

# DÁIL ÉIREANN

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## AN COMHCHOISTE UM THALMHAÍOCHT, BIA AGUS MUIR

## JOINT COMMITTEE ON AGRICULTURE, FOOD AND THE MARINE

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*Dé Máirt, 18 Nollaig 2018*

*Tuesday, 18 December 2018*

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The Joint Committee met at 3.30 p.m.

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### MEMBERS PRESENT:

Deputy Jackie Cahill,	Senator Rose Conway-Walsh,
Deputy Martin Kenny,	Senator Paul Daly,
Deputy Charlie McConalogue,	Senator Michelle Mulherin.
Deputy Willie Penrose,	
Deputy Thomas Pringle,	

DEPUTY PAT DEERING IN THE CHAIR.

*The joint committee met in private session until 4.25 p.m.*

### **Suckler Beef Sector: Discussion with Irish Farmers Association**

**Chairman:** Before beginning the discussion I remind members, witnesses and those in the Public Gallery to ensure their mobile phones are completely turned off as they interfere with the broadcasting system. We are here to discuss the report entitled *The Economic and Societal Importance of the Irish Suckler Beef Sector*. I welcome from the Irish Farmers Association Mr. Joe Healy, president; Mr. Angus Woods, national livestock chairman; Mr. Kevin Kinsella, director of livestock; and Mr. Damian McDonald, director general. I thank them for coming before the committee to present their report on the economic and societal importance of the suckler beef sector.

Before we begin, I want to bring it to the attention of witnesses that they are protected by absolute privilege in respect of their evidence to this committee. If they are directed by the committee to cease giving evidence in relation to a particular matter and they continue to so do, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given. They are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or entity by name or in such a way as to make him or her identifiable. Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the House or an official either by name or in such a way as to make him or her identifiable. I ask Mr. Healy to make his opening statement, after which we will take questions from members.

**Mr. Joe Healy:** I thank the Chairman and members of the joint committee for inviting us to address them on this important sector. As the Chairman has named those who are with me this afternoon, I do not need to introduce them again. The severe challenges in our important livestock sector, particularly our suckler cow sector, include low incomes, Brexit, beef prices which are below the cost of production, a lack of price competition, the proposed Common Agricultural Policy cuts, increased beef imports from Mercosur and other trade deals. According to the latest Teagasc data for 2018, the average income on cattle rearing farms is just over €10,000, which represents a decrease of 19% on the 2018 figure. This is not sustainable. We need a much stronger and more supportive Government policy for the suckler cow sector.

As part of the IFA campaign to secure additional targeted direct payments of €200 per suckler cow, we retained the services of an eminent agricultural economist, Professor Thia Hennessy, who is the head of the Cork University Business School in UCC. Professor Hennessy and her team undertook a full assessment and overview of the suckler beef sector. They produced a comprehensive report, *The Economic and Societal Importance of the Irish Suckler Beef Sector*, in August of this year. We launched the report at the Tullamore Show and presented a copy to the Minister for Agriculture, Food and the Marine, Deputy Creed. Further copies were sent to all Members of the Oireachtas. The objectives of the report were to assess the importance of the suckler cow herd to Irish agriculture, the Irish beef sector and the Irish economy, to examine the economic and social impact of the suckler herd, especially in terms of people and employment, and to explore environmental and policy issues relating to the suckler cow herd. I understand that members of the committee were given a copy of Professor Hennessy's full report in advance of today's hearing. This presentation provides a summary of the main

findings and conclusions of the report.

This country's very significant beef sector accounts for more than a third of all agricultural output and over 20% of total Irish food and drink exports. The agrifood sector in general provides direct and indirect employment to over 300,000 people, with over 13,000 people employed in the meat processing sector alone. The value of beef exports is growing and exceeded €2.6 billion in 2017. Domestic consumption of Irish beef accounted for a further €230 million last year. It is estimated that the overall value of the Irish beef sector is almost €2.9 billion. According to CSO data, the large and valuable beef sector is supported by a suckler cow herd of approximately 1 million cows. Recent reports based on the Department of Agriculture, Food and the Marine's animal movement identification system put the figure closer to 900,000.

The suckler cow herd is distributed throughout the country, but is particularly dominant in the west, which is my own part of the country. The important regional presence of the suckler cow sector is reflected in the fact that suckler cows account for over 80% of all cows in the west, with the figure in excess of 90% in some counties. Cattle farmers make a considerable contribution to the Irish local economy through the inputs they purchase and the outputs they produce. There are almost 78,000 specialist cattle farms in Ireland. It is estimated that cattle farmers spend over €1.5 billion on agri-inputs each year. Most of this is spent in the local rural economy. The considerable economic impact of agriculture, particularly the beef sector, exceeds that of many other sectors in the Irish economy. This means that an increase in output in the beef sector generates relatively more economic activity than a comparable increase in other industrial sectors. Indeed, the multiplier effect for the beef sector is greater than that of the agriculture sector in general, with a €1 million increase in beef sector output generating a further €2.11 million in the wider economy and supporting an additional 16 jobs. The comparative figure for the agriculture sector more generally is €1.44 million.

Direct payments made to farmers also make a substantial contribution to the wider rural economy as farmers use these payments to purchase inputs and to generate output that leads to further economic activity. Research has estimated that every €1 of direct payments to cattle farmers supports €4.28 of output in the wider economy. In addition to the economic impact, suckler farmers contribute to wider societal sustainability, particularly as they are often located in marginal or economically disadvantaged areas where their presence is vital to the social and cultural fabric. They produce public goods such as protection of the environment and biodiversity, the preservation of the landscape, and unique features such as stone walls and hedgerows, all of which contribute positively to the image of rural Ireland and to rural tourism. Research has shown that extensive grass-based farm systems such as suckler cow farming deliver higher levels of public goods.

Despite being a small island on the edge of Europe, Ireland punches above its weight when it comes to beef exports. This country is the largest exporter of beef in the EU and the sixth largest exporter of beef in the world. The national suckler herd is of fundamental importance to Ireland's reputation as a major exporter of high-quality prime beef. Cattle from the suckler herd generally have a superior grading profile and heavier weight for age, resulting in higher saleable meat yield and higher value cuts.

The prevalence of Irish-owned companies in the beef sector and the relatively low reliance of beef farming and meat processing on imported inputs mean that beef exports make a major contribution to net foreign earnings in the Irish economy. It is estimated that every €100 of exports from the bio sector, which includes beef, generates €48 in net foreign earnings, while the non-bio sector contributes only €19.

Consumers worldwide are becoming increasingly concerned about the sustainability of food production. This provides a unique opportunity for Ireland as we produce some of the world's most sustainable beef. The carbon footprint of beef production in Ireland is well below the European average. It is the fifth lowest in Europe and almost one quarter of the Brazilian footprint. The beef data and genomics programme, BDGP, is delivering further carbon efficiencies, with the Irish Cattle Breeding Federation estimating that, by 2030, the genetic gain achieved through the programme will reduce greenhouse gas emissions by 14% per kilogramme of beef produced.

There are many positives around the sustainable system of Irish beef production. The UN rated Ireland as the most water efficient producer of food globally, with a 0.2% stress rating. Other international studies have shown that Ireland is the most nitrogen efficient producer of livestock products in Europe. Animal welfare in Ireland is very high by global standards. Growth promoters and hormone treatments are forbidden and our clean, green image is a major marketing strength internationally. Furthermore, grass-fed beef has been proved to be healthier and lower in fat, with two to six times more omega-3 fatty acids. As such, demand for grass-fed beef is growing, especially in affluent markets.

The positive attributes of our beef sector and our marketing and promotional campaigns are all built on the back of our quality suckler beef herd. The economic outlook is for continued growth in the global demand for beef, with the OECD and the UN Food and Agriculture Organisation, FAO, projecting that global consumption of beef will grow by 9% by 2026. The recent opening of the Japanese, Chinese and American markets for Irish beef is also a positive development, especially in light of the potential threat posed by Brexit. However, those markets must deliver for farmers rather than just promise delivery.

Notwithstanding the economic importance of the beef sector to the wider Irish economy and its continued success on international export markets, the Irish industry is underpinned by a farm sector facing considerable economic difficulties. The income situation on cattle farms in Ireland remains challenging, with the Teagasc national farm survey showing an average farm income of just €12,500 for cattle-rearing farms in 2017. On average, costs of production exceed market prices. Reliance on direct payments is critical. Without a substantial increase in beef prices or improvements in efficiency levels or both, the vast majority of cattle farmers will continue to rely on direct payments.

