IFA

Feirmeoirí Aontaithe na hÉireann
The Irish Farmers' Association

Budget 2025 Submission

Supporting the Sustainable Development of the Food & Farming Sector - July 2024

#Budget2025

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1. Message from the IFA President

Ireland's economy has been resilient against the recent challenges of Brexit, Covid lockdowns, supply chain disruption, and inflation. The Summer Economic Statement, published on 9th July 2024, sets out the broad fiscal parameters ahead of the Budget. The government will make €8.3 billion in additional funding available in Budget 2025. €1.4bn for funding tax cuts, and €6.9bn for increased expenditure. This increase in spending and taxation adjustments represents a rise of 6.9% in the total allocation for Budget 2025. The Department of Agriculture, Food and the Marine's (DAFM) budget allocation was reduced by 10.3% in 2024, down from €2.14bn in 2023 to €1.94bn. Agriculture and farmers cannot be left out in the cold again. The farming sector must be adequately financed. The proposals in this submission on spending and taxation reform will allow farmers to hold on to a more significant share of their hard-earned returns from food production.

The public finances are currently in a strong position, and the government has managed to navigate the economy through these challenges with a healthy budget surplus. Employment remains at record levels (over 2.7m people at work), and employment growth remains strong. Unemployment is currently at 4.3% (among the lowest in the euro area), but labour supply remains challenging for the general economy, including the agriculture and food processing sectors.

The Irish economy's taxation system has been resilient. However, there is an imbalance in the taxation contribution model. The concentration on a relatively small number of large multi-national entities highlights this fact (€1 in every €7 collected is sourced from ten multi-national companies). Greater support must be given to indigenous sectors. Agriculture, the backbone of the economy, particularly in leaner economic periods, needs support to continue its multifaceted and fundamental role. Budget 2024 saw a 10.3% decrease in the Department of Agriculture, Food and the Marine's (DAFM) budget allocation to €1.942bn versus €2.164bn in Budget 2023). IFA calls for the DAFM allocation to be fully restored at a minimum.

Primary agriculture and the associated agri-food business is Ireland's oldest and largest indigenous economic sector, extending across the country and exporting to over 180 countries worldwide. In 2022, the industry directly employed 164,900 people, representing 6.5% of the total workforce across 135,000 farms, 2,000 fishing vessels & aquaculture sites and some 2,000 food production & drink enterprises. The sector provides between 10% and 14% of employment outside Dublin and the mid-east region. The sector is responsible for 4.5 million hectares of agricultural land and over 800,000 hectares of forestry, producing 9% of Ireland's annual exports.

Despite operating within increasingly volatile global markets, the agriculture sector continually proves its resilience and represents the foundation for economic activity and employment (both upstream & downstream). At an aggregate level, some 135,000 farms produce over €11.2 billion in output. Beyond direct employment and agricultural value, the sector also plays a vital role in the broader rural and local economy, with DAFM estimates for output multipliers ranging from approx. 2.5 for beef, 2.0 for dairy and food processing, and 1.75 for seafood. This compares with an average output multiplier of 1.4 for the rest of the economy and 1.2 for foreign-owned firms. While the integral role and importance of foreign direct investment (FDI) to the national economy is understood, the value of indigenous industries must receive more focus. Department of Public Expenditure and Reform (DPER) data suggests that aggregate direct expenditure from Irish-owned firms are comparable with foreign-owned firms (€27.6bn vs. €29.8bn), with significantly higher proportions of food, drink, and primary production sales consumed locally relative to foreign-owned firms – 75% vs. 9.7% respectively.

The Infrastructure, Climate and Nature Fund, which will oversee an allocation of €2 billion per year from 2024-2030, must be fully mobilised to support farmers in making on-farm sustainability investments. A significant portion of the €3.15bn available for climate, water quality, biodiversity, and carbon reduction measures must be allocated to agricultural projects, given, at 67%, it is the dominant land use in Ireland.

A central component within Budget 2025 must also be increasing the overall competitiveness and sustainability of the agri-food sector relative to other international producers. The sector has been exposed to multiple shocks in recent years, spanning the COVID-19 pandemic and Russia's invasion of Ukraine. Agricultural competitiveness must be reinforced through a favourable Budget to help maintain our position in increasingly volatile international markets. Global uncertainty and geopolitical shifts remain a significant pressure on the agricultural economy as agflation has far exceeded general inflation throughout 2022 and much of 2023, with negative terms of trade evident. The government must commit to continuity in appropriate agri-taxation measures that support

sustainable growth, agricultural activity, asset transfer and balanced rural development for at least the next three years to help combat these pressures.

The combination of inflationary pressures and ongoing geopolitical risks, coupled with depressed output prices in some sectors, exemplifies the need for additional targeted and timely support for farmers in Budget 2025. Planning permissions for agricultural developments fell dramatically in 2023, and this trend has continued into 2024 due to the cost of investment and uncertainty around the future of EU and national agriculture policies, in particular the nitrates derogation, nature restoration law and emissions reduction targets for the agriculture sectors. The agricultural sector is required to cut its emissions by 25% by 2030 compared to 2018 levels. Only increasing financial ambition on the government's behalf can help farmers achieve this.

Aside from the global inflationary pressures on farmers, the end of 2023 and the first half of 2024 have been difficult due to unfavourable weather conditions. This has put considerable extra costs on farmers. In addition, poor grass growth has reduced the amount of fodder saved. The government established the National Fodder and Food Security Committee to monitor animal fodder supplies and availability in the country. The government must provide prompt funding to support any proposals from that committee.

The tillage sector has also suffered hugely due to the challenging weather. The government must respond to this with meaningful support measures.

The government and Minister for Agriculture must support farmers and rural Ireland.

In summary, Ireland's farmers and food producers operate in a high-cost economy. Farmers are expected to meet ever-increasing regulations, adding to their cost base. The government must support farmers in achieving their environmental targets to ensure they can be competitive and profitable. The current levels of uncertainty are making it increasingly difficult to attract new entrants into our sector. In this Budget, the government must give a strong fiscal signal that it values farmers and food producers.

Francie Gorman

Francie Gorman
IFA President

2. Farm Schemes

Despite consistently delivering some of the highest quality food ingredients, most farmers struggle to obtain a positive market return for their endeavours – a derivative of stubbornly high costs of production (mainly post-energy crisis; Covid-19, Ukraine conflict), increased regulation, and farmers failing to secure their fair share of the value chain. Combined, it explains why there remains a considerable dependence on direct payments to remain viable, most notably among the vulnerable drystock sectors. Farm payments should be index-linked to help preserve on-farm margins.

Table 1: Relative importance of Direct Payments as % of Farm Income by Farm Sector (3 year avg, 2020-2022)

	Average Farm Income (FFI)	Average Direct Payments (DP)	DP as % FFI
	€	€	%
Dairy	109,544	21,453	20
Cattle Rearing	9,567	14,327	150
Cattle Other	17,190	16,581	96
Sheep	18,376	18,547	101
Tillage	55,977	27,864	50
All Farms	35,923	18,299	51

(Source: Teagasc National Farm Survey, various years)

IFA Propose:

- Targeted sectoral support: sucklers (€300/cow), sheep (€30/ewe [€40/hill sheep]), tillage (€250/ha for Tillage Survival Scheme in 2024; €400/ha in 2025 [€250/ha in 2026-2028] for additional [and retained] cereal crops grown), calf rearing (€100/dairy beef calf); beef sustainability (€100 per dairy and suckling yearling).
- Strong measures to support committed young farmers & new entrants across all schemes.

More broadly, the uncertainty and delay in receipt of crucial farm & environmental payments by the end of 2023 and into 2024 was unacceptable and cannot happen again. In the interest of fairness, existing constraints preventing the provision of a daily interest payment to farmers for payment delays and the ability to provide 70% advance payments to all beneficiaries needs to be corrected.

The complexity and bureaucracy surrounding existing farm payments must be simplified, with the maximum possible allocations to active farmers. The DAFM must maximise all available flexibilities concerning the design and implementation of the CAP Strategic Plan afforded via the recent CAP Simplification Package, with an effort to extend its scope even further, including, for example, in the Irish context, further flexibility and derogation re: GAEC-2 (Peatlands & Wetlands). Ireland is severely exposed, given the volume of farmers operating on peat soils, yet with less than six months to its potential implementation, there remains no impact assessment or clarity on what it will mean at farm level. Other items to include:

- A continuation of the derogation from GAEC 7 requirements of the three-crop with and a review of crop diversification requirements to take place in 2025
- The requirement under GAEC 6 to have a grassland or stubble lie-back when grazing forage/catch crops with livestock has phased out the practice of integrating livestock into sustainable cropping systems. This should be corrected and removed entirely, and no requirement for lie-back area required.
- Flexibility to Straw Incorporation Measure participants to support national straw and fodder supplies when adverse weather and planting challenges are encountered.

Farmers, too, cannot be penalised for delays and non-action of contracted third parties. Any anomalies in individual applications need to be advised, in physical & electronic format, to both farmer and planner promptly to allow corrective action. More generally, there needs to be an 'opt-out' facility provided to beneficiaries to mandatory online applications within limited predefined parameters, most notably to include those residing in areas with poor mobile and broadband coverage and those not confident or suitably IT competent.

2.1 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 each year. It is vitally important that ANC payments are received on time and the total budget allocation to ANCs and maximum permitted eligible area is increased to previous levels to account for inflationary pressures and low farm incomes that this payment supports.

IFA Propose:

- Funding for ANCs is increased by a further €50m to bring the total budget for the scheme to €300m.
- The eligible area for an improved ANC scheme is increased from the current 34Ha to 45Ha.

2.2 Targeted Agricultural Modernisation Scheme (TAMS)

TAMS has contributed to the upgrading and modernisation of Irish farms and purchasing new and innovative equipment and technology for many years. TAMS 3, with increased investment ceilings, grant rates and qualifying items, promised much at the outset. However, its implementation, combining endless approval delays, an information vacuum, and no grant-aid support landing in 2023 has created massive frustration among farmers and stifled on-farm investment.

This must be rectified urgently, and innovative solutions derived to allow farmers progress with planned investments – spanning animal welfare, water quality, farm safety, etc. – this year. Bureaucracy and verification must be reduced to speed up the process and ensure all funding is utilised. Unused funding within TAMS must be added to future tranches to support on-farm investment.

Similarly, TAMS reference costs remain below prevailing materials costs (See Table 2). This may significantly limit the number of farmers applying for TAMS support. In line with inflation levels, further investment ceilings must be increased, and costs should be index-linked or updated annually. This is particularly relevant given Revenue's changed perspective on items eligible for reclaim under the VAT reclaim process, with many items previously eligible now excluded.

