

**Beef Task force**  
**Minutes**  
**Second meeting, Thursday 9<sup>th</sup> January 2020**  
**Agriculture House**  
**11.00am**

**Attendees:**

<b>Name</b>	<b>Representing</b>	<b>Name</b>	<b>Representing</b>
Michael Dowling	Chair	Aidan Murray	Teagasc
Sinead McPhillips	DAFM	Joe Healy	IFA
Maria Dunne	DAFM	Kevin Kinsella	IFA
Pat McCormack	ICMSA	Edmond Phelan	ICSA
Des Morrison	ICMSA	Eddie Punch	ICSA
Thomas Duffy	MACRA	Brendan Joyce	INHFA
Derrie Dillon	MACRA	Colm O'Donnell	INHFA
Philip Carroll	MII	TJ Flannagan	ICOS
Cormac Healy	MII	Enda Fingleton	BPM
Joe Ryan	MII	Dermot O'Brien	BPM
Padraig Brennan	Bord Bia		
	Greg Murray	DAFM Secretariat	
	Valerie Woods	DAFM Secretariat	

Apologies: Sean Coughlan – ICBF

Attendance for specific items: Donagh Berry, Teagasc – QPS Grid  
 Gerry Greally and David Donnelly, DAFM – Carcase Classification

## **1. Discussion with Retailers on market requirements and in-spec bonus criteria**

Representatives from retailers had been invited to attend the Taskforce meeting to discuss market trends and requirements, specifically in relation to the Quality Payment System in-spec bonus criteria currently in operation in the Irish beef sector. A detailed discussion followed between the Taskforce and representatives from Irish retailers (Tesco, Dunnes Stores, Musgraves, Aldi and Lidl).

Key points:

- Details of the in-spec bonus requirements and their rationale were outlined. Carcase weight impact on consumer pack size was also highlighted. Retailers gave particular emphasis to the importance of the Bord Bia Quality Assurance Scheme in delivering consistent verifiable quality to consumers which they have trust in.
- Farmer organisations outlined the difficulties presented to farmers in the context of meeting the in-spec bonus requirements and the impact of discounting of beef at retail level and expressed a desire to work more closely with the retailers. Farmer organisations also expressed concern about the sustainability of the current supply levels in Ireland given the poor return to the primary producers and highlighted the need for prices to rise to cover production costs and leave a margin. Retailers were also asked regarding the margins at retail on beef.
- Retailers present committed to engagement with the ongoing transparency studies which have been commissioned by DAFM, subject to terms of reference and commercial sensitivities
- Retailers agreed in principle that DNA registered traceability systems could provide further assurance to the customer, noting potential cost impact. Retailers noted that they have not seen any decline in meat consumption in Ireland, although some decline has been noted in UK markets.
- The importance of the sector meeting changing consumer demands in the context of climate change, as well increased focus on animal welfare was discussed.
- The issue of the price differential between meat and meat substitute products was raised. Retailers advised that currently meat substitute/alternatives were a very small proportion of business relative to meat.
- The chair outlined that questions on price composition in the supply chain are most appropriately addressed in the context of the independent consultancy studies, which will examine these factors in a manner which takes account of commercial sensitivities. Retailers to be invited to a further discussion with the taskforce when the studies are published.

## **2. Teagasc review of QPS Grid**

Teagasc delivered a presentation on a desk-based study on the QPS grid. The objective of this study was to provide a desktop analysis of the effect of updated prices on the beef quality payment system. The key finding of the study was:

- that the expected price per kg differential between each conformation score subclass based on the 2009 study versus updated prices increases from 5.6c/kg to 6.86c/kg; the expected price per kg differential between each fat score subclass based on 2009 study versus price changes from -5.1c/kg to -6.09 c/kg.
- It was agreed that this study did not show a justification for changing differentials. It was agreed that Teagasc would scope the time and resources required to carry out an in-depth study to look at a revised system.

