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SPRING 2012

ICMSA NEWSLETTER

THE FAMILY FARM ORGANISATION THAT CONCENTRATES ON SOLUTIONS

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DAIRY EQUIPMENT SCHEME

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INTRODUCTION

Major Challenges Ahead In 2012

John Comer, President, ICMSA

Just over two months into my term as President of ICMSA, I am very conscious of two things. Firstly, I am keenly aware of the honour for me, my family and my county executive. Secondly, I and my colleagues intend, with every ounce of determination and energy, to do our duty to the members of ICMSA by addressing the issues of the day that impact on their lives and to help develop an agriculture sector that will sustain and enhance the Irish family farm structure.

It is already quite clear that 2012 will pose major challenges for our association, whether it be maintaining milk and beef prices, CAP post-2013, or the question of who pays for expansion following the abolition of milk quotas. These are just some of the many issues we expect will be on our agenda this year. With the support of the Chairpersons of our National Committees, the National Council, our grassroots members and our staff, we are confident that we will not be found wanting in terms of effort and we will achieve outcomes that will be in the best interests of our members.

We will spare nothing in our efforts to deliver to the members of ICMSA, and the wider Irish farming community, the decent standard of living that I believe sincerely to be nothing less than their right, set against the hard and skilled work involved and the massive and unparalleled investment of time and capital that successful farming in 2012 involves. For decades now, farmers have listened with amazement as agriculture plan after plan has been launched, with a full fanfare, to go alongside the endless reports on various aspects of our sector and all united by one glaring omission: the complete lack of any reference to advancing farmer income. This is the 'hole at the centre', the missing hub around which everything else should revolve. We are determined to move farmer income back to centre stage, where it should always be.

At present, milk price is a key issue and, thankfully, we have started 2012 in a reasonable position. The milk super levy situation will be keenly monitored and a solution at EU level must continue to be on our agenda. The question of who pays the cost of financing additional processing capacity is an issue that must be addressed fairly and logically between the processor and milk supplier and existing and new suppliers. This will be a complex issue in some co-ops, but fairness must be at the centre of the decision-making process. With farmers wanting to modernise their facilities, adequate funding for the Dairy Equipment Scheme must be a priority for our Minister and we have already called for those funds to be 'front-loaded'.

On the beef side of the business, farmers will be hoping that current prices are sustained. This is where the Department and Bord Bia must play a role in ensuring access to as many markets as possible. The live export trade will continue to play a hugely important role and it must be developed as a counterweight to the power of the meat processors. The beef grid remains complex and unfair, in particular to cattle coming from the dairy herd, and ICMSA will continue to seek changes to the grid.

The CAP post-2013 negotiations pose a major challenge for Irish agriculture. All farmers know the importance of their SFP and other payments to their business and their retention will be an ICMSA priority. The 'flattening' of payments, the 2014 base year, 'greening', definition of active farmers, cross-compliance, price supports, Disadvantaged Area payments, REPS and farm investment grants are all part of the CAP post-2013 negotiations and we will be giving these issues the attention and effort they merit.

Getting payments out to farmers on time and farm inspection issues will continue to be important in 2012, and ICMSA deals with many individual problems every year. The availability of an AEOS scheme in 2012 is also hugely important, particularly for those 23,000 farmers that left REPS 3 in 2011.

With a further tough budget at the end of 2012, protecting farm schemes and the development of a taxation structure that promotes farm development will be key ICMSA priorities. In a time of flux and challenge, it is important to remind ourselves of what ICMSA is really about – protecting and enhancing farmers' incomes.

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ICMSA Head Office
John Feely House, Dublin Rd, Limerick
Tel: 061 314 532/314 677
Fax: 061 315 737
Email: info@icmsa.ie
Publishers: IFP Media, 31 Deansgrange Road, Blackrock, Co. Dublin.
Tel: (01) 289 3305 • **Fax:** (01) 289 6406
• www.ifpmedia.com

Reasonable Start to 2012 on Dairy Markets

Pat McCormack, Deputy President and Chairperson of Dairy Committee

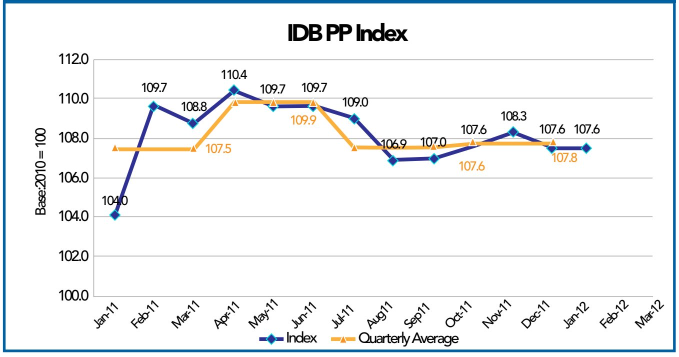
Thankfully, in 2011, farmers experienced an improved milk price, which has brought renewed optimism. However, it does signify the volatile nature of dairy farming today, with 2011 contrasting sharply with 2009 and, indeed, the dangers of ongoing rising input costs. In making investment decisions for the future, dairy farmers must plan on the basis that milk price will rise and fall under the current EU policy and investment decisions must take account of this fact.

At ICMSA meetings today, the first question dairy farmers ask is what is the expectation for milk price in 2012. Forecasting milk price is a very dangerous occupation and is dependent on many factors including weather, milk supply growth, animal feed prices and the global economic climate, all of which can be notoriously variable.

In the past few weeks, dairy markets have become less certain and weaker. While the butter price has fallen back since September, powders and cheeses have remained fairly stable, with whey powder showing some improvement. The Irish Dairy Board Price Index provides an indicator on market developments.

The index is calculated based on the actual returns in January for the basket of products sold by the Irish Dairy Board. The index peaked in April 2011, while milk prices in most co-ops, only reached 34 cents per litre in July. While the Index did decline in December, it should be noted that it is still higher than the August to October period, when milk price was 34 cents per litre.

THE IDB PURCHASING INDEX FOR JANUARY 2012 WAS 107.6 (2010 = 100), MATCHING DECEMBER'S LEVEL



Source: Irish Dairy Board.

EU AND WORLD PROCESSOR PRICES (NOVEMBER 2011):

Table 1 shows the milk price paid by milk processors globally in November 2011. The rolling average is probably the most relevant price comparison and, unfortunately, it shows the Irish processors near the bottom of the league. It highlights the fact that while milk price was strong in 2011 in Ireland, much work remains to be done at processor level to bring us up the league at EU level.

Table 1: EU and World Processor Prices (November 2011) (Euro/100kg):

Company	Country	Milk Price Nov. 11	12 Month Rolling Average
Milcobel	BE	33.22	34.54
Alois Müller	DE	34.87	34.79
Arla Foods	DK	33.66	36.15
Hämeenlinnan Osuusmeijeri	FI	40.87	43.89
Danone (Pas de Calais)	FR	33.77	34.49
Dairy Crest (Davidstow)	GB	35.79	31.43
First Milk	GB	32.81	28.45
Glanbia	IE	39.25	34.03
Kerry	IE	33.82	33.49
Granarolo (North)	IT	40.42	40.12
Friesland Campina	NL	38.17	37.09
AVERAGE MILK PRICE THIS MONTH (2)		35.59	35.05
Fonterra (5)	NZ	29.45	31.81
United States of America (3)	US	34.67	31.98
Granarolo (North)	IT	40.42	40.12
DOC Kaas	NL	35.83	37.23
Friesland Campina	NL	38.17	37.09
AVERAGE MILK PRICE THIS MONTH (2)	35.59	35.05	
Fonterra (5)	NZ	29.45	31.81
United States of America (3)	US	34.67	31.98

Note: Price of milk at 4.2 per cent fat and 3.4 per cent protein, with VAT excluded.
Source: LTO-International Milk Price Comparison www.milkprices.nl.

UK, EU and World Dairy Product Prices:
In terms of the current market situation, indicators suggest the following returns from our main markets:

UK Prices January 2012:	
Butter/SMP on UK market:	37.5 cent per litre before processing and excluding VAT.
Cheddar on UK market	35.7 cent per litre before processing and excluding VAT+ whey value.
EU Prices January 2012:	
Butter/SMP on EU market:	37.1 cent per litre before processing and excluding VAT.
World Prices January 2012	
Butter/SMP on world market:	34.6 cent per litre before processing and excluding VAT.
WMP on world market	34.2 cent per litre before processing and excluding VAT.
Cheddar on world market	31 cent per litre before processing and excluding VAT + whey value.

