



AGRI BUSINESS

2023

AN IRISH FARMERS JOURNAL REPORT IN ASSOCIATION WITH KPMG

LAND USE

How legislation, regulation and innovation are forcing changes to the most fundamental building block of Irish agriculture and the rural economy

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FOREWORD



**TOM
MCEVOY**

Partner, KPMG

KPMG is, once again, delighted to partner with *Irish Farmers Journal*, in the publication of the *Agribusiness* report 2023. This is the 11th year of our association with this important publication.

It was only seven months ago last November, that the 2022 *Agribusiness* report was published and launched. Since then, we continue to see many challenges for the agri sector, both in Ireland and globally.

The cost-of-living crisis continues in most countries. Significant price inflation has been experienced in most sectors, and as producers and consumers we have all seen sharp rises in fuel and energy costs and in retail food prices.

While 2022 was a record year in terms of prices paid to farmers in the beef and dairy sector, we have seen sharp falls in dairy prices in quarter one of 2023, but beef prices have not dropped back quite as quickly.

Farmers are still experiencing high input costs. Many commentators have said that the era of cheap food (and proteins, in particular) in Europe is over and higher prices are here to stay.

Across many parts of the world, extreme weather variations have caused untold damage to lives and livelihoods, especially among primary agri-producers.

Droughts and fires in Europe every summer are common and New Zealand and Australia experienced some devastating floods within the last 12 months.

The impact of business on the climate is being taken very seriously, nowhere more so than in the agri sector. Therefore, the theme of the *Agribusiness* report 2023 on exploring the future of land use is highly relevant to identifying the measures that will need to be undertaken to slow down the increase in global average temperatures and, in particular, how the agri sector in Ireland can achieve the 25% reduction in emissions by 2030.

Yet, as we all know, any discussion on changes in land use and changes in land ownership in Ireland, is generally highly emotive given our history and our closeness to the land.

We look forward to a lively debate at both our launch event and over the coming weeks and months, to the contents of this thought-provoking report.



**LORCAN
ROCHE KELLY**

Irish Farmers Journal
agribusiness editor

The policy pendulum for agriculture has firmly swung away from productivity towards sustainability. The 2030 targets for a 25% reduction in emissions by the sector are well known by all, but the road to actually getting there is still unclear.

Fundamentally, there is a lot of policy and not a huge amount of action so far.

Further, in announcing policies and targets, there needs to be a much better understanding of where we are in Ireland with land use and what the proposed land use changes will mean.

This year's *Irish Farmers Journal*/KPMG *Agribusiness* report looks at these issues from the ground up – literally. In recent months, a new land-use map of Ireland was published and it is by far the most detailed report on what is happening on the surface of the country.

There are some surprising results – Ireland's grass cover is much lower than previously reported, while our forestry cover is much higher.

We use this map as the starting point of our report and then build on that data aided by expert analysis from KPMG - who we are delighted to partner with for an 11th year – to show what challenges lie ahead for the agriculture sector on this island.

We also highlight the emergence of new land-hungry enterprises which have come to the fore following the recent spike in energy prices. Both solar and anaerobic digesters will place further demands on Ireland's useful land area.

This trade-off between productivity and sustainability – in all its forms – is going to be the story of Ireland's land use over the next decade. Our hope is that this report will give a sound foundation on which to have those discussions.

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Editor: Lorcan Roche Kelly | **Contributors:** Jack Kennedy, Adam Woods, Aidan Brennan, Darren Carty, Phelim O'Neill, Stephen Robb, Donal Magner, Nancy Fallon, Requier Wait, Fraser Clarke and Shane O'Reilly | **Production:** Garrett Allen, Regina Horan | **Photography:** Philip Doyle, Claire Nash, Barry Cronin, Donal O'Leary, Clive Wasson, Donal Magner, iStock | **Imaging:** Philip Doyle, Jerome Dunne, Claire Nash, Hannah Giron Daygo | **Advertising:** Barbara Kilkenny, Deborah Stewart, Evan McNamara | **Ad production:** Barbara Kilkenny, Paul Dowd, Laura Tilson, Brian Morton, Isobel Hyland | **Circulation & marketing:** Jamie Leonard, David O'Connor, Adam Corcoran, Margaret O'Connor, Olivia Connolly, Brid Walsh, Thom Malone | **Printer:** Boylan Print Group, Drogheda, Co Louth
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Talk or action?

If you're serious about sustainability,
KPMG insights can help you move
from talk to action

#FromTalkToAction



kpmg.ie

GRAND PLAN NEEDED



**JACK
KENNEDY**

Editor,
Irish Farmers Journal

Land use and land use change is and will be a defining topic for farmers, food producers and everyone who lives in rural Ireland for the next 10 years.

The easy solutions and soundbites by those who don't or don't want to understand the role farmers and food producers play in rural Ireland is to discuss a "national cull" or all the "negatives only" that livestock and farmers bring to rural Ireland.

As central actors in the land use space, farmers more often than not are used as scapegoats and often their work managing the countryside, running a business is unfairly portrayed and isolated.

As an industry, we badly need a full-scale and wide-ranging report that contains options for land use change but also consequences and impacts – not just for farmers but for rural and urban Ireland.

What mix of actions can deliver a balanced food and environmental objective that has a vision and timeframe that works for all? New science and modern accounting mechanisms will help to meet ambitions easier.

The subsequent impact on rural towns and villages of such land use changes needs to be analysed. After all that, the policy needs to be drafted and debated.

ENVIRONMENTAL AMBITIONS

The nub of the issue here is that very soon "forestry" is to be included with "agriculture" into a new accounting system for greenhouse gas emissions. This will make meeting environmental targets an even bigger industry challenge.

Instead of just being 21,000 kilotonnes of carbon dioxide equivalent in the red because of farming, including the broader "land use" category with farming will mean combined, the carbon dioxide equivalent will be closer to 28,000 kilotonnes in deficit.

WHAT NEXT?

It is very clear that the Government is kicking the can down the road. The policy implications of this land use review, combined with existing farming environmental challenges, involve vote-swinging decisions to be taken.

In this vacuum of inaction, delay tactics, leaks and indecision, the farmers producing food make headlines in mainstream media for all the wrong reasons.

There is a clear roadmap to bring this research work together sooner rather than later to allow this crucial piece of land use review be taken seriously and subsequent policy developed.

At the moment, Government policy is trying to kickstart a forestry programme. However, the engine hasn't fired yet. Recent moves on not compensating farmers who have ash dieback in plantations won't help the forestry plan, despite public announcements and fanfare.

Another 2,000 of the 130,000 farmers are transitioning into pseudo-organics with subsidy sweeteners to further reduce stocking rates.

Political decisions are being taken not to support the compensation and phased transitioning of the suckler sector so it withers away.

Further political decisions sold as environmental solutions, such as new nitrate restrictions, are being imposed on dairy farmers to further reduce stocking rates.

Idealistic proposals to grow more grain are failing miserably. CAP reform is moving money from production to environmental ambitions.

Very clearly, the Government needs to grab a firm hold and show policy leadership for a sector so important to rural Ireland. Delighted to partner with KPMG in this excellent piece of work that provides much food for thought and discussion on a sensitive topic that has big implications for everyone in rural Ireland.

1

LAND USE
IN IRELAND

WHAT COVERS IRELAND'S LAND SURFACE?

These pages exist mostly because there is little understanding of Ireland's land use, writes
Lorcan Roche Kelly

Before we look at the seemingly inevitable changes that are coming to land use in Ireland, it is worth taking a little time to look at the current situation.

Earlier this year Tailte Éireann – formerly Ordnance Survey Ireland – published what is by far the most comprehensive and accurate land cover map of the Republic of Ireland that has ever been made. Through the use of satellite imagery and machine learning, they have measured the country with a resolution 250 times greater than the previous benchmark CORINE map used.

What the land cover map shows is that Ireland has a lot less of some of the stuff we thought was there and a lot more of other things.



AGRI BUSINESS LAND USE

Artificial surfaces:		Hectares	% of national area
Buildings	41,675.72		0.59
Ways	116,993.66		1.66
Other Artificial Surfaces	109,346.69		1.55

Exposed surfaces:		Hectares	% of national area
Exposed Rock and Sediments	65,984.07		0.93
Coastal Sediments	9,241.58		0.13
Mudflats	32,437.94		0.46
Bare Soil and Disturbed Ground	23,656.74		0.33
Burnt Areas	1,950.16		0.03

Forestry, woodland and scrub:		Hectares	% of national area
Transitional Forest	385,672.93		5.46
Coniferous Forest	256,443.08		3.63
Hedgerows	224,787.22		3.18
Broadleaved Forest and Woodland	170,859.69		2.42
Scrub	130,097.97		1.84
Treelines	73,392.53		1.04
Mixed Forest	49,503.45		0.7

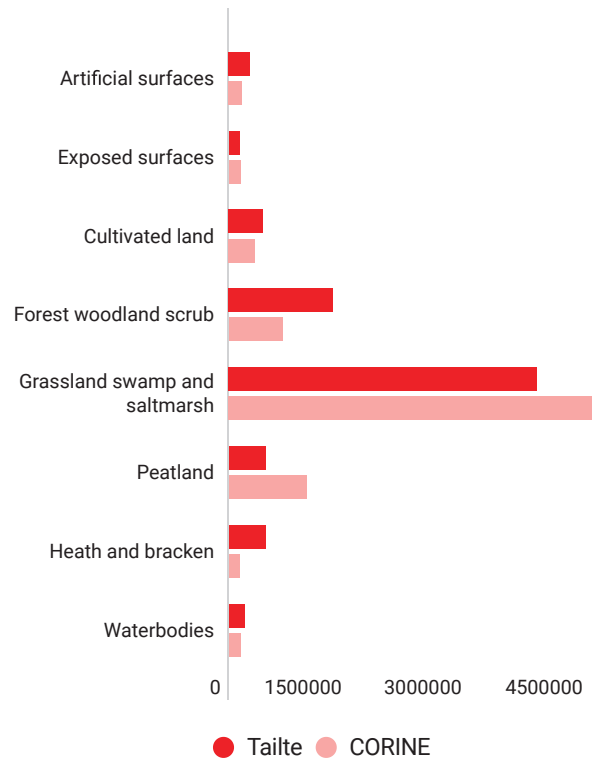
Grassland, swamp and saltmarsh		Hectares	% of national area
Improved Grassland	2,933,229.96		41.53
Wet Grassland	668,548.02		9.47
Amenity Grassland	128,564.37		1.82
Dry Grassland	79,541.81		1.13
Sand Dunes	10,261.66		0.15
Saltmarsh	5,747.21		0.08
Swamp	2,267.67		0.03

Peatland		Hectares	% of national area
Raised bog	46,268.87		0.66
Blanket bog	249,738.18		3.54
Cutover bog	110,253.83		1.56
Bare peat	52,962.62		0.75
Fens	3,068.05		0.04

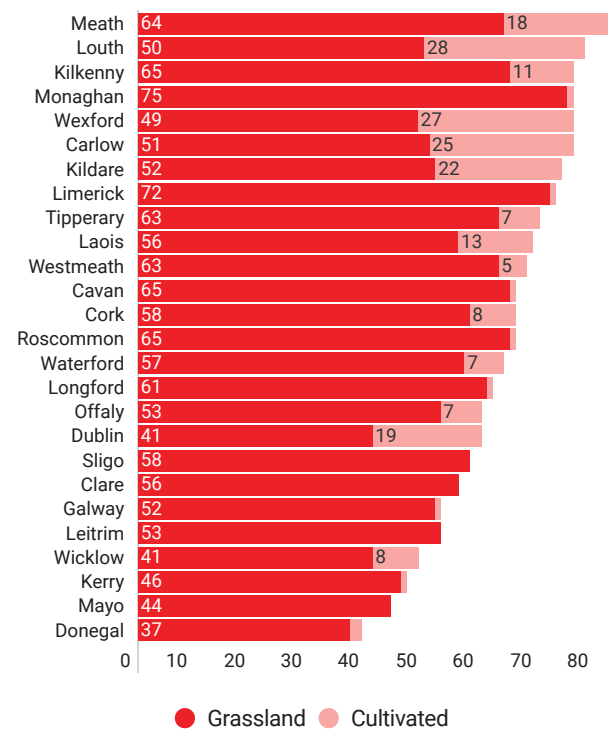
Heath and bracken		Hectares	% of national area
Bracken	28,133.20		0.40
Dry heath	199,256.91		2.82
Wet heath	229,526.39		3.25

Note: The 'Cultivated land' classification has no sub-divisions

Tailte and Corine figures (ha)



Grassland and cultivated land (%)



The tables show the breakdown of land cover type and the charts show the breakdown of each subcomponent.

Probably the most surprising thing in the data is the relatively small amount of actual grass cover there is. We have visions of the Irish countryside being rolling hills and valleys covered in grass feeding the cattle and sheep that make up so much of Ireland's agriculture industry.

It turns out that considerably less than half of Ireland is actually covered in improved grassland. Add in the 9% that is wet grassland (the many fields that are losing the battle to rushes) and we just barely creep through 50%.

A significant amount of the rest is made up of forestry, with the features that form part of that classification in this map accounting for over 18% of the total land cover of the country. Another big chunk goes in heather and peat covered hillside, while bogs account for much of what's left.

Only 2% of the country has actually been built on.

With agricultural practices undergoing major changes at the moment in Ireland, knowing how much useful land there is for farming is a fundamental piece of information – one that we have only got a clear view of in the past few months.

Interestingly, in doing the map, the ordinance survey used 36 land cover classifications, with many of those unique to Ireland as they found much of the classification structure used in the rest of Europe was not applicable to this country. This is certainly a point that is worth hammering home when negotiating with Europe over land policies – Ireland really is different!

PROBABLY THE MOST SURPRISING THING IN THE DATA IS THE RELATIVELY SMALL AMOUNT OF ACTUAL GRASS COVER THERE IS

While the amount of land that is not covered by grass may come as something of a surprise, the breakdown nationally is probably more in line with preconceptions. We all know there is more tillage in Leinster than Connacht. There is more grassland in Cork than Clare.

What we certainly didn't realise is how large the differences between counties and regions actually are. The table on the opposite page shows the percentage of land in each country that is actually used for food production – either through tillage or grassland.

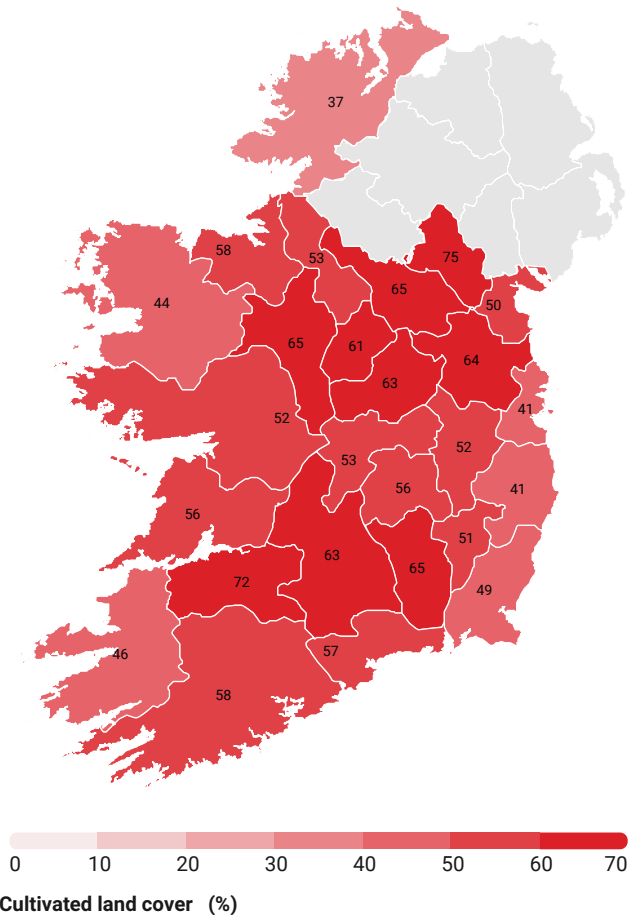
There are four counties – Wicklow, Kerry, Mayo and Donegal – where less than 50% of the land area is either grassland or tillage. Dublin, surprisingly, has quite a lot of grassland, but that could be due to the inclusion of "parkland and recreational land" in the county-by-county totals presented by Tailte Éireann.

In the shaded map, we can clearly see how the amount of land that is intensively farmed drops as we move further from the southeast of the country.

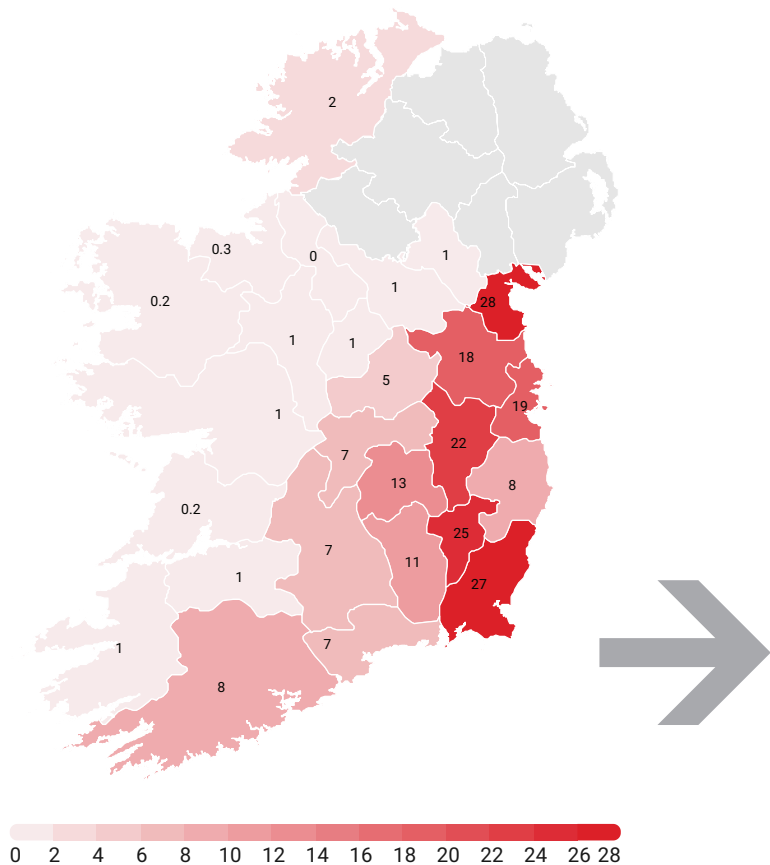
This is not to say that much of the land that does not fall into the category of "grassland" is not farmed. Donegal, for example, is almost one quarter covered in "heath and bracken", but as anyone who's ever driven the hills of that county know, that heath and bracken hides a lot of sheep.

