



**Submission Re:**

**Request for an extension of the existing pilot, General Employment Permit,  
Quota Based Scheme for Horticulture Workers.**

**28<sup>th</sup> February 2020**

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## Introduction

The Irish Farmers' Association is the largest national representative organisation in the country, with over 72,000 members. We represent farmers in all sectors through our democratic structure of 29 County Executives and our ruling body the National Council, on which each county and each commodity is represented. IFA represents farmers with Government, agri-business and retailers. Through our Brussels office and affiliation with COPA-COGECA<sup>1</sup>, we maintain a full-time presence at EU level on behalf of Irish farmers.

The IFA Horticultural Committee which is represented by its chairman on National Council, is comprised of a number of sub-committees, namely the Potato, Soft Fruit, Field Vegetable & Protected Crops and Mushroom Committees. Each sub-committee has its own separate chairperson. In addition, the Irish Hardy Nursery Stock Association (IHNSA), which is the representative body of nursery stock, tree and bedding plant producers, is a commodity sector within the Horticulture sector of the IFA.

IFA has continually lobbied<sup>2</sup> for changes to the occupational lists, to secure the re-categorisation of farm assistants/operatives which are currently part of the ineligible list for labour permits. Such re-categorisation would allow prospective farmer employers to routinely apply under the general labour permit system to obtain permits for non-EU/EEA workers.

Notwithstanding the failure to remove farm assistants/operatives from the ineligible occupational list for work permits, IFA welcomed the announcement by Minister for Enterprise, Business and Innovation Heather Humphreys, of a 2-year pilot labour permit scheme for the agriculture sector<sup>3</sup> in May 2018. The scheme was targeted at the horticulture, meat processing and dairy farming sectors. It allowed on a pilot basis, a limited number of workers from outside the EU/EEA to be recruited into the horticulture, meat processing and dairy farming sectors.

IFA had initially requested 1,000 permits for the Horticulture sector, however the provision of a quota of 500 permits for horticultural workers was a positive first step. Due to timing and certain scheme criteria, there was a slow uptake of the scheme. However, despite the initial gradual interest in the scheme, the full quota of 500 permits has now been allocated since December 2019. Those growers who have availed of the permits, report that the introduction of these non-EEA workers has made a significant difference to the viability of their businesses. (See Appendix 1).

Following consultation with producers across all the Horticulture sectors combined with evidence from a recent Teagasc Survey, (Appendix 2) we believe there were at least a further 100 permit applications submitted to DBEI for processing before the quota was exhausted in mid-December 2019.

In order to cater for the demand within the Horticulture sector IFA is requesting an extension of the existing pilot, General Employment Permit, Quota Based Scheme for Horticulture Workers. The Minister has previously stated that DBEI would be open to granting additional permit quotas where sectors put in place strategies to source and retain labour from the domestic and European labour markets, and where they invest in innovative technologies.

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<sup>1</sup> European Farmers' Organisation - European Agri-cooperatives' Organisation

<sup>2</sup> <https://www.ifa.ie/wp-content/uploads/2017/05/Submission-on-review-of-highly-skilled-and-ineligible-lists-of-employments.pdf>

<sup>3</sup> 2018 Pilot Work Permit Scheme

Since the initial pilot scheme was launched, both the meat sector and dairy sectors have received a second allocation of work permit quotas. The UK government, despite a proposal to tighten immigration rules, has confirmed it will expand the pilot Seasonal Agricultural Workers Scheme (SAWS) to 10,000 for the 2020 harvest season<sup>4</sup>.

Based on the current and projected demand we believe a quota for 1000 extra permits will be required. As mushroom growers in particular, are facing daily challenges trying to harvest mushrooms, while fruit and vegetable growers are facing into a season where sufficient labour is currently not available, the scheme needs to reopen immediately. With regard to these applications in the processing queue we welcome the proposal from DBEI to leave them in the queue pending the consideration of this business case.

## **Importance of Horticulture to the economy**

The broader agriculture sector employs about 173,000 people across the regions or 7.7% of total employment in Ireland. It contributes almost 8% to gross national income, and currently has exports worth over €14bn<sup>5</sup> is our most important indigenous sector and its reach into rural Ireland brings jobs and value to every region.

Food Harvest 2020<sup>6</sup>, published in 2009, set out a 10-year strategy for the growth of the agriculture and agri-food sector. This was a whole of industry strategy, and targets were set for growth in output and in value-added for each sector. Since 2009, total agri-food exports have increased from €7b to over €14b in 2019.

Foodwise 2025<sup>7</sup>, the successor of Food Harvest 2020, set further ambitious targets for the next decade, targeting an increase in export values to €19b. It also identified a need to invest in human capital at primary producer level and to increase the value of primary production to €10b. Overall, the strategy targeted an increase in employment of over 23,000 jobs in the next decade.

In relation to horticulture, Food Wise 2025 set an industry farmgate value target for the horticulture sector of €500m to deliver 1,000 FTE jobs worth an additional contribution of €72.5m to the rural economy.

The Irish Horticulture sector is currently a significant contributor to the Irish economy. According to DAFM figures (Appendix 3), it had a farm gate value of €437 million in 2018. Ireland's horticulture industry has the fourth highest farm gate output value in the agricultural sector, exceeded only by beef, dairy and pig meat. Of the total €437 million output, Mushrooms account for €117m, Potatoes €80m, Protected Crops €87m, Field Vegetables €76m, Nursery Stock and others €57m, Outdoor Fruit €11m and Bulbs, Flowers, Foliage €9m.

Other sectors in Irish agriculture such as the Tillage and Poultry sectors have close links and a certain dependency on the Horticulture sector. In addition to structural issues in relation to crop rotation and crop diversity, 130,000 tonnes of mainly wheaten straw per year are used in mushroom compost industry. The tillage sector has seen a decline of 20% in planted area since 2008, however, despite the decline in acreage, tillage farming has a farm gate value of €400 million and underpins Ireland's export-orientated livestock, dairy and drinks sectors.

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<sup>4</sup> <http://www.fruitnet.com/fpj/article/180946/saws-expansion-to-10000-confirmed>

<sup>5</sup> <https://www.bordbia.ie/globalassets/bordbia.ie/industry/performance-and-prospects/2019-pdf/performance-and-prospects-2019-2020.pdf>

<sup>6</sup> <https://www.agriculture.gov.ie/publications/2011/annualreviewandoutlookforagriculturefisheriesandfood20102011/nationaldevelopments/foodharvest2020/>

<sup>7</sup> <https://www.agriculture.gov.ie/foodwise2025/>

The poultry industry depends on the mushroom sector as an outlet for over 50,000 tonnes of chicken litter per year. This use of poultry manure in the mushroom compost industry is also an excellent example of waste valorisation within the bioeconomy.