These prices suggest that the current price being paid for milk is justified and the expectation is that milk price for the first quarter should remain stable. Thereafter, it is difficult to predict and will be based on the supply and demand balance. Small changes in the supply and demand balance, either positive or negative, could have a big impact on milk price.

In terms of milk supply at global level, the following is the latest data:

Global Milk Supply:

January to October 2011:

Net global position	+2.7%
EU27	+2.1%
USA	+1.6%
New Zealand	+11.2%
Australia	+1.6%
Argentina	+14.1%

The concerns at present are that the growth in supply globally and the ongoing EU economic crisis could have a negative impact on demand. On the plus side, currency movements benefit Ireland as an exporter, while demand for dairy products at present appears to be holding up. As of now, most experts are predicting a milk price of 31 cents per litre for the year. Predicting milk price is difficult, but there should be no reduction in the coming months.

CAP Post 2013: An Update

John Comer, President ICMSA

A large part of our work programme in 2012 will be devoted to achieving a positive outcome for Irish farmers in the CAP post-2013 negotiations. Every farmer knows the importance of the Single Farm Payment and other direct payments to their business, as well as the importance of price supports in periods of market downturns. All these supports are up for negotiation and in this article, ICMSA sets out its current understanding of the EU Commission proposals. It is important to emphasise that the final outcome could be substantially different.

TIMEFRAME FOR NEGOTIATIONS:

The EU Commission published its proposals on CAP in October 2011 and wants agreement on the policy by March 2013, during the Irish Presidency of the EU, but this is now being seen as optimistic by many. At present, working groups at EU level, between the Commission and Member States, have been established, dealing with all the various aspects of the policy.

POSITION REGARDING SFP PAYMENT FOR 2013:

A farmers' Single Farm Payment in 2013 will be the same as 2012.

WHAT IS IRELAND'S PROPOSED ALLOCATION FOR THE SINGLE FARM PAYMENT 2014-2020:

The proposed Irish share of the EU budget for the Single Farm Payment will be €1.236bn per annum in 2017 and subsequent years. This represents a 1.5 per cent reduction in the current budget of €1.255bn and represents 2.9 per cent of the EU total.

This is the current proposal and, given the economic climate in the EU, the overall EU budget may come under further pressure during these negotiations, with possible consequences for the CAP budget. ICMSA's position is that Ireland must, at a minimum, retain its existing level of funding from the CAP.

A specific proposal on rural development funding has not yet emerged. Schemes such as REPS, Early Retirement, Farm Investment Grants and Disadvantaged Areas are of huge importance to Irish farmers. The EU has proposed that the distribution of rural development funding between Member States going forward will be based on objective criteria and past performance, but no further detail has been given to date.

HOW WILL YOUR SINGLE FARM PAYMENT CHANGE UNDER THE EU COMMISSION PROPOSAL?

The Commission is proposing that the Single Payment Scheme is replaced by a new payment model, made up of a number of different elements and moving eventually to uniform national or regional rates of payment. For example, if your current payment entitlements are worth €350 per hectare and if the Minister for Agriculture, Food and the Marine took the decision to implement the national average of about €270 per hectare, your payment would fall from €350 per hectare in 2013 to €270 per hectare in 2019. This is before any possible cuts are implemented, which would mean a larger deduction.

The proposals envisage that the individual historic reference will be replaced by a model based on regional or national averages. There is a target date of 2019 for achieving a uniform value of all basic payment entitlements in a Member State or region of a Member State. Implementation of the flatter-rate regional model is front-loaded, with 40 per cent of the basic payment allocated for flattening from the first year of implementation. It is a matter for Member States to decide whether the payment model will be based at national or regional level. The intention is that, over the period from 2014-2019, the value of individual payment entitlements will gradually converge so that, by 2019, all payment entitlements in the region will have a uniform value.

WHAT ARE THE PROPOSED CUTS TO YOUR PAYMENT?

Under the EU Commission proposal, there are a number of measures that would be funded by a linear reduction in all farmers payments. The proposed reductions are as follows:

- Areas of Natural Handicap: Optional for Member States, with a reduction of up to 5 per cent.
- Coupled Payments: Optional for Member States, with a reduction of up to 5 per cent.
- Small-Scale Farmers: Compulsory for Member States and optional for farmers, with a reduction of up to 10 per cent.
- Young Farmers: Compulsory for Member States, with a reduction of up to 2 per cent.
- National Reserve: A reduction of up to 3 per cent.

In addition, there are approximately 500,000 hectares of eligible land in Ireland at present that have no entitlements attached to them. If entitlements are allocated to this land, it would mean a linear reduction of approximately 10 per cent on existing entitlements. Thus, if all the reductions were implemented, it would mean a cut of 35 per cent in the value of entitlements before any proposal to flatten payments. This is totally unacceptable to ICMSA and its members.

THE BASE YEAR

Under the EU proposal, new payment entitlements will be allocated in 2014. This means that a farmers' existing entitlements will be abolished and he/she will be allocated new entitlements based on his/her 2014 land area. If a farmer who had one entitlement in 2011, declares 20 hectares in 2014, they will be allocated 20 entitlements, if they declare 1,000 hectares in 2014, they will get 1,000 entitlements. The number of hectares in 2014 will determine your number of entitlements from 2014 to 2020. This is already causing, and will cause further major issues in the land rental market and will cause major problems for active farmers currently renting land. ICMSA has proposed that 2011 should be the base year to address this problem.

WHO WILL BE ELIGIBLE FOR AN ALLOCATION OF PAYMENT ENTITLEMENTS IN 2014?

Under the current EU proposal, only active farmers, who used at least one payment entitlement in 2011, will be allocated a new set of payment entitlements in 2014.

IS THERE A DEFINITION OF AN ACTIVE FARMER?

The EU Commission's definition of an active farmer is a farmer whose annual direct payments are greater than, or equal to, 5 per cent of the total receipts obtained from all non-agricultural economic activities or, in the case of certain areas, who carry out a minimum level of agricultural activity as established by the Member State. Clearly, this is a very wide definition that would effectively exclude nobody.

WHAT IS 'GREENING'?

Greening refers to a new payment per hectare to farmers who are following agricultural practices beneficial for the environment. The Commission is proposing that 30 per cent of the national ceiling be set aside for these payments. However, to attract the basic payment and to qualify for the green element, farmers must comply with these compulsory green measures. The measures proposed are: retention of permanent grassland; crop diversification (three different crops, minimum coverage of 5 per cent and maximum coverage of 70 per cent); and, establishment of ecological focus areas (7 per cent of land, excluding permanent pasture, devoted to ecological purposes). Organic farmers qualify automatically for the green payment. Under the current proposals, reseeding of grassland would not be allowed, which makes absolutely no sense and must be addressed.

SCHEME FOR YOUNG FARMERS

There is provision to use up to 2 per cent of the national ceiling to make top-up payments to young farmers for a five-year period. The scheme is mandatory. It is proposed that farmers under 40 years of age would get a 25 per cent top-up on their payment for their first five years in farming, subject to a maximum limit of the average size of holding in the Member State.

AREA OF NATURAL CONSTRAINTS PAYMENT

An optional additional payment comprising of 5 per cent of the national ceiling is proposed for farmers situated in areas with natural constraints. These are the areas that would replace the current Disadvantaged Areas according to the proposals in the Rural Development regulation. There is provision allowing Member States to exclude certain areas from these payments.

COUPLED PAYMENTS

Five per cent of the ceiling may also be reserved for coupled payments. The sectors listed include the milk and beef sectors. Coupled support is limited to regions and sectors deemed to be undergoing difficulties and of particular economic, social or environmental importance.

CAP ON PAYMENTS

Progressive capping is foreseen in respect of payments in excess of €150,000, with reductions ranging from 20 per cent up to 100 per cent for amounts in excess of €300,000. Capping is to be applied net of the 30 per cent green payment and net of salary costs. It would have little impact in Ireland.

WILL MARKET SUPPORTS CONTINUE UNCHANGED?

The majority of the existing rules on intervention, aids for private storage, export refunds and so on, remain unchanged. The proposal incorporates the proposed changes currently under discussion, in respect of quality policy, marketing standards, contractual relations in the milk sector and alignment of legislation with the Lisbon Treaty.