The national distribution of farm type shows that dairy farms are concentrated in the southern half of the country, with sheep enterprises most common in parts of the country where there is the least grass cover.

Grassland cover (%)



Cultivated land cover (%)





NO GOOD DEED GOES UNPUNISHED

Given that such a relatively small amount of the country's land surface is covered in productive land, it might seem there is an opportunity to expand the footprint of agriculture.

Also, the new measurements mean that Ireland has a much better environmental footprint than previously thought – the forestry cover in the Tailte map is almost double what has been reported in some other measurements.

Unfortunately, Ireland's environmental targets are not based on the total stock of trees, biodiversity or wetlands in the country. Instead, they are based on improvements from a baseline. Because Ireland's environmental baseline was already so high – much higher than many of us realised, it seems – the easy lifting in terms of getting the further improvements done is mostly not available.

The current legislative agenda suggests there are more rules coming – particularly the Nature Restoration Law – which put further pressure on the amount of land available for agricultural activities in Ireland.

Over the following pages, we will look at that tension between productive farming and environmental goals and see if we can get some idea about what the future might hold.

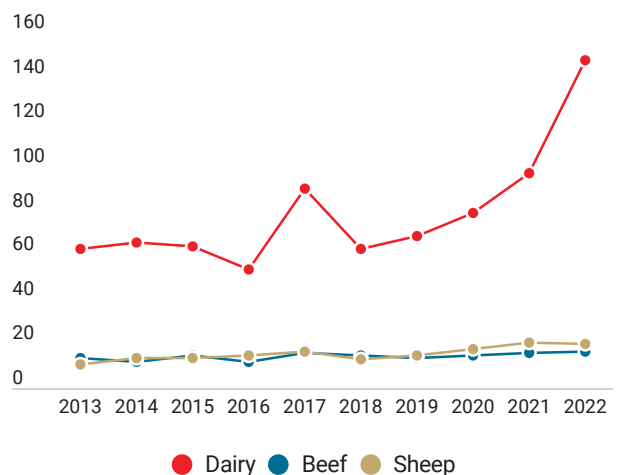
GRASSLAND

The often-quoted measurement of grassland in Ireland is "80% of Ireland is farmland and 80% of that is grass". Eighty per cent of 80% implies that 64% of Ireland is covered in grass. While we now know that number is much closer to 50%, there is no denying that grass-growth is by far the most common land use in Ireland.

Grass-farming activities fall into either dairy, beef or sheep enterprises.

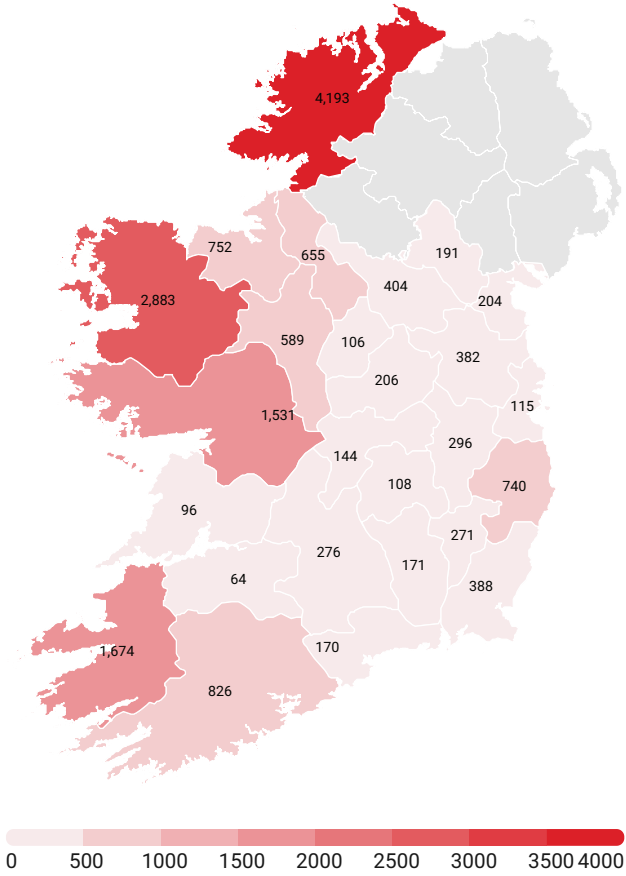
Of these, dairy is both the most intensive and the most profitable

Farm income by enterprise €1,000

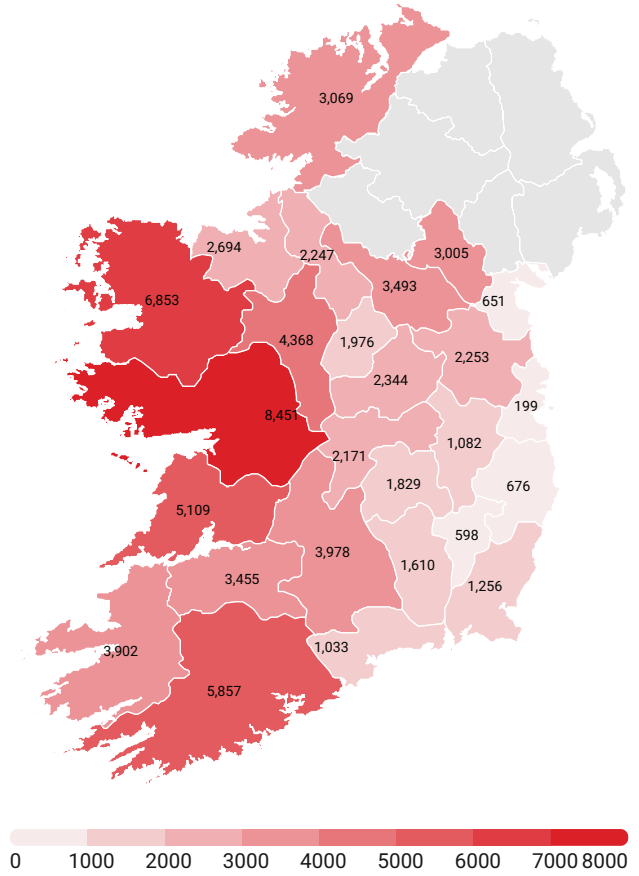


THE NEW MEASUREMENTS MEAN THAT IRELAND HAS A MUCH BETTER ENVIRONMENTAL FOOTPRINT THAN PREVIOUSLY THOUGHT

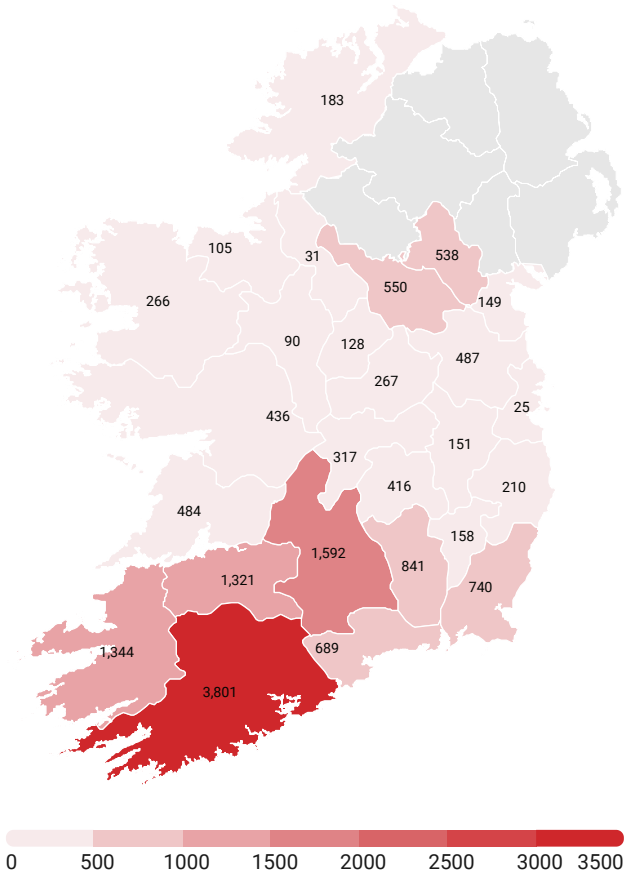
Sheep farm distribution



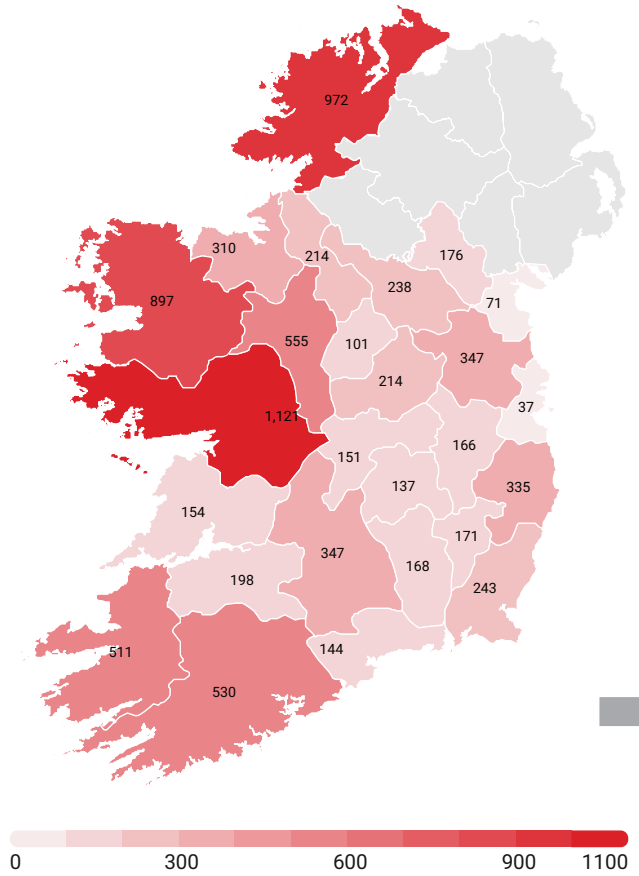
Beef farm distribution



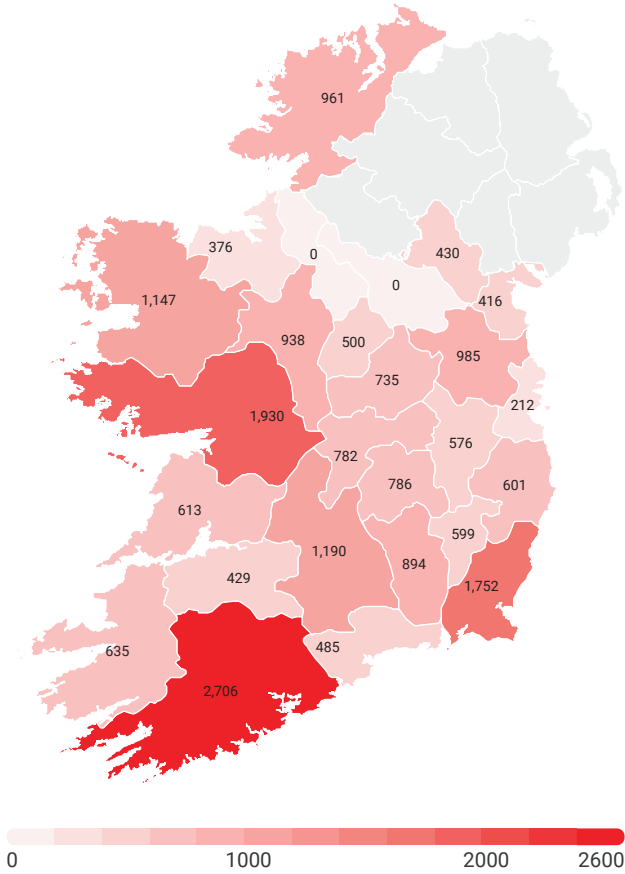
Dairy farm distribution



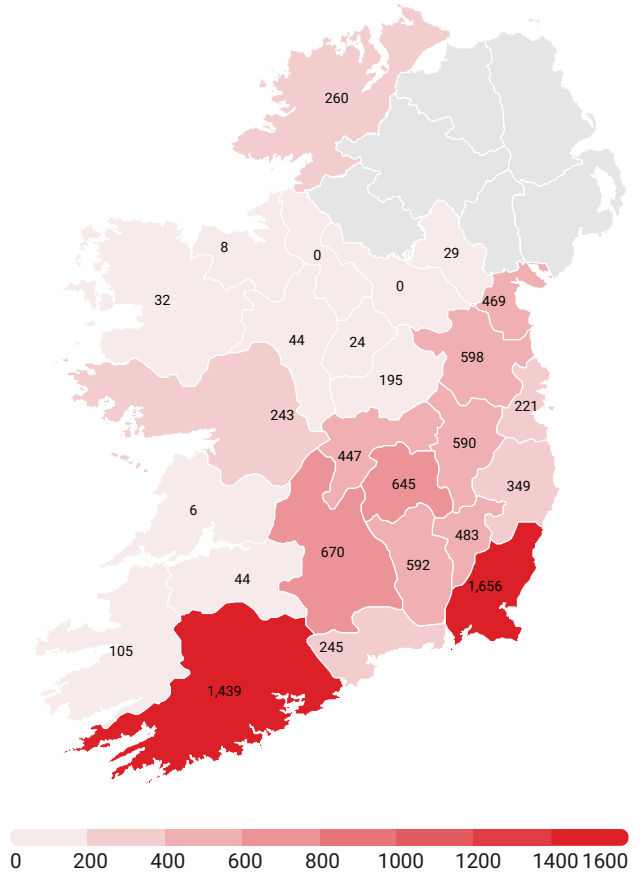
Mixed grazing farm distribution



Other crops, fruit, and horticulture farm distribution



Cereal farm distribution

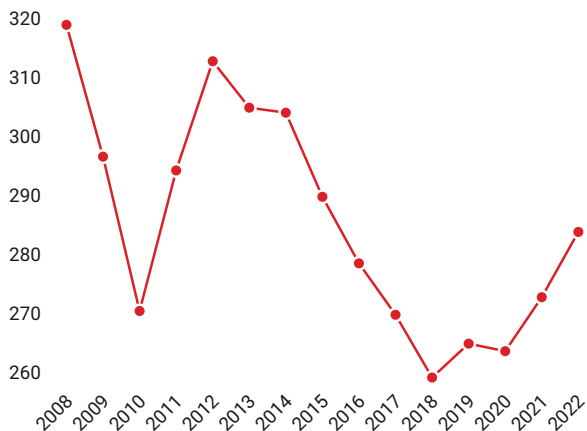


TILLAGE

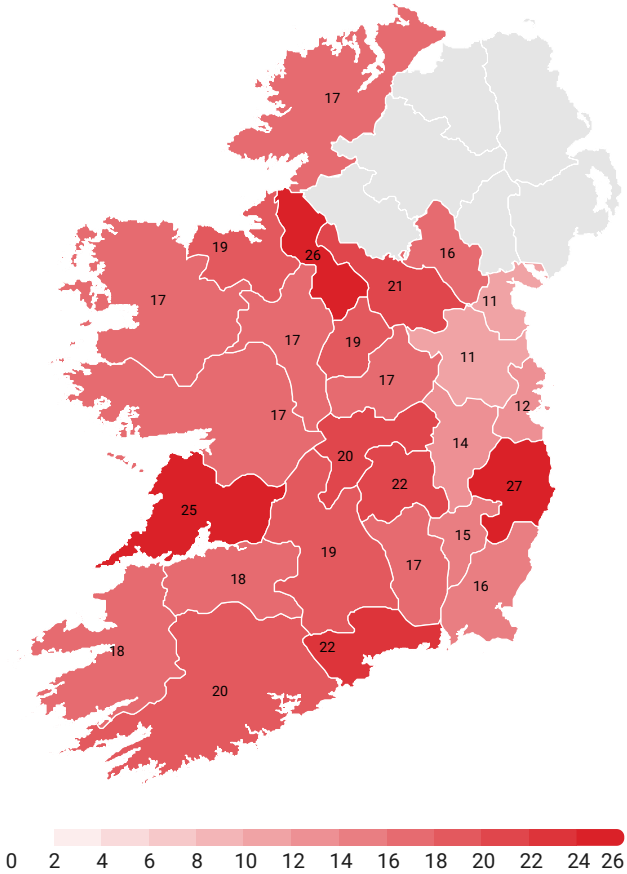
The total area under crops in the country has been rising in the past few years while still remaining below the 300,000 hectare level seen a decade ago.

The 2020 CSO census of agriculture showed that there was more land under crops in Wexford than in the combined total of the 16 counties with the lowest cover.