## Opportunities for Horticulture sector

A comprehensive overview and vision for the Horticulture sector is contained within the Horticulture Industry 'Vision' reports<sup>8</sup> produced by the HIF<sup>9</sup>, however, some of the main opportunities and challenges are referred to below.

### Import Substitution

The majority of horticulture output in Ireland is for domestic consumption, however, two of the sectors namely mushrooms and amenity horticulture have significant exports. Irish grown mushrooms with a farmgate value of €104m were exported in 2019, while Amenity Horticulture producers exported a total farmgate value of €19m. There is considerable scope to increase this export market, particularly if we take advantage of Ireland's unique plant health status<sup>10</sup> to increase plant exports to the UK and Europe and to rejuvenate our seed potato sector.

Notwithstanding our export potential for horticulture products, Irish producers have an opportunity to maximise the domestic market in relation to import substitution. The Irish retail fresh produce market was worth €1.59bn in 2019 which represents a 3.4% increase on 2018<sup>11</sup>. In relation to the Irish fresh produce food service market, it was worth €444m in 2019 which represents an annual growth rate of 5.5%<sup>12</sup>. Meanwhile the value of the Irish amenity market was €795m in 2019 which is a 9% increase on 2016<sup>13</sup>.

As a country we have a trade deficit of €1 billion in fruit and veg, which means that a large proportion of that plant diet is imported and often from regions of the world increasingly suffering from water shortages to produce the crops. According to CSO figures<sup>14</sup> Ireland imported €473m worth of fruit and vegetables from the UK in 2019. This gives considerable opportunity for import substitution. The graph below provides an indication regarding the level of vegetable imports to Ireland in 2017. The range of crops selected for analysis can all be grown successfully in Ireland. Our second largest fruit import is apples at 62,000 tonnes which can also be produced locally.

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<sup>8</sup><https://www.ifa.ie/wp-content/uploads/2018/03/Horticulture-Industry-Vision.pdf>

<sup>9</sup> *The Horticulture Industry Forum (HIF) was formed in 2014 as a stakeholder group to address the critical issues facing the industry. The HIF currently has representatives from seven sectors, Vegetables, Mushrooms, Soft Fruit, Top Fruit, Potatoes, Amenity Horticulture and Protected Crops. DAFM, Teagasc, Bord Bia and the IFA are associate members of the Forum.*

<sup>10</sup> <https://www.agriculture.gov.ie/media/migration/farmingsectors/planthealthandtrade/dontriskit/planthealthbiosecuritystrategy/DAFMPlantHealthandBiosecurityStrategy070220.pdf>

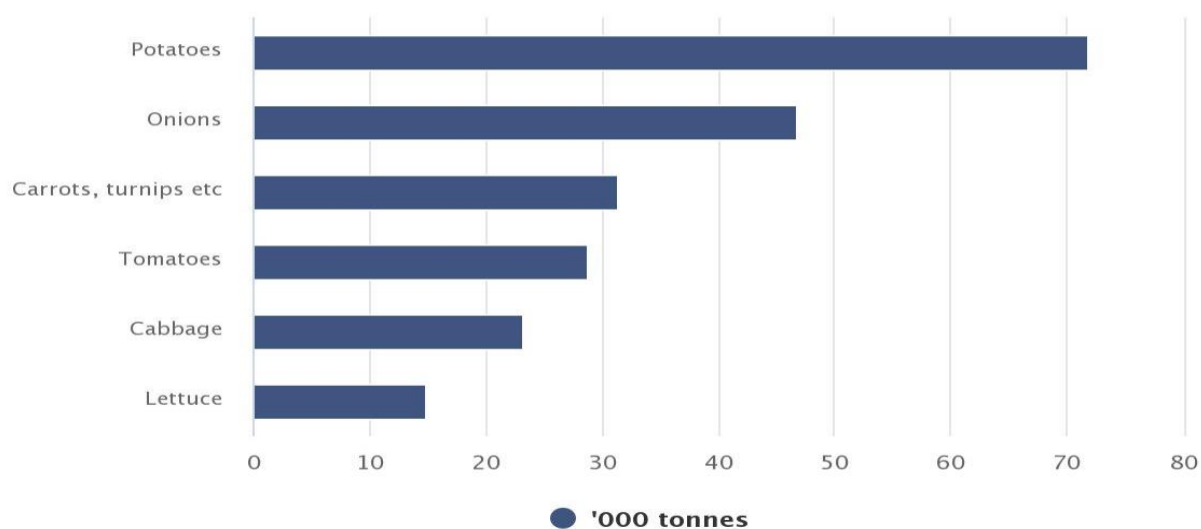
<sup>11</sup> <https://www.bordbia.ie/globalassets/bordbia.ie/newsevents/speaker-presentations/2020-speaker-presentations/horticulture-industry-day/kantar-fresh-produce-overview-david-berry.pdf>

<sup>12</sup> <https://www.bordbia.ie/globalassets/bordbia.ie/newsevents/events/foodservice-seminar/pdfs/2019-irish-foodservice-insights.pdf>

<sup>13</sup> Value of the Garden Market 2018

<sup>14</sup> <https://statbank.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=TSA09&PLanguage=0>

Fig 6.2 Vegetable imports 2017



Source: CSO Ireland

## Human Physical / Mental Health and Dietary Trends

Government policy is now focused on healthy eating in the fight against obesity and other dietary issues within the population<sup>15</sup>. The department of health has made a number of recommendations in relation to this policy<sup>16</sup>. One of the main guidelines is the increased consumption of fruit and vegetables from 5 to 7 a day. These new health trends have resulted in a move to more plant-based diets where meat is either reduced i.e. flexitarian or where meat is removed altogether i.e. vegetarian or vegan diets. Irish agriculture can capitalise on these trends and horticulture producers have the necessary knowledge and skills to do so. This trend is acknowledged in the Public Consultation document re. Agri Food Strategy 2030<sup>17</sup>

## Climate Change / Environment

The Horticulture sector has a major role to play in climate change mitigation strategies within the broader Irish agriculture sector. Arguably the most sustainable diet is one that is locally produced and seasonal, which

<sup>15</sup> <http://health.gov.ie/blog/press-release/minister-corcoran-kennedy-launches-healthy-food-for-life-new-healthy-eating-guidelines-and-food-pyramid/>

<sup>16</sup> <http://www.irishtimes.com/news/health/ireland-s-obesity-rate-among-world-s-worst-1.2594266>

