IRISH
NATURA & HILL FARMERS
ASSOCIATION (INHFA)

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Opening Statement on Reform of the Common Agriculture Policy (CAP)

Firstly, we want to thank the Chair and Committee for providing us with the opportunity to address you on what is a critical issue for Irish farmers.

Introduction

Based on 2019 Department of Agriculture Food & the Marine (DAFM) figures 122,609 farmers received CAP payments under the Pillar 1 Programme with a total pay-out of €1.17bn. These payments in addition to the Pillar 2 Schemes plays a vital role in supporting farm income which has a positive knock-on effect throughout the rural economy.

The current CAP reform will for Ireland see a similar Pillar 1 budget. This contrasts to other countries such as Greece, Italy and Germany who will see reductions in their budget due to the impact of external convergence between Member States (MS).

External Convergence between Member States

The impact of external convergence is a point that hasn't featured in the CAP debate in Ireland because our overall budget hasn't been impacted by it. With Ireland's average payment rate per hectare similar to the EU average, we were never in a position where we would see an increase or reduction to our overall budget. Either of these would of course directly impact the average entitlement rate per hectare.

When assessing how we calculate Ireland's average entitlement rate per hectare of €265/ha (*based on DAFM modelling from 2019 figures)* we need to recognise that if 60% of our farmers didn't have an entitlement rate below €260/ha (with over 50% of those below €200) we wouldn't have an average that has now worked to our advantage.

In the CAP discussion, it is vital that all facts are presented and unfortunately this is a point that has not featured to date which is why we are outlining it here. Farmers especially those on high-value entitlements need to understand, that it's those farmers with low-value entitlements who have helped to protect Irelands Pillar 1 budget and potentially their higher value entitlements.

Historic Payment Model

The new CAP will be different to the current CAP Programme and will be radically different to how CAP was 20 years ago when the historic payment model was initially developed.

Currently, farmers are coming into the industry that wasn't even born during the reference years of 2000, 2001 and 2002. These farmers had no control over the farming activity and the subsequent payments developed then. However, they and many more like them are now being burdened with a historical payment system, that doesn't reflect the significant changes, both at national and at farm-gate level.

It is now time to move on and this CAP reform provides the opportunity to do so.

100% convergence would deliver a flat rate payment per hectare which is not just the fairest, but the only credible way forward.

With all farmers now expected to comply with the same conditions as outlined under the Good Agricultural & Environmental Conditions (GAEC) it's not unreasonable that all farmers will get the same payment rate per hectare.

Front-loading & capping of payments

Through a redistribution of payments, there is we believe a necessity to ensure it is done in a fair manner that helps protect the family farm model. On this basis, we see merit in the front-loading of payments to protect smaller holders and the introduction of a maximum payment limit of €60,000 for all Pillar 1 payments.

The current CAP reform allows for a front-loaded option through the Complementary Redistributive Income Support Sustainability (CRISS) whereby all farmers will receive a top-up payment on a specific number of hectares.

In supporting this option, we see an opportunity to protect all smallholders, not just sucklers and sheep but also dairy, beef and tillage farmers. In analyzing DAFM figures and taking on board suggestions made at EU level for 10% of Pillar 1 payments to fund this, then all farmers could expect a top-up payment of €80/ha on the first 15ha.

With regard to the capping of payments (which will also help fund the CRISS) we are recommending a maximum Pillar 1 payment to any farmer of €60,000 with no allowance for labour units. In choosing the figure of €60,000, we don't believe there is enough support both in Ireland and at EU level for anything more radical, which is unfortunate.

The Greening of CAP

On concerns expressed around the environmental ambition in the CAP proposals, we need to recognise how at national and EU level tackling climate change and biodiversity loss is now a key priority. This is reflected in the new CAP Programme and whether we like it or not will be a major factor in any future CAP.

The challenge for us as farmers is to acknowledge that the landscape has changed. With payments shifting towards a green agenda, we must ensure we get paid enough for what is expected from us. Right now many will say we are not being paid enough and this is an argument that we agree with.

However, before we address this we must first ensure that farmers who carry out a specific action are rewarded equally for the action. Unfortunately, this was not the case under Greening in the current CAP Programme.

Here we see payment rates for the same action varying from €48/ha to €210/ha. The question then becomes how you defend this and the reality is you can't.

After this, the next question is, if one farmer can do it for €48 why do we pay another farmer €162 more? At this point, the debate is lost because the perception is that those receiving more than €48/ha are being overpaid and this may help to explain why can't get an increase in the overall CAP budget. It is essential in the upcoming CAP that we get to a level playing field and ensure a situation like this can never again be used against us.

Likewise, we must ensure fair access to the proposed Eco-scheme for all farmers irrespective of sector or land type with a uniform per hectare payment for all participant farmers.

Pillar 2 – Rural Development Programme

Following a reduction at EU level for the Pillar 2 Programme, there will be a requirement for the Irish Government to increase the State funding well above the 47% delivered in the current CAP Programme. To support farmers and our rural communities through the various programmes in Pillar 2 we need an annual Pillar 2 budget of at least €800m (currently €590)**.**

This will allow for increased payments under the ANC Scheme and additional support under welfare measures for our suckler and sheep sectors. Crucially it will also allow for a significant increase towards a new Agri-environmental scheme. However, as most of the details with regard to the Pillar 2 Programme will be agreed at Member State level it may be more beneficial to discuss this at a later date where we can give it the time it deserves.

Definitions & Conditionality

While this has been discussed in this Committee before, specifically in relation to GAEC 2 we cannot over emphasize how important these elements of CAP are. It is essential that conditions applied under the GAEC's won't target or disadvantage any farmer or land type. Under GAEC 2 which relates to the protection of wetlands and peatlands, it is vital that these lands retain their agricultural area status which allows for an agricultural activity on the lands concerned and remain eligible in their own right and not is reliant on a derogation.

The defining of what is an eligible hectare, an agricultural area and a genuine farmer will be vital in the next CAP. These definitions must be broad enough to include all land types and farming systems and we are very concerned that some proposed definitions here in Ireland detail the need for income tests and production assessments. Under no condition can this line of thinking be acceptable as if applied it would exclude part-time farmers.

Of extreme concern to the INHFA in this regard is the underlining regulation and in particular Article 4 where lands can be made eligible for payment under a derogation where they are considered ineligible by standard assessment. The Council of Ministers in their negotiating Position have included for the first time;

"any area of the holding that gave a right to payments …….. and which is not an 'eligible hectare' as determined by Member States on the basis ……as a result of area-based interventions covered by the integrated system referred to in Article 63(2) of Regulation (EU) [HzR] provided those interventions contribute to one or more of the specific objectives laid down in points (d), (e) and (f) of Article 6 of this Regulation."

Simply put this is a derogation to pay farmers their BISS where agricultural activities would no longer be predominant (which is a requirement for lands to be eligible through the front door). This derogation could be applied to any land type within a Member State. The INHFA are asking in what situation does the Council of Ministers envisages the use off, or requirement for this new derogation, which the EU Commission see as being far too broad. In the absence of any justification for such a derogation, we are calling that the Council of Ministers withdraw their proposed amendment.

Conclusion

This CAP reform is a defining moment in Irish Agriculture as it provides us with a clear choice. Do we try and maintain the status quo and protect a payment model based on a type of production developed by previous generations or do we embrace a future that provides equality of payment and opportunity for all farmers?

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