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Irish Congress of Trade Unions

Ireland's Meat Processing Sector

From a low-road to a sustainable high-road strategy

February 2021

Contents

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Executive summary

Key recommendations to Government

- Ensure that meat workers and their trade unions are represented in all fora discussing the future of this sector, particularly the Meat Implementation Group that reports to the Government's Food Wise 2025 High Level Implementation Group, the Stakeholder Committee on the development of Ireland's Agri-Food Strategy to 2030, and any meat processing sectoral taskforce established arising from the commitment in the 2020 Programme for Government.
- Seek to improve workers' terms and conditions and support and promote collective bargaining in this sector, including by introducing a social clause that ensures that business support measures are conditional on trade union recognition and access.
- Implement the recommendations concerning the meat sector set out in the Final Report of the Oireachtas Special Committee on Covid-19 responses, particularly those concerning the introduction of sick pay, reviewing the role of employment agencies and establishing a task force to examine the terms and conditions of workers in this sector; propose legislation banning sub-contracting and bogus self-employment and adopting a licensed direct employment model for this sector.

This review considers Ireland's *meat processing and preserving* sector with those of other high-income western European countries - Austria, Belgium, Denmark, France, Germany, the Netherlands, Sweden and the UK – Ireland's main European competitors, focusing on the processing and preserving of beef, pig and sheep meat, i.e. the red meat sector.

It finds that meat processors and government policy for this sector has taken a 'low-road' approach over recent years. While turnover and employment both rose by 40% in the decade after 2008, investment levels remained low, leading to stagnating turnover and low-value added per employee – all against the backdrop of low wages and social security contributions and benefits.

Three processing groups - Dawn (including Dunbia), Kepak, and ABP (including Slaney Meats) - account for two-thirds of total beef processing. In the mid-2000s, the Competition and Consumer Protection Committee successfully challenged an agreement between beef processers (the 'Beef Industry Development Society'), which had attempted to limit competition by reducing capacity in the sector. The CCPC's criminal investigations unit has over more recent years investigated more complaints of a processors' cartel, but says that 'so far, however, [it has] not uncovered evidence of a cartel'.

Meat processors can avail of general government supports to business, sectoral supports provided by agencies such as Teagasc and Bord Bia. They receive specific supports such as the Beef and Sheepmeat Investment Fund (i.e. €52m between 2009-2018) and investment for meat and dairy processors impacted by Brexit (€200m between 2020-2025). They also benefit indirectly from EU supports to primary producers (e.g. €1.2 billion in 2019 under the *Basic Payment Scheme*).

Government policy for this sector is outlined in *Food Wise 2025* (2015). This strategy considers workers in this sector only as a 'competitive challenge' for processors. Workers are not represented on the Meat Implementation Group of '*all* relevant stakeholders', which reports to the government's Food Wise 2025 High-Level Implementation Committee, or on the Stakeholder Committee to develop a successor strategy *Agri-food 2030*. This falls short of the commitments to social dialogue set out in the 2020 Programme for Government. While the Government has previously acknowledged that trends in food processing towards 'greater flexibility and casualisation' have 'resulted in low paid and precarious employment', little action has been taken to address these issues. This is in contrast to efforts over recent years to (correctly) improve the ability of primary producers to engage collectively with meat processors, including by exempting them from EU competition law.

The low-road approach has not only meant low pay, precarious employment and poor working conditions but left this sector highly exposed to Covid-19, with the European Centre for Disease Control identifying Ireland as one the countries that has seen 'multiple outbreaks in slaughterhouses and meat processing centres, and means that this sector is unable to optimise the benefits to the wider economy in terms of value-added and investment.

The Final Report of the Oireachtas Special Committee on Covid-19 responses (Houses of the Oireachtas, October 2020) has now issued a number of specific recommendations concerning this sector, relating to sick pay, the role of employment agencies and the establishment of a task force to examine the terms and conditions of its workers. It did not however recommend the adoption of a direct employment model, as is being done in other countries similarly affected.

The low-road approach of low value-added, low investment, low-pay, poor social benefits and precarious work, means that this sector, which is dominated by a small number of private businesses which do not publish accounts and which is heavily reliant on public funding, is not making the social and economic contribution it is capable of and leaves the sector particularly ill-placed to meet the many challenges facing meat processing all across Europe, including price developments, changing demand, increased competition, and climate change.

Government policy is primarily focused on the impact of Covid-19 and Brexit on this sector but negotiations on EU policy including on EU food policy are beginning to recognise the need to improve the situation of essential workers including in the agri-food sector.

Policy-makers should act in particular on the recommendation of the Oireachtas Joint Committee on Covid-19 responses to establish a Task Force to address the terms and conditions of workers in this sector. The extent to which policy-makers and other stakeholders are willing to follow through on this recommendation and the issues being addressed at European level will be central to determining whether Ireland's meat processing sector can address the challenges it faces. In short, a new 'high-road' approach based on collective bargaining is needed not just to improve terms and conditions for workers in this sector but to enable the sector to meet the challenges facing it.

1.Introduction

'There needs to be a further focus on the operation of [the meat] industry and an examination of the State's unusual and unhealthy lack of oversight of the sector.[1]

Michael McNanama TD,
Chair Oireachtas Special Committee on Covid-19 Responses,
6 October 2020

In August 2020, the European Centre for Disease Control (ECDC) in Stockholm identified Ireland as one of the EU member states that has had 'multiple outbreaks' of Covid-19 in slaughterhouses and meat processing centres, and said that Ireland at that point was the country with the highest number of cases in food production sector. The ECDC stated that possible risk factors contributing to clusters in food production include working in confined or close spaces and lack of social distancing; workers (i.e. mainly migrant workers) sharing overcrowded accommodation, with poor hygiene conditions; shared transport; and the employment of seasonal workers from areas with a higher incidence.

1 Extract from 'Chairman's Foreword' to Final Report of the Oireachtas Special Committee on Covid-19 Responses, 6 October 2020.

The food processing sector has long been identified as one at particular risk of and with high levels of precarious work. For example, the 2013 report of the Advisory Group on Tax and Social Welfare on Extending Social Insurance Coverage for the Self-Employed acknowledged that:

> The issue of "disguised employment" remains a serious concern, particularly in the construction and food processing sectors. Employment trends over the last two decades towards greater flexibility and casualisation have resulted in low paid and precarious employment, with some workers being classified as self-employed even though they might not possess those characteristics of entrepreneurship and risk-taking often perceived as features of the self-employed.

With regard to meat processing sector in particular, TASC (2017) has pointed out:

> Before the economic "boom" people employed in the meat industry had good rates of pay, bonus schemes, sick pay schemes, and it was a pensionable job. There was also a much higher union density rate. However, during the economic boom, many people also left the industry to work in construction. When employers in the industry saw the gap, they recruited and specifically targeted certain countries to bring workers in on a minimum wage, with no security of employment or entitlements.

The poor terms and conditions prevalent in this sector were discussed at length in the Oireachtas Special Committee on Covid-19 responses on 10 July and 13 August 2020 involving ICTU, SIPTU, the Migrants Rights Centre Ireland, amongst others, and addressed in the final report of the Oireachtas Special Committee.

This report seeks to provide a broader overview of Ireland's meat processing sector and of the challenges facing it and its workers. Part 2 provides an overview of the sector in Ireland and in the peer countries, in terms of turnover, employment, investment, value-added, wages, social security contributions and benefits and profits. Part 3 summarises the data that is publicly available about the main firms operating in the sector. Part 4 outlines indirect and direct public support and funding for the sector. Part 5 examines government policy towards the sector. Part 6 outlines the terms and conditions and the level of collective bargaining in this sector. Part 7 considers the impact of Covid-19 on the sector. Part 8 are the conclusions and recommendations.

