

# FROM FARM TO FORK TO FARMER

*The official blog of Regenerative Farming Ireland*

## **“IT IS TIME FOR A FAMILY-FARM-FIRST VISION”**

by

Stuart M. Meikle

The following article was first published in the October 2019, first edition, of the Agri Insider magazine.

The family farm structure is under pressure in rural Ireland. It is the image that sells so many of our food exports. Losing it will mean Ireland can only sell our food produce as commodities and not added value products, Stuart Meikle writes.

Although there had been strategy papers before, Food Harvest 2020 was the first that became seen as synonymous with where Irish agriculture was to go. It was a road map. It was swiftly followed by Food Wise 2025. Preparations for a 2030 Food strategy paper are now afoot.

Although it may not have been the intention, Food Harvest 2020 was swiftly reduced to a couple of objectives, to increase milk production post 2015 and to increase agri-food exports. All else has become subservient to those couple of objectives, which have largely been met. Whether doing so has delivered for Ireland's family farms and rural communities is nevertheless questionable.

Dairy expansion kicked in on schedule. It has not been organic growth driven by clear market signals, it has been supply-driven and at a pace that has been catalysed by the most significant change in agricultural policy in recent decades, the removal of milk quotas. In such a policy-influenced situation, it was vital that strong directional guidance was sought and given. In the context of the wellbeing of the Irish family farm, this was not adequately provided by the agri-food strategies.

By focusing upon agri-food export and volume increases rather than the incomes of family farms, the strategic direction taken has been contrary to the future well-being of those farms.

### **IS THERE A NEED FOR AN IRISH AGRI-FOOD FIVE-YEAR PLAN?**

The answer is no, not in the context of setting targets for the private sector. It does, however, have a role in creating an agreed vision for the future; a vision that revolves around an understanding of the numerous technical, marketing and environmental issues surrounding Irish food production. The vision should then be placed within a political context, and the primary one focus is that rural Ireland's future must be the family farm structure that has built Ireland's food island reputation. Hence, Food Vision 2030 should be born.

The vision must encompass a broad cross-section of views and be a genuine consensus over where the farming, food and rural sectors should go. It should not be dictated by any specific group. It can then be the foundations of a government strategy that is solely targeted at where it has influence through its funding capability; be it research, marketing or to support transition investment.

The development of government strategy is not a committee activity; it is one that should be undertaken by a small team of dedicated specialists, guided by the agreed Vision. Food Harvest 2020 and Food Wise 2025 muddled vision with strategy. Their committee-approach should have provided the vision.

The strategy should be grounded by the analysis of market, technical and environmental issues. The analysis should evaluate the constraints acting upon the farming and food sectors relating to, for example, land, labour, pollution or society's demands over the environment [or the preservation of the family farm]. Removal or abatement of the constraints should be analysed. If the results of the analysis conflict with the agreed vision, or questions its viability, informed guidance should then be looped back to those who established the vision. Re-thinking can then occur.

### **WHAT IS THE ROLE OF A GOVERNMENT CREATED VISION AND STRATEGY?**

Was there too much faith placed in Food Harvest 2020 and Food Wise 2025 by too many? Was the depth of their analytical foundations over-estimated across the agri-food industries? Did their presence allow others to be less rigorous in evaluating investments, be they in farming or food processing? With the rationale of some investments in recent years one could be forgiven for concluding yes.

A criticism of Food Harvest 2020 was that its primary targets were dictated by the idea that agriculture could help bail Ireland out of the financial crisis through driving export volumes. Export volumes have increased, but so have food and raw material imports, be they for further food processing, for fuelling crop growth like artificial fertilisers or feeding livestock. What is the agri-food trade balance?

The headline agri-food export figures include the products of the food and beverage industries. Do these deliver the farmer a price premium and greater farm household income? If not, what real relevance to farming is there in Food Harvest 2020's key performance indicator? There is too little analysis of what either strategy papers have delivered for the family farm. In contrast to the success reported for agri-food exports, the word 'crisis' has better described farm income performance, across all sectors.

Future visions and strategies must separate the food and farming sectors. The performance of one has proved not to be an indicator of the performance of the other. Farmers can argue that given the dominant route-to-market position of the processors, their financial performance may even be at the expense of the farm household's income.

