



**ICMSA Submission**  
**to the**  
**Minister of Agriculture,**  
**Food and the Marine**  
**on**  
**Ireland's**  
**CAP Strategic Plan 2023-2027**  
**Public Consultation**  
**on Proposed Interventions.**

**September 2021.**

The Common Agricultural Policy (CAP) has played a critical role in the development of the Irish agriculture sector since Ireland joined the EU in 1973. The family farm structure is central to the rural economy and to the marketing of Irish food products across the globe. ICMSA wishes to make it very clear, with developments at EU level from CAP reform, the Green Deal and Farm to Fork, the family farm model has never been under such threat and many farm families are facing substantial losses under CAP post 2020. There is a clear responsibility on the Minister for Agriculture, Food & Marine to recognise these losses and structure the CAP Strategic Plan (CSP) to ensure these losses are minimised and that family farms do not suffer losses so that non-farming entities are receive larger payments.

Ireland's CAP Strategic Plan (CSP) which will be the cornerstone of European agricultural policy in Ireland for the five years 2023-2027 is being shaped by the SWOT and needs analysis to *“underpin the sustainable development of Ireland's farming and food sector by supporting viable farm incomes and enhancing competitiveness, by strengthening the socio-economic fabric of rural areas, and by contributing to the achievement of environmental and climate objectives at national and EU levels”*. However, achieving such admiral objectives are more difficult in practice and it is the interventions and funding put in place by our Government within the new CSP that will make the above objectives a reality.

Given the new CSP is changing approach from compliance-based approach to a performance-based approach, it is critical that farmers are protected and treated fairly throughout the process. Under this consultation, ICMSA are critiquing interventions under both Pillar I and Pillar II as defined in the Consultation document as well as commenting on the GAEC and SMR's under the newly named Conditionality. Finally, ICMSA will outline areas that have not been adequately addressed or omitted completely.

It is noted that the CSP must support the “*economic, environmental and social sustainability of rural areas*”, and a strong “*emphasis on the achievement of a higher level of climate and environment ambition through a new Green Architecture*”. Irish farmers will deliver on sustainability, biodiversity, carbon reductions and water quality but interventions must be realistic, recognise the climate efficiency of Irish agriculture and be achievable. Irish farmers have worked proactively in protecting the environment and will continue to do so in the future, but appropriate public policies must be in place concurrently with the CSP to reward farmers for the provision of public goods, to support the transition to a low emission agriculture sector and to ensure these measures are achieved in an economically sustainable way. Irish farmers can be part of the international effort to address climate change and they will not be found wanting in the fight to reduce GHG emissions and transition to a low carbon economy by 2050. ICMSA is very concerned that the emphasis of the Consultation document is very much environmental with economic and social issues secondary. This is unacceptable to ICMSA and the three pillars of sustainability, economic, environmental, and social must be addressed equally and fairly in the CSP submitted to the EU.

The European Commission’s proposals for CAP Post-2020 show a substantial increase in the CAP’s environmental ambition. In 2020, the Commission published its Farm to Fork and Biodiversity Strategies. These reflect a further increased level of environmental ambition, as does the current Irish Programme for Government, Ag Climatise, and the Climate Action Bill. In late 2020, the Commission issued recommendations to Ireland regarding the implementation of Farm to Fork in the CAP Strategic Plan. This has major implications on the way we farm into the future, simply put, the new CAP Strategic Plan will be the most environmentally ambitious CAP. It will put further focus on our farm inputs and

outputs and most likely reduce farmer income from the CAP. The CSP environmental ambition must be matched with similar ambition on economic and social issues.

Commercial family farms play a central and hugely important role in the rural economy and the CSP needs to recognise this by minimising losses to farm families and putting in place measures that will support commercial family farms in the coming years. The interventions put forward and introduced into what will become the new CAP in 2023 have to be farmer focused to make sure that full participation is achievable.

Before examining the interventions in detail, the ICMSA responses to the specific questions asked in the Consultation are outlined below.

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

ICMSA believe that capping should be fixed at €66,000.

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

Given the substantial losses that could occur for many farm families, convergence should stop at 85% and other measures adopted to address the losses of farm families with high payments per hectare but a low overall payment.

**3. Should Ireland go beyond the 10% of direct payments to redistribute from larger to smaller or medium-sized 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?**

Greater data is required on the actual implications and rules of a CRISS payment. There is already significant redistribution due to convergence and a mechanism whereby those on the maximum payment can receive a redistribution payment at the expense of someone with a lower overall payment is not a progressive system. Ireland already ranks highly in the distribution chart in terms of payment percentages and this needs to be acknowledged.

