

# ICMSA

## NEWSLETTER



THE FAMILY FARM ORGANISATION THAT CONCENTRATES ON SOLUTIONS



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**MINISTER CREED ANSWERS OUR QUESTIONS**

**MILK PRICE – RECOVERY IN SIGHT?**

**A BREAKDOWN OF THE BREXIT ISSUES**

## Underpaying Co-ops should remember: We now have an option

John Comer, President, ICMSA

There is presently a queue of issues to be dealt with but the focus of the Irish Creamery Milk Suppliers Association has always been, is now, and always will be, milk price. On the basis of recent significant boosts to the GDT, we estimate that milk price should have been in the 25-28 cent per litre band for August milk and we want – and expect – to see our milk prices continue to strengthen into September. Irish suppliers went through the peak period at prices substantially below the cost of production which has had a massive negative impact on dairy farmers incomes from which we will not recover this year. That is simply a fact and one that we will want to see acknowledged in the Budget when, hopefully, we can see the development of the kind of income volatility-management tool that we outlined in previous newsletters. We are quietly confident that our Farm Management Deposit Scheme has been studied and its merits identified. But for now farmers are engaged in a damage limitation exercise and our Co-ops are going to have to move milk price up quickly to assist in that exercise. We see that First Milk in the UK has increased its B price (based on commodities) by 7 pence per litre in August compared to June. Their B price is now equivalent to 23 cents per litre for August milk and remember that this price is based on absolute 'basement' commodity type products, it's a very clear indicator that markets are moving up quickly even for commodity type products.

It is significant that for the first time since this price slump began, farmers have options and it's due in no small measure to ICMSA that such options were available. The Voluntary Supply Reduction Scheme (VSRS) – which we were alone in identifying and advocating as a policy tool – ensured that farmers on an individual basis could make a decision on whether they might not be better off voluntarily reducing milk production by availing of the scheme. The very fact that farmers now have this option

seems to have concentrated the minds of our Co-ops and processors wonderfully because the announcement of the VSRS coincided exactly with a very significant rise in auction prices and market sentiment that had better manifest itself in speedy price rises to milk suppliers.

Secondly, taking it as read that milk prices are going to increase across the board, we note that those Co-ops paying the lowest milk prices are going to have to move faster and further to catch up with those at the top of the price league. A gap in milk prices at any stage is a major issue for farmer-suppliers but when prices are as low as they have been, then the impact of such gaps becomes even greater and this has to be addressed. Farmers are sick of listening to certain Co-ops complaining that better-paying rivals are cross-subsidising milk price when we can see for ourselves that some of those paying the best prices actually don't have other ancillary businesses out of which they could cross-subsidise their milk price. The Reduction Scheme gives us an option and if the Co-ops in question don't start paying what the markets show they should be paying then their suppliers just won't produce the milk. It's that simple.

The biggest single issue facing dairy farmers this year is income and, in this regard, Ireland's allocation of the EU aid package will translate to approximately €11.1 million which we want the Irish government to 100% match. We categorically reject the idea of leveraging this money into low-cost loans and instead propose paying the money directly to milk suppliers thus by-passing other less effective and more cumbersome routes.

ICMSA is proposing that this funding is used to provide dairy farmers with a direct payment of €1,200. This is permissible under the regulations and would provide a level of support to dairy farmers during an extremely difficult period. Unlike other sectors, there are no coupled support schemes in place for

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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](mailto:info@icmsa.ie) with your email and/or mobile phone number.

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dairy cows comparable to the BDGP in place for suckler cows and the new sheep payment being introduced. In terms of direct support, dairy farmers have lost out heavily since the Budget cuts in 2009 and it might be time to look at a coupled payment for dairy cows similar to that available for suckler cows. For now the funding available from the dairy crisis package should be directed to dairy farmers in an administratively simple fashion and most certainly should not be used to establish low interest loans as that effectively translates to a bank subsidy. The idea that funding to address a dairy crisis would be hijacked and end up with the banks is just astonishing and unacceptable. If the Government want to involve the banks in helping dairy farmers they could try convincing them to charge competitive rates. We cannot - and we must not - use crisis funding earmarked for dairy farmers to subsidise banks that are now again making profits in the billions.



Des Morrison of Sligo chats to Seamus Miggins of Meath at the National Council held in the Alexander Hotel in Dublin.

## Milk Price – Light At The End Of The Tunnel?

Gerald Quain, Chairperson, Dairy Committee



The Spring edition of this newsletter was published against a background of Northern Hemisphere dairy markets characterized by oversupply, low prices and an all-pervading atmosphere of doom and gloom. Commodity prices were hovering around or below intervention prices with no real end to the crisis in sight. Moreover, absent of a substantial negative weather event, there was little to suggest a legitimate and sustainable recovery any time before 2017. However, things have started to change since April with markets increasing significantly in the last number of weeks. Prices will be outlined in section 3 of the dairy summary but first Supply must be examined and the demand side will be looked at in section 2.

### SUPPLY

The main issue in the milk market over the last 24 months was that oversupply and virtually all the growth had come from the EU. 2015 was a bumper year for milk supply with the continent up 2.2% from 2014 which also was a record production year. Therefore, when returns for the first quarter of 2016 showed EU-28 milk production was up about 5.9 percent year-over-year, alarm bells for the dairy sector were sounding. This figure had slowed to 4.5% in the first five months due to unexpected supply patterns in the peak of April and May as seen in table 2. Late season predictions expect the European Union production to fall back for the second half of 2016 to a modest 1-2% increase. This indicates that supply is likely to fall to negative figures for many large producing countries across the continent. Indeed, the UK has been one of the first countries to reduce supply with figures indicating a year on year fall for June 2016 standing at 7.5%

Table 2: European Union Milk Supply 2014- 2016

	January	February	March	April	May	June	July	August	September	October	November	December
2014 (Million litres)	11,803	10,998	12,546	12,728	13,224	12,536	12,527	12,139	11,614	11,502	10,997	11,507
% Change year on year	5.59%	5.57%	6.72%	8.22%	4.90%	5.36%	4.99%	4.57%	5.58%	2.60%	2.26%	1.39%
2015 (Million litres)	11,695	10,855	12,361	12,911	13,609	13,012	12,864	12,472	11,828	12,079	11,531	12,107
% Change year on year	-0.92%	-1.30%	-1.47%	1.43%	2.91%	3.80%	2.69%	2.75%	1.84%	5.02%	4.85%	5.21%
2016 (Million litres)	12,331	11,928	13,079	13,129	13,721							
% Change year on year	5.44%	9.89%	5.81%	1.69%	0.82%							

Table 1: Milk Production in selected countries 2015-2016 ( Million Litres)

	New Zealand		USA		Ireland	
	2015	2016	2015	2016	2015	2016
January	2409	2358	7790	7805	115	155
February	1807	1909	7121	7450	215	309
March	1699	1685	7967	8110	454	589
April	1356	1322	7836	7911	784	761
May	773	800	8118	8203	875	930
June	143	143	7711	7828	819	856
July	216		7782		769	
August	1339		7666		694	
September	2472		7320		604	
October	3118		7546		536	
November	2894		7352		348	
December	2685		7697		182	

The United States also has contributed to the oversupply of milk over this excess supply timeframe: output was up 1.5 percent in the first half of the year as seen in table 1. However, milk supply is serving a different story in Oceania, where production in New Zealand and Australia were down 1.6 percent and 2 percent, respectively for their production seasons. Weather in New Zealand has been pretty good, boosting end-of-season production and give a timely boost to their supply given early season predictors of over a 6 percent reduction.

