Submission on the Proposed Interventions in the Draft CAP Strategic Plan 2023-27

3rd September 2021

The Irish Farmers' Association

Irish Farm Centre

Bluebell

Dublin 12

D12 YXW5

+353 1 450 0266

Executive Summary

The new CAP: less money, but more environmental obligations

The new Common Agricultural Policy agreed by the EU Council, Commission and European Parliament last June. It increases the climate and environment asks from farmers, decreases the budget available to support their incomes, and repurposes payments needed for income support to make them conditional on environmental action. It leaves farmers, many of whom in Ireland are dependent on their CAP payments for their income, faced with lower payments but having to fund more costly actions, including some which will challenge their productivity. In addition, the new CAP seeks to redistribute payments, regardless of how equitably they are already distributed among farmers in a Member State like Ireland.

Implementation must not create more unviable farmers

In the implementation of the new CAP through the Irish CAP Strategic Plan Interventions for 2023-27 – which are the subject of the current consultation and of this submission – it is essential that the Minister and his officials at the Department of Agriculture, Food and the Marine (DAFM) would not create more unviable farmers, but would be ambitious about supporting farmers in vulnerable sectors.

IFA's submission on the Proposed Interventions in the Draft CAP Strategic Plan 2023-27

This comprehensive, detailed submission from IFA addresses **all aspects of the 22 interventions (nine under Pillar I, 13 under Pillar II)** proposed by DAFM as part of its draft CAP Strategic Plan 2023-27. It also proposes **two further Pillar II interventions** targeted to two vulnerable sectors: a **Cattle Rearing and Finishing Scheme and a Scheme for Tillage Farmers.**

Our detailed submission is underpinned by the **Six Key IFA Objectives** identified last May:

1. Minimise the impact of **Eco-Schemes** on each farmer's basic payment.
2. Minimise the level of internal **Convergence**.
3. The Government must deliver on its commitment to **maximise national co-financing** of CAP Pillar II schemes.
4. Ensure sensible design and practical implementation of **Good Agricultural Environmental Conditions (GAECs)** – previously known as Cross-Compliance, now Conditionality.
5. Provide an appropriate definition for **Active Farmers** reflecting a minimum economic output, while phasing out long-term leasing of entitlements.
6. The Government must honour the Programme for Government **€1.5bn Carbon Tax/REPS 2** commitment, but not raid it to discharge its Pillar II national co-financing commitment.

In addition to IFA's six key points set out above the following issues arise from the outcome of the EU negotiations and the specific proposals made by the Department in this document.

- The outcome of the trilogies negotiations at EU level will disproportionately impact a cohort of our most active farmers and risk making them unviable. The impact on these farmers must be mitigated by decisions at National level.
- The DAFM need to do a proper assessment of the impact at farm level of what has been decided by the EU before finalising their National Strategic Plan.

- The Eco-Schemes application must be part of the BISS application and the payment must come at the same time as the BISS advance payment
- The vulnerable sectors beef, sheep and tillage must be prioritised within Pillar II.
- IFA is proposing a minimum payment of €300 per suckler cow, €30 per ewe, the expansion of the Dairy calf scheme into a new Cattle Rearing and Finishing Scheme and the introduction of a new Tillage Scheme.
- IFA is seeking the introduction of a comprehensive and ambitious new Agri-Environmental scheme with a base payment of up to €10,000 plus results-based payments.
- IFA rejects any 'caps' or 'limits' on the number of cows or animals at individual farm level or nationally.
- IFA rejects any requirements being imposed on farmers to join Bord Bia Quality Assurance Schemes. Farmers participate in these schemes to get a better return from the market. Bord Bia and the Minister need to focus on ensuring farmers get this return rather than trying to force farmers to participate.
- The so called 'Forgotten Farmers' should be catered for in the new programme. IFA has included a separate set of proposals to address the concerns of these farmers.

Negotiation with farmers

The DAFM must engage genuine NEGOTIATION with farmers to agree a plan around the CAP Strategic Plan. Farmers are sick of 'consultation processes' which are amounting to no more than a Box ticking exercise. Unlike other so called Stakeholders farmers livelihoods are on the line.

