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Irish Farm Report 2023

35% of farmers don't know if Nitrates Banding affects their farm

64% do not have a successor in place

75% are worried about rising input prices

90% of farmers have limited or no understanding of the Fair Deal Scheme

Championing a Sustainable Future

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Contents

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Front cover picture: Brian and Cency McLeer, Dairy farmers, at the premises of their direct-to-consumer milk vending machine in Forge Field Farm Shop, Termonfeckin, Co. Louth.

Foreword

Welcome to *ifac's* Irish Farm Report 2023. This Report contains the results of our 5th annual Irish Farm Survey.

2022 was a reasonably good year on Irish farms, with profits in most sectors up when compared to previous years. However, higher output prices were offset by soaring inflation as the impact of the war in Ukraine continued to drive up feed, fertiliser, and energy costs.

While rising costs are the single biggest concern for this year's survey respondents, climate change is also very much front of mind. The changes necessary to meet Ireland's climate targets come with opportunities to innovate. New technologies can facilitate diversification into areas like bioenergy and renewables. To stimulate investment, there is scope to enhance the available supports and incentives. Farmers have always been willing to take on projects that benefit the environment, but more than half of this year's respondents say that the level of financing required is a barrier when it comes to renewable projects and that the return on these investments is too low.

Our survey reflects general acceptance of the need to reduce carbon emissions but highlights concerns about the impact that climate measures may have on the national herd and the viability of some businesses. Already, we can see nitrate derogation changes starting to push up land rental costs.

Fears about viability are also a barrier when it comes to succession planning. However, experience shows that viable plans can usually be devised if business owners are prepared to consider all available options. Obtaining sound financial advice and planning ahead is the best way to future-proof your business. Ifac has been advising and supporting farm families for almost 50 years, and we are committed to helping you succeed.

Despite the concerns highlighted by our research, we are encouraged to see that more than half of our survey respondents are optimistic for the coming year, and three-quarters plan to still be farming in five years' time. I would like to thank everyone who participated in this year's survey. Without your contributions and insights, we would not be able to produce this Report. We place huge value on listening to you and understanding your needs.

I also want to thank my colleagues Philip O'Connor, Noreen Lacey, and all the ifac team members who worked long and hard on this year's publication.

We hope that you find it an interesting and informative read.

John Donoghue
CEO

Introduction

As we predicted in our 2022 Irish Farm Report, input cost inflation has hit farm businesses hard this year. While this is the top concern highlighted in our latest research, it is encouraging to see that a majority of survey respondents are positive in their outlook for the coming year.

New opportunities are emerging in areas like renewables and organic farming while technology is driving efficiency in other sectors. Nevertheless, careful management of resources will be essential in the months ahead. We recommend that you work with your accountant to identify ways to enhance your efficiency and strengthen profitability so as to make your business more resilient and sustainable.

Solar Grants

A new grant scheme for installing solar panels on farms is due to come into effect this year. This will provide 60% grant aid up to a maximum expenditure of €90,000 per farm. Up to now, on solar projects, it has been the norm for developers to purchase an 'option' to access land and execute a lease at some point in the future. These can be complex arrangements, and it is important to understand their potential long-term inter-generational impact. Our strong advice is to seek advice before entering into negotiations with developers.

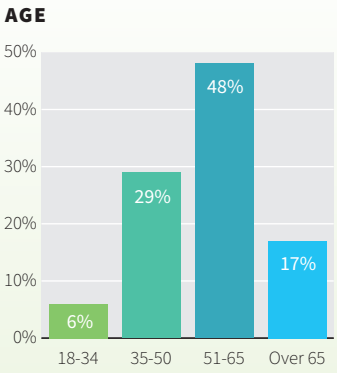
Nitrates

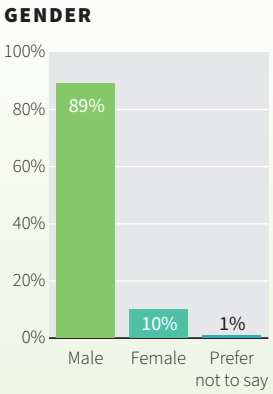
Nitrate efficiency is another key focus at the moment, although 35% of our survey respondents have not yet checked how the new nitrate binding rates will affect their farms. While the recent derogation changes are not without challenges, they also bring opportunities, particularly in areas like organics where heightened consumer awareness of biodiversity, animal welfare, environmental and social concerns are contributing to increased domestic and global demand.

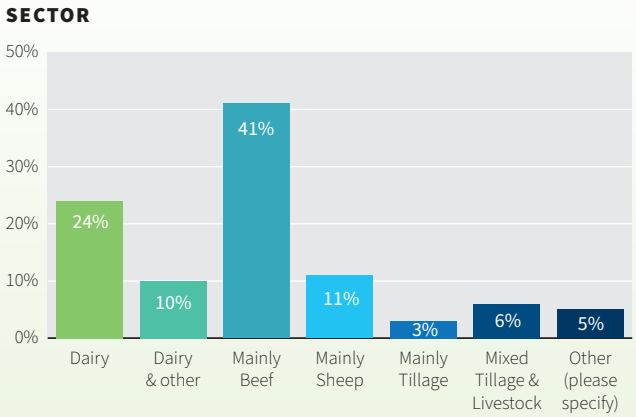
Financial Management

More than half of this year's survey respondents do not actively budget, and over a third have not reviewed their borrowings in the last 12-18 months. While margins were strong in 2022 across the main farming sectors, this can and could change very quickly if key commodity prices (milk, beef/lamb & grain) take a downward trend and input prices and inflation continue to remain high. Knowing your own business and where your breakeven prices are will help you navigate any downturns in prices. *Ifac* provides a range of supports to help you manage your farm finances, and we encourage you to avail of these tools. Good financial planning and careful management of resources strengthen your business and will improve your resilience in these volatile and uncertain times.

Philip O'Connor
Head of Farm Support







This report is comprised of *ifac* survey findings. The survey took place in October 2022 – December 2022 and was completed by 1,160 Irish farmers.

Key Takeaways

OVERALL

75%

cite rising input prices as their biggest concern for 2023, up 10% on last year.

54%

are concerned about their electricity and gas costs, in the midst of the cost-of-living crisis. Fuel and transport costs were also a key concern for 51% of farmers.

56%

of farmers have a positive outlook for the year ahead.

FINANCIAL

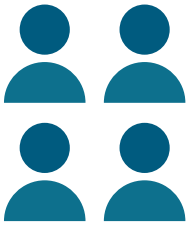
53%

of farmers do not actively budget for their farm business.

37%

have not reviewed their borrowings in the past 12-18 months, despite interest rates rising across the board.

EMPLOYMENT



44%

of farmers with employees agree wages in Net terms.

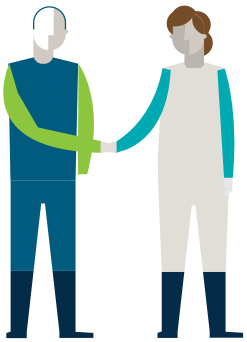
32%

of farmers struggle to find available employees.

17%

do not know their Eircode.

SUCCESSION



64%

do not have a successor in place.

27%

of farmers believe viability of the farm business is the biggest barrier to succession.

60%

of farmers have a structured pension plan in place.

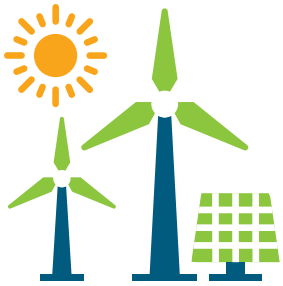
90%

of farmers have limited or no understanding of the Fair Deal Scheme.

44%

say the desire to keep the family name is **not** a factor in determining the future successor.

ENVIRONMENTAL



41%

of farmers would lease land to a solar or wind project if the opportunity arose.

35%

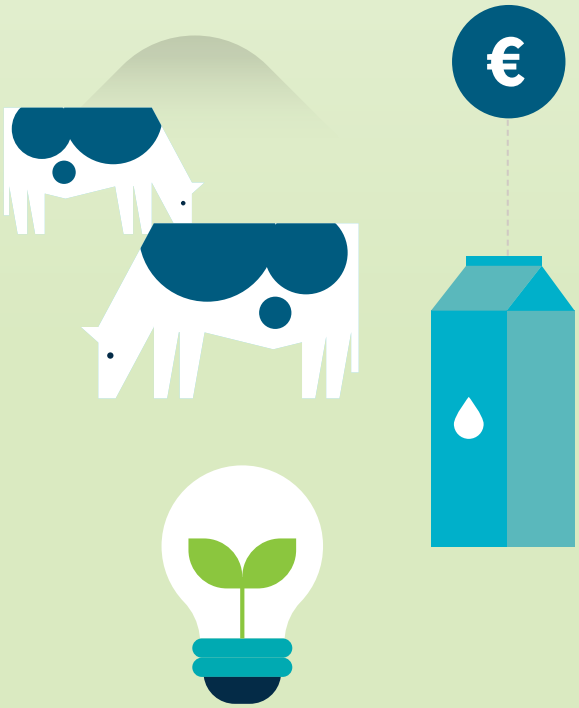
of farmers have not checked if the nitrate banding rates will affect their farm.

52%

of farmers cite the financial investment and returns as the biggest barrier for renewable projects.

Dairy

After an uncertain start to 2022, the dairy industry rallied, with the average (VAT inclusive) price for milk delivered to the co-op rising from 53 to 59 cents per litre. While our survey respondents are broadly optimistic in their outlook for the next 12 months, inflation and environmental issues remain significant concerns.



KEY SURVEY FINDINGS

OUTLOOK

80%

report positive outlook for the sector.

STRUCTURE

62%

of dairy farms are in limited companies or partnerships.

NITRATES BANDING

24%

of dairy farmers have not checked how the new nitrate banding rates will affect their farm.

23%

require additional land.

22%

intend to reduce their herd.

INFLATION

Input costs rose substantially in 2022, up by around 12 cents per litre across the dairy sector. Farmers who had sourced 2022 supplies at 2021 prices were somewhat shielded from the impact, but, on average, feed was around 40% higher, while fertiliser traded at 250% on 2021 levels. These prices are expected to harden into 2023, driven by escalating energy costs.

In the current environment, it is important to shop around and consider locking in if you are able to negotiate a good deal. This will help to minimise risk. Cashflow management also requires close attention with a sharp focus on maintaining sufficient reserves to cope with volatile milk prices.

Top 3 challenges for dairy farmers

- 71% regulatory changes
- 68% rising input costs
- 26% increased workload and labour shortages.

CLIMATE ACTION

2022 saw the introduction of sectoral carbon emission reduction targets covering the period up to 2030. Taking 2018 as the base year, agriculture is required to cut emissions by 25%.

Meanwhile, a nitrates action plan with a view to improving water is currently underway. Elsewhere in this report, Noreen Lacey explains how this is likely to affect farm profits (page 23).

A new fertiliser register will make it more important than ever to understand where, how and why you are using chemical fertilisers. Greater use of multi-species swards can play a role in helping to reduce reliance on chemical fertilisers.

> "You have to learn to overcome things like problems with weed control and limiting the amount of chemical fertiliser that you use. But if you have the will to try it and are open to learning, there are a lot of advantages." *Ger Buckley shares his experience with multi-species swards on page 9.*

New nitrate banding regulations based on milk yield are also being introduced. These could see an increase from 89KgN/cow to 106KgN/cow on higher stocked farms. If you haven't already done so, now is the time to contact your advisor and determine how your farm is positioned.

FINANCIAL STABILITY

In the current environment, it is more important than ever to understand your own production cost and where your breakeven price is. When calculating your breakeven remember to include your capital loan repayments, drawings (directors payments) and tax. This will allow you calculate what your business' entire cash costs (before any capex) are for the farm to run cash neutral. Ideally, your business should be returning a cash surplus that can be either banked or reinvested back into the business.

Brian McLeer and his wife, Cency, milk 130 cows on their County Louth farm, where no fewer than six generations of the family have made their mark over the decades. The friendly and personable couple have made headlines recently by taking their milk to the general public in a bold new retail move.

COVER STORY

CASE STUDY:
Farm Fresh Milk

Seven years ago, Brian McLeer was travelling in Belgium and spotted something that immediately caught his attention. It was a milk vending unit that cut out the middleman and brought fresh, pasteurised milk directly to the consumer.

The idea wouldn't go away, and Brian has noticed the concept growing in popularity in the intervening years. Keen to diversify his business, he eventually made the leap and almost a year ago, Feckin Clogher Milk first saw the light of day. The name comes from the fact that Brian is a Clogherhead man, while Cency hails from Termonfeckin.

The vending unit is located in a striking shop unit on the grounds of the popular Forge Field market and is proving to be a huge hit with consumers who yearn for the old-fashioned creamy milk of their childhood. And if that's not your thing, you can even opt for one of ten different flavours – including creme egg - broadening the appeal even further.

When probed about the bold new move, Brian explains that the farm moved from beef to dairy in 2015 and currently supplies Lakeland Dairies. "We were keen not to have all our eggs in one basket, and a vending business seemed the perfect way to add a second string to our bow."

"We sell a litre for €1.50 and a half-litre for €1. This contrasts with around 32c a litre from Lakelands (pre-2022), but make no mistake that the Lakelands model will always be the main driver of our operation."