This is a very quick summary of the proposals which, quite clearly, has serious implications for all farmers. ICMSA works on a daily basis on these issues, so this should be a busy year for the Association. It is important to emphasise that the final agreement may be very different.

Super Levy Update:

As of January 31, 2012, the Department of Agriculture estimates that Ireland is 0.30 per cent under quota, following the butterfat adjustment. The Super Levy fine is 28.65 cents per litre. Despite efforts at EU level, changes to the milk quota rules are not expected to help alleviate the pressures on farmers.

Single Farm Payment Closing Date For Applications 2012:

The closing date for Single Farm Payment applications in 2012 is Tuesday, May 15. Penalties will be applied on applications submitted after this date. Farmers should consider using the Department's online application system www.agfood.ie, which can assist in reducing errors.

ICMSA Oppose Proposed Milk Levy:

The Minister for Agriculture, Food and the Marine announced in December that he wants to introduce a milk levy for Bord Bia. ICMSA opposes this levy on the basis that most dairy farmers already pay an Irish Dairy Board and National Dairy Council levy and an additional levy simply cannot be justified.

Milk Processors Need To Finalise Arrangements For Post 2015:

The ongoing delay in some milk processors finalising their arrangements for possible milk expansion post-2015 is unfair on milk producers. While they tell farmers that they must plan for their futures, farmers cannot do so until they know the basis for milk supply post 2015. Co-ops must immediately announce their intentions and fairly recognise the investment made by milk producers in their co-op and in production capacity over many years.

The Dairy Equipment Scheme: What do you need to know?

Patrick Rohan, Chairperson of Farm Services & Environment Committee

The Dairy Equipment Scheme reopened in December 2011 and provides grant aid for milking machines and milk storage equipment. For 2012, the funding available for this scheme is €17.7m.

The following is an outline of the main terms and conditions of the scheme. The full scheme terms and conditions, selection criteria and standard costings are available at www.agriculture.gov.ie/farmerschemespayments/farmbuildings/dairyequipmentscheme

Eligible Applicant:
To be eligible to apply for the scheme, a farmer must meet the following conditions:

(i) Own or have leasehold title to the site on which it is proposed to carry out the development

(ii) Have a minimum of five hectares, which have been declared under the Single Farm Payment Scheme/Area Aid/Integrated Administration and Control System in the year of application or preceding year. This rules does not apply to new entrants

(iii) Have between 50,000 litres and 1m litres at the time of application. However:

  (a) In the case of Milk Production Partnerships, the maximum of 1m litres shall be multiplied by the number of eligible partners in the Milk Production Partnership, up to a maximum of three partners.

  (b) In the case of successful applicants for milk quota under the New Entrants Scheme or the New Entrants Category of the Milk Quota Trading Scheme, a letter of acceptance to the said Scheme will be deemed equivalent to quota held.

(iv) Agree to provide relevant bank/building society/credit union details to allow electronic fund transfer.

(v) Meet the requirement as to reliability with reference to any previous EU co-financed operations undertaken since 2000.

ASSESSMENT OF APPLICATIONS FOR GRANT-AID

Applications for grant-aid will be assessed in accordance with the following criteria. The detail of the marking system is as follows:

Selection Criteria	Description	Marks
Applicant	Select only one category:	
	Successful applicant under the New Entrant Scheme or 'New/Recent Entrant' or 'Son/Daughter farming in partnership with a parent' categories of the Milk Quota Trading Scheme (MQTS)'	150
	Allocated milk quota under Milk Quota Trading Scheme (MQTS) (excluding those categories referred to above for which 150 marks are available)	120
	Less than 35 years of age, with relevant training (Annex B to Scheme)	80
	Relevant training (Annex B to Scheme)	60
Cost of Proposal	Maximum of 100 marks, where proposed cost is 20 per cent below reference cost	Five marks for every 1 per cent that total proposed cost is less than total reference cost. Maximum marks where total reference costs are 20 per cent below reference costs. Zero marks if proposed cost at or above reference cost.
Sheep or Goat's milk producers*	Investments in relation to sheep and goat's milk production	45
FIS Applicant	Applicant did not receive approval or payment for any of the items listed in Annex B to the terms and conditions of the Farm Improvement Scheme	40
Dairy Efficiency Programme/Animal Events*	Applicant is a participant in Dairy Efficiency Scheme/Animal Events	40
Disadvantaged Area	Ten marks if any part of the owned/leased land is in a Disadvantaged Area	10
Level of Milk quota held/allocated at the time of application *	Maximum of five marks	Maximum of five marks where milk quota is 100,000 litres or less. Zero marks if quota above 900,000 litres.

**The higher a farmer scores, the more likely he/she will qualify for a grant*

Under the first two tranches of the Dairy Equipment Scheme in 2011, as the level of investment applied for was less than the funding available, all farmers who applied qualified for grant aid and the marking scheme above was not applied. Depending on the level of interest among farmers, the marking scheme may or may not be applied going forward.

FINANCIAL AIDS PAYABLE UNDER THE SCHEME

The maximum amount of investment eligible for grant-aid under the scheme for milking machine equipment is €40,000 per holding and for cooling, refrigeration and storage equipment is €25,000 per holding. Thus, the maximum grant available for a farmer not in a milk production partnership is €26,000. However, in the case of a milk production partnership, which is comprised of more than one eligible partner, the maximum amounts referred to above shall be multiplied by the number of eligible partners up to a maximum of three.

Grant-aid will be calculated on the lowest of the following costs:

(i) the Department Reference Costings applicable at the date of approval,
(ii) the total of the invoices marked paid, net of VAT; and,
(iii) the cost of the project proposed by the applicant as indicated on his/her application form.

The scheme operates on a tranche system, which means that the Department allocates a certain amount of funding to each tranche. The first tranche in 2012 closed on January 31, 2012. At this stage, it looks as if the first tranche has been three times over-subscribed, which means selection criteria are likely to be applied. If a farmer is unsuccessful in the first tranche, his/her application will be carried forward to the second tranche, which is expected to have a closing date at the end of April 2012. There will be a further two tranches in 2012, followed by four tranches in 2013, with each tranche currently worth €4.425m.

ICMSA does not agree with the tranche system, given the uncertainty that it causes for farmers, as a farmer may have to go through a number of tranches before he/she actually qualifies for the scheme, if at all.

From the date of approval, the farmer will have two years to complete the investment and submit the required documentation to the Department of Agriculture, Food and the Marine.

This article outlines the main details of the scheme. ICMSA has concerns over the structure of the scheme, particularly the level of funding, which is not adequate. ICMSA continues to seek improvements to the scheme's structure.

The rates of grant-aid payable under the Scheme as a percentage of approved Reference Costings/Receipts/Applicant's Proposed Costs are as follows:

Type of investment	Rate
Milking machine equipment: machine units, whether in new or existing buildings, to include and be costed to include any additional piping, pumps etc within the unit cost.	40 per cent
Items to include and be limited to:	
1. New machines (including the replacement of existing machines by new machines);	
2. Extensions of existing machines (excluding upgrades);	
3. Auto-washer for milking machine;	
4. Rotary milking machines;	
5. Robotic milking machines;	
6. Heat-transfer units to take heat from compressors and heat water; and,	
7. Water heaters.	
Milking machine equipment includes: wash line, milk line, vacuum line, vacuum pump, milk pump, pulsators, clusters, swing-over arms, milk indicator, automatic cluster removers, milk filter, vacuum regulator.	40 per cent
It excludes the following items: all stall work, (rump rails, head rails, automatic bailing etc.), mangers, feeders, meal bins, concrete work, building work.	
Milk storage equipment and ancillary cooling equipment: to be costed on a per volume basis.	
Items to include and be limited to:	
1. Bulk milk tanks incorporating auto washer and compressor. However, grant-aid will not be paid on the retro-fitting of an auto-washer on an existing tank;	
2. Milk silos including auto washer and compressor;	
3. Ice builder;	
4. Plate cooler; and,	
5. Replacement compressor.	

Limerick ICMSA Meeting

At the Limerick ICMSA meeting held in the Dunraven Arms, are (l to r): James Lynch, Vice Chairman, Dairygold; John Comer, President, ICMSA; Jim Woulfe, CEO, Dairygold; and, Michael Lenihan, Chairman of Limerick ICMSA.