ICTU would like to acknowledge and express its appreciation for the invaluable assistance of the Nevin Economic Research Institute and of affiliated unions, particularly SIPTU, in producing this review.

2. Overview of sector

2.1 Economic impact and main processors

Ireland's agri-food sector makes a significant contribution to employment, supporting over 7% of total employment or 164,400 jobs (including farmers) and accounting for '9.5% of total exports with a value of €14.5 billion' in 2019 (DAFM, 2020).

The meat processing and preserving sector[2] accounts for a very substantial proportion of this activity. The Irish meat processing sector (all types) produced 5% of total EU-28 meat production in 2018, with Ireland's bovine meat sector producing 14% of total EU production (European Commission, February 2020). Beef, sheep and pigmeat exports were worth approximately €3.5 billion in 2018, with beef exports worth approximately €2.3 billion, pigmeat at €890m, sheepmeat at €318m (see Table 1). It can be seen that beef exports account for approximately two-thirds of total combined 'red' meat (i.e. beef, pig and sheep meat) exports.

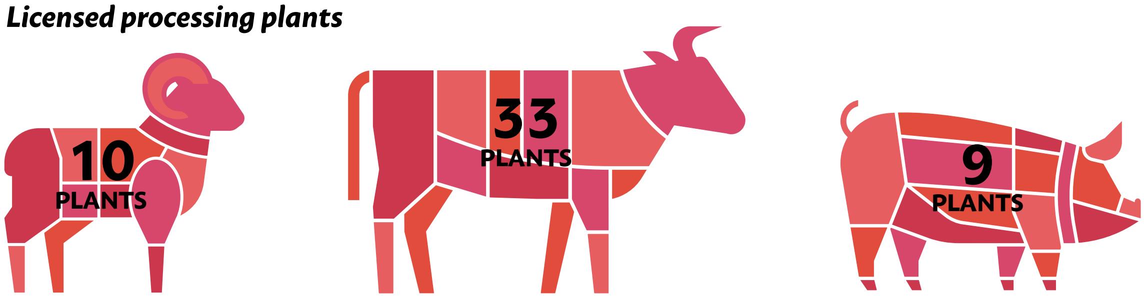
Table 1: Meat and Livestock exports, 2018-2019

	2018	2019	Change 2018-2019
Beef	€2.42bn	€2.25bn	-7%
Pigmeat	€835m	€941m	+13%
Poultry	€291m	€305m	+5%
Sheep	€315m	€294m	-7%
Live animals	€172m	€167m	-3%
Other meat	€9.8m	€9.3m	-5%
Total Meat and Livestock	**€4.042bn**	**€3.98bn**	**-1%**

Source: adapted from Bord Bia (2020), p.12

According to the Department of Agriculture, Food and the Marine (DAFM), there are 33 beef, 9 pig meat, and 10 sheep meat licensed processing plants, operating across the Republic of Ireland. Six of these are operated by the ABP Group, four by Dawn Meats, four by the Kepak Group, and three by the Liffey Group (Table 2).

Licensed processing plants



2 This involves the slaughtering of live animals (e.g. cattle, pigs, lamb and sheep), and the processing ("de-boning") of carcasses to produce fresh meat and processed meat for sale to retail (e.g. supermarkets and butchers), caterers and industrial processors (European Commission, 2016)

Table 2: Approved/Registered meat establishments for slaughtering

EU No.	Name	Location	Beef	Sheep	Pig
351	Anglo Beef Processors Ireland UC T/A ABP Bandon	Bandon	x		
300	Anglo Beef Processors Ireland UC T/A ABP Cahir	Cahir	x		
378	Anglo Beef Processors Ireland UC T/A ABP Clones	Clones	x		
290	Anglo Beef Processors Ireland UC T/A ABP Nenagh	Nenagh	x		
354	Anglo Beef Processors Ireland UC T/A ABP Rathkeale	Rathkeale	x		
344	Anglo Beef Processors Ireland UC T/A ABP Waterford	Waterford	x		
382	Ashbourne Meats Roscrea UC	Roscrea	x		
395	Ballaghadereen Bacon Factory Ltd	Ballaghadereen	x	x	x
392	Ballon Meats Ltd	Ballon, Carlow	x	x	x
604	C & J Meats Ireland,	Lifford	x		
297	Cooksgrove Ltd. T/A Euro Farm Foods	Duleek	x		
368	Dawn Meats Ireland T/A Dawn Charleville	Charleville	x		
311	Dawn Meats Ireland T/A Meadow Meats Ltd.	Rathdowney, Laois	x		
364	Dawn Meats Ireland UC T/A Dawn Ballyhaunis	Ballyhaunis	x	x	
350	Dawn Meats Ireland UC T/A Dawn Grannagh	Grannagh, Waterford	x		
384	Dawn Meats Ireland UC T/A Dawn Meats Slane	Navan	x		
602	Dean Halal Foods Ltd	Enniscorthy	x	x	
292	Donegal Meat Processors T/A Foyle Donegal	Carrigans, Donegal	x		
407	Dunleavy Meats Ltd.	Ballina	x	x	
369	Finns Meats	Mitchelstown	x		x
381	Green Pasture Meat Processors Ltd.	Drumlish, Longford			x
363	Irish Country Meats	Navan		x	
367	Irish Country Meats Camolin	Camolin		x	
404	Kavanagh Meats Ltd	Enniscorthy	x		
317	Kepak (Clonee) Ltd	Clonee	x		
313	Kepak Athleague	Athleague, Roscommon	x	x	
329	Kepak Cork	Watergrasshill	x		
2007	Kepak Kilbeggan	Kilbeggan	x		
268	Kildare Chilling Company UC	Kildare	x	x	
325	Liffey Meats (Cavan) UC. T/A Liffey Meats	Ballyjamesduff	x		
2003	Liffey Meats Ltd	Hacketstown, Carlow	x		
401	Liffey Meats T/A O' Connor Meat Products 2010 Ltd	Ballinasloe	x		
372	Martin Jennings Wholesale Ltd	Ballinrobe, Mayo	x	x	
608	McCarren Meats UC	Cavan, Cavan			x
370	Moyvalley Meats (IRL) Ltd T/A Moyvalley Meats	Broadford, Kildare	x		
332	Queally Pig Slaughtering Ltd T/A Dawn Pork & Bacon	Grannagh			x
356	Rosderra Irish Meats Group	Edenderry, Offaly			x
355	Rosderra Irish Meats Group	Roscrea, Tipperary			x
296	Slaney Foods International UC T/A Slaney Foods	Bunclody, Wexford	x		
380	Staunton Foods Ltd	Timoleague			x

Source: https://www.agriculture.gov.ie/foodsafetyconsumerissues/dafmapprovedestablishments/

2.2 Turnover up nearly 40% since 2008

Eurostat data indicates that turnover in the *processing and preserving of meat*[3] in Ireland amounted to just under €4.37bn in 2017, the most recent year for which data is available, up from €3.16bn (39%) in 2008, the first year for which data is available. This increase was broadly in line with increases in turnover in many peer countries over this period. For example, turnover in Belgium increase from €2.72bn in 2008 to 4.08bn in 2017 (+50%). Irish turnover was the fifth highest of the peer countries (Table 3).