Furthermore, a number of threats loom on the horizon for the future of the Irish beef sector. Brexit and other international trade agreements such as Mercosur threaten future trade patterns and, ultimately, farm-level prices. The impending reform of the Common Agricultural Policy, CAP, may also impact on the value of direct payments to farmers. The impact of climate change policy on the ability of the sector to exploit future market opportunities is a further threat as Ireland is committed to a number of international agreements to reduce greenhouse gas emissions. In the context of sustainable food production, however, international carbon leakage is a major concern. Carbon leakage occurs if Ireland reduces the production of beef to meet international policy commitments but less carbon-efficient countries increase beef production to satisfy growing international demand.

The very difficult income situation on Irish suckler farms is unsustainable and is already resulting in individual farmers reducing animal numbers, leading to a loss in beef output, export values and employment. It is estimated that a 10% contraction in the suckler cow herd would lead to a loss in beef output of €145 million and a loss of total output in the economy of €305 million. A contraction in the Irish suckler cow herd may also lead to land abandonment

in marginal areas, causing a loss of natural landscape features, biodiversity and a contracting rural community.

The Irish suckler cow sector is at a critical juncture. A number of factors threaten its development and sustainability. Without positive action, it is likely that these factors will lead to a contracting national suckler cow herd. This will have implications for the large farming community engaged in suckler farming, the vibrancy of rural areas, the agri-input sector, employment in the beef processing sector, and the value of exports from Ireland. These negative implications will be most harshly felt in the west of Ireland, particularly in local economies and communities where there may be limited alternative economic opportunities.

I will now hand over to our livestock chairman, Mr. Angus Woods, who will outline the developments leading up to and since the budget and further necessary action to support and maintain our suckler cow herd.

**Mr. Angus Woods:** I thank the committee for the invitation to appear. The IFA is fully committed to supporting our national suckler herd and the approximately 75,000 full and part-time farmers involved in the enterprise. In practice, this means campaigning hard to get the Government to provide additional targeted direct support for sucklers and working to secure a price premium for quality suckler beef. The most recent numbers from the Department of Agriculture, Food and the Marine show that we are now down to approximately 67,000 farmers, a drop of almost 9,800 over the past ten years. Cow numbers are down by approximately 76,000 over the same period. However, suckler registrations in recent years have been falling at a rate of 30,000 to 40,000 per year, significantly more than is initially apparent.

Following an intensive IFA campaign on sucklers throughout 2018 and with substantial help from members of the committee, the Minister for Agriculture, Food and the Marine announced an additional €20 million of national resources to assist the suckler herd in budget 2019. The new beef environmental efficiency pilot, BEEP, scheme, worth €40 per suckler cow, will be introduced in January 2019. While it was a clear recognition by the Minister of the income problems in the suckler sector and the €40 per cow is welcome, it is not enough and it is clear that far more needs to be done to help sustain the suckler sector.

We have met the Department of Agriculture, Food and the Marine on the implementation of the scheme. The Department has outlined that the beef environmental efficiency pilot will involve a simple application in February, weighing cows and calves once during the year and submitting the details to the Irish Cattle Breeding Federation by app, online or on paper. We have made it clear that the full €40 per cow must be paid to farmers. In addition, we have strongly emphasised that the measures under the new scheme must be kept simple and be farmer-friendly. The beef data and genomics scheme, BDGP, which is worth €44.4 million per annum to 24,200 suckler farmers, got bogged down in unnecessary bureaucracy because the Government did not listen to farmers in the design stage. Payments of €100 per cow on the first ten cows and €80 on the remainder cannot not be ignored considering the low levels of income in suckling. The scheme has completed four years and has two more to run to 2022. Now is the time to complete a review of the scheme, work out how it can be changed and simplified, and plan for its future continuation.

In advance of CAP 2020, the IFA is lobbying hard at national and European level to reverse the budget cuts proposed by the Commission and to seek an increase in the CAP budget. We want member states to increase their contributions to protect direct payments and farm income and take account of inflation. CAP direct payments are critical to livestock farmers, and in-

creasing targeted payments under Pillar 2 will be essential. We must be aware of the fact that originally CAP payments such as the special beef premium, slaughter premium and the suckler cow premium were targeted at livestock farmers. Many beef farmers have witnessed severe cuts to their direct payments and incomes during recent CAP reforms, and this cannot continue under the Hogan reforms. Increased targeted support for suckler farmers must come from a larger CAP Pillar 2 and additional national resources. The IFA has been clear in its view that reform cannot involve any cuts to the basic payment scheme. Suckler farmers must be properly rewarded with a significant beef price premium to reflect the superior quality and higher production standards and associated costs.

In recent meetings with the Minister for Agriculture, Food and the Marine, Deputy Creed, and the factories, we have proposed a significant suckler-bred bonus for prime cattle coming from the suckler herd. The meat industry has emphasised the importance of maintaining the suckler herd from a quality and marketing perspective. Those in the industry must match this with a price premium.

A strong live export trade to drive competition and provide alternative market outlets is essential for the beef sector and the suckler cow herd. The Government needs to support the live export trade strongly and increase capacity, especially considering the increase in our dairy cow numbers. The Minister and the Department must work with the exporters, Bord Bia, the ferry companies and shippers to target a major increase in live exports for 2019.

There are many challenges to the Irish beef sector and our specialised suckler cow sector. These include the challenges of Brexit, CAP reform, Mercosur trade negotiations and beef prices below the costs of production. However, the biggest single issue is low farm incomes. Incomes on suckler farms are far too low and under severe pressure. The latest Teagasc figures for 2018 point to an income of a little over €10,000, which represents a 19% income fall from 2017. This is not sustainable and Government action must be taken to address it.

We need a stronger and more supportive policy from Government for the suckler cow sector, and we need to maintain our vitally important suckler cow herd. To do this, we need a targeted direct payment of €200 per cow. We need a major price premium for suckler beef, and we need a strong live export trade that will drive competition.

**Chairman:** I have several questioners lined up. The first questioner is Senator Rose Conway-Walsh.

**Senator Rose Conway-Walsh:** Thank you, a Chathaoirligh, and I thank the IFA for this report. It is important, particularly in the climate that we are in with Brexit and so on. My interest stems from the extent to which it impacts on the west of Ireland, with 80% of the cows there being suckler cows. I am deeply concerned about the pressures being put on the suckler cow herd and the impact they will have on the wider rural economy and on farm family incomes. It has been stated that the average income is €12,529, but this is not the average income for farmers in the west. I know it is based on one survey, but there is another that suggests income is more like €3,000 a year. We need to be a bit careful with the average figures we are putting out because they will impact on Government policy.

There are several ways to address this. There is the €200 per cow. There is also the possibility the CAP might be cut and the need for basic payments. Does the IFA understand that basic payments must be weighted in favour of farms in the west? The IFA has suggested a cap, but I am not quite sure where it suggests that cap should be. Is it €100,000? Will the witnesses

explain what they mean by labour being taken into account? Historically, the basic payments have been in favour of the bigger farmers. We can go back to 2000 and 2001 to look at some of the wrongs done that still need to be righted. What model does the IFA advocate in terms of the basic farm payment?

My next question is on areas of natural constraint. We have the details of the area being extended, but it is obvious we need additional payments to be able to compensate farmers according to the level of constraint on the land they are trying to farm. These questions are all related. I am very concerned about people who will come off the agri-environment options scheme, AEOS, at the end of this month. What is there for them? Has the IFA discussed this with the Department?

**Deputy Willie Penrose:** I thank the IFA witnesses for their presentation. It is interesting, but there is nothing new for those of us who live in my county. We know this at first hand because every time we meet farmers, particularly in the suckler cow area, they tell us exactly what is happening on the ground. The west, as Senator Conway-Walsh has said, is highly dependent on suckler cows. In the midlands it is a fairly important source of farming activity. The fall-off will continue, so let us not start coddling ourselves. I have little time for anyone who tries to pretend this will not happen. Of course it will happen. In my country a significant level of dairy conversion is taking place. Farmers are business people. They are gravitating to where there is a possibility of some sort of a decent income. It is not just happening in Westmeath or the midlands. It is happening even in Deputy Cahill's county of Tipperary and in Cork, Waterford and Kilkenny. We have seen a huge drop in suckler cow numbers over the past six or seven years, and 35,000 or 36,000 cows have come out of the system. That is huge. We have lost almost 80,000 cows over the past seven years. I read Professor Hennessy's full report, which is very good and very useful. I would say the IFA itself, at executive level, was not surprised by the findings. It merely vindicated what it knew what was happening and this report allows it to present the findings to various bodies. It is quite clear that the current trend is going to continue, with income from suckler cow activity falling. When the numbers are calculated at the end of this year, we will see significant increases in input costs because of the drought and the fodder shortages that resulted from the very harsh and prolonged winter.

