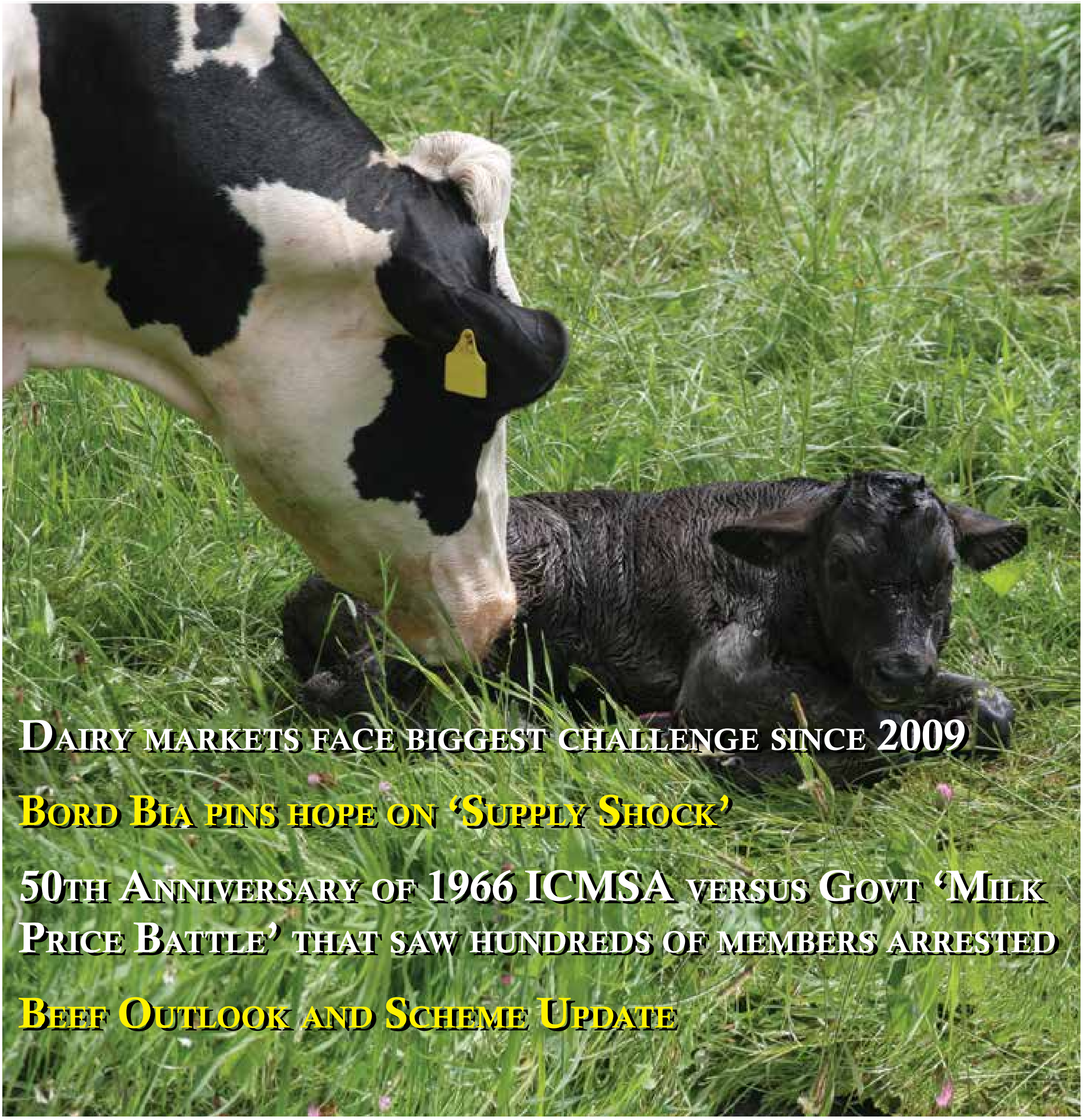
SPRING 2016

ICMSA NEWSLETTER

THE FAMILY FARM ORGANISATION THAT CONCENTRATES ON SOLUTIONS



Dairy markets face biggest challenge since 2009

Bord Bia pins hope on 'Supply Shock'

50th Anniversary of 1966 ICMSA versus Govt 'Milk Price Battle' that saw hundreds of members arrested

Beef Outlook and Scheme Update

EU Belatedly Wakes Up To Dairy Slump

John Comer, President, ICMSA

As members would expect, our focus is on the depressed state of the dairy markets and the wholly inadequate, below-cost-of-production, milk prices that farmers are being paid now. The situation as we fast approach our peak production period is undeniably serious and ICMSA has been engaged in a countrywide campaign designed at raising awareness of both the income 'wipe-out' suffered by our dairy farmer members but also the absolutely catastrophic loss to the local rural economies that rest so heavily on the 'dairy spend'. ICMSA did a county-by-county calculation of the losses involved last October and published the figures to widespread interest and media interest. We have updated the individual county figures now and they will be featuring shortly online, on local radio stations and in the papers. They are extremely serious and graphically illustrate the extent of the haemorrhage of money from dairy farm families and the economies that still - to a much larger extent than some commentators like to pretend – still rest on the 'multiplier effect' as farm incomes go into the local economy through contractors, feed merchants, machinery, haulage, insurance, etc.

Some figures will jump out. Cork, as the state's biggest single milk producing county, has suffered a huge loss in revenue over the period of this milk price fall. We estimate that the loss to Cork's approximately 4750 farmers in direct income terms is of the order of €166 million. Using the accepted multiplier (1.7) that can be applied to that sum as it goes into the local Cork economy; we arrive at the absolutely astronomical figures of €282 million of a fall over the 2014 to 2016 period through the collapse in milk price. To take others at random, Tipperary's dairy farmers are down over €70million with their local economy down nearly €120million. The figures for Laois are €17million and €29 million respectively. Northwards to Cavan and we see figures of €15.5 million and €27 million on the same basis.

It is to do no more than state the obvious to point out that as dairy farmers and as participants in local economies; we simply cannot afford losses of these magnitudes and duration. Since the price slide began over 18 months ago, ICMSA has endeavoured to convince the Minister and the Department to try, in turn, to convince the EU Commission that this was not just another market or price 'blip' and that fundamental action was required to address deep-seated problems within the EU Dairy Sector. Put as bluntly as the situation requires, ICMSA has consistently pointed out that in a situation where the EU is either unwilling or unable to regulate the margins taken along the food-supply chain in a manner that ensures that their own farmers and primary producers get a living margin, then the onus is squarely on the EU to make up the difference.

Speaking at our AGM last November, Commissioner Hogan hinted that he had some sympathy with our position, as well he might in light of irrefutable facts like the one that shows that while the prices paid to farmers have fallen by in excess of 40% since 2014, prices charged by the retailers have fallen by no more than 5% - if they have fallen at all. As increased post-quota supplies entered the equation, the food corporations simply dropped their price to the farmers, maintained their price to the consumers, and wiped out our margins and incomes. That is what has happened. It's still happening. It's what always happens and the EU does precisely nothing about it

We have some reason to think that might change. Together with the Deputy President, the Chairperson of the Dairy Committee and the General Secretary, I travelled to Brussels to monitor the Farm Council held on March 14. The good news is that, finally, we have some signs that at least some Member States have decided to 'get on the pitch' and see if we can't actually do something instead of just watching on helplessly while dairy farmers go to the wall all over the EU. The bad news is that none of the proposals that were tabled at the Farm Council are likely to give the kind of support that the dairy markets so obviously require. We stated that on the very day and subsequent market and auction movements have amply demonstrated that we called it right.

