

## IFA Funding Proposals for the Tillage Sector

The Irish tillage sector is a vital part of Irish agriculture, comprising 9,401 farms producing cereal crops, with 4,600 of these operating as specialist tillage units<sup>1</sup>. In 2020, the tillage sector was estimated to contribute over €1.3bn per annum to Irish economic output<sup>2</sup>.

Teagasc National Farm Survey data consistently shows that tillage farming is the second most profitable enterprise on Irish farms behind dairy farming. Average tillage farm income for the period 2012-2023 is presented in Table 1.

**Table 1: Income on Irish Tillage Farms 2012-2023**

Year	Tillage Farm Income (€)
2012	€37,151
2013	€28,798
2014	€29,078
2015	€34,303
2016	€30,840
2017	€36,440
2018	€41,589
2019	€33,741
2020	€33,339
2021	€57,939
2022	€76,654
2023*	€30,000

Source: 2010-2022 Teagasc National Farm Survey, 2023 Estimate from Teagasc Outlook 2024

<sup>1</sup> CSO Census of Agriculture 2020

<sup>2</sup> Wallace, M. (2020): An Economic Assessment of the Tillage Sector in Ireland. Available at: <http://tillageindustryireland.ie/wp-content/uploads/2020/07/Economic-Impact-Assessment-of-the-Tillage-Sector-in-Ireland.pdf>



## National Tillage Crop Area

The area devoted to tillage declined by 16% between 2012 and 2020. A small recovery occurred between 2020 and 2022. However, 2023 saw a contraction in the crop area with cereal area as illustrated by the following table.

**Table 2: Crop Areas 2012-2023**

Year	Cereal Area (ha)	Alternative Crops (ha)	Total (ha)
2012	312,995	42,833	355,828
2013	305,263	42,816	348,079
2014	303,534	36,925	340,459
2015	289,465	41,815	331,280
2016	278,134	42,416	320,550
2017	269,826	45,389	315,215
2018	254,722	47,103	301,825
2019	266,412	43,745	310,157
2020	265,739	47,742	313,481
2021	275,536	44,514	320,050
2022	287,887	52,390	340,277
2023	270,387	68,027	338,414
Cereals = wheat, barley, oats, rye, triticale. Alternative = Beans, peas, protein mix, maize, beet, oilseed rape			
Source: DAFM			

Without urgent policy action, the overall tillage area could decline by up to **11%** in 2024 due to very low levels of autumn planting, tight availability of spring seeds and widespread negativity amongst growers.

This potential decrease comes on top of the 7% drop in the cereal area recorded in 2023 and a 26% reduction in overall volume produced (CSO). A double figure decline in area in 2024 could set a dangerous precedent for further declines into 2025 and beyond.

The effects of a declining tillage area on the supply of fodder for the livestock sector must also be considered. Poor weather in the 2023/24 period resulted in a lack of supply which directly effects the economics of livestock farms who rely on straw for animal bedding and feed. Sustaining and growing the tillage area is of paramount importance for the continuity of a domestic supply of fodder and feed which alleviates prices shocks for other farmers.

Teagasc has noted a 14% year-on-year increase in the amount of purchased fodder on profit monitor farms. A consistent supply of straw is directly related to stabilising this trend which can only be achieved through an economically viable tillage sector.

A significant increase in the level of imported straw from the United Kingdom has also been noted in the 2023/24 period. Imported straw is not subject to phytosanitary inspections for weed species such as Blackgrass and Ryegrass, which are, in many cases, highly resistant to herbicides. This poses a significant biosecurity threat to the sector and reinforces the immediate need to support tillage growers into the future so domestic growers can meet the fodder demands of livestock farmers.

The 2023 Climate Action Plan sets out an ambition to increase the area under tillage to 400,000 hectares by 2030. However, instead of growing the area under tillage, this Government has presided over an ongoing decline which could become a decimation of the area under tillage without significant and urgent action.

## **Income Challenges for 2024**

The economic viability of the Irish tillage sector is in an extremely precarious position. A number of factors, which are outlined below, have come together to leave farmers in the sector very financially vulnerable in the coming year(s).