Table 2: Variation in select input prices April 2024 vs. April 2022

Wholesale Price Index (Excl VAT) for Building and Construction Materials	April 24 v April 22
Sand and gravel	+10%
Ready mixed mortar and concrete	+33%
Concrete blocks and bricks	+24%
Structural steel	+14%
PVC pipes and fittings	+13%

(Source: Central Statistics Office, 2024)

There needs to be increased flexibility around eligibility criterion (particularly where investments centre on reducing on-farm emissions or improving water quality), additional qualifying investments and acknowledgment that individual investment items.

Removing the dribble bar technology from the list of eligible items within the Low Emissions Slurry Spreading (LESS) scheme is a case in point. The dribble bar is scientifically proven to reduce emissions relative to the traditional splash plate method, and while perhaps not as efficient as the trailing shoe option, it was better suited for smaller powered tractors; heavier type soils and uplands; was cheaper; lighter; and capable of being retro-fitted onto existing tankers – all pointing to an increased uptake among farmers where LESS technology was required. Grant aiding only the trailing shoe option within TAMS significantly disadvantages those farmers in low-margin enterprises, those on heavy soils and in upland areas. With increasing focus on the agri sector to meet its emission reduction targets, and greater numbers required to utilise LESS as per the nitrates directive, the dribble bar must be added back once again to the list of eligible items within TAMS to support best practices.

Increased, proactive communication from DAFM regarding changing thresholds and compulsory LESS applications, will allow impacted farmers apply for grant aid for essential items while still in scope. Failing to do so, given the investment costs involved and limited on-farm margins may mean such investments prove cost prohibitive.

IFA Propose:

- Increased resources should be allocated to resolve the backlog in application approvals swiftly and payment issuing.
- Alongside unutilised allocated TAMS funding from previous years, €90m in funding for TAMS in 2025 should be provided.
- To keep in line with current inflation levels, investment ceilings and reference costs should be revised upwards, and costings updated at least annually.
- Additional items should be added, including grant aid for dribble bars, rubber mats, hydraulic-operated crushes, safety cages when working at heights and quad gates.
- TAMS will be made available for all sectors at a baseline rate of 70% grant aid for young and organic farmers (50% for all others), with 60% grant rates for Hill farmers, LESS, Farm Safety, etc. Eligibility to the 60% grant under the women investment grant scheme should extend to include Revenue approved tax partner operations.
- All farm safety; nutrient management; animal welfare & water quality investment items should be prioritised.
- Regarding the Young Farmer Capital Investment Scheme and the Women Capital Investment Scheme, a clear and simplified activity demonstration process needs to be established, with no farmer disadvantaged from previous DAFM guidance – e.g. a reduction in names being listed to a holdings herd number.
- There is a need for a significant upward revision of TAMS 3 for the pig sector to facilitate the considerable investment required at farm level and consideration of funding this through a separate mechanism to TAMS 3.
- Greater proactive communication from DAFM regarding tranche closing; changing thresholds and compulsory LESS applications, well in advance, to better enable potentially impacted farmers to apply for grant-aid for key eligible items while still in scope.
- The funding of solar panels should be provided independently of TAMS. The vast majority of the emissions reduction arising from solar panels and anaerobic digestion will be allocated to other sectors, not agriculture. A new 'Roof-top Solar Scheme'(RTSS) and a new 'Anaerobic Digestion Support Scheme' (ADSS) should be established and financed by the Departments whose sectors are getting the associated emissions benefit.

2.3 Forgotten Farmer Scheme

IFA Propose:

- A Forgotten Farmer scheme to be introduced, with all farmers who were:
  - A BPS recipient before 1st January 2015;
  - Ineligible for the Young Farmers Installation Scheme under the RDP 2007-2013 because they started farming after 14th October 2008;
  - 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.
- 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 an increased 60% grant aid).

2.4 Agri Climate Rural Environment Scheme (ACRES)

Farmers are fully committed to the enhancement of the environment and maintaining the economic vibrancy and amenity value of the countryside. The demand among farmers for the Agri-Cimate Rural Environment Scheme (ACRES) and the fact that 97.5% of BISS applicants have committed to undertaking additional eco-scheme actions corroborates this.

With €3.1bn allocated toward the Climate and Nature Fund and capital investments from 2026, farmers must receive their fair share to support and implement interventions toward improved water quality, reduced emissions and biodiversity.

Minister McConalogue and his DAFM officials secured sufficient resources to accommodate all 55,000 ACRES applicants. Still, similar endeavours and innovations are needed to accommodate those not in ACRES interested in participating in an agri-environment scheme. Farmers must have an agri-environmental scheme for the remaining term of the existing CAP programme.

Regarding ACRES, relative to its predecessors (REPS, GLAS, etc.), its implementation has been complex and frustrating, with the net benefit from a farmer's perspective significantly diluted. This is particularly pertinent among hill farmers and those operating in ACRES co-operation regions, who were assured of up to €10,500 each year for the five years of the scheme. In year one, they received no payment at all. For much of year two, they had no idea how much or when they would get paid, how their lands scored, or where they stood regarding their Non-Productive Investment applications made months previous. It's just not acceptable.

Farmers can't continually be at a loss because the Department's systems aren't fully operational. Farmers need and deserve clarity and to receive their payments on time.

IFA Propose:

- All farmers (including young farmers and new entrants post 2022) interested in an agri-environmental scheme must be accommodated. Farmers cannot be left without an agri-environmental scheme for the remaining term of the existing CAP programme.
- A new 'Whole-Farm Environmental Scheme', similar to REPS, with a minimum payment of €15,000 per farm be introduced, and higher payments for hill farmers, designated Natura SAC and SPA lands.
- All farmers engaged in ACRES must be paid without delay. There must be complete transparency and a comprehensive breakdown of payments provided, alongside opportunity for farmers, through applications for Non-Productive Investments (NPIs) and Landscape Actions (LAs), to fully recoup available funds as soon as possible, with same, paid in advance, to avoid further financial burdens on farmers.
- Increased payment rates and/or an extension of the application window for farmers to apply for ACRES Non-Productive Investments / Landscape Actions to 2029 - five years from when DAFM will likely first issue approvals for NPI/LA – to allow participating ACRES Co-Operation farmers more fully recoup the full €10,500 per year as promised. Alternatively, DAFM should pay all ACRES CP farmers their €10,500 for this year. It is not the farmers fault that the NPIs are not out, and the applications for Landscape Actions not open.
- The Riparian Buffer Zone measure should be included as an option for ACRES Co-Operation as it is currently for ACRES General applicants.
- Maximum flexibility must be afforded, and no penalty applied, to farmers who, because of supply constraints nationally and weather challenges, cannot fulfil contracted scheme requirements – e.g. native hedging, trees, fencing etc. Planting requirements should span the lifetime of the scheme to allow national suppliers build necessary native stocks instead importing plants and exposing native species to a greater risk of disease.
- Unless to the farmer's advantage, individual terms/ qualifications must hold 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.

3. Measures to Support Climate Action on Farm

3.1 Supports within the Infrastructure, Climate & Nature Fund

The Infrastructure, Climate & Nature Fund was announced as part of Budget 2024. Using funds from windfall corporate taxes (€2bn per annum input from Central Fund starting 2025), up to €3.15bn (from 2026-2030) has been earmarked to assist 'designated environmental projects' with the transition to climate neutrality, deal with nature, water quality, and biodiversity issues.

Given its strategic importance and necessary transition at the farm level, a significant proportion of the Infrastructure, Climate & Nature Fund must be directed toward on-farm interventions and diversification activities, with higher rates afforded to farmers operating on designated lands.

An area this fund can improve is nutrient management resources and storage capacity on farms. Livestock manure is a valuable asset for plant nutrition and soil conditioning. The targeted use of these nutrients will have a positive impact, reducing the need for artificial fertiliser and the potential loss of nutrients leaching into the water table and overground runoff.

A substantial grant aid programme funding 70% of the total cost of infrastructure and equipment would positively impact these fundamental water quality matrices and assist agriculture in the journey to achieving its climate emissions reduction target of 25% by 2030.

IFA Propose:

- Grant aid from the Climate and Nature Fund to be made available to all farmers with 70% grant aid for manure/ slurry storage facilities.
- The slurry separation equipment grant aided by 70% to assist in reducing storage capacity requirements on farms.
- Future funding of grant aid for on farm solar investments will be funded independent of TAMS at a rate of 70%.
- Future funding of grant aid for on-farm anaerobic digestion (AD) to be funded through these funds at a rate of 70%.
- Grant aid farmers to plan and install wind generation facilities on farm.
- Grant aid and Accelerated Capital Allowance (ACA) schemes must be introduced to support the adoption of targeted interventions to enable farmers to realise greater environmental standards, which would benefit the entire country.
  - The National Liming Programme be re-established, with increased eligible area and grant-aid rates available to better reflect inflation and pent-up demand among farmers for the scheme.
  - A dedicated 'Watercourse Fencing Scheme' should be created, financing 100% of the cost of fencing adjoining water courses on Natura 2000 sites and 75% on all other lands.
  - The provision (free of charge) of a bespoke Rainwater & Nutrient Management Plan to all farmers nationally, alongside one-to-one consultation with suitably qualified professional on-farm.
  - A dedicated 70% grant-aid 'Nature & Nutrient Management Scheme', open 2026-2030, and available to farmers not eligible for TAMS and including items not currently in scope for TAMS grant-aid (e.g. 'dribble bars').
- A new 'Farming for Habitat and Farming for Species' payment needs to be introduced to maximise environmental gain and compensate farmers who suffered a loss in income when EIP projects such as the Hen Harrier, Pearl Mussel, Burren Schemes end. Hill / Designated areas should also be eligible for the same.
- The reintroduction of the NPWS Farm Plan Scheme is positive. However, greater funding is needed to increase awareness and expand the number of farm plans on the scheme. An Enhanced Farm Plan Scheme should be created to cater to all farmers with designations, with increased payment rates to reflect the additional costs and burden on farmers whose land is designated. In addition, increased resources should be allocated to ensure the smooth and efficient delivery of payments to farmers on time.
- IFA opposes any further designations of farmland and/or further restrictions on existing designated lands until current designations have been adequately compensated for and existing system inefficiencies have been redressed. Proactive engagement must take place with impacted landowners with right of appeal provided.
- Addressing threats from predators and increased recreational activity requires a targeted and comprehensive approach within the National Biodiversity Action plan. In collaboration with relevant NPWS stakeholders, the financing of an 'Active Predator Management' scheme should be established.
- Maintaining open and transparent communication with farmers throughout the plan's implementation is paramount to its success.
- Allocate necessary funding toward swiftly garnishing necessary Tier three carbon emissions and sequestration data rather than relying on EU equivalents, that may not fully represent Irish production systems.

