

DÁIL ÉIREANN

AN COMHCHOISTE UM THALMHAÍOCHT, BIA AGUS MUIR

JOINT COMMITTEE ON AGRICULTURE, FOOD AND THE MARINE

Dé Máirt, 19 Feabhra 2019

Tuesday, 19 February 2019

The Joint Committee met at 3.30 p.m.

MEMBERS PRESENT:

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

In attendance: Deputies Danny Healy-Rae and Eugene Murphy.

DEPUTY PAT DEERING IN THE CHAIR.

Business of Joint Committee

Chairman: I ask members to make sure their mobile phones are completely turned off. I propose that we go into private session to deal with housekeeping matters. Is that agreed? Agreed.

The joint committee went into private session at 3.38 p.m. and resumed in public session at 3.55 p.m.

Future of the Beef Sector in the Context of Food Wise 2025: Department of Agriculture, Food and the Marine

Chairman: I remind members and witnesses to make sure their mobile phones are completely turned off as they interfere with the broadcasting system.

Today we are dealing with the future of the beef industry in the context of Food Wise 2025. I welcome the witnesses from the Department of Agriculture, Food and the Marine: Ms Sinéad McPhillips, assistant secretary; Ms Maria Dunne, head of division of meat and milk policy; and Ms Wila Bruce, economics and planning division. I thank them for coming before the committee to discuss the future of the beef sector in the context of Food Wise 2025.

I want to bring to the attention of the witnesses that they are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, 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 and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it 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 understand Ms McPhillips will make an opening statement.

Ms Sinéad McPhillips: I thank the Chairman for the opportunity to brief the committee on the latest position in respect of the beef sector and Food Wise 2025.

The agrifood sector is Ireland's largest indigenous industry, accounting for 7.8% of modified gross national income, 7.9% of employment and 11.1% of merchandise exports. According to the Central Statistics Office, CSO, the estimated output value of the beef sector at farm level in 2018 was almost €2.4 billion. Last year agrifood sector exports totalled €13.6 billion. Irish food is produced by thousands of farmers, fishermen and agrifood companies around the country and this locally produced food is exported to more than 180 countries worldwide. In 2018,

beef exports were valued at €2.4 billion.

I am conscious that the past year has been difficult for the beef sector, particularly in terms of unprecedented weather events, which resulted in increased input costs due to fodder shortages. The Department is deeply committed to fully supporting and developing Ireland's beef sector.

One of the unique strengths of the agrifood sector as a whole has been the shared vision for the sustainable development of the sector in Food Wise 2025. It is crucial that we all continue to work together to address the challenges facing the sector. The Minister for Agriculture, Food and the Marine, Deputy Creed, at meetings of the beef round table, has highlighted the need for stakeholders to recognise their interdependency, to support the sector through efforts to add value and to increase the strength of all links in the supply chain.

Officials in the Department are currently engaging extensively with stakeholders regarding beef producer organisations which have strong potential to help strengthen the position of the primary producer in the supply chain.

The Department is also engaging with the Directorate General of Agriculture and Rural Development and with stakeholders in giving consideration to the possible development of geographical indication, GI, status for Irish beef.

The Minister has also made considerable efforts towards facilitating and developing the live export trade, including leading a trade delegation to Turkey last year. The live trade will again be a focus of efforts in 2019.

I know the committee has had briefings from colleagues in the Department on Brexit impacts and preparedness as part of the whole-of-Government Brexit preparations. Brexit poses enormous challenges for the agrifood and fisheries sectors, and for the beef sector in particular. Almost half of our beef exports, by both value and volume, go to the UK market, accounting for almost €1.2 billion of exports in 2017. In a worst case, no-deal scenario, tariff and non-tariff barriers, sterling volatility, potentially transport delays and additional overheads would all impact significantly on the competitiveness of Irish beef exports to the UK.

In stepping up to the challenges posed by Brexit, the implementation of the Food Wise 2025 strategic recommendations seems more relevant than ever.

Food Wise 2025, the ten-year strategy for the agrifood sector, includes more than 400 detailed recommendations, spread across the cross-cutting themes of environmental sustainability, market development, competitiveness, innovation and human capital, as well as specific recommendations for key sectors including beef. The strategy suggested that ambitious growth projections for the value of the sector were achievable if the recommendations were implemented, for example, projecting an increase of 85% in the total value of exports to €19 billion, and an increase of 23,000 in direct and indirect employment, by 2025. I should stress that these projections did not include volume growth targets.

Food Wise 2025 implementation is very much a live and continuously updated process. The Minister chairs the high level implementation committee, HLIC, involving senior officials from relevant Departments and State agencies. The committee meets seven times annually to review progress, as well as engaging with stakeholders on key sectoral issues. The meat sector is discussed in detail at the HLIC on a regular basis.

A strengths, weaknesses, opportunities and threats, SWOT, analysis was undertaken for each sector and published as part of the Food Wise 2025 strategy in 2015. This SWOT fed into the actions for beef, and across the wider themes of Food Wise 2025, which are updated quarterly and reported to the Minister through the HLIC.

The beef sector SWOT illustrates the strengths of the sector as one of our most important indigenous industries. The strong reputation of Irish grass fed beef production, our welfare friendly production system, our cattle and beef traceability systems, and Origin Green's sustainable quality assurance scheme, support our strong reputation in traditional markets. Opportunities for the sector were identified in the global growth in protein demand and the possibility for expansion into new markets, building on the reputation and quality of our beef. In addition, the use of beef genomics, breeding indices and sexed semen were identified as opportunities to address beef quality from the dairy herd and improve technical efficiencies in the suckler herd. Weaknesses were also identified in the sector, including structural issues, low profitability, the sector's dependence on direct payments and dependency on the UK market. Threats identified by the SWOT included animal disease outbreaks, food safety incidents, raw material supply changes linked to dairy expansion, and the possible threats linked to new trade deals and CAP reform.

I will now outline how the issues raised in the beef SWOT have been addressed across the five cross-cutting themes of Food Wise 2025. Market development identifies the need to ensure that food exports are targeted at the right markets, and at the right segments within these markets. Opening and developing new markets is a key part of the Government's response to the uncertainties arising from Brexit, and is particularly important for beef exports. The opening of the Chinese beef market, following a huge effort by Team Ireland over a number of years, presents an excellent opportunity for the beef sector from farmers right through to processors.

In 2018, the Minister, announced also the opening of the markets in Qatar and Kuwait to exports of Irish beef, poultry and sheepmeat; again reflecting ongoing efforts on market access and market development. As part of the Department's action plan on intensifying international market access, a new online international market access tool was developed. This portal provides information across some of the major export sectors of dairy, meat, seafood and live animals. These initiatives should be of direct assistance to the beef sector. They are consistent with the Food Wise 2025 strategy, and are all the more relevant against the background of Brexit. The Department will keep market access efforts under review, to ensure that resources are deployed to best effect and that our efforts are focused on making real progress in priority markets.

Of course, ensuring the highest standards of food safety is fundamental to our industry, and particularly to our export success. Environmental sustainability is at the heart of Food Wise. Ireland is one of the world's most efficient food producers, in terms of carbon footprint per unit of output, but under Food Wise 2025, we are implementing measures to drive down the carbon intensity of our food production even further. Initiatives such as Bord Bia's world leading Origin Green programme, Teagasc's research on climate change and environment and the support for national and locally led environmental schemes and knowledge transfer programmes provided under the Department's rural development programme, RDP, as well as our forestry development programme, all contribute to improving the environmental, as well as the economic and social, sustainability of the sector.

The joint committee will be familiar with the overall climate challenge which Ireland faces. The Minister has reiterated that every sector will need to play a part and step up to do more on

climate action.

Food Wise 2025 identifies competitiveness as a key theme and includes a recommendation that stakeholders work to “improve access to finance for agriculture, forestry and seafood producers and agri-food companies” and the Department has been involved in a number of initiatives in recent years, including the agriculture cash flow loan support scheme, the Brexit loan scheme for SMEs, and the forthcoming future growth loan scheme, focused on capital investment for farmers, fisheries and SMEs. These initiatives have also acted as a catalyst to encourage financial institutions to improve and develop new loan products for the sector.