Brian estimates a payback time of around ten years on his investment and reckons that around two to three per cent of his milk is currently going straight to the consumer via the vending operation. As the consumer gets more familiar with the concept, however, he believes that there's scope for some reasonable growth in vending sales.

Apart from the financial investment involved in the new business, Brian also cautions that the operation came with a lot of red tape from the Department of Agriculture, so it's definitely not something to be done on a whim.

The new venture also involved its share of informal market research, and the key trigger for the public seems to be the traditional experience of milk from a glass bottle. "The cream comes to the top – particularly in the grass season – and it really is a taste of your childhood."

"It's also very much in keeping with the sustainable trend in food these days. We have an almost zero carbon footprint in terms of transport, and our customers are drinking a product that was milked less than four miles away."

In terms of how the vending operation works in practice, Cency explains that it's self-service during the week, but the outlet is manned on Saturdays – the busiest day of the week. "We're notified through an app on the phone when the unit is running low and can top it up as often as is needed."

Both Brian and Cency are adamant that the move has been a good one for their business and are proud to be in the vanguard of a movement that seems certain to grow in popularity over the coming years.

> "We were keen not to have all our eggs in one basket, and a vending business seemed the perfect way to add a second string to our bow."

Future-Proof your Farm with Multi-Species Swards

A conversation with Ger Buckley, Dairy Farmer & Nuffield Scholar

Proponents of multi-species swards say that they are an environmentally friendly production system which is kinder to the soil, financially advantageous and more resilient to drought. We asked dairy farmer, Ger Buckley, who has been experimenting with multi-species swards for the last four years, what he has learned from his experience so far.

What made you decide to try multi-species swards?

I have always been interested in improving soil health. That's probably the main reason. Multi-species are known to improve biodiversity and also make your farm more resilient. This is becoming more important because of climate change. They can help in periods of drought, and they also potentially expand the grazing season, so there are financial advantages too, particularly in the current environment where chemical fertiliser costs have soared.

How did you get started?

Initially, I started with just 6 acres because I knew I would probably make mistakes, and I wanted to allow time to build up my knowledge. I took my time in years 1 and 2. Now, four years on, I have 31 acres of multi-species, 20 acres of white clover and 52 acres of red clover. In total, that's almost 30% of the farm.

What do you see as the main pros and cons when comparing multi-species to conventional grass systems that rely on chemical fertiliser?

Up to now, the advantages of conventional systems were that chemical fertiliser was cheap so you could grow lots of grass. Our skills and knowledge have developed around that system. We understand how to grow rye grass using chemical fertiliser. Now that fertiliser prices have increased so much due to the impact of the war in Ukraine, the financial advantages of conventional systems look a lot weaker, and there are also disadvantages in terms of negative impact on biodiversity.

In terms of multi-species, grazing patterns are different, so you need different management skills. You have to learn to overcome things like problems with weed control and limiting the amount of chemical fertiliser that you use. But if you have the will to try it and are open to learning, there are a lot of advantages.

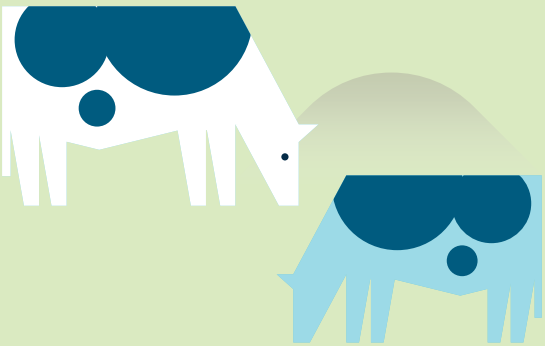
Would you recommend that other farmers give multi-species a try, and if so, what advice would you give them?

Absolutely! In terms of advice, I would say to start slowly. Talk it over with your farm advisor and experiment with one or two paddocks before rolling it out across the farm. You have to be prepared to allow time to manage the grass and soil. I made most of my mistakes in the first two years, but I learned from those mistakes, and that has stood to me.

Beef

While beef prices are finishing the year 2022 on an upward trajectory, high input costs are a cause of concern for beef farmers. 80% of farmers in our survey list input costs as the biggest concern for beef farmers as we enter 2023. Half of beef farmers surveyed say the cost is the biggest barrier to introducing further technology on-farm.

In terms of personal living costs, 58% are worried about meeting transport or fuel costs, while 54% are most concerned about electrical and gas costs. On a positive note, 62% of beef farmers have a pension plan in place with regular payments.



KEY SURVEY FINDINGS

OUTLOOK

41%

report a positive outlook for the sector, with 44% holding a neutral position.

TOP 3 CONCERNS FOR 2023

80% Input prices.

50% Rules and regulations.

27% Farm/family financial pressures.

PENSION

62%

have a pension plan in place with regular payments.

FUTURE

1 in 3

are unsure if they will still be farming in 5 years.

SUCCESSION

38%

say business viability is their biggest barrier to succession planning.

PRICES IN 2023

The year 2022 saw rising beef prices across most of the year, starting the year at circa €4.30 per kg for prime cattle, rising to €5.30 in June. The period from June to November saw a fall back in prices to below €4.50 per kg and then start to rise again until the year-end.

The outlook in the short to medium term appears positive, and with the opening of new markets, the demand for cattle supplies is expected to remain strong for at least the first half of 2023.

While the improved returns in factory prices are welcomed by beef farmers, costs of production have also risen steadily throughout 2022. The steady increases in the price of feed and fuel have resulted in higher contractor and winter fodder costs.

SUCKLER FARMING

Suckler weanling producers also saw a rise in weanling prices during 2022. The increased beef price and demand from exporters helped these producers, and the outlook remains positive for 2023. Record high fertiliser prices have increased the cost of providing silage for the winter months on these farms, and many suckler farmers cut back on fertiliser usage. These farmers will again need to consider their winter fodder requirements and ensure they can provide enough feed on farm without incurring the additional cost of bought-in feed.

CAP 2023-2027

The final details of the CAP budget 2023-2027 were released in 2022, and these CAP changes will come into effect in 2023. These income support payments, environmental schemes and Government supports are vital for the suckler and beef sector to remain viable.

Many farmers will see a slight increase in their basic payment, but there are also a number of farmers who will see their payments fall, and these farmers should now be budgeting their farm finances based on the new CAP budget while also considering the backdrop of rising inflation.

CLIMATE ACTION

Environmental and organic schemes are of increasing interest to the livestock sector, and during 2023, many farmers who in the past did not consider these schemes are now considering changes to their farm enterprise to try and ensure its financial sustainability.

Ireland's Climate Action Plan 2023 sets out measures to reduce emissions across the economy. This plan includes measures within each agricultural sector on how these emissions can be reduced. Carbon budgets and sectoral ceilings will play an increasing role in decision-making on farms for 2023 and beyond.

CASE STUDY:
Trevor Boland on Teagasc Signpost

As part of the Teagasc Signpost Programme and Future Beef farms within that programme, there are a number of steps Trevor Boland has taken on his farm to improve the financial performance and reduce the greenhouse gas emissions from his suckler and beef farm in Sligo.

The farm operates an autumn calving continental suckler herd with a focus on producing bull weanlings for sale to a beef finisher and heifers to beef or calving at two years old. The farm's main aims are for high output, low cost and efficient time management, using a simple grass-based system, where improvements are worked upon each year.

Following Teagasc's 12 steps to reduce gaseous emissions, Trevor has concentrated on incorporating clover into grass swards, calving heifers at two years old, reducing the age at slaughter and selecting high genetic merit breeding stock.

By selecting high index cows, heifers and bulls from the ICBF €urostar Replacement and Terminal index, the improved genetics allows for improved growth rates and, therefore, the ability to finish earlier or calve for the first time at twenty-four months old.

Incorporating clover into grass swards has allowed Trevor to reduce reliance on chemical nitrogen during the grazing season. Regular soil testing, lime spreading and improving soil indices will also lead to more efficient use of fertiliser on the farm.

The combination of the environmental measures outlined complements the farm's aims of higher output and a low-cost system to improve the financial sustainability of the farm in the longer term.

Trevor Boland, Suckler farmer and *ifac* Senior Accountant

What is the Signpost Advisory Programme?

Teagasc is establishing a new, targeted advisory programme to support climate and sustainability actions on farms which will be available to all farmers. It will build on the network of Signpost Demonstration Farms by providing enhanced advisory and training support to farmers to select, commit to and implement climate and sustainability actions that will be appropriate and impactful on their farms. Participating farmers will have a plan specific to their farm and receive support through one-to-one discussion groups, workshops etc., in the implementation of the key actions on the farm.

To register for the programme, see Teagasc.ie

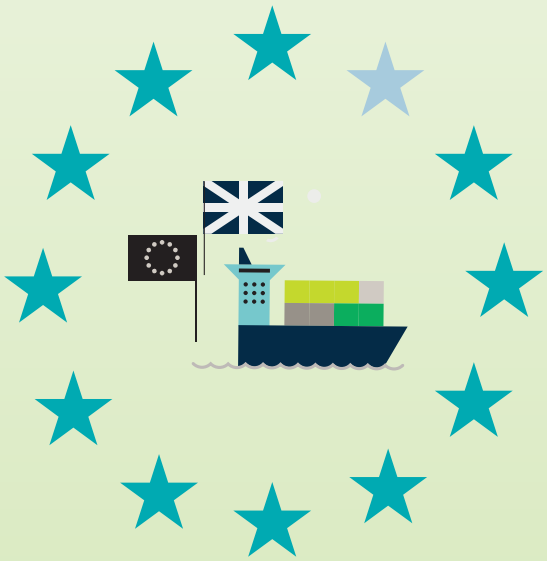
Dr. Siobhan Kavanagh
Teagasc

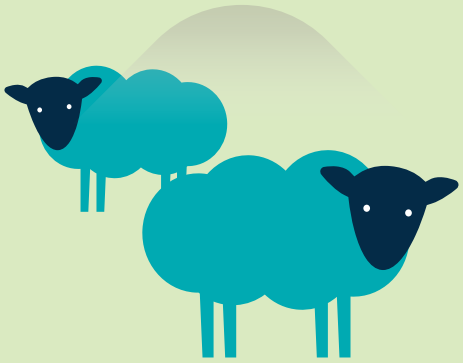
Know Your Number – You can't change what you don't measure

A new Sustainability Digital Platform is being created to provide farmers with information on the emissions of their individual farms. Knowing the emissions for individual farms is an important starting point for making changes to reduce emissions. The Sustainability Digital Platform is an industry-wide collaboration between Teagasc, ICBF, and Bord Bia. This decision support tool will be used by advisors and farmers to determine the impact of key recommended practices to reduce emissions, including actions such as using protected urea and reducing chemical N usage etc., and in time, carbon sequestration potential on farms, which in turn will contribute to a farm-specific action plan.

Sheep

Looking back on 2022 sheep farmers will be relatively content, with the average price achieved reaching €6.83 per kg, an increase of €0.16 per kg or 2% from 2021. This brings the 5-year rolling average to €5.71/kg.





(Bord Bia, 2022)

KEY SURVEY FINDINGS

OUTLOOK

51%

have a positive outlook for 2023.

FUTURE

32%

unsure if they will be farming in 5 years.

3 BIGGEST CONCERNS FOR 2023

75% Input prices.

55% Rules and regulations.

30% Farm/family financial pressures.

WILL

51%

don't have an up-to-date Will.

SUCCESSION

1 in 3

see business viability as their biggest succession challenge.

2022 REVIEW

With this being the second consecutive year where the average price is more than €1/kg over the 5-year rolling average, there is reason for positivity. However, with spiralling costs, this increase is needed to protect the viability of farms.

Throughput for 2022 was approx. 57,000 behind 2021. (Bord Bia, 2023). Despite this, 2022 saw ewe numbers increase 2.1% according to the last census. The reduction in throughput, combined with the increase in ewe numbers would indicate that there is a large amount of 2022-born lambs carried forward into 2023.

Following record input prices, it would appear that many farms made the decision to reduce feed and fertiliser. This appears to have slowed the throughput of lambs into the new year.

OUTLOOK FOR 2023

The initial outlook is much cooler than the beginning of 2022. Bord Bia is reporting that inflation pressures are impacting demand for lamb in key export markets, and as a result, consumers appear to be looking for cheaper alternatives. Combine this with the backlog of 2022 lambs still to be sold, and it looks like it will be a tough start to the year.

The shift in throughput this year also reflects a movement in the mean lambing date towards mid-season lambing. As inflation continues to drive costs, farmers can expect 2023 to continue similarly to 2022. Efforts to reduce costs must be considered carefully. A drastic reduction in fertiliser and feed input with no change to stock numbers will cause problems down the line through increasing the slaughter age of lambs and increasing demand for grass around breeding, which may hurt the prolificacy of the flock.

PLANNING FOR THE YEAR AHEAD

Control of costs is critical for the year ahead. Farmers need to weigh up the significance of the slaughter age of lambs. If a reduction of inputs is needed, then the stocking rate must also be revised.

Grazed grass is still the cheapest option despite fertiliser prices. The focus should still be on growing high-quality grass. If silage stocks are depleted over the winter, then it is crucial to build this back up as soon as possible.

With margins looking set to tighten further in 2023, it is crucial that farmers plan their year now.

