeted at specialist tillage farmers.

1.1.3 Tillage Organic Nutrient Infrastructure Pilot

The export or transfer of organic nutrients to tillage farms from livestock farms must be encouraged. This offers a constructive solution to livestock farms seeking to reduce their overall organic nitrogen balance while offering tillage farmers a valuable source of organic nutrients and the potential to reduce bagged fertiliser.

A €5 million euro fund is required to enable construction of slurry/manure storage infrastructure exclusively on tillage farms. Grant aid can be provided at up to 40% of the value of the facility or to a maximum of €50,000 per applicant.

Where tillage farms have a 7-year agreement with a livestock farm to transfer nutrients this infrastructure should be counted as a storage facility for the livestock farmers storage requirements.

1.1.4 Support for Young Specialist Tillage Farmers

1.1.4.1 Incentives to promote Independent Agronomy

The average age for specialist tillage farmers in Ireland is 56.6 years (CSO, Census of Agriculture 2020). The Sustainable Use and Reduction of Pesticides Directive proposals currently moving through the EU political institution have put forward a requirement for pesticide users to seek independent advice at least once per year. A mandatory requirement to seek independent agronomy advice will prove challenging as there are simply not enough independent advisors working in Ireland. For this objective to become feasible and realistic, a significant increase in the number of independent agronomists is required. IFA believes a long-term strategic plan, with appropriate financial incentives, is needed to encourage people into developing future careers as independent agronomists in the arable and horticultural sectors.

IFA Propose:

- **A tax credit for new and existing individuals practising as independent agronomists.**
- **Funding should be provided to enable young tillage farmers under 40 to upskill and undertake courses in agronomy and integrated pest management.**

1.1.5 Protein crops supports

This measure was introduced to encourage farmers to grow protein crops such as peas, beans, lupins and combi-crops in 2022. Rates paid were €300/ha for beans/peas/lupins, and €150/ha for combi-crops.

1.1.6 Multi-Species Sward Scheme, including support for red clover

This scheme was introduced to promote environmentally sustainable methods of farming, and greatly reduce nitrogen fertiliser, while maintaining forage yields. Working alongside agri-retailers and co-operatives, contributions of €50 per 12kg bag of multi-species sward seed purchased was provided. A total of 1,691 applications were approved for the Multi Species Sward Measure, covering 10,217ha, while 965 applications were approved for the Red Clover Silage Measure, covering 6,766ha. Combined the 16,983ha exceeds that combined target area of 16,000ha for the two measures.

IFA Propose:

- **To incentivise re-planting of additional area secured in 2022, and to further increase cereal production in 2023, a half/discounted rate of €200/ha should be paid on land that remained in tillage production for year 2, with €400/ha again being paid out on any new/converted land to tillage crops for the forthcoming season**
- **Existing rates involving growing of protein crops; multi-sward species (incl red clover) should be maintained for newly sown crops**

1.1.7 Fodder Support Scheme

The 2023 Fodder Support Scheme was a continuance of the 2022 scheme (which had over 71,000 applicants) and aimed to incentivise drystock farmers to grow more fodder (silage and/or hay) in 2023 to ensure Ireland does not have any animal welfare issues for the coming winter and next spring as a consequence of the high input costs (in particular fertiliser). Payments were again limited to a maximum of €100 per hectare, for up to 10 hectares, but only successful applicants for the 2022 Fodder Support Scheme were eligible to apply for the 2023 Scheme. €30m in advance payments (57%) commenced in December 2022 to c.67,000 applicants, with balancing payments being made in Q4 2023. While there has been some downward adjustment to select input prices more recently, most remain well above previous norms, requiring continued targeted intervention, most particularly as output prices come under pressure.

IFA Propose:

- **The Fodder Support Scheme should be renewed, with applications open to all eligible farmers not just successful applications in the previous scheme**
- **Given dairy producers incur similar inflated input costs as other farm producers, IFA propose that they too should be considered eligible for the scheme in its future design**
- **For farmers who do not have land suitable to grow and save fodder, IFA proposes that these farmers who carry cattle and sheep across the winter be given financial support to purchase feed / cover transportation**
- **To preserve the integrity of support measure, farmers who lease land for defined short-term periods purely to cut hay/silage crops from, should be eligible for payment even where such lands were not included within the individuals 2023 BPS application**
- **The €1,000 payment ceiling payment should be re-visited in recognition of those farms with higher stocking levels, with payments made in full for all hectares claimed.**

1.1.8 Horticulture Exceptional Payment Scheme (HEPS)

A total fund of €2.8 million was available for HEPS, designed to ensure the short-term security of the subsectors most affected by escalation of key inputs following the Russian invasion of Ukraine, spanning commercial growers in the glasshouse high-wire crops, field vegetable, mushroom and apple sectors. Indicative allocations each include: €1m for High-wire crops; €600k for Mushrooms; €1m for Field vegetable; and €200k for Apples. Payments to growers of high-wire crops (i.e. tomatoes; cucumber; peppers), field vegetables (onions, turnips, broccoli, cauliflower, kale, lettuce) and apples were made on a per-hectare basis for crops being grown in 2022; while for the mushroom sector, payments were based on the kg weight of produce sold over the period from January 1, 2022 to April 30, 2022.

IFA Propose:

- **Existing rates should be maintained for newly sown high-wire crops; field vegetables; mushrooms and apples**
- **Scheme should be extended to include soft fruit growers (especially those with heated gas) given these producers are also exposed to inflationary input costs as all sectors and those with heated glass even more so**

1.1.9 Producer Organisations (POs)

Funding for the funding for the early stage and producer organisation scheme must remain in place.

Rules of the current producer organisation scheme need to be much less bureaucratic and designed in a more farmer/grower friendly manner.

1.1.10 Pig Stability Fund

The last 18 months have been the most difficult experienced in the pig sector in living memory. The data suggests that the sector has experienced higher levels of volatility in recent years, which places greater strain on the cashflow of producers. The sector needs to address how this volatility can be reduced if the sector wants to grow in the future. Some of the possible tools are outlined below, but there may be more possibilities. The sector needs to have a discussion now on what is the most feasible way to address this issue as any fund / system will take a number of years to 'bed-in' and to build-up sufficient funding in preparation for the next financial challenge.

IFA Propose:

- At Appendix 2 below a document presented at the recent Teagasc Pig Conference is included, options within this must be looked at to not only help protect pig farmers from future volatility but also poultry and other farming sectors.

1.2 Taxation measures to mitigate the increased cost of production.

1.2.1 Excise duty on Agri-Diesel

With reference to *excise tax on marked gas oil (agri-diesel)*, there have been suggestions re possibly classifying the low excise levels charged on green diesel (mainly used on farms and in home heating) as a fossil fuel subsidy, possibly paving the way, presumably, to its later removal down the road to greater achieve our climate ambitions. A differential of up to 54c/litre currently exists between road diesel and green diesel, however it is important to highlight that the two kinds of diesel have almost the same carbon emissions and indeed pay the same carbon tax (approx. 9c/litre). The differential in price is mainly because of contrasting tax treatments. The excise duty applied to road diesel is considerably higher than that applied to green diesel (43c/l vs. 5c/l respectively) – the differential, a user charge/contribution to the very substantial costs of providing the road network – which neither tractors nor houses are heavy users of. The farm sector uses over 1bn litres of green diesel each year, so any hike in taxes would have serious cost implications for farmers. Undoubtedly the growing trend toward renewable/greener powered automobiles will continue, however, given there is no commercially available alternative to diesel-powered agricultural machinery in the short-term the current rates on fuel and diesel should remain unchanged.

IFA Propose:

- Commitment that there will be no change to the excise duty applied to Agri Diesel due to low road usage of farm machinery and no viable alternative for use in farm machinery.

1.2.2 Retention of section 664A of the Taxes Consolidation Act 1997 including complete suspension of LPG/carbon tax for 2023 and 2024 for farmers and agri-contractors

Farmers are currently entitled to avail of relief from increases in the carbon tax on farm diesel under section 664A of the Taxes Consolidation Act 1997. Given the absence, in the short-term, of any viable commercial alternative to agri-diesel (Marked Gas Oil) to support food production operations on-farm, and the known trajectory of carbon taxes (i.e. the Finance Act 2020 legislated for an increase in the Carbon Tax from the current level of €48.50/t to €100/t by 2030), this relief must be retained and even extended to include agricultural contractors, particularly given increasing numbers of farmers will likely utilise the services of agricultural contractors to comply with new Low Emission Slurry Spreading regulations and the use of precision machinery for the application chemical fertilisers as a key eco-scheme measure under the reformed Common Agricultural Policy.

When consideration is afforded to the scale of market fuel prices experienced since the global energy crisis since the second half of 2021, coupled with the lack of viable alternatives, the complete suspension of LPG/carbon tax for 2023 and 2024 for farmers and agri-contractors would prove beneficial in not only supporting margins at farm level; but also limit the degree of food price inflation consumers would inevitably be exposed to.

IFA Propose:

- Retain section 664A of the Taxes Consolidation Act 1997 and extend to include agricultural contractors to mitigate the increased cost of production
- Suspension of LPG/carbon tax for 2023 and 2024 for farmers and agri-contractors. Alternatively, any forecast increases in LPG/Carbon tax as per Finance Act 2020 should be deferred to periods outside peak agricultural activity
- The Government must fully honour commitments made in their Programme for Government Our Shared Future to ring-fence €1.5bn of carbon tax receipts, over the next ten years for agri-environment schemes.

1.2.3 Carbon Tax Relief for Glasshouse growers of food crops using CO_2 enrichment

Glasshouse heating is provided by either Natural Gas or LPG as there is no suitable alternative fuel source. Given escalating input prices, already tight margins are being wiped out. Immediate Government intervention may however mitigate to some degree, specifically a Carbon Tax Relief for Glasshouse growers of food crops using CO_2 enrichment.

Based on a carbon tax of €33.50 per ton, glasshouse growers currently pay between €17k and €21k per hectare in carbon tax. If increased to €80 per ton, this will rise to €41,000 per hectare. This level of carbon tax will make the sector uncompetitive with imports and economically unsustainable. Its imposition is also somewhat inequitable when you consider the rationale for the initial introduction of the Carbon tax, and the fact that Irish producers of quality tomatoes, peppers and cucumbers currently use 95% of the CO2 generated from glasshouse heating to enhance crop production. It is the perfect example of a 'bicircular economy' and we must reward growers and recognise their contributions in this regard. Growers using this cropping system are not contributing to greenhouse gas emissions.

A precedent in Irish tax law exists for this type of relief. Section 98 of the Finance Act 1999 provides for the partial repayment of mineral oil tax paid on heavy oil and LPG used in horticulture production. Precedent also exists for special relief on carbon tax for growers of food crops in Canada and the Netherlands.

IFA Propose:

- Glasshouse growers of food crops using CO_2 enrichment, should be granted a Carbon Tax relief/rebate.

1.2.4 Debt warehousing

Debt warehousing was a support measure introduced in response to Covid-19 economic hardship, wherein some unpaid tax debt arising from the COVID-19 pandemic could be deferred or *warehoused*.

Debts that were warehoused were subject to 0% interest for the warehoused period, after which a phased payment arrangement was agreed, and interest of 3% applied.

IFA Propose:

- Where actual / estimated business losses are incurred as a consequence of inflationary input price pressures, consideration should be afforded to introducing a debt warehousing mechanism for impacted farmers, similar to that employed in response to the Covid-19 pandemic.

1.2.5 Covid-19 Income tax relief for self-employed extended to reduce tax liabilities

Section 10 of the Financial Provisions (Covid-19) (No. 2) Act 2020 provided for a number of temporary income tax measures to assist self-employed individuals who were adversely impacted by the Covid-19 restrictions. In summary, these measures included:

- self-employed individuals may claim to have their 2020 losses and certain unused capital allowances carried back and deducted from their profits for the year of assessment 2019, thus reducing the amount of income tax payable on those profits. A €25,000 limit on the total amount that may be carried back will apply.
- subject to meeting certain conditions, self-employed individuals may make an interim claim for relief in respect of an estimated amount of relief that will be due to them in respect of a claim to have their 2020 losses and certain unused capital allowances carried back to the year of assessment 2019.
- an option is given to individual farmers to step out of income averaging for the tax year 2020, notwithstanding that the farmer may also have stepped out of income averaging in one of the four preceding tax years.

IFA Propose:

- The above temporary income tax measures are retained and available to assist farmers adversely impacted by inflationary input price pressures;
- A permanent retention of 2 'step-out' years per 5-year cycle is provided for, where a farmer is allowed to 'step-out' of income averaging more than once in a five-year period (once they are not carrying an unpaid deferred tax amount from a previous 'step-out'). For example, if the farmer 'steps out' from income averaging in Year 1 and repays the deferred amount in Years 2 and 3, they should be eligible to 'step-out' again in Years 4 or 5 of a cycle.

1.2.6 Retention & Flexibility on Stock relief measures

Stock relief is available to any person carrying on the trade of farming, the profits from which are chargeable to tax under Case I of Schedule D. Those farmers are entitled to an income tax deduction in respect of increases in the value of their farm trading stock. The term "trading stock" refers to items which are sold in the ordinary course of the farm trade such as farm produce and direct inputs.

The general stock relief, available until 31st December 2024, provides a deduction of 25% of the increase in value in trading stocks against profits in the accounting year. For Registered Farm Partnerships relief is claimable at 50% and for Young Qualifying farmers, stock relief is claimable at 100%.

The general stock relief of 25% relief should be temporarily increased to 50% until 31st December 2024. The increase in cattle prices over the past number of years, for example, could cause non cash profit on beef and suckler farms. This could lead to tax issues for farmers in a year of high costs and poor cashflow and should be avoided.

IFA Propose:

- The general stock relief of 25% relief should be temporarily increased to 50% until 31st December 2024 to prevent tax issues for farmers in a year of high costs and poor cashflow.

1.2.7 Taxation relief for lands allocated/ leased for production of crops on short-term basis

Similar to that afforded to long-term lease arrangements, temporary income tax relief should be provided to livestock farmers that lease land to farmers on a short-term basis where the land is used specifically for the production of additional tillage/fodder crops. This may, alongside the Tillage Incentive scheme, incentivise an increase in the area of tillage crops; and ensure more locally produced animal feed for the livestock sector.

1.2.8 Temporary reduction in the VAT rate for select agri related products/ services currently at standard rate or 13.5% rate

The Government introduced (& subsequently extended) a 9% VAT rate in response to the challenges posed by COVID-19 to support the tourism and hospitality sectors. Given the unprecedented input price crisis currently endured, consideration should be extended to temporarily reducing the standard/13.5% VAT rate for select agri products/services.

1.2.9 0% VAT rate on non-oral animal medicines and vaccines to be implemented as early as possible

While acknowledging the significant input and endeavour to date in progressing this issue, Government must advance the timeframe suggested to apply the 0% Value-Added Tax (VAT) rate on non-oral animal medicines and vaccines - worth over €10m annually to farmers in direct savings.

1.2.10 Review VAT rebate for farmers to better reflect increased tax intake from escalating input prices

Continued high input prices have remained into 2023 while output prices of Milk, Beef, Tillage and Sheep have all fallen. As the VAT rebate is paid on the output price of farm produce and is to compensate for VAT paid by farmers and not reclaimed, then, the VAT rebate afforded to farmers should be adjusted up to reflect this in Budget 2024.

1.3 Social Protection Measures

1.3.1 Farm Assist

Farm assist is a vitally important payment that supports low-income farm families, allowing them to continue in production during difficult times.

IFA Propose:

- Similar to recipients of the Jobseeker's Benefit and Jobseeker's Allowance, recipients of Farm Assist should receive credited social insurance contributions for pension purposes.
- The capital assessment disregard should increase from 20,000 to €36,000 to better align with other social welfare schemes.
- In the means test the depreciation rate for farm equipment and machinery should be increased to a standard rate of 10% to reflect the useful life of these assets more accurately.
- Eligibility should be extended passed pension age.
- The option of a three-year income test assessment be considered for those in receipt of Farm Assist long term.

1.3.2 Fair Deal and Support for Older People

Older farmers and other older people living in rural Ireland can experience poverty and social isolation because they rely on small fixed incomes that are vulnerable to increases in the cost of living or unexpected expenses, such as medical care. Rural dwellers face higher costs of living than those in urban areas, particularly in expenditure on transport and the necessity to own a car. The needs of older people and low-income farm families need to be addressed.

IFA Propose:

- The new a new, statutory Home Support scheme needs to be introduced as a matter of urgency and adequately funded to support older people to live at home.
- In the interim older people need to be supported to live at home through increased funding for the Home Support Service so that the number of hours provided is increased.
- The Total Contribution Approach (TCA) for calculating Contributory State Pension payments should be implemented in line with National Pension Framework (2008) agreement, which provides for total contributions of 30 years to qualify for a maximum payment.
- Private nursing homes need to be supported at the same rate as public nursing homes to ensure older people are cared for close to home.
- Social insurance credits should be provided to farmers on Farm Assist prior to 2007, when they were ineligible to make PRSI contributions under the scheme.
- The new Workplace Pension Scheme must be extended to include farmers and other self-employed people, with every €3 saved by a farmer, a further €4 will be credited to their pension savings account by the Government.

1.4 Banking

The agri-food sector is Ireland's largest indigenous sector and is a critical part of the food supply chain. Access to working capital is paramount for farmers across all the enterprises and it is vitally important that farmers have access to sufficient low-cost funding to allow their businesses to trade efficiently. Increased reliance on merchant / co-operative credit is not an option as the provision of extended credit by these businesses is wholly unsuitable for the farming industry.

The diminished level of competition in Ireland's banking sector is concerning, particularly post the exit of Ulster Bank operations in Ireland. However, finance made available

through schemes administered by the Strategic Banking Corporation of Ireland (SBCI) provide borrowers with more choice and help reduce the cost of borrowing for farmers. For example, the Future Growth Loan Scheme, now fully utilised, proved very popular with farmers A similar proposition design is required to support increased on-farm efficiencies and better meet the needs of farmers.

IFA Propose:

- The Government, through the SBCI, introduce a state backed guarantee (80%) low-cost interest loan scheme, which is accessible to all primary producers across all the farming sectors including aquaculture, forestry and amenity horticulture.
- The scheme should:
  - Provide financial support to primary producers who are experiencing cashflow disruption and/or reduced profitability due to inflationary input prices.
  - Operate through the main banks as heretofore with previous SBCI schemes, but also to include other financial institutions such as Credit Unions, An Post and other accredited asset lenders.
  - Cater for loans up to €1,500,000 in the form of refinancing, working capital and term loans in addition to asset finance.
  - Provide unsecured lending up to €500,000.
  - Offer a loan duration of up to 6 years in the case of term loans and asset finance.
  - Provide for a 12-month moratorium on capital repayments.
  - Allow access to farmers who are leasing land and therefore are unable to provide adequate security to access secured bank finance without support of SBCI-led schemes.
  - Preclude the use of family homes as security.
  - Preclude the use of personal guarantees for loan amounts under €150,000.
  - Prohibit facility fees.

Section 2: Measures to Support Farm Enterprises

2.1 Farm Schemes

Farm Schemes – The complexity and level of bureaucracy surrounding existing farm payments needs to be reviewed and simplified, with maximum allocations possible afforded to active farmers. Farmers cannot be penalised for delayed and/or non-action on the part of scheme required contracted third parties.

