INHFA
Proposed Interventions for the CAP Strategic Plan 2023-2027

IRISH NATURA & HILL FARMERS ASSOCIATION (INHFA)

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INHFA Proposals on new CAP

INHFA reply on the Public Consultation for the CAP Strategic Plan 2023-27

Introduction Pillar 1

In relation to Pillar 1, our submission covers the replies to the six questions on Page 47 and the key definitions for the Genuine Active Farmer and Agricultural Activity. We have also outlined details on GAEC 2.

Q1. Should Ireland implement capping at an effective rate of €66,000 or €100,000, or at a rate between?

A1. Capping of payments has been a policy position of the INHFA since the commencement of the current CAP process. This position is unchanged and we maintain this should be applied at the lowest rate available which is €66,000. In addition to this, there shouldn't be any allowance for labour units.

The very high payments made to an elite number of farmers both in Ireland and across the EU has done untold damage to the general public and continues to undermine our ability to deliver a significant increase in the overall CAP budget. If CAP is about supporting the family farm model, then there must be a realistic upper limit and ideally, this should be well below the €66,000 outlined.

Q2. Should internal convergence stop at 85% of the national average payment entitlement value in 2026, or should it go to a higher percentage?

A2. The INHFA position on convergence is that it should go to 100%. While this will be of concern to some farmers especially smallholders that have high entitlement values there are options that can protect them most notably the CRISS. (*see question 3 below)*

Continuing to pay farmers based on production levels from over 20 years ago is not credible. With CAP payments now based on conditions through the Good Agricultural & Environmental Conditions (GAEC's) then any new payment model must reflect this and as all farmers are expected to operate under the same conditions then it's only reasonable that the payment rate per hectare should be the same.

Q3. Should Ireland go beyond the 10% of direct payments to redistribute from large to smaller or medium-size holdings? Or should Ireland seek to use the derogation to reduce the percentage? Should this funding be redistributed to farmers with holdings of less than 30 hectares?

A3. The INHFA have since the commencement of this CAP process lobbied for a front-loaded payment option to assist smallholders. On this basis, we are supportive of proposals to redistribute 10% of Pillar 1 payments under the *Complementary Redistributive Income Support Scheme* (CRISS) as 10% was the percentage that we targeted for this support.
For smallholders that currently have high-value entitlements this support will be critical to offset possible reductions under convergence. On this basis, we struggle to understand the approach taken by other groups and organisations that continue to fight against this option.
We don't believe Ireland should use any derogation to reduce the percentage.

With regard to the number of hectares, this should be paid on. It is our opinion based on the modelling conducted by the DAFM that 30ha may be too high and have minimal impact in supporting smallholders. On this basis, we are recommending that this be paid on the first 15ha which would deliver an additional payment of €80ha based on a 10% Pillar 1 budget.

Q4. Should Ireland go beyond the 25% of direct payments to be allocated to eco-schemes? Or should Ireland use the flexibility in the regulation to reduce the percentage allocated to eco-schemes?

A4. On balance we believe that 25% for eco-schemes is reasonable and don't think it should be reduced or increased. However, in relation to the eco-scheme, it is vital that all farmers get equal access irrespective of farm or land type. Measures to deliver on this will need to be available to accommodate all farms and land types.

It is also vital that there be a uniform payment per hectare delivered from the commencement of the new CAP Programme.

Q5. What aspects of the current system do you consider unfair, and what is the best combination of all of the above mechanisms in order to bring about a fairer distribution of direct payments?

A5. As already outlined continuing to support farmers based on a production type from over 20 years ago is very unfair especially on new entrants that inherited low-value entitlements. While the current CAP Programme had a facility to bring new entrants on low entitlements up to the national average, many young farmers in the previous CAP Programme (up to 2013) were only brought up to the average for their District Electorate Division. In addition to this many young farmers (such as the forgotten farmer group) lost out because they were farming too long. While these farmers can't be reimbursed for lost income to date, we can ensure a fairer system going forward through 100% convergence.