The Government can influence the future by encouraging CAP reform, how it allocates rural development funds, and via its funding and direction of the research, advisory and marketing agencies. The first two are about directly channelling funds to support change and transition.

Research itself is vital but it must support change. The marketing agency must ensure that research is market-led and that it accounts for potential changes in consumer demand, not least with respect to consumer-interest issues like the environment and animal welfare. The whole must be cohesive.

Government expenditure on agriculture, either directly or 'looped' via Brussels, is over €500 per person living in Ireland. Hence there must be a national consensus on how it is spent. The strategies, built upon public

consultation and a multi-party accord, should reflect how the majority wish to see that public money being spent within the farming, food and rural sectors.

To a significant degree the Government's hands are tied by the CAP. Brussels makes the rules. Far greater discretion is nonetheless allowed within Pillar II and the Pillar I [direct income support] to Pillar II [rural development] proportions can be varied. In 2017 the Irish split was 83:17 respectively. A significant amount of the 17% was nevertheless directed towards mitigating the environmental impacts of the agricultural expansion proposed with the national agri-food strategies.

Austria, one of the few EU countries that is not failing to find young farmers, channels 40% of its CAP funds to Pillar II. Anecdotally, its younger generation is focusing upon local product creation and building a strong interface between farmer and consumer, helped by agrotourism, to sustain the family farm. Austria may provide some inspiration for a new Irish farming, food and rural vision and strategy. This is especially the case if the Irish Government take the view that the traditional, small-scale family farm is to be central to rural Ireland's future.

Beyond altering the Pillar distribution and rethinking Pillar II spending, the Government is left with trying to influence the direction of the CAP. If, as some suggest, it becomes renationalised there will be greater scope for utilising the CAP funds to better serve Irish rural regeneration.

There will be a fear that less direct income support will reduce farm incomes but the system is failing because farmers have become too reliant upon Brussels. Their income must foremost come from the market and CAP reform must begin to deliver changes that relink farm income to the consumer.

#### **FARM BUSINESS ISSUES IMPACTING UPON IRISH FARMS**

- **Accounting for the operational scale of Irish family farms**

The logical starting point for a vision and strategy that aims to ensure the family farm's future is the operational size of those farms. Given that land rarely changes hands, it is expensive when it does [bought or rented], and that the already small farms are fragmented, land access should be the paramount concern. Simply, no amount of tax-based incentives is going to create sufficient market fluidity to enable farm growth to facilitate scale-based competitiveness. Farm size means that Ireland should avoid all direct competition with market players who enjoy major scale advantages. A few larger farms are developing, but one swallow doesn't make a summer and the few cannot influence the overall cost-based market competitiveness of Irish farm produce.

- **Farm business objectives and farm management strategy**

There is very little account taken of the farmer or farming family's objectives. The farm is often part-time with household incomes supported by external income. De facto, it is accepted that the preservation of the family farm as a residential home is paramount. Often the farming is secondary with labour and management time devoted accordingly. It is a widespread situation and it explains why so many apparently inefficient farms survive. They are not kept in business by family cross-subsidisation, and knowingly so. It is a frustration for those who champion 'efficiency' but the farms are efficient, when judged against the objectives of the farming family. What needs to be remembered is that it is they who control the land. A vision of the future must encompass an understanding of the landowners' objectives.

- **Too much is based upon partial farm business costings**

It is a nuanced farm business point, but the practice of highlighting only partial costs when promoting production systems has been a common one. It has had serious consequences. The approach has highlighted how 'efficient' the artificial-nitrogen-fed ryegrass sward as a means to producing low-cost ruminant feed. Nonetheless, it is only low-cost if looked at in isolation of the farm's fixed costs like land, labour, machinery and buildings. A full-cost assessment often provides a different answer. The approach has also led to very significant production seasonality with all that such entails for the farm's fixed resources. Full-cost evaluation is an absolute necessity.

