



# **2024 Budget Submission**

**Department of Finance,  
Department of  
Agriculture, Food and the Marine  
and all Government Departments**

**July 2023**



## **INHFA Budget Submission 2024**

### **Introduction**

When drafting this year's budget proposal, we are very conscious of the ever-increasing demands around climate change and biodiversity loss. These demands are to be seen in the States Climate Action Plan that was agreed last year and in new proposals outlined in The Nature Restoration Law that if applied will have major consequences for landowners, farmers and our rural communities.

While recognising these environmental demands it is vital that we ensure farming activity is not sacrificed through proposed actions such as rewilding our uplands and rewetting our farmed peatlands.

It is also vital that we don't have actions imposed on private land as has happened through the imposition of the Natura 2000 land designations, which remains a continuous issue to this day.

For the vast majority of our member's, cattle and sheep rearing remains their primary farming activity and it is vital that these areas are supported and protected. In our proposals, we outline a clear strategy for what is needed here.

This strategy reflects the varied income sources received by these farmers through both sales and direct support through the Common Agriculture Policy (CAP). Of course, for most farmers CAP supports now form a vital part of their overall income with these payments eagerly anticipated come September.

However, this year farmers have been informed that these payments won't now commence until the 17<sup>th</sup> October for the ANC and the end of October for BISS. This is a massive issue that will impact not just their farms but also their household cash flow. Beyond this, delay in payments we are also concerned that the new payment dates could also be missed. This would see a high percentage of farmers not being paid as happened in 2015 on the commencement of the previous CAP Programme.

This must not happen which is why we are proposing the introduction of a farm family payment similar to the Covid support. This payment will need to be available to all farm families on application and payable monthly from the 1<sup>st</sup> October to the end of March 2024.



## **Natura 2000 Payment**

At EU level there are proposals for the introduction of a new law (Nature Restoration Law) that will impact on private property. Unfortunately, our Government and many of our MEP's are in support of this law much to the dismay of the farming community.

Our views on this are well known and we don't see the need to detail all of this here again. Suffice to say that we view this law as a further designation and for any farmer with designated land the view on our SAC and SPA designations has been predominately negative.

For farmers with these lands, they have seen a curtailment of output, a significant increase in additional costs and the loss of potential earnings from new opportunities such as Windmills.

Since their introduction, farmers have seen payment rates reduce from the initial payment of €242/ha through REPS, to €150/ha made through AEOS, then falling further in GLAS to €79/ha and in the new Agri-Environment Scheme ACERS there is no payment for the burden of these designations.

This reduction in payment and curtailment of opportunity has impacted on property value with designated lands being sold for between 10% and 20% of the value of similar undesignated lands.

In addressing the challenges posed by Climate Change and Biodiversity loss all politicians (including Government parties) have detailed the need for a *Just Transition*. Unfortunately for farmers with designated lands, there hasn't been a Just Transition and if the Government is serious about this; then there is a need to address the clear injustice imposed through these designations.

On this basis, we are recommending the immediate establishment of a fund for all private landowners with designated lands to deliver;

- A payment of €300/ha for every hectare of designated land
- A fund to compensate landowners who are selling designated lands. This fund should make up the difference between the price got and the market value of the land.

**In total we need a budget allocation of €300m/year**



## Direct Supports

This year sees the commencement of a new CAP Programme and while we welcome proposals to increase the Rural Development Budget by €180m annually. We are concerned that the financial support provided won't be enough to deliver on the ambition outlined.

### Agri-Climate Rural Environment Scheme (ACRES)

In welcoming the decision to accept all applicants to ACRES we must also ensure that those that apply this Autumn are also able access the scheme. For this reason, there may be a requirement to increase the budget to accommodate and pay all participants in 2024.

While access is important the scheme must also be attractive and worth joining. As a high portion of farmer's payment will be made through the habitat scorecard the true financial value of the scheme will only be known this Autumn when the first payments are issued. In the event that payments are low (below GLAS rates) then there will need to be a reassessment of the scheme and payment rates. Therefore, with 46,000 farmers joining ACRES it is our expectation that the pay-out this Autumn and into next Spring should be in excess of €250m.

If the pay-out is lower than this there will be a requirement to reassess the Landscape Actions (LA's) and Non Productive Investments (NPI's) with a view to improving habitats through additional investments under the NPI's and LA's.

In the event that we are surpassing a pay-out of €250m then there will need to be an increased budget to accommodate new entrants to the scheme for 2024.

***Budget Requirement - a commitment to increase budget if required to accommodate all willing participants.***



## Supporting our Suckler Sector

Our suckler sector is of major importance to the overall economy and especially in many parts of rural Ireland where economic activity is often limited. In addition to its economic importance we maintain that naturally reared suckler beef can deliver in terms of biodiversity and carbon sequestration as detailed in the 2017 EU Report – *Grazing for Carbon* which highlights the benefits of extensive farming systems.