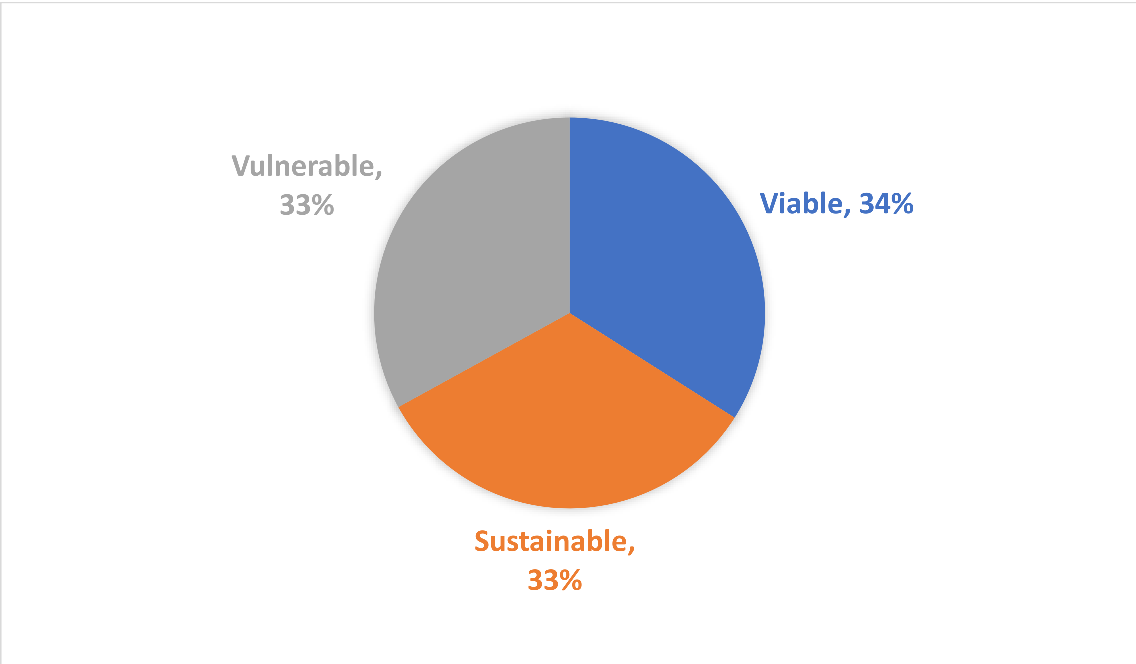
Introduction

The Irish Farmers' Association is the largest national representative organisation in the country, with over 72,000 members. It is the recognised voice of Irish farmers in Europe and internationally. IFA represents farmers with Government, agri-business and retailers; lobbying and campaigning for improved conditions and incomes for farm families. We represent farmers in all sectors through our democratic structure of 29 County Executives and our ruling body the National Council, on which each county and each commodity is represented. Through our Brussels office and affiliation with COPA-COGECA, we maintain a full-time presence at EU level on behalf of Irish farmers. The Association promotes the ongoing development and competitiveness of Irish agriculture and the food industry, which is making an important contribution to Ireland's economy.

Farmer Viability

Figure 1 illustrates the level of viability of Irish farmers as analysed in the Teagasc National Farm Survey. It clearly shows that, in 2020, two-thirds of farmers were less than viable. A farm business is deemed to be viable if the farm income can remunerate family labour at the minimum agricultural wage and provide a 5% return on capital invested in non-land assets (e.g., livestock/farm machinery). A farm household is considered sustainable, even if the farm business is unviable, if the farmer or spouse are in receipt of an off-farm income. A farm household is considered to be economically vulnerable if the farm business is not viable and neither the farmer nor the spouse work off-farm.

Figure 1: Viability of Irish Farmers (2020)



Source: Teagasc National Farm Survey 2021

Dependence on Direct Payments

The importance of the Common Agricultural Policy (CAP) to Irish farmers cannot be overstated. Without the support CAP provides in the form of Direct Payments, the vast majority of Irish farmers would be unviable. Analysis of the Teagasc National Farm Survey for the last three years, as outlined in Figure 2, shows that on average 74% of farm income comes from Direct Payments, while Direct Payments make up between 118% and 159% of dry stock farmers' total income.

Figure 2: Value of Direct Payments (DP), Average Farm Family Income (FFI) & Contribution of DP to FFI (Average of last 3 years)

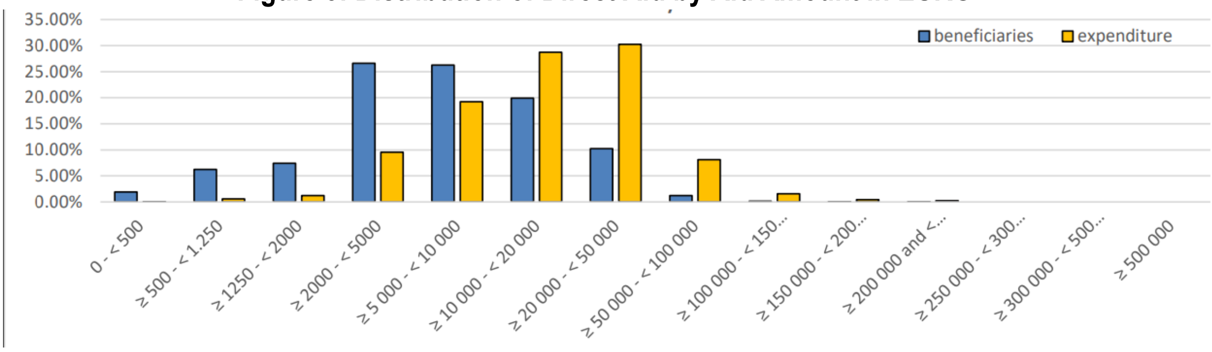
	DP (€)	FFI (€)	DP contribution to FFI (%)
Dairy	20,604	67,170	31%
Tillage	24,318	35,292	69%
Cattle Other	16,988	14,378	118%
Sheep	19,128	15,487	124%
Cattle Rearing	13,956	8,785	159%

Source: National Farm Surveys 2018, 2019 and 2020, Teagasc (adapted).

Equity in Current Distribution of Direct Payments in Ireland

The distribution of Direct Payments in Ireland is less concentrated than in the EU as a whole, with 20% of Irish farmers receiving 56% of Direct Payments in 2015. In comparison, the average across the EU is that 20% of farmers receive 82% of Direct Payments. Payments in Ireland are a little more concentrated than land. This shows significantly greater equity in the distribution of Direct Payments in Ireland.

Figure 3: Distribution of Direct Aid by Aid Amount in EURO



Source: Analytical factsheet for Ireland: Nine objectives for a future Common Agricultural Policy. European Commission 2019.

