



**Opening Statement by IFA President Francie Gorman
to the Joint Oireachtas Committee on Agriculture, Food and the Marine
Wednesday, 14th February 2024**

Compliance with the Nitrates Directive: Implications for Ireland

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

I am joined by John Murphy, Chair of the IFA Environment & Rural Affairs Committee and Tadhg Buckley, IFA Director of Policy.

I will now address the six (6) questions that we were asked.

1. What are the anticipated economic effects for the agricultural sector that would result from a further decrease to the Nitrates Derogation?

Since the publication of the EU Commission Decision on Ireland's current Nitrates derogation in April 2022, we have relentlessly highlighted the impact of reduced stocking rate thresholds on the entire agriculture sector.

IFA analysis estimates that the reduction to a maximum stocking rate of 220kg organic nitrogen will have a cumulative sector cost of up to €60m per annum.

A complete loss of the nitrates derogation would have massive ramifications both for Irish farmers and the downstream dairy processing sector.

IFA estimate that the removal of the derogation entirely would reduce dairy income for the impacted farmers by an average of up to €23,000/annum; a huge drop given that average dairy family farm income for the last 5 years was about €87,000/annum.

The wider economic impact of the derogation would be even more significant. Using Dairy Industry Ireland analysis of the economic contribution of the dairy sector, IFA estimate that a loss of the derogation could result in over 1,100 job losses and a potential economic impact of over €1bn/annum when all direct and indirect factors are accounted for.

Some mistakenly think this is only a dairy issue. In reality, any changes to the derogation impact all land-based sectors given the hugely disruptive impact it has on the land market.

Drystock and tillage farmers as well as smaller dairy farmers are now being outcompeted in the land market by larger dairy farmers, who can justify paying a higher price for land rental in order to try to maintain their business at current levels.

In the cases where drystock and tillage farmers do manage to retain rented or leased land, this is generally coming at a higher cost.

There are approximately 850,000 ha of land rented or leased in Ireland according to the CSO. An average increase of €100/ha (€40/acre) in land rental is an added cost of about €100m/annum to the Irish farming sector.

This is effectively a transfer from productive farmers who spend money in the rural economy to inactive landowners whose contribution is significantly less. Between 2022 and 2023, Ireland's cereal area declined by 16,000 ha and now constitutes less than 6% of Ireland's agricultural land. Further changes to the derogation will inevitably lead to a significant further decline in this area.

2. What are the anticipated social effects for the agricultural sector that would result from a further decrease to the Nitrates Derogation?

While an estimated 3,000 farmers are directly affected by the existing reduction to 220kgN/ha, another 7,000 farmers are estimated to be directly impacted if stocking rates were capped at 170kgN/ha.

IFA estimate that approximately 55% of milk supplied comes from farms stocked above 170kgN/ha. If these farms had to reduce milk output this would result in increased costs and job losses at processing level as outlined above.

The removal of the derogation entirely will jeopardise the viability of thousands of farmers across all sectors. This would have a huge knock-on social impact on rural Ireland.

As outlined earlier, the removal will directly impact dairy farmers but will have very substantial knock-on impacts on other sectors due to the disruption to the land market. It will also potentially impact the pig and poultry sectors due to increased levels of slurry nutrients that dairy farmers will seek to export, making it more difficult for pig and poultry farmers to find customers for their slurry nutrients.

A removal of the derogation would also have consequences for Ireland's Climate Action Plan and associated targets. The Climate Action Plan sets out numerous land-based targets which include the following:

	Land requirement (ha)
Increase in organic farming area	340,000
Increase in area under tillage	51,500
Anaerobic Digestion	115,000
Reduced farming intensity on drained organic soils	80,000
Additional land under afforestation	68,000
Total	654,500

IFA estimate that the removal of the derogation would result in dairy farmers requiring about 86,000 hectares just to maintain their current dairy cow numbers. To put this in context, this is about 1.2 times the size of the entire county of Carlow. This additional land requirement is not factored into Climate Action Plan targets. Therefore, removing the derogation will make the achievement of Ireland Climate Action Plan more difficult.

3. Is it possible to maintain Ireland's Nitrates Derogation at its current level, while ensuring that there are improvements to Ireland's water quality?