CASE STUDY:
Sticking to the plan in times of rising input costs

Overview

Farming in Trim, Co. Meath, Peter and Tom McGuiness run an 800-ewes farm, lambing in mid-March on a 75ha block. All ewes are lambed outdoors, with the main focus of the farm being to maximise grass growth and utilisation, selling all lambs by mid-October before breeding commences.

Focus on grazed grass

During his work in New Zealand in 2019, Peter gained valuable experience in grass measuring. He applied this experience on his return, leading to him being awarded Sheep Grassland Farmer of the Year in 2020.

At present, the farm is growing 14 tonnes DM/ha. To maintain quality, Peter completes over 30 grass walks per year, allowing him to make informed decisions throughout the year.

The 75ha block is divided into 20 paddocks, and over the course of the year, Peter subdivides these paddocks to maximise grass utilisation. Contract-reared heifers are brought in over the peak growing months, and any surplus grass is taken off in bales.

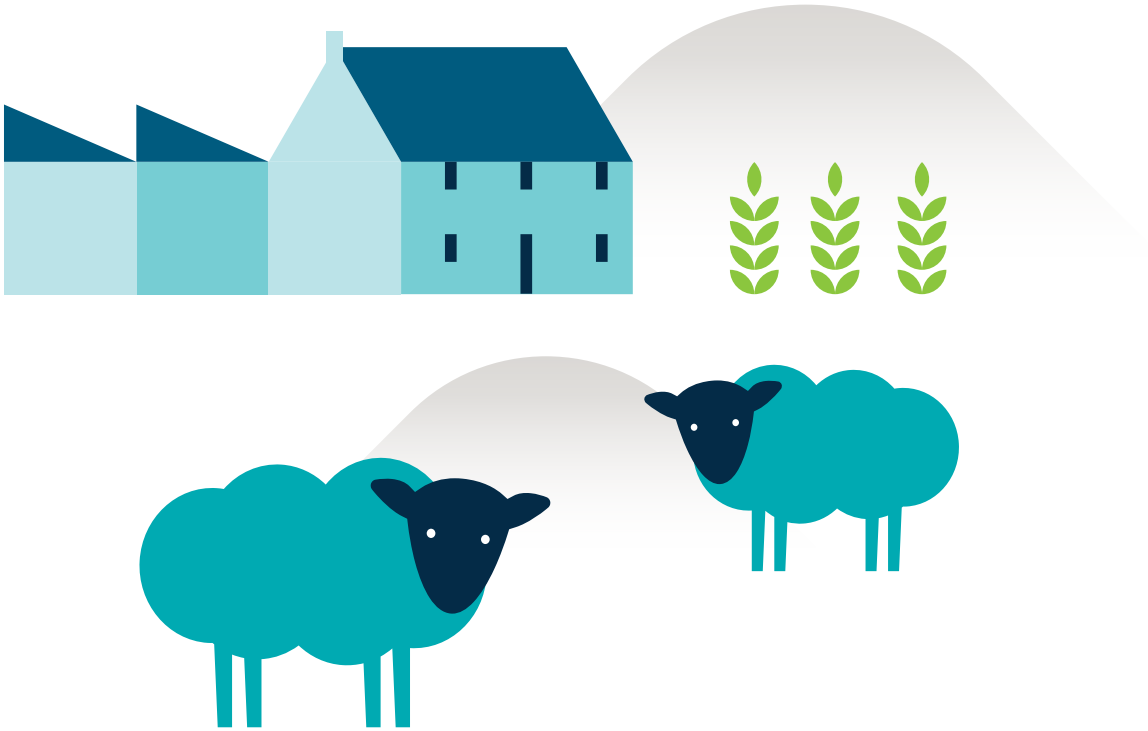
Ewes carrying singles and twins are outwintered on kales, with ewes carrying triplets housed for a period. This allows Peter to build a cover of grass over the winter in preparation for letting ewes to fresh grass once they have lambed.

Future plans with rising input cost

Maximising weight gain on lambs from grazed grass remains the key focus here. Despite fertiliser prices, grazed grass still provides the most cost-effective feed source. A compact lambing period allows the weaning of lambs in mid-June. From this point, lambs are grazed ahead of ewes ensuring the best quality grass is available.

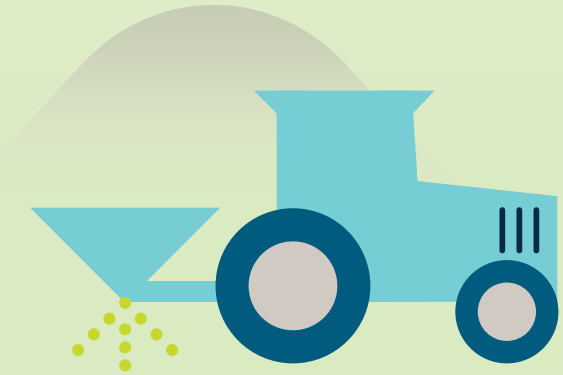
A key component of the system is that all lambs are sold by the first week of October in order to ensure that there are adequate levels of grass available for ewes when breeding commences in mid-October. Peter believes that the slaughter age of lambs is crucial to having a profitable system based on grazed grass. As lambs are drafted regularly over the summer, lighter/poorer performing lambs are identified for supplementary concentrate feeding.

Peter believes the additional cost here is justified over having lambs on the farm into the Christmas. It also has the benefit of allowing ewes to be in good condition when going to the ram, increasing the prolificacy of the flock.



Tillage

Tillage farms had two real positives in 2022 and one negative. Prices were very strong across all the main cereal crops, and yields across all these crops were above the 5-year average. However, a key concern identified in our survey was the input prices. Ongoing supply issues due to Ukraine, world inflation and climate-mitigating action targets will all continue to affect the tillage sector into 2023.

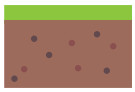


KEY SURVEY FINDINGS

OUTLOOK

62%

of Tillage farmers have a positive outlook on the sector.



TOTAL TILLAGE LAND UP

4.4%

on 2021 to a total of 285,000ha[1].

TOP 3 CONCERNS FOR 2023

85% Input prices.

44% Rules and regulations.

33% Weather.

These supply issues, along with inflation, have driven the prices for animal feeds to record highs in 2022 and continue into 2023. Cereal prices in 2022 from the combine were all €300+ with the knock-on effect of livestock feed €400+. This is almost double of what feed prices were 2 to 3 years ago. Overall the profit margins across the main crops were strong as yields due to weather and price were able to cover the increased costs

GLOBAL ISSUES

Two global issues have highlighted the importance of tillage farming to the Irish agriculture sector. The ongoing Ukraine crisis really highlighted how interconnected and fragile some of the world's food supply chains are. 20% of the world's maize exports come from Ukraine and Russia. This also highlighted the risk to our own food security in Ireland, while we export an incredible amount of food to the world, we are also importing large quantities. The question being put to the tillage sector is – can they address this issue and produce more of our livestock food internally within Ireland?

LAND USAGE

Tillage farming in recent years has struggled to compete with the dairy sector when it comes to land availability, especially in the South East. While strong dairy profits drove dairy expansion, the land usage figures in 2022 have reversed this trend. Land usage in tillage increased by 4.3%[1] in 2022 over 2021. The Tillage Incentive Scheme was a key driver in this, with the Department of Agri reaching 79% of its 25,000ha target. Tillage is a critical sector for Ireland in both food security and Ireland meeting its climate change commitments – a 25% reduction in Carbon by 2030. The tillage sector is a low emitter of greenhouse gasses, with recent research by Teagasc showing Irish Tillage farms could be carbon neutral. The Tillage Incentive Scheme launched in 2022 by the Department of Agriculture, while far from perfect, has shown that with incentives and support, tillage farming can increase its land usage and help Irish farms both from a food security and climate change commitments point of view.

FERTILISER

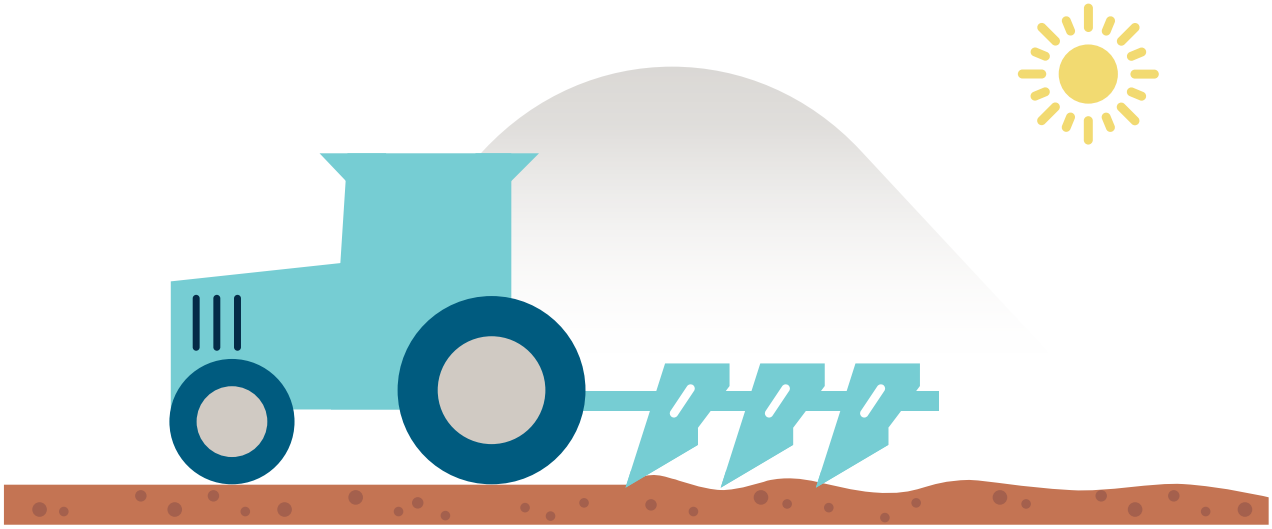
According to the most recent CSO agricultural price report, in the 12 months to August 2022, fertiliser costs are up almost 130%. While cereal prices per tonne, as highlighted above, were €300+, this was significantly eroded due to the spike in fertiliser costs. Spot prices coming into the new year were approximately €850 per tonne for CAN, €960 for urea, €950 for 27-2.5-5, and €950 for 18-6-12. As of writing, fertiliser prices remain at a historic high, while reports are indicating a softening in prices later in 2023. Due to the timing when tillage farmers buy and use fertiliser, this will, in all probability, be too late for tillage farmers to make any real impact on their 2023 costs/profits.

FRUIT & VEGETABLE SECTORS

The fruit and veg sector has been particularly hit hard by the rapid increase in costs due to energy and inflation. While most tillage farmers sell to merchants as a commodity, the fruit and veg sector sells to wholesalers and/or supermarkets. Energy was by far the biggest issue for them in 2022, with the cost of heating glasses house spiralling out of control. As a result of the significant squeezing of margins in this sector, land usage decreased by 900ha to a total of 6,600ha (estimates as per Department Of Agriculture provisional data).

OUTLOOK 2023 AND THE FUTURE

Looking to the future, the area sown for winter crops is looking likely they could be back as much as 30,000ha on 2022 due to unfavourable planting conditions. Forward green prices for harvest 2023 are circa €300 for barley and wheat, but as of writing, there is a softening in prices. For 2023, the issue isn't going to be how much you will get paid per tonne, as there is every indication that it will continue to be strong; the main concern for 2023 will be the cost to produce a crop. While world reports are suggesting a drop in fertiliser prices, these reductions will, in all probability, be too late for the 2023 crops in Ireland. The other huge variable in tillage yields, and something entirely outside a tillage farmers' control, is weather conditions throughout planting and growing and then, at the most vital time, harvesting. Time will tell over 2023 how raising costs along with weather and price will affect profit margins by year-end.



[1] Teagasc Harvest Report

Forestry

Ireland has one of the lowest covers of forestry in Europe, with circa 11.6% land cover compared with EU average of 33.4%. The total land covered by forestry in the EU is 160m hectares or 39% of land area. However, the overall national forest estate is continuously expanding with a wide variety of types at present. Nationally, conifer species are the most dominant, with 69% of total trees.

PREMIUMS 2023

It is intended that premiums for planting trees will increase by between 46% to 66%. The proposed new investment is €1.3 billion. This funding for the next National Forestry Programme represents the largest-ever investment by the Government for Irish Forestry. These premiums have been extended from a period of 15 to 20 years and are exclusively for farmers. There has also been a proposition for higher grant rates. The main reason for the increase in these grants is to reflect the rising planting costs, with approximately a 20% increase.

> The new principle is built around "The right trees, in the right places, for the right reason, with the right management"

The new scheme, with its increased premium rates and farmer-only 20-year terms, is an attempt to reverse a serious decline in planting, which had reduced to the lowest levels in 70 years. The legacy issue of the treatment of plantation owners affected by Ash dieback, combined with the backlog in the licensing process, has also had a negative effect on planting areas.

Native Woodland Establishment Scheme

This department-operated scheme has grown from 18.9% in 2020 to 29.6% in 2021. The introduction of the new small-scale native woodland scheme will now allow farmers to develop on farmland and along water courses with native woodland of up to one hectare.

