



## Policy Options Arising from the Reform of the Common Agricultural Policy (Pillar I Direct Payments)



### Direct Payments Framework

- Basic Payment Scheme (15% - 68% of budget)
- Greening Payment (30%)
- Young Farmers' Payment (up to 2%)
- Optional Payment to Areas of Natural Constraint (up to 5%)
- Option of Coupled Support (up to 8%)
- Option of Small Farmers' Scheme (up to 10%)
- Option of Redistributive Payment (up to 30%)



## Basic Payment Scheme (BPS)

- Scheme based on entitlements
- New entitlements allocated according to eligible land declared in 2015 but applicant must have been entitled to SFP in 2013
- Option to allocate entitlements to those who never held SFP entitlements but undertook agricultural production activity on 15 May 2013.



## Basic Payment Scheme (BPS)

- Entitlements will, as a minimum, progress towards a flat rate payment per hectare by 2019
- Following options are available:
  - Flat rate in 2015
  - Flat rate by 2019
  - A mandatory minimum progression towards a flat rate by 2019
- Possible to have more than one region in Northern Ireland



# Basic Payment Scheme (BPS)

## Initial Value of Entitlements in 2015

- Initial value of entitlements for an individual farmer in 2015 shall be based on a fixed percentage of the value of SFP payments held in 2014 divided across the number of BPS entitlements allocated in 2015



## Number of Regions

### Four Options Analysed

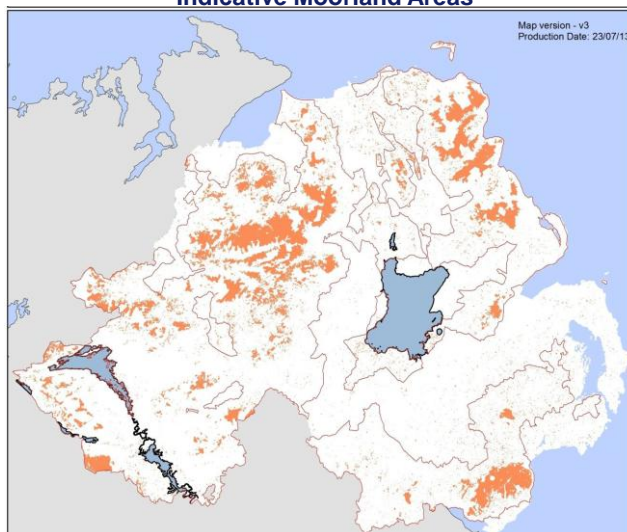
- A. Single Region** (average €329/ha)
- B. Model 1**
  - i. SDA (average €263/ha)
  - ii. DA + Lowland (average €379/ha)
- C. Model 2**
  - i. Moorland (average €186/ha),
  - ii. Other SDA (average €288/ha),
  - iii. DA + Lowland (average €379/ha)
- D. Model 3**
  - i. Moorland (average €186/ha),
  - ii. Rest of NI (average €346/ha)



## Distribution of Direct Payments by Farm Type by Model (full flat rate)

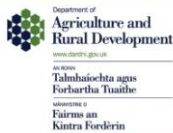
Farm Type	Current Distribution (€m)	Single Region (€m)	Model 1 (SDA and other) (€m)	Model 2 (Moorland, other SDA and other) (€m)	Model 3 (Moorland and other) (€m)
Cereals	4.4	3.7	4.2	4.3	3.9
General cropping	3.7	3.5	3.9	3.9	3.7
Horticulture	1.1	1.2	1.3	1.3	1.2
Pigs and poultry	7.6	6.0	6.4	6.4	6.2
Dairy	61.7	40.5	44.2	44.6	42.5
Cattle and sheep LFA	142.4	141.5	129.6	129.5	137.7
Cattle and sheep lowland	49.8	35.5	40.4	40.4	37.2
Mixed	11.2	8.4	9.4	9.3	8.7
Other types	1.0	1.8	1.9	1.9	1.8
No match	26.3	33.0	33.3	33.4	33.1
Non-farming landowners	9.3	43.2	43.6	43.6	42.6
<b>Total</b>	<b>318.5</b>	<b>318.5</b>	<b>318.3</b>	<b>318.6</b>	<b>318.6</b>

