Opening Statement 11.10.23 Macra na Feirme

Opening Statement by Macra na Feirme President Elaine Houlihan to the Joint Oireachtas Committee on Agriculture, Food and the Marine

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Chairman and Committee Members,

Thank you for the invitation to speak with you today on the topic of 'Challenges facing the fruit and vegetable industry in Ireland'. My name is Elaine Houlihan, President of Macra na Feirme. I am joined today by Dr Liam Hanrahan Chairperson of our Agricultural Affairs Committee and Dr Maria Snell, Senior Research and Policy Executive at Macra na Feirme.

Horticulture is a very important sector, for society, economics, and the environment. Its importance stems from being Irelands fourth largest sector after dairy, beef, and pigs in terms of gross agricultural commodity output with an estimated value of €477m at the farm gate**.** Horticulture has the potential to be a leading sector in terms of its green credentials. Horticulture, and both its preservation and expansion, presents an opportunity to positively target carbon emissions and enhance sustainability of food systems. For society, horticulture has a key role to play in the provision of food, providing essential nutrition in terms of vitamins and minerals for the growing population. For example, research in the UK has shown that diets low in vegetables are associated with 18,000 premature deaths each year (Afshin et al 2019).

Our interaction as consumers with the food chain is complex and ever evolving. There is an increasing demand for affordable all year-round supply of fruit and vegetables grown in an environmentally aware and sustainable manner. Such food choices are challenging the sustainability and business viability of the horticulture sector. It is therefore imperative that we urgently begin to balance the needs of our primary producers and consumers and re-examine how we, as a society grow, distribute, and choose our vegetables and fruit. This is critical to ensure that food chains provide better options with greater transparency and fairness of price for farmers to ensure their viability into the future.

The sustainability of Irish food chains, of which our primary producers play a vital role, is critical in the wider policy context with our government and the EU setting ambitious targets in this regard. Food Vision 2030 sets out bold targets for Ireland to become a world leader in Sustainable Food Systems delivering benefits for the sector, for society and the environment. Food waste is recognised as being one of the major global challenges in achieving a sustainable future. For example, the Irish Government has committed to reducing food waste by 50% by 2030, in line with UN The Sustainable

Development Goals. Food waste and losses can occur at each stage of the food supply chain, in primary production, processing, retail and consumption. Commonly, food loss refers to those losses at the earlier stages of the food supply chain, in production and processing. The term food waste, however, applies to the later stages of the food supply chain associated with retail and final consumption of which behavioural change is key. Our focus will be on food losses from the farmer perspective, and key considerations in this regard.

In Ireland to date farmers do not routinely record waste and have difficulty in providing estimates of food waste and losses. According to the 2022 EPA *Food Loss and Waste from Farming, Fishing and Aquaculture report*, in 2021 there was an estimated 53,000 tonnes of food waste generated at the primary production stage in Ireland. This represents 7% of the total waste generated, of which horticulture accounted for the largest proportion. An EPA funded report in 2019 on *Reducing Commercial Food Waste in Ireland* stated that vegetables are the most wasted food type in supermarkets (20%), followed by fruit (16%), bread (15%) and meat (11%). By comparison, the retail and distribution sector accounted for approximately 75,000 tonnes of food waste in 2021. This includes food waste from supermarkets and smaller grocery shops, service stations and general retail, as well as food waste generated by food and beverage wholesale companies.

