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FDC GROUP FARMING Newsletter

AUTUMN 2017

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Business & Farm Accounts, Management & Financial Accountants, Interim Accounts, Income Tax/ VAT Returns/PAYE/ Payroll, Business Plans/ Financial Planning, Business Consultancy/Project Work, Personal & Company Taxation, Business Start-Up, Banking/Borrowing/ Loan Restructuring, Grants, Agri-Consultancy

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FDC & ASSOCIATES
Auditing of all Companies, Accounting, Management Accounts, Book-Keeping/ VAT/PAYE & R.C.T., Payroll Bureau Services, Company Formation & Taxation, Consultancy, Tax Refunds, Property Management Companies, Personal Taxation

GENERAL MANAGER'S INTRODUCTION

Since its formation in 1973 Farm Development Co-op has evolved to become one of the largest multi-disciplinary service providers to rural Ireland. Over 350 staff operate from over 30 office locations delivering Accounting, Taxation, Agri-Consulting and Business Advisory Services to a diverse portfolio of clients. Our service remains predicated on the local delivery of solution-based independent advice.

The Committee of Farm Development Co-op now wish to extend the shareholding base of the Society to valued clients of the organisation. At the moment there are 500 shareholders in the Society, but now the client base has expanded greatly and also expanded geographically (there are now at least 15,000 clients in FDC). It is therefore appropriate that interested clients be given the opportunity to be investors in FDC Group.

The proposed shareholding is a minimum of 5,000 (€1.00 per share) and a maximum of 25,000 per individual. The annual recommended dividend going forward (which is a function of the Society's AGM annually on the basis of the recommendation of the committee) is expected to be in the range 3-4%. Encashment of shareholding in the society is at the discretion of the committee of Management but is typically approved at the committee meeting subsequent to the shareholder putting his request in writing to the secretary.

If you are interested in becoming a shareholder and want additional information I invite you to contact one of my colleagues for a prospectus and a form expressing your interest and intention.

Jack Murphy

Jack Murphy

General Manager

COPING WITH MILK PRICE VOLATILITY

DAVE SHEANE, FDC MIDLETON

In December 2016, the European Commission / European Investment Bank completed a draft study into the potential development of a Price Volatility Financial Instrument with the EU. The comprehensive study focused on three EU countries that are predicted to experience significant investment in their dairy sector over the next ten years – France, Italy and Ireland.

Within this report I have summarised some of the main observations and findings relating to Ireland within the study in together with commentary based on relevant knowledge and experience within FDC and its client base.

THE IRISH DAIRY SECTOR - CONTEXT:

While Europe remains the largest producer of Milk in the word Ireland accounts for just 4.1% of total EU production (c.6.6 million tonnes).

The Irish Dairy Industry - Key Facts and Figures:
Due to its efficient low-cost seasonal system of production

Producers:	
Number of Milk Suppliers	17,600
Average Milk Supplied per producer	364,000 litres
Average Herd Size	70 cows
Average Farm Size	60 hectares
Average net dairy farm income (2015)	€62,500
Average amount of leased land	20%
Production costs (costs per litre)	Lowest in the EU
Volume of Milk produced from March to September (7 months)	78%

Processors:	
Main Processors – accounting for c.80% of milk intake. (Balance accounted for by 10 smaller co-ops)	Glanbia (33%), Kerry (20%), Dairygold (16%) and Lakeland (10%)
Amount of Dairy Products Exported	90%
Dairy Factories – overall capacity utilisation	60%
Main Products Portfolio (Six storable products)	Butter / Cheese / Skim Milk Powder / Whole Milk Powder / Casein / Whey
Butter Production (2015)	200,000 tonnes
(10.6% of EU total)	20%
Cheese Production (2015)	225,000 tonnes
SMP Production (2015)	130,000 tonnes
WMP Production (2015)	40,000 tonnes

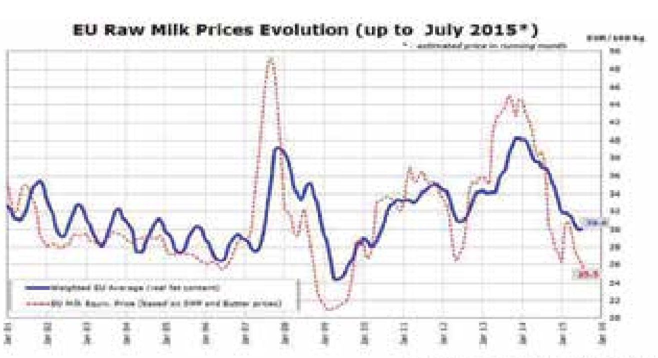
Main Suppliers of Finance:	
Three mainstream Banks	AIB, BofI and Ulster bank
Finance Ireland / Co-Ops	MilkFlex and Credit Facilities
Main HP & Finance Companies	DLL, Close Brothers, Finance Ireland
Processing Co-operatives	Direct Farmer Credit / Bulk buying

from outdoor grass grazing the majority of the country's product portfolio is focused on storable dairy commodities and food ingredients.

These storable products are more exposed to the extreme price volatility inherent in commodity markets in comparison to perishable (added value) products supplied to the retail and catering sectors.