- (i) The amount of winter cereals planted in autumn 2023 has declined by an estimated 35,000ha, the lowest since the 2013 harvest.
- (ii) Yields on sown winter wheat and winter barley are likely to be well below average following poor establishment and a wet winter.
- (iii) Trend yields on spring cereals will be heavily reliant on settled weather for planting in late March and early April. Delayed planting of 50% of the spring barley crop in late April 2023 reduced national yields by 15%.
- (iv) A 15% decline in green feed barley forward prices to €170/t for harvest 2024 with no guarantee prices will not decrease further between planting and harvest.

- (v) Input costs such as fertiliser, fuel and seed remain elevated above historical norms.
- (vi) Convergence of entitlements under the CAP 2023-2027 programme which will further reduce BISS payments to most tillage farmers in 2024.
- (vii) A reduction in the maximum allowable stocking rate under the nitrates derogation has totally distorted prices paid in the land rental market leading to higher land costs for tillage farmers.

Taking the foregoing factors into account, IFA believe that it is very unlikely that incomes on tillage farms will increase above the €30,000 estimate for 2023 and all current indications point to an even lower income in 2024 to levels not seen in over a decade. When inflation is considered, the economic impact of the decline income on tillage farms in 2023 and 2024 will challenge the very survival of the sector.

## **Sustainability**

Tillage farming is the lowest emitter of greenhouse gas per hectare for any agricultural sector in Ireland (Table 3). Irish growers are not properly rewarded for this favourable environmental footprint and the sustainable measures and actions that many are undertaking already on farm.

A recently conducted Life Cycle Assessment (LCA) methodology specifically developed for Irish grain on a wide range of commercially-grown Irish cereals has confirmed that Irish grown crops are among the most carbon efficient in the world. For Irish oats, this was confirmed to be at 207kg CO<sub>2</sub>/t compared with 1,000kg CO<sub>2</sub>/t for countries like Italy and Spain <sup>5</sup>.

This reinforces the need to optimise the production of domestically grown crops in order to meet our climate change targets. The sector has also proven itself to be highly policy responsive, achieving a 33% reduction in pesticide usage between the years of 2017-2021<sup>6</sup> and reaching Nutrient Use Efficiency parameters of over 70% for Nitrogen and in excess of 80% for Phosphorous.

These measurements are all indicative of the need for a sustainable and financially-viable tillage sector to ensure climate change targets are met in future.



**Table 3: Greenhouse Gas Emissions by Enterprise**

Agricultural Activity	Tonnes of CO <sub>2</sub> Equivalent per Hectare 2022
Tillage	1.9
Sheep	3.3
Beef	4.41
Dairy	9.44

Source: Teagasc National Farm Survey – 2022 Sustainability Report

### Government Funding to Tillage Sector

As it stands at present, when compared with 2023, 2024 will see a net loss of funding for schemes associated with the tillage sector. In Table 4, IFA analysis estimates there will be a net loss of almost €30 million from combined EU and National Exchequer funded tillage schemes and payments in 2024. This is in addition to the decline in BISS payments in 2024 as result of convergence.

IFA believes it is critical that this funding shortfall is addressed with the sector facing into a crisis situation.

**Table 4: Funding available for tillage schemes and payments in 2023 and 2024**

Payment or Scheme	2023 Funding	Estimated 2024 Funding
Tillage Incentive Scheme	€7,300,000	€800,000
Straw Incorporation Measure	€16,000,000	€10,000,000
Protein Aid	€10,000,000	€7,000,000
EU Ag-Reserve Payment	€12,630,000	€0
Unharvested crop support	€1,665,000	€0
<b>Total</b>	<b>€47,595,000</b>	<b>€17,800,000</b>
<b>Difference in 2023 vs 2024</b>	<b>-€29,795,000</b>	

<sup>5</sup> <https://www.teagasc.ie/news--events/daily/crops/research-verifies-low-carbon-footprint-of-irish-grain.php#:~:text=John%20Spink%2C%20Teagasc%20Head%20of,is%20low%20by%20international%20standards.>

<sup>6</sup> <https://www.teagasc.ie/news--events/daily/crops/watch-ireland-has-already-achieved-key-2030-pesticide-reduction-target.php>.