The new CAP measures propose a significant degree of redistribution of farm payments. In light of the vulnerability of the majority of Ireland’s farm enterprises, the high level of dependence of farmers’ incomes on Direct Payments and the already relatively equitable distribution of payments in the Irish farm population, DAFM must commission an analysis of the economic consequences of the interlinked new CAP measures on farmer incomes and viability prior to finalising the proposed CAP Strategic Plan interventions. CAP reform 2021-2027 must not create more unviable Irish farmers.

IFA feedback on the proposed interventions in the Draft CAP Strategic Plan 2023-27

The following outlines the IFA's feedback on the proposed interventions in the draft CSP. While appreciating the short extension granted late in the short consultation process to 3rd September, we look forward to further engagement with DAFM beyond that date as proposed interventions under the CAP Strategic Plan are developed over the coming weeks and months.

PILLAR I

Pillar I sees Greening being replaced by Eco-Schemes, which are to be funded by a generalised deduction of 25% from every farmer's Direct Payment. Also, Pillar I will feature significant levels of other forms of payment redistribution, through Capping, Convergence and Potentially CRISS.

General IFA views

- As stated in our introduction, IFA does not want to see the proposed interlinked payment reduction/redistribution measures challenging the viability of farmers. It is unconscionable that CAP 2023-27 would create more unviable farmers.
- It is therefore crucial that DAFM would carry out a full economic impact assessment of any revised CAP policies prior to their finalisation and presentation to the EU Commission next January.

Definitions

- **Agricultural area**
    - Further detail is required on the proposed amendment to include rushes within the permanent grassland definition. This should include the impact the amended definition will have on all payments to allow a fully formed discussion on this point.
- **Eligible hectare**
    - There can be no differentiation between the 30% of land it is proposed to reintroduce to eligibility and existing productive land.
    - The inclusion of the additional 30% of land consisting of features beneficial to water protection, climate or biodiversity must be assessed for its impact on the value of payments. These areas will vary across all parcels, and the maximum of 30% per parcel may unfairly penalise some farmers. Allowing up to 30% of all land applied to be considered eligible simplifies the proposal provided there is no significant impact on payment levels, or unintended distortion of the land market.
- **Active farmer**
    - Activity must be defined through a minimum output/sale value from the farm, with a different, lower level for farms in Areas of Natural Constraints (ANC).
    - In order to help encourage more young farmers into the industry it is proposed to use any money generated from redefining the active farmer for generational renewal initiatives.

- IFA also proposes a reform of regulations governing the leasing of entitlements which would include the phasing out of long-term entitlement leasing. It is proposed the revised regulations will take account of exceptional cases such as family ill-health or bereavement where leasing of entitlements will still be permitted.
- Multinationals and large corporations must be excluded from CAP payments on all lands.

Conditionality – Good Agricultural and Environmental Conditions (GAECs)

Any changes in GAECs must not undermine the economic agricultural activity taking place on Irish farms. The DAFM must adopt a flexible and facilitative approach when implementing GAECs at a national level and they must be sensibly designed and pragmatically implemented. This approach must minimise the impact of GAECs on farmers and their farm businesses.

- **GAEC 2:** It must not impose additional measures on farmers that will negatively impact the production capability of Irish farms. Peatlands and wetlands currently make up a substantial amount of Ireland's productive land area. Much of this land is under agricultural use with an estimated 300,000 hectares of permanent grassland on drained, carbon-rich soils.
- **GAEC 4:** It will potentially have a negative impact on the production capacity of Irish farms and therefore Irish farm incomes. To avoid this, the width of buffer strips required along water courses must be minimised given the field size of a typical Irish farm. The optimisation of the management of existing buffer strips must be prioritised over increasing the width of such strips. Currently, buffer strips are not a requirement of non-derogation farmers, and this should continue. In addition, to avoid loss of grazing land and shelter for animals, there must not be any requirement to fence buffer strips.
- **GAEC 8:** Ireland has less than 7% of its agricultural area under arable production and should therefore be exempt from GAEC 8 which is being considered for the general EU arable sector. The existing crop diversification scheme required under Greening has already introduced ample crop rotation measures to Irish tillage farms. On mixed farms, permanent pasture should also be eligible under a future crop diversification scheme to reduce the number of farms with smaller cropped areas exiting the sector. It would be grossly unfair to transpose the full requirements of the current Greening measures directly into GAEC 8. The principle of subsidiarity for member states must apply in this case.
- **GAEC 9:** The objective at EU level is to devote a minimum of 4% for non-productive areas or features on arable land. The DAFM must not go beyond the EU requirement. This is vital to ensure that smaller but intensive farmers who have limited unproductive areas and would find it difficult to comply with this DAFM proposal. This would risk taking out a portion of their productive land which contributes significantly towards generating their income.
- **GAEC 10:** Reseeding in Natura 2000 sites must continue to be allowed, as was the case previously. This is vital for farmers who wish to incorporate a multispecies sward into permanent grassland and continue sward rejuvenation which in turn yields more grass per kg of nitrogen applied.