Table 3: Turnover or gross premiums in the processing and preserving of meat - million euro

GEO/TIME	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Germany	13,401	13,154	14,717	14,886	17,294	17,178	16,690	15,832	16,783	19,131
France	17,429	15,776	16,634	18,266	18,786	18,566	19,126	18,249	17,626	15,163
UK	6,389	5,013	4,740	6,346	7,923	7,717	8,165	10,070	8,150	8,455
Denmark	4,601	4,289	4,207	4,289	5,072	5,083	4,876	4,514	4,534	4,654
Ireland	**3,141**	**3,162**	**3,737**	**3,841**	**3,863**	**4,044**	**4,162**	**4,231**	**4,296**	**4,369**
Netherlands	4,037	4,079	3,996	4,339	4,611	4,488	3,985	3,967	4,197	4,097
Belgium	2,714	2,556	2,716	3,391	3,823	3,897	3,928	4,398	4,256	4,081
Sweden	2,091	2,014	2,119	2,317	2,480	2,668	2,652	2,664	2,705	2,697
Austria	1,251	1,273	1,244	1,414	1,525	1,658	1,603	1,565	1,519	1,556

Source: Eurostat's *Annual detailed enterprise statistics.*

3 This includes the operation of slaughterhouses engaged in killing, dressing or packing meat: beef, pork, lamb, rabbit, mutton, camel, etc. - production of fresh, chilled or frozen meat, in carcasses - production of fresh, chilled or frozen meat, in cuts. ('NACE Class 10.11')

2.3 Employment up 40% since 2008

Just over 11,700 workers were employed in the red meat sector in 2017, up approximately 3,400 (41%) from just under 8,300 in 2009 (Table 4).

Table 4: Employment in processing and preserving of meat

GEO/TIME	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
France	38,249	53,116	51,659	49,497	52,470	50,361	50,186	49,293	49,749	45,569
Germany	23,192	21,321	26,022	24,429	25,722	26,267	24,694	26,308	28,772	29,847
UK	18,852	14,381	14,372	16,859	17,423	19,710	22,410	22,775	19,527	24,114
Ireland	**8,271**	**7,814**	**8,167**	**8,603**	**8,858**	**9,370**	**9,996**	**10,377**	**10,785**	**11,720**
Denmark	12,560	10,818	10,445	12,958	14,055	12,544	12,268	11,870	9,698	9,556
Belgium	4,927	5,099	4,870	5,780	6,312	6,449	6,277	6,595	6,683	6,359
Sweden	5,232	5,535	5,529	5,391	5,125	5,195	5,597	5,499	5,545	5,006
Netherlands	5,676	5,594	5,565	5,065	4,762	4,454	4,273	4,006	3,949	3,932
Austria	3,429	3,449	3,454	3,552	3,556	3,669	3,591	3,629	3,655	3,706

Source: Eurostat's *Annual detailed enterprise statistics.*

Employment in the processing and preserving of meat plays a much more important role in the Irish manufacturing sector than in peer European countries, employing more than 5% of total manufacturing employment, compared to just over 3% in Denmark, around 1.5% in France and Belgium, and around 1% in the other peer countries (Table 5).

Table 5: Share of employment in processing and preserving of meat in total manufacturing employment

GEO/TIME	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Ireland	**3.8**	**4.0**	**4.5**	**4.8**	**5.0**	**5.2**	**5.3**	**5.2**	**5.1**	**5.3**
Denmark	3.3	3.5	3.6	3.7	4.0	3.7	3.5	3.4	3.2	3.1
France	:	:	1.7	1.6	1.7	1.7	1.7	1.7	1.7	1.5
Belgium	0.9	1.0	1.0	1.2	1.3	1.4	1.3	1.5	1.5	1.3
Sweden	0.8	0.9	1.0	0.9	0.9	0.9	1.0	1.1	1.0	1.0
UK	0.7	0.6	0.6	0.7	0.7	0.8	0.9	0.9	0.8	0.9
Netherlands	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.6
Austria	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Germany	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4

Source: Eurostat's *Annual detailed enterprise statistics.*

2.4 Turnover per employee stagnated since 2008

However, turnover per person employed, at €372,000 in 2017, was 2% below the 2008 level of €379,000. This compares unfavourably to an increase over the same period in most of the peer countries. For example, turnover per person employed in the Netherlands increased from €689,000 to €992,000, in Belgium from €508,000 to €606,000, and in Germany from €557,000 to €626,000.

Furthermore, almost all of the peer countries that had lower turnover per person than Ireland in 2008 had higher turnover per person in 2017; Denmark increased from €365,000 to €484,000, Austria from €350,000 to €407,000, Sweden from €345,000 to €460,000 (Table 6).

Table 6: Turnover per person employed – thousand euro

GEO/TIME	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Netherlands	676	699	689	818	924	958	888	940	1,009	992
Germany	557	597	546	582	643	634	650	576	574	626
Belgium	508	472	518	541	558	561	580	599	574	606
Denmark	365	394	401	318	347	389	381	365	465	485
Sweden	345	327	333	378	426	446	418	424	434	460
Austria	350	353	345	383	413	436	431	416	402	407
Ireland	**379**	**403**	**456**	**445**	**435**	**430**	**415**	**407**	**397**	**372**
UK	335	344	325	371	448	387	361	441	414	349
France	:	:	320	365	356	366	377	367	352	331

Source: Eurostat's *Annual detailed enterprise statistics*.

2.5 Low levels of investment

The relative stagnation in turnover per person employed reflects the low level of investment by processors in this sector over recent years.

Investment as a percentage of value-added, at just 2.7%, in 2017, was the lowest of the peer group, and compared to rates of 29.7% in Belgium and 22.8% in the Netherlands (Table 7).

Table 7: Investment rate (investment/value added at factors cost) - percentage

GEO/TIME	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Belgium	19.3	17.6	33.2	26.6	16.2	18.4	16.1	14.9	25.1	29.7
Netherlands	11.8	8.1	5.8	10.9	11.5	12.4	23.6	12.5	14.5	21.8
Sweden	16.3	10.0	16.6	8.2	7.8	8.4	9.7	15.9	11.8	13.9
Germany	10.0	10.7	7.6	9.8	12.1	10.6	10.6	13.6	10.4	12.9
France	:	12.1	10.3	11.9	13.1	10.4	13.1	14.3	12.4	12.6
UK	6.4	7.1	8.5	9.9	11.1	15.7	15.2	19.3	12.2	11.2
Denmark	17.8	14.5	6.6	9.8	15.3	16.4	14.0	11.0	9.2	10.3
Austria	22.0	8.8	7.7	10.9	10.4	6.7	8.7	12.0	7.6	6.6
Ireland	**10.9**	**6.6**	**8.6**	**7.5**	**12.4**	**8.3**	**8.5**	**4.1**	**6.1**	**2.7**

Source: Eurostat's *Annual detailed enterprise statistics*.

In 2017, Ireland also had the *lowest level of investment per person employed*, at €1,200, down from €5,400 in 2008. This compared to €17,200 in Belgium, and €16,200 in the Netherlands in 2017 (Table 8).

Table 8: Investment per person employed: thousand euros

GEO/TIME	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Belgium	10.6	9.3	16.3	13.4	8.0	9.4	8.8	8.2	13.5	17.2
Netherlands	6.4	4.7	3.7	6.4	5.8	7.4	14.9	8.8	9.9	16.2
Denmark	13.8	11.6	5.2	5.2	8.1	9.1	7.8	6.7	7.1	7.5
Sweden	7.2	4.7	8.3	4.3	4.0	4.4	5.5	8.6	6.5	7.4
France	:	:	4.6	5.6	5.6	4.6	7.1	7.5	6.7	6.9
Germany	4.9	5.3	3.8	4.6	5.1	4.6	5.1	5.8	4.4	6.2
UK	3.0	2.8	3.9	5.8	6.5	6.7	6.4	9.8	7.0	6.0
Austria	9.8	3.8	3.5	4.7	4.7	3.1	4.2	5.5	3.7	3.5
Ireland	**5.4**	**3.6**	**4.8**	**4.7**	**6.6**	**4.3**	**5.0**	**2.1**	**2.6**	**1.2**

Source: Eurostat's *Annual detailed enterprise statistics*.