This price variability is driven by many factors:

- Fluctuation in market demand
- Fluctuation in world-wide product stocks (surplus)
- Oil price continues to be a major influence on global milk production.
- Changes in product lines
- Changes in European Agri Support polices
- Farming support schemes in other major production areas
- Weather / climate events
- Food safety concerns
- Herd health / disease



It is encouraging to note a move towards alternative added value product lines within the Irish dairy-processing sector. For example, Ireland now has a substantial infant formula industry in place with almost all the global multinational baby food suppliers locating significant production facilities in the country. A second change that has occurred in recent years has been the development around caseinates, specialist whey products and sports nutrition products.

FUTURE PRODUCTION AND PRICE TRENDS:

Over the next ten years EU production of milk is expected to grow slowly primarily by increased demand for dairy products in developing countries. Milk price volatility is expected to remain at current levels if not increase as economic, environmental and political shocks will continue to disrupt the balance between demand and supply.

THE IRISH DAIRY FARMER – A NEW REALITY:

Substantial price fluctuation in any industry is hard to manage. In the past EU policy looked to stabilise milk price through intervention purchasing and production quotas. Following the abolition of quotas in 2015 a more market orientated approach has now been adopted and EU prices essentially track volatile world prices.

Following quota removal there is an understandable focus on increasing / maximising herd size and improving efficiency. Both of these approaches require financial investment.

Investment requirement for existing Irish dairy farms

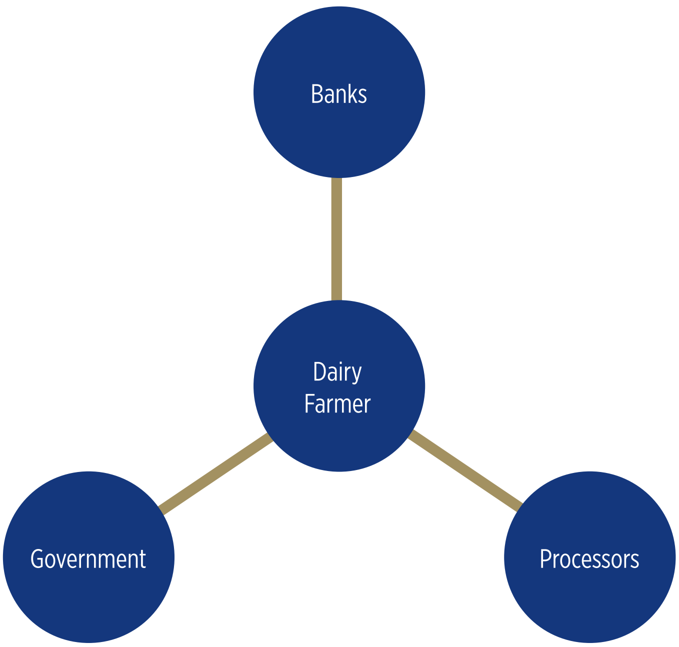
	Million:
Acquisition of dairy cows	401
New Milking parlour (on 2,900 farms)	649
Conversion of beef housing to dairy (for 176,000 cows)	76
Upgrading of existing milking facilities (on 8,000 farms)	63
Extension to existing housing (for 60,000 cows)	53
Total Investment	**1,241**

Source: Teagasc and Bank of Ireland (2015)

Price volatility however leads to hesitancy on the part of both the framer and the suppliers of finance. Price volatility makes the completion of accurate cash flow projections significantly more challenging. Uncertainty increases the pricing of borrowing proposals.

Key stakeholders in addressing the volatility risks associated with the investment process include the Farmer, the supplier of finance (Banks), the Processors and the Government.

THE MAIN STAKEHOLDERS IN IRISH DAIRY FARMER INVESTMENT PROJECTS.



The Farmer can directly control what happens within the farm gates. The focus is on maximizing the resources available through efficient grass production combined with stock management and development. Investment projects should only be undertaken when optimum efficiency standards have been established on the farm while a return on investment needs to be assessed as a primary justification of any potential farm development project. The farm needs to maximize / increase profit – and not necessarily milk production volumes.

Risk hedging on the farm is usually limited to fixed price milk contracts for a proportion of production, opting for fixed interest rates on part or all of the farms long term loans or establishing a "sinking fund" during periods of strong milk price to be used when prices fall.

The role of the Co-Operative Processors in volatility support:

The Co-Ops have a vested interest in the sustainability of their suppliers. They play a critical role in supporting the farmer in normal and expansionary times.

- Providing Best milk price possible
- Developing and Marketing added value products
- Brand development
- Valuable and flexible source of credit (but can be expensive)
- Can also play a role in the accessing and management of credit facilities from Banks (see milkflex)
- Currently provides limited milk price hedging facilities through the provision of fixed price contracts but could also potentially play a role in the provision of interest rate and hedging products such as caps, collars and swaps.
- Co-ops can also provide assistance in periods of low milk price through margin reductions, reducing the requirement to purchase co-op shares or providing a bonus to reduce milk production.

Government Volatility Support:

A recent example of direct volatility support was the recent Agriculture Cashflow Support Loan Scheme in January 2017. The Scheme was developed in co-operation with the Strategic Banking Corporation of Ireland (SBCI), and made €150 million available to farmers throughout Ireland at low-cost interest rates of 2.95%.

Possible future Government support might also include the introduction of an agricultural bond similar to what has been used in Australia to mitigate against the impact price volatility. This allows farmers to make a pre-tax deposit of cash into a bonded bank account during periods of strong milk prices, which can be reintroduced when, milk price drops.

Bank Volatility Support:

Banks will typically take a longer-term view in terms of milk price and apply an conservative average base milk price as part of their loan repayment capacity assessment process. Typically, AIB and Bank of Ireland will use an average price of 30cent/ltr while Ulster Bank use 28 cent / ltr. Similarly, interest rates will be stressed with AIB & BofI using 6% and Ulster Bank using a stressed rate of 8%.