Environmental

Forests have an important role to play in the ecosystem and in mitigating climate change by storing carbon dioxide. Climate change and climate mitigation measures will form key parts of Irish, EU and world policy now and into the future.

If a forest is clear-felled and replanted, significant levels of carbon can be stored in the harvested timber if used in construction. Farm forests offer unique habitats for wild plants and animals, which enhances biodiversity and habitat creation in the countryside. Ireland's forests removed almost 3 million tonnes of Carbon in 2020. Planting trees also contributes to improved biodiversity and water quality.

NEW FOREST STRATEGY 2023-2030

Ireland has fully committed to the European Union's Biodiversity Strategy for 2030. This strategy sets a vision for EU forests to support nature and the environment while providing economic and social benefits to communities. The expansion of the forest area, coupled with the reduction in emissions in the Agri sector, along with an increase in carbon removal from the atmosphere, will be important in meeting the country's climate commitments.

The Forest Strategy proposed for 2023-2030 contains eight different interventions:

(1) Forest Creation
(2) Agroforestry
(3) Infrastructure and Technology investments
(4) Sustainable Forest Management
(5) Developing skills and empowering the Forest Sector for Sustainable Forest Management
(6) Open Forests: Social, Cultural and Heritage Forests
(7) Climate Resilient Reforestation
(8) Reconstruction

AFFORESTATION GRANTS & PREMIUM SCHEME

The afforestation grant and premium scheme are available from the DAFM. They generally cover most of the costs that relate to the planting and maintenance of the trees. The rate of grant received depends on land quality and the species planted. The minimum eligible area for application is 0.1ha.

The first installation of the grants is paid directly after planting, following the correct condition guidelines for planting. The remaining 25% is paid in a second instalment four years after planting once the trees have become fully established.

A new measure called Emergent Forest will be offered under the Afforestation scheme to show support for the management and retention of suitable scrub areas. This is proposed to allow small-scale planting of native tree areas without it being necessary to first obtain an afforestation licence. Premiums will be paid to promote the longer-term sustainable management of forests.

Find out more about the breakdown of Establishment Grant Rates at **www.gov.ie**.

Improving Farm Viability with Forestry
The Tax Considerations

Paddy Cowman, Senior Tax Consultant

In recent years, forestry has struggled to meet its targets of 10,000ha per year. The Department of Agri has addressed this with a new scheme launched in 2023, as outlined above. For those seeking to diversify their income, planting trees can be a good option as profits from forestry are well ahead of sectors such as beef, as there are valuable tax incentives to avail of.

Forestry also plays an important role in tackling climate change as, in Ireland, young trees grow rapidly, absorbing carbon dioxide and releasing oxygen back into the atmosphere.

Income Tax

Subject to satisfying certain conditions, profits earned by landowners from woodland managed on a commercial basis are exempt from Income Tax and Corporation Tax (but not USC and PRSI). The exemption applies to profits from the sale of trees, whether standing or felled, and whether cut up or not by a landowner who planted the trees and managed the woodland on a commercial basis.

Note: As these profits are exempt from Income Tax, any losses incurred when woodland expenses are deducted cannot be offset against other income for tax purposes.

Capital Gains Tax

When an individual farmer disposes of land, gains from the sale of trees growing on the land are exempt from Capital Gains Tax. The exemption does not apply to companies.

Stamp Duty

Similar to CGT, while sales and transfers of land are liable to Stamp Duty, the trees growing on commercial woodland are exempt, provided that the woodland occupies at least 75% of the land and is managed on a commercial basis. Sales of forested land must therefore be apportioned for Stamp Duty purposes.

Capital Acquisitions Tax

You can receive gifts and inheritances tax-free up to a set value over your lifetime. However, once you exceed the threshold, CAT is charged at 33%.

If you inherit or receive a gift of agricultural property, you may be able to claim Agricultural Relief which reduces the taxable value of agricultural property by 90% for CAT purposes.

Agricultural property is defined as agricultural land, pasture and woodlands situated in an EU member state (or the UK) and the crops, trees and underwood growing on such land.

To claim agricultural relief, you must pass Revenue's 'farmer test', however, this may not apply if the agricultural property consists solely of trees and underwood.

Agricultural relief can be clawed back if you sell within six years of receiving the gift or inheritance or if you no longer meet the conditions for the relief. While the clawback provisions do not apply to trees or underwood, they do apply to the land on which the trees are growing.

If you do not qualify for Agricultural Relief, you may be able to claim Business Relief where the forestry is managed on a commercial basis. Again, this reduces the taxable value of relevant business property by 90%.

Other Tax Considerations

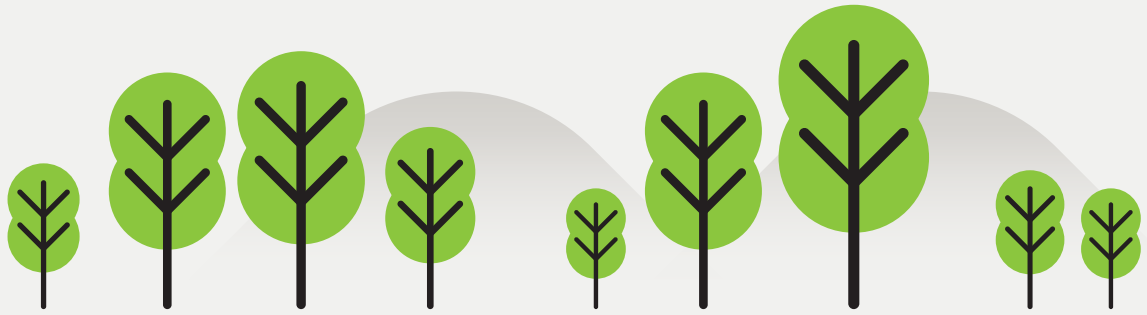
- **VAT:** Forestry is considered a farming activity for VAT purposes. Farmers who are not registered for VAT qualify for the 5.5% flat rate refund, and so the supply of timber by an unregistered farmer to a VAT-registered trader would attract a flat rate addition payable to the unregistered farmer.

  An unregistered forest owner should be able to recover VAT on fixed capital costs such as fencing and roadways (but not the cost of planting) under the scheme for repayment to vat unregistered farmers (VAT 58 Form).

  When sales take place by a VAT-registered individual they have to charge VAT at 23% on timber sales apart from firewood, which is chargeable at 13.5%.

- **Relevant Contracts Tax:** Forestry operations have been made subject to the Relevant Contracts Tax rules, and the planting of trees and the maintenance of forests have been included. This withholding tax applies to payments by principal contractors to subcontractors. The relevant deduction can be 0%, 20% or 35%, depending on the subcontractor's tax status.

  However, a farmer who engages a company to plant his land is not a principal contractor himself unless he was also undertaking forestry operations.



The ultimate decision to plant some of your land is a significant decision, and *ifac* advise any farmers wishing to take the next step and actively look at exploring the forestry option that they seek expert advice.

Environmental Initiatives

Renewables

Renewable energy will form a huge part of how Ireland addresses climate change challenges in the future. Farmers, as landholders, will play a significant part in reducing Ireland's dependence on fossil fuels and transitioning to renewable – wind & solar.

Philip O'Connor,
Head of Farm Support

Our survey asked farmers what their biggest barrier to considering renewable was. **52% stated financial investments/returns**, and a further **20% stated didn't know where to start**. From the Solar perspective, the Dept of Agriculture has addressed these two challenges, and a new TAMS scheme specifically for solar panels was announced for farmers (not launched at the time of writing). This grant will provide a 60% grant on a spend of up to €90,000 on solar panels on a farmer's land. Time will tell over 2024 and further if this will address farmers' concerns regarding financial investments in renewables.

10 FACTORS FARMERS SHOULD CONSIDER BEFORE INVESTING IN SOLAR

If you want to lower utility expenses on your farm, solar energy may help lower costs, future-proof the business, and potentially add additional income into the future. But what are the key things farmers should consider before deciding to invest in solar?

1. Cost

The cost of installing solar power depends on the size of the system needed.

You can determine this by the following:

- Type of farm;
- Electricity consumed;
- Available roof space;
- Budget.

2. Types of Solar Technology

The solar panel technology used also impacts the cost.

- Glass-glass panels are more expensive but normally of higher quality and more robust and tend to offer better warranties than glass foil.

3. Planning Permission

The installation of solar panels on houses or agricultural structures, or within their curtilage, is considered exempted development subject to certain conditions.

4. VAT (flat-rate farmers)

A flat-rate farmer can claim back the VAT incurred on the purchase of a solar PV system that is designed to be used mainly or solely in his or her farming business.

5. New TAMS Support

If eligible, the Targeted Agricultural Modernisation Scheme (TAMS) provides a 60% grant on a solar PV investment up to a qualifying amount of €90,000.

6. Accelerated Capital Allowances

Farmers can deduct the costs (net of grants) of the equipment from their profits in the year of purchasing the solar panels, which will reduce the tax paid in that year.

7. Check Your Insurance Cover

Farmers should check their insurance to ensure that they have cover for such work. They should insist on seeing datasheets of the technology being installed and get written confirmation of the place of manufacture and warranties with exclusions.

8. Reputation and Experience of Installers

Another key issue is business reputation and robustness. Farmers need to pay deposits to companies which are solid and going to be around for the long term.

Farmers need assurances that purchased panels are warranted against ammonia erosion, especially on pig and poultry units.

9. Grid Connections

Select a micro-generator that uses an interface certified as meeting the required ESB Network settings.

Notify ESB Networks that you intend to network connect micro-generation using their standard form.

10. Maintenance

In general, solar panels will require little maintenance - panels will require cleaning every year or two but will mainly be self-cleaning on a pitched roof.

Inverters can also get dusty and may need to be replaced every 10 - 15 years.

Liam Croke milks 160 cows in County Tipperary and went down the solar route in the Spring of 2022. Almost a year on, has the sun shone on the venture, and do the figures stack up?

CASE STUDY:
Does solar stack up in a country where sunshine is at a premium?

Spring of 2022 saw the installation of a 30kw unit on the Donaskeigh farm of Liam Croke, with a 5kw battery storage added shortly afterwards. The setup enables a maximum sell-back to the national grid of 19kw.

But what was the background to this decision – and were the reasons primarily environmental or financial? According to Liam, it was largely due to the financial case, but it was very comforting to know that the decision also made sense from a sustainability perspective.

The electricity demand on Liam's farm is significant, with three robots milking almost throughout the day and no real ability to transfer the load to off-peak periods.

And while electricity prices back in early 2022 warranted the investment in solar, increases in the meantime have made the decision look even smarter. And with price uncertainty continuing to rule, Liam is very optimistic about how quickly he'll achieve payback on his investment.

He proceeded without waiting for a grant and reckons he's looking at a 4 to 5-year payback period. He believes this could have been reduced to just three if he'd had the luxury of a grant. And on this point, he notes that the on-farm capital investment grants for 2023 will have a separate grant ceiling for solar.

Prior to making the move, Liam had investigated a number of systems and eventually went for a local supplier who could deliver the goods and guarantee a rapid response in the event of any issues – something which Liam strongly recommends.

He also stressed that you can't do too much homework before taking the plunge, but pointed out that the solar panels are exempt from planning permission, so that's one less headache to worry about.

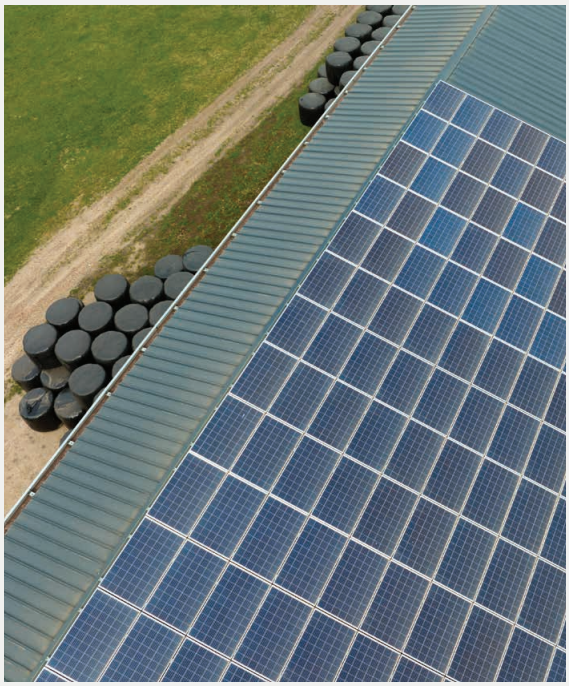
He also stresses the importance of siting the panels. "South facing is critical, and you should look for a location that has little or no shade, which means that you'll pick up any direct sunlight from the east or west - even at shoulder periods of the day."

He also points out that the part of the country you're based in is hugely important. "The further south you are, the better, and you could be looking at a 20% decrease in energy yield if you go far enough north in the island."

And the last point he makes is the importance of height. "Most farms will have fairly high buildings or sheds, which are ideal sites for panels as they're not overlooked and are free from shade."

Based on Liam's experience to date, solar is just about coping with demand on a hot summer's day, while the battery mops up any surplus. But even on short winter's days, the contribution to minimising electricity bills is a highly welcome part of the farm's set-up.

> "While electricity prices back in early 2022 warranted the investment in solar, increases in the meantime have made the decision look even smarter."