Basic Income Support for Sustainability (BISS)

- **Convergence**
  - In the context of the potential additional flattening effect of Eco-Schemes and some other redistributive payments, IFA is disappointed with the Minister for Agriculture's failure to ensure that the European Council's position on a maximum 75% level of Convergence would prevail.
  - IFA is concerned that reducing the payment of farmers through Convergence of their per hectare BISS payment, in combination with the redistributive impact of other measures, runs the real risk of creating more unviable farmers without contributing to improving the viability of those who are already economically vulnerable.
  - In light of the Trilogue agreement that Member States must reach a minimum Convergence level of 85% by 2026, IFA believes the Irish CAP Strategic Plan must only provide for the minimum Convergence possible, especially to protect the viability of vulnerable farmers, including beef and suckler farmers.
- **Capping**
  - Considering the dependence of the majority of Irish farmers on their Direct Payments, and the fact that the distribution of Direct Payments among Irish farmers is among the most equitable in the EU, it is vital that Capping would only be implemented with due care.
  - Labour costs, including the farmers' own labour value, family labour and where partnerships are in place, should be factored in before determining the level of DP subject to Capping. Leased-in entitlements should also be exempt in the Capping calculation.
  - Capping should only apply to the remaining BISS payment.
- **Leasing of entitlements**
  - IFA supports a reform of regulations governing the leasing of entitlements which would include the phasing out of long-term entitlement leasing. The revised regulations must take account of exceptional cases such as family ill-health or bereavement where leasing of entitlements will still be permitted

Complementary Income Support for Young Farmers (CIS-YF)

- Generational renewal is a crucial element in CAP and has been reaffirmed among the nine over-riding objectives for CAP 2023-27.
- IFA welcomes the continued support for young farmers provided in the draft CAP Strategic Plan.
- The 'Forgotten Farmers' must be eligible to apply for CIS-YF and the National Reserve. The funding for this does not necessarily have to come from CAP funds, it could be funded by the National Exchequer or a combination of both.
- Note: the 'Forgotten Farmers' are a group of farmers who lost out in the last CAP due to a combination of missing out on the Young Farmer Scheme, the National Reserve and the higher rate of grant aid in the TAMS scheme. This followed the removal of young farmer supports

(Installation Aid) due to cuts in public expenditure by the Government following the last recession. These farmers were then unable to qualify for the young farmers' supports introduced under CAP 2015 because in many cases they had been farming for five years or more.
For details of comprehensive IFA proposals around the 'Forgotten Farmers' see attached.

Eco-schemes

Eco-Schemes must be devised in such a manner that they do not negatively impact on farm incomes. IFA is strongly opposed to Eco-Schemes being based on costs incurred and income foregone. Payment for Eco-Schemes must be considered an integral part of farm income in Pillar 1. Payments must be made simultaneously with BISS and the measures must be designed to facilitate this.

- IFA's policy is that eco scheme payment should be based on the entitlement level of the participating farmer. However, as the regulations are currently being interpreted by the DAFM eco schemes will become a secondary and immediate form of convergence. Active farmers whose businesses are more impacted by Eco-Schemes participation should be rewarded with higher Eco-Schemes payments which will help maximise the number of farmers who participate in Eco-Schemes. While the IFA understand the challenges posed by the regulations it is vital that the DAFM do everything possible within the regulations to mitigate against income losses incurred by active farmers as a result of eco schemes.
- Ireland should reduce as much as possible the deduction from Pillar I payments to fund eco schemes. The commission requirement of 25% can be reduced by utilising the rebate option provided in the new CAP legislation based on the environment delivery through pillar II.
- Eco-Schemes actions must be simple and have no financial costs for the farmer. In addition, they need to be designed in such a way that they are not influenced by the weather or other factors outside the farmer's control as this could leave farmers unable to avail of the scheme in a given year.
- Some of the existing Greening measure under the current CAP could be considered as Eco-Scheme actions.
- Irish farmers already have very strong credentials on agri-environmental measures. 33% of Ireland's land is farmed under Agri-Environmental Climate Measures compared with an average of 13.4% across the EU-27 member states. More recognition should be given to the level of actions undertaken by Irish farmers to date.
- The sample measures identified in the consultation document need further development to provide a comprehensive list of measures. These measures must have broad appeal and be achievable by all farmers regardless of sector or intensity.
- Tillage farmers were disproportionally affected by the last CAP as they were the only sector which were affected by Greening and Ecological Focus Areas.
- Eco-schemes must support farmers producing food, and reflect the higher costs involved.
- Eco-Schemes should present participating farmers with a menu of practical actions including measures relevant to different sectors regardless of intensity, income vulnerability and geography.

Apiculture Programme

- IFA supports the continuation of interventions to support research in the apiculture sector at the proposed budget level.

Sectoral Intervention in the Fruit and Vegetables Sector (Producer Organisations)

- The rules governing the Sectoral Intervention must be much less bureaucratic than the current PO rules are and designed in a much more farmer/grower friendly manner.
- There must not be an increased demand for environmental actions within the Operational Plans for POs in the horticultural sector. The maximum which should be spent on environmental measures in operational programmes should be no greater than 15%.

Coupled Income Support for Protein Aid

- The Protein Scheme Aid budget must be doubled from €3m to €6m.
- There is a strong need for a much more ambitious comprehensive Tillage Scheme – most appropriately in Pillar II - which factors in the full complexity of the tillage business.

