DAIRY EXECUTIVES' ASSOCIATION

CHRISTMAS 2018 NEWSLETTER

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9th Edition

President's Report

Dear Members,

It is hard to believe that another eventful year has passed so quickly. It has been an important year for the Association with a new General Secretary, the uncertainty of Brexit and the volatility of the Trump Administration.

Mr. Matt Carroll has his first year completed in Head Office and I am pleased to say that all is going well with the daily business of the D.E.A. This year over 30 cases were handled by Matt and Sylvia and all brought to a successful conclusion.

Work wise it has been a stressful year for a lot of our members as 2018 has brought unusual weather patterns in that we got storm Ophelia in October, 2017 followed in March, 2018 by the most severe snow fall experienced in most parts of the country which brought everything to a stand-still for almost a week. Rain followed for two months and then three months of sunshine and drought, rarely experienced in these shores. There was a severe fodder and grass shortage for most of the summer and yet the milk supply was dramatically up for the year. A great number of our co- op members must be doing something right!

Brexit is the big elephant in the room as it is still very uncertain as to what will happen with borders, tariffs and free movement between Ireland and the U.K. It is the one situation which could have grave consequences for our industry going forward.

The Trump Administration and its taxes on imports from around the globe is creating volatility and uncertainty persists in most markets as a result. However, while China refuses to do business with the United States, demand should stay strong for our Agri products.

Pensions are an ongoing concern for our members and the D.E.A. strives to get the best possible outcome in all negotiations for our members. Our headquarters in Kildare Street has been fully occupied again this year and its value has also increased.

Sean Lane, our former General Secretary has enjoyed his first year of retirement, and I am glad to report that he is in good health, walked the Camino Way and is also working on his golf handicap.

Finally, I would like to thank Mr Matt Carroll and Sylvia Matthews for all their dedicated work and support during the year. I would like to take this opportunity to thank the Council Members and Branch Officials for their help and dedication during 2018.

I would like to wish you all and your families a very Happy Christmas and a healthy and prosperous 2019.

Neil Whelton

Neil Whelton.

DEA Pension Corner

The Markets

From an Irish perspective it's all been about Brexit, as the various business sectors have tried to gauge the likely impact of a no-deal scenario, and implement various mitigants through detailed scenario analysis. Interestingly this level of preparation is in direct contrast to the UK market where anecdotal evidence would indicate little preparatory work, and the adoption of a somewhat laissez-faire attitude.

Regardless of whatever the Brexit conclusion may be, the key challenge for Irish companies will continue to be managing the difficult transition to a weaker Sterling and addressing the competitive concerns this poses. While year-on-year at the time of writing the key Euro/Sterling rate is largely unchanged at 0.89 from a level of 0.8830 last year the pressure on Sterling remains with some noted commentators forecasting parity in the event of a no-deal scenario.

Elsewhere in currencies the Euro/Dollar rate at 1.14 is slightly weaker over the past year from a level of 1.19. The currency pair has seen little volatility over the period when one considers the economic backdrop and in particular the focus of the Trump administration on the introduction of tariffs with a number of its key trading partners.

From an interest rate perspective, the US has continued its tightening phase with eight successive hikes since 2015. This process continues to be gradual reflecting the uncertain backdrop which still haunts the policymakers. Euro interest rates have remained unchanged throughout the year with modest increases expected in 2019 while the UK raised by 0.25 % in August to a headline of "highest rates in 10 years at 0.75". And therein lies the problem for the respective policymakers as there is now a core group of borrowers who have never experienced anything but low rates - and the challenge will be how to wean borrowers off the drug of low rates and normalise the cycle by returning to less artificial rates.

The ISEQ is down circa 15% at the time of writing and has underperformed other European markets. This in essence is a reflection of the market's core belief that the Irish economy is most exposed to the challenges of Brexit. What is not certain yet is how much of a no-deal scenario is priced in at current levels. However it does look as if this will be the poorest year since the crash in 2008. Elsewhere the FTSE 250 is down circa 10% while the Dow Jones is largely unchanged year on year but down 10% from its peak in September – again a very uncertain environment for global equities prevails.

Bond markets continue to suffer as the expectation of higher global rates persists. There are growing concerns as to the level of global debt, again a reflection of the challenge of over-leverage. This pressure on bond prices is unlikely to abate through 2019.