More broadly, all farm payments should be index linked to help preserve on-farm margins given the reliance on direct payments among most farmers, most particularly those in the beef, sheep and tillage sectors. In addition, any new or proposed environmental action measures from Government must be thoroughly reviewed and assessed before commencement, with detailed impact assessments (spanning immediate & long-term consequences) clearly understood and communicated properly to the farmers and the community. Where there exists potential for any negative consequence to the economic, environmental, or social sustainability of the farm holding, adequate remuneration (including compensation for lost income and/or asset value where relevant) must be provided for the duration of said impact, with funding for same sourced independent of CAP.

2.1.1 Suckler Cow & Beef

The beef sector in Ireland is the largest farm sector by farmer number with over **90,000** farmers involved. The single most important component of this sector is the suckler herd and the **55,000** farms where suckler cows are kept.

The Irish beef sector generated **€2.52bn** in export value for the economy in 2022 and increase of 18% in value exporting 512k/t of primary beef to the UK, EU and international markets.

The positioning of Irish beef in these high value markets throughout the world is as a direct result of the actions, farm practices and standards of production of Irish beef farmers.

The suckler herd is the foundation on which the beef sector is built. It's scale, on farm practices and areas of the country it is prominent in is the image and standards used to promote Irish beef in our key high value markets.

These suckler farm numbers and numbers of suckler cows on these farms continue to decline as a direct result of Government failure to provide meaningful levels of direct targeted support for suckler cows.

The rate of decline continues at approx. 3% per year with suckler cow numbers fast approaching a critical point where this National resource will no longer be the mainstay of our beef sector, fundamentally changing the landscape of Irish beef production and the production systems on which access to key high value markets has been secured for Irish beef.

The latest Teagasc National Farm Survey show incomes on these farms in 2022 averaging just **€9,408** a drop of 13% income, of which **direct payments accounted for 152%** of the income, this low-income vulnerable sector does not have the capacity to absorb this level of direct income loss.

Cattle rearing and finishing farms for 2022 had a Farm Income of just €18,811, which was a modest increase of just 9% or just half the value of the increase in beef export values, with 86% of this income from direct payments.

These latest income figures on suckler and beef farms further highlights the market failures to return margins to primary producers, in the year beef export values increased by 18%, suckler farmer incomes took a cut of 13% while cattle rearing farms recorded a modest increase of just 9%.

Suckler and beef farmers and the economic activity they generate in their rural communities are an integral part of the economic, social and environmental sustainability in these areas. All direct payments delivered to farmers contribute to the wider rural economy, **every €1 of direct support invested into the sector returns over €4 back into the economy**.

Food security and food sovereignty has now become a real concern for policy makers at EU level. In the context of the Climate ambition at EU and National level Irish suckler and beef farmers are optimally positioned to deliver on these two critical objectives, however there must be a more cohesive policy approach to achieving these.

As one of the most environmentally sustainable beef farming systems in the world, Irish suckler and beef farmers are a key component in the country meeting its climate ambitions while continuing to grow our positioning as a producer of beef from farms with the highest environmental, health and welfare standards.

The nature of farming is such that farmers are continually investing/re-investing in on-farm facilities, infrastructure, stock and/or machinery to improve on-farm performance and/or efficiencies. Failing to do so, in the context of an ever-changing consumer, political and volatile market environment can quickly prove detrimental to the long-term sustainability of the farm business. Although aggregate on-farm investment per Central Bank statistics increased throughout much of the Brexit transition period, based on Teagasc National Farm Survey data and indeed from engagement with the main Financial Institutions this was not universally the case across all farm systems. Many of the more Brexit impacted sectors, in particular the Beef sector, as a result of associated market uncertainly or eroded margins, did not have the same level of confidence or available finance to invest in / grow their businesses during this period.

Suckler and beef farmers are the most exposed to the impact of Brexit and have already experienced directly in incomes the effects. For example, spanning Sept 2018 – March 2019,

estimated lost trade for the beef sector was c.€101m, with further revenue loss evident end 2019 (c.€8.3m) and early 2021 (c.€12.5m). Trade deals completed by the UK and starting to come into effect will have a significant impact on suckler and beef farmers with 43% of our export's dependant on this high value local market.

The targeted schemes for suckler farmers, Beef Data and Genomics Programme and Beef sector Efficiency Pilot have played a vital role in supporting suckler farmers and contributing to delivering our environmental objectives over the previous 7 years. However, as is evident from the decline in suckler cow numbers the levels of direct funding are not adequate to sustain our suckler herd and must be built on.

The funding commitment announced for the suckler sector to 2023 is in total €80m, consisting of €52m in the SCEP and a further €28m in the national BEEP-s replacement scheme which is the exact same level available to the sector in previous years. This will not arrest the decline in suckler cow numbers and in the numbers of suckler farmers who are key drivers of the socio, economic and environmental well-being of their rural communities throughout the country. The targeted funding for suckler cows must be increased to €300 a cow.

Cattle rearing and finishing farmers were provided with no direct supports in Budget 2023. This vital sector of farmers are the cohort of dry stock farmers who are losing most in the flawed CAP policy and those most exposed to the market failures to return a viable beef price.

The majority of the enabling factors in the Food Vision policy for the suckler and beef sector will require adaption on these farms. This will not be attainable without direct targeted supports to farmers for rearing and finishing cattle from both the dairy and suckler herd.

Suckler Herd

BEEF COW NUMBERS BY COUNTY (2012 - 2022)

COUNTY	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
CARLOW	17,771	18,328	17,844	17,384	17,199	16,999	16,140	15,325	14,901	14,163	13,729
CAVAN	50,134	50,371	47,648	47,260	47,851	48,102	46,391	44,844	44,570	42,335	40,860
CLARE	77,336	77,841	74,668	73,577	74,209	73,805	71,706	69,979	71,115	69,466	68,385
CORK	89,649	89,763	85,580	83,165	82,163	80,263	78,081	74,606	73,486	69,777	67,721
DONEGAL	44,593	44,610	41,996	41,201	41,213	40,335	39,037	38,717	39,379	38,316	37,490
DUBLIN	4,090	4,345	4,262	4,116	4,323	4,234	4,642	4,182	3,751	3,612	3,404
GALWAY	107,640	108,877	104,353	105,164	106,088	104,945	102,776	99,536	99,573	95,270	93,421
KERRY	49,601	48,922	47,108	46,406	47,000	46,852	46,057	45,579	46,030	44,668	43,315
KILDARE	18,583	19,525	19,279	19,407	19,397	19,431	18,961	17,535	17,320	16,151	15,248
KILKENNY	40,949	41,534	39,400	38,362	37,052	36,158	34,984	32,485	31,410	29,017	27,457
LAOIS	36,626	36,944	35,079	34,921	35,108	35,046	34,356	32,083	31,127	29,303	28,353
LEITRIM	28,685	28,816	27,745	27,956	28,153	28,000	26,347	25,771	26,049	25,877	25,395
LIMERICK	41,830	42,205	39,705	38,717	38,658	38,043	36,777	35,340	35,070	33,438	32,169
LONGFORD	28,805	28,757	27,109	27,250	27,556	27,391	26,267	25,439	25,783	24,488	23,329
LOUTH	12,837	13,176	12,417	12,375	12,093	12,030	11,706	11,006	10,731	10,024	9,814
MAYO	80,200	81,213	77,958	78,408	79,090	78,194	75,953	73,631	73,706	71,342	69,240
MEATH	39,099	39,638	37,298	36,435	36,564	36,730	35,539	33,258	32,487	30,222	29,526
MONAGHAN	34,407	34,975	32,608	32,584	33,083	33,264	32,408	30,892	30,682	29,323	28,620
OFFALY	33,631	34,391	32,823	32,128	31,943	31,768	31,383	29,602	28,961	26,867	25,887
OTHER *	6,628	4,745	3,817	4,030	3,961	3,720	4,399	3,767	3,444	4,321	3,916
ROSCOMMON	56,717	57,175	54,304	55,255	55,958	55,047	53,349	51,672	51,129	49,638	48,253
SLIGO	32,775	33,078	31,791	31,812	32,262	32,133	30,748	30,271	30,343	29,297	28,078
TIPPERARY	70,488	71,418	66,680	64,506	63,652	62,651	60,052	55,843	54,024	50,589	48,344
WATERFORD	29,033	29,400	28,187	26,818	25,881	24,549	22,781	20,920	20,096	18,682	17,702
WESTMEATH	39,959	40,162	37,512	37,445	38,278	37,364	36,812	35,518	34,543	32,848	32,089
WEXFORD	36,498	38,068	37,092	36,083	35,614	34,916	34,115	31,848	30,887	28,343	27,403
WICKLOW	23,719	24,280	23,797	23,689	23,727	23,656	23,334	21,982	21,151	20,287	19,533
TOTAL	1,132,283	1,142,557	1,088,060	1,076,454	1,078,076	1,065,626	1,035,101	991,631	981,748	937,664	908,681
% Change Year on Year		0.9%	-4.8%	-1.1%	0.2%	-1.2%	-2.9%	-4.2%	-1.0%	-4.5%	-3.1%

Cow Numbers are based on 1st June each year

* **OTHER** includes animals where it is not possible for ICBF to identify their county

Source; ICBF

Suckler cow numbers are declining annually with 223,602 **cows lost from the sector** between 2012 and 2022 or **20% of the herd**.

Of particular concern is the increased pace of this reduction over the past 5 years.

The economic sustainability of suckler farms is based on direct supports. Suckler farms are dependent on direct payments for 152% of their Family Farm Income, the most dependant of all faming sectors.

The sector is in danger of losing critical mass and with just under 50% of beef throughput in our meat processing factories now originating from suckler herds any further declines fundamentally changes the landscape for our beef sector and the profile and image on which our marketing is based.

The challenges on suckler and beef farmers are further compounded by the by the erosion of direct supports in the Common Agriculture Policy to our more productive farmers in the sector.

Achieving our Climate ambitions for the sector will require on farm investment and changes to some management practices. The sector will play its part but do not have the capacity, confidence or access to finance to fund these changes.

Critical in maintaining our production levels and the value and volume of our beef exports will be maximising beef output from the animals used in the system to meet our climate targets.

The continual decline in the suckler herd and the increase in animals of dairy origin in the profile of the National kill has led to a significant drop in the conformation scores for steers and heifers which is directly correlated to reduced meat sales from these animals.

U and R grading steers accounted for 47% of throughput in 2013, falling to just over 39% in 2022. Similar movements are evident on heifer conformation, dropping from over 67% U and R grades in 2013 to just 50% in 2022.

Conformation

Table 2.1.2 Steer Conformation (%)

	E	U	R	O	P	Numbers
2013	0.2	11.0	36.0	42.4	10.3	514,713
2014	-	9.1	36.0	43.2	11.5	583,679
2015	0.2	11.5	36.9	41.5	9.8	616,594
2016	-	10.4	35.5	43.3	10.4	613,464
2017	-	9.1	32.8	45.2	12.8	667,941
2018	-	9.1	29.9	46.2	14.8	649,830
2019	0.1	10.5	32.5	46.1	10.8	587,628
2020	0.1	10.9	32.4	46.1	10.5	658,695
2021	0.1	11.6	31.6	46.5	10.2	634,257
2022	0.1	10.6	29.8	47.8	11.7	666,520

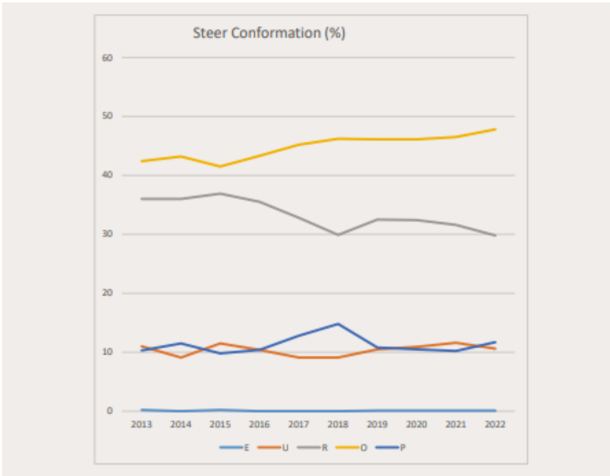
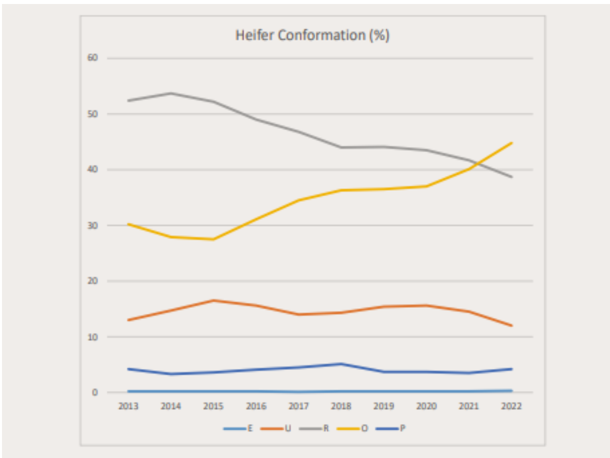


Table 2.2.2 Heffer Conformation (%)

	E	U	R	O	P	Numbers
2013	0.2	13.0	52.4	30.2	4.2	367,169
2014	0.2	14.7	53.7	27.9	3.3	407,853
2015	0.2	16.5	52.2	27.5	3.6	396,500
2016	0.2	15.6	49	31.1	4.1	411,744
2017	0.1	14.0	46.8	34.5	4.5	447,745
2018	0.2	14.3	44	36.3	5.1	471,357
2019	0.2	15.4	44.1	36.5	3.7	461,049
2020	0.2	15.6	43.5	37.0	3.7	479,876
2021	0.2	14.5	41.7	40.1	3.5	436,118
2022	0.3	12	38.7	44.8	4.2	454,711



Source; Beef Carcase Classification & Price Reporting Report – Annual Report 2022

Young bulls provide a real opportunity to have a positive impact on the average age of slaughter, particularly the specialist under 16-month-old bull system.

This is the most expensive and specialist beef production system in the country carried out on some of the very best technically efficient beef farms, but markets are not rewarding this production. If government are serious about supporting a reduction in the average age of slaughter supports for the specialist under 16-month-old bull beef systems will influence positively the overall average age of slaughter and impact on the least number of animals. Young bull throughput has dropped by 53,000 head or almost 30% since 2013.

Table 4.1.1 Numbers Slaughtered at DAFM Approved Fectories

	Young Bull	Old Bull	Steer	Heifer	Cow	Veal (V)	Veal (Z)	Total
2013	186,559	32,911	529,769	377,346	367,604	2,136	3,351	**1,499,676**
2014	189,006	42,717	613,514	431,776	366,295	2,556	1,963	**1,647,827**
2015	158,398	33,293	633,481	413,835	320,620	2,475	1,953	**1,564,055**
2016	195,748	29,486	627,069	426,514	358,563	2,411	1,778	**1,641,569**
2017	195,942	28,203	681,152	460,285	374,013	5,930	1,528	**1,747,053**
2018	205,874	30,822	670,798	488,195	397,879	8,530	1,406	**1,803,504**
2019	210,158	34,759	631,160	507,128	348,143	12,243	1,808	**1,745,399**
2020	140,333	32,571	695,688	520,479	367,723	26,936	1,688	**1,785,378**
2021	129,844	26,342	674,485	479,639	354,116	21,007	1,694	**1,687,127**
2022	133,452	27,624	713,163	502,806	413,268	28,386	1,790	**1,820,489**

Source; Beef Carcase Classification & Price Reporting Report – Annual Report 2022

The new Suckler Carbon Efficiency programme has had over 20,000 farmers apply accounting for approx. 500,000 cows indicating the importance of supports for suckler farmers, their dependence on them but also the resilience of farmers in the sector and their commitment to suckler farming.

The BEEP-S scheme proved very positive among farmers with over 25,000 applicants annually throughout the duration the scheme. It is vital the €28m committed for the replacement of this scheme is built on to bring direct supports for suckler farmers to €300/cow. The scheme design must be practical, reflect and support existing good practice on farms and avoid unnecessary leakage of the monies for actions that are new to farms, cost prohibitive and do not add any value in real terms for suckler farmers.

The Dairy Beef Welfare Scheme recognised the importance of supporting farmers who rear calves from the dairy herd, this scheme must be continued and built on to extend to all farmers who purchase and rear calves, weanlings and store cattle from suckler dams in the context of beef sustainability. The scheme must provide a minimum of €100 per animal to farmers for the rearing and finishing stages of the production cycle.

The areas of funding that can and must be targeted to deliver on supports for suckler and beef farmers include; the CAP, the BAR, Climate Targets funds and National funding.

Cohesive policy meeting the objectives and criteria for the various funding mechanisms which include providing income resilience to farmers, producing to higher environmental ambitions, higher animal health and welfare standards with reduced dependence on antibiotics and veterinary medicines in general must be developed. This approach will deliver for suckler and beef farmers and provide security of food to the citizens of the EU, food that is produced to the highest standards in the world.

IFA Propose:

Suckler Carbon Efficiency Programme

- All farmers in the scheme must be paid in full on all of their eligible animals. The Minister for Agriculture in his mart meetings on CAP committed publicly that all farmers taking part in the SCEP would be paid in full on all of their eligible animals. The funding allocation of €52m a year is not sufficient to provide this. With approx. 500,000 cows applied on from over 20,000 farms there is an additional funding requirement of €18m which must be provided to pay all farmers in the scheme.
- Genotyping costs in the scheme must be reduced. The roll out of the National Genotyping programme has created a two-tier system for farmers genotyping costs. Suckler farmers in the SCEP are charged directly €18/20 for genotyping while farmers involved in genotyping in the National programme will only incur a cost of approx. €6. This imbalance in costs must be addressed by reducing the costs for suckler farmers in the SCEP programme for genotyping in line with the national programme costs
- New entrants to suckler farming. The SCEP must facilitate and accept new entrants to the sector into the programme and provide flexibility to build their herd while participating. Arresting the decline in suckler cow numbers will require new entrants to the sector. However, the current economics are such that the sector is not economically viable without meaningful supports, farmers choosing to enter suckler farming must be fully supported through SCEP.

Beep-s Replacement scheme

- Funding of €28m has been committed for this scheme for 2023. This level of funding when combined with the SCEP payments will not deliver €300/cow to suckler farmers participating in both schemes. The funding must be increased to €70m.
- The scheme that will be provided must be practical, reflect and support existing good practice on farms and avoid unnecessary leakage of the monies for actions that are new to farms, cost prohibitive and do not add any value in real terms for suckler farmers.
- The costings of measures in the scheme must reflect the real time costs of the actions required and recognise the full extent of farmers time and labour in carrying out these actions.

Calf Welfare Scheme

- The Dairy Beef Welfare Scheme is an important component of supporting farmers developing best practices and efficiencies in developing calf rearing businesses on their farms. The scheme must be continued for 2024 and the level of supports increased to reflect the costs, labour and standards required to maximise performance and viability of the process.