Banks will always "look back" before considering a proposal and will spend considerable energy analyzing established efficiency / profitability records of the farm enterprise.

Generally, they will reduce monthly repayments to interest only repayments in times of difficulty.

In 2014 Bank of Ireland launched Agriflex which promised repayment flexibility throughout the life span of a loan however the farm individual circumstances are evaluated before any agreement on changes to repayments. Subsequently Glanbia / Rabobank launched Milkflex which is a long-term loan facility with automatic triggers to adjust the repayment structure based on a base milk price. Qualification for the scheme is dependent on signing up to a supply agreement with the Glanbia with a term equal to or exceeding the loan agreement.

Repayments are automatically deducted from the milk cheque as required which reduces the risk for the lending bank. From our discussions it is likely that the Finance Ireland Milk Flex scheme will be offered through other processors similar to the Glanbia scheme.

Other potential coping instruments:
Market responsive financial instruments could currently compliment the other existing tools and meet the diversified needs of the sector. In both France and Italy they are setting up funds to stabilize the income of individual farmers where up to 70% of farm losses can be compensated.

Alternatively, public support could be provided to share the risk with banks and intermediaries such as in the provision of guarantees. This support could enable Banks to reduce the security required from the farmer or adjust repayment structures more readily – with perhaps the decision to change repayments being made by the farmer rather than the bank.

Milk processors (particularly Co-Operatives) may be interested in putting forward their organizations commercial and financial management capabilities for the benefit of their milk suppliers. Supported by long term supply agreements they could look at taking loan repayments from farmers milk cheques and reduce the risk for an investor. The Co-Op may also be interested in taking on a small share of the risk depending on their other financial commitments.

The demand for these price-responsive financial schemes will depend however on future developments of other market -based price risk management tools such as OTC contracts, Forward contracts futures and insurance. Futures contracts are available for dairy products like butter, SMP and WMP not fresh milk which is less tradable.

CONCLUSIONS:

- Since the abolition of milk quotas Irish dairy farmers will face ongoing and perhaps increased price volatility.
- On-farm investments are required to take advantage of growth opportunities.
- Many initiatives have been established by processors and banks in recent years to provide more stability for farmers such incentives to adjust milk volume, cooperative margin reductions, low cost SBCI cash-flow loans, Agriflex and Milkflex loan schemes.
- Expect further development of publicly supported price-responsive financial schemes and a deeper futures market.
- The best means by which a farmer can protect against milk price volatility lies within the farm – namely efficient cost-effective production practices and strong cash-flow awareness / management.

Supporting Services from FDC Group:
The FDC Group will typically assist their dairy clients in addressing the following milk price volatility related issues:

- Accessing and securing the appropriate loan products.
- Advice on corporate structures that assist the expanding commercial dairy farmer in improving their profits and overall balance sheet strength.
- Advice regarding continuity of business and inheritance.
- Assistance with tax planning.
- General farm business planning, loan repayment assessment and cashflow projections.

REGULATIONS RELEVANT TO FIELD BOUNDARY REMOVAL, LAND RECLAMATION AND LAND DRAINAGE.

DENIS FITZGERALD, AGRICULTURAL CONSULTANT, FDC CAHIR.

Thoughts at this time of the year can often turn to changes, or improvements, that could be implemented to make the operation of the farm easier in the future. In practical terms this generally relates to removal of hedgerows / ditches, reclaiming that patch of scrub back to agricultural use or draining that plot of land, access to which is dependent on the time of the year or the weather.

With the introduction of REPS over 20 years ago and then the tightening of Cross Compliance Regulations in the last ten years followed by the introduction of the Environmental Impact Regulations (Agriculture) Regulations in 2011, the administration associated with this type of work has moved far beyond simply phoning up your Agricultural Contractor to assess the project then and commence the work.

The reason that these regulations came into force is that a legal case was taken against Ireland giving rise to a judgement by the European Court of Justice. That led directly to the introduction of the above regulations in late 2011 and this is the model that the Department of Agriculture have been operating under since that time.

Farmers generally try to minimise the impact on their local environment and they can appreciate the ecological importance of hedgerows, and other types of habitat, but occasionally they feel it is necessary to re-engineer these features in order to improve the running of the farm. Dairy farms have undergone a significant degree of expansion in recent years so the size of fields or the network of roadways may no longer be adequate to cater for a larger herd. Similarly, arable holdings have increased in size and the equipment used by tillage farmers has become much larger. Agricultural Contractors also tend to use larger machinery with items such as vacuum tankers and combined baler/ wrappers being much bigger than models available in the past. In other instances, people may feel that a particular ditch "was always in the way" or that a particular field "was always a bit wet, even in the summer". This has all led to farmers looking at the current layout or design of their fields with a view to reconfiguring them.

CATEGORIES AND THRESHOLDS

The Department of Agriculture have classified this type of work into three categories with one category being divided into three further sub categories. They also have applied thresholds to each type of proposed development so that if the proposed changes exceed one or more of the thresholds, then special approval from the Department of Agriculture called "Screening" must be applied for. These categories, sub-categories and thresholds are summarised as follows:

Thresholds for Screening applications

Proposed Activity	Screening required if threshold is greater than:	
Restructuring of land holdings:	Removal of field boundaries	500 metres (c. 550 yards)
	Combined area of amalgamated fields	5 hectares (c. 12.35 acres)
	Re-contouring	2 hectares (c. 5 acres)
Reclaiming scrub or semi natural land for intensive use		5 hectares (c. 12.35 acres)
Land Drainage of farmland (not wetland)		15 hectares (c. 37 acres)

These thresholds apply not only where it is a "one off" project but also over a 5 year period. Therefore if work was done in the past five years or other works are likely to be carried out in the next five years, the combined total may need to be taken into account. Similarly, work may already have been carried out, where Screening was not necessary, but that completed work together with proposed work may mean the next project will require Screening.