Moreover, this can provide us with a unique marketing opportunity which is why we are seeking a marketing budget of €6m/year to help promote naturally reared suckler beef across the EU and beyond. Currently, there is a budget of €2m/year for this which has helped to pave the way for a more ambitious marketing drive.

In relation to direct suckler supports, the new Suckler Carbon Efficiency Programme is limited and due to the Bord Bia requirement has seen many suckler farmers shy away from participating.

***The INHFA are seeking an additional suckler support scheme similar to BEEP paying up to €200/cow for the delivery of specific welfare measures with access not dependent on Bord Bia membership.*** In this scheme we are targeting payment on up to 20 cows with a front-loaded payment on the first 10 cows.

The scheme would be available to farmers in categories 1 & 2 of Areas of Natural Constraint Lands (ANC) and Areas of Specific Constraint on offshore islands. All beef breeds and crosses that are traditionally grazed on the targeted area would be eligible but dairy breeds such as Friesian or Jersey would not be eligible. We estimate a budget allocation of €85m will be required here.

***Budget Requirement – Additional support for Suckler Beef Welfare Scheme €95m, marketing fund €4m.***

## Sheep Sector

The last eight months has been a very difficult time for our sheep sector due to high costs and a fall in the price of lambs that has seen a reduction in farmers' incomes by over 20%. As we move into Autumn there is real concern for the lamb trade as buyers that lost out this Spring assess their options. In addition, the potential delay in the pay-out of the ANC Scheme will impact on cash-flow which will further undermine the store trade and potentially delay critical sales for up to a month.



This uncertainty is now a major issue and this is why ***we are calling for a Sheep Support Payment of €35/ewe paid on the census return from last February.*** This payment is in addition to the €12/ewe payment to be made under the Sheep Improvement Scheme.

This level of support is essential especially on our hills where farmers are locked into a system through designations and land type and have to keep those sheep in order to comply with regulations. This also recognises the vital role these sheep play in protecting and enhancing these vital eco-systems.

In addition to providing farmers with viable options and critical support a scheme such as this will help restore confidence to an ailing sector.

With the establishment of an All-Ireland Wool Council progress is now being made in developing an Woollen Industry that can deliver an improved price for farmers. In order to address this, we are looking for a budget of €1m to put the initial structures in place to facilitate the future development of the industry.

Finally, in relation to the sheep sector we cannot ignore the impact of dog attacks on sheep. While a cross-department committee has been established to look at the issue of dog control we believe immediate action is required with regard to an awareness campaign on dog control. Every day on our hills there are incidences of walkers bringing their dogs in defiance of the law. This has already led to altercations and the concern is that this will intensify. On this basis we need a national media campaign outlining how only working farm dogs are allowed on our farmlands and hills.

***Budget Requirement – Sheep Support Payment of €85m, Progressing proposals on Wool €500,000, Media campaign €500,000.***

### **Organic Scheme**

We welcome the increased budget of almost €40m/year to promote organic farming which will deliver a 5-year budget of over €250m. With the increased interest in organic farming we anticipate the full €250m will be required and it will be essential that the State provides additional funding when this happens.

However, a major issue of concern is the processing of organic lamb & beef. To help overcome this we believe the establishment of at least two organic lamb & beef producer organisations that can provide competition in the market place to mitigate against a monopoly at Member State level in organic lamb & beef slaughtering. Alternatively, the





State could provide a budget to top-up any shortfall in organic lamb & beef price premium of 27% above base price, excluding all bonuses. Another option is: for the State to set a budget to enable DAFM veterinary staff to certify all local abattoirs to be, by definition, suitable to process organic stock.

In order to deliver on any of these options there will be an additional budget requirement that should be separate of the Organic Farming Scheme budget.

**Budget Requirement - We estimate between €1m and €5m.**

### **Forgotten Farmer Scheme**

When developing Ireland's CAP Strategic Plan commitments were given to address the genuine concerns highlighted by a group of young farmers who for various reasons outside of their control were unable to access installation aid and other young farmer supports since.

A substantial part of this commitment will we understand come in the form of a lump sum payment. In total there are we understand 4,000 farmers in this category and we are seeking a budget allocation to ensure these farmers can receive these payments.

**Budget Requirement - €20m**

## **Rural Development Proposals**

### **Farm Family Payment**

The delivery of payments under the new CAP Programme this Autumn is a major concern for us. While the Department of Agriculture have outlined their plans on payment dates for the various schemes we are not convinced that these timelines will be met. We have already seen proposed payment dates for the ANC and BISS pushed out which will create major issues for many farm families. ***If payment dates were changed in any other sector as they are here there would be uproar.*** While farmers have been patient it is not right that this patience is taken advantage of and measures need to be put in place to address this.