Significant progress has also been made on agri-taxation measures focused on the areas of land mobility and succession.

Under the human capital theme, Food Wise identified a series of actions that support the development of ongoing and lifelong education, training and knowledge transfer programmes for farmers. The knowledge transfer programme under the RDP has provided significant investment in providing high quality training and upskilling for Irish farmers. The beef programme currently includes approximately 570 knowledge transfer groups comprising approximately 9,300 participants. Participation by those in the beef sector is by far the largest of all six sectors involved in knowledge transfer.

Under the innovation theme, a key Food Wise 2025 action was the establishment of a meat technology centre, as a centre of excellence for meat processing and innovation. Meat Technology Ireland opened in 2017. It is an €8.1 million five-year research and innovation programme, developed by industry and co-funded by Enterprise Ireland and a consortium of nine beef and sheepmeat processing companies. It is hosted by Teagasc at its Ashtown Food Research Centre facility, with DIT, DCU, UCC and ICBF as research providers. The centre has an agreed research programme focused on topics, including genomics, tenderness, shelf life, carcass characterisation, meat and health. Food Wise 2025 also recommended the establishment of a high level innovation team. This high level team was established last year, and will report back to the HLIC in 2019.

Regarding other supports for beef farmers, the Department has rolled out a range of schemes as part of the €4 billion RDP. The beef data and genomics programme, BDGP, is currently the main support specifically targeted for the suckler sector, which provides beef farmers with €300 million in funding during the current RDP period. This scheme is an agri-environmental measure to improve the environmental sustainability of the national suckler herd by increasing genetic merit in the herd. In addition to the BDGP, other supports which are available for suckler and sheep farmers under Pillar 2 of the CAP include GLAS, areas of natural constraints, ANCs and knowledge transfer groups. Suckler farmers also benefit significantly from the basic payment scheme, BPS, and greening payments under CAP Pillar 1. Teagasc’s national farm survey data suggests that suckler farmers receive support equivalent to approximately €500 per suckler cow on average across all schemes. It is also envisaged that suckler farmers will be the primary beneficiaries of the €23 million increase in the areas of natural constraints, ANC, budget announced in the Budget Statement 2019.

A sum of €20 million has been made available under the beef environmental efficiency pilot, BEEP, scheme which was recently launched by the Minister and is open for applications until this Friday, 22 February 2019. The pilot is aimed at further improving the economic and environmental efficiency of beef production, by measuring the weaning efficiency of suckler cows.

In November 2018, Michael Dowling presented the Food Wise Meat Implementation Group report to the HLIC. This group was convened to monitor and drive the implementation of the meat-specific Food Wise 2025 actions and the future development of the meat sectors. The report followed a series of meetings between the Department and stakeholders across the beef, sheep, pig and poultry sectors. The Department was encouraged that this group, comprising stakeholders across the meat sectors and in different tiers of the supply chain, collaborated to produce a useful report, which will provide valuable input in the effort to deliver on the ambition of Food Wise 2025. The issues raised in the group's report included an acknowledgement of the need for specific supports for the suckler sector, and the need to work on the issue of beef from the dairy herd. The possibility of introducing some form of targeted support for the suckler sector was recommended by the group. However, it is accepted that such measures, in addition to providing income support, should be clearly geared towards bringing environmental and welfare quality benefits. Consideration of these issues has fed into the development of additional supports for the sector such as the BEEP pilot.

The Department's key priority in respect of CAP reform is to ensure an adequate CAP budget for the agrifood sector. The CAP budget is fundamentally important to Irish farmers, particularly now at a time of Brexit uncertainty and in the context of dealing with serious climate change obligations and challenges in the future. Based on nine objectives, the future CAP will continue to ensure access to high-quality food and strong support for the unique European farming model. The Department is currently examining all appropriate measures to support the different agrifood sectors during the CAP reform process.

Finally, we have now begun preparations within the Department on developing the next ten-year strategy to replace Food Wise 2025. It is envisaged that this will be published in 2020. Without pre-empting the content of the next plan, it is clear that the broad, cross-cutting themes contained in the current strategy will continue to remain highly relevant. Clearly, there are broader policy developments that will have a strong impact on the development of the strategy, particularly the outcome of CAP reform, climate action and Brexit.

In terms of process, 2019 will see the preparation of background discussion papers, a public consultation, a stakeholder event, the establishment of an independent committee by the Minister, and the beginning of that committee's deliberations. In 2020, the committee should conclude its work by agreeing a new strategy, which will then be subject to an environmental assessment before finalisation. The Department will be seeking the views of the joint committee as part of the process, and looks forward to input from the committee on the new strategy.

Chairman: I thank Ms McPhillips. I have a number of questioners. First, I will call Senator Conway-Walsh, followed by Deputy Martin Kenny and Deputy Cahill.

Senator Rose Conway-Walsh: I thank Ms McPhillips for her presentation. There is extreme concern in the farming community about current prices and the fact that incomes have fallen by 16%, without Brexit. The price of beef is at an all-time low. What has the Department done regarding exports? Some 52% of beef is exported to Britain. What specifically has the Department done to ensure that the 52% of product that goes to the British market will be protected and that Irish beef will hold its position within the British market?

Have payments for suckler cows been seriously considered? The IFA and other farming organisations are asking for a support package of €200 per cow. What has the Department done to increase the prices paid by factories? They are tangible issues. I welcome the developments such as the beef genomics schemes and other schemes Ms McPhillips has mentioned but there

is a real urgency around securing the current incomes and addressing the shortfalls that exist even without Brexit.

Deputy Martin Kenny: I thank Ms McPhillips for her opening statement, which was informative. She said beef exports are valued at €2.4 billion. Is that the value at the farm gate? Is it correct that it is the return to the farmer or is that the value from the processors' point of view?

I acknowledge there is a continuous effort to create more markets and to push further afield and ensure more markets for Irish produce wherever the Department can, and to get the right space in the right market as well for our unique product. However, one gripe I have had for some time concerns the return to the farmer. In a sense, taxpayers' money is used through Bord Bia and other agencies to find markets and to research and develop them in various countries, yet the primary producer is the one who always seems to be squeezed. In the context of Food Wise 2025 or its replacement, is there a possibility of putting in some ratio whereby as the price increases for the product, the primary producer will have an entitlement to an element of that price? The difficulty we have is that farmers get continually squeezed while processors and supermarkets seem to be making money at their expense. We need to find some way to manage that in a fair and more appropriate manner.

Various supports are in place that go back to the farmer such as for suckler cows and the ANC payment. From what we hear about the next CAP agreement there will be more of a focus on environmental measures and public good that is being done by the farmer rather than what farmers produce and how they produce it. I would like more information if it is available on what benefit there will be to farmers in future. Many suckler farmers I have spoken to say they are keeping as few animals as they can to get the maximum number of benefits and they do not see any payback for increasing stocking levels or even keeping them at the previous level. Pressure is coming from all directions to scale back. In her opening remarks, Ms McPhillips referred to increasing the value rather than increasing the volume. While that may be the case, there is a fear that the value is for somebody else rather than for the farmer. Some element of clear advantage is needed for farmers to save the suckler cow and beef sector.

Deputy Jackie Cahill: I thank the officials for their presentation. I hope they will not take anything I say in the next few minutes personally, but it is an understatement to say I am cross following what I heard. I am a dairy and beef farmer and the lack of realisation about the current crisis in the beef industry is frightening. Ms McPhillips said that our food is exported to 180 countries worldwide and that 96% of beef is sold within the EU while the other 4% goes outside in the form of offal. It is bunkum to say we have all these great markets for beef. We are not selling it. We have not moved one iota in the past ten years as regards developing markets. Let us state facts rather than try to hoodwink people. The reality is that 96% of beef is sold within the EU and what is sold outside of it, to China and elsewhere, is sold as offal. Only a wheelbarrow of beef went to the United States. We also heard that: "The Department is deeply committed to fully supporting and developing Ireland's beef sector." Our sector is on its knees. I have never seen such despondency among beef farmers. There is no mention of the profitability of fattening cattle or producing beef in Food Wise 2025 other than to the reference to low profitability in the sector. The reality at the moment is that farmers are losing money hand over fist. A conservative estimate is that cattle would want to make €4.60 per kg to break even due to cost of feed for cattle at the moment. Steers are going on the grid at €3.75 per kg. God help whoever has Friesian steers to kill because one will only get, maybe turnabout, €3.40 per kg. Cattle are losing a fortune and beef farmers are losing a fortune.