I probably am one of the strongest advocates for the BDGP. While there have been some teething problems with the programme in terms of stars, breeding and so on, those problems can be ironed out by the time we embark on a 2020 programme. We should start dealing with the various issues now in order to have them ironed out by then. We must be honest, however, and admit that were it not for that programme, a huge number of farmers would have left the beef sector altogether. A significant number of farmers are tied into the BDGP until 2020 and while people may give out about the programme, it does yield some benefits. If farmers were not tied into the programme, the fall in suckler farmer numbers would have been even sharper than that outlined by the IFA this afternoon. I agree with those commentators who argue that the fall-off in suckler farmer numbers could accelerate further after 2020 if we do not get our house in order. Apart altogether from its impact in terms of our carbon footprint, we need a new BDGP to prevent the suckler farmer situation from worsening.

Four farmers visited my house recently. They were in relaxed mode and spoke freely. Those farmers told me that they would be approaching the IFA and others, not in aggressive way, and would tell them to wake up and smell the coffee. Farmers are getting poor prices, while the beef processors are quite happy to see stock numbers remaining relatively level. The processors will continue behaving in the fashion to which we have all become accustomed,

namely, the free market model of screwing farmers. I am a member of a party that does not support the absolutist free market model. We have been condemned by many for expressing the view that the free market model is not the healthy option. There should be more socialism operating in this area. In any event, farmers are now saying that they would be better off taking their basic farm payments and giving over some of their land to forestry. If they set aside 10 acres for forestry, they will get X premium but if they set aside 15 to 20 acres, they will get X plus Y premium. This is the way farmers are thinking. The four suckler farmers to whom I spoke are now wondering about the future. One of them has three sons and he told me that he knows that none of them will succeed him. If farmers in Westmeath are talking like that, in a county that has a tradition of beef farming, then we must pay attention. I am not making this up. One of the farmers has sent me on a list of actions that he believes need to be taken and I will send it on to some of the witnesses here today. He believes that we must face reality and stop skirting around the issues. The equation is simple enough: lower minimal market returns relative to the input costs of production. Without the basic farm payment system the industry would disappear, as it would not be viable.

The IFA is right in identifying something I have been talking about for the past two years, namely, the CAP budget and the loss of almost €11 billion or €12 billion from the UK Government. That is absolutely staggering. If we do not get EU member states making up the deficit, that could well be the situation. There are four or five very large member states that have indicated clearly they have no intention of making a contribution to make up the deficit. We cannot be left alone. We will not be making up the deficit of €10 billion or €12 billion. We have to be very careful about that.

There are good things apart from the impact on rural areas. It is a highly export-oriented industry; nine of every ten animals we produce go to export with a major earning capacity deriving from that. There is sustainability and we have the beef data and genomics programme. The IFA has previously made the argument that given the demand for quality beef across the world, if we do not produce it somebody else will. The Brazilians are ready to capitalise. They are knocking down half their forests and then transporting stuff across the world. That is a double whammy. They are taking out the sequestration capacity and increasing it at the other end by the transport issues.

All of that is there. We have a clean, green, grass-fed image. We better face up to reality. I am acutely aware of family circumstances with a suckler farm close to home. I cannot see my nephews and nieces taking up the suckling enterprise in the current climate. How could they rear two or three children and put them through college on that income?

It is a very big job and it is very easy to give out about farm organisations. For once I will not castigate the IFA representatives in this situation.

**Mr. Joe Healy:** It is Christmas time.

**Deputy Willie Penrose:** It is not easy unless we can get the price structure right, but how long will European consumers and everybody else continue to subsidise, notwithstanding that it is the primary objective of the CAP? There will be protests by yellow vests across the Continent on a different topic because it seems to be the “in thing” now. We must remember that consumers will forget they are getting a cheap healthy product and they will kick up when the cupboard becomes bare in their countries’ exchequers. It is a big one. Coming from the county I do, I want to see it not just survive, but thrive. We have to face up to it. While I cannot tell farming organisations what to do, there should be a major event focused specifically on this

matter in February or March to see what can be done in a constructive way to ensure the future sustainability of the beef industry. I will certainly support any of the IFA's efforts in that regard.

**Deputy Martin Kenny:** I thank the representatives of the IFA for their presentation and report. I am very conscious of the importance of the suckler cow sector. Leitrim has five marts whose staple is selling weanling calves with farmers coming from other parts of the country to buy them and bring them away because our land generally is not good enough to finish the cattle. While there may be suckler enterprises in many areas, many suckler farmers in other counties also finish as well as suckle, whereas that possibility is not there in Leitrim and many western counties.

Page 16 of the report deals with family farm income on cattle rearing farms, in particular the income from the market as well as from subsidies. From 2000 to 2016, one can see the income is around the €10,000 to €12,000 mark but, in fact, it is practically zero from the market. Therefore, if the subsidies were not there, there would be no money at all, which is one of the big issues. We need to recognise this is an enterprise that is making no money apart from direct payments and payments from other schemes, given nearly all suckler farmers are also involved in GLAS and other environmental schemes, because that is the nature of their farming. I see pressure coming all the time from the dairy sector to switch over to dairy where the land is good enough, and more and more farmers are getting out of suckler farming and going into dairy because that is where the money is. That will put pressure on the number of weanling calves and, therefore, the number of beef cattle coming into the marts and going on to be finished.

I want to tease out with the witnesses the issue of the proposed payment of €200 per cow. I agree we have to come up with some sort of solution. The fear I have, and some farmers have said this to me, is that the targeted payment of €200 per cow will simply go to the factories and the price will start to slip back. We could end up in a situation where farmers get the €200 per cow but, because the subsidy is in place, production will go up and that will be an excuse to push prices down, and the farmer will end up not gaining very much. That seems to be the trend when we look at the family farm income on the charts, given it has changed very little through all the years, no matter what scheme came or went and no matter how high or low the payments. It is almost as if it was decided, "We will keep farmers at a certain level so they will survive, we will always get the cheap raw material from them and we will make the money on it." Every few years the farmer gets a middling good year and it gives them the confidence to stick at it but they then get three or four bad years. One would think there was some master puppeteer in the background playing this game with the Irish suckler sector in particular.

I am somewhat cynical about all of this. I know the farm organisations are lobbied by the farmers and the pressure is coming on from all angles to try to find a solution. However, the big point is that the suckler sector creates huge economic activity in the micro-economy of the region where it exists, as is the case in County Leitrim and many other areas. When the cow calves, a vet is needed, meal is needed and there are all the various inputs. In addition, there is good husbandry and the farmers are involved in GLAS because it suits their style of farming. The report recognises that suckler farming has this multiplier effect in rural areas where there is very low income.

While I did not read every word of the report, I searched it to find the level of single farm payment to suckler farmers in the west compared with other areas. I expect it is much lower in the west and, with all due respect to suckler farmers in Westmeath, I suspect many of them finish the cattle and that the farming is a little more intensive. This meant that, back in 2000 or 2001, they got a better basic payment based on that style of farming than the payment to the

fellow outside of Ballinaglera who has 60 acres on the side of a mountain and is trying to rear a couple of cows and a few calves. Such farmers got a raw deal 20 years ago and they are still getting that raw deal today, which needs to be recognised. I take the point that the IFA does not want to see any farmer lose money. However, there has to be recognition somewhere that there was a raw deal for those farmers. That is the reason many are leaving the sector. When farmers on better land want to buy decent weanlings in two or three years, they will not be able to do so because the farmers supplying them will be gone. Then we will see what is going to happen. This whole sector will disappear. We will arrive at a crucial tipping point if there is a further reduction of 15% to 20%. That seems likely to happen in the next few years. At that stage, the sector will be beyond recovery. There will then be an emphasis on examining the possibility of getting beef cattle from the dairy sector. I do not think that is going to happen or that it is possible. There may be some movements in that direction and perhaps some improvements in breeding and genetics. However, I do not see how dairy cows can produce the kind of beef cattle needed to retain the quality of the meat Ireland produces.