### DEMAND

The dairy demand side has been under pressure since the implementation of the EU and Russia sanctions in 2014, moreover, it is unlikely that sanctions will be removed in the near future. On the whole, demand

has been steady if not spectacular in the last number of years and this is likely to continue with the existence of products in storage and the relatively low oil price. A market recovery may not be based on demand side but dairy products have shown real resistance in the last number of years given the excess supply of product in the world market.

China's appetite for dairy products looks promising for the first half of 2016, with total dairy imports up 32 percent on a milk-equivalent basis in the first quarter. Looking at the most recent figures, China has improved its import figures in the first 5 months of 2016 compared to 2015: butter (+34%), cheese (+24%), whey powder (+21%), WMP (+20%) and SMP (+9%). However, demand is still fragile in China, according to Rabobank, and so the recent rise in imports is thought to have boosted

domestic stock levels in the country. As a result, Rabobank expects powder imports to slow again later in the year. This is in line with the USDA's latest forecast, which predicts China's WMP imports will grow by 8% to reach 375k tonnes for the whole of 2016. Given that imports to June totalled 292k tonnes, this suggests a significant slowdown in the second half of the year.

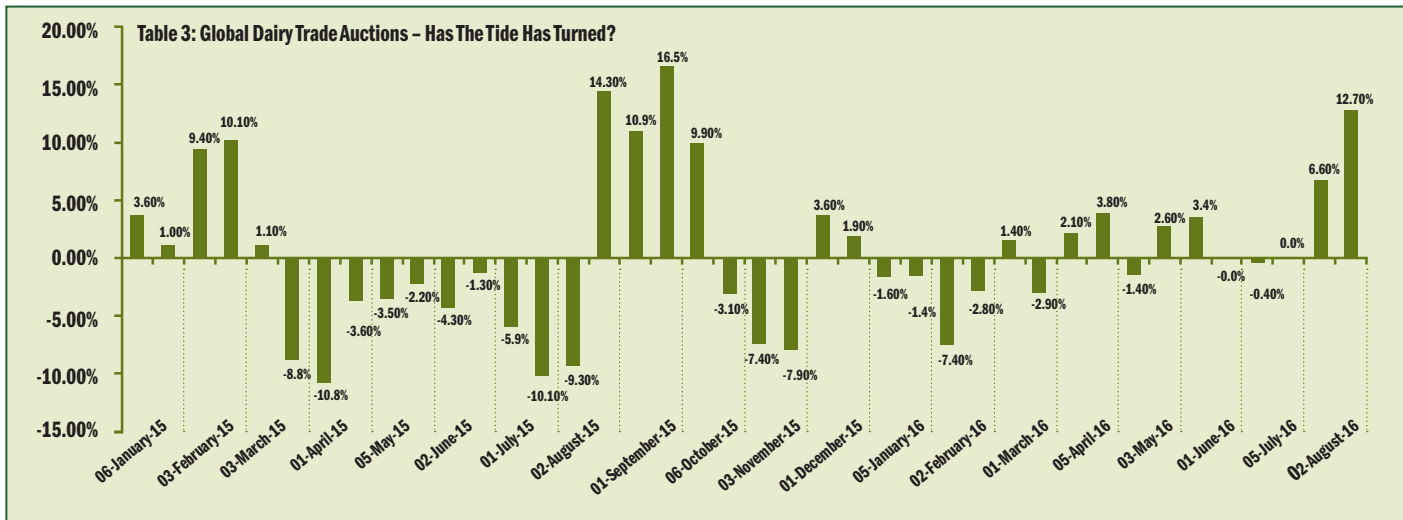
So, although there are signs of stirring demand in China, concern continues about the level of stock held in the country and the impact that will have on a sustained global dairy recovery.

**PRICE**

On the world market, prices have generally increased since last April. Butter had taken a severe fall in the opening months of the year but since April butter has increased in all world markets. Dutch dairy quotations have increased from their low point this spring, it is hugely encouraging that the Butter/SMP combination is up to 7 cents per litre in that intervening time period and these are some of the price available for product sold at present in the

market. Whole milk power has shown its comeback also with an increase of 6cpl. These increases are feeding into the positive outlook for dairy prices across the globe as also portrayed by the latest GDT auction results in August. Two increases of 6.6 % and 12.7% show a robust increase in almost all products traded as seen in Table 3. Caution must be advised in all spot prices that are used in predicting future prices. Interestingly, both surges are based on the prediction of lower milk supplies, however crucially the current predictions of milk supply decreases are starting to hold true across some European countries, most notably the UK.

The European Commission's introduction of a new voluntary scheme to target a milk supply reduction of 1.1 bn litres where farmers will be rewarded for cuts in production could be one of the reasons for the quick rebound in spot and futures markets and in order for the sentiment to remain it is vital that that full reduction is implemented. In summary, dairy markets are coming back into balance with milk supply decreasing to match global demand and prices will strengthen as a result.



**Feely Foundation Student Scholarships in a FREE draw!**

Four Scholarships of €1500 each have been made available to the sons and daughters of ICMSA members by the John Feely Foundation on the basis of one award per ICMSA Region.

The awards will be made by supervised DRAW with the recipients to be announced at the AGM in November.

Entry is completely FREE but recipients MUST be attending one of the agricultural colleges.

All you have to do is nominate the student, provide name, address and Agricultural College and quote your membership number together with a mobile phone number in writing to SCHOLARSHIPS, ICMSA, JOHN FEELY HOUSE, DUBLIN ROAD, LIMERICK or email the same information to info@icmsa.ie. Closing date for receipt of entries is 1 November.

REMEMBER: Only the children of members of the Association are eligible. Good Luck to everyone.

**ICMSA contacted by producers of hit UK television programme**

We have been contacted by representatives of the hit UK television programme, Gogglebox, who intend launching an Irish version of the show shortly. The UK producers have specifically requested that Irish farming families or groups of friends from the wider farming community who

watch television together and who might be interested in featuring on the show, contact them by email at casting@kiteentertainment.com or call them at their information line 085-7198486.

## Target Dates & Contact Details for ANC and BPS

Pat McCormack, Deputy President



Under the Farmers' Charter, the Department of Agriculture, Food and the Marine has committed to have all problems with ANC and BPS applications "dealt with by 15th September". If this commitment is going to be met then ICMSA believe that farmers need to be informed of any outstanding issues without delay so that they can address the problems raised, respond to the Department and have the issue finalised in advance of the payment date. ICMSA will be clearly communicating to the Department of Agriculture that

in a year when incomes are down so substantially, it is simply critical that all farmers receive their BPS by 16th October and ANC payment in the third week of September. Certainly the inordinately long delays that some individual farmers experienced in 2015 cannot and must not be repeated.

### THE DEPARTMENT'S TARGETS ANC PAYMENTS

Full payments to commence in the 3rd week of September with a target of 100% of cleared cases in that week.