2.6 Low value-added

Low levels of investment are in turn reflected in low levels of gross-value added per employee. At €45,700 per employee in 2017, gross-value added per employee in Ireland was the lowest of peer European countries, and compared to €73,200 in Denmark, €72,000 in the Netherlands, €62,000 in Sweden and €61,400 in Belgium (Table 9)

Table 9: Gross value added per employee – thousand euro

GEO/TIME	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Netherlands	56.8	60.3	65.9	61.7	52.6	63.1	66.3	74.2	71.6	78.0
Denmark	77.7	80.5	79.4	55.4	55.4	57.7	58.0	63.3	78.1	73.2
Sweden	51.4	52.6	57.5	59.1	58.0	60.9	63.7	62.1	61.9	62.1
Belgium	59.7	56.1	52.8	54.7	53.9	55.3	59.1	60.9	59.5	61.4
France	57.2	40.9	44.9	47.6	42.7	44.7	55.0	53.2	54.5	55.4
Austria	46.5	45.6	47.6	44.7	47.3	47.4	50.5	47.7	50.6	54.8
UK	46.8	39.4	46.2	59.2	60.1	43.0	42.2	51.0	58.1	54.4
Germany	50.8	51.2	51.4	49.3	44.5	45.4	50.1	45.0	43.1	49.6
Ireland	**50.1**	**55.0**	**56.4**	**62.5**	**53.4**	**51.5**	**58.8**	**49.9**	**43.0**	**45.7**

Source: Eurostat's *Annual detailed enterprise statistics.*

2.7 Low wages and social security contributions and benefits

Personnel 'costs' per employee in Ireland stood at €33,800 in 2017, the third lowest of the peer countries, after the UK at €29,700 and Germany at €32,000. These compared to €60,400 in Denmark, €51,900 in Sweden (Table 10 and Table 11).

Table 10: Average personnel costs (personnel costs per employee) – thousand euro

GEO/TIME	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Denmark	55.4	58.8	58.3	42.8	43.8	48.5	49.5	51.1	61.7	60.4
Sweden	43.5	42.4	47.5	49.4	54.0	52.2	51.3	50.9	49.0	55.0
Netherlands	35.4	37.9	38.7	40.7	43.0	41.7	45.1	46.1	48.2	51.9
France	:	34.4	38.0	41.4	39.3	39.9	42.0	42.0	42.1	43.4
Belgium	37.8	38.6	38.0	37.3	39.7	40.9	42.9	43.0	42.2	42.8
Austria	29.8	30.9	31.7	31.9	34.7	35.6	36.9	38.0	39.0	37.2
Ireland	**35.2**	**33.7**	**33.0**	**33.7**	**31.4**	**31.7**	**32.5**	**31.7**	**32.9**	**33.8**
Germany	28.9	30.7	30.4	29.8	29.5	29.0	30.2	29.8	30.7	32.0
UK	26.4	28.3	23.9	28.3	33.3	27.9	28.7	32.0	34.3	29.7

Source: Eurostat's *Annual detailed enterprise statistics.*

It is important to be aware that personnel costs in Ireland are also distorted by the fact that 'Irish meat plant operatives work an average of 4.7 weeks per year more than their EU counterparts and rank bottom of the list on actual hourly wages received' (Ennis, August 2020).

In addition, employer's social charges in Ireland as a percentage of personnel costs was the lowest of the peer countries (Table 11).

Table 11: Employer's social charges as a percentage of personnel costs

GEO/TIME	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Sweden	31.0	33.7	31.0	31.1	31.2	27.1	29.3	28.8	30.2	31.7
Belgium	28.3	26.1	28.6	28.8	28.7	29.2	29.7	29.8	29.3	28.7
France	:	29.2	29.4	30.1	30.5	29.5	29.0	29.5	28.4	27.6
Austria	20.3	21.3	22.5	22.3	20.9	21.4	21.1	21.3	21.7	22.9
Netherlands	19.5	20.2	20.3	19.5	20.5	20.2	21.7	20.6	20.8	20.6
Germany	16.8	17.1	16.8	16.9	17.1	17.1	17.0	17.2	16.8	17.3
Denmark	10.9	10.4	10.7	11.3	10.8	11.5	11.4	11.5	11.2	11.0
UK	9.2	9.1	9.4	9.3	9.2	9.5	9.7	9.0	9.6	9.6
Ireland	**8.7**	**11.3**	**10.4**	**9.7**	**10.0**	**9.6**	**9.3**	**8.8**	**8.9**	**7.4**

Source: Eurostat's *Annual detailed enterprise statistics.*

2.8 Profits

While profits as measured by *gross operating surplus as a percentage of turnover* in this sector are slightly above those of most other peer countries, they do appear to have been declining over recent years – down from 6.3% in 2014 to 3.2% in 2017 (Table 12).

Table 12: Gross operating surplus/turnover (gross operating rate) - percentage

GEO/TIME	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
UK	6.0	3.2	6.8	8.2	5.9	3.9	3.7	4.3	5.7	7.0
Austria	4.6	4.0	4.4	3.2	2.9	2.6	3.0	2.2	2.8	4.2
France	1.7	2.2	2.1	1.7	1.0	1.3	3.4	3.0	3.5	3.6
Ireland	**3.9**	**5.3**	**5.1**	**6.4**	**5.0**	**4.6**	**6.3**	**4.5**	**2.5**	**3.2**
Belgium	4.0	3.5	2.7	3.0	2.3	2.4	2.6	2.7	2.7	2.9
Germany	3.8	3.3	3.7	3.2	2.2	2.5	3.0	2.5	2.1	2.7
Denmark	6.1	5.5	5.2	3.8	3.2	2.3	2.1	3.2	3.5	2.6
Sweden	2.0	2.8	2.6	2.3	0.8	1.7	2.6	2.3	2.9	2.5
Netherlands	3.0	3.1	3.8	2.5	1.0	2.1	2.3	2.8	2.2	2.5

Source: Eurostat's *Annual detailed enterprise statistics.*

Profits, as measured by gross operating surplus as a share of value added has declined in Ireland over recent years, from 45% in 2014 to 26% in 2017, while other countries with higher levels of investment and of value-added per employee such as the Netherlands and Belgium seem to have been able to better maintain profits as a percentage of value added (Table 13).

Table 13: Gross operating surplus as a share of value added

GEO/TIME	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
UK	43.5	28.2	48.2	52.2	44.6	35.3	32.0	37.2	40.9	45.3
Germany	43.0	40.0	40.8	39.5	33.9	36.0	39.8	33.7	28.6	35.4
Netherlands	37.6	37.1	41.2	34.1	18.2	34.0	32.1	37.8	32.6	33.5
Austria	36.0	32.3	33.5	28.5	26.7	24.8	27.0	20.2	22.9	32.0
Belgium	36.6	31.2	28.0	32.0	26.4	26.0	27.4	29.4	29.0	30.2
Ireland	**29.8**	**38.8**	**41.5**	**46.0**	**41.1**	**38.3**	**44.7**	**36.4**	**23.5**	**25.9**
Sweden	15.4	19.4	17.5	16.4	6.9	14.3	19.5	18.1	22.5	22.1
France	13.7	15.8	15.4	12.9	8.0	10.9	23.6	21.0	22.8	21.7
Denmark	28.7	27.0	26.6	22.9	21.0	15.9	14.5	19.3	21.0	17.4

Source: Eurostat's *Annual detailed enterprise statistics*.