This is all about price. Figure 2 on page 16 highlights that the big problem in this regard relates to the price the farmer gets. I am referring to the price farmers get at the factory and, therefore, the price they get for weanlings produced down the line. This is the elephant in the room with which we must deal. I have raised this matter with the Minister on several occasions and he always comes back with the same mantra to the effect that he cannot interfere in pricing. We know that and that there are various rules. At the same time, however, the Exchequer and the taxpayer are paying a great deal of money to market this beef all over the world.

We send representatives from An Bord Bia here, there and everywhere in order to find new markets. Who benefits from such activity? There is certainly no benefit to the farmer in Ballinaglera to whom I refer who is rearing a few cows and selling a few weanlings. That individual is getting very little out of it. If the taxpayer is going to put money into marketing this product, which has major potential and no one is denying that aspect, there needs to be recognition of the need for some way of ensuring that primary producers get a decent return for their efforts. That seems to be missing in all of this.

Reference was made to a payment of €200 per cow as being the golden bullock that is going to solve all of these problems. I hope this turns out to be the case but I am cynical about it. I have seen what happened in the context of every previous scheme. There was always a way in which the taxpayers' money or the European money ended up in the hands of the same people. Somehow or other it ended up back with the big guys. I am talking mainly about the processors and the supermarkets. They end up with all of the money and the producers end up being squeezed. This is all about achieving balance in the sector and how that can be done. How can a scheme be introduced that will be ensured to have the impact sought without unintended consequences? I will work with anyone to do that and make it happen.

The report, however, is really a cry stating the sector is going down the Swanee if something is not done soon. There has to be some way of ensuring that pricing is central. We can talk about subsidising as long as we like and we will need to subsidise. I understand that concept and there has to be a way of doing it. The problem we have, however, is that the European consumer is paying a dear price for an excellent quality product but the European producer, here in Ireland, is not getting the return for it. That disconnect is the big problem. It will be excellent if the €200 per cow works but please show me how it will work without having unintended consequences.

**Acting Chairman (Deputy Jackie Cahill):** I call Deputy McConalogue.

**Deputy Charlie McConalogue:** I thank the representatives from IFA for attending. I welcome the president and his team. I recognise the work done by the organisation in commissioning this report and the work of those who contributed to it, namely, Professor Thia Hennessy, Dr. Justin Doran, Professor Joe Bogue and Dr. Lana Repar. It is a valuable assessment of the challenges and difficulties facing the suckler sector now and that will continue to face the sector in the short term.

I would like the witnesses to flesh out a number of matters in more detail. The first of these relates to the return for farmers. There is no doubt that margins in the sector are very low and that beef suckler farmers have had to farm very well in order to make a profit. However, it has the largest number of farmers of any sector and very many people depend on it. Figures published in today's edition of the *Irish Independent* indicate a nationwide drop of 11% in suckler cow figures from 2012 to last year. In my county of Donegal, the herd number decreased from 45,000 in 2012 to its current level of slightly more than 39,000. Unlike some southern counties, there is no significant transition into milk farming in Donegal, so the decrease indicates that people are starting to keep fewer cows because, unfortunately, they do not currently perceive a profit margin in the sector.

What impact do the factories have on the margin that farmers receive? It appears that whenever the numbers go up, the factories squeeze their margins. The factories defend themselves by indicating that they pay a European average price. What is the IFA's perspective on the role of the factories in the food chain and the passing on of margins? Is the increasing number of cattle going through feed lots in recent years having an impact on the margins that farmers receive? Does the beef grid need to be looked at again and addressed, particularly in regard to the many farmers who believe they are missing out on proper payments and also in regard to how the quality assurance scheme is operated and the many instances in which farmers are not paid the quality assurance despite having followed the pertinent rules?

We have discussed on many occasions the need for a €200 payment per suckler cow. The IFA has campaigned very actively on the issue. Fianna Fáil has been very proactive and brought a motion proposing that payment before the Dáil early in the summer, as the witnesses are aware. The payment would be made from Exchequer funds. In terms of how it should be applied and implemented, what would be the best way to deliver it to farmers?

Climate change is a continuing challenge which will become more significant in the coming years. What do we need to start doing differently in terms of suckler cow farms in order to address climate change? The smart farming initiative pilot scheme in which the IFA has been very involved has shown that gains can be made without impacting on production. What additional measures can be taken in the suckler cow sector to contribute to reaching our climate targets without affecting production?

The unfortunate reality is that unless we ensure a proper margin for suckler farmers, production will drop. That has been the trend. Unless that trend is addressed, it will continue. The need for a premium for suckler cow beef was mentioned. How much potential is there for such a premium? In recent years, British multiples in particular have been quite happy to use beef from the dairy herd for steak cuts and shelf cuts. Some 50% of our beef goes to the British market. How can we obtain a premium for suckler cow beef? Is there potential in such a measure and, if so, where?

*Deputy Pat Deering resumed the Chair.*

**Deputy Jackie Cahill:** I welcome the delegation. The Minister was before the committee a couple of weeks ago and there was a fair outburst about the position of the beef industry. Unfortunately, there is great despondency about this matter. Farmers just cannot continue with the returns they are getting, so people will begin to vote with their feet and leave the industry. A kill of 40,000 per week is just not sustainable. The mantra previously was that once we went above 30,000 per week, we would be unable to sell that number of cattle profitably. It has been 40,000 per week for two months or more and we are bearing the brunt of that in the returns being received. The only way that can be reduced and our herd retained is through live exports. We have had misfortunes with Turkey whereby that market is virtually closed to us. We hear a great deal about different markets opening up but they will not take a huge volume of cattle. It is essential that we get a significant number of black and white calves out of the country next spring. We must emphasise getting 400,000 to 500,000 Friesian calves out of the country if we are to bring any balance back to the kill. That will take a period of time.

I have a few other observations. We are focusing here on the suckler herd, and I accept it is under pressure, but if we pit farmer against farmer we will go down a slippery slope. This should not be about the suckler herd versus the beef produce coming from the dairy herd. The returns from all systems in beef farming at present are not sustainable, whether it is calf to beef or finishing the weanlings bought in the west of Ireland. Regardless of the system, the returns are unsustainable. The figures for the end price being paid and the cost of producing the beef are not balancing. People are going to get out of winter-finishing and calf-to-beef systems and they will leave suckler farming. We must recognise that all systems are under pressure.

We must also face up to the problem of the Jersey cross and the lack of meat yield from such an animal. Some farmers are trying to offload their Jersey calves, especially through live exports, as something other than what they are. That cannot be allowed to happen. Teagasc has much for which to answer. There is no evaluation of the lack of profit for having Jersey in the progeny. There is the loss in the price of the calf and the loss in the carcass weight for the cow. Many monitor farms run by Teagasc are promoting cross breeds, but there has never been a focus on the negative aspect of income from the beef returns available. Every farm has beef returns, whether from the sale of a calf or that of a culled cow. In my view, that has never been factored into the EBI or the profitability of any system. That must be addressed.

Deputy McConalogue referred to the grid. The grid has not done what it was meant to do and must be re-examined. It definitely will not solve all the ills of the industry. Where the base is set is wrong. It should be set at the old level and there should be bonuses from there up. A huge proportion of the kill is suffering losses on the grid. The only people who have made money from the grid are the beef processors. They are doing that with the quality assurance scheme as well. The number of cattle failing to qualify for quality assurance is substantial, but one never sees that on the package of beef for sale in Sainsbury's in the UK. One will not see whether it is an O-, O= or O+ steer. It will be sold as Irish beef. If one goes into a McDonald's, one sees that it is quality assured beef, but in the vast majority of cases the farmer is not getting any recompense for being in the quality assurance scheme.

We talk about our quality assurance and other schemes and say that we are producing the best beef in the world and that our suckler beef is of great quality. It is of such quality. Unfortunately, retailers and consumers will take all that from us but will not pay us anything in return. If we set our standards high, the retailers will love it and the consumers will be happy, but unfortunately there is no premium being paid for that. Beef farmers are in a very despondent mood. Direct payments are under pressure. Mercosur is lurking in the background and Brexit

is the greatest challenge of all. It is easy to understand why farmers are despondent.

The report is welcome, but I repeat that we should not set farmer against farmer. Our beef industry is not making money for anyone involved in it and we need to resolve that. I accept fully that suckler herds need help if the industry is going to survive. Deputy McConalogue referred to the motion we put down early in the year and the industry must get specialist help. Let us not go down a slippery slope of setting one system of cattle farming against another. No system is making money and it has to change or our beef industry will disappear. The figures in the report about what it contributes to the local economy cannot be overestimated. The contribution of active farmers to a rural area cannot be overestimated.