The French call for a voluntary scheme to reduce milk supply in return for a price-per-litre to be decided by individual Member States is interesting but the emphasis has to be on the voluntary nature. Irish farmers have invested too much at this stage to even consider any type of rigid supply-side regime or a return of quotas by another name. In our opinion, the most meaningful and effective way of quickly restoring supply-demand equilibrium is to raise intervention price to 28 cents per litre and radically upgrade the storage options available. The 28c/L is actually the only option that provides the immediate impetus to stabilise the markets and also escapes the accusation that it is a subsidy; the EU has never lost money on an intervention scheme that sells the product back onto a rising market.

At the time of writing , we appear to be no closer to the formation of a Government but certain reports hinting at possible creation of a new senior ministerial role dealing with 'Rural Affairs' have emerged. It is understood that several of the independent deputies have set this out as the price of their support for any government. This is most assuredly to be welcomed, ICMSA has been to the forefront of those who warned successive governments that the systematic stripping-out of state and commercial services from rural areas was going to lead to a growing dissatisfaction and that has proved to be the case. We warmly welcome the possibility that rural Ireland will have a voice at Cabinet that is solely dedicated to its welfare and who will be charged with questioning the relentless concentration of opportunity and focus on towns and cities.

Having said that, ICMSA maintains that it is a delusion to imagine that the prosperity and welfare of rural Ireland can be derived from any other source than farming and food production. That has always been the case and it will continue to be the case. So long as any new Department dealing with Rural Affairs has its own budget and understands that reality then ICMSA welcomes it and will happily work with it to restore economic and social equilibrium between Rural Ireland and its urban and suburban counterparts

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Free Text and Email Service

ICMSA provides a FREE text and email service to members. If you would like to receive email alerts please contact Linda on: 061 314 677 or email: info@icmsa.ie with your email and/or mobile phone number.

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Dairy markets face into biggest challenge since 2009

By Gerald Quain, Chairperson of ICMSA Dairy Committee

Dairy Markets have continued their weak returns and this fragility looks set to continue through the spring and summer and potentially through the rest of 2016. It is time for action from the European Commission to face this challenge head on and introduce measures such as an increase in intervention price to 28 cents per litre and further price supports to ensure family farms can stay in business in the coming year.

This article looks to cover the market from an international perspective before looking to see how that perspective will feed into the farm gate prices paid to you, the member, in the coming months.

Dairy product prices continue to suffer downward pressure arising from supply-side issues. SMP prices hover around intervention level and show little likelihood of increasing over the short term. Numerous events are conspiring to hold prices low. Supply, as always, is the major determinant of price in our industry. We will dedicate a major part of this article to outlining how supply has changed in the last number of months and then contrasting it with the demand side of the equation - which has faced its own issues.

INTERNATIONAL UPDATE

On the world market, prices have generally decreased in the last number of months. Powders have been at the lower end of the price market since mid-2015 but, unfortunately, the butter market is now seeing downward pressure. Butter prices are still far from intervention levels but they have decreased over the course of the last month, while other dairy products have remained stable or fallen marginally. So far in 2016, stocks in private storage aid reached 68,532t butter and 37,014t SMP. With regard to offers for sale

Figure 1. GDT Auction Changes 2015-2016

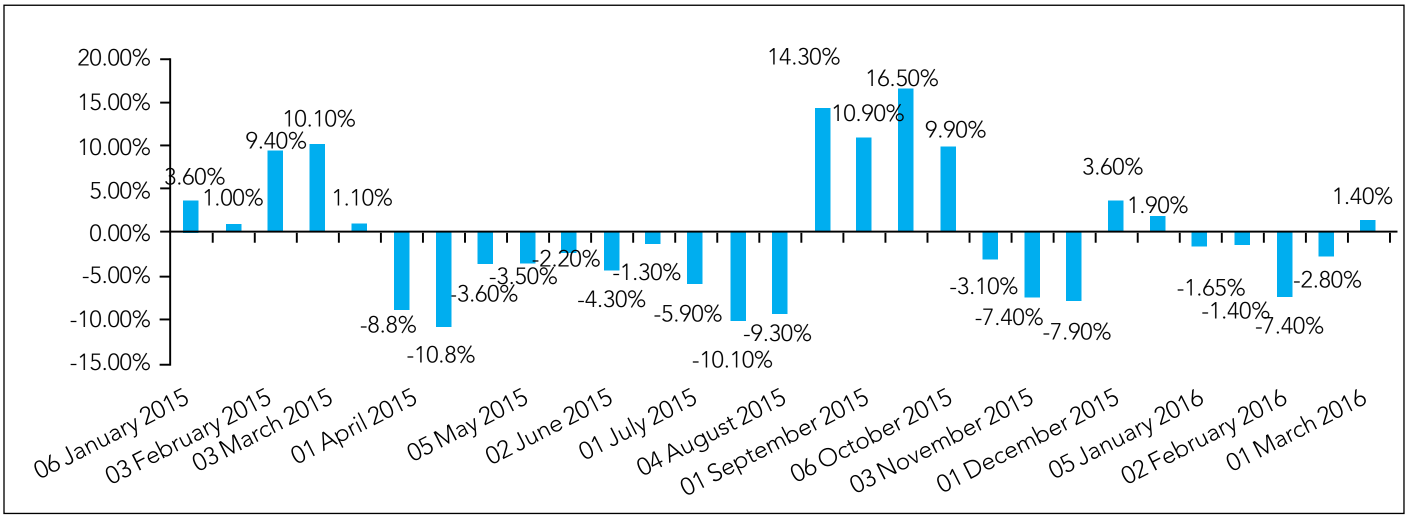
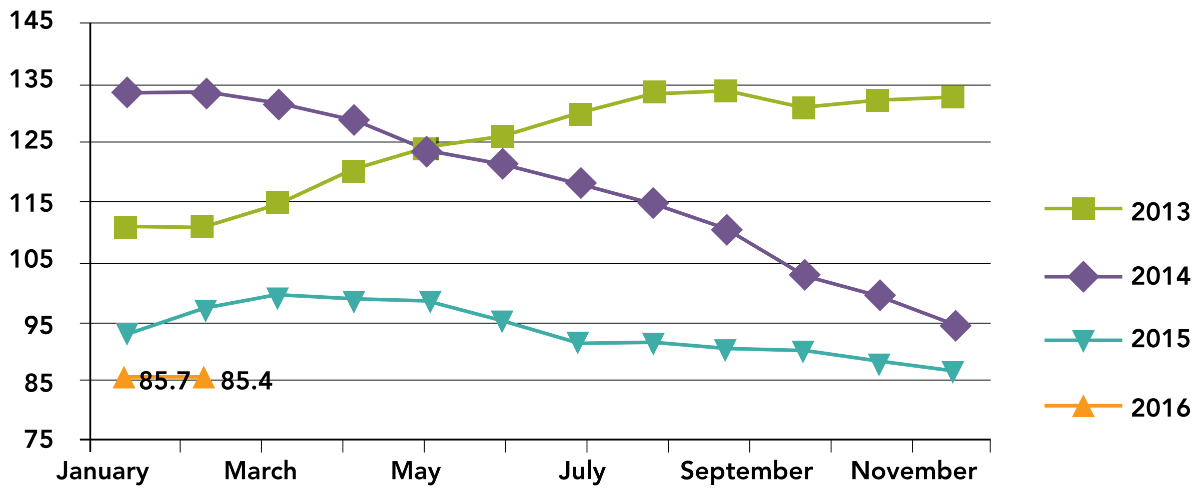