Budget and Finance Bill 2012

Lorcan Mc Cabe, Chairperson ICMSA Taxation Committee

Budget 2012 provided for a total adjustment in expenditure of €3.8bn, comprised of a reduction in Current and Capital Expenditure of €1.45bn and €0.75bn respectively, combined with taxation increases of €1.7bn. The 2012 allocation for the Department of Agriculture, Food and the Marine has been reduced by 20 per cent to €1.3bn. Finance Bill 2012 was recently published and features a number of new initiatives, including those announced in Budget 2012 that will be of further benefit to many in the agri-sector.

The following is a brief summary of the main adjustments in Budget 2012 and Finance Bill 2012:

TAXATION

Capital Gains Tax

The current rate of Capital Gains Tax is being increased to 30 per cent. This increase applies in respect of disposals made after December 6, 2011.

Restructuring of the retirement relief on Capital Gains Tax to incentivise the earlier transfer of farm assets to the next generation and to encourage the sale of land by those farmers with no successors. An upper limit of €3m will be introduced on family transfers where the individual transferring is aged over 66, compared to an unlimited amount currently. On non-family transfers, the current upper-limit of €750,000 will be reduced to €500,000. These changes will apply from 2014 onwards, allowing time for older farmers to plan for transfer.

Compensation payments to turf-cutters for giving up the right to cut turf in special areas of conservation will be exempt form Capital Gains Tax.

Capital Acquisitions Tax

The current rate of 25 per cent is being increased to 30 per cent. This increase applies in respect of disposals made after December 6, 2011. There is no change to the 90 per cent Agricultural Relief. The Class A thresholds, which apply to Gift and Inheritance taxes to sons or daughters, are reduced from €332,084 to €250,000. All other thresholds remain the same.

Stamp Duty

The Stamp Duty rate on agricultural land is being reduced from 6 per cent to 2 per cent. A half rate of 1 per cent will be applicable to transfers to close relatives until the end of 2014.

Stock Relief

There is a new 50 per cent Stock Relief (100 per cent for certain young trained farmers) being introduced for registered farm partnerships and will run until December 31, 2015, subject to clearance with the European Commission under State Aid rules.

An additional qualifying course (FETAC level 6 Specific Purpose Certificate in Farm Administration) will be added to the list of qualifying courses for 100 per cent Stock Relief and 100 per cent Stamp Duty relief for trained farmers.

Universal Social Charge

The exemption rate for the Universal Social Charge has been raised from €4,004 to €10,036. The 2 per cent rate will apply on the first €10,036 and the 4 per cent rate on the next €5,980 up to €16,016 as at present.

VAT

The standard rate of VAT was increased from 21 per cent to 23 per cent, with effect from January 1, 2012. The VAT rate applied to open farms will be 9 per cent, rather than the new standard rate of 23 per cent. An amendment to the VAT refund order for unregistered farmers on farm construction will allow farmers to claim a refund on wind turbines purchased from January 1, 2012.

Carbon Tax

Carbon Tax is increased from €15 per tonne to €20 per tonne. However, farmers will be allowed a double Income Tax deduction in respect of the increased costs arising from the change in the Carbon Tax.

Household Charge

A new Household Charge of €100 has been introduced in 2012, in order to fund local services. This is an interim measure and will be replaced in future by a valuation-based property tax. The new charge is separate and in addition to the Non-Principal Private Residence Charge.

FUNDING OF FARM SCHEMES

REPS 4

There is a reduction of €19m in REPS funding and this will be implemented by imposing a 10 per cent reduction in payment rates in 2012. This will impact on 30,000 REPS farmers.

Disadvantaged Areas Scheme:

There are no changes to rates or eligible areas, but funding will be reduced by €30m in 2012 through a number of changes including changes to minimum stocking density from 0.15lu/ha to 0.30lu/ha.

AEOS

The Minister is considering the re-opening of AEOS in 2012 on a limited scale, with the cost of funding the scheme being met in 2013, pending the availability of funding.

Targeted Agricultural Modernisation Schemes

This has been re-opened in 2012 for all schemes – Poultry and Pig Welfare, Dairy Equipment, Sheep Handling, Rainwater Harvesting Schemes and the Bio-Energy Scheme.

EDUCATION

Means Assessment for Higher Education Grants

The means test for student maintenance grants will be amended to take account of the value of certain capital assets, as well as income. This is to apply in 2013/14 for new entrants.

SOCIAL PROTECTION

Farm Assist

Funding for this vital scheme is being reduced by €5.2m in 2012 through changes to the means test. Assessment of means from self-employment, including farming, is being raised from 70 per cent to 85 per cent. The deductions from income for children are being halved to €127 per year for each of the first two children and €190.50 per year for each subsequent child. The following table gives an example of the effect of the changes on an average family farm. The Total Farm Assist Payment due for this family would be €20,914.40. Given an assessed income of €11,011 for 2011, this family would receive €9,903.40 (€190.45 per week). However, changes to the means assessment will result in this family now receiving €6,908.90 (€132.86 per week). This is a total reduction in Farm Assist payment of €2,994.50 (€57.59 per week).

Example : Married Farmer (spouse not working) with three children on an assessed income of €17,000

2011		2012	
Farm Income	17,000	Farm Income	17,000
Less Disregard for children	889	Less Disregard for children	444.50
Less Income Disregard (30 per cent)	5,100	Less Income Disregard (15 per cent)	2,550
Total Income for Assessment	11,011	Total Income for Assessment	14,005.5

Bulk Tank Sales Soar as a Result of the Department of Agriculture Dairy Equipment Scheme

Bulk tank sales have surged in the past few months as thousands of farmers take advantage of the Department of Agriculture's Dairy Equipment Scheme. This scheme coincides with a major swell in milk supplies as farmers prepare for the abolition of milk quota. This has resulted in a huge demand for tanks. Willie Walsh from Kanturk-based Fullwood Packo said that the last few months have seen "some of the busiest times in years". He added that "we have pulled out all the stops with extra shifts and taking on extra staff to cope with the demand". Good news for the staff at Packo and for the local area.

Farmers are thinking about the future with an eye on the quota system and on the possibility of collections moving from two to three-day rotas. Mr. Walsh added: "The efficient cooling tank must cool milk quickly, agitate the milk volume optimally and above all, provide for perfect cleaning and simple maintenance".

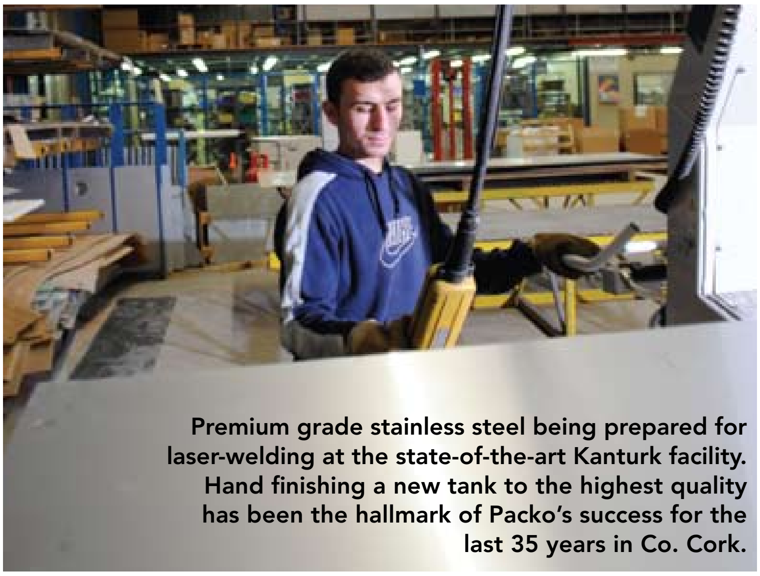
The Packo 'Rotojet' Cleaning System ensures an exceptionally fast and efficient tank cleaning by means of high-pressure water application. The tanks come with a self-cleaning milk outlet and road tanker connection. The Packo cleaning system is incorporated in all enclosed Packo tanks to ensure the milk, where the farmer has taken pains to produce to the highest standard, is stored in a tank that is scrupulously clean.

The system has unique Rotojets centrally located in the tank and incorporated in the agitator shafts. The powerful Packo stainless steel pump forces water through the jets spraying cleaning water and detergent all over the inner surface of the tank. At the touch of a button, the Packo tank cleaning-system takes care of the automatic dosing of detergent, alkaline and acid wash, the warning facility for determining the temperature of the hot water supply and keeps details of the washing cycles. Various options can be included such as hypochlorate rinse and a first rinse, with milk residue diverted to a separate waste disposal.