<sup>17</sup> <https://www.agriculture.gov.ie/agri-foodindustry/agri-foodandtheeconomy/agri-foodstrategyto2030/publicconsultation/>

confers a low carbon footprint. Both the report from the Oireachtas Joint Committee<sup>18</sup> on climate action and the Government Climate Action Plan<sup>19</sup> have recommended expanding the Irish Horticulture sector to avail of opportunities for import substitution, renewables and farm diversification. More details on Horticulture and Climate Change and the opportunities/benefits of Horticulture are included in the 'Horticulture Vision Report' and in Appendix 4

A large body of work has emerged on the environmental impacts of various diets, with most studies concluding that a diet rich in plant-based foods and with fewer animal source foods confers both improved health and environmental benefits. These were also the main findings of the EAT- Lancet Commission Report<sup>20</sup>

## **Horticulture Sector Challenges**

The overall sector faces many challenges the most important being labour availability, competitiveness, market environment and Brexit. However, surveys undertaken by Teagasc (Appendix 2) and others<sup>21</sup> across the entire sector indicate that the shortage of labour is currently the most critical and presents a real threat to the sustainability of the sector particularly the very labour-intensive segments of the industry.

### **Labour Shortages**

Horticulture is a low-margin industry, with many of the jobs in the sector at the lower end of the pay scale and involving semi-skilled or unskilled workers. The horticulture sector has traditionally relied on migrant labour supply. Jobs in many of the fresh produce areas are only seasonal and therefore only suit certain individuals - generally migrant workers. Many immigrants initially find work in the horticulture sector, and once established in the country and having improved their language skills tend to move into other jobs in construction, retail etc.

The decline in Irish unemployment provides a major challenge to attract and retain workers, with employment opportunities available in many other sectors. According to the CSO the seasonally adjusted unemployment rate for January 2020 was 4.8%, down from 5.1% in January 2019. The last time the jobless rate was below 5% was in July 2007. The current rate is also over 11 percentage points lower than the 16 per cent rate recorded at the peak of the financial crisis in 2012.

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<sup>18</sup>[https://data.oireachtas.ie/ie/oireachtas/committee/dail/32/joint\\_committee\\_on\\_climate\\_action/reports/2019/2019-03-28\\_report-climate-change-a-cross-party-consensus-for-action\\_en.pdf](https://data.oireachtas.ie/ie/oireachtas/committee/dail/32/joint_committee_on_climate_action/reports/2019/2019-03-28_report-climate-change-a-cross-party-consensus-for-action_en.pdf)

<sup>19</sup> [https://www.dccae.gov.ie/en-ie/climate-action/publications/Documents/16/Climate\\_Action\\_Plan\\_2019.pdf](https://www.dccae.gov.ie/en-ie/climate-action/publications/Documents/16/Climate_Action_Plan_2019.pdf)

<sup>20</sup> <https://eatforum.org/eat-lancet-commission/eat-lancet-commission-summary-report/>

<sup>21</sup><https://www.bordbia.ie/globalassets/bordbia.ie/newsevents/speaker-presentations/2020-speaker-presentations/horticulture-industry-day/amenity-horticulture-commercial-market-view-2019-tim-healy-mercator.pdf>

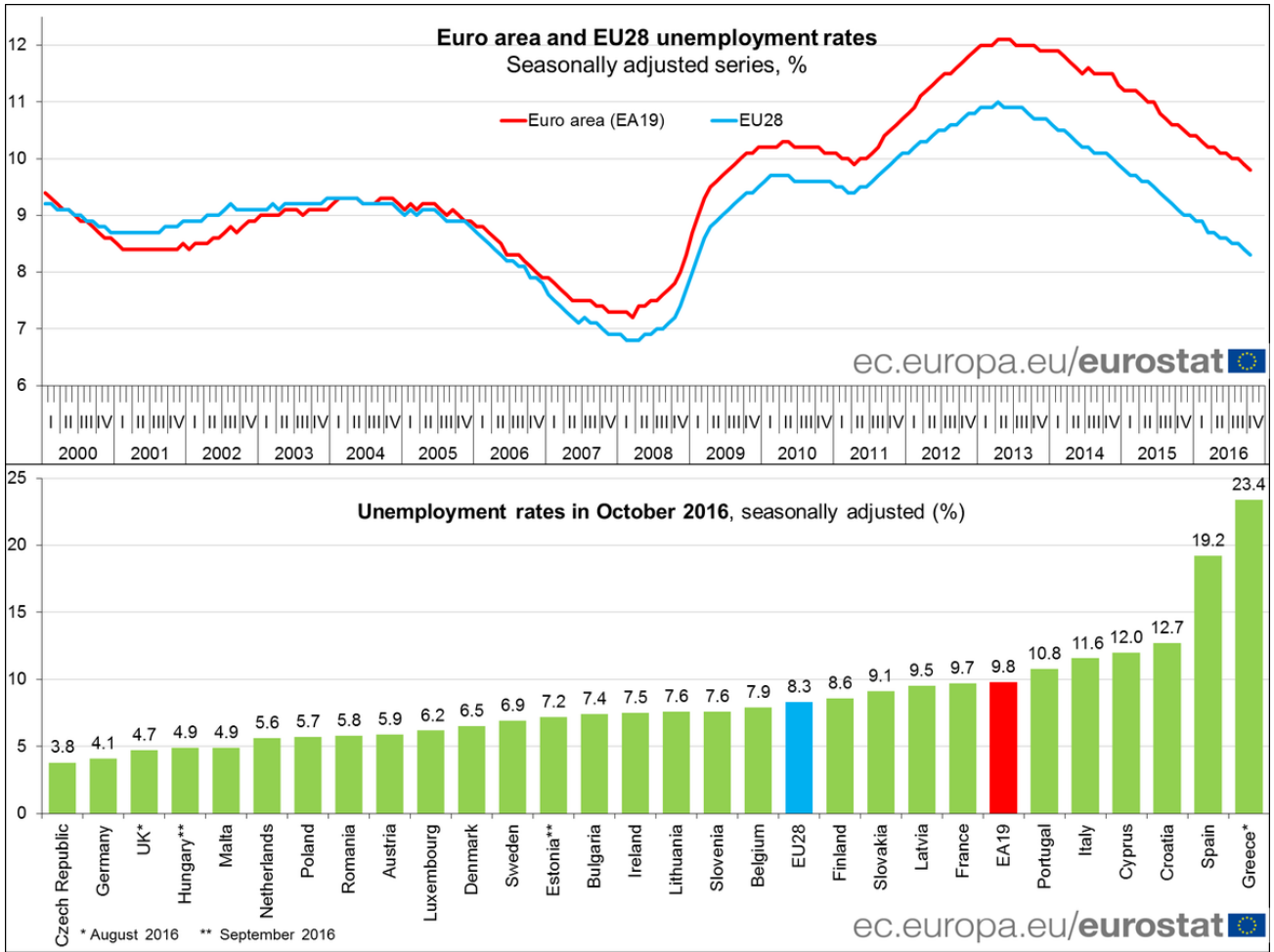
**Figure 1 Monthly unemployment rate (ILO), January 2017 to January 2020**