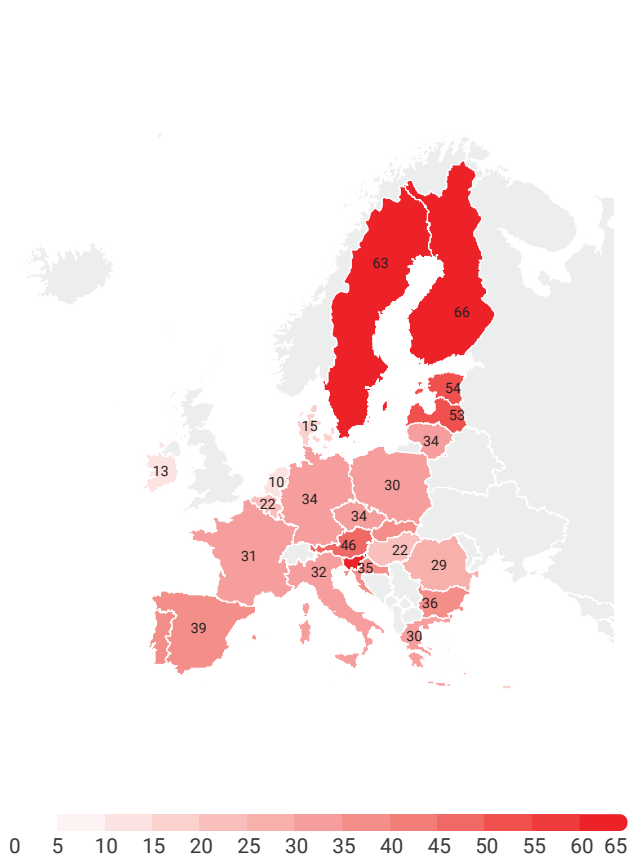
Total area wheat, oats and barley



Forestry cover (%)



Forestry cover (%)



FORESTRY

Of all the land cover types, the data for forestry in the Tailte map is by far the most surprising. There are seven different sub-classifications:

Transitional forest is classified as plantations with maximum height of less than 8m so are trees that have been planted for commercial purposes in recent years.

'Scrub' is defined as woody shrub vegetation dominated by immature or stunted trees not exceeding 5m in height.

Even taking scrub and hedgerows out of the calculation, we see that forestry cover in Ireland is at 13.35%, far above the 9.51% coverage given in the CORINE maps and above the 11% given by Eurostat's European Forestry Accounts. Including hedgerows and scrub, coverage jumps to 18.27% – almost double the previous estimate.

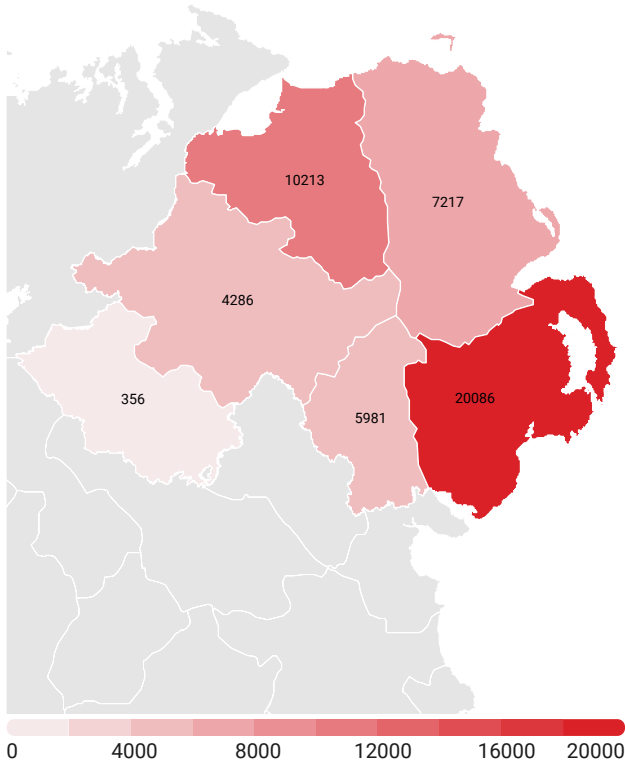
From a European perspective, the jump in forestry cover in Ireland from 11% to over 18% hardly moves the country up the league table at all. Ireland would only gain one place on the list, passing Denmark, to become the country with the fourth lowest forestry cover in the EU. Malta and the Netherlands are the other two lower countries.



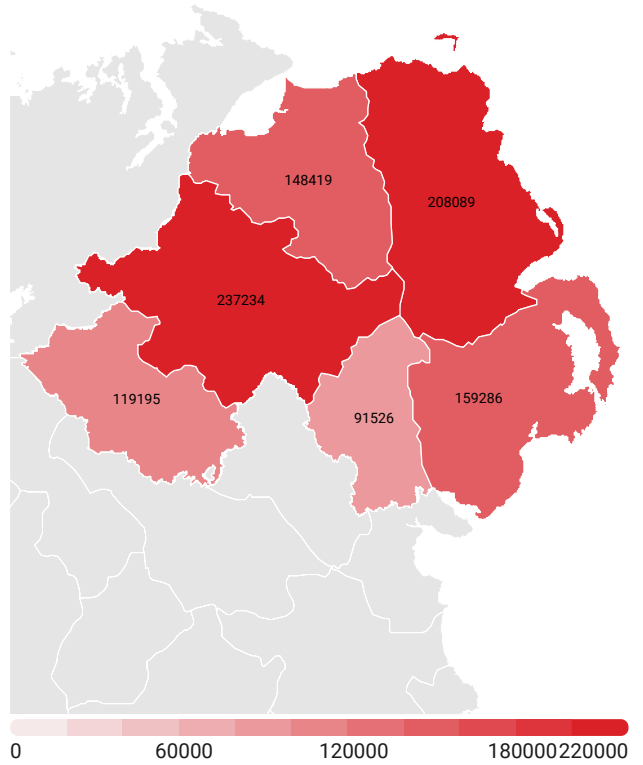
Percentage of national area

Transitional forest	5.46
Coniferous forest	3.63
Hedgerows	3.18
Broadleaved forest and woodland	2.42
Scrub	1.84
Treelines	1.04
Mixed forest	0.7

Total crops (hectares)



Total grazing (hectares)



NORTHERN IRELAND

While there is no super-detailed land use map available for Northern Ireland, the annual agricultural census conducted by Department of Agriculture, Environment and Rural Affairs does provide a rich picture of farming in the region.





June 2022 data showed that Northern Ireland has a dairy cow population of 316,775 and a beef cow population of 246,240, putting the ratio at 1.3 dairy cows for every beef cow. In the Republic, with 1.62 million dairy and 913,000 beef cows that ratio is closer to 1.8.

There are 2.1 million sheep in Northern Ireland, compared to 5.7 million in the Republic.

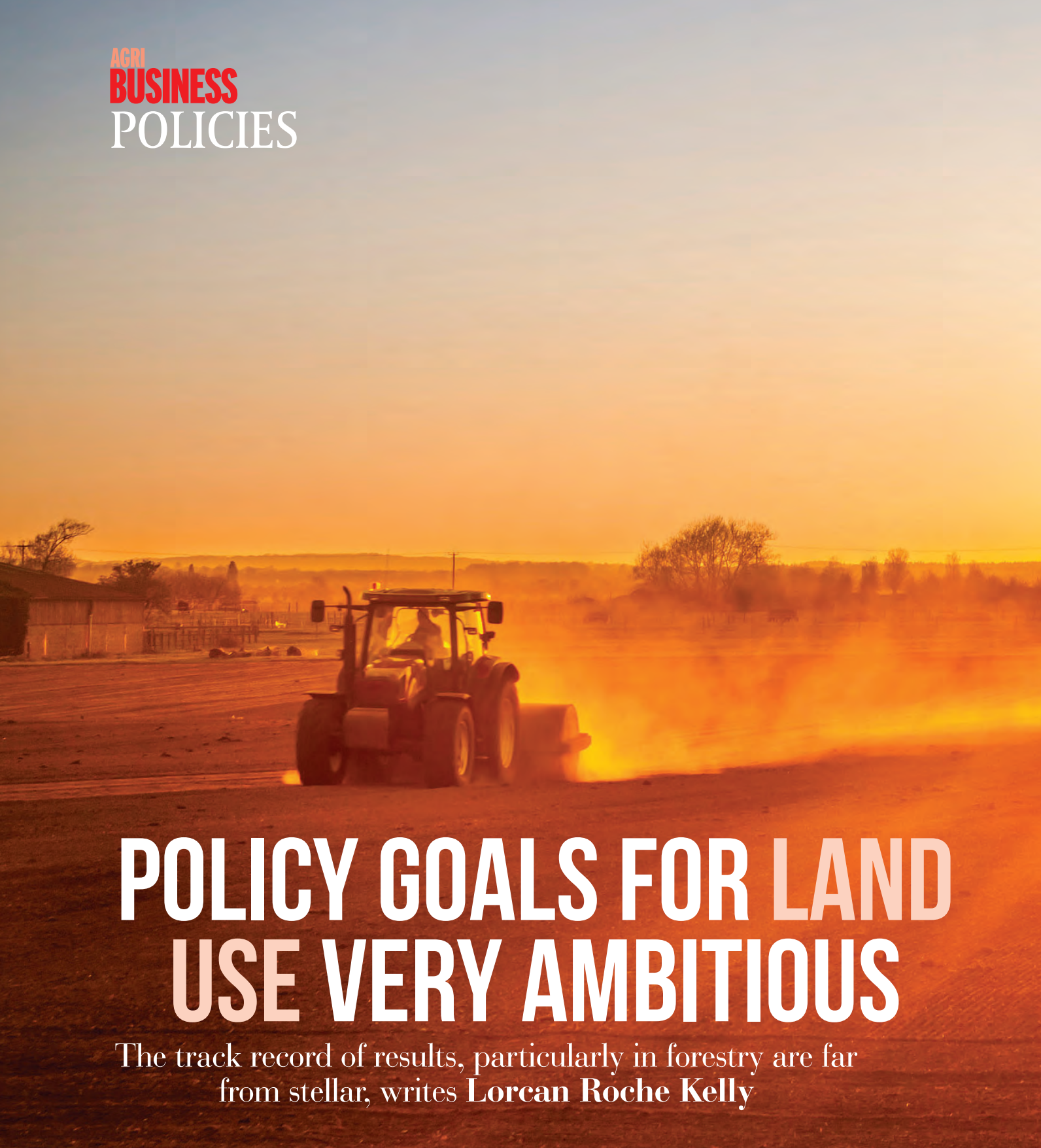
Around 6% of farms in Northern Ireland are classified as “cereals, horticulture and general cropping” a number that is not too different from the Republic, but is in contrast to the counties bordering the north where there is very little tillage (see map on page 14)

When it comes to forestry the region performs very badly. A 2022 report from the UK Woodland Trust said it is one of the least wooded countries in Europe, with less than 9% cover. That puts it at about the lowest in Europe.

Probably the biggest difference between Northern Ireland and the Republic is the regulatory divergence that already is coming into play.

 316,775 dairy cows	 246,240 beef cows
 2.1M sheep	 6% of farms in Northern Ireland are classified as “cereals, horticulture and general cropping”

2 POLICIES



POLICY GOALS FOR LAND USE VERY AMBITIOUS

The track record of results, particularly in forestry are far from stellar, writes **Lorcan Roche Kelly**

A

According to Ireland's Climate Action Plan 2023 (rather confusingly sometimes called CAP23) agriculture accounted for 33.33% of the country's greenhouse gas emissions in 2021.

Overall emissions from the sector have increased by 19% over the past 10 years. With 2022 not expected to show much improvement, there is

a lot of work to do before the end of the decade to

achieve the reduction required from Ireland's agriculture industry.

Among the many changes the Climate Action Plan calls for from the agricultural sector, the following measures which aim to encourage and support farmers' transition to alternatives to intensive livestock farming will directly lead to land use changes in Ireland.

BY 2025:

- Increasing the level of organic farming to 250,000ha.
- Expanding the indigenous biomethane sector



through anaerobic digestion, reaching up 1TWh of biomethane.

- Increasing the area of tillage to 360,000ha.
- Contributing to the delivery of the land use, land use change and forestry (LULUCF) targets for afforestation and reduced management intensity of organic soils.

BY 2030:

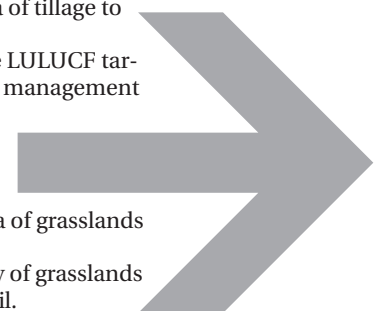
- Incentivising an increase in the level of organic farming to 450,000ha.
- Expanding the indigenous biomethane sector through anaerobic digestion, reaching up 5.7TWh

of biomethane.

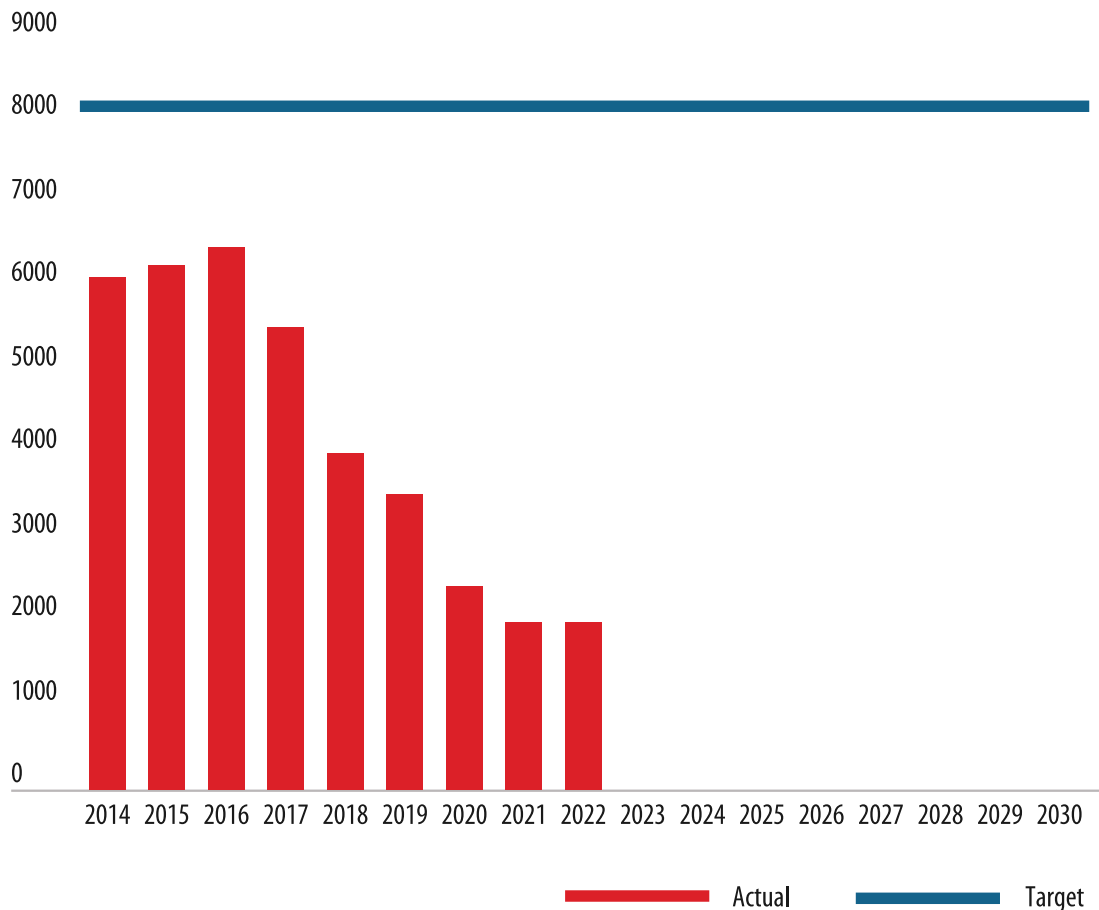
- Supporting an increase in the area of tillage to 400,000ha.
- Contributing to the delivery of the LULUCF targets for afforestation and reduced management intensity of organic soils.

THE LULUCF AMBITIONS FOR SOILS INCLUDE:

- Improve our management for carbon sequestration of 200,000ha of grasslands on mineral soils.
- Reduce the management intensity of grasslands on 25,000ha of drained organic soil.



Forestry programme target v actual planting



- Rehabilitate 33,000ha of peatlands as part of the Bord na Móna enhanced decommissioning.

THE ACTUAL TARGETS BY 2025 ARE:

- 25,000ha of cover crop planted.
- 35,000ha of cereal area to incorporate straw directly into soil.
- 200,000ha of mineral grassland managed to improve sequestration.
- 25,000ha of drained organic soils with reduced management intensity.
- 33,000ha of peatlands rehabilitated.

AND BY 2030:

- 50,000ha of cover crop planted.
- 55,000ha of cereal area to incorporate straw directly into soil.
- 450,000ha of mineral grassland managed to improve sequestration.
- 80,000ha of drained organic soils with reduced management intensity.
- 35,900ha of peatlands rehabilitated.
- 41,700ha of additional peatlands to be funded and rehabilitated.

Finally, on the forestry side, the afforestation target is to have an extra 8,000ha planted every year until 2030. That breaks down as 28,000ha by 2025 and 68,000ha by 2030.

The annual afforestation programme for the new forestry scheme (2023-2027) is 8,000ha compared

THE ANNUAL AFFORESTATION PROGRAMME FOR THE NEW FORESTRY SCHEME (2023-2027) IS 8,000HA COMPARED WITH 2,000HA PLANTED PER YEAR AT PRESENT

with 2,000 ha planted per year at present. Interestingly, the previous forestry programme which ran from 2014 to 2020 (and was then extended to 2022) also had an 8,000ha per annum target. It failed to meet that target in every one of the years the programme was in place.

Of the targeted 72,000ha over the nine years of that plan only 38,500ha were planted – barely more than 50%.

The goals for agriculture and land use changes are certainly ambitious. As we can see in forestry, Ireland has set ambitious targets before and completely failed to meet them. However, as is often said in business, “past performance is not an indicator of future results” so over the following pages we will look at how agriculture is ready to face these demands, on top of all the other challenges the industry faces.

Facing the challenge

Whatever changes are to come for land use will have to be implemented by the custodians of that land – Irish farmers. With that in mind, we asked the Irish Farmers Journal’s in-house experts about the challenges facing their sectors right now, and what the longer-term outlook looks like

SIOBHÁN WALSH ON TILLAGE

“In the immediate term, grain price is the biggest issue facing tillage farmers. The majority of fertiliser was bought at the top of this season’s market, while pesticide costs are also up. In the meantime, grain prices are coming back down to below €200/t. With a delayed spring planting season and delayed fertiliser and pesticide applications on winter crops, yields do not look set to be records, so an income crisis looks to be on the horizon.