3.2 Measures implementing Ireland's Biomethane Strategy

IFA Propose:

- Provide capital grant funding to support the construction of viable on-farm Anaerobic Digestion (AD) plants and the storage of digestate from AD plants on-farm.
- Government-backed finance (similar to current SBCI lending structures) to be provided to enable farmers develop AD plants.
- Introduce a biomass mobilisation scheme to support farmers in coordinating, mobilising, and establishing a sustainable feedstock supply chain for AD plants. No agricultural feedstocks supplied to AD plants should be classified as waste.
- Streamline current regulations to support the development of AD plants, in particular farm-scale AD plants, with statutory timelines imposed on regulatory and licensing authorities. National guidelines are required so all local authorities can assess possible AD projects under the same criteria.
- Ensure the maximum amount of farm slurries and farmyard manures are used in AD plants in Ireland.
- Establish a fair, equitable and independent pricing mechanism to ensure a sustainable feedstock price for farmers who wish to supply AD plants.
- All taxation rules, reliefs and exemptions currently apply to agriculture must continue for farmers involved in AD.
- To support more circular based agricultural practices, it must be ensured that digestate from AD plants is reclassified under the Nitrates Directive and as outlined in the 2020 JRC report 18 to ensure it does not count towards a farms organic Nitrogen load.
- Digestate from AD plants to be eligible for spreading on organic farmland.
- At all times, grass and other animal feed products must be prioritised for animals. If there is potential animal welfare issues from a shortage of fodder in the country, then produce that can be fed to animals must be diverted from AD plants for use as feed for animals.
- Carbon sequestration solutions enhance climate action and, if implemented correctly, bring incentives and additional income potential to landowners. The importance of soil carbon sequestration must be accounted for in calculating carbon balances. The proposed additionality requirement that farmers would only be eligible for a carbon payment for new actions or measures implemented to remove carbon is viewed negatively by farmers, as it:
  - (i) does not value the existing carbon reservoir in soils and or hedgerows on farms and
  - (ii) penalises earlier adopters of practices that have improved carbon removals and prevents them from earning payments. Carbon markets must enable real market possibilities for farmers and foresters. Funding should be provided toward establishing a carbon credit verification agency and mechanism through which supplemental sustainable, diversified farm income streams could be derived.
- Grants (Tams) aid for solar investment should not be limited by on-farm usage. Often, farms with low overall energy requirements 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 the 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). All associated grid connection charges should also be waived in full.
- Farmers who generate surplus electricity should be allowed export it onto the national grid via smart meter and permitted to offset any energy exported against energy used with no financial transaction necessary.

3.3 National Liming Scheme

Correct pH of the soil is essential to maximise the uptake of available plant nutrients.

IFA Propose:

- An extension of the Liming Scheme for 2025 with an increased payment of €20 per tonne and increased eligible volumes.

3.4 Protein crop supports

IFA Propose:

- To encourage farmers to grow protein crops such as peas, beans, lupins and combi-crops, rates up to €600/ha for beans/peas/lupins should be offered with 50% for combi-crops.

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

This scheme was introduced to promote environmentally sustainable farming methods, and significantly reduce nitrogen fertiliser while maintaining forage yields. It has proven particularly popular among farmers and should be extended, with increased eligible area and financial incentives offered.

4. Measures to Support Farm Enterprises

4.1 Knowledge Transfer Scheme

IFA Propose:

- **Adequate targeted knowledge transfer and advisory support must be in place to support farmers in their efforts to improve on-farm efficiency and sustainability.**
- **Farmers must receive the maximum possible payment from participation in mandatory KT events.**

4.2 Suckler Cow & Beef

Ireland's suckler cow and beef sector is the country's single largest farm sector, contributing almost €3bn in export value to the National economy from over 80,000 family farms.

The suckler cow and beef sector has a considerable role in maintaining production levels and output values from the agri sector while also meeting our climate target ambitions.

The sector will also be pivotal in ensuring we have the infrastructure and labour required to rear dairy beef calves in a sustainable, long-term viable framework if supported appropriately.

Suckler and beef farming is a low-income, vulnerable sector dependent on over 100% of FFI from direct support annually.

The more productive farmers within this sector have had their incomes decimated in recent CAP changes, with our most productive suckler and beef farmers being severely penalised by the transition from food production support of CAP to an environmental payment.

Direct support for food production has been removed from these farmers while production standards and environmental requirements have reduced suckler and beef farms' efficiency and productive capacity.

The low income and vulnerability of the sector contributed to the exodus witnessed by suckler production and the increasing age profile of farmers in the sector.

The National suckler herd has reduced by almost 250,000 head over the last ten years, dropping from 1.1m cows in 2013 to 850,000 in 2023, a decline of nearly 25%.

Several factors have contributed to this decline, but the central one is low income. Our suckler herd, the small-scale family farms it is located in, and the value of exports to the national economy are the drivers of rural Ireland's socio-economic and environmental sustainability. The suckler herd in Ireland is a critical national resource that must be protected through meaningful direct supports.

4.2.1 Suckler Cow Supports

Direct support for suckler farmers must be increased to **€300/cow** to provide economic viability and long-term sustainability of the sector to maintain its positive contribution to our climate target ambitions and drive rural Ireland's socio-economic, environmental and biodiversity sustainability.

The National Exchequer €20m scheme, which provides €50/cow, must be extended to 2025 with funding increased to deliver an additional **€100/cow** in combination with SCEP to provide total direct support for suckler cows of €300/cow

4.2.2 Beef Calf from Dairy Herds Rearing Scheme

A dairy-beef cattle welfare scheme must incentivise farmers to rear calves from the dairy herd. The scheme must reflect the costs, labour and standards required to maximise the performance and viability of this livestock production system. Farmers who follow best practice in this area and focus on rearing high commercial beef value (CBV) calves should be supported with a payment of €100 per calf for the rearing phase of these animals.

4.2.3 Beef Sustainability Scheme

Farmers feeding animals for the second year of beef production will be required to play a pivotal role in achieving the sector's climate target ambition. The sector is a low-income, vulnerable sector with significantly reduced CAP direct payments. Capacity and resources are unavailable on these farms to deliver the changes required to achieve the climate ambition for the sector. Farmers rearing and finishing weanling and store cattle born in suckler and dairy herds 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 the average age of slaughter of all prime cattle and must be supported in this high-cost specialist production system.

4.3 Sheep

The sheep sector is the second largest farm sector in Ireland, carried out on 35,000 farms, often on some of the most challenging farming lands in the country. The sector had an export value of sheep meat of €440m in 2023 from 77,000/t of sheep meat exports. Sheep farming is a low-income sector dependent on direct supports for over 100% of FFI. The sector plays a critical role in rural Ireland's socio-economic and environmental well-being and the communities throughout the country where sheep farming occurs.

The small scale of the farms in the sector and the low-income levels on farms are significant threats to the sustainability of the sector and generational renewal within it. The average flock size in the country is 113, with average ewe numbers of 76. The collapse of the wool market has compounded the income challenges on sheep farms.

Dog attacks on sheep add further stress and costs to sheep farmers, and these must be stopped.

The hill sheep sector faces additional challenges, compounded by the meagre market returns for their store lambs. The hill sheep sector adds enormously to the biodiversity and environmental sustainability of the terrain in which they are farmed, and this must be recognised with additional support to ensure farmers continue to farm sheep in the hills.

The National Sheep Welfare Scheme must be extended into 2025 and enhanced to deliver €18 ewe, bringing total direct support for ewes to **€30/ewe** when the €12/ewe Sheep Improvement Scheme (SIS) payments are included.

The current measures in the NSWS are practical and add value for farmers participating in the scheme. These must be retained. Additional measures supporting farmers managing parasite control and lamb performance must be included and supported at a further €10/ewe.

Measures such as faecal egg counting and weighing lambs should be considered to deliver on these objectives and improve the viability of sheep farms.

Direct support for the presentation of wool to reduce processing costs and support the value chain for this natural product should also be included in the enhanced NSWS for 2025 and supported separately at a minimum of €4/fleece.

Hill sheep farming requires additional support, recognising the unique challenges these farmers face and the critical role farming plays in delivering socioeconomic and environmental benefits. Hill sheep must be provided with an additional €10/ewe, bringing direct support to €40/ewe.

The 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.

4.4 Animal Health

Farmers in Ireland continue to lead in advancing the high health and welfare status of the animals under our care. The broader Agri sector benefits enormously from the investment and work of farmers in this area. There must be a better and more inclusive cost distribution of animal health and welfare actions on farms to reflect all beneficiaries of the actions farmers undertake.

TB continues to cause enormous hardship on farms, and the escalation in the number of TB reactors is in no small way attributable to the Department of Agriculture's failure to implement an effective wildlife control programme, compounded by the rollout and subsequent failure of the vaccination programme.

The AHI model was developed to have a more inclusive decision-making process in addressing non-statutory diseases in the country. Farmers have more than played their part in this structure but have continually failed to achieve their objectives due to the lack of government support for the initiatives shown in disease eradication programmes such as BVD.

Trusted independent diagnosis and advice for farmers are key to farm animal health and welfare action decision-making. The Regional Veterinary Laboratory network has a critical role in this regard, and its services enhanced.

Access to competitively priced essential veterinary medicines is vital for animal health and welfare, particularly preventative medication, to reduce the need for farm antibiotic usage.

4.4.1 TB

The ongoing increase in the number of TB reactors must be stopped. Critical to achieving this is a reduction of the prevalence of the disease within the wildlife population.

- **Wildlife Control Programme Resources**

  Additional funding has been committed to the Wildlife Control Programme. Still, it has not delivered the level of increased staff resources on the ground to implement the programme in the timely and efficient manner required to make a meaningful impact on TB levels. The additional funding must be utilised to provide a doubling of the staff resources carrying out the programme on the ground. The programme must revert to the density reduction of wildlife in all TB areas.

- **Deer Management**

  The Irish Deer Management Strategy Group announced plansto reduce the densities of deer in regions where the population is not maintained safely within its natural habitat. The government must provide the funding to develop and expand this structure.

- **Farmer Liability for TB Testing**

  Farmers have a long-standing agreement with the government about payment for TB testing on their farms. The agreement requires farmers to pay for one full herd test yearly at no shorter intervals than ten months, while DAFM pays for all other legislatively needed testing. This agreement includes new requirements for TB testing in the EU Animal Health Law. The government must honour the long-standing agreement concerning payment for TB testing. This includes the legislatively required pre/post movement 30-day test requirement.

4.4.2 VAT Rate on Vaccines

The current VAT rate is 23%, farmers spend over €40m on vaccines annually. Reducing the rate to 0% would result in over €10m in direct savings for farmers and promote increased usage of vaccines on farms. The VAT rate on vaccines and other associated important on-farm medicines where VAT is currently charged must be reduced to 0% rate.

