



IFA

Address by IFA President Joe Healy to the

Joint Oireachtas Committee on Communications, Climate Action and Environment

30 January 2018

Chairman and Committee Members, thank you for inviting IFA to address you today.

From the outset, I would like to outline the importance of the agri-food sector to the Irish economy. It is Ireland's largest indigenous productive sector, exporting food, drink and forest products worth over €13.5 billion in 2017 and providing employment to over 300,000 people directly and indirectly. It has been a key driver in Ireland's economic recovery and is the backbone of economic activity across the rural economy.

Specifically on climate, there are a number of facts that are often unheard in the climate and climate response debate:

- Since the established base year of 1990, agriculture's greenhouse gas emissions have fallen by 3.5%. During the same period Ireland's national emissions have increased by 10.4%, driven mainly by the transport sector, where emissions have increased by 139% and interestingly in the context of today's discussion, emissions from energy industries have increased by 10%.
- European and international leaders speak with one voice when they look at agriculture's climate response. For example, paragraph 2.14 of the European Union's agreed pre-Paris position states that when deciding on climate plans, regard should be had for the multiple objectives of the agriculture sector as food, fuel and energy producers, as well as environmental enhancement and also the lower climate mitigation potential of the sector. Article 2 of the international Paris Agreement reiterates the European position and reaffirms that food production must not be threatened when addressing the climate challenge.

I believe that this settled view, which acknowledges the many responsibilities that agriculture must deliver, does not provide reason for complacency.

Ireland has a responsibility to act, and within this context, agriculture has an important role to play – while respecting the need to safeguard food production.

Policy influencing farmers' climate actions

Ireland is taking a leading position in Europe by targeting European funding through the Common Agriculture Policy to areas that reduce greenhouse gas emissions in the sector. Almost 90% of the measures in Ireland's Rural Development Programme have climate reducing elements.

These measures include the Green Low-Carbon Agri-Environment Scheme, or GLAS as it is known, which promotes the retention of soil carbon stocks through the encouragement of climate friendly agricultural practices such as minimum tillage, green-cover establishment and low-emission manure spreading techniques.

GLAS has clear and measurable agri-environment objectives over its 5 years duration. They include:

- To have over 90,000 hectares of land with a crop cover, delivering almost 50,000 tonnes of carbon dioxide savings annually;
- Minimum tillage being used across 30,000 hectares of land sequestering over 10,000 tonnes of carbon dioxide each year.
- Delivering 1.4 million metres of new hedgerows, which have the potential to sequester almost 5,000 tonnes of carbon dioxide each year.

The GLAS programme is oversubscribed, with a high level of farmer interest in participating. I strongly encourage Government to re-open the scheme and allow maximum participation.

Other programmes include the Beef Data and Genomics Programme and the Targeted Agricultural Modernisation Scheme, which assist farmers to reduce emissions and increase productive efficiency.

Focus on emission intensity – a clear path forward

Emissions intensity, as a proportion of output, is the most appropriate climate measure of agriculture, particularly if we accept the position of the EU Heads of Government from October 2014 and the international Paris Agreement of December 2015 discussed earlier.

The guiding focus of EU and international climate policy is on emission efficient food production rather than reducing food production.

Research completed by the European Commission's science and knowledge service, the Joint Research Centre, demonstrates that Ireland has an emission efficient model of food production. Ireland's dairy farmers have the lowest carbon footprint in the EU for milk production and our beef farmers have the fifth lowest.

This is not surprising given our natural grass based model of food production and our temperate climate, with 90% of our agricultural lands being carbon sequestering grasslands.

Whilst these facts around Irish farmers' emission efficient model of food production are welcomed, they still provide no room for complacency.

Irish farmers are far from complacent. They are very clearly going the extra environmental mile.

Farmers going the extra environmental mile

Ireland is the only country in the world that monitors, measures and manages carbon from farm to fork. 90% of beef exports are now in an audit and carbon footprinting programme. 100% of milk production is entering into a carbon auditing cycle.

In addition, over 137,000 carbon assessments have been completed on farms to date as part of Bord Bia's Origin Green programme.

This Origin Green programme is the only sustainability programme in the world that operates on a national scale, with collaboration between Government, the private sector, food producers and farmers. It enables participants to set and achieve measurable environmental mitigation targets in areas that include carbon, water, energy and biodiversity.