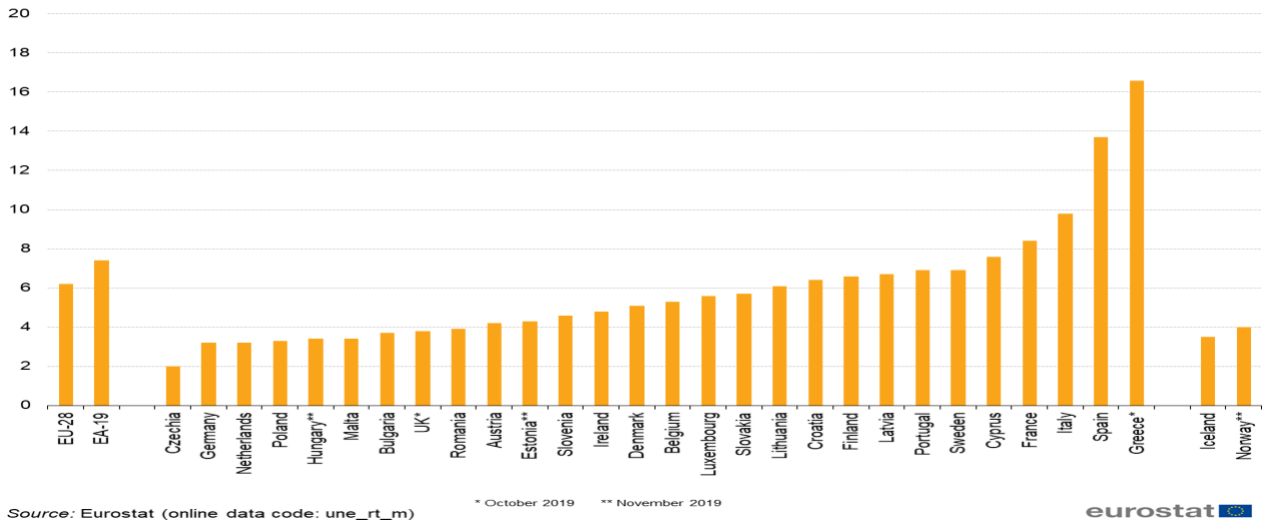
Source: CSO Ireland

In relation to the broader EU situation, figures from Eurostat show the unemployment rate for the EU-28 fell to 6.3 % in October 2019, the lowest recorded since EU wide figures began to be measured in January 2000. Total employment rose to 241m, its highest level ever. The aggregate euro area unemployment rate in 2019 was 7.6% and is expected to decrease to 7.3% by 2021. Wages across the EU also continued to rise during the year, a trend that was more pronounced in Central and Eastern European countries and resulting in greater wage convergence across the EU.

The graphs below give an indication on the change in employment levels within the EU 28 between 2016 and 2019. What is particularly important is the drop in employment levels in some of the newer accession countries such as Bulgaria and Romania. In recent years it has typically been workers from these two countries who have been employed in the Irish horticulture sectors. In 2016 Bulgaria and Romania had unemployment rates of 7.4% and 5.8% respectively. By October 2019 the unemployment rate in both countries had fallen below 4%.



### Unemployment rates, seasonally adjusted, December 2019



As unemployment falls in other EEA countries, the labour supply sources of the last decade have fallen significantly. In fact, many have these countries have now introduced permit schemes of their own as follows.



**Poland:** Sourcing employees from Asia – expect to take 100,000 Asian workers in from January 2019  
**Czech Rep:** Streamlining visa process to take in 40,000 Ukrainian workers in 2019  
**Romania:** Doubled non-EU work permits to 8,000 in 2018  
**Bulgaria:** Simplified Non-EU Migrant worker law in March 2018

In addition, as the economies of the East European countries have developed so has their welfare and benefits systems which leave it less attractive to travel abroad for work in the first place, or secondly makes it more attractive for those working abroad to return home. For example, in 2016 Poland introduced a new child benefit system, while in Bulgaria the benefit system allows the unemployed person who returns from abroad to claim 70-80% of the foreign income for 6-10 months

Despite the improvement in working conditions etc. on farms, and the fact that Ireland has the second highest minimum wage within the EU, producers continue to source manual labour and production operatives in particular, from the existing EEA countries. IFA believes that the shortage of labour supply at farm level, both skilled and manual that has emerged, will restrict the ability of the sector to achieve its growth targets over the next decade. This concern is noted in the Public Consultation document re. Agri Food Strategy 2030<sup>22</sup>

It should be noted that the supply of labour has tightened in a time period where the minimum wage has increased significantly. In 2015 the national Minimum wage in Ireland was €8.15 per hour and it is currently €10.10<sup>23</sup>, an increase of 16.8%. In addition, other pay rates in the sector have moved pro rata to maintain a pay differential between entry level and more skilled/experienced workers

In the last period of significant growth in the Irish economy in the late 1990s, employment permits for non-EEA workers were made available for the mushroom sector. This was in response to the difficulties faced by the sector in securing workers from within the EEA. A pilot labour permit scheme for 500 horticulture workers was also introduced in May 2018 as an initial response to the difficulties caused in sourcing suitable labour in the current positive economic expansion.

Although the current work permit pilot scheme is very welcome the horticulture sector also needs a seasonal worker scheme which would be a better fit for areas such as the soft fruit, tomatoes, etc. The Interdepartmental Report on the Review of Economic Migration Policy<sup>24</sup> recognises the need for a seasonal employment permit for low skilled workers in recommendation 5.20. and identifies Ireland as an outlier among developed countries in not having a seasonal employment permit. The report gives examples of this type of scheme in other countries and also Appendix II of the Teagasc Labour Force Survey (Appendix 2) provides background on existing permit schemes for Non-EEA workers employed in a number of EU states.

IFA has welcomed the Employment Permits (Consolidation and Amendment) Bill<sup>25</sup> in that it proposes to take certain operational elements out of primary legislation and will provide for the introduction and design of seasonal/ short term permits.