The average size bulk tank on order with Packo in Kanturk is in two main groups, 10,000 to 15,000 litre models and the larger 20,000 to 25,000 litre capacities. Packo milk-cooling tanks meet all international standards and, more specifically, the European EN13732, proof of which is in the keymark label. For the farmer, this means extra reliability and a long, care-free lifetime for the tank without concerns.

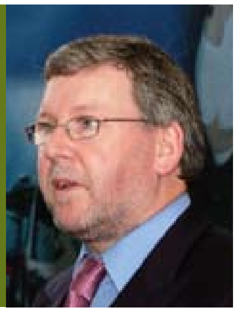
"Although there are many variables for judging the tank best-suited to a specific farm environment, one thing for certain is that the washing system has to be powerful," added Mr Walsh. "I have no doubt that many of the tanks, available in the Irish market, stand up to most farmers' scrutiny but where I believe Packo has a terrific advantage, is the automatic cleaning cycle of the Eco-Wash system."

For further information, Willie Walsh can be contacted at: Fullwood Packo, Kanturk, Co. Cork
Tel: 029 56097
Email: reception@packo.ie
Web: www.fullwoodpacko.ie



Premium grade stainless steel being prepared for laser-welding at the state-of-the-art Kanturk facility. Hand finishing a new tank to the highest quality has been the hallmark of Packo's success for the last 35 years in Co. Cork.

Online - Farm Safety Code of Practice



Pat Griffin – Senior Inspector - Agriculture, HSA

BACKGROUND

Agriculture today consistently represents up to 50 per cent of workplace deaths in Ireland, with deaths ranging from 11 up to 26 in any one year. Most of these deaths involve making simple mistakes, rushing or taking risks with tractors, quads and machinery, working with livestock or falling from heights and, more recently, while felling trees. The misery, suffering and hardship this visits on farm families is truly dreadful and cannot be underestimated. Every effort must continue to be made by all to reduce such suffering and cost to farm families. The Farm Safety Code of Practice gives a farmer a comprehensive guide to how he should manage safety on his farm and with a greater proportion of dairy farmers being killed they should actively seek out and use this management tool.

Agriculture has been covered by health and safety legislation now for over 20 years, having been first regulated following the introduction of the 1989 Act (the Safety, Health and Welfare at Work Act 1989). Prior to this and in the early 1990s, the numbers of fatal farm accidents regularly hit over 50 deaths per year. While there has been a very significant reduction in the numbers being killed, there has also been a significant reduction in numbers employed. The agricultural sector currently employs more than 115,000 people (with possibly over 500,000 persons exposed to risk when family members are included), and unfortunately the number of deaths have not reduced in line with these employment reductions.

While there was an almost immediate reduction in death and injury, thought to have been brought about by the publicity and debate around the legality of farm inspections and State intervention, reductions in deaths and injury were inadequate. To involve the major stakeholders in the task of improving farm safety, the Health and Safety Authority (HSA) set up the Farm Safety Action Group in February 2002.

A key element of the 1989 legislation was the requirement placed on farmers to make a plan for health and safety on the farm: this safety document was called a Safety Statement but caused considerable confusion. The HSA developed a Safety Statement Template, where the areas needing attention were listed, but this document contained many blank pages to be filled in by the farmer and it generally remained blank and unused, with only 10 per cent of farmers completing them. Small business and particularly other sectors with predominately self-employed people, had a similar experience with the Safety Statement requirement and many templates developed for several sectors also remained blank.

The Authority, through its inspectors, became acutely aware of this problem and when the 1989 Act was revised, the new 2005 Act (Safety, Health and Welfare at Work Act, 2005) came into law. It allowed sectors to develop and follow a Safety Statement – Code of Practice, prepared and approved for its sector. The Farm Safety Action Group was renamed the Farm Safety Partnership Advisory Committee (FSPAC). All organisations, including the ICMSA, participating in the partnership committed themselves to activities to support the achievement of ambitious improvements in farm safety. The Farm Safety Code of Practice and Risk Assessment Document were developed and launched at the National Ploughing Championships in September 2006 and was subsequently posted to all farm households, along with a Farm Safety DVD.

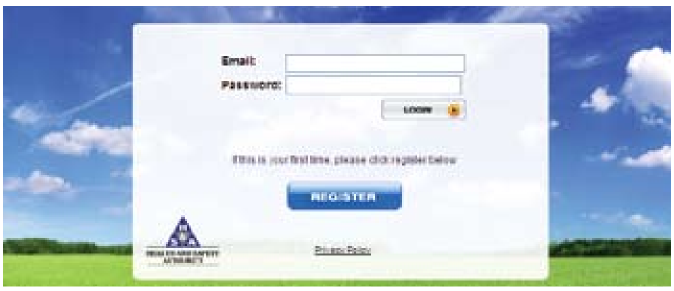
This Farm Safety – Code of Practice was well received by farmers, particularly those who attended specific Teagasc training courses about the code. The number of farmers complying with the legal requirement for a Safety Statement through using the code rose quickly from 10 per cent to 29 per cent and now stands at over 60 per cent, which is a huge improvement.

ONLINE SYSTEM DEVELOPMENT

Inspectors carrying out visits to assess safety standards on the ground will ask to see the Safety Statement or the completed Code of Practice Risk Assessment document. They will discuss its content and advise the farmer of any further improvements to be made.
However, many farmers who had completed the Code of Practice Risk Assessment document were often unable to find it and this was one of the reasons to develop (with part-sponsorship from FBD) an online system. This basically replicates the Farm Safety Code of Practice in an electronic format and allows the farmer to save his document online, which will then always be readily available. The HSA cannot view the online versions except through the farmer's computer or by asking for a print off. It is very easy to use and, if used properly, should help prevent accidents, as it indicates to farmers what they need to fix or put right on the farm before an accident happens. If sufficient numbers do not use this system, it may be withdrawn, so we would strongly encourage farmers to use it.

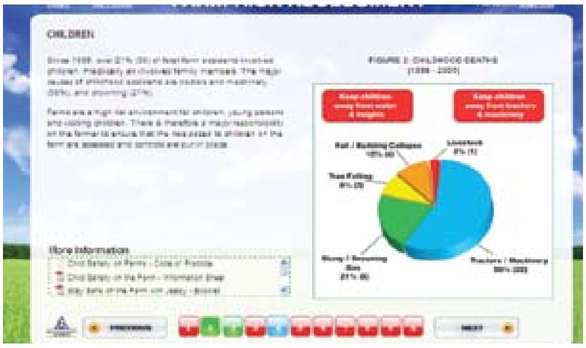
STEP 1. Go onto www.farmsafely.com and you will be asked to register on the system simply by providing your email address, entering a password and hitting register. After some very basic information on farm type is entered, you will be registered on the system.

The password used should be very simple and easily remembered to ensure that you can always login easily again by entering the password and hitting login.



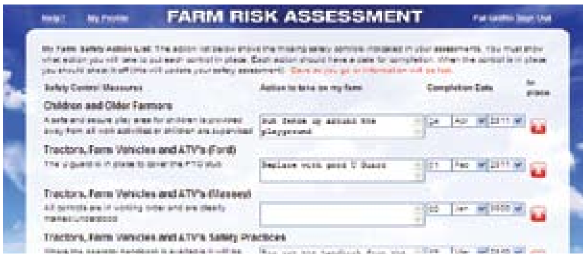
STEP 2. Look at the next screen, this provides a How to Complete this Risk Assessment page and shows step by step how to use the online version to indicate that either 'Yes' you have a safety control in place, it is not applicable 'N/A' to your farm or 'No' the control is not in place and action is needed.

STEP 3. Before each list of controls you are asked to consider, you will be presented with information on risks, such as risks to children, risks to the elderly, risks from tractors, machinery, livestock etc. Also on these information pages you can read more on these risk areas by going into links in the More Information panel at the bottom left of each screen.



STEP 4. When assessing the condition of your tractors and vehicles you will be able to list them by hitting the Add Vehicle box and when entered and closed, these will be listed for consideration against the safety questions. The list of vehicles can be updated at any time.

STEP 5. Anywhere you have indicated that a control measure is not in place will be automatically transferred to a summary sheet of actions required. Here you will be allowed to specify the date by which you plan to put that safety control in place. This sheet can be printed out and brought out on the farm with you and ticked off as you go.