The opening statement reads: "Minister Creed has also made considerable efforts towards

facilitating and developing the live export trade, including leading a trade delegation to Turkey last year. The live trade will again be a focus of efforts in 2019.” There are no cattle over 12 months of age being exported at the moment. We have no market for live exports. We have a situation where we knew that the dairy herd was going to expand rapidly and we did not put the infrastructure in place to get Friesian calves out of the country in greater numbers. We exported 160,000 calves last year, Bord Bia received a levy of around €300,000 when it exported those calves and we have not got adequate lairage facilities on the Continent to take calves this spring. Our dairy herd is expanding at a fairly significant rate and we will be lucky to hit exports of 160,000 calves this year. In my opinion, instead of efforts focusing on live exports we have gone the other way.

Food Wise 2025 and market development were mentioned in the statement. I have outlined the figures that clearly show that market development has not happened. The last line in the first paragraph on Food Wise 2025 reads: “I should stress that these projections did not include volume growth targets”. Why not? We knew that there would be more cattle in the country so surely there should have been volume growth targets in place. We knew the dairy herd was going to expand at a very significant rate. The other side of the report stated we were going to increase milk production by 50% by 2020 so we knew there would be a serious increase in cattle numbers in the country but no volume growth targets were put in place. To me, that is just ignoring the inevitable. Unfortunately, the inevitable has arrived and for the past three to four months there has been a kill of 40,000 cattle per week, which we are just not able to sell at a viable price. That is the reality of Food Wise 2025 and, unfortunately, that reality is not being faced up to.

I have underlined the parts of the presentation that annoyed me the most. Sexed semen was mentioned. Yes, sexed semen would play a huge part but have we done anything to develop it? Has money been invested in developing sexed semen? Has sexed semen become economically viable? Has the fertility of sexed semen improved? No, it has not and no resources have been put into the sector.

Again, there are weaknesses such as low probability. Beef farmers would be delighted if they were able to discuss probability. The real discussion is on how much is being lost at the moment.

All through the document there was no mention of the person who is finishing those cattle. In reality, the man who buys store cattle coming from the dairy herd or the weanling being chosen by the suckler, is unable to give a viable price for them if he has not got a margin for feeding those cattle. That is the major problem that faces us with young cattle this spring when cattle start to come out of the sheds to be sold. Is the man who has finished the cattle going to have any firepower to buy the store cattle? That is without discussing the complications of Brexit and the huge damage that Brexit can do to our main market, which is the UK.

In terms of loans and low-cost loans, farmers have waited two years for what was announced in 2017 to be put on the table. The initiative has repeatedly been postponed. If a beef man approached a bank for a loan he would not be entertained because, unfortunately, in order to get money from a financial institution one must have the financial capacity to pay it back and no beef man has that capacity at the moment.

In terms of the statement, there is “€500 per cow on average across all schemes”, if one said that to a group of beef farmers in a room one would want to be sitting very near the door because in reality that suckler cow is costing that farmer money. I accept that, bar the knowl-

edge transfer scheme, he can avail of schemes such as GLAS, ANC, etc., and have donkeys on his holding. However, he does not have the suckler cows to avail of any of those schemes. To insert the figure of “€500” in the statement is at best highly irritating to suckler farmers, and I could use a far stronger term. It is demeaning.

It is four years since quotas were abolished so it is late in the day to be thinking about the need to work on the issue of beef from the dairy herd. We have the serious issue of cross-breds being produced in the dairy herd. As I said earlier in terms of sexed semen, we could produce Aberdeen Angus and heifer cattle from the dairy herd that would go into the heifer prime and the Aberdeen Angus schemes, that have been promoted fairly extensively, but no work has been done whatsoever on this matter.

The next CAP reform was mentioned. At the moment beef farmers are eating into their CAP payments to keep bread on the table. It is going to be a huge Everest to climb to maintain the existing CAP budget. We have the black hole that will be generated by the exit of the UK from the EU and it is going to be hugely difficult to maintain the CAP budget.

Immigration and defence are becoming major issues with other EU member states and the importance of CAP has diminished among a lot of our fellow EU members. Unfortunately, the reliance of farmers on their CAP payments will increase but the same budget will not exist.

My comments are not a personal criticism of the assistant Secretary General because we are discussing a document produced by the Department. If that is how the Department responds to the challenges that are being faced by the beef industry then it is an insult. There is no realisation of the huge crisis that is in beef farming. If we wait around like Nero watching Rome burn then we will not have a beef industry in 12 months time. We have failed to get Friesian calves out of the country this spring in the numbers that are needed. There is now talk about getting facilities in Cherbourg. We are in the middle of the calving season so we are not getting calves out in the numbers needed and, unfortunately, the 40,000 kill that we had for the last three to four months will be maintained. There are men who have Friesian bulls coming to 24 months of age and they are begging processors to take them off them. They are not asking the price just “Will you kill them for me?” because once the bulls go over 24 months of age their value is dramatically reduced. A neighbour of mine had very good cows to sell the other day and he was told they would be taken off him in three weeks’ time. The crisis that our industry is experiencing cannot be overestimated. To me, this response by the Department is poor in the extreme.

Chairman: I will carry on from where Deputy Cahill stopped. The body of work for this committee is to analyse where the future of the beef industry lies based on a SWOT analysis. The Department conducted the SWOT analysis in 2015. That was before David Cameron even decided to have a referendum on Brexit, before the referendum took place on 23 June 2016 and before the British public made a huge mistake in terms of their decision on Brexit. How accurate is the analysis in view of all that has happened since 2015? Are the findings up to date? Climate change is coming down the line. How will we square the circle of increasing production while people on the other side of the argument complain that stock numbers have been increased by too much?

It is a fact that 115% of a suckler farmer’s income comes from Europe. I imagine such a situation is unsustainable going forward. The only way that viability for suckler farmers can be maintained is by getting a decent and fair price for their product at the other end of the scale. That is where the problem lies. What more has been done to try and equalise the situation, particularly as the 115% will not be sustainable? How can farmers with suckler herds remain

viable without depending on the money that comes from Europe on an annual basis?

I will feed back into the conversation Deputy Cahill started about SWOT analysis and the strengths, weaknesses and challenges for the industry, of which there are many. The strengths are the obvious ones we know about, grass fed and so on and so forth, and traceability. The weaknesses and challenges are probably greater in 2019 than they were in 2015 when the analysis was done. Ms McPhillips might address those points when she is ready.

Ms Sinéad McPhillips: I will try to work through the questions in order. Please come back to me if I miss any of the questions.

The Department recognises that Brexit is a significant threat to our beef sector and to exports. Much of that rests on the decision that the UK will take about the tariffs that are applied. If the UK makes a decision to apply the EU's tariff schedule for beef, the work that the Department has done has estimated that would incur a tariff cost of the order of 70% on our beef exports to the UK. That would be a cost of €780 million if it was a once-off payment and would seriously undermine the competitiveness of our beef in the UK market.

We hope that is not the decision the UK will take. It will take its decision over the next week or so, we understand, as to what specific tariff regime it will apply to exports from the EU. That is largely outside our control. The Minister has, since the referendum, travelled around Europe, sensitising our partners and the European Commission to the threat that Ireland faces from Brexit, particularly in the context of the beef sector. The Minister has had significant engagement with his counterparts in other member states about that threat. He recently met - one of a series of such meetings - Commissioner Hogan, explained the issues to him and sought whatever assistance is available from the EU if that no-deal, hard Brexit, hard-tariff scenario emerges. We very much hope it will not. There has been a detailed and good understanding from Commissioner Hogan and Commission officials from the DG Agriculture and Rural Development of the exposure of the beef sector to those impacts. We recently had a visit from a delegation from the DG Agriculture and Rural Development to discuss in more detail what avenues of EU support might be available in that event.