To reach the sector targets in terms of food waste and loss, and make our food systems more sustainable, it is imperative that this food loss within the primary producer end of the food chain is addressed. However, we must do so in a manner that ensures these food systems have economic sustainability while also demonstrating efficiencies of scale, environmental care and minimal wastage. From a policy perspective, there is a requirement from 2022, to report annual food waste from each food supply chain stage under the European Union Waste Framework Directive. Historically, there has been little emphasis placed on food losses and waste, making it difficult to obtain comprehensive data for the primary production stage from a farming perspective. As we now begin to fulfil this reporting requirement, it is critical that there is a full review on the causes of how much food losses and waste is generated on farms, and the reasons why it is happening. We cannot afford to report for reporting sake, in a sector which is already heavily audited and regulated. This newly gathered data must be back by research and practical understanding on the primary causes of our observations through the data on food losses. This information is vital in developing strategies which can be used to reduce food waste and loss on farms. It is also important in informing appropriate mitigation actions to transform waste to a value by-product. For example, the potential of AD facilities to process biodegradable organic wastes within the food chain from food waste and loss should be explored.

Macra wishes to acknowledge that while each sub-sector within the Irish Horticulture sector has its own challenges and opportunities, there are key cross-cutting factors that are applicable to the overall sector. Within primary production, losses can be attributed to either pre- or post - harvest, and we will discuss these challenges from a primary producer perspective.

Food losses from pre- or post- harvest perspective

Key challenges contributing to pre-harvest losses include agronomic practices such as pest and disease management which are complex due soil condition and changing weather patterns. Increasing regulations mean that growers have fewer 'conventional' pesticides available to manage pest and disease, which is confounding the problem. Responsible use of pesticides such as more targeted use is essential to protecting the environment while also producing quality fresh vegetables and fruit. There is also a need for research and development in this area, so that effective replacements can sought which are cost efficient and that can be used at scale to ensure the health of our crops of fruits and vegetables. Pre-harvest management decisions in the field can also contribute to losses in primary production due to differences in the quality at harvest. For fruit and vegetables, agronomic practices during the field stage greatly contribute to the product's visual and nutritional quality.

Key reason for food loss post-harvest at the primary production stage is that products are not as saleable as outside quality specifications or lack of buyer demand. Such 'cosmetic standards' set by retailer's frame expectations of what consumers feel they should see on supermarket shelves i.e. what looks normal. For example, specifications by retailers are mainly based on standardising visual appearance: small blemishes, over or under sizing, unusually shaped or discolouration can deemed produce worthless, despite no impact of edibility or nutrition. Food not fitting to the criteria is generally disregarded, contributing to a major cause of food waste (Göbel et al., 2015). Superficial damage to fruit and vegetable produce is deemed unacceptable to consumers by buyers but this is coupled with a desire by consumers for minimal pesticide use on produce. This needs to change, and there are local initiatives which aim to address this via local selling. For example, the 'wonky veg box' by Beechlawn Organic Farm. However, further awareness and education is required as public perception needs to change. The public need to be better supported to make informed decisions o the fruit and vegetables consumed. In particular, we need to inform the consumer and make them aware of the current food waste issues and then let them decide what produce they want to purchase. We cannot continue with food being discarded for being the 'wrong' shape or size or not meeting cosmetic standards. To meet our targets in terms of food waste and loss, a more sustainable food chain needs to be in operation from farm to fork which benefits everyone, and in which a fair price is paid for quality produce which enables farmers to farm in a sustainable manner both for the environment

and in terms of business planning and investment. Poor harvest scheduling due to factors such as weather can also reduce the quality of the crop or in some cases incur direct in field losses at the pre- and post- harvest stage. For example, produce can be lost at harvest because mechanised harvesters cannot retrieve the entire produce. Often such losses vary from field to field and are dependant on management decisions which aim for an acceptable trade-off between field efficiency and yields in term of getting the crop out of the ground and delivering contracts. More than 90% of all Irish fresh produce retail is sold by branded retail chains with farmers selling their produce through 'contract farming' to consolidators and Supermarket Central Distribution Centres (CDCs), where products of defined quality and specification are sold to a particular retailer or food manufacturer. This model of food chain selling to the customer, i.e. contract farming, can also contribute to farmers producing surpluses to ensure they do not undersupply their customers and incur contractual penalties for factors outside their control due to unforeseeable circumstances such as extreme weather or pest infestation. As a result, farmers may produce greater quantities than needed, even in "average" conditions, which may not reach market.