Further, the seasonality created by focusing upon on-farm, grass-production variable costs has led to massive over-investment in milk-processing stainless steel, low processing capacity usage, and serious constraints upon product choice. Also, the farmer-owned cooperatives have invested in the 'heavy-lifting' of primary processing to match on-farm production seasonality that produce ingredients and commodities which others further process into consumer-facing products. Consumer-facing products is where the 'cream' is. The whole strategic direction of Irish dairy farming has seriously inhibited its own farm-gate price potential. It is a consequence that will now take 10 to 20 years to rectify.

- **The market focus of Irish family farming's produce**

The lack of farm scale is exacerbated when the farm sells into commodity markets or to primary processors who sell commodities. This is commonplace for Irish family farms. The massive farmer-owned milk-processing investment that has recently embedded this situation is extraordinary. Beyond dairy, tillage farms who supply feed to those who produce commodity milk [or meat] are likewise caught in a low-value supply chain.

Efforts are made to enhance the value of produce by developing 'Brand Ireland'. They are backed by quality assurance schemes. This is an approach that can only raise the bar slightly. It will have little impact upon farm-gate prices or farm incomes. When any premium price does occur from this it will probably be negated by the above impacts of seasonality.

Family farm viability needs enhanced farm gate prices, period. It will only come through product differentiation that starts from inside the farm gate. This must be linked to the 'terroir', to the land. It is all about working within designated-origin-product supply-chains. It is the Continental approach to regenerating family farms and it is one that Ireland must begin to adopt.

## **THE BROADER ISSUES BEARING UPON IRISH FAMILY FARMS**

Any discussion about the future of food and farming must be set in a broad context, not least because people are beginning to appreciate the full extent of the negative externalities generated by food production. Understanding them and changing accordingly must be central to any vision of farming's future. The demands and concerns of our food market and consumer must be paramount as that family farm produce can receive premium product prices. Briefly, the issues include:

- Increasing regulation surrounding GHG-emissions reduction. These may place binding constraints upon the business or impose climate-change-focused taxes.
- Rising concern over soil degradation and failing soil-biome health. Soil fertility will no longer be about adding artificial fertilisers, it will be about enabling a fully functional soil food web.

- Farming's interaction with soil will be implicated as a major cause of biodiversity loss. It can also regenerate it as all food chains originate from the soil biome.
- Pollinator and beneficial-to-food-production insect populations are collapsing. Pesticide use is often implicated. Questions will also be asked about the role of animal-health products.
- Human health care will be compromised if farm antibiotic use is not curtailed. The antibiotic footprint of food production systems will be increasingly highlighted.
- Fossil-fuels used for power, nitrogen and mined fertilisers, and farming-plastic will be in short supply. It will have increasing cost implications and limit artificial fertiliser availability.
- Farming will be required to minimise and even halt its release of pollutants into the atmosphere, water courses and groundwater. These include nitrates, phosphates and ammonia.
- There will be a fuller understanding of methane and the importance of nutrient cycles including carbon and nitrogen within farming and food production.
- The importance of carbon sequestration into soils will be more fully appreciated as a climate-mitigation tool. Carbon accounting methodology will develop accordingly.
- Natural resistances to mainstream / conventional farming's agrochemical solutions is rising. This will require system innovation and change to combat.
- Consumers' will demand ever-better farm-animal welfare. In so doing they will create chances for farmers and their route-to-market partners to differentiate products.
- Upland farms will need to be managed as water catchments for flood control. They will also have to adapt to provide non-food products and 'public services' according to society's wishes.

## **CREATING A NEW VISION AND STRATEGY FOR IRISH FAMILY FARMING**

Small-scale family farms cannot survive by producing for commodity markets. In such a situation they can only do so through taxpayer and family subsidisation. It is also unlikely that the farming families can maintain the farms primary resources, the soil, the buildings, the machinery etc in these low commodity priced income markets. Holding onto a new generation of human resources is also unlikely, thus ending the farm as a family run holding.

Many in Irish farming have followed the recent strategic guidance. Likewise, they have bought into farming systems that adhere to idea that cheap grass can outweigh high fixed costs. Without a premium farm-gate price, it won't. When that grass is a ryegrass sward fed with copious amounts of artificial nitrogen it will also be found out on environmental grounds such as nitrates, soil and soil biome health, air pollution and fossil fuel-based nitrogen.

