

# Northern Ireland Future Agricultural Policy Framework: Stakeholder Engagement

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Department of  
**Agriculture, Environment  
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## 1. Introduction

The United Kingdom (UK)'s exit from the EU will mean that the Common Agricultural Policy (CAP) will no longer apply in Northern Ireland. Agricultural policy is devolved and its future direction will largely be determined by the devolved administrations. Following initial engagement with a range of key stakeholders across food, farming and the environment, DAERA is now undertaking wider engagement to help shape the debate on future agricultural support arrangements and inform future Ministers.

Under the draft Withdrawal Agreement<sup>1</sup> between the UK and the EU, it is anticipated that existing Regulations under CAP in relation to direct payments will continue to apply in 2019 and there will be no scope to change these. Direct support from 2020 would operate under domestic legislation.

This paper builds on the previous DAERA Minister's letter to the Secretary of State for Environment, Food and Rural Affairs (Defra) on 2 March 2017. This described the following key desired outcomes and long term vision for the Northern Ireland agricultural industry (discussed in more detail later in this paper):

1. Increased productivity in international terms;
2. Improved resilience to external shocks;
3. An agriculture industry that is environmentally sustainable; and
4. An industry which operates within an integrated, efficient, sustainable, competitive and responsive supply chain.

This paper, therefore, seeks stakeholder views on two time periods:

1. 2020-2021 when CAP would no longer apply and support is funded by UK Government (UKG). This could be a transitional period which provides some certainty in relation to support arrangements but may provide some scope for simplification; and
2. 2022 and beyond which looks towards a longer term agricultural policy.

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<sup>1</sup> [https://ec.europa.eu/commission/publications/draft-withdrawal-agreement-withdrawal-united-kingdom-great-britain-and-northern-ireland-european-union-and-european-atomic-energy-community\\_en](https://ec.europa.eu/commission/publications/draft-withdrawal-agreement-withdrawal-united-kingdom-great-britain-and-northern-ireland-european-union-and-european-atomic-energy-community_en)

During this exercise, DAERA will not in any way prejudge or constrain the ability of an incoming Minister, NI Executive and NI Assembly to decide what is appropriate for the Northern Ireland agri-food sector. It is likely, therefore, that there will be further consultations on specific proposals which arise as a result of this exercise.

### **1.1 Purpose of this document**

The purpose of this document is to discuss a possible high level framework for agricultural policy in Northern Ireland following the UK's exit from the EU, with associated objectives, policy instruments and broad delivery mechanisms. This framework need not be constrained by the existing CAP, nor the long-established CAP Pillar 1 and Pillar 2 construct which will no longer be relevant.

### **1.2 Background**

Pillar 1 of the CAP currently provides approximately €327m per annum of direct support to Northern Ireland farmers. All of this is paid out as decoupled support on a per hectare basis. However, while this support is not linked to current production, it, nevertheless, has a very significant influence on the viability of the industry and its competitive position relative to that in other regions in receipt of similar support (especially where there are no barriers to trade). For example, over the last five years, direct CAP support (Pillar 1) amounting to £1.3bn has accounted for 83% of the cumulative total income<sup>2</sup> of the Northern Ireland agricultural industry. In two of these years, the industry as a whole would have been in a loss-making position without this support. This illustrates the importance of CAP payments in sustaining the industry and underpinning its competitive trading position.

Further measures are delivered under the CAP for a range of rural development schemes which assist farm businesses (Pillar 2). Over the same five year period, farmer-facing rural development measures have delivered just over £200m of EU

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<sup>2</sup> <https://www.daera-ni.gov.uk/publications/statistical-review-ni-agriculture-2007-onward>



funding and associated national monies to improve both economic and environmental performance<sup>3</sup>.