- Farmers who follow best practice in this area and who focus on high CBV calves must be supported.
- A payment of €100 per calf should be provided to these farmers for the rearing phase of these animals

Beef Sustainability Scheme

- Farmers feeding animals for beef production will be required to play a pivotal role in achieving the climate target ambition for the sector
- These farmers will be required to maximise production efficiencies on their farms to deliver on these objectives.
- The sector is a low-income vulnerable sector that has also had a significant reduction in CAP payments in the CAP.
- Capacity and resources are not available on these farms to deliver the changes required to achieve the climate ambition for the sector.
- Farmers rearing and finishing weanling and store cattle of all breed types must be directly supported for this phase of the process with a minimum of €100/animal to support measures that maximise the performance of these animals
- Young Bull finishers have the potential to positively impact on average age of slaughter of all prime cattle and must be supported in this high cost specialist production system
- Introduce a native grain use incentive scheme to support livestock farmers who prioritise the use of quality assured grain in their feed choices.

Brexit Adjustment Reserve (BAR)

- The BAR fund must be utilised to directly support suckler and beef farmers to safeguard their farm income situation from the potential impacts of Brexit which looms over the sector.
- Direct / compensatory aid for revenue lost, paid direct to impacted farmers. €337m lost because of weakened sterling; C.€101m lost revenue Sept '18-Mar'19; €8.3m mid Oct-19 to end Jan '20; €12.5m end Jan '21-Apr '21 because of depressed prices
- Subventions on added cost of production
- Evidence of reduced capital investment on beef farms must be addressed. Measures, including direct-aid to support improved performance, efficiency and/or sustainability of the agricultural holding and therein support improved income resilience
- Measures to reduce reliance on inputs by directly supporting farmers to implement measures that improve soil health and animal health leading to higher production efficiencies, recognising time, labour and management commitments of farmers to achieve same – e.g:
- Soil Health programmes (incl incentives/supports for use of Lime / MSS etc)
- Supports for grass measuring equipment - better utilisation of grass; helps alleviate winter fodder costs
- Reseeding and oversowing supports
- Improved Animal Health and Performance measures such as supporting more targeted use of antibiotics and antiparasitics
- Supports for animal performance measuring and recording leading to more efficient beef production systems
- Measures to promote On-Farm Diversification
- Grow your own inputs (self-sufficiency / improved protein utilization)
- Scale up renewable energy (RE) sources and adoption on smaller scaled farms – e.g. anaerobic digestion, biorefining, biomass supply, and solar PV; focus on energy efficiency; examine barriers to the roll-out of RE at farm level, including necessary support for microgeneration and grid access.
- Agrotourism; farm building renewal, etc
- Measures to secure/develop in the context of reduced UK market reliance new high value markets and/or viable niche/premium products to deliver the highest possible beef price and increase operator resilience
- Measures to support Intergenerational Renewal / Collaboration type supports/models
- Measures to attract, sustain & diversify skills/expertise in Irish beef sector
- State-funded mentorship type programme
- Measures to promote transitional arrangements involving new and experienced operators
- Development of specific volatility and risk management measures

Climate Target Supports- New Funding

- The measures outlined to the Beef and Sheep Food Vision Group for the sector to achieve emission reduction targets are not new.
- The level of ambition for the sector in implementing some of these measures will be directly correlated to the level of funding ambition from Government for beef and suckler farmers to support these changes and new practices on farm
- The majority of these measures have already been proposed by IFA to Government for inclusion in targeted support schemes for suckler and beef farmers, but government have refused to support them

- **Significant meaningful direct support for suckler and beef farmers will be required**
- **Government must come forward with the New Funding and announce the extinct of this funding to allow the sector consider the additional measures and practices that may be feasible on suckler and beef farms.**

The objective of these measure must be to arrest the decline in our suckler herd and facilitate rebuilding that supports generational renewal within the sector

2.1.2 Sheep

Sheep production is the second largest farm sector in the country based on farmer numbers. There are 35,555 active sheep farms in Ireland accounting for 2.66m breeding ewes.

The sheep population in Ireland stands at 4.01m with the average size flock consisting of 113 sheep, the average number of ewes per farm is 75.

Ireland is the fourth largest sheep meat exporter worldwide and second largest exporter of sheep meat in the EU. A total of 2,922,046 sheep were processed in 2022.

The sheep sector is concentrated in the western counties but plays a vital role in the agricultural sector in every county in the country.

Value to the Economy

The sheep industry is an important economic component of our local economy and generates wider economic activity and employment in rural communities across the country.

The sheep sector is strongly export oriented and in 2022 exports to over 35 countries were valued at €476m an increase of 17% with over 75,000t of sheep meat exported representing a 10% increase

Environmental and Societal Contribution

Sheep farming is carried out in some of the most difficult land in the country, generating socio and economic activity in these areas while adding enormously to the bio-diversity and environmental objectives of the entire country where sheep are farmed.

Sheep farmers produce public goods through the extensive grass-based systems, such as protection of the environment and biodiversity and the preservation of the landscape and unique features.

Sheep farming is the lowest farm system in terms of greenhouse gas emissions.

Wool produced on sheep farms is a renewable multi use product with multiple added value uses that is not reflected in the price provided to farmers for this unique product.

Sector Vulnerability

Low incomes are undermining the sustainability of sheep farming and prohibiting new entrants to the sector.

Gross margins on sheep farms decreased by 14% while net margins decreased 81% to €7/ewe in 2022 which included the SWS payment.

€7/ewe return in the sector is unsustainable.

Meaningful targeted payments of at least €30/ewe are vital to encourage generational renewal and ensure the economic viability of existing sheep farmers.

The Family Farm Income on sheep farms dropped 21% in 2022, a level of reduction the low income, vulnerable sheep sector does not have the capacity to absorb

Sheep Meat Markets

It has been a very challenging year for sheep farmers as prices fail to reflect production costs on farms. The difficult trading conditions predicted by Bord Bia have materialised

Prices are averaging 41c/kg behind 2022 for the year to-date on hoggets and lambs which equates to a further cut of over €9.5m in sheep farmers' incomes for the year

Importance of Direct Payments

Direct payments support the continuation of the family farm structure preserving farming and economic activity across Ireland through various direct payment methods.

The agri-food sector accounted for over 7.1% of total employment in 2021 CAP payments bring €1.51bn into the rural economy each year.

For each €1 of direct support to the Agri-sector results in €4 returned to the Irish economy.

Sheep farming is a vulnerable low-income sector that heavily depends on direct payments for their income and to help support their farm business.

Direct Payments contributed 110% to overall family farm incomes in 2022 and a targeted €30/ewe payment is essential to support the sector.

Overall Direct payments to sheep farmers reduced in 2022.

Store lamb finishers must also be supported directly recognising the critical role they play for hill farmers and year-round supply of sheep meat.

Sheep Improvement Scheme

19,160 farmers have applied to the scheme. The €12/ewe payment is not enough to provide economic viability and long-term sustainability of sheep farming and must be built on to provide €30/ewe.

Wool Market

Sheep farmers continue to suffer the impact of the collapsed wool market.

Shearing is a key management practice on sheep farms for the health and welfare of the flock that has now become a significant production cost.

It costs approx. €8 to present a 3kg fleece rolled and packed on a farm. Costing farmers over €21m annually.

Shearing costs must be directly supported to incentivise farmers carrying out this vital health and welfare measure and to ensure wool is presented in optimum condition for future added value use.

Dog Control

Sheep farmers experience the impact of irresponsible dog ownership more than any other sector.

IFA have led the No Dogs Allowed campaign for the past 3 years to highlight this issue to Government and secure changes to legislation to ensure dog owners comply with their dog ownership responsibilities.

IFA Propose:

Targeted payments per ewe must be built to a minimum of €30.

This can be achieved by:

- Enhancing the measures in the existing Sheep Improvement Scheme and review of the costings for the measures in the scheme to build the payment levels.
- Developing a separate targeted scheme for sheep farmers that supports animal health and welfare actions on farms.
    - Sheep scab has become a serious challenge for sheep farmers and impacts on the health, welfare and productivity of our animals. Plunge dipping is recognised as one of the most effective means of treating this problem on farms. However, this is a labour intensive and expensive practice on low-income sheep farms.
    - IFA are proposing sheep farmers be paid €10/ewe to plunge dip sheep recognising the cost and labour requirement of the action to address the growing problem of sheep scab in the National flock.
- The wool Council has been established to in an attempt to add value to wool. In reality the workings of this group will not offer any short- or medium-term solutions that will add value to wool at farm gate level.
    - It is vital for the down stream value of wool to be maximised that cleaning and processing costs are kept to a minimum
    - To achieve this presenting wool in optimum condition from the farm is important.
    - This requires additional time and labour commitment from sheep farmers which is not reflected in the price paid for wool.
    - To achieve this farmer's must be supported directly for the costs and labour associated with shearing and presenting wool in optimum condition from the farm.
    - IFA are proposing sheep farmers be provided with €8/ewe support for the shearing and presenting wool to ensure the downstream value of this multi-use renewable resource is maximised.
- Store lamb finishers play a pivotal role in sheep production, maintaining a year-round supply of sheep meat for processors and providing a vital outlet for hill sheep farmers to have their lambs finished.
    - IFA are proposing a direct payment for farmers finishing store lambs to offset production costs and ensure the store lamb sellers are protected from the volatility of the market.
- Dog attacks continue to cause unacceptable trauma and financial loss of sheep farms through failure to enforce the legal obligations on dog owners
    - IFA are proposing the resources required to provide the additional dog wardens to enforce the legal obligations on dog wardens as recommended in the report to Government from the working group are made available and the additional wardens put in place as a matter of urgency.

Sheep Improvement Scheme

- A targeted ewe payment of €30/ewe in the Sheep Improvement Scheme is vital to encourage generation renewal and to support a positive margin for a low-income sector, particularly in the context of continued uncertainty of operation costs at farm level.

Dog control

- ***Government must provide appropriate resources and funding to allow an effective operational Dog Warden service in every county with staffing levels that ensure enforcement of the obligations of dog owners.***

2.1.3 Agri-Environmental Schemes

Farmers are fully committed to improving the environmental and economic sustainability of their farming enterprises, contributing to the enhancement of the environment along with maintaining the economic vibrancy and amenity value of the countryside and rural Ireland. This is demonstrated by the phenomenal demand among farmers for the new Agri-Climate Rural Environment Scheme (ACRES) – the successor of GLAS, REAP and some EIP's – where 46,000 farmers applied for an allocated 30,000 participants in Tranche 1, and the fact that 96% of BISS applicants also committed to undertake additional eco-scheme actions.

It must be acknowledged that Minister McConalogue and his DAFM officials secured sufficient resources to accommodate all 46,000 ACRES applicants, but now, similar endeavour is required to accommodate all farmers seeking to get into Tranche 2, which needs to re-open for applications as soon as possible in early Q4 2023. IFA estimate that there could be up to 20,000 additional interested farmers in ACRES, many of whom were unable to apply for Tranche 1 because there were engaged in existing land leasing agreements and unable to commit for the full term of the ACRES as required. The scheme cannot be limited to 50,000 participants.

Similarly, farmers cannot be left without of an agri-environment scheme payment for a year or more. This delay poses a real threat to farm incomes. Take for example, ACRES co-operation participants, where a maximum potential payment of €10,500 was promised [€7,000 from results-based actions and €3,500 from non-productive investments (NPI)/landscape features]. Through no fault of the farmer, at the time of writing, some 9 months after the scheme opened, there exists no definitive list of non-productive investments from which farmers can apply for. This, coupled with the protracted nature of NPI applications/payment, will mean many will receive a much lesser payment than anticipated, and is simply unacceptable. How can a farmer plan to undertake an on-farm investment when they potentially won't be paid for same, at the earliest, until mid-2024! An upfront payment for Tranche 2 / ACRES co-operation participants must be provided for.

In addition, to support continued on-farm endeavour, there cannot be any downward revision or pro-rata reduction in either payment or maximum eligible area within individual measures of future iterations of ACRES. Individual terms/qualifications, unless to the advantage of the farmer, must hold true as per Tranche 1 and for at least the term of the new CAP programme. The same holds true for eco-scheme targets/measures.

IFA Propose:

- €460m funding allocation is required for environmental and locally led schemes
- Payments of up to €10,500 be available to all farmers in both the ACRES General and Cooperative options
- ACRES must not be limited to 50,000 farmers. All farmers seeking to get into Tranche 2 of ACRES must be accommodated, with an upfront ACRES payment provided for Tranche 2/Acres Co-Operation participants similar to the way REPS payments were in the past.
- Unless to the advantage of the farmer, individual terms/qualifications must hold true for at least the term of the new CAP programme. There can be no downward revision or pro-rata reduction in either payment or maximum eligible area within individual measures of future iterations of ACRES

2.1.4 Areas of Natural Constraints (ANCs)

The ANC payment is the first direct payment typically received by farmers annually, and represents an integral revenue stream, particularly for the more vulnerable farm sectors. Currently, it is worth €250m to nearly 100,000 farmers annually, with limited change to scheme design within the new CAP Programme. Consequently, IFA completely reject the proposed delay in ANC payments in 2023, per unilateral action taken by DAFM at Farmers Charter of Rights negotiations. It is vitally important that ANC payments are received on time and the total budget allocation to ANCs and maximum permitted eligible area (45ha) is increased to past levels to take account of inflationary pressures and the low farm incomes that this payment supports.

IFA Propose:

- Funding for the ANCs is increased by a further €50m to bring the total budget for the scheme to €300m for 2023.
- No change in payment schedule for ANC

2.1.5 Designated Area Payments

Payments through the National Parks and Wildlife Service (NPWS) for land under Special Areas of Conservation (SACs) and Special Protection Areas (SPAs) through the Farm Plan Scheme should be reopened. To date, this has not happened despite NPWS receiving €53m as part of Budget 2023 (+20% on previous years allocation). The Farm Plan scheme helps meet the costs of restrictions imposed and provides compensation to farmers whose incomes and livelihoods have been negatively affected by designation. This is particularly relevant to the Shannon Callows, Hen Harrier and hill land areas where there are severe farming and other developmental restrictions. We cannot have situations where governing agencies are being allocated increased amounts of financial support to sustain operations yet the key/core stakeholder in achieving our national biodiversity and climate action objectives (i.e. farmers) lacks any clarity, on an annual basis, re the availability of a key revenue source. This needs to change. The Farm Plan scheme should be reopened, with increased payment rates to reflect the additional costs and burdens on farmers delivered and flexibility provided that it can operate alongside other agri-environmental schemes where additional land is held. In addition, there needs to be a full review of the internal operating dynamic surrounding designations, compensation, and applications for ARC's, because the existing is not fit for purpose (and that's before any additional lands potentially become designated). Farmers need permanent payments for permanent designations.

IFA Propose:

- A full review of the internal operating dynamic surrounding designations, compensation and applications for ARC's is required because the existing is not fit for purpose
- The Farm Plan scheme should be reopened and operate alongside other agri-environmental schemes, to include all farmers who are farming on land which is designated
- Additional funding of €15m is allocated to the NPWS farm plan scheme to pay farmers where, due to designation of land, restrictions are imposed on farming
- All designated area payments must be independent of CAP funds with payment period matching designation period.

2.1.6 Producer Organisations (POs)

In line with the commitment in the Programme for Government to enhance supports for the establishment of Producer Organisations, Ireland's CAP strategic plan (CSP) contains

a proposal for enhanced supports for early-stage Producer Organisations in the beef, sheep, horticulture (including potatoes), cereals and amenity plant sectors. The proposal provides for the retention of existing advisory support and the addition of an administrative support grant payable annually in the first three years following recognition. The Department of Agriculture, Food and the Marine (DAFM) currently provide a small level of support to cover some of the legal and advisory costs of facilitators associated with the establishment of POs, up to a maximum of €3,000. Within the CSP, where total financial allocation for this scheme is €1.49 million for the period 2023 – 2027, it is proposed that the existing requirements be maintained, but that support would be enhanced to include support for administrative functions in the form of grant aid of an additional €10,000 to be paid annually for the first three years in order to support the organisation's establishment and encourage the embedding of good administrative practice

IFA Propose:

- **Ireland's CAP strategic plan proposal for enhanced supports for early-stage Producer Organisations in the beef, sheep, horticulture (including potatoes), cereals and amenity plant sectors should continue to be supported.**
- **The rules need to be much less bureaucratic and designed in a more farmer-friendly manner.**

2.1.7 Walks Scheme

The Walks Scheme has a significant impact on the development of recreational activities, boosting rural tourism and supporting farmers who provide access to their land. There is a commitment in the Programme for Government *Our Shared Future* and in the National Outdoor Recreation Strategy, 'Embracing Ireland's Outdoors' to extend the Walks Scheme to 150. To date, 64 out of 80 walks are currently up and running, with the remaining 16 progressing (5 of which are due to come on by end H1 2023). For each, there needs to be provision made for ongoing maintenance grants, but also there needs to be greater promotion and enforcement of the 'No Dogs Allowed' policy for the protection of ground nesting birds, biodiversity and farm animals.

IFA Propose:

- **The previous commitment to extend the Walks Scheme to 80 walks must be delivered without further delay.**
- **The number of trails be extended to 150, with additional funds of €1.4m to bring it to a total of €8m.**
- **Maintenance grants for new and existing walks must be provided.**
- **There needs to be greater promotion and stricter enforcement of the 'No Dogs Allowed' policy.**

2.1.8 LEADER

The LEADER Programme is a key rural development tool for supporting the economic, social and environmental development of rural communities, by providing the resources necessary for rural communities to support their own development and to create capacity at local level. For 30 years the LEADER Programme, delivered by Local Development Companies, has maximised the drawdown and impact of EU funds, to create jobs in rural areas, and develop rural communities in keeping with the LEADER approach, which has been evaluated as very successful by EU institutions. As part of the new CAP Strategic Plan funding of €180 million has been committed to LEADER for 2023-2027. It is imperative such funds are made available and prioritised for farm families seeking to add to/diversify income streams.

IFA Propose:

- **A sustainable budget of €389 million must be provided for the LEADER Programme 2023-2027 to drive 'bottom-up, community-led' investment to create and sustain employment in rural Ireland, provide funding in the rural environment and support climate change mitigation initiatives in rural communities as well as the identified high-level ambitions of LEADER 2023-2027 outlined in the draft CAP strategic plan.**
- **IFA proposes that funding, in addition to what's proposed in the Draft CAP Strategic Plan, be provided by the Department of Rural and Community Development (DRCD).**

2.1.9 Targeted Agricultural Modernisation Scheme (TAMS)

TAMS has been and continues to be a success. It has contributed to upgrading and modernisation of Irish farms as well as purchase of equipment nationally. There is an ongoing investment requirement across all sectors to improve efficiency and meet higher environmental and animal welfare standards. Increased investment ceilings; grant rate and qualifying items within TAMS 3 are to be acknowledged, however there needs to be increased flexibility along with the inclusion of additional qualifying investments and minimisation of bureaucracy/verification to help ensure all funding is fully utilised. Any unused funding within TAMS must be retained and re-circulated for future tranches to support on-farm investment. Similarly, while there has been some upward revision, TAMS reference costs remain out of kilter with prevailing costs of materials. This may significantly limit the number of farmers applying for TAMS support. To keep in line with current levels of inflation, costings must be updated before the opening of each tranche.

IFA acknowledge the additional budget of the PPIS to €500,000 at 40% for TAMS3, however, for pig farmers in particular, this investment while welcome, does not suffice to encourage pig farmers to invest in the required changes in specifications for their farms to meet the TAMS specifications. As an example, to build fattening spaces as per the new specifications currently would cost in the region of €1200 – €1300 per finisher pig space which is reflective of the cost of the new building in Teagasc Moorepark.