## IFA Tillage Support Proposals

IFA's primary proposal is the establishment of a **five-year Tillage Survival Scheme with an annual payment of €250/ha** for commercial tillage farmers which must be introduced in 2024. This is vitally important to ensure the survival of the tillage sector. The estimated cost of this scheme is set out in the following table.

**Table 6: IFA Tillage Survival Scheme funding requirement**

Payment (€/ha)	Possible Area <sup>3</sup> (ha)	Reference	Estimated Cost (€)	Annual
€250/ha	268,000		<b>€67,000,000</b>	

It should be noted that €30m of this proposed budget of €67m is funding that was already committed to the sector in 2023. Therefore, it effectively equates to an increase of €37m on 2023 tillage sector funding.

### **Possible scheme conditions**

- Any payment per hectare under a tillage sustainability scheme must not be capped for individual growers but the overall budget should be based on a national reference tillage area at an appropriate point in time in order to limit disruption of the land market
- It is critical that the actions required to comply with any tillage sustainability payment are not overly onerous to comply with.
- Eligible crops should not be under-sown with grass to avoid leakage to non-tillage sectors.
- Possible sustainability actions and criteria for qualification for the multi-year payments could include
  - Grass margins beside watercourses (4-6m)
  - Flower rich margins or strips
  - Minimum tillage
  - Over winter cover crops
  - Use of protected urea
  - Use of liquid nitrogen
  - Over winter stubbles
  - Summer fallow cover crop

<sup>3</sup> 2023 Cereal Area Figures (wheat, barley, oats) – Teagasc Harvest Report 2023

IFA is also proposing a **Tillage Expansion Scheme** for the sector in an effort to reverse the decline in Ireland's tillage area. The Expansion scheme could mirror payments to the previous Tillage Incentive Scheme. This is a must to encourage additional land and farmers into the sector and stem current land losses from the sector.

€400/ha should be paid on land converted into tillage in year one with a maintenance payment of €250/ha following in Year 2. The immediacy of significant financial support to the sector is vital as a large proportion of growers are operating off rented land bases.

As the land market remains in flux and becomes increasingly competitive, tillage farmers must be placed in a position to compete on this market to mitigate the continuation of the decline that has been experienced so far.

**Table 4: IFA Proposals for a Tillage Expansion Scheme**

	Payment (€/ha)	Estimated Uptake (ha)	Estimated Annual Cost
Year 1	€400/ha	15,000 hectares	€6,000,000
Year 2	€250/ha	15,000 hectares	€3,750,000

### **Points of Note**

- It is vital that if land is incentivised for conversion into tillage under an expansion scheme, the land must remain in tillage for a five-year period unless exceptional force majeure circumstances can be demonstrated.

### **Funding Mechanisms**

The above proposals will require a significant provision of state aid from the National Exchequer for future funding of any expansion and sustainability scheme. The funding of agri-environmental commitments is compliant with De Minimis state aid rules for agriculture. Under Regulation 1408/2013 a maximum of €20,000 over a three-year period per beneficiary is allowed, with a maximum amount of €98,460,375 euro under Annex I.

A derogation exists under Article 3a to enable this be increased to €25,000 per beneficiary over the same period with a total cumulative budget of €118,152,450 euro (Annex II) subject to a sectoral cap of 50% per product sector.

IFA believe it is essential that DAFM secure a derogation to this regulation in order to increase the ambition and financial support possible for a tillage expansion and sustainability scheme.

### **Conclusion**

The 2023 Climate Action Plan sets out an ambition to increase the area under tillage to 400,000 hectares by 2023. However, instead of growing the area under tillage in the coming decade, this Government has presided over an ongoing decline in area in 2023 and 2024.

Without urgent and targeted financial intervention, the sector could face decimation in the years ahead. As it stands, this Government has reduced funding into the sector by €30m for 2024 compared with 2023. This is inconceivable given the crisis that the sector is facing.

IFA is proposing, as a matter of urgency, the immediate establishment of a €67m **Tillage Survival Scheme** in order to prevent the complete demise of the tillage sector.

---

IFA Grain Committee