Outlook

While the key levels for currencies, interest rates and global equities appear unchanged over the course of the year, this conceals a number of concerns which are building in respect of how sustainable the global growth picture is in reality.

Retirement Benefits – State Pension

Budget 2019 announced a €5 per week addition to the State pension to take effect from next March 2019. The full weekly rate for a single person will go from €243.30 up to €248.30 per week (€12,911.60 per annum). The increase represents the fourth consecutive rise since 2015, where it had stood at €230.30 per week since the financial crisis of 2008.

On the technical side for prospective retirees, if a person is in receipt of the full State Retirement Pension, the minimum income requirement for an ARF (approved retirement fund) will be satisfied and the pensioner would then not need to have an AMRF (approved minimum retirement fund post retirement.

'Strawman' Public Consultation Process for an Automatic Enrolment (AE) Retirement Savings System for Ireland

A strawman proposal is simply a brainstormed draft set of proposals intended to create debate on its disadvantages and to provoke the generation of new and better proposals.

In its 2014 'Review of the Irish Pensions System', the OECD concluded that the single greatest goal in Irish pension policy should be to increase coverage through the introduction of a mandatory or quasi-mandatory earnings related system. In making this recommendation, the OECD highlighted that Ireland is one of only two member countries without a mandatory earnings related pillar for retirement savings. The need for action to address barriers to saving was also reflected in the outcome of the Citizens' Assembly deliberations with 87% of members agreeing that the Government should introduce some form of mandatory pension scheme to supplement the State pension and reduce the retirement savings gap. As confirmed in the 'Roadmap for Pensions Reform 2018-2023', the Government now intends to develop and introduce, by 2022, an 'Automatic Enrolment' (AE) supplementary retirement savings system. In order to inform debate prior to the finalisation of the design of an AE system for Ireland, this document sets out a 'Strawman' proposal for the AE system and invites feedback and suggestions from interested individuals and parties.

The key elements of the strawman proposal are as follows:

- Employers (where applicable) will be obliged to enrol all employees over age 23 and under age 60, earning more than €20,000, into the auto-enrolment system where those employees are not already members of a pension plan.

- Contributions will be phased in between 2022 and 2028, but will ultimately amount to 6% of salary from the employee, 6% from the employer and 2% from the State up to a ceiling of a member's earnings of €75,000.

- All contributions to the new system will be remitted to a new Central Processing Authority, which will then remit the contributions to one of a number (the figure of four is mentioned) of approved pension providers, using PPSN numbers as unique identifiers.
- Each member will be free to choose from the approved pension providers, but if they do not choose they will be allocated to a provider at random.
- Annual charges to the member will be capped at 0.50%.
- Service will primarily be online.
- Existing private pension provision, including existing occupational pension schemes, will be left in place.

Professional Sport and Pensions

It's not all bling, mansions, Ferraris and glamourous Wags for Premiership soccer players. Careers can be relatively short and often precarious due to injury or clubs' and managers' whims. On a very practical level, the Professional Footballers Pension Scheme provides benefits for registered contract players and their dependents during their playing career and after they leave or retire. Similar to many of us in employer occupational pension schemes, the scheme is administered by trustees and its assets are completely separate from the Leagues' normal business and assets.

We read a frightening statistic in a recent study on retired English Premiership footballers: 50% of players are bankrupt within two years of hanging up their boots. The figure for American football players is even worse. 75% of them are broke within two years of retirement from the sport.

Rugby livelihoods are particularly precarious. The average Irish rugby player's career lasts a mere seven years and only one in every 16 current players has had a career longer than 12 years.

New Members

Over the last quarter century, trade union density in the private sector has declined significantly. This flagging trend has not been particular to Ireland and has been experienced right across the developed world. Younger employees entering the workforce have shown less interest and enthusiasm in joining Trade Unions than previous generations. Various reasons have been cited for this decline in new recruitment ranging from lack of relevance, to lack of need for representation by better educated workers, to reaping the same benefits in Pay and other benefits without having to contribute the cost of union dues, to the growth of major non-union employments.

