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Irish Farm Report 2022

Innovators – Farmers Embracing Change

94% believe greenhouse gas reduction on farms is important

2 in 3 farmers don't have a Succession Plan in place

60% say their biggest challenge for 2022 is input costs

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Contents

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Front cover picture: Caroline Alcorn, *ifac* Audit Manager, with her kids, Liam and Evelyn Alcorn, and Samuel Harper on the family farm in Kilkenny.

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Foreword

Welcome to *ifac's* Irish Farm Report 2022. This Report contains the results of our 4th annual Irish Farm Survey.

The findings from our Survey give us invaluable insights into Irish farmers' lives in 2022. Challenges are abundant, but so are opportunities, particularly in farm technology and its role in increasing efficiencies and reducing physical labour on farms.

It's been a tough few years for farmers. During the Covid-19 crisis, all stakeholders worked together in solidarity, supporting each other through an unprecedented and isolating challenge. Now, as one crisis begins to dissipate, another emerges. Rising costs are the biggest challenge facing farmers, impacting all the primary farm inputs, including fertilizer, feed and energy. Tragic and needless events in Ukraine are also escalating prices and supply shortages. We are committed to working closely with our clients on these issues as the crisis evolves.

Succession planning is a topic that still requires urgent focus and action. While we're reassured that the number of Succession Plans has doubled in the last two years, many families have yet to start their planning. With careful succession planning, you can empower everyone in the family and protect the future of your farm. As the world faces increasing instability, controlling things you can control has never been more critical.

Climate change and environmental issues continue to dominate, with almost all farmers who took part in the Survey agreeing that reducing greenhouse gases is essential. Sustainability as a core objective is a big talking point in this year's Report, and your role in meeting this global challenge is significant. Irish farmers have always been determined innovators and with the right supports and a financially viable framework, they will take a lead role in driving positive climate action in global agriculture.

All of us at *ifac* thank you for taking the time to complete our Survey. Your opinions are invaluable and help us to help you. We've been supporting and advising farming families for 47 years now, and we believe that your success is our success. We place huge value on listening to you and understanding your needs.

We know that everyone's circumstances differ, and we pride ourselves in making sure that you're ready for the challenges you face with tailored advice that works specifically for you. That's why we're so proactive, working to anticipate future shocks and helping you increase your efficiency through solid business planning and shrewd financial planning. We're here to help, so please make sure you lean on our experience and expertise.

Many thanks to Philip O'Connor, Noreen Lacey, and everyone else who worked long and hard on this Report. We hope you enjoy it.

John Donoghue
CEO

Introduction

Positivity was high in 2021, reflecting the welcome news that it was a strong year in almost every sector, despite the challenges brought by the pandemic.

2021 was a year that saw output prices increase without a similar increase in cost inflation, leading to strong profits being reported in many sectors. While costs hadn't hit yet, there was knowledge that the high costs were coming in 2022. In fact, increased input costs was cited as the biggest concern for this coming year for 60% of you. As the year has already thrown up many uncertainties, this theme is sure to grow as the year progresses. Outside of costs, finding and retaining employees is an escalating concern for many, particularly in the dairy sector. We expect prices, people and planning are the themes that will dominate in 2022.

Financial Planning

In a consistent theme over the last few years, lack of financial planning continues to be a problem for busy farmers. While the number with Wills in place has increased 7% in the last year, almost half of you still don't have one. We encourage you to put this high on your agenda for this year. It's not only a vital document from a legal point of view, it's one that brings huge peace of mind for you and your family, knowing that your wishes will be honoured in the future. 20% of you also have no life cover in place, and this is a policy that's well worth considering. In another notable trend, succession plans have doubled since 2019 which is great progress, but two thirds of you still don't have one. We understand that the day-to-day running of the farm takes most of your efforts, but we assure you that it's an invaluable step to take. We recommend that you speak to your *ifac* advisor, who will help make everything as simple as possible. You'll never regret taking these steps to protect your family and farm in the future.

Sustainability & Renewables

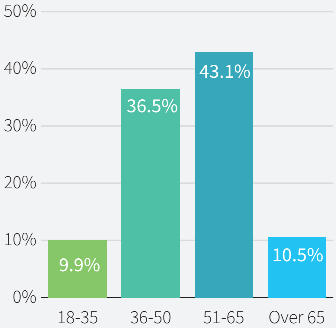
In an inspiring trend, none of you are shying away from sustainability. You're very open to the realities of environmental issues and impacts, with 94% of you believing in the need to reduce your greenhouse gases. However, you're concerned about the cost burden of tackling this in real terms and you believe that other sectors also need to play their part. In another impressive figure, 42% of you would consider organics. 97% of you are open to incorporating renewable energy on your farms, but a third of you don't know where to start. There is a huge opportunity for farmers to lead the way here, with the support of the right incentives.

Forecast

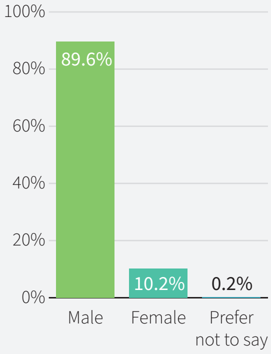
Output prices look strong for the year, but the great unknown is where costs are headed, particularly in Energy, Fertiliser and Feed, which are key across all sectors. As a result of current uncertainties, it's hard to predict where margins will fall this year. Our advice is that, together, we should monitor quarterly figures and make a commitment to being responsive, adjusting plans and budgets as events unfold. In the meantime, it's wise to retain cash where possible; this is not the year to waste money – make key work your focus and this will put you in the best possible position to deal with any unexpected shocks or challenges the year might bring.

Philip O'Connor
Head of Farm Support

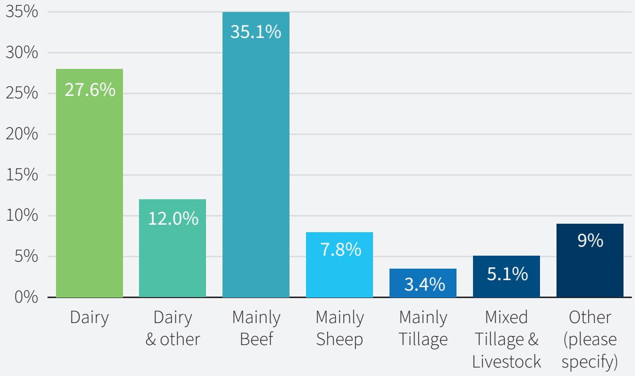
AGE



GENDER



SECTOR



This report is comprised of *ifac* survey findings. The survey took place in December 2021 – February 2022 and was completed by 857 Irish farmers.

Key Takeaways

OVERALL

58%

have a positive outlook on farming coming into 2022. Up **2%** on 2021.

60%

say the biggest challenge for their business in 2022 is input costs.

TECHNOLOGY IN FARMING

32%

use tech to increase farm efficiencies.

21%

use tech to reduce labour.

52%

say the biggest barrier to tech is cost.

ORGANICS

42%

of farmers would consider organics. The barriers stopping farmers switching to organics are the lack of markets for selling (**29%**) and insufficient financial supports (**23%**).

SUCCESSION

2/3

don't have a succession plan in place.

Trend = Succession Plans have doubled since 2019, but still only **1/3** of farmers have them in place!

1 in 5

say the biggest succession challenge is the lifestyle not appealing to the next generation.

Lifestyle is increasingly an issue on farms, up from **16%** in 2021, the changes to how we work over the past two years have younger people looking outside the farm gates for employment.

47%

do NOT have a Will. Up **7%** on 2021.

CLIMATE CHANGE

94%

believe greenhouse gas reduction on farms is important.

40%

also believe other sectors need to play their part.

36%

believe educating consumers on how food is produced would help.

38%

worry about the cost burden.

40%

believe changing how people value food would help tackle climate change.

RENEWABLES

97%

of farmers would sell energy back to the national grid. But **1 in 3** don't know where to start!

EMPLOYMENT

42%

of employers on farms agree a Net Salary with their team. To see why you should agree a Gross amount see page 30.

77%

of farmers would hire non-EU employees.

1 in 3

beef farmers struggle to balance farming with their off-farm job.

FUTURE PLANNING

1 in 5

have no life cover in place.

1/3

are concerned about saving for retirement.

25%

While **25%** worry about saving for education.

Dairy

2021 was a good year for dairy farmers. Higher milk prices boosted farm incomes while favourable weather conditions led to good grass growth. Milk prices averaged over 40 cent/litre (VAT inclusive) — up 16% on the previous year. Despite higher input costs, net margins rose by 15.1 cent/litre while overall dairy production rose by around 6%. Our survey shows 77% of dairy farmers have a positive outlook for their sector, substantially higher than their peers in the other sectors we surveyed.

KEY SURVEY FINDINGS

OUTLOOK

77%

report positive outlook for the sector.

BIGGEST CHALLENGES

52% input costs.

31% environmental issues.

STOCK NUMBERS

13%

looking to decrease stock numbers.

BISS

1 in 3

unsure if they will participate in BISS environmental scheme.

GREEN HOUSE GASES

96%

see reducing green house gases as important.

NEXT GENERATION

30%

say business is unappealing to next generation.

INPUT COSTS

Despite a strong performance in 2021, rising costs are a major concern for dairy farmers. With production costs already up by between 6 and 8 cents a litre this year, more than half of the farmers we surveyed cited cost as their biggest challenge. Fertiliser is already up by more than 120% this year while feed prices are up over 25% with further increases anticipated due to economic factors and the ongoing war in Ukraine. Meanwhile, higher fuel and energy costs (particularly natural gas) are adding to the pressure on margins. At the time of writing, fuel is already up 16% on 2021, affecting farmers both directly in their day-to-day operations and indirectly through inflated contractor prices.

Farmers tend not to shop around when purchasing feed, fertiliser and other key inputs. This an area that merits more attention in a period when costs are soaring.

SUSTAINABILITY

Our research shows that 94% of farmers agree that greenhouse gas reduction is important. Ireland's grass-based milk production system provides a solid base for lowering carbon density. While rising cow numbers have been a cause of concern in recent years, our survey shows that an increasing number of dairy farmers are considering decreasing stock numbers over the next five years.

At *ifac*, we believe it is possible to find a balance between environmental and economic sustainability. Many of the farmers surveyed for this report see climate change as an opportunity for growth in their business with increased efficiency a major attraction.

Determining the correct stocking rate, improving herd fertility and executing an efficient breeding strategy are environmentally and economically vital. Effective grassland management is also critical. Nitrogen alternatives such as clover should be considered as reductions in chemical fertiliser application are vital both to prevent Nitrogen leaching to water and to reduce GHG and ammonia emissions.