BENEFITS OF THE SYSTEM

- You will always be able to find and open your risk assessment, provided you can remember your simple password.
- If you have to shut down or go away for any reason, the system will auto-save your work and will re-open where you left off when you login again.
- If you do not put the control measure in place by the time indicated, the system will send you an email reminder.
- You will be able to easily access up-to-date information on farm safety and health.
- Once complete, it will be easier and faster to review your risk assessment each year.
- Only you can access your online version. A HSA Inspector can request to view your document or a printed copy of it. The HSA does not have direct access to it.
- The HSA can send safety alerts or messages by email to all online users.

The Health and Safety Authority has prioritised agriculture safety and a reduction in the dreadful numbers of deaths on Irish farms. We are working with all farming organisations to bring about a change of culture on Irish farms, one where farmers take the time to adequately address key risks and hazards, take action and put things right before they start work.

DO IT FOR THE RIGHT REASON

Farmers should complete the Farm Safety Code of Practice for the right reason, that is, to identify what they need to put right before an accident happens. If they just complete it to satisfy an inspector, then they will not really be focusing on protecting themselves and their family.

Teagasc and the ACA provide excellent training courses on how best to use the Farm Safety Code of Practice and I would encourage all farmers to contact their local branch and give some time to safety by doing the course – it might just save your life.

Further info at: www.hsa.ie

Beware of cattle imports:

With the increase in cattle prices in Ireland, the importing of younger cattle from the UK and the EU has increased. ICMSA believes that Irish farmers should not be importing cattle and should also be aware of the dangers associated with these cattle. Given that 90 per cent of our beef is exported, there is simply no need to import cattle, and a farmer should be aware of the possible animal health implications of such cattle. In addition, many of the meat plants will not slaughter imported cattle so you may have limited outlets for these animals when they are finished.

Water Services (Amendment) Bill 2011 – Septic Tank Regulations

Minster Hogan has recently announced that the septic tank registration fee is being reduced from €50 to €5 for a limited period. ICMSA have called on the Minister to immediately publish the standards that will apply to septic tanks and alleviate the worries of many rural dwellers who are unsure of what levels of remedial work will be required. There are many issues, such as the treatment of grey water, number of inspections etc., which also need to be clarified. ICMSA is acutely aware of the importance of properly functioning septic tanks to ensure protection of the environment and particularly ground water. One of the key aspects of the septic tank debate is the provision of a retro-fit scheme for rural dwellers to assist households that may have to incur significant cost in upgrading their system. ICMSA will be actively engaging with the Department of the Environment, Community and Local Government once the draft standards are published for public consultation and is also working to secure funding for an adequate retro-fit scheme.

Positive Outlook for Beef Markets In 2012

Michael Guinan, Chairperson, Beef and Cattle Committee

Having been elected Chairperson of the ICMSA Beef and Cattle Committee last December, thankfully, the beef sector is in a positive place after 15 years of crises, from BSE to Foot and Mouth disease. At this stage, these crises have passed and the farmers are asking: can current prices be sustained?
From discussions with industry experts, the expectation is that 2012 will be a good year for beef farmers and, in this article, I will outline some of the factors behind this optimism. The big uncertainty is the global and EU economic crisis and how this will impact on beef demand.
Table 1 shows the price being paid for beef in February 2012, relative to February 2011. The price of beef has increased by 20 to 25 per cent over that period and farmers selling all types of stock can see the benefits today.

Table 1: Ireland Meat Plant Prices(€/kg dw excluding VAT)

		Week ending		Average to date		% change
		21.02.2012	11.02.2012	2011	2012	
Steers						
	O3	3.04	3.65	3.05	3.74	22.6
	O4	3.04	3.65	3.05	3.74	22.6
	R3	3.2	3.83	3.22	3.91	21.4
	R4	3.19	3.82	3.21	3.91	21.8
	U3	3.28	3.96	3.31	4.03	21.8
Young Bulls						
	O3	3.08	3.7	3.11	3.8	22.2
	R3	3.22	3.84	3.25	3.93	20.9
	U3	3.3	3.94	3.33	4	20.1
Heifers						
	O3	3.12	3.76	3.14	3.85	22.6
	O4	3.11	3.75	3.12	3.84	23.1
	R3	3.3	3.95	3.31	4.02	21.5
	R4	3.28	3.94	3.29	4.02	21.9
Cows						
	O3	2.72	3.32	2.72	3.33	22.4
	O4	2.73	3.32	2.74	3.34	21.9

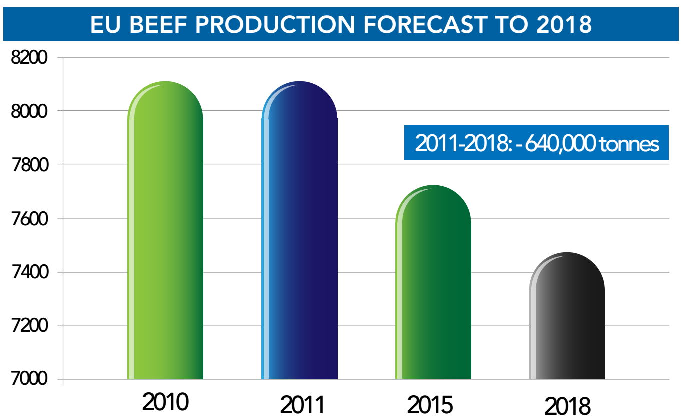
Source: Bord Bia.

The explanation for the improved beef prices is reduced beef production in the EU in 2011, with a reduction of about 380,000 tonnes, reduced production globally and reduced production in Ireland with the result that meat processors have to compete for cattle. In 2011, the cattle kill fell by about 62,000 head, which is equivalent to about two weeks kill.

In terms of 2012, Bord Bia expects a further drop in cattle slaughtered with current estimates set at 70,000 to 90,000 head. In addition, beef production in the EU is expected to drop by 3.2 per cent, which should open up further opportunities for Irish beef, while international beef exports are also predicted to be lower. The general expectation is that cattle supplies will be tight and particularly in the first half of the year, which is clearly evident at present with the prices being paid.

While there will be volatility in the future and it is extremely difficult to predict prices, the medium-term outlook for beef looks positive. Between 2012 and 2018, EU beef production is forecasted to fall by 640,000 tonnes, which is equivalent to about 125 per cent of Ireland's annual beef production. This should present further opportunities for Irish beef and it is essential that we capitalise on these markets. Our health status and guarantees on quality will be key going forward and we must proactively progress these issues.

To conclude, the outlook for 2012 is for tighter cattle supplies especially during the first six months, EU-27 production to fall by 240,000 tonnes, lower South American imports, some pressure on EU beef consumption but generally strong prices for beef and cattle. The one uncertainty is the wider economic climate, in particular in the EU.

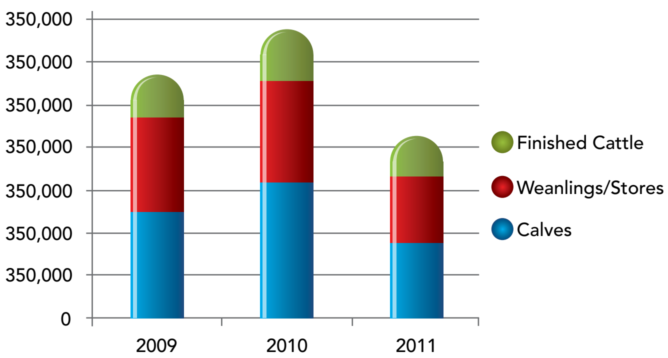


Sharp decline in live exports signals a recovery in cattle supplies for 2013

Joe Burke, Bord Bia

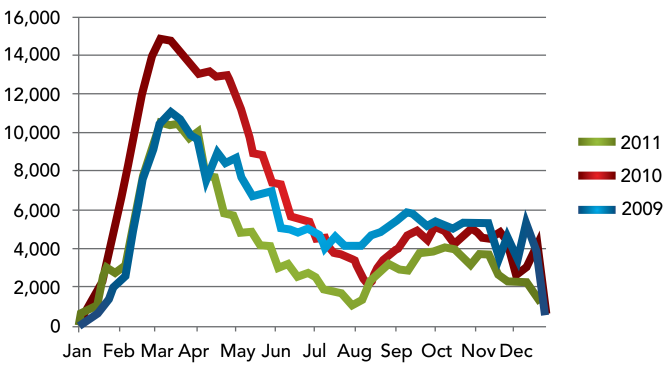
Live cattle exports reached just 214,500 head last year. This was more than 36 per cent behind 2010, and 25 per cent below 2009 levels. All categories of stock experienced declines. Exports of calves fell by 45 per cent, shipments of stores and weanlings were collectively one third lower and finished cattle exports fell by 22 per cent. The main reason for this decline was the strong increase in Irish cattle prices that left our animals less competitive than in previous years.