Other challenges are presented for farmers in this model of selling. Often farmers have to sell at certain prices at a given time due the perishability of fruit and vegetables, as if they are not sold then they quickly become food waste, compounding the problem. Therefore, farmers when faced with this scenario, accept the price rather than face huge food wastage and further economic loss. Moreover, farmers not only have to deliver to contracts in terms of quantity and specification, but the sector is also subject to audits and quality assurance schemes for the sector such as those facilitated by Bord Bia, as well as those required by individual supermarkets. This significantly adds to the administrative burden, and in many cases reduces the profit margins due to the associated cost. Moreover, such processes also place significant strain on the health and wellbeing of farmers who are subject to such auditing due to the worry that in the event that there is a non-compliance that could lead to further price reductions or no market for their produce.

Poor demand forecasting by retailers can also lead to overproduction and high levels of wastage. Market tools such as promotions by retailers are a commonly used and useful tool for managing waste in the food chain by clearing 'gluts' and increasing sales of fruit and vegetables near the limit of their shelf-life (Beausang, 2017). However, these need to be appropriately managed, and used for specific purposes. This is because promotions can have ill intended consequences for the supply of Irish produce, and often retailers cannot turn promotions on quickly enough to respond to surpluses. Such issues need to be addressed so as to support Irish producers and ensure that we are using market

tools in a way that is fair for the primary producer as well as for the retailer. It is imperative that all actors in the food chain work together, for greater transparency and the benefit of all.

Broader Challenges for Primary Producers

Labour

Sustainable production, and addressing food waste in primary production, is further challenged by the increasing demands that are being placed on farmers within the horticulture sector. Despite investment in increased mechanisation and labour-saving devises, on a typical vegetable farm there is a huge dependence on manual labour for harvesting and packing. The 'outdoor' nature of working on field vegetable farms can often make working there less attractive and it can be difficult to recruit staff. Teagasc (2023) have stated that labour is the most significant cost in vegetable crops accounting for an average of 36% of the cost of production. Moreover, labour costs have inflated by approximately 11% across general operatives and other skilled labour such as tractor drivers since March 2022. Labour availability and cost is thus a critical issue, and especially for the continued viability of the field vegetable sector in Ireland. Rising cost due to inflation is also presenting significant challenges, with increasing production cost at unprecedented levels, an urgent assessment is required in terms of the returns to Irish farmers, and especially young farmers, is now critical to ensure the continuity of Irish produce and producers into the future. Moreover, the seasonality of the vegetable sector means that businesses find it increasingly difficult to compete in the labour market, resulting in an increased cost of labour as they attempt to attract staff by offering increased pay. The issue of staff cost, and profit margins for primary producers needs to be addressed as many would like to pay their workers more but the seasonal nature of the work and increasingly tight profit margins, together with business uncertainty, make this very difficult. The cost of labour is also important in terms of food loss reduction, as such indirect costs, for example the increased labour costs associated with changes to production practices or the management decisions may result in the inability to implement more sustainable practices or invest in longer-term solutions, such as mechanisation and robotics.

Climate change and weather forecasts

Changing environmental conditions are having a significant impact on the sustainability of horticultural production. This is especially relevant in terms of unreliable and volatile weather patterns which is becoming increasingly common. For example, vegetable production has had to contend with drought, record season rainfall, and temperatures over recent years which significantly affects crop growth periods in the ground. This can alter the cost of production significantly. For example, the cost of harvest, market conditions and in turn the profitability of the field crop. Predictions of warmer

summers, and potential drought situations means that the future is very uncertain, and growers face potential significant increases in cost of production for their products to cover the inflationary effects on input costs, labour and the financial impacts of combating such weather as well as environmental care through reduced chemical usage. There needs to be greater appreciation of the difficulties faced for primary producers and the inherent business volatility faced which makes business planning and investment extremely difficult.