## **3. Carcase Classification Division Update**

DAFM Carcase Classification Division delivered a presentation on relevant action points in the 15 September Agreement and issues raised at the previous BTF meeting. Key issues:

- The Report on Mechanical Classification Modification Trial was discussed. DAFM committed to look at what further data collation and data summaries could be provided to bring about further understanding of the trial results in the context of providing a comparison between the results on the old machine and the new machine. It was clearly noted that the modified technology has been authorised for use and EU Commission notified to this effect, so any extra data being provided is supplementary information.
- Meat Industry Ireland (MII) noted that there is a need for industry to move on the upgrading of systems to ensure continuity of processing and highlighted that the classification system is key as it is the core interface between primary producers and processors and the most accurate system should be implemented. Farm organisations emphasised the need for producers to have a full understanding of the impact of the changes on classification and resulting pricing before proceeding.
- An appeals system for manual grading factories has been put in place as per Action 18 of the 15 September agreement. DAFM stated that there are no plans to introduce an appeals system for mechanical grading systems. DAFM's role in this area is underpinned by EU legislation and consists of determining the accuracy of the machines concerned. DAFM clarified that the recourse for farmers in the case of machine error was to raise the issue with the factory. DAFM committed to examining how it may be possible to predict issues with machine accuracy, as an early warning system
- In relation to Action 27 of the 15 September Agreement, a pilot scheme to process requests by farmers for copies of their carcase images will commence in 1 February. The volume of requests is an important factor in the cost and feasibility of operating the system.

#### **4. Market update report**

Bord Bia delivered a market update report followed by a discussion on the new Beef Market Tracker and Export Benchmark Index. The key points raised were as follows:

- China demand for beef is increasing in the long-term, but also at present, due to the ASF impact. However, the China market can be expected to have volatility as an ongoing feature. Currently there has been a significant downward correction on import prices across all meats in the Chinese market.
- UK demand for beef is currently decreasing. Irish beef exports to the UK fell by 11% in 2019.
- Largest decline in demand is for steak & prime cuts
- The market index tool will be constantly evolving and stakeholder feedback on its development will be considered on an ongoing basis as the tool develops.
- The importance of the QAS to Ireland's international competitiveness was acknowledged as well as the importance of Taskforce members understanding their role in terms of promotion of the sector in the context of public discourse.
- The Farming organisations commented on the need for an immediate increase in the pace of upturn in the price paid to farmers to take farmers from loss making territory and ensure consistency of supply in the medium term.
- MII noted cattle price improvements which had occurred since the last meeting and also highlighted several challenges in the marketplace, most particularly downward pressure on consumption across UK and continental EU. When consumption falls, it is the imported product that suffers the most immediate impact.

#### **5. Discussion on Producer Organisations**

There was discussion on the development of Producer Organisations in the Beef sector and an exchange of views on the barriers to adoption and options for further development including the exploring of options for additional funding.

#### **6. Progress report and actions arising from previous meeting**

- The Tender for the market transparency studies has been awarded to Grant Thornton who will deliver a presentation on the interim report to the Taskforce in March.
- There was discussion on the publication of current weight limits by factories and MII while affirming that this is a matter for individual processors, agreed to bring it to the attention of members.
- In relation to Action 34 of the 15 September Agreement which refers to support for the suckler sector DAFM outlined that issues raised in stakeholder consultation on the development of schemes under the €40 million additional exchequer funding to the beef sector allocated in 2020 Budget are currently being considered. The details will be released as soon as possible following Ministerial decision.

- The need for the Taskforce to examine long term strategic issues following the implementation of the measures under the agreement was expressed.
- It was agreed that the next meeting will be scheduled for March.

**Agreed Actions:**

Number	Action	Lead
1	Retailers will be invited to meet the BTF following the publication of the market transparency studies commissioned by DAFM	DAFM
2	Scoping exercise for an in-depth review of the QPS	Teagasc
3	Interim report on the market transparency studies to be delivered at the next BTF meeting	DAFM
4	Additional information on the Mechanical Classification Modification Trial to be provided for the purposes of drawing comparisons between the old and new machines.	DAFM