Fig.2 Dutch Quotes

	Butter	WMP	Food SMP	Whey	Butter/SMP €	WMP €
10-Jun-15	296	228	173	64	0.289	0.299
08-Jul-15	286	212	170	57	0.282	0.278
5-Aug-15	269	187	166	53	0.270	0.245
19-Aug-15	265	187	165	53	0.268	0.245
23-Sep-15	283	226	175	59	0.285	0.296
28-Oct-15	302	249	181	57	0.299	0.326
18-Nov-15	295	235	171	51	0.287	0.308
25-Nov-15	295	225	170	50	0.286	0.295
30-Dec-15	283	210	167	50	0.278	0.275
13-Jan-16	271	210	167	52	0.272	0.275
03-Feb-16	264	195	165	51	0.267	0.255
24-Feb-16	247	187	164	50	0.259	0.245
02-Mar-16	236	186	163	50	0.253	0.244
16-Mar-16	233	182	162	50	0.251	0.238
23-Mar-16	237	179	162	50	0.252	0.234
30-Mar-16	237	179	162	50	0.252	0.234

Figure 3. Ornua Purchasing Price Index



of SMP into public intervention, uptake has significantly increased since the start of 2016 (71,900 t), exceeding the total uptake of the year 2015 (40,280 t). It is expected that the 109,000 t ceiling for buying in SMP at fixed price will be reached in the second half of April. Analysis of the dairy market shows that the excess stock must be worked through before any improvement can be expected or achieved. The fundamentals of the market would suggest that, as excess stock diminishes, price could rebound quickly if milk supply is not there to meet perceived demand. The question is how long this process will take.

SUPPLY

EU milk collection was up by 2.5% in 2015 increasing 3.5million tonnes. While Ireland increased dramatically in percentage terms (13.3%) compared to other EU counties, at 773,000 tonnes of the extra 3.5 million tonnes produced in Europe, other countries such as The Netherlands at + 6.9% increased production in volume terms by 858,000 tonnes. It is important to put percentage increases into context when looking at countries that are increasing supply. At world level, milk production of major producers increased by some 1.4% in 2015, mainly due to the US increasing more than1million tonnes. US production growth was lower than expected at + 1.2% but the overall forecast for 2016 is+1.6%. The production decrease announced for NZ for the new season at - 6% is likely to prove much lower at close to parity.

The assessment of EU stock levels based on Production + Imports – Consumption – Exports confirm important stocks for SMP, above normal needs and increasingly weighing on the market. The picture was clearly better for butter until late 2015 but that has become grimmer now. With regard to cheese, stocks increased. The increase of milk production until seasonal peak is likely to increase pressure on cheese production, as drying towers have reached full capacity.

DEMAND

On the demand side - the other key determinant of price - we see that global demand is still relatively weak and visibly affected by the low oil price and low global growth rates. Although import demand has basically not been growing on the world market in 2015, EU exports performed particularly well in volume terms, albeit at lower price levels. China's imports have stabilized over recent months. The US has been driving import demand in 2015 for butter.

HOME FRONT

The Ornua Purchasing Price Index (PPI) continued to hover below the 90 point for the last number of months with February's index of 85.4 the lowest return seen on the index in its existence.This spring will present a serious challenge to the future development of Irish dairy farmers and ICMSA is calling on all Co-ops and processors to pass on all benefits available to farmers that might help them through the upcoming periods when cash flow is at its most critical. Additionally, dairy farmers need European policy to do more to stabilize the milk market–certainly more than the relatively minor proposals made at theFarm Council held on14 March. There was significantly more powerful firepower available to the ministers and their decision not to immediately raise intervention price to the figure of 28 cents per litre that ICMSA has repeatedly recommended is very much to be regretted and means that the market still waits for the signal that stability will be returned.

Safety Lecture

Pat Griffin of the HSA made a passionate presentation to the Council on the need for safety that was greatly appreciated and for which he was personally thanked by the President. Mr Griffin told the National Council that farmers are 25 times more likely to be involved in a fatal work-related accident.

Brexit starting to cast shadow on beef prices

Michael Guinan, Chairperson of Livestock Committee

The current outlook for beef margins within Ireland looks uncertain for the remaining months of the year as I will outline in the coming article. Firstly, I will update you on the trends over the last number of years to outline where it is likely our market will go.

Cattle supplies to beef factories decreased 5% in 2015 but in tonnage term only decreased 3%, these figures were stronger than expected as growing conditions were ideal for earlier and younger finishing. Even at the younger ages, carcasses were heavier to the tune of 5kg on average.

The uptake in prices in 2015 was based on a mixture of supply and demand factors in domestic EU markets. The supply of cattle available for slaughter in 2015 was considerably lower than in 2014 and this contributed to the improvement in Irish cattle prices. On the demand side, on-going growth in the UK market, an economic recovery in the Eurozone and higher EU demand for beef contributed to improved prices in 2015.The depreciation of the euro relative to sterling in 2015 also boosted Irish cattle prices although the difference (in euro terms) between UK and Irish R3 Steer prices had grown to record levels. However, the impending British referendum is likely to reverse this trend as sterling has already weakened against the euro to the tune of 10%.

The outlook for 2016 is less certain, supplies of cattle both in Ireland and EU are expected to grow in 2016.The expansion of the Irish dairy cow herd over the last number of years will increase the supply of cattle available for slaughter, and this trend is mirrored within the EU. With over two- thirds of EU beef supply originating in the EU dairy herd, the increase in EU dairy cow numbers will be reflected in higher EU beef supplies in 2016.The extra supply of beef on EU markets is forecast to exceed growth in demand and as a result EU cattle prices in 2016 are forecast to decline.

Major factors that could affect Irish cattle prices in Ireland in 2016 are non-farm related. Firstly, the ECB likely to further loosen monetary policy via another programme of quantitative easing, it is possible that the euro could weaken further against sterling and the dollar.

However, the ongoing uncertainty over Britain's participation in the EU casts darker clouds. A British exit from the European Union could be the biggest threat to the Irish economy since 2009 and a substantial part of this threat falls on Irish agriculture and beef exports. Experts believe that the mere threat of"Brexit" has been enough to precipitate a serious drop in the value of sterling and that a vote to leave would prompt a further significant depreciation.

CURRENT MARKET

Current market indication show a lull in factory fit animals. The first three months of the year saw throughput increase by over 6%. The months of April and May are expected to dip below this trend as animals have been finishing younger this spring. However, while supplies may be tight, price is not expected to increase given the uncertainty already mentioned earlier in this article.

The next glut of factory fit animals is expected to be finished off grass in the summer and this trend should continue into the autumn. This is where the true uncertainty of price lies; extra supply will put downward pressure on price but whether this a dramatic fall in price is dependent on the value of sterling and "Brexit" decision will be known to all by then.