What does the process entail?

An application for a Screening Decision needs to be completed and submitted to the Department of Agriculture for consideration by them. Details about the applicant, the category under which the proposed works fall as well as specific LPIS parcel details are requested along with a map and Folio details of the lands. Applicants are asked to confirm whether the lands are designated in any way (see below) and are also required to elaborate on the nature and extent of the proposed works and the reason why. Stating that you wish to have bigger or better draining fields is not sufficient; information needs to be supplied as to why bigger fields are needed or why draining that field is important. Information regarding who will be carrying out the works is also needed, whether it is the applicant themselves or another party.

Should I just go ahead and carry out the work and take the chance?

This approach is not advisable for the simple reason that satellite imagery is improving every year and the quality and resolution of the images is getting better accordingly. Long-time Area Aid / SPS / BPS applicants will recall that the images in the early days were grainy black-and-white images whereas nowadays images are in colour and features are clearly visible and identifiable. Penalties are likely to apply where works were carried without the relevant permission.

Wetlands

It is also worth noting that the reclaiming and drainage of wetlands is assessed separately under the heading of Planning and Development regulations so it important to ensure that the correct application is made to the appropriate Local Authority. The category of wetlands could generally be described as pertaining to any waterbody (fresh or salt water), swamps, floodplains, peat bogs, salt marshes, coastal features, etc. This is quite an extensive category in itself. Thresholds for works on wetlands are much lower with any proposal involving an area greater than 0.1 ha needing planning permission and anything greater than 2 ha needing a full Environmental Impact Statement.

Designated Lands

What is also of relevance is whether the land in question is designated under any heading. Such headings could include Special Area of Conservation (SAC), Special Protection Area (SPA) and Recorded Monuments. The type of works outlined in the table above can often be described as “activities requiring consent” or “notifiable actions” and while the extent of the proposed works may not exceed the thresholds mentioned, the relevant authority may direct that Screening be applied for in any event. These relevant authorities could include the National Parks & Wildlife Service, the National Monuments Service or perhaps the Local Authority.

TYPES OF PROPOSED WORKS

Field Boundaries

These could include hedgerows and/or clay banks and stone walls. Maintenance work on stone walls can still take place without any difficulty and electric or barbed wire fences are not covered by this requirement either. While 500 metres might seem like a significant length of field boundary before Screening is required, remember that removing a 100 metre hedgerow between two 3 ha fields will give rise to a 6 ha field so Screening would be required for this type of development because of the area of the amalgamated field.

Re-Contouring

This could be as simple as levelling off humps and hollows in a plot of land. The 2 ha Screening threshold refers to the area of the work itself rather than the whole field. It is also taken to involve material being moved around within the farm. Where material is being brought in from outside the farm, the relevant Waste Movement and Planning requirements need to be complied with.

Drainage

Opening new open drains or installing covered drains comprising of plastic pipe / stone or mole drains are all relevant to Screening considerations. In terms of the threshold, it is the area of the works plus the immediate vicinity that is taken into account, not necessarily the total area of the field. Maintenance of existing open drains and levelling of the associated spoil in the adjacent area should be possible without the need to apply for Screening.

OTHER CONSIDERATIONS

Cross Compliance

As has been the case since 2009, farmers looking to remove a particular length of hedgerow or drain are required to provide the equivalent length elsewhere on their holding. For example, someone looking to remove a hedgerow that is 250 metres long may not need to apply for Screening (as long as the amalgamated field doesn't exceed 5 ha) but they still need to be willing to replant a replacement 250 metres elsewhere on their farm to avoid Cross Compliance penalties. Technically, details of the replacement works are not actually required in a Screening application but we have been advised by the Department of Agriculture that the vast majority of Screening applications tend to include information about the replacement planting as it needs to be factored in to satisfy Cross Compliance requirements anyway.

Bird Nesting Season

The period during which trimming and other maintenance work is prohibited on hedgerows runs from 1st March to 31st August. While there are often calls to shorten this six month period to 1st August, it still stands and so any hedgerow removal work cannot commence until 1st September at the earliest.

Register of Decisions

The Department of Agriculture give periodical updates on the decisions that they have given on Screening applications. Details of the applicant are not published but information regarding the county, townland, the nature of the proposed works and whether the application was approved or not, is included.

Are there upper thresholds for Screening?

Yes, there are. Below is another table that sets out the thresholds that will move the application from Screening to a more complex process called Consent. Generally these thresholds are much higher than those for Screening but the threshold for re-contouring isn't significantly higher.

Applications for Consent will also require an Environmental Impact Statement.

Thresholds for Consent applications

Proposed Activity	Consent required if threshold is greater than:	
Restructuring of land holdings:	Removal of field boundaries	4,000 m
	Combined area of amalgamated fields	50 ha
	Re-contouring	5 ha
Reclaiming scrub or semi natural land for intensive use		50 ha
Land Drainage of farmland (not wetland)		50 ha

FURTHER INFORMATION

The Department of Agriculture website www.agriculture.gov.ie provides links to the various application forms as well as a copy of the Guide for Farmers booklet and a summary information leaflet.