Senator Rose Conway-Walsh: Therein lies the problem. Our beef industry, or at least the 52% of it that exports to Britain, is completely at the behest of the goodwill of the Tories and dependent on the deal. In addition to what is happening with beef prices, that is absolutely enormous. Farmers are concerned that, while discussions may be going on, they need something tangible that can be drawn down at short notice. The Department knows how long it takes to put schemes in place because of IT systems and whatever else is needed. If a hard Brexit is followed by eight to 12 months without supports, thousands of farmers, will not be able to remain in business.

Chairman: If I can sum up what Senator Conway-Walsh is saying, the worst-case scenario is 70% tariffs. What work has been done to counteract that at the moment?

Senator Rose Conway-Walsh: That is what I am trying to get at. What will be immediately available come the beginning of April? Can the Department give reassurance to beef farmers? We have seen how the Tories have handled Brexit so far and it does not fill people with confidence. We are concerned that an industry that is already on its knees is going to be-----

Ms Sinéad McPhillips: The Department shares that concern. We have had detailed discussions, as I mentioned, with Commissioner Hogan and officials from DG Agriculture and Rural

Development about the avenues of EU support that might be available. We stressed the urgency of deploying those measures immediately if that worst case scenario transpires. The avenues we have been discussing include traditional market supports under the Common Market organisation regulations such as aids to private storage and public intervention. There is also exceptional aid available under that regulation.

The Minister has made the point strongly that those traditional market supports are not adequate to maintain beef prices because the intervention rate is set at a very low level and would not be impactful on the crisis we would be facing. We have focused on the ask in terms of exceptional aid. That has been deployed by the EU in the past. A particularly relevant example is when the Russian ban was introduced in 2014 and exceptional aid was used to help the Baltic states and Finland, whose market was basically wiped out overnight as a result of the ban. There was a rapid EU response and deployment of exceptional aid for those countries.

The other avenue we are pursuing, apart from the Common Market organisation regulation, is that relating to state aid regulations. General state aid is administered by the DG Competition. Along with colleagues in the Department of Business, Enterprise and Innovation, we have had a lot of discussion with the DG Competition on those general state aids, mainly for the processing sector. We have also discussed state aid under agriculture guidelines with experts in the DG Agriculture and Rural Development and what flexibility might be available.

There has been a willingness on the part of the EU to engage in detailed discussions. The deployment of those instruments would be urgent if the worst-case scenario transpires. That is what the Minister will be pushing for.

Senator Rose Conway-Walsh: I just-----

Chairman: I will let the Senator back in when Ms McPhillips concludes.

Ms Sinéad McPhillips: Commissioner Hogan has reiterated the EU's readiness to respond and to support Ireland. We will obviously remain in close contact with the Minister, the Commissioner and officials on these issues as the situation evolves.

Senator Rose Conway-Walsh: If a decision on exceptional aid was made tomorrow, how long would it be before said aid reached farmers?

Ms Sinéad McPhillips: The decision on exceptional aid would depend on the outcome of Brexit.

Senator Rose Conway-Walsh: When the Russian ban was applied, how long did it take from the time the decision was made until aid reached the farmer?

Ms Sinéad McPhillips: Ms Dunne might correct me, because she was in Russia at the time, but it was in December.

Ms Maria Dunne: It was in December and the ban was introduced in August. It must be remembered that it was a different situation because the ban came in overnight. While there were ongoing political difficulties, we did not realise the ban was going to come in. It came in overnight on 6 August 2014. There was no time for either the Commission or those states to prepare for it.

Senator Rose Conway-Walsh: Once a decision was finalised about exceptional aid, would it be paid to the farmer within weeks?

Ms Sinéad McPhillips: We would certainly be pushing for as rapid a deployment of that exceptional aid as possible.

Senator Rose Conway-Walsh: Does the Department have IT systems and all of that to support it?

Ms Sinéad McPhillips: Yes. Our IT systems are adaptable to new schemes. It would have to be done on the basis of objective criteria which would be agreed with the Commission. In other words, there would have to be some scheme developed.

Ms Maria Dunne: Our aim would be to develop as simple a system as possible.

Senator Rose Conway-Walsh: I am sorry, there is a vote and I have to leave. Maybe the witnesses could reply to my colleague. I am sorry.

Ms Sinéad McPhillips: The Department does not have a role in setting prices and cannot interfere, in terms of competition, between factories and farmers. We have tried to make efforts to achieve better integration of the whole supply chain. For example, we would see the development of beef producer organisations as a good option in strengthening the power of farmers in the beef supply chain. That has worked reasonably well in other sectors. Colleagues have engaged in detailed discussions and briefings with interested groups. If we could get one or two good examples of groups that have been established and are working well, we would see this as having a positive effect.

Ms Maria Dunne: At the most recent beef forum, the Minister called on all stakeholders to work together to ensure all the different elements of the supply chain are adequately rewarded. We have been working on encouraging beef producer organisations. The legislation is in place for the organisations to be recognised. We have a funding system in place to provide grants, as well as a system of approved facilitators. A prospective producer organisation can avail of a grant and assistance from a facilitator to help set it up. We have had some interest from groups but it is still quite new to the Irish system. We have had several meetings and facilitated several workshops with interested groups. The IFA has planned a seminar next month that will involve speakers from the European Commission and the Department. While it will not be the solution to everything, the producer organisation system should have a role in strengthening the farmers' position in the supply chain.

In the next iteration of the CAP, from the documents I have seen to date, it has a lot more of a central role for these types of organisations.

Ms Sinéad McPhillips: Commissioner Hogan has brought forward a series of measures at EU level aimed at strengthening the position of the producer in the supply chain, including the unfair trading practices directive. There is also the increasing use of dashboards to provide better and more transparent information on pricing across the system. While none of those threads are the magic bullet to strengthen the position of the producer, we hope that in combination they should have some effect.

Chairman: The committee the supply chain issue regularly. The general feeling is that what was introduced at Commission level represented an important first step but did not go far enough. It was a watered-down version of what would be required. Are there plans in the Department to have a more robust process in place which would complement the commission's proposals for unfair trading practices?

Ms Sinéad McPhillips: I briefed the committee on the unfair trading practices in September. The directive is now at EU level. It is almost finalised and is subject to final legal scrubbing. The directive will come in and then there will be a two-year implementation timeframe. As there is much overlap between the draft directive on unfair trading practices and our existing grocery goods regulations, which come under the Department of Business, Enterprise and Innovation, we are setting up a working group with that Department to work through the issues and consider how the directive will be transposed into Irish law.

The output value of the beef sector at farm level in 2018 was almost €2.4 billion. That is also the figure for the total value of beef exports. It is just a coincidence.

Irish food is exported to over 180 countries around the world. We have market access for beef exports to 70 countries. The Department's efforts in market access are focused on opening markets. There can be significant barriers to trade. We must understand the requirements of the importing country and demonstrate that our standards meet them. This can involve a series of audit and inspection visits until that country is satisfied that we can be given market access. In the case of China, it was a long drawn-out process over many years, involving a range of people in the Department, industry, at farm level and Bord Bia. We could see the opportunity in the Chinese market. The Chinese consumer eats, on average, 5 kg to 6 kg of beef each year. In comparison, an Irish person consumes 19 kg. A small increase on the part of the Chinese consumer would mean significant additional demand. To date, we have exported 1,000 tonnes of beef to China. It is frozen boneless beef and not offal. I accept that this is small compared with the 290,000 tonnes we export to the UK. It is a start, however. We see significant opportunities in China. Bord Bia's market insights and consumer research suggests there are significant growth opportunities in the Chinese market.

We are opening the door and then it is up to the industry to develop those opportunities. The reason we export 52% of our beef to the UK is because it is the best and the highest priced retail market in Europe. There are good geographical, social, cultural and economic reasons for being there. If the events around Brexit had not happened, we would be quite content with that market. Obviously, there is now a focus on expanding market access around the world, creating opportunities which may be taken up by industry, from year to year, depending on what the market situation is. While they may go elsewhere, our role is about opening the opportunity to more markets.

On payments not being linked to production, we made a policy decision regarding the 2003-2004 CAP reform that we would go for full decoupling of payments from production. Since then, direct payments under Pillar 1 and payments under the world development programme have not been based on payment per animal. On world development programme schemes, including BDGP, those payments must be justified. They must add value and there must be a clear benefit to an environmental or a public good from making a payment. That is obviously the trend which will continue with CAP reform.