Whatever the reason for this general fall in union density, the result is a weakened trade union movement with less influence and reduced access at Government level. Trade union effectiveness then diminishes over time. The collective bargaining process is diluted and Trade Unions become less effective in pursuing key employment matters affecting salaries, working hours and other important conditions of employment.

The DEA membership has declined somewhat over recent years but less than that experienced by some of our fellow trade unions. While the DEA experiences an excellent retention rate among Members, new younger professional staff do not join in the same numbers as before. We do not enjoy 'closed shop' status in any of our employments and rely on new Members freely deciding to join the DEA. Over the next 5/10 years period, this could result in a significant erosion of the DEA's membership base and negotiating strength and influence across the Food industry as we continue to be impacted by early retirement, normal retirement, resignation of staff leaving to work elsewhere, and non-union employments, etc.

On the IR and collective bargaining front, the DEA continues to resolve issues in-house through our preferred option of direct consultation, meaningful engagement/negotiation, and resolution at local level where possible. Nevertheless, the DEA won't hesitate in pursuing collective or individual disputes or grievances through the auspices of the Workplace Relations Commission, Labour Court, Pensions Ombudsman or other State sponsored mechanisms, where it is deemed necessary.

We strongly urge each Branch and each individual Member to mention this to your non-union colleagues and highlight to them our mutual interest in maintaining the highest possible level of union membership. Also, please advise Head Office of any newly recruited staff names in your employment so that we can seek to make contact and get them enlisted in the DEA.

Dairy Executives' Association
Income and Expenditure Account
Year Ended 31st December 2017

	2017 €	2016 €
Income		
Members' Subscriptions	216,589	218,508
Interest & Dividends Receivable	170	143
Rents Receivable	39,000	39,000
	255,759	**257,651**
Expenditure		
Salaries & Wages	157,758	135,420
Staff Redundancies & Expenses	19,981	-
Gratuities	950	1840
Travel Expenses – Central Council	23,861	17,604
Secretary & Assistant	22,016	23,600
Telephone & Post	7,656	7,022
Office Printing & Stationery	5,229	10,333
Light & Heat	2,186	2,358
Insurances	2,446	2,261
Rates & Repairs	13,876	17,560
Cleaning	4,520	4,410
Audit & Accountancy Fees	2,250	2,250
Legal & Professional	2,713	3,045
Bank Charges	390	354
Members Outlay	5,000	2,600
Sundry Expenses	8,961	2,380
Depreciation of Office Equipment	357	408
	280,150	**233,445**
Surplus of Income over Expenditure for year	24,391	24,206
Taxation	5,299	4,536
	29,690	19,670
Balance Forward-From Last Account	300,210	280,540
Revenue Surplus – At 31st December 2017	**270,520**	**€300,210**
	======	======

Dairy Executives' Association
Balance Sheet as at 31st December 2017

	2017 €	2016 €
Fixed Assets		
Premises	950,000	950,000
Office Equipment	28,148	28,148
Less:		
Accumulated Depreciation	25,646	25,289
	2,502	2,859
	952,502	**952,859**
Current Assets		
Sundry Debtors	35,995	32,114
Deposit with Accountant High Court	2,079	2,079
Prepaid Expenses	600	600
Prize Bonds	381	381
Cash at Bank	241,385	308,156
	280,440	**343,330**
Current Liabilities		
Creditors & Accrued Expenses	21,555	55,915
Provision for Taxation	5,290	4,487
	26,845	**60,402**
Net Current Assets	253,595	282,928
Total Assets	**1,206,097**	**1,235,787**
	=======	=======
Represented By:-		
Revenue Surplus	270,520	300,210
Capital Reserve	935,577	935,577
	1,206,097	**1,235,787**
	=======	=======

We approve these accounts and we confirm that we have made available all relevant records and information for their preparation.

GENERAL SECRETARY'S UPDATE 2018

My first year as General Secretary has simply flown by. Following a short overlap with my predecessor, Seán Lane, I have been quickly getting to know the work of the Dairy Executives' Association (DEA). In dealing with the day to day workload, I have not been able to travel to all of our smaller Branches during 2018, much to my dissatisfaction. However, I did visit each Branch where an employee dispute or grievance has arisen during the year.