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<sup>22</sup><https://www.agriculture.gov.ie/agri-foodindustry/agri-foodandtheeconomy/agri-foodstrategyto2030/publicconsultation/>

<sup>23</sup> <http://www.irishstatutebook.ie/eli/2020/si/8/made/en/print>

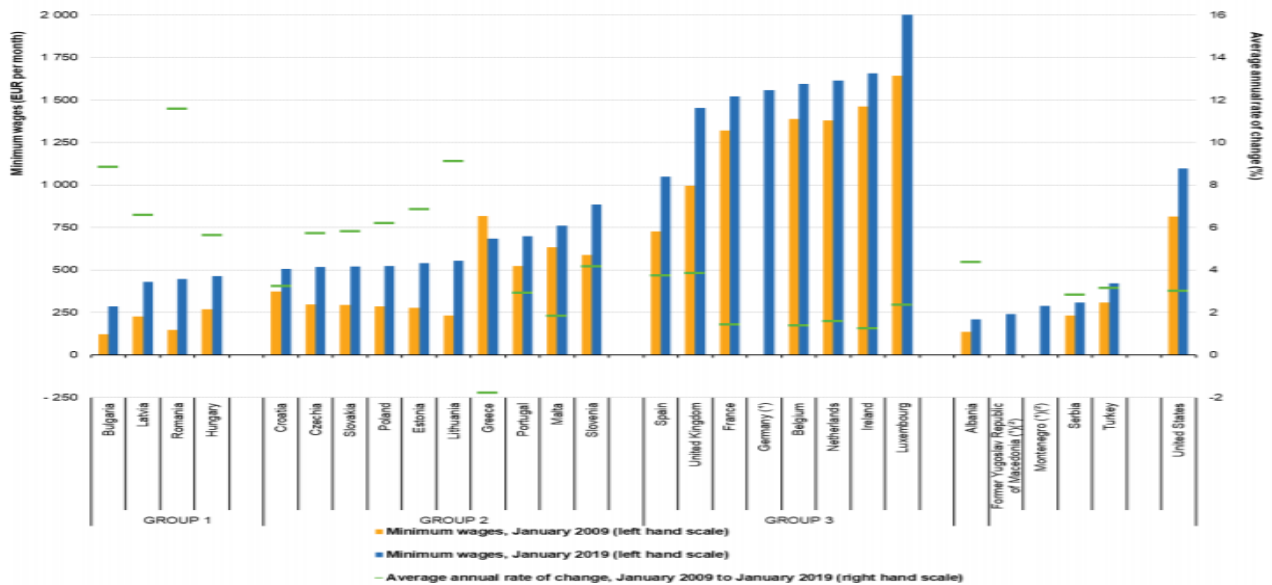
<sup>24</sup> <https://dbei.gov.ie/en/Publications/Publication-files/Review-of-Economic-Migration-Policy.pdf>

<sup>25</sup><https://www.ifa.ie/wp-content/uploads/2020/01/IFA-Submission-on-Public-Consultation-on-the-General-Scheme-of-Employment-Permits-Bill.pdf>

## Competitiveness

Irish producers are highly exposed to competition from cheaper imports both domestically, and on export markets in the UK<sup>26</sup>. Input costs including labour are higher than in most EU countries. In January 2019 Eurostat data indicates that Ireland has the second highest minimum wages (per month) after Luxembourg.

Minimum wages, January 2009 and January 2019  
(EUR per month and %)



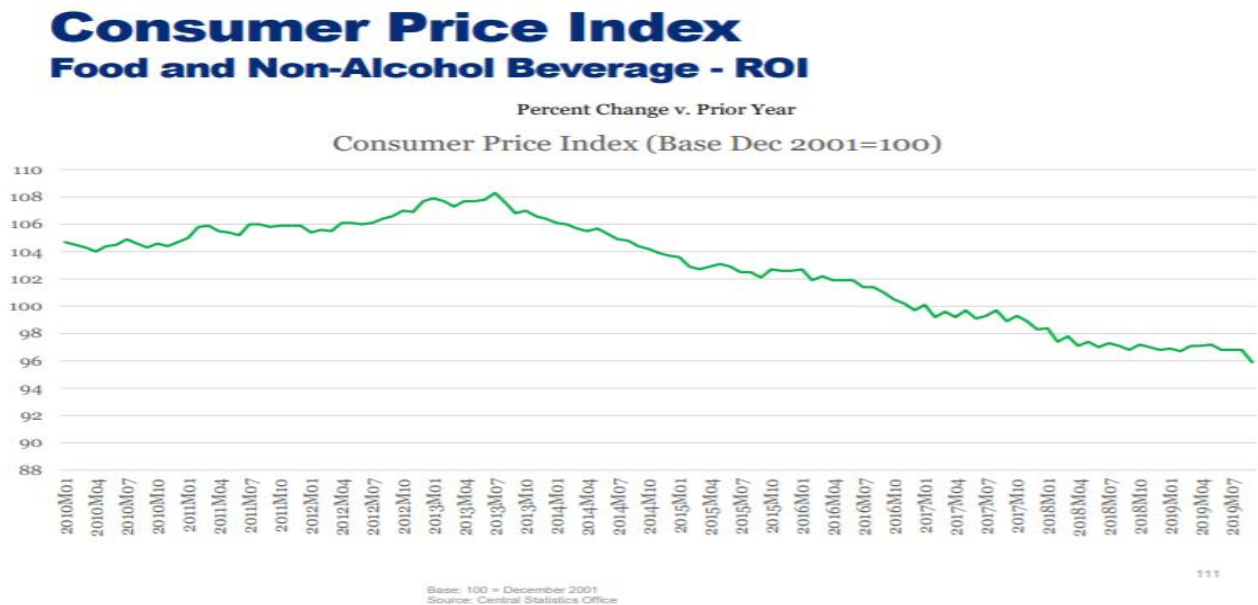
This is very evident in the UK market where our mushroom producers compete against Polish mushrooms for market share. The monthly minimum wage in Ireland is 3.08 times that of the monthly minimum wage in Poland. In a sector, where labour accounts for 45% of total input costs, this represents a significant disadvantage to Irish producers. In the domestic market our vegetable and fruit producers compete against imports from the UK and Spain in particular. The minimum wage in these countries in 2019 were €8.60/hr and €4.76/hr respectively, which again illustrates our disadvantage in relation to competitiveness on input costs across the single market.

