



Opening Statement by IFA President Tim Cullinan

to the Joint Oireachtas Committee on Agriculture, Food & the Marine on the Crisis in the Sheep Sector

Wed, 8th March 2023

Chairperson and Committee Members, thank you for inviting IFA to address you today.

I am joined by IFA Sheep Committee Chairman Kevin Comiskey and Senior Policy Executive Tomás Bourke.

Ireland's Sheep Sector

Sheep production is the second largest farm sector in the country based on farmer numbers.

There are over 36,000 active sheep farms in Ireland accounting for 2.7m breeding ewes. The sheep population in Ireland is 4m, with an average flock size of 111 sheep. The average number of ewes per farm is 75.

Ireland is the fourth largest sheep meat exporter worldwide and the second largest exporter of sheep meat in the EU. Almost 3m sheep were processed in 2022.

Value to Economy

The sheep industry is an important economic component of our local economy and generates wider economic activity and employment in rural communities across the country.

The sheep sector is strongly export oriented. In 2022, exports to over 35 countries were valued at €476m, an increase of 17% with over 75,000t of sheep meat processed, representing a 10% increase.

Environmental & Societal Value

Sheep farming is carried out in some of the most difficult land in the country, generating socio and economic activity in these areas, while adding enormously to the bio-diversity and environmental objectives where sheep are farmed.

Sheep farmers produce public goods through the extensive grass-based systems, such as protection of the environment and biodiversity and the preservation of the landscape and unique features. Sheep farming is the lowest farm system in terms of greenhouse gas emissions.

Wool produced on sheep farms is a renewable multi-use product with multiple added value uses that is not reflected in the price provided to farmers for this unique product.

Sector Vulnerability

The sheep sector is a low-income vulnerable sector dependent on direct payments for over 100% of family farm income.

This challenging income situation is a major deterrent to new entrants to the sector.

In 2022, gross margins on sheep farms decreased by 14%, with net margins dropping 81% to just €7/ewe. This included the SWS¹ payment.

€7/ewe return in the sector is unsustainable.

Direct supports for sheep farmers must be increased to €30/ewe to encourage generational renewal and ensure the economic viability of existing sheep farmers.

For 2023, Teagasc forecasts a 1% increase in total sheep production costs. Feed concentrates are projected to increase by 10%, with no weakening of fertilizer prices which have increased by 195% on 2021 levels.

Other direct costs on sheep farms are forecasted to increase by 4% in 2023.

Lamb prices are currently 70c/kg or €16/lamb on average below 2022 levels. Inflationary pressures are projected to continue into 2023 impacting on demand for lamb.

Importance of Direct Payments

Direct payments support the continuation of the family farm structure preserving farming and economic activity across Ireland through various direct payment methods.

Direct payments contribute over 100% to overall family farm incomes and a targeted €30/ewe payment is essential to support the sector.

Store lamb finishers are an integral part of our production system in terms of maintaining a year-round supply of lamb and providing a vital outlet for our hill sheep farmers. Store lamb finishers must also be supported for finishing lambs.

Wool Market

Sheep farmers continue to suffer the impact of the collapsed wool market.

Shearing is a key management practice on sheep farms for the health and welfare of the flock and this has now become a significant production cost.

¹ Sheep Welfare Scheme

It costs approx. €8 to present a 3kg fleece rolled and packed on a farm. This is costing farmers over €21m annually.

A Wool Council has been established and a meeting of the group has taken place. There are no immediate outlets that will add significant value to our wool that will return a price at the farm gate for farmers.

There are multiple uses for this product and it meets all the environmental credentials which must be a driving force to maximise its use. To achieve this and reduce the processing costs it is important wool is presented in optimum condition from farms.

The current costs associated with shearing and the little, if any, return to farmers for their wool, does not provide any incentive for farmers to take the additional time in packing and presenting wool.

Shearing costs must be directly supported to incentivise farmers carrying out this vital health and welfare measure and to ensure wool is presented in optimum condition for future added value use.

Dog Control

Sheep farmers are more affected by the irresponsible behaviour of some dog owners than other sectors.

Lack of Government action in this area is allowing this behaviour continue, while sheep farmers are having their flocks savaged by dogs on an almost daily basis at this point.

You will all here about the major attacks that take place but this is a problem that is not just confined to sporadic large-scale slaughtering of sheep by dogs. There isn't a day goes by that sheep farmers throughout the country do not encounter their flocks worried, run into fences and drains and some sheep savaged. These cases do not make the headlines, but they are happening and are an indication of the extent of the problem. This must stop.

Government inaction in this area has led us to taking the steps of having a '*No Dogs Allowed*' on our lands campaign, which is now in its third year.

We are hearing some positive soundings in this area from Government, but the problem has gone on for far too long. There must be real and meaningful action and we need it now. IFA has consistently set out our demands in this area.