3. Beef market share – three groups control two-thirds

'There is a total lack of transparency in relation to the processing sector due to the fact that they are private businesses and do not publish accounts. It appears that significant profits are driven by the volume of throughput, rather than by wide margins.'

Jim Power,
An Independent Assessment of the Irish Beef Sector,
(March 2020), p.47

In his 2020 assessment of the Irish beef industry for the IFA, Jim Power states that data on market share within the beef processing sector is difficult to verify (Power, 2020:44). Power does provide estimates based on 'cattle throughput' (i.e. purchases) to estimate that three processors Dawn (including Dunbia), Kepak, and ABP (including Slaney Meats) controlled almost two-thirds of cattle throughputs in 2018.

Additional information on meat processors is available from other sources such as *The Irish Times* 'Top 1000' published annually as well as company filings with the Companies Registrations Office. However, as Power points out, there 'is a total lack of transparency in relation to the processing sector due to the fact that they are private businesses and do not publish accounts.' For example, many processors are owned by firms that are registered outside of the jurisdiction. Table 14 outlines some of the details that are available.

Table 14: Main beef processors

	Cattle through-put (i.e. purchases) at export meat plants (2018)	Employees (2019) All divisions	Turnover (2019)	Profits (2019)
ABP	21.6	11,000	€2.9bn	n/a
Dawn	19.4	7,250	€2bn	n/a
Kepak	15.6	5,000	€1.5bn	n/a
Liffey Meats	9.3	350 (2018)	€150m (2018)	n/a
Kildare	4.9	350	€140m	n/a
Slaney	4.5	972 (to Sept. 2018)	€340m (to Sept. 2018)	€3.1m (to Sept. 2018)
Dunbia	4.3	4,433 (2018)	€1.3bn (2018)	€4m (2018)
Moyvalley	3.9	170	€117.3	n/a
Foyle	3.6	222	€106m	€0.3m
Ashbourne	3.4	n/a	n/a	n/a
Euro Farm Food	3.7	180 (2018)	€86.4m (2018)	€0.5m (2018)
Others	5.8	n/a	n/a	n/a

Sources: *Estimates for cattle through-put - Jim Power Economics (March 2020), Table 17, p.45; Others – The Irish Times Top 1000 database.*

Allegation of a processors' cartel operating in this sector have been made by farmers' representatives in the past. In 2003, the Competition Authority began legal proceedings, which ultimately proved successful, against the 'Beef Industry Development Society' (BIDS) in response to an agreement between competitors, who formed BIDS, to reduce capacity in the Irish beef processing industry.[4] More recently, the Oireachtas Joint Committee on Agriculture, Food and the Marine discussed claims of a processors cartel during the discussions for its June 2019 report on the Beef Sector in the context of Food Wise 2025 (Houses of the Oireachtas, 2019). This report stated that the Competition and Consumer Protection Committee informed it that it 'criminal investigations team has examined a number of complaints and followed various lines of inquiry in the meat processing sector. So far, however, we have not uncovered evidence of a cartel'.

4 Competition and Consumer Protection Authority (no date): Agreements to reduce capacity in the Irish beef processing industry are prohibited

4. Public funding and support of the sector

4.1 Horizontal and sectoral support to business

As for all sectors, it is very difficult to get a precise estimate of total public funding from government and the EU for the meat processing sector.

However, some indication of the scale of this support for business in general is available from the Department of Business, Enterprise and Innovation's 55-page *Overview of Government Support for Indigenous Business* (July 2019). This report summarises the range of supports that are provided to business, on a horizontal basis, a regional basis or a sector basis. Eligible meat processors would be able to avail of these supports. Section 5.1 of the report outlines the supports that are made available for the agri-food sector (i.e. including meat processing), such as research and advisory services provided by Teagasc and export promotion provided by Bord Bia. The report however does not provide estimates of the total cost of these supports.

Another general indication of support to business is provided by the European Commission's annual state aid scoreboard. The 2019 scoreboard estimates that Ireland spent approximately €6.3 billion in (non-agricultural) state aid to business between 2009 and 2018. It should be noted that the Commission also makes the point that this expenditure does not include 'general measures that do not favour certain enterprises or sectors, and public subsidies that do not affect trade or distort competition [in the EU internal market]'. Again, no estimate is available of this expenditure.

Given the low wages prevalent in this sector, it is also likely that many low-wage workers with children in this sector receive state support, such as the Working Family Payment.[5] It is not possible however to estimate how many of WFP recipients work in this sector.

4.2 Indirect beneficiary of support to primary producers

The meat processing sector indirectly benefits from EU and state income funding provided to primary producers (i.e. farmers) who produce the 'raw material' that they purchase for processing (i.e. cattle, sheep and pigs in this case).

Teagasc's National Farm Survey 2019[6] states that the data 'indicates that market income (before direct payments) is less than zero on drystock farms, indicating that on average these farms do not make a profit from production and are heavily dependent on support.' (Teagasc, June 2020:7). The 2019 survey estimates the average income on cattle rearing farms at just under €9,200 in 2019 and on cattle finishing farms at €13,900.[7] It estimates that average direct payments to cattle rearing farms, of approximately €14,700, equalled 160% of average 'family farm incomes' (FFI) for such farms,

5 Total state expenditure on the Working Family Payment across all sectors of the economy amounted to more than €1.2 billion between 2016 and 2018 (DEASP, August 2019).

6 'The NFS represents over 92,000 farms with a standard output of over €8,000; therefore, it excludes around 45,000 farms with a standard output below that threshold' (DAFM, June 2020).

7 EU regulations categorise 'cattle rearing' as where at least 50% of output comes from suckler cows and 'cattle other' as where less than 50% of output comes from suckler cows.

indicating that they spent on average 'over €5,500 in direct payments over the course of the year to cover the farm's operating loss' (leaving them with a 'net' income of €9,200). It says that the situation is similar on other drystock farms with the average direct payments on sheep farms in 2019 at €19,300 representing 132% of average FFI, and the average direct payments on sheep farms in 2019 at €19,300 representing 132% of average FFI (Table 15).

Table 15: Average value of direct payments (DP) & contribution of DP to FFI 2019

	Estimated in NFS	Direct payments	Direct payments contribution to Family Farm Income
Cattle rearing	25,500	€14,706	160%
Cattle other	28,600	€17,930	129%
Sheep	14,300	€19,302	132%

Source: Teagasc National Farm Survey 2019, particularly Table 2, p.7

The 2020 Programme for Government in turn states that 'beef farmers have experienced serious hardship and low income challenges in recent times' and commits to ensuring that the Beef Market Taskforce 'implements the [September 2019] agreement reached with stakeholders in the beef sector'.

Meat processors could be said therefore to be an indirect beneficiary of direct payments which amounted in total to nearly €1.2 billion in 2019 under the 'Basic Payment Scheme' to 122,000 farmers engaged in *all* types of farming (i.e. not just drystock).

Aside from such general and indirect funding outlined above, it is possible to identify a number of specific supports that have been put in place over recent years aimed mainly if not always exclusively for this sector. These include:

4.3 Direct state supports to meat processing sector

€52m Beef and Sheepmeat Investment Fund (2009-2018)

Just under €52 million has been made available to beef and sheepmeat processors to support capital investment over the past decade. In December 2008 the Government launched the Beef and Sheep meat Investment Fund to be administered by Enterprise Ireland. The purpose of the fund was to support capital investments that seek to better utilise the overall industry capacity through increased scale in primary processing, increased added value in further processing and improved efficiencies to allow Irish companies compete internationally. This fund is now closed (Table 16).