4.4.3 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. In the five years since then, no infrastructural development or enhancement of services to farmers has been visible. The €33.5m allocation for upgrading the Regional Veterinary Laboratory network must be utilised, and improvements must be made to the RVL Network's services to farmers.

4.4.4 Herd Health Plans

The government should provide funding to directly support farmers in developing and implementing herd health plans to ensure antibiotic usage on farms is minimised, and the most effective parasite control programme for the farm is employed.

4.4.5 AHI Programmes

- **BVD**

  The Department of Agriculture must fund all remaining BVD testing requirements and associated control costs from 2025.

- **Johnes**

  The Department of Agriculture's funding and resource commitment to the programme must be extended and built on to ensure all positive herds have the testing and advisory supports fully funded in the programme.

- **IBR**

  The government must outline the level of funding they are prepared to provide for a National IBR programme.

4.4.6 Fallen Animals

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 is provided. DAFM must subsidise the cost of collection to reduce the burden on farmers and ensure the fees charged to all farmers are competitive.

4.5 Tillage

4.5.1 Tillage Survival Scheme

The Irish tillage sector's economic viability is exceptionally precarious in 2024. Several factors, outlined below, have come together to leave farmers in the sector very financially vulnerable in the coming year.

The amount of cereals is expected to decline again in 2024, which is now the lowest since 2019.

Yields on all winter and spring crops will likely be below average following poor establishment and heavily delayed spring planting.

Convergence of entitlements under the CAP 2023-2027 programme will further reduce BISS payments to almost all tillage farmers in 2024.

Reducing the maximum allowable stocking rate under the nitrates derogation has distorted prices paid in the land rental market, leading to higher land costs for tillage farmers.

Considering the above factors, IFA believes that it is improbable that incomes on tillage farms will increase above the €30,000 estimate for 2023, and all current indications point to an even lower income in 2024 to levels not seen in over a decade. When inflation is considered, the economic impact of the decline in income on tillage farms in 2023 and 2024 will challenge the very survival of the sector.

IFA Propose:

- The establishment of a **5-year Tillage Survival Scheme with an annual payment of €250/ha** for commercial tillage farmers must be introduced by autumn 2024 at the latest.
- Any payment per hectare under any tillage support scheme must not be capped for individual growers. Still, the overall budget should be based on a national reference tillage area at an appropriate time to limit land market disruption.

Table 3: IFA Tillage Survival Scheme funding requirement

Payment (€/ha)	Possible Reference Area[1] (ha)	Estimated Annual Cost (€)
€250/ha	263,000	€65,750,000

4.5.2 Tillage Expansion Scheme

IFA propose the introduction of a **Tillage Expansion Scheme** in 2025.This is a must to encourage additional land and farmers into the sector and stem current and future land losses from the sector. As the land rental market remains in flux and becomes increasingly competitive, tillage farmers must be placed in a position to compete in this market to mitigate the continuation of the decline that has been experienced so far.

IFA Propose:

- **That a payment of €400/ha should be made on land converted into tillage in year one, followed by a maintenance payment of €250/ha** in year two. Land entered into any such scheme must remain in tillage for a 5-year period.

4.5.3 Protein Aid Scheme

IFA fully support the proposed amendment to increase the budget for the Protein Aid Scheme from €7 million to €10 million annually from 2025 onwards. Increasing the budget and target area to 20,000ha is essential in reducing Ireland's reliance on imported protein sources.

4.5.4 Milling Industry Support

IFA believe it is vital that a native cereal flour milling industry be supported and re-established in the coming years. It is critically important to improve national food security in this food category.

IFA Propose:

- A stakeholder group must be established to build on the findings of the Enterprise Ireland report on re-establishing a native flour industry.
- Capital support grants must be provided to support existing flour mills and those in the development pipeline.

1 2024 Estimate Cereal Area Figures (wheat, barley, oats)

NOTE:

IFA has proposed a 5-year tillage survival scheme with a payment of €250/ha. The Minister for Agriculture has announced a payment of €100/ha for tillage crops grown in 2024.

Current state aid regulations of €20,000 over three years will limit the financial support possible to tillage farmers in 2024 and future years. The proposal to increase the state aid limit (to €50,000) over three years would greatly assist all agricultural sectors in Ireland, particularly the tillage sector.

4.6 Horticulture

4.6.1 Horticulture Crisis Fund

In 2023, a fund of €2.38 million was available for the Horticulture Crisis Fund, designed to ensure the short-term security of the subsectors most affected by the escalation of critical inputs following the Russian invasion of Ukraine, spanning commercial growers in the glasshouse high-wire crops, field vegetable, mushroom and apple sectors. Input costs have not or decreased to levels before the Russian invasion of Ukraine. Earlier this year, Teagasc produced a detailed analysis of input cost inflation across horticulture sub-sectors. This year's input is on top of double digit inflationary figures for the previous two years.

IFA Propose:

- **A fund must be established for a similarly structured scheme to help alleviate the additional cost of production.**
- **The scheme should be extended to include soft fruit growers (especially those with heated gas) and all mushroom production, given these producers are also exposed to inflationary input costs as all sectors and those with heated glass even more so.**

The **Scheme of Investment Aid for the Development of the Commercial Horticulture** Sector is critical to the sector's expansion. It 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 National Horticulture Strategy.

IFA Propose:

- **Funding for the scheme is increased to €15m (from €10m) to meet the demand for investment, evidenced by the over subscription of the scheme in previous years, particularly last year.**
- **Compensation is provided for the disposal of ash plants in amenity horticulture.**

4.6.2 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. Large volumes of this spent mushroom compost are used as low volume soil conditions. A scheme to incorporate spent mushroom compost into agricultural practices can bring about numerous benefits. Incorporating 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 of €2M should be provided to initiate a pilot Spent Mushroom Compost scheme.**

4.6.3 Peat

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

IFA Propose:

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

4.6.4 Potatoes

Harvest 2023 has been reported as one of the most difficult in recent memory. Widespread flooding in October further compounded the difficult conditions, and losses were almost inevitable. Growers managed to get the majority of the crops out of the ground, which was called a 'salvage operation' by many. Approximately 700 acres remained unharvest in late spring this year, with sharp frost in late January led to total crop losses in some cases. This has put huge financial pressure on affected growers.

IFA Propose:

- **A financial support scheme must be put in place to compensate affected growers.**

4.6.5 Seed Potato

The availability of seed potatoes has been a crucial challenge for the industry since Brexit. Approximately 4,000t of seed potato previously supplied by Great Britain, as of 1 January 2021, can no longer be imported into Ireland. The sector requires ongoing support to revitalise the domestic production of seed potato potatoes following Brexit. The sector received funding under the Brexit Adjustment reserve in 2022 and 2023. However, building costs were at an all-time high during this period, and there was a lot of uncertainty in the wider horticulture sector.

IFA Propose:

- That the seed potato sector receives continued financial support to encourage increased production.

4.7 Organic Farm Scheme

The Organic Farm Scheme assists farmers in the conversion process to organic farming. Enhanced OFS payment rates in recent years have resulted in increased farmer participation. An additional 1,050 farmers joined the scheme this year, bringing the total to over 5,000 participants, with a tripling of the area being farmed organically since 2020.

Despite these new entrants, organic production remains significantly below the European average. Ireland's Climate Action Plan targets 10% of land area farmed organically by 2030. To achieve this target, funding must increase. There is a growing consumer demand for organic products, and Ireland's green image in the international marketplace gives us a real opportunity to develop the sector further.

IFA Propose:

- Funding for the Organic Farm Scheme should be increased to incentivise and further develop the land area under organic production.
- The participation payment should be maintained.
- An additional payment should be made on the first three ha of organic horticulture.
- Increased investment needs to be made toward developing suitable markets and outlets for the projected increase in organic produce coming onto the market in the coming years.

4.8 Poultry

IFA Propose:

- Establishment of a national disease culling team for poultry to be fully funded.
- Adequate Disease Compensation. The current compensation scheme for farmers affected by disease outbreaks only partially compensates farmers of certain stock.
- Full write down of expenditure (ACA) in year one accounts for 3 phase electricity upgrade.
- Increased educational and research funding through Teagasc.
- Engagement with IFA on additional items for poultry producers under TAMS.

4.9 Pigs

IFA acknowledge the additional budget of the PPIS to €500,000 at 40%. However, for pig farmers in particular, this investment, while welcome, does not suffice to encourage them to invest in the required changes in specifications so that their farms meet the TAMS specifications. This would need to be revised significantly to facilitate farm-level investment. IFA requests that the grant aid increase to 60% for PPIS for all farmers.

IFA Propose:

- Inclusion of grant aid for slurry processing equipment under the PPIS at 60%.
- Additional items under tams should be included to improve biosecurity and animal welfare.
- Grant aid for slurry storage for all farmers at a rate of 70% from a ringfenced national fund.

Reducing income volatility in the Irish pig sector. Included in appendix 1.

4.10 Farm Forestry

4.10.1 Forestry & CAT/Stamp Duty Relief

Farm forestry is a key measure under the Land Use and Land Use Change and Forestry (LULUCF) sector in the Climate Action Plan 2024. When a farmer enters forestry, it is a permanent commitment of the land. In addition, under the new Forestry Programme, farmers must commit 32% 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 75% 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 commercial woodlands does not qualify for relief and is subject to the 7.5% rate. The differing definitions cause unnecessary complications and complexities and hinder farmers from investing in forestry. To overcome this barrier:

IFA Propose:

- If any percentage of the farm is dedicated to forestry, it should be defined as agricultural land and the CAT Agricultural Relief applied to the whole farm.
- Farm forestry is treated similarly 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 standard 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.

The Government has significant ambition for the forestry sector as set out in the Climate Action Plan 2024, which aims to increase annual planting rates to 8,000 hectares per annum to deliver an additional 28,000 hectares of new forest by the end of 2025. To date (7th June 2024), 565 hectares of new forests have been established, just 7% of the annual planting target.

Since agricultural land accounts for 67% of Ireland's total land area, a farmer's decision to plant will be critical to driving the new planting programme. However, there has been an accelerated decline in farming planting over the last decade. This is due to successive policy decisions such as restrictions on planting productive land, increasing environmental regulation, increasing costs associated with managing small farm forests, unworkable conditions attached to licences, inadequate compensation for farmers with ash dieback, and growing concerns on plant health risks.

The reintroduction of a farmer premium differential in the new programme has done little to restore confidence or revive farmers' interest in planting. The excessive regulatory burden is reducing the viability of forestry on farms. 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.