The challenge for the sector as a whole will be to meet the Government’s target set out in the Climate Action Plan to increase the tillage area to 400,000ha by 2030, an increase of approximately 48,000ha on 2022.

Access to land is a big issue. Tillage farmers cannot compete in the land market as dairy farmers try to increase their land area to maintain stock numbers under new nitrates rules. Solar farms are also competing in some parts of the country.

Amidst the challenges are positives. Specialist tillage farms emit just 1.18t of carbon dioxide equivalents per hectare. Tillage also has huge potential to store carbon as carbon stocks are generally low in tillage soils. However, the sector also has the methods to do it through cover cropping and straw incorporation.

While the livestock sector will always need animal feed Irish tillage farmers need premium markets to supply their grain to in order to maximise their income.

Malting barley and gluten-free oats are playing a part here, but knowing the carbon footprint of grain and in turn feed could help to produce a branded carton of milk or cut of beef with a low carbon footprint printed on the packet and the supply chain should benefit as a result.”



AIDAN BRENNAN ON DAIRY

“Of all the regulatory issues facing farming, the changes to the nitrates derogation are the most pressing. Reducing the upper limit in the derogation from 250kg to 220kg as is planned for later this year will have catastrophic impacts on some dairy farms while doing little to improve water quality.

That is by far not the only challenge facing the sector with milk prices now falling faster than costs. Farmers will have to be reenergised to cut costs – tactics that they haven’t really had to resort to since the last time margin was squeezed which was in 2016. This will be a big challenge for those with higher-input systems where costs tend to be sticky.

With near full employment across the economy, sourcing people to work on farms or to do anything with their hands is a big challenge too.

The problem is particularly acute on dairy farms, which have a reputation for long working days and unsociable hours. These are problems replicated across the world and while it is a challenge for the industry, it’s also an opportunity for those who are good at attracting people to grow their business.

Further, we have seen in recent months that Government support for dairy farmers is in short supply. It seems there is no political will to support the sector, with severe restrictions on dairy farmers applying for TAMS and dairy farmers locked out of accessing other schemes and supports.”





'MORE HOPE THAN HUBRIS FOR 2023 BEEF TRADE'



ADAM WOODS ON BEEF

It's been a sluggish start to the 2023 beef trade with expectations of prices hitting the highs of 2022 now faded. The forecasted drop in numbers hasn't been enough to tip the supply and demand curve with factories managing the estimated drop of 60,000 to 80,000 head of cattle to avoid any peaks and troughs in their supply chains over the next few months.

Weather, as is often the case in Irish farming, has played a role, with a tricky March leaving cattle indoors to be finished rather than turned out to grass. This has left numbers pretty steady for the first five months but should bode well for a tightness in supplies later in the year.

The UK market, Ireland's main destination for beef, has been performing really well with R3 steers coming into the equivalent of €6.04/kg at the end of May. This compares to the average R3 steer price of €5.50/kg in Ireland for the same week.

Winter finishers have been the real losers so far in 2023 with a more positive outlook for grass finishers later in the year.

Further afield, the European beef market has been under a little more pressure with prices coming back in Germany and Italy over the last few weeks. This is being put down to the cost of living squeeze with consumers trading down in cut values but maintaining spend.

Manufacturing beef sales have been very strong with the summer months normally peaking for burger sales. European beef production is expected to decline by 1.6% in 2023. This will be counteracted by a decline in consumption and an increase in imports from outside Europe.

TRADE DEAL

The Mercosur trade deal is the big cloud on the horizon with the trade deal expected to be ratified later in 2023.

This will open up the European beef market to Mercosur countries for 99,000 tonnes of tariff-free beef. It remains to be seen how much of that they will fill or what type of cuts they will send to Europe.

There is a fear that if it's high-priced steak cuts like fillets and striploins, it could decimate the EU steak market and put real pressure on Irish beef prices. Brazil is currently concentrating on the Chinese market but this could all change in the future.



DARREN CARTY ON SHEEP

The latest Department of Agriculture sheep census results show the national breeding ewe flock falling by 35,877 ewes, or 1.3%, to 2.66m ewes. The reduction in numbers was probably lower than anticipated, with escalating costs denting producer confidence. It was the first time in several years that numbers reduced in sheep strongholds along the western coast, with hill sheep enterprises particularly affected in 2022 by lower prices for store lambs and higher costs.

The reduction in sheep numbers over the last decade in the east of the country had steadied in the last couple of years but ramped up again with ewe numbers falling by 2% to 5% in dairy strongholds.

The drop in returns and a sharp increase in demand, driven by dairy farmers availing of a nitrates derogation looking to protect their farms from proposed stocking rate reductions, has certainly had an effect.

The policy change will continue to put pressure on sheep numbers here until there is more clarity on if Ireland can reverse the decision to reduce the stocking rate limit.

There are a number of other policy changes that have already been introduced or are on the horizon that could also influence numbers.

There are fears in more marginal land-type areas, in particular, that the nature restoration law will limit the production potential of farmers on such lands. The Department has said any legislation will be voluntary but many unknowns still exist.

BREXIT

The consequences of Brexit for the sheep sector are starting to materialise, with Britain's free-trade agreement with Australia having the potential to change trade dynamics in Europe. Indeed, the impending EU-Australia trade deals are also rightly of concern.

A reduction in input costs and stable market returns would certainly help to restore confidence in the sheep sector, while a show of support from the Department would also help. Sheep farmers feel short-changed that the level of funding available under CAP was cut and maintained for other sectors. An increase in the level of support would certainly go a long way towards inserting some much-needed optimism into the sector.

It is likely that significant dialogue will not take place until after EU elections in mid-2024.



FUTURE DIRECTION OF TRAVEL UNCERTAIN FOR CAP

When the current Common Agricultural Policy (CAP), which runs from 2023 to 2027 was introduced, it was lauded as being a ‘fairer, greener and more performance-based CAP’. Phrases such as ensuring a sustainable future for European farmers, providing more targeted supports for smaller farmers and allowing greater flexibility for EU countries to shape the implementation of CAP to adapt to local conditions were to the fore.

Policymakers were proud of the so-called ‘green architecture’ to which CAP was designed and instead of CAP being the main player in terms of EU agricultural policy, it was now also viewed as a ‘key tool’ in achieving the objectives set out in the EU’s Farm to Fork and biodiversity strategies. Policymakers argue that this is the direction of travel EU taxpayers sought.

CONVERGING OF PAYMENTS

The converging of payments, both within and between EU member states, is viewed as a positive in the current reform. Farmers on the receiving end of higher payments will agree with this sentiment but a large cohort of farmers with higher-value entitlements are facing significantly lower payments. One group which will be particularly affected are sizeable full-time suckler and beef units.

The current CAP was a few years in the making and it will be no different for the next CAP with early discussions and soundings of key objectives

for inclusion already being discussed. It is likely that significant dialogue will not take place until after EU elections in mid-2024. The direction of travel for the next CAP will be strongly influenced by who takes up the agriculture portfolio and what countries hold prominent positions and the balance of power.

CLIMATE CONSIDERATIONS

Environment and climate considerations will remain key but Russia’s invasion of Ukraine has brought an increased focus on the importance of food security and this may alter the views of EU consumers.

This may decelerate the recent move away from supporting food production and see supports more closely aligned to the original objective of CAP to increase food production and stabilise markets, ensure the availability of food at reasonable prices and provide fair living standards for farmers.

Whether it halts the move to full convergence or 100% flattening of payments is too early to say but this is an area that will attract close attention.

Given the worrying increase in the number of farmers exiting the sector, one would imagine there will have to be more credence paid to generational renewal.

This is, of course, assuming the CAP is not further diminished in importance in the EU with CAP receiving a much lower share of the overall EU budget in recent reforms.



The current CAP was a few years in the making and it will be no different for the next CAP

— DARREN CARTY

REALISING THE POTENTIAL FOR IRISH FORESTRY

The key challenge facing Irish forestry over the coming decade is to achieve a minimum annual afforestation programme of 8,000ha. Recent studies by COFORD and University of Galway recommend far higher programmes if Ireland is to achieve net zero by 2050 as outlined by successive Climate Action Plans.

TARGETS

The 2019 Climate Action Plan warned that if planting rates – then 5,500ha, now 2,000ha – continue, “Ireland will not achieve its 18% land cover target by 2046” which is required to achieve net zero. This target has never been endorsed by the Department of Agriculture, Food and the Marine, which is charged with overseeing it.

In fact, there is no evidence of any target ever being agreed by the Department, which may be the reason why the “18% target” for forest cover no longer features in the plan. Now, instead of targets, there are general but non-binding proposals and “key metrics” even though most sectors have actual targets from 2025 to 2030. These include organics (250,000ha to 450,000ha) and tillage (360,000ha to 400,000ha).

WHO PLANTS?

Regardless of the intentions of Coillte and investors to establish forests, the annual afforestation programme is dependent on farmers. Forestry, which attracted over 1,000 new farmers annually up to 2006 is now down to 76, while forestry contractors have departed in their droves.

Private, including farm forestry, is fragmented and lacks the cohesion enjoyed by Coillte which has signalled its intention to return to afforestation.

The State company has an annual turnover over €479m and an operating cashflow of €107m and tight staffing levels – 800 employees and 1,200 contractors. It has the economies of scale to maximise its timber resource through sales to a vibrant sawmilling industry and processing in its own board mills.

The private forest area is now greater than Coillte and will outproduce it in log supply over the coming decade. But it is under-resourced and currently receives less than 5% of the Department’s €1.86bn



annual budget. This needs to change if the sector wishes to attract farmers and contractors back to forestry.

BUSINESS AS USUAL NOT AN OPTION

The Society of Irish Foresters (SIF) has identified a number of key areas that need to be addressed urgently if Ireland is to achieve a viable forestry sector. Business as usual is not an option, it states in its 2022 policy position statement.

“Nobody has been held to account for Ireland’s recent dismal afforestation programme, while ownership of and responsibility for policy targets are non-existent,” it bluntly states.

FDA

It proposes the creation of a highly focused Forestry Development Agency (FDA) which would be accountable “to drive afforestation and development of the sector” and provide leadership, especially to the private sector.

A similar independent State agency has also been proposed by the Irish Timber Growers Association and has 40 signatories representing key timber processors, forestry organisations, forestry companies and nurseries. The agency would address the development of a Forest Carbon Code (FCC) for Ireland and land availability. The SIF shows that there is sufficient marginal land available for forestry (Table 1) without negatively impacting on agricultural production. However, it acknowledges that agricultural schemes that compete with forestry need to be assessed as already forest premium increases are uncompetitive against farming schemes, land rental and BISS.

– DONAL MAGNER

The Society of Irish Foresters’ survey shows that 475,000ha of marginal land is available for afforestation without negatively impacting on agricultural production.

\ Donal Magner

TABLE 1: SUMMARY OF LAND AREA WITH POTENTIAL FOR AFFORESTATION (MILLION HA)

Classification	Forestry potential	Area
Productive agricultural	Apart from shelter belts and possible agroforestry, unlikely to be made available for forestry	(2.448)
Marginal agricultural land	Low production marginal land, suitable for productive forestry which provides a higher income than all sheep and most beef systems	1.123
Unenclosed land	Productive unenclosed land capable of providing yield class (YC) (m ³ /ha/annum) greater than 12 Sitka spruce and suitable for native woodland species such as alder, birch and Scots pine – YC>4	0.179
TOTAL	Marginal land area suitable for forestry	1.302

Source: Farrelly, N. and Gallagher, G. 2015. An analysis of the potential availability of land for afforestation in the Republic of Ireland. Irish Forestry, 120 – 138.4. Note: Farrelly and Gallagher, G., estimate that 0.475 million ha (out of 1.302m ha) could be afforested without negatively impacting on agricultural production.

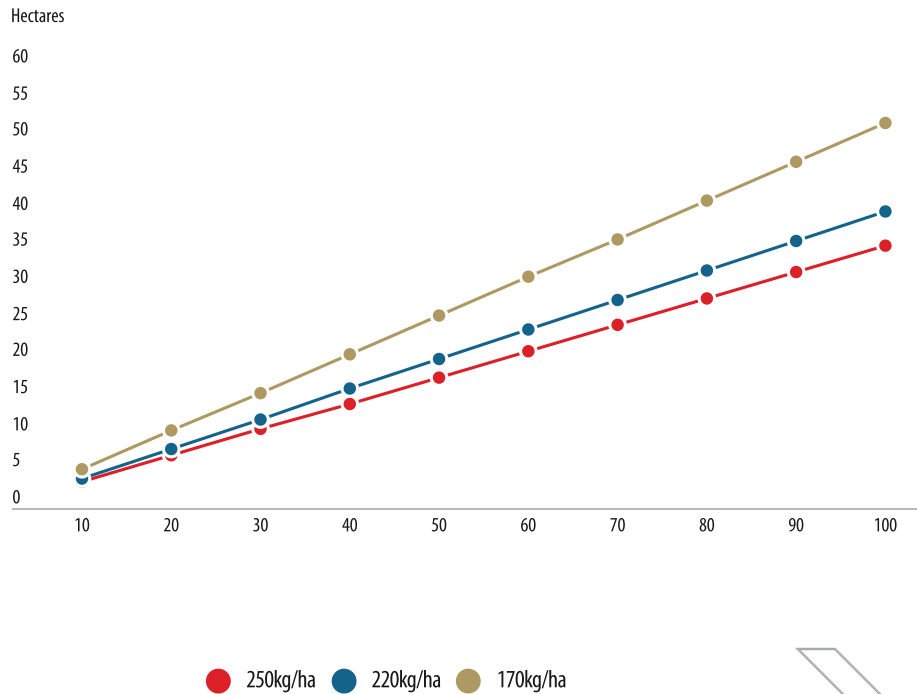
NITRATES ISSUE

As Aidan Brennan mentioned in his notes, the nitrates issue is going to be a huge one for Irish agriculture this year.

Ireland has a derogation which allows farmers to run stocking rates up to 250kg livestock manure nitrogen per hectare. This is far above the 170kg nitrogen/hectare limit across much of the European Union. Ireland has its derogation on the basis that there is no worsening of water quality in the country. While the derogation runs until 2025, there is additional conditionalities involved, meaning that an interim water quality review is being conducted. That review is being finalised, with the results expected in September this year.

Where the review identifies polluted waters or where there are worsening trends in water quality, the maximum stocking rate on farms in the catchment area must be reduced from 250kg/ha to a maximum of 220 kg/ha from 2024.

How a farmer with 30ha can have a maximum of 85 cows at 250kg/ha (assuming a dairy cow is at 89kg nitrogen)



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Land No. 118 Ballinagare Co. Roscommon

13.5 acres with full afforestation approval granted in Dec 2022.

Land No. 139 Ballyfarnon, Co Roscommon

C. 30 acres ideally suited to afforestation Elevated land with south facing views overlooking Lough Skean and Lough Meelagh and Kilonan Castle Excellent access and road frontage, well fenced. High Yield Class Potential.

Land No. 138 Ballinacarrow, Co. Sligo

c.25 acres ideally suited to afforestation with good road frontage.

Land No. 130 Lisacul Co. Roscommon

21.5 acres (c.8.71 hectares) of high quality grazing land available in up to lots. all with separate road frontage and established entrances. Road and river frontage.

Forest No. 707 Shiven Co. Galway

c. 10 ha Ha (c. 25 acres) (of diverse forest originally planted in 2002, with Ash replaced with Alder in 2013. TFL00236818 granted on 13th Feb 2019. Located in a mature forestry area and only 10 km from Murray's Sawmill in Ballygar.

Forest No. 725 Cloondahamper (Brown), Tuam, Co. Galway

10.19 hectares / c. 25.18 acres in total, planted in 2010 Sitka Spruce, with 20% JL and some Alder. 9.45 ha premiums of c €4000 /year, The lands are eligible for entitlement payments under the 2008 rule.

Forest No. 720 Broadford Co. Clare

9.56 ha hectares c.23.62 acres of Sitka spruce / JL./ADB forest planted in 2005 with Clear-felling and thinning Licence TFL00744021 applied for in Nov 2021. One premium Remaining c. €3900.

Forest No. 562 Cordal Co. Kerry

c20.16 ha (c.50 acres) pure Sitka spruce plantation planted in 1991. In two plots. High Yield class Sitka spruce un thinned.

Forest No. 703 Clogher Co. Donegal

20.44 hectares in total (50.50 acres) almost entirely Planted with Sitka spruce and Sitka spruce/ Lodgepole pine planted in 1990, with lake frontage.

Laid out in one large block, developed well ready now for thinning / clear-felling.

WANTED FORESTS AND LAND NATIONWIDE

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Ted Massey, inspector in the nitrates and biodiversity division in the Department of Agriculture, Food and the Marine recently told a Teagasc webinar on the issue that there is a risk that some, or even all, of Ireland would be forced to a maximum stocking rate of 220kg/ha.

For dairy farmers, there are two ways of reacting to a reduction in the derogation were it to come in.

Looking at the chart on the previous page (assuming a dairy cow is at 89kg nitrogen), we see that a farmer with 30ha can have a maximum of 85 cows at 250kg/ha. This drops back to 75 cows under 220kg/ha and all the way down to 57 cows on 170kg/ha.

Alternatively, the farmer with 85 cows on 30ha will need to increase their holding to just over 34ha at 220kg/ha and all the way up to 44.5ha at 170kg/kg.

These numbers are provided for illustrative purposes. The introduction of banding this year means some dairy operations are under even more pressure. Also, the lower the limit, the more dairy farmers will be caught having to make a choice between cow numbers and land area.



The introduction of banding this year means some dairy operations are under even more pressure.

While that choice will be up to each farmer, the assumption – and evidence so far – is that there are some cutbacks in herd numbers and some scramble for land.