A point that has rarely featured in this CAP process is how the overall budget for Member States is calculated through the external convergence model. This model which is similar to the (internal convergence model) will see payments in all Member States converge to what will be an EU average. As a result of this many Member States especially in the east will see their budget increase while other Member States such as Denmark and Germany will see their budget reduced. This will have a knock-on effect for individual entitlements. As Ireland's average entitlement value was at the EU average, we didn't experience any reduction. This was due in no small part to the fact that 60% of our farmers had below-average entitlements which helped to bring our national average down and protect everyone's payments.

It's unfair and factually incorrect for farmers on high-value entitlements to outline how the 60% of farmers with low-value entitlements are taking money from them. By going with 100% convergence all we are doing is giving those farmers on the lower entitlements the money that is rightfully theirs.

Q6. Should there be a specific intervention to incentivise gender equality?

A6. To the best of our knowledge, no farmer in receipt of CAP Pillar 1 has ever been discriminated against based on gender. However, any analysis of our farming industry will clearly show that it is male-dominated although this is slowly changing. This can be problematic especially for women, not just in their farming industry but more so through wider interactions. INHFA welcomes the establishment of the *Women in Agriculture Stakeholders Group* which aims to address many of the challenges posed for women in the sector and we support their CAP proposals.

We believe the culture must change, women that are currently in the sector have proven that they are more than capable and excelling in the industry. Links between gender diversity and board of directors in Fortune 500 companies show a higher return on equity, sales, and invested capital among those that have women on the board of directors. Studies have shown that women have changed, become more assertive and hence better able to adapt within the industry. Moreover, women must feel equally respected, they can play a multifunctional role in addressing the imbalance which will result in positive outcomes for the sector. To incentivise farm succession to more females, it is imperative that they are supported in the transition through CAP funding.

This is something that should be assessed and CAP funding especially through Pillar 2 can be an important element in this. Such funding could for example be used on an awareness campaign that can address any prejudices and inform acceptable behaviour.

Beyond this, there is a role for Member States to assess ongoing supports especially around maternity, childcare and improve where required.

Conditionality & Definitions

1. GAEC 2: This must include as part of any final definition the following wording "*shall ensure these lands maintain their agricultural area status"*
2. Agricultural Activity should be defined in a way that it contributes to the provision of; 2*agricultural goods and public goods or the maintenance of an agricultural area in a state suitable for grazing or cultivation without a preparatory action going beyond usual agricultural methods."*
3. Genuine Active Farmer is any: *"natural or legal person whose holding is situated within the territory of the member states and exercises an agricultural activity on the agricultural areas at the disposal of the farmer not going beyond a two-year period."*

Pillar ll

Introduction

The INHFA is seeking a commitment from Government to deliver a substantial increase in the overall Pillar ll budget. Such a budget will need an annual increase of at least €200m to deliver a minimum annual budget of €800m. A budget such as this can substantially increase both the ANC and proposed AECM, double the sheep welfare supports and put in place supports for suckler farmers paying at least €250/cow.

Agri-Environment Climate Measure (AECM)

In developing any Agri-Environmental Scheme it is vital that the scheme accommodates and pays farmers who are already delivering on environmental outcomes. In the current GLAS many farmers especially those with private hill that didn't have any designation on it and lowland farmers operating an extensive high nature value farmland system were excluded. This must not happen in the new AECM. While we accept the need to encourage farmers to improve on environmental outcomes it must not come at the expense of those that are currently delivering these environmental outcomes.

On commonages we are looking for an extension of the current GLAS Commonage Management Plan (CMP) action where sustainable stocking rate figures (min/max) have been determined by DAFM for all commonage stakeholders. In recognising the unique farming systems that operates on our commonages it is also vital to recognise that each farmer operating these lands are individuals.