The LESS equipment scheme provides an incentive to break away from traditional slurry spreading practices. Teagasc estimates the additional Nitrogen utilised through LESS contributes to financial benefits of €5 per 1,000 gallons – a considerable saving at a time when costs are rising.

FUTURE OUTLOOK FOR SECTOR

While a strong milk price and stable payments are expected to continue through 2022, dairy farmers will need to manage their business conservatively in the coming months, building up a 'rainy day' fund and minimising unnecessary capital expenditure until the economic outlook becomes clearer. It is now more important than ever to plan ahead, prepare a budget for your farm and focus on maintaining profitability.

Donald Scully is a successful dairy farmer with a high-EBI herd of 200 Holstein cows. He farms 130 acres of family land, with a further 130 acres rented. He has built his business on a philosophy of hiring and keeping the best possible staff and treating them as equal members of a team that's all pushing in the same direction.

CASE STUDY:
Attracting and retaining best-in-class farm labour is more important now than ever

Donald Scully took over the family farm near Portlaoise in 1997, when his father, Pat, opted for early retirement (or semi-retirement, to be more accurate) at just 55 years of age. At that time, the farm was a mix of 'calf to beef' and tillage, with a herd of around 35 to 40.

The father and son combination worked together successfully for a further decade or more, but Donald's ambition to scale up required permanent outside help. A primary driver for this was the fact that upgrading the farm required a particularly onerous level of paperwork. And while servicing a herd of around 90 cows was just about doable on his own, the eventual doubling of this number meant that the era of the lone farmer needed to come to an end.

Before looking to recruit a team, Donald had been watching others who'd gone down the same route and had concluded that getting – and keeping – the right people was absolutely central to driving his farm forward onto a new level of success and profitability. As such, Donald has 3 part-time/seasonal workers that come and go as and when needed on the farm.

When probed as to what 'the right sort of people' means, Donald is adamant that it's all about attitude and commitment and the 'bits above the shoulder'. Everything else can be taught, he believes. And to prove his point, two of his employees both worked with horses before joining him, with zero experience of cows.

One of the key approaches that Donald applies is to constantly look to offer variety and allow staff to mix and match their responsibilities. He's also very open to treating his workforce as equal members of the team, and constantly invites them to come up with newer and better ways of doing things.

Donald is a firm believer that a successful farm should involve smart working rather than hard, manual labour. Where possible, automation or technology take the place of mindless repetition, "No animal gets feed carried to it in a bucket, and we've also got a super-smart system in operation when it comes keeping our cubicles clean." And while all this may come at a financial cost, Donald is a very firm believer that greater profits can only be attained by greater efficiencies.

His full-time worker covers Monday to Friday, while his part-time worker plays a vital role over the weekend. He calls on the services of a regular relief driver and milker at busy times of the year, or in emergency situations, and has a panel that he can call on in the event of illness or forced absence from work.

Donald's stated belief in teamwork is no idle claim. In fact, he's so focused on developed a sense of 'us' that he developed a canteen and break area for staff, and he joins them every single day to refuel and chat about the general affairs of the day.

He's also a believer in fairness when it comes to payment terms. "I think that staff should be paid for every hour they're on my farm. Nothing eats into morale so much as feeling that you're being taken for a ride when it comes to extra, unpaid hours."

A further approach that Donald takes when looking to treat his staff as equal team members is providing them with a genuine education – rather than just training them to do their specific tasks. "I look to include the in areas such as DNA, testing calves, hair sampling, etc., and it's fantastic to see the pride in their eyes as they look at a catalogue and say to themselves that "I was part of that"".

As a final sign-off on the topic of staff recruitment, Donald reminds his farmer colleagues that labour has never had so much of a choice in terms of where it will operate. When I'm talking to a prospective member of the team, I always tell them that I believe in the farm family rather than the family farm. In other words, once you come on board, you're one of us, with the same ability to contribute and make your mark as anybody else."

> "As a final sign-off on the topic of staff recruitment, Donald reminds his farmer colleagues that labour has never had so much of a choice in terms of where it will operate."

Beef

Beef farmers across Ireland find themselves farming under changed circumstances from just a few short years ago.

Market requirements, CAP reforms, Environmental challenges, Brexit, Pandemic and War in Europe have all led to vast changes in how Irish beef farmers farm their land now and into the future.

KEY SURVEY FINDINGS

OUTLOOK

44%

report positive outlook for the sector.

BIGGEST CHALLENGES

69% input costs.

6% environmental issues.

NEXT GENERATION

34%

say business is not viable for next generation.

FUTURE

1 in 5

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

FINANCE

56%

say farm financials are their biggest concern for 2022.

WORKLOAD

1 in 3

are struggling to balance workload with an off-farm job.

The year 2021 ended largely on a positive note for the country's 80,000+ beef and suckler farmers with rising prices throughout the year reflected in both the live and dead trade. While income supports remain hugely important to the sector, the finalisation of Ireland's CAP strategic plan brings a new reality to the sector.

Environmental requirements under the CAP Strategic Plan 2023 – 2027 will mean a higher reliance on environmental payments for the sector, but the realisation of the need for food security across the EU means the European consumer is now turning their attention back towards the need for high quality, nutritious food, produced to the highest animal welfare, consumer health and environmental standards.

Ireland is well placed to take advantage of the high demands placed on food production; however, the early part of 2022 has brought about increased costs for the sector, not least the rising costs of fertiliser and feed which will place added pressure on what is already a low margin farming sector.

COSTS AND SUSTAINABILITY

Ireland's beef farming sector is majority family-owned farms, passed from generation to generation and not considered an intensive farming sector, especially when compared to beef finishing units in other parts of the world.

There are a substantial number of full-time profitable suckler and beef farms across the country. While many suckler and beef farms are run on a part time basis with off farm income used to supplement the household income, some of the smaller suckler herds consist of less than fifteen cows and specialise in producing weanlings for high end markets. The increased amount of beef calves from the dairy herd over the last number of years will see some farmers concentrate on dairy beef production. Summer grazing, winter finishing, autumn and spring calving patterns and a range of breed types means the industry is diverse and unique across farming sectors.

Whatever system is chosen, controlling costs, managing cashflow, generating a profit margin and ensuring the farm is viable for the next generation should remain key targets on all beef farms.

Cashflow on beef farms can be particularly challenging, especially on farms selling their produce towards the later end of the year, which coincides with income support receipts. This income is then required to carry the farm through the following year where costs such as fertiliser, slurry and silage making are incurred in the spring and summer months.

The rising cost of fertiliser compared to recent years means farmers in the sector will have to be more selective, more analytical and more cost driven than at any time in the past. Soil testing and action on results has risen up the priority list along with lime spreading and managing the level of phosphorus and potassium use on farms.

While the increased cost of producing grass for grazing or winter fodder is substantial, it must be borne in mind that grass is still our cheapest feed source and farmers should remain focused on getting high quality grazed grass and silage into the cattle's diet thereby reducing the need for additional concentrate feed.

To maintain profitability in the sector, farmers will need to look at all options under the next CAP programme with the aim of maximising income for environmental actions. This income will be needed to offset the loss of payments elsewhere, which are likely to hit the beef sector hardest.

The EU's Farm to Fork strategy aims to transition to a more sustainable food system that has a positive environmental impact, mitigates climate change, ensures food security, and preserves affordability of food while generating economic returns, among other aims.

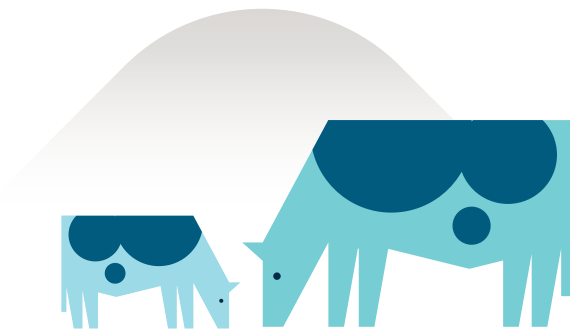
FUTURE OUTLOOK

Beef and suckler farmers operating in a post Brexit, post-pandemic European Union with a new political environment on its doorstep, will see an increased EU concentration on the aim of food security. This can lead to a renewed optimism in the sector where new markets can be explored, and the promotion of Ireland's green image and reputation for food production can benefit the sector.

Managing costs while maximising income from the farm will be key to the future of the beef and suckler sector. Farmers will adapt to the new requirements in the sector though the use of new technologies, a renewed focus on costs and animal performance to increase profitability and opportunities they hope the market will deliver.

The beef and suckler sector will continue to need support, both in terms of direct payments, targeted sectoral payments, reward for environmental actions, protection through regulations on unfair trading practices and a margin that covers the cost of production and rewards capital and labour invested.

Within this new landscape and support for the sector, farmers will need to be even more wary of costs of production and matters they can control within the farm gate.



John Kehoe is a beef and tillage farmer from Co Carlow. John is the fifth generation of his family to farm and is quite similar to other farms in the county. He spoke to us about the challenges facing the beef sector, controlling costs within increasing sustainability demands, both nationally and globally.

CASE STUDY:
Store to beef farming in Carlow is something of an art form for this successful farmer – who sees future opportunities as demand for food outstrips supply

John Kehoe is a full-time farmer, specialising in a store to beef enterprise, along with a tillage operation on his farm in Co Carlow.

Due to the historical links with tillage production, many farms in the region have access to a cheaper feed supply. However, John emphasises, when preparing his beef costs on the farm, feed is costed at market value and not the cost of production.

Most of the feed produced on the farm is fed to their own cattle, with wheat and barley milled on-farm and the only feed bought in, occasionally, is maize meal and a protein source, depending on cost at the time of purchase.

John buys a variety of cattle, including continental steers, bulls, heifers and Friesian steers, and again John emphasises that price will decide what he buys.

Knowing the costs involved in feeding the cattle to finish allows John to determine what cattle best suits the farm, bearing in mind that everything is profit-driven.

John's tillage background gives him a different perspective on cashflow. As a tillage farmer sells once in the year, the most important thing for John is that cattle sell at a price that leaves a margin.

The online mart system is something John finds very useful and a very effective time-saver, although he does like to see the animal in the flesh before purchasing because what's on the screen and what you are buying are not always compatible. John believes we need to use more technology, especially in relation to the genetic makeup of animals bought through the mart ring. The more information on the mart board the better, to allow more informed decision making.

The aim on the farm is to maximise their sales price, for as little cost as possible through feed from the tillage enterprise, but also by maximising performance on the tillage side by using slurry and farmyard manure to drive output.

Monitoring performance forms a critical part of John's enterprise. This means everything coming onto the farm is weighed, and everything leaving the farm is weighed. Using a simple system of recording an animal's date of purchase, cost and date of sale, John can work out the days on-farm and whether an animal left a margin to cover feed costs, other costs and cost of labour. This is valuable information which can be used in the future and will form the basis for future costing, projections and performance.