FDC Agricultural Consultants are available throughout our branch network to advise you on all aspects of these regulations.

EMPLOYMENT LAW

TARA DUGGAN, FDC TAX DEPARTMENT LTD

INTRODUCTION

Employment Law in Ireland is highly regulated by an extensive statutory framework, much of which is derived from European Union Law. While the employer/employee relationship might seem straight forward on the face of it, it can be one of the most complex to navigate due to the various sources of Employment Law. Employment rights in Ireland are enforced by a number of statutory commissions and bodies, depending on the nature of the dispute and the specific piece of legislation at issue. It is, therefore, imperative that employers are certain of their rights and obligations under Employment Law to avoid unnecessary litigation. This article will attempt to shed some light on the most relevant and topical issues facing employers presently.

INITIATING THE EMPLOYER/EMPLOYEE RELATIONSHIP

Under the Terms of Employment (Information) Act 1994, all employers in Ireland are obliged to provide their employees with a written statement setting out certain fundamental terms of their employment within two months of the commencement of employment. Some of these terms are set out as follows:

1. date of commencement of employment;
2. full name and address of employer and name of employee;
3. the employee's place of work;
4. the job title or a description of the nature of the work;
5. if a temporary or fixed-term contract, the expiry date;
6. details of pay including overtime, commission and bonus and methods of
7. calculating these;
8. whether pay is to be weekly, monthly or otherwise;
9. the pay reference period;
10. terms and conditions relating to hours of work and overtime;
11. holiday or other paid leave entitlement;
12. notice requirement;
13. details of rest periods and breaks;
14. details regarding sickness and sick pay;
15. details of pensions and pension schemes; and
16. reference to any applicable collective agreements.

The statement must be signed by or on behalf of the employer and be retained by the employer during the employment and for one year after the employment has terminated. The more comprehensive the statement is, the less likely a dispute will occur. The seniority of the position will also impact on the level of detail needed in the statement.

The rights and responsibilities of employers and employees during a probationary period is an aspect of Employment Law that can often cause confusion. A probationary period will only be effective if it is expressly provided for in the contract of employment. Historically, once a twelve-month period of employment had expired, an employee was covered by the Unfair Dismissals Acts 1977-2007. The first twelve months of employment, which is generally the probationary period, provided an employer with the opportunity to dismiss an employee for legitimate reasons such as if the employee was not suitable for the role. However, the Protected Disclosures Act 2014 lifted the traditional twelve months service requirement for unfair dismissal claims to give an employee recourse if they claim that they were dismissed as a result of making a protected disclosure. This has diminished the protections afforded to employers during a probationary period, particularly if an employee abuses the new powers under the 2014 Act.

THE PAYMENT OF WAGES AND WORKING TIME

The Payment of Wages Act 1991 regulates the way wages are paid such as by salary, commission, bonuses, holiday and sick pay. Since January 1st 2017, the minimum wage in Ireland has increased from €9.15 an hour in 2016 to €9.25 an hour. It is interesting to note that if an employer cannot afford to pay the national minimum wage due to financial difficulty, the Labour Court may grant an employer an exemption from paying the minimum wage rate for a period between 3 months and one year. Only one such exemption can be allowed.

The Organisation of Working Time Act 1997 governs the maximum hours an employee can work and their entitlements to rest periods. An employee is not permitted to work more than 48 hours per week. This can be averaged over a four-month period. The averaging period for night workers is two months and for employees working in agriculture and tourism, the period is six months. An employee is entitled to rest breaks while at work and a period of eleven consecutive hours rest per day. They are also entitled to four weeks paid annual leave and nine public holidays. Regarding overtime, there is no statutory entitlement to overtime or payment of such under Irish law. Specific categories of employees are entitled to overtime pay if they are covered by a Registered Employment Agreement or an Employment Regulation Order. These are industry specific collective agreements that are lodged in the Labour Court and bind all employers/employees in that industry.

EMPLOYEE REPRESENTATION

Since the economic recovery started to take effect in 2015 and be felt by employees, industrial relations issues have afflicted a variety of sectors. Any employee has a right to join a trade union. While an employer is under no obligation to negotiate with a trade union, the Industrial Relations (Amendment) Act 2015 introduced a novel definition of collective bargaining and identifies when a trade dispute can be referred to the Labour Court for a legally binding order. Any collective bargaining must be with an independent body who is not under the control of the employer. Employees are also entitled to representation in certain situations as a matter of law. This arises in circumstances where there is a transfer of undertakings, collective redundancy situations or where the employees are covered by a local or European-level works council. Some of the most relevant pieces of legislation in these areas are as follows:

- The Protection of Employment Act 1977 provides for consultation for a minimum of 30 days between employers and employees prior to the execution of collective redundancies. These consultations serve the purpose of attempting to stop or reduce the number of redundancies where possible while also negotiating the terms of such redundancies.
- The Employees (Provision of Information and Consultation) Act 2006 provides that employers with at least 50 employees are obliged to enter into a written agreement with employees setting down formal procedures relating to informing and consulting with them, or with their elected representatives, on a continuing basis covering a variety of issues relating to the business. The legislation will only apply if a minimum number of employees request it.
- The European Communities (Protection of Employees on Transfer of Undertakings) Regulations 2003 regulates the situation that arises where the contracts of employment are transferred from the previous employer to the new employer of a business because of a merger or acquisition. Both parties to the transaction are required to inform and consult with the affected staff in relation to the implications of the transfer of ownership such as the legal, economic and social consequences. The employers are obliged to consult with employees or their representatives 30 days before the transfer. The new employer is required to observe the terms of the contracts of employment that have been transferred with dismissals on the ground of the fact of the merger or acquisition being prohibited.