Complementary Redistributive Income Support for Sustainability (CRISS)

- CRISS was devised as a proposal within the context of a European distribution of CAP payments which is significantly less equitable than Ireland's (see Figure 3 above).
- Farmers are genuinely concerned about the impact of the type of redistribution of Direct Payments, and therefore income, which CRISS will contribute to.
- While acknowledging that CRISS has been presented as beneficial for the majority of farmers, the modelling exercise by DAFM shows only a minor increase in payment for those who benefit and a major loss for those who will have payments reduced.
- IFA appreciates acutely the need to support vulnerable farmers, IFA believes there are appropriate and effective ways to do so (see Pillar II measures below).
- IFA favours an approach which avails of maximum flexibility through the proposed derogation, which ensures the redistributive impact of other measures can be factored into the calculation for CRISS to minimise the deduction required substantially below 10% of PI payments.

PILLAR II

Pillar II must provide support to farmers in the more vulnerable sectors, namely beef (cattle rearing, suckler farming and other types of drystock cattle enterprises), sheep and tillage. The new Pillar II proposals make it possible for Member States to co-fund schemes beyond 57% and Ireland must avail of this opportunity.

General IFA views

- Ireland must maximise its national co-financing of CAP Pillar II schemes, as per the commitment to do so in the Programme for Government, utilising the option in the new CAP provisions to increase the level of national financial contribution.
- The further commitment under the Programme for Government to use €1.5bn from the Carbon Tax proceeds to fund an Agri Environmental Scheme must also be delivered on fully. However, these funds cannot be raided by Government to discharge its co-funding commitments under Pillar II by the back door.
- In 2020, the National Exchequer contributed over €300m in funding towards agri-schemes. These included Areas of Natural Constraints (ANC), Green Low-Carbon Agri-Environment Scheme (GLAS), Beef Data and Genomics Programme (BDGP), Targeted Agricultural Modernisation Scheme (TAMS), BEEP-S (Non-pillar II), Sheep Welfare scheme, Locally Led schemes, NPWS Farm Plan, Organic Farming scheme. These schemes are a vital support for our vulnerable sectors.
- IFA is targeting a combined suckler cow payment of €300/cow and ewe payment of €30/ewe.
- IFA is also targeting an ambitious Tillage Scheme under Pillar II. The tillage sector was disadvantaged by Greening and the Ecological Focus Area provisions in the current CAP. It is clear Convergence and Eco-Schemes will affect them further in the new CAP.
- IFA also proposes a scheme extending the Dairy Beef Welfare scheme to provide support to all vulnerable drystock cattle farmers.
- Leakage of funding from all schemes must be avoided and the direct return to farmers must be maximised. All costs associated with implementing schemes must be funded by the national exchequer outside of CAP funding.
- Payments must be based on incentives and supports in addition to the costs incurred/income foregone calculations recognising the importance of direct support funding to the sector.
- Farmers who are farming land which is designated as Special Areas of Conservation (SAC), Special Protected Areas (SPA) and Natural Heritage Area (NHA), and/or commonages must have priority access to all schemes and must be paid at a higher rate.

Agri-Environment-Climate Measures (AECMs)

- AECMs must be designed to appeal to all farming sectors and geographical areas.
- The scheme should be broad enough to facilitate as many farmers as possible, and realistic enough so that each applicant can adopt a set of measures that suit their farm. Every farmer in the country should be able to join and generate a payment. 50,000 as presented by DAFM in the Consultation Document is not nearly ambitious enough.

- **IFA views regarding the General (individual farmers) and Co-operative (landscape approach) parts of the scheme.**
    - All farmers who wish to participate in the General scheme must be given the opportunity to do so.
    - Prescription-based measures (with fixed rate of payment) must be front-loaded and pay participating farmers up to €10,000. Results based payments must be in addition to this.
    - Prescription-based measures must offer a large list of options, recognise existing features and continue to enhance earlier schemes.
    - Results-based measures must be realistic and suitable for all sectors, also include a large list of options, and provide for simple scoring which is easily defined. They must also be practical and achievable: for example, a requirement under REAP for sheep farmers to maintain buffer strips falls foul of the fact that sheep graze to levels that prevent indicator species growing.
    - Non-productive investments must be included as part of the General scheme.

- **IFA views specific to the Co-operative scheme (landscape approach) part of the scheme.**
    - The landscape approach, involving a number of farmers, must not be forced on farmers. Farmers must be given the option to choose to participate in either approach.
    - Funding for the Local Project Team involved in the running of the landscape approach part of the AECMs scheme must not come from CAP.

- **Other issues**
    - Farmers who are farming land which is designated as Special Areas of Conservation (SAC), Special Protected Areas (SPA) and Natural Heritage Area (NHA), and/or commonages must have priority access to all schemes and must be paid at a higher rate
    - Organic farm scheme participants must be included in other agri-environmental schemes/AECM. In the last CAP, 16 measures in the GLAS schemes excluded organic farm participants from participating.
    - There needs to be greater integration between agri-environment and forestry schemes. Farmers that participate in agri-environment schemes must not be penalised or excluded from removing parcels of land so that they can plant during the term of a programme.
    - It is vital that agro-forestry and riparian planting schemes introduced under Pillar II are excluded from the forest licence system, as well as the replanting obligation. IFA opposes the introduction of a potential mandatory planting of broadleaf trees on farms. There is potential to introduce an optional measure for farmers to set aside areas for biodiversity enhancement on the farm, where natural regeneration could be encouraged and/or hedgerow width could be extended.
    - The Department should consider introducing a new Forest Environment Protection Scheme[1] as a listed action under this measure to encourage more diverse planting on farms.

