

IRISH RURAL BUSINESS SOLUTIONS

***Food Strategy 2025
Questionnaire
Annex H***

***WORKING WITHIN THE
FARMING INDUSTRY'S CONSTRAINTS***

written by

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WORKING WITHIN THE FARMING INDUSTRY'S CONSTRAINTS

The following is a paragraph I wrote recently about the Irish beef industry; "The absolute priority is to work within the constraints placed upon the beef industry by, for example, its small-farm structure and fragmented land ownership. This is simply the situation as it is and there is no sense in creating plans that ignore this fundamental starting point; not least in a beef industry that is characterized by many tens of thousands of small family farms. Solutions for the future of the beef sector have to take account of the wishes of those who have ownership of the agricultural sector's primary asset, the land. Further, they have to consider that the family farming of beef is a fundamental part of rural Ireland and the farming-focused communities therein".

The paragraph came to mind again as I commented on an article written elsewhere. So often I read about the direction that Irish agriculture should take and it so often disregards the most fundamental of issues; just what are the objectives of those who own the land in Ireland?

Yesterday I was reading someone questioning the inability of beef farmers to follow best practice with respect to 'profitability'. It is a common theme over here in Ireland from the government down through the advisory services and through to some farming commentators. It seems to be a mystery that beef farmers are averse to taking up the latest best practices to reduce their production costs? Surely they should be embracing them with alacrity. After all one should also consider that the Irish food industry cannot be successful on the global stage unless farmers become more efficient and produce at lower cost. And has not the government even gone to the extent of paying beef farmers to attend beef-farming, best-practice meetings?

The rationale behind this situation is actually quite easy to explain. The top-down people want to see lower on-farm costs per kilo of meat produced. After all is it not logical to assume that reducing costs and improving 'efficiency' means better profitability for the farmer, for the processor and for Ireland plc.? I, however, suspect that most of these advocates are not farm management / farm economics specialists. If they were they would realise that the rational does not necessarily mean that employing 'best practice' equates to higher farm household income or even total farm household wellbeing. And it is the latter that counts for the farmers.

The crux of the matter is that it is about farm household incomes and not profit per kilo, per head or per hectare. The farmer / decision-maker is working on a far broader context than the advisors and policy makers appear to be. In an industry where part-time farming is common place and where farm household income includes alternative sources of income, it is likely that many farmers and farming families consider that time spent elsewhere is better rewarded. The proportion of income from beef production itself may be relatively small [off farm incomes, support payments, environmental payments and payments to partake in technology improving schemes may all be greater or of equal importance]. Consequentially the marginal 'profit' improvement to be gained from improved 'efficiency' may be a small improvement on a small proportion of farm household income and it may only take a quick back-of-the-envelope cost-benefit calculation for the farm decision maker to realise that as nice as it may be to implement the 'best practices' the time [and possibly investment] involved makes them a poor choice.

In addition the farm may also be about tradition and it may also be about lifestyle. The beef enterprise may be about maintaining that tradition or it may be about grazing the land to keep the farm tidy or it may be about meeting the minimum requirements for qualifying for support payments. There can be a long list of definable priorities that may actually be well above implementing best practice to reduce costs and/or improve the margin per unit of sales. The rationale behind the prioritization may make perfect sense to the on-farm decision makers but little sense to the advisor or policy maker. Sadly for the latter they do not make the decisions.

Hence, before embarking on trying to get farmers to change their practices, you first start by identifying what they want from their farms. For farmers and farming families it is about making a profit with respect to their objectives, and that profit may not even be measurable in monetary terms at all. Farmers have a funny way of looking at how farming benefits them and their families, and maximising financial rewards may just not be at the top of their list.

Understanding the multiple objectives of the business / asset owners was the first principle I used to teach my students when lecturing at Wye College, the University of London [which was, at the time, probably, the World's leading farm management / farm economics teaching institution]. Simply you cannot start to advise farmers before you understand what it is they want from their farms. It is really just common sense; albeit that it is not so common. It is only when you appreciate what the objectives are that you can begin to tailor solutions and offer advice on what may be better routes to follow. If one wants to know why better practices are not taken up by Irish farmers one really needs to go no further than asking whether the better practices are actually the best practices with respect to the family farmer's objectives. Solutions are no solutions unless they can be willingly implementable by those that count.

Likewise you cannot create strategic farming and food policy unless you know what the priorities are of those who are the foundations of the industry as it is they that control the assets. It is clearly a principle that has not been adhered to in Ireland when it comes to writing national agri-food strategy. It is far too top down. It does not appear to consider those that count at the farm level and it is far too focused on the needs of the agribusiness / food companies that have a business model based on selling large volumes of premiumized commodities onto the global markets. The unfortunate consequence is that it is a strategic model built upon the wrong foundations [I will not say weak because that is only a matter of perception]. It is a model that has its merits, but those merits pertain to somewhere else other than Ireland where there is a different agricultural resource base and farm structure.

As a consequence, however widely the word 'sustainable' is used, until agri-food policy in Ireland is developed from the ground up neither the farming or the food industries will be genuinely sustainable. Why, because farmers and policy makers [and through them the advisory services] have a rather different perception of what is important. And until they can all get on the same page neither farming nor rural Ireland [of which it is key part] are going to be sustainable. It is first about understanding the needs and objectives of the farming community but, surprisingly, I see that as something that is lacking. It appears that they are just expected to bend to the will of those in government and those who dominate the beef supply chains. Although from what one reads, the beef farmers are apparently a little reluctant to bend..

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