PROTECTED DISCLOSURES

The issue of protected disclosures or "whistleblowing" is currently very topical due to the ongoing crisis within An Garda Síochána. However, all employers should become familiar with the workings of the Protected Disclosures Act 2014 and develop adequate policies and procedures as employees become more familiar with the process. The purpose of the legislation is to give employees the ability to voice concerns and identify instances of potential wrongdoing in a workplace while also maintaining significant employment protections and to avoid any detriment suffered due to their disclosure. "Protected disclosure" has been defined as a disclosure of relevant information, which in the reasonable belief of the worker tends to show one or more relevant wrongdoings and came to the attention of the worker in connection with their employment. The definition of "relevant wrongdoings" is exhaustive and includes the following:

- the commission of an offence;
- a miscarriage of justice;
- non-compliance with a legal obligation;
- health and safety threats;
- misuse of public monies;

- mismanagement by a public official;
- damage to the environment; or
- Concealment or destruction of information relating to any of the foregoing.

An employee is protected from penalisation by an employer such as suspension, dismissal, demotion, transfer of duties, change of location, change in working hours, reduction in wages, imposition of a reprimand, discipline or other penalty if they make a disclosure. There are a number of methods by which a protected disclosure can be made. These are:

1. Disclosure to an Employer: The Act provides for a direct disclosure to an employer. This should be the first step made in any disclosure and it is recommended that, where possible, all disclosures about wrongdoing should be handled internally. It is, therefore, vital that employers have an agreed whistleblowing policy in place in their organisation. Employees should have a safe and confidential process available to them to make their disclosure.
2. Disclosure to a Minister: An employee of a public body can make a protected disclosure to the Minister of Government charged with a function relating to the public body in question.
3. External Disclosure: There is no obligation on an employee to make a disclosure to their employer in the first instance beyond the desire to handle the matter internally. If, however, a disclosure made internally was not acted upon, the legislation sets out a broad range of people that external disclosures can be made to. These include a legal advisor, a prescribed person or a disclosure to the media.

CONCLUSION

With the economy improving and the levels of unemployment continuing to fall rapidly, it is essential that employers familiarise themselves with the many obligations they face from an Employment Law perspective.

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LIFE INSURANCE/PROTECTION

ROBERT MCDONNELL, FDC FINANCIAL SERVICES LTD*

**FDC Financial Services Ltd is regulated by the Central Bank of Ireland*

There is a lot of misconception and even lack of understanding out there when it comes to Life Insurance. The aim of this article is to provide a simple jargon free explanation of the different types of Protection available in the Irish Market. As independent Financial Planners FDC Financial Services Ltd conduct a full analysis of all clients protection policies (existing/new requirements) and provide advice appropriate to their needs.

If you earn an income, own a home, have a family, a business or an investment property, then protecting you and your family against the financial impact of ill-health, serious illness or death is one of the most important decisions you can make. You can't predict what is going to happen in the future but you can prepare for it. Having the facts to hand means you can make an informed decision on what life insurance you and your family need.

MORTGAGE PROTECTION

Buying a home is one of the biggest financial commitments you'll ever make so putting the right cover in place to protect it should be a top priority. It is now also a legal requirement by any bank issuing the mortgage. Mortgage Protection is a decreasing term assurance policy which means the cover reduces in line with your mortgage and is designed to pay off the outstanding balance on your mortgage in the event of death and will secure ownership of your home.

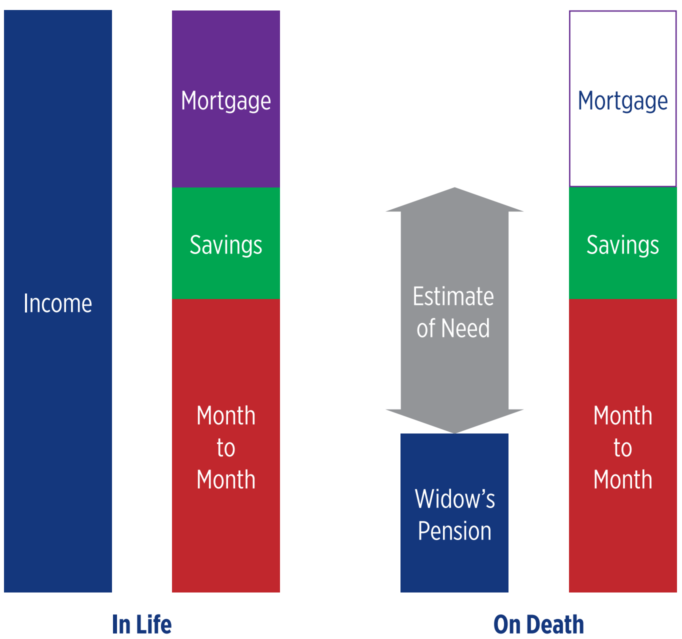
FAMILY PROTECTION

Whether you've just had your first child or already have a young family, you'll know that becoming a mum or dad changes your life. A family protection plan can be used to protect you and your family from the financial uncertainty and hardship that comes with unexpected illness or death. The below chart shows the effect of death of the primary income earner on a family and the need to replace income…

There are now a number of different types of Family Protection plans available in the Irish Market and it certainly

Replacing Income: How Much Income?