People are pushing forestry and Deputy Martin Kenny strongly makes the point that the introduction of too much forestry can be terminal for an area. We must be conscious of that when we talk about our beef industry. In large parts of the country, if the beef industry disappears, it will be replaced by trees and, when that happens, the services in those rural communities will also disappear.

Our beef industry is at a crossroads and what is there at the moment cannot continue. No one is going to stay in an industry that is taking hammering after hammering and, as has been said by a number of speakers, the next generation will definitely not go down this route. We discussed, before the meeting commenced in public session, the amount of young farmers entering the industry and if people see the poor returns and the lack of profitability in the different cattle regimes, whether it is calf-to-beef or sucker farming, those potential farmers will say it is not for them. They will take other options with the land and once those other options are taken there is no reversing out of that decision.

**Senator Paul Daly:** Everything has nearly been covered and nothing new will come up in this debate. Everybody knows the situation of the sector and of agriculture in general. I am a suckler farmer and the proceedings here have done nothing to lift my spirits. We are all solution driven but where are we going to get the solution?

The report is excellent in highlighting the difficulties with the sector. There is an elephant in the room and the contribution the sector makes to the rural community has been highlighted. My neighbours and I are sucker farmers because, as Deputy Penrose mentioned earlier, in the area I come from it is not possible to go into dairy or large-scale tillage. Suckler and sheep farming are the only two sectors to which the area is conducive. As has been pointed out in the report, the suckler herd is making a contribution in local, small, rural economies and creating jobs. In many cases the only thing sustaining the suckler farm is that the farmer holds one of those jobs on a part-time or full-time basis. The farmer's off-farm income sustains the enterprise. By the nature of the types of jobs these farmers are taking, it will be a double whammy, a perfect storm, if there is mass abandonment of the suckler herd in areas like those about which I am talking because those little part-time jobs are the first ones that will go. The people about whom we are talking will be hit on the double and that is a frightening scenario that is totally predictable if we cannot sustain the sector. If there is a problem in any sector or walk of life, or inside the bubble here, one is directed towards the solution being education. On this one, however, a bit of PR and education could be part of the solution, leaving the fiscal answers, the €200 cow and the CAP aside. The sector is being damned when one talks about climate change. It is not being highlighted to the general public that we are an agricultural society. When one compares it to transport and power generation, we never had an industrial revolution in this country. It is getting negative press and people are promoting the notion that if we all went vegan, the problem would be solved notwithstanding the fact that we would still be driv-

ing around in diesel guzzling cars and lorries while flying across the world. Collectively in the political bubble and the representative bodies, we must try to get a sea change in the attitude.

We talk about premiums for our suckler beef, but 99 times out of 100, the housewife shops with her purse, not her eyes. Suckler calves, dairy calves and dry cows are going into the food chain and it is all being consumed. How well are we promoting things locally, nationally and internationally? While we all praise Bord Bia and the export markets, are there questions to be asked about how well issues are being promoted around the good carbon footprint and the high quality by virtue of the fact that it is grass-fed suckler beef? Is it getting the premium promotion it deserves? Until it is respected internationally and on the shelves in supermarkets, there cannot and probably will not be a premium. We might have to go back to basics to start promoting this product again. It might look like we are reversing the procedure but one might have to go back to the very basics. I do not have the answers and I do not know where they are going to come from but it might be something as basic as having to go back and readvertise, repromote and rehighlight the quality because it is not being highlighted enough. There could be a bubble out there. I do not like saying it but it might be ready to burst. What promotion have we done on this green grass-fed suckler beef? Where are the dairy calves going when they are fattened? Will someone realise at some point that people are not all getting what they think they are getting? I would like to hear some more opinion on that from the witnesses' side.

**Deputy Thomas Pringle:** Everything has, more or less, been said. I wonder about the increases proposed in the payment under CAP. How are we going to stop the beef factories? The prices will not improve in the factories so what is the point of it? Is it solely that the Government or EU is agreeing the payment so that beef factories will continue to keep prices down? That is the reality of the situation and I do not know how one gets around it or what one does around it, but we have to find something different in relation to it. Deputy Penrose mentioned some possible solutions. Alternatives could include farmers putting some of their land into forestry to get a premium for that. That is over and above and not directly related to suckler cows and would allow them to increase their incomes. Bizarrely, it would go some way to meeting the carbon reduction requirements also. Factories are going to capitalise on whatever farmers get and we may simply have to put up our hands and acknowledge that is the way it is going to be. For every €100 from CAP or the Government, the same amount will drop in the factories and that is fair enough and we will have to live with it. If that is the case, we should be saying so. I do not know how we get around it.

We must also look at the suckler versus the dairy herd. Everybody says the dairy herd is causing the problems for the suckler sector now or that the suckler herd is responsible for the extra carbon, or that we are making money out of the dairy herd of whatever. All this has to be thought out and must not be considered in isolation. It is a very difficult problem and I do not know how a solution can be found, as is evident from the contributions of the members today. It will be interesting to see how it develops. I am interested in hearing whether the delegates have ideas on how any increase from the Government might not result in a reduction in the factories. The impact it will have has been outlined here. We will be back here next year raising the same issue and there will still not be any positive outcome, unfortunately.

**Senator Michelle Mulherin:** I apologise because I did not get to hear the delegates' presentation but I read the helpful report in advance of the budget. I was required in the Seanad.

I have just a few questions, which I hope are not too repetitious. We are all referring to the same themes. I wish to refer to the weak bargaining position of the farmer in the food supply chain and the efforts made at EU level to address this. I understand addressing it will have an

impact on the multiple retailers. How do the delegates propose to address the issue of the meat processors and the factories in order to get a fairer price?

A report by Iowa State University was brought to my attention. It shows that farmers in that state are getting 45% of the retail price of beef. Our farmers are getting only half of that. Why is that? What can we learn from that? What are the differences that would give rise to beef farmers in Iowa getting more for their animals?

On the issue of the beef forum, from which the delegates removed themselves, is there not a need for the forum to resume and for all stakeholders to sit around the table to discuss the various issues, including the concern over the price beef processors are giving to the farmers, the primary producers? Can this not be thrashed out? As the Chairman knows, when representatives of Bord Bia are before this committee, there is always talk of the free market and it is said we have to let market forces operate to an extent. The market is supported by the Government, however, and the taxpayer pays for Bord Bia finding new markets. The Minister goes abroad winning new markets. All this helps the meat factories and retailers concerned. If they do not acknowledge that it is unsustainable if farmers do not get a better price for their beef, there will be no farmers in the sector. We are aware issues arise over land mobility, including the issue of young farmers not being able to access land and not being interested in doing so because of issues such as the one we are discussing, especially on the beef side. Obviously, it is beef we are talking about here today. I would like some feedback on those comments. I apologise if there is repetition.

**Chairman:** There is no doubt there is no silver bullet to the current difficulty.

I reiterate Senator Mulherin's point on unfair trading practices. Will the delegates comment on the legislation being introduced in Europe? How could we make it stronger from our perspective? I do not believe the legislation proposed is strong enough. What can we do at national level to ensure it is strengthened? There was talk about, and the delegates made recommendations on, having a process similar to that across the water, where there is an independent arbitrator in place to deal with difficulties in the sector. There has been a lot of talk here about the processors. The large multiples have a large part to play in the overall equation. That needs to be tackled.

On the point Deputy Cahill made, having farmer against farmer is not a way to go. It is regarded as a solution to everything. Everyone in the entire agriculture sector has a part to play in helping to solve the difficulty.

There was some talk in the past about the part producer groups might play although not so much in more recent times. Some other sectors or groups have been talking up that proposition in more recent times. I am keen to hear the comments of the IFA deputation on that question as well.

**Mr. Joe Healy:** I will start with the Chairman's comments and then work back. The Chairman raised several points, including on unfair trading practices. I was in Brussels yesterday to meet the Austrian Minister, Ms Köstinger, and we met the Commissioner, Mr. Hogan, as well. The meeting was mainly around the Common Agricultural Policy but we got to talking about the unfair trading practices because the negotiators failed to reach agreement last week in the trilogue. Another meeting is due to convene tomorrow. Those involved hope that, because meetings have been arranged in the background, they can reach agreement on the way to move forward. That is crucial. At least discussions are continuing and the Commissioner is keen

for things to move on at pace in the coming months because of the European elections and the Commission changes this time next year. I hope they will reach some sort of agreement on that tomorrow and then the process can be moved on for legal status.