### BASIC PAYMENT SCHEME AND GREENING PAYMENT

Payment will commence on 16th October 2016 with Department committing to 100% of cleared cases and 90% of all applications to be paid on that date.

Balancing Payments will commence on 1st December 2016 with a target of 100% of all applications to be paid on that date.

The following are the contact details if you have any query regarding your BPS or ANC application:

Section	Counties	Telephone No. / Email Address
Basic Payment (1)	Carlow, Clare, Cork, Dublin, Mayo, Offaly, Tipperary, Waterford	0761 064425
Basic Payment (2)	Donegal, Kerry, Kildare, Leitrim, Limerick, Longford, Roscommon, Wexford	0761 064420
Basic Payment (3)	Cavan, Galway, Kilkenny, Laois, Louth, Meath, Monaghan, Sligo, Westmeath, Wicklow	0761 064421
Areas of Natural Constraint	All Counties	0761 064426

## ONUS IS ON DEPARTMENT OF AGRICULTURE TO VERIFY QUALITY OF INPUTS.

Owing to the on-going dairy crisis, farmers are having to look at all aspects of their business carefully and, specifically, their inputs. In this regard, the onus on the Department of Agriculture, Food and Marine to provide farmers with greater confidence regarding the quality of farm inputs has come into extremely sharp focus. ICMSA firmly believes that it is the responsibility of the Department to ensure that clear and more accurate information on key farm inputs is made available to farmers; we also believe that the Department should also be playing a greater role where disputes arise over the specification of inputs.

Feed and fertiliser account for over 35% of 2015 inputs costs at €1,351million and €565 million respectively, the quality of these inputs is hugely important and has a significant impact on farm income. It's vital that an independent third party is not only monitoring the quality of these inputs, but also publishing the results of any testing carried out. Margins are simply too tight at farm level for any inconsistencies and farmers need – and are entitled to get - confidence that they are getting what they paid for.

The UFL or energy level of all feedstuffs should now be published compulsorily on all feed products being sold so that farmers can make better informed decisions when purchasing. With the management of livestock being notably complex, farmers need as much information as possible and the making the publication of UFL values of concentrate feed compulsory would certainly be a step in the right direction and provide farmers with a greater level of confidence.

In relation to fertiliser, the Department can play a greater role by carrying out more testing of fertiliser and publishing the results



Pictured at the Embrace Farm Remembrance Service held on 26 June at the Holy Rosary Catholic Church in Abbeyleix were Minister of State, Andrew Doyle, Professor Gerry Boyle, Director of Teagasc, Peter Byrne, CEO of FRS Network and Pat McCormack, Deputy President of ICMSA

of same so that farmer-purchasers can have confidence in the product and source of the product they're considering buying. The Department is doing some of this work already and with a number of key amendments - particularly in relation to UFL values - farmers could make more informed decision in real time. ICMSA believe we can improve farmer confidence and give a strong signal that farmer income and the stressed margins they're operating within are considered and taken into account by the Department. We hope that Minister Creed would move quickly on this and we're sure that farmers would recognise and appreciate it for the progression it undoubtedly would be.

## Brexit: What are the issues likely to be?

John Comer, President



The United Kingdom took a decision on 23 June 2016 to exit the European Union. The ramifications of the decision are still unknown but it is quite clear that it will have an impact on Irish farmers and, in this article, ICMSA summarises the issues that we believe will arise following Brexit.

### TIMEFRAMES:

The United Kingdom must officially 'trigger' the process of exiting the EU and from that date there is a two year negotiation timeframe which can be extended if agreed. Thus, at the very earliest, it will be September 2018 before the UK exits the EU and, based on current speculation and progress thus far, it is likely to be later.

For Irish farmers the issues are likely to be:

- **Trade with the UK:**  
At present, there is free movement of goods between Ireland and the UK with no border controls or tariffs. The Irish beef and dairy sectors are very dependent on the UK market with long-term relationships developed and maintained. The UK has a population of 64 million people, is a net importer of food and there is general consensus that a continuation of free movement of goods represents the best possible outcome for Ireland in the exit negotiations.
- **Currency volatility:**  
To date, the main impact of Brexit has been the fall in the value of sterling and in the long-term, this is likely to be one of the main impacts of the

British exit. A weak sterling reduces the return to Irish exporters and has a direct impact on farmer returns. On the plus side, farm inputs imported from the UK will be cheaper, but a weaker sterling still represents a net loss for Irish farmers.

- **EU Trade Deals:**  
The implications for EU trade negotiations such as Mercosur and TTIP, which have been conducted to date on the basis of an EU of 28 Member States, are hugely significant. Indeed, ICMSA firmly believes that existing trade deals will have to be re-negotiated in light of Brexit and that possible new trade deals - including TTIP and Mercosur - will have to be completely re-evaluated on the basis of 27 Member States and not 28.
- **Production Standards:**  
Broadly speaking and at present, Irish and UK farmers operate under the same standards of production from a food safety, animal health and environmental perspective allowing 'a level playing field'. Post Brexit, this may no longer be the case and the Irish Government and the EU will have to ensure that 'their' farmers are not competitively disadvantaged by excessive regulation.
- **EU Budget and CAP Payments:**  
As a net contributor to the EU, Brexit will mean a reduced budget for CAP with some estimating a six percent reduction in farm payments. ICMSA is calling for any reduction in the CAP budget to be replaced by additional contributions from the remaining 27 Member States.

- **Farmers Farming Land on Both Sides of the Border:**

While this is a very specific issue for farmers with land on both sides of the border, the implications are very significant for the individual farmers in question in terms of farm payments, nitrates and movement of animals between both states. Quite clearly, specific arrangements will have to be put in place for such farmers.

- **Transit Across the UK to Continental EU Markets:**

Continental EU is a substantial market for Irish farm produce with significant amounts of produce currently transiting the UK to get to its final destination in continental EU. Post Brexit, it will be hugely important that we will be able to continue to transit across the UK without any additional requirements or costs being imposed on us.

- **Animal Health:**

Some valuable work has been done on an all-Ireland basis in relation to animal health, (for example, the eradication of Brucellosis). It will be essential for both parties that this close working relationship will be maintained and enhanced in a post Brexit scenario.

ICMSA is part of the Brexit Forum established within the Department of Agriculture, Food & Marine and the issues raised above will be central to our work in this regard. Issues will certainly arise as we go forward but, for now, currency uncertainty is likely to be main concern over the next two years and that only underlines the need for the Government to take measures to protect farmers from further income volatility.

## Budget 2017 Must Deal With Income Volatility

Lorcan McCabe, Chairperson, Farm Business Committee



### ICMSA 2017 PRE-BUDGET SUBMISSION

The Irish Government and Department of Agriculture, Food and the Marine have ambitious plans for the future of Irish Agriculture as outlined in the Food Wise 2025 Report which sets out a 10-year strategy for the Irish agri-food sector projecting exports increasing to €19 billion, the creation of 23,000 new jobs by 2025, and an increase in value added in the agri-food sector to in excess of €13 billion.