Table 16: State expenditure on the Beef and Sheepmeat Investment Fund

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
€8.4m	€10.3m	€7.2m	€8.7m	€5.7m	€4.3m	€3.3m	€.8m	€2.5m	€.7m	€51.8m

Source: Enterprise Ireland annual reports. Rounding to nearest €100,000.

€5.6m Meat Technology Centre Initiative (2017-2022)

In 2017, the Government launched the Meat Technology Centre Initiative. According to Teagasc, this is an €8.1 million five-year research and innovation programme, developed by industry and co-funded by Enterprise Ireland and a consortium of nine beef and sheepmeat processing companies. It is hosted by Teagasc at its Ashtown Food Research Facility in Dublin with Dublin Institute of Technology (DIT), Dublin City University (DCU), University College Cork (UCC) and the Irish Cattle Breeders Federation (ICBF) involved as research providers. The companies behind the initiative are ABP Ireland, Ashbourne Meat Processors, Dawn Meats Group, Dunbia (Ireland), Hilton Foods Ireland, Irish Country Meats, Kepak Group, Liffey Meats, and Slaney Foods International.

Teagasc states that it 'emerged 'from a five-year research vision from IBEC's Meat Industry Ireland industry group which was presented to Enterprise Ireland' (Teagasc, 2017).

Meat Industry Ireland (MII) stated in 2016 that their member companies 'have committed considerable investment funds', with support from Enterprise Ireland and in collaboration with Teagasc into the establishment of a Meat Technology Centre (MII, 2016). However, Meat Technology Ireland has indicated that approximately 70% of the funding comes from Enterprise Ireland, with the remaining 30% (i.e. approximately €2.5m) provided by meat processors (MTI, July 2017).

€200m investment for meat processing and dairy processing impacted by Brexit (2020-2025)

In February 2020, the European Commission announced its approval of a Government capital investment scheme of up to €200 million for the meat processing and dairy sectors in Ireland. The detailed scheme of grant aid for food processing to implement this scheme will be developed and administered by Enterprise Ireland. The Government has described this scheme as 'important element of the suite of supports being developed ... to support enterprises impacted by Brexit.' This scheme will run until the end of 2025. (Merrion Street, February 2020).

Welcoming this announcement, MII said it had been 'pushing for a number of years for changes to State aid rules at EU level to allow for a meaningful investment initiative in meat processing as part of overall efforts to mitigate the impact of Brexit on the highly exposed meat sector.' It should be noted that IBEC's Food Drink Ireland itself warns that little progress has been made over recent years in diversifying the beef sector, with 47% of the volume still going to the UK market in the first half of 2020, 'down just marginally from 50% in 2014' (Food Drink Ireland, November 2020).

Aid for private storage of meat cuts

Ireland's meat processing sector can also avail of support under the EU-wide aid for private storage of meat cuts introduced in April 2020, and available until the end of 2020 (European Commission, April 2020). DAFM stated that 'following a campaign by Member States, spear-headed by Ireland, the European Commission introduced a scheme of aids to private storage under the CAP for certain dairy products, and certain beef and sheepmeat cuts (DAFM, 2020).

No estimate is yet available as to expenditure on this measure.

5. Government policy towards the meat processing sector

5.1 Food Wise 2025

The Government's overall strategy for the meat processing and preserving sector is set out in *Food Wise 2025*, launched in 2015. It aimed to increase agri-food exports from the approximately €10 billion 'three-year average' prior to its adoption to €19 billion.

Meat Industry Ireland states that 'the potential exists to further scale up activity and the industry itself has an overall ambition to grow exports by in excess of €1bn delivering new revenues and jobs through farming and value-added processing and in the wider economy' (MII, undated)

It should be noted that the only consideration of labour in food processing in Food Wise 2025 is as one of the 'competitive challenges' facing the sector; the report claims (p.52) that 'at processing level the sector also faces a number of competitiveness challenges in particular labour...costs [amongst others]. However, no evidence is offered in support of this claim and, as this review shows, personnel costs in Ireland's meat processing sector are in fact among the lowest among peer countries (Table 11) and are inflated by the fact that workers in Ireland's meat processing sector work longer hours than those in many peer countries. This consideration of labour entirely ignores the role - and potential - of labour in the production of value-added.

Implementation of Food Wise 2025 is led by a 'High Level Implementation Committee (HLIC), chaired by the Minister for Agriculture, Food and the Marine, and involving senior officials from relevant Departments and State Agencies (e.g. Teagasc, Bord Bia, BIM, EPA, Enterprise Ireland).

A Meat Implementation Group has been established and reports to the HLIC on a regular basis, comprising 'all relevant stakeholders from each of the meat sub-sectors: Beef, Sheep, Pigs and Poultry'. It should be noted however that workers representatives and trade unions are not members of this stakeholder group. The subgroup has been chaired by the Chair of the Kerry Group Michael Dowling (former Secretary-General of DAFM).

The meat implementation group presented a report to the HLIC in November 2018. This report (which is not apparently publicly available) identified Brexit as 'the key challenge' and proposed a number of measures aimed at mitigating its potential impact. Of particular relevance to this review were the following:

- A relaxation/exemption of EU State Aid Rules to allow for 'major investment aid' in processing, cold storage and capital investment in order to drive development under the five themes of Food Wise (i.e. environmental sustainability, human capital, competitiveness, market development and innovation).
- A continued drive on market diversification as a mitigation measure against a potential Brexit fall out along with the continuation of programmes that facilitate farm efficiency, productivity and delivery of animals to market specifications.
- 'In terms of sustainability, while accepting its role on tackling climate change, the industry asserts that its focus must be on efficiency rather than a reduction of stock; the latter being seen as an impediment to economic activity in rural areas.'

- 'The industry believes the work permit system needs to be more agile and responsive given the labour situation facing the meat processing sector in particular.' (Government of Ireland, 2019:5).

Key Recommendation: Involve Meat sector workers and their trade unions in the Meat Implementation Group that reports to the Government's Food Wise 2025 High Level Implementation Committee.

5.2 Agri-food strategy 2030

In July 2019, the Minister for DAFM announced a public consultation, based on a consultation document, on the development of a successor strategy for Food Wise 2025 - Agri-food strategy 2030 (DAFM, July 2019).

Similar to Food Wise 2025, it should be noted that this consultation document also gives a distorted assessment of the issues around 'labour support and demand' – the final items discussed. The consultation document states that the meat processing sector (amongst others) are reporting 'significant difficulties' in attracting and retaining labour, stating that meat processors are reporting 'significant difficulties in attracting and retaining labour', partly due to the fact that 'job opportunities and wage rates are higher in other sub-sectors of the economy' and that workers ' that came from some of the countries that joined the EU on 1st May 2014 have been returning to their home countries as the economies there have improved significantly'.[8] This analysis does not address the inherent contradiction between the focus on labour only as a 'competitiveness challenge' and the reality that wages in this sector are too low to retain workers and that competitiveness is also a function of investment (e.g. in in-work training and new technology).

The 2019 consultation document had stated that the 2030 strategy would be launched in 'mid-2020'. The 2020 programme for government now commits to publishing a 'successor strategy to Foodwise 2025, within six months of government formation...' (Government of Ireland, June 2020:65).

Meat processing workers and their union representatives are not members of the 'Stakeholder Committee' appointed by the Minister for Agriculture, Food and the Marine in November 2019 to 'develop Ireland's Agri-Food Strategy to 2030.'[9] At the very least, this now falls short of the commitment to social dialogue contained in the 2020 Programme for Government, which states that the Government 'recognises the importance of regular and open engagement with all sectors of society [and that this] is particularly important as we steer our way out of the pandemic, rebuild our economy, and support communities that have been severely impacted by COVID-19'.