## Indicative Moorland Areas



## Basic Payment Scheme – Suggested Package

- Cancel all existing entitlements at end of 2014 and re-allocate entitlements based on land declared in 2015
- Set the minimum size of the holding at 5 ha
- Define only one region for payments
- Use entitlements held in 2014 as the baseline for calculating a claimant's initial BPS entitlement unit value
- Move all entitlement values half way towards a flat rate payment per hectare by 2019



## Greening Payment

- Greening budget - 30% of the regional budget ceiling
- Option of a flat rate payment per ha, or as a percentage of the total value of BPS entitlements activated by the farmer each year
- Must comply with three requirements on:
  - permanent grassland
  - crop diversification, and
  - ecological focus areas (EFAs)
- Greening requirements apply to all eligible land on the holding, but payment made only on land claimed for BPS
- Land farmed organically qualifies automatically for the payment



## Greening Payment

- **Permanent grassland** – not part of an arable rotation for five years or more (i.e. ~ 90% of NI eligible land)
- Ratio of permanent grassland to total agricultural area at regional/sub-regional level not allowed to fall by more than 5% (if it does, reconversion required)
- Environmentally sensitive permanent grassland in areas covered by Habitats and Birds Directives (including peat and wetlands) and which need protection must be designated and shall not be converted or ploughed



## Greening Payment

### **Crop diversification**

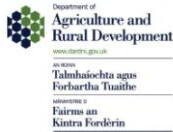
- Farms with less than **10ha** arable land – **EXEMPT**
- Those with between **10ha and 30ha** of arable land, must grow at least two crops with no one crop accounting for more than 75% of the arable land
- Those with **more than 30ha** arable land must grow at least three crops, main crop not exceeding 75% and two main crops together not exceeding 95%
- But if grass/fallow cover more than 75% of arable land, then the main crop on the remaining arable land shall not cover more than 75%, except if all grass/fallow



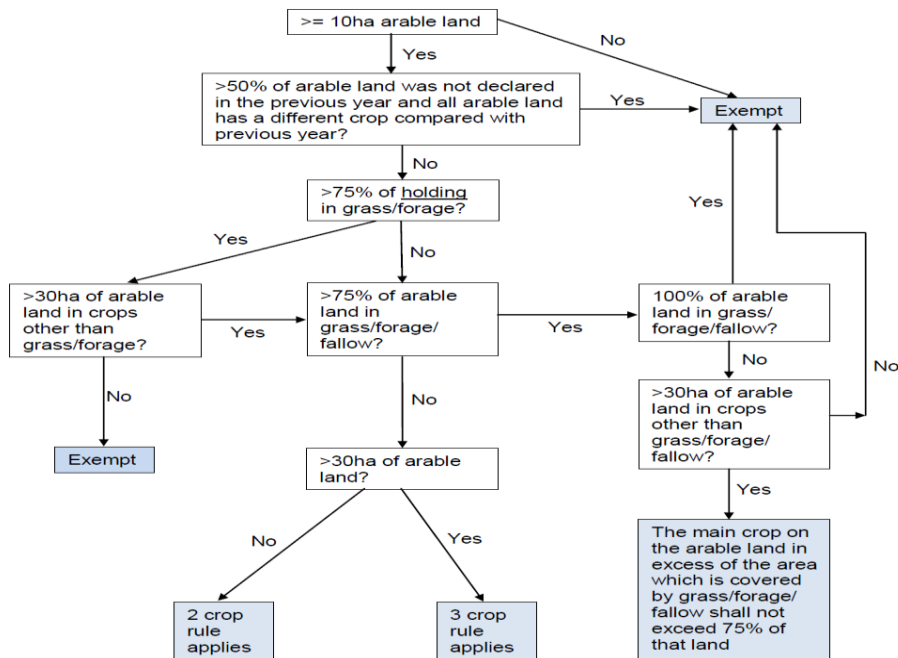
# Greening Payment

## Crop diversification

- Farms with more than 75% of eligible land in grass, or where more than 75% of arable land is grass/fallow are **EXEMPT**, providing remaining arable area is less than 30ha
- Farms where more than 50% of the arable land was not declared by that farmer in the previous year and all the arable land is in a different crop compared with the previous year are **EXEMPT**