ICMSA believes that Irish agriculture has an opportunity to reach its full potential despite the current extreme difficulties around low milk price. However, in order for this to happen, Budget 2017 must provide for the necessary adjustments to current taxation policy specifically the provision of a suitable income volatility management tool, Capital Tax adjustments and adequate funding for Farm Schemes. The Association went into detail on these issues and others in our Pre-Budget Submission and we deem it essential that Budget 2017 directly addresses the questions we have identified and provides the necessary supports to ensure the continued growth and development of the most important indigenous sector in the Irish economy.

The following is an overview of the main policy items addressed in the ICMSA 2017 Pre-Budget Submission.

### INCOME VOLATILITY MANAGEMENT

The extent of the extreme volatility in milk price in recent years has been clearly documented by Teagasc and other commentators such as the European Milk Market Observatory. In addition, recent 2015 figures from the Central Statistics Office illustrate clearly the extent of the collapse in milk price in recent years and show that the total dairy income for 2015 was down €222 million on 2014 despite a 14 percent increase in milk production. The 2016 situation with regard to milk price is significantly worse and ICMSA believes the Government must develop a workable and straightforward agri-taxation measure that will help farmers to manage the inherent volatility within the sector, especially during years of low milk prices.

Dairy farm income fluctuates from year to year due to many circumstances outside the control of Irish farmers. External forces such as macroeconomics, weather events, geopolitical matters, commodity markets, feed and oil prices, currency, and disease all combine to cause income volatility. Such external and internal forces compel those involved in the industry to adapt to ever-altering scenarios, however, the Irish agri-taxation system significantly impedes the ability of the sole trader to seize the opportunity to grow and develop their business due to periods of significant farm

income volatility. Budget 2017 should provide for the introduction of an income volatility management tool to address the difficulties associated with the low level of after-tax income available for investment and self-funding of farm development.

In this context, ICMSA proposes the introduction of an income volatility management tool similar to the Australian Farm Management Deposits Scheme (FMDS). This would allow a farmer to claim a tax deduction for farm management deposits in the income tax year in which they are made, the appropriate amount of the deduction is included in the tax assessable income in the income year the deposit is repaid to the farmer. The deposits scheme complements other risk management strategies available to farmers such as income averaging.

The current rules in the Australian model place a maximum threshold for off-farm income of a person availing of this tax measure and there is an overall ceiling on the amount that can be deposited in the Farm Management Deposit Scheme and ICMSA would support such measures being incorporated into an Irish income volatility management tool.

ICMSA believe the Farm Management Deposits model has many merits and most definitely should be used as a template for the introduction of a farm income volatility



As part of our lobbying on Budget 2016, Tom Blackburn, Chairperson of Limerick ICMSA, & Gerald Quain, Chairperson, ICMSA Dairy Committee, met Minister Noonan

management tool into the Irish income tax code for farmers based on the following criteria.

- ICMSA believe limits could be placed both on the total amount that could be deposited in a given year and the aggregate amount at any time and suggest a maximum deposit per annum of 30 percent of farm profit and/or a maximum of €10,000. Funds would remain in the Farm Management Deposit account for a maximum period of 5 years. In addition, ICMSA recommend that 12.5 percent tax should apply on a once-off basis for the amounts deposited in the farm management account. This would give all the advantages of incorporation without the necessary cost of compliance and uncertainty associated with farm companies.
- Farmers would then be able to avail of these funds in the farm management deposit account to support the farm business in the event of a downturn in farm income and/or for investment in the farming enterprise.
- Where funds are taken from the farm deposit account in the form of income then the normal rate of tax applicable in the year of withdrawal would apply to these withdrawals less a credit for the 12.5 percent tax which was originally paid on the funds when deposited in the farm deposit account in the first instance.
- This tax relief measure could be confined to farmers whose sole or principal income is from farming. Realistic off-farm income thresholds should be set.
- On-farm investment using funds from the farm management deposit account would qualify for all reliefs currently available for on-farm investment such as capital allowances.

### INCOME AVERAGING

ICMSA propose that Income Averaging be retained within the tax code in Budget 2017, coupled with the introduction of a supplementary measure whereby individual farmers could opt for three or five-year averaging in order to allow them to more effectively manage income volatility for their farming enterprise and to take account of individual circumstances.

### PERSONAL TAXATION

#### Earned Income Credit

ICMSA welcomes the introduction of an Earned Income Credit of €550 in Budget 2016 and believes it is a first step in addressing the anomaly that existed within the tax code with respect to the self-employed, including farmers. The Government has committed to equalizing this credit to the PAYE Tax Credit in successive Budgets.

ICMSA believes Budget 2017 should provide for an immediate equalizing of the Earned Income Credit by increasing it to €1,650 effective from 01 January 2017.

#### Universal Social Charge

Budget 2017 must aim at the elimination or further reduction of the Universal Social Charge. At the very least, the effective USC rate applicable to the self-employed must be equalized to the PAYE income effective rate of 8 percent in Budget 2017.

### LAND POLICY AND TAXATION

#### Stamp Duty

Consanguinity Relief, which is due to expire on 31 December 2017, must be extended in Budget 2017. In addition, the anomaly with regard to the application of Young Trained Farmer Stamp Duty Relief on transfer of a farm to a farm company where the farm is personally owned must be addressed in Budget 2017.

#### Capital Gains Tax

Budget 2017 must provide for a significant reduction in the 33 percent rate of Capital Gains Tax. In addition, ICMSA propose that the first €5,000 of an individual's chargeable gain be exempt and that Indexation should be reintroduced in order to act as a catalyst to encourage necessary land mobility.

Capital Gains Tax Restructuring Relief must be extended beyond 31st December 2016 in Budget 2017.

#### Capital Acquisitions Tax

Budget 2017 must provide for a significant reduction in the 33 percent rate of Capital Acquisitions Tax and the Group A Tax Free Threshold should be increased to €500,000.

ICMSA considers the retention of the 90 percent Agricultural Relief as crucial.

ICMSA believe CAT 'favourite' niece/nephew relief should apply where the 'favourite' niece/nephew has farmed the land under a lease agreement.

#### Income Tax Relief and Leasing Land

Income tax relief on land leases should be extended to family members in Budget 2017 subject to strict criteria regarding farm transfer.

### FARM INVESTMENT TAX INCENTIVES

#### Stock Relief

Budget 2017 should provide for the introduction of a new Stock Relief measure whereby farmers would be allowed 100 percent stock relief on additional expenditure of up to €100,000.

In addition, a specific Stock Relief provision should be introduced for individuals that experience partial depopulation.

#### Capital Allowances

Budget 2017 must allow for flexibility in the claiming of Capital Allowances and ICMSA proposes that farmers be allowed to write-off capital expenditure on farm buildings and plant and machinery over a period of three and eight years with a "floating allowance" of up to 50 percent allowable in any one year in order to facilitate maximum utilization.

ICMSA propose the extension of the SEAI ACA scheme for investment in energy efficient equipment to sole traders in the agri-food sector.



## 'Do Your Level Best!' - 89 Incidents at Level Crossings in 2015

Garry Keegan, Iarnród Éireann

Figures from Iarnród Éireann have revealed that there were 89 incidents at level crossings around the country in 2015 which resulted in a vehicle, person or property being struck by a train or barrier.

Of the 89 incidents, 61 involved vehicles and five involved pedestrians. 20 incidents were classified as Category 1, the most serious type, meaning the driver of the train had to apply the emergency break in order to avoid a more serious outcome.