The fact that these competing countries have increased access to work permit schemes (detailed above) including seasonal schemes, is affecting the ability of Irish producers to compete on a level playing field. It should also be noted that where seasonal worker schemes have been introduced in other countries, the rate of pay has been at the level of the minimum wage in that country and not higher. The higher rate introduced for the pilot permit scheme here in Ireland will affect our ability to compete

<sup>26</sup><https://www.ifa.ie/wp-content/uploads/2019/03/IFA-submission-to-Low-Pay-Commission-Consultation-2020.pdf>

## Retail Environment

The dominance of the 5 or 6 main retailers in Ireland and the UK, combined with an environment of unsustainable discounting and below cost selling, has undermined the fresh produce sector. The graph below from the CPI illustrates the decline in the price of food in recent years. Due to this deflationary price pressure it is very difficult for growers to make sustainable margins in order to pay higher wages to attract and retain suitable workers.



IFA has campaigned for many years both domestically and in Europe, for a rebalancing of power in the food supply chain, to deliver a viable price for farmers, and a return on their work and investment<sup>27</sup>.

## Impact of Brexit

Brexit has been described as the most serious threat to Irish farming and the agri-food sector in the history of the state<sup>28</sup>. Of all Irish food exports, Bord Bia state that 35% go through the UK and no other member state and no other sector is as exposed. Brexit has already had a negative impact on Irish agriculture, particularly in terms of currency fluctuations and investment uncertainty. Additionally, depending on the outcome of trade agreements following the transitional period, new tariff barriers are likely to have a particularly negative impact on the agri-food industry, potentially increasing prices of Irish produce in the UK by up to 60%.

90% of the Irish mushroom crop and €17m of nursery stock production is exported to the UK. Since the Brexit vote on June 23rd 2016, the €/GBP exchange rate has remained above 0.83. This is the longest period in

<sup>27</sup><https://www.ifa.ie/pre-christmas-race-to-the-bottom-on-food-prices-is-unsustainable/>  
<https://www.ifa.ie/wp-content/uploads/2020/01/IFA-Submission-to-Public-Consultation-on-the-Transposition-of-the-UTP-Directive-Dec-2019.pdf>

<sup>28</sup> <https://www.ifa.ie/wp-content/uploads/2017/03/763773Brexit-imperatives-policy-paper55629.pdf>

which the euro has traded at such a strong level against sterling since the launch of the single currency in 1999. The initial sudden impact of Brexit and the associated depreciation of sterling had a severe effect on the mushroom sector resulting in rationalisation of the sector which unfortunately resulted in some growers exiting the business. The situation has somewhat stabilised as sterling has appreciated from previous lows with the Producer Organisations and marketing companies having provided some interim support. Notwithstanding this hiatus, the uncertainty arising from Brexit and the future relationship on trade will continue to pose a major challenge to the horticulture sector.

## **Effects of Climate Change and Weather Events**

Increasingly frequent weather events, such as excessive rain, storms and droughts are a major challenge to the horticulture sector. For example, in October 2017 growers in the nursery stock sector suffered severe financial stress due to hurricane conditions, which caused severe damage to trees and building structures. This was followed in March 2018 by a snow storm which caused further structural damage across all horticulture protected crop businesses<sup>29</sup>. Subsequently the country experienced a severe drought in the Summer of 2018 which had devastating consequences for Irish field vegetable producers<sup>30</sup>.

It is obvious that a reliable and flexible source of labour is required to deal with and, mitigate the negative effects of these weather events. Workers may be required to work unsocial hours etc. in order to maintain the viability of businesses following such occurrences.

Ireland has again experienced severe levels of rainfall this Spring which has required extra labour to harvest vegetable crops. They will also require extra labour to catch up on plantings etc., which are behind schedule as a result of the weather.

## **Labour Market Information / Research**

Previously IFA has been asked to consult evidence-based research from bodies such as SOLAS and the Expert Group on Future Skills Needs (EGFSN). As detailed in previous IFA submissions to DBE<sup>31</sup>, these bodies have carried out virtually no research regarding skills and labour shortages within the primary producer sector of Irish Agriculture/Horticulture.

The expert group on future skills needs (EGFSN) produced a report (April 2017) Entitled 'Update on Future Skills Needs in the Food and drink sector'<sup>32</sup>. Unfortunately, its terms of reference did not include the primary producer but it did raise a number of pertinent points and issues which are detailed below that also apply to the primary food producer.

- Food Wise 2025 projects significant growth over the coming years, with a target of 85% exports growth to €19 billion by 2025, as well as an increase of 23,000 jobs over the period. It is clear,

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<sup>29</sup> <https://www.ifa.ie/horticulture-sector-needs-storm-damage-support/>

<sup>30</sup> [https://www.teagasc.ie/media/website/publications/2018/Drought-Impact-in-the-Vegetable-Sector-2018\\_draft7.pdf](https://www.teagasc.ie/media/website/publications/2018/Drought-Impact-in-the-Vegetable-Sector-2018_draft7.pdf)

<sup>31</sup> <https://www.ifa.ie/wp-content/uploads/2017/05/Submission-on-review-of-highly-skilled-and-ineligible-lists-of-employments.pdf>

<sup>32</sup> <http://www.skillsireland.ie/all-publications/2017/Update-on-Future-Skills-Needs-in-the-Food-and-Drink-Sector-20171.pdf>

however, that these targets are dependent, among other things, on successfully addressing the skills and labour needs of the sector.

- It states there is a need for operatives at production level and in other specific areas.
- The State's general policy is to promote the sourcing of labour and skills needs from within the workforce of the State and other European Economic Area (EEA) states. Where specific skills prove difficult to source within the State and EEA, an employment permit may be sought by an employer to hire a non-EEA national. Employment permit policy is part of the response to addressing skills deficits which exist and are likely to continue into the medium term. The employment permits system will continue to be responsive to changes in economic circumstances and labour market conditions.
- Of primary concern to many is the current uncertainty around Brexit and the consequent depreciation of sterling which is putting substantial pressure on low-margin sectors (e.g. mushroom) exporting to the UK.

The EGPSN report<sup>33</sup> on the issues arising from the effects of Brexit on the Irish Agri Food sector did refer to recruitment difficulties in the food and beverage sectors. *'The food and beverage sector have almost 80% of its employment based outside of Dublin. This is suggestive of the sector's high importance in regional employment. There is also increased difficulty in recruiting into the sector given that other sectors can pay more, which in turn is placing upward pressure on labour costs'*.

The National Skills Bulletin 2019<sup>34</sup>, (A Report by the Skills and Labour Market Research Unit (SLMRU) in SOLAS on behalf of the National Skills Council), said issues have been identified by employers through the Department of Agriculture, Food and the Marine in attracting and retaining persons in the areas of horticulture (e.g. fruit and mushroom pickers). As such, a quota of employment permits has been issued for this sector in order to address the labour shortages that are occurring.