[1] *A FEPS scheme was introduced in 2007 that allowed farmers in REPS to plant and paid farmers a top up payment for increasing the diversity of species in the plantation.*

- The AECM scheme should provide measures allowing intensive farmers in high nitrates and high phosphates catchment areas to participate.
- The AECM scheme must recognise existing carbon sequestration on farms and reward farmers for this.

Agri-Environment Climate Training

- While IFA supports appropriate training of farmers in matters relating to the new climate and environmental asks in CAP, it is crucial that the training of trainers would not give rise to leakage of CAP funds away from farmers. It would be more desirable to ensure that all Teagasc and private farm advisers would be trained to integrate those elements in their normal advisory engagement with farmers.

Organic Farming Scheme

- To be adequately ambitious and deliver on the Programme for Government target of 7.5% of UAA to be farmed organically, it is essential that the scheme pays at least €520/ha for conversion farmers, and €470/ha flat payment for established farmers.
- Organic farm scheme participants must be included/catered for in other agri-environmental schemes/AECM. Organic farmers should not be penalised for carrying out actions under the organic farm scheme, thus excluding organic farmers from other agri-environmental schemes.
- The rate of grant aid under capital investment scheme must also increase to 60% to allow for the investment commitment of farmers converting to organic farming.
- The scheme must be open to all applicants irrespective of commodity farming/sector, to achieve the organic farming objectives set out under the Programme for Government.
- The minimum stocking rate for hill farmers must be reviewed. It is currently set too high for this commodity given the constraints experienced thus excluding them from the scheme.
- Non-CAP funds must be used to grow market demand for organic products – as outlined in Food Vision 2030 – and protect premiums to fairly remunerate farmers. Failure to address market demand while promoting production growth runs the real risk of damaging the market, with organic produce ending up in conventional channels at the farmers' cost.

Areas Facing Natural Constraints (ANC)

- The ANC scheme must be co-funded to the maximum by the National Exchequer.
- The budget to support ANC must be increased to €300 million per annum.
- The existing categorisation as defined under the ANC review of 2019 must be maintained.

Producer Organisations in the Beef and Sheep Sector

- Producer Organisations must contribute in practical and tangible terms to improving the position of farmers in the food chain, empowering them to have greater negotiation weight including on prices, specs and production conditions.
- Measures under this scheme must be farmer friendly, keeping bureaucratic requirements to a minimum. The current beef producer organisation model is overly bureaucratic and not sufficiently funded.

Suckler Carbon Efficiency Programme

- The proposed scheme is very disappointing for its lack of ambition to provide meaningful support to the sector. The scheme requires a funding commitment that delivers €300/cow in support for the Suckler Cow sector.
- Any attempt to limit or cap the number of suckler cows at farm or national level will not be accepted by IFA.
- Irish suckler farmers operate one of the most environmentally sustainable beef farming systems in the world and are a critical component of beef production, within the higher environmental standards being imposed by the EU in the new CAP.
- The compulsion for membership of the Bord Bia Sustainable Beef and Lamb Assurance Scheme (SBLAS) as a condition for eligibility for payment is also strongly rejected. SBLAS is recognised as a market requirement, and farmers who participate in it must be rewarded from the marketplace. However, it is not an environmental scheme and farmers already measure carbon in existing schemes.
- Costings must be increased/updated and additional practical and beneficial measures defined for suckler farmers.
- Establishing the reference period must ensure the actual levels of activity on farms are accurately reflected in the scheme.
- The scheme must allow participating new entrants to the sector to build up their herd and have this recognised in the reference numbers.
- The scheme must ensure farmers who have made significant progress in their herds to-date are not penalised for this progress in the targets set.
- The costs associated with maintaining the status of the herd must be recognised as this can often be more difficult than achieving performance increases from lower levels.
- The scheme must be run on an annual basis with no retrospective application of penalties on monies already received for failure to reach targets or carry out measures as the scheme progresses.

Dairy Beef Welfare Scheme

- This scheme is an important first step to support and optimise the welfare of dairy calves and their beef value in the farming and food chain.
- However, it also brings to light the insufficient level of support for vulnerable drystock sectors.
- IFA therefore proposes below an extension to this scheme intended to support cattle rearing and finishing, the concept of which is included in our Pre-Budget 2022 submission[2] (see below).
- Grass measurement could be included in this scheme as a possible action under the Growing Stage measure.

IFA Proposal for a Cattle Rearing and Finishing Scheme

- This proposed scheme would expand the scope of Dairy Beef Welfare Scheme into a Cattle Rearing and Finishing Scheme to include farmers who rear all beef animals from the suckler herd including store and finishing farmers.
- The scheme must deliver meaningful payments to farmers who rear and finish weanlings and stores from suckler farms. It requires a budget allocation which can deliver at least €100 per animal.
- The proposed measures in the Dairy Beef Welfare Scheme Growing Stage should be extended as they are as relevant and important for animals reared from suckler farms as they are to dairy bred animals.
- The scheme must be available to all farmers who rear cattle, including those from suckler herds.

Sheep Improvement Scheme

- €30/ewe must be the target for this scheme.
- The DAFM proposals lack ambition to provide the opportunity for participants to generate €30/ewe and must be amended through increased/updated costings and additional practical and beneficial measures for sheep farmers.
- As requested by IFA in the CAP Consultative Committee, shearing must be included in the scheme. The collapse in the wool market has made shearing economically unviable and including it into the scheme would meet a number of key CAP objectives. A critical animal health, welfare and parasite control measure, shearing also generates a naturally sustainable product in the wool which the scheme would ensure can be presented from farms in optimum condition for further use.
- The reference period must reflect the actual levels of activity on farms. New entrants to the sector must be allowed time to establish their flocks while participating in the scheme and have this recognised in the reference numbers.

