



Address by IFA Environment Chair Paul O'Brien to the Joint Oireachtas Committee on Environment and Climate Action on Nature Restoration Law and Land Use Review

Tuesday, 28th March 2023

Chairman and Committee Members, I would like to thank you for inviting IFA to address you today. I am joined by Tadhg Buckley, IFA Director of Policy and Geraldine O'Sullivan, IFA Environment Senior Policy Executive.

I think it is important at the start that we acknowledge that farmers will be the most impacted by the outcome of both the Nature Restoration Law and the Land Use Review.

- Agricultural land accounts for approximately 67% of Ireland's total land area. While forests account for approximately 11% of the total land area, of which 50% is predominantly owned and managed by farmers.
- Farmers as custodians of the environment, are the "boots on the ground" to maintain and enhance biodiversity on their farms. They have a great affinity with their local landscapes and ecosystems, and are intrinsically linked to these landscapes, sharing knowledge, skills, and practices from one generation to the next.
- Irish farmland is a significant reservoir of biodiversity with on average 12-14% of farms providing space for nature. It is important that farmers' investment and the positives changes that have been taking place on farms in recent years are fully recognised.
- 33% of the farmland area in Ireland (compared with an EU average of 13%) is under agri-environmental schemes. Irish farmers have participated on a voluntary basis in these schemes since 1994 enhancing farmland biodiversity.

EU Nature Restoration Law

In June 2022 the European Commission formally adopted proposed Nature Restoration law¹, a key element of the EU Biodiversity Strategy.

The proposed regulation will require each Member State to develop a national restoration plan to clearly identify restoration measures, which together cover at least 20% of the EU's land and sea area by 2030 and all ecosystems in need of restoration by 2050. Under the proposal national restoration plans would need to be submitted within two years of the regulation coming into entry force.

¹ EC (2022) Proposal for A Regulation of The European Parliament and of The Council on Nature Restoration- The European Commission Brussels, 22.6.2022 COM (2022) 304 final 2022/0195 (COD).

Under the proposed regulation, the European Union will enact legally binding targets upon Ireland, up until the year 2050, across a broad range of ecosystems, from forests and agricultural land to rivers and marine habitats, to meet the targets and obligations.

Negotiations are ongoing with the European Parliament and the Council at present on the proposed regulation, with more than 2,000 amendments being considered. The indicative time frame for trilogues between European Parliament, Council and Commission are expected to take place in mid-2023, and for the regulation to come into force in 2024.

As negotiations proceed it is vital that the three pillars of sustainability – economic, social and environmental – are equally taken into account. There must be a balancing of interests, without giving priority to a single aspect. The impact on food security and on food and timber production as well as farmers standard of living must be fully considered as part of the negotiations.

Restoration of agricultural ecosystems targets (Article 9)

Under the regulation for farmland habitats, it proposes to increase

- (i) grassland butterflies and farmland birds,
- (ii) the stock of organic carbon in cropland mineral soils, and
- (iii) the share of agricultural land with high-diversity landscape features, restoring drained peatlands under agricultural use.

Of particular concern to farmers are the proposed targets with regards to restoring drained peatlands under the agriculture use. The regulation sets a target to restore to *satisfactory levels*

- (i) 30% by 2030 (of which 7.5% will be rewetted),
- (ii) 50% by 2040 (of which 25% will to be rewetted) and
- (iii) Increasing to 70% by 2050 (of which 35% will to be rewetted).

The proposed regulation allows for Ireland to include areas of peat extraction sites to achieve these targets, as well as drained peatlands under land uses other than agriculture such as forestry, up to a maximum of 20% of overall target.

Even taking these options into account, the regulation has the potential to remove significant areas of land from agricultural production. Ireland's National Inventory Report 2022 estimates that there are 330,000 hectares of drained grassland on organic (peat) soils. Under the proposals the potential impact on drained agricultural would be to restore 100,000 hectares of this drained grassland by 2030 increasing to 231,000 hectares by 2050. This represents 7% of the utilisable agriculture area under grassland.

The lack of clarity with regard to what is meant by “restore” or “satisfactory levels” as well as the potential impact on farmland and production is a source of serious concern for farmers and rural communities, particularly in the midlands and west, where this soil type is more prevalent.

Comprehensive restorations targets for farmland habitats (Article 4)

In addition to specific restoration measures for agricultural ecosystems, there are more comprehensive restoration targets encompassing habitats and ecosystems which have been designated as in *bad condition* due to the reasoning of the Habitats Directive. The habitat types include wetlands, grassland rivers, lakes and riparian habitats, forests and heath and scrub habitats.

Under the proposals Ireland would be legally required to put in place restoration measures to improve to *good condition* areas of habitat types which are not in good condition by 30% by 2030, 60% by 2040 and at least 90% by 2050.