Where to From Here?

The Financial Impact of Environmental Changes on Family Farms

Noreen Lacey,
Head of Banking

The introduction of the Nitrates Action Plan in January 2023, coupled with the forthcoming review of Ireland's current nitrate derogation regulations, is set to affect a large cohort of Irish dairy farmers. Yet, 35% of those surveyed have not yet checked if nitrates banding will affect their farm. Below, Noreen Lacey outlines the potential outcomes for Irish dairy farmers.

Changes to the Status Quo

a) Nitrates Banding:

The new Nitrates Action Plan commencing from January 2023 will increase the deemed organic nitrates produced per cow based on milk yield and will move about 17% of herds[1] from 89kg of organic nitrogen excretion per cow to the next band at 106kg per cow, forcing some dairy farmers to involuntary reduce their stocking rate.

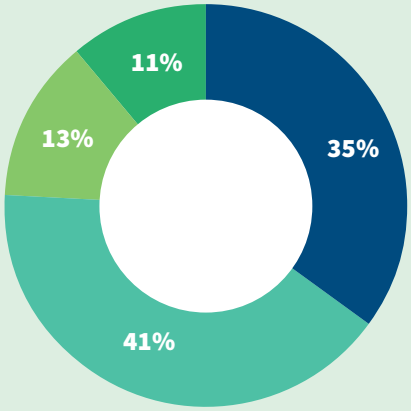
Table 1: New Nitrates Banding Figures

Period	Description		Organic N Per Cow
2022	Current Organic N Figure		89
2023	Low Yielding:	<4,500 kg	80
2023	Average Yielding:	4,500 - 6,500 kgs	92
2023	High Yielding:	>6,500 kgs	106

b) Review of Maximum Stocking Rate:

A mid-term review of the Nitrates Action Plan could also see the possibility of reducing the maximum of 250kg of organic N/ha to 220kg depending on water quality review.

How will the new banding rates on nitrates affect your farm?*



*Those who answered "not applicable" were excluded from the above survey results

1 Source: Teagasc

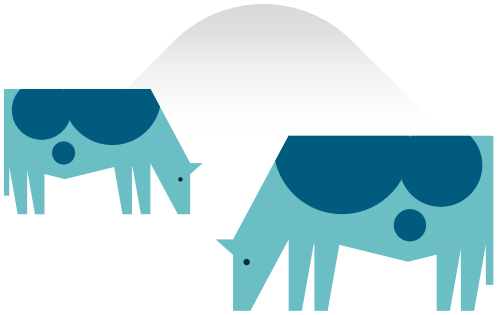
Table 2: Impact that reduced stocking rate from 250kg N/ha to 220kg N/ha will have on herd numbers

	Status Quo 250kg N/ha and 89 kg N/Cow	Low Band 220kg N/ha and 80kg N/Cow	Middle Band 220kg N/ha and 92kg N/Cow	High Band 220kg N/Ha and 106kg N/Cow
Stocking Rate	2.8	2.75	2.38	2.08
Farm Size Ha	40	40	40	40
Cow Numbers	112	110	95	83

Financial Implications – Case Study

To facilitate a better understanding of the impact that some of these changes may have on family farms, let's examine the following scenario.

Farm Profile	
Cow Numbers	112
Whole Farm Size	40 hectares
Current Kg Organic N/Ha	248 kg (89 kgs)
Yield Per Cow	6,800 Litres



Assumptions:

Milk Price	• 50 cpl (actual constituents + VAT included)
Feed	• .35t/cow @ €440/t
Fertiliser	• Assuming 220kg/N/ha = 35t @ €900/t (Base case)
Cattle Sales	• Assuming 20% replacement Rate & 5% mortality • €900/Cull Cow • €50/Calf
Other Variable Costs	• 6 cpl (based on average figs for 2022 – Excl. Feed and Fertiliser costs)
Fixed Costs	• 17cpl based on average costs for 2022 – no change across scenarios

This farm falls under the Band 3 Nitrates Banding as average yield per cow is above 6,500kgs (6,300 litres). Consequently, the amount of organic nitrogen permitted from 2023 onwards will be 106kg/cow. Total income in scenario (B) would result in an 33% drop in income allowing for a pro rata reduction in feed and fertiliser costs based on 94 cows. In Scenario (c), if derogation were to be reduced to 220 kg organic N/Ha, the overall income would drop by 53%, based on farm now carrying 83 cows. Feed and fertiliser have again been reduced on a pro rata basis.

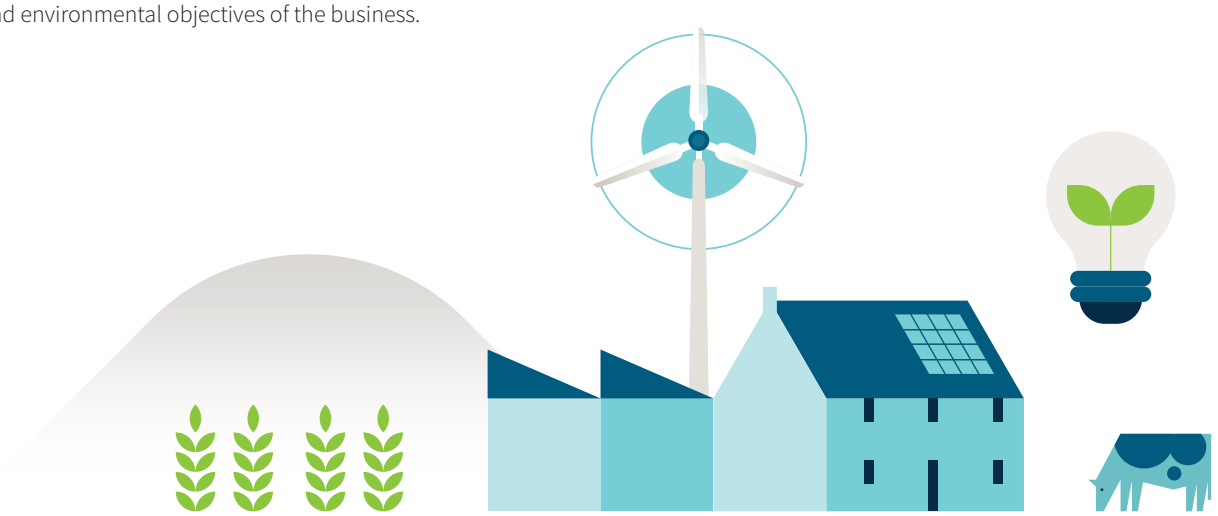
	Base Case: Current Farm Profile	Impact of Future Higher Banding	Proposal to Reduce SR to 220kg N/ha
Cow Numbers	112	94	83
Whole Farm Size	40	40	40
Kg Organic N/Ha	248 Kg (89kgs)	247 Kg (106kgs)	220 Kg (106kgs)
Stocking Rate LU/ha	2.80	2.35	2.08
Yield per Cow Litres	6,800	6,800	6,800
Annual Supply	761,600	639,200	564,400
Income			
Cattle Sales	€23,352	€19,599	€17,306
Milk Sales @ 50cpl	€380,800	€319,600	€282,200
Total Income	**€404,152**	**€339,199**	**€299,506**
Costs			
Feed Costs 1.35t/Cow @ €440t	€66,528	€55,836	€49,302
Fertiliser	€29,333	€26,658	€23,994
Other Variable Costs	€45,696	€38,352	€33,864
Fixed Costs	€129,472	€129,472	€129,472
Total Costs	**€271,029**	**€250,318**	**€236,632**
Profit	**133,123**	**88,881**	**62,874**
% Drop in Income from Base Case	**0%**	**33%**	**53%**

Conclusion

While it is the higher-yielding herds that are facing the immediate effects of this plan, any further changes to the overall nitrogen limits currently permissible will have far-reaching income effects for many more farmers. From a banking perspective, it is likely that Irish Banks will be looking at the long-term impact of any new environmental changes on the future earning potential of the farm.

What does this mean for me?

Everyone's circumstances are unique to their own farm, and there is an onus for each farmer to review their own individual circumstances. The solution will differ from farm to farm, but an appropriate plan should be put in place that achieves the financial and environmental objectives of the business.



Organic Farming

Organic farming has generated a lot of interest amongst farmers in recent months with the launch of the new enhanced organics scheme in mid-2022. The scheme has since closed in December 2022 with 2,130 applications. This has doubled the total number of farmers in organics.

This year's survey results showed over 40% of all farmers, and over 52% of beef and sheep farmers, would consider entering organics. The optimism this stat shows around organics is very strong, and this is reflected in the number of applicants to this year's scheme.

Ireland has fallen significantly behind EU averages of a little over 9% of their land in organic farming. This new scheme is aiming to address this and significantly raise the amount of land in organics from its current (pre-new scheme) of 2% to 10% by 2030.

> 30% of farmers felt that Ireland's lack of markets is the biggest barrier to converting to organics

As part of our survey, we asked farmers what the biggest barriers to entry were; 30% of farmers stated a lack of markets as an issue, with only 6% stating skillset as an issue. As highlighted in our case study with Ken Gill, there is a challenge in learning the skills of being an organic farmer and having to plan ahead. With the benefit of hindsight, Ken identified the knowledge and skillset needed to farm efficiently as an organic farmer as the biggest challenge.

> 17% of farmers cite lack of financial support as a barrier to entry

Financial support is listed as a barrier to entry; however, this statistic is down 6% from our 2022 survey results of 23%. However, the numbers of beef and sheep farmers that would consider organics have stayed remarkably similar to 2022 survey results, with 52% of beef farmers and 55% of sheep farmers open to converting – less than 1% change each from 2022. The new scheme with enhanced payments has been launched and, as highlighted above, is doubling the numbers. However, it will take time for the true financial benefits of that decision to become apparent for these farmers.

On the dairy side, there was quite a considerable drop in the number of dairy farmers who would consider organics, down from 27% in 2022 to 17% in 2023. This reflects the incredibly strong milk prices conventional dairy farmers were paid in 2022. However, it will be interesting to see as fertiliser prices remain high and stock levels (nitrates) become an issue, will dairy farmers start to look at the organics option?

THE YEAR AHEAD

The outlook for organics is strong. There is considerable support from the Dept of Agri over the next 5 years as the aim is to increase the portion of land in organics. The new scheme has gotten off to a great start by doubling the number of farmers in organics. Recent studies by Bord Bia are forecasting annual growth in the sector of up to 9%. Overall, the future for organics is looking positive.

Statement from Jack Nolan (Dept of Agri Head of Organics)

> "A 150% increase in organic farmers in Ireland the past 12 months is a sign of things to come. Strong supports are being put in place to make sure farmers are supported as they convert and continue to farm organically. There are more organic advisors, increased TAMS support and a full-time manager in Bord Bia to support the organic sector."

With almost 10 years under his belt as an organic farmer, Ken Gill is well-positioned to make an informed judgement on just how successful the move has been for him. The beef & tillage farmer operates on 90 hectares of land. He runs a 70-cow suckler herd along with organic oats, which he sells to Flahavans.

CASE STUDY:

Organic Farming: Is it the way forward?

In 2013, Ken Gill recalls that things were going okay, but he had a strong sense that he could be doing better. He had been considering going organic for quite a while but eventually bit the bullet. Back then, he had a herd of around 70 cows on his 90-hectare farm, with spring and autumn calving, and interestingly, he's operating with the same number today – but with greater financial success.

In assessing the potential risks of going organic, Ken believed that even if things didn't work out as he hoped, at least the soil would get a chance to recover over the five years that he committed to the project. He could always re-assess the decision; however, within a few years of joining the scheme, he knew he would never be going back to a traditional beef system.

Switching to organics also allowed Ken to turn the farm into a one-man operation, relieving his then 80-year-old father of any strenuous work. Today, the workload is kept under control with just the help of his family and the occasional contractors that need to be hired.

He concedes that making more money wasn't the biggest driver – he simply wanted a more manageable work regime where he was the boss of the farm instead of the other way around. Ken felt at the time that he was working for everyone; sales, factory, merchant, bank etc. and organics was a way of farming that allowed him greater control over his inputs. This has made a huge impact in 2022, where the increased fertiliser and feed costs have had little impact on his farm.

> "Organics was a way of farming that allowed me greater control over my inputs"

Going organic is not a "tick the box" exercise, and Ken firmly believes farmers need good advice in those early years. Getting access to good, practical on-farm advice is critical to the success of a farmer entering organics. Ken used Teagasc advisors and was also part of the Better Beef & Future Programmes, both of which he found of huge help when making his on-farm decisions.

Acknowledging the role Teagasc played, Ken says, "they were always at the end of the phone, and I also got tremendous advice and encouragement from Western Seeds in Wales, who were a great resource to me when it came to sourcing organic seed."

The biggest change that Ken identifies with organics is the need to plan ahead. "You might have to decide a year out to plant a field while I book my cattle into the factory one year in advance." Typically, the factory gives him a rolling six-month price for them.

"Overall, the grass-to-grass cycle is 12 years, which is an indication of the need for meticulous planning. The key to success is rotation and releasing nutrients, making the farm more productive." Ken sells most of the oats grown on the farm to Flahavans, with any surplus used for winter feed.