The land is soil sampled every four years, and John intends to spread a lot of lime this year as lime is the cheapest form of nutrient for the farm. Providing enough silage for next winter is still a priority for the farm.

John is a big fan of clover and incorporating clover into reseeds, and based on Johnstown Castle research, John is fully convinced that this is the way to go. "Over the next few years, I hope to have clover integrated right throughout the farm, and I believe that the economic case to be made for it – as well as the environmental case – just can't be argued with."

Simplification and streamlining of the system means all stock are vaccinated when they come on to the farm to reduce any health issues that may occur. Prevention is absolutely better than cure on this farm.

Output per labour unit analysis means machinery is only purchased if it can prove to be a labour saving. Labour is the most expensive cost on-farm, and farmers need to put a value on their own labour and time.

Time is valuable, but John places a big emphasis on getting things right in the office because "if you don't have things right in the office, you won't have things right in the yard." Records, analysis, performance and planning are all vital elements of running the business.

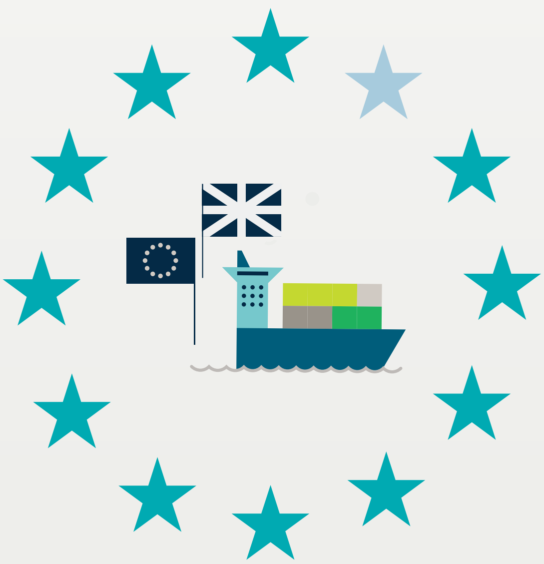
John is exceptionally positive about Irish agriculture and agriculture worldwide and recognises the need to look after the environment. Demand for food is now outstripping supply, and we're top of class when it comes to producing carbon-efficient food, so why penalise those who are producing so much with such a relatively low carbon output?

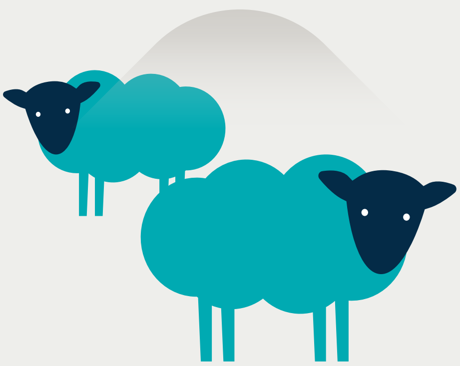
John believes there is a really bright future in store for Irish farming.

Sheep

2021 will go down as an excellent year in sheep farming, with the average price achieved reaching €6.67 per kg, an increase of €1.43 per kg or 27% from 2020. This brings the 5-year rolling average to €5.30/ kg.

While prices achieved increased, throughput reduced by 4% vs 2020. This reduction in throughput likely had some impact on the price increase however increased demand for lamb from export markets were the main driving force.





(Bord Bia, 2022)

KEY SURVEY FINDINGS

OUTLOOK

50%

report positive outlook for the sector.

BIGGEST CHALLENGES

70% input costs.

11% environmental issues.

WILL

3 in 5

have no Will.

FINANCE

61%

say farm financials are their biggest concern for 2022.

FINANCE

35%

have no private pension and **37%** have no life cover.

OUTLOOK FOR 2022

2022 has continued in the same fashion as 2021 with strong prices holding so far. Throughput of lambs to factories in the first 9 weeks has increased by 14% and despite this there remains a strong demand for lambs. This early year increase may also indicate a shift in lambing times across the country with more farmers opting to move to mid-season lambing[1].

The outlook for the year, similar to other sectors, remains very uncertain. With the huge increase in fertiliser and feed costs it is now more important for farmers sit down and plan for the year ahead. While current prices appear to be excellent, the uncontrollable rise in costs will quickly erode this gain. The target should be to maximise thrive from grass and extra focus on managing grazing will reap huge benefits this year.

PLANNING FOR THE YEAR AHEAD

Grazed grass is still the cheapest option despite fertiliser supply and cost. The focus should still be to grow high-quality grass. It should also be the target to secure an adequate amount of silage for the winter as this will provide the cheapest source of feed where sheep are housed over winter. A decision must also be made around the use of purchased feed and although this will vary a lot with land types, it is important to be sure of the pros and cons around feeding such as reduced days on farm vs the additional cost and availability of concentrates. Forage crops may also provide a cost-effective option for finishing lambs to reduce reliance on bought in feed.

With so much uncertainty it is crucial to control the controllable and reduce volatility as far as possible inside the farm gate. Planning is now more important than ever to control costs.

Key areas to focus on for the year ahead:

- Budget timing and quantities to be sold
- Grazing infrastructure and grass quality
- Plan to produce good quality forage for security ahead of the winter
- Assess stocking rate and lambing timing

Michael Heneghan offers a unique perspective on the sheep and beef industry. Not only is he a successful sheep and beef farmer, but he's also owner of Heneghans Butchers in Ballinrobe. He offers us his take on things from the point of view of a producer and a consumer alike.

CASE STUDY: The sheep farmer with a butcher's business has a fully rounded view

Few producers are as close to their end consumer as Michael Heneghan. Owner of Heneghans Butchers and a sheep and beef farmer as well, he is ideally placed to offer a view on the current state – and the short-term future – of the market.

Michael started work in 1981, and in 2012, he took over the popular butcher's shop in Ballinrobe which had operated since 1970. Along with his son, Mark, they bought out the shop completely in 2016, along with a few acres which are used for storing sheep and cattle. The associated abattoir is located a few miles out the road, and Mark is responsible for the weekly slaughtering of beef and lamb.

Apart from killing for the retail outlet, Michael and Mark have strong personal relationships with the local farmers, and often kill an animal for them for the freezer.

In terms of where demand for lamb stands at present, Michael is pleased with its performance over the past eighteen months, and it is holding its own as a profit centre. That's not to say however, that it doesn't face a number of challenges. "There's a perception out there that lamb is an expensive choice – something for a special occasion, perhaps. There's always been a strong demand for lamb in the west of Ireland, whether for a Sunday roast or a leg of lamb midweek."

Apart from the retail market, Heneghans also service the majority of the restaurants in the hinterland of Ballinrobe, and it typically appears on menus – in the form of cutlets.

[1] (Bord Bia, 2022)

and shanks – under the mark of Heneghan Lamb. “Apart from being a very important market in its own right, restaurants provide a very strong ‘follow-up demand’ from consumers. After dining out at the weekend and seeing our product on the menu, they’ll often come in during the week and look to source the ingredients to reproduce the dish for themselves.”

Michael and Mark are both big believers in creating demand by offering a choice of value-added options. “This can be anything from beautifully stuffed chickens to BBQ supplies, including our own burgers, and ready-to-stir-fry dishes. The vast majority of our customers know that the meat they buy is either produced by ourselves or can be easily traced back to a range of local farmers. This has always been important, but it’s absolutely vital today, as people want to know the story behind each and every forkful they put into their mouth.”

“There’s a very strong sense of supporting local in the Ballinrobe area, and we never stray very far from our own doors to source pork or poultry. It’s very much a farming town, and not too many local butchers go to the marts – they buy directly from tried and trusted local farmers instead. It’s fair to say that beef and lamb are the trophy products in the store, with pork and poultry offering cheaper alternatives. Chicken fillets and whole free-range chickens are both very steady sellers for us.”

Looking to the foreseeable future, Michael envisages a very positive summer for the restaurant and BBQ markets, as people look to get back to some form of normality after the enforced lockdown of the past two years. “On the negative side, you’d have to be very concerned about the impact of Ukraine, along with the price of fertiliser that’s driving all prices upwards. The bottom line for us that every ounce of a sheep is critical if you’re to get your money back – and that includes keeping your slaughtering costs as low as possible.”

But side-by-side with the threat that uncertainty always brings to the market Michael believes that the farm-to-fork movement is his biggest single opportunity over the coming years. “Some butchers don’t understand the economics of farming – but we do. We’re farmers at heart, and we know where the line lies between the farmer getting a return and the consumer getting value for money.”

“Ultimately, the consumer calls the shots and it’s really up to the retailer and the producer, working in tandem, to make sure that supply mirrors demand for cleaner, greener food choices that come with a local story built-in.”

> “In the face of rising prices, quality and choice have to be higher than ever, and that’s where we believe that the battle can be won in the months and years to come.”

Tillage

Tillage farming today is in a very interesting place. Food security within the EU has come very much to the forefront as an issue. The tillage sector plays a vital role in this regard both as an ingredient on products sold directly to consumers and as a feed to the livestock sectors – beef, lamb, dairy, pork and poultry. 2021 was a good year overall for tillage farmers; prices were up, weather across key times such as planting, growing season and harvesting was favourable. This resulted in solid yields across all the key crops and a strong profit margin on crops. While price inflation in fertiliser occurred in late 2021, it didn't affect the 2021 crops' profit margins. The real effect of the cost of producing a crop will be felt in the 2022 season.

KEY SURVEY FINDINGS

OUTLOOK

51%

report positive outlook for the sector.

BIGGEST CHALLENGES

62%

said input costs biggest challenge for their business.

PENSION

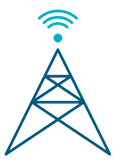
37%

say saving for a pension is a key concern, yet **1 in 5** have no private pension and **1 in 4** have no life cover.

EFFICIENCY

44%

see the biggest benefit of technology in driving efficiencies.



TECHNOLOGY

1 in 4

say technology improves profitability.

UKRAINE EFFECT

At present, there is huge uncertainty over whether European demand for animal feed can be met, with more than 20% of maize globally coming directly from Russia and Ukraine. The current war is estimated to create an 8 million tonne maize shortage, and six million hectares of wheat in Ukraine will not be able to be harvested. In response, Ireland is now actively promoting the planting of tillage crops in 2022.

Regardless of what measures Ireland or the EU put in place, tillage crop prices are expected to rise further over the next few months. This increase will have a knock-on effect across all parts of the food economy. We already see the impact in the pig sector, with the cost of feed per pig higher than the price paid for the pig.