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

IFA Propose:

- The proposed **Payment Ecosystem Service (PES)** payment under the new programme will require farmers to erode further productive areas to qualify for the payment. This is unacceptable and needs to be amended before it is introduced. Farmers should be paid to manage the land they are required to provide as areas for biodiversity enhancement, broadleaves and environmental requirements. They should not be required to further erode productive areas to qualify for a payment. The PES rate should reflect the income foregone from timber production and must be extended beyond the proposed seven years.
- A Harvesting Plan Grant is introduced to assist forest owners with the increased costs and requirements associated with applying for a felling licence.
- The new **Ash Dieback Reconstitution Scheme** is a significant improvement from earlier iterations of the scheme; however, further improvements are required. This includes flexibility in the payable clearance grant rate for older and more challenging sites, as recommended in the Independent Review of Ash Dieback Response, and a review of the Climate Action Performance Payment (CAPP) for farmers with older and more extensive ash woodlands.
- The introduction of a **Roadside Ash Tree Removal** Grant to support farmers to safely remove roadside ash trees' diseases is urgently required. The grant should 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 allocation of funding to establish a **Forestry Development Agency** to drive the industry, such as that of 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. The establishment of this Agency is critical to achieving the afforestation targets.

4.11 Aquaculture

4.11.1 Input Costs / Cost of doing Business

IFA Aquaculture notes significant production losses, increasing input costs, and market pressures for aquaculture businesses – particularly the oyster and rope mussel sectors in the South-West. The oyster sector is experiencing a significant drop in sales and product price – oyster sales to the main export markets in France have decreased by as much as 20%, coupled with a 25% average decrease in price in both standard oysters and specials. To assess rope mussel production losses in the South-West, IFA conducted a self-assessment survey of production figures for rope mussels in the South-West (Kenmare Bay, Bantry Bay, Dunmanus Bay, Roaringwater Bay). The results revealed that gross harvest was down almost 40% across the rope mussel harvesting season (autumn 2023 to the end of spring 2024) when compared with harvesting seasons for 2021-2023, worth an estimated value of over €5m.

This loss of production is coupled with increased input co The government has recognised the increased pressure on small and medium businesses through the Increased Cost of Business (ICOB) grant – there must be equivalent support for Irish aquaculture businesses.

IFA Propose:

- Government to consider funding mechanisms made available by the European Commission to assist Irish aquaculture operators affected by significant production losses coupled with increasing input costs. 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 significant production losses coupled with increasing input costs for aquaculture business and eligibility criteria must reflect that – consideration must be given to activating these measures using national funds.

Implementation of National Strategic Plan & 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 the Government to ensure the Irish Aquaculture industry's economic potential and sustainable future is realised. Sufficient funding and resources must be allocated to facilitate the implementation of all recommendations and the provision of core work programmes and statutory monitoring programmes within the remit of DAFM and its State Agencies. Additionally, considerable investment and appropriate legislative changes will be required to achieve the objectives of the National Strategic Plan for Sustainable Aquaculture Development 2030.

IFA Propose:

- Sufficient funding and adequate and appropriate resources must be allocated to ensure full implementation of all the recommendations of the Independent Aquaculture Licensing Review & the National Strategic Plan for Sustainable Aquaculture Development 2030. Further, sufficient funding and appropriate resources must be allocated to state agencies responsible for providing work and statutory monitoring programmes, which are essential for food safety control and support of the Irish aquaculture industry.

4.11.2 Shellfish Water Quality

There are 64 designated shellfish areas in Ireland as part of the EU Water Framework Directive that requires all Member States to designate waters that need protection to support shellfish life and growth. There are physical, chemical, and microbiological requirements 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 have compromised the water quality in shellfish-producing bays across the country.

IFA Propose:

- That adequate funding 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 to establish pollution reduction programmes where required in compliance with the EU Water Framework Directive (formerly EU Shellfish Waters Directive).

4.12 Equine

Ireland has a very strong reputation for its horse sector. The country has a deep-rooted tradition of horse breeding and ownership, particularly among rural farming communities. There is a need to provide greater financial support from existing funding sources to support horse breeders and improve the traceability of all horses.

IFA Propose:

- Full consideration to be given to IFA's proposal that 15% of all prize money from equestrian events and racing to be allocated to breeders..
- DAFM to take control of administering a complete Horse Identification & Movement system (HIMs) database to identify all horses
- Government funding for Horse Racing Ireland (HRI) and Horse Sport Ireland (HSI) needs to be increased in line with inflation.

5. Cross-Sector Support

5.1 Targeted Agricultural Modernisation Scheme (TAMS)

See Section 2.2 on Page 5.

5.2 Hill Farming

5.2.1 Uplands Recreation Scheme

Developing an Upland Recreation Scheme, to be implemented through the Mountain Access Project areas, was a key initiative outlined in *'Embracing Ireland's Outdoors: National Outdoor Recreation Strategy 2023-2027.'* This project is envisioned to operate similarly to the Walks Scheme, providing path maintenance payments to farmers and landowners in selected upland areas. Stakeholder consultations and project development are underway, with completion targeted for the end of 2024.

This project must prioritise the needs and concerns of farmers, tailoring actions to the specific areas where maintenance work will be conducted. The challenges in different mountain regions vary significantly due to terrain, land ownership structures, and recreational usage. Therefore, a one-size-fits-all approach will not be practical. Instead, bespoke, farmer-centric plans are essential for the successful rollout of the scheme.

IFA Propose:

- **Implement a higher payment rate for farmers beyond the standard own-work rate of the Walks Scheme. This increased compensation reflects the additional challenges and ensures that farmers are adequately rewarded for their essential role in maintaining these areas.**
- **Extend the maximum payable work hours per annum under the scheme to 250 hours. This extension acknowledges the extensive labour involved in managing mountain access routes and provides fair compensation for the time and effort farmers invest.**
- **Ensure that farmers and landowners in identified project areas are fully consulted at all stages of development and implementation. This includes initial planning, ongoing development, and final execution. Establish formal consultation processes, such as advisory committees and regular feedback sessions, to integrate their input and address their concerns throughout the project lifecycle.**

5.2.2 Mountain Access Projects

The Mountain Access Project, developed by Comhairle na Tuaithe, aims to formally establish recreational access agreements with landowners in mountain or selected upland areas to facilitate public access. Initially launched in the MacGillycuddy Reeks, Co. Kerry and Binn Sleibhe, Co. Galway, the project provides public liability insurance for farmers to access their land for recreational use. Farmers are crucial in maintaining the land and ensuring sustainable access, making their involvement and cooperation essential for the project's success.

However, in recent times, issues such as lack of communication with farmers, changing demographics of landowners, increased footfall and dog control have posed challenges for farmers. These issues have led to the decision by the Binn Sleibhe project area to withdraw from the project. While this is disappointing, important lessons can be learned to ensure the successful rollout of the project in other areas.

IFA Propose:

- **The Mountain Access Project is extended and piloted in new areas.**
- **Develop robust communication platforms, such as regular meetings and a dedicated farmer point of contact, to facilitate continuous dialogue between farmers and the administrative team. This will help quickly resolve any conflicts and adapt strategies based on real-time feedback from the ground, ensuring that the project aligns with their needs and respects their livelihoods.**
- **A 'No Dogs Allowed' policy is extended across all Mountain Access Project Areas.**
- **Establish a structured payment system to compensate farmers for providing access to their land. This will incentivise their participation and help cover any extra expenses incurred by providing access to the public.**

5.3 Designated Area Payments

The economic viability and value of the c.35,000 farms on designated lands must be better protected. Their economic interests and security are being undermined due to the severe restrictions imposed on them, compounded by the less-than-adequate administrative and governance systems. We are aware of several farmers waiting years for a decision from the government on applications submitted regarding Actions Requiring Consent (ARCs). This is unacceptable. Farmers cannot be left in limbo and should not have to suffer economic disadvantage.

There needs to be an ongoing review of lands under designation, with the designation lifted where appropriate. Compensation should be permanent as long as the designation is in place. A 'no compensation, no designation' policy should apply. False promises were made to farmers operating in designated areas in this regard. This must be rectified in the first instance, and the same mistake must be avoided at all

costs. In addition, no further restrictions can apply to these holdings, and they cannot disproportionately carry the burden of policy compliance for the Nature Restoration Law.

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 help meet the costs of restrictions imposed by designation. This is particularly relevant to the Shannon Callows, Hen Harrier, and hill areas, where severe farming and other developmental restrictions exist. However, additional resources need to be afforded to the Farm Plan scheme, with increased payment rates offered to reflect the extra costs and burdens on farmers and flexibility provided that it can operate alongside other agri-environmental schemes where additional land is held.

IFA Propose:

- An appropriate compensation scheme, funded independently of CAP, is required to ensure farmers currently affected by designation are adequately compensated for the farming restrictions placed on them and to account for loss of earnings and land devaluation. Compensation should be permanent and in place as long as the designation is in place. A 'no compensation, no designation' policy should apply. IFA oppose any further designations on farmland until current designations have been adequately compensated for and existing system inefficiencies redressed.
- No further restrictions should apply to lands currently designated. Instead, increased support (advisory, financial etc.) should be provided, and agricultural activity should be allowed to continue.
- Meaningful consultation and engagement with farmers is required before the imposition of any designation, with a mechanism provided for farmers wishing to appeal the proposed designation. The abrupt imposition, without any meaningful Government/stakeholder engagement, of designations on farmland to date has been unacceptable.
- In consultation with IFA, 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.
- In consultation with IFA and following the original Farm Plan scheme construct, an independent body should be set up or engaged with regard to any review/revised Farm Plan Scheme costings and payments.
- The Farm Plan scheme should operate alongside other agri-environmental schemes, better profiled, and additional funding allocated to offer bespoke management plans and pay all farmers where, due to designation of land, restrictions are imposed on farming and lands significantly devalued.
- A new 'Farming for Habitat and Farming for Species' payment needs to be introduced to maximise environmental gain and compensate farmers who suffered a loss in income when EIP projects such as the Hen Harrier, Pearl Mussel, Burren Schemes end. Hill / SAC areas should also qualify for the same.
- Eligible areas for Disadvantaged Area Payments should revert to previous levels.

5.4 Leader

IFA Propose:

- A sustainable budget of €389m 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 CAP Strategic Plan, be provided by the Department of Rural and Community Development (DRCD).