As to whether he'd ever consider going back to standard farming, the answer from Ken is a flat no due to the improvements both financially and in terms of work-life balance. And while other farmers have been affected by draconian increases in fertilizer and feed prices, Ken has avoided both of these as a direct result of organic farming.

> "I just can't see myself going back to standard farming"

How to protect your farm when interest rates are rising

Noreen Lacey,
Head of Banking

With inflation close to 10% and higher interest rates on the horizon, now is the time to focus on what you can do to protect your farm, says Noreen Lacey, Head of Banking. Worryingly, 37% of those with borrowings have not reviewed their interest rates in the past year.

Last year, higher input costs and rising prices drove Ireland's inflation to levels not seen for almost 40 years. Rising inflation tends to trigger interest rate increases, and the European Central Bank may continue to raise interest rates at 50 basis points in the near term to curb inflation.

For all businesses, higher interest rates mean higher borrowing costs. Without careful management, this can erode a farm's capacity for innovation and development and may stagnate any future expansion plans until a degree of financial stability is in place. 63% of those surveyed with borrowings have reviewed their rates in the past 12-18 months, with 39% fixing their interest rates to protect themselves against further inflation.

SO, WHAT CAN FARMS DO TO COPE WITH HIGHER INTEREST RATES?

Now is the time to look for opportunities to make savings and achieve greater efficiency. Areas to focus on include:

Credit facilities: Check your existing credit facilities. When does your current overdraft facility or stocking loan expire and what are your renewal options? Can you negotiate a fixed rate loan or a flexible line of credit? If you owe money on credit cards or higher interest short-term loans, consider paying this off and look for more cost-effective options to manage your short-term borrowing requirements.

Farm Expenses: Review all costs to identify areas where you can make cutbacks or achieve better value for money. Can you free up resources by negotiating new payment terms with your suppliers for larger purchases such as feed and fertiliser? Can you identify opportunities to collaborate with other farmers and/or make savings by bulk buying as a group? Are there energy-saving initiatives that you can implement to reduce your bills?

Personnel: Do you have the right people in place on the farm? Are there performance issues that need to be addressed? If so, now is the time to tackle them, as underperformers can be a drain on the business over a long period if action is not taken early.

Tax: Are you taking advantage of all relevant tax-saving opportunities? Do you need to structure/restructure any areas of your business?

37% have not reviewed their interest rates in the past 12-18 months

Of those who reviewed their rates, only 24% didn't fix their interest rates

SEEK ADVICE

Many farmers lack experience when it comes to managing rising inflation and higher interest rates but taking time to prepare reasonably accurate cashflows will be vital in the months ahead. Your accountant has the expertise and tools to support you in the current environment. For information and/or advice, contact your local *ifac* office.

Sustainable Investments

Martin Glennon,
Head of Financial Planning

EU governments believe that one of the best ways to achieve sustainability goals is to encourage money to flow towards industries that promote a more sustainable economy. The SFDR (Sustainable Finance Disclosure Regulation) aims to help investors by providing more transparency on the degree to which pension and investment funds invest in or promote sustainable objectives.

Since the 1st of January 2023, SFDR 2 requires fund managers to provide investors with mandatory environmental, social & governance (ESG) disclosures on the funds they offer. As part of the advisory process, clients will be asked about their "Sustainability Preferences".

The first part of this asks, how important is it that your investments and pensions are invested in ESG or Sustainable Investments? And 60% of our respondents expressed some level of importance.

Where it gets a little more complicated for the 6 in 10 is in the detail. Sustainability preferences can be defined as whether you want consideration to be given to the possible negative impact that your savings, investment portfolio or pension funds may have on people, the environment or society.

There are three ways that an investor can consider their preferences…

The **EU Taxonomy** is a classification system which establishes a list of environmentally sustainable economic activities.

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, and that the investee companies follow good governance practices.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

A client can choose one measure or a mix of all three, but that's only if they understand all these options. There is a danger that these additional layers of complexity will turn the 60% ambivalent.

At its simplest an investor will be asked if they have sustainability preferences? If yes, in what areas, the environment, social or corporate governance? The answer can be in one area or a mix of all three. And finally, what minimum proportion of your funds do you want invested in Sustainable Investments?

These questions will be asked of you whether you are a new investor or simply reviewing your existing pension funds. Sustainability preferences are only a part of your profile, and do not dictate product choice. Where you answer "No" to sustainable preferences, you will be considered as "sustainability neutral" and likely recommended products both with and without sustainability-related features.

Why is Financial Management Important?

Garry McHugo,
Farm Support Advisor

As per our survey, 75% of all farmers stated that input costs are their biggest concern going into 2023. Average inflation up to December 2022 ran at over 8%. These rising input costs have the potential to erode the commodity price increase received for dairy, livestock and cereals as we work through 2023.

In the fruit, veg, pigs and poultry sectors, the commodity prices rise didn't cover inflation resulting in significant losses for farmers in these sectors. Brexit, Covid and Ukraine have shown that the financial landscape in any sector can change very quickly in any direction.

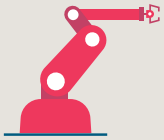
Financial management is a key factor in a business's ability to analyse its financial strength and therefore weather the inevitable "financial storms" that periodically hit all farming sectors. Have you ever asked yourself the following questions and been able to give a confident and assured response?

- Did my farm make a cash profit last month, last year?
  - If not, why – do you really know the answer?
- Will I be able to clear my creditors this year? Will my creditors go up?
- What milk/cattle/cereal puts money in my pocket?
- What is my breakeven point on a litre/ha/tonne bases?
- Am I increasing my Net worth and retaining cash in the business?

One of the best ways to optimise financial performance is to monitor key indicators like the farm's cashflow budget so that potential problems can be spotted early and corrective action is taken when necessary. Cash is the lifeblood of any business, and farming is no different. Understanding and being able to differentiate between profits and cash on your farm is a key financial skill set.

22%
of farmers actively budget and forecast monthly or quarterly, with a further 24% budgeting and forecasting only once a year

Farmers' administrative workload is increasing each year as more regulations are placed on the sector. Time, therefore, often becomes the biggest obstacle – time to work the farm, time for lifestyle, time for family and even time to sleep! Managing a farm is often a 24/7 commitment, and actively adding financial planning to the workload can often be thought of as an unattainable addition. However, new technologies and building a professional team around the farmer can ease all aspects of farm management. On page 40 we look at Ag Tech and what it can do for farmers. Farm Financial Management software is one of these areas.



46%
of farmers use technology to better manage their farm finances

LOOKING TO LEVEL UP YOUR FINANCIAL MANAGEMENT?

For those farmers who are prepared to invest time in growing a more sustainable and profitable business, no doubt taking the time to prepare a business plan helps develop a more prosperous and sustainable farm into the future. Planning and monitoring allow you to be more proactive and less reactive - to concentrate more on fire prevention rather than on fire fighting.

The key time for effective financial management is not the compiling of the data, but rather the analysis and incorporating this data into farm/business decision making. A recent report by Eoin Lowry, Head of Agri with Bank of Ireland, highlights this issue in New Entrant farmers. He highlighted how a lack of financial understanding of the business can slow down the loan process. At *ifac*, we have teamed up with BOI to mitigate this issue, investing in software to help farmers financially manage their accounts. Our FarmPro compiles and generates management reports allowing *ifac* farmers to work with their advisors on implementing financial decisions on the ground. These reports aid the farmer when working with their bank to raise funds for these decisions. Your farm team, from *ifac* and bank advisors to Agri advisors and your own team on-farm, can use the same financial data to help you make informed farm business decisions.

Hiring Farm Employees

Mary McDonagh,
Head of HR & Payroll Services

32% of farmers surveyed say finding available employees is the biggest obstacle to attracting and retaining a farm team. Identifying and hiring suitable employees requires careful planning. It's important to avail of all relevant communication channels, be clear about what you are looking for and highlight the benefits you can offer suitable candidates.

TOP 10 HIRING TIPS

1. Job description

Be clear about what you are looking for. List the responsibilities and tasks that the role involves. A well-thought-out job description helps avoid hiring mistakes. Farm description is considered to be the most important piece of information to include in your job description by 52% of our surveyed farmers. This is closely followed by a pay scale (49%) and hours of work (41%)*

2. Salary & Benefits

Research the salary and benefits for similar roles. What additional benefits can you provide in terms of work/life balance, accommodation, training and development opportunities, etc? Offering attractive non-pay perks will often set you apart from your competitors.

3. Advertising

Once you have completed the first two steps, you are ready to create your job ad. This should include a clear job title, a detailed but concise description of the role requirements and some background information about your farm. If the role comes with good quality accommodation, be sure to mention it.

4. Promote your ad

Job seekers tend to look for vacancies online, so as well as posting your ad in relevant print and online publications, remember to promote it on your social media channels and farm website.

5. Finding candidates

Attending farm walks, and other relevant events is a great way to network and hear about/meet potential candidates.

6. Early-career candidates

Job fairs and agricultural colleges also provide opportunities to raise your profile among candidates interested in a career in agriculture.

7. Referrals

Family and friends are other useful sources for referrals, so make sure they know you are hiring. It's also worth considering an employee referral scheme to tap into your team's network. Research shows that this can be an efficient recruitment method. Some employers offer a monetary reward for each employee referral.

8. Apprenticeships

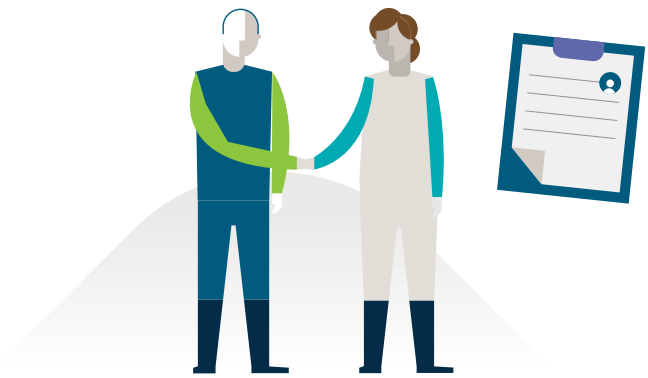
Several new land-based apprenticeship programmes are being launched this year. For details, see the "Apprenticeships" section of the Teagasc website.

9. Non-EEA candidates

Employment permits are available for certain roles, which may enable you to recruit candidates from outside the European Economic Area.

10. Develop a reputation as a good employer

This helps both attract and retain employees.



* More than one option could be selected allowing a total greater than 100%.

Understanding the Fair Deal Scheme

Marty Murphy,
Head of Tax

With 90% of our survey respondents having limited or no understanding of the Fair Deal Scheme, our tax team have pulled together the key points you need to know.

WHAT IS THE FAIR DEAL SCHEME?

The Nursing Home Support Scheme, commonly known as the Fair Deal Scheme, is a State assistance scheme available to supplement the cost of nursing home costs. The individual pays a weekly contribution towards the cost of their care, with the State covering any shortfall.

CAN ANYONE RECEIVE THIS SUPPORT?

The support scheme is only available to eligible individuals. Eligibility is means-tested, and where an individual's assessed weekly contribution is greater than the cost of care, they do not qualify for financial support. Therefore, applicants to the Fair Deal Scheme with substantial assets or incomes are unlikely to qualify for financial support.

Note on Succession

Eligibility assessments consider the capital value of your principal private residence for the first three years only. As of 2021, productive assets, such as a farm or business, will be treated the same way and will not be taken into account after the initial three years.

HOW MUCH WILL I HAVE TO PAY?

A financial assessment is carried out to determine an individual's contribution to their nursing home care. This financial assessment takes into account any assets that you may have gifted away in the five years prior to applying for the Fair Deal Scheme.

Individuals who qualify for the Fair Deal Scheme contribute 80% of their assessable income annually, plus a maximum of 7.5% of the value of their assets, investments and savings, which is now capped at three years. The first €36,000 of an individual's assets, or €72,000 in the case of a couple, is not counted in the financial assessment.

Where one individual of a couple avails of the scheme, their contribution is 40% of the assessable income and 3.75% of assets. The State contributes the balance.

Note on Succession

Our tax team consider the implications of the fair deal scheme when completing a succession plan. Whilst the recent changes are most welcome, the cash cost to a family farm on the 3-year rule could still be significant.

TAX RELIEF AVAILABLE

You can claim Income Tax relief on your weekly contribution towards nursing home expenses even if you are supported by the Fair Deal Scheme. This means that the portion of your income which is taxable at your highest rate of tax, is reduced. Individuals aged over 65 are exempt from Income Tax on the first €18,000 of income (single/widowed) or €36,000 (married/civil partnership).

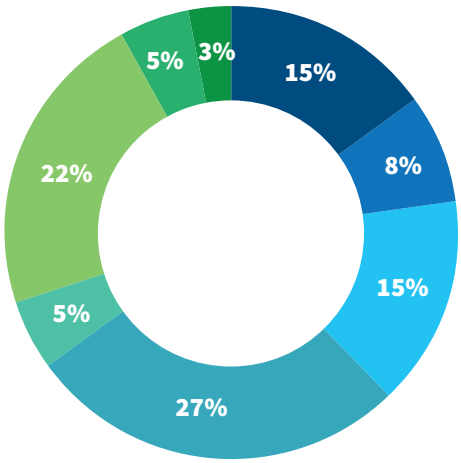
For further information on the Fair Deal Scheme, please see citizensinformation.ie

Farm Succession Challenges

Marty Murphy,
Head of Tax

It is no surprise that 64% of people surveyed have not identified a clear successor. Farmers identified business viability (27%) and the lifestyle not appealing to the next generation (22%) as two key barriers to succession. Each year these same issues arise when we conduct our survey or when sitting down face-to-face with our farming clients to discuss this topic.

