

BISS Payment Entitlements Modelling Exercise

April 2021

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At present, discussions are continuing around the new legislative proposals for the CAP and the final shape of the regulations and the options available to Member States will not be clear until this process is concluded. These proposals are currently under discussion and will be subject to change.

This document sets out the results of a modelling exercise which presents an example of one possible application of the proposed Common Agricultural Policy (CAP) 2023 draft regulations. It is possible to implement these proposed regulations in many other forms.

Rationale

Negotiations on the new CAP programme are ongoing and are due to conclude in the coming months (May 2021). At this point, there is much debate on the level of convergence that is likely in the new programme. Council has accepted a new minimum convergence level of 75%, however during the negotiations with the European Parliament, a higher rate of 85% has been proposed. It is useful at this point to provide an outline of how this change might affect payment entitlement values if this level were in the final regulations.

Assumptions

This modelling exercise includes payment entitlement unit values under the proposed Basic Income Support for Sustainability (BISS). It does not include potential payments from any additional proposed schemes.

The sample population data used to create this case study is based on a snapshot of the payment entitlements held by Irish farmers that submitted a 2019 Basic Payment Scheme (BPS) application. The average BPS payment for this population is €9,385, including Greening. The average payment per hectare held by this population amounts to €265 (BPS and Greening).

Three farmers are used to form the basis of this case study and it has been assumed that all three farmers own 32 BISS payment entitlements each. The unit values of these BISS payment entitlements are as follows:

- Farmer X – €160 BPS and Greening
- Farmer Y – €300 BPS and Greening
- Farmer Z – €400 BPS and Greening

In order to assess the impact of the proposed BISS regulations on these farmers, a Pillar I ceiling allocation was assumed, as set out in table A. This table also sets out the assumed convergence and maximum payment entitlement unit value rates. Capping, also known as reduction of payments, has not been included.

The assumptions made in this table do not reflect the potential future implementation of the CAP in 2023. As the discussions on the new CAP are ongoing the options available to Member States will not be clear until this process is concluded

	Model
National Ceiling (Based Draft Reg)	€1,186,281,996
CISYF (2%)	€23,725,640
Coupled Income Support (0.25%)	€2,965,705
Eco Scheme (25%)	€296,570,499
BISS Ceiling	€863,020,152
NR (3% BISS Ceiling)	€25,890,605
BISS after NR	€837,129,548
Capping	None
Convergence by 2026	85%
Max Unit Value applied 2026	€500

Table A: Model Ceiling Breakdown

Modelling Exercise Output

Table B details the output from the application of these modelling assumptions. It uses the base rate of the 2019 BPS and Greening unit values as set out above. Table B details the impacts on the convergence path over four years (2023-2026) based on the assumed BISS payment entitlement unit values. The subsequent BISS payments based on assumed number of payment entitlements held are also included.

	Entitlements	BPS Greening UV	2023 UV BISS	2023 Payment	2024 UV BISS	2024 Payment	2025 UV BISS	2025 Payment	2026 UV BISS	2026 Payment
Farmer X	32	€160	€125.27	€4,008.64	€137.08	€4,386.56	€148.89	€4,764.48	€160.71	€5,142.72
Farmer Y	32	€300	€209.58	€6,706.56	€206.43	€6,605.76	€203.27	€6,504.64	€200.11	€6,403.52
Farmer Z	32	€400	€271.05	€8,673.60	€258.44	€8,270.08	€245.83	€7,866.56	€233.20	€7,462.40

Table B: Case studies as per Unit Values and Payments based on Unit Values Only.

The values included in Table B, and others under the Direct Payments ceiling, are inextricably linked to each other. This means that each time one of the elements is changed, each of the other elements also must change.

The new CAP regulations remain under discussion at present and some of these elements differ under the proposals from the Commission, the European Parliament and the Council of the European Union. Therefore, these elements are still changing and are subject to the ongoing negotiations.