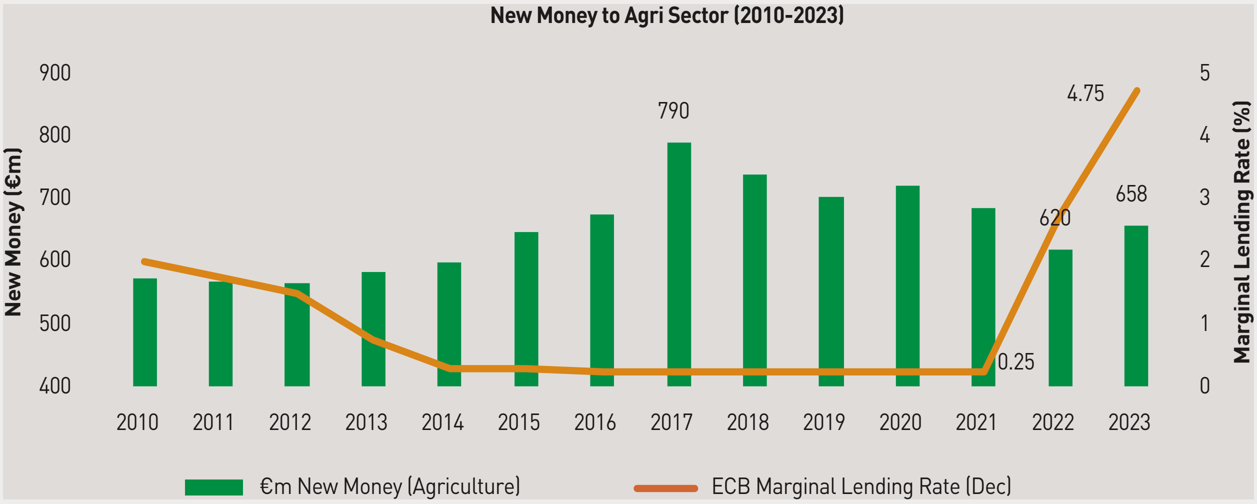
5.5 Farm Finance

Farmers are continually investing in their farm business, upgrading farm buildings, machinery and infrastructure to improve on-farm efficiencies. SME credit / new money to the Agri sector from the leading financial institutions has declined considerably in recent years (back €132m in 2023 vs 2017 levels), in part a reflection of decreased bank lending appetite, market volatility; TAMS administrative issues; and rising interest rates.

While indications are that interest rates appear to have peaked, demonstrated by the recent 25 basis point ECB cut (0.25%) and pressure to reduce further, prevailing rates available to farmers remain well over what would have been considered the norm for much of the past decade. This, as a result, has increased the cost of borrowing significantly.

By way of example, taking new money lent to the Agri sector in 2023, the rise in ECB interest rate alone is estimated to have cost the sector almost €160m, with the on-farm impact outlined in tables 4 and 5, for average debt levels (where held).

Figure 1: Trend in SME New Money to the Agri Sector and ECB Marginal Lending Rate (2010 – 2023)



(Source: Central Bank of Ireland, 2024)

Table 4: Estimated cost of increased ECB interest rate to Agri Sector

	Mar-23	Jun-23	Sep-23	Dec-23
New Money (€m)	159	169	136	194
ECB Marginal Lending Rate	3.75	4.25	4.75	4.75
Rate much last decade	0.25	0.25	0.25	0.25
Annual repayments over 10yr term				
Difference in Interest Cost	32.4	39.4	36.1	51.5

(Source: Central Bank of Ireland and IFA estimates)

Table 5: Estimated cost of increased ECB interest rates on Irish farms by farming sector

	Dairy	Cattle Rearing	Cattle Other	Sheep	Tillage	All Farms
Average Debt (€) (Farms with Debt)	130,440	25,458	51,823	36,706	78,561	75,451
EBC Marginal Lending Rate (%)	**Total Interest Paid (€ - Av Debt Held)**					
0.25	1,800	351	715	507	1,084	1,045
4.75	36,441	7,112	14,478	10,255	21,948	21,163
Difference in Interest Cost (€)	34,641	6,761	13,763	9,748	20,864	20,118
Note: all outstanding debt assumed at variable interest rate over 10-year term, and annual repayments made. No account taken for change to any additional lending changes beyond ECB interest rates.						

(Source: Teagasc National Farm Survey; Central Bank of Ireland; & IFA Estimates)

Access to farm finance and working capital is paramount for farmers across all enterprises. It is vitally important that farmers have easy access to sufficient low-cost funding to allow their businesses to trade efficiently.

IFA Propose:

- Ensure that the availability of reduced-cost finance, such as SBCI lending, is continued. It must be ensured that such funding is available to all farmers to enable them to make their businesses more sustainable from both an environmental and/or a financial perspective.
- Significant investment and added resources will be required to support An Post / Credit Unions etc in their efforts to facilitate community banking, with advances needed not only toward an improved financial offering to the SME market (and competitive nature thereof) but also significant capital investment in their infrastructure/network to facilitate more secure/private financial transitions.
- As the accountability requirements of the financial sector increase, funding opportunities for agriculture must be secured.

5.6 Farm Safety

Nationally and internationally, agriculture is one of the most hazardous occupations one could be engaged in. Awareness and education programmes focussed on prevention by supporting farmers in changing their behaviour are the best way to reduce farm accidents. In addition, farmers should be supported in making necessary investments to improve farm safety, both for personal use and that of wider family members and paid employment. All-terrain vehicles (ATVs)/Quads are becoming more popular on Irish farms, leading to increased fatal and severe accidents associated with their use.

IFA Propose:

- A support package/funding available to farmers to carry out quad safety training courses on their farms.
- 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 purchasing and maintaining farm safety equipment to help and support 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 to construct road underpasses.

5.6.1 Roadside Ash Dieback Scheme

Ash dieback was first detected in the Republic of Ireland in October 2012 on plants imported from continental Europe. The disease's introduction into Ireland resulted from inadequate controls on the importation of infected plants. The disease is prevalent throughout most of Ireland and is likely to cause the death of most ash trees over the next two decades.

The Roads Act 1993 places a statutory obligation on landowners to ensure that roadside trees do not threaten those using public roads. If a tree or branch falls onto a road and consequently causes injury or damage to an individual or property, the owner of the tree will be liable, and if the owner of the tree is found to be negligent,

Farmers are aggrieved that they are being held solely responsible for removing ash trees along public roads, when the State is responsible for introducing the disease. The cost of safely removing infected trees is substantial and dangerous, as ash dieback weakens the trees resulting in a high risk of a tree breaking and falling in an uncontrolled manner and the felling of roadside trees requires traffic management on public roads.

IFA Propose:

- IFA is seeking the introduction of an **urgent Roadside Ash Dieback scheme with** financial support for farmers to manage diseased roadside ash trees. The support package should be administered by the local authorities, who would be responsible for coordinating the safe removal of the trees by providing traffic management during the felling operation and financial support to help farmers hire relevant qualified professionals to fell these trees safely.

5.7 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. IFA welcomes the recent Walks Scheme expansion which will increase the number of trails from 80 to 150 over the next two years. 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 to protect ground nesting birds, biodiversity and farm animals.

IFA Propose:

- Important all 150 walks are established without delay. The 80 walks previously promised are still not fully up and running.
- 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.
- Any amenities or walkways within the jurisdiction of Local Authorities close to farmlands where animals are grazed must prohibit dogs.

5.8 Shannon Callows Compensation Scheme

Following persistent adverse weather conditions, the Government launched the Shannon Callows Compensation Scheme on Nov 7th 2023, with €800,000 allocated for farmers along the Shannon Callows SAC whose lands were flooded and fodder lost, awarding €375/ha for impacted parcels (min 1ha – max 15ha). With some of the budget remaining unallocated, it appears not all flooded parcels, most notably those with heavy covers, were correctly identified by the Area Monitoring System used. As a result, a cohort of farmers did not receive compensation under the scheme.

IFA Propose:

- All farmers whose lands along the Shannon Callows SAC were flooded and fodder lost should receive compensation within the Shannon Callows Compensation Scheme.

5.9 Flash Flooding Support

Dedicated support payment for farmers impacted by flash flooding. Government supported local busies in recent flash flooding events, but farmers were not included in these business support schemes. Farmers are a vital part of the economy, especially in rural towns and villages that have experienced flash flooding, and they must be included along with other business support schemes. Examples from the recent past include Cooley Mountains, Midleton, and Lough Funshinagh.

6. Investment in Renewable Energy

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 requirements may have large amounts of shed space, and the opportunity should be there for these farmers to contribute in the production of renewable energy.
- Applications for connection to the national electricity grid are currently charged a non-refundable payment of €1000. This charge needs to be terminated, and farmers who have paid this fee refunded. The fee is a barrier to more farmers' participation in renewable energy projects and adding to Ireland's energy generation capacity.
- IFA also calls on sufficient investment into the national electricity network to ensure the national grid is fit for purpose. With the added complexity of two-way energy travel at more grid connection points in recent and future years, along with increasing demand from Ireland's growing population, required upgrades must be fully funded and implemented, when and where needed. Poor electricity network infrastructure cannot be a barrier for the on-farm renewable energy sector to continue to develop.
- Farmers who receive grant aid (including TAMS) to support the 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 to export it back to 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.

6.1 Renewable Energy Microgeneration Support

IFA Propose:

- The establishment of 50% capital grants for farmers to invest in microgeneration. This will require a new financial support programme for micro generation with a separate structure and set of rules. This money should come from outside of CAP Pillar II funds. This programme should apply to all usage on farms, including the farm residence, and should not be capped at 11KW.
- 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, including virtual farming communities and partners.
- Remove or reduce network charges for inter-farming community trading.
- Remove planning impediments for microgeneration projects.

7. Agri-Taxation

7.1 Definition of Agriculture

The definitions of agriculture and farming within taxation must expand to encompass any new diversified farming systems and not disadvantage anyone who wishes to partake in different agricultural models. This will be important as farmers undertake alternative farm enterprises such as energy generation, which will contribute to both agriculture and the energy sectors climate emissions reduction targets.

7.2 Unfair Taxation

7.2.1 Residential Zoned Land Tax

The Residential Zoned Land Tax (RZLT) comes into force in 2025. It seeks to increase the availability of zoned and serviced land for developmental purposes. Currently, no acknowledgement or account has been made of the fact that farmers are private landowners who want to use their land for food production. They are not speculators, nor have they caused the current housing problems. The 3% annual market value tax is unjust and disproportionate to its income generation capacity and represents nothing more than a land-grab exercise. Despite numerous government commitments to exclude it, active farmland remains within scope. This must change.

As it currently stands, many farmers will be forced to sell their land. The significant divergence between the yearly 3% market value tax liability and the potential income yield or earning potential from the farmland is disproportionate and excessive (See Table 5).

It should be noted that the rental or income yield of farmland, unlike commercial or residential property, is not influenced by location. It's inequitable and unfair that this discriminatory tax is being placed on farmers.

An average-sized suckler farm with seven acres of zoned land valued at €50,000/acre would pay €10,500 annual RZLT liability. The entire yearly income for a farm of this size in 2022 was €8,324

Table 5: Disproportionate economic impact of RZLT relative to income yield potential from farming (Note: For indicative purposes only).