Although the National Skills Bulletin 2019 refers again in the report, that employers are indicating significant issues with sourcing labour for mushroom and soft fruit pickers, we would question the research methods or population sample surveyed for other parts of the report. For instance, for horticulture trades it maintains that Gardeners account for the largest share of employment in this occupational group and says that data does not point to any shortages. It also states that of those employed in the horticulture sector, 76% are Irish Nationals. This would differ from IFA's knowledge of the sector and other surveys which are referenced to below, which would indicate that most of the employment numbers are concentrated in primary fruit, vegetable and mushroom production with the main proportion of workers being non - nationals.

The Interdepartmental Report on the Review of Economic Migration Policy<sup>35</sup> recognises the shortcomings in data used to identify skills or labour shortages in the horticulture sector. It recommends that SOLAS should engage with Government Departments to identify if further sources of official statistics can be utilised and that the relevant departments should take the lead in making an evidence-based case for changes to the occupations lists for an employment permit.

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<sup>33</sup><http://www.skillsireland.ie/all-publications/2018/Addressing%20the%20Skills%20Needs%20Arising%20from%20the%20Potential%20Trade%20Implications%20of%20Brexit.pdf>

<sup>34</sup> <https://www.regionalskills.ie/documents-publications/national-skills-bulletin-2019.pdf>

<sup>35</sup> <https://dbei.gov.ie/en/Publications/Publication-files/Review-of-Economic-Migration-Policy.pdf>

The Bord Bia commissioned ‘Labour Review of Horticulture in Ireland 2016’<sup>36</sup> estimated that 6,600 are employed in the industry while a further 11,000 are employed in downstream businesses. It also identified a growing shortage of seasonal labour supply, and recommended that consideration should be given to addressing work shortages via the work permit system. It should be noted that when the research was being undertaken for the study above the Irish unemployment rate was above 8%<sup>37</sup>.

In January 2018 Teagasc produced a report (Appendix 2) regarding the impact of labour shortages on the Horticulture Sector in Ireland. This report gave details of the number of vacancies in each sub sector and outlined the effects of the crisis on the most affected sectors including impacts on individual businesses. Among the findings were;

- Mushroom sector - Highlights that on a typically sized farm the current failure to recruit, results in inability to harvest 3<sup>rd</sup> flushes. This in time, leads to the operation becoming unviable, turning the current €200k profit capability into a €5k loss.
- Vegetable sector – Growers indicating that they will be cutting back production in the coming season if the labour shortage cannot be addressed.
- Amenity sector – Forest Produce Ltd (The major foliage exporter in the country) reported that they had refused orders of €100k at Christmas due to their labour shortages. They are also being undercut by Portuguese competitors who have access to a permit system for Asian workers.
- Fruit Sector – Growers reported that during peak season up to 10% of crops remained unpicked. There was also a knock-on impact on the quality of harvested fruit. In addition, Keeling’s who employ up to 1,000 seasonal and full-time operatives on their farms reported that they were 20% down on their labour needs in 2017 and have lost in the region of €2.38m in 2017 as a result of the impact of that shortage in labour.

Following the initial survey in January 2018 on labour shortages in horticulture, Teagasc commissioned a further detailed report (Appendix 2) on the horticultural labour market. The focus of this survey was to produce facts about labour shortages in the various sub-sectors of horticulture production. It must be noted that the survey was conducted just before and after the announcement of the DBEI pilot work permit scheme in May 2018 which provided for 500 horticulture work permits.

Growers reporting a significant tightening of the labour market over that past 18 months was the main trend from the survey. Other main findings of the survey were:

- A 14% vacancy rate across the horticulture industry.
- 77% of staff were nationals of other countries besides Ireland.
- 67% of respondents stated that it was undermining their confidence to expand.
- 57% reported that they were finding it difficult to maintain current output.
- 90% of growers used “word of mouth” to recruit staff with most relying on this method.

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<sup>36</sup><https://www.ifa.ie/HortLabourReview2016>

<sup>37</sup> <https://www.cso.ie/en/releasesandpublications/er/mue/monthlyunemploymentdecember2016/>

- Growers cited accommodation as a challenging issue when employing new staff. 53% cited that the cost of accommodation was excessive with 43% reporting nothing suitable was available.

Teagasc have just recently produced an updated survey (February) on labour shortages in the Horticulture sector in Ireland, Appendix 2. This survey would have taken account of the initial 500 permits issued under the horticulture worker pilot scheme which was exhausted in December 2019. The main findings of this survey are that despite the issue of the 500 work permits there are still severe shortages of workers, particularly in the mushroom and soft fruit sectors. The updated findings from the survey are detailed in Table 1 below.

Table 1

<b>Horticulture Sector</b>	<b>Estimated Labour Shortage February 2020</b>
<b>Vegetable &amp; Protected Crop Sector</b>	<b>170</b>
<b>Mushroom Sector</b>	<b>439</b>
<b>Amenity Sector</b>	<b>50</b>
<b>Soft Fruit</b>	<b>150</b>
<b>Total</b>	<b>809</b>

## **Engagement with DEASP and EURES**

IFA have met with representatives from the Employer Relations Division of the Department of Employment Affairs and Social Protection (DEASP) in May 2018.

Following this meeting, later that July, IFA invited representatives from the Employer Relations Division of the Department of Employment Affairs and Social Protection (DEASP) to a meeting.

The main purpose of the meeting was to assist the horticulture sector with information and support to seek potential candidates in the EEA countries and to also identify potential collaborations between the industry and DEASP/EURES. The meeting was very well attended with companies and growers attending from all the horticulture sectors.

A number of companies continue to engage with the DEASP and are continuing to participate in job fairs etc. in EEA countries.

In relation to engagement with EURES, it is a requirement of the application process regarding the pilot work permit scheme to place an advertisement with the Department of Employment Affairs and Social Protection Employment Services/EURES employment network for at least 2 weeks prior to submitting application for permit. In addition, it must be in a national newspaper for at least 3 days and also in either a local newspaper or

jobs website (separate to Department of Employment Affairs and Social Protection/EURES websites) for 3 days.

With over 500 permits now granted for horticulture workers, and a further 100 waiting in the system, this demonstrates the level of interaction and advertisement with the EURES network.

Detailed, individual business evidence of interaction with DEASP/EURES is included in Appendix 5.

## **Recruitment Initiatives**

As detailed above, Irish Horticulture producers have generally relied on migrant workers for labour requirements particularly over the past twenty years. Although growers still try and recruit locally, they tend to concentrate their recruitment initiatives in Eastern European countries.