In IFA, we are leading a voluntary initiative called Smart Farming, with the Environmental Protection Agency. This programme aims to address the dual challenges of improving farm incomes while reducing environmental impact.

In 2017, the average on-farm cost savings identified was €8,700, with average emissions reductions of 10%. The initiative combines the knowledge and expertise of agencies such as Teagasc, the EPA, UCD and the Grassland Association of Ireland and communicates it in a targeted way to reduce greenhouse gas emissions and improve farm returns through better resource management.

Further opportunities to reduce emissions

Farming can do more and today I renew my call for a climate activation programme for the sector to be put in place. Agencies, such as the Institute of International and European Affairs, estimate that Ireland is likely to be hit with a compliance bill of up to €610 million by 2020 for breaching its current renewable-energy and emissions targets.

Under the Renewable Energy Directive Ireland has a mandatory target to produce at least 16% of all energy consumed by 2020 from renewable sources. This is to be met by 40% from renewable electricity, 12% from renewable heat and 10% from the renewable transport sector.

IFA believes that this money should instead be diverted into a climate activation programme, focused on policy measures including:

- The re-opening of the Green Low Carbon Agri-Environment Scheme. This would reduce greenhouse gas emissions by an additional 65,000 tonnes each year.
- The announcement of a defined farm-based and community electricity tariff for renewable projects, with a specific export tariff for roof mounted projects. This should be used over time to displace electricity production from gas, which accounts for 35% of greenhouse gasses emitted when generating electricity. The funding for this should come from a ring-fencing of 20% of the current electricity tax, called the public service obligation levy, which is paid by homeowners across the country and currently goes to large scale multi-national energy corporations.
- The scaling up of on-farm emission reduction programmes identified in the National Mitigation Plan, such as Smart Farming, Origin Green, and the Carbon Navigator.
- The development of a national network of producer organisations to support the mobilisation of the private forest resource. Roundwood production from Irish forests is forecast to more than double from 3.1 million m³ to 6.4 million m³ by 2028 with almost all of the increased volume expected to come from the private sector, predominantly farmers.

The role of forestry and grassland in carbon sequestration

Forest loss, primarily Amazonian deforestation to provide beef for international markets, accounts for approximately 17% of global greenhouse gas emissions. It is unacceptable to IFA and the thousands of livestock farmers we represent to see the clear contradiction at EU level, with the EU Trade Commission Cecilia Malmstrom pushing for a Mercosur deal with Brazil and other countries that do not address this rampant deforestation, in order to export beef to Europe, while the EU Agriculture, Environment and Climate Commissioners ask farmers to do more to address the climate challenge. The support of the Committee on this important issue is required.

A key element for achieving carbon neutrality as a horizon point for the agriculture sector as outlined in the National Mitigation Plan is to take advantage of the considerable carbon mitigation potential offered by the forest sector through afforestation and the use of forest based biomass and wood products.

It is national policy to increase forest cover from the current 11% to 18% by 2050. Despite our strong competitive advantage in growing timber, with growth rates more than double those achieved in other European countries, Irelands afforestation programme has been declining in recent years. In 2017, the planting programme was the lowest in over than 60 years with less than 5,500 hectares of new forest established, 25% below the 7,400 hectares target in the Forestry Programme.

Policy decisions taken over the last decade have had a significant influence in the decline in farmer planting and have eroded farmer confidence in forestry as a land use option. These include the cutting of forest premiums (the backbone of the programme), the ongoing erosion of the commerciality due to increasing environmental requirements, the excessive retrospective recoupment of premiums, as well as increasing management costs associated with additional requirements.

As you may be aware when a farmer chooses to plant forestry it is a permanent land use change and the land must remain in forestry in perpetuity. They are locked in and have no recourse if conditions are amended that result in financial loss. This uncertainty is acting a major barrier to the expansion of the sector.

If the Government is committed to achieving the afforestation targets and meeting the commitments in the National Mitigation Plan then confidence must be restored in the programme. In 2017, IFA launched a plan to revitalise the farm forestry sector, which sought the:

- Reintroduction of farmer premium differential to optimise the benefit to the rural economy,
- That farmers would be properly compensated for loss of premium and future timber earnings on land they are obligated to set aside for environmental enhancement, and
- Restrictions on planting productive marginal would be removed. In 2016 COFORD identified nearly 180,000 hectares of productive marginal land that has the productive capacity to grow commercial timber, which is outside of environmental designation that is excluded from the scheme. This land offers enormous potential for Ireland to reboot the afforestation programme and stop the over concentration of planting in certain counties.