An analogy is that Ireland is still seeking to perfect the internal combustion engine whereas by 2030 we will all be driving electric vehicles. Sometimes a technology ends up on the wrong side of history. Such is the danger for Irish artificially forced ryegrass-based farms. The choice is now whether farmers should be left to meet the consequences of their recent system choices alone or whether there should be a specific strategic focus on providing support to enable them to make system alterations.

The strategic focus must begin what will be a long transition from commodities to products. If those products are to underpin resilient income streams for Ireland's farming families, they must emanate from and be totally traceable to them. Factory produced foods, which form a large part of the agri-food export figures, will not cut

it. Likewise, telling a marketing story that falls short of the truth won't cut it either. The products must be very clearly linked to the land and the farming methods employed. It is what consumers will demand.

Critically, the routes to market must be willing and able to reward the farmer for delivering such traceable-to-origin products. Henceforward, major route to market reform is a necessity.

Simultaneous with product and market changes will be the need to develop the farming systems that can mitigate climate change, minimise pollution, regenerate both soils and farmland biodiversity, further raise animal welfare, and deliver financial sustainability to the farming family; not forgetting their wider rural communities. It is a tall order.

The Twenties will be a decade of massive change for food and farming and policy vision has to be forthcoming to support the industry through a period of major transition. If the family farm is to be the foundation of rural Ireland into the future, Food Vision 2030 must signal a major strategic change of direction. More of the same is just not an option. Anything less will not enable Irish family farms to make the transition into resilient and future-proofed rural businesses.

## About the author

Stuart Meikle is a farm business economist, a writer and a farming/food advisor. He was brought up with agriculture and studied at the then World-renown Wye College, University of London. Upon graduating with First Class Honours he joined the faculty at Wye and taught agricultural and horticultural business management. His last 30 years have seen him advising and working for governments, the World Bank and the IFC, NGOs, universities and private businesses in places as far afield as South East and Central Asia, the Caucuses, the Levant, Central Europe and the United Kingdom and now Ireland. In recent years he has been working on rural regeneration in agriculture-reliant, often remote-to-the-market, regions that are also environmentally important and where the future is about linking farming to high-value food products to enhance farming and rural incomes and to sustain and preserve the biodiversity-rich, farming-created landscapes. Apart from being an advisor, there has been times within his career when Stuart Meikle has been directly involved in farm and agribusiness management. Most recently, he established a water buffalo milk production and processing business located within Transylvania's stunning natural beauty, where he was also the British Honorary Consul. Nowadays he and his family reside in County Wexford.

## Disclaimer and the small print

The information contained in this Regenerative Farming Ireland 'Farm to fork to farmer' Blog post (and its linked pdf download) is for general information purposes only. The views expressed are those of the author alone. The intellectual property rights pertaining to any Blog Post are retained by the author. Extracts from a Blog Post may be quoted with proper citation of the author, Regenerative Farming Ireland, and the Blog as the source. If you wish to reproduce a Blog post in its entirety please contact us.

The information is provided by Regenerative Farming Ireland's members and others as guest writers and while we at Regenerative Farming Ireland endeavour to ensure the accuracy of the Blog posts, we make no representations or warranties of any kind, express or implied, about the completeness, accuracy or reliability with respect to the information within the Regenerative Farming Ireland 'Farm to fork to farmer' Blog. Any reliance you place on such information is therefore strictly at your own risk. In no event will Regenerative Farming Ireland or its officers be liable for any loss or damage including without limitation, indirect or consequential loss or damage, or any loss or damage whatsoever arising from, or in connection with, the use of the information published on Regenerative Farming Ireland 'Farm to fork to farmer' Blog.

Regenerative Farming Ireland and its authors encourage the readers of its Blog to investigate and verify the information within the posts and to seek answers where questions are posed. Our intention is solely to enhance and stimulate the discussion about the future of the agricultural, horticultural and food industries, be it in Ireland or elsewhere.

Through the Regenerative Farming Ireland Blog and website, you may be able to link to other websites which are not under the control of Regenerative Farming Ireland. It has no control over the nature and content of those sites. The inclusion of any links does not necessarily imply a recommendation or endorsement of the views expressed within them.