Table 1 Current Prices

Cattle		28.03.2015	26.03.2016	2015	2016	% Change
Steers	O3	3.82	3.66	3.81	3.65	-4.2
	R3	4.03	3.80	4.00	3.80	-5.0
	U3	4.15	3.89	4.12	3.88	-5.8
Young Bulls	R3	3.93	3.65	3.90	3.64	-6.7
	U3	4.04	3.75	3.98	3.72	-6.5
Heifers	O3	3.96	3.79	3.94	3.81	-3.3
	R3	4.14	3.97	4.12	3.97	-3.6
Cows	O3	3.38	3.08	3.3	3.05	-7.6

Table 2. Throughput

	21.03.2015	26.03.2016	2015	2016	% Change
Steers	11,539	11,500	129,993	134,564	3.5
Heifers	8,765	8,369	110,261	111,700	1.3
Young Bulls	2,737	3,548	47,243	62,615	32.5
Total Prime Cattle	23,041	23,417	287,497	308,879	7.4

Table 3. Live Exports

	2015 5th Mar	2016 5th Mar	Change - head	% Ch
Weanlings	2,880	2,173	-707	-24.5
Stores	1,814	1,679	-135	-7.4
Calves	5,553	13,412	7,859	141.5
Finished	7,617	6,662	-955	-12.5
Total	17,864	23,926	6,062	33.9

Supply Shock needed for market uplift

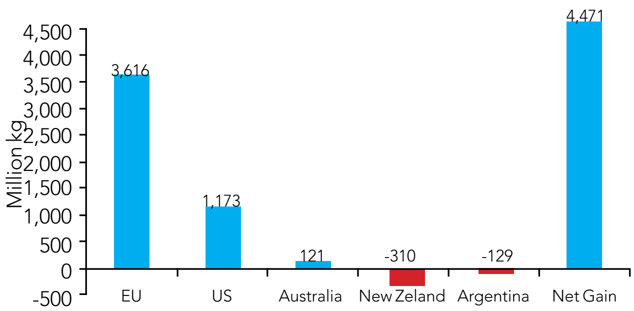
David Owens, Bord Bia

Bord Bia
Irish Food Board

The post quota era, has certainly not turned out as many people would have hoped or even have expected. When selling in an international marketplace, as Irish dairy does with over 40% of our exports destined for markets outside of Europe, there are many factors which are outside of anyone's control which ultimately have an impact on market returns. It is quite clear that with global production rising and high stocks globally then a significant supply shock somewhere in the world will be required in the short term before we see any major uplift in the market.

In the key international dairy producing regions in 2015 an additional 4.5 billion kg liquid milk equivalent (LME) of milk was produced. The EU accounted for over ¾'s of this increase with growth also evident in the US and Australia, with some decrease in New Zealand and Argentina.

Figure 1: Extra milk produced in key regions globally in 2015

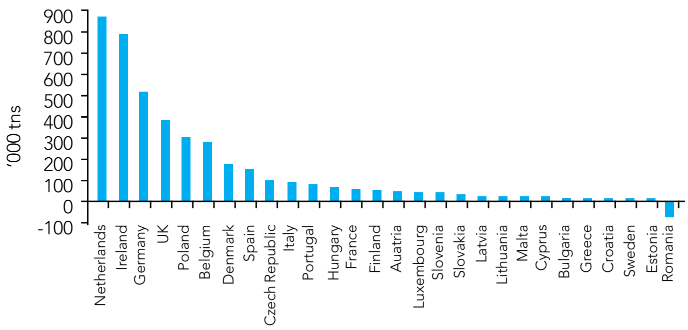


Source: Bord Bia Analysis

This production growth came at a time when imports declined in three of the largest global dairy importers, China, Russia and Venezuela, which combined with other factors, including low oil process, has created downward pressure on global dairy prices. On a positive however, when you remove these markets and look at the rest of the world, we did see a rise in global import demand last year. Considering that many of the major global dairy importers rely heavily on oil revenues, this is a positive performance.

Last yearmilk production across Europe grew 2.5%, half the rate of the year previous. In total, 20 EU countries exhibited growth, with the strongest levels coming from Ireland (+13%); Belgium (+7%) and Netherlands (+7%). In volume terms the Dutch followed by Ireland, Germany, the UK, Poland, Denmark and Spain.

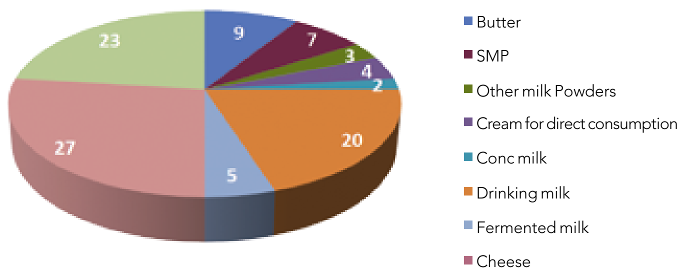
Figure 2: Volume Change in EU Milk Production in 2015



Source: EU Commission

As Russia previously accounted for 30% of EU cheese exports it had been expected that there would be a shift in the product mix across Europe last year. While the level of production increased across the range of products there was no significant shift in the overall proportions. Cheese still remains the main product across Europe, accounting for 27%, with liquid milk falling marginally to 20% of the total.

Figure 3: EU 2015 Product Mix (%)



With the Russian restrictions in place and a slower Chinese market, EU and Irish exports performed well in 2015, albeit at lower pricing levels. From Europe we have seen an increase in exports of butter (+13%); SMP (+5%) while WMP and cheese volumes were stable. Significant growth was evident for cheese and butter to the US, and to the Middle East and North Africa for butter, cheese and SMP. Ireland is now the largest European supplier of butter to the United States and volumes are growing strongly.

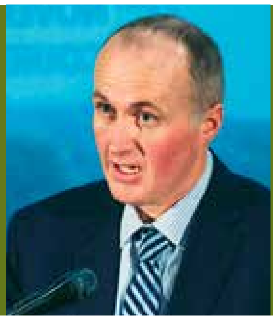
EXTRA MILK PRODUCED IN 2016

It is likely that there will more milk produced in the EU and US again this year. EU milk production for quarter 1 is approaching record levels with a potential 5% uplift on last year. However it must be noted that in early 2015, many producers were facing into a super levy situation and were trying to limit supplies. None the less, we could be looking at just over 2.5% expansion across the EU this year, even with the efforts in some countries to curb volumes. In the States, the USDA is predicting 1.6% growth this year. Combined these two regions will more than offset any potential declines in Oceania where Fonterra is forecasting a 4% fall in supplies in this current season (June – June) and with reports of falling cow numbers and reduced feeding supplies will fall further as we progress through 2016. Across all these regions we could be looking at growth of almost 5 billion kg of milk. A major weather related shock event would temper this growth.

On the demand side, a rise to more sustainable oil prices would have an impact on imports into the major oil producing countries, who account for almost one third of global dairy trade. Any movement from Russia or China could also have a significant positive impact on the market. Notably, Chinese imports in January were up on the year previous which hopefully is an indicator that they have worked through their stocks and are starting to import again at significant levels. The next few months will provide an important indication as to which direction the Chinese market is taking, especially as their economy continues to slow.

Changes to TB Compensation

Pat McCormack, Deputy President, ICMSA



After many years of negotiations, ICMSA has finally obtained some changes to the TB compensation schemes. While some of the changes are not what was hoped for, some were well needed and must be welcomed. Those which are regressive will be fought for on an ongoing basis to improve them in the months to come.