I was asked about some areas that might be improved. There is provision for a three-year review. I realise it is three years down the line, but at least we will be able to see what the teething problems are and what areas might need improvement.

As mentioned, there is an absolute need for an independent ombudsman. In one of these rooms we heard representatives of the Competition and Consumer Protection Commission clearly state – the Chairman will remember this - that the commission's role was to defend the consumer and they had little interest in defending the producer. They said a different person was needed to do that. There is a perfect example in the UK with Christine Tacon, who is the UK Groceries Code Adjudicator. She has stated that the very fact she is in that position almost renders the position unnecessary, but if she was taken out of it for a few weeks we would all see what would happen. The retailers know she is there and they are afraid of her. They fund the office and if she does not spend the money doing research into unfair trading practices then they get the money back. There is a need for such an arrangement here.

Another area where there is major need for scrutiny is the factories. This goes back to some earlier questions. Transparency is a major area within the agricultural markets task force proposals. Everyone knows what the farmer is getting for the beef, more or less. The base price today is €375 or €385. People know what the consumer is paying at the other end. Senator Michelle Mulherin raised this point and referred to farmers receiving 45% of the retail price for beef. It is difficult to know what happens between the processor and the retailer. There is a lack of information and knowledge in that area. Transparency is required. I hope the proposals passed at European level will give us more room.

There were numerous observations and statements with a fair amount of repetition among people but overall people took the view that the report, which is what we came in to discuss, was good and worthwhile and that Professor Hennessy did a good job.

Senator Conway-Walsh, who is not present at the moment, asked about the capping issue. That has been put in the proposals by the Commissioner, not the IFA. Some associated figures have been mentioned.

Reference was made to the areas of natural constraints, ANC, scheme. We ran a series of meetings around the country in the build-up to the review of the scheme. We had several priorities but chief among them was that the ANC payments would reflect the natural handicap of any given area. We lobbied long and hard for this and lobbied all the members of the committee individually. I should have thanked members for their support for our lobbying on suckler cow payments. That was our priority in our pre-budget submission. We got good support from this committee and many of its members highlighted the issue and kept it to the fore. We did not get all we wanted but it was a start.

We lobbied to get the ANC payments restored to 2008 levels at least and between the budget before last and the most recent budget, they were restored to that level. However, they need to be increased further. The ANC scheme review has been done and the proposals in that respect have been set out. Four thousands extra areas have been included and 1,300 have been lost out. We are engaged in explaining the position to farmers in a series of meetings around the country. The first two such meetings were held in Athy and Cavan last week.

The Senator also raised the issue of the agri-environment options scheme, AEOS. It has been more or less replaced by the green, low-carbon, agri-environment scheme, GLAS. We are lobbying hard for GLAS to be opened again. Farmers have fully subscribed to the scheme and have shown an interest in being involved in it for a number of reasons. It relates to another question that was raised regarding the importance of direct payments. GLAS was not mentioned but reference was made to the beef data and genomics programme, BDGP. All those direct payments are of great importance. Any cut to them would represent a cut to more than 100% of the farmer's profits as direct payments make up 113% of the average farm income on sheep farms and 115% on cattle rearing farms. That shows their importance.

I attended our forestry meeting and Deputy Willie Penrose raised the issue of forestry. The Government can do much more for that sector. We are way below the target for forestry planting. The target is 7,000 ha per annum and we barely broke 5,000 ha this year. That shows that not enough is being done to help farmers. If we do not have farmers planting forestry, we will not get the level of forestry we need. There is 185,000 ha of enclosed land that could be planted but for some reason it is not allowed to be planted. Also, the forestry premium needs to favour the farmer planting the land rather than investment funds and so on. We have put that point to the Minister and the Department on a number of occasions and, hopefully, the penny will drop sooner rather than later.

Some people might ask why we should have a suckler cow herd if it is not making a profit and farmers are voting with their feet by leaving the sector. However, the issues of public goods and the maintenance of the environment arise. Tourism figures were released this morning. I do not have them to hand but they were positive. Some 11.6 million tourists visited the country last year and there was a major spin-off from that. Much of that tourism is built on the back of farmers maintaining the rural countryside. People would not be eager to visit the country and look at an overgrown countryside. There are those public goods. There is also the beef sector which is worth almost €3 billion and the spin-off from that to rural areas. Professor Thia Hennessy highlighted two or three of the figures in that respect. Deputy Charlie McConalogue said that the number of suckler cows has dropped from 45,000 to 39,000, which is a 12% decline, give or take. Professor Hennessy's report stated that for every 10% drop in suckler cow numbers, there is a loss of €145 million to the beef sector and a loss of €305 million in total output to the wider economy. That highlights that we cannot simply cull suckler cows and say they are not making a profit on a farmer. There are many other links in the chain.

It was stated that taxpayers will inevitably cop on and stop paying in this respect. Taxpayers are getting a good deal for their money, whether in the shape of the CAP or the beef price. Some 50 years ago, 30% of the average household income was spent on food but today it is between 10% and 12%, and that is because the farmer is not getting paid as much as he or she should be. In the consultation process which the Commission put in place across Europe in the build-up to the CAP proposals, the figures were very positive and it would be interesting for committee members to get hold of them to learn the views of non-farmers about subsidies being given to farmers to ensure they provide an adequate amount of top quality, safe and healthy food at affordable prices. The statistics showed a clear majority of taxpayers in favour of the CAP being adequately funded to pay farmers to continue in this way. This was also made clear at a COPA meeting in Brussels.

There were numerous questions about the possibility of factories gobbling this money up, whether it is €40 or €200. This was mentioned and Mr. Woods and Mr. Kinsella discussed the issue in meetings of the livestock committee. The suckler cow farmer needs support but it is

difficult to find the ideal way to provide it and to guarantee the factories do not gobble it up. The feeling we have is that the further away from the finished animal the money is, the better chance there is of it staying with the farmer. I am not saying it will work out but there is something there to work on.

The issue of pitching farmer against farmer was also mentioned a few times. We always try to avoid that. We represent all sectors of farming and I agree with Deputy Cahill that this should not put one sector against another. There is significant interdependence between the sectors and the IFA will never pitch one against the other.

The importance of live exports was stressed and Deputy Cahill rightly pointed to the weekly kill of 40,000. Last week it was 38,500 and it has been below 40,000 in only two of the past six weeks. As the Deputy said, it is hard to get a price increase at over 30,000 kills, whether the factories say they can manage it or not. The markets are quite tough at the moment but in August and September, when the beef price was rising in the UK and the markets were good, all we saw here were factories cutting the beef price by the equivalent of €100 per head. That was very difficult to take and we met the factories to highlight that. We have also met the Minister and the Department to highlight the very important role which live exports play, which will be particularly so this spring when we need to get as many dairy bred calves out of the country as possible.

Turkey was one of the best markets we had for a couple of years but the uncertainty there two years ago, when the exchange rate went all over the place, meant that the weanling which cost €1,000 here cost the Turkish farmer 3,200 lira. The following year it was 4,500 lira and at one stage this year it was 7,500 lira. To get the same value per weanling they almost needed to get a €1,000 for a weanling for which they had paid €400 or €500 two years ago. That market has really been taken out of the equation.

Another issue highlighted was climate change. We were before this committee last week talking about it. It is important to recognise that we have a huge role to play. I talk about climate change at every IFA meeting because it is a key issue. It is a challenge Irish farmers can embrace. Climate change is a global, not just an Irish, issue. We have to produce our commodity as efficiently as possible in terms of its carbon output. We must use the Teagasc report, research, genetics and science to do it as efficiently as possible and must always aim to do it as efficiently as possible and constantly improve. Farmers have done that, which is why we are now producing 40% more than we were in 1990, while at the same time producing the same amount of carbon. We have found via the smart farming programme that there are further improvements we can make which can lead to a win-win. We can reduce our carbon emissions and also costs on farms. Teagasc has set out a roadmap and highlighted three areas in which to seek improvements: land use, agricultural use and renewables.

We have spoken about farm forestry. Anaerobic digesters and solar power are two key features. However, in that regard farmers have experienced a false dawn and been given false hopes in the case of willow and miscanthus plantations. In other areas such as feed-in tariffs, access to the grid and the development of regional biomass trade and logistics centres, the Taoiseach and the Government must lead the way. There are areas in which we can make improvements, but it is clear that we need Government support.

