

**Opening statement to Joint Oireachtas Committee on Agriculture,
Food and the Marine**

27th November 2018

Changes to the Areas of Natural Constraint Scheme 2019

Introduction

I would like to thank the members of the Committee for giving us the opportunity here today to update you on the changes to be made to the 2019 Areas of Natural Constraint Scheme.

The Areas of Natural Constraints (ANC) Scheme has been in existence in various forms in Ireland since the 1970s. It was previously called the Disadvantaged Areas Scheme and the Less Favoured Areas Scheme, and in its various iterations it has played a very important income support role for farmers in many areas of the country.

To date in 2018, some €216m has been paid to 89,000 farmers under the Scheme, and over the course of the Scheme year a total of €227m will be paid to 96,000 farmers. This is indicative of the importance and size of the scheme in Ireland.

The new approach to designating eligible lands under the Scheme

Up until 2018, Ireland had identified areas eligible under the Scheme using a range of socio economic indicators such as Family Farm Income, population density, percentage of working population engaged in agriculture, stocking density etc. This approach is now required to change on foot of EU Regulations.

The genesis of the change in approach lies in discussions at EU level whereby concerns were raised by the European Court of Auditors as to

the inconsistent approach taken across MS in relation to the designation of land using socio economic indicators.

From 2019, eligible areas must instead be designated using the following list of bio-physical criteria:

- Low temperature
- Dryness
- Excess soil moisture
- Limited soil drainage
- Unfavourable texture and stoniness
- Shallow rooting depth
- Poor chemical properties
- Steep slope

All member states who wish to implement the ANC Scheme in 2019 must use this new approach to identifying lands, or else take up the option of continuing the old approach with sharp cuts to payments for all beneficiaries. The approach of continuing the current system with sharp cuts across the Scheme is not a viable alternative in Ireland given the importance of the Scheme.

How were eligible areas for 2019 identified?

The process of identifying eligible areas has been carried out at townland level. Essentially, where a townland displays one or more of the biophysical criteria listed above at a level above the 60%¹ threshold set out in the Regulation it is identified as 'constrained'.

In parallel to this biophysical approach, two processes set out in the EU Regulations have been used to refine the identification of eligible land. Firstly, a number of areas were identified as having 'overcome the

¹ 60% of the agricultural area

constraint' by reference to high levels of stocking density and arable land cover and are thus not eligible for the 2019 ANC Scheme. This is referred to as 'fine tuning' in the EU regulations, and was a mandatory step for all Member States.

Secondly, areas were identified as eligible for the 2019 ANC Scheme as they are facing other specific constraints. In Ireland's case, this process identified townlands as eligible areas of specific environmental importance, and townlands facing structural issues relating to farm size, field size, farm fragmentation, and the level of permanent grassland cover.

Taken together, these steps have identified the lands deemed to now be eligible under the Scheme.

What are the impact of these changes?

This has been a lengthy project, involving protracted technical engagement with the EU Commission.

The outcome of this process can be summarised as follows

- For the vast majority of farmers who were eligible under the Scheme until now, they will remain eligible from 2019 – 98% of townlands which were eligible to date, remain eligible.
- Some 700 townlands that would have previously been eligible will not now be eligible under the new designation. The 760 farmers impacted financially by this change will receive a degressive phasing out payment in 2019 (80%) and 2020 (20%). In the majority of cases, the financial impact of this change is relatively small.
- Some 2,200 new townlands with 4,000 farmers will now become eligible under the new approach and these townlands will be eligible to receive a payment for the first time in 2019.

Communicating changes to farmers and the appeals process

Given the importance of this scheme to a large number of farmers, the Department is conscious of the need to ensure that farmers are made aware of these changes. In addition to putting in place a series of meetings with stakeholders, the Department's website has published a list of eligible townlands by county where farmers can check the status of the townlands in which they hold land. A map representing this is also available to view online, and dedicated email and phone query support is in place. The map is attached for the information of the members of the Committee.

In addition, we are in the process of writing to farmers in relation to this process. For the vast majority of farmers this letter will simply inform them that there has been no change in the status of any of the land they hold and that no further action is required of them at this stage.

For farmers who hold land in townlands that will no longer be eligible in 2019, this letter will also set out some details of the appeals process that is being put in place. It is important that farmers can avail of such an appeals process, and arrangements are now being finalised to put in place an independently chaired appeals committee which will also have appropriate technical expertise.

It is important also for farmers to be aware, that, if they are in the process of appealing in relation to a particular townland, they can still apply for the scheme when the 2019 BPS/ANC application period opens next February.

The allocation of an additional €23m to the ANC Scheme in 2019.

In Budget 2019, an additional €23m in funding was allocated to the ANC Scheme. This means that the total allocation for the Scheme has increased by €50m to €250m over the last two budgets.

Following on from the redesignation project, a proportion of the additional €23m allocated in Budget 2019 will be expended on payments to farmers who will now be eligible for the first time under the Scheme in 2019, and existing beneficiaries who are gaining new eligible land under the redesignation. The remaining allocation is expected to be allocated via increased payment rates across the land categories in the Scheme.

The Department has held a series of meetings with farm bodies to

- update them on the current position with regards to the redesignation process
- Seek their views on the shape of the Scheme for 2019. It is not intended to change existing eligibility requirements in the Scheme (in particular the stocking rate requirement). However, views have been sought in relation to the level of categorisation of land within the Scheme, and the most targeted way of allocating the additional funds in 2019. Without pre-empting the outcome of these discussions, DAFM would be in favour of continuing the current policy direction of targeting the highest level of funding at those areas experiencing the highest level of constraint/disadvantage.

The feed back from discussion so far is that the farm organisations are broadly in favour of keeping the structure of the scheme similar to the 2018 scheme.

Amending Ireland's Rural Development Programme (RDP), 2014-2020

The ANC Scheme is a key part of Ireland's €4bn RDP, which is co-funded by the EU. Given the changes required in the Scheme for 2019, the RDP will have to be formally amended. Discussions with the EU Commission have commenced in this regard, with a view to providing clarity to farmers in advance of the application period in February 2019.

Conclusion

I would like to thank the members of the Committee again for taking the time to discuss the changes to the 2019 ANC Scheme. As I have set out, the new designation along with the increased financial allocation for the Scheme will both be implemented in 2019. It is vital that stakeholders and farmers are aware of these developments, and the Department continues to work towards ensuring that the ANC Scheme can continue its important role over the coming years.

Colleagues and I will be happy to discuss this further with the committee and we will do our best to answer your questions.

ENDS