Access to land

Securing suitable land for vegetable production is becoming increasingly difficult. Land is a finite resource and is coming under increasing competition for use for environment, social provision in terms of housing, infrastructure and energy. At present, the ability to rent land is becoming increasingly difficult, and presents a real and significant barrier for young farmers. Access to land is about the suitability of land but also the affordability of the rental market as this can undermine business viability. For example, the rental land for vegetable production needs to be suitable to vegetable growing, and close to packing facilities to avoid excessive costs. Moreover, the price of renting land for field vegetable production has increased significantly, as growers compete with other sectors within agriculture. Farmers, and especially young farmers, but have a high degree of business uncertainty on the long-term usage of land. Macra want to specifically call for a review of the effects of competing uses for farmland, such as housing and energy, on the quantity, quality and suitability of farmland available for agricultural production and especially for young farmers. We need to actively seek ways to support our young farmers and support the next generation of farmers in this country.

Access to Finance

Like land, access to finance, and especially for young farmers is extremely difficult, and is a problem confounded by the uncertainty and volatility of the sector. Farmers are subject to year-to-year contracts, with no guaranteed price therefore making investment into the business difficult. This needs to be addressed to allow for the growth of a more profitable value-added sector driven by sustainability and innovation. The most direct way to achieve this will come from giving existing growers and businesses the confidence to expand and diversify in profitable enterprises. In addition, for young farmers, a review of existing supports is encouraged by Macra to ensure that these supports continue to best serve farmers needs and are not prohibitive to different farming structures. For example, the horticulture grant aid for young farmers is not available to young farmers whose businesses are structured as a limited company.

Diversification opportunities within organic farming

Under the European 'Green Deal' there is a goal to have 25% of land under organic production by 2030. Ireland falls significantly sort in terms of organic production with only 2% of all land under organic production (CSO 2023), 5.5% less than the European average. For the vegetable sector, this can be attributed to many factors as growing vegetables to organic certification brings even greater challenges in addition to those already mentioned in terms of certification, auditing, labour, and pest, weed and disease control. This needs to be addressed urgently to ensure that we meet our targets, and to enable the growth of this sector in Ireland. Moreover, the organic sector has a potentially important role in addressing food loss. Organic vegetable production at field-scale also represents a significant market opportunity. Organic farms in Ireland are usually smaller operations growing a larger range of crops than the more specialist conventional vegetable farms, and this is reflected in the additional routes to market available to organic growers, such as delivery box schemes, farm shops and farmers markets. Comparisons needs to be drawn with conventional wholesale buying through consolidators and CDCs so that we can take the learnings from each to find ways to move forward together in a more complementary and sustainable manner.

Conclusion

Food waste is a problem with economic, environmental and social implications, making it both important and complex. Prevention of food waste and losses should be a priority. This requires that primary producers, together with actors further along the food chain, to work more closely together, so that costs can be more equitably shared across the supply chain. This is important to promote increased fairness in price for primary producers and allow for greater transparency in our food supply chains. If a fair price is not urgently sought, which acknowledges the risks from weather and the inflationary costs, then the business viability of this sector is under serious threat. This will have serious consequences for all as we need our primary producers to ensure we have the food required to nourish our growing population.

All parts of the supply chain need to work together to create a sustainable supply chain. Macra na Feirme would welcome the relaxation of cosmetic specifications for produce and for research and development into facilities such as AD plants can assist with food waste and loss in a more sustainable and environmentally aware manner. The relentless pressure in terms of cost of production has left growers with no other option but leave the sector. Unless growers can see a way of securing viable returns for the risks they take in growing vegetables, this trend will continue. We all have

responsibility in terms of food production, loss, and waste. We need to support our primary producers in the face of the current challenges faced. We can no longer expecting growers in other parts of the world to compensate for any shortfall in domestic production. We face global food security challenges and therefore, we need a thriving local fruit and vegetable sector. We must now all play our part to ensure the sustainability of our food supply chains into the future.

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