Of particular concern are the incidents of unsafe behavior at unattended level crossings which are more likely to end in serious injury or fatality. There are 149 unattended level crossings on roads around the country, usually found on minor or private roads where there are relatively low levels of traffic. To support the level crossings campaign, an online information video has been produced to advise road-users how to use this type of crossing safely. The video provides step-by-step advice on how to approach and cross an unattended level crossing. Road-users are reminded that they are solely responsible for opening the gates before crossing the tracks and ensuring the gates are securely shut again once they have crossed to the other side. Failure to shut the gates could have serious consequences for another road-user.

Don Cunningham, Director, Iarnród Éireann Infrastructure said:

"In one year alone, there were almost 90 'near misses' at level crossings around the country. These incidents could have had very serious consequences for the person

involved, the train and its passengers, and other road-users. People simply should not take risks at level crossings. Unattended level crossings also pose a serious risk so it is important that road-users take responsibility for opening and closing the gates properly when passing through. If the gates are left open, another road-user might think that it is safe to cross without due care and the consequences could be very serious."

The Road Safety Authority, Iarnród Éireann and the Commission for Railway Regulation recently signed a joint Statement of Intent to facilitate the sharing of information, experience and ideas in relation to safety at public road level crossings. This addresses an action in the Government Road Safety Strategy 2013-2020 to educate road-users on the correct use of railway level crossings through collaboration on a range of education and awareness initiatives.

Road-users are advised to use the 'Rail Cross Code' when crossing an unattended level crossing:

1. Always expect a train. Failure to do so could have serious consequences.
2. Stop, look both ways, and listen - unattended level crossings are guarded by iron gates and accompanied by stop signs. You should stop your vehicle well clear of the gates to allow enough room to open fully away from the tracks.

**Switch off any mobile or music devices** that might prevent you from hearing an approaching train and

open the windows on the driver and passenger sides of your vehicle. If you are on foot or on a bicycle, remove your headphones, hood or other items of clothing that might impair your sight or hearing. Carefully read and follow the instructions provided at the level crossing. After opening the gates on both sides of the train tracks, drive forward and stop behind the white line.

**Look both ways**, looking for the lights of an approaching train and listening for a train horn.

3. Give way to trains. Let any approaching train pass, then look both ways again.
4. When the railway is clear, cross quickly - Only when the tracks are clear in both directions should you cross. Drive across the train tracks and stop well clear of the crossing on the opposite side.
5. Shut and fasten both gates after you - even if there is traffic behind you, make certain the gates are properly shut before moving on. If you have opened the gate, you are responsible for ensuring that the gate is properly shut afterwards. Don't assume someone else will do it. If the gates were open when you arrived and you have crossed the railway, make sure you close and secure the gates afterwards. Don't just leave them open or assume someone else will close them. Not only is this reckless, it is against the law.



Always expect a train. Failure to do so could have serious consequences.



Typical Rural Level Crossing.

## Review of Areas of Natural Constraint – What are they looking at?

Patrick Rohan, Chairperson, Farm & Rural Affairs Committee



Following a review at EU level, the Less Favoured Areas Scheme (formerly Disadvantaged Areas Scheme) was replaced as part of the overall agreement on the CAP Reform Package. The new Scheme, known as Areas of Natural Constraint, was introduced in 2015 and is subject to the provisions of the new RD Regulation (1305/2013). The new Areas of Natural Constraint are to be delineated by Member States using soil and climatic criteria and the Department of Agriculture Food and the Marine is currently undertaking this review in conjunction with Teagasc. Pending the outcome of the Review and the implementation of the new designations, the aid will continue to be paid to farmers situated in the existing Less Favoured Areas pending the new delineation using the bio-physical criteria and establishment of a new Scheme which is due by 2018.

The new Areas of Natural Constraint, to be delineated by Member States using soil and climatic criteria as proposed by the European Commission, are as follows:

- Climate, including Low Temperature and Heat Stress;
- Soil, including Drainage, Texture & amp; Stoniness, Rooting Depth and Chemical

- Properties;
- Soil & amp; Climate, including Soil Moisture Deficit (SMD);
- Terrain, including Slope.

In Ireland’s case, the most relevant criteria are SMD (soil saturation) and drainage.

It is proposed that an area would be delineated as an area of Natural Handicap, when it meets the proposed threshold set for one of the above criteria only. The delineation will be carried out at Divisional Electoral District (DED) level in Ireland’s case. To qualify under the new system, an area will need to show that at least two-thirds of its utilised agricultural land meets at least one of these eight criteria.

The resultant Areas of Natural Handicap would be subject to a fine-tuning process. These so called Second Stage Criteria are designed to remove areas which, although they meet the biophysical criteria, are deemed to have overcome the natural disadvantage and, therefore, should not benefit under the Scheme.

As part of the review Teagasc have completed and published the National Soil Survey and relevant data from the soil map, supplemented by climatic data is currently being used to do the initial delineation. The outcome of this process must be subjected to significant and robust verification giving

the importance of an area losing or gaining designation under the ANC Scheme.

There is the provision that a Member State could designate an area up to 10% of its land mass as areas of specific constraints. These could be areas that do not meet the two thirds threshold using one of the 8 criteria but exceeds that threshold when the impact of two criteria is accumulated. The Department of Agriculture, Food and the Marine have stated that a public consultation on initial scientific maps is likely in early 2017.

In any event, it is likely that there will “winners and losers” with areas which are currently designated as an Area of Natural Constraint losing out under the new process and new areas being added. On the issue of areas which may lose their designation as an Area of Natural Constraint the Department of Agriculture, Food and the Marine has confirmed to ICMSA that the regulations provide for a phasing out of payments on a degressive basis for these landowners.

However, ICMSA believe an appeals process will have to be put in place to deal with appeals from any area that loses its designation as an Area of Natural Constraint and/or an area which has not been designated under the new process where there is clear evidence that it should have been.

## Meeting the Minister



A joint delegation from West Cork Executive and North & East Cork Executive travelled to Brendan Hinchion’s farm at Kilnamartrya near Macroom to meet with Minister Creed and give the local angle to the Minister - himself a proud local.



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Campion Insurance is offering all ICMSA members a FREE health insurance review service! James Bond, our Health Insurance Specialist, will compare your existing plan with the rest in the market to ensure that you have the plan best suited to your needs.

### Why is it time to do a review?

#### A. COMPLICATED LANDSCAPE

As the cost of private healthcare continues to rise, the market has also seen an increase in the number of plans available in the market. With over 400 plans to choose from, trying to decide which one is best for you and your family can be confusing, time-consuming and frustrating!

#### B. COMMON MISCONCEPTIONS

Even if you already have health insurance cover in place, with insurers launching new plans into the market regularly, it's possible to be missing out on a more competitive price at the same level of cover. As such, it is always worth a quick review as you may avail of significant savings by doing so.

#### C. IT ALWAYS PAYS TO SHOP AROUND

'If it ain'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 for the past 2 years, the likelihood is that you are 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.

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- Compare all four insurers\* (Aviva, Laya, GloHealth, VHI) based on your requirements.
- Offer free impartial advice including a full explanation of all product differentials.
- Find the best plan for you at the best possible price.