ICMSA is proposing that an analysis of those losing under convergence should be carried out and what impact a CRISS payment would have for these farmers. A decision in relation to the above can then be made based on full information.

**4. 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?**

The maximum should certainly be 25% but ICMSA believes that the Department should consider reducing this level as low as possible given the severe losses under convergence for some farmers and the possible non-take up of Eco-schemes by farmers if the terms and conditions are too onerous. Given that this will be first time that an Eco-scheme is implemented in Pillar I and it represents a substantial cut in the income support for farm families, it is essential that the Eco-scheme is practical, simple to implement and does not lead to additional costs on farmers. Where monies are unspent under the Eco-scheme, ICMSA believes that these funds should be allocated to farmers who avail of additional options under the Eco-schemes.

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

Under the current direct payment system, the most unfair aspect is the reduction of payment to farmers with overall payments under €30,000 due to convergence and other cuts and these funds being used to increase payments to people with larger overall payments. The best combination depends on many factors including the rules of the Eco-schemes, the rules of CRISS, the level of funding available under Pillar II from the national exchequer and how Pillar II schemes are structured. ICMSA believes that farm families losing under convergence should be prioritised where possible under other Pillar I measures and under Pillar II.

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

If an intervention can be introduced to encourage greater participation of women in agriculture, it must be supported. It is important that it does not discriminate against women currently in agriculture as that would defeat the very essence of an intervention akin to the “forgotten farmer”. ICMSA supports the proposals of the Women in Agriculture Stakeholder Group in this regard.

## Specific Aspects of the CAP Strategic Plan

### Active Farmer

Farm incomes relative to other sectors of the economy are low and thus, it is essential that supports available under CAP go to people who are actively engaged in farming and contributing to their local community and economy.

ICMSA is proposing the following definition of an active farmer:

- ICMSA believe that an active farmer must have at least 0.15 livestock units per hectare on lands declared as forage. This would mean that the active farmer would have to have an annual stocking rate of 0.15 and hold stock for at least seven consecutive months as per ANC rules in place.
- ICMSA defines an active farmer as a farmer who can provide evidence that they are engaged in farming activity. This means they are actively managing their land and selling farm produce on a consistent basis.
- An active farmer should also have farm product output of at least 50% of the value of his/her own Pillar I payment from the previous year. This output includes the sale of livestock, milk, and crops.
- An active farmer under the conditions set out above would be able to draw down a Pillar I payment.
- A non-active farmer includes a farmer who owns land or entitlements and leases all of it.
- A non-active farmer should not be able to draw down a payment in Pillar I, but this non-active farmer would have the option to lease out entitlements to an active farmer. A clawback of 5% per annum should apply where entitlements are leased by a non-active farmer. This clawback does not apply to an active farmer who leases out entitlements. The funding available from the clawback would be used to compensate farmers negatively impacted by convergence.

## **Conditionality**

As Conditionality will replace Cross-Compliance and certain aspects of Greening within the current CAP and sets baseline requirements for all farmers in receipt of CAP payments, the enhanced environmental protection on top of the current Statutory Management Requirements and Good Agricultural Environmental Conditions that have been proposed increase the bar once again. If a farmer does not meet conditionality requirements, a financial penalty is applied to their payment. ICMSA believes that there should be flexibility in relation to monetary fines with a warning system and a system of tolerances applied to the new Conditionality. A system of tolerances would be agreed between the Department and farm organisations where minor breaches of regulations would not lead to a financial penalty. The increased Conditionality may also lead to a reduction of possible options within the new Eco-scheme, and this must be seen in the whole and must not lead to a reduction in farmers ability to apply for this Eco-scheme.

In terms of farm inspections, ICMSA is proposing a 1% inspection rate, an agreed system of tolerances should be in place along with a warning system and where an inspection does take place, at least 14 days' notice of the inspection should be given, and all aspects of an inspection should be finalised within four months of the inspection date.

Specifically:

**GAEC 2:** The definition of peatlands is hugely important and the Department of Agriculture, Food & Marine has yet to publish the definition. A clear definition must be agreed based on a clear analysis of the impact on individual farmers.

**GAEC 4:** Clarity is required in relation to the definition of a buffer strip including the width, terms & conditions, access, and placement.

**GAEC 9:** Clarity is need on the possible inclusion of 5% of agricultural land devoted to non-productive features. The Department should provide data on the number of farmers who will be impacted by this measure. This has the potential to have a severe impact on farmers' income and a clear position needs to be agreed on this matter.