As anticipated when I took up the post of General Secretary at the end of 2017, the workload comprises of advising and assisting on a mix of collective and individual employee issues. At a collective level, Pay, Pensions and Change Management continue to be the dominant trends. Defined Benefit Pension Schemes were closed to future accrual in Dairygold early in the year and more recently at Ornua. These were replaced by Defined Contribution Plans. On the Pay front, the average median salary increase during 2018 was 2.5% with a small number of lower margin Co-ops paying only 2.0%. It is incumbent on the DEA as the representative trade union of executive and professional staff to ensure that we negotiate an annual pay settlement to match what's conceded to any other trade union in the workplace.

A number of structural change programmes have been progressed across the Food industry during 2018 – Glanbia Ireland was created to bring together in a single structure their Irish dairy and agri-businesses; Newtownsands Co-op has amalgamated with North Cork Co-op; and LacPatrick Co-op and Lakeland Dairies have recently voted to merge forming a massive new Co-op straddling the Border counties. No doubt, further rationalisation and restructuring within the Food industry will continue in the years ahead as companies strive for larger scale coupled with greater competitiveness in export markets.

Employee concerns are natural in times of major and rapid changes in the workplace. The DEA, for our part as your representative trade union, will endeavour to ensure;

- That no compulsory redundancies arise among our Members due to organisation restructuring.
- That salaries and terms & conditions of employment are fully protected and not changed to the detriment of any of our Members.
- That formal agreements and long-standing custom & practice are adhered to until such time as replacement agreements are negotiated and agreed.

On the IR front, we continue to resolve and settle issues inhouse through the DEA's preferred approach of consultation, meaningful engagement and resolution at local level. Nevertheless, we won't hesitate to pursue unresolved issues through the State sponsored mechanisms such as the Workplace Relations Commission (WRC), Labour Court, Pensions Ombudsman, etc.
At the Head Office and administrative level, changes have continued unabated. As an old Georgian building, 33 Kildare Street is in need of continuous upkeep and maintenance. Work on the bathroom, heating, and lighting has been carried out during the year. We have kept all surplus office space fully leased during 2018. We lost one tenant during the year but leased his space to one of the other two existing tenants. New leases are being drawn up to reflect these changes.

After in excess of 30 years' service as Auditor to the DEA, Jim Finegan has taken his well-earned retirement. Ray Hunt & Company Accountants has been appointed as Auditor going forward. The 2017 Accounts are set out on page 5. They reflect a slow decrease in membership. Addressing this will be a major focus of 2019. A summary of the main taxation measures announced in Budget 2018 is reflected on page 7.

We have introduced a new DEA Privacy Policy to ensure our internal systems and procedures are compliant with the new GDPR Regulation, good governance and record-keeping requirements. At a practical level, this results in our having to be more restrictive with our Branch committees in terms of member information disclosure – no doubt, an unintended consequence of compliance!

Progress on all matters during the year was contingent on the assistance and support that we get from the Members. Especially, I would like to acknowledge and thank the President, Neil Whelton, and the members of the Executive Council for their great support and effort throughout the year. To my colleague, Sylvia Matthews, who oversees the DEA administration and Head Office requirements, I am especially indebted. Last and by no means least, I would like to thank the membership across the country for your support and warm welcome.

Finally, I would like to wish each and every one of you a very Happy Christmas and a Prosperous New Year.

Matt Carroll

Matt Carroll
General Secretary

Taxation Issues from 2018 Budget

Budget 2019 was announced on 9th October 2018. Below is a summary of the main taxation measures that will affect you and your business.

INCOME TAX THRESHOLD

Standard Rate Cut-off Point	2017	2018	2019
Single/Widowed	€33,800	€34,550	€35,300
Married Couple, 1 Income	€42,800	€43,550	€44,300
Married Couple, 2 Incomes	€67,600	€69,100	€70,600

- The threshold of income earned that is taxed at the lower tax rate will be increased from January 2019
- This means employees can earn a high amount of income and still be taxed at the 20% income tax rate
- Single-earner and married one-earner couples have increased by €70
- Married, two-earner couples have increased by €1,500

EARNED INCOME TAX CREDIT

Earned Income Tax Credit	2017	2018	2019
Self-Employed	€950	€1,150	€1,350
PAYE	€1,650	€1,650	€1,650