*\*Please note that while the health insurance review will compare plans across four health insurers, Campion Insurance will only be able to place cover with Aviva Health Insurance Ltd.*



**For your Free Health Insurance Review, call James Bond today on 045 846823 or email [jbond@campionins.com](mailto:jbond@campionins.com)**

## Beef Prices - Fall in value of Sterling offsetting lower than expected numbers

Michael Guinan, Chairperson, Livestock Committee



The current outlook for beef margins within Ireland looks uncertain for the coming months, as I will outline in this article. Firstly, I will update you on the trends over the last number of months so as to rationally predict where our market is likely to go. Cattle supplies to beef factories decreased 5% in 2015 but in tonnage terms 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 by 5kg on average.

The upswing 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. The slight dip in prices in the first half of 2016 was mostly down to the expectation of increased numbers and the immediate uncertainty caused by the impact of Brexit.

The outlook for the remainder of 2016 is mixed with supplies of cattle both in Ireland and the UK expected to ease slightly from here to the year's end as seen in table 1. The ongoing uncertainty over Brexit casts potentially dark clouds. The British exit from the European Union could be the biggest threat to the Irish economy since 2009 and a substantial part of this threat could fall on Irish agriculture and beef exports. However, since the Brexit decision, the market has stabilised somewhat. The main reason for the stability in prices is most likely due to the shortage of factory-ready stock compared to expectations. It was expected that there would be a significant increase in throughput from summer onwards, but the figures have not fulfilled those expectations as seen in table 2. Indeed, the current figures from AIMS suggest that a shortfall in factory animals that will last until the year's end. Thereafter we could move to another scenario of oversupply and reduced prices. The expansion of the Irish dairy cow herd over the last number of years has increased the supply of cattle available for slaughter, and this trend is mirrored throughout the EU. With over two-thirds of EU beef supply originating in the EU dairy herd, the increase in EU dairy cow numbers will certainly be reflected in higher EU beef supplies in the coming years.

On the demand side, 2015 saw an ongoing growth in the UK market, an economic recovery in the Eurozone, and higher EU demand for beef, all contributing to improved prices. 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, in 2016 and going into 2017, the tables look like (already are) turning considerably. The impending British exit has seen Sterling weaken against the euro to the tune of 20% and economic growth predictions knocked back considerably within the UK and Europe. In summary, we see prices remaining relatively stable for the remainder of 2016 with uncertainty growing as we go into Q1 of 2017 underlining the need for a live exports option (see table 3) to be developed that will compete with the factories. This is a key focus of ICMSA at present.

Table 1. Current Prices

Cattle		29.08.2015	27.08.2016	Prev. Week	Prev. Year	2015
Steers	03	3.80	3.60	0.0	-5.3	3.88
	04	3.83	3.61	0.0	-5.7	3.91
	R3	3.99	3.77	0.0	-5.5	4.07
	R4	3.99	3.76	-0.3	-5.8	4.07
	U3	4.11	3.86	-0.5	-6.1	4.19
Young Bulls	03	3.77	3.56	0.8	-5.6	3.81
	R3	3.97	3.73	-0.3	-6.0	4.00
	U3	4.06	3.80	-0.5	-6.4	4.10
Heifers	03	3.91	3.72	0.3	-4.9	4.00
	04	3.92	3.71	0.0	-5.4	4.01
	R3	4.09	3.89	0.3	-4.9	4.19
	R4	4.08	3.87	0.0	-5.1	4.17
Cows	03	3.45	2.94	0.3	-14.8	3.44
	04	3.46	2.95	0.3	-14.7	3.45

Table 2. Throughput

	22.08.2015	27.08.2016	2015	2016	
Steers	13,874	14,259	382,408	375,794	-1.7
Heifers	6,927	7,132	279,131	278,597	-0.2
Young Bulls	1,744	2,227	107,930	139,389	29.1
Total Prime Cattle	22,545	23,618	769,469	793,780	3.2
Cows	6,498	7,127	212,844	221,365	4.0
Other	617	744	27,456	24,092	-12.3
Total Cattle	29,660	31,489	1,009,769	1,039,237	2.9

Table 3. Live Exports to 14 August

	2015	2016	Change - head	% Ch
Weanlings	9,554	7,444	-2,110	-22.1
Stores	10,175	7,935	-2,240	-22.0
Calves	84,827	71,314	-13,513	-15.9
Finished	29,788	14,591	-15,197	-51.0
Total	134,344	101,284	-33,060	-24.6



## What You Have To Know About Cashflow!

*Patrick O'Meara, AIB Agri Advisor, Agri Advisor, Nenagh, Co. Tipperary*

Patrick O'Meara, Agri Advisor, AIB discusses the lessons we can learn from dairy volatility and encourages farmers to take a three step approach to cashflow planning.

After almost two years of price declines, recent developments in international commodity prices suggest that dairy commodity prices may have bottomed out. While the increasing price trend is both positive and welcome, it should be noted that these increases are from a low base.

While milk production has continued to grow internationally throughout the first half of the year, a further tightening of supplies is expected in the second half of the year as farmers reduce production in response to lower prices. However, any price rise will be influenced by existing stock levels, weather patterns and continued demand growth. While some dairy processors have started to pass on price increases to their milk suppliers, as with previous downturns it is likely to be some time before prices recover fully.

With prices likely to average around 25c/l for the year as a whole, some 13c/l below 2014, on an average farm milking 80 cows, yielding 5,000 litres per cow, this equates to a drop in farm revenue of €50,000, over the past two years, all other things remaining the same. It is difficult for any business to cope with a drop in turnover of this level.

For many within the sector, any reserves that may have been accumulated during the strong income years of 2013 and 2014 are likely to be well depleted and we are aware that 2016 will be a challenging year for many.

To date in AIB, we have not encountered a significant amount of cases of dairy farmers seeking cashflow support, however we do expect that this number will increase as the year progresses and into the first quarter of 2017. For some the cashflow pressure has been exacerbated by increased stock numbers or recent farm development undertaken from cashflow.

Market research undertaken on behalf of AIB\* between May and June this year identified that:

- 44% of dairy farmers were

experiencing cashflow difficulties.

- 41% of dairy farmers expected to experience cashflow difficulties within the next 3-6 months.
- Of those farmers who were expecting to experience cashflow difficulties, they planned to use internal on farm methods to overcome the cashflow challenges rather than seeking bank support.

The increased level of volatility in milk prices (a difference in average milk price of 13c/l in two years) that has been experienced by the sector in the recent past, brings with it a new set of challenges. Financial planning and management is now more important than ever, particularly in a year of low milk prices like this year. It is important that dairy farmers can rebound quickly from periods of low prices and ensure that any downturn does not impact the long term profitability and viability of their farm business. I have included below a number of possible measures to help cope with future volatility:

- Put a cashflow plan in place. By having a cashflow plan for the year, you can identify at an early stage periods of cash surplus and deficit.
- Early intervention is vital. If support is required the earlier that you take action, the more options that may be available to you, which can potentially reduce the impact on your farm finances.
- Use the options available to manage volatility. There are some options available to help reduce the effects of volatility on your business such as income averaging and fixed price schemes.
- Account for volatility in future farm plans. When planning for the future assess the impact of reduced commodity prices on your plans.
- Focus on efficiency. Improving efficiencies is one of the best methods of positioning your farm to cope with future volatility. Improving your competitiveness reduces the impact of low output prices on your business.