IFA Propose:

- Provide €90m in funding for TAMS in 2024 and to keep in line with current levels of inflation costing must be updated before the opening of each tranche.
- Additional items should be added to include grant aid for dribble bars; rubber mats and quad gates.
- Standalone TAMS grant for manure storage (60% government funded).
- Re the Young Farmer Capital Investment Scheme and the Women Capital Investment Scheme, there needs to be established a clear and simplified activity demonstration process, with no farmer disadvantaged from previous DAFM guidance – e.g. a reduction in names being listed to a holdings herd number
- Need for a significant upward revision of TAMS 3 for the pig sector to facilitate the significant investment required at farm level and consideration of funding this through a separate mechanism to TAMS 3.

2.1.10 Investment in renewable energy

Existing regulations are somewhat restrictive in terms of maximising the generation of renewable energy sources. Farmers receiving TAMS 3 grant aid for Solar Panel installation should be allowed to sell any surplus electricity generated on their farm on to the national grid at attractive rates. TAMS funding should not be restricted to just the amount of energy required on the farm but to how much can be produced from the roofs available. Often drystock and tillage farms will have substantial roof space but will not have high energy requirements on farm for much of the year, restricting TAMS grants to only what is required on the farm is a missed opportunity, both for the farmer to build business resilience and provided a diversified income source, and the to increases its renewable energy sources and reduces its reliance on fossil fuels.

IFA Propose:

- The restriction on TAMS grants for solar to what the energy requirement on farm should be removed, often farms with low overall energy requirement may have large amounts of shed space and the opportunity should be there for these farmers to contribute in the production of renewable energy.
- Farmers who receive grant-aid (including TAMS) to support installation of renewable energy sources should be allowed to sell any surplus electricity generated after domestic/business consumption, in full, onto the national grid and receive an income for same (in arrears if required).
- Farmers who generate surplus electricity be allowed export it onto the national grid via smart meter and then be allowed the same amount as an offset back to them as required with no financial transaction necessary.

2.1.11 Horticulture

The Scheme of Investment Aid for the Development of the Commercial Horticulture Sector is critical to the expansion of the sector and has been successfully utilised in the past to undertake investment and improve efficiency and innovation. Funding under the scheme should be increased in order to help achieve the objective of increased area under horticultural production as part of the proposed Agri Food 2030 Strategy.

2.1.11.1 Horticulture Exceptional Payment Scheme (HEPS)

A total fund of €2.8 million was available for HEPS in 2022, designed to ensure the short-term security of the subsectors most affected by escalation of key inputs following the Russian invasion of Ukraine, spanning commercial growers in the glasshouse high-wire crops, field vegetable, mushroom and apple sectors. Indicative allocations include: €1m for High-wire crops; €600k for Mushrooms; €1m for Field vegetable; and €200k for Apples. Payments to growers of high-wire crops (i.e. tomatoes; cucumber; peppers), field vegetables (onions, turnips, broccoli, cauliflower, kale, lettuce) and apples were made on a per-hectare basis for crops being grown in 2022; while for the mushroom sector, payments were based on the kg weight of produce sold over the period from January 1, 2022 to April 30, 2022.

IFA Propose:

- Existing rates should be maintained for newly sown high-wire crops; field vegetables; mushrooms and apples
- The ceiling payment of €100k should be lifted
- Scheme should be extended to include soft fruit growers (especially those with heated gas) given these producers are also exposed to inflationary input costs

2.1.11.2 The Scheme of investment Aid for the Development of the Commercial Horticulture Sector

The Scheme of Investment Aid for the Development of the Commercial Horticulture Sector is critical to the expansion of the sector and has been successfully utilised in the past to undertake investment and improve efficiency and innovation. Funding under the scheme should be increased in order to help achieve the objective of increased area under horticultural production as part of the proposed Agri Food 2030 Strategy.

IFA Propose:

- Funding for the scheme is increased to €12m to meet the demand for investment, evidenced by the oversubscription of the scheme in previous years.
- Compensation is provided for the disposal of ash plants in amenity horticulture.

2.1.11.3 Spent Mushroom compost scheme

The potential for a spent mushroom compost scheme, similar to the straw corporation scheme may hold significant potential for the agricultural and horticultural sectors. Spent mushroom compost is the byproduct of mushroom cultivation composed of organic materials such as straw. Currently large volumes of this spent mushroom compost are used as low volume soil condition. A scheme to incorporate spent mushroom compost into agricultural practices can bring about numerous benefits.

The incorporation of spent mushroom compost can enhance organic matter and structure, thus improving soil fertility. The scheme could contribute to sustainable agriculture and circular economy practices like the straw corporation measure. Considerations should be made to provide a budget for such a scheme.

IFA Propose:

- **A budget should be provided for such a scheme**

2.1.11.4 Peat

Continued funding for research into alternatives to peat must be committed to and any alternatives

IFA Propose:

- **Just transition fund used to cover costs incurred by growers in this change.**

2.1.12 Animal Health

The high-level policy areas where the international and national Government/s are focused resolve around meeting climate target ambitions and reduced antimicrobial usage.

High standards of animal health are a key enabling factor to deliver on both these objectives.

Animal health and animal welfare are critical components of animal productivity which must be maximised if we are to achieve the overall objectives of reduced emissions and reduced antibiotic usage in the lifetime of animals.

Irish farmers have made significant investments in raising the health and welfare status of their animals through disease prevention and eradication programmes and welfare practices which are among the best in the world. Their efforts have had a positive impact on the broader national economy and contribute to the objective of reduced emissions and antibiotic dependence.

Despite these efforts, farmers are continually asked to do more. Ambitious reduction targets have been set for antimicrobial usage and more targeted usage of anti-parasitic products. However, achieving these targets and objectives imposes further direct and indirect costs on farmers, despite a much broader cohort of beneficiaries within and outside the agri-sector.

This must be rebalanced and funding models must recognize all beneficiaries by ensuring all who benefit from the work of farmers in these areas contribute to the costs.

To help farmers reduce dependence on veterinary medicines, ensure more targeted usage of medicines, tools must be provided to provide independent analytics. These tools include but are not limited to reducing the VAT rate on vaccines and delivering the previous announced commitment to enhance the Regional Veterinary Laboratory network which will be vital to make Regional Laboratories more accessible and to enhance the service offering available to farmers.

Farmers are also facing challenges in the disposal of fallen stocks. The system currently provided by the Department of Agriculture is failing farmers in the lack of a guaranteed collection service throughout the country and the rates these collectors are facilitated by the Department of Agriculture in charging farmers for the service they are licensed to provide. Removal of fallen animals in a timely and efficient manner is an important component of maintain and protecting the health status of animal in the herd.

The commitments made by farmers to invest in the health status of their animals which benefits the broader agri-sector and broader national economy must be supported by Government by providing the direct and indirect resources to support farmers while also protecting farmers from unnecessary bureaucracy and controls. Direct financial supports are vital for the success of the ongoing disease eradication programmes. Farmers are committed to proactively addressing concerns relating to Antimicrobial Resistance (AMR) at a farm level. Usage of vaccines and other preventative treatments will increase as part of herd health programmes if there is a reduction in costs associated with them.

2.1.12.1 Best practice disease control and medicine usage on farms needs direct support.

To improve the health status of the national herd, an overarching animal health programme for all farmers is needed. This programme must directly support farmers in implementing best practice disease prevention and targeted medicines usage on farms. It must also recognize the on-farm costs and additional labour requirements associated with applying these practices on the farm throughout the year.

IFA Propose:

- **While the TASAH Parasite Control Programme is a first step, it fails to directly support farmers for participation. This program must be built on and provide farmers with direct financial incentives and supports to deliver the programme on their farms. Such incentives will encourage farmers to participate in the programme and ensure that the health status of the national herd continues to improve.**

2.1.12.2 VAT Rate on Vaccines

The current VAT rate is 23%, farmers spend over €40m on vaccines annually. The implementation of a 0% VAT rate would result in over €10m direct savings for farmers and an increased usage of vaccines as part of herd health plans.

IFA Propose:

- **The VAT rate on vaccines and other associated important on farm medicines where VAT is currently charged must be reduced in 2024 the 0% rate.**

2.1.12.3 Regional Veterinary Laboratories

In 2019, €33.5m was allocated for a 10-year programme to enhance the Regional Veterinary Laboratory Network and associated services to farmers. It has been 4 years since the commitment was made and no infrastructural development or enhancement of services to farmers has been visible.

IFA Propose:

- **The €33.5m allocation for the upgrading of the Regional Veterinary Laboratory network must be utilised and the monies utilised immediately to enhance the services to farmers.**

2.1.12.4 TB

Wildlife Control Programme Resources

Additional funding has been committed to the Wildlife Control Programme but has not delivered the level of increase in staff resources on the ground to implement the programme in the timely and efficient manner required to make a meaningful impact on TB levels.

IFA Propose:

- **The additional funding allocations to the programme must be utilised in full to provide a doubling of the staff resources carrying out the programme on the ground.**

Communication with herdowners

Analysis of the DAFM queries annually show the vast majority of queries from herdowners relate to TB despite less than 5 % of farmers experiencing disease restrictions annually. This clearly highlights the need of farmers in this area and significant improvements to the current offering must be provided. A single point of contact for farmers during a TB outbreak has been committed to and must become a reality for farmers on the ground.

IFA Propose:

- **All farmers in a TB breakdown must be provided with direct contact details for an individual dealing with their herd who has knowledge of all aspects of the TB programme to ensure the stress and trauma of the event are reduced by having access to all of the information relevant to their situation when needed.**

Farmer liability in Payment for TB Testing

Farmers have a long-standing agreement with Government in relation to payment for TB testing on their farms.

The agreement requires farmers to pay for one full herd a year at no shorter interval than 10 months, all other legislatively required testing is paid for by the Department of Agriculture. New legislative requirements relating to TB testing in the EU Animal Health Law are part of this agreement and must be honoured by Government.

IFA Propose:

- **Government must honour the long-standing agreement in relation to payment for TB testing, any additional legislatively required testing must be paid for in full by the Department of Agriculture, this includes the current pre/post movement 30-day test.**

National Deer Management

The increasing uncontrolled deer population in Ireland is undoubtedly causing widespread issues across Ireland. While road traffic accidents and biodiversity loss are major causes for concern among farmers and the general public, farmers are those most affected directly by the uncontrolled increase in the deer population which has been allowed to occur over the last number of years. The Irish Deer Management Forum aims to address the concerns relating to the overpopulation of deer. The IDMF must be fully supported by the Government to deliver on the objective of reducing the national deer population to a level that is sustainable within its own natural habitat which does not extend to farmers lands.

IFA Propose:

- **Government must provide the funding and resources necessary to deliver the strategy that will be developed by the IDMF.**

2.1.12.5 BVD

The BVD programme has been in place voluntarily since 2012 and compulsively since 2013, costing over €100m all contributed directly by farmers. While the programme is on track to achieve its objective of eradicating BVD, farmers have been the key contributor in funding and programme implementation. As we approach the attainment of recognised BVD Free Status under the EU Animal Health Law, it is a critical time for AHI and its credibility with farmers.

The future credibility of AHI and its ability to deliver across numerous other existing programme areas is dependent on a satisfactory conclusion from a farmer's perspective to the BVD programme. It is therefore imperative that achieving the BVD Freedom milestone brings immediate change for farmers in their experience of the programme.

In this regard issues such as the type and frequency of testing come under review. The most effective case detection method is Tissue Tag Testing. Achieving the milestone of recognised eradication of the disease has come at a huge cost to farmers and it is vital this status would be protected and farmers

see the long-term benefits. To ensure this and in order to have confidence in stepping down vaccination, which is a requirement of the existing EU Animal Health Law, the prudent approach is to continue tissue tag testing for a period of time.

The fundamental change that farmers must see in the BVD programme is the removal of the direct costs of BVD sampling and testing. The higher-level national surveillance, proof of freedom, in the Bovine Viral Diarrhoea (BVD) programme that will commence on attainment of free status must be fully funded by DAFM. This approach is consistent with the publicly stated Department of Agriculture policy of cost and responsibility sharing in disease control. Farmers have made their direct and indirect contribution to this programme since 2012, delivered on the objectives of the programme, and it is now time for the Government to acknowledge their achievements and make their contribution. The beneficiaries who have not incurred any BVD programme costs to date should be recognized. The estimated cost of this is €10m in the first year, reducing annually as the TWG profile the likely risk herds.

IFA Propose:

- **The Department of Agriculture must fund the full cost of all BVD testing requirements and associated control costs from 2024.**

2.1.12.6 Johnes

IFA Propose:

- **The Department of Agriculture funding and resource commitment to the programme must be extended and built on to help drive participation.**

2.1.12.7 IBR

The proposed IBR Programme is predicted to cost €40m/annum and run for a minimum of 16 years bringing the predicted total for the programme to €640m and require movement controls if the 16-year timeline is to be met. The mistakes and funding inequities of other AHI disease eradication/control programmes cannot be repeated in the proposals for a National IBR programme.

IFA Propose:

- **A funding model must be established that recognises all beneficiaries of a national IBR programme. The level of funding that will be available through this model must be established in the first instance to inform the design of a programme and the approach to be taken. Government must outline the level of funding they are prepared to provide for a national IBR programme.**

2.1.12.8 Fallen Animals

EU Regulation requires the Department of Agriculture to provide the infrastructure for farmers to meet their legal obligations in relation to fallen animal disposal.

The current infrastructure provided by DAFM does not provide a guaranteed collection service for all farmers in the country and fails to have a competitive cost structure for the service. Despite DAFM providing direct subvention to Fallen Animal Collectors under a scheme that has maximum fees allowable to be charged to farmers DAFM have no inspection system in place for compliance with this requirement.

The current system is failing to deliver on its objectives through a combination of Department of Agriculture failures in the construct of the system and oversight of the subvention criteria.

IFA Propose:

- **The entire fallen animal disposal system must be reviewed and the most efficient system that delivers guaranteed collection of fallen animals to all farmers in the country at competitive rates provided.**

2.1.13 Forgotten Farmer Scheme

The 'Forgotten Farmers' are a combination of farmers who lost out following the removal of young farmer supports (Installation Aid) in 2008 due to cuts in public expenditure by the Government following the last recession. They were then unable to qualify for the young farmers supports introduced under CAP 2015 because in many cases they had been farming for five years or more. The current Programme for Government commits to resolving the issue of support for the category of farmers known as 'Forgotten Farmers', however to date nothing has materialised.

IFA define a Forgotten Farmer (Old Young Farmer) as the following:

- A BPS recipient before 1st January 2015;
- Was ineligible for the Young Farmers Installation Scheme under the RDP 2007-2013 because they started farming after 14th October 2008, the date which applications to the scheme were suspended (the scheme provided a grant to young farmers under 35 setting-up for the first time in farming);
- Was ineligible for the Young Farmers Scheme under CAP 2014-2020 because they had set up their holding more than five years preceding the first submission of Basic Payment Scheme (successful applicants then received 25% of the national average payment per hectare multiplied by your number of eligible hectares up to a maximum of 50 if they were aged no more than 40 years of age at any time during the calendar year in which they first submit an application under the BPS).

IFA Propose:

- A Forgotten Farmer scheme be introduced, with all farmers meeting the above parameters eligible to apply for the following and/or equivalent schemes:
  - Complementary Income Support for Young Farmers;
  - National Reserve;
  - TAMS/Young Farmers' Capital Investment Scheme (Access to increased level of 60% grant aid)

2.1.14 Aquaculture

The Irish aquaculture industry provides essential employment opportunities for rural coastal communities with almost 2,000 direct jobs and over 16,000 indirect jobs in marine ancillary services sectors. The economic value of aquaculture is estimated at a total of €180 million in production value (€129 million finfish and €51 million shellfish) with over 80% of this aquaculture produce are exports to the value of €150 million.

2.1.14.1 Brexit Aquaculture Growth Scheme & Brexit Blue Economy Development Scheme

The Seafood Taskforce report recommended funding for initiatives in the Irish Aquaculture sector required to overcome the impact of Brexit – this represented an opportunity to invest in developing the Irish Aquaculture industry and accordingly offers mitigation against the negative impacts that have occurred in other sectors of the seafood industry due to Brexit. The resulting schemes relating to Aquaculture (Brexit Aquaculture Growth Scheme & Brexit Blue Economy Development Scheme) are primarily funded using the Brexit Adjustment Reserve fund which is due to close on the 31st Dec 2023.

IFA Propose:

- Increasing the grant rates and extending the timeline of both schemes should be facilitated to allow the maximum number applicants avail of the funding available under the Brexit Adjustment Reserve fund. Applicants seeking to access capital grant aid under the Brexit Aquaculture Growth Scheme are finding difficulties with lead times and availability of capital equipment eligible as part of the scheme – some capital equipment may not be manufactured or available to purchase until mid-2024 at the earliest, which would fall outside the timeline of 31st Dec 2023. ALL schemes funded under the Brexit Adjustment Reserve fund must be extended beyond the deadline of 31st Dec 2023.

2.1.14.2 Input Costs

Irish Aquaculture producers have been experiencing severe increases in the cost of inputs over the past number of months, this has reached an unsustainable level since the Russian invasion of Ukraine with the shortage of raw materials, increased costs of fuel and general transport, increased costs of fish feed, and increased costs of electricity.

IFA Propose:

- IFA Aquaculture are calling on the Government to consider funding mechanisms made available by the European Commission to assist Irish Aquaculture operators affected by these severe cost increases. A 'Temporary Crisis Scheme' to allow for financial compensation to operators in the aquaculture sector for their income forgone and additional costs incurred must be made available to ALL aquaculture operators affected by the Ukraine crisis and eligibility criteria must reflect that – consideration must be given to activating these measures using National funds.

2.1.14.3 Blue Carbon Potential

IFA welcomes the recognition in Programme for Government *Our Shared Future* and as part of the Seafood Taskforce initiatives, for the enormous 'blue carbon' potential that the ocean has to offer in tackling climate change. Further, the EU Commission announced its Work Programme for 2022, a proposal for certification of carbon removals with a view to proposing a European regulatory framework and in the context of the European Climate Law (Regulation (EU) 2021/1119) which requires the European Union to achieve a balance between emissions and removals of greenhouse gases, blue carbon potential should be considered and recognised.

IFA Propose:

- Carbon Value / Sequestration - Appropriate recognition and renumeration must be given for the Irish aquaculture sector in its carbon sequestration services and the added value aquaculture produce provides and the contribution aquaculture can make in meeting Climate Action targets in this regard. DAFM must integrate a payment mechanism in the EMFAF Operational Programme via the Open Method of Coordination.

2.1.14.4 Implementation of Aquaculture Licensing Review Recommendations

Prioritising immediate action to implement a functioning aquaculture licensing system must be a key priority for any future development of the Irish Aquaculture industry, including appropriate legislative changes required to facilitate this. There is a need for commitment from Government to ensure the economic potential and sustainable future of the Irish Aquaculture industry is realised. Sufficient funding and resources must be allocated to facilitate implementation of all recommendations, as well as the provision of core work programmes and statutory monitoring programmes within the remit of DAFM and its Stage Agencies.