The following are the proposed changes to the scheme:

- The rate of income Supplement for dairy cows will be increased from €25.39/cow/month to €55/cow/month.
- The rate of the Depopulation grant for dairy cows will be fixed at the same rate as that for the Income Supplement.
- The income supplement for suckler cows will be retained at its current rate but the Depopulation rate will be increased to bring it into line with the Income Supplement.
- The 10% threshold for the Income Supplement will be retained as a general rule but extend it to include herds which lose at least 10% of their dairy cows (only dairy cows would qualify).
- The Hardship grant scheme will be extended to dairy farmers even when producing milk.
- The 100 animal ceiling in the income supplement scheme will be abolished.
- Continued eligibility for income supplement to be assessed after 12 months.
- The EBI top-up coefficient for dairy cows will be reduced from €1.35 to €0.50.
- The ceilings on payments under the On Farm Valuation scheme to be increased from €2,800 for a bovine to €3,000 and from €3,500 to €4,000 for a stock bull and €5,000 for a pedigree bull.
- Separate categories will be introduced for served heifers and heifers with breeding potential.
- The Department will endeavour to alleviate the problems arising from the prohibition in EU legislation on buying in to restricted herds by adopting as flexible an approach to feedlots as possible. DAFM will also be willing to allocate herd numbers to farmers where they have parcels of land where there are no cattle currently and will permit them to buy in cattle onto these land parcels.

The changes to the Income Supplement are most welcome but must not be seen as total compensation, the ICMSA believes adequate compensation to be in the region of 120 per month or divide pro-rata depending on the birth of the calf.

The most disappointing measure of these new measure see the EBI top-up coefficient for dairy cows will be reduced from €1.35 to €0.50. In simple terms this means that if an EBI cow of 100 goes down in TB, her compensation top-up goes from €135 down to €50, this is simply unacceptable.

In a time when the Acting Minister for Agriculture is promoting EBI and genetic gain, ICMSA feel this is a regressive step. Suffice to say, this decision will be lobbied to be reversed in the coming months as it is felt that a more robust study needs to take place to deliver a more accurate figure.

Ploughing Stand Campion Draw

Thomas Blackburn (L) of Limerick ICMSA and Kevin Mullins of Campion Insurance present an iPad prize to Claire and Michael Guiney of Shanagolden, County Limerick for winning the 2015 Ploughing Stand Draw.

RTE make the 'Trip to Tipp'

RTE News anchorwoman Sharon Ni Bheolain visited Deputy President, Pat McCormack, on his Tipperary town farm during the General Election campaign for a briefing on the dairying situation.

SICK OF TRYING TO UNDERSTAND DIFFERENT HEALTH INSURANCE POLICIES?

CAMPION INSURANCE AND ICMSA HAVE COME TOGETHER TO GIVE YOUR FAMILY THE BEST PLAN AT THE BEST PRICE

- ABSOLUTELY GUARANTEED!

Campion Insurance offers a FREE health insurance comparison service. James Bond, our Health Insurance Specialist, will alleviate the headache of trawling through hundreds of health insurance plans and will be able to do the following for you.

Complicated landscape

The cost of private healthcare is continuing to rise and there are an increasing number of plans now available in the market. With over 400 plans to choose from, trying to decide what one is best for you can be confusing, time-consuming and frustrating!

Common misconceptions

You may think that because you already have health insurance cover in place that you don't need to review it. But bear in mind that insurance providers are constantly bringing new plans into the market. Some of these may provide the same level of cover that you already have but at a lower price. Such plans are designed to entice new customers. If you have never reviewed your cover, you may be able to avail of significant savings by doing so.

It pays to shop around

The old saying, 'if it isn't broke, don't fix it' doesn't apply to getting the best value on your health insurance. If you have never replaced your insurance plan, the likelihood is that you are paying too much. If you have had the same plan for even two years, you may be paying too much. As a general rule of thumb, it is best to check the market at every renewal to avail of the best rates.

So what do you need to do?

For your Free Health Insurance Review simply call James Bond today on **045 846823** and let us find the health insurance cover that's right for you.

WHAT HAVE YOU GOT TO LOSE? NOTHING. SO WHY WAIT?

RING JAMES TODAY AND SAVE YOURSELF MONEY.

FOUR SNIPPETS FOR YOU

SUBMISSION DATE

Applicants must ensure that their completed 2016 BPS/Greening and other area-based schemes application form is received in the
DIRECT PAYMENTS UNIT,
DEPARTMENT OF AGRICULTURE, FOOD & MARINE,
OLD ABBEYLEIX ROAD, PORTLAOISE, CO LAOIS
or submitted online at www.agfood.ie no later than midnight on Monday, 16 May, 2016.

FARMERS MUST INCLUDE BPS/GREENING PAYMENT IN THEIR WILL

ICMSA is currently dealing with individual problem cases arising from the fact that deceased farmers did not specifically mention in his/her will who he/she wanted to receive their BPS/Greening entitlements. At present, if a farmer does not specifically will entitlements they automatically go to the residue of the farmer's will. For example, if a farmer leaves his land to a son and stipulates that the residue of his will should go to a charity without specifying that the BPS/Greening entitlements should also go to the party being willed the farm then the entitlements attaching to the farm will end up going to the charity. Accordingly, to avoid disputes and confusion, concerned farmers should immediately amend their wills so as to ensure that the entitlements go to where they intended.

FARM INSPECTIONS

Farm inspections are a major concern for many farmers and in particular where a penalty is imposed. ICMSA is available to all members with concerns in relation to inspections and if you have issues in advance, during or after an inspection, please contact Head Office and we can provide you with clarity in relation to your rights, the proper procedures that should be adopted and procedures in relation to appealing a penalty.

TAMS II APPLICATIONS

When making an application under TAMS II, it is important to note that grant aid is only available for slurry storage where the farmer is already meeting the legal requirement which varies from 16-22 weeks depending on the part of the country you farm. If you make an application and your current slurry storage requirement is less than the legal requirement, for example, 15 weeks, it is important to note that the Department is cross reporting this to the Cross Compliance section, you will be inspected and could incur a Cross Compliance penalty. Thus, when considering making an application, it is very important to recognise this and ensure that you do not incur an inspection and penalty.

A Relentless Focus on Farm Income

Dairy Committee Chairperson, Gerald Quain

I was honoured to be elected as Chairperson of the Dairy Committee just before Christmas in succession to Pat McCormack and immediately took up the campaign which he and the whole association have been focussed on and which constitutes our 'core business': milk price and the income of family dairy farms. It has been something of a 'baptism of fire' as external forces combine to place unprecedented downward pressures on our incomes but members should know that our efforts will be relentless as we attempt to lobby for the actions and policy changes necessary to give us incomes at least proportionate to our expertise, hours of work and capital investment. My own farm is in the parish of Colmanswell on the Limerick side of Charleville in the heart of one of the most committed and natural milk producing regions of Europe - if not the world. My farm is 240 acres and I lease another 50-odd acres on which I hold 135 Friesian cows and I am a winter liquid milk supplier. In the same way as I inherited the farm from my father, I also inherited a commitment to ICMSA. He joined in April 1952 and our farm has been a stronghold for the association since then. I began supplying Golden Vale and after the merger with Kerry switched to them. I have served on the Board of Kerry Co-op and outside of campaigning for dairy farmers through ICMSA I have become concerned about the stripping-out of wider commercial infrastructure from rural districts – a conviction that saw me join a picket on AIB Head Office in Ballsbridge a few years ago to protest at the closure of our local branch in Dromcollogher. I'm at the disposal of members and my number is 086-3623041.