	Farm Income per acre (Av. '18-22) (€)	Land valued at €25,000/acre		Land valued at €50,000/acre	
		Annual tax liability (€)	Cost per acre of Zoned land (€/acre impacted)	Annual tax liability (€)	Cost per acre of Zoned land (€/acre impacted)
Dairy	581	750	-169	1,500	-919
Suckler Beef	116	750	-634	1,500	-1,384
Cattle Other	176	750	-574	1,500	-1,324
Sheep	146	750	-604	1,500	-1,354
Tillage	299	750	-451	1,500	-1,201

Source: Teagasc National Farm Survey, various years

IFA Propose:

- All genuinely farmed land must be exempted from RZLT. The proposed Residential Zoned Land Tax must not apply to active farmland, like the exemption provided under the Vacant Site Levy exemption.
- Legislative amendments and specific guidance to Local Authorities are needed to exclude active farmland from the scope of the RZLT. Farmers challenging the RZLT maps and applying to Local Authorities to have their land dezoned must be accommodated without being disadvantaged.

7.2.2 Water Charges

Uisce Eireann proposes introducing higher water charges for farmers connected to public water supplies, with plans to increase both standing charges per connection and cubic meter costs - from October 2024 at the end of the existing 3-year transitional period.

This is particularly concerning for farmers with multiple connections, such as those with fragmented farms. One of the guiding principles of the water charges framework is that charges should be equitable and not unduly discriminate between customers. The current proposed increases disproportionately impact low-volume users with multiple connections, i.e., the most economically vulnerable extensive farmers.

IFA Propose:

- That the Commission for Regulation of Utilities change direction on the proposed charge increases, recognise the sector's challenges, and introduce further transitional arrangements for farmers to minimise tariff increases.

7.2.3 Commercial Rates on Farm Buildings and Agricultural Land

Many governments have prioritised agriculture and food as major economic drivers for the Irish economy. This, coupled with often limited financial return despite high-value assets involved, partly explains the large suite of relief measures currently in place to support the sector. Given their use and location, farm buildings must be exempt from all commercial rates.

IFA Propose:

- That all exemptions apply to farm buildings in the Valuation Act 2001 and that the 'relevant property not rateable' list must be maintained and expanded to recognise the diversification of farm enterprises.

7.2.4 Extended Producer Responsibility (EPR) scheme (tyres)

It is proposed that agricultural tyres will be included in the Extended Producer Responsibility (EPR) scheme from 1st January 2025 and thereby incur an additional levy.

Farmers are committed to the safe disposal of all farm waste and have demonstrated that when a scheme is designed in consultation with them, such as the Irish Farm Film Producers Group (IFFPG) compliance scheme, which has a recycling rate of more than 90%, they will comply in huge numbers.

However, there are significant legacy issues with large volumes of waste tyres being stored on farms that need to be addressed before including agricultural tyres in the scheme.

IFA Propose:

- The inclusion of agricultural tyres in the EPR scheme is postponed until 1st January 2026 and that funding is allocated in the budget to organise a series of national bring centres to deal with legacy issues on farms before the inclusion of agricultural tyres in the scheme.

7.3 Taxation Measures to Support Farm Viability, Succession, Transfer and Partnerships

7.3.1 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 of the Revenue Commissioner framework. Those farmers are entitled to an income tax deduction for increases in the value of their farm trading stock. The term "trading stock" refers to items that 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%.

These stock reliefs should be renewed for a further three years, with the general stock relief of 25% relief temporarily increased to 50% until 31st December 2025. The increase in cattle and sheep prices over the past in years, for example, could lead to a non-cash profit on livestock farms. This could lead to tax issues for farmers in a year of high costs and poor cash flow and should be avoided.

IFA Propose:

- Existing stock reliefs should be extended to the end of 2027, with the general stock relief of 25% relief temporarily increased to 50% until 31st December 2025 to prevent tax issues for farmers in a year of high costs and poor cashflow.

7.3.2 Stamp Duty on Agricultural Land

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% after that.
- The young trained farmer age limit should be increased from the current 35 to include all qualifying young trained farmers under 40 years of age at the execution of a transfer deed.

7.3.3 Succession Tax Credit

IFA Propose:

- 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 to develop and expand the farm.
- The percentage of farm assets a transferor must agree to transfer to the successor should be reduced.
- The age limit of 40 is retained.

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

Retaining the 90% agricultural relief is critical to support the transfer of economically viable family farms as it assists in transferring agricultural assets to the next generation. However, the value of agricultural land has increased in recent years while CAT thresholds have not followed suit.

IFA Propose:

- IFA 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**.

- 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 in a better position to continue farming the land. The movement from Category B/C threshold to Category A would allow for less tax liability the farm's sustainability and promoting land mobility.
- No age limit requirements should be imposed on farmers seeking relief when transferring land between generations.

7.3.5 Agricultural Relief for the Genuine Farmer

It is vital that agricultural relief is only availed of by genuine farmers.

IFA Propose:

- To avail of Agricultural Relief, the transferor, 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 six years.
- With effect from the passing of the legislation, where an investor purchases land; the retention period of the individual receiving the gift or inheritance should be increased from six to 15 years in respect of a claim for agricultural relief.
- In addition, when land is purchased by an investor, any periods when land is leased to an active farmer do not count towards the retention period.

7.3.6 CGT - Restoration of Indexation Relief

IFA Propose:

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

7.3.7 Capital Gains Tax (CGT) Entrepreneur Relief

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 support for the genuine farmer and give the long-term tenant a 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 2025. The enhancement of CGT Entrepreneur Relief is an important measure to encourage risk-taking, investment, and the subsequent disposal of business assets during an individual's lifetime.

7.3.8 Interaction of CGT Entrepreneur Relief and CGT Retirement Relief

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

7.3.9 Agricultural Relief – Removal of Individual 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.

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

IFA Propose:

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

7.3.11 Rate of Class S PRSI

IFA Propose:

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

7.4 Vat & Taxation on farm inputs

Due to the size of their business, the vast majority farmers remain unregistered for VAT. Accordingly, the level of VAT being paid by farmers on inputs continues to increase as the price of these inputs increases. This needs to be addressed as a matter of priority.

IFA Propose:

- **Retention of Flat rate addition scheme (FRA)** for all agricultural sectors.

- Implement **0% VAT rate** on non-oral animal medicines and vaccines as early as possible (1st January)
- Inclusion of **Additional milking points, Automatic calf feeders and plastic water troughs** as eligible for VAT reclaim via VAT 58 process.
- Accelerated capital allowances for animal health monitoring systems, auto calf feeders and hoof-care equipment
- Zero VAT / Accelerated capital allowances for investments to improve on-farm efficiency and/or support transition to net zero emissions.
- Accelerated Capital Allowance [ACA] Scheme farm safety equipment [50% write off over two years] extended to end Dec 2026 - Budget 2024).
- Temporary reduction in the VAT rate for select agri related products/ services currently at standard rate or 13.5% rate.
- Vat is currently charge on Carbon Tax. This is double taxation and needs to be removed.
- The reduced excise duty level on agri-diesel must be maintained. There is currently no viable alternative for its use on Irish farms, and its removal would see an increase in the costs of over €0.5 billion in agriculture.
- Retain section 664A of the Taxes Consolidation Act 1997 and extend to include agricultural contractors to mitigate the increased cost of production.
- Suspend LPG/carbon tax for farmers & agri-contractors and/or defer forecast increases per Finance Act 2020 to periods outside peak agricultural activity.
- The promised Carbon Tax relief/rebate for Glasshouse growers of food crops using CO_2 enrichment should be enforced.
- 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.
- Permanent retention of two ‘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 five years (once they are not carrying an unpaid deferred tax amount from a previous ‘step-out’).
- Temporary income tax relief should be provided to livestock farmers who lease land to farmers on a short-term basis where the land is used specifically for the production of additional tillage/fodder crops.
- Suspension of the proposed 5% Concrete Levy announced in Budget 2023 - will only compound already inflated construction costs and stifle on-farm investment.

7.5 Taxation measures to support climate action

IFA Propose:

The following taxation measures support climate action:

- All farm equipment which contributes to increased emission efficiency, such as LESS equipment or capital investment in developing bio-economy supply chains, should qualify for accelerated capital allowances and be exempt from VAT.
- Reduced excise duty on Hydrated vegetable oil fuel (HVO)
- 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 standard 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.
- The calculations used to determine the area of land on which solar panels are installed for the purposes of CGT Retirement Relief and CAT Agricultural Relief, 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.
- Considering whether the CGT/CAT reliefs for solar panels referenced above should also include wind farms, given their increasing role in meeting our renewable energy targets should also be considered.
- 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.

8. Social Protection Measures

8.1 Farm Assist

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

IFA Propose:

- Similar to recipients of the Jobseekers Benefit and Jobseekers Allowance, recipients of Farm Assist should receive credited social insurance contributions for pension purposes.
- Social insurance credits should be provided to farmers on Farm Assist before 2007, when they were ineligible to make PRSI contributions under the scheme.
- The capital assessment disregard should increase from €20,000 to €50,000 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.
- Total Income from farm schemes and direct payments should disregarded to reflect the true financial need and ensure sustainability of farming operations.
- Eligibility to 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.
- It is essential that delayed ACRES payments in 2023, and subsequent double payment in 2024, does not impact means testing and eligibility of many farmers currently in receipt of Farm Assist.

8.2 Fair Deal and Support for Older People

Older farmers and other 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 living costs 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 5-year land/business transfer clause is reduced to a maximum of three years to allow more farmers to benefit from the Fair Deal Scheme.
- A new, statutory Home Support scheme needs to be introduced urgently 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 to increase the number of hours provided.
- 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.
- 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.

8.3 Support for Agricultural Education

Supporting agricultural education is vital for economic development, food security, sustainable practices, innovation and rural development. IT is foundational in building a robust and sustainable agricultural sector that can meet present and future challenges.

IFA Propose:

- The Teagasc Green Cert Course is a crucial qualification for young farmers in Ireland. Approving these courses for SUSI Grants would encourage more students to pursue agricultural education.

8.4 Cost of Employment

Due to general wage inflation and the lack of skilled staff, wages costs have increased considerably within the agricultural sector in recent years.

IFA Propose:

- General Employment Permits – there should be no increase in the current €30k annual salary requirement until a full review of salary targets is complete.
- Need for a Seasonal work permit Scheme for all non-EU workers, similar to all other EU member states.
- Ensure support for rising employment costs is in place, which in particular is **critical for the Mushroom & Horticulture sectors**.
- Comprehensive support programme for agri operators who are struggling with the rising cost of employment. Increasing the employer PRSI threshold above the minimum wage annually and the introducing of a temporary PRSI credit for lower-earning workers.
- Employers pay 8.8% Class A employer PRSI on weekly earnings up to €441- needs to increase to €500/week.
- Cost of Business support scheme, which agriculture was excluded from in 2023, needs to be introduced for the agricultural employment sectors to mitigate against the increased costs of business imposed by the government, such as minimum wage, sick pay, and pension auto-enrolment.