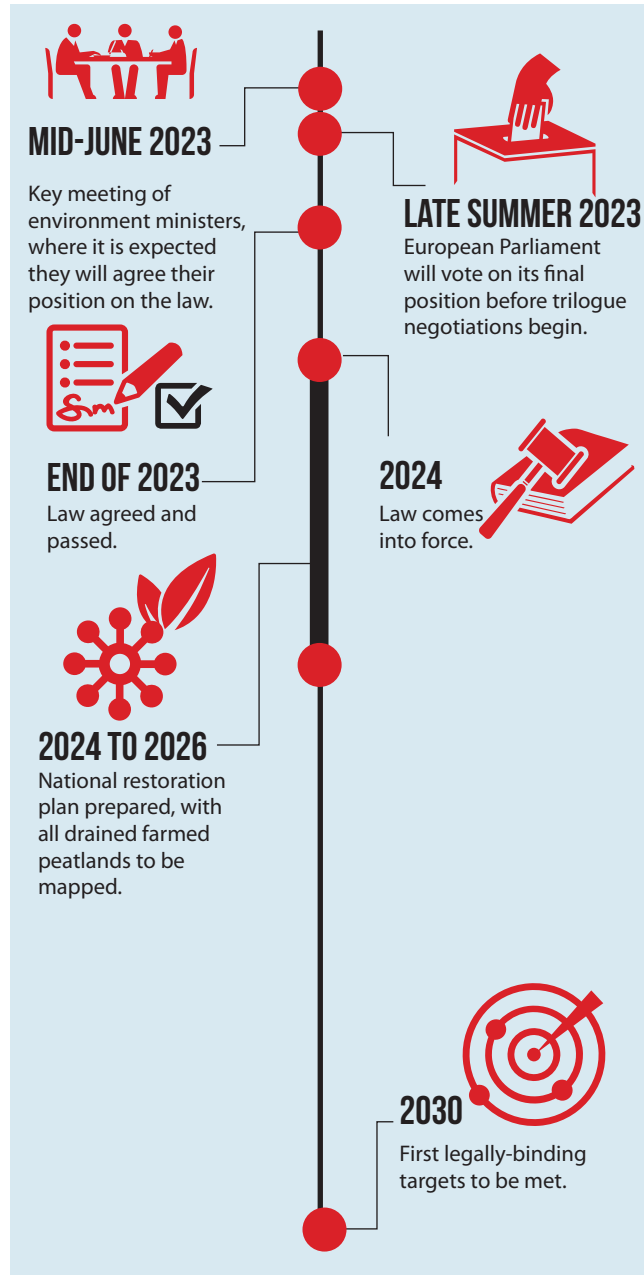
The number of dairy cows had its smallest expansion since the end of quotas in 2022, while milk production barely rose. High prices likely motivated farmers not to reduce herd sizes. With banding already increasing the demand for land, and the possible drop to 220kg from next year, dairy farmers are pushing prices for leased land to record highs.

This squeeze from the dairy sector on the supply of rental land is, as *Irish Farmers Journal* tillage editor Siobhán Walsh pointed out earlier, a major risk to the tillage sector's goals.

With a significant amount of tillage land being leased, the competition from dairy farmers at renewal time means that tillage farmers are pulling back.

This year, 2023, will likely see a 2% or 8,000ha reduction in the amount of land planted in the country. That is a significant step in the wrong direction from the Climate Action Plan's demand for an 8,000 per year increase between 2022 and 2030.

EXPECTED TIMELINE FOR PROPOSED EU NATURE RESTORATION LAW



THE NITRATES DECISION IN SEPTEMBER WILL BE KEY TO DECIDING THE NEAR FUTURE OF DAIRY, WHICH IN TURN WILL DECIDE WHETHER OR NOT TILLAGE HAS ANY HOPE OF MEETING THE CLIMATE ACTION PLAN'S TARGETS

LEGISLATIVE PROPOSALS

Between nitrates rules, Climate Action Plan ambitions and the outlook for the Common Agricultural Policy there is probably enough legislative pressure on the Irish landscape, and the supply of land for commercial farming.

However, there is one more arrow to be fired – the EU’s proposed Nature Restoration Law.

Right now, that law is still a proposal, with votes happening in European Parliament committees as we write this. As it stands, the rewetting part of the proposal will by far be the most difficult for Ireland to adhere to.

Ireland has an estimated 330,000ha of drained, farmed peatland. The rewetting proposals could see 30% of that restored by 2030, with half of that amount rewet. This implies 100,000ha of land lost to intensive agriculture, and half of that entirely lost to traditional agricultural practices.

Right now, European politi-

cians are split on the measure, with Green MEPs pushing for even more ambitious targets while agricultural and rural MEPs are trying to – excuse the pun – water down the proposal.

It is not an overstatement to say that the next six months could be the most significant ever for land use in Ireland.

The nitrates decision in September will be key to deciding the near future of dairy, which in turn will decide whether or not tillage has any hope of meeting the Climate Action Plan’s targets.

The new forestry programme is finally ready to go, but the uptake will be key. A total of 8,000ha a year hasn’t been reached in a



The European Parliament.

very long time, and almost certainly won’t be hit in 2023. But a strong start might give some hope that the target could be hit in 2024.

Finally, the Nature Restoration Law will either be agreed or rejected. If there is an agreement, the details will be critical for Ireland

as it may push further land out of agricultural use, further increasing competition for what’s left.

Speaking of competition, there are also uses for land that have nothing to do with farming at all – the last few years have seen huge increases in demand for land for solar projects and we may start to see anaerobic digesters eating their way into Ireland’s food-production capacity too.

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UTILITY SOLAR: A NOVEL LAND-USE OPPORTUNITY

Utility solar farms are poised to become a common sight in certain parts of the country, writes **Stephen Robb**

While wind energy has been a familiar sight in rural Ireland for many years, utility or commercial-scale solar farms are a recent addition. Nevertheless, the development of utility-scale solar farms has opened up novel land-use opportunities for farmers and landowners such as high-value, long-term leases and profit share arrangements with developers.

Prior to 2020, the development of solar farms in Ireland was low, mainly due to the absence of Government backing. However, the introduction of the Renewable Electricity Support Scheme (RESS) in 2020, where developers compete in auctions for long-term Government support, changed everything.

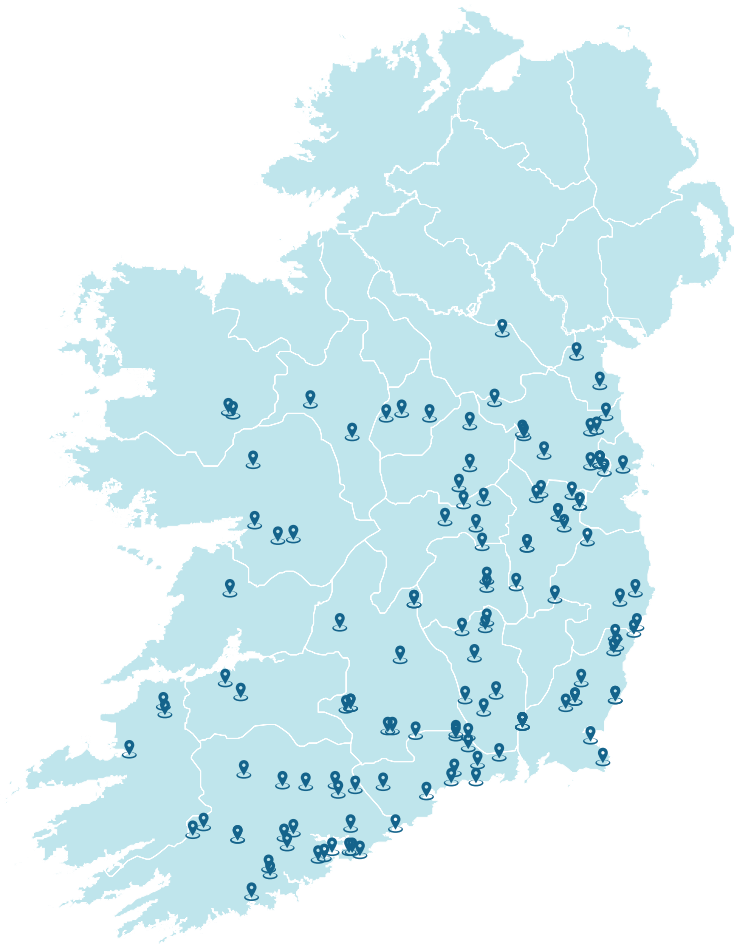
RESS

To date, two auctions have taken place, RESS 1 and RESS 2. Across 21 counties, a total of 134 solar farms secured support, resulting in a generation capacity of approximately 2,351MW of electricity (Figure 1). These farms will cover around 10,500 acres.

The sizes of these developments range from 0.5MW to 120MW. Cork has the highest number of successful projects, while Meath has the largest funded area, nearly 1,800 acres. Out of all these solar farms, around 10% are already operational with many more under construction.

RESS 3, the third auction, is scheduled to open in September, with provisional results expected by the end of that month. Many projects that have entered the planning system over the past two years, as well as those not successful in RESS 1 and 2, will seek support through RESS 3. There is also a growing trend of companies developing small-scale solar farms to offset their electricity consumption, particularly among

FIGURE 1: RESS 1&2 SUPPORTED SOLAR FARMS



dairy processors and agribusinesses.

With a national target of 8GW of solar PV by the end of the decade, it is anticipated solar farms will require an area of 24,000-26,000 acres. This constitutes approximately 0.2% of Ireland's total agricultural land area.



The growing competition among various renewable technology players for grid connections poses a potential obstacle

OPTIONS FOR FARMERS

Utility-scale projects offer landowners the opportunity to secure high-value leases for a fixed period of time. These leases typically range from €1,000 to €1,200 per acre for 20 to 30 years. Profit-sharing arrangements are less common, where landowners would receive a small percentage of the solar farm's profits over the project's lifetime.

CONDITIONS FOR DEVELOPMENT

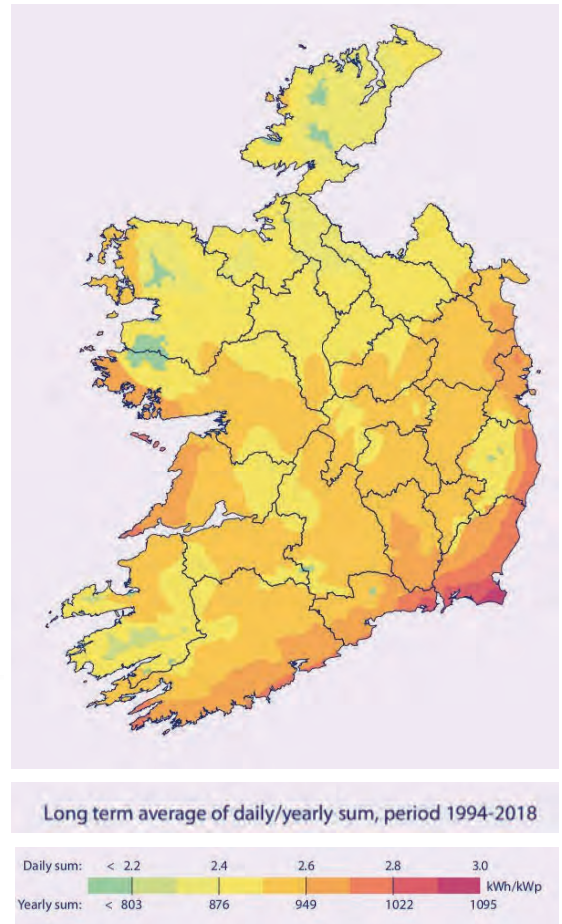
Solar farms are significant long-term investments. Developers must take every step possible to minimise risk and, as such, give careful consideration to site selection. Solar farms can range in size from 10 acres to in excess of over 400 acres. Various factors are considered when selecting a site, including the impact on landscape, access to neighbouring land, terrain slope and topography and impact on the

FIGURE 2: EIRGRID ELECTRICITY GRID NETWORK



FIGURE 3: SOLAR IRRADIANCE MAP OF IRELAND

SOURCE: SEAI



environment, biodiversity and the population.

While these are important considerations, the availability of a suitable electricity grid connection is of utmost importance and can make or break a project. Factors such as proximity to the grid connection point, required grid upgrades, costs and delays associated with reinforcement works, and the process of securing a grid connection offer can significantly influence the project's viability.

Figure 2 illustrates Ireland's electricity network and outlines the areas in the country with a stronger network and thus, more likely to secure a grid connection. Solar irradiance, which has a significant impact on generation potential of the solar farm, is another key consideration. Economically viable solar farms typically require an annual solar irradiance level of around 900kWh to 1,100kWh/m² per year. The southeastern coast of Ireland receives the highest level of solar irradiance, approximately 900 kWh/m² to 1,300 kWh/m² per year (Figure 3).

The above factors explain why solar developers primarily target the east and south regions of Ireland. However, this has raised concerns among some farmers who argue that productive agricultural land is being taken out of production.



More solar farms are set to be supported under RESS 3.

CHALLENGES FACING THE SECTOR

The expansion of utility-scale solar energy faces challenges ahead. The growing competition among various renewable technology players for grid connections poses a potential obstacle while the rising cost of capital has been identified as a significant risk to the viability of solar farms, which typically operate on narrow profit margins.

POLICY, MARKET AND CONNECTIONS STIFLE IRELAND'S ANAEROBIC DIGESTION DREAMS

Despite ambitious Government targets to develop up to 200 large-scale AD plants by 2030, the reality is we will be lucky if we have a fraction of these operational by then, writes **Stephen Robb**

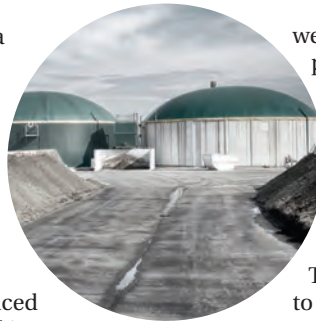
Under the Climate Action Plan, Ireland has a target to produce 5.7 terawatt-hour (TWh) of biomethane by 2030. Biomethane is a renewable gas that is chemically identical to natural gas but with a carbon emission intensity 80% to 100% lower. It is produced using anaerobic digestion (AD) technology and is typically supplied with organic waste or agricultural feedstock. For context, 5.7 TWh is equivalent to 10% of Ireland's current natural gas demand and would require around 150 to 200 large-scale AD plants to be built by 2030, each at a build cost of €12m to €15m.

While the economics of waste-based AD plants are generally more favourable, especially when a gate fee can be secured, there simply isn't enough accessible waste in Ireland to meet the 5.7TWh target. Hence, developing a biomethane industry at scale cannot happen without farmers supplying agricultural feedstock.

Slurry is a very useful feedstock for AD plants as it provides a perfect medium to co-digest with other materials, introduces a diverse range of microorganisms into the system, and is vital for helping the biomethane meet strict EU sustainability criteria. However, biomethane yields from slurry are low, which is why other agricultural feedstocks such as grass silage are needed to increase biomethane output.

This presents the potential for a significant new type of farming in Ireland, where farmers produce grass silage and sell it to AD plants.

The scale of this new industry would be immense, requiring approximately 300,000 acres of grass silage annually and nearly 4.5m tonnes of slurry. A capital investment of some €2bn would also be needed to develop this network of plants.



Ireland will struggle to develop up to 200 AD plants by 2030.

Assuming a conservative price of €40 per fresh-weight tonne for grass silage paid to farmers by AD plants, that would amount to around €240m paid to farmers each year on an area representing less than 2.5% of Ireland's total agricultural area.

While the majority of emissions savings would go to the energy sector, there would also be a reduction in methane emissions by using slurry as a feedstock, as well as a decrease in the use of chemical fertilisers from using digestate. The emission credit from this would be attributed to the agriculture sector.

Although this all sounds promising, the challenge lies in the fact that, similar to most solar farms, onshore wind farms, and upcoming offshore wind farms, this technology struggles to be economically feasible without long-term Government support.

Currently, there is no Government support available to help develop these plants. The Government's biomethane strategy, to be released in the autumn, may provide some indication of what is to come. That said, there are project developers today who are actively attempting to develop new projects in the absence of Government support and are facing significant difficulties.

Alongside the challenges posed by the Irish planning system for AD projects, the market readiness for biomethane and the ability to secure a grid connection are emerging as two other key problem areas.

COLD HARD COMMERCIAL REALITY

While Ireland's plans are ambitious, when you talk to current users of natural gas about switching to biomethane, the cold, hard, commercial reality is never far away. While last year's record-high gas prices certainly made buying biomethane seem more attractive, the fall in gas prices has brought the old debate of cost versus reward from using renewables right back up again.

The long-term price for natural gas for businesses is around 3.5c/kWh to 4c/kWh. Despite prices still

“
Slurry is a very useful feedstock for AD plants”



Some €240m could be invested each year in purchasing silage.



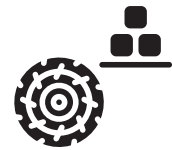
150-200

large AD plants, each costing €12m to €15m.



€2BN

capital investment.



€240M

paid for silage each year.

remaining stubbornly high as a result of the Russian invasion of Ukraine, this average is what long-term investment decisions around energy costs will be compared against.

New-build AD plants in Ireland will need at least four times this long-term average for their biomethane gas. The AD developer also needs a commitment of this price for at least 10 years to stand any chance of securing finance to develop and operate the plant. However, as it stands, very few businesses, regardless of environmental, social and governance (ESG) commitments or impending carbon taxes, are ready to make that investment yet.

While the Government does intend on introducing an obligation in the heat sector in 2024 to encourage the use of renewable fuels such as biomethane, few believe this will achieve much in its current proposed format.

In the past, the Government has been shy about committing to a price support mechanism for biomethane, similar to what is in place for renewable electricity, instead suggesting that capital grants may be available for developers to get the industry up and going, a world first. However, without that long-term support guarantee, it won't work and it appears that this message has finally trickled through to Government.