What do you feel is the main challenge to succession in Irish farming?



Firstly, succession shouldn't be rushed and doesn't have to lead to a breakdown in communication in the family. Nobody wants this scenario, and with careful planning, you can empower everyone in the family. Your family farm is often intergenerational, part of who you are, so passing assets, knowledge and skills to the next generation should get the time and care it needs.

WHERE TO START

When looking at succession, the priority is usually securing the future of the farm. With 45% of respondents not having an up-to-date Will in place, this is a great place to start. Moving forward to planning, it is critical not to forget about the need for a sustainable income for both the retiring generation and the incoming one.

Often farms can have three generations living and working in and around the farm. In *ifac*, we have always advised where possible to find out the wishes of family members and stakeholders and take their thoughts into account. Communication is key to a better successful succession plan. The aim is not to divide assets equally but to divide them fairly amongst your chosen successors.

10 STEPS TO A SUCCESSFUL SUCCESSION PLAN

1. Clarify your goals
2. Collect and Analysis Information
3. Assess your Farms Viability
4. Explore your family options
5. Work with your team of professional advisors – Solicitor, accountant & Agri Advisor
6. Make Decisions
7. Develop and implement your plan
8. Review your plan at least once a year
9. Review and update your will
10. Ensure everyone is happy with the plan

> "When we first spoke to *ifac*, it was honed into us to talk about what everybody's needs are from the family farm. That was something we did so that everybody knew what everybody's wishes were, and nobody was in the dark about anything."
>
> **Elaine Vance**, *Dairy Farmer, Donegal*

Starting the succession process early is important in both communicating with your family but also in seeking professional advice. The earlier you start succession planning, the better the outcome for yourself, your family and your farm.

Key Advice

- **Communication is a vital part of a successful succession plan**
- **Start the process early by seeking advice and formulating a plan**
- **Give yourself time to implement the succession plan**
- **Update your Will**

LET'S TALK ABOUT VIABILITY

With 27% of farmers concerned about viability, it is the number one challenge in succession planning. When you're looking at succession plans, it's important to find ways to generate enough income for both the retiring and next generation (we keep coming back to this point, but for good reason). Succession planning is the perfect opportunity to pause and assess where you're at, to consider what's working and what's not. You might need to change your business model, diversify, invest, or even enter into a partnership to improve your viability.

These are difficult decisions, and sometimes the interests of some family members can conflict with the interests of the business. If this happens, know that you're not the first and won't be the last to go through it. A good approach to teasing this out is to discuss these key questions together:

- Can the farm pay a fair wage as the successor's level of responsibility increases?
- Can the farm sustain another household?
- Are there structural or operational changes that can be made to improve profitability?

MANAGEMENT AND OWNERSHIP DON'T HAVE TO GO HAND IN HAND

We also recommend looking at the skillsets of everyone involved – as businesses evolve, diversify and grow, the owner isn't always the best person to lead the business. When you hammer out your overall business strategy for the future, look at individual roles and responsibilities with it in mind. Who's best placed to do what? Where will people shine? We're all most effective when we play to our strengths.

How Can I Improve Viability?

- **Invest/grow – using the option of off-farm income**
- **Change/diversify**
- **Examine cost structure**
- **Increase productivity**

> "I'm in a registered farm partnership with my Mam, and this has been a brilliant move for us. We used to be drystock farmers, but we converted to dairy because we felt that gave us the best chance of continuing to farm into the future.
>
> Myself and Mam get on great, and we've always been very honest with each other; that's made the transition much easier. When we moved to dairy, we got great advice from *ifac* that it was the right time to set up a registered farm partnership. Straight away, we could maximise the grants available to us, and that got us up and running."
>
> **Ashleigh Fennell**,
> *New Entrant, Dairy, Carlow*

See our Farm Succession Guide

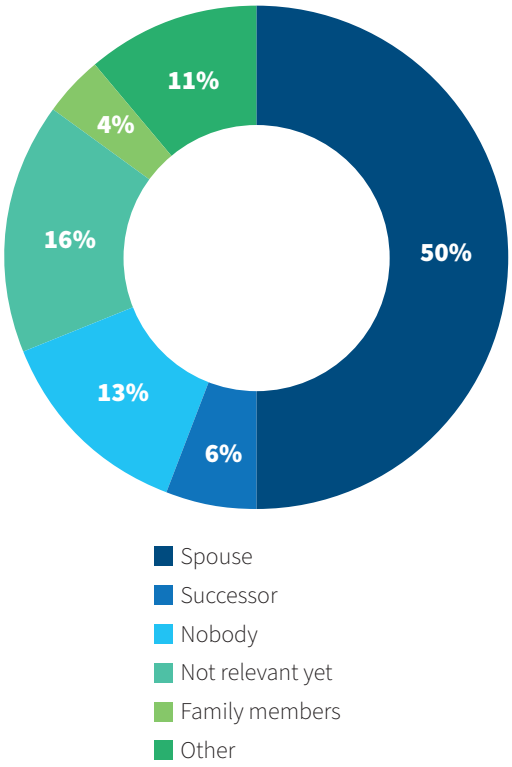
Succession When Trading Through a Limited Company

When thinking of succession, you are looking at transferring over the business to the next generation. A complication to succession is the emergence of the farming company and the issues it brings up.

Robert Johnson

No different to any succession conversation, the aim is to keep the asset and the business as intact as possible and to ensure financial stability for the ongoing business and even for the person exiting.

Who have you discussed Succession plans with?



There are four options available as follows:

1. Transfer your business during your lifetime.
2. Wait until you pass away and transfer it by Will.
3. Sell your business to a third party.
4. Redeem your shares in the company/pass over the company.

The reliefs available to the ordinary farmer are very well known in that everyone talks about Stamp Duty Relief for the Young Trained Farmer, Agricultural Relief on the transfer of assets and Capital Gains Tax Retirement Relief for the individual.

> Reliefs are available for those who trade through a limited company, but they are much more complex, and some of the reliefs may not be available unless properly planned for.

The big difference is that the company now owns the stock, machinery, BPS, and maybe even land.

The shares in the company derive their value from these assets, and one is not looking at individual assets in the company but looking at the shares.

If land is owned outside the company, this is added into the mix and complicates the transfer, but with a suite of reliefs similar to that of individuals, the overall tax liability can be mitigated.

The reliefs that are available are:

1. Relief from Capital Acquisitions Tax/Gift or Inheritance Tax

Instead of Agricultural Relief being available, a combination of Agricultural Relief/Business Relief may be available.

Shares in the company do not qualify for Agricultural Relief but may qualify for Business Relief. Business Relief reduces the value of the asset by 90%, similar to agricultural relief, and thus you are only taxed on 10% of the value of the shares.

You must transfer the trading business to avail of the relief.

ARE YOU IN CONTROL OF THE COMPANY, AND IS THE COMPANY A TRADING COMPANY?

If investments have been acquired through a company, the part attributable to the investments will not qualify for the relief.

Restructuring the company may bring about the farmer getting relief and non-farming children taking over a new investment entity.

2. Relief from Capital Gains Tax

No different to an individual relief, CGT is available on the value of the shares passing, providing one meets the conditions of the relief. The main conditions being:

- Over 55
- Owned the shares for 10 years
- Been a full-time director for 5 of those 10 years
- It is a trading company.

Therefore the same reliefs apply to a company shareholder as to an individual, but more complex planning may be necessary.

3. Stamp duty

The one with the largest divergence in how it is treated is Stamp Duty. Young-trained farmer relief does not apply to the shares in the company. Duty is payable at 1% on the value of the shares. It may affect the ability to get a Young-trained farmer exemption on land if trading through a company.

With planning and a review of the structure, it may be possible to minimise the impact. If you fail to get the relief, as long as consanguinity relief remains at 1% of the value of the land being transferred, then whilst costly - it may not be a deal breaker.

FAMILY WEALTH STRUCTURES

Through early transfers of shares to children and appropriate rights being retained, it is possible to structure your family business so that wealth can grow in the hands of your successors. This saves future capital tax costs while control is retained by you.

In some cases, this can reduce effective tax rates on future disposals of shares or investments from 56% to 33%, if the intention is for your children to receive part of all of the proceeds.

With proper planning and financial advice, a number of options exist to get the cash out in a tax-efficient manner on exiting/retiring:

- Payment in pension
- Tax-free termination payment
- Sale of an asset to the company. This can happen whilst still involved
- Other cash extraction options exist.

As you can see, it is complex, but with proper advice, planning and engaging early with all parties, taxes can be kept to a minimum.

Launch of the New Agri Schemes in 2023 – The Do's and Don'ts

Philip O'Connor,
Head of Farm Support

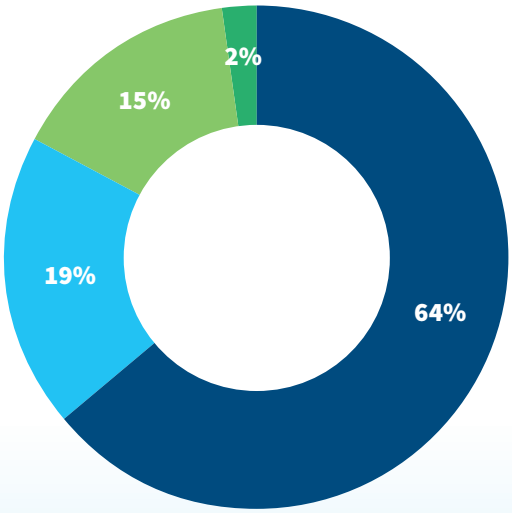
With the new BISS, Young Farmers Schemes, TAMS III etc., all being launched this February, farmers will again look to business structures to maximise these schemes. In particular, the new Young Farmers Top Scheme is getting a significant uplift with estimations of €180 per ha on the first 50ha.

The rollout of a TAMS III and increasing the threshold to €90,000 per person/entity is also significant. Many farmers look to maximise these schemes through registered farm partnerships, joint herd numbers (with young farmers) and LTDs. What's very important to note these are business structure changes and have legal consequences.

However, changing farm structures is a big decision for any farmer, and all Department of Agriculture, Revenue and legal aspects should be reviewed before entering any structure. The number one reason for changing business structure is because it makes sound business, tax and succession sense with the ability to claim either young farmer grants or enhanced payments as a bonus, not the sole reason.

Once your accountant and/or solicitor have examined the structure and it makes financial, succession & legal sense, the next step is to deal with the Department of Agriculture. The current deadline for applying for a Registered Farm Partnership number this year is the 10th of February 2023, and for a joint herd number and LTD is the 15th of May. While you can 100% be in a registered farm partnership after this date, your BPS will remain in your name for the 2023 scheme year.

What is your business structure



THE BENEFITS

A registered farm partnership comes with lots of advantages. Here are the main ones:

- **Department of Agriculture:**
  - As a registered partnership, you can avail of various grants, including a double ceiling for TAMS/investment on the farm.
- **Tax:**
  - Enhanced stock relief: 50% stock relief as opposed to the standard 25%.
  - 100% stock relief for young-trained farmers is still available for those who are partners.
  - Will achieve the active farmer status for succession.
- **Practical Benefits:**
  - Registering your partnership also provides a good route for succession and expansion.
  - Non-family partnerships are an effective amalgamation of skills and resources and offer helpful economies of scale.

THE JOINT HERD NUMBER ISSUE – AN UNINTENTIONAL PARTNERSHIP?

Over the past few years, farmers have created "Joint Herd Number" structures in order to qualify for the National Reserve Young Farmers Scheme without seeking either legal or taxation guidance. The question arises in individual cases as to whether a partnership has been created, and if so, what are the potential consequences?

There are several criteria needed to demonstrate the validity of Young Farmer within a joint herd number (to access certain Young Farmers grants):

- A bank statement or letter from the bank confirming that the bank account is in joint names.
- A declaration, witnessed by a solicitor that the Young Farmer could and would exercise effective and long-term control, either solely or jointly over the farming entity for which the application was being submitted.
- A declaration that the Young Farmers' control extends to decisions surrounding the management, benefits and financial results associated with the farming entity.
- The characteristics identified above can be used to determine whether a partnership exists or not. If deemed to be a partnership, unwittingly and unknowingly, it may have the following outcomes:
  - Grant immediate unintended legal ownership rights in the underlying farming assets of the enterprise to the new joint owner.
  - Render the terms of existing wills, not reflecting the existence of the partnership, open to legal challenge as a consequence of not referring specifically to the partnership.
  - Create unplanned and unintended Income Tax, Capital Gains Tax, Capital Acquisitions Tax, or Stamp Duty bills.

ifac's DO'S & DON'TS

Do NOT transfer your herd number or BISS to a registered partnership before deciding with your accountant/solicitor who exactly is in the partnership.

Do NOT transfer your herd number to a registered partnership or joint names if you have applied and not been granted approval for a TAMS grant or ACRES. You must wait until approval has been granted before moving herd number.