Over the period 2021 to 2030, afforestation since 1990 will remove an estimated net 4.5 million tonnes of CO₂ from the atmosphere per annum. Forest sinks must be included as part of the measurement of emission reductions in the agriculture sector. Permanent pasture is a characteristic of farming in Ireland, with over 90% of total agricultural area in under permanent pasture. This permanent pasture stores carbon and provides an environmental competitive advantage for beef and dairy herds, when compared to the high concentrate diets and deforestation associated with other international beef producing regions.

Currently, carbon credits from carbon sinks are not attributed to agriculture. Ireland has the highest level of carbon sequestering permanent pastures in Europe, which when combined with the opportunity to expand the forestry cover can promote a substantial national carbon sink.

CO₂ emission reductions achieved through natural carbon sinks, such as forests and permanent pastures, must be included in the overall measurement of the contribution of the agriculture sector to emission reductions.

The importance of the bioeconomy will only increase

The bioeconomy offers huge opportunities to reduce our reliance on fossil fuels whilst still achieving economic growth, however a sustainable and profitable farming sector is required to underpin the investment and innovation required to successfully deliver a strategy for the bioeconomy.

I very much look forward to the publication by the Department of An Taoiseach of the National Policy Statement for the Bioeconomy, which I hope will provide clarity on how Ireland is going to develop the sector and provide the necessary investment so farmers can take full advantage of the new higher value opportunities offered.

The bioeconomy applies by definition at cross-sector, cross-policy and cross-border level. Such a complex concept demands a long-term vision, supported by the entire Irish government. In our submission IFA called for the establishment of an inter-agency working group to support the exchange of information and co-ordinating policy development between various Departments.

Although knowledge and technical potential of the bioeconomy has increased in recent years, significant gaps exist. Valorisation and on farm demonstration projects into crops and new farming systems to optimise yield of biomass must be supported to make the transition from research to production possible.

To satisfy the growing demand for biomass, it is critical that a well-funded Rural Development programme is agreed as part of the re-shaped CAP Post-2020. The Rural Development Plan (RDP) must contain measures that improve competitiveness at farm level, support innovation and diversification, and extend knowledge transfer, through investment supports, including direct grant aid and use of financial instruments.

The growing demand for biomass and the projected shortfall in Ireland's biomass resources must be addressed by introducing new or revised measures to increase biomass production, policy measures should include:

- The development of regional biomass trade and logistic centres that optimise the sustainable mobilisation of Ireland's biomass resources and improve the efficiency and economic effectiveness of production, must be a key priority. The establishment of robust biomass supply chains is one of the biggest challenges to provide the required network spread of centres where potential customers can be guaranteed a quality supply over the long-term. Farmers must be supported to optimise logistics and trading to enable different biomass fuels (firewood, chips, straw, energy crops etc.) to be collectively marketed at a guaranteed quality and price.
- The re-introduction of an improved Bioenergy Scheme with additional energy crops supported under the scheme will support farmers to establish crops to address the projected shortfall. While schemes such as Agro-Forestry and Forest for Fibre offer huge potential but will not be adopted at the scale required until the replanting obligation is removed.

Renewable Heat & Transport

But let me reassure you farmers will not be investing in energy crops until they have confidence that a viable market exists for their product. The development of the bioenergy sector has been thwarted by the lack of an adequate supports to stimulate market development as well as a plan to give a strategic focus to the sector.

IFA welcomed the recent announcement that a Renewable Heat Support Scheme would be introduced in 2018. This scheme will play an important role in reducing our dependency on imported fuels and moving Ireland forward towards achieving our EU 2020 heat targets. It is vital that the scheme is properly funded and embedded in the local economy to optimise the economic benefits by creating a new revenue streams for farmers and valuable new job and business opportunities in rural areas, where job opportunities are limited.