GAS NETWORKS IRELAND

A common misconception is that developers sell their biomethane to Gas Networks Ireland (GNI). However, GNI's role is largely limited to the transportation of gas through their €2.7bn, 14,664km national gas network. For many plants, the intention is to inject biomethane directly into the GNI network, which allows customers to access and use it. Biomethane developers in turn will enter into gas purchase agreements with those customers.

This means the plant will need to secure and pay for a connection to the network. This is where the current issues arise.

There is currently a high demand for new connections, which is placing a strain on GNI's resources and is leading to lengthy delays.

Furthermore, as no AD plant is directly connected to the network yet, the legal and technical challenges associated with such connections have yet to be resolved, leading to further delays. As a result, the cost of securing a network grid connection, despite GNI's willingness to support this, is increasing, and some quotes, even for relatively short distances, are severely impacting the business case for the plant.

AN EASY WIN

To date, securing long-term gas purchase agreements at feasible prices from gas customers has been a challenge for developers. However, it is worth noting that GNI itself is a user of natural gas in order to operate their gas networks, estimated to be around 1TWh per year.

There have been suggestions that GNI could lead by example and replace all of their natural gas usage with biomethane.

By doing so, they could offer developers long-term purchase agreements, while spreading the higher costs among all gas users. This approach would not only kickstart AD development, it would also demonstrate GNI's commitment to "walking the walk," so to speak.

BUCKETS OF EU MONEY

The most discouraging aspect of this is that there has never been more funding available within the EU explicitly aimed at developing an innovative biomethane industry in each member state.

Our contacts inform us that despite the potential hundreds of millions of euro available in the EU, there has been no significant progress in accessing these funds, particularly through the National Recovery and Resilience Plan (NNRP). If only we as a nation had another source of windfall cash that we didn't know what to do with.

The author Stephen Robb is currently involved in a family/community proposal for an anaerobic digestion facility in Co Donegal.

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3

LAND
USERS

BLAZING A TRAIL IN GOVERNMENT

KPMG's Nancy Fallon sat down with former Tánaiste Mary Coughlan to talk about the changing role of women in agriculture and her own experiences as Ireland's first female Minister for Agriculture, Food and the Marine

NANCY FALLON: LET ME TURN FIRST TO YOUR RECORD AS A TRAIL-BLAZER. WERE YOU AWARE THAT YOU WERE MAKING SUCH RECORDS AS YOU WERE GOING THROUGH YOUR CAREER?

Mary Coughlan: "Being the first woman as a full Minister for Agriculture was a great honour and a challenge. I had to prove myself working in a fairly strong male environment. But I had a lot of support within the Department of Agriculture."

NF: THESE DAYS WE TALK A LOT ABOUT TRYING TO IMPROVE GENDER BALANCE. WHAT DID YOU DO WHEN YOU WERE MINISTER TO TRY TO OVERCOME THE CHALLENGES WHEN IT WAS PROBABLY EVEN WORSE?

MC: "I think we have to say it is unfair to say that men wouldn't support women. That being said, one of the challenges I had was how very few women there were at the higher levels in the Department. I am delighted to see how much that has changed at leadership levels within the department and within the public service.

"When I was appointed, a lot of women were delighted and there was an expectation that I would speak for them. There was also a realisation that women's role in agriculture is hugely important, even if traditionally it would have been seen as a supportive role.

"What we're trying to change is that now we would actually have women who are farmers, who own their own land, who own their own businesses. In Europe, this has been recognised too. For the first time, there is a recognition within the Common Agricultural Policy that gender equality must be addressed.

"The Minister has asked me to chair the first na-

tional dialogue on gender to make sure we are at the forefront of supporting more women in the farming and agri-food sector."

NF: CAN YOU SHARE ANY VIEWS OR ITEMS THAT CAME UP AT THE NATIONAL DIALOGUE THAT STAND OUT TO YOU AS PARTICULARLY IMPORTANT?

MC: "Leadership and visibility are critical. We invited a number of agri-food CEOs who are women to share how they got to the top and the supports they needed. It is the same for women who are farmers in their own right. We're not asking for a step-change here, just a change of mindset when it comes to deciding who are going to be the next generation of farmers and that women should be considered equal to men when making those decisions.

"We also looked at challenges in matters such as tax and legal issues, but also we looked at how you can manage having a farm, a full-time business and also make time for yourself and your family. We looked at what supports women need to allow that to happen.

"The third thing which is again very important is access to education.

"Even the support evenings and days for women are important.

"I know there can be some people who question why we do it, but the dairy women came together, they looked at what was different for them and how they could be supported.

"The interaction between the department, the Minister and those support groups, leading on from the work that has been done within the dialogue, is going to be important as well.



I would say that my mother was one of the best role models that I had



“We had a minister from Germany who was the leader who brought the new Common Agricultural Policy through within her presidency. And she told us that they have the same challenges in Germany. They are the same challenges in every part of Europe. That is why they are targeting certain supports to allow more women to stay in agriculture and to come into agriculture.

“We are seeing farmers being asked to reduce what they are doing and make it more sustainable. There needs to be a just transition for that, allowing for other opportunities such as in energy. I am hopeful that the policy framework will be there to support that industry as the CAP had done in the food production side.

“The progress is slow as it is cross-departmental, but the Minister recently told me that hopefully after the summer we will see some real initiatives out there.”

NF: THANK YOU VERY MUCH, MINISTER. ONE MORE QUESTION BEFORE WE END – IF YOU COULD GO BACK TO MARY WHO IS FIVE YEARS OLD, WHAT WOULD YOU SAY TO HER TO HELP HER BLAZE THE TRAIL THAT YOU DID?

MC: “I would say that my mother was one of the best role models that I had. For her, access to education and participation in life was so, so important. Growing up, everyone did their share in the house. The boys had their share of housework. I had my share of farm work.

“When I was five years old, I didn’t really care what I was going to be doing as long as I got out to play. I really, really think it is important to be independent. To be able to look after yourself. But also, there has to be a sense of community. There’s no truer words than it takes a community to rear a child.

“And finally, as people say – be kind to yourself and be kind to others. If you make a little bit of effort on that, life will be a little bit easier.”

KPMG’s Nancy Fallon talks to Mary Coughlan.

A TURNING POINT FOR IRISH FARMING

The specialist strategy and sustainable futures teams at KPMG asks if we are about to see a significant shift in Irish farming



REQUIER WAIT
ASSOCIATE DIRECTOR,
KPMG STRATEGY



FRASER CLARKE
MANAGER, KPMG
STRATEGY

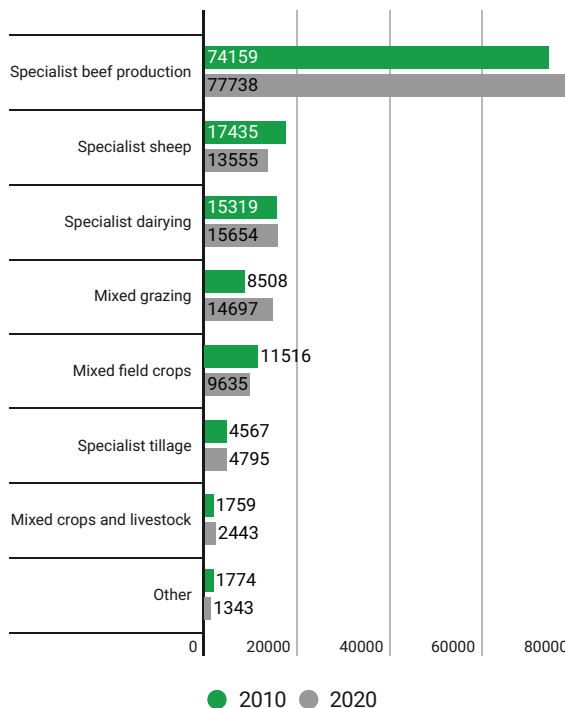


SHANE O'REILLY
DIRECTOR, KPMG
SUSTAINABLE FUTURES

Are we seeing an inflection point for Irish farming that may change the fabric of one of Ireland's key economic contributors? While the significant positive national economic value of farming will continue to grow and contribute to GDP, will the makeup of farming at ground level look very different over the next decade? Some key socioeconomic drivers are indicating a shift. An ageing farming population across Europe, the so-called 'greying' of farming, is bringing issues to the fore, such as the importance of women in farming, succession planning, full-time and part-time farming, farm incomes, land mobility and the agri-food sector's societal value and economic impact for the rural and national economy.

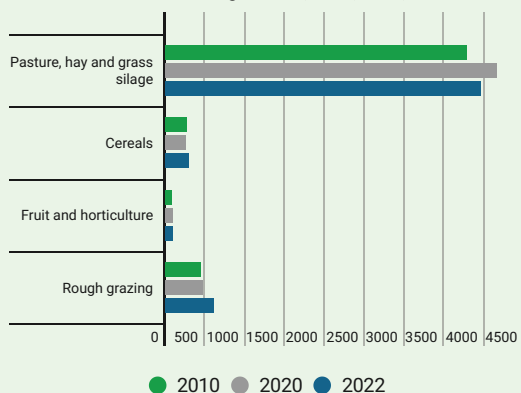
If we compare Ireland's farm structure between 2010 and 2020, specific changes in land use become apparent. In particular, the total number of farms in Ireland has decreased by approximately 4,800 (-3.4%) over the past decade. This is largely due to a decline (of about 3,500) in the number of beef farms. The number of tillage, mixed crops and livestock, mixed grazing and dairy farms also showed a decrease over the period. Sheep and "other" farms, which includes specialist horticulture and fruit, specialist pig or poultry, as well as "unclassified" farms, are the only sub-sector that saw an increase in the number of farms between 2010 and 2020.

Number of farms by system, 2010 & 2020



Source: ¹CSO, Census of Agriculture 2020 and 2010

Distribution of land use in agriculture, 2010, 2020, & 2022 ha '000 ²



Source: ²CSO, Census of Agriculture 2020 and 2010, Add source: ³Land Use Evidence Review Phase 1 Synthesis Report, 2023

FARM STRUCTURE

According to the national land cover map³, completed by Ordnance Survey Ireland and the EPA, land used for agriculture covers about 67% of the land area of the Republic of Ireland, followed by wetlands covering 15% and forests and semi-natural areas covering 13%. A breakdown of land use in agriculture and the size of farming units over time can be used to illustrate shifts between sub-sectors and changes in farm sizes. The CSO provides a breakdown of the land used by farmers, with grassland (pasture, hay and grass silage) accounting for the largest share of 3.9 million hectares in 2022. The share of grassland declined relative to the share recorded in 2010 and 2020, mainly as a result of more land being used for rough grazing.

Over the past decade, there has been little change in the total land used for fruit and horticulture, and cereals. However, there has been a shift in the types of crops planted, with an increase in oilseed rape, and beans and peas. The total land use for these crops is expected increase further,

DEMOGRAPHICS - AGE PROFILE/SUCCESSION

Over the past several decades, the demographic of farmers in Ireland has undergone significant changes. Traditionally, farming was a family affair, with farms passed down from generation to generation. However, in recent years, there has been a decline in the number of younger farmers and an increase in the average age of farmers in Ireland.

According to the CSO's Census of Agriculture (2020), the portion of farmers that are aged 65+ increased from 26% (36,600 farmers) in 2010 to 33% (44,000 farmers) in 2020. Furthermore, there has been a decrease in the number of farmers between the age of 35 and 44, from 24,500 in 2010 to 18,700 in 2020. With a third of farmers in Ireland above retirement age, succession planning has become increasingly important. This trend presents challenges, as an ageing farming population may struggle to keep up with new tech and innovations and be less likely to adopt sustainable farming practices.

However, this presents an opportunity for the sector to increase the number of young people entering farming and in turn, increase diversification and innovation. Younger, diverse farmers can bring new ideas and approaches that can help drive growth and development across the sector.

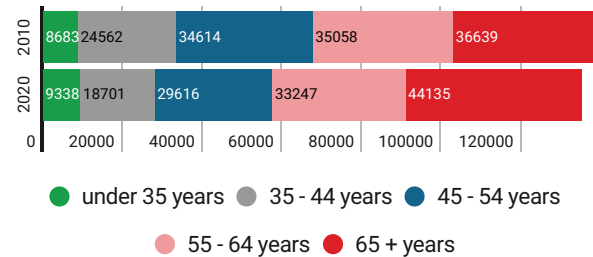
Younger farmers also show a growing interest in alternative and more sustainable forms of farming. However, there are significant barriers facing young farmers looking to enter the sector, which need to be overcome to ensure the future success of farming in Ireland. Such barriers include the high cost of purchasing farmland and equipment, challenges in generational transfers, and a lack of Government support. The perception of farming as unattractive paired with more varied employment opportunities in expanding urban areas have also had a negative influence.

Dealing with the ageing farmer population and encouraging young farmers to enter the sector requires a multi-faceted approach, including collaboration between stakeholders such as Government, farm organisations and the wider community. Measures to address the ageing farming population in Ireland could include:

- Encouraging intergenerational transfers through policy support such as tax incentives and support for succession planning.
- Developing policies and initiatives to support new and young farmers such as access to funding and support for training and education.
- Encouraging collaboration between older and younger farmers to facilitate the transfer of knowledge and expertise and foster innovation in the sector.
- Promoting diversification into non-traditional farming activities which can help attract younger farmers to the sector and create new opportunities for economic growth in rural areas.

Succession is a complex process and not a singular event; it takes time and effort to develop a comprehensive plan that best

Age of the farm holder, 2010 & 2020 (4)



meets the needs of a farm family. An effective farm succession involves the transfer of knowledge, skills, labour, management, control and ownership of the farm business between one generation and the next (or successor generation)⁵. It is essential for every farmer to have a farm succession plan in place. There are complex legal and taxation rules that, if planned for, can be managed easily⁶.

Despite the importance of implementing robust succession planning, the CSO data for 2020 indicates that less than half (46%) of farm holders had a succession plan in place and 98% of these had named a family member as the successor. Farmers in the southeast of the country had the highest rate of succession planning, with some 49% of farm owners in the region reporting to have done so. Farmers in the border region had the lowest rate of succession planning at 41%. Of those farm owners with a succession plan in place in 2020, 82% (49,024) planned for a male to take over their farm, while 16% (9,759) planned for a female to take over and 2% (1,302) planned for their farm to be shared⁷. Increasingly, succession farm partnerships offer a defined pathway for the intergenerational (or interpersonal) transfer of farm ownership.

Succession farm partnerships represent a new income tax incentive to encourage farmers to transfer the farm business to their identified farming successors⁸.

This form of partnership facilitates the transfer of farm assets to the next generation, while also providing some security for the transferors, allowing them to retain ownership of up to 20% of the farm, ensuring young farmers can become integrated into the management of the business at an earlier stage⁹.

Sources:

- 5 Farm Succession - Irish Farmers' Association (ifa.ie)
- 6 <https://www.teagasc.ie/media/website/publications/A-Guide-to-Transferring-the-Family-Farm.pdf>
- 7 Full-time versus part-time farming 09 January 2019 Premium (farmersjournal.ie)
- 8 gov.ie - Guidance for Farmers on Succession Farm Partnerships (www.gov.ie)
- 9 <https://www.teagasc.ie/media/website/publications/A-Guide-to-Transferring-the-Family-Farm.pdf>

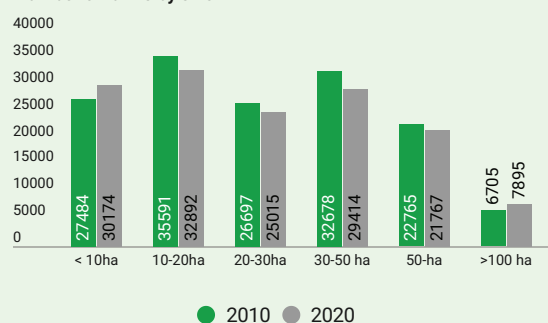
with the level of support per hectare increasing to between €350/ha and €583/ha for beans, peas, lupin and soya crops.

Over the past decade, there has been a clear shift in the size of farms in Ireland, with the number of farms between 10ha and 100ha decreasing by 8,640 between 2010 and 2020. This stems from the consolidation of farms, where the number of farms larger than 100ha increased by 1190 (18%).

However, there was also an increase in the number of small farms with less than 10ha between 2010 and 2020, increasing by 2690 (10%). This is likely due to a combination of the following:

- Farmers with farms between 10ha and 100ha downsizing by selling the majority of their land but keeping a portion of less than 10ha.
- An increase in the number of people building new houses in the countryside, keeping a small section of the land for farming activity.

Number of farms by size ²



FARM INCOME

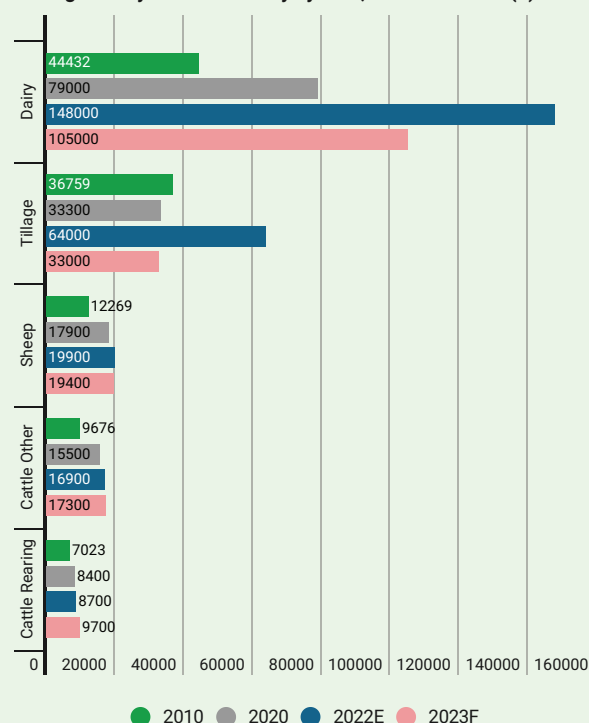
Farm income represents an additional dimension of Irish agriculture which continues to fluctuate. Between 2010 and 2020, all farming systems, with the exception of tillage, saw an increase in the average farm income.