DEPARTMENT OF AGRI

Like all farming sectors, a "good CAP" is a crucial driver of profitability in tillage. The Department of Agriculture has confirmed that the protein payment is available in 2022, and they have also re-launched the straw incorporation for the coming year. In response to a possible Ireland and EU shortage, the Department of Agri has launched a scheme to promote tillage crops. A €400 a hectare payment on land previously not planted is being offered. The aim is to have an extra 25,000ha of tillage crops planted in 2022. This scheme has arrived late for the sowing season (mid-March), and it will be interesting to see the up-take in this scheme as a result.

OUTLOOK 2022 AND THE FUTURE

Looking to the future, the area sown for winter crops has returned to normal levels. Forward green prices for harvest 2022 are in access of €300 for barley and wheat. For 2022, the issue isn't going to be how much will you get paid per tonne as there is every indication it will be very strong. The main concern for 2022 will be the cost to produce a crop. The rapidly increasing cost of fertiliser through the end of 2021 and into 2022 has hit tillage farmers hard. At the time of writing, Urea quotes reached over €1,100 a tonne. Fuel is another concern as green diesel, like fertiliser, hits record prices, leaving contractors struggling to quote due to fuel price uncertainty. Time will tell over 2022 how raising costs and weather/ price will affect profits margins by year-end.

John Hendricken transitioned from beef to tillage over the past decade and a half and is a powerful advocate for the sector. On his 300-acres farm near Tullow (100 acres leased), he is a firm believer in a precision approach to sowing, growing and harvesting.

CASE STUDY:
"With tillage, you either do it right or not at all."

John Hendricken farms his 300-acre farm in Carlow on his own, with the exception of a part-time employee at key times of the year. He is also a busy contractor, so it's no surprise that with such a workload falling onto a single pair of shoulders, he believes in doing things right the first time – every time!

John inherited the family farm some fifteen years ago and quickly decided to move from beef fattening to tillage, specialising in rape, barley, oats, beans and wheat in a crop rotation policy. About five years ago, he ploughed down grassland for the last time. Having had a foot in two separate camps during his farming lifetime, he's well-positioned to weigh up the pros and cons of each.

"Since the cattle left the farm, there's been a notable absence of organic manure, and with the rise of fertiliser prices escalating, this is a very real issue. It's led to a need to import organic manures, including poultry litter, but this brings its own costs – although it's more attractive than buying fertiliser."

"Like many of my farming neighbours, I had purchased a portion of my fertiliser requirements ahead, so the impact this year won't be as severe as it could have been. Next year is a completely new ball game, however, and you'd have to worry about the trend in fertiliser prices – along with the steady rise in diesel costs. On the issue of diesel, I'm more worried about availability than cost. I'm already seeing cases where a farmer might order five thousand litres but only get a delivery of two thousand."

Asked to narrow down the secrets of tillage success, John is quick to point to crop rotation. "The yield improves immediately with rotation, and continuous tillage simply didn't give me the results I wanted over time. Another problem with continuous tillage is that I always seemed to be fighting a losing battle with weeds."

John is also an advocate of Min-till and believes that ploughing is not always necessary and very expensive. He attributes some of the growth in Min-till to advances in machinery and technology.

"The Min-till approach is very precise. You either do it right – or not at all. Thankfully, technology is a huge asset in delivering the precision that I need. GPS, in particular, has revolutionised things and has helped make the most of the resources at my disposal, from land to fertiliser."

"Grid mapping and yield mapping have been real game-changers, and while there might not be a major saving in fertiliser, it means that every Euro you spend on fertiliser has been applied to the section of the field that needs it most. And like any other technologies, of course, the cost of GPS-based technology is dropping steadily."

Commenting on the government scheme to promote tillage, John believes that the incentive approach is necessary but believes it was too little and much too late. "I don't know many farmers who might switch to tillage with a guarantee of just a single year's incentive. And because the scheme was announced in March, I'm really not sure if many would be able to change horses in mid-steam so quickly."

John is more optimistic about the straw incorporation scheme and believes that it's an excellent part of a rotation approach – and to be paid for it is even better. He currently chops his oaten and rape, and all other straw is baled and sold, with most of it going north or west. John could further avail of the grant scheme if straw prices don't reflect the current increases in P & K; at this point, it would be more valuable to chop straw for its nutrient value along with the grant.

Commenting on how the year has gone so far, John is very happy to have got everything into the ground very early this year, and pretty much all crops are performing well in the fields after a very kind winter.

Looking to 2023, John already has a lot of certainty around what crops will go where, but increased costs are putting inevitable pressure on margins, and prices will have to stay as buoyant as they currently are if he's to come out on the right side of the equation. "Another option being considered is growing less fertiliser demanding crops such as peas & beans, and availing of the protein payment, which will also bring another crop into the rotation."

"I believe that food will continue to increase in price, and some of that increase must make its way to the farmers if we're to have a sustainable tillage sector in this country. Sooner or later, the consumer has to realise the high cost of food production and understand that no farmer on earth can grow a bag of carrots for 49 cents."

Organic Farming

– Market Overview

Our survey suggests that although more than 50% of Irish farmers would consider switching to organic farming, the perceived absence of a route to market is a significant barrier.

While domestic and global demand for organically farmed products is growing (due to consumers' heightened awareness of environmental and ethical practices, biodiversity, and animal welfare), Ireland's total organic area is only 2% (80,000 ha). This is well below the EU average (9.1%) and considerably lower than the total organic area of Austria, Sweden and Estonia which are all more than 20%.

ORGANIC MARKETS

Bord Bia has forecast annual growth of 9% in the market for organic produce, rising to around €367m by 2025, up from €260m in 2021. Statistics released in November 2021 suggest that 70% of consumers would pay 5% more for products if they were organically farmed, with demand strongest among the 25–34 age group. However, when asked about further price increases, only 37% of consumers would be willing to pay 15% more.

Previously, Bord Bia (2020) found that organic fruit and vegetables account for 40% of all organic sales while beef and lamb only amount to a combined 10%.

> "1 in 3 farmers felt that Irelands lack of market was the biggest barrier for converting to organics."

DEMAND FOR ORGANIC PRODUCE

Many organic producers sell directly to consumers. In the dairy sector, organic milk is becoming popular at farmers markets, while in Europe, strong and growing demand for organic butter and infant milk powders present an opportunity for Ireland's dairy industry, which is already a leader in global dairy production. However high milk prices and profits may be a barrier. Only 27% of dairy farmers in *ifac's* survey consider organics a viable option.

> "52% of beef farmers and 54% of sheep farmers would consider getting into organics provided the right supports/ structures are in place."

FINANCIAL SUPPORTS

Consistent with previous *ifac* research, our latest survey shows insufficient financial support is a significant barrier when it comes to switching to organics across all farming sectors. However, Government has recently reintroduced the Organic Farm Scheme with an additional €5m to attract new entrants. Farmers entering the scheme could qualify for yearly payments of up to €220 per ha during the conversion period and up to €170 per ha when they have achieved full organic status. Higher payment rates are available on up to 70ha. The two-year conversion period should provide comfort for hesitant farmers as it gives time to identify routes to market. Meanwhile, €256m has been set aside to increase Ireland's organics area under the next common agricultural policy (CAP) from 2023–2027.

OUTLOOK FOR FUTURE

Growing demand for organic products together with Government support should ensure that Ireland will achieve the target of 7.5% of agricultural land under organics by 2027. However, despite a wealth of untapped potential, farmers remain hesitant. Given the current prices of conventional products, it seems unlikely the target of 25% under organics by 2030 will be achieved. So, while organics are poised to grow significantly in the coming years, Ireland looks set to lag behind Europe's leading players in this sector for the foreseeable future.

John Purcell operates one of the largest organic Beef farms in the country, farming in excess of 1000 acres of leased and rented land near Golden, Co Tipperary. He's also Managing Director of the successful organic meat company Good Herdsmen based nearby in Cahir, Co Tipperary.

CASE STUDY: The future of organic Irish beef is bright, according to the man who knows most about this topic

In a recent survey of over 1,000 farmers caried out by *ifac*, over half of beef farmers said they considered the organic route, but one man who is well advanced down that road is John Purcell, who is both a producer and a processor.

When asked to comment on the trend towards organic beef, John confidently predicts that the next five years will see a huge growth in the national organic beef herd. Currently only at less than 1% of total herd, we should be able to grow this to 7-9%. As to why we're not there already as a farming nation, he points out that Irish Farmers are conditioned and have some ingrained ideas on their method of farming and are slow to change. In fact, when John took over the family farm in 1998, and decided to go down the organic route almost immediately, he laughingly recalls that his father didn't speak to him for weeks afterwards.

"Aversion to organics is more of a cultural thing than a strictly economic decision, because when you do the sums, the case for organic is very strong. It's the more business-focused farmers who are the ones to change first, and new young farmers in particular are very keen on checking out the case for organics."

John explains that his model is higher gross margin with lower turnover. As to whether the margin will remain, he's confident that it will, stressing that demand is bigger than supply. Last December, he issued 6-month prices to farmers as a roadmap of where the market was heading, and the exercise will be repeated shortly for the second half of the year.

This takes the guesswork out of things for current or prospective organic beef farmers, which is driving the market upwards. John also points out that the Irish organic beef scene is very dynamic and easily accessed, with twelve to thirteen organic marts for buying stores and weanlings, a lot of this activity is online.

As to the process of converting to organic, the farmer makes a formal application to the scheme. There's a €270 per hectare grant in the first two years and €180/ha thereafter to help smooth the transition from a financial perspective. It's also important to remember that the farmer can also continue to stock (not buy in) his conventional cattle that will have to be sold conventionally during these first two years, at the same time as buying in organic stores/ weanlings.

When asked to comment on how we rate against the rest of Europe, John paints a very positive picture. "We're canvasing a lot of blue-chip retail customers on the continent, if we had a bigger volume available to us, we would be able to lock in these larger retailers."

"Ireland currently exports around 90% of our conventional beef, making us the fourth largest beef exporter in the world. Right now, some 7.8% of European cattle are organic, but here in Ireland, the percentage number is less than 1%, so we certainly have a lot of catching up to do and the scope to do it"

"When we eventually increase our national organic herd and we will, all the European markets are open and available to us. We're only scratching the surface in countries like Germany and Holland. There will very definitely be a warm welcome for Irish organic beef thanks to the reputation of our product and the wonderful work Bord Bia have done in selling Ireland as a high-quality food supplier"

"There's so much confidence in our product, in fact a lot of our Irish organic beef is sold to baby food companies in Europe – that's the ultimate sign of trust in your product" In terms of what the roadblocks are to greater organic growth, John points out to one key issue, "Irish farmers are slow to consider organic as an option unlike their European counterparts".

Looking to the future, John is confident that this roadblock can be overcome, as there is a big drive by Government and its bodies to introduce conventional farmers into a better and more sustainable way of farming. Irish organic beef has the opportunity to thrive on the European markets because of its quality and grass-based credentials. "This opportunity by way of example is 9-12% of the total European shopping basket is organic, the demand is there and growing year on year. Irish processors have great routes to European retailers – and this will apply just as much for organic beef as for conventional."