IFA Propose:

- Sufficient funding, adequate and appropriate resources must be allocated to ensure full implementation of all the recommendations of the Independent Aquaculture Licensing Review. Further, sufficient funding and appropriate resources must be allocated to State Agencies responsible for provision of core work programmes and statutory monitoring programmes which are essential for food safety control and support of the Irish aquaculture industry

2.1.14.5 Shellfish Water Quality

There are 64 designated shellfish areas in Ireland as part of the EU Water Framework Directive requires all Member States to designate waters that need protection in order to support shellfish life and growth. There are physical, chemical, and microbiological requirements that designated shellfish waters must either comply with or try to improve, as well as the establishment of pollution reduction programmes where required. In recent years, mismanagement of discharge into designated shellfish areas has compromised the water quality in shellfish producing bays across the country.

IFA Propose:

- IFA proposes that adequate funding in and resources be made available to ensure tertiary treatment must be rolled out for all coastal Wastewater Treatment plants (WWTP) - specifically WWTP's adjacent to bays and harbours where shellfish production is carried out to sustain food safety, rural jobs and enterprise. Further, funding and resources must be allocated to the relevant bodies for the establishment of pollution reduction programmes where required, in compliance with the EU Water Framework Directive (formerly EU Shellfish Waters Directive).

2.1.15 Poultry

Currently there is only one poultry advisor employed by Teagasc for the whole Irish poultry industry and additional personnel are required to provide training, farm advisory services and conduct much needed research. A research facility is essential in order to upskill our workforce and attract new people into the industry. A facility to allow the testing of new technologies and equipment is required for both the poultry & pig sector to enable farmers to try out new equipment. Also research is required to establish exact emissions from the poultry sector.

IFA Propose:

- Provide supports and invest in a research facility for the poultry industry through Teagasc, including funding to purchase equipment for trials in such a facility.
- Provide funding to allow research to be carried out to determine the carbon footprint of the poultry sector and ammonia emissions of the sector.

2.1.16 Horse Breeding

The many thousands of smaller breeders of both thoroughbred and sporthorses in Ireland today require financially support in order to firstly survive, and to improve the quality of horses producing on an ongoing basis.

Irish horses have always competed and been successful at the highest levels internationally, but breeders need action in the form of financial support now to prevent Irelands horses from falling down the pecking order.

The Department of Agriculture Food and the Marine (DAFM) is a contributor of funding to both sectors.

IFA Propose:

- DAFM would introduce initiatives to directly support the primary breeders of competing horses to ensure these breeders can survive and compete with horse breeders on an internationally stage.

2.1.17 Fodder Support Scheme

The 2023 Fodder Support Scheme was a continuance of the 2022 scheme (which had over 71,000 applicants) and aimed to incentivise drystock farmers to grow more fodder (silage and/or hay) in 2023 to ensure Ireland does not have any animal welfare issues for the coming winter and next spring as a consequence of the high input costs (in particular fertiliser). Payments were again limited to a maximum of €100 per hectare, for up to 10 hectares, but only successful applicants for the 2022 Fodder Support Scheme were eligible to apply for the 2023 Scheme. €30m in advance payments (57%) commenced in December 2022 to c.67,000 applicants, with balancing payments being made in Q4 2023. While there has been some downward adjustment to select input prices more recently, most remain well above previous norms, requiring continued targeted intervention, most particularly as output prices come under pressure.

IFA Propose:

- The Fodder Support Scheme should be renewed, with applications open to all eligible farmers not just successful applications in the previous scheme
- Given dairy producers incur similar inflated input costs as other farm producers, IFA propose that they too should be considered eligible for the scheme in its future design
- For farmers who do not have land suitable to grow and save fodder, IFA proposes that these farmers who carry cattle and sheep across the winter be given financial support to purchase feed / cover transportation
- To preserve the integrity of support measure, farmers who lease land for defined short-term periods purely to cut hay/silage crops from, should be eligible for payment even where such lands were not included within the individuals 2023 BPS application

- The €1,000 payment ceiling payment should be re-visited in recognition of those farms with higher stocking levels, with payments made in full for all hectares claimed.

2.1.18 National Liming Scheme

The National Liming Programme was introduced by the DAFM to incentivise the use of Lime; therein helping to correct soil acidity, maximise nutrient availability and lower Nitrous Oxide (N2O) emissions while simultaneously increasing grass and other crop yields. With a proposed budget of €8m, approved applicants were to receive a financial contribution of €16 per tonne for lime spread, for quantities between 10 to 200 tonnes of ground limestone spread. Almost 41,000 farmers applied to participate in the National Liming Programme, looking to spread 4.5 million tonnes of lime (av. 111 tonne/applicant). It is imperative adequate funding is identified (from BAR or elsewhere) and all valid applications are accommodated. Restricting support to less than €2/tonne or to 12 tonne/eligible applicant within an €8m budget remit will significantly limit uptake among farmers, but more importantly constrain the environmental dividend that may be realised from farmer ambition. It must be realised that actual applications of lime are likely considerably lower than 111 tonne per applicant estimated.

IFA Propose:

- All valid applications for the new liming programme are accommodated, with full payment made on strength of purchase receipts received. Limiting support per tonne or eligible volumes will prove counterproductive overall.

Table: 2023 National Liming Scheme

Current allocated budget (€m)	8
Proposed financial support (€/tonne)	16
Budgeted Tonnage applied for ('m tonne)	0.5
# applicants to scheme	41,000
Av. Tonne applied for (tonne)	111
Total tonnage applied for ('m tonne)	4.55
Based on applications received:	
Av. tonne supported/applicant (if no change to allocated budget and €16/tonne applies)	12.2
Max €/tonne support (if allocated budget is held and Av 111 tonne/applicant applies)	1.76

2.2 Measures to improve Farm Safety

The workplace fatality and accident rate in Irish agriculture, regrettably, is consistently one of the highest of all economic sectors. IFA is steadfast in its belief that awareness and education programmes focussed on prevention, through supporting farmers to change behaviour, are the best way to reduce farm incidents. In addition, farmers should be supported to make necessary investments to improve on-farm safety, both for personal use but also that of wider family members and paid employment.

IFA Propose:

- Under the current flat rate review, IFA is seeking inclusion, under a separate category, of Personal Protective Equipment (PPE) to minimise risk on farms.
- Non-registered farmers should have the option to reclaim VAT on the cost of purchasing and maintaining farm safety equipment to help maintain best safety standards, via the VAT 58 form.
- Reduced Vat rate on safety equipment such as replacement of manhole covers, power shaft covers etc.
- A handbrake and Power-Take Off (PTO) improvement scheme; to include a PTO scrappage scheme and a handbrake replacement scheme, to assist farmers in replacing malfunctioning equipment.
- An annual farm safety budget be allocated to the Farm Safety Partnership Advisory Committee to implement future farm safety action plans.
- A simplified and fast-tracked planning process is put in place for the construction of road underpasses.

2.3 Road Development

The National Development Plan envisages that almost €6bn will be spent on national road schemes. This will lead to considerable upheaval for farm families impacted, as their farms are carved up to facilitate the development of the national road network. Currently a flexibility payment of €3,000/acre is in place, this is a totally inadequate figure and does not reflect costs of such upheaval. A new payment needs to be introduced to be reflective of the above.

IFA Propose:

- Farmers impacted by national road developments under the new National Development Plan receive a flexibility payment, fully reflective of costs of upheaval and current land values.
- Inclusion of an Underpass of suitable size for modern farming or a flyover to sustain existing operations and link impacted farms fragmented by new road development.

Section 3: Measures to Support Farmers through Brexit

Ireland has been allocated over €1 billion of the available €5.34 billion Brexit Adjustment Reserve, and has until end Dec 2023 to fully utilise.

While the full impact of Brexit has not yet been realised, Irish farmers have been forced to endure the adverse consequences of that unexpected Brexit vote in June 2016, operating often within the realm of negative market sentiment; currency fluctuation; protracted EU/UK negotiations; uncertainty and indeed a series of Hard Brexit cliff-edges, which unfortunately even today, remains a possible reality.

Cost of production (particularly inputs sourced/diverted through the UK) has gone up post Brexit; while added uncertainty and challenge has impacted on-farm investment and succession, particularly among the traditionally low margin enterprises. The cost/inability to secure seed potatoes has been a particular challenge.

The most immediate and direct consequence of the Brexit referendum was however a weakened sterling – wiping approximately €570m off the value of Irish Food & Drink exports in 2016, and over an estimated €1.55bn since. Mushroom exporters, trading in sterling suffered an 18% cut to margins within weeks. Many ceased growing for a period; 40% exited completely. The industry impact of a weakened sterling alone relative to pre-Brexit levels for the Mushroom sector is estimated at c.€47m.

Agri output prices took a hit too, with atypical seasonal market demand trends and stockpiling of product, aligned with cliff-edge EU/UK negotiations, continued sterling devaluation/ fluctuations and the threat of a Hard Brexit, compounding matters, depressing output prices and consequently revenue returns received by Irish farmers. For example, spanning Sept 2018 – March 2019, estimated lost trade for the beef sector was c.€101m, with further revenue loss evident end 2019 (c.€8.3m) and early 2021 (c.€12.5m).

Increased Agri-Food exports have been directed outside Great Britain (GB) since the Brexit vote, with a significant drop-off in the level & value of GB trade evident. Pigmeat exports to GB for example dropped almost 60% in value and volume terms in 2021 vs. 2020, with the GB market contributing only c.10% of total pigmeat exports (value & volume). This compares with almost one-quarter (26%) of Irish pigmeat exports destined to GB market in 2016, and contributing over one-third in value terms. While a prudent approach – similar unit margins are not always evident – an estimated differential of c.€26.8m exists in potential revenue purely by directing increased quantities to China rather than to GB markets.

It is undeniable that Brexit has had a significant adverse impact on the Irish Agriculture Sector, spanning all sectors, with additional, even heightened risk of further disadvantage potentially still to come in the form of market displacement with the implementation of agreed UK trade deals with Australia & New Zealand and further regulatory divergence.

IFA analysis shows the potential for displacement of €300m of Irish beef and €75m of Irish sheepmeat from the UK market in 2024 due to these two trade deals. The figure for the displacement of beef has the potential to raise to €756m by 2032. Data from the UK after the first month of the new Australia trade deal shows that a volume equal to 25% of the amount of steak cuts Ireland export to the UK has been imported from Australia to the UK in that month.

To date c.€60m has been allocated to primary agriculture from the BAR fund, this is totally inadequate and is significantly less than what the processing sector has received. Trickledown economics has never worked from processors to farmers and will not work in this instance either, if the hope is that the processors will use the funds received to pass back higher prices to farmers then all the farmers will have from the BAR fund is hope. The Government must engage fully with IFA on the proposals submitted in 2022 on the allocation of the BAR funding.

IFA Propose:

- The allocation to the Irish farming sector from the BAR needs to reflect the importance of the UK market to Irish primary producers and to protect them against the disproportionate impact of Brexit on Irish agri-food exports. Farmers, as price takers, cannot be left carrying the can and absorbing the full cost of Brexit.
- A series of targeted, wide-ranging, and innovative financial & support measures are required to promote increased resilience and the sustainability of Irish family farm operations into the future. Such supports, as outlined in the IFA Submission to Government re the allocation of BAR funds for the Agri sector, may include:
  - Direct, targeted financial aid, in the form of De Minimis aid, to compensate for lost income incurred as a result of the weakening of sterling; atypical seasonal demand and/or other direct Brexit related reasons;
  - Subventions on added cost of production;
  - Measures, including direct-aid to support improved performance, efficiency and/or sustainability of the agricultural holding and therein support improved income resilience;
  - Measures to reduce reliance on inputs by directly supporting farmers to implement measures that improve soil health and animal health leading to higher production efficiencies;
  - Measures to promote On-Farm Diversification;
  - Measures to support Intergenerational Renewal / Collaboration type supports/models;
  - Measures to attract, sustain & diversify skills/ expertise in the Irish Agri sector;
- Development of specific volatility and risk management measures.

Section 4: Measures to Support Climate Action

Irish farmers are fully engaged and committed to climate action. The Climate Action and Low Carbon Development (Amendment) Act 2021, which was passed in July 2021, sets a legally binding target of a 51% reduction in emissions by 2030, relative to a baseline of 2018. Under the Act, the Government is required to set sectoral emissions ceilings for each sector of the economy and in 2022 agriculture received a target of a 25% cut by 2030.

In light of the National Strategic Plan and changes made under the revised Common Agricultural Policy (where 25% of direct payment receipts will be cut to fund eco-schemes) increased adoption of targeted agri-environmental measures on-farm is likely in the short-term in order to sustain direct payment receipts – a fundamental income source to sustain farm operations in the majority of cases. This should be acknowledged and accounted for in any proposed amendment to existing tax reliefs / welfare supports to influence personal behaviour in the name of greater achieving national climate ambitions.

As outlined above farmers are continually being asked to do more to qualify for their CAP core payment. However, the level of EU funding for these core payments (known as Pillar 1) has significantly reduced. UCD analysis estimates that, in real terms, Irish funding under Pillar 1 of CAP declined by 17% in the 2006-2019 period and that analysis was completed before the latest changes to CAP and inflation experienced in the last 2 years.

The Irish agri-food sector has benefited, for some twenty years, from having a coherent, stakeholder-led vision and strategy to underpin and guide the sector's continued development. The current Government approved strategy for the agri-food sector, "Food Vision 2030 – A World Leader in Sustainable Food Systems" envisages a transformational pathway to a position of world leadership in Sustainable Food Systems by 2030. It seeks to add value sustainably into the future, with a strategic focus on environmental protection. There are numerous industry-led initiatives (e.g. Teagasc Sign Post Programme; Grass10; Farm Zero C, etc) currently in operation to educate and positively influence behaviour toward improved on-farm efficiencies and the transition of farm operations to net zero emissions by 2050.

There are however a number of measures that, if introduced, could further support climate action.

4.1 Taxation measures to support climate action:

4.1.1 Emission Efficient Equipment / Capital Investment Incentive

Farm equipment, which contributes to increased emission efficiency, such as LESS equipment or capital investment in developing bioeconomy supply chains, should qualify for accelerated capital allowances. This would be provided through an enhanced SEAI Accelerated Capital Allowance Scheme, or through a parallel scheme, which would operate under the same structures – e.g. 100% capital allowances for investment in equipment that is independently certified and listed by a qualifying authority.

4.1.2 VAT exemption for all Emission Efficient Equipment

All farm equipment that contributes to a reduction in emission intensity, should be exempt from VAT.

4.1.3 Forestry & CAT / Stamp Duty Relief

The promotion of farm forestry is key for Ireland to achieve its environmental goals in terms of Climate Action Plan 2023. When farmers enter into forestry, it is a permanent commitment of the land to forestry. In addition, under the new Forestry Programme farmers are required to commit 35% of the productive land area to biodiversity enhancement and broadleaf planting.

Land with forestry is currently defined as being agricultural for CAT Agricultural Relief, providing those trees are being grown on over 50% of the land; if they cover a smaller amount of the land, the Relief cannot be applied unless the land is split into separate folios of forestry and agriculture.

However, with Stamp Duty, land with woodlands growing on a commercial basis does not qualify for reliefs and is subject to the 7.5% rate. Currently the differing definitions cause unnecessary complications and complexities and are a barrier to investing in, transferring, or selling forestry.

IFA Propose:

- If any percentage of the farm is dedicated to farm forestry, it should be defined as agricultural land and the CAT Agricultural Relief applied to the whole farm.
- Farm forestry is treated in a similar manner in relation to the Consanguinity and Young Trained Farmers Stamp Duty Reliefs as it is with CAT Agricultural Relief, where it is defined as agricultural land.
- Where a non-farmer buys forestry, the normal commercial rate of stamp duty should apply to the full value of land and timber. This is required to ensure forestry remains primarily in the hands of genuine farmers.

4.1.4 CGT / CAT Reliefs – Solar Leases

The amendment of Section 34 in the 2017 Finance Act extended the definition of assets that can benefit from CGT Retirement Relief and CAT Agricultural Relief to include leased land on which solar panels have been installed. Under the Act land being disposed of, still benefits from the aforementioned reliefs, provided the area of land on which solar panels are installed does not exceed 50% of the total area of land concerned. The calculations used to determine the area of land on which solar panels are installed, should only include the footprint of the structures mounting solar panels, ancillary equipment and service roadways (i.e. areas not capable of being grazed) and should exclude any area capable of being grazed by agricultural livestock either under, around or in between panels, ancillary equipment and roadways. Existing means of calculation particularly impacts smaller holdings, and can/will impact on subsequent inheritance of the farm unless addressed.

4.1.5 Incentives / supports involving wind farm

Consideration should be afforded as to whether the above CGT/CAT reliefs for solar panels should also extend to also include wind farms, given their increasing role in meeting our renewable energy targets. Currently there are issues of agricultural relief on farm transfer or farm succession, where lands deemed Industrial and highly valued by Revenue Commissioners bring the value of the asset outside CAT thresholds. In many instances, the resultant CAT payable on receipt of the asset may be equal to or in excess of the nett income generated from the project over its lifetime, thus creating a dis-incentive to implementation.

4.1.6 Investment in renewable energy

Existing regulations are somewhat restrictive in terms of maximising the generation of renewable energy sources. Farmers receiving grant aid for Solar Panel installation should be allowed to sell any surplus electricity generated on their farm on to the national grid at attractive rates. For the farmer it builds business resilience and provides a diversified income source, while the State also increases its renewable energy sources and reduces its reliance on fossil fuels.

IFA Propose:

- Remove planning impediments for microgeneration project.
- The establishment of capital grants of approximately 50% for farmers to invest in microgeneration. This programme should apply to all usage on farms including the farm residence.
- Farmers who receive grant-aid to support installation of renewable energy sources should be allowed to sell any surplus electricity generated after domestic/business consumption, in full, onto the national grid and receive an income for same (in arrears if required).
- Farmers who generate surplus electricity be allowed export it onto the national grid via smart meter and then be allowed the same amount as an offset back to them as required with no financial transaction necessary.

4.2 Measures/Schemes to support climate action:

4.2.1 Organic Farm Schemes

The Organic Farm Scheme assists farmers in the conversion process to organic farming. Last year the funding to the scheme increased to €37m, an 80% increase on previous allocations. The enhanced OFS payment rates that apply from 1st of January 2023 show a significant increase on what was in place previously. Dry stock, tillage, dairy and horticulture producers now receive a payment of €300, €320, €350, and €800 euro, per hectare per annum respectively. The participation payment of €2,000 for year one of conversion and €1400 thereafter for existing farmers helps mitigate the cost of organic licensing and administration, this is welcome. There has been an increase in the number of farmers participating in the OFS scheme since these increases were introduced. In the last reopening of the scheme some 3,423 eligible applications were received, of these 2,131 were new organic farming scheme applications and the remainder represented those whose contracts finished on the 31st of December 2022.

Even with these new entrants, the area under organic production remains significantly below the European average. The Programme for Government *Our Shared Future* sets out to increase the area under organic production to 7.5% by 2025 to align with the increased organic farming ambitions at European level (i.e. 25% agricultural land under organic production by 2030). However, this can only be achieved by increased levels of funding for the scheme. There is a growing market consumer demand for organic products, and Ireland's green image in the international marketplace gives us a real opportunity to further develop the sector.

IFA Propose:

- Funding of the Organic Farm Scheme should be increased to incentivise and further develop the area of land under organic production.
- The participation payment should be maintained
- An additional payment should be made on the first 3 ha of organic horticulture.