Key Recommendation: Workers and their trade unions should be involved in the Stakeholder Committee on the development of the Agri-Food Strategy to 2030 and in any meat processing sectoral taskforce established arising from the commitment in the 2020 Programme for Government.

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8 Presumably 1 May 2004 was intended.

9 https://www.agriculture.gov.ie/agri-foodindustry/agri-foodandtheeconomy/agri-foodstrategyto2030/agri-foodstrategyto2030-stakeholdercommittee/. This committee includes approximately 11 employers' representatives, five farming representatives and a range of statutory bodies such as Teagasc, Bord Bia, the EPA, the Food Safety Authority of Ireland and a number of environmental representatives, amongst others.

6. Workers' terms and conditions – low pay and precarious employment

'While meat processing is highly regulated regarding food safety and hygiene, the same level of regulation and protection is not extended to workers and their conditions of employment.'

Final report of the Oireachtas Special Committee on Covid-19 responses, 6 October 2020 (p.18)

The poor terms and conditions for workers in this sector has been acknowledged by government, though little action has been taken. For example, the 2013 report of the Advisory Group on Tax and Social Welfare on Extending Social Insurance Coverage for the Self-employed, commented that:

> "The issue of 'disguised employment' remains a serious concern, particularly in the construction and food processing sectors. Employment trends over the last two decades towards greater flexibility and casualisation have resulted in low paid and precarious employment, with some workers being classified as self-employed even though they might not possess those characteristics of entrepreneurship and risktaking often perceived as features of the self-employed."[10]

Research by the Migrants Rights Centre Ireland (MRCI) presented to the Oireachtas Special Committee on Covid-19 responses in July 2020 indicates that in 2016 just over half (52%) of workers working in Ireland's meat production, processing and preserving sector (including poultry) were Irish nationals and 42% were non-Irish nationals. Of the non-Irish nationals, 88% were EU citizens and 12% were non-EU citizens.

MRCI also points out that just over 3,000 employment permits were issued to meat processing companies between 2017 and May 2020. The Department of Business, Enterprise and Innovation has previously confirmed that 'employment permits are valid only for the employer and the employment stated on the permit' (DEBI, 2014).

Combining the 2016 data plus employment permits data, MRCI estimates that non-Irish nationals account for approximately 58% of all workers in this sector. It estimates that the main non-Irish nationalities are Polish, Lithuanians, Romanians, Latvians, Moldovans, Slovakians, Brazilians, South Africans, Botswanans, and Filipinos. It also points that these estimates most likely 'not include undocumented migrants who also work in this sector' (MRCI, 2020).

While some employers in this sector engage in collective bargaining with their employees many do not. Upholding the right of workers to engage collectively with their employers and to be involved in discussions and decisions about the future of this sector is not on

10 Revenue's annual reports indicate that over €200 million was raised from Revenue 'interventions' in the construction sector between 2016 and 2019 that resulted in the reclassification of bogusly classified self-employed workers and new PAYE registrations. Revenue's annual reports do not provide similar information regarding the food processing sector.

the government's agenda. There is a very brief reference in Food Wise 2025 to the UN Sustainable Development Goals (SDGs), including SDG8, which relates to decent work including labour rights, but this discussion is undermined by the fact that the document confuses SDG8 with SDG6 (which relates to clean water and sanitation).

This failure to uphold the right of workers to engage collectively with employers can be contrasted with the emphasis placed over recent years on (correctly) improving the collective position of primary producers (i.e. farmers) in this sector. For example, EU law has since 2013 (Regulation 1308/2013) allowed for the establishment of 'producer organisations (POs). These provide benefits for their members in terms of collective action and co-operation and an exemption from EU competition law. While these organisations do not allow for the market-wide fixing of prices or quotas, individual POs can negotiate prices with individual processors (Goggin, 2019). Two such beef POs were established in 2019. Furthermore, the government is also in the process of implementing the 2019 EU 'Unfair Trading Practice' directive by the May 2021 deadline. This legislation seeks to address unfair trading practises in business-to-business relationships in the agricultural and food supply chain (DAFM, 2020b). The 2020 programme for government also commits to establishing a National Food Ombudsman to enforce this legislation.

Finally, it should be recognised that peer countries such as Austria, Germany, Denmark, the Netherlands and Sweden, whose meat processing sectors have all seen higher levels of investment, value-added and wages and more stable profit levels over recent years than Ireland, are also countries with higher levels both of membership of trade unions and coverage of workers by collective agreements, and the countries whose collective bargaining systems produce the best labour market outcomes, including in terms of productivity, according to recent OECD research (OECD, 2019).

Key recommendation: Support and promote collective bargaining and social dialogue in this sector including by ensuring that business support measures are conditional on trade union recognition and access.

7. Covid-19

The countries with the highest number of cases in [the food processing] sector were Ireland (1 154), Spain (1 016), the UK (450), the Netherlands (406), France (306), and Romania (275).

European Centre for Disease Control, 11 August 2020

7.1 Outbreaks in meat processing plants

The European Centre for Disease Control (ECDC) has drawn attention to 'multiple outbreaks' of COVID-19 across Europe in several occupational settings including slaughterhouses and meat processing plants and warned that if not prevented or quickly identified and controlled, local outbreaks in specific occupational settings may contribute to a local resurgence of COVID-19 cases (ECDC, 11 August 2020). It has pointed out that information on clusters/outbreaks in the food processing sector have been identified by ECDC's Epidemic Intelligence Unit, with many of these in slaughterhouses or meat processing plants, including in Ireland. Ireland was in fact identified as the country with the highest number of cases in the broader food production sector,[11] with 1,154 cases, followed by Spain at 1,016 and the UK, at 450. The ECDC states that possible risk factors contributing to clusters in food production include: working in confined or close spaces and lack of social distancing; workers (mainly referring to migrant workers) sharing accommodation sometimes described as being overcrowded and with poor hygiene conditions; shared transport; employing seasonal workers from areas with a higher incidence of COVID-19.

The Department of Agriculture, Food and the Marine had previously acknowledged that there 'have been COVID 19 clusters in a number of meat processing plants, but [said] this is being managed through a HSE-led team' (DAFM, 2020b).

The poor pay and working conditions in meat processing plants as well as the refusal of many employers in this sector to respect their employees' fundamental right to engage collectively was discussed in the Oireachtas Special Committee on Covid-19 response, in July and August 2020, with representatives of ICTU, SIPTU, the Migrants Rights Centre of Ireland amongst others taking part. The discussion in the committee saw Meat Industry Ireland acknowledging that a survey of its members revealed that 'approximately 20% of the workforce is covered by sick pay' (Oireachtas, October 2020: 40). Commentators have also drawn attention to issues of low pay and poor working conditions in this sector.[12]

The final report of the Oireachtas Committee on Covid-19 responses, issued on 6 October, makes a number of specific recommendations concerning the meat sector.

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11 In this setting, two main categories were identified: i) food processing (e.g. meat and fish processing and packaging; dairy production; bread and pastry production) indoors, and ii) agricultural food production (e.g. fruit picking and other mainly outdoor processes).

12 For example – *'The Irish beef industry is enveloped by greed'*, Diarmaid Ferriter, The Irish Times, 21 September 2020

These include:

- Recommendation 5: calls on the government to make provision for a statutory sick pay scheme to cater for low paid workers such as those in meat plants, and to ensure that regulations around general employment permits in the meat processing sector make provision for a sick scheme for workers by the employers concerned, within six months of the date of this report, and to make Covid-19 a notifiable disease under health and safety regulations;
- Recommendation 8: calls for the establishment of an 'Inquire, Record and Report Inquiry (pursuant to section 7 of the Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013)' to examine the operation of the meat processing industry, including the use of agents to procure workers, to include the State's response in terms of protecting workers, while ensuring necessary food supplies to the general population, as well as ensuring fairness for primary producers.'