Deputy Cahill referred to the CAP budget. One of the main strengths of the CAP in making the case for additional funding is to be seen to be meeting key demands from the EU consumer around environmental goods, protection of the landscape and of the rural economy. Being relevant to those priorities is the only way we will ensure the CAP budget is protected in the future.

Chairman: A SWOT analysis was carried out in 2015. The world has changed completely since then.

Ms Sinéad McPhillips: In 2015, we definitely did not anticipate Brexit occurring and most certainly not in the catastrophic way we are seeing it emerge. When we look behind the SWOT analysis, its detailed 400 recommendations are focused on efficiency, effectiveness, innovation and developing new markets. Those are still key priorities in addressing both environmental and Brexit challenges. We will begin the process of revisiting the SWOT analysis later this year. There are points of emphasis on which we differ. However, we would not make any great changes in terms of the actions arising from it and the implementation of those actions, other than changing emphasis.

Chairman: On revenue markets, if things go drastically wrong in the coming weeks, we may have to replace our main market of the UK. It will be difficult to replace that €2.4 billion of exports in a short space of time.

Ms Sinéad McPhillips: It would be difficult. That is the last thing we would want to do. We want to maintain that supply chain and the customer relationships and contracts that have been hard won with key retailers in the UK. If that beef is displaced, it creates a significant problem on the EU market and has a significant effect on prices in other EU member states. In terms of sensitising other Ministers and Departments to Brexit as an Irish problem, we have also presented it as a problem across the EU. If that product is displaced from the UK market, it will depress prices across the EU and we will need that support in order to try to maintain those supply chains.

Chairman: I call Deputy McConalogue, to be followed by Deputies Corcoran Kennedy and Eugene Murphy.

Deputy Charlie McConalogue: I thank Ms McPhillips and her team from the Department for appearing and for their presentation to the committee. The committee is engaging on this project of examining the beef sector in particular with regard to Food Wise 2025 targets because of the significant pressure on the beef sector and, specifically, primary producers and farmers. They are in the midst of a crisis. They are not immune to crises, having experienced many previously, but the one they are currently facing is particularly acute. It is an existential crisis for many farmers who may not be able to continue in the sector. I did not get the sense from the Department's presentation that there is a vision of how primary producers and farmers can be profitable or how to ensure a viable future for farmers in the beef sector in terms of being able to produce and make a profit from it. We know the figures in regard to how Food Wise 2025 is increasing exports and that the increased production of meat and beef is also leading to increased exports, although not to a sufficient level. That is of benefit to the country. However, the flipside is that the lack of sufficient markets for the increased beef we are producing is causing a significant crisis at farm gate level in terms of farmers not being able to make a profit. A key part of that has been the growth in our dairy herd and the fact that there is not sufficient outlet for the increased stock and beef coming off that dairy herd.

The committee previously discussed the issue of getting live exports, particularly at calf stage, out of the country. In her presentation, Ms McPhillips indicated that the Minister and the Government are making efforts in respect of live exports. I ask her to elaborate further on the stage that process has reached. The committee will seek to follow up on that issue and, specifically, the ongoing live export trade of calves coming off the dairy herd to France.

I ask Ms McPhillips to provide further information regarding the view the Department takes on the respective viability and future of the suckler cow and dairy beef sectors. How does the Department envisage the beef sector at farm level evolving over the coming years, particularly

the suckler herd because there has been a drop in calf numbers coming off it in recent years? Without additional support, farmers will not be able to sustain a profit from the suckler herd.

Ms McPhillips referred to the positive impact which the beef producer groups may have. How might that unfold? Although I see the merit in them, if one is operating in a market which is already oversupplied, how much of an impact will the beef producer groups be able to make in terms of getting a better outcome and profit level for farmers? While I may be going outside the Department's territory, the prices paid are critical to where our beef sector is going. In recent months, the price paid to Irish beef producers has gone from 5% to 10% above the average price paid in the EU to 5% to 10% below the average EU price. What is the Department's assessment of the dynamic at play there?

Ms McPhillips referred to moves afoot at Commission level in respect of unfair trading practices. That issue has been discussed by the committee. Will it be of specific benefit to the beef sector? Although there are unfair trading practices in the areas of groceries and contracts, and particularly vegetables and similar produce, I have never seen the impact such action could have on improving transparency in the food chain and, specifically, the pricing chain in the beef sector clearly explained.

The overall objective of Food Wise 2025 is to drive value rather than volume. However, that is not happening in the beef sector. While it is evident in other sectors, particularly the dairy sector, unfortunately there is more volume and less value increase in the beef sector and less profit for the farmer as a result. Deputy Cahill referenced the fact that we are not accessing the increased volume outlets for our beef. Leaving Brexit aside, that is something we need to promptly address as a country to avoid further pressure on beef prices.

The dairy sector has been rated number one in terms of carbon efficiency in Europe, while the beef sector is placed fifth. That is a big selling point for Irish agriculture and a key aspect of how we approach the climate change issue. The witnesses may have had the chance to assess the UN report published this week which would challenge how we make the assessments in regard to carbon efficiency. We have a very strong product domestically, but that report should be interrogated by the Department and a robust response offered.

Deputy Cahill touched on the fact that 96% of our exports are to the EU market. In spite of increased attention on market diversification and marketing, particularly in light of Brexit, there has been a volume increase in beef exports to the UK market in the past year. In light of its engagement with and feedback from Bord Bia, what is the Department's assessment of the potential for additional exports to non-EU markets and the likely trends in that regard? The American market, in particular, despite much hype at the time, certainly has not delivered to the extent expected.

The one thing I have not touched on is Brexit. Whatever about the pressure the beef sector is under, a hard Brexit in a number of weeks would put the kibosh entirely on the viability of the sector. We must stand ready to intervene and provide supports in the event of a hard Brexit. I am keen to hear more feedback from the witnesses on the price supports that could be put in place in the event of a hard Brexit. From the engagement we have had with the sector, we have noted that aid for private storage or intervention that would have the impact of seeing us lose market space in Britain would not be sustainable in the short, medium or longer term. We have to be able to step in immediately if a hard Brexit comes to pass. Needless to say, our objective must be to avoid it because it presents an appalling vista, particularly for the beef sector.

Deputy Marcella Corcoran Kennedy: I thank Ms McPhillips and her colleagues for coming in this evening to help us to consider the report we will produce on the future of the beef sector in the context of the ambitious targets in Food Wise 2025. The plan, which covers only the next six years, is to grow exports to €19 billion. Do the witnesses envisage us achieving the targets considering the very many weaknesses and threats facing the sector?

The real concern for livestock farmers is how they will stay in the sector given the prices they are getting. Farm incomes have dropped by 16% according to a Teagasc report last year. It is of grave concern to farmers in the sector. We have to take on board what they are saying. How is the Department engaging to identify the causes and rectify the problem?

On the climate action plan that the Government is producing, what engagement has there been with the Department of Communications, Climate Action and Environment? This will be an incredibly challenging area. While it is tremendous that we are leaders in this area, because of our efficiency, there is grave concern in terms of EU trade policy on taking in beef from the Mercosur countries. Brazilian beef, for example, is produced by cutting down rainforest. Brazilian production is four times more carbon-intensive than ours. How will we meet that challenge, bearing in mind the impact of Brexit and other factors?

My other question is on live exports. There is a perception that we are not reaching our potential in this regard. We had some interesting discussions here on lairage capacity. In what way is the Department examining this with a view to addressing it?

Reference was made to weaknesses and skills gaps at all levels of the supply chain. How will this be addressed? If we do not have the skills, we cannot continue to have the output.

We are exporting 50% of our beef to the United Kingdom. Brexit will have devastating consequences in this regard. It is the biggest threat facing the sector. What is the Department doing to try to manage that?

My next question is on the global growth in protein demand. Has the Department examined in detail the type of protein being sought in order to identify the potential of plant protein production as another option for farmers? As a butcher's daughter, I am not necessarily recommending that. If, however, there is a market we could be tapping into, why not enter it?

The delegates referred to the failure to adopt carbon efficient practices. I do not believe there is any resistance among farmers. There is no great difficulty. What we are hearing from farmers is that they are very willing and able to adopt carbon efficient practices. How is the Department monitoring the potential of farmers to be even more efficient? Have farmers reached their peak in terms of efficiency?

