

Correspondence to:

Peter Farrelly
Kieran,
Carnaross, Kells,
Co Meath.

Phone: 087-7551111

Email: info@farmcontractors.ie

Chairman: John Sheedy
Vice-Chairman: Richard White
Treasurer: Christopher Weldon
Secretary: Peter Farrelly



Association of Farm Contractors in Ireland

Website: www.fci.farmcontractors.ie

Press Release

Irish Farm Contractors provide a quality service – FCI Conference Report

The quality of service and the quality of work provided by farm contractors in Ireland is now at a very high level, John Sheehy, National Chairman of the Association of Farm Contractors of Ireland (FCI) told the associations conference at the weekend. John said that the conference theme of 'Recognising the Role of Farm Contractors' was part of the association's ongoing efforts to raise the profile of farm contractors.

"It's a level of service that's almost instantly available to our farming customers. It is also a quality of service that has allowed Irish farmers and food producers to be among the most sustainable food producers in the world," he added.

"We come into the farm yard with expensive machinery that demands a high level of investment with ongoing upgrades to exceed our efficiency year on year. We need that commitment to investment that brings efficiency to Irish farms to be understood in the first instance and then appreciated," said John Sheehy.

"We provide as good a service as any other that goes into a farmer's yard. But unlike other services we don't expect a call-out charge; we get paid when the work is done, and not before it.

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"Our unique part in the progress of Irish farming demands a new level of partnership that recognises the special role of the farm contractor," said John. "Our role needs to be recognised and we can no longer sit and watch as policy changes erode our incomes or add to our operating costs," he added.

"Our important role needs to be more fully recognised. It is an area that has not received enough attention. This is not a fire brigade service but a service that's now a necessary part of the everyday cost effective function of modern Irish farms," added John Sheehy.

"We will continue to work to change the model in terms of grant aid so that the state gets the benefit from the scale of machinery operation rather than ownership by farmers or contractors. And this change applies especially to the area of slurry spreading machinery," said the FCI chair.



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“Irish farmers need a modern and efficient contractor service, FCI members can provide it,” said John Sheehy. “Contractors need to be part of the agenda for the future. We want to be willing partners in this opportunity for progress on Irish farms. FCI members have proven that they can deliver on the key areas of farming efficiency, of cost effectiveness and we can provide skilled machinery services that are insured and safe,” added the FCI National Chairman.

“Protecting the role of the farm contractor is an ongoing process for FCI and that can only be successful when we are sitting at the decision making table. We need a high profile organisation to get a seat at that table so that we can have a say in any legislation that impacts on FCI members in any way,” said John Sheehy.

We can develop a successful organisation with contractor support,” he added. “We are developing a better structure around FCI. We have a national executive of 20 farm contractors to represent contractor interests,” he said.

“FCI is run by contractors for contractors. This year we celebrate our fifth year in business and we have become a full member of CEETTAR, the European farm contractor association. Our aim remains one of representing Irish contractors at the highest level both at home and abroad. FCI is for all farm contractors,” said John Sheehy.

A European perspective

Klaus Pentzlin, president of the European contractors association CEETTAR and also president of BLU, the German contractors association gave an overview of CEETTAR activities on behalf of 30,000 European farm contractors, to the FCI conference. He told the contractors about how over the years CEETTAR had worked on issues of tachographs, sugar beet compensation and ABS braking requirements for tractors, in an effort to keep tractor costs from rising further.

“We have worked to ensure that ABS brakes are only required on tractors rated at more than 50km/hr and removed the need for tachographs on tractors used in agricultural activities,” added Klaus.

On the issue of grant aid support for machinery investment Klaus said, “I don’t like grant support for machinery investment. Many farm contractors have already invested in new technology systems and providing grant aid to contractors and farmers only reduces the rate that these existing progressive contractors can charge for their services.”

“I would like to see the EU funding training for young farmers to educate them on how to run their businesses, in understanding how the markets work and on how to work effectively with farm contractors,” said Klaus Pentzlin. “We have enough iron on every side of agriculture and I don’t think that we need any more,” he added.

He told the conference that farm contracting is a profession in Germany. The BLU has worked to create a state recognised training programme so that only those young people who have completed a 3 year training programme can call themselves a contractor. “We are very proud of our professional status and the political system has taken note of use as a result,” Klaus told the conference.

He urged contractors to work together and to learn from one another. He said that many contractors have too much machinery. “You do not need to be a full-liner to be a successful contractor, but you need to sell the quality of your work, not your price,” he said.



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Contractor costs

Tipperary-based farm consultant PJ Phelan outlined to the conference with his approach to developing a simple system using the contractor's accounts to estimate the annual and daily cost of doing work. PJ has spend many years working with farm contractors in the Munster region and developed this index based system in order to allow contractors to get an easy to use system for understanding their machinery costs.

He suggested that contractors look at their total costs in their accounts and divide that by the total number of litres of diesel fuel used for the year. "This figure gives you a diesel cost index based on each litre of fuel used," said PJ Phelan. "That means that if you go out to work and use 800 litres of fuel and multiply that by the cost factor index, and that will tell you how much money that particular day cost you," he added.

Funding for farm contracting

Eamonn O'Reilly of AIB's agricultural team gave an insight into opportunities for finance for contractor services. He noted that agricultural contractors are a unique group within the Central Banks categories groups making contractors part of the banks overall funding strategy. Eamonn dealt with issues of cash flow for contractors, and he emphasised the need for cash flow coming from the profitability of the business.

Notes to Editors: The Association of Farm Contractors in Ireland (FCI) is a recently formed organization which was established four years ago. FCI was formed in 2011 and is the sole democratic organisation representing farm contractors in Ireland.

FCI is run by farm contractors for farm contractors. There are 10 regions within FCI and a national executive made up of 20 farm contractors, which meets regularly.

A Farm Contractor is a sole trader or business entity that provides farm mechanization services to farming businesses, using skilled operators and the latest state-of-the-art farm equipment. Their modern equipment achieves economies of scale for Irish farming that can deliver practical and sustainable efficiencies to allow Irish farmers and the Irish food industry to be a world leading, and competitive quality food producer.

Farm Contractors in Ireland employ close to 10,000 skilled operators to maximise the potential of modern machinery on Irish farms. Contractors use more than 500 million litres of diesel annually in carrying out this farm work and operate more than 20,000 tractors; this about one third of the national fleet. Our machines harvest more than 5 million bales of silage each year along with spreading more than 20 billion litres of slurry, as well as establishing and harvesting many different food crops.

Contractor charges on Irish dairy farms account for 50% of the pasture and forage cost element (Teagasc Review and Outlook 2013). This cost amounted to over 2 cent per litre of milk produced. Contractor costs on Irish farms have shown to be constant at around 26% of variable costs despite the investment in modern high performance and expensive machinery.

FCI aims to develop an association that can give support and advice to farm contractors working to allow them to have sustainable businesses into the future.



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