"Ultimately, consumers want 'beef with a story', and Irish organic beef has that story in spades.

Benchmarking - The Team Approach

***Ifac*, in conjunction with the Teagasc/Kerry monitoring group and supported by Bank of Ireland, is working with a group of Kerry Coop farmers who are actively reviewing their financials and budgeting accordingly. The group have all completed their 2021 financials and budgeted forward into 2022, with all these budgets being reviewed again at the end of April based on the first 3 months' actuals. *Ifac* are using their FarmPro service to work with these farmers. Below are the findings to date for the group and their plans and thoughts for 2022.**

WHAT CAN DAIRY FARMERS DO TO OFFSET THE IMPACT OF RISING COSTS?

Based on financial analysis undertaken with several Demonstration Farms, farmers need to focus on the flowing areas:

- **Fertiliser:** Calculate how much fertiliser you need based on last year's actual usage. The target for this year is a reduction of 10% along with maintaining P&K requirements.
- **Slurry:** Make sure you get the most from the natural fertiliser sitting in your tanks.
- **Grass:** Measure to identify fields where fertiliser usage can be reduced.
- **Reseeding:** Is it time to look at clover and multi-species swards?
- **Stock:** Is your stocking rate too high for your grass grown/utilised?
- **Feed:** Use last year's actuals to calculate how much you will need this year.
  - Target reductions of 10% - growing an additional 1 tonne DM/Ha grass
  - How many animals will you carry over the winter? Start planning now.
- **Technology:** GPS supports the more accurate spreading of fertiliser and sprays.
- **Financials:** Review your 2021 accounts ASAP. Do you have a tax bill due in October? Budget for 2022, will you have any cashflow issues? Can your farm "carry" the increased costs?

Budgeting and risk management have never been more critical, with cost inflation set to hit farm incomes hard this year. Stocking levels, fertiliser and feed costs will require ongoing monitoring throughout the year.

Rising input costs are the most significant concern on dairy farms this year. Fertiliser prices have almost tripled since 2020, feed costs are up 20–25%, and farmers face further energy price hikes in the coming months. To assess the impact of cost increases, we analysed the budgets of five farmers, comparing 2022 forecasts to 2021 actual accounts. Budgets were based on no increases in milk yield. (Group would have also allowed a standard 5% inflation increase on all fixed costs - *note inflation currently at 5.7% nationally).*

	2021 (Actual) Per ha €	2022 (Budget) Per ha €
INCOME		
Milk	4,551	4,935
Livestock	456	494
Other	346	265
Total income	**5,353**	**5,660**
COSTS		
Veterinary, Medicines, AI	367	384
Feed	824	895
Fertiliser	416	788
Other	1,824	1,969
Total costs	**3,431**	**4,036**
CASH PROFIT	**1,922**	**1,624**

	2021 (Actual)	2022 (Forecast)
Average litres per cow	5,782	No Change
Average litres per ha (total)	11,218	No Change
Average litres per ha (platform)	13,016	No Change
Average cost per litre	€0.30	€0.36

Note: The tables show whole farm data per ha. The average milk price was €0.41 for 2021 while the budgeted price for 2022 is €0.44. Average production cost per litre is €0.30 in 2021 and based on same production in 2022 and budgeted costs of circa 36 cent per litre.

Overall, the accounts show a strong performance in 2021. Budgets for 2022 anticipate a cost increase of €605 per ha, up 17% from 2021, while profits are expected to fall by €298 per ha as input costs rise and milk price increases (no increase allowed for output increases). However, a word of caution, 4 of the 5 had more planned herd expansion based on stocking rates and grass growths. The group intends to increase grass grown from 12t/ha to 13t/ha in 2022. If they were to increase their milk output sustainably through grass growth and decrease feed usage, they could drop their cost per litre by up to 3 cent per litre and therefore increase profits per ha by circa €200.

Farmers in the group will need to conduct a detailed review of their budgets at the end of Quarter 1 as adjustments are likely required. Any change in feed/fertiliser requirements will significantly impact profitability, so budgets will require very close ongoing monitoring in the coming months.

FEED

Better grass growth and utilisation - a key performance target for our monitor group - should help offset the impact of rising feed costs. The group aim to increase grass growth by 1 tonne per ha on average to 13 tonnes in 2022. Consequently, their 2022 forecast anticipates just a 9% increase in feed costs per ha as they reduce feed per cow by 10% (1122Kgs/cow in 2021 with a reduction of 112Kg per cow in 2022). However, failure to hit the reduced feed usage target this year could see farms incur the full price increase of up to 25%; this would equate to almost a further 1.2 cent a litre and rise the average cost per litre to over 7 cent on 2021.

FERTILISER

Farmers in the group carried over some fertiliser stocks from last year. 209Kg ha was used in 2021 with plans to reduce usage by 20Kg due replacement value of clover established in 2021. This will offer some protection against rising costs. Therefore, the budget only allows an 88% increase in cost, whereas the real increase based on the same usage will be circa 120%.

Choosing the right fertiliser products will be more important than ever this year. Using higher P&K compounds and maximising Protected Urea in fertiliser plans can save up to €50-€60 per acre. On a farm of 100-acre farm, this would amount to a saving of €6,000 per annum.

NEED HELP?

Good planning and effective management are more important than ever in turbulent times. Your accountant and Teagasc can help you identify risks and take the necessary actions to protect your business. Now is the time to review your budget and check that you base your decisions on accurate, up-to-date information and forecasts.

Lessons from a Young Farmer

Kevin Moran is a 28-year-old dairy farmer who took on his own farm in 2013. Over the intervening nine years, he has built his dairy herd from 72 cows to 272, and his farm has grown from 90 acres to 265. He shares his philosophy of working smarter, not harder, and building a legacy that can take care of his family for generations to come.

CASE STUDY:
Meet the 28-year-old who's been farming for 20 years

Kevin Moran is something of a novelty in the farming world in that his first full-time farming experience was not on the family farm, but involved him going solo at the age of just nineteen. The Mayo man is currently farming in Caherlistrane, near Tuam, where he leased his uncle's farm and subsequently took on a further three pockets of land.

Farming was very much in the blood, and Kevin started milking on his father's farm aged just eight. By the time it came to doing his Leaving Cert (and Green Cert), he reckons he was the only student in his entire school of 500 who knew exactly what he wanted to do with his life.

Kevin is even younger-looking in the flesh than his 28 years would suggest, something that didn't exactly work in his favour when he first sat down with bank managers to look for start-up capital. With the confidence of youth, he sought a loan of 'just' €250,000.

Each of the four agricultural banks politely declined, but the young man took this as an opportunity to become financially literate and talk to the banks on their own terms. After a total of nine rejections, and following a guarantee from his uncle, AIB eventually decided to take a chance on him. He values this relationship – and relationships with other creditors and with his part-time workforce. "If you drive a tractor into a wall, you can repair both. But if a relationship comes unstuck, it's pretty much impossible to fix it."

He admits that his ambitions when he started out were fairly modest – to have a herd of one hundred cows, and to be debt-free by age thirty. In 2015, however, he was awarded a Nuffield Farming Scholarship. The ensuing travel gave him a brand-new perspective on agriculture right around the world, and his ambition shot from 100 cows to 1,000. Today, however, Kevin points out that he's reached a more balanced position in terms of where he wants to go next.

"My advice is to grow if you can, then consolidate for a while before you go again. I watched my father still paying back loans to the banks when he retired at almost seventy years old, so I think it's important to make sure that you keep your debt manageable – although there's no need to fear well thought out borrowing with a clear payback on your investment."

When probed on the reason for his rapid growth, Kevin is adamant that it's all down to the smart system he operates. Arising from a spell working with Timmy Quinn, he took on board the mantra that "the farm should work for you – not the other way around."

The silver bullet, states Kevin, is lowering your input costs. Low input and medium output are the route that he's opted for, which he claims 'lets you ride the waves when the unexpected crops up.' He also stresses the importance of cashflow, and recommends that farmers budget,

budget and budget again – making sure that you've made provision for every foreseeable event, along with a contingency for the unknowable.

When difficult times come along, such as the drought of 2018, Kevin urges caution against making overly deep cuts to the business. "It's still important to breed good stock, feed them well, and remain true to your social and sustainability responsibilities, including greenhouse gases, water quality, air quality, and a reduction in energy and fertilisers." And as if to prove his point, he says that he's planning to seed this year, despite the challenges in the availability of fertiliser and feed.

In terms of creating a sense of work-life balance, he ascribes a lot of the time savings on his farm to the grass-based model, which lets Mother Nature do a lot of the work. Also, he avoids any machinery work – this is all contracted out, which gives him certainty over his costs. And in terms of milking, a rotary parlour can handle his 270 cows in an hour, with another 30 minutes for washing up.

All his young stock are contract-reared, which takes another very time-consuming task off the table. And with milking relief at weekends and holiday periods, he makes sure to take time off, and to reclaim the 'head space' that he believes is so important. Kevin is adamant that this model of making the farm work for you is badly needed if dairying is to become attractive to new generations of farmers.

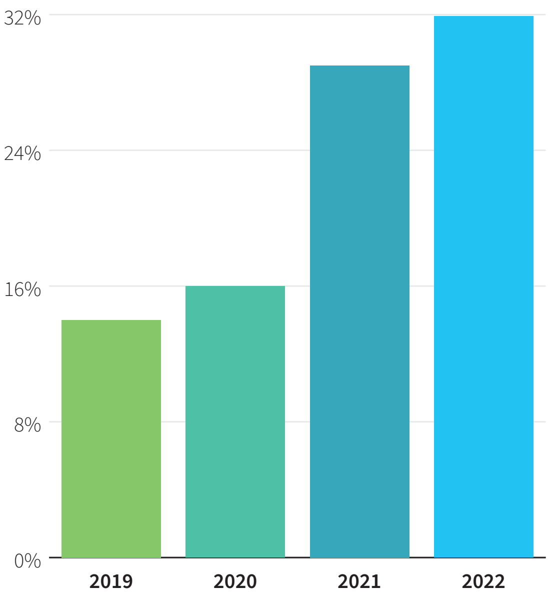
As to what the next ten years holds in store, Kevin hopes that his role becomes that of a helicopter pilot, taking a loftier view of the farm's operation, and decreasing its dependence on his physical presence. "Plans are afoot for a second unit next year, and at the same time, I hope to drive my carbon figures down to around half a kilo per litre of milk, which would be very satisfying indeed."

Succession

Declan McEvoy, Head of Tax

Proactive planning is on the rise and the best succession plans encompass a lot more than just tax, says *ifac*'s Declan McEvoy

SUCCESSION PLAN IN PLACE (%)



Farm succession generally has two key objectives — to secure the future of the farm and provide sustainable income for both the retiring and the next generation.