Enormous opportunities exist with biogas and biomethane to not just reduce on-farm emissions but to produce a high value product for the heat and transport sector. A report published by European Commission in 2016 assessing the potential of biogas production shows Ireland has the highest growth potential for biogas in Europe due to its reliable and sufficient feedstock. If we are to exploit this potential a support scheme based on a realistic payment to producers must be introduced.

To the sector is to grow at the scale and pace required to move towards meeting the targets the Government must take a central role in driving market development through the Green Procurement Programme. For example, if the 25% of the public sector buildings were converted to biomass it could reduce the public sector heating bill by approximately €100 million per annum. The conversions of public buildings should be targeted regionally to create a green town or region, this would create viable scale, increase confidence in the bioenergy sector and support the establishment of robust biomass supply chains. This model has been very successful in other European countries.

Renewable Electricity

On renewable electricity specifically, Ireland needs a better mix of energy sources. Ireland can no longer rely on big wind exclusively. This flawed policy has divided communities, creating a concerning impact on the landscape and has led to a transfer of millions of euros each year from Ireland's citizens, through the PSO levy to large multinationals.

There are alternatives, the cost of other technologies such as solar continues to decrease in costs and is now the cheapest form of renewable energy after onshore wind. Ireland's late mover status in solar provides an opportunity to learn from others and develop a place in this industry for farmers, landowners and communities.

Representative bodies such as the Irish Solar Energy Association believe that up to 2 giga-watts (GW) of solar energy can be deployed to the grid between now and 2021. However, ongoing delays and lack of certainty on grid and price are having a negative effect on farmers' involvement. Within IFA we have sought to progress policy in this area and have made submissions to the Department of Communications, Climate Action and Environment on the design of a new renewable electricity support scheme (RESS) and to the Commission for the Regulation of Utilities (CRU) on grid access policy.

If Ireland is to develop a citizen centre renewable policy as envisage in the Energy White Paper, the Government must action on their own recommendations, which include community feasibility grants, provision of loans, ring fencing grid access and the use of trusted intermediaries for community

projects. The proposal for a tariff premium for wind energy production up to 6MW, must also be extended to other technologies including solar energy.

IFA is concerned by proposals to rely exclusively on an auction based pricing model. For community, roof-top and farmer led projects, IFA supports a feed-in tariff model as this give certainty and security of revenue. This is important for farmer led projects as they are standalone and individually financed.

Grid access is one of the most important consent in any renewable project, for farm scale or community projects to proceed. Regarding the proposed policy measures put forward by the CRU in their recent consultation, IFA supports the discontinuation of grid relocation, an increase in the capacity process and the requirement for planning permissions to be in place, before grid access is granted. The day of speculative trading of grid, which developers have secured for less than €1,000 off farmers must be brought to an end and replaced with a grid access policy which leaves no room for the speculator, but instead supports farmers and communities across the country to develop their own energy solutions.

Concluding I would say that community renewable projects have been a goal of Government, since the White Paper was published in 2015.

Since then we have seen large developers, foreign equity funds pension funds and venture capital sign up large areas of Irish farm land. What we have not seen is clear Government policy to deliver on the ambition of the Energy White Paper. We call for greater clarity on the following:

- Crowdfunding legislation and platforms, to allow communities to finance community projects.
- The introduction of the necessary financial, taxation and pension instruments that would allow farmers and communities the opportunity to invest and benefit from the wealth created.
- Clarity on grid access policy, grid which is affordable and defined and allows farmer led and community projects to move forward with their projects.
- The introduction of green bonds, low cost loans and feed-in tariffs, which would give farm families and households a fair and even chance to compete in the renewable energy production.

Over 25,000 acres of farm land is currently locked down in some form of a solar contract right now. This should not just be a conduit for profitability for foreign equity pension or venture funds, it should be a means for creating opportunity and wealth for farm families' right across the country.

It really is time to make good on the promises of energy citizens and farmer involvement in the next phase of renewable energy roll out.

EU Agriculture Commissioner Phil Hogan spoke in December at the Department of Agriculture organised conference in Dublin and he said "Ireland needs to wake up, and fast, to the reality that we are part of a European Union that has assumed the role of global leader in the climate challenge." Within the agri-food sector IFA believes that the measures in this presentation around biomass, the bio-economy, farm-scale, roof-top and community based renewable projects provides real tangible ways to deliver on both our renewable and climate targets.

Thank you.