Dairy farmers saw the largest increase (78%), achieving an average farm income of €79,000 in 2020. Over the same period (2010 to 2020) inflation, as measured by the Consumer Price Index, was 7% for the 10 years. In 2021 annual inflation was 6.4% and it increased to 7.8% in 2022.¹⁰ A review financial data for Irish farmers, highlights variations in farm income and losses across sub-sectors in 2022¹¹. The dairy sector saw average farm income increasing to €148,000. In spite of pricing increases and State support, the pig sector suffered estimated average losses in the region of €422,000¹². Tillage farmers enjoyed an increase, with average income reaching €64,000 as a result of favourable weather that helped to deliver higher yields.

The outlook for 2023 sees the average farm income falling for dairy, tillage and sheep and increasing slightly for cattle. A high-level outlook for each sub-sector is provided below¹³:

- 📉 Dairy:** Prices declined in the first half of 2023. However, this could still be slightly offset by the forecast increase in milk production for some farms.
- 📈 Tillage:** The world price for cereals in 2022 was strongly influenced by the unrest in eastern Europe, with higher prices supporting a significant increase in income for Irish tillage farmers. This is unlikely to carry over to 2023, but disagreements around the Black Sea grain deal have placed uncertainties on the output prices at harvest time.
- 📉 Sheep:** Lower lamb prices could drive a slight decrease in income for sheep farmers in comparison to 2022. A key driver includes changes in global trade that have an impact on the price outlook, for example, an increase in lamb imported from New Zealand into the EU.
- 📈 Cattle:** The first half of 2023 saw an increase in the price for finished cattle in comparison to 2022. However, this is offset by a decrease in the average carcase weight of 8kg compared to 2022.

Average family farm income by system, 2010 and 2020 (€)^{11, 13}



📉 Pigs: Due to a number of Chinese pig companies going into liquidation in 2022, China is expected to require significant imports of pork in 2023. This increase in demand from China is likely to see a rise in Irish pig prices.

Sources:

¹⁰ CSO, ¹¹ Teagasc national farm survey, ¹² End to pig farm income 'horrors' in 2023 – Teagasc 14 December 2022 Free (farmersjournal.ie), ¹³ Teagasc Annual Review and Outlook 2023

FULL V PART-TIME

There has been a 6,600 (2%) increase in the number of people working on farms between 2010 and 2020. This mainly stems from an increase in the number of part-time farmers and workers.

Around 2,700 farmers and workers have stepped away from full-time employment on farms, with the number of people working on farms on a full-time basis decreasing from 77,300 in 2010 to 74,500 in 2020. Dairy farms are responsible for approximately half of full-time on-farm workers, while the majority of part-time workers/farmers are from cattle farms.

As mentioned previously, there has been a 2,690 (10%) increase in the number of farms smaller than 10ha between 2010 and 2020.

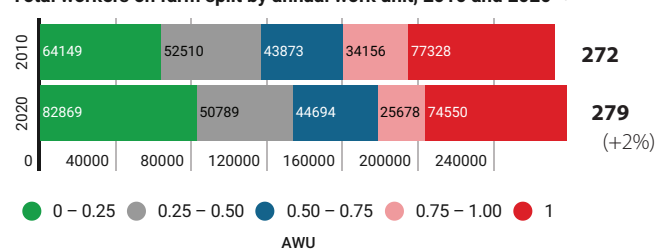
This has led to an increase of 18,700 people working less than 0.25 annual work units (AWUs) on farms between 2010 and 2020.

In 2021 around 33% of farmers received an additional source of income from off-farm employment. This varies by farming system, for example¹⁴:

- 📈 48%** of cattle-rearing farmers are likely to be employed off-farm.
- 📈 38%** of cattle (other) farmers are likely to be employed off-farm.
- 📈 35%** of tillage farmers are likely to be employed off-farm.
- 📈 12%** of dairy farmers are likely to be employed off-farm.

A comparison of 2021 financial data¹⁵ for full-time and part-time farms indicates that average farm income for the 32% of farms classified as full-time was €82,216 compared to €12,222 for part-time farms. Full-time farms are often the larger, more financially viable farms, with an average utilisable agricultural area of 74ha compared to 30.4ha for part-time farms. The 66% of farms classified as part-time were particularly reliant on subsidies and direct payments, averaging approximately €13,500 to cover production costs.

Total workers on farm split by annual work unit, 2010 and 2020¹⁵



Note: For the purposes of this analysis, full-time workers are considered as anyone working at least one annual work unit - classified by CSO as 1,800 hours or more of labour input per person per annum or 37.5+ hours a week (accounting for four weeks holiday). Anyone working less than one annual work unit (AWU) is considered to be a part-time worker.

Without these direct payments, many part-time farms would be operating at an economic loss.¹⁴

Against this backdrop, land mobility is becoming an increasingly important issue for Irish agriculture given the so-called "greying" of the farming population. Growth in the dairy sector will require changes to land use and land structures, which may prove difficult given Ireland's low level of land sales. Consequently, demand for land leasing has intensified within Irish agriculture, with leasing costs increasing between 5-15% in 2021¹⁴.

Sources: ¹⁴ Annual Review and Outlook for Agriculture, Food and the Marine 2022, ¹⁵ CSO, Census of Agriculture 2020 and 2010

WOMEN IN FARMING

Women have played an essential role in Ireland's farming sector for generations, if not fully recognised. In recent years, there has been a growing recognition of the importance of women in farming and the unique challenges and opportunities they face in the sector.

One of the primary challenges facing women in farming is the lack of recognition and support for their role. Women are often involved in the day-to-day running of the farm but are not always recognised as full partners or owners. This can make it difficult for women to access funding and support programmes, as well as limiting their ability to make decisions about the future of the farm. Similarly, women are faced with a lack of access to resources and support networks.

Women farmers often have less access to land, credit, and other resources than their male counterparts, which can limit their ability to grow their businesses and participate in the wider agricultural community. They also face cultural and societal barriers that can make it difficult for them to be taken seriously as farmers, particularly in male-dominated sectors, like dairy and beef production.

Furthermore, women are often faced with the unique challenge of having to balance work and family responsibilities. Many women farmers are also responsible for caring for children, elderly relatives and managing the household, which can make it difficult to dedicate the time and resources needed to run a successful farm. This can be particularly challenging for women farmers who may not have access to reliable childcare or other support services.

The inclusion of women in agriculture is crucial for the growth and sustainability of the industry. Women bring a unique perspective to agriculture as they often have a different approach and

priorities in farming to their male counterparts. Women bring a more holistic approach to farming, taking into account the social and community aspects of agriculture and considering the impact of their farming practices on the local environment and society. In doing so, women have been instrumental in promoting innovative and sustainable farming practices such as promoting biodiversity, regenerative farming practices and alternative crop utilisation.

To fully realise the potential of women in farming in Ireland, it is important to address the challenges they face and provide them with the resources and support needed. Such measures which could support the uptake of women in farming include:

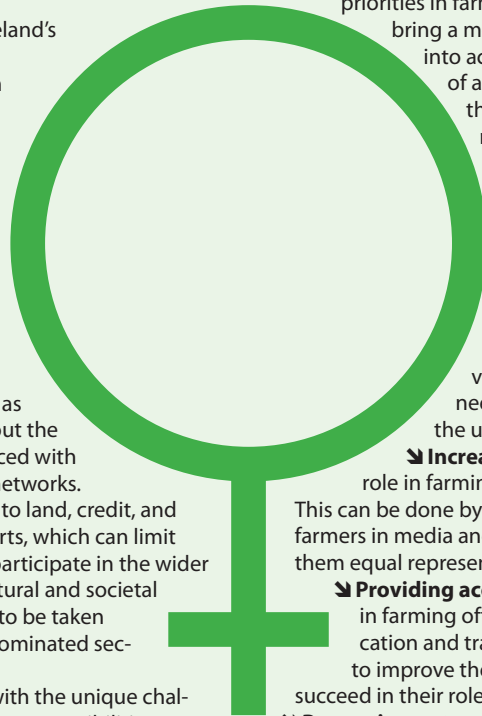
➤ **Increasing visibility and recognition:** Women's role in farming needs to be recognised and valued.

This can be done by highlighting the contributions of women farmers in media and Government publications, and by giving them equal representation in decision-making bodies.

➤ **Providing access to training and resources:** Women in farming often face barriers to accessing higher education and training. Providing opportunities for them to improve their skills and knowledge can help them to succeed in their roles.

➤ **Promoting networking and mentoring:** Networking and mentoring opportunities can help women to build connections with other women in the sector and learn from their experiences.

➤ **Ensuring equal access to funding and support programmes:** Women should have the same access to funding and support programmes as their male counterparts. This includes targeted funding and support programmes for female-led farming enterprises.

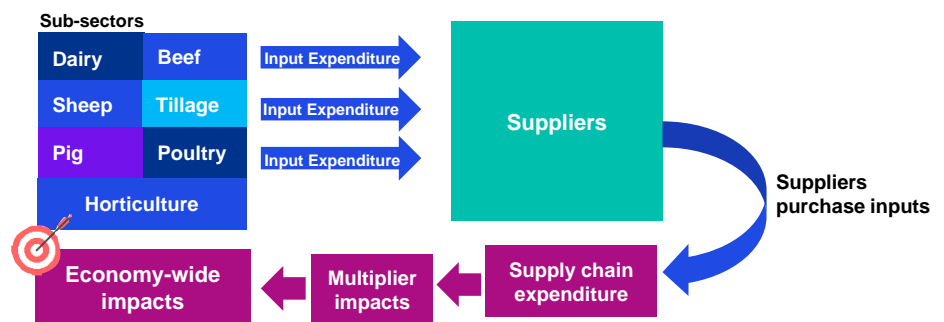


AGRI-FOOD AND THE WIDER ECONOMY

The agri-food sector represents one of Ireland's most important indigenous sectors, accounting for employment of around 170,400¹⁶ people who produce safe, high-quality food that is consumed locally and around the world.

Irish agriculture is fundamentally embedded in the national economy and plays a vital role in supporting rural employment, managing the natural environment and maintaining the social fabric of rural areas. In economic terms, the purchase of agricultural inputs creates a flow of expenditure and a multiplier impact across the economy. In addition to the sector's direct economic impacts, spill-over impacts are created in terms of economic output and employment.

According to the Department of Agriculture¹⁶, estimates for output multipliers range from around 2.5 for beef and 2.0 for dairy processing. As an example, this translates to €1 of spending in the beef sector creating up to €2.5 worth of output and €1 of spending in the dairy processing sector creating up to €2.0 worth of output. This is relative to an estimated average output multiplier of 1.4 for the rest of the economy.



Indeed, the capacity of the sector to create employment in spin-off businesses and services is significant, and many farms and food business form "anchor" tenants in rural towns – other small businesses exist because they exist.

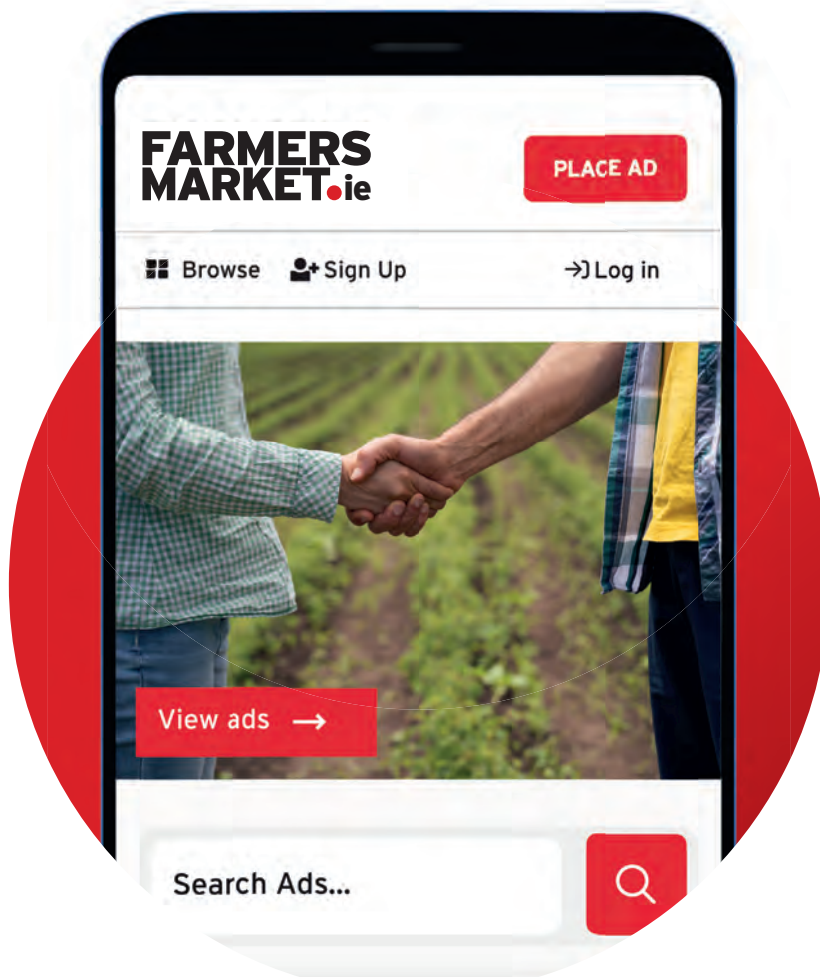
Ballyhaunis represents an illustrative case study. Two large food businesses dominate the town's employment, Dawn Meats and Western Brand. Both employ over 500 staff all year round and both have indirectly established numerous businesses which depend on the resulting trade and logistics of these anchor tenants, including transport, construction and catering.

In the international context, Ireland exports approximately 90% of the food it produces, with the value of total agri-food exports in 2021 reaching €15.4bn, representing 9.4% of Irish merchandising exports¹⁶.

Across the various areas of land use in primary agriculture, through to agri-food processing, the agri-food sector plays a crucial role in the rural and national economy.

Sources:
16 DAFM, (2022). Annual Review and Outlook for Agriculture, Food and the Marine 2022.

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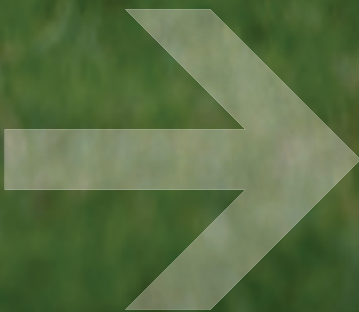


4 THE OUTLOOK



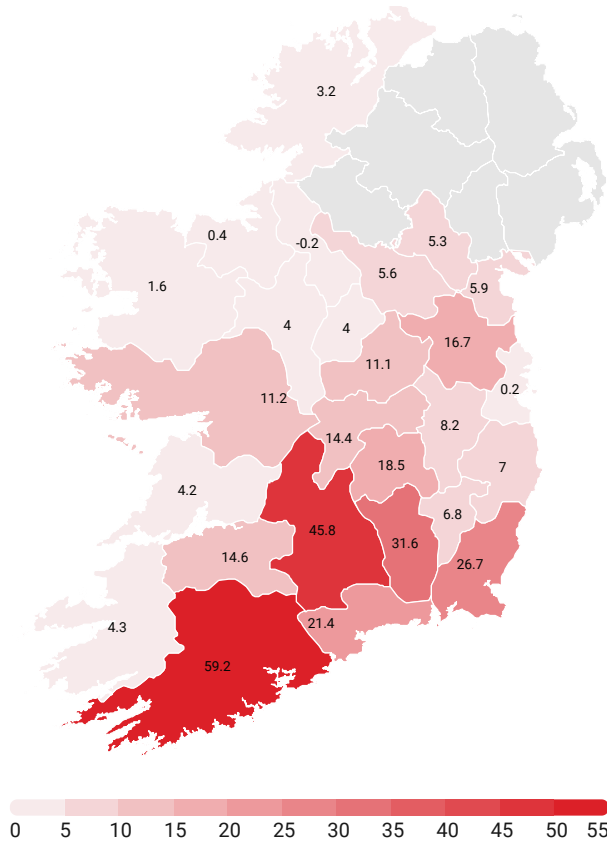
DAIRY HERD HITS GROWTH PLATEAU

Beef cows are the biggest losers so far from the expansion of dairy farming in Ireland, writes **Lorcan Roche Kelly**

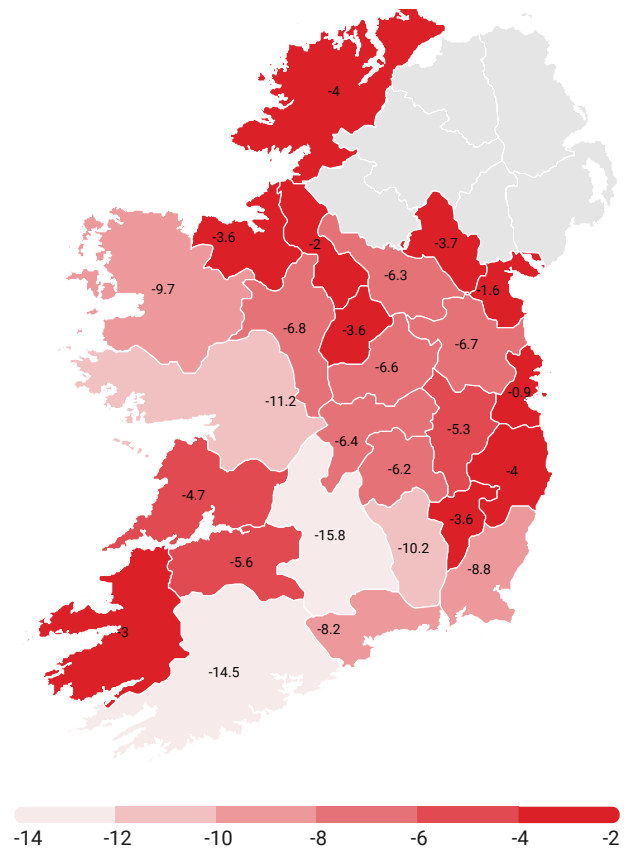


AGRI BUSINESS OUTLOOK

INCREASE IN DAIRY COW NUMBERS IN ROI 2015-2022 (THOUSANDS)



DECREASE IN BEEF COW NUMBERS IN ROI FROM 2015-2022 (THOUSANDS)



The biggest driver of change in land use in Ireland over the past decade has been the expansion of the dairy sector following the end of milk quotas. Initially, the expansion in dairy came at the expense of beef cattle. Since 2015, the number of dairy cows in Ireland has risen by 25% while the number of beef cows has dropped by 15%.