Yes. Despite the narrative that is out there, the impact of stocking rate on nitrates loss is not proportionate to the load of Nitrogen applied to the land. Factors such as soil type, hydromorphology and weather play a significant role in the rate of nitrates loss from our farms in addition to the source load of N.

Teagasc research has shown that the stocking rate reduction to 220kgN/ha will only reduce N loss to 1m by circa 4kg/ha¹ - a minimal reduction when we consider that the influence of year (i.e. weather patterns) can impact nitrogen losses to 1m by up to 46kgN/ha.

Tailoring management practices to the specific needs of a local catchment as demonstrated in the ASSAP programme is more beneficial for water quality than blanket regulatory changes to stocking rate.

¹ <https://www.teagasc.ie/media/website/publications/2023/The-Impact-of-Nitrogen-Management-Strategies-within-Grass-Based-Dairy-Systems.pdf>.

4. Is the Nitrates Action Programme fit for purpose in protecting Ireland's water quality?

The ambition of the NAP has accelerated in the last two reviews of the programme with farmers obliged to undertake up to an additional 30 measures on farms to protect water quality.

What the NAP and government agencies fail to acknowledge is the realistic lag times that exist for these management practices to demonstrate improvements in water quality. The mitigation of nitrates loss to water can vary from seconds to decades upon the application of a new management practice. Work needs to be carried out to outline estimated lag times in our most vulnerable catchments.

It also must be considered that the expansion in the dairy herd in the past 10 years has not resulted in a proportionate decline in water quality. In fact, at national level water quality trends show minimal increases in nitrates, similar to what you would expect in year-to-year variation alone.

On a related issue, the European Commission is currently undertaking a European-wide public consultation on the Nitrates Directive. It is critical that Ireland uses this opportunity to stress the critical importance of the derogation to Ireland and also emphasise that its long-term retention is vital to our whole industry.

5. Are there additional supports required to ensure farmers can be compliant with the Nitrates Action Programme?

The Teagasc Agricultural Catchments Programme (ACP) has shown that 50% of nutrients are lost in 25% of the year, namely the Winter season. To mitigate the risk of nitrogen loss at this time of year, we need ample slurry storage on all farms.

Currently, only farmers that are importing slurry can avail of the increased grant-aid rate of 70%. To grapple with this issue 70% grant aid needs to be made available to all farms, in combination with the continued provision of accelerated capital allowances for slurry storage and the ability to continue to reclaim VAT on such structures.

However, investing in slurry storage is a long-term investment – therefore farmers need certainty on how many dairy cows they will be milking in 4 years' time if we are seeking them to make long-term investments in storage.

Obtaining planning permission for such investments is getting increasingly more difficult with many in need of additional slurry storage denied planning permission. This must be rectified.

6. Are there additional resources required to ensure the measures required by the Nitrates Action Programme are adequately enforced?

The Agriculture Water Quality Group has finalised in its recommendations that the Local Authorities are adequately resourced to undertake at least 4,500 targeted water quality risk-based farm inspections per annum as part of the National Agricultural Inspection Programme, led by the EPA, however there is a need for the application of the Regulations to be harmonised across the Local Authorities and DAFM. Where issues are found during an inspection, the penalty applied should be proportionate to the breach by the farmer. We endorse this recommendation.

Other Considerations

Without discounting our own responsibilities to improve water quality, waste water treatment plants and urban runoff via storm overflows play a significant role in determining the water quality of our catchments.

The latest EPA report Urban Wastewater Treatment in 2022 outlined an 84% increase in the number of breakdowns in wastewater treatment plants since 2019. Focussing solely on farming will not ensure we protect water quality appropriately – pressures from urban waste water and similar sources must also be addressed.

Conclusion

It is difficult to underestimate how vital it is that Ireland retains its nitrates derogation for this decade and beyond. Its removal would have a massive direct economic impact on the dairy sector but also very significant indirect impacts on other farming sectors, in particular the tillage sector who rely heavily on rented or leased land. In addition, its removal would have a substantial long-term economic impact on the wider rural Irish economy.

Furthermore, it will also make the achievement of Ireland's climate action plan targets more difficult to attain. Removing the derogation will not automatically result in improvements in water quality but the economic damage it will do is guaranteed. That is why we cannot countenance its removal.

ENDS