Senator Paul Daly: I welcome the officials. I apologise because I had to leave for a vote. I apologise if I am repeating anything discussed while I was away. I will catch up with the debate I missed by reading the transcript.

Deputy Cahill hit the nail on the head. It is very hard to add to or take from what he said. The report we got today is just paying lip service to the beef sector. It is basically a progress report on Food Wise 2025, which contains a financial export target. There are no volume growth targets. It is a swings and roundabouts approach. The target is to achieve exports of €19 billion and the authorities do not care how they reach it. According to this thinking, if we get €19 billion for eggs in 2025, so be it; we will have achieved our target. There is no consideration given to the various sectors within the agricultural fold. In that regard, the beef farmer is being

thrown under the bus. I refer, in particular, to those whose land is only good for beef rearing or suckler herds. The option to diversify into the dairy sector is a non-runner. We have to be cognisant of that and take into consideration the livelihoods of those who, perhaps following two generations before them, have dedicated their entire farming lives to beef production. They are set up for beef farming, do not have the option to diversify and are constrained by the land they are farming. Despite this, the report is as good as saying we are on target, Brexit aside. We do not even need to mention Brexit here today because none of us knows what is going to happen. Even if Mr. David Cameron had not called the referendum, we would still be having this discussion today about the beef sector. It is on its knees and there are people walking away from it. Brexit will be the last straw or the last nail in the coffin if it goes wrong. If there were no Brexit, we would still be here today discussing the crisis in the beef sector.

When the target of €19 billion was set, what percentage of it related to the dairy sector and what percentage related to the beef sector? On the graph, how have those two lines crossed? What is the current percentage of beef by comparison with the overall figure? In the witnesses' opinion, what will the beef and dairy percentages be in 2025? If there is a hard Brexit, we will be throwing the figure of €19 billion in Food Wise 2025 out the window. It is a whole new ball game. If there is no Brexit, we can reach the €19 billion target but we will still lose our beef sector. The report states the Minister is actively pursuing a geographical indicator for Irish beef. That would be fine if we had recognition around the world but we do not have the beef.

Senator Michelle Mulherin: I apologise if I am repeating anything that has been said. I was away on account of a vote.

Last week, Mr. Ray Doyle from ICOS and one of the exporters were here. They were clearly pointing to a problem with increasing our live exports. It is a capacity problem over in Cherbourg. It is obvious that in respect of the number of calves being born, and thus the number of animals to be moved on, additional capacity is needed. It is also in the Government's interests that this happens because it is asking farmers to produce these animals. Additional calves are coming in from the dairy sector as well. Is the Department working on a solution to the lairage shortage in Cherbourg? We were told there was no problem with the market or in any other area in transporting animals abroad. However, a lairage shortage has been identified in Cherbourg. The Government needs to respond such that farmers can have more options in achieving better prices than they are currently achieving.

I agree that beef farmers and suckler farmers are at a low ebb. They are angry because, despite all their efforts in raising animals, they are losing money. We all know the current situation in terms of prices is not sustainable. Brexit has been mentioned. Another issue that has not been played out in mainstream media is the impact down the line of climate change and what will be expected of farmers. In regard to the efforts to improve the carbon efficiency of farming, there has been a great deal of criticism of farming, much of it unfair. The Chairman mentioned the Department's report and SWOT analysis that was carried out in advance of the Brexit vote. Climate change is now centre stage in reports. Do the witnesses have any concerns about the Food Wise 2025 plan in terms of what will be demanded of farmers under proposed climate change measures? What advice do they have farmers? An additional carbon tax, as proposed by the Citizens' Assembly, has been ruled out. However, farmers are losing money. The imposition of more costs on them would push them in the wrong direction. If they are to continue to produce animals in the same way they have up to now and they continue to lose money, it will end badly.

I understand the cynicism. It stems from the fact that there have been reports on the weak

position of the farmer in the food supply chain but nothing has been done to benefit the farmer. Farmers continue to be price takers and there have been no gains from all of the efforts. I have no doubt efforts are being made to resolve this issue. There is a message being sent abroad by some in the new beef plan movement that people should not join the beef environmental efficiency pilot. This is what farmers are being told. There is a lot of cynicism. The pilot is an opportunity, not a solution. A lot of us worked hard to make the case pre-budget for more money for farmers. Farmers are at a low ebb. They need some pathway out of the current situation. They must be assisted to put this type of farming on a more sustainable footing. As mentioned by Senator Daly, we can set all the targets we want for exports, but if the primary producer is being crushed, the process will not last too long.

Deputy Eugene Murphy: I am not a member of the committee and, therefore, I appreciate the opportunity to ask questions. I will try to not rehash what has been said. I welcome the report, which provides us with an opportunity to discuss the issues and voice our opinions.

The beef sector is in crisis. Coming from a rural area, this concerns me. In counties such as Roscommon and Galway, agriculture is still the backbone of communities. Many families and communities rely on the farming community. I am sure the witnesses will have heard it said that when farming is going well, the towns and villages are going well because farmers tend to spend the money they make. Following on from what was said by other speakers, there is within the farming sector a level of disbelief regarding the future of the sector. This calls for radical action and a radical plan. In most cases, cattle prices are down at least €100 on what they were this time last year. Taking into account all the costs incurred by farmers, production is not sustainable. The beef plan group is making significant progress in attracting thousands of members. This shows that the sector is in massive crisis and that people who have been involved in farming over a long time do not want to let go. They want to continue farming and to be successful at it. I attend a lot of meetings and what I am hearing from farmers is a level of despondency that concerns me.

The Chinese market is good. I welcome any efforts made by the Department, the Minister and An Bord Bia to access new markets. My understanding is that access to the beef market in China will not be significant on the basis that Chinese people like fresh beef, not frozen beef. While there will be a market for some frozen beef, it will not be significant. Nevertheless, it is welcome. Another big issue for farmers is that of control of the beef industry. Farmers are of the view that they and prices are being controlled by a super power. In recent times, the C&D Food plant in Edgeworthstown, County Longford, where a by-product of farming is used, was taken over. The new owner of the plant is a major player in the business throughout the British Isles and Europe, which points to one person controlling this business. This is frustrating for farmers.

I am often struck by the lack of respect of factory owners for the farmer's point of view. They tend to openly dismiss farmers when they have an issue about price or the future of the sector and they do not engage. When there is a crisis in a particular sector of the economy, engagement is necessary. It seems that farmers are being slapped down by big business and told to take what they are being given. Relations are poor between the farmers and factories in this country. I blame the factories for this because at times their approach towards the farming community is arrogant. There is no engagement on the part of the factories and this needs to be addressed.

Bull prices were mentioned. German, Italian, Spanish and French farmers are getting prices way in excess of what Irish farmers are getting. The prices Irish farmers are getting are not

sustainable. Increased funding is needed for the suckler cow sector. There is no need to repeat that if farmers rearing suckler cows go out of business, the beef business will collapse.

As Senator Mulherin outlined, climate change is a serious challenge and concern for the farming community which we have to address quickly.

Without significant intervention by the Department in the beef sector, the crisis will continue and more people will leave the industry.

Chairman: Does Deputy Healy-Rae have a question?

Deputy Danny Healy-Rae: I have a few questions. I was not able to attend earlier but I saw parts of the contributions. The suckler cow and beef farming sectors are in a critical state and farmers are very concerned. As Deputy Eugene Murphy said, the numbers attending meetings of the beef round table and beef forum prove that farmers in the sector are seriously concerned. There have been massive crowds of young and old farmers attending these meetings in Castleisland, Kenmare and all over County Kerry. Farmers feel they are at a crossroads. Much of the talk of climate change is rubbish. When one hears the Taoiseach suggesting that-----

Chairman: We will not get into climate change now

Deputy Danny Healy-Rae: I am not getting into it, but when one hears the Taoiseach stating he is doing his bit for climate change by reducing his intake of meat, that is a real worry for the farmers whom I and other members represent.