The starting point in the planning process is identifying the expectations of all stakeholders who will be affected when the farm moves from one generation to the next. Your stakeholders include not just family members but also your employees, your bank, and your business partners.

RETIRING GENERATION

It's important to remember that circumstances change and relationships can break down so your succession plan needs to be carefully thought through. Key questions for the retiring generation to consider include:

- When do you plan to retire?
- Do you intend to continue to be involved in the business?
- How much income will you need to support yourself and your spouse?
- What money will you need to take out of the farm?
- Where will you live?
- What will happen to the farmhouse?
- Do you have any other specific requirements regarding your future personal circumstances?

SUCCESSOR

To achieve a successful transition, you will need a willing and able successor and an agreed timeframe for succession. Where no suitable successor is available, alternative plans will need to be put in place. Key questions to ask are:

- Have you discussed succession with family members and identified a suitable successor?
- Is your successor willing to take over?
- Have you made plans for fair and equitable treatment of other family members? Have you discussed your plans with family members and documented any promises that have been made?
- What is the timeframe for succession?
- What skills or knowledge will your successor need to acquire?
- Where two generations will be working together on the farm, how will the work be divided and how will income be shared?
- Who will be responsible for making decisions about the business?
- If there is no suitable or willing successor, have you considered other options such as skipping a generation, a partnership or even selling up?

ASSETS

You will need to compile a list of farm, plant, stock and land values along with details of any current and/or planned future developments. You will also need a list of each person's assets as this will be required for tax planning purposes.

VIABILITY

A farm that is not viable will not be able to support the retiring and incoming generation. Take a hard look at your business. Ask your accountant to prepare financial projections and check that your business is structured appropriately. Take any necessary steps to improve profitability, including exploring off-farm income sources where appropriate. Where viability difficulties exist, they can lead to family disputes. If this arises, it can be helpful to involve an independent professional with conflict resolution skills.

LEGAL DOCUMENTS

It is important that your succession plan reflects relevant provisions in your Will and other legal documents. Points to check include:

- Ensure that your succession plan takes into account any existing legal and/or banking considerations such whether you have a life interest or full ownership of land, charges on land, etc.
- Are your Wills up to date? Making a Will is a simple process. Have it drawn up by a solicitor so it is valid and don't forget to review it from time to time.
- Have you considered creating an enduring power of attorney? This is a legal arrangement where you nominate someone you trust to act on your behalf if you become mentally incapacitated.
- Have you created a living file to store all the information that the person dealing with your affairs will need?

CONTINGENCY PLAN

Your succession plan should include provision for unanticipated events such as divorce, illness, accident, death, disaster. Insurance can help protect you against the financial impact of these risks. It is advisable to obtain independent financial advice when purchasing insurance, life cover and pension products. Finally, remember your succession plan should include a dispute resolution mechanism.

Succession Planning - 10 Key Steps

1. Clarify your goals.
2. Collect and analyse information.
3. Assess your farm's viability.
4. Explore your family options and identify potential successors.
5. Liaise with your team of professional advisors and remember to revisit once plan with successor finalised.
6. Make decisions.
7. Develop and implement your plan.
8. Review your plan at least once a year prior to the succession.
9. Review and update your Will.
10. Ensure that the incoming generation is happy with the plan.

Easing the Worry of Succession for Our Dairy Farming Family

Donal Shinnick and his wife, Ann, run a successful dairy farm in north Cork, with a herd of 400 cows. With two grown-up and two younger children, the issue of succession has been on their mind in recent times.

We got great peace of mind from *ifac* in terms of what will happen to the next generation

What we most appreciate about *ifac* is that they take a long-term view of the business on our behalf. As part of our annual review, we would have been asked whether we had a Will in place, and if so would we provide *ifac* with a copy so that their tax department could tax proof the Will. That review led on to the discussion around succession, and they convinced us at the outset that it's never too early to start planning for the future.

We have four children, two of them still in school, an oldest son involved with the farm, and an older daughter who also has a keen interest in farming.

Like most dairy farmers in Ireland, we embraced the ceasing of quotas in 2015. In 2010, on the advice of *ifac*, we changed the business structure from a spousal partnership to a limited company. Both myself and Anne are shareholders in our Company.

This new structure allowed the farm to retain more farm profits, and these were reinvested in the business and allowed the farm to grow. The farm has grown significantly since 2015 and we're currently milking around 400 cows (spring calving). I inherited the farm from my own parents and both Anne and I have invested our entire working life into it.

A 60% grant for our new milking parlour was an added bonus to our succession plan

Real peace of mind from having started the process

We wanted Thomas to become actively involved in the business, and not just getting a "wage". Decisions on the long-term viability and growth of the farm needed to include input from Thomas. With this in mind, we formed a Registered Farm Partnership (RFP) which gave us access to Young Farmer grants and we were able to avail of the 60% grant for the new milking parlour.

We would see the RFP as the first step on the road to succession and the transfer of the farming business. A partnership structure was the right decision for our farm as Thomas was genuinely interested in farming and wanted to become more involved in the decision making process.

For us we feel really reassured now that we've started the succession plan for Thomas, and the TAMS grant was an added bonus as a result of going into a registered farm partnership.

Looking to the future, as our other children grow older, they may or may not seek to farm as well. As such, myself and Ann will adjust our succession plan according as they finish education and look to make their own way in life.

ifac keep us focused on the ever-changing nature of our farm business

Planning can never start too early

Ifac have made us aware that our succession planning isn't over, in fact, it is just starting. We're very happy to be in a position where we have catered for the needs of both the family and the farm.

Everything changes sooner or later, and we'll adjust our succession plan over the coming years as the needs of the family change.

Choosing the Right Structure for Your Farm

Robert Johnson, Tax Director

The right structure changes everything. It can be easy to keep ticking along with your current business model without realising the benefits that are out there.

We'll walk you through all of your options, so that you can enjoy the benefits of being set up for success.

Within *ifac* we have both the Tax and Agri Supports available to enable your farm to move forward by having the best structure.

KEY TRIGGERS FOR CONSIDERING A PARTNERSHIP:

Succession Planning

You're planning for succession – partnership is a great option for a smooth transition. It's a really strong incentive for the next generation.

Social Benefits

You'd enjoy the social benefits – you're interested in sharing your workload, would enjoy working with a partner and would ultimately like a better work/life balance.

Expansion

You'd like to expand – you have ambitious development plans and partnership could help you achieve them.

Income Tax Planning

Your Income Tax planning would benefit – you've exhausted all sole trader tax planning options and partnership could help you reduce the level of profits chargeable at the 40% marginal tax rate.

Grant Aid

You'd benefit from the grants – if you move to a registered partnership structure, you could become eligible for an array of Partnership Grant Schemes.

HYBRID STRUCTURE

Farm Trading Structure

- Home Partnership
  - **Father** – Individual – 20% Partnership Share
  - **Son** – Individual – 20% Partnership Share
  - **Farm Ltd (Mother)** – Company – 60% Partnership Share
- Joint Venture Partnership
  - **Farm Ltd (Son's wife)** – Company – 50% Partnership Share
  - **Ltd (Non-family)** – Company – 50% Partnership Share

Company Law Group (Farm Ltd (Mother) and Farm Ltd (Son's wife))

Spousal partnerships have been a common enough feature of the agricultural landscape, but intergenerational partnerships are a lot less common. The Power family in north Tipperary – a husband, wife and daughter combination – are a glowing example of how it can work for current and future generations. Their dairy farm operation is truly proof of 'the power of partnership.'

CASE STUDY:
A Tipperary dairy farm is powered by the energy and the synergy that comes from a three-way partnership

Aidan Power came home to farm at the age of just sixteen or seventeen. He was one of six siblings, but reckons he was always going to be the one who took over the reins when his father stepped back. That happened sooner rather than later. An early retirement scheme led to a fairly seamless handover, with Aidan leasing the farm initially, before taking it over fully in his early twenties.

Aidan acknowledges that his own easy transition to owning the family farm may well have played a part in his views as to what should happen as he approached the later stages of his farming life. "I'm in my mid-fifties and had always promised myself that I'd like to be retired by 60 – or as retired as I want to be."

"To a very real extent, there has always been a partnership approach on the farm. My wife, Anne, has worked full-time with me since we were married. From farming stock, she was the single biggest reason for our growth as a business. The decision to opt for a formal partnership approach came when the next generation, in the shape of our 24-year-old daughter Orla, made it clear that she wanted to follow in the family tradition."

"We have five daughters, from 29 down to 14, but it's been clear for many years that Orla had the biggest appetite for farming. Once we'd taken that on board, it became obvious fairly quickly that we'd need to put a formal plan in place that guaranteed the future of the farm – and the future of the three partners."

When queried as to what has sparked her interest in farming, Orla is quick to point out that it's more of a vocation than a carefully thought out career choice. "I've always known that I'd be a farmer – it runs pretty deep in my veins. After my Leaving Cert, I studied Food Science in WIT, then decided to go down the Green Cert route. I'm almost finished a dairy course in Pallaskenry, so hopefully I can bring a little more academic knowledge to the table, to complement the decades of practical farming experience that my parents have."

When asked about the change in her mindset that the partnership has given her, she's very certain that she now has a different attitude to her future. "Instead of letting things slide and not giving me certainty, my parents' decision to go down the partnership route has given me a huge boost in confidence. I know that I'm a fully valued member of the team, and that when the time eventually comes – hopefully quite a way down the road – I'm ready to take the reins full-time, confident that my parents' financial needs have also been taken care of."

"Despite the challenges that agriculture always seems to be facing, I really believe that there's a big future in it, and that it represents a wonderful lifestyle for the right sort of people. I'm my own boss, I get to work outdoors, it's a different job every day, and I really love farming as a way of life."

Anne Power is equally upbeat about the mindset changes that the partnership has brought about. "Because we know that the farm will continue in the hands of Orla – and possibly one of our younger daughters as well – we're happy to keep our foot to the floor in terms of investment and commitment to the business."

"Apart from the tax advantages of going down the partnership route, I think the biggest plus is that it cements the de facto status that already applies here on the farm. Our decisions are made by consensus, we all have each other's backs, and we share the workload as equally as possible. All three of our names are on the chequebook, and there's never a sense of one voice being stronger than any other."

On the subject of where the farm is headed next, we leave the last word to Orla, who is the first generation of the family to be born into an era where sustainability and responsibility to our planet is king. "My 'other half' is also a farmer – in beef – so maybe there's the prospect of a hybrid farm further down the line. But whatever the outcome, I think the future is bright – and the future is very definitely farming."

