

Submission to Oireachtas committee of Agriculture on the Future of the Beef Sector.

Observations by a farmer on how the "science" behind mechanical grading and the QPS was flawed from day one.

The question of how it is that after many years, many schemes and much money thrown at the sector, suckling farming in Ireland has now gone into a severe decline. The number of dairy cows now out stripes the suckler sector by approximately 400,000

While it would be very easy to explain away the suckler decline by way of the above chart and the reality that many suckler farmers have switched enterprises, that is by no means the whole story.

I recently researched and had published in the farming Independent on the 5th of March this year research that shows a dramatic fall off in R grading bullocks in the Republic since 2004.

The percentage of R grading bullocks going through our major processing plants at the end of 2018 was 29.8%. The figure for 2004 was 50.9%, indeed the figure for 2003 was a straight 51%.

Mechanical grading was introduced at the end of 2004 replacing department of agriculture graders. Hailed at the time as new beginning and the Irish beef industry pushing its way into a thoroughly modern age underneath there were very serious questions.

Firstly the grading machines were pushed onto the factory floor as a way of saving the department of agriculture money an estimated €4.7 million annually. The department produced a report to this effect. Secondly Teagasc who did two lots of research into how the machines might operate in Irish conditions concluded that to get them across the line EU regulations in relation to expected performance, those same EU regulations would have to be changed. Problems in relation to how the machines performed when dealing with better R and U grade carcasses had been identified, plus issues around heavier weights while the machines performance when classifying fat score was also deemed not sufficient.

In 2009 the QPS system of payment, the Grid as its known was introduced with the full backing of the IFA. It relies completely on the grading machines to operate.

Farmers were told the system was price neutral, a claim that has been keenly contested ever since with various studies including one by the ICMSA which claims the QPS is far from price neutral and has cost farmers millions. When questioned IFA and factory representatives have always claimed that the QPS is based on scientific research credited to Michael Drennan of Teagasc.

Having read Mr Drennan's end project report from 2009 I am of the opinion that from a farming reality perspective his research took no account of the actual make up of the then national herd. Plus the introduction of varied diets leads me to believe that Mr Drennan tried to gain too much information from too small a sample.

Mr Drennan's research, which covered three separate studies, involved the slaughter and boning out of a total of 336 Holstein x Fresian, Angus and various continental cross steers at approx 24 months of age.

122 bulls. Breeds used were Limousin x Charolais, Limousin x Fresian, Simmental x Fresian x Limousin Charolais and Belgian Blue. 74 of these animals were slaughtered between 13 and 17 months with the remaining 48 being slaughtered at approximately 20- 21 months

37 Heifers comprising Limousin x Charolais, Limousin x Fresian Simmental x Fresian x Limousin. All slaughtered at approx 20-21 months approximately.

These animals did not represent in anyway an accurate cross section of the then national herd. The ages given for their slaughter did not reflect the actual age profile of the national herd. Yet this is the "science" that farmers were told was the basis for the price grid on the QPS.

You cannot hope to stay in a business when the bottom line has been adjusted to such an extent.

The reality is that in a grass based finishing system age is a major contributor to final conformation and fat score with almost all bullocks either being just under or just over thirty months of age.

Hence their boning out percentages have to be different to those used by Mr Drennan. It was this research we farmers were told was the science behind the grid And that matters because it was this "science" that the factories used to create their new price grid.

I have no doubt that from a purely scientific perspective Mr Drennan's work is probably flawless. You take young stock slaughter them and bone them out and you get X, Y and Z in relation to meat yield. Indeed I would think the processing sector would have taken great heart from his analysis in that it effectively showed them how they might run their their business's more profitably.

However from a producers point of view I found myself at the mercy of a system that robbed me of clarity when it came to selling my stock. At a stroke I could no longer be confident in my own ability, built up over years to assess any animals potential performance because calculating his grade and fat score became impossible due to the myriad of price boxes.

With penalties imposed on lesser performing grades it is a nightmare trying to predict what you may actually be paid.

No allowance made for the value of the fifth quarter or fat.

The farm organisations have to bear a great deal of the responsibility for the fact that this flawed pricing structure was introduced because they either didn't read and understand the Department report of cost savings, the Teagasc reports and analysis of the grading machines operating parameters or Mr Drennan's research which the factories, or they read them and chose to ignore the obvious.

The system was fundamentally flawed in its ability to deliver accurate results and Mr Drennan's test results bore no resemblance in the methodology to the actual age or breed profile of our then national herd. Therefore how could the QPS grid be expected to deliver a better future for those actually breeding and producing the cattle.

As I pointed out in my review of 20 years of grading part of the reason there are now over 20% less r grade bullocks going through the factories is as much to do with the fact that a very large proportion of better cattle coming from the suckler sector are being left as bulls because those breeding them recognise that the QPS cannot give them the returns they need to survive should they turn those animals into bullocks.

I believe Teagasc need to do a proper independent study that takes account of the factors i mention above mainly national herd profile plus actual real slaughter ages to establish the real "science" A grid then established would move the base price back to the O= grade for base line payments thus sending a very clear signal to the dairy sector that what the market needs is achievable for them. Thus hopefully encouraging some at least to return to a more balanced farm breeding program.

(I can supply copies of supporting documentation to all the above referenced)

Respectfully

Martin Coughlan