

## Business

**Martin O'Sullivan**



**T**he growth in average dairy herd size has created a heightened demand for labour on many farms.

Sourcing and retaining farm labour has become a serious challenge. The average dairy herd today is in the region of 90 cows which is near the upper limit for a one-man operation, so any significant expansion of the typical herd will require additional labour.

Robots are going some way towards plugging the gap, but realistically, robots will only suit in a minority of situations and they are not a complete solution as they only represent a saving of approximately 40pc in labour demand.

The Farm Relief Service (FRS) provides a very valuable service in sourcing labour for farms, but they are also finding the availability of labour a growing problem.

In this article I will deal with some of the issues that intending employers should consider. In a follow-up article I will deal with various collaborative structures that might help provide an alternative to hiring labour.

Where one is successful in locating a suitable employee, there are other considerations to take into account such as the cost of labour and the employee's rights along with the employer's obligations as set down by the Workplace Relations Commission.

In former years, the employment of agricultural workers was governed by a JLC (Joint Labour Committee) agreement that no longer applies due to a successful court challenge.

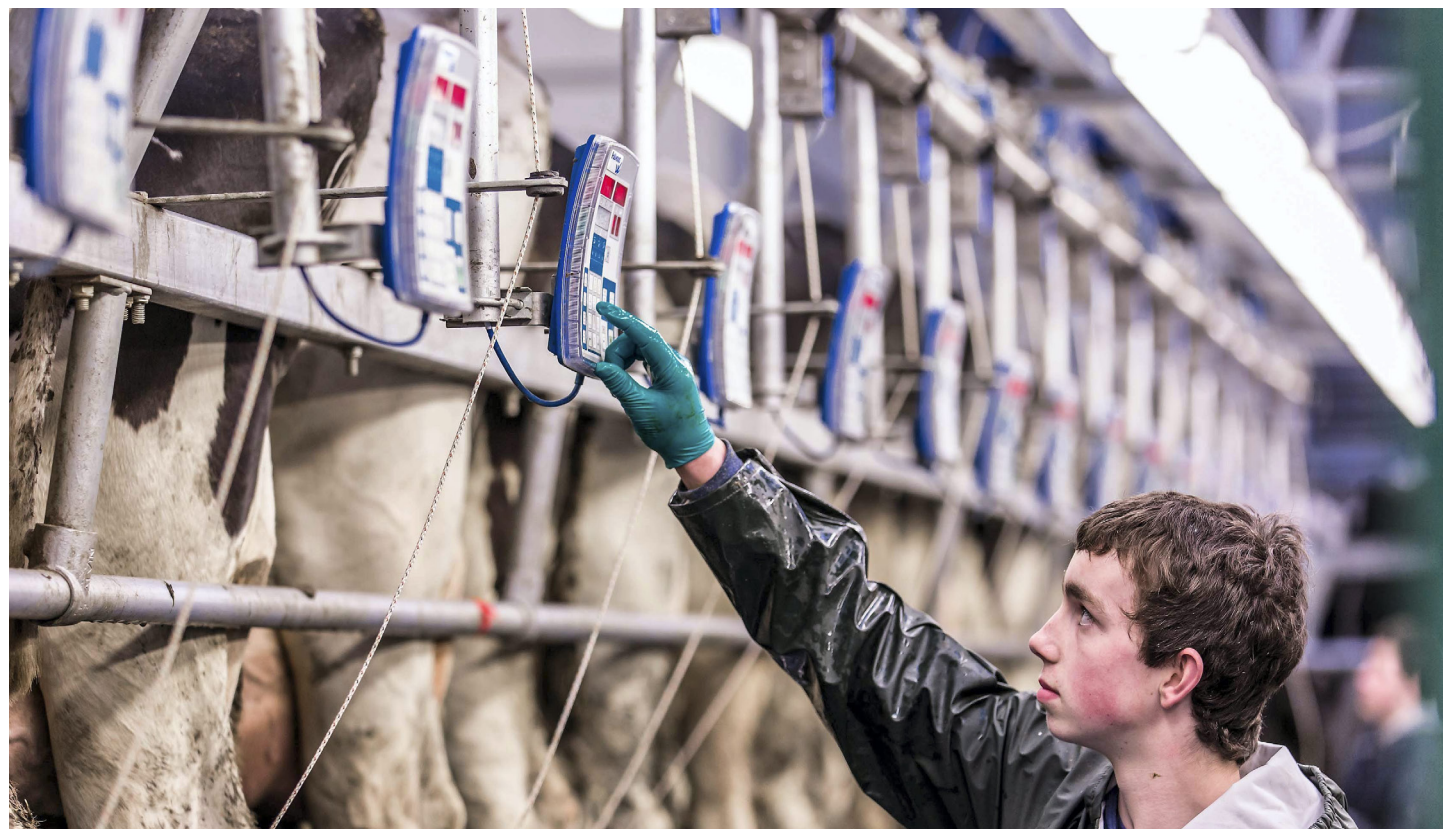
Currently, agricultural workers fall under general employment legislation. But the recent introduction of a new Sectoral Employment Order for construction workers — effectively replacing the old JLC agreement — would suggest that it is only a matter of time until a similar order will apply to agricultural workers.