4.2.2 Farm Forestry

The fourth National Forest Inventory was published this year and shows that for the first-time private forest owners, mainly farmers, now own and manage 51% of the national forest estate. The Government has significant ambition for the forestry sector as set out in the Climate Action Plan 2023, which aims to increase annual planting rates from 2,000 hectares in 2022 to 8,000 hectares from 2023 onwards, to deliver an additional 28,000 hectares of new forest by the end of 2025.

The Government have stated that farmers are to be the key-drivers of the planting programme. This is evident considering that as per the EPA Land Use Review: Fluxes, Scenarios and Capacity Synthesis Report, agricultural land accounts for approximately 67% of Ireland's total land area. However, there has been a sharp decline in recent years since the shift in policy that saw the equalisation of premiums paid to both investors and farmers and the significant increase in the premiums paid to investors while the farmer premium was only maintained. This shift in policy saw farmer planting decrease from 6,064 hectares in 2013 to just 360 hectares in 2021, accounting for just 18% of the planting programme.

The reality is that many farmers no longer view forestry as a safe investment, the risks associated with committing their land in perpetuity have become too great. Successive policy decisions including: the cutting of forest premiums, restrictions on planting productive land, unwarranted retrospective recoupment of premium payments, increased environmental requirements and associated management costs, inadequate compensation for farmers with ash dieback, and the ongoing delays getting a forest licence, have eroded confidence.

New measures are needed to reverse the decline in afforestation, to de-risk the investment and restore confidence, while ensuring a balanced regional spread of forestry is achieved.

IFA Propose:

- The introduction of a Payment for Ecosystem Services (PES) in recognition of the range of ecosystem services provided by forests, particularly on land that is required to be set aside based on conditions attached to licences, at reforestation stage and after the forest premium has ceased that compensates farmers for the loss timber earnings on this land.
- The introduction of a new Ash Dieback Reconstitution Scheme that appropriately compensates forest owners affected by the disease. This should include a full reconstitution grant to support farmers to clear and replant infected woodlands, as well as the reinstatement of 20-year premiums on the re-established land. The option not to replant under certain circumstances should be provided.
- The proposed Environment Report Grant (ERG) under the new Forestry Programme should be extended to assist forest owners with the increased costs and requirements associated with applying for a forest road and felling licence.
- The introduction of a Roadside Ash Tree Removal grant to support farmers to remove diseases roadside ash trees safely that would be administered by the Local Authorities, who would be responsible for coordinating the safe removal of the trees by providing grants to support farmers to hire relevant professionals to safely fell these trees.
- The introduction of a Forest Owner Producer Organisation Scheme to provide supports for the preparation and implementation of Production and Marketing Plans for forest owner organisations.
- The development of a National Forest Group Certification scheme to overcome the obstacle to private forest owner certification that mirrors similar successful schemes operating in other European countries. Currently in the private sector only 4% of the private forest estate is certified and is a potential future barrier to mobilisation and access to markets.
- The allocation of funding to establish a Forestry Development Agency to drive the industry, such as exists in other natural resource sectors. It would be charged with optimising the performance of the Irish forest industry by providing technical expertise, business support, funding, training and promoting responsible environmental practice.

4.2.3 Measures to improve on-farm efficiencies

- Funding to introduce a Sustainable Development Programme (SDP) to co-ordinate the delivery of price supports for farm-scale and community-based renewables and to ensure the maximum delivery of the Teagasc Marginal Abatement Cost Curve (MACC) climate roadmap.
- The introduction of a protected urea incentive scheme, reducing the price differential below it and existing products to encourage increased adoption
- A support scheme should be put in place to encourage slurry additives uptake.
- Accelerated capital allowances on LESS equipment for farmers in derogation.
- A soil structure support programme to include soil aeration equipment to maximise the agronomic and environmental benefits of good soil structures.

- Soil Health programmes (incl incentives/supports for use of Lime / MSS etc)
- Supports for grass measuring equipment - better utilisation of grass; helps alleviate winter fodder costs
- Reseeding and oversowing supports
- Improved Animal Health and Performance measures such as supporting more targeted use of antibiotics and antiparasitics
- Better faecal egg sampling schemes to reduce anthelminthic use and farm cost on medicines
- Supports for animal performance measuring and recording leading to more efficient production systems

4.2.4 Renewable Energy Microgeneration Support

The Climate Action Plan 2019 sets the target of 70% of electricity generated from renewable sources by 2030 in Ireland. The Programme for Government *Our Shared Future* clearly reflects IFA's position that greater community participation must be at the centre of future renewable energy policy to provide sustainable development. Ag Climatise aims to generate at least 20% deployment of renewable energy technologies focusing primarily on energy intensive farming systems.

Farmers have already begun to contribute to renewable energy generation, by diversifying and devoting the use of their farmland towards low-carbon opportunities and climate abatement. IFA supports the advancement of farm scale renewable infrastructure at a community level. In order to promote and encourage the adoption of microgeneration on Irish farms with the aim of reducing input costs for farmers, reducing CO2 production, and contributing to the Government renewable energy targets for 2030, the following supports are required.

IFA Propose:

- **The establishment of capital grants of approximately 50% for farmers to invest in microgeneration. This will require a new financial support programme for on farm microgeneration with a separate structure and set of rules. This money should come from outside of CAP Pillar II funds.**
- **The delivery of a meaningful 'Feed in Tariff' with no limits on export volume to grid.**
- **Amend the Renewable Electricity Support Scheme (RESS) to facilitate small scale projects and redefine 'communities' in RESS to include virtual farming communities and partners.**
- **Remove or reduce network charges for inter-farming community trading.**
- **Remove planning impediments for microgeneration projects.**

Section 5: Agri Taxation

5.1 Taxation Measures to Support Farm Succession, Transfer and Partnerships

5.1.1 Rates of Stamp Duty

In Budget 2020, stamp duty was increased from 6% to 7.5% for commercial property, which included agricultural land. Agriculture is a low margin, highly capital-intensive business, which requires investment in its primary asset, land. The increase in the rate of stamp duty places an increased financial burden on farmers purchasing their primary asset and will also have significant impact on young trained farmers given the introduction of State Aid limits to their reliefs.

IFA Propose:

- **Agriculture is removed from the commercial definition and revised in line with the residential stamp duty charge of 1%, up to €1m, and 2% thereafter.**

5.1.2 Young Trained Farmer Stamp Duty Relief

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. Reliefs recognise the high prices of agricultural land and its associated low-margin return.

The young trained farmer stamp duty relief is critical for aiding young farmers to enter the sector and incentivise generational renewal. Currently, a young trained farmer must submit a business plan to Teagasc at the time of the claim and technically the relief could be disallowed by failing to submit the plan which is imposing large unforeseen costs on many young farmers. This relief encourages timely lifetime transfers, allows for greater land mobility, and develops economically viable farm units.

IFA Propose:

- **Amendment to allow the business plan to be submitted to Teagasc within 12 months of claim for the relief.**

5.1.3 Succession Tax Credit

The succession tax credit is an annual €5,000 tax credit for succession farm partnerships for up to a maximum of five years. It was introduced to encourage experienced farmers to form partnerships with young trained farmers and to plan for the gradual transfer of ownership of their farms to those young trained farmers.

The tax credit also enables young farmers to invest in the farm business through capital expenditure. Expanding this tax credit to include off-farm income will further empower a young farmer to invest in farm buildings, stock, machinery and land.

In order to qualify, a farmer must agree to transfer at least 80% of the farm assets to a chosen successor within a specified period. This high level of transfer may not provide an experienced farmer with adequate financial security and leave them in a vulnerable position going forward. We must protect the transferor and limit their exposure to financial precarity.

The stipulation that the identified successor must be under 40 years of age and have obtained the necessary qualification will ensure for timely lifetime transfers and increase the productivity of the farm.

In 2017 and 2018 there were only 175 and 290 farmers respectively who availed of the relief.[1] This measure can deliver wide-reaching benefits in terms of health and safety, rural development, and environmental sustainability if uptake is increased. The investment which this measure enables also creates spin-offs for the local and associated economy.

IFA Propose:

- **In order to increase uptake, the relief should be extended to a young farmer's off-farm income for three of the five years to allow the young farmer to invest some off-farm income in order to develop and expand the farm.**
- **The percentage of farm assets that a transferor must agree to transfer to the successor should be reduced.**
- **The age limit of 40 is retained.**

5.1.4 Ceiling for Young Trained Farmer Reliefs

As a result of De Minimis State Aid, the Young Trained Farmer Stamp Duty Relief was capped in the Finance Bill of October 2018, where it was amalgamated with the Succession Tax Credit, Enhanced Stock Relief for Young Trained Farmers and Enhanced Stock Relief for Farm Partnerships, and a lifetime limit of €70,000 was applied. The use of State Aid by a member state can be justified if it is in line with the objectives of CAP, and one of the nine pillars of CAP is for **generational renewal**. IFA believes that the ceiling is constraining young farmers in the development of their farm business plans and restricting the new generation from entering into the sector. For example,

1 The Farming Sector in Ireland: A Profile from Revenue Data. The Revenue Commissioners. August 2020.

a young farmer converting from a beef to dairy enterprise may require substantial investment in land. This ceiling acts as a deterrent to timely lifetime transfers and removing this ceiling will allow for greater land mobility, encourage land transfer and develop economically viable farm units.

IFA Propose:

- **Young Trained Farmer Stamp Duty Relief should be fully removed from State Aid or the ceiling be increased to €150,000, to allow for greater land mobility, encourage land transfer and develop economically viable farm units.**

5.1.5 Consanguinity Relief

Consanguinity relief remains a vital relief to reduce the stamp duty burden on non-residential transfers. This relief rightly recognises the high prices of agricultural land relative to the low margin it generates and helps to reduce the cost of inter-generational transfers. The imposition of an age limit on a transferor in order for a transferee to avail of the relief will negatively impact on farm transfer and planning. Please see Appendix 3 for IFA submission on this.

IFA Propose:

- **Consanguinity relief is retained in its current form.**

5.1.6 Agricultural/Business Relief Capital Acquisition Tax (CAT) Values

90% Agricultural Relief from Capital Acquisitions Tax is a hugely important support for the intergenerational transfer of family farms. Its retention for active farmers was a very positive move, ensuring that transferred land is put into productive use.

IFA Propose:

- **The retention of 90% Agricultural is critical to support the transfer of economically viable family farms. IFA also supports the commitment in the Programme for Government Our Shared Future to increase the Category A threshold (parent and child) from the current rate of €335,000 to €500,000 in future budgets.**
- **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. The movement from Category B/C threshold to Category A would allow for less of a tax liability, protecting the sustainability of the farm and promote land mobility.**
- **No age limit requirements should be imposed on farmers seeking to avail of the relief when transferring land between generations.**

5.1.7 Agricultural Relief for the Genuine Farmer

Agricultural relief is a critical tool in facilitating intergenerational farm transfer. While IFA welcomes the Agricultural Relief for CAT, there is a need to protect the active/genuine farmer and maintain the integrity of the relief as a targeted incentive for farmers, as referenced in objective 2, recommendation 9 of the Agri-Taxation Report 2014. There is concern that the relief is potentially being exploited by investors as a mechanism to reduce the tax burden when transferring wealth.

IFA Propose:

- **To avail of Agricultural Relief the transferor or transferee, or a combination of both, must pass the active farmer test set out under the current Agricultural relief clause for a minimum of 15 years.**
- **Where the above condition is met; to avail of Agricultural relief, the retention period of the individual receiving the gift or inheritance remains at 6 years.**
- **With effect from the passing of the legislation, where land is purchased by an investor; the retention period of the individual receiving the gift or inheritance should be increased from 6 to 15 years in respect of a claim for agricultural relief**
- **In addition, where land is purchased by an investor; any periods where land is leased to an active farmer do not count towards the retention period.**

5.1.8 CGT - Restoration of Indexation Relief

Indexation Relief, which takes inflation into account in any gain that arises on the sale/transfer of assets, is still available, but only to the extent that it applies to the period of the life of the asset up to and including 2002. Within the context of current inflationary price pressures, and to support increased land mobility/transfer, consideration to be afforded to extending Indexation Relief beyond end 2002.

IFA Propose:

- **Indexation relief should be restored and extended to include periods of ownership post 2002.**

5.1.9 Renewal of Agri-Tax Reliefs

The renewal of agri-taxation reliefs on Budget Day for the year end causes uncertainty and distress for farm families working to transfer their land to the next generation. Also, just as in society in general relationships in agriculture are changing and this needs to be recognised in applicable reliefs.

IFA Propose:

- Reviews and renewals of reliefs should be announced in advance of Budget Day, and afforded multi-annual timelines rather than on an ad hoc/annual basis.
- Addition of 'and/or partner' after 'spouse' in all relevant Agri-Tax reliefs to recognise the changes in Irish farming.

5.1.10 Capital Gains Tax (CGT) Entrepreneur Relief

IFA recognises the introduction of CGT Entrepreneur Relief in recent budgets to encourage investment in businesses and to reward risk-taking and entrepreneurial behaviour. From 1st January 2017, a reduced CGT rate of 10% applies to the disposal, in whole or in part, of qualifying business assets up to an overall lifetime limit of €1m of chargeable gains.

IFA Propose:

- If a landowner wishes to sell land to a long-term tenant, then the CGT Entrepreneur relief of 10% should apply to incentivise supporting the genuine farmer and giving the long-term tenant preferred status.
- Agricultural land that is subject to Compulsory Purchase Order (CPO) should not be categorised as 'development' land and should still qualify for CGT Entrepreneur relief. Farmers cannot be disadvantaged by the State's decision to initiate a CPO.
- The lifetime limit of €1m on the CGT Entrepreneur relief should be increased in Budget 2024. The enhancement of CGT Entrepreneur Relief is an important measure to encourage risk-taking and investment, and the subsequent disposal of business assets during an individual's lifetime.

5.1.11 Interaction of CGT Entrepreneur Relief and CGT Retirement Relief

CGT Retirement Relief for disposals outside of the immediate family (i.e., disposals other than to a child) on lifetime amounts up to €750,000 provide a valuable safety net to many small business owners, allowing them to provide for their retirement. Under the current legislation, there is an interaction between the two reliefs, which are both subject to a lifetime limit. Where some or all of the CGT Entrepreneur Relief has been used up by an individual, the amount of CGT Retirement Relief that remains available to them will be significantly diminished, or, in some cases, fully used up.

IFA Propose:

- The interaction between the two CGT reliefs should be removed allowing both reliefs to operate separately. 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, subject to satisfying the qualifying conditions of each relief.

5.1.12 Agricultural Relief – Removal of Individual Qualifying Criteria

The retention of 90% Agricultural Relief for active farmers in Budget 2015 was a critically important move, allowing for the transfer of family farms of a scale sufficient to generate a livelihood for the next generation, without burdening the new farmer with a major tax bill at the outset of their farming career.

However, the qualifying criteria for Agricultural Relief, both the 80% asset test and the 'active farmer' requirement, are individual criteria. Where the spouse may not be intending to actively farm at the time of the farm transfer, or where their assets are such that they would not meet the 80% qualifying criteria, the farm is unlikely to be transferred into joint ownership. By missing the opportunity, at the time of inter-generational transfer, to transfer the farm into joint ownership, this may prevent the farm ever being transferred into both spouse's names, and, therefore, usually reduce female participation in agriculture.

If the asset is transferred into joint names initially, then there is likely to be a higher active participation by the two spouses in the running of the farm enterprise. To qualify for the Young Trained Farmer Stamp Duty Exemption, only one spouse must meet the qualifying criteria if land is transferred into joint ownership or jointly purchased by spouses. IFA believes that a similar exemption should be extended to the Agricultural Relief qualifying criteria.

IFA Propose:

- To encourage the transfer of a family farm into joint ownership at the time of inter-generational transfer, IFA believes that 90% Agricultural Relief should apply where the farm is transferred into joint names, and where the 80% asset test and the active farming requirement is satisfied by either spouse.

5.1.13 Extending 10-year Ownership and Usage Period for CGT Retirement Relief to Spouse for Lifetime Transfers

The agri-taxation review 2014 report identified an anomaly in the taxation system whereby the transfer of the 10-year ownership and usage qualification between spouses in the context of retirement relief from CGT is only allowable where a farm transfer occurs on the death of one of the spouses. Where the farm is transferred into joint ownership while both parties are alive, the spouse who takes joint ownership at that stage must own and farm the asset for the next 10 years before they can qualify for CGT Retirement Relief. This is preventing farm transfer into joint ownership and is a disincentive to female participation in agriculture.

IFA Propose:

- Where a farmer has owned and used an asset for 10 years and the asset is transferred into joint names, the transferee spouse should inherit the same time ownership and usage status.

5.1.14 Rate of Class S PRSI

In most cases, farmers between the ages of 16 and 66 years of age with earnings of €5,000 or more per annum are liable for Class S PRSI (introduced in 1988), at a rate of 4% of taxable income (subject to no upper limit) or €500, whichever is the greater.

It has been reported that existing PRSI rates for the self-employed (including farmers) are low by EU comparison, with suggestions made to progressively increase the rate (& voluntary minimum contribution) to greater match that payable by employers. Given the typically low levels of profitability on-farm, as demonstrated elsewhere, any potential increase would only add increased financial pressure on farm families, hinder entrepreneurial activity/innovation, and should be resisted.

Recognition must also be afforded to the divergence in terms of SME composition (scale & type) in Ireland relative to our EU counterparts, but also to the fact that relative to employers, Class S contributions only cover a limited number of payments – i.e. they fail to include any short-term payments including illness and disability payments.

IFA Propose:

- The rate of Class S PRSI is retained at existing levels.

5.1.15 Pensions

In many instances, often due to low-income levels, farms find themselves at a disadvantage when it comes to receiving the state pension. There is a requirement for these farmers to be treated in a fair manner to recognise their lifetime of work and contribution to the Irish economy.

IFA Propose:

- Similar to recipients of the Jobseeker's Benefit and Jobseeker's Allowance, recipients of Farm Assist should receive credited social insurance contributions for pension purposes.
- The Total Contribution Approach (TCA) for calculating Contributory State Pension payments should be implemented in line with National Pension Framework (2008) agreement.
- The option for people to use the "average" calculation should be retained so as not to disadvantage people who may have entered the social welfare system later in life.
- Social insurance credits should be provided to farmers on Farm Assist prior to 2007, when they were ineligible to make PRSI contributions under the scheme.
- All farmers and spouses/partners working on the farm, to be included in the PRSI system to ensure entitlement to the contributory old age pension and reduce the risk of poverty in old age.
- A review of the means tested calculation for the non-contributory old age pension. Attributing notional income to assets where in reality no such income has materialised is not conducive to the primary objective of the non-contributory pension of ensuring that individuals over the age of 66 have a minimum amount of cash at their disposal on a weekly basis.
- The new Workplace Pension Scheme must be extended to include farmers and other self-employed people, with every €3 saved by a farmer, a further €4 will be credited to their pension savings account by the Government.

5.2 Taxation Measures to Mitigate Income Volatility

Income volatility, resulting from product price and/or input cost fluctuations and weather events, is a constant feature of farm businesses, particularly more recently post the global energy crisis; Covid-19 impacted supply chains; and Russian invasion of Ukraine. In addition to those outlined in Section 1 additional targeted measures is required to allow farmers to directly manage risks in their own enterprises.