[2] https://www.ifa.ie/wp-content/uploads/2021/08/IFA-Pre-Budget-Submission-2022.pdf

- The requirement for membership of the SBLAS is unacceptable, and strongly rejected by IFA. It is a market requirement which should be rewarded from the marketplace. It is not appropriate as a requirement for eligibility in the proposed scheme.
- Genotyping of rams must not be a compulsory action in the scheme. Genotyping must be a voluntary/optional action available to farmers who wish to avail of it.
- The DAFM proposal to deduct the net economic benefit associated with the actions in calculating the support rate is not acceptable. The support rate calculations must be based on cost incurred/income foregone. Economic benefits are subjective, often aspirational and when they occur may not persist for long beyond the initial investment.

IFA Proposal for a Scheme for Tillage Farmers

- It is not acceptable to IFA that the tillage sector, which has been shown to be vulnerable, does not have a specific, ambitious and comprehensive scheme beyond the proposed Protein Aid Scheme under Pillar I.
- There must be specific schemes in Pillar II for tillage particularly as tillage farmers will be severely impacted by Convergence and a flat Eco-Scheme payment. Such schemes are essential to maintain, let alone increase, the current area under tillage as outlined in the Governments AgClimatise strategy.
- An enhanced GLAS + style scheme with a higher maximum annual payment is one potential option to help offset the loss of income resulting from Convergence.
- A specific 'payment for practice' scheme to promote measures which improve nutrient management and soil health in long term tillage soils should also be introduced under Pillar II. Such a scheme, similar to the Agricultural and Horticultural Soils Standard being rolled out in the UK would be potentially very beneficial - https://www.gov.uk/guidance/arable-and-horticultural-soils-standard
- The straw incorporation measure (SIM) should be fully or at least partially funded through Pillar II to secure the long-term future of this successful pilot scheme.

European Innovation Partnership (EIP-AGRI) Operational Groups

- EIP Operational Groups can play a valuable role in peer-to-peer awareness raising and in helping farmers better understand and improve the sustainability of farm practices.
- Examples such as the BRIDE, Hen Harrier, or Pearl Mussel EIPs have enabled groups of farmers to adopt and share practices to improve biodiversity, among other environmental benefits.
- The continuation of EIP is welcome in the new CAP, however, they must be more readily scalable to benefit directly more farmers, and there must not be leakage of funds away from the farmers concerned.

On-farm Capital Investment Scheme (was TAMS)

- LESS equipment comes at a high cost for farmers but delivers a high return for the environment in terms of reduced emissions and nutrient loss. In this respect, the separate ceiling provided for

LESS equipment is a welcome first step. IFA are calling for grant aid on LESS equipment to be paid at a rate of 60% or higher to all applicants.

- A Dairy Investment Scheme to support dairy farmers must be reinstated in the scheme.
- Grand aid for nutrient storage equipment must be available to farmers including farmers who have insufficient slurry storage. If we are to realise our environmental ambition, it is vital that farmers with insufficient storage are eligible for the scheme.
- Grant aid should also be available for slurry covers as well as slurry storage to assist farmers in achieving future compliance requirements.
- Organic farmers must qualify for a 60% rate of grant aid.
- The 'Forgotten Farmers' (defined earlier) must be eligible for the higher rate of aid provided for young farmers.
- Farm safety equipment must be included in the scheme.

Continuous Professional Development (CPD) for Advisors

- It is crucial that the new environmental and climate-related asks in CAP would be integrated in all advisory services from Teagasc or private advisors.
- It must be integrated with, not take precedence over, the crucial farming business and economics, technical efficiency and best practice which underpin the advisory services legitimately expected by farmers to help them run their businesses optimally.
- There must be no leakage of CAP funds away from the farmers who receive, and pay for, the farm advisory services.

Knowledge Transfer Programme

- The increase in the number of meetings which farmers have to attend in a year from 5 to 8 compared to the last KT scheme adds time and travelling costs which must be offset by the payment rate.
- Payment must be made to the farmer, who will in turn pay the facilitator.
- A blend of local meetings and national events in the last KT scheme worked well for farmers in terms of sharing knowledge and should be part of the next Knowledge Transfer scheme.
- Given the recent growth of digital literacy and remote meetings, the option of remote online meetings should be explored for KT events.
- Organic farming must be catered for in the new KT programme.

LEADER Programme

- IFA welcomes the continuation of the LEADER programme for the socio-economic contribution it makes in rural areas, and supports the level agreed by the EU Commission, Council and Parliament at the Trilogue negotiations.
- However, the most valuable contribution to the rural economy and its social fabric always comes from a flourishing agriculture sector.

IFA Views on Key Questions in Public Consultation Document

a. **Should Ireland implement Capping at an effective rate of €66,000 or €100,000 or at a rate in between?**

IFA view:

- Considering the dependence of the majority of Irish farmers on their Direct Payments, and the fact that the distribution of Direct Payments among Irish farmers is among the most equitable in the EU, it is vital that Capping would only be implemented with due care.
- Labour costs, including the farmers' own labour value, family labour and where partnerships are in place, should be factored in before determining the level of DP subject to Capping. Leased-in entitlements should also be exempt in the Capping calculation.
- Capping should only apply to the remaining BISS payment.