BISS must always be transferred to the new entity before the 15th May – next date 15th May 2023

Be aware of tax/legal issues of moving a herd number to joint names without setting up either a registered or unregistered partnership.

Make sure you are 100% aware of all the conditions of each and every scheme you apply for.

A properly planned partnership such as a Registered or Unregistered Farm can assist in the farm transfer and succession process, enhance profitability and work-life balance, reduce Income Tax, secure 50% Stock Relief and a potential double ceiling for the new TAMS II Capital Grant.

The future of technology on farms

AgTech will and should play a very significant role in farmers running more environmentally and financially sustainable farms. However, the issue farmers often have is finding and using the right piece of Agri technology for their own farm.

Philip O'Connor,
Head of Farm Support

As part of our survey, we asked respondents what the top 3 challenges are that farmers see agtech addressing:

- 59% Better management of production/growth rates
- 48% land/soil efficiencies
- 46% better management of Farm Financials

Our survey found that the most significant barrier to agtech was cost (48%), with the next biggest issue at 12% being a lack of IT skills. This statistic is not surprising as agtech investments can range from the tens of thousands, such as robots, to a couple of hundred for a piece of software, such as herd or financial app.

Farmers need to analyse each piece of technology and assess its benefits to the farm. Will this new tech make the farmer's life easier? Will it make a "job" simpler? Will it make the farm more efficient? Will it help with making the farm more environmentally sustainable? Ag tech is there to help a farmer, not make life more complicated and become a cost burden to the farmer.

Whatever type of technology you choose for your farm, it must work for the whole of your team. Everyone in your team needs to be comfortable using it, and it should be streamlined, simple to use and as automated as possible.

Below is a simple tool and guide on the practical questions a farmer should consider before investing in technology for their farm.

Regardless of the price, farmers should always assess the cost/benefit of any investment, and agtech should be no different.

Big Data and Farms

Agricultural output is growing, in part due to the use of digitally enhanced tools on farms. Using big data could help farmers step into the future of agriculture and achieve ambitious targets.

Lorraine Donoghue,
Head of HR & Legal

A smart farm uses sensors and mobile-phone applications combined with agricultural, environmental and economic data to assist farmers in their decision-making, planning and management.

Studies have shown that farmers are only sometimes willing to share data. Some of the concerns that reduce farmers' motivation to share data come from their view that laws do not support their rights concerning data protection and privacy. It is mainly because most agricultural data is considered non-personal and, therefore, falls outside the scope of data protection legislation (GDPR), which provides rights to identifiable individuals.

To tackle this issue and to encourage farmers to share data, agricultural stakeholders in the US, EU, and New Zealand created voluntary data rules (codes of conduct) which seek to introduce GDPR-like data rights for farmers, such as consent, access, portability and transparency.

THE EU CODE OF CONDUCT ON AGRICULTURAL DATA SHARING BY CONTRACTUAL AGREEMENT

The EU Code recognises the unprecedented level of data being collected on farms through digital technologies. Data collection includes information on livestock, fish, land and agronomic, climate, machine, financial, and compliance. While some of this data may be deemed personal or special category data, it may also be deemed non-personal.

The EU Code defines roles and processes in data sharing in agriculture and introduces default principles.

The Code suggests that farmers use a checklist when entering into a contract with service providers to ensure a balanced contract is agreed.

It is difficult for farmers to achieve a balanced contract with suppliers as many supplier contracts are written by legal experts rather than in plain English. On the other hand, the farmer may be under time pressure to complete the deal without getting legal advice.

THE US PRIVACY AND SECURITY PRINCIPLES FOR FARM DATA (THE US PRINCIPLES)

The American Farm Bureau Federation, working with commodity groups, farm organisations, and agriculture technology providers, helped to establish the US Principles.

The Principles cover ownership, transparency, portability, collection, access and control. The signatories formed the Ag Data Transparency Evaluator Inc., which audits companies' ag-data contracts and issues the Ag Data Transparency Seal, a certificate of conformity with the principles for data collecting in Agri-tech companies.

The New Zealand Farm Data Code of Practice (FDCP) aims to establish a clear set of guidelines for the effective sharing of data within the New Zealand agricultural industry. The FDCP aims to enhance the ability to do business by improving the ease of access to data without duplication and by encouraging the adoption of technology. Organisations meeting the FDPC agree to help farmers and other users understand the following:

- Who has rights to the data held;
- How data is processed and shared;
- How data is secured and stored.

Organisations meeting the FDCP agree to implement practices that provide farmers with the utmost confidence that their data is safe and managed appropriately.

Accredited Organisations meeting the FDCP display an accreditation certificate.

THE CODE IS

- A promise to store data securely.
- A pledge to securely share data upon a farmer's request.
- A commitment to use industry standards for data.
- Is one part of a broader industry strategy to speed up innovation in the rural sector.

Conclusion:

Farmers should

1. Seek an accreditation scheme for suppliers.
2. Seek legal advice before entering into a contract with a supplier.
3. Ensure that their rights are recognised in a commercial agreement.
4. Seek compensation from suppliers or the government for providing data.

Innovation in Irish Agtech Companies

Farming has always adopted new technologies, from the plough to the first surge milking machine in 1922 to today, where artificial intelligence is being applied to complex agri challenges.

David Leydon,
Head fo Food & AgriBusiness

As the world moves towards more sustainable farming systems to feed a growing population (projected to reach 9.7 billion by 2050), technology will play a crucial role.

AGTECH IS IMPORTANT FOR SEVERAL REASONS:

Sustainability: As we face the challenges of feeding a growing population and reducing the carbon footprint of farming, agtech provides innovative solutions to help farmers become more sustainable and efficient.

Food security: Agtech helps to improve food security by optimising crop yields, reducing waste, and improving the quality and safety of food products.

Economic growth: The agtech industry creates jobs and drives economic growth, both in rural areas and in the wider economy.

Increased efficiency: By utilising technology, farmers can become more efficient in their operations, reducing costs and increasing profits.

Better animal welfare: Agtech provides solutions to improve the health and welfare of livestock, leading to a more sustainable and ethical food production system.

Overall, agtech has the potential to revolutionise the agricultural industry and help address some of the major challenges facing the world today. In this context, it is good to see that Enterprise Ireland has assigned a dedicated Development Adviser to the agtech sector (James Moloney) while a new industry body to represent companies in the sector was recently established, Agtech Ireland.

Here in *ifac*, we are delighted to work with several leading agtech companies, including:

- **Micron Agritech:** an Irish start-up that uses AI to diagnose parasites in animals quickly and effectively, reducing the need for blanket dosing and reducing resistance to medicines.
- **MartEye:** a platform that connects marts and farmers to sell and buy livestock and machinery online. MartEye came to market during the Covid-19 pandemic when an immediate solution was required by both marts and farmers. To date, over 120,000 farmers have used the platform, with over €2 billion traded through the platform.
- **Pearson Milking Technology:** a 75-year-old company from Athy in Co. Kildare, which has been manufacturing and developing quality milking equipment. Their latest development is Bullseye, an automated body condition scoring technology that won the overall innovation award at the Enterprise Ireland Innovation Awards.
- **Cotter Agritech:** an innovative team from Limerick who is looking to tackle worm resistance by enabling farmers to conduct targeted selective worm treatment (TST) based on an advanced algorithm. This enables a sheep farmer to reduce their use of wormers by identifying in real time which animals would or would not benefit from a wormer treatment.
- **Beotanics:** a Kilkenny-based company that supplies the food and beverage industry with unique, sustainable plant varieties high in nutritional value. Beotanics is involved in the evolving food ingredients market, developing new plant varieties in sweet potato, wasabi and yacon, for example.

These companies are a few examples of the exciting innovations happening in Irish agtech.

Sound Advice, Independent Solutions

We understand that every business has its individual needs and opportunities. Our team of experts can offer you the most comprehensive independent advice and specialist solutions tailored to fit your needs.

OUR PROCESS

We want to know what matters most to you. No one knows your business better, so by listening to you, we gain a deep understanding of your business, your challenges and your ambitions.

Building on this deep foundation and knowledge of your plans, we draw on our financial and sectoral expertise to help you make informed decisions. Your insight will show us where you are now and our experience will guide you to where you want to be.

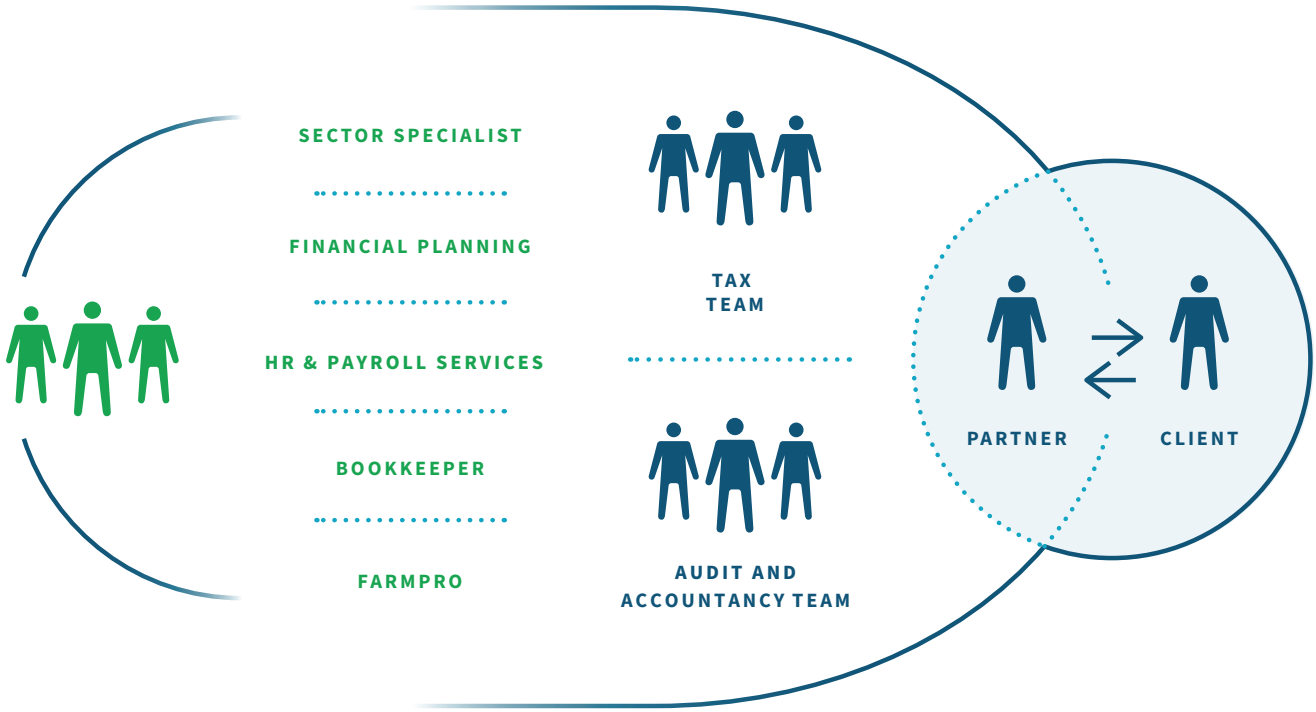
Our proactive approach means that we can help anticipate potential issues and opportunities along the way, and give you the sound advice you need to achieve your goals.

Our flexible approach means we regularly take the time to check in with you. We can routinely track, monitor and review performance and work with you to make adjustments when necessary, giving you the confidence and continuity to grow within an ever changing landscape.

> Our process of ongoing monitoring and support means that your business is always one step ahead.

OUR APPROACH

Your local *ifac* Partner is the first point of contact between you, the local team and our national service and sector specialists. This approach ensures you have access to the right knowledge and specialist advice that best suit the needs of your enterprise.



We specialise in a number of key areas which provide you with expert advice and services to help your business grow.

Finance
Access the right finance opportunities to start, develop or expand your enterprise.

Taxation
Our specialist tax team ensure your taxes are structured as efficiently as possible by planning your affairs with one of our specialist advisors.

Specialist Advisory
Increase profits and drive growth with advice from our committed teams of highly experienced professionals

Capital Planning
Optimise your asset ownership, succession, acquisition or divestment strategy.

Accounts
Keep track of your financial transactions and gather vital information for planning your financial future.

Audit and assurance
Our Audit team conduct external and statutory audits and collaborate with you to add value to your business by identifying problems and highlighting opportunities to improve.

Financial Planning
Choose from the best investment solutions available with independent advice from our financial specialists, supported by our accounting and tax teams.

HR and Payroll
Our HR and payroll team will ensure accurate and compliant management for all your payroll and employment needs.

Food & AgriBusiness
Whether you're looking to access funding, export to new markets or seize a new opportunity, our Food & AgriBusiness team can help you maximise your potential for growth.

Banking Support
Our team support you through the complex process of accessing the bank funding required to grow your business.

Making Connections
After 40 years in the farming, food and agribusiness sector the *ifac* team have unrivalled contacts and connections.

SECTOR SPECIALIST

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ifac

A national team of dedicated experts.

With offices across Ireland, our clients have access to a national network of expertise across a broad range of sectors - from agribusiness and farming to wind energy and food production. Our roots within each of our communities means we have deep local understanding and knowledge.

Speak to your local office today to see how we can help you and your business **1800 33 44 22** or visit **www.ifac.ie**

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