Top down?
1 Your income
2 Your mortgage payment
3 Your marital status



is not the case that one size fits all. Typically, Family Protection is a level term policy which means the benefit i.e.: the lump sum remains the same for the term of the policy as opposed to the above-mentioned decreasing cover. At FDC we work with clients to put in place the right cover for their individual needs and circumstances. Below is a list of the different types of cover available.

- A lump sum payment that can be used to clear any loans or debts ensuring your family's immediate finances are healthy.
- Pay a monthly income in the event of illness or death to meet outgoings and / or maintain your family's current lifestyle.
- Pay a monthly income to your family if a stay at home parent dies to meet the additional expenses your family would face (such as childcare)
- Pay a lump sum amount in the event that you suffer a serious illness, providing you with financial breathing space and allowing your family to maintain their current lifestyle.

SPECIFIED ILLNESS COVER

This type of cover pays you a lump sum amount if you suffer from one of the specified illnesses covered on your plan. Specified illness cover pays you a lump sum on diagnosis of some of today's most common illnesses. Again, this is a level term policy with the benefit remaining the same for the term of the policy. You can spend the lump sum however you like to maintain your standard of living or to help you and your family cope financially during a difficult time.

- You choose the amount of cover you need and how to use it. For example, if you suffered one of the specified illnesses covered, the pay-out could go towards meeting your mortgage and loan repayments or everyday bills and expenses, paying somebody to run your business i.e.; Farm Manager thus leaving you to concentrate on getting better.
- As a business owner/self-employed, there will be additional concerns if you were to fall victim to a serious illness, be it the benefits you are or are not entitled to in the case of serious illness or the future running of the business in the case of your death.

It is important to note that you can tailor a plan to incorporate both Life Cover and Specified illness and have the specified illness benefit accelerated (the amount of SI cover reduces the Life Cover benefit in the event of a claim) or you can have both benefits on a standalone basis but on the 1 policy.

INCOME PROTECTION

Your income is probably your most important asset. It funds your whole lifestyle. Your children depend on it from birth, right through to college and often beyond.

An Income Protection plan pays you a monthly income if you are unable to work due to any illness, accident or injury. You can ensure you continue to meet your monthly mortgage repayments and household bills and maintain your current standard of living. It will continue to pay you an income until you are well enough to return to work, or if not, until retirement.

- What would happen if your income suddenly stopped because of ill health/accident/injury?
- How long would your employer pay you if you were on prolonged sick leave?
- How would you and your family cope financially after that?
- If you are self-employed you are not entitled to the State Illness Benefit if you are unable to work due to illness.

Benefits of Income Protection include:

- It can protect up to 75% of your earned income to age 65
- It can pay out after 8, 13, 26, or 52 weeks following an illness or injury
- The cost of your cover will never increase during the term of your plan (unless you choose to index it or apply to increase your cover)
- Up to certain limits, tax relief is available on your premiums at your marginal rate of tax. This can reduce the cost of your cover by up to 40%
- Income Protection is more competitive than you may think – the younger you start the less it will cost.

It should be noted that in occupations that involve a high degree of manual work – farming, construction, these clients struggle to get Income Protection due to the higher-risk nature of their occupation.

BUSINESS PROTECTION

Research tells us that his particular area it would seem is grossly underinsured. Many people either have inadequate or inappropriate arrangements in place to cover a serious illness or death of a business partner. Business directors and partners are primarily focused on the running and growth of their business and putting in place appropriate protection to cover off eventualities is not at the forefront of their minds. Business Protection seems complicated at first but at FDC we have the expertise to talk you through it and explain it in terms that the client understands.

Many business owners believe that it simply won't happen to them. The chances of a partner or director, in a small business dying or becoming seriously ill before retirement, are probably a lot higher that you might think. Many problems can arise for a business when a partner or key employee dies prematurely or becomes seriously ill. The lack of credit to small businesses could result in some surviving business owners having insufficient funds to purchase a deceased owner's share of the business or in some incidences getting into financial difficulty because of a key employee's death.

The questions clients need to ask themselves are as follows and the answers to same will determine the type of policy that would best suit them, their business, their family and their business partner(s).

What would happen to your family if you died prematurely?

- Would they take over your share of the business?
- Would the remaining shareholders have the funds needed to buy your share back from your family and has this plan been formalised?

What would happen to your business if a co-owner died prematurely?

- Would you maintain control of the business?
- Do you have the funds to buy back their share of the business from their family and has this plan been formalised?

A Business Protection Plan can be used to:

- Provide funds needed to buy out a deceased partner's share of the business
- Provide for a deceased business owner's family in the event of premature death
- Ensure a surviving business partner retains ownership and control
- Avoid the need for personal loans to be taken out.

In summary, FDC Financial Services advise across all Life Insurance/Protection headings. At FDC we work with our clients to tailor the most appropriate plan suitable to each individual/family/business owner. We review this with our clients on a regular basis and amend as and when circumstances change. By doing so this ensures clients understand the cover that they have in place at any particular time.