While the delay in payments is one element there is also the potential that we could get to the end of October and we still have a high percentage of farmers not paid because of IT errors or demands made from Europe around inspections.

To take the pressure off everyone including the Department of Agriculture Staff we are recommending the introduction of a *Family Farm Payment*. This payment should be available to all farm families on application and payable from the 1<sup>st</sup> October. We are



looking for this payment to be made by the end of March 2024 to ensure that farm families have the necessary income in the event that any CAP payments are delayed.

During the Covid 19 pandemic, the State rolled out essential support to ensure all sectors of society had the necessary financial support to deal with the emerging crisis. In the farming sector, there will be a potential financial crisis for farm families that (through no fault of their own) can't get their Farm Payments. It is incumbent on the State to forward plan for this eventuality and have the necessary support in place – farmers cannot and should not accept being the black sheep of society.

Such a payment would of course be taxable and if the payments come on time this Autumn then these farmers will need to plan on paying most or all of this back in 2024. This payment will provide is the essential cash-flow necessary for their farming activity and critically for family expenses.

We are recommending that a payment rate similar to the Covid rate is made available and while this payment may fall under the Department of Social Protection we are not concerned what Government Department pays it.

**Estimated Budget – We believe that over the space of two years this proposal will be minimal or indeed neutral.**

### **Sustaining Rural Communities**

In order to stay vibrant, our rural communities need young families living and working there. Unfortunately, in recent years the ability to obtain planning permission across large parts of rural Ireland is a growing problem. For those that are farming it is vital that they live on the farm or in very close proximity to the farm.

**INHFA are seeking a commitment from Government that Local Authorities will ensure planning applications from family members of farmers will get priority consideration where it is established that they are or will be involved in working and/or managing the farm.**





### **Farm Assist**

We are recommending a *reduction of income assessed in the means test* from 70% to 50% and a disregard for those in an Agri/Environment Scheme to increase from the current rate of €2,540 up to €5,000 with 50% of the balance being disregarded.

We are also looking for changes around the Capital Assets (such as savings, investments, and property being considered as income on an imputed basis). INHFA believe they should be assessed only on income generated.

In relation to PRSI contributions, we are recommending that any farmer who was on Farm Assist pre-2006 and paid PRSI should get paid contributions “S” rate for any periods on Farm Assist. Farmers that didn’t pay PRSI pre-2006 and were on Farm Assist, should get credited PRSI contributions for any periods on Farm Assist.

Finally, we are recommending the piloting of a Universal Basic Income model for up to 500 farmers currently on the Farm Assist Scheme. This to be done on an opt-in basis.

### **Rural Social Scheme**

The RSS is a community service provision scheme where farmers provide important services in their local community in return for a payment. Therefore, it is a vital scheme for the farming population and for the communities that benefit from their skills.

#### ***The INHFA proposes the following;***

- 1. A farmer or fisherman who is eligible, subject to a periodic means test, for the RSS should automatically be entitled to full personal rate, IQA, and child dependent allowance irrespective of the means assessed under the means test. This is the way the scheme operated very successfully from 2003 up until 2012 when the rules were changed leaving very little incentive, particularly for those with a dependent adult or dependent children to go on the scheme as they only benefit from 19.5 hours of work by a little over €1/hour.*
- 2. Given the RSS has low numbers of participants and that the number of recipients of Farm Assist is also small, all those applicants who are eligible to go on the scheme should be accommodated on the scheme as far as possible by an increase in the number of participants on the scheme to 5,000 as a first step.*



## Taxation

### Preliminary Tax

This year there will be delayed payments due to the delay in the pay-out of the Areas of Natural Constraint Scheme (ANC) and the Basic Income Support for Sustainability (BISS). As already outlined these delays coupled with the possibility of even further delays for some farmers will leave finances very tight.

***INHFA are asking that the Preliminary Tax and the submission of farm accounts be pushed back by at least six weeks in consideration of the delay in these critical payments.***

### Stamp Duty

In 2018 there was an across-the-board increase in stamp duty which was a backward step in terms of land mobility and generational renewal. If we are serious about getting young people into agriculture, penalising them before they get started is not the way forward.

***INHFA are calling; For relief to continue @ 1% for family farm transfers under the Consanguinity clause for the next 3 years.***

### Income Tax – Capital Allowances – Health, & Safety

The current taxation allowances on Capital expenditure such as sheds, handling facilities, equipment which allows a tax write-off over 7 or 8 years needs to change. This change is of particular importance with regard to health and safety equipment as the timeframe is too long, especially for older farmers.