Looking ahead until the end of the year, it is important that you understand your

own financial position and assess the level of support, if any, you will require over the next 12 months to get you through this period of low prices. In AIB we are advising our customers and all dairy farmers to take a three step approach to planning their cash flow requirements:

- 1) Identify the potential cause of cashflow difficulties. While a fall in output price may be the primary cause, there may also be some other elements which potentially may impact farm cashflow. For example increased stock numbers or capital expenditure completed from cashflow.
- 2) Quantify the level of support required. This can be done by completing a short cashflow plan/forecast for the next 12 months. This can be as simple as looking back on the previous year and adjusting the price and any other appropriate items accordingly.
- 3) Engage with the bank. If bank support is required, engage with your bank to discuss your options and determine the most appropriate solution for your farm business.

If you are experiencing or expect to experience cashflow difficulties, there are a number of options available to you. Take the time to inform yourself and estimate the level of support required. Solutions are best tailored at an early stage, and early contact with your Bank, if support is required is key.

In AIB we have a number of support options available for customers experiencing short term cashflow difficulties. If you would like to speak to someone in AIB about how we can help you and your business, contact your local AIB branch or call 1890 47 88 33 (available 8am-9pm on weekdays and 9am-6pm on Saturdays).

*\*Ipsos MRBI Agri Finance Survey 2016.*

Lending criteria, terms and conditions apply. Credit facilities are subject to repayment capacity and financial status and are not available to persons under 18 years of age. Security may be required. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland.

## CGT RELIEF WITH REGARD TO MILK QUOTA – REVENUE RESPOND TO ICMSA QUERY

Following abolition of Milk Quotas in 2015, Minister Noonan provided clarification regarding claims for Capital Gains Tax relief under section 538 of the Taxes Consolidation Act 1997 in respect of losses incurred by the owners of milk quotas as a result of the abolition of milk quotas where the quota was purchased by the person concerned. Provided the Capital Gains Tax Allowance on milk quota relates to the loss arising as a result of the abolition of milk quotas, there is no time limit within which the loss may be carried forward and set off against chargeable gains.

ICMSA sought and has received further

clarification from Revenue with regard to claiming this relief where the farm was transferred and land and quota were valued together as opposed to transfers where land and quota were valued separately on transfer.

With regard to this issue the Revenue Commissioners have provided the following clarification to ICMSA:

Revenue would be prepared to accept that this relief would be allowable even when the farm was transferred and the land and the quota were both valued together as opposed to transfers where land and quota were valued separately on transfer.

Revenue would be prepared to accept the 'Restructuring Quota Price' which was set on an annual basis by the 'Milk Quota Review group' as a basis for a claim under each individual's self-assessment return. There is, however, a restriction on this relief where capital allowances were granted in respect of milk quotas that were purchased on or after 1st April 2000. Accordingly, where a loss arises in respect of a milk quota that was purchased on or after that date, the amount of the loss allowable is restricted by the amount of the capital allowances granted. [See Revenue eBrief No. 64/16 at [www.revenue.ie](http://www.revenue.ie)].

### North & East Cork ICMSA Meeting, Hibernian Hotel, Mallow, August 9



Jim Barrett from Watergrasshill and Denis O'Leary from Cullen.



John Ladd and his daughter, Aoife, from Castletownroche.



Tom O'Flynn and Dan Foley from Mitchelstown.



Maurice Walsh from Mitchelstown, Thomas O'Keefe from Cecilstown and Dan McSweeney from Ballinagreen.

## WE QUESTION - MINISTER CREED ANSWERS



**1. Does the Department feel that the rallies we're currently seeing in the GDT's and 'spot' markets represents a real sustainable recovery and where does the Department anticipate farmer milk price moving to by year's end and end of March 2017?**

Both the Department and the Minister are precluded from having any role in regard to price matters. However, it is broadly agreed that the current period of volatility has been caused by a number of factors such as the Russian Ban and a depression in Chinese demand, coupled with supply factors. The GDT is an important indicator of market sentiment but accounts for a small proportion of internationally traded dairy commodities and exhibits greater volatility also, both in downturns and upturns. That said, futures markets trends and external analysts are tentatively indicating that improved prices may be on the way and this would be very welcome.

**2. Does the Minister accept that the Voluntary Reduction Scheme was necessary and does he believe (as many do) that it has 'concentrated the minds' of our Co-ops in terms of paying higher prices to sway farmers considering taking advantage of the Scheme?**

Multiple factors feed into the milk price paid to farmers, primarily supply and demand issues at national, EU and increasingly international level. The EU have been utilising, enhancing and developing market tools and direct aid to address the current difficulties since September 2014 since the onset of the Russian Ban, which coincided with the broader ongoing downturn in the sector. Ascribing price movements to specific elements of the various measures and packages that have been implemented and utilised by EU Member States, some of which haven't yet even been implemented, would represent a difficult task. What can be said is that, the various measures and aid packages, all requested and endorsed by Ireland, have been of assistance to Irish farmers in negotiating the current turbulent period.

**3. Does the Minister accept that the kind of wildly oscillating farm incomes that we've seen over the period 2013-16 is now making it effectively impossible to 'plan'? Assuming he does, can he confirm**

**that the Government is cognisant of this and has looked at introducing the kind of volatility-curbing measure that ICMSA has recommended in its pre-Budget submission – the Farm Management Deposit Scheme?**

As a small open economy which exports the vast bulk of its main agricultural commodities, Ireland will always feel the effects of volatility on world markets. One of my highest priorities is to develop an effective response to price volatility including through initiatives on access to finance and taxation.

In this context, I have regular meetings with the CEO's of the main banks and at the recent Dairy Forum in June I launched a 'Financial Management Initiative', a programme of cash flow and financial management training and advice for dairy farmers.

My Department and I are working with the Strategic Banking Corporation of Ireland (SBCI) and the Irish Strategic Investment Fund (ISIF) to explore additional funding mechanisms for farmers, the agri-food sector and for SMEs generally. We also paid out €26.4m in direct payments in the last eight months to Irish dairy farmers in response to current market difficulties. Of course I am also exploring any other potential options for support in this area. However, it is important to stress that public responses alone will not solve income volatility. It requires a 'toolbox' of measures from both public and private stakeholders to facilitate dairy farmers to manage their businesses through periods of volatility and this is an ongoing focus of the Foodwise 2025 implementation committee that I chair.

**4. Does the Minister agree that further discussion on TTIP and other trade deals is superfluous and pointless until such time as Brexit has been not just begun, but completed?**

While it must be acknowledged that the Brexit result has added a layer of complexity to the TTIP deal I still feel that a TTIP deal is of significant importance for Ireland and is worth pursuing. The US is one of our leading trading partners and we have a large and growing agri-food trade surplus with them (exports of 869m last year, compared to imports of 271m). This presents a very real opportunity for Irish farmers and the wider

industry but I am firmly of the view that any agreement must be balanced and fair.