Many producers have travelled to these countries to recruit perspective employees which included attendance at job fairs. Unlike other larger enterprises, many growers are small operations and do not have the wherewithal to travel to these countries. In these cases, these growers rely on word of mouth to recruit and/or employ the services of recruitment agencies and place adverts in the local newspapers of respective countries.

Appendix 5 includes details of individual company recruitment initiatives both nationally and at EEA level.

Since certain personnel from Direct Provision Centres became eligible to work in Ireland, a number of businesses have interacted with the system to employ these persons. There are some individual company experiences included in Appendix 6 in relation to these undertakings. Unfortunately, this source of labour has

not proved a solution to the labour problem. In general workers from these centres only stay for a short while before availing of the welfare system or moving on to other employments.

## **Attraction / Retention Strategies**

The Horticulture sector has put many strategies and initiatives in place to attract and retain staff and these are detailed in Appendix 5. These strategies involve anything from supply of accommodation, transport, free WIFI, company nights out, to sick pay and pension schemes etc.

In addition, a number of companies operate loyalty schemes, particularly for workers who work for six to nine-month periods. Basically, if workers stay employed for the full seasonal period, they will receive a monetary award at the end of the employment term which is additional to premium pay etc. Two companies in the sector who employ loyalty type schemes are Paul Brophy Produce, Woodside, Killashee, Naas, Co. Kildare and Kilbush Nurseries, North Hill, Rush, Co. Dublin.

IFA was also involved in two employment seminars which aimed to educate and inform growers on improving staff retention<sup>38</sup>.

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<sup>38</sup><https://www.ifa.ie/cross-sectors/farm-business-and-credit/farm-employment-seminar/>



## **Career Development**

Many individuals who started working at manual worker and picker level in many of the Irish Horticultural businesses, have risen to supervisor and managerial roles within these companies.

## **Training**

Many farms across the horticultural sectors have formalised on farm training and work-based learning initiatives in place. This can include anything from language skills up to specialist machinery and IT training.

FETAC (now QQI) approved training was established in the mushroom sector for training of farm managers, mushroom harvesters and operations workers.

Under the direction of SOLAS, Teagasc, has put together a stakeholder group within the Horticulture industry to look at introducing an Apprenticeship scheme in horticulture.

Presently Teagasc are engaging with QQI on the validation at this stage. However, the process will take some time and the recruitment of Horticulture apprentices will not be until the end of 2020 or Q1 2021. Ongoing developments outlined below are:

- QQI requires all providers to complete a QA re-engagement process. Teagasc is currently undertaking this process with QQI. However, timelines for this are not fully in Teagasc's control and no new programmes including apprenticeships will be validated by QQI until this re-engagement process is completed.
- A National Apprenticeship coordinator in Teagasc has been recently appointed. This will be a huge help to driving the overall process.
- Teagasc are progressing the development of five apprenticeships, two in horticulture, one in equine and two in agriculture. Most progress has been made in horticulture.
- Applied Horticulture Apprenticeship modules being finalised this February with application then to be submitted.

## **Investment in process improvement / Automation / Robotics**

There have been significant improvements in automation and in workplace ergonomics to improve the working environment and improve labour efficiencies on Irish farms. Automated packing line systems and picking aids are the main areas where new technology now exists and which have reduced labour dependency. Many experts expect robotics to make increasingly automated harvesting systems possible, however these technologies are only at prototype stage and Irish growing systems will struggle to install them due to lack of scale and the initial capital required for investment.

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<https://www.teagasc.ie/media/website/publications/2019/Labour-in-Horticulture-Clar-Nua-190116.pdf>

Notwithstanding the above, significant works has been underway at Producer Organisation and grower level to test prototype automated mushroom handling equipment to increase the productivity of existing labour units and increase labour use efficiency. Significant progress has been made but technologies like this will require significant testing and incremental engineering improvements to become an investible proposition. These prototypes have been part funded by the DAFM commercial horticulture grants scheme.

## **Robotics / Automation**

Teagasc are developing research proposals and opting into research consortia at European levels to advance their goal of supporting labour-saving technologies for the horticulture sector and the mushroom sector specifically.

A constraint with conventional robots and robotic techniques is they fail to meet the requirements that involve food items like mushrooms, in that the latter *are deformable objects*, sensitive to high pressure and covered with viscous substances. The entire robotic system must be carefully designed to handle these objects at high speed with secure lifting and without bruising. Machine learning will also be a key element of the robotic solution.

In 2019 Teagasc Horticulture applied as part of a consortium under H2020 for a project entitled “Automated Mushroom Handling through an Advanced Robotic Platform”. While the application was not successful the proposal is being re-worked and developed for another funding call in 2020.

If successful, the mushroom research facility in Ashtown will be the pilot facility for prototype testing. Partners include: Sony Europe Limited, The Shadow Robot Company Limited, Danieli Telerobot Labs S.R.L.

## **New Plant Varieties**

Other examples of innovation are in the strawberry sector, where a new variety called Malling Centenary was successfully introduced. This has a larger fruit than the traditional variety Elsanta and along with better fruit distribution on the plant has allowed an increase in picking speeds and efficiencies.

## **Lean Management Programmes**

Horticulture producers have participated in the DAFM/Bord Bia Lean Programmes in order to increase labour efficiencies in their businesses<sup>39</sup>.

In addition to the initiatives described above in relation to addressing labour market challenges, The Horticulture Industry Forum (HIF) (Appendix 7) has issued recommendations to address areas highlighted in the Teagasc labour survey report from September 2018.

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<sup>39</sup><https://www.bordbia.ie/farmers-growers/growers/horticulture-news/lean-production/>

## **Conclusion**

The Horticulture sector is a vital part of Ireland's Agricultural Industry and the Irish rural economy. There are many opportunities for the sector in the medium to the long term due to trends in health eating for mental and physical wellbeing, in addition to reducing food imports and offering alternatives for diversity in Irish Agriculture

However, labour is currently the major constraint facing the sector. It is affecting its ability to remain viable in the immediate term while restraining its capacity to expand in the medium to long term.

Mushroom growers in particular are facing daily challenges trying to harvest mushrooms, while fruit and vegetable growers are facing into a season where sufficient labour is currently not available.

In order to alleviate this labour crisis, an immediate extension of the existing pilot, General Employment Permit, Quota Based Scheme for Horticulture Workers is required.

# APPENDIX 1

## APPENDIX 2

## APPENDIX 3

APPENDIX 4

## APPENDIX 5



APPENDIX 6

## APPENDIX 7