Employing Farm Workers

Mary McDonagh,
Head of HR and Payroll Services

Ireland's agri-food sector employs around 163,600 people, comprising a mix of farm owners and their families as well as non-family full time, part time and seasonal workers. In common with other sectors of the economy, skills shortages are an issue particularly for employers who rely on seasonal workers. Almost a third (31%) of our survey respondents said that finding available employees is a major challenge while 77% of those planning to recruit would consider hiring outside the EU.

> "Recent changes to Ireland's employment permit system aim to make it easier to hire non-EU workers for certain roles including horticulture and meat processing operatives, dairy farm assistants and work riders."

WAGES

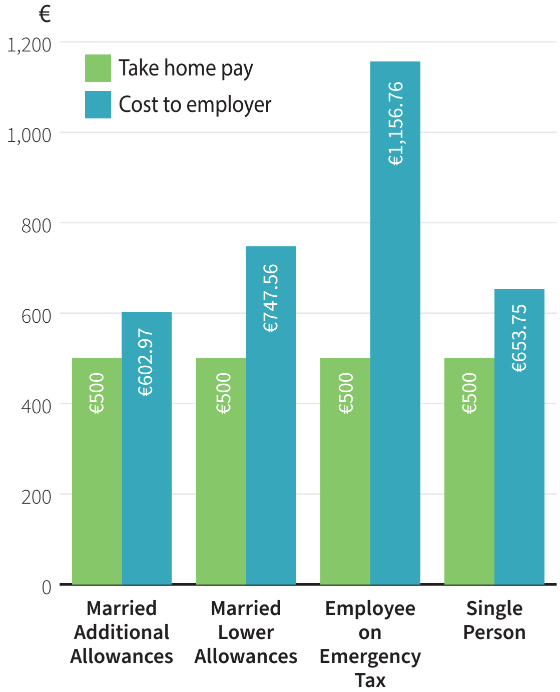
Gross: is the total amount of money an employee receives before taxes and deductions are taken out.

Net: is the final amount of money that you will receive after all taxes and deductions have been subtracted. Net pay is the amount that's actually deposited into your bank account or the value of your paycheck.

When it comes to negotiating wages, almost half of employers (42%) who participated in this year's survey agree 'net' rather than 'gross' payment terms. This makes budgeting difficult as the cost to the employer varies depending on each employee's tax allowances. It also exposes an employer to potential additional costs if income tax rates rise or an employee's tax credits change.

Below we see how a 'take home' or 'into the hand' wage of €500 could cost the employer just over €600 for a married worker with additional tax allowances, while a worker on emergency tax receiving the same take home pay would cost almost twice as much.

TAKE HOME PAY — COST TO THE EMPLOYER



PPS

Before paying an employee, it is important to obtain their PPS number so as to avoid falling into the emergency tax trap. Keep in mind that refunds of overpaid emergency tax are paid to the employee so if an employee leaves your employment before their tax affairs are regularised, this can be extremely costly.

TOP TIP

When hiring employees, it is important to agree wages on a 'gross' rather than a 'net' basis so as to avoid unforeseen costs if the employee's tax status changes.

Life Cover

Martin Glennon,
Head of Financial Planning

Worryingly, almost 1 in 5 (19%) have no life cover in place for their families, and another 19% don't know how much family life cover they may have (if at all).

HOW MUCH LIFE COVER IS ENOUGH?

Family life cover is used to protect your future income, so the younger you are, the more life cover you are likely to need. The state widows' pension (if applicable) may replace some of the lost income, and other savings can be made through the repayment of loans. So, it is likely that your full income will not need to be replaced. Each case is individual, however, as a rule of thumb, the *minimum* recommended life cover would be 10 times your income.

With the average annual wage in Ireland for 2020 running at €49,332, that would give a minimum recommended life cover of almost €500,000. The average farm income in Ireland for 2020 was circa €25,662. So, the minimum family life cover recommended for farmers would be €250,000.

The responses confirm what we experience when helping farming families with their financial plans. Many have life cover in place, but this is required by their lender and will be repaid to the bank in the event of a claim. Of those that have family cover, most are grossly under-covered.

We would all agree that a premature death in the family is an awful tragedy for a family to experience. Having this compounded with financial worries is a burden that can be avoided.

ESG INVESTING – NOT AS IMPORTANT TO FARMERS?

Environment, social and governance (ESG) investing is on the rise. The value of an investment is no longer just about how much money it can make you – but also about the positive (or negative) impact it can have on the world. Increasingly, companies are being judged on areas such as their community engagement, diversification of their board and their policy on climate change.

Other surveys this year show ESG factors to be important to pension investors. Amundi Asset Management (Ireland) scored 86% importance and Aviva Ireland scored 70%.

Of the respondents to our survey who have a pension, 59% felt that ESG factors were important considerably less than the other surveys.

It is possible that the blame being apportioned to farmers for greenhouse gas emissions has led to fatigue regarding environmental issues. But also likely, is the lack of awareness of the breadth and impact of ESG friendly options available to pension investors.

One thing for sure is that ESG investing will continue to be a focus for fund managers. Whether this leads to better returns for investors is yet to be shown. I suspect that ultimately, the importance of ESG investing will come down to its impact on the size of your pension pot.

ifac Investment Services Ltd t/a *ifac* Financial Planning is regulated by the Central Bank of Ireland

Value of Food

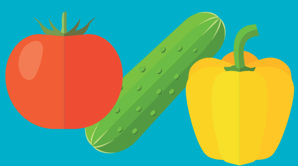
Pressure increases on pig, poultry and horticulture family farms – will a food ombudsman help?

David Leydon,
Head of Food & AgriBusiness

From fuel to feed and fertiliser, prices are increasing at a rate which is both astonishing and worrying. While commodity prices in some sectors are helping producers to weather this storm, many primary producers are struggling.

As we go to print, some pig producers are losing over €35/head. This is unsustainable and the unfortunate step of depopulating herds is starting to take place. With over 8,000 people employed, this sector is on the edge.

Equally on the poultry side, both chicken and egg farmers are facing a similar crisis. Rising costs of inputs such as feed, energy costs and replacement birds are being heavily felt in the sector. Additionally, Avian Influenza remains a major threat to the industry, particularly in areas of high flock density in counties like Cavan and Monaghan. Combined, all these factors mean that poultry farmers are facing significant downward pressures on their margins. These need to be recovered directly from the food chain for the industry to have a viable future.



Do you enjoy a tomato, pepper or cucumber?

The food producers who grow these crops in glasshouses are also going through tremendously difficult times. In 2020 the cost to heat a hectare of glasshouse using natural gas was approximately €100,000. This rose to €240,000 in 2021. Today heating that same hectare will incredibly cost between €500,000 and €800,000.

We know the people running these businesses. Many are clients of *ifac*. They are excellent operators. They have invested in automation, grown in scale to justify investment in specialist machinery, hedged their costs where possible, invested in their business to grow and deliver produce that Irish consumers enjoy.

However, despite this, there are now less than 100 commercial vegetable producers in the country.

To add to this, we have seen food price deflation in the past decade. Food up until a few months ago cost 10% less than it did in 2012. This is good for Irish consumers, but it is not equitable.

For some Irish families, food makes up a very small percentage of their expenditure. Indeed in 1980, 27.7% of household expenditure related to food, this has decreased to 8.6% in 2020 according to Eurostat. Ireland was one of 3 European countries where expenditure on food and non-alcoholic beverages was less than 10%[1].

No one can find fault with a family on limited income looking for optimal pricing to feed their family but there is a cohort of society who can pay more for food than they are currently paying. A couple of percentage point increase in the price of Irish produce would make a meaningful difference to Irish food producers.

SO WHY ISN'T THIS HAPPENING?

The crux of the long-term problem is the price paid by the retailer, the competitive pressure in the retail sector and the use of certain food produce as a loss leader to drive footfall.

1 https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20201228-1

Each month Kantar publishes market share for retail multiples. Here's a comparison between 2012 and 2022. As can be seen the market share of Lidl and Aldi has doubled (Figure 1). With growth like this, all other multiples will fight for market share, and this has led to intense, downward price pressure continually applied on food producers.

Figure 1: Kantar Worldpanel: Retail Market share

	2012	2022
Dunnes	21.6%	23.1%
Supervalu	19.7%	22.2%
Tesco	28.6%	22.1%
Lidl	6.6%	11.8%
Aldi	6%	11.6%

Will the long-heralded establishment of the Office for Fairness and Transparency in the Agri-Food Supply Chain make a difference? Minister McConalogue has made this "Food Ombudsman" a policy priority. Its objective to promote fairness and transparency in the food supply chain is very welcome as is the Minister's commitment.

The appointment of a CEO who has the legislative framework to have an impact will be keenly observed. Will the new entity have the team, resources and capacity to enforce its rules on unfair trading? Will it have a tangible impact on our domestic food sector?

Food security should be top of policy makers agenda. Maintaining our pig, poultry and horticulture sector is an important part of Ireland's food plan. These sectors are in real crisis now and must be supported in the short-term with the longer-term imbalance of power between retailer and producer getting the attention it deserves.

IFAC ADVICE FOR FOOD PRODUCERS:

- Active management of cashflow situation with obsessive cost control.
- Increase working capital, continue to engage with your finance providers.
- Crop and SKU management: it's crucial to know the margin on each crop or SKU. We often see that this piece of management information is not available.
- Continue to negotiate for upward price reviews with retailers. In the context of food security rising up the agenda and increasing cost bases, we have seen that some price increases can be secured by producers.
- Engage in "what-if" scenario planning – what if we stopped growing a certain crop, what if natural gas does not revert to a norm in 2022 or 2023 – overlay these scenarios with cashflows so you have financial clarity when you are taking important decisions.

Impact of Rising Energy Costs in Horticulture Sector

David Currid is a specialist tomato grower, with a hectare of crops under glass at his Ballygunner operation in County Waterford. With his business being more dependent than most on fuel costs, he offers a unique perspective on the implications of steady rises in natural gas costs. He spoke with David Leydon, *ifac's* Head of Food and Agribusiness.

How do you cope when your energy costs rise from 48p a therm to €2.50?

For David Currid, tomatoes are very much in the blood. His father was a grower since the sixties. Like many of his peers, David went to the US for a couple of years after he graduated, but he returned home in the late 80's to join the family business.

"They were very much simpler times, but since then, scale has become the issue of the day. We needed to streamline the business and focus solely on one crop if we were to survive. When I took over the business in 2005, I immediately realised the need for investment.

We built another 1.25 acres of glass and strengthened the focus on speciality tomatoes. And while this was more difficult, the returns were higher, which meant that we had more capital to reinvest in the business.

In 2011, we demolished our old glasshouse and constructed a new 1.25-acre unit, giving us a hectare of modern growing environment. We also invested in the best available automation technology. We had previously used manual systems for ventilation, temperature, and irrigation, but our central computer now takes care of all of this for us – although we still have to keep a close eye on things and occasionally override the decisions of our computer.