KEY AGRICULTURAL COMMODITY GRAPHS

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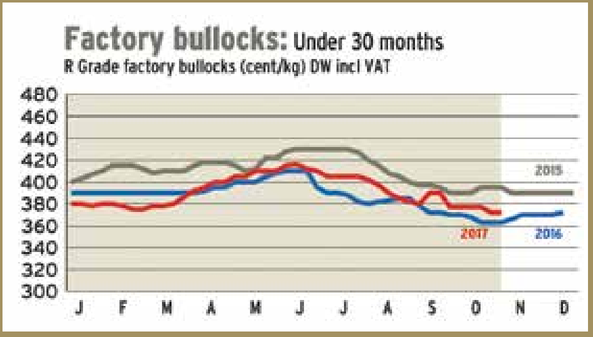

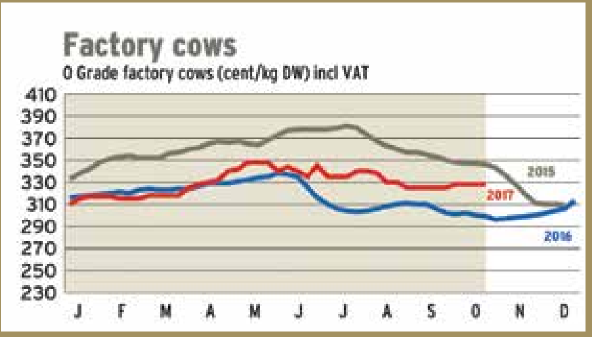

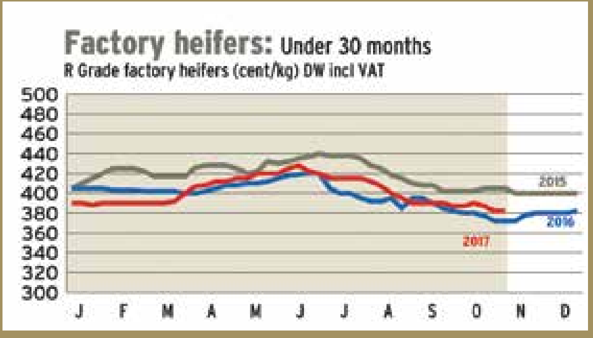

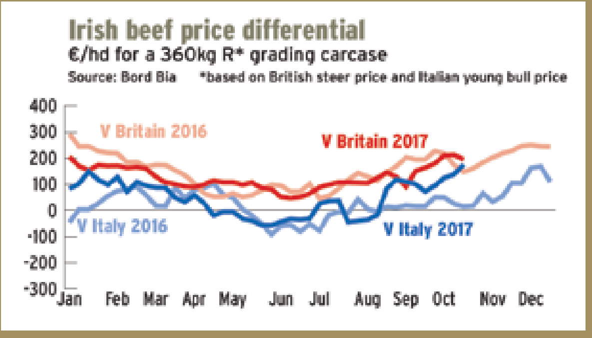

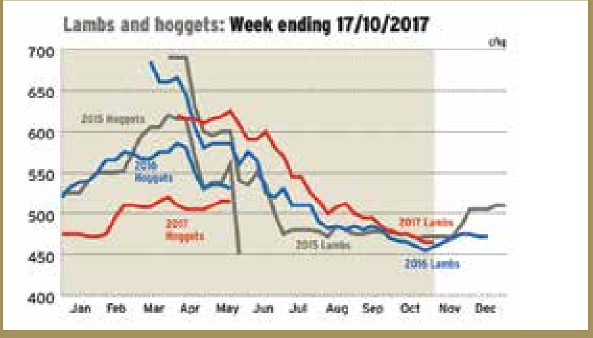

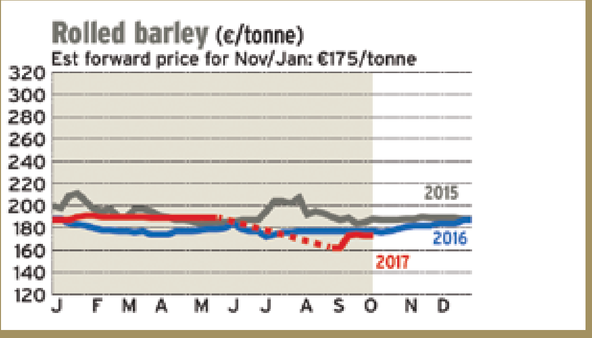

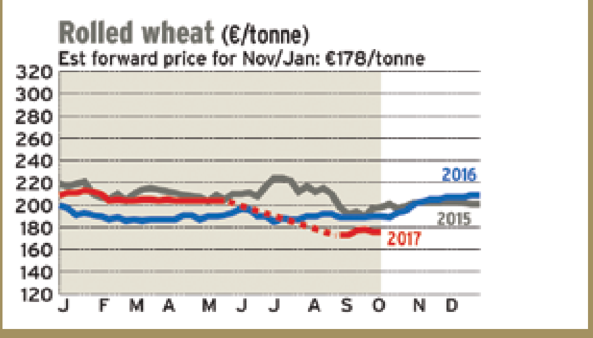

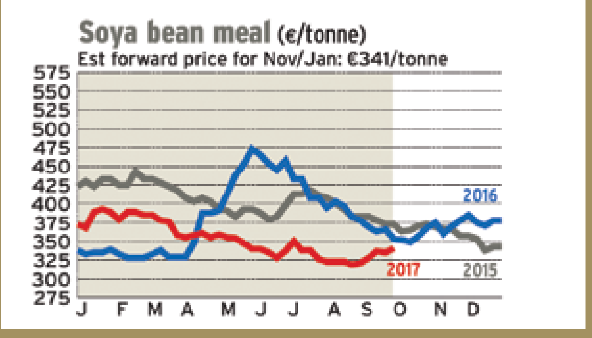

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