Finally, on our Agri-Environmental supports it is vital that a fair value is placed on the efforts of farmers both in terms of outcomes and measures delivered. In terms of financial reward, both GLAS and AEOS were a poor substitute for REPS. This is a fact that was also acknowledged in the Conclusions and Recommendations of the Indecon Mid Term review of the 2014-2020 RDP. On paragraph 9:1 it stated that GLAS is likely to have a small positive impact on farm incomes. This is hardly a resounding endorsement of GLAS and would indicate that farmers in GLAS were underpaid.

Organic Farming Scheme

In assessing this scheme the first point we would like to make concerns the language used which shows no ambition for organics. Language such as "support farmers wishing to convert" is very weak as we should be encouraging and educating farmers on the benefits of going organic. For a sector with such high targets in the CSP and the Farm to Fork Strategy, we have to ask, why is there so little of this document devoted to organics when we assess the major potential there is for organics.

Under this proposed scheme it details how aid is to vary across the farming sectors according to demand in each sector. This will be divisive and could be seen as an attempt to drive people out of organics especially the sheep sector because it hasn't been marketed properly. We are suggesting that you target marketing towards sectors that don't have enough demand for organic produce.

In the current organic scheme, there are barriers around the requirement for minimum stocking rates in order to achieve a full payment – this has only been used by the Department of Agriculture in Ireland. This discriminates against farmers on some soil types and on designated lands where they are compelled to operate within a maximum stocking rate. Any new scheme must not discriminate in this manner.

Another anomaly in the current scheme concerns smaller organic farmers who cannot avail of an organic payment and an Agri-environmental payment. Similar to the minimum stocking rates this anomaly must not feature in the upcoming scheme and we are strongly recommending the inclusion of a front-loaded payment that will encourage and assist smallholders.

We note in the proposed scheme under the eligibility conditions there is a requirement for registration with one of the Organic Control Bodies. The costs of such certification are prohibitive which is a fact that needs to be re-assessed.

Finally, we are recommending that the holding of a valid organic licence fulfils the requirement for the Eco-Scheme in Pillar 1.

Natura 2000 lands

On Natura 2000 lands (SAC & SPA) which based on the EU's Nature Fitness Check are delivering between €2-3bn annually to the economy the total annual payment through GLAS is insulting and must be addressed in this CAP Programme. Article 67 allows for specific payment on these lands and we are calling for an annual payment of €150/ha on all Natura lands in recognition of the burden that has been imposed on them. This payment should be seen as separate from any management payment which can be made through AECM.

Suckler Supports

The proposed Suckler Carbon Efficiency Programme is unacceptable and a non-runner. Through its title, structure and conditions this proposed scheme labels our suckler sector as the problem in relation to climate change. This is clearly not the case and we would ask DAFM staff (especially those that drafted this scheme) to read the 2017 EU Commission Report titled Grazing for Carbon. In this report, it outlines how extensive grazing as practised by the vast majority of suckler farmers is in fact carbon neutral.

The scheme needs to be retitled and redrafted with the focus on welfare measures as currently applied through the BEEP but with a much higher payment rate.

Sheep Improvement Scheme

While the structure of this is broadly similar to the existing sheep welfare scheme we do need to consider additional measures such as shearing, dipping and on hill farms hefting. Consideration should also be given to allowing farmers to use up to 20% of their ewe lambs as part of their overall reference numbers.

On payment rates, €20/ewe should be a minimum aspiration and we need a commitment that the overall budget for the scheme will be spent each year with top-up payments made if there is an underspend.

In relation to any reference year, this needs to be updated as the scheme progresses.

Conclusion

For suckler, beef and sheep farmers the new CAP will be critical income support. On this basis, we must ensure a fair CAP that rewards farmers for the work and outcomes they are currently delivering. The proposals outlined have the ability to deliver on this and we look forward to discussing them with the Minister and his staff in more depth.