Technology makes life a lot easier for us, but so too does the physical dimensions of our new building. Old glasshouses were no more than 2.5m high, whereas our new units are 5m high, which makes harvesting so much easier with battery operated scissors-lift platforms.

We look to control as many of the manageables as possible and harvest our own rainwater, so we're self-sufficient in that regard. This was vital back in the drought of 2018. However, when it comes to energy, we're not nearly as much in control. Most growers have access to natural gas, and we ourselves made the switch back in 2014.

Apart from offering cost-effective energy, we also harvest carbon dioxide off our emissions, so it's a very sustainable option.

From mid-2021, the sharp price increases in natural gas have pretty much wiped out our margins, and this trend is only getting worse in 2022. And by way of demonstrating the scale of the problem, we were paying 48p a therm last year, where it's now £2.30 a therm, and it even went to £4.50 in the immediate wake of the Ukraine invasion."

As to how much of the national demand is supplied locally, David points out that "at peak season, we fill around 75% of the market, but over the course of a full year, that figure is nearer to 25%.

"One of the problems with this is that we simply don't have the lobbying power of other food producers and find it difficult to enlist the sort of support we need – from the state and from our retail customers. The attitude of retailers seems to be one of sticking their heads in the sand and hoping that things will work themselves out over the coming months.

It doesn't make sense, however. Even before the Russian invasion of Ukraine, prices were rising, but the landscape changed in an instant once Russia made their first strike against Ukraine. The bottom line is that even if we were to receive a 20% increase for our produce, we still wouldn't be covering our costs. All we can do now is hope for lower energy prices as summer brings a traditional decrease in energy needs.

We are absolutely dependent on getting more from the retailer for our produce in the future. If the retailers stay on the same path, there's simply no future in growing for us. This is already happening throughout Europe. Dutch growers, for example, are refusing to agree contract with retailers, and are choosing instead to play the market for the best available price.

Even at that, about 40% of Dutch growers are expected to go out of business this year. And closer to home, UK growers are leaving their glass empty – they simply can't recover costs in the current climate.

At times like this, we must consider all options. We could turn off the natural gas burner in the morning, for example, and opt for green energy instead. It would drop our production levels by about 25%, and the carbon dioxide issue would resurface, but we simply can't rule out draconian options like this.

It's completely uncharted territory for growers like ourselves, so simply everything has to be on the table."

Interest in Renewables Needs Greater Tax Clarity and Incentives for Farmers

Throughout 2021 and 2022 to date, there has been an increased interest in solar and wind farm companies looking to enter into option agreements to acquire land to potentially erect solar panels or wind turbines.

Whilst wonderful in theory and potentially game-changing for the Agri sector, allowing farmers to put land to alternative use helpful to the environment, carbon emissions ambiguity exists concerning the tax treatment of renewables.

The typical contract that a solar/wind farm company is looking to enter into with the landowner is broken down into a number of sections:

1. OPTION AGREEMENT

The first part is the option agreement to lease the land, whereby the company will look to enter into a binding option agreement with the landowner.

The taxing of an option is treated as a disposal for Capital Gains Tax, and the ultimate treatment depends on whether the option is exercised or not.

Uncertainty on the final tax position can be problematic and is the first point of certainty required.

2. LEASE AGREEMENT

Once the option is exercised and the annual income stream starts to flow, the income one receives is liable to Income Tax.

Examine your personal situation and look at the options available to minimise the Income Tax.

Why not limit the maximum tax payable, including PRSI and USC, to say 35% of the income for the first 5/7 years to incentivise the farmer to enter the agreement?

3. CGT/CAT

Notwithstanding that tax laws were changed to encourage solar, no such law change applied to wind farms.

Two reliefs are affected

- CGT- retirement relief
- CAT - agricultural relief

The Finance Act 2017 extended the definition of reliefs to include *"lands used for solar where not more than half the land is concerned."*

WHY LIMIT IT TO HALF THE LAND?

- Most solar companies are looking for more than half of the land.
- Land used for wind turbines do not have a tax break.
- The portion under renewables could lead to reliefs being unavailable on the other land.

Why not open up agricultural relief to the land under solar and wind to incentivise the farmer.

Renewables are an excellent source of funds for your farm, and even with tax issues may still be the best alternative. Still, getting more significant incentives would open up opportunities for farmers.

Comparison Relief v No Relief – Table 1

Asset	Land and Solar-Relief	Land and Solar-No Relief
Value 100 acres @10k pa	€1,000,000	€1,000,000
Solar value €1000 pa x 49 acres	€1,225,000	€1,275,000
Total	**€2,225,000**	**€2,275,000**
Ag relief @90% -Taxable amount	€225,000	
Threshold	€335,000	€ 335,000
Tax	NIL	€750,750

Wind Turbine – Table 2

Asset		
100 acres of land	€1,000,000	
2 turbines worth 60 k PA x 25 years	€1,500,000	
Total	**€2,500,000**	
Threshold	€335,000	
Taxable	€2,165,000	
Tax	€714,450	

Declan McEvoy, Head of Tax

Cap 2022: A Generational Renewal

After an extended period of formulation Irelands CAP Strategic Plan was submitted by The Department of Agriculture in December to the European Commission of Agriculture. The elevation of generational renewal to one of the nine key objectives was an indication from previous Commissioner Hogan of the importance placed on the need for more young people entering the agriculture sector and in turn actively farming. From the outset however the lack of a concrete target for the number of active young farmers actively farming by the end of this CAP period resulted in proposals with little barometers of success.

Macra has consistently been calling for a target for the number of Young Farmers actively farming by the end of the next CAP period. With only 6% of active farmers under the age of 35 significant interventions and measures are required. The Strategic plan as submitted did little to drive generational renewal. Macra wants to see 20% of farmers under the age of 35 by 2027.

International evidence shows that young farmers are more productive per unit input and also more environmentally conscious. Given the focus on sustainability and the backdrop of increasing environmental expectations from consumers a rising number of young farmers complements these demands and expectations.

Increased funding is needed for Land Mobility to facilitate land transfer and arrangements to provide opportunities for young people to access the sector. Access to land has consistently been highlighted as a barrier for entry for young people not only in Ireland but across the EU.

Alongside the issue of access to land, access to finance also remains a key barrier for young people. What is required is specific ringfenced low cost finance for young farmers that requires limited security. Accessing finance allows for investment and improvement at farm level in terms of productivity and also quality of life.

The TAMS scheme has been very successful in providing support for all farmers for investment in farm improvements. However in order to reflect the rising costs of inputs and the need to continually improve and develop farm systems the grant aid support ceiling needed to increase from 60% to 80% for young farmers to reflect the changing economic environment. Macra have considered this as a missed opportunity to support further development and address the issue of financial capacity for investment on farm.

The recent events across the European continent have highlighted weaknesses in the food production systems across the EU. A refocus on food security across the European union and beyond is needed. As global population and demand for food grows, policy must reflect this and allow farmers the ability to meet demand. Measures under Eco-Schemes proposed by The Department of Agriculture reflect a policy position that seeks reduction in food productivity as opposed to sustained and developing food production. A reassessment of The CAP and other EU policies such as farm to fork, in order to establish the real effect of these policies on food security is needed. The ambitions of environmental impact of agriculture can be achieved whilst securing secure food systems.

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.

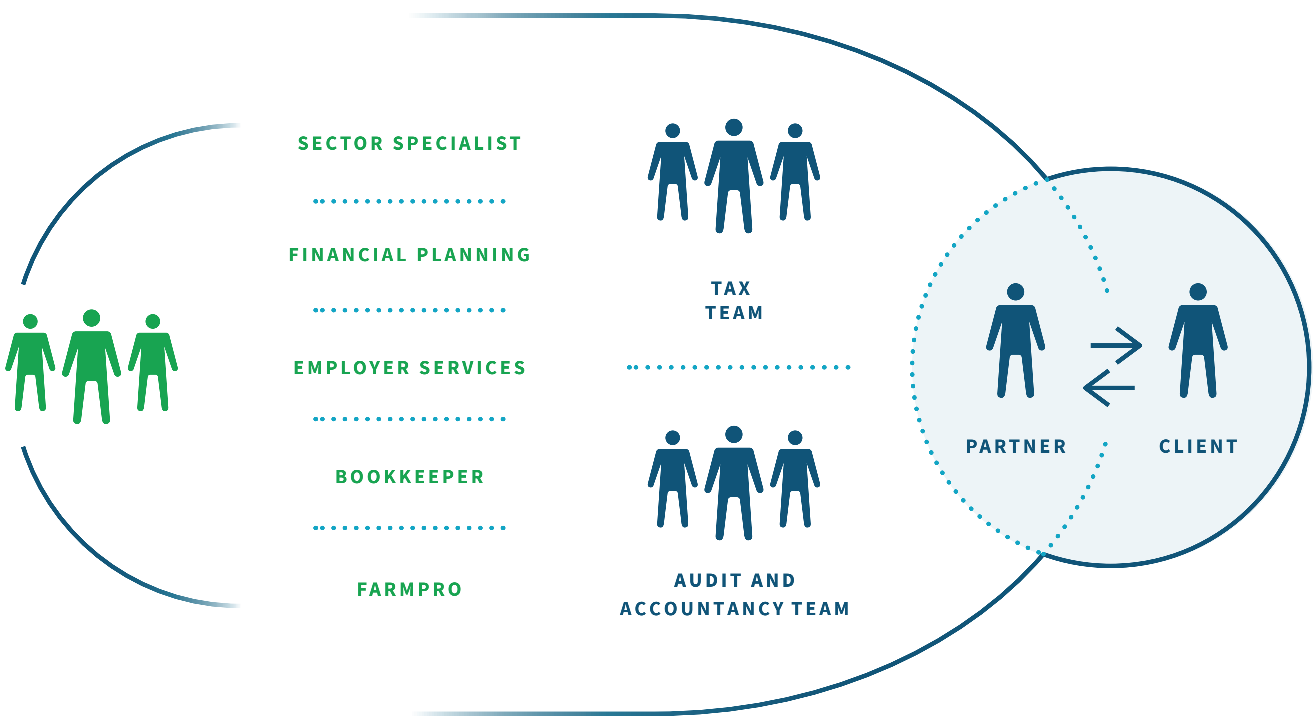
Our proactive approach means that we can help anticipate potential issues and opportunities along the way, and give you the sound advice you need to achieve your goals.

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.

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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.

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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.

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

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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.

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

SECTOR SPECIALIST

Philip O'Connor
Head of Farm Support

E philipoconnor@ifac.ie
T (052) 7441772 | M (087) 903 4506
@ifac_ireland

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