In 2012, when the Tánaiste, Deputy Coveney, was the Minister for Agriculture, Food and the Marine, he told farmers that they should increase their herd and expand production as the end of the quota regime approached. That was grand, as dairy farmers could expand and efforts were made to secure markets for milk and dairy products. However, the same efforts and force were not put into the export of live cattle. It is well known that if more dairy cows means more calves and there has to be an outlet for them. One of the major concerns raised at the meetings for farmers is that the factories determine the price of the animal. The factories have all the data and they know when the animals are reaching 16 months, 24 months and 30 months. They have that advantage over the farmers because they know when the volume of stock will increase and they seem to be able to reduce the price at will. The poor farmer is up against that technology now. I raised this issue on the Order of Business in the House last week. There is no visible difference in the carcass of an animal of 29 months, 30 months or 31 months and one cannot tell if the animal has been moved once, twice, five times or seven times. There is something wrong in the system and there needs to be an investigation into what is happening. The factories and the Department need to be taken to task about the rules and regulations that are manifesting in low prices and hurting farmers in the pocket. I am calling for an inquiry into this matter.

A programme broadcast the other day on Brexit focused on the marts in the North where farmers are delighted with the prices they were getting at the marts. The same story applies in England. How is it that just a few miles away - across the ditch in Northern Ireland - there is such a difference in the price of cattle being sold compared with the South? The Minister for Agriculture, Food and the Marine or his officials need to tell us what has gone wrong and why there is such a difference in the price between North and South. This is a serious question but I cannot answer it. I need an answer from the Minister or his Department because the current position is totally wrong.

Farmers in the South jump through every hoop and their animals are treated immaculately.

Nobody can say that farmers are polluters or causing damage to the environment because they are not. Every farmer I know has built slatted sheds, complies with all the regulations and jumps through every hoop, yet farmers are not being paid. On the one hand, Bord Bia is carrying out inspections and looking after that side of its role, but it is not marketing our animals and products as good as it could be.

I see from the opening statement that there will be a focus on the live trade this year. The live trade should be a focus because if markets are not opened up and there is no route to market for the extra animals we are producing, the factories will have another field day at the expense of the farmers.

My questions are very relevant to the farmers. We need answers on why there is a such a difference in the price of cattle in the North compared with the South. Somebody has to answer that question for the people I represent.

Chairman: As Ms McPhillips noted, there have been a number of round table and beef forum meetings. I understand all the farm organisations walked away from that recently. At the beginning, the beef forum was seen as the great white hope. Having all the stakeholders around a table is very important in trying to reach a fair solution. However, it seemed to become a talking shop more than an action group, if I could describe it as such, before it came to a conclusion. What is the current position in that regard? Are there plans in the Department to reinvigorate the forum or institute a similar type of forum?

Ms McPhillips mentioned that the Department is doing another SWOT analysis looking forward to 2030. The perception, right or wrong, was that Food Wise 2025 was an initiative from a top down perspective. What kind of a consultation or discussion process does the Department intend having with regard to where we go from now until 2030? Will officials talk to farm organisations and producers on the ground to get in-depth knowledge of exactly what is happening or what is required to secure the greatest possible benefit for primary producers by 2030?

Ms Sinéad McPhillips: The last meeting of the beef round table was in October 2018. The Minister used the opportunity to urge stakeholders to recognise their interdependency and to support the sector through examination of mechanisms to add value along the supply chain and increase the strength of all links in the supply chain. We normally have two of those meetings a year. While there are no meetings planned as yet for this year, I hope there will be because, as the Chairman said, getting people around the table is positive.

I mentioned the Food Wise meat implementation group, chaired by Mr. Michael Dowling, which included a range of stakeholders from processors and farm organisations. It was a very positive group and it came up with some very useful input that has been added in the form of actions to implement Food Wise 2025.

I will touch on some of the questions asked by a range of committee members. There can be a slight misconception about the Food Wise 2025 projections, particularly the €19 billion in exports. Food Wise 2025 is an enabling strategy that seeks to assist the agrifood sector to develop to the best of its potential. It includes very detailed actions the Department, its agencies and other Departments should take, from a policy point of view, to create the best environment for the sector to grow and prosper. The committee that developed Food Wise 2025 projected that if all of the recommendations are implemented, the opportunity is there to increase exports by up to €19 billion by 2025. That figure is not specific in that it was not broken down into sectoral targets; it is a vision of the opportunity that exists.

In terms of where we are in working towards the vision behind Food Wise 2025, total exports last year were €13.6 billion. The opportunity is certainly there, particularly in the context of the feedback on market development we get from Bord Bia. If we did not have Brexit - the elephant in the room - I could quite confidently state that €19 billion in exports is certainly achievable. When Bord Bia looked to growth markets in Asia, it discovered significant demand for additional protein. Also, there is a growing middle and upper classes in those markets who want premium quality western-type products. We are well placed to fill the demand in this regard.

Senator Michelle Mulherin: There is an increase in protein demand. Is beef and dairy protein the preferred choice for a more affluent market rather than plant-based foods?

Ms Sinéad McPhillips: Traditionally, as economies become successful, they increase their consumption of animal-based protein. Diets tend to be plant-based when economies are operating at lower levels. In China, the average consumption of beef is between 5 kg and 6 kg per person per year. The level of consumption in Ireland is 19 kg per person. China has a population of 1 billion so there is a huge growth opportunity for us even if the Chinese were only to eat a little bit more beef annually.

Senator Michelle Mulherin: Is that the trend to which we are responding?

Ms Sinéad McPhillips: Yes. In terms of the vision for the suckler sector, the lack of profitability in suckler farming is not a new issue. Some 20 years ago, over 100% of suckler farm income came from payments, which were really headage payments and coupled payments that were based on retaining the animals. Since decoupling in 2003, people have generally persisted with their existing farming systems. Suckler cow numbers have decreased but probably more gradually than we would have expected if we were just operating on the basis of the economics involved. The Department would like to support the sustainable, efficient and profitable development of the sector through policies to increase competitiveness. It would also like to act as a regulator in order to ensure that food is produced to the highest standards. Obviously, food safety must be the basis of everything we do.

A couple of specific questions were asked about beef from dairy. The Department, in conjunction with Teagasc, ICBF and others, and the meat and dairy processing industries, is currently examining greater integration in the supply of beef from the dairy herd to complement the existing supply of high-quality beef from the suckler herd. This involves looking at areas in which the dairy industry can work together with the beef industry to improve the quality of beef coming from the dairy herd, improve breeding, calf rearing and management practices and the genotyping of beef progeny from the dairy herd.

There are also initiatives, as I mentioned, such as discussing with DG Agriculture and Rural Development the possibility of achieving geographic indication, GI, status for Irish beef. GI status is not the answer in the context of profitability but it would be a significant selling point in some markets, particularly when it comes to future EU trade negotiations. Bord Bia and Teagasc have also considered developing a standard for grass-fed Irish beef and dairy. Again, the standard would be a significant selling point in certain markets.

Many members commented on Irish prices versus those in other member states. We acknowledge that such prices are a difficulty. My opening statement was very much focused on Food Wise 2025 and the beef sector because these are the main topics of discussion for today. We acknowledge that Irish prices have been at a low level, particularly in the final quarter of

last year and coming into this year. Irish prices did not enjoy that uptick that normally happens towards the end of the winter season and this has been a difficulty for farmers. We acknowledge that and are making every effort to provide support to the sector, particularly through the BEEP scheme that was announced in the budget and launched recently. I stress that the closing date for applications for this scheme is next Friday. The scheme is really good, although the payments relating to it are modest. It will provide farmers with a cash injection and really detailed information on the weaning efficiency of their suckler cows thus enabling farmers to make better decisions. If people are hesitating, I urge them to submit an application. I ask Ms Dunne to comment on the application process.

Deputy Jackie Cahill took the Chair.

Ms Maria Dunne: The BEEP scheme was very much devised in consultation with the key stakeholders. There was a comment here that people have been told not to avail of the scheme but I urge people to avail of it. The scheme has been devised to be as simple as possible and ensure that as much of the payment as possible goes to the farmer. It targets both environmental and economic efficiency. We really believe that, in terms of supporting the suckler herd, environmental and economic efficiency is the way to progress. It is a one-year pilot scheme and the payment is up to €40 per calf. It is a very simple scheme as all one has to do is weigh the calf and dam, record their weights and submit the information to the ICBF. The application form is simple and is really just an indication that one will submit the weights. The application needs to be in with the Department by Friday. Applications can be made online or paper application forms can be obtained from the division in Portlaoise. We urge people to support the scheme. We have received very positive feedback about the scheme from the farming bodies. The payment might not be as much money as they would have liked but it has been acknowledged that the scheme was devised in consultation with them and is a step in the right direction.