- The earned income tax credit for the self-employed will increase by €200, going from €1,150 to €1,350
- The disparity between PAYE employees and self-employed people is getting narrower

UNIVERSAL SOCIAL CHARGE (USC) RATES

2017	First €12,012	0.5%
	€12,012 - €18,772	2.5%
	€18,772 - €70,044	5%
	Balance over €70,044	8%
	Non PAYE Income > €100,000	3%
	Self-employed Income<€100,000	11%
2018	First €12,012	0.5%
	€12,012 - €19,372	2%
	€19,372 - €70,044	4.75%
	Balance over €70,044	8%
	Non PAYE Income > €100,000	3%
	Self-employed Income<€100,000	11%
2019	First €12,012	0.5%
	€12,012 - €19,874	2%
	€19.874 - €70,044	4.5%
	Balance over €70,044	8%
	Non PAYE Income > €100,000	3%
	Self-employed Income<€100,000	11%

- The entry point to USC remains at €13,000, however, the USC rates are being cut again This is good news for those on minimum wage
- The 4.75% band has fallen to 4.5%
- The income for this band has risen by €502 which means that you can earn more and still be at the 2% USC band
- This benefits employee's earning minimum wage

VALUE ADDED TAX

VAT for hotels, restaurants, and hairdressing	2018	2019
	9%	13.5%

- From January 2019, VAT for hotels, restaurants and hairdressing will revert to the same rate as before the recession.

MINIMUM WAGE

	2017	2018	2019
Minimum Wage	€9.25	€9.55	€9.80

WELFARE

- From March 2019 all weekly welfare payments, such as Jobseeker's and Carer's allowance will increase by €5 per week
- Christmas bonuses will be restored to double payment

PARENTAL BENEFITS

- From November 2019, there will be two extra weeks' paid parental leave for every parent who has a child under one year
- Qualified Child payments, which is paid to parents on social welfare, will increase by €2,20 per week for children under 12 and by €5.50 per week for children over 12

CAPITAL ACQUISITIONS TAX

	2018	2019
Inheritance Tax Threshold	€310,000	€320,000

- Inheritance tax applies to capital passed from parents to children
- You can receive gifts and inheritances up to a certain amount over your lifetime before you have to pay Capital Acquisitions Tax (CAT)
- The increase applies to the lifetime 'Group A' tax-free threshold
- 'Group A' applies where the person who is receiving gift or inheritance is a child of the person who is giving it

HOME CARER TAX CREDIT

	2017	2018	2019
Home Carer	€1,100	€1,200	€1,500

- Stay at home spouses will see an increase of €300 in their home carer tax credit
- One parent can also work part-time and still avail of this credit, given that their income does not exceed €7,200

MORTGAGE INTEREST RELIEF

- Mortgage Interest Relief will rise to 100% for landlords
- This means that landlords can deduct 100% of their mortgage interest against their personal tax bill

TAX RELIEF FOR STARTUP COMPANIES

- The three-year tax relief for certain Startup companies will be extended until the end of 2021

CONTROLLED FOREIGN COMPANY (CFC)

- Multinational companies who are moving their assets to another tax jurisdiction will now face an exit tax of 12.5%

Dea Website

www.thedairyexec.com

The Association has recently updated and refreshed its website, www.thedairyexec.com, to make it more user friendly and easier to navigate. Content has also been brought up-to-date in response to feedback from our Members and intending members.

Currently, you have access on our website to:

- News and unfolding developments impacting our Members
- Employee legislation articles of relevance to Members
- Information on the Association and its structures as well as contact details for the Executive Council
- Photo gallery. Please forward photos from the Branches/Members that we can upload
- Comments section inviting you the Members to provide feedback
- Online application form to join the DEA
- DEA Privacy Policy highlighting importance of confidentiality, good governance and compliance with the GDPR Regulations.
- Access to the DEA Constitution and Rules

Most new applicants now apply online and prefer to receive their correspondence/communication via email.

We look forward to driving increased traffic through our website during 2019 and would love to receive your feedback.

As you are aware, the DEA maintains a comprehensive database of Members' particulars. All this sensitive personal data is retained in a strict confidential fashion and in compliance with the DEA Privacy Policy. In this regard, we would urge you to notify us of any change to your particulars, particularly your email address or mobile number. Thanks.