



**Opening Statement to the Joint Oireachtas Committee on Agriculture, Food and the Marine
IFA President Tim Cullinan**

Challenges in the Irish Fruit and Vegetable Sector with a focus on Food Waste

18th October 2023

Chairman and members of the Committee, I would like to thank you for inviting IFA here today to discuss the *Challenges facing the fruit and vegetable industry in Ireland*.

I am joined by IFA Fruit and Vegetable Chair Niall McCormack and IFA Policy Executive Niamh Brennan.

The farm gate value of the horticulture sector is currently valued at €529M. The National Strategy for Horticulture¹ anticipates that the farm gate value of the sector will increase by 30% to €688M, if the necessary actions in the Report are implemented.

While cognisant of the opportunities which exist for the sector such as import substitution and climate mitigation measures which were outlined in last week's session, the challenges facing this sector are multi-factorial and have not abated since we last met in June. In addition, extremely challenging harvest weather conditions for crops that are being harvested at present are compounding these challenges.

The recent announcement of the horticulture support scheme is welcome, however, the exclusion of some growers from the scheme is hugely disappointing. The fact that the important white mushroom production sector and the vast majority of Irish grown strawberries appear to be excluded from this support scheme needs to be rectified. These growers all experienced the same hugely inflated input costs as other sub-sectors of Irish horticulture. In particular, the mushroom sector has seen a mass exodus of growers in recent years and this latest announcement is not restoring any confidence.

¹ <https://www.gov.ie/en/publication/2a5d5-national-strategy-horticulture-2023-to-2027/>

The National Horticulture Strategy launched earlier this year as a result of a recommendation of Food Vision 2030 outlines eight key strategic actions which align with IFA's key asks for the sector.

The eight key strategic actions are:

1. Strengthen the position of the grower in the marketplace.
2. Develop a charter between growers, consolidators and retailers, and increase consumer demand for local, in season, fresh, quality fruit, vegetables and plants.

Establish the framework for a permanent non-EEA seasonal workers' scheme to ensure a reliable supply of skilled seasonal workers, while research into automation is intensified.

3. Review horticulture course availability and suitability for a modern dynamic sector, enabling the educational platforms to attract.
4. Research and Development for the industry.
5. Better data and information for better insights.
6. Integrate Horticulture back into the broader Agricultural Knowledge and Innovation System.
7. Support innovation and diversification.

From our perspective points 1,2 and 3 are critical for the sector and need to be addressed as a matter of urgency to ensure our critical mass of growers is not further eroded. I will now address these points in more detail along with addressing the issue of food waste which was a request of the committee today.

Strengthening the position of growers in the marketplace/developing a retail charter

The consolidation of growers is hugely concerning which has extended consequences for the whole agricultural sector. The rising cost of production and the dominant position of the retail buyers has resulted in the consolidation of growers over the past decade. Our growers are being hit from all sides, with the added actions of retailers who are relentlessly pushing down the retail price of their products and embarking on unsustainable discounting campaigns to encourage store footfall. It is not surprising that we have lost key growers from our industry in the past two years.

Today's retail environment is dominated by five players, Dunnes Stores, Super Valu, Tesco and the two discounters, Aldi and Lidl. Together, they constitute 92% (Kantar) of the total grocery market. These retailers have used fresh produce in particular, as marketing tools, to attract consumers into their stores, offering fresh fruit and vegetables at discount prices that very often do not recognize their overall cost of production.

Retailers may claim that the cost of special promotions are funded by them and while this may be accurate on a short-term basis, the cost of such promotions is built into procurement prices over time. The reality is that the price that growers get paid each year has consistently declined up until 2022.

The most recent National Field Vegetable Census², which is out of date, showed that the number of field vegetable growers fell from 377 in 1999 to 165 in 2014, a reduction of 56%.

IFA estimate that there are currently less than 100 commercial field vegetable producers left in Ireland. On one hand we have the Government looking to foster and expand our sustainable horticultural sector, yet, unless changes are made, the reality is that our sector will continue to contract resulting in the loss of family farms.

Apart from mushrooms, virtually all horticultural produce is for the domestic market. Retail food price deflation from 2010 to 2020 has pushed huge downward pressure on growers' margins.

The falling price of food and of fresh produce from the horticultural sector, has resulted in squeezed margins for primary food producers and now poses a significant threat to the viability of food production in Ireland.

Our horticulture sector depends on getting a viable return direct from the marketplace as growers in this sector generally do not receive direct payments under the Common Agricultural Policy (CAP).

While there have been some moderate increases in food prices on the shelves in recent months, the reality is that between January 2010 and December 2021 the average price of all food declined by 9%. Over the same period, the average level of overall consumer prices increased by 12.5%, according to the CSO.

The appointment of Niamh Lenehan as the National Food Regulator is welcome, and we look forward to working with her to address the issues outlined above along the food chain. As part of the Horticulture Industry Forum, we are in the process of formulating an additional voluntary retail charter.