We must have:

- 1) A single National Database for all dogs correlating licensing and microchipping and identifying the person responsible for the dog but at a minimum alignment of the existing licensing and microchipping records to one central access point.
- 2) Full enforcement of microchipping and licensing obligations of dog owners for all dogs.
- 3) Stronger powers of enforcement for dog wardens and Gardaí and clarity of these powers.

- 4) Increased on the spot fines for failing to comply with the microchipping and licensing requirements.
- 5) Increased sanctions and on the spot fines for failing to have the dog under control.
- 6) Significant on the spot fines for dogs found worrying livestock.
- 7) Legal requirement for dogs to be microchipped and licensed and identified on the NVPS (National Veterinary Prescribing System) prior to any veterinary treatment or prescribing of medicines by veterinary practitioners.
- 8) Authority to apply the legislative obligations to dogs in border regions owned by persons not resident in the state.

Food Vision Beef & Sheep Group

Following a request from Minister McConalogue, the Chair of the Food Vision Beef and Sheep Group convened a meeting of the group focused on the sheep sector on Friday 17th February last.

The purpose of the meeting was to discuss the market situation in the sheep sector with presentations from DAFM, An Bord Bia and Teagasc on current supports and activities to inform stakeholder discussions on what more can be done to support the sector in the current circumstances.

The crisis in the sector was outlined in detail at the meeting. Sheep farmers' margins have been effectively wiped out, dropping 81% to just €7/ewe in 2022. Based on the presentations from both Teagasc and Bord Bia, there is limited opportunity for any significant increase in 2023.

This crisis can only be alleviated by immediate direct supports for sheep farmers from Government.

The Food Vision Beef and Sheep group has a Terms of Reference to deliver on the objectives of *Food Vision 2030*. Within this, there are several issues that must be resolved/addressed and delivered on for the sheep sector.

These include: -

- More market price transparency of prices paid weekly;
- The provision of an Export Benchmark Price tracker for lamb;
- Imported live lambs and sheep meat in carcass form and its impact on prices Irish farmers receive;
- Labelling of sheep meat and the controls in place.

It is critical returns from the marketplace are maximised. Sheep meat factories can and must do more to reflect the full value of the sheep meat we produce and the exacting standards it is produced to.

Bord Bia have a key role to play in this area and must be more proactive in delivering higher value volume markets for Irish sheep meat.

But markets alone are not enough to provide economic viability and sustainability on our farms.

The impact of Brexit on Irish sheep farmers has the potential to be devastating.

The UK and French markets are key markets for Irish sheep meat. Bilateral trade deals agreed by the UK with countries such as New Zealand and Australia have the potential to undermine the UK market for Irish sheep meat and also have the potential to displace domestic produce in the UK which in turn undermines the French market for our sheep meat.

Sheep farmers must be supported from this threat through the Brexit Adjustment Reserve.

These issues can and must be worked through in the Beef and Sheep Food Vision Group.

However, the current crisis requires immediate action.

Sheep farmers must be provided with immediate direct supports for the ewes on their farms.

Sheep farming is the second largest farm sector in the country, carried out on over 36,000 farms.

The sector generated an export value of €476m in 2022, an increase of 17%, for the country, while at the same time margins on sheep farms were slashed by 81% to just €7/ewe or just over €500/year for the average sheep flock, with prospects for this year of similar margins.

This is not sustainable and must be addressed as a matter of urgency by Government.

The Minister asked for the Beef and Sheep Food Vision Group to convene as a matter of urgency to discuss the crisis in the sheep sector. We were asked at the meeting to make our submissions on what is needed.

The meeting was held three weeks ago. The submission was hand delivered to the Minister's office two weeks ago. The message has been consistent and clear: the sheep sector is in crisis and we need immediate direct supports for sheep farmers.

The Minister and his Government colleagues have had the time to consider the submissions. We now need to hear what supports are forthcoming.

- Direct targeted support of €30/ewe to support the economic viability of the sector must be provided.
- Store lamb finishers are a vital outlet for hill sheep farmers and play a key role in our production supply systems, direct supports are critical to maintain this outlet for hill sheep farmers.
- Farmers must be directly supported to offset the cost of shearing and incentivised to present wool in optimum condition to facilitate further processing.

Background

The IFA is Ireland's largest farming organisation, with 72,000 farmer members covering all production systems. The Association is structured with 947 branches and 29 County Executives across the country.

The IFA President and various Committee Chairmen, along with branch and county representatives, are democratically elected by the farmer membership.

IFA represents all farming sectors at national, European and international level. Through our office in Brussels, the IFA represents Irish farmers on the European umbrella body of farm organisations COPA/COGECA. In addition, the IFA is the representative for Irish farmers on the World Farmers' Organisation.

The IFA Sheep committee comprises democratically-elected members from each of our 29 County Executives, representing all sheep production systems.