8.5 Pensions

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

IFA Propose:

- Similar to recipients of the Jobseekers Benefit and Jobseekers 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.
- Those paid Class K contributions when employed or assisting on the family farm are not disadvantaged in calculating pension payments.
- Farmers in receipt of Farm Assist before 2007 who were ineligible to make PRSI contributions should be credited contributions to help them qualify for contributory pension.
- Farmers in receipt of Farm Assist should be credited contributions similar to those in receipt of Jobseekers Allowance rather than being required to make voluntary contributions.
- The option for people to use the "average" calculation should be retained to not disadvantage people who may have entered the social welfare system later in life.
- Social insurance credits should be provided to farmers on Farm Assist before 2007, when they were ineligible to make PRSI contributions under the scheme.
- All farmers and spouses/partners working on the farm should 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 is required. 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 every week.
- 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.
- The introduction of a retirement/pension scheme to encourage farmers to transfer farms to a younger generation.
- For farmers/self-employed who are not entitled to social welfare benefits, an emergency fund should be available for farmers for sudden death or serious illness on farm for the replacement of labour.

Appendix 1

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 in August 2021, then difficulty getting pigs slaughtered due to logistical problems in N. Ireland, followed by a historic spike in pig feed prices when Russia invaded Ukraine. 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.

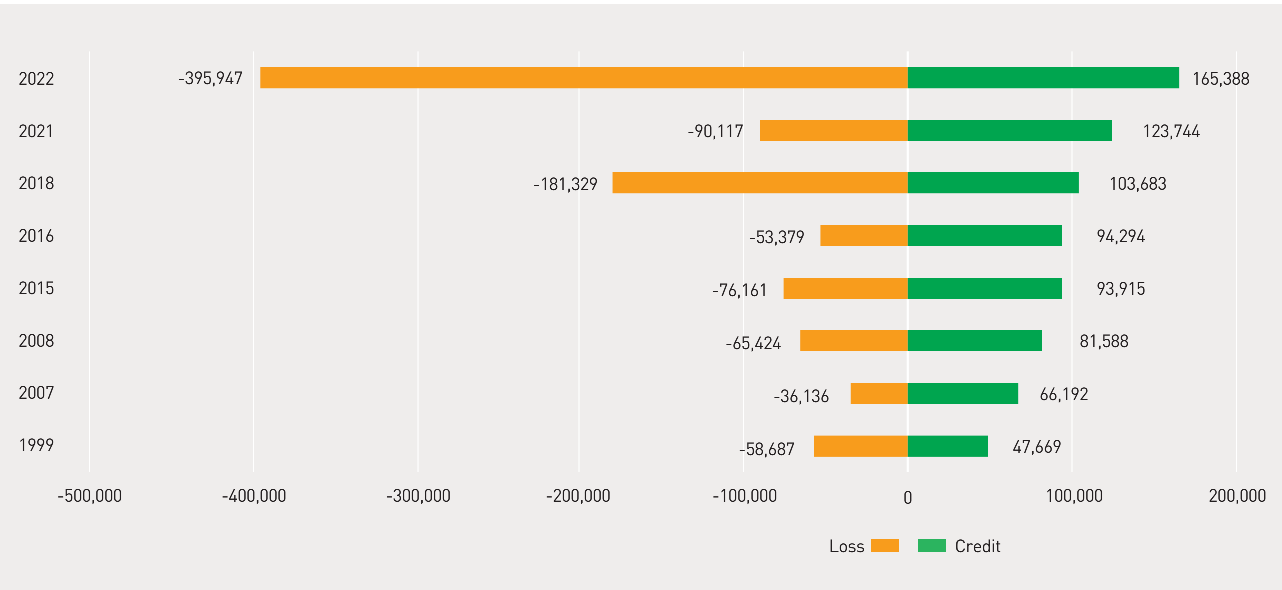
This paper will attempt to quantify and frame this year's volatility against the nearly 40-year financial database that the Teagasc Pig Department has accumulated and then suggest strategies to reduce the risk of future volatility.

2. Volatility

An analysis of the pig sector data in recent years highlights an increasing level of volatility in input costs and pig prices, which has increased 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 the equivalent of one month's feed credit (1 months feed credit fund), 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.

Figure 2: Effectiveness of 'one month feed credit fund' to cover annual financial losses in specific years



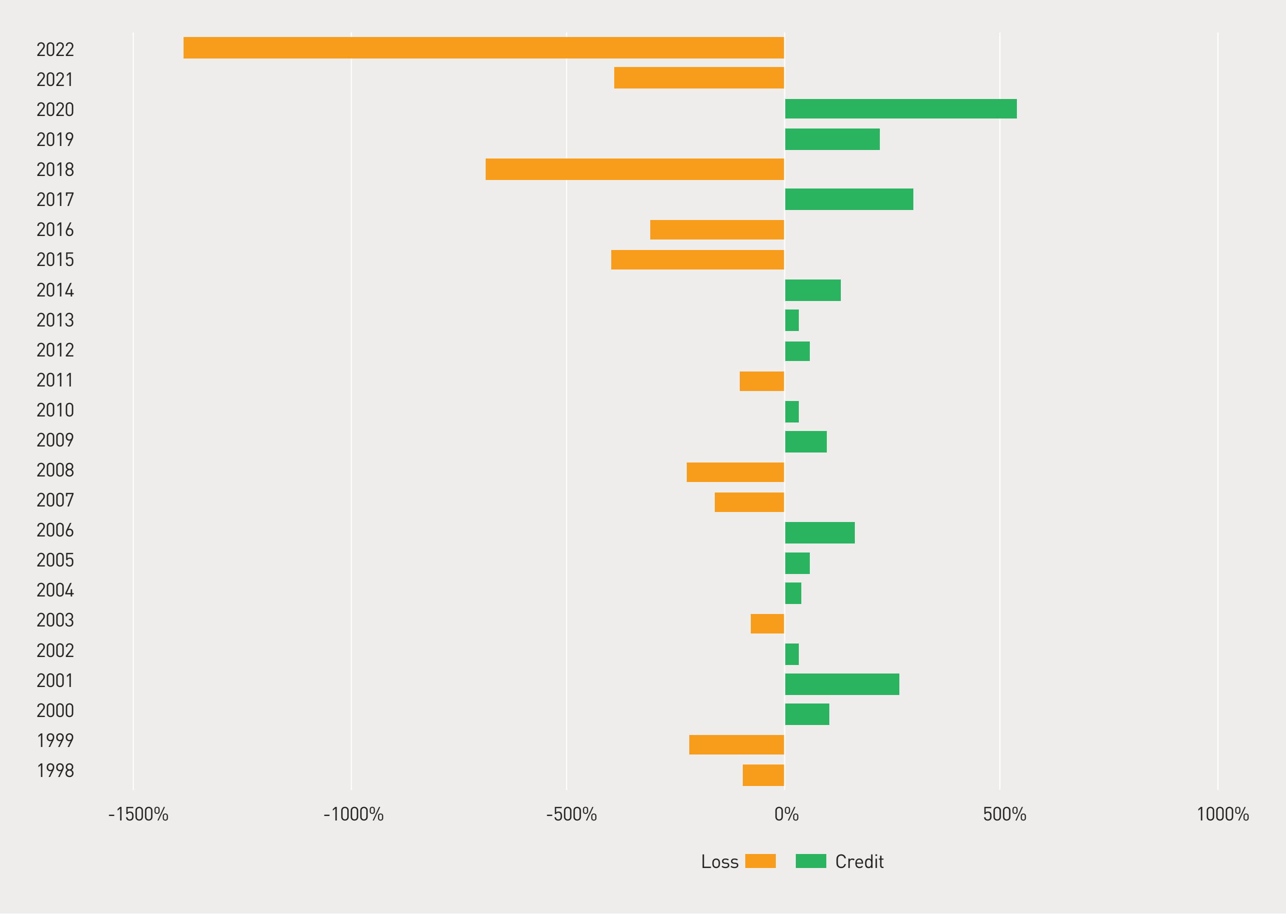
Source: Teagasc PDD

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

This illustrates that the volatility has increased over the last seven years, whether the year was profitable or loss-making. 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 the Irish pig sector utilise to reduce this volatility and maintain a more determinable income?

Figure 3: Annual Income fluctuations illustrated by % variance from a rolling 10 year average



3. Tools to reduce volatility

Several tools are outlined below. Some of these tools would require legislative / tax changes, others EU approval, and some 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 most significant input cost, namely feed. This would give greater stability to producers to forecast their incomes and 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 processors' viewpoint, 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 processor would offlay the risk of feed price increases & therefore higher input costs by hedging the feed price. If feed prices rise, the higher cost of the pigmeat would be offset by selling the feed position. This system is used commonly in some European countries and North America but rarely 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 period 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, 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 several limitations to this system. Firstly it requires a reasonable technical knowledge of the markets and how they operate – your broker would help. It also requires a large trade volume to open an account (over 30,000 tonnes per year), however, your composite feed supplier could 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 need to hedge the price, then it may be too prohibitively expensive to purchase a position.

3.3 Crop / Revenue Insurance

This system has been 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 crop's yield but in more recent years it is based on the crop's revenue, 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 federal government backs the system 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', 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., at the Teagasc Pig Department. As the fund would be based on the number of pigs sold per producer, the sum available for withdrawal would, therefore be larger on a pro-rata 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 downturns. 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 invest capital. These low low-interest loans' funder could be the National Treasury Management Agency (NTMA).

However, there are several limitations to this funding:

- If the 'rainy day fund' is required to fund the total losses and assuming this fund would be required every four years, then the necessary levy would be substantial. If the 'rainy day fund' required were 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)

The Australian Department of Agriculture runs this system and has been in operation for over 20 years. It currently contains over $6 billion in savings and in general, is well-liked by the Australian farming community. The system aims to help farmers deal more effectively with fluctuations in cash flow. 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 withdraw 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 four page application form.

The money can be withdrawn as the producer requires after an initial 12 months. The deduction claimed for an FMD in the financial year cannot exceed the primary producer's taxable primary production income for that year i.e. 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 are required
- The scheme is self-financing in a tax-efficient manner
- Easy access to funds when required

4. Conclusion

The last 24 months have witnessed extreme volatility in the pig sector, which has placed greater strain on the cash flow of producers. The sector needs to address how this volatility can be reduced if the sector wants to grow in the future. Some possible tools have been outlined here but there may be more possibilities. The sector needs to have a discussion now on the most feasible way to address this issue as any fund / system will take many years to 'bed-in' and build up sufficient funding in preparation for the next financial challenge.

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