² <https://www.bordbia.ie/globalassets/bordbia.ie/industry/irish-sector-profiles/horticulture-censuses/national-field-vegetable-census-2015.pdf>

The office of the Food Regulator does not have statutory powers over financial transactions within the food chain; accordingly, a voluntary retail character is essential. It will be essential that all players in the supply chain buy into this charter and engage in the process. The price deflation of vegetables has resulted in the decimation of farmer margins and the decimation of Irish vegetable growers. It cannot be allowed to continue into the future.

Work Permits / Staffing Issues

Horticulture is a sector that is extremely reliant upon hired staff, especially at harvest time. While the announcement that the minimum wage will increase in Budget 2024 is welcome for society, it will have an enormous financial impact on horticulture producers where up to 50% of variable costs are attributed to staffing.

While there are always staff supply issues at harvest time given the seasonal nature of the industry, the problem is now much more widespread throughout the year. If sufficient staffing requirements cannot be maintained at all times it leads to food waste at production level.

Ireland is an outlier in Europe because it has no system for granting seasonal employment permits for foreign workers in sectors such as fruit picking, putting our growers at a competitive disadvantage. The fact that the legislation of the seasonal work permit scheme did not make it before Oireachtas summer recess with a revised indicative timeframe of quarter 1 of 2025 is extremely disappointing. A bespoke seasonal work permit scheme for foreign workers must be a priority for the sector, in conjunction with a continuous supply of permits from the General Employment Scheme.

Food Waste

According to the EPA, food waste in Ireland is the 5th highest in Europe and about 15% ahead of the EU average.³ It is estimated that food waste accounts for approximately 8-10% of greenhouse gas emissions; therefore, reducing food waste is a hugely effective climate action.

³ <https://www.epa.ie/our-services/monitoring-assessment/waste/national-waste-statistics/food/>

The EPA statistics estimate that 29% of food waste is generated at household level. Manufacturing and processing accounts for 28%, restaurants and food service account for 25% while only 7% occurs at producer level. ⁴

Growers are taking on a number of initiatives to reduce food waste including engaging with Food Cloud. IFA has engaged with Food Cloud for a number of years, encouraging growers to collaborate with this worthwhile initiative. Educational campaigns for consumers around food waste and storage are needed to educate consumers who are the biggest offenders with a striking 29% food waste rate.

Another area where IFA believe food waste could be reduced is the area of supermarket specs on products, particularly in years where harvest conditions are challenging. Over the past decade the supermarket spec of all fresh produce has increased dramatically. This leads to perfectly saleable produce being rejected at packer and retail level because of minor blemishes. Growers often cite that there is an expectation that potatoes now must resemble the appearance of an eating apple. Some facilities are now investing in technology to have a use for this produce which would be otherwise destined for cattle feed. However, from a climate and economic perspective, the most carbon effective use of produce is that it is consumed, unprocessed by the consumer. An educational campaign is required for both retail buyers and consumers alike.

The availability of plant protection products can lead to higher incidence of food waste at primary production level due to higher levels of pest and disease damage. All growers in Ireland are now practicing integrated pest management (IPM). However, there must be a level playing field within the EU where we have access to the same products as our European counterparts.

The longstanding issue around the availability and cost of peat remains an unsolved issue for the sector. IFA is fully behind using alternatives when they are commercially available, but until such a time a 'Just Transition' must be allowed.

The issue of increased inspection on potato farms in particular with regard to commercial rates is a final point I would like to address. In recent years there has been an increase in inspections on potato, tillage and horticulture premises by Local Government on behalf of the Valuation Office. Inspectors are deeming storage sheds, packing sheds, and washing bays ratable.

⁴ <https://www.epa.ie/our-services/monitoring--assessment/waste/national-waste-statistics/food/#:~:text=Food%20waste%20is%20a%20global,10%25%20of%20greenhou>

These buildings are not ratable by virtue of constituting “Farm buildings” as defined Valuation Act 2001⁵

If a precedent is set, then almost all agriculture buildings could be viewed as ratable, creating potentially disastrous for all agriculture sectors. Accordingly, the current exemption is not fit for purpose.

To conclude, the importance of underpinning our domestic horticulture producers has never been as important following recent shortages of certain products and the increasing emphasis on food security.

The action in the National Horticulture Strategy must be implemented; if not, empty supermarket shelves which we experienced at times this year will become the new norm.

Many crops can be grown and produced almost ten months of the year in Ireland, but only if retailers pay the cost of local sustainable production.

Better supports are needed for Irish vegetable growers to avoid any more from exiting the sector and leaving the country even more dependent on imports.

Fairness must be returned to what is currently a fundamentally unfair food supply chain.

Thank you.

ENDS.

⁵ <https://www.irishstatutebook.ie/eli/2001/act/13/enacted/en/html> - Section 3 and exempted in paragraph 5 of Schedule 4.