***INHFA Proposal is; On health & safety measures allow the full cost to be claimed in the first year. All other capital expenditures allow 50% to be claimed in the first year, 20% in the second year, and 10% each year for the last three years. This option should also be available as an alternative to the 100% write-off in year 1 for farmer's capital expenditure on health and safety measures.***

### Income Tax – Capital Allowances and Environment

In seeking to deliver better environmental outcomes we need to recognise that there is a financial cost in delivering this. This cost is already a consideration in forestry premium which is currently tax free. In addition to this and recognising emergency situations in other sectors of society most notably the housing crisis we see tax free allowances of up to €14,000/year allowed if someone rents out a room in their house



***INHFA Proposal; Farmers that deliver on recognised environmental measures such as planting of trees or hedgerows will get 100% tax write-off in year 1 for this capital expenditure. In addition to this we are also looking for environment payment made under schemes such as ACRES, the Eco-Scheme and other possible schemes is disregarded for tax purposes***

### **CAT- Agricultural Retirement Relief**

The requirement that a New farmer can only avail of this relief if the Young Trained Farmer or New entrant who is taking over the farm commits to spending 50% of their working hours on the farm discriminates against part-time farmers and is in fact, creating a poverty trap.

***INHFA Proposal is; Abolish the 50% working hours' requirement and end discrimination against part-time farmers who need off-farm employment to make ends meet.***

### **Summary**

The Teagasc 2022 Farm Survey published last month is quite concerning for sheep and cattle farmers. The reduction in income especially for our sheep sector of over 20% is a combination of lower prices and increasing costs. While our suckler sector hasn't taken the same hit, the low income detailed once again for this sector continues to be a major cause of concern.

With suckler, beef and sheep farmers accounting for over 80% of all farmers they have a significant role in supporting and sustaining our rural communities. However, we often feel this point is not fully appreciated and most definitely the farmers themselves feel strongly about this.

Beyond this lack of appreciation many of these farmers believe that their sector has been unfairly targeted in concerns around climate change and biodiversity loss. Unfortunately, there seems to be some merit in this view as illustrated through proposals from the EU (which is supported by our Government) that details radical actions through the Nature Restoration and Soil Health Laws.

These actions if implemented will disproportionately affect farmers operating on peat soils where many of our suckler and sheep farmers operate. For these farmers, there has been little if any recognition of their current farming systems that through their extensive nature are delivering in spades on biodiversity and carbon sequestration. Beyond this, there is scant regard for those farmers operating on Natura 2000 lands.



These designations (which may now be legally unsound) have stifled farm output, reduced income and increased costs. Previously through the various Agri-environment schemes payments were made to farmers in recognition of this financial burden. 2023 is the first year since their introduction that no such payment is made. In our budget proposals, we are looking to have this addressed through a payment of €300/ha/year with an annual budget of €300m in recognition of this financial burden.

In the new Agri-Environment scheme ACRES we have sought commitments that the budget allocation will be spent and further monies will be found if required in order to accommodate all farmers seeking to join.

For our suckler farmers, the new SCEP is unreachable for many due to its make-up and specifically the Bord Bia requirement. On this basis, we are looking to the new Suckler Beef Welfare Scheme (successor to BEEP) as a means to support these farmers. In this submission, we are seeking a payment of €200/cow on the first 10 cows with a reduced payment on the next 10 cows. To deliver this we need a budget allocation of €95m.

Our sheep sector has and continues to struggle with high input costs and falling prices. Unfortunately, the new Sheep Improvement Scheme won't provide the necessary support that this sector desperately needs. Here we are seeking a separate support payment of €35/ewe to be paid on last February's sheep census. In addition to this, we also see the need for continued support for the newly established Wool Council to help deliver an improved price and the need to fund a media campaign on dog control. The total budget for this sector comes to €86m.

In supporting farm, families we have outlined details around the Farm Assist and Rural Social Scheme both of which have become vital support for many farm families. Beyond this we are for this year seeking the establishment of a Farm Family Payment similar to the Covid payment. This is in a response to the delay in CAP payments (ANC and BISS) and the potential hold-up (due to the roll-out of a new CAP Programme) many farmers could see come the end of October. If as previously happened in a new CAP cycle payments are delayed, then it will inflict extreme hardship on farm families. We need to forward plan for this and the support option we have outlined here can provide for this eventuality.

On taxation we are looking for flexibilities on the payment of preliminary tax, changes around the relief on the leasing of farm land and tax exemptions on all environmental work and supports.



With an expected budget surplus of €8 billion this year and a projected surplus of €16 billion next year it is vital that the Government recognises the crucial role farming is playing at a national level and also in supporting our rural communities. We must also recognise the vital role our farmers have in protecting our environment. The Just Transition must include farmers and recognise their costs and income loss and it is now vital that the State and this Government deliver on what they are saying for the last three years.

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