**GAEC 10:** This could have a substantial impact on farmers with designated lands. There needs to be some flexibilities here for people who are farming these lands commercially and need to reseed to deliver a sustainable income.

### **Eligible Hectare**

Each year, payments are lost or delayed due to issues relating to land eligibility. Areas of the farm that are not deemed eligible are often removed such as scrub, rushes, ponds, and farm roadways. These should be deemed eligible for land eligibility and would represent real progress and improve biodiversity exponentially. It is welcome that 30% of a parcel can now be used for water protection, biodiversity, or climate. ICMSA is firmly of the view that scrub, rushes, ponds, farm roadways and other features should be recognised under this definition.

### **Eco-Schemes**

An Eco-Scheme will now be part of the Basic Income Support for all farmers, and it is planned to assign a significant percentage of Pillar I through participation by farmers to each deliver a degree of environmental improvement, thereby providing a substantial impact at national level. The Eco-scheme proposal represents a substantial cut in farmers' incomes, and this must be acknowledged by the Minister and Eco-schemes designed accordingly.

In terms of design, there needs to be considerable buy in from all farmers and it is not unrealistic to say that the first year of the Eco-scheme could have the ability

to make or break the scheme for the following four years. ICMSA have published several options that we believe should be considered for inclusion as options for the Eco-scheme and we believe that a full debate must be afforded to each option and refined based on recommendations for the farmers who will be required to implement these options.

1. Use of milk recording.
2. Increasing average EBI.
3. Use of Cow monitoring technology.
4. Health and safety awareness course.
5. Reduced calf mortality.
6. Use of Dairy Beef Index.
7. Use of vaccines.
8. Environmental awareness course.
9. Grass measuring.
10. Nitrogen usage efficiency.
11. Soil testing.
12. Keeping animals out of watercourses.
13. Maintenance of existing features, e.g.: hedges, trees, ponds.
14. Receipt for recycling of farm plastics.
15. Receipt for removal of excess tyres on farm.
16. Receipt for removal of scrap metal on farms.

The Terms and Conditions of these options must be easy to implement so that when applying for the BISS, a farmer can simply pick the options that they wish to deliver. It must not be the case that a consultant is needed to partake and submit Eco-scheme options. If a points system is introduced as has been suggested, milk recording, and other financially burdensome options must get due recognition. ICMSA believes that if a farmer is milk recording for example, that on should on its own meet the requirements of the Eco-scheme.

As the Eco-scheme is an annual scheme, the EU Commission is saying that associated actions must achieve an environmental dividend within the year of participation but, it will be very difficult for farmers to show results within this timeframe if stipulations or result based actions are deemed too onerous. While a derogation has been achieved for the first two years that unspent monies stay within the country of origin, it is essential that unspent monies from the Eco-scheme remain within Ireland for the duration of the CAP. ICMSA is proposing that top-ups should be applied using unspent monies to those who adopt additional Eco-scheme options.

### **Pillar II interventions**

Pillar II agri-environmental measures have been implemented in Ireland for over 25 years, through interventions including REPS, AEOS, and more recently GLAS. Pillar II also includes other potential interventions such as those relating to investments, cooperation and knowledge transfer which contribute to environmental/climate objectives.

There are plans for an ambitious environmentally focussed interventions that will deliver significant long-term environmental improvement through participation by a significant number of farmers. Again, farmers must be rewarded for such interventions and commercial farmers must not be excluded from participation.

In relation to the new AECM scheme, ICMSA believes it is an important that every farmer can participate as all farms have “priority assets”. Therefore, commercial farmers must have access to the scheme with options suitable for commercial farms and allows them the possibility to remain economically viable while improving their environmental sustainability. In terms of implementation, the focus on “results based” needs to be clearly defined for example, if a farmer

does everything required and due to drought for example, the result is not achieved, does he/she get paid? It is essential that farmers are rewarded for their effort.

The inclusion of a “Local Project Team” needs to be defined clearly and ICMSA believes that funding for such “teams” should be separate from the CAP budget.

In relation to land rewetting, clear guarantees must be given to farmers adjacent to farmers who agree to re-wet their land and this must be part of the programme.

The Organic intervention is guided by the objective of increasing organic farming, but it is critical that there is an identified market for the produce and critically an economic return from the marketplace

#### ICMSA Agri-Environment Proposals:

- Funding available to fund participation of 70,000 farmers with payments up to €15,000 per farm.
- Realistic options available for commercial farms.
- Separate funding source for “Local Project Teams” and consultant training.
- Guarantees for farmers adjoining land re-wetting sites.
- Viable markets identified for organic produce.

