

Boyle sets ambitious income target

Setting an income target for the current and next generation of Irish farmers is a welcome development, writes Matt O'Keeffe

Professor Gerry Boyle, Director of Teagasc, stuck his neck out at the **Agricultural** Science Association Annual Conference when he advocated that a well run, technically strong farming enterprise should be able to generate an income equivalent to three times the average industrial wage. At current figures, that would equate to an income of about €100,000. An ambitious target perhaps, but certainly not an unrealistic one. This target must be taken in the context in which a food producer finds himself/herself. As a manager with considerable responsibilities the return in salary terms should reflect this level of responsibility. As the owner/manager of significant assets, again the return on capital should be commensurate with this capital base. As a person

with a highly developed set of skills and training, which must be regularly upgraded, the salary must again reflect this.

Taken all together, Gerry Boyle's income targets are not at all unrealistic or over ambitious. Indeed the case could be made that they are relatively conservative. Still, as Shakespeare once wrote: "there is many a slip 'twixt cup and lip". It is one thing to set targets, realistic or otherwise, it can be quite another actually realising those targets. Professor Boyle did indicate the enormous disparity between the land area required to achieve this range of income from a dairying enterprise and a drystock farming system. The latter, as well as tillage, requires several hundred acres, while dairying can aim for the

target with less than 100 acres devoted to the enterprise.

Professor Boyle also highlighted the important contribution that **agriculture** and food make to the Irish economy, which is far greater than a simple analysis of export figures would present. "For every €100m of exports from the pharmaceutical sector, a contribution of around €20m is made to GDP. But for the **agriculture** and food sectors, every €100m of exports contributes €50 m to GDP," said the Teagasc Director.



At the Limousin Premier show and sale in Roscrea the reserve champion Junior Male 'Millbrook Croker' sold for €6,700 & is pictured with owner William Smith, Millbrook, Oldcastle, Co Meath. Photo O'Gorman Photography.

Food Industry Leader Honoured

Dan Browne has received a special award from the **Agriculture** Science Association (ASA). Recognised as one of the outstanding achievers in the Irish food industry, Dan was lauded by the ASA for his 'outstanding contribution to the profession of **agriculture** and to the **agriculture** and food industry over the past 50 years'.

Dan Browne's career in the food industry spanned many and diverse aspects including his early work as a research scientist involved in grassland research at Johnstown castle in Wexford after his graduation in **agriculture** science from UCD. From there he became heavily involved in establishing a world class dairy research centre at Moorepark in Cork. That was at a time in the early 60's when the Irish dairy industry was in its infancy with low cow yields, basic product manufacture and low levels of dairy research. Such was the high regard that Dan Browne held, that he became a presenter of dairy advisory programmes on Irish television in the early 1970's just as Ireland was entering the EU and embarking in a massive dairy expansion programme both at farm and factory levels.

Dan Browne then took an entirely different course in his long and varied career when he joined the private sector, becoming manager of the then Cork Marts-IMP **meat** plant at Midleton, Co Cork. Six years later in 1980 Dan, together with the Waterford-based Queally Brothers, set up Dawn Meats, which went on to become one of the biggest **meat** processors in Europe. He still found time for public service, becoming chairman of Teagasc, the Irish **Agriculture** and Food Development Authority for a five-year period. The multi-talented Corkman is currently Chairman of An Bord Bia, the Irish Food Promotions body.

McGuinness Warning On CAP Cuts

Ireland East MEP Mairead McGuinness told the ASA that crucial discussions on the future of European **agriculture** will take place next year when the EU completes a full review of EU spending, including funding of the Common **Agriculture** Policy (CAP).

The Fine Gael politician went on to say that there is now greater recognition than ever before that food security should have a high priority both in the EU and worldwide. It is also accepted, she noted, that **agriculture** requires support in order to meet the demands for more food, for environmental services and for climate change

mitigation measures. She described any attempt to cut the farm budget as 'foolhardy and counterproductive'. Mairead, a former **agriculture** journalist and broadcaster, insisted that spending on **agriculture** policy in the EU has declined from over 60 per cent of the EU budget in the 1980s to 32 per cent today. She pointed out that world food production needs to double by 2050 and that, to achieve this increase, more money is needed for **agriculture** development, not less. Mairead emphasised the need for more research and development in particular. She highlighted the fact that in the developing world, the amount of aid money targeted at **agriculture** projects, including research, dropped from 17 per cent in the 1980s to just three per cent this year. Mairead told the ASA members that the reduction in investment in **agriculture** in the developing world is a major contributor to the current food crisis. "The dismantling of research facilities and extension services has been a disaster and it will take 20 years of work to rebuild what was lost in earlier developments," she warned.

On another issue the Louth based MEP said that there is a move to change from the historic payment regime towards a flat rate per hectare system and, while Ireland will not opt for this system in the current Health Check of the CAP, after 2013 it will be harder to resist the pressure for change. She noted that larger recipients will be likely to suffer more severe modulation cuts.

This latter point was one also made by Michael Dowling, AIB banker and Kerry Plc Director. He predicted that the direct payments will remain post 2013 but that they will be capped and area based with the individual SFP, based on historical production levels, being replaced by a flat rate payment per hectare.

More Optimistic Outlook

On a more positive note Jeff Grant, the former chairman of **Meat** and Wool New Zealand predicted that the upward trend in global food prices is set to continue. He said that increasing population, high-energy costs and growth in the major economies of Asia and South America all point to a continuation of food inflation. Jeff said that land availability is now a critical issue in world food production. The amount of land for food production throughout the world was 0.25 hectare per person in 1995. This figure is 20 per cent lower today and will drop by

a further 20 per cent to just over 0.15 hectares per person in 2030 as world population increases from its current level of 6.7bn to a projected 8bn. The New Zealander added that world food stocks are now at their lowest level than at any period in the last half-century. After World War II, there was one year's supply of food in stock. Stocks had reduced to 133 days' supply in 2003. At the end of last year, stocks had more than halved, to just 57 days.

Growing US Concern About Bio-Fuels Target

A reduction in the amount of land used for the production of bio-fuels could significantly alter the upward trend in world food prices, according to the chief economist of the American Farm Bureau in Washington. Professor Bob Young, said the transfer of land from food to bio-fuel production has been one of the key contributors to increased global food prices in recent years.

Speaking at the ASA conference, he said the US has set a target of 15bn gallons of bio-fuel in 2015. It would take 30m acres (12m hectares) of maize, one-third of the US maize area, to achieve this target. He told the conference that escalating food prices and concerns about the real impact of bio-fuel production on **global warming** could lead to a change in policy. While the Democrats are committed to retaining the current bio-fuel target, the Republicans are seeking its removal. Professor Young said the shift to bio-fuels combined with the weak dollar and strong export demand for **meat** and dairy products has resulted in a huge increase in prices for US farm products over the past two years. However, higher production costs, especially fertiliser and fuel, have resulted in much of the income increase being taken away.

The professor predicted that while there will be cyclical patterns in prices for farm products, there will not be a return to the prices of three years ago. "At current production costs, farmers just cannot afford to produce at prices that applied in the past," he said. Referring to the recent collapse in world trade talks, professor Young said he did not foresee a revival of the negotiations in the coming future. "The new US administration will not be in a position to get down to negotiations before the second half of next year. Also, elections next year in India, a major player in the negotiations, will further delay a resumption of talks," he concluded.