**Mr. Angus Woods:** The questions from and comments of the members present closely reflect the questions from and comments of members of the IFA on a weekly and often nightly basis as I travel the country to attend meetings. The concerns expressed are well known and

have been well voiced. We are here because of the report we commissioned and the questions are being widely asked. As it was very important to put some structure in place, we hired the best person available to put the report together and deliver it. She did an excellent job, as anyone to whom I have spoken and who has read the report in full agrees.

A broad range of questions and issues arise continually. The issues related to dairy conversion arise on a regular basis and it was pointed out at this committee that not all farms were suitable for it. Farm type, farm land and farm structure are often different. I argue that much of the suckler cow sector is operating on some of the toughest land in the country, but it is doing a fantastic job in converting grass into edible protein for humans on tough land which is not suitable for tillage or dairy production. It is often said our dairy industry is ranked at No. 1 and our beef industry at No. 5 in dealing with climate change. However, the beef industry is operating on the tougher land and pretty good at what it does. Deputy Penrose spoke about the beef genomics and data programme and we see that the Irish Cattle Breeding Federation is now able to include greenhouse gas and climate change figures with it. The beef sector is now in a position to make those strong, coherent arguments and better able to defend our position. Climate change will be an important issue.

The promotion of the quality suckler cow herd is key. We have put significant effort into it and believe there is room to make progress in that space. I am not saying it will be easy, but there is room to make progress and farmers who are producing quality suckler cow bred animals deserve to be rewarded correctly for it. On numerous occasions the meat industry has openly stated part of its key branding image is based on green, quality suckler cow herds. When one walks into a meat processing facility and looks at the picture on the wall behind the desk, it will be of a quality suckler cow herd or the progeny of the suckler cow herd which is being used to promote Irish beef. That is a positive, but we would like to see farmers being rewarded for it. It is something on which we are working and there is room to improve.

I refer to the factories which are taking €200 per cow. We had an issue here last week with factories that had been found to be illegally trimming carcasses. One of the key problems in the sector is a lack of transparency, which builds a lack of trust between the parties involved because if there is no transparency, there is no trust. When it comes to transparency, we have not been found wanting. During previous takeovers of meat factories we put a lot of time and effort into having reports commissioned on the structures in place within the beef industry and how it worked. Therefore, we have been playing our part in increasing transparency. It is a suitable area for the joint Oireachtas committee to become involved in. Senator Mulherin referenced a report from Iowa State University on the percentage farmers were getting; it was perhaps 43% or 45%.

**Senator Michelle Mulherin:** It was 45% on the nominal price identified, of which Irish farmers were only getting half.

**Mr. Angus Woods:** That is a good place where the Oireachtas joint committee could help in making a positive step forward in increasing transparency by rooting around to get the figures to find out what is happening in that space. It would be good to do politically and is an area where politicians could make a really strong difference. The Minister says he cannot do anything about price, but politicians have a real role to play in increasing transparency. It is something that could be worked on.

On protecting the money, Mr. Healy is right. Our opinion is that the closer it is to the primary producer, the farmer who produces the weanling, the better, but live exports also play a

key role in driving competition in the marketplace. The factories will have less ability to manoeuvre the price if there are strong live exports. That is an area in which there is significant room for improvement.

POs were mentioned. We have been clear that we are licensed to facilitate produce organisations and have said clearly that if any group of farmers wants assistance, we will help it out in that space. We are more than willing to work with anyone who wants to talk to us about that issue. It is mentioned in the context of consumers and we also have to remember that this is an exporting country. The European marketplace is key for us. A total of 80% to 90% of what we produce is sold in continental European markets. Therefore, we have to talk about the European, as well as the Irish, consumer and what the European consumer wants and is willing to pay for. They are often different messages. In general, European consumers tell us that they want the highest of standards of production and welfare. They want the highest of everything but in Europe, the CAP tells us we need to do more for less and improve water quality and the environment while trade policy is to have free trade agreements all over the place with beef offered up as part of them and let the beef farmers figure it out themselves. This is why payments to beef farmers and the beef sector have always been important. Historically, the beef sector has always had strong payments with the suckler cow payment, the ten month and 22 month slaughter premiums and extensification premiums. There has always been strong support for the beef sector in Europe. Going back even earlier we had intervention, private storage and export credits, which were built into the price at the time. The change in the way it has been structured means targeted supports for the beef sector are the way forward and they are key.

People have mentioned pitting farmer against farmer. We have deliberately chosen not to do this, which is why we have spoken about targeted payments, as opposed to coupled payments. There was a drive to push for coupled payments by various people in the media. We always have been in favour of targeted payments. We need to reward farmers for doing the work, keeping the animals and farming in an environmentally friendly fashion. This is why targeted payments are critical. The sheep and suckler sectors are designated as sensitive in Europe. If we are going to designate the suckler sector as sensitive but have a trade policy that gives away our European meat market, we have to find a way around it because if it is sensitive we have to support it. This is why we state that targeted payments are absolutely critical. There is a range of other issues I am more than willing to discuss.

**Senator Michelle Mulherin:** Mr. Woods has addressed the issues comprehensively with the exception of the fact that the IFA's voice is not at the beef forum. Surely the IFA is a key stakeholder. There are complexities with regard to pricing and obstacles with regard to the power of the Minister to intervene in pricing. Surely the place for this to be discussed is at the table with the stakeholders where the IFA would be well able to advocate for farmers. This is not happening.

**Mr. Angus Woods:** I was not present at the time but the IFA was the group that lobbied and pushed the hardest for the formulation and establishment of the beef forum to get the key industry representatives around the table with everyone discussing the key problems in the sector. That was the intention. We have missed only one of the meetings, which was the last one. We chose not to attend it for obvious reasons. Farming suffered a long and hard year, specifically in the beef sector. We had everything from rain, snow and drought. We wanted key issues put on the agenda of the beef forum relating to price, suckler cows and Brexit. If the Minister was not willing to put key issues on the agenda, we felt we had to highlight them outside the door. We would have preferred to have been inside, where we had been for all the meetings bar that

one, but not if key farm interests were not going to be addressed. It is not death by PowerPoint every meeting.

**Senator Michelle Mulherin:** Many sectors were looking for additional funds from the budget so while it may not have answered the farmers' prayers, there was recognition of the very difficult place in which suckler farmers find themselves and this was acknowledged by the IFA president. Would Mr. Woods not accept this? The meeting the IFA pulled out of was in advance of the budget meeting. Where does the IFA now stand on engaging in these issues?

**Mr. Angus Woods:** Unfortunately Senator Mulherin was not here when I referred to the €40 payment in my opening statement this afternoon. Does she want me to go back over it?

**Senator Michelle Mulherin:** The question is where the IFA now stands in relation to this engagement. Mr. Woods has recognised its value. Surely it is more important now than ever. As the witnesses know, one does not always get things one's own way but the Minister has given significant recognition of the matter and we are here pushing for more.

**Chairman:** Mr. Kinsella wants to come in.

**Mr. Joe Healy:** Before Mr. Kinsella responds, I found that several meetings I attended were nothing more than talking shops. Hopefully, it is possible for them to improve and get something done, but in Mr. Woods's description, it was death by PowerPoint presentation. It went around the room and out the door, and nothing was achieved.

**Mr. Kevin Kinsella:** On Senator Mulherin's question, I have been at every meeting of the beef forum except for the last one. Every time we raise cattle prices with factories there, the Minister holds up his hand and says "Stop, you cannot raise that issue. I will not allow you to raise that issue here. I cannot discuss cattle prices". We do not accept that and we try to continue discussion and to engage with him, but that has been the Minister's response at the beef forum. Members should understand that that is part of the frustration that our president and livestock chairman had to endure at meeting after meeting.

Second, we did take very strong action prior to the last beef forum. Thankfully we got a response with the help of this committee, including the Senator, the Chairman and others. The pressure was so heavy that the Minister had to respond and he did put €20 million and an additional €40 on sucklers. That was positive and we take it to be so, but it happened because we put on great pressure and ran a very strong campaign and as part of that, the president decided to pull out of the beef forum. It worked in getting additional money for the suckler farmers, which should be borne in mind.

I will make a couple of points regarding today's proceedings. First, we very much welcome this committee's support for sucklers and for the report that Professor Thia Hennessey compiled, which everyone present has complimented. It is a clear message to Irish farmers and agriculture that there is broad consensus across the Houses of the Oireachtas in support of the suckler cow herd in this country. It is very strong IFA policy and a very strong statement from this committee and the Houses.

