



ICMSA Submission

to the

Minister of Agriculture,

Food and the Marine

on

Ireland's

CAP Strategic Plan 2023-2027 and

Strategic Environmental

Assessment.

December 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 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 objectives are more difficult in practice and it is clear that some of these objectives have not been met within the new CSP.

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 and will outline areas that have not been adequately addressed or

omitted completely. Finally, ICMSA comment on the Environment Assessment of the draft CAP Strategic Plan.

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 realistically the CSP and SEA should 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 believe that the three pillars of sustainability, economic, environmental, and social must be addressed equally and fairly in the CSP.

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.

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 believe that the current definition of active farmer is too loose and allows those that are not actively engaged in farming fit the definition.

Therefore, 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.

In terms of farm inspections, ICMSA has proposed 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. Parcels that will be included that will subject to the minimum standards of this GAEC need to have the opportunity and time to adapt or appeal their categorisation.

GAEC 8: This has the potential to have a severe impact on farmers' given the requirement for a minimum 4%. The definition of Landscape Features needs to be broader to include features such as rushes, ponds and farm roadways. The inclusion of a replacement rate of twice the LF is unfair and should remain with the existing rule.

GAEC 9: 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 such as scrub, rushes, ponds, and farm roadways 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.

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 these Eco-schemes are practical and simple to implement. 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.

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 in the past number of months that we believe should have been included as options for the Eco-schemes. However, given the current list of Eco-schemes we believe that there are two omissions.

These two options are as follows:

Use of milk recording.

- Strategic objective 9 in CAP is dedicated to human and animal health and specially focused on the objective of reducing antimicrobial resistance. Nowhere in the CSP deals directly with antimicrobial resistance and the inclusion of Milk recording as an Eco Scheme as an option is the perfect opportunity. Balaine et al (2020) show that milk recording is beneficial in the reduction Somatic Cell Count, with a decrease by 38,860 cells per millilitre of milk or in other words a 25% reduction in SCC, hence improving herd health and reducing antibiotic usage. This outcome is consistent with previous research. ICMSA have listened to the potential obstacles for the inclusion of Milk Recording and do not accept them as reasonable and believes that milk recording should be included as an option.

Maintenance of existing features, e.g.: hedges, trees, ponds.

- There is massive potential to increase our carbon sequestration using our existing 700,000 km of hedges if hedgerow management practice changed a little. The introduction of new hedge planting is welcome, but a new hedge could take 20 years to achieve carbon neutrality. Carbon sequestration and biodiversity values are directly related to width, height

and biomass of hedgerows. There is huge potential to increase the contribution of both existing and new hedgerows towards our targets if a maintenance eco scheme is included

Liming

The current liming proposal needs to be available for payment each year if a farmer is applying lime each year.

It is essential that unspent monies from the Eco-scheme remain within Ireland for the duration of the CAP

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 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. 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 have been 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

Under the proposed Dairy Beef Welfare Scheme, ICMSA welcomes the Minister’s commitment to this issue but believes that the payment rates may make the scheme unattractive to farmers. The funding for this intervention needs to be increased substantially. 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 CSP 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.

The proposal to encourage greater participation of women in agriculture is welcome but there should not be an age limit as to do so is re-enforcing the discrimination against women. 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”.

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.

Strategic Environmental Assessment (SEA) Environmental Report

The SEA documents are comprehensive and long and given the short timeframe of the consultation period it was an onerous task to complete and analyse of the documentation entirely. Therefore, specific comments on the SEA document are recorded below:

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- The lack of Dairy Equipment in the Investment schemes means that Q5 in PHH will be incorrect. Dairy farmers need to invest in milking equipment for physical and mental health and the non-inclusion of dairy equipment is a major flaw.
- Local adverse impacts on rural communities is objectionable, farmers need to be able to farm and rural Ireland cannot become a sanitised version of a city.
- Will PHH look at how antimicrobial resistance is dealt with in the CSP

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- Under SG, it is questionable as to why it is useful to suggest a reduction in the use of organic fertilizer, unless there are biomass facilities, organic matter needs to be “used”

Other Comments

- Monitoring will prove to be a fundamental part of this CSP SEA going forward. Some targets that may hamper policy development. For instance, afforestation targets will be severely hampered if the current policy and planning system continues.
- Potential increase in tillage/Organics is possible but unlikely unless profits in this sector increase considerably. Organics will only increase if there are viable markets outside of conventional
- Baseline biodiversity studies would be a welcome development, but it must be carried out with input from farmers given that they are likely to know the biodiversity on their farm.
- Reduction in pesticides will be difficult and will require further research before regulation as productivity of crops may suffer in the interim.

- What will on farm carbon trading involve, would all carbon produced and sequestered on farm be included if such a scheme were implemented? This needs to be clarified.