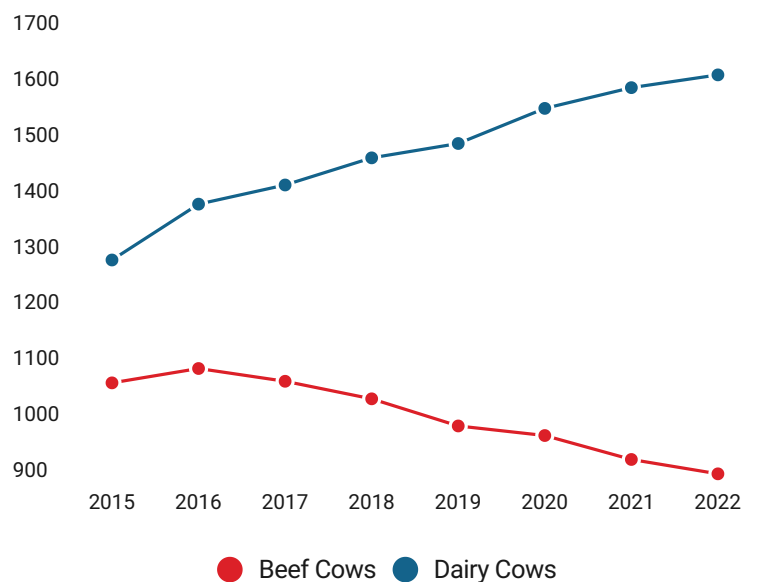
Taken on a county-by-county level, every one of the 26 counties in the Republic of Ireland saw a decrease in beef cow numbers between 2015 and 2022. On the other hand, Leitrim is the only county that saw a decrease in the number of dairy cows in that period.

Interestingly, in Northern Ireland, the changes between 2015 and 2022 were similar in direction (more dairy, less beef) but were considerably smaller by magnitude.

The number of dairy cows increased during the period by only 1.6%, while the number of beef cattle dropped by 5.4%

Dairy cattle numbers in the Republic increased by 331,000 between 2015 and 2022 – that number is greater than the dairy cattle population of Northern Ireland. To put that another way, the dairy cattle population of the Republic of Ireland is now greater than the dairy cattle population of the island of Ireland in 2015.

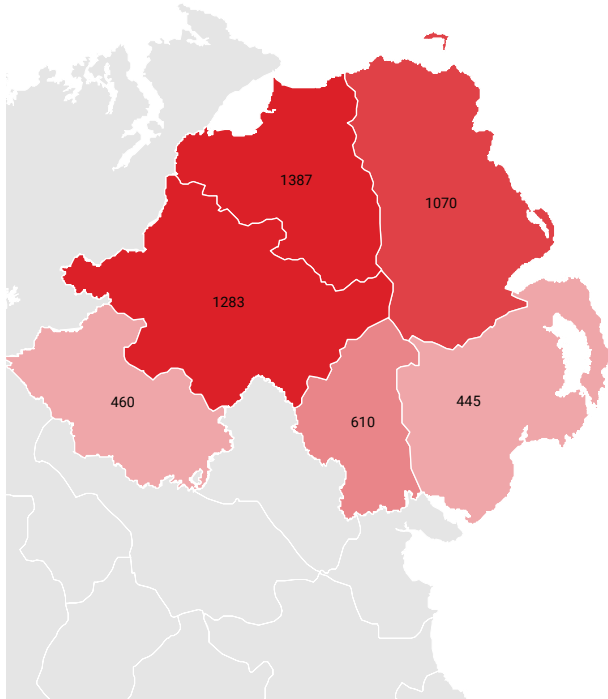
Cattle numbers in the Republic of Ireland



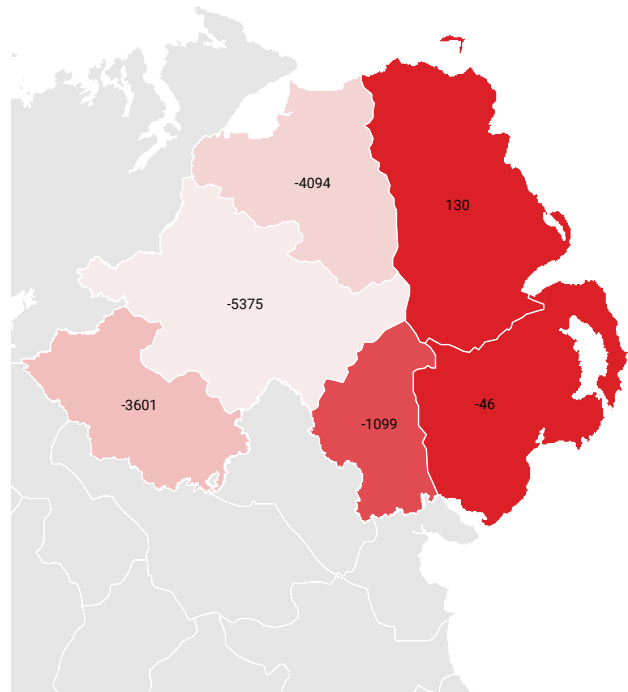
We see a similar pattern with sheep numbers, where the population in the Republic has increased over recent years, while that in Northern Ireland has remained static.

The outlook, however, seems to be for a fairly rapid end to that trend of increasing dairy numbers.

CHANGE IN DAIRY COW NUMBERS IN NI FROM 2015 TO 2022



CHANGE IN BEEF COW NUMBERS IN NI FROM 2015 TO 2022



As we have shown, the pressure from nitrates rules will curb expansion plans.

Speaking to processors this year, it was notable how few of them had any ambitions to increase milk intake. Add to this the plunge in milk prices and it seems highly unlikely that expansion is on the cards for the sector any more.

For the beef sector, the trend of reducing numbers is likely to continue as low-profit operations are unlikely to attract new entrants, while alternative land uses – from contract-rearing dairy heifers to planting trees offer better returns.

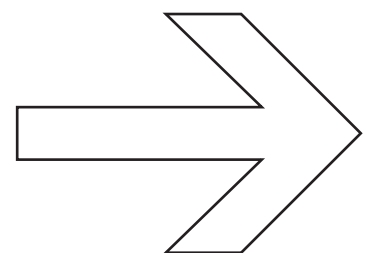
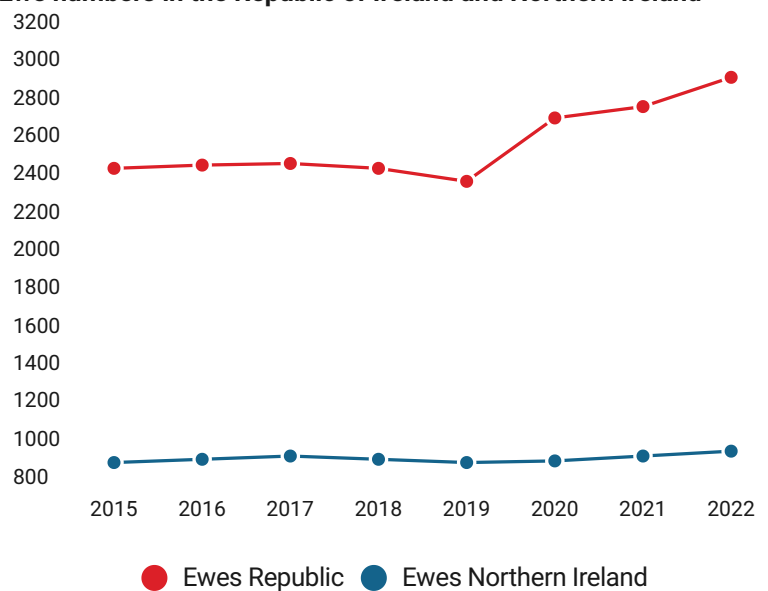
The sheep sector is likely to continue to do its own thing driven entirely by the price of lamb and the Government supports available.

The tillage sector is one that should be well positioned to take advantage of the environmental changes as, unlike livestock enterprises, it is not a large greenhouse gas (GHG) producer. However, as we have shown, tillage is currently under pressure both from global price levels and from pressure on land supply due to dairy’s expanding footprint and the arrival of new land-hungry enterprises such as solar.

The Government has recently established a tillage group to find ways to address the challenges facing the sector and get the ambitions for “400,000ha by 2030” back on track.

The Minister for Agriculture tasked the group with providing a detailed plan and recommendations by the end of July, with a final plan to be submitted during the final quarter of 2023.

Ewe numbers in the Republic of Ireland and Northern Ireland



OWNERSHIP OF FARMLAND IN IRELAND CHANGES AT A GENERATIONAL PACE

Data for public sales show consistently low annual turnover of farmland, writes **Lorcan Roche Kelly**

O

ne of the biggest land use changes comes from a change in land user. While that normally, in Ireland, comes via inheritance of a farm from a parent or close relative, it is worth looking at land sales data to see if there is much scope for that driving change over the coming years.

The average age of farmers on the island is around 58 years. Cork has the lowest average, but even there it is above 55 years old.

In the Republic, in 2020, there were 44,135 farmers over the age of 65, a 57% increase from the 2000 level when there were just over 28,000 above that age. Across the same period, the number of farms dropped by 6,000.

That would imply that there is room for further consolidation within the industry.

However, from looking at land sales data, it is fairly clear that if it is to happen, it will be a very slow process.

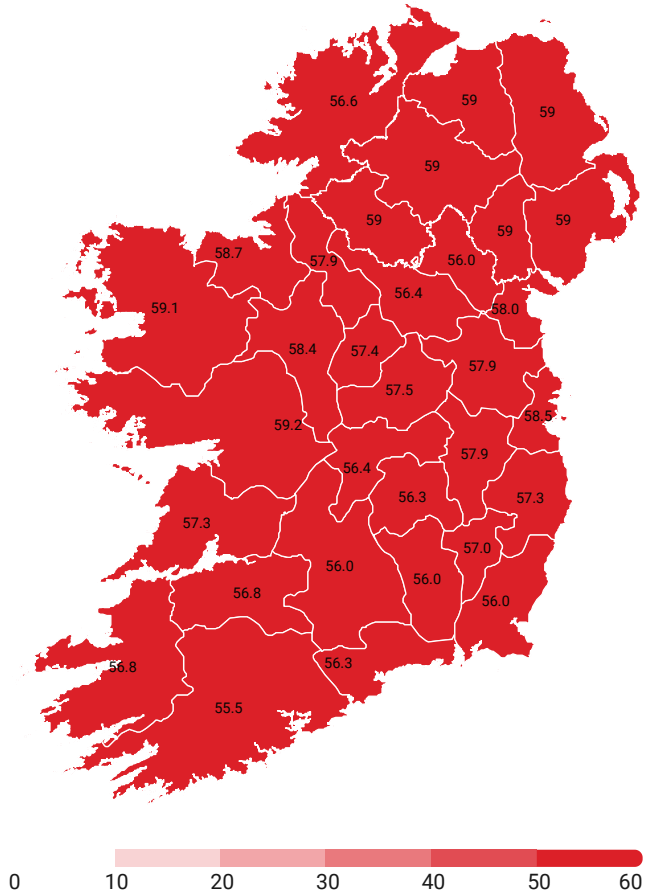
The *Irish Farmers Journal* produces an annual land sales report based on publicly offered land for sale through auctioneers and estate agents. While this data does not capture inheritances and private sales which are never advertised, it is a very good gauge on how much land is actually available each year.

While the average price for land has been increasing over the past decade, the really striking thing in the data is how consistent the area of land sold each year is. The amount of land sold in 2022 was less than 100 acres more than the 10-year average.

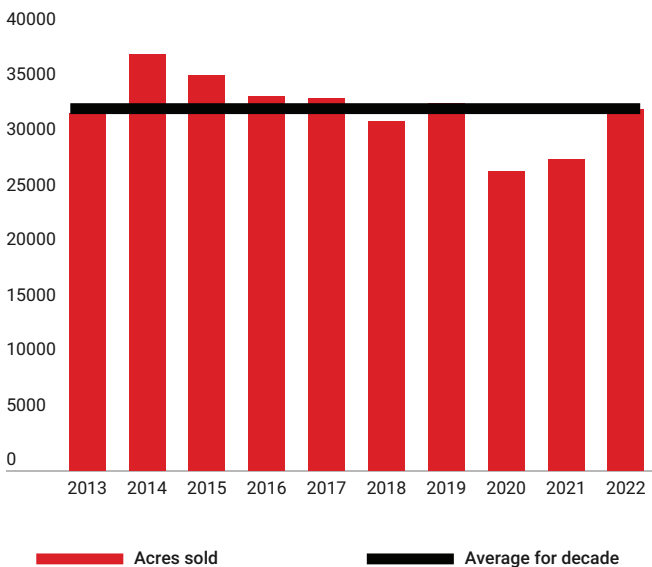
Also, as has often been pointed out, Irish farmland very rarely comes on the open market. Given the average of 32,728 acres per year, it would take more than 350 years for every acre of agricultural land to change hands once.

Barring a major societal change, it is also certain that a major change in land use in Ireland will not be coming from a shift in ownership. Rather changes on that side will continue to happen at a generational pace.

Average farmer age



Land sales from 2014 to 2022



USING IRISH LAND IN A GLOBAL CONTEXT

Irish land use will be shaped by Government policy to reduce emissions in the coming years even though availability of grass and rain make Ireland perfect for livestock farming, writes **Phelim O'Neill**

Since time began, the objective of farming has been to maximise output in the most efficient way possible. Land use has evolved with time, reflecting the arrival of mechanisation.

Tractors replaced horses and, in the process, most small holdings ceased to grow grain primarily as animal feed and pasture became the predominant land use apart from the 5% to 10% of land where rainfall, topography and soil type combined to produce ideal tillage land.

Livestock farming is the main land use and the generator of 33% of Ireland's greenhouse gas (GHG) emissions. At first glance, reducing the number of livestock may appear the most logical way for Ireland to play its part in the global need to reduce emissions.

Yet, this is a serious oversimplification. GHG emissions from agriculture are calculated at the source of production unlike, for example, energy which is calculated at the point of use. Ireland, for example, imports oil from Saudi Arabia and it is also a large market for Irish butter exports. For both of these products, Ireland is liable for the GHG emissions.

MORE NOT LESS

If we consider the reduction GHG emissions as a global issue, then it would be most logical to concentrate agricultural production in parts of the world with the lowest amount of emissions per kilo of output. The reality is that the world will require more beef, sheepmeat and dairy a decade from now than it does today.

According to the 2022 OECD FAO Agricultural Outlook report, the world will consume almost 118m tonnes more dairy, 5.7m tonnes more beef and 2.4m tonnes more sheepmeat than it does today. This will be produced somewhere with Brazil leading the increase in global production and exports of beef, New Zealand and European dairy output seems to have peaked leaving the US as the country with expansion probability.

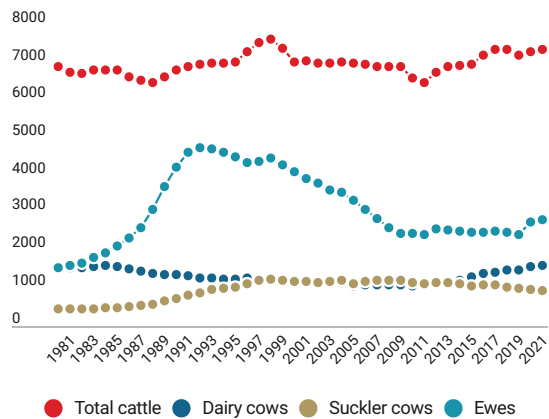
New Zealand and Australia are close to optimum sheepmeat production. China is something of an unknown quantity but it is safe to assume that they will increase output to feed an ever-increasing domestic demand.

NATIONAL SOLUTION DOESN'T SOLVE GLOBAL PROBLEM

The problem with Ireland in isolation choosing to reduce emissions for agriculture by 25% before 2030 means that livestock production and output has to be reduced.

In a KPMG/*Irish Farmers Journal* study in 2021, it was identified that a 21% cut in emissions would cause a €1.1bn hit to the rural economy and a loss of 10,000 jobs. All agricultural policy in Ireland is now designed to remove land from productive livestock-based agriculture.

Figure 1: Livestock numbers in the Republic of Ireland



Huge Government support is being directed towards encouraging the growth of organic farming and this will indirectly achieve a reduction of production and less livestock. Rewetting of grassland that has either been drained or reclaimed over the past 200 years will also mean less cattle and, obviously, less emissions.

While current policy will achieve the narrow objective of reducing emissions by 25% by 2030, the irony is that it will probably contribute to an overall increase in global emissions.

Turning to Saudi Arabia again, it has a significant dairy production industry. This is based on housing cattle in air-conditioned sheds to protect cows against the desert heat, importing every kilo of feed they consume and drilling deep into the earth to get water for them to drink.

A kilo of butter consumed in Saudi Arabia that is imported from Ireland has a significantly lower carbon footprint than its Saudi equivalent.

The global demand for livestock-based proteins will continue to grow and that global demand will be met, irrespective of the emissions caused by the process. Ireland unilaterally reducing emissions will simply mean that production will move elsewhere.

According to ABIEC, the Brazilian meat processors representative organisation, their output and exports of beef has increased dramatically in recent decades rising from 159,630t to 2.264m tonnes in 2022, a ten-fold increase. Contrast this with Irish livestock numbers in Figure 1 where there has been a relatively consistent cattle herd fluctuating between 6.4m and 7.4m head between 1980 and 2021.

Irish land use may change but it isn't necessarily for the better in a global context.



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