Everyone who spoke at this meeting has observed, in some way, that the suckler herd needs increased support. The IFA has a clear policy that we want an additional €200 per cow into the sector. I did not hear anyone speak against that today. We take that as a positive thing and that people generally support that. Members of this committee and the Oireachtas have been very strong and very upfront in supporting that which is a positive development and which we

welcome.

This committee has shown a strong sentiment on the important role of sucklers in the Irish beef sector, its exports and perhaps most importantly, regarding the farmers who members represent and how the sector keeps society together. In a crucial part of her report, Professor Hennessey highlighted the role that sucklers and suckler farming play in their local economy. Deputy Martin Kenny highlighted that very clearly in terms of what happens in marts in County Leitrim. The very positive role of sucklers was also evident in counties Donegal, Westmeath and every other county to which we went. It is important that we put that on the record of the committee.

There were many questions on what we can do, how this works and where the factories fit in. To be clear, the role of Oireachtas Members is as legislators. As to how they can help on this issue, the first thing that is needed is increased Government support for the suckler sector. Members of the committee agree that that is required. We propose that the level of direct payments be increased to €200 per cow. We need more national resources and funding. As legislators, members have a key role to play in that regard. In fairness, they played that card strongly in the lead-up to the budget. They will have to do so again in terms of future schemes, budgets and reforms of the Common Agricultural Policy.

Second, we have advocated for additional payments for quality beef. There should be a quality payment in regard to suckler beef. Members have a role to play as legislators in trying to progress that issue, along with processors, Bord Bia, the Minister and the Department of Agriculture, Food and the Marine, and in supporting the case we are making.

Much of the issue in regard to factories results from a lack of competition in that area. Members have a key role as legislators in that regard. The first thing they can do is to strongly support the live export trade, which was a point raised by Deputy Cahill and others. We ask members to offer us strong support in advocating for the live export trade and trying to maximise our number of live exports. We are facing a big challenge in calf exports and the increase in the dairy herd this spring and we ask the committee to help us in that regard and to continue to push for the best positive result.

My colleague, Mr. Woods, addressed CAP reform and international trade agreements in detail. As legislators, members have a significant role to play on those issues in terms of increasing the level of direct payments to sucklers under CAP, ensuring that direct payments to livestock farmers continue and, of course, in respect of international trade agreements such as with Mercosur, which involves countries such as Brazil.

We will take many positives from today's meeting, such as members' support for the suckler sector and the strong, unequivocal support of the committee for the campaign to increase direct payments to €200 per cow. We thank the committee in that regard.

**Deputy Martin Kenny:** On a related matter, the €40 payment per cow that was delivered in the budget was a payment for an action. We are €160 short of the €200 payment which is sought. Are the witnesses satisfied that such a payment of €160 must be linked to an action? The Minister, Deputy Creed, and others point out that issues such as state aid rules come into play when money is allocated to farmers or other sectors. Do the witnesses accept that such payments must be linked to actions? What is their view in that regard? Advocating for a payment of €200 per cow is fine and it is a lovely tag line, but we need to get into the detail of exactly how it can be delivered in an achievable manner.

**Chairman:** In the light of the current position in terms of climate change and such issues, is it fair to say that it is very unlikely that a payment of €200 per cow would be made without being linked to an action? Mr. Kinsella summarised the purpose of the meeting and what has been discussed quite well. We are coming to the end of 2018. Will the big discussion about where we are going be in regard to CAP and reform? The budget will be discussed from a European perspective early in the new year. In the event that the budget is agreed, it will require a difficult balancing act because if one sector is to receive more on the basis that it is in a difficult position, the additional funding will have to be taken from another sector.

**Mr. Kevin Kinsella:** To respond to Deputy Martin Kenny and the Chairman, the IFA has never said it wants €200 per cow and that suckler farmers would not do anything for that money. Certain conditions attach to direct payments. We have always advocated for cross-compliance of good farming and agriculture conditions. We always meet those conditions and farmers are prepared to meet them. There are other issues, as Deputy Kenny says, that farmers face. In the current scheme under which €40 per cow is provided - the pilot scheme the Minister introduced this year - there is a requirement to weigh the cows and calves. We have met the Department about this and Mr. Woods has addressed it. While the IFA wants to keep the work involved to a minimum, we did not tell the Department we wanted €40 per cow and that we would not do anything for it.

I want to clarify the issue relating to payment of CAP and national resources because there has been considerable misinformation about this. The IFA has never suggested that we take one penny from any other farmer to make an additional payment to suckler cow farmers. The Minister and others keep asking where we will get the money and who we will take it from. We never suggested at any stage that we should take one penny from any other farmer. We made two suggestions. We need additional national resources to make additional payments for suckler cows. In the context of the CAP, we have been clear all along that any targeted payments for suckler cows should come from CAP Pillar 2 schemes. Those schemes do not involve having any negative impact on the basic payment to farmers. We have been crystal clear about that. Some people have tried to confuse the issue by suggesting we are trying to take payments from farmers. We want to nail that myth on the head today because that is not the case. We are talking about targeted Pillar 2 payments under a targeted scheme for suckler farmers. There are two methods of funding under that. There is CAP Pillar 2 funding and there are additional national resources.

Confusion has been brought into this by people who do not want to do certain things. We have discussed this at the highest level in the European Commission and it has been explained to us that we are short only resources in terms of trying to make an additional payment of €200 for suckler cows. If the committee backs the campaign for resources and €200 per suckler cow, which I understand it does, that would be a great help in getting additional national resources. It requires a combination of national resources and CAP Pillar 2 funding.

**Mr. Damian McDonald:** There is a concern that we have put everything off until the next CAP and, looking at some of the decisions in Brussels this week, there are increasing concerns that the CAP could be delayed. The issue of the decline in suckler cow numbers is urgent. We acknowledge that new money has been allocated for suckler cows in the budget in the form of the €20 million in funding and through the areas of natural constraint scheme. This has been a help and it is important to mention that.

It would be remiss of us to finish without talking about the future and the clear and present danger posed to the sector by Brexit and where we sit at this point. If we end up in a no-deal

Brexit scenario, the Irish beef sector is probably the most vulnerable sector in Europe. As well as having difficulties getting our product into the UK, if the product goes back to the European market, where 45% of our beef already goes, it will cause major problems with the price of beef there. As part of the contingency planning for a no-deal Brexit, the beef sector must be right at the top of the Government's and Europe's efforts. There must be a floor on the price of beef and protection measures to save our members. As a result of issues with sterling, there is already pressure on the system in terms of price. There is no doubt that the uncertainty around the corner with Brexit coming on 29 March is not helping confidence in the sector. That must be put on the record when we are talking about such matters. There is an elephant and although it is not yet in the room, it is coming straight for us. Any citizen, farmer or person interested in the sector must be increasingly worried at how things are playing out.

**Chairman:** On that Brexit elephant, so to speak, tomorrow we will publish our updated report on Brexit and its implications for the agriculture sector. It will be dealt with in detail and we are trying to keep ahead of the posse in that regard, although it is difficult to do so. As there are no further questions, I thank the members of the IFA, Mr. Joe Healy, Mr. Kevin Kinsella, Mr. Angus Woods and Mr. Damian McDonald, for coming before us today and having a good and open discussion on what is a very important matter. I also thank members.

As there is no further business and today is our last meeting before Christmas, I wish everybody a very happy and peaceful Christmas. There is no doubt we will engage again in the new year. I hope we will not have to reconvene because of some storm or weather event between now and 15 January, when we are due to resume. I also thank the broadcasting staff behind us, the Debates Office and the secretariat, including Ms Josie Briody, Mr. Hubert Higgins and Mr. Jack Nugent, who is putting the final touches to the Brexit report. I also thank everybody else involved with the committee over the past year. It has been a busy one in which we had 36 meetings and published a number of reports. We have been engaging in Brussels and Croatia. Next year will be as busy as this year. In addition to Brexit, the Common Agricultural Policy will be the other main focus of attention. It is a major issue that was mentioned briefly today. There are major challenges and we must all work together to achieve a positive outcome for the agricultural sector.

**Mr. Joe Healy:** I thank the committee and the staff who are here. We did not attend all 36 meetings but we were at a fair few of them. I reiterate our gratitude for the constant support provided by members both inside and outside this room. I wish everybody a very happy Christmas. We will attend most of the committee's meetings in the new year.

The joint committee adjourned at 6.25 p.m. until 3.30 p.m. on Tuesday, 15 January 2019.