Main Concerns

- **Full Impact Assessment**

The proposed regulation will have far reaching consequences for Irish agriculture. It is vital a full impact assessment is undertaken to quantify the area of farmland that will be affected to ensure the proposed targets are realistic and fair and are not detrimental to the continuity of farming in Ireland. This will provide an estimation of the economic impact and social burden of the restoration measures, as well as the cost of compliance.

- **New funding outside of CAP needed**

Lack of financing has been identified as a key failure in the EU meeting its 2020 biodiversity targets. The proposed regulation lacks clear and long-term financial support for nature restoration, with the majority of this expected to come from the CAP funding.

Restoration can only be achieved if it is not dependent on the CAP budget; and is funded through a dedicated financial mechanism for biodiversity and restoration. Long-term restoration requires long-term resources, not short-term measures.

- **Farmer agreement a non-negotiable pre-requisite**

The proposed measures relating to the Nature Restoration Law will, in many cases, place substantial constraints on farming practices. This in turn will lead to a significant increase in management costs and/or a reduction in land productivity. Therefore, it is vital that any measure that are undertaken are of a voluntary nature with full prior agreement of farmers. These farmers must in turn be fully compensated on a full income foregone basis of a result of these measures.

It is essential that an independent arbitration scheme is developed as part of the national restoration plan to determine the loss of value to the farm business caused by the measures, and an associated budget allocated.

- **Property rights must be respected**

Finally, it is imperative that the property rights of farmers affected by the targets are not adversely affected. The designation of land has the potential to significantly impair the asset value of farm land. Therefore, it is essential that farmers are fully engaged from the outset and all measures are voluntary and only implemented in full agreement with the farmer.

Land Use Review

There is increasing demands on land from a range of economic and environmental objectives and the scale of land use change required to meet these demands is significant. The Climate Action Plan 2023 sets out the following targets to achieve emissions reductions for the Land Use, Land Use Change and Forestry (LULUCF) sector:

- Increase annual afforestation rates to 8,000 hectares per annum from 2023 onwards, to deliver an additional 28,000 ha of afforestation across the first carbon budget period.
- Improve carbon sequestration of 450,000 hectares of grasslands on mineral soils, and reduce the management intensity of grasslands on 80,000 hectares of drained organic soils by 2030
- Rehabilitate 77,600 hectares of peatlands.

The sectoral emissions ceiling for the LULUCF sector has yet to be decided and was deferred to allow for the completion of the Land Use Review.

Phase 1 of the Land Use Review was published recently and provides the evidence base to determine the environmental, ecological and economic characteristics of land types in Ireland. The review highlights a lack of evidence on current land use and the impact of land use types on the environment and society. Key recommendations include the need to develop a soil monitoring network and the mapping capability for land use, soils and ecosystems, to fill these data gaps. Access to accurate data is required for farmers to make informed land use decisions.

Minimise disruption to land market

Land use change has the potential to have a significant socio-economic impact on farmers and wider rural communities. The economic and social impact of land use change has not been fully addressed in this phase of the review and must be considered in the next phase.

The impact of changes in policies on the demand for land and the unintended consequences of these objectives is clearly visible from the changes introduced under the Nitrates Action Programme, including nitrogen banding on dairy farms, that led to increased demand for land to ensure compliance, which led to a significant increase in land rental prices. This has had a disproportionate impact on the more financially vulnerable sectors, such as Tillage, as they cannot compete and justify paying the higher rental prices. This is contrary to Government policy under the Climate Action Plan which proposes to increase the area under Tillage.

It is important that as part of any Land Use Review process that land use change targets do not add pressure and further disrupt the land market.

Phase II Land Use Review

The next phase of the review must involve direct engagement with farmers to understand the decision-making process of farmers in terms of land use change and the influence of incentives and structural policies. The property rights of farmers must be respected and embedded within Ireland's Land Use policy. Any Agricultural Land Use change must be voluntary and fully respect a farmer's right to make decisions on the current and future use of their land.

IFA propose that the next phase of the Land Use Review must examine:

- The long-term socio-economic impact of land use change on the agriculture sector and on rural communities.
- The economic impacts of changes in land classification, specifically in terms of impact on income-earning potential and impairment of asset values. The review should also examine methods to calculate these impacts and potential funding streams to address the income loss/asset depreciation.
- The extent of land use change required to meet the existing targets and the impact on the Irish land market.
- The decision-making process of farmers in terms of land use change and the influence of incentives and structural policies.

- The acceptance among landowners of different scenarios of land uses.
- The current restrictions and environmental constraints on forestry planting and the barriers to farmers planting.

Ends.