5.2.1 Agricultural Rainy-Day Fund

Based on the Government's Rainy-Day Fund, which was developed to enhance the resilience of the Irish economy and public finances to withstand future economic and financial shocks, it is vital that a similar scheme is available to farmers operating across all sectors. Over the past 24 months we have seen the advantage of such a fund as the Government was able to increase public expenditure and mitigate in part the negative consequences arising out of the Covid-19 pandemic and Russia/Ukraine conflict with the help of its Rainy-Day Fund. This voluntary mechanism would be open to all farmers and would permit them to defer a percentage of their annual receipts. This will create a buffer and ensure the long-term sustainability of the sector, which is very volatile.

IFA Propose:

- The introduction of an agricultural Rainy-Day Fund, which allows all farmers to put aside a small percentage of their gross receipts, whether in their co-op, specially assigned bank account or State Farm Volatility Fund, which could be used by the National Treasury Management Agency (NTMA).
- The deferred funds could subsequently be draw down within the next 5 years and the tax due would be paid on the year of withdrawal; similar to how companies are allowed to offset their losses to protect the viability of the business by carrying it forward from a loss-making year to a profit-making year.

5.3 Removing Discrimination in the Tax System

5.3.1 Residential Zoned land Tax

The imposition of a 3% of Market Value tax on such land would in many instances be multiples of what the land can economically return for a farmer in a year. The imposition of such a tax would in many instances mean that farmers would have to sell this land as they would not be able to afford to pay the tax. If a large amount of such land needed to be sold in a short period of time it would result in supressed prices and the opportunity for speculators, who could afford to "sit on this land" and pay this tax, to buy up large amounts of it and thus exacerbate the current housing crisis even further.

IFA has made a number of submissions and representations on behalf of our members on this issue (please see Appendix 1 below for such a submission).

IFA Propose:

- This tax cannot apply to genuinely farmed land, a means of exempting all genuinely farmed land, such as identifying land upon which payment claims have been made to the Department of Agriculture must be put in place and this land then exempted.

5.3.2 Universal Social Charge for the Self-Employed

USC is a tax payable on gross income by employees and the self-employed. A surcharge of 3% is applied to any self-employed income over €100,000, resulting in a total of 11% USC applied on any proceeds over €100,000.

IFA Propose:

- The discrimination of the application of the USC between PAYE and self-employed earners must be removed, aligning the self-employed with PAYE workers.

5.3.3 Tax Treatment of Payments Received for Use of Forestry Land by a Third Party

Compensation received for use of forestry lands from a third party (e.g., utility company) is deemed to be for a partial disposal of their land and therefore subject to Capital Gains Tax. In some cases, a portion of the payment received is in lieu of the forestry premia income and therefore should not be taxable.

IFA Propose:

- Payment for the loss of this income i.e., forestry premium, should not be subject to Income Tax or Capital Gains Tax.

5.3.4 Tax Credit for Research Trials / Demonstration Farms

The model of information sharing and further farmer learning from results of trials on commercial farms and also the use of commercial farms to demonstrate methods of increasing on farm sustainability is one which has been successful and will need to expand in the next number of years. Encouragement must be provided so farmers are willing to open their farms for these trials and demonstrations.

IFA Propose:

- To better advance or promote increased utilisation of on-farm sustainability measures, farm operations that are utilised for Research Trials / Demonstration purposes (for example Signpost farms) by Companies / Agricultural Institutions should be afforded an additional annual income tax credit.

5.3.5 Definition of Agriculture

For a number of tax reliefs and exemptions relevant to farmers are based upon definitions of "Agriculture", Agricultural Activity", "Agricultural Land", "Farm Buildings" etc in legislation. As Irish farming and agriculture changes, adapts and diversifies, as is stated Government policy into the future these definitions must also change and expand to cover new means of farming. This may see farmers involved in energy generation, the bioeconomy or other diversified systems and processes. The taxation system must not be an impediment if some farmers wish to so diversify.

IFA Propose:

- The definitions around agriculture and farming within taxation must expand to encompass any new diversified farming systems and not disadvantage any who wish to partake in different agricultural models.

5.4 Health and Safety

5.4.1 Sugar Sweetened Drinks Tax (SSDT)

IFA recognises the rationale behind the SSDT incentive for the promotion of healthy eating. It applies at a rate of 24.39c per litre where drinks have 8g or more of sugar per 100ml, while 16.26c per litre is taxed on drinks with between 5g and 8g of sugar per 100ml. The tax generated €31.3m in 2020, down from €33.04m in 2019.

IFA Propose:

- The revenue generated from the sugar tax on sweetened drinks, should be directed towards the promotion of the consumption of fresh and healthy Irish produce.

Appendix 1: Irish Farmers' Association submission on residential Zoned Land Tax

Introduction

The Irish Farmers' Association is Ireland's largest farming organisation with approximately 72,000 members in 940 branches nationwide. The IFA has a commodity committee to represent the main agricultural sectors, including: dairy, livestock, sheep, pigs, poultry, organics production and aquaculture but also has a number of committees that has overarching responsibility on issues which affect the entire agricultural sector. The IFA Farm Business committee closely follow and lobby on taxation and financial policy issues with both the Government Departments and Financial institutions.

Exemption of Agricultural Land from proposed Residential Zoned Land Tax (RZLT)

IFA are fully aware of the current housing challenges and indeed the rationale underpinning the proposed RZLT announced in Budget 2022, however we strongly oppose the inclusion within its remit of land, which currently forms an integral part of existing farm operations, where the zoned residential status of the land was provided without any explicit consent, action or intent of the part of the land owner.

The Minister introduced the measure to encourage the building of housing, but it must be recognised that farmers are private land owners not builders. Farmers hold land to farm, not hoard it as an investment – demonstrated by strong intergenerational transfer and limited volumes traded annually. Thousands of farmers have land being encroached upon by towns and villages around Ireland that may be both zoned residential and serviced, and in many cases the farmer is completely unaware of the zoned status of their farm land nor indeed their potential liability to RZLT.

Intent of PURPOSE, and CONSENT must hold greater position and consideration regarding any liability to the RZLT. Local Authorities must hold a direct application for; or explicit/expressed consent of the farmer to zone the land for residential development before exposing them to this serious tax liability. The practice of council officials zoning/rezoning land in a bulky county development plan draft and publishing it for public comment and submission (approach as proposed re RZLT) is not the same as active or direct engagement with the land owner. This practice of 'hiding a zoning change proposal in plain sight' is disingenuous and takes advantage of people not directly involved in, or aware of, land development typically – i.e small family farmers - and must stop.

As per the Vacant Site Levy, if the land was acquired (through purchase / intergenerational transfer) for agricultural use prior to being zoned residential and continues to be operated for farming purposes it shall be exempt from the levy.

This exemption can be restricted to lands planted or farmed to minimise zoned area lost if required.

Farmers who request zoning of land for residential development; or who knowingly purchase residentially zoned land; or who wish to retain residential zoning on farmland should be considered for RZLT just as any builder/land developer would be. That is however PROVIDED they have had a genuine opportunity to change the zoned status of the land in question if so desired, or if they knowingly purchased the residentially zoned land AFTER this proposed legislation comes into force.

'A right to be unzoned' must be secured within legislation or automatic 'zoning reset' occur where actively used farm lands have been zoned for residential development by Local Authorities without any action/explicit consent on the part of the land owner, especially near smaller urban centres with less housing pressures. The 'right to request unzoning' as per Section 80 653L of the Finance Act 2021 is not sufficient. IFA propose that an independent, simple, cost-effective centralised mechanism of changing the zoned status of lands without justification must be provided for farmers wishing to change the zoned status of their land back to 'agricultural use', with a legislative clause included within such applications that such lands cannot be subsequently acquired by Local Authorities by way of Compulsory Purchase Order (CPO). This needs to be explicitly provided for in the legislation. There are significant concerns among many farmers that if they wish to continue farming, and get their zoned lands de-zoned, Local Authorities will subsequently acquire lands by CPO at discounted rates – i.e. agricultural rates rather than zoned land rates – to their economic disadvantage. The inequitable reality however, as currently stands, is that many farmers will be forced to sell owned land as economically they will not be able to afford the annual RZLT. Revenue need to hold off any RZLT charges while a farmer is in the process of appealing their inclusion for the RZLT (not provided for currently) and must also reimburse any extra tax previously paid (including re-installation of all available tax credits) on the transfer of land where relevant (i.e. where zoned vs dezoned land valuations were utilised in assessments).

A legal definition of 'serviced' lands should also be provided within legislation (stating the presence of all essential public infrastructure/facilities is required to be deemed 'serviced'), with liability extending only to lands that are currently 'serviced' or will become 'serviced' within the timeframe of the existing County Development Plan. Full recourse of all RZLT paid by impacted parties should promptly occur where such lands are not 'serviced' within such a timeframe. Imposing a liability on 'serviceable' land indefinitely, even if included within Development Plans, may significantly disadvantage impacted farmers where such land never actually materialises and so should be avoided.

A housing need at local level must be clearly evident and defined within legislation. It must form an integral part of assessments undertaken on the inclusion or otherwise of individual sites within the scope of the RZLT. Where there is no housing need, RZLT should be exempt otherwise it represents nothing more than a penal tax on land owners and contradicts entirely the stated purpose of the RZLT as per Minister for Housing, Local Government and Heritage Darragh O'Brien T.D. within the Residential Zoned Land Tax - Guidelines for Planning Authorities[2] namely: 'The tax measure is aimed at incentivising residential development rather than generating revenue for the State'.

The significant divergence between the annual 3% market value tax liability and the potential income yield or earning potential from the farm land itself is also unproportionate and excessive, contrary to the general taxation principles and will result in many forced land sales and a distortion of the agricultural land market. If being enforced for the 'greater good' to combat the housing crisis, why then are significant tracts of zoned residential land under State ownership (e.g. parks & amenities) exempt? Why isn't State owned lands; lands in strategic reserve and 'vacant/idle sites' utilised in first instance to meet the housing need rather than adopt a blanket based approach (again without any justification in the absence of housing need) and target privately owned land used for food production? Is this not somewhat discriminatory in nature on farmers?

To conclude, the general perception among various Government officials from engagements held is that the 'right to request unzoning' as per Section 80 653L of the Finance Act 2021 represents a satisfactory mitigant for impacted farmers who want to have the zoned status of their land amended, thus removing any potential liability or unintended consequences. In theory this may occur, but it's not guaranteed and the reality appears very different.

Feedback from numerous IFA members is that the process of changing the zoned status of land is anything but simple or straightforward. It can be very frustrating and costly to execute (some incurring costs running into thousands of euro's), and often times requires considerable lobbying and political support to get the zoned status amended at local level. This is particularly true where County Development Plans are not currently under review. Lack of governance was also a significant point of contention – where individual parties executed all parts of the process without any apparent oversight throughout. One farmer referenced his own case where one official (a senior planning manager) identified the land liable for the Levy in first instance; approved the assessment physically carried out by a subordinate; heard the appeal from the farmer; quashed the farmers appeal against the same planning managers original decision; and then valued the land to determine the tax to be levied. Members also emphasised, in relation to the Vacant Site Levy, the huge disparity in application/treatment of individual land owners (i.e. farmers; builders etc) both across and within local authorities, without any obvious, transparent or fair reason. They suggested that the highly subjective and political area of planning and zoning is incompatible with an equitable, fair and clearly transparent taxation measure. Referencing two rural locations, they questioned how the Vacant Site Levy register was heavily weighted with elderly farmers while being extremely light on building developers, builders, financial institutions, NAMA, semi-state companies and public bodies. They added that recent plans prepared by Local Authorities have rezoned some land to Strategic Reserve while providing subtle avenues for this land to be zoned on demand (thus avoiding the RZLT). The wording allows for extensions of existing development to be proposed on Strategic Reserved lands while posing no risk of incurring the RZLT. They noted examples of cases where portions of sites were given planning for immediate development while the balance of the site was put into strategic reserve. Others saw lands with expired planning permissions (intended target of 2015 Act) to strategic reserves. Every site sheltered in strategic reserve adds to the pressure on farmers with zoned residential land they don't wish to vacate for development. This discriminatory action needs to be avoided at all costs re the RZLT.

IFA Proposal:

- The proposed Residential Zoned Land Tax will not apply to currently used agricultural land in a manner similar to the exemption provided under the Vacant Site Levy exemption.
- Intent of purpose involving potentially impacted lands (purchased or otherwise) should ultimately determine liability.
- 'A right to be unzoned' must be secured within legislation or automatic 'zoning reset' occur where actively used farm lands have been zoned for residential development by Local Authorities without any action/explicit consent on the part of the land owner, especially near smaller urban centres with less housing pressures.
- An independent, simple, cost-effective centralised mechanism of changing the zoned status of lands without justification must be provided for farmers wishing to change the zoned status of their land back to 'agricultural use', with a legislative clause included within such applications that such lands cannot be subsequently acquired by Local Authorities by way of Compulsory Purchase Order.
- Revenue need to hold off any RZLT charges while a farmer is in the process of appealing their inclusion for the RZLT
- Revenue must reimburse any extra tax previously paid (including re-installation of all available tax credits) on the transfer of land where relevant (i.e. where zoned vs dezoned land valuations were utilised in assessments)

2 https://www.gov.ie/en/publication/fbc41-residential-zoned-land-tax-guidelines-for-planning-authorities/

Appendix 2 Reducing Volatility in the Pig Sector

Reducing Volatility in the Irish Pig Sector.

Michael McKeon, Teagasc Moorepark

1. Introduction

The Irish pig sector is well used to volatility and price fluctuations from year to year but even for seasoned pig producers 2022 has been one of the most difficult years in living memory. It began with rising feed prices from August 2021, then difficulty getting pigs slaughtered due to logistical problems in N. Ireland, followed by historic high pig feed price spike when Russia invaded Ukraine. Then just when producers were getting acclimatised to the new stratospheric feed cost norm, energy prices escalated by 200-300% on the back of Russia restricting gas exports to the EU.

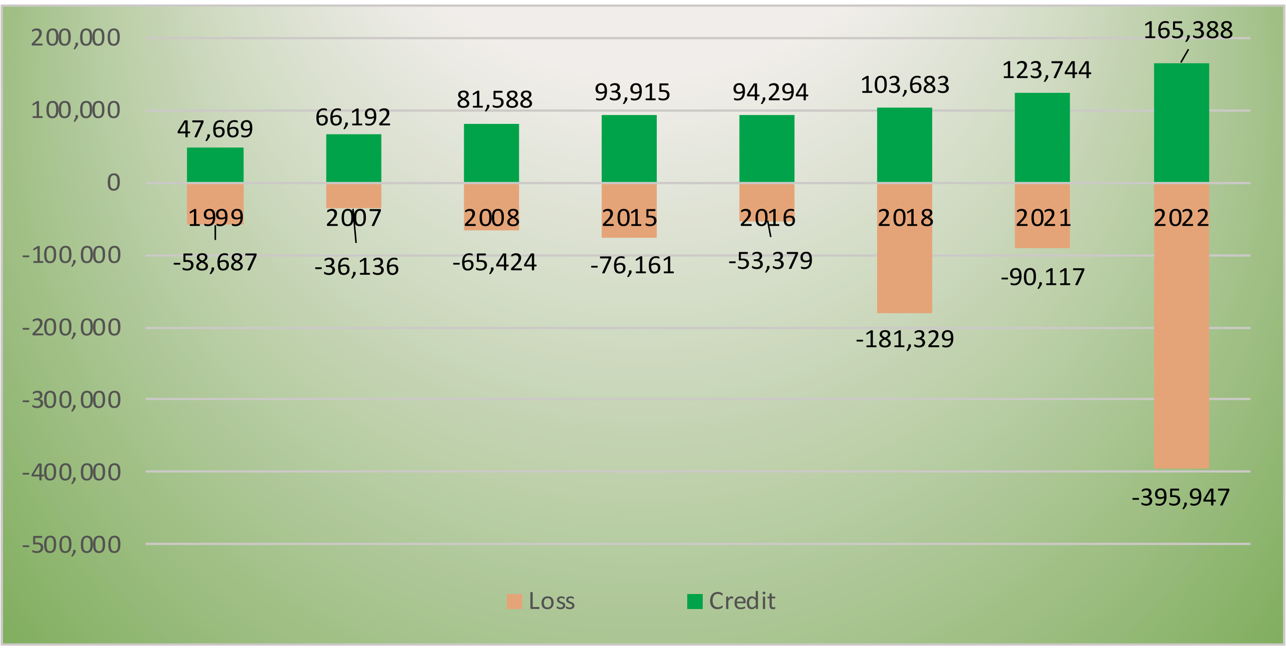
This paper will attempt to quantify and frame this year's volatility against the nearly 40 years financial database that the Teagasc Pig Department has accumulated, and then suggest strategies to reduce the risk of future volatility.

2. Volatility

An analysis of the pig sector data in recent years , highlights an increasing level of volatility in in input costs and pig price with a resultant increase in profitability volatility. Traditionally in the 1970's & 1980's pig producers would use feed credit to absorb this volatility. In times of low profitability feed credit would extend, by agreement with the miller, by a further 4-6 weeks and then when profitability returned the credit terms would be brought back to the norm. However in more recent years this practice has diminished because as pig units got larger the financial risk to the feed mill became greater. Teagasc Pig Department would previously have advocated maintaining the equivalent of one months feed credit as a cashflow reserve. This sum would be invested into the business during a financial down-turn and restored in better times. However an analysis of the volatility in more recent years demonstrates that this is no longer sufficient to meet the vagaries of today's market place.

Figure 1 selects the years of lowest annual profitability over the last 30 years, with the respective estimated loss for an average sow unit (red bar) and the estimated value of one months feed credit based on the feed usage & feed cost per tonne in the respective years (green bar). The graph illustrates that until recent years, if an average producer had set aside a sum the equivalent of one month's feed credit (1 months feed credit fund) then they would have been able to fund their losses when required. Unfortunately in the last number of years this would not have being sufficient, illustrating that volatility has increased.

Fig.1: Effectiveness of 'one months feed credit fund' to cover annual financial losses in specific years



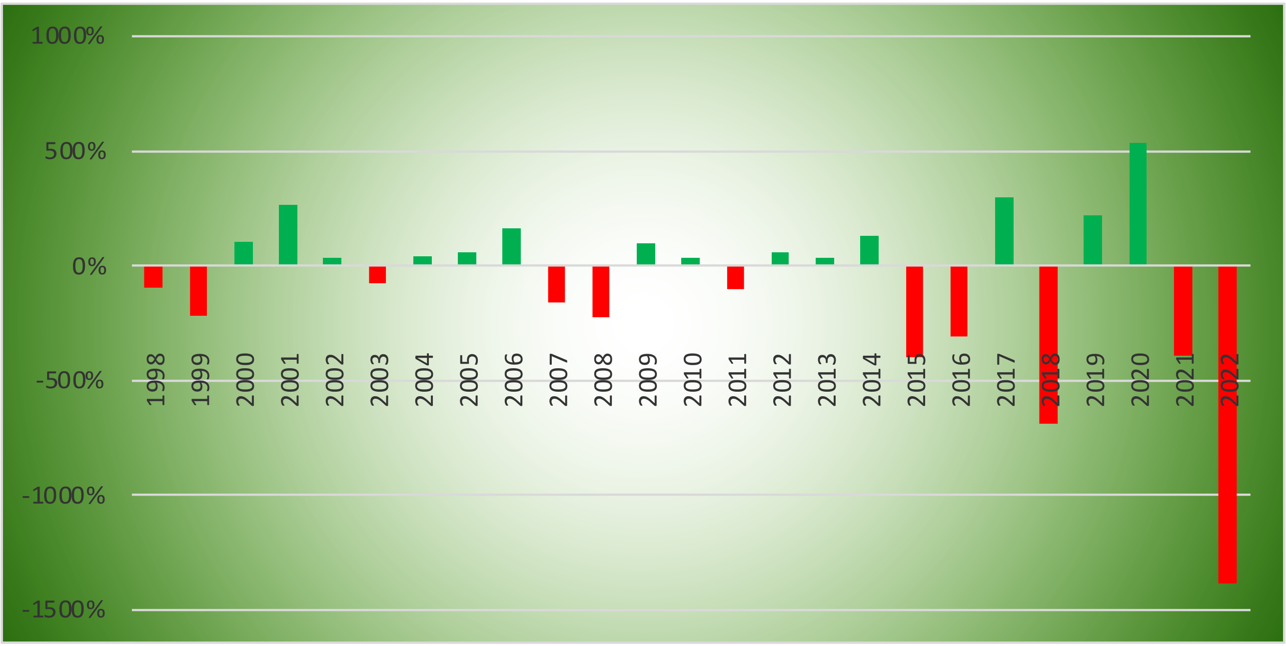
Source: Teagasc PDD

The rate of volatility can be further examined by illustrating the rate of variance from a 10 year income average. In figure 2 a 10 year rolling average income for an average size pig unit is calculated and then each respective year, whether profitable or not, is estimated as a percentage variance from this figure.