Ms Sinéad McPhillips: Deputy McConalogue referred to a recent database on climate change by the Food and Agriculture Organization, FAO, of the United Nations. The Department is engaging strongly with the FAO on the database results. It is a database in development. The FAO has assured us that the results are not comparable between member states. We are engaging to make sure that the right inputs are put into the exercise.

In terms of carbon efficiency and the climate debate, obviously colleagues are very closely involved in that debate and in input to climate action, with the Department of Communications, Climate Action and Environment. A lot of our efforts, under the existing world development programme and BEEP, have focused on increasing carbon efficiency further, which has both environmental and economic benefits for farmers. In most cases, taking actions that increase carbon efficiency also have the benefit of improving economic efficiency to some extent.

Several members mentioned live exports. The committee held a detailed session with some of my colleagues on the question of the Department's responsibilities relating to live exports. I am sure my colleagues will be happy to come back and update the committee on those issues.

Deputy Corcoran Kennedy referred to the skills that are needed in the sector. Knowledge transfer groups are essential for providing information, for peer learning and for addressing the new challenges in a practical way at farm level. The best way to transfer skills is for farmers to work together to discuss common issues.

Deputy Pat Deering resumed the Chair.

Senator Michelle Mulherin: What is the Department doing to provide additional lairage capacity in Cherbourg?

Ms Sinéad McPhillips: I will ask my colleagues to get back to the Senator with more detail on that. There was a session with the committee recently.

Chairman: It would be appreciated if Ms McPhillips could give us an update on where matters stand. Things have escalated a bit.

Senator Michelle Mulherin: Yes, they have escalated and we are in the middle of the calving season. We were told last week that an immediate solution was not on the horizon but we are at a critical point. An update would be helpful.

Ms Sinéad McPhillips: Lairage capacity is an issue for exporters rather than the Department. The Department's focus is on ensuring the highest standards of animal welfare because unless those standards are maintained, there will be no live export trade.

Senator Michelle Mulherin: If we cannot export, there is a big glut of animals and farmers are financially hard pressed, an animal welfare issue could arise on our own soil.

Ms Sinéad McPhillips: I will ask my colleagues to get back to the Senator with an update.

Deputy Eugene Murphy: It is great to get access to new markets but the potential in the Chinese market is limited given that the preference is for frozen beef. I echo what was said about the BEEP scheme. It is an important scheme and while it involves little money, we should encourage people to get involved in it. There is a bit of negativity towards it but farmers should take it up. The deadline is 22 February.

Ms Maria Dunne: We have put a lot of effort into diversifying trade and opening new markets with the Minister's seven-point action plan. We had three big successes in beef last year. China was only one of these, albeit a very important one. We opened the market for frozen boneless beef. I take the point that a lot that goes to third-country markets is offal but the Chinese access is in respect of frozen boneless beef. We now have 11 meat plants - six for beef and five for pigmeat - approved for export to China. We sat down with the companies that are active in this area and their ask is for more plants to be approved.

Deputy Eugene Murphy: Good.

Ms Maria Dunne: Their concern is that they will not be able to meet the volume required under the Chinese contracts. They are not asking to expand from boneless beef; there are many things they would like but their priority is for more plants to be approved. We have 11 more files to deal with. The companies see potential for a lot more to be shipped to China, purely of frozen boneless beef. After that, we will look at expanding into other subsectors.

Ms Sinéad McPhillips: We have seen commitment and enthusiasm from Chinese consumers for our beef, which they use in a way that is quite different from the way we use it. They slice frozen cuts very thinly to put into their traditional cuisine.

Ms Maria Dunne: It takes time to establish a market once it has been opened but companies are focused on China. It is a massive win for us to have achieved this. In 2018 we also got access to Qatar and Kuwait in the context of supplying boneless beef.

Deputy Charlie McConalogue: What capacity does the beef producer group have to influ-

ence the market in a positive way? It is currently regarded as being oversupplied. How might proposals from Europe on unfair trading practices impact positively on our beef sector?

Ms Sinéad McPhillips: None of these strands represents the complete answer to increasing beef prices and there is no magic solution but they are all worthwhile in themselves. We see beef producer groups as having the potential to give farmers more of a negotiating platform with factories, particularly if they can differentiate themselves by making local products or having GI status. This could lead to increasing profitability for particular producer groups.

The directive on unfair trading practices proscribes and limits certain practices but it is focused on retail level. It is the direction of travel and a series of initiatives across the EU are aimed at improving transparency in the supply chain. At retailer level, there has been significant acknowledgement of the importance of the farmer's role in supplying beef and other products to retailers. One would hope that would lead to pressure to pass some of the profits back along the chain to the primary producers.

Deputy Charlie McConalogue: In the past year there has been a flip in the beef price. From gaining more than the EU average price, Irish beef has now slipped back to gaining less than the EU average. What is the Department's assessment of that dynamic?

Ms Sinéad McPhillips: It is disappointing that Irish beef is below the EU average price. Some of that is related to other markets, such as Germany and France, where prices are highest at this time of the year, while we are at the opposite end of the spectrum. The UK remains part of the EU average price and this brings the average up but it is disappointing that the price has been at its current level for some time without any uptick.

Chairman: We will be having difficult conversations in the coming weeks as there does not appear to be a silver bullet to bring stability to the markets. Is it sustainable to continue to kill in excess of 35,000 cattle per week? Are our numbers too high in that regard? Where does the Department see our suckler numbers in 2030 compared with now?

Ms Sinéad McPhillips: That is a very difficult question. In the past there were different thresholds and several years ago people would have said that slaughtering over 30,000 cattle would lead to a price reduction.

Chairman: That is happening. Once we go over 32,000 or 33,000, we seem to be in trouble on a regular basis.

Ms Sinéad McPhillips: It is one of the factors and it is probably a strong one. We are at 38,000 now and have been around that level for the past few months. It is one among a range of factors.

Chairman: I appreciate that.

Ms Sinéad McPhillips: It is very much a commodity market. In respect of the future, I come back to our twin main challenges which are climate change-Brexit and the baseline profitability of suckler farming. The question is whether people will persist in that occupation. When Ms Bruce and I analysed suckler farming ten or 15 years ago, we thought that when beef supports were decoupled from production there would be a massive decline in suckler numbers, but that never happened. There is obviously more at play than just economics and people persist with farming because they are wedded to it.

Chairman: How do the 2003 numbers compare with those of 2019?

Ms Sinéad McPhillips: They have certainly declined. In the period between 2010 and 2017, suckler cows have declined by approximately 7%. There has been a gradual decrease but it has been nothing like as dramatic as we expected based on the economics. There are behavioural aspects to it.

Senator Michelle Mulherin: When we compare the demographic profile of farmers to that of 20 years ago, we find that more young people go to third level nowadays. They have many more options than they had 15 or 20 years ago. I believe that will have a big bearing on young people who, having gone to college, want a job that provides a reasonable income because most such jobs are in the big urban centres or cities. Part-time farmers, such as many near me in the west, supplement their income by working part time while doing the best they can on their land. I do not know how long that will continue and we could be at a pivotal point, notwithstanding what Ms McPhillips said.

Ms Sinéad McPhillips: Many suckler farmers work on a part-time basis but do not have off-farm employment, on account of their age. We want farming enterprise to be as efficient and profitable as possible for young people in the future, even if it is a part-time enterprise. We do not want departmental supports or schemes that are negative for part-time farming as a legitimate occupation. Even on a part-time basis, young people can bring a lot of innovation and an adaptation of new technology will make farming more efficient.

Chairman: I thank Ms McPhillips and her team for coming before us today. This is the beginning of a conversation we will be having over the next number of weeks and I am sure she will update us with any information on the export issue in due course.

The joint committee adjourned at 5.55 p.m. until 3.30 p.m. on Tuesday, 26 February 2019.