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

- In the context of the potential additional flattening effect of Eco-Schemes and some other redistributive payments, IFA is disappointed with the Minister for Agriculture's failure to ensure that the European Council's position on a maximum 75% level of Convergence would prevail.
- IFA is concerned that reducing the payment of farmers through Convergence of their per hectare BISS payment, in combination with the redistributive impact of other measures, runs the real risk of creating more unviable farmers without contributing to improving the viability of those who are already economically vulnerable.
- In light of the Trilogue agreement that Member States must reach a minimum Convergence level of 85% by 2026, IFA believes the Irish CAP Strategic Plan must only provide for the minimum Convergence possible, especially to protect the viability of vulnerable farmers, including beef and suckler farmers.

c. **Should Ireland go beyond the 10% of Direct Payments to redistribute from larger 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?**

IFA view:

- CRISS was devised as a proposal within the context of a European distribution of CAP payments which is significantly less equitable than Ireland's (see Figure 3 above).
- Farmers are genuinely concerned about the impact of the type of redistribution of Direct Payments, and therefore income, which CRISS will contribute to.

- While acknowledging that CRISS has been presented as beneficial for the majority of farmers, the modelling exercise by DAFM shows only a minor increase in payment for those who benefit and a major loss for those who will have payments reduced.
- IFA appreciates acutely the need to support vulnerable farmers, IFA believes there are appropriate and effective ways to do so (see Pillar II measures below).
- IFA favours an approach which avails of maximum flexibility through the proposed derogation, which ensures the redistributive impact of other measures can be factored into the calculation for CRISS to minimise the deduction required substantially below 10% of PI payments.

d. 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?

IFA view:

- IFA's policy is that eco scheme payment should be based on the entitlement level of the participating farmer. However, as the regulations are currently being interpreted by the DAFM eco schemes will become a secondary and immediate form of convergence. Active farmers whose businesses are more impacted by Eco-Schemes participation should be rewarded with higher Eco-Schemes payments which will help maximise the number of farmers who participate in Eco-Schemes. While the IFA understand the challenges posed by the regulations it is vital that the DAFM do everything possible within the regulations to mitigate against income losses incurred by active farmers as a result of eco schemes.
- Ireland should reduce as much as possible the deduction from Pillar I payments to fund eco schemes. The commission requirement of 25% can be reduced by utilising the rebate option provided in the new CAP legislation based on the environment delivery through pillar II.

e. 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?

IFA view:

- It is important to reiterate that the distribution of payments between smaller and larger farmers in Ireland is significantly more equitable/fairer than the EU average, and the majority of other Member States (See Figure 3 in introduction).
- Also, Direct Payments make a major contribution to all farm incomes, with a majority of Irish farmers heavily dependent on them for their livelihood (See Figure 2 in introduction).
- IFA views the imposition of substantially increased environmental requirements in order for farmers to receive their Pillar I payment, without additional funding as very unfair and

completely at odds with CAP's original objectives. The EU has made clear its goal to achieve enhanced environmental ambition but is looking to do so while reducing, in real terms, overall CAP funding at Irish and EU level.

- The proposals will see many farmers taking cuts to their Pillar I payments even if they meet the ever more stringent environmental asks, which are now embedded into Pillar I through the Eco-Schemes initiative.
- The most appropriate way to address this unfairness is to minimise the percentage dedicated to Eco-Schemes through the use of the "Council Rebate" mechanism. In addition, Eco-Scheme payments should be structured in a manner that allows active farmers to fully recoup the funds deducted from their Pillar I payments to fund Eco-Schemes.

f. Should there be specific interventions to incentivise gender equality?

IFA view: Female farmers own approx. 12% of family farms in the country, with an additional 4% in joint (female/male) ownership. While the female workers on farmers account for 12% of the labour force, well below the EU average of 35% (Source: CSO), anecdotally the labour contribution of women is far greater. Increasing women's formal participation in the sector is important to the future viability of the sector and it will bring new and innovative solutions to problems facing farming.

This should be done by ensuring that women are more proactively and specifically included, or even targeted under the various payments and schemes. Schemes qualifying details and provisions may need to be amended to take due account of women's other social, professional and family related commitments.

Conclusion

While appreciating the short extension to the consultation process to early September 2021, IFA believes that the sheer complexity and number of measures in the new CAP for the 2023-27 period, requires significant analysis prior to finalisation and implementation.

In light of just how vital CAP payments under Pillar I and Pillar II are to the livelihoods of Irish farmers, DAFM must urgently carry out a comprehensive economic impact assessment, beyond modelling, with particular focus on the proposed inter-connected measures which either aim to or result in payment redistribution.

CAP must support farmers in vulnerable sectors, especially farmers in all beef systems, sheep and tillage farmers.

More time is needed to debate the issues around this CAP reform, which will have significant ramifications for the incomes of farmers and their economic viability for the coming years. The new CAP measures cannot further stress on-farm incomes and challenge farm businesses' economics. The new CAP cannot make more farmers unviable, while failing to contribute sufficiently towards already vulnerable farmers.

The DAFM must engage genuine negotiation with farmers to agree a plan around the CAP Strategic Plan. Farmers are sick of 'consultation processes' which are amounting to no more than a Box ticking exercise. Unlike other so called Stakeholders farmers livelihoods are on the line.

Submitted by the Irish Farmers' Association.

3rd September 2021

Ends.