Ireland has significant offensive interests in the TTIP negotiations. For example, we see worthwhile opportunities in the US for cheese, powdered milks and sports products, and further opportunities for branded packaged butter, if we can remove some regulatory barriers. Prepared consumer foods and fish could also benefit from trade liberalisation.

Beef is a unique sector in that we have both offensive and defensive interests. In the long term, any significant increase in beef imports to the EU could have adverse effects on the Irish industry. That was confirmed by a number of recent studies and is an issue we have raised strongly with the European Commission. We therefore have legitimate concerns about the size, composition and administration of any beef quota offered to the US.

I will continue to do everything possible to secure a positive outcome for the agri-food sector from the ongoing negotiations on the Transatlantic Trade and Investment Partnership.

**5. Will the Minister be seeking the renegotiation of existing trade deals to take account of Brexit?**

In the case of all discussions around trade deals at a European level, my sole focus is achieving a good outcome for Irish farmers and the agri-food industry. I would only advocate the opening of any such negotiations on the basis that they would represent a good deal for Ireland as the primary objective remains to protect and advance this country's interest.

As farmers will be aware, the process of withdrawal of the UK from the EU is at a very early stage. It is important to stress that Britain remains a member of the European Union until negotiations have been concluded. While Ireland's future lies within the European Union, we will work to maintain our strong bilateral relationship with the UK.

**6. Does the Minister accept with an increasing element of the European Parliament that the supply chain margins are now hopelessly lop-sided in favour of the multinational retail corporations and could he answer with specific**

**reference to milk price which fell to farmers by approximately 45% over the 18 months to last March while falling on supermarket shelves by less than 5% over the same period?**

This is an issue which I am very keenly aware of and I am very conscious of the concerns of dairy farmers in this regard. The last Government brought forward new legislation aimed at tackling unfair practices in the groceries sector, signed into law by the Minister for Jobs, Enterprise and Innovation on 30th April 2016.

The Regulations apply to grocery goods retailers and wholesalers with an annual worldwide turnover of more than €50 million and go further in terms of enforcement provisions than several other member States. Their first year of operation will be significant.

However, given the multi-national nature of the retail sector, this is something that requires action across the European Union in order to be effective and I welcome Commissioner Hogan's assurances that this is a priority for him.

The European Parliament's Resolution of 7 June 2016 on unfair trading practices in the food supply chain urged the European Commission to take steps to ensure effective enforcement mechanisms in relation to unfair trading practices. The European Commission has examined relationships in the food chain and unfair trading practices. An agricultural markets task force has been established and is due to report by the end of this year. I look forward to hearing the outcome of its deliberations.

It is clear to me that in a single EU market, an approach deployed at EU level has the best chance of success and I will continue to push for action in this area at an EU level.

**7. Does the Minister intend acting on the review of the Beef Grid that was agreed at the Beef Forum of November 2014 and which has, unaccountably and to the great disappointment of ICMSA, still not taken place despite widespread dissatisfaction with the Grid?**

The price paid by processors to farmers is a commercial matter between both parties and the means by which price is paid through the QPS is a matter solely between them also. It should be remembered that the QPS grid is based on an agreement between processors and farm organisations and therefore any review of it is a matter for both parties to come together and the onus is on them to implement this recommendation. I continue to offer the support of Teagasc to provide technical assistance when there is an appetite for a review of the QPS by all stakeholders, as committed in the Beef Forum of November 2014.

My Department has recently produced a legal framework for the establishment of Producer Organisation to provide farmers

with a stronger hand in negotiating in the marketplace and we are already in discussions with a number of new start-up POs which is very encouraging. I would urge farming organisations to continue to examine the possibilities in this area to the benefit of farmers.

**8. Does the Minister intend to review the GLAS scheme to make it more attractive to dairy farmers?**

GLAS is a voluntary agri environment scheme and must be seen to be addressing key European Union objectives in the areas of climate change, water quality and biodiversity. The structure of the scheme is such that areas of highest environmental importance are afforded priority access within the overall available budget. Using modern low trajectory systems for the application of slurry is ideally suited to dairy farmers and by opting for Low Emission Slurry Spreading they increase their chances of gaining access to the scheme. Additionally I have made specific provision that Registered Farm Partnerships, the majority of which are former Milk Production Partnerships, can exceed the general GLAS payment ceiling of €5,000.

**9. What plans does the Minister have to increase live exports over the next year?**

I am very supportive of the development of live export opportunities and my Department is constantly working on new arrangements in this area to give producers an alternative outlet for their livestock, where necessary. Agreement has recently been reached between the Department and the Turkish authorities on fattening and slaughter certificates, thereby paving the way for commercial activity. In addition, a number of live exporters have expressed interest in the trade and there have been a number of enquiries from shipping companies who are also interested in getting involved in the trade. These enquiries are being actively pursued. The opening of the Turkish market comes at a very opportune time and I hope commercial operators will take advantage of the new arrangements in place.

**10. In light of Ireland's climate change commitments, can the Minister assure farmers increasing their herd size that no additional restrictions will be placed on them as a result of our climate change commitments?**

The 2009 EU Effort Sharing Decision (ESD) sets binding annual greenhouse gas emission targets for those sectors that are included in the non-ETS (non-Emissions Trading Scheme) which includes agriculture, housing, waste and transport. Under the ESD, Ireland was assigned a GHG reduction target of 20% below 2005 levels to be achieved by 2020 compared to an EU average of 10%. This was at the

highest end of the ranges of ambition set for all Member States.

The recently released proposal for an Effort Sharing Regulation (ESR) to replace the ESD provides a binding annual GHG emissions target for Ireland of 30% below the 2005 level by 2030, which compares favourably, and more reasonably to an EU average of 30% - however it remains a very challenging target. The proposal is very detailed and contains a number of proposed flexibilities, which are now undergoing detailed technical analysis by a cross-Departmental team in order to determine the implications for all sectors in the non-ETS, including agriculture and forestry, in terms of emissions reductions towards 2030.

There is no doubt that meeting our emission reduction targets for 2020 and beyond will be challenging and will require significant effort from all sectors. Specifically the national climate policy is committed to an approach to carbon neutrality in the agriculture and land-use sector, including forestry, which does not compromise capacity for sustainable food production. Ireland is taking a whole of Government approach to climate policy development and will continue to engage in discussions at both national and European level to highlight the importance of ensuring a coherent approach to the twin challenges of food security and EU climate ambition. It is important that our agri sector continues to grow sustainably so that Ireland can play its part in meeting the increasing global food demand while having regard to our climate obligations. The National Mitigation Plan currently being prepared will include contributions from all relevant sectors including agriculture and forestry.

**11. The Farmers' Charter - particularly relating to commitments to payments on time and inspections - is hugely important to farmers. Can the Minister assure farmers that the commitments under the Charter will be met going forward?**

I fully appreciate the importance of this issue for farmers. My Department remains strongly committed to delivering on the Farmers Charter and I will do everything possible to ensure that all commitments are met.

**12. Delays in TAMS approvals and payments have been a huge problem for farmers. Can you assure them that this matter will be addressed?**

Approvals for urgent Dairy Equipment applications under TAMS II were prioritised and approvals for all the TAMS measures are being issued on an on-going basis. Payments have commenced and are being processed as quickly as possible.