**CROP DIVERSIFICATION DECISION TREE**



# Greening Payment

## Crop diversification

- A “crop” includes:
  - Land lying fallow
  - Grasses or other herbaceous forage
- Winter and spring crop varieties count as separate crop types
- An undersown crop shall be considered as only the main crop
- Areas planted with mixed seed shall be considered as a single crop called “mixed crop” (but with options to recognise different seed mixtures as distinct single crops)



# Greening Payment

- **Ecological focus areas (EFA)** – applies to farms with more than 15ha of arable land
- 5% of arable land on the holding must be EFA from 1/1/2015, rising to 7% (subject to legislative proposals from Commission by 31/3/2017)
- EFA shall be located on (or in a few cases, adjacent to) arable land (with two exceptions)





# Greening Payment

## Ecological focus areas (EFA)

- Regions can choose one or more land uses to count as EFA, including:
    - fallow – no production allowed
    - buffer strips >1m (including permanent grassland provided these are distinct from adjacent eligible areas) – no production, but option to allow cutting/grazing
    - agro-forestry on arable land that has been supported under RD Programme
    - certain afforested areas and strips along forest edges
    - short rotation coppice (using indigenous species) with no fertilisers/pesticides
- 



# Greening Payment

## Ecological focus areas (EFA)

- catch crops/green cover established by sowing or undersowing no later than 1 October (excluding autumn sown winter crops for harvesting/grazing)
- nitrogen fixing crops from approved list that contribute to biodiversity, and on approved locations
- landscape features adjacent to arable land (may include features not on eligible area)



# Greening Payment

## Ecological focus areas (EFA)

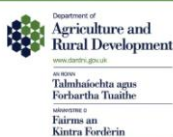
- Weighting/conversion factors may be used to calculate EFAs, for example (draft)
  - Hedges/wooded strips (per 1m) 7.5m<sup>2</sup>
  - Field margins (per 1m) 9m<sup>2</sup>
  - Ditches (per 1m) 3m<sup>2</sup>
  - Traditional stone walls (per 1m) 1m<sup>2</sup>
  - Short rotation coppice (per 1m<sup>2</sup>) 0.3m<sup>2</sup>
  - Catch crops/green cover (per 1m<sup>2</sup>) 0.3m<sup>2</sup>
  - Nitrogen fixing crops (per 1m<sup>2</sup>) 0.3m<sup>2</sup>



# Greening Payment

## Ecological focus areas (EFA)

- Farms with more than 75% of eligible land grass, or where more than 75% of arable land is in grass/fallow/legumes are **EXEMPT**, providing remaining arable area is less than 30ha



## Payment for Young Farmers

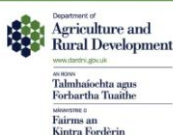
- Persons setting up for the first time as 'head of holding' or have done so within the previous five years
- No more than 40 years of age in the year of submitting first application
- Payment granted for 5 years but reduced by number of years elapsed between setting up and submitting first application
- 25% top-up of the young farmer's own average payment per hectare up to a maximum of 90ha
- Make a Level III qualification in agriculture (or a closely related subject) an eligibility requirement



## Active Farmer

*“In line with case law of the Court of Justice of the EU, payment benefits should be allocated to the person enjoying decision-making power, benefits and financial risks in relation to the agricultural activity on the land for which such allocation is requested.”*

*“It is appropriate to clarify that this principle applies in particular where an eligible hectare is subject to an application for allocation of payment by more than one farmer.”*





## Policy Options Arising from the Reform of the Common Agricultural Policy (Pillar I Direct Payments)