Under the proposed Dairy Beef Welfare Scheme intervention, ICMSA welcomes the Minister’s commitment to this issue but is concerned that the Terms & Conditions and payment rates may make the scheme unattractive to farmers. It is essential that dairy beef production given its climate efficiency is incentivised and that the maximum number of farmers avail of this scheme. ICMSA is proposing the following:

1. Scheme is open to all livestock farmers.
2. Farmer that participates in the scheme must rear calves from the dairy herd.
3. Male and female calves with a beef sire and dairy dam are eligible for the scheme. The sire must be selected from the DBI or if a stock bull is used, the stock bull must be pedigree or have 4 or 5 stars on the terminal index.
4. Calves must be less than 6 weeks of age at time of purchase.
5. An initial payment of €75 can be drawn down by the farmer once the animal is weighed, between 6 and 10 months.
6. The second payment of €75 is drawn down after the animal is slaughtered.
7. Steers must be slaughtered within 30 months and heifers must be slaughtered within 24 months. Where an animal is slaughtered at an earlier age, an additional payment would be made.
8. Farmers can only avail of the scheme on a maximum of 100 calves per year.

### **Investment Schemes**

The need for a continuation of on-farm investment both in terms of fixed structure facilities and mobile equipment is essential on all farms. While various novel financial instruments may seem attractive, the tried and trusted traditional means of grant aid in our view is the most direct and preferable way to support essential on-farm investment that will be required to meet ever demanding standards.

On-farm Capital Investment Scheme states that the “aim of this intervention is to provide support to farmers looking to invest in capital projects on their farms” and “increase environmental efficiency in the agricultural sector through on farm investment and the adoption of new technologies” and “the need to improve animal health and welfare, and farm safety on farm”. However, the Dairy Equipment Scheme is not an option under this new intervention and ICMSA find it remarkable that a scheme that has such a wide range of aims completely ignores the purchase of equipment that improves efficiency, animal, and human health.

The idea that a farmer changing a milking parlour from a six unit to a fourteen unit would be ineligible is totally unacceptable. ICMSA is proposing that dairy investments are included in the on-farm capital investment scheme, that a 60% grant should be available for all farmers and that a new €120,000 investment ceiling should be applied.

### **Generational Renewal**

Young farmers need to be supported under the new CAP. However, ICMSA believe older farmers also need to be supported to assist the transition to the next generation of farmers. In this regard, ICMSA propose a two-fold approach, encouragement of younger farmers into the industry and encouragement of older farmers to reduce their workload.

ICMSA believe a Generational Renewal Scheme should be implemented for people to exit and enter farming. The Early Retirement Scheme for example introduced in 1994 played a hugely significant role at that time.

A Scheme should be available from at least 60 years of age to speed up the intergenerational transfer of land and encourage young people into farming. This would be a twofold approach where both generations are supported in the process of farm change over. This would involve a five-year payment for both parties. While such payments are available under Pillar I for young farmers, the use of Pillar II funding would be required for the older farmer.

### **Simplification**

The issue of simplification has not been addressed in this consultation. There is a danger that CAP Post 2020 will end up as a complex policy, heavy on regulation, heavy on consultants and certainly reduced funding for farmers. ICMSA is calling on the Minister to deliver simplification measures in CAP Post

2020, limit the requirement for consultants and that CAP funding should be ringfenced for farmers. Any training requirements for consultants etc should be from separate budget funds.

### **Market Positioning**

Many farmers' incomes will be cut under CAP post 2020. Thus, greater returns from the marketplace will be required. A properly functioning food supply chain in the EU is central to ensuring that EU farmers receive a fair share of the final consumer price and an income comparable with other sectors. Farmers have consistently lost out – due to the concentration of market power upstream and downstream (in term of inputs) and an unequal bargaining position among the various parties along the food supply chain.

The key to improving margins for farmers is to bring about a proper functioning EU food supply chain both at processing and at retailing levels. There is quite considerable agreement, right across the political spectrum, in virtually every Member State, that the EU food market is not operating efficiently or fairly and that farmer and consumers both lose out.

This is a matter that requires EU attention and given the focus on sustainability, it needs to be addressed as a matter of priority and this should include consideration of legislation to ensure the sustainable pricing of food.

### **Conclusion**

The CSP will set out the key agricultural policies for the coming years and will have a direct impact on the future of family farms in Ireland. ICMSA is very clear that the Government must provide the maximum level of co-funding allowable and that payments under the schemes should be index linked going

forward. It is essential that the CSP focusses on family farms who are dependent on farming for their income and play a central role in the rural economy.