Live Cattle Exports by Category 2009 to 2011



In total, almost 125,000 fewer live cattle were exported in comparison with 2010, when the highest live exports in recent years were recorded. As shown by the following graph, export volumes were consistently below previous years. Weekly exports reached a peak of just over 10,000 head during the months of March and April, which is when the majority of Irish calves arrive on the market.

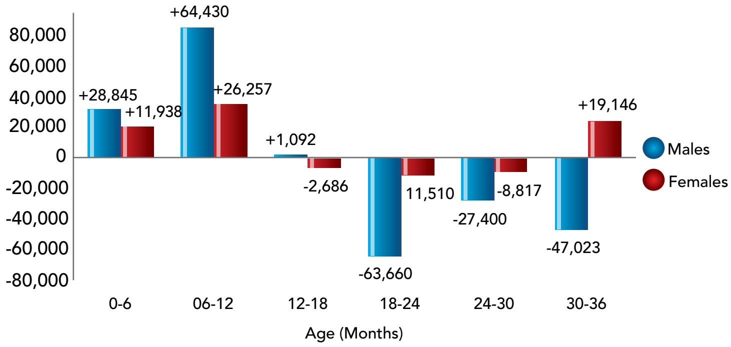
Weekly Live Exports (head)



Each of the major markets performed poorly in comparison with the previous year. Calf exports to the Netherlands fell by 44 per cent, followed by a 22 per cent decline for Belgium. Exports to the main weanling markets, Italy and Spain, were 24 per cent and 59 per cent lower, respectively. Similarly, exports to Northern Ireland were 37 per cent lower. These five markets collectively accounted for over 90 per cent of Irish live cattle exports. Less significant destinations for Irish cattle included Morocco, Greece, Hungary, Kazakhstan and most recently Tunisia.

Cattle supplies in Irish meat plants are expected to decline by 50,000 to 80,000 head in 2012, as a result of the strong exports of calves and weanlings during 2010. However, there is evidence to suggest a recovery in numbers in 2013. Recent analysis of the Department of Agriculture's AIM database reveals an increase of over 130,000 in the number of animals aged less than 12 months when compared with the previous year (see graph). This comes both as a result of the lower live exports as well as a 4 per cent increase in calf births during 2011. The number of calves by dairy sires increased by 14 per cent, while those by beef sire declined by 1 per cent, reflecting the ongoing increase in dairy replacements.

Trends in National Cattle Herd By Age, December 1, 2011 (Change in head on 2011)



In most years, demand from markets like the Netherlands, Belgium and Spain, tends to 'set the base' for calf prices in Ireland. Export demand is influenced by a number of factors including the prevailing veal price, cost of milk replacer/feed and availability of calves from other sources, like Germany and Eastern Europe. Dutch producers received higher prices for their white veal calves during 2011, with prices currently at approximately €5.20/kg carcase weight. However, their main input costs, milk powder and young dairy calves, have also increased in price.

In that market, first quality young calves are currently being bought for approx €150 per head. Suppliers need to be mindful of the restrictions placed on imports of Irish calves by SKV, the Dutch quality-control body for the veal sector, on account of bovine TB fears. Following these controls, Irish calves must now be transported directly to the farm on which they are to be finished. This would prevent Irish calves being reared on a growing farm before traveling on to a separate finishing farm, which is common practice in rosé veal production. As a result, export demand is expected to focus on younger calves of between two and five weeks of age, which are most suitable for white veal.

Capital Acquisitions Tax and Succession Planning

Kieran Coughlan, Specialist Farm Tax Consultant,Accountant and Registered Tax Consultant, ICMSA Tax Committee

Coughlan Accounting & Taxation Services Limited, Cork
coughlanaccounting.com
E: kieran.coughlan@coughlanacounting.com
T: 086 867 8296

There were two significant changes in relation to Inheritance Tax in the Budget and both have a significant bearing for passing on the family farm.

Inheritance Tax is the tax that can apply on the passing of wealth from one person to another. The Tax is referred to as Gift Tax when assets are passed when the gifter is alive and Inheritance Tax when assets are passed on a death, and is calculated in almost identical ways whether the assets are passed when alive or after a death. For the purpose of this article, I shall refer to Inheritance Tax as covering both taxes.

The two changes to Inheritance Tax in the budget were a significant decrease in the lifetime limit for transfers between parents and children from €332,084 to €250,000 and an increase in the rate of Inheritance Tax from 25 per cent to 30 per cent. These changes are just the latest in a series of increases in Inheritance Tax rates and reductions in lifetime tax-free transfers that started at the end of 2008.The rate of Inheritance Tax has increased from 20 per cent to 30 per cent over this period and the lifetime tax-free limit for transfers has reduced from €542,544 to just €250,000 for transfers between parents and children.

There are numerous reliefs in respect of agricultural property and I will look at the implications of these. However, the implications of the changes are best explained by a simple example. Compare the transfer of €600,000 cash from a parent to a child on January 1, 2009, to a transfer of €600,000 cash on January 1, 2012. The Inheritance Tax applicable would be as follows in Table 1:

Table 1	**January 1, 2009**	**January 1, 2012**
Cash transferred	€600,000	€600,000
Less Lifetime limit	(€542,544)	(€250,000)
Taxable amount	€57,456	€350,000
Inheritance Tax rate	20 per cent	30 per cent
Tax payable	€11,491	€105,000

As you can see from the above, the changes in the tax rates from 2009 has caused a massive increase of €93,509 in tax in transferring €600,000 cash from a parent to a child.

I mentioned previously that there are, in fact, two other specific reliefs that augment the calculations where there is a transfer of land. The reliefs are known as Agricultural Relief or Business Relief. Both of these reliefs grant a 90 per cent reduction in the value of the property being transferred for tax purposes before the tax rate is applied. For example, the transfer of a farm worth €2m can be tax-exempt if a child can avail of Agricultural Relief or Business Relief. Again, this is best explained by example, in Table 2:

Table 2	**January 1, 2012**
Value of Land	€2,000,000
Agricultural Relief/ Business Relief at 90 per cent	(€1,800,000)
Value for tax purposes	€200,000
Less lifetime limit	€250,000
Taxable amount	€ -
Tax rate	30 per cent
Tax payable	€ -

One of the conditions for qualifying for Agricultural Relief is that the individual does not own non-agricultural property with a value of more than 25 per cent of the value of the farm they are inheriting. So for the child inheriting a farm worth €2m, if all other conditions are satisfied the child can avail of Agricultural Relief if they do not have other non-agricultural assets worth more than €500,000. This is a pretty easy test to pass where the value of a farm is €2m. However, if the value of the farm is only, say, €600,000, then a child may not be able to pass this test if they have, for example, their own home that they have paid for or an investment property or other assets worth more than €150,000 in total. Revenue does not take the value of personal loans or mortgages on investment properties into account and so it is even harder to pass that test where a child has an investment property. Where a child is unable to pass this asset test, it is possible to check if an alternative relief called Business Relief will apply. The only similarity between Agricultural Relief and Business Relief is that Business Relief also grants a 90 per cent reduction in the value of the property for tax purposes. One of the conditions to avail of Business Relief is that an existing farm, which is currently worked as a farm, is transferred and the business must continue to be operated by the new owner for a period of six years following the transfer. Where you have a farm worth €2m, it could be argued that it is relatively easy for a person to be able to continue the business for six years after transfer, after all it would be expected to be commercially viable. However, take our example of the small farm worth €600,000 – it might not be financially viable for a son or daughter to give up their job to come home to continue farming the land for six years in order to avail of business relief. Similarly, if the previous owner has let the land by either lease or conacre in the years running up to the transfer, then business relief is no longer an option. If neither Agricultural Relief of Business Relief applies, then the tax liabilities can be very significant. Without Business Relief or Agricultural Relief the tax payable on the transfer of a farm worth €600,000 would be calculated the same as a transfer of cash and would result in an Inheritance Tax bill of €105,000.