New Area Development Officers appointed as Association reacts to increase in membership and services

ICMSA has reorganised its office and reacted positively to a noticeable increase in interest and membership by appointing five new Area Development Officers to cover the southern counties.

John Wallis, a Waterford native will represent the association 'at grassroots level' in the key milk producing sector of the 'Sunny South East.

While Ag Science graduate, **John Dunne,** will do the same and develop all aspects of the association in our Tipperary heartland.

Faithful County native, **Conor Corcoran,** will operate from his Ferbane base and range from across the middle from the Cliffs of Moher to the Head of Bray, covering counties Clare, Laois, Kildare and Wicklow.

Down South, Kanturk man, **Barry O'Keeffe**, will cover all of Cork from Mitchelstown in the North to Mizen in the south-west and service ICMSA's nearly 2,000 members in the massive local milk producing sector.

Over in the Kingdom, Duagh man, **Robert O'Mahony** too will have a nice swathe of territory to get around and represent ICMSA in: from Kenmare to northwards to Kilmallock as he will cover Kerry and Limerick.

The appointments represent the Association's commitment to local county executives right across the state and an increase in enquiries about membership and key policies. Now more than ever, ICMSA's focus on representing the farmer-supplier in Ireland's multi-billion euro dairy sector sector is seen as crucial and the Association's specialisation in this area and concentration on protecting and increasing the income of family dairy farmers is widely recognised as its unique strength and most notable feature.

John Wallis ICMSA Area Development Officer for Carlow, Kilkenny, Waterford & Wexford
jwallis@icmsa.ie 087-1732455

John Dunne,Area Development Officer for Tipperary
johndunne@icmsa.ie 087-1618213

Barry O'Keeffe, Area Development Officer for County Cork
barryokeeffe@icmsa.ie 087-1622049

Robert O'Mahony, Area Development Officer for Kerry & Limerick
robertomahony@icmsa.ie 087-7994226

Conor Corcoran, Area Development Officer for Clare, Laois, Kildare & Wicklow
conorcorcoran@icmsa.ie 087-3109979

Overview of Registered Farm Partnerships

Lorcan Mc Cabe, Chairperson, ICMSA, Farm Business Committee

The new Farm Partnership Register came into effect on April 1st 2015 with the Department of Agriculture, Food and the Marine, establishing and maintaining The Register of Farm Partnerships. The Farm Partnership Register currently has over 1,100 farm partnerships registered on it, about 550 of which are former Milk Production Partnerships (MPPs). Approximately 73% of the new farm partnerships being created are family farm partnerships.

A Farm Partnership shall consist of at least two people, one person from category (i) below and one or more person(s) from categories (i) or (ii):

(i) A farmer who has been farming in his or her own right for two years preceding the date on which the partnership is established; and

(ii) A person with an appropriate agriculture qualification whose contribution to the farm partnership entitles him/her to at least 20% of the profit sharing arrangement; and, if over 41 years of age on date of registration, has an annual off farm income of less than €40k.

All the main farming enterprises – Dairying, Beef, Tillage, Sheep and other enterprises can enter a farm partnership. There is no minimum distance in terms of how far apart farms must be in order to establish a farm partnership but all farms in the partnership must not be greater than 75kms apart. Measurement is taken from the furthest parcels of land included in the partnership of each farm (details of which are held in the Department of Agriculture, Food and the Marine). A farm partnership must not consist of more than 10 partners through a combination of categories (i) and (ii) personnel.

Farmers should be aware that the partnership agreement must cover a minimum term of five years and once registered a certificate of registration will be allocated for five years. Every five years the Partnership shall apply to the Minister for a certificate of registration, effective from the expiry of the previous certificate. However, an application may be made to the Department, in cases of force majeure or other duly justified cases, for an exemption from the minimum term. Also, it is important to note that there is no transfer of ownership. When forming a farm partnership all lands and assets (such as production rights, entitlements under the Basic Payment Scheme and other Department schemes) are licenced to the farm partnership. This licence can be built into the written partnership agreement.

HOW DO I APPLY FOR REGISTRATION AS A FARM PARTNERSHIP?

Applications for registration should be sent to the Farm Partnership Registration Office, Department of Agriculture, Food and the Marine, Floor 3C Agriculture House, Kildare Street, Dublin 2.

The following items should accompany all applications:

A copy of a legally binding written Farm Partnership Agreement which should be in accordance with the specimen farm partnership agreement as developed by Teagasc. It is important to note that a farm partnership has unlimited liability. For this reason a well written partnership agreement is important.

The Farm Partnership Agreement should contain, as a minimum, the following information:

1. the name and tax reference number of the Farm Partnership as registered with the Revenue Commissioners;
2. the address at which the Farm Partnership records, books and other documents are to be retained;
3. the name, addresses and herd numbers of all the partners in the Farm Partnership;
4. the PPS Number of each partner, (Company Tax Number for incorporated partners);
5. the commencement date of the Farm Partnership;
6. the profit sharing ratio;
7. LPIS Numbers of each of the production units being included in the partnership
8. the term of the Partnership Agreement;
9. clear dissolution procedures for either (a) exiting the Partnership; or (b) withdrawal of registration;
10. clear procedures in the event of the death of one or more of the partners.
11. File Plans, Copy Folios and LPIS No.'s of each applicant's agricultural holding, showing proof of ownership or proof of leasing, and clearly identifying the production units to be made available to, or excluded from, the partnership, and a copy of leases (stamped where appropriate) for all leased lands;
12. Evidence from a financial institution stating the account through which all Partnership transactions will be carried out; and
13. Evidence of agriculture qualifications where required.

Once a farm partnership is registered successfully the Department will assign a unique Farm Partnership Reference Number to each partnership. This number should be used as the scheme application number for all applications for Department of Agriculture, Food and the Marine support schemes. However it is important to note that, for animal disease control and traceability reasons, the District Veterinary Office will continue to assign one or more herd numbers to the participants in the partnership.

There are many benefits to the formation of farm partnerships in terms of economies of scale, work/life balance etc... In addition, the Department of Agriculture, Food and the Marine and the Department of Finance offer a number of financial benefits to help encourage and maintain the development of farm partnerships. These benefits include the Support for Collaborative Farming Grant Scheme, and the preferential stock relief for registered farm partnerships as well as ensuring that the members of all registered partnerships are fully catered for in the implementation of CAP Schemes such as BPS, ANC, TAMS and GLAS.

The Department of Agriculture, Food and the Marine will monitor the operation and compliance of each Registered Farm Partnership which will be required to submit a copy of their Form 1 (Firms) Partnership Tax Return on an annual basis. This form, which indicates that the Partnership continues to be in existence, also indicates the distribution of profits. This distribution will be checked to ensure that it complies with the profit sharing ratio as set out in the Farm Partnership Agreement submitted to the Department.

Overview of Animal Welfare, Safety and Nutrient Storage Scheme

Patrick Rohan, Chairperson, ICMSA Farm and Rural Affairs Committee

Grant schemes for on-farm investment have long been part of the Irish farming scene and continue to be a vital support for farm families wishing to grow and develop their farming enterprise. The Animal Welfare, Safety and Nutrient Storage Scheme, was introduced as part of the Targeted Agricultural Modernisation Scheme II (TAMS II) in 2015. The Scheme is jointly funded by the European Union and the national exchequer. The funding for the Scheme is limited and all applications are subject to the operation of selection criteria. Applications will be made in tranches of three months, the next of which will close on 24 June 2016 with the final closing date for the Scheme at the end of December 2020. Farmers can make multiple applications provided they come in under the overall grant ceiling of €80,000 per applicant or €160,000 for two or more partners in a registered farm partnership.