### Labour costs

Good farm labour is not cheap. While the statutory rate per hour is the €10.20 you won't find too many good workers that will work for that rate.

The reality is that a starting wage for an experienced dairy hand is currently in the range €650-€750 per week gross, the equivalent of €13-€14 per hour.

Typically, this will be exclusive of benefits in kind such as meals. Employer's PRSI will add a further 11.05pc per week. So, an employee earning say €700 per week will have a gross cost of €40,422 per annum.



**Growth:** Dairy expansion has increased the demand for fulltime farm workers

# Farmers need to be mindful of their statutory obligations when hiring helping hands

With more farms being run as business enterprises, the onus is on farmers to ensure they are in compliance with Revenue and labour law considerations

However, if the employer is a sole trader paying tax at the high rate, the net cost of the employee could be a little as €19,402 due to savings in tax, PRSI and USC.

If the farmer is trading as a limited company the net cost would be considerably higher at €35,369 due to the lower tax rate applicable to the company profits.

Accordingly, if one can locate a suitable employee, the net cost, particularly for sole traders, may be quite manageable.

### Employer obligations

The task of locating an employee may pale into insignificance when compared to coping with the myriad of regulations and obligations placed upon an employer.

Firstly, you have to register as an employer with Revenue which nowadays requires online real-time filing of wage payments as they are made.

Secondly, detailed records of pay and hours worked are required by the Workplace Relations Commission which

may inspect such records at any time.

Clients of mine who have undergone such inspections would consider a cross-compliance inspection a doddle by comparison and as everybody knows cross-compliance inspections are no picnic.

Observance of the rules surrounding Health & Safety are paramount on any farm, but where there are employees the bar is raised still further.

Providing a safe work environment is vital as is establishing what level of training an employee possesses in relation to the tasks he/she is

being asked to perform.

The cause of accidents or injuries at work can often rest at the door of the employer if the appropriate training had not been given to the employee.

### Worker's rights

The worker's rights do not begin and end with the payment of a weekly wage. Far from it. Employers must ensure that entitlements such as working hours and conditions in the workplace are observed.

Workers have wide ranging rights and entitlements which you ignore at your peril.

Workers are entitled to statutory holidays of four working weeks per year and are not obliged to work any more than 48 hours per week.

An employee who is employed for two continuous years or more is entitled to statutory redundancy amounting to two week's pay for each year of continuous service between the ages of 16 and 66 plus one further week's pay. A week's pay is subject to a ceiling of €600.

A week's pay includes overtime and the value of benefits in kind. Employers have to bear the cost of redundancy and are not entitled to a rebate on any redundancy paid.

Employers should also be aware that a worker who is in your employment for more than 12 months can take a case for unfair dismissal if unfair or constructive dismissal can be proven.

I have dealt with but a few of the obligations that employers should be aware of and I would urge all existing and intending employers to familiarise themselves with the complete list of obligations.

Teagasc provides a very useful guide for employers with their Farm Labour Manual available for free download on the Teagasc website [www.teagasc.ie](http://www.teagasc.ie).

### Employment essentials checklist

- Present the employee with terms and conditions
- Register as an employer
- Ensure employee is registered for tax before they start
- Present the employee with payslips
- Maintain employee records of pay and hours worked
- Have a Risk Assessment or Safety Statement available
- Have an adequately stocked first aid box available
- Notify your insurers that you have taken on an employee if that employee represents an increase in your wage bill

*Clients of mine who have undergone a Workplace Relations Commission inspection say a cross-compliance inspection is a doddle by comparison*



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