In summary, those with small holdings are most likely to be affected by the recent series of changes to Inheritance Tax rates and tax bands. It is harder for successors inheriting such farms to avail of either Agricultural Relief or Business Relief. It is critically important to properly plan the timing of the transfer of a farm to put your family in the best position to avoid inheritance tax (and, of course, capital gains tax and stamp duty). Every farmer should arrange for their own succession plan in order to avoid taxes on transfer.

Environmental Impact Assessment (Agriculture) Regulations

Patrick Rohan, Chairman ICMSA Farm Services and Environment Committee

The Environmental Impact Assessment (Agriculture) Regulations came into force on September 8, 2011. The Department of Agriculture, Food and the Marine prepared a Guidance Document for farmers that was published on December 22, 2011.

The following article outlines the applicable thresholds and details the main points of clarification provided in the guidance document.

Restructuring of rural land holdings: This involves changing the layout of the farm and may have a significant impact on habitats, wildlife and the landscape.

1. Restructuring by removal of field boundaries covers the removal of lengths of boundaries such as hedgerows; hedgerows on clay banks; stone walls; boundaries consisting of clay banks; and, stone-lined clay banks. The following works are not covered by the regulations: maintenance works on existing structures such as repairing stone walls; maintenance of hedgerows as required by GAEC; and, the removal of post and wire fencing.

2. Restructuring by re-contouring (within farm holding) covers the re-contouring of land, for example, by levelling-off hills or by infilling of hollows (by removing or shifting rocks). For the purposes of the regulations, the area will be regarded as the area impacted by the works rather than the total area of the field that the works are to take place in.

Commencing to use uncultivated land or semi-natural areas for intensive agriculture
For the purposes of the regulations, the Department has drawn a clear distinction between uncultivated land and semi-natural areas as follows:

1. Uncultivated land is considered to include all areas that are not agriculturally managed or subject to limited management at the time of assessment. Land is considered to be uncultivated land if it has not been subject to mechanical or chemical cultivation (for example, by ploughing or rotavating or by addition of organic or chemical fertilisers) for at least 15 years. Such land may have reverted to scrub. Uncultivated land relates to the level of farming activity.

2. Semi-natural areas refers to the plants and habitats/wildlife that are to be seen and supported and includes areas that are not covered by hard or artificial surfaces, improved grasslands such as, perennial ryegrass dominated or clover-rich swards, tillage or other crops or gardens.
   Examples of semi-natural areas include: species-rich grassland, both upland and lowland; limestone pavement; heath or heather; bracken; and costal sand dunes.

The regulations apply to works conducted in uncultivated or semi-natural areas that would enhance or intensify the agricultural productivity of such areas, for example: ploughing; tine harrowing or rotavating; and, addition of organic and chemical fertilisers. It would not include practices that do not directly affect the soil, such as the mowing of grass.

Land drainage works on land used for agriculture
Such drainage works include: installing open drains; installing field drains (not open), such as field drains using plastic pipe with drainage stone; installing field drains with drainage stone only; installing mole drains (no pipe or drainage stone) or gravel filled mole drains (no pipe but filled with gravel); and opening of a short distance of watercourse.

Installing a field drain is covered by the regulations; such work is not regarded as maintenance work for the purposes of the legislation, regardless of whether the field had drains installed in the past or not.

Subsoiling of improved lands is not covered by the regulations. Cleaning of open drains and adjacent levelling of spoil from such cleaning operation is also exempt.

Area to be considered is the area of works (drains plus immediate vicinity), rather than the area of the field.

Category of activity	Threshold for EIA screening	Threshold for consent and mandatory EIA
Re-structuring of rural land holdings Length of field boundary to be removed Re-contouring (within farm-holding)	 500 metres 2 hectares	 4 kilometres 5 hectares
Area of lands to be restructured by removal of field boundaries	5 hectares	50 hectares
Commencing to use uncultivated land or semi-natural areas for intensive agriculture	5 hectares	50 hectares
Land drainage works on lands used for agriculture (excluding drainage or reclamation of wetlands)	15 hectares	50 hectares

SCREENING

It is necessary to apply to the Department of Agriculture, Food and the Marine for screening if the works exceed the thresholds or proposed activity is within, or may effect, a proposed NHA, an SAC, SPA or nature reserve, regardless of the size of the area involved. Screening may also be required, regardless of applicable thresholds, where the proposed works may have a significant effect on the environment.

Applicants will be informed of the screening decision within six weeks of receipt of the application.

The screening decision will be valid for three years. Screening Application Forms can be requested from the following address:

EIA Section, Nitrates, Biodiversity and Engineering Division, Department of Agriculture, Food and the Marine, Johnstown Castle Estate, Co. Wexford.
Tel: 053 916 3400 / LoCall: 1890 200 509.

THRESHOLDS

Thresholds will, for the purposes of monitoring, generally be the areas (or lengths) of work undertaken in any one year or the sum of such areas (or lengths) over a five-year period, beginning on the September 8, 2011, or up to the time of a first application for screening or consent.

CONSENT

If your proposed works exceed the threshold for mandatory EIA or the Department of Agriculture, Food and the Marine, following screening, considers that works are likely to have a significant effect on the environment, work may not proceed without Department consent.

If consent is needed, you must make a further application to the Department, accompanied by an Environmental Impact Assessment and, where required, a Natural Impact Statement.

REVIEW

A decision made by the Department can be referred (by applicant or other person with sufficient interest in the matter or consultation body) to the High Court for review. An internal review procedure will also operate in the Department, where an applicant wishes to appeal.

ICMSA believes that these Regulations are over-the-top and extremely complex. It has been working with the Department of Agriculture, Food and the Marine, and will continue to do so, to seek changes to recognise the practical realities of farming.

ICMSA Elect New Chairpersons

At the ICMSA AGM are (l to r): Paddy and Anne Marie Keane-Cotter, Listowel, Maurice Foley, Milltown, and Maurice Walsh, Lixnaw.

Three new committee chairpersons were elected at the Annual General Meeting of the National Council, held at the Carlton Castletroy Park hotel on December 20, 2011.

Kevin Connolly's very successful Chairmanship of the Beef & Cattle Committee ended and the subsequent election saw Offaly's Michael Guinan decisively secure the position. Michael, who farms at Rahan, near Tullamore, has already signalled that his Committee expects a reasonably positive year for beef prices, but that there will be no complacency on ICMSA's part and a keen eye will be kept on the market and all other factors.

Lorcan McCabe of Baileboro was elected to succeed Tipperary's Willie Ryan as Chairperson of the Taxation Committee and the incoming Cavan man immediately signalled ICMSA's intention to resist 'tooth and nail' any attempt by Government to introduce a so-called 'asset test' in the context of calculating third-level grants and fees. Lorcan stated, unequivocally, that family farms are not capital assets for that purpose but are, in fact, the tools of the farmer's trade and the Association will resist any attempt to discriminate against the college-going children of family farms.

At a recent Annascaul ICMSA meeting are (l to r): Giles Hoffman, Robert Hoffman, Michael Garvey, Patrick Rohan and Paudie Hanafin.

The election of John Comer as President of the Association created a vacancy for the Chairpersonship of the Farm Services Committee and, when put to election, that post was decisively secured by Kerry's Pat Rohan. The popular Annascaul man, and current Chairperson of Kerry ICMSA, is facing a very busy year as the septic tank issue and various other environmental questions move to the top of the agenda. Here, again, Pat expects ICMSA to produce the facts and policy that will enable a clearer picture of the situation to emerge and allow the debate to move past its present counter-productive, revenue-raising context and onto a basis that respects rural Ireland and the farming sector, which underpins part of our State and our society.

At a recent ICMSA Executive meeting in Thurles are (l to r): Pat Mc Cormack, Deputy President ICMSA, Seamus Troy and Willie Ryan.

At a recent ICMSA meeting in Adare are (l to r): John Egan, John O'Dea, Tony Tuohy and Sean O'Brien.

Anne Marie Keane Cotter of Kilmorna, Listowel was elected Chairperson of Kerry Co-op at the board meeting held just before Christmas in Tralee. Anne Marie is a leading member of Kerry ICMSA and a member of the National Council for the Listowel Area. Her election marks the first elevation of a woman to the position of Chair of a Co-op in recent times and she has the best wishes of the whole association in her new role.