This illustrates that the volatility, whether the year was profitable or loss-making, has increased over the last seven years. While no pig producer will ever complain about volatility when profits are much higher, the inverse lows make it much harder to forecast cashflow requirements and to accurately budget for capital investments.

So what options/tools could be utilised by the Irish pig sector to reduce these annual fluctuations / volatility and maintain a more determinable income?

Fig.2: Annual Income fluctuations illustrated by % variance from a rolling 10 year average



3. Tools to reduce volatility

A number of tools are outlined below. Some of these tools would require legislative / tax changes, others EU approval and some simply require getting the requisite sector stakeholders aligned to a common purpose of reducing sector volatility.

3.1 Margin over feed contracts (MOFC):

In this scenario the pig price is based on the average feed price plus a premium to cover all non-feed costs and profit. The pig price would rise with any increases in feed prices thereby negating the volatility of the biggest input cost, namely feed. This would give greater stability to producers to forecast their incomes and also incentivise them to perform better as greater efficiencies would reduce their non-feed costs and therefore allow them to keep a bigger share of the premium as profit. From the pig processers view point the MOFC gives them greater certainty of supply as the pig supply is contracted rather than on the current system of weekly spot price supply. In this scenario the processer would offlay the risk of feed price increases & therefore higher input costs by hedging the feed price. If feed prices rise then the higher cost of the pigmeat would be off-set by selling the feed position. This system is used commonly in some other European countries and North America but is rarely used here.

3.2 Hedging:

The pig producer would hedge feed ingredients to insulate against sudden feed prices. This would be particularly attractive to home-millers but would also apply to composite feed purchasers as ultimately the feed ingredients volatility will be passed by the mills on to the end user/pig producer. The time span for hedging could be months or even years in certain situations. If feed ingredient prices rise then the producer gains by selling their position, if feed prices remain unchanged then the producer sells his position at no gain but has experienced price certainty & 'peace of mind' for the cost of the premium. There are however a number of limitations to this system. Firstly it requires a reasonable technical knowledge of the markets and how they operate – your broker would help in this regard. It also requires a large trade volume to open an account (in excess of 30,000 tonnes per year), however your composite feed supplier could possibly open an account on your behalf. Another limitation is that the premium you

pay for a position will vary considerably (e.g. €10-€45/tonne) depending on how volatile the market outlook is. Therefore you may be paying a premium when the market outlook is very stable and this is adding to your feed cost, inversely when you really need to hedge the cost then it may be too prohibitively expensive to purchase a position.

3.3 Crop / revenue Insurance:

This system has being in operation in the U.S. for over 50 years. The federal states provide an insurance policy to reduce the risk of the crop farmer by reimbursing them for a loss if it occurs. Originally it was based on the yield of the crop but in more recent years it is based on the revenue of the crop i.e. the crop yield may be fine but the price of the crop has plummeted thereby reducing revenue. There are different options for the amount of the crop / revenue that one can insure and the insurance is higher in areas where the risk is higher. Insurance is not available in some very high risk areas i.e. if the county is prone to severe drought every year.

As the system is backed by the federal government and is a 'not for profit' venture the premiums are relatively modest and it allows producers to financially forecast/plan with greater certainty. An Irish system to insure 'pig revenue' would be more complicated than for crop yield and presumably would have to pass E.U. authorisation.

3.4 Levy Funding:

If producers paid a statutory levy on a 'per pig sold' then this fund would accumulate over time and become an 'emergency fund' to be withdrawn during periods of negative profitability. The periods of low profitability could be determined by independent analysis – e.g. Teagasc Pig Department. As the fund would be based on the number of pigs sold per producer, the sum available for withdraw would therefore be larger on a pro-rota basis for the larger producers. The advantage of this system is that it would allow pig producers to pay into the fund during high profitability and would negate the requirement to seek bank funding during down-turns. A further extension of this scenario could be that the fund is used as 'collateral' to draw-down low interest loans to allow pig producers to undertake capital investment. The funder of these low interest loans could perhaps be the National Treasury Management Agency (NTMA).

However, there are a number of limitations to this funding:

- If the 'rainy day fund' is required to fund the full losses and assuming this fund would be required every four years, then the size of the required levy would be substantial. If the 'rainy day fund' required was a '1.25 months feed credit' fund (one month would be insufficient) then the levy required would be €2.43 per pig (~ 2.7c/kg dwt).
- To make the system manageable a statutory levy would be required. Some pig producers may not agree to a statutory levy for this purpose
- If the fund was to be used to facilitate low interest loans by the NTMA or other parties, then this system would require an oversight infrastructure – formation of a management board, independent auditors etc.
- As the industry is split between home-milling & composite feed purchasers, at times one of the parties may be losing making while the other sector remains marginally profitable e.g. home-millers had high feed costs in October 2021 but the composite feed cost didn't rise till Jan 2022.

3.5 Farm Management Deposits (FMD)

This system is run by the Australian Department of Agriculture and has been in operation in for over 20 years. It currently contains over $6 billion in savings and in general is well-liked by the Australian farming community. The aim of the system is to help famers deal more effectively with fluctuations in cashflow. It is "*designed to increase the self-reliance of Australian primary producers by helping them manage their financial risk and meet their business costs in low-income years by building up cash reserves*". The system allows agricultural producers to set aside pre-tax income which they can then draw-down in later years. The money is only taxed as income in the year that it is withdrawn. There is currently a limit on the amount that can be deposited – currently its $800,000 but is reviewed upwards every couple of years. The scheme is only open to primary producers and to qualify you can't have an off-farm income in excess of $100,000. Practically all banks and financial institutions offer the deposit facility so the process is very simple as it only requires opening a specific account in your local bank and filling-out a 4 page application form.

The money can be withdrawn as required by the producer after an initial 12 month period. The deduction claimed for an FMD in the financial year cannot exceed the primary producer's taxable primary production income for that year ie can't be bigger than you taxable income for that year.

This scheme has a lot to offer the Irish pig producer:

- Very easy to set-up and simple to operate
- No oversight structures required
- Scheme is self-financing in a tax efficient manner
- Easy access to funds when required

4. Conclusion

The last 14 months have (& still are) the most difficult experienced in the pig sector in living memory. The data suggests that there sector has experienced higher levels of volatility in recent years, which places greater strain on the cashflow of producers. The sector needs to address how this volatility can be reduced if the sector wants to grow in the future. Some of the possible tools have being outlined here but there may be more possibilities. The sector needs to have a discussion now on what is the most feasible way to address this issue as any fund / system will take a number of years to 'bed-in' and to build-up sufficient funding in preparation for the next financial challenge.

Appendix 3: Irish Farmers' Association submission on Consanguinity Relief

Proposed Review of Consanguinity Relief 2023

Background

IFA welcomes the opportunity to input into the proposed review of consanguinity relief. The Irish Farmers' Association is Ireland's largest farming organisation with approximately 77,000 members in 940 branches nationwide. The IFA has a commodity committee to represents the main agricultural sectors, including, dairy, livestock, sheep pigs, poultry, organics production and aquaculture but also has a number of committees that has overarching responsibility on issues which affect the entire agricultural sector. The IFA Farm Business committee closely follow and lobby on taxation and financial policy issues with both the Government Departments and Financial institutions.

Consanguinity Stamp Duty Relief

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. The reduction from the rate of 7.5% to 1% of Stamp Duty, which the Consanguinity Relief allows, promotes intergenerational farm family lifetime transfers.

IFA supports all the criteria for access to the relief. The previous removal of the age restriction of 67 for the transferor means there is no longer a barrier for older farmers availing of this relief and it acts as an incentive to the lifetime transfer of land. IFA does promote early farm transfer, however, delays are sometimes a necessity as it is not viable for some farmers to transfer at an earlier stage such as where the farm is not able to sustain two incomes or the transferee has no other source of income after the transfer.

The requirement to farm the land or lease it to be farmed for a minimum of 6 years ensures that this relief is available for genuine farmers. Whilst the allocation of 50% of working time on the farm (equating to 20 hours/week) allows for part-time farmers to also utilise the relief, which is essential as the average farm income was cited as €34,300[3] in 2021, resulting in some farmers having to work off-farm. The alternative of having a specific qualification or obtaining one within four years of getting the land, gives further opportunity to those who want to farm it. Lastly, the option of leasing out to a farmer who fulfils the working time or qualification specification, allows for agricultural land to be released, which is critical for all farmers, particularly young farmers.

IFA believes the criteria required prevents potential abuse of the relief in terms of transference of wealth by non-farmers. To encourage the transfer of family farms of a sufficient scale to support a viable farm enterprise for the next generation, IFA believes it is essential that the Consanguinity Stamp Duty Relief be retained on all qualifying transfers and purchases.

As part of our climate action targets there must be a large increase in the amount of forestry planted. It must be ensured that there are no unnecessary complications or complexities that may be a barrier to investing in, transferring, or selling forestry for farmers. Currently, land with woodlands growing on a commercial basis does not qualify for reliefs such as consanguinity relief and is subject to the 7.5% rate. This should change and consanguinity relief should be extended to covers transfers of forestry.

Those entering farming must not be faced with a significant tax liability, which could necessitate the breakup of family farms or selling of assets. Due to the definition of 'commercial' currently including agricultural land, resulting in the higher Stamp Duty rate of 7.5% being applied to farmers, the extension of this relief is critical to this low return sector's sustainability. IFA is also concerned that the removal of this relief would result in delays in transfers, as Stamp Duty is not liable on an estate after death.

This relief rightly recognises the high prices of agricultural land relative to the low margin it generates and helps to reduce the cost of inter-generational transfers and should be maintained indefinitely.

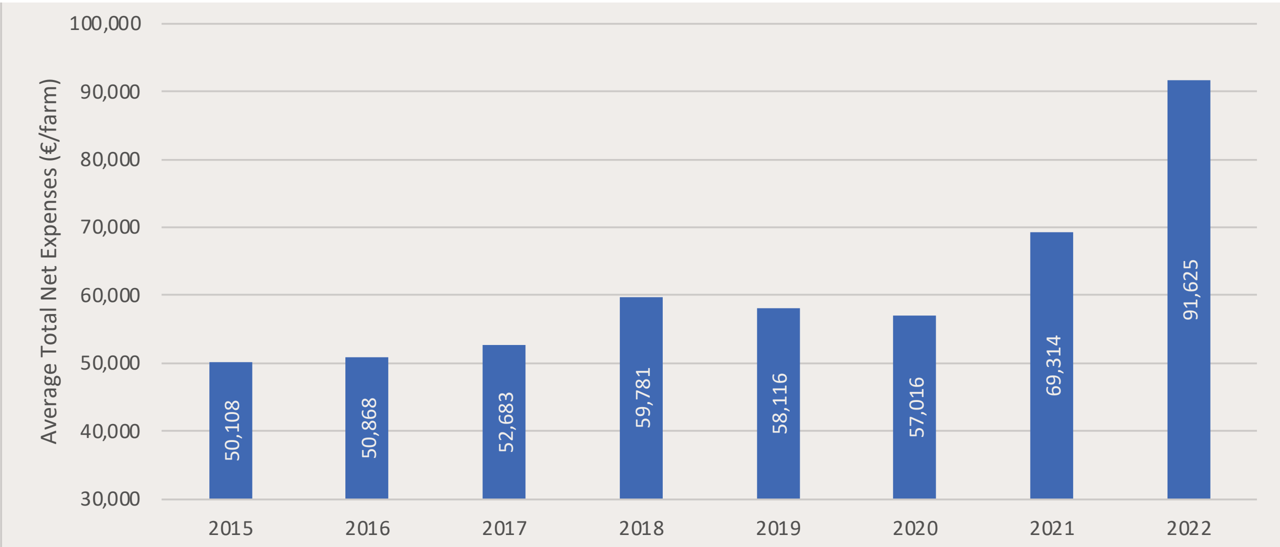
Rose Mary McDonagh
Chair IFA Farm Business Committee

3 https://www.teagasc.ie/news--events/news/2022/farm-incomes-up-in-2021-d.php

Appendix 4: Cost of production analysis

	Average Added Cost (€/farm) '22 vs. '21
Dairy	60,851
Cattle Rearing	5,988
Cattle Other	15,986
Sheep	9,215
Tillage	30,798
All Farms	22,311

Figure: Average Total Net Expenses (€/farm) 2015 - 2022



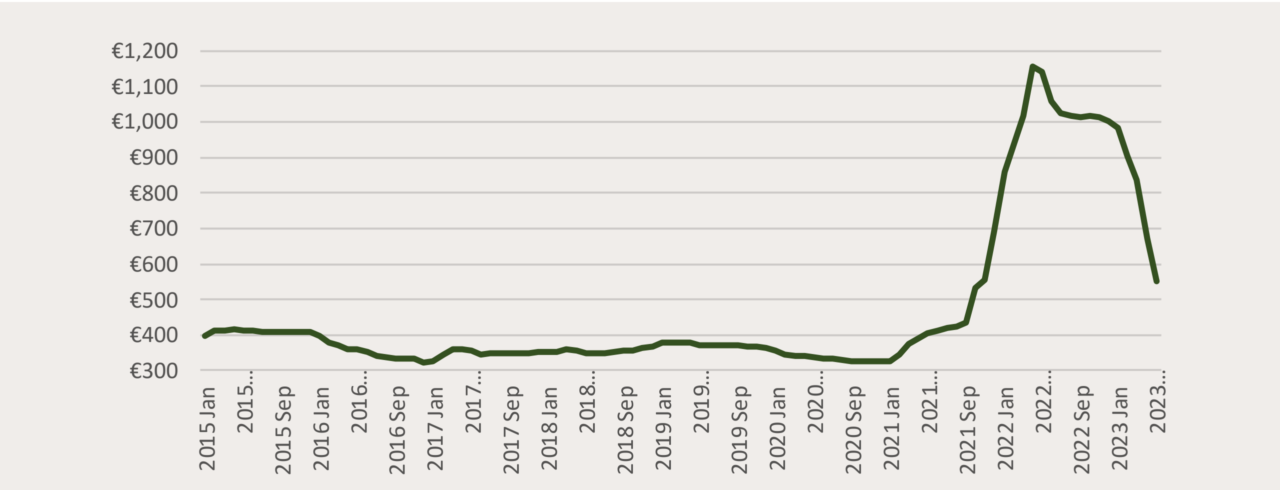
(Source: Teagasc 2022 National Farm Survey, various years)

Relative importance of select cost centres as a % of Total Net Expenses

	Dairy	Cattle Rearing	Cattle Other	Sheep	Tillage	All Farms
Feed	26%	11%	20%	19%	3%	21%
Fertiliser	13%	9%	12%	9%	14%	13%

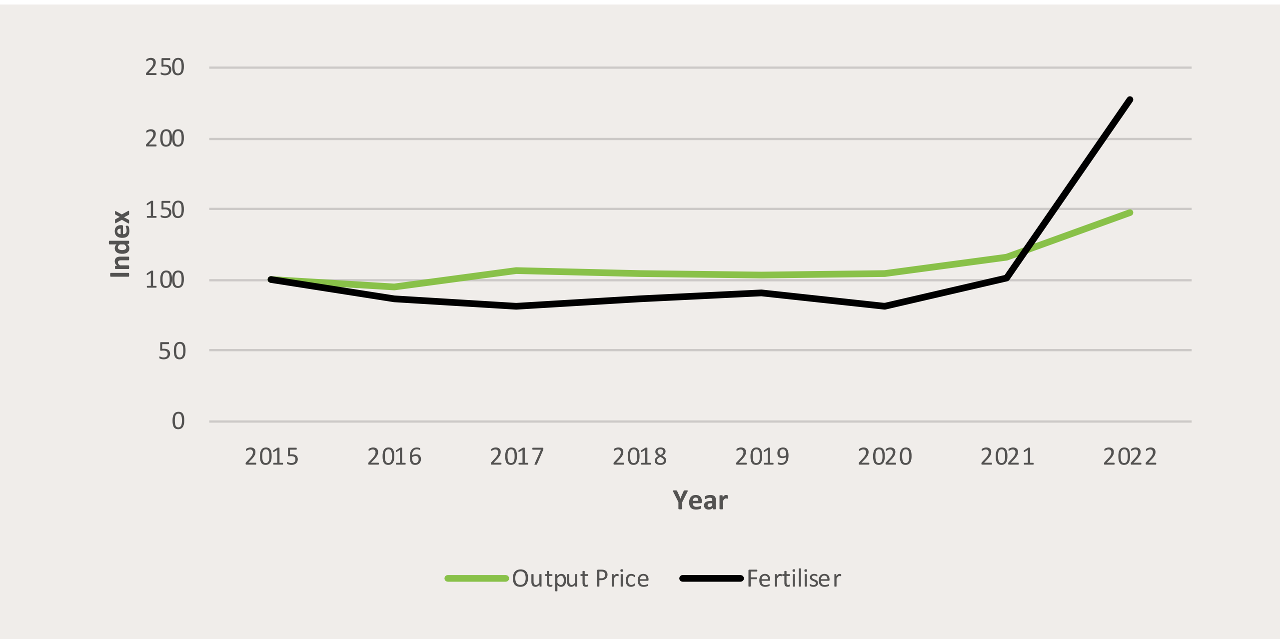
(Source: Teagasc 2022 National Farm Survey, 2022)

46% Urea Price Ireland



- Price of fertiliser increased 126% from 2015 to December 2022.
- In the same period the price received for Agricultural outputs (produce from farm) only increased by 47%
- Increases in in excess of the movement on output prices were also seen in Energy and Feedstuff costs.

Increase in Ag output Price v Fertiliser costs



- Average price from January 2015 to December 2021 €373 per ton.
- Average price from January 2022 to May 2023 of €953 per ton.
- Peak in April 2022 of €1,154 per ton.
- Price in May 2023 of €550 per ton.
- This is 47% higher than the 7 year average to December 2021.
- 52% of fertiliser in Ireland purchased in Q1 each year.

Notes

IFA

Feirmeoirí Aontaithe na hÉireann

The Irish Farmers' Association

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