The final report noted that while 'meat processing is highly regulated regarding food safety and hygiene, the same level of regulation and protection is not extended to workers and their conditions of employment.' The final report also referred a number of the specific recommendations relating to meat plans and other broader matters to other Oireachtas committees, including:

- To the Joint Committee on Enterprise, Trade and Employment - the need for a task force to examine the terms and conditions of workers in the meat processing sector and the extension of the use of sectoral work permits; to review the role of employment agencies in the industry; and to review of the role of the Health and Safety Agency in the industry;
- To the Joint Committee on Agriculture and the Marine - the need to ensure that Covid-19 compliance officers are appointed in all meat plants; to consider and determine the role of departmental inspectors with regard to Covid-19 in meat plants; to review reports of workers returning to work within meat plants while awaiting test results; and to review the NPHET commissioned report, 'Investigation into a Series of Outbreaks of COVID-19 in Meat Processing Plants in Ireland'
- And to the Joint Committee on Health – that routine testing for Covid-19 in meat processing plants should take place with results returned within 24 hours to the individual workers

Trade unions have called for the rapid implementation of these recommendations but have expressed disappointment that the Committee did not recommend legislation banning sub-contracting and bogus-employment and adopting a direct employment model within this sector, as has been now agreed in Germany starting from January 2021 (The Irish Times, 20 May 2020; SIPTU, 9 October 2020; WSI, 2021). This particular model should also be adopted.

Key recommendation: Implementation the recommendations concerning the meat sector set out in the Final Report of the Oireachtas Special Committee on Covid-19 response and propose legislation banning sub-contracting and bogus self-employment and adopting a licensed direct employment model for this sector.

7.2 Government supports for businesses affected by Covid-19

The meat processing sector, similar to other sectors, can avail of public supports put in place to support businesses affected by Covid-19.

Prior to the July stimulus, the Parliamentary Budget Office (PBO) put the 'headline valuation' of the package of supports for (all) businesses affected at €6.5 billion, but did say that the cost to the Exchequer was considerably less as 'the costs borne by the Exchequer are intended to incentivise the private sector to provide additional liquidity to enterprise' - and it put the total costs (in terms of direct expenditure and guarantees) at approximately €795 million, stressing that these estimates are provisional and subject to change (PBO, June 2020). The July stimulus added a further €1 billion of taxation measures to directly support (all) businesses, as well as €2 billion in credit guarantees. In addition, there was a further €1 billion of business supports in the form of expanded restart grants, commercial rates waivers and liquidity and enterprise investment measures (Department of the Taoiseach, 2020).

7.3 TWSS and EWSS support for meat processing firms

DAFM has pointed out that the largest agri-food sector to avail of the Temporary Wage Subsidy Scheme (TWSS), was NACE code 10, which includes the processing of *meat products*, fish, fruit and vegetables and manufacture of dairy, grain, bakery, other foods and prepared animal feeds. It indicates 490 employers and 15,500 employees have availed of this scheme at some point up to the end of August 2020 (DAFM, 2020b).

The TWSS was replaced by the Employment Wage Subsidy Scheme (EWSS) with effect from 1 September 2020.

On 30 September 2020, Revenue published the names and registered addresses of employers who had received payments under the TWSS between March and August 2020 (Revenue, 30 September 2020). This however did not provide information as to the amount of payments paid to employers under the TWSS. This lack of transparency can be contrasted with the information that is available about Common Agricultural Policy payments to primary producers[13]. Revenue has also indicated that it will also publish a list of employers who availed of the EWSS at the end of January and April 2021, ‘in line with international practice’.

13 Available at https://publicapps.agriculture.gov.ie/capben-ui/.

8. Conclusion

In his March 2020 assessment of the Irish beef industry for the IFA, Jim Power states that it 'appears that significant profits are driven by the volume of throughput, rather than by wide margins' (Power, 2020:46).

This review bears out this conclusion, showing that the increases in turnover and in employment in the Irish meat processing sector over the past decade have been accompanied by low investment, low value-added and low wages, as well as apparently declining levels of profits over recent years. It is clear that this the very substantial public funding and support upon which this model is based comes with very few conditions relating to the promotion of decent work, social dialogue and collective bargaining and tackling social externalities such as low pay, precarious work and poor social benefits.

Aside from what this means for workers in the sector, as now highlighted by Covid-19, a fundamental problem with this model is that it was becoming less and less viable even on its own terms before the pandemic hit. A 2017 study for the European Parliament's Agriculture Committee identified a number of 'severe challenges' facing the EU cattle sector over recent years. These relate to price developments, problems of profitability, changing demand both in terms of quantity and quality, increased competition, a changing geo-political context, the international economic situation, and the consequences of climate change (European Parliament, 2017).[14] Furthermore, a December 2019 European Commission report forecast that over the coming decade ' EU meat consumption is projected to fall modestly, driven by social, ethical, health and environmental consideration', and stated that 'ample supplies from Brazil, the US and Argentina will continue to put downward pressure on world and EU beef prices in the coming years' (European Commission, December 2019).

While the DAFM's ministerial brief for the 2020 government does acknowledge 'significant challenges for the [beef processing] sector, with concerns about the viability of the processing sector, particularly smaller plants' (DAFM, 2020b), government policy does not appear to adequately address whether the current model is sustainable in

14 Although this study examined the beef sector many of its findings could be said to relate to meat processing more generally.

the future; the 2020 Programme for Government commits to providing 'the necessary supports for...and the agri-food sector to respond to potential market disturbances *arising out of COVID-19 and Brexit*'.

This review has also highlighted the extent to which the right of workers in this sector to engage in collective bargaining and to be involved in discussions and decisions about the future of this sector. This exclusion flies in the face of the examples presented by many peer countries with more viable meat processing sectors as well as recent OECD findings and recommendations (OECD, 2019)

The 2020 Programme for Government does also commit to review 'the role, structures, and strategic focus of state agencies in the food sector, to ensure that their programme of work is fully aligned with future government and emerging EU policy'. It also states that the government recognises that 'the new CAP, the EU's Farm to Fork and biodiversity strategies, and the future direction of agri-food policy at a national level, *will be central* to a coherent and strategic COVID-19 and Brexit response and to the delivery of the European Green Deal.'

In this regard, it should be noted that the Farm to Fork strategy states:

> 'The COVID-19 pandemic has also made us aware of the importance of critical staff, such as agri-food workers. This is why it will be particularly important to mitigate the socioeconomic consequences impacting the food chain and ensure that the key principles enshrined in the European Pillar of Social Rights are respected[15], especially when it comes to precarious, seasonal and undeclared workers. The considerations of workers' social protection, working and housing conditions as well as protection of health and safety will play a major role in building fair, strong and sustainable food systems (European Commission, May 2020).

ICTU believes that there is a need to act without delay on the recommendation of the Oireachtas Joint Committee on Covid-19 responses to establish a Task Force to address the terms and conditions of workers in the meat processing sector and arising from the commitment in the 2020 Programme for Government to establish sectoral taskforces.

The extent to which other stakeholders and policy makers are willing to follow through on this recommendation and the commitments being undertaken at European level will be central to determining whether Ireland's meat processing sector can move from its current low-road to a sustainable high-road strategy, thereby enabling it to address the challenges it faces.

15 For example, principle 8 provides that the social partners 'shall be encouraged to negotiate and conclude collective agreements in matters relevant to them, while respecting their autonomy and the right to collective action.' The European Commission is preparing to issue an Action Plan to implement the Pillar of Social Rights in Spring 2021.

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