Individual applications can attract 60% grant aid on investments of up to €80,000 for qualifying young farmers (Under Young Farmer Capital Investment Scheme) and 40% grant for up to €80,000 investment by farmers with no age restriction. That amounts to potential grant payments of €48,000 or €32,000, depending on the category of the applicant, for carrying out desirable farm improvements. Grant aid will only be paid on approved, completed and eligible expenditure. The minimum amount of investment which is eligible for approval under this Scheme is €2,000 per application.

Applications must be submitted online through agfood.ie. Applicants who wish to apply online or through their agents must first be registered for online services (OLS) with the Department. Instructions for registration can be found online at www.agfood.ie or you can contact agfood online services helpline in the Department's Portlaoise office Locall 1810252118 or 0761 064424 or email agfood@agriculture.gov.ie. Manual applications forms will not be accepted. Applications which are submitted in hard-copy format, including applications which are submitted by hand shall be rejected by the Department and returned to the applicant as ineligible. Applicants will not be able to amend applications following submission online. For this reason applicants are advised to ensure that the application is completed fully and accurately prior to submission.

Planning Permission or a declaration of exemption is required for a number of the eligible investments. Where planning permission is required the Department will not accept an application as valid unless documentary evidence of a grant of full planning permission, revised planning where required or declaration of exemption for the proposed works issued by the relevant Local Authority accompanies the application.

The Animal Welfare, Safety and Nutrient Storage Scheme has a particular focus on farm safety and all eligible investments that were available under the Farm Safety Scheme are included in this scheme. Farm safety continues to be a very serious issue on Irish farms with 30 individuals losing their lives on Irish farms in 2014, 18 in 2015 and 23 so far in 2016. Farm fatalities have a devastating impact not only on immediate family members but also on the wider farming community. It is essential that farmers make every effort to avoid accidents or fatalities on their farm and the Animal Welfare, Safety and Nutrient Storage Scheme offers farmers an excellent opportunity to carry out necessary works on their farm to reduce the risk to them, other family members, employees and visitors. It is mandatory that all applicants to the Animal Welfare, Safety and Nutrient Storage Scheme will have completed within the last five years prior to the submission of their claim for payment the half day Farm Safety Code of Practice (given by Teagasc or other trained persons) or have completed the FETAC Level 6 Advanced Certificate in Agriculture (Green Cert.). In the case of a Registered Farm Partnership or a Company the course must have been completed by the young farmer. In the case of an application from two eligible young farmers in a registered farm partnership only one of the applicants needs to have completed the course. Your claim for payment will not be processed until evidence of completion of the course is provided.

It is crucial that applicants applying for investment relating to farm waste and farm nutrient storage, must ensure that they are in compliance with farm waste and farm nutrient storage requirements as laid down in Statutory Instrument S.I. No 31 of 2014 European Union (Good Agricultural Practice for Protection of Waters) Regulation 2014 (Nitrates Regulations). Applicants found to be in non-compliance will not be eligible for grant aid for investment relating to Farm Nutrient Storage and will be cross reported to the Cross Compliance Section of the Department, which may result in penalties or sanctions.

Grant aid will not be paid in respect of new equipment or investments unless full ownership thereof has been transferred to the applicant prior to the lodgement of the payment claim. Full ownership is defined as when the applicant has fully paid for the investment. Applicants must complete works and submit a valid claim for payment to the Department within three years of the date of issue of approval or by a date specified in the letter of approval, whichever is earlier.

The following is a summary of eligible investments the full details of which are available in Annex B of the Animal Welfare, Safety and Nutrient Storage Scheme Term & Conditions on www.agriculture.gov.ie :

- Animal Housing
- Roofing of Livestock Feed Yards
- Automatic Slurry Scrapers
- Manure Pit
- Mass Concrete Tank
- Precast Concrete Tanks including cover
- Circular Slurry Stores
- Geo Membrane Lined Store
- Isolation Box
- Calving Pen
- Bull Pen
- Unroofed Fixed Cattle Crushes/Races
- Unroofed Enclosures
- Silage Pit
- Resurfacing Existing Silage Pit
- Mobile Sheep Handling Equipment
- Fixed Sheep Handling Equipment
- Mobile Cattle Handling Unit
- Head Scoop
- Leg Hoist/Lifter
- Cattle Weighing Scales
- Protective Fence around existing tank
- Safety Agitation platform for existing external tanks

- New Tank Cover over exiting open tank
- Replacement Tank extension cover
- Replacement of damaged slats or removal of existing internal agitation point and replacement by gang slats.
- Tank extension to provide external agitation point
- Circulation pipe (6") to allow for agitation of slurry
- Simple Aeration systems
- Calving Gate in Existing House
- Replacement of a hinged door/sheeted gate with a new sliding door/roller door on agricultural buildings
- Safety Rails on Silo Walls
- Retrofitting roof-light with safety cages
- Wiring/Rewiring existing agricultural building
- Yard Lights (min 200W equivalent, either metal halide or LED)
- Calf dehorning crate
- Horse Stocks

National Council of 31 March: Padraig Hurley, D.J. Keohane and John Wycherley were some of the West Cork members in attendance.

National Council of 31 March: Padraic Ryan and Paul Royston attended the National Council from Galway.

National Council of 31 March: Waterford National Council members John Skehan and Sean Cusack were also present.

National Council of 31 March: Kerry members William Dennehy and Conor Creedon chatted to Policy Officer, Mary Buckley, also from 'The Kingdom'

50th Anniversary of 1966 'Milk Price Battle' between ICMSA and Government that saw pickets on the Dail

While the recent centenary commemorations are fresh in our minds, those amongst us who can remember the 1966 Jubilee commemorations of the 1916 risings are grown unfortunately and naturally fewer. Thankfully, we still have associated with us a 'nice few' stalwarts who remember both the commemorations that marked the 50th Anniversary of the Easter Rising and the other most significant event of 1966 from the ordinary milk supplier's viewpoint.

For April of 1966 saw a stand-off between ICMSA and the then Minister for Agriculture and Fisheries that set the benchmark in terms of farmer commitment and determination and absorbed the attentions of the country – rural and urban.

ICMSA, under the inspirational leadership of John Feely, had signalled its rejection of the Government' attitude to small to medium-sized milk producers as evidenced in that year's Budget with no punches being pulled in a statement released by the Association that very night.

"The creamery milk supplier has been treated with the utmost contempt in the Budget. It is the last straw that breaks the camel's back. Native government must now accept full responsibility for having written-off the small and medium-size creamery milk supplier, who is producing a full cream milk for 2 and ¾ pence a pint and is working a seven-day 70-hour week to do so."

The ICMSA Administrative Committee met within a week of the Budget and decided to call a series of regional meetings of producers throughout the dairying counties to "decide what steps will be taken by the Association to protect the interests of the small and medium-size dairy farm owner in view of the Budget's position". A signal of their intent was furnished in the resolution which was put before these meetings and everywhere passed unanimously:

"That Leinster House be picketed when the Dail is in session; that, should there be any arrests made, no bail will be adopted, and that new pickets be available to take their place; that County Executives in the principal dairying centres call together their local T.D.s and request them not to pass the pickets; and that the business of farmers who are away from their farms on picket duty will be attended by neighbouring farmers."

So was published the 1966 ICMSA 'Plan of Campaign' described as "the most successful agitation since the Land League" by Thomas J. Connolly, S.C., one of the then most eminent members of the Irish Bar. And the barrister's observations were in no way exaggerated; indeed John Feely had explicitly modelled the protest on the legendary Land League campaign from which he took both inspiration and title.

The government's response was a flinty statement to the Dail by Taoiseach Jack Lynch warning the farmers against any action and informing the House that dairy farmers - in the event of predicted production being met – would receive some £60 million that year. The implication was clear: You're doing very well and should be content with your lot.

Feely replied publicly the very next day and accused the Taoiseach of "a cold, callous and deliberate effort to mislead the people into believing that the income to be derived from creamery milk for the current year would be in the region of £60,000,000, whereas, the sum will be approximately $41,000,000". The gross average income for one of the state's 110,000 creamery milk suppliers, he pointed out, was £360 per annum. Or just over one pound per day for a seven-day week.

If that was the ICMSA's warning shot, then a reply came immediately in the form of a letter to Feely from the Minister for Agriculture and Fisheries, Charles J. Haughey.

"....The dairy farmers, just like any other section of the community, are absolutely entitled to express disagreement with Government policy and to make their protest by lawful means, but resort to illegal actions is an entirely different matter. If the course of action which your organisation

Still an arresting presence at National Council

Honorary member of National Council and veteran Kerry ICMSA stalwart, Terry O'Connor of Farranfore, was one of those arrested on the picket lines in 1966 and was hale and hearty with the President at the National Council held on 31 March.

proposes to take is persisted in it will, apart from other consequences, deprive me of the opportunity of meeting your members and discussing the affairs of your industry with them. I think the association should now ask itself whether the course proposed will ultimately benefit the industry or those engaged with it."

Nothing daunted, ICMSA announced that "...farmers have reached a point of utter frustration. And it is time that the authorities in Merrion Street realised this... Our case for a two-tier milk price increase is now fully justified. We have asked for 4d gallon increase for the first 7,000 gallons delivered to creameries by each farmer, with 2d per gallon thereafter." On Minister Haughey's invitation to further talks, Feely was even more categorical: "If he expected us to come up again after being turned down twice he was expecting too much. I want to tell him that the chips are down."

They were indeed. The first ICMSA picket went on the Dail on Wednesday, April 27 led by North Cork's Paddy O'Brien, Deputy President of the Association, and they were arrested shortly after 3PM. Relays of pickets were stationed at the Clarence Hotel and summoned over as the arrested farmers were loaded into Black Marias and driven away. Two separate pickets were mounted; in front of the Dail and outside Government Buildings on Merrion Street. When the Merrion Street picket was extended to cover the adjoining Department of Agriculture and Fisheries, students in UCD's College of Sciences, whose entrance lay between the Department and Government Buildings, refused to cross the pickets and compelled ICMSA – in recognition of their upcoming exams – to divide their picket lines allowing an acess 'corridor' for the a students.

28 ICMSA members were arrested on the first day. By 5.30 on the second day, 72 farmers had been charged. The atmosphere within the Dail became fairly charged itself when Minister Haughey referred disparagingly to "the circus outside".

Despite a very questionable strike-breaking stance on the part of the NFA and much to-ing and fro-ing, the protest went on and, indeed, picked up pace and support. On May 11, 120 farmers were arrested while picketing with the next day seeing a further 169 arrested.

The steely resolve displayed by ICMSA brought forward its dividend and on May 26, Minister Haughey announced to the Dail that an immediate price rise of 2d per gallon of milk was to be introduced and a group of experts would be convened to examine the ICMSA proposal for a two-tier milk price system.

452 farmers had been arrested but it was the Government and not ICMSA that had blinked first. The Association demonstrated a solidarity and sense of strategy that has always been its hallmark and which it still possesses and utilises on behalf of the farm families of the State.

John Feely, under arrest for picketing outside Leinster House, enters the Black Maria.

Members from Ballylanders in County Limerick demonstrate outside Government Buildings for an increase in the milk price. From left - Charles Bailey, Patrick O'Donnell, Sam Upton and Liam Dineen.

With Ann O'Mahony, Secretary, at the picketing campaign's headquarters in the Essex Room of the Clarence Hotel in Dublin.

Another delegation to Government. From left: - Johnny Barrett, Paddy O'Brien, John Feely, James O'Keeffe (partially hidden), Jerome O'Shea, Sean Kelly, Mick Mullane (also partially hidden) and Tom Kearney.

Reclaiming VAT For Certain Farm Inputs

By Lorcan McCabe, Chairperson of Farm Business Committee.

Farmers who are not registered for VAT may reclaim VAT paid by them in relation to the construction, extension, alteration or reconstruction of farm buildings and structures or on land drainage and land reclamation. Claims for such repayment should be made on Form VAT 58 which can be found at the following link. http://www.revenue.ie/en/tax/vat/forms/

Applications for repayment must be submitted within four years from the end of the taxable period to which the claim relates.

Revenue may request sight of the plans, specifications or other documentary evidence in relation to the outlay detailed below and may inspect any buildings, structures, fixed qualifying equipment and land improvements.

It is important to note that VAT is not refundable on repairs to farm buildings, structures and farm roadways, outlay on roadways to dwelling house, mobile equipment and machinery, repair, service and maintenance of equipment and machinery, ESB supply, fuel, oil or diesel. Other non-refundable items include silage covers, medicines and weedkillers, etc.

FARM BUILDINGS AND STRUCTURES:

Where the claim is in respect of outlay on the construction, extension, alteration or reconstruction of farm buildings or structures, erection or installation of qualifying equipment for the purpose of micro-generation of electricity for use solely or mainly in his or her farming business, where such building, structure, land or qualifying equipment is for use in that farming business for a period of not less than one year commencing on the date the tax was incurred, the following details are required:

(a) a description of the work carried out.
(b) date of commencement of work.
(c) date of completion of work:

If any of the outlay included in the claim relates to a well or a roadway, the farmer must indicate where the water supply or roadway serves.

FIXED AND QUALIFYING EQUIPMENT:

If any of the outlay included in the claim relates to fixed qualifying equipment and/or is for a wind turbine system, a photo-voltaic system or ancillary equipment required for the storage of electricity or connection to the grid, the following information is required:

(a) type of equipment.
(b) where installed:

Such eligible items would include bulk tanks, automatic scrapers and milking machines.

LAND IMPROVEMENT:

VAT can be reclaimed on fencing materials and fencing costs, land drainage costs and land reclamation costs. These include fence posts, wire, drainage pipe, drainage stone etc.

From application to payment usually takes about 6-8 weeks and applications should be forwarded to: Office of the Revenue Commissioners, Collector-General's Division, Unregistered VAT Repayment Section, Ground Floor, Sarsfield House, Francis Street, Limerick. Application must include original invoices marked paid for each item claimed. The LoCall number for queries to the Revenue on this matter is 1890 25 24 49.

National Council in Limerick

Attending the 31 March National Council in Limerick were, L to R, Maurice Walsh, North Cork, Catherine Quinlivan, Waterford and Sean Butler, Tipperary.

National Council in Limerick

With the President are, L, Sean Griffin, West Cork and Padraig Hurley, West Cork.