A third relevant component of the CAP provides a range of market related measures which seek to provide a level of stabilisation in the event of market disturbances, as well as delivering the more efficient and effective operation of the market. The most notable of these components are:

- *Public Intervention Buying* – designed to remove product from the market through public purchasing and storage in order to support prices. The use of this mechanism is now effectively confined to the dairy sector and it was used extensively during the market downturn in 2015-16.
- *Private Storage Aid* – a mechanism designed temporarily to remove surplus commodity from the market for it to be released back onto the market at a later date (ownership of the commodity remains with the private sector recipient of the aid). This mechanism has been used in the dairy and pig sectors.
- *Crisis (Market Disturbance) Aid* – this is a mechanism that allows the EU Commission to step in to address severe market disturbances. It has been used, for example, to address the adverse market impact of the Russian import bans.
- *Carcase Classification Standards* – this mechanism is designed to ensure market transparency and efficiency by establishing mandatory standards for carcase specification and grading.
- *Price Reporting* – a mechanism for standardised price reporting to provide for market transparency, efficiency and the operation of market support mechanisms.
- *Marketing Standards* – to ensure efficient market operation and price discovery by mandating uniform marketing standards.

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<sup>3</sup> The total value of the approved Northern Ireland Rural Development programme 2014-20 is £623m. This includes some non-farm based measures, notably support for rural communities under Leader, support for afforestation and capital support for food processing investment

- *Producer Organisations* – support to encourage producer organisations to ensure more orderly collective marketing and supply chain initiatives.

This is not an exhaustive list and there is a range of other measures designed to assist in the efficient operation of the market, such as contractual arrangements in the dairy sector and aid for bee-keeping, as well as measures to improve access to food, such as the School Milk Scheme. Further EU regulations cover market-related issues such as food compositional requirements for jams, fruit juices, bread and flour, etc. and Protected Food Names. State Aid rules also operate (a set specific to agriculture) to ensure that unacceptable market and trade distortions are avoided.

The draft EU Withdrawal Agreement proposes a transitional period which will last until 31 December 2020. It also contains a protocol on Ireland/Northern Ireland. Final decisions have yet to be made on the Withdrawal Agreement, including the detail of the arrangements that might apply in the transitional period. In addition, the outcome of any final agreement on an Ireland/Northern Ireland protocol will have to be taken into account.

It is anticipated that under the terms of draft Withdrawal Agreement, the existing EU Regulations under CAP in relation to direct payments will continue to apply in 2019, which will be the last year that they will be administered using EU funding and rules. It is envisaged that there may be an opportunity to simplify the administration the existing direct support schemes for 2020 and 2021, for example in relation to the Basic Payment Scheme (BPS). The timescale for the implementation of any changes is short and for that reason, the Department has decided to seek views from stakeholders on the possible way forward prior to the final Withdrawal Agreement.

The Department for the Environment, Food & Rural Affairs (Defra) launched its consultation on future agricultural policy entitled *Health and Harmony: the future for food, farming and the environment in a Green Brexit*<sup>4</sup> on 27 February 2018. The Defra consultation was essentially limited to England only.

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<sup>4</sup> <https://www.gov.uk/government/consultations/the-future-for-food-farming-and-the-environment>

The Scottish Government launched a consultation on 20 June 2018, *Stability and Simplicity – proposals for rural funding transition period*<sup>5</sup>, which sets out proposals for a five year transition period for farming and rural support, should Scotland leave the EU. The proposals aim to provide stability, certainty and simplicity for farmers, crofters and land users.

The Welsh Government launched a consultation on 10 July 2018, *Brexit and our land: Securing the future of Welsh Farming*<sup>6</sup>, which sets out proposals for a planned, multi-year transition. It seeks views on:

- A new land management programme consisting of an economic resilience scheme; and
- A public goods scheme and how the specific schemes that will deliver the support should be designed.

### 1.2.1 Northern Ireland

In 2017, DAERA established four stakeholder groups (environment, trade and agriculture, fisheries and rural society) to ensure an effective exchange of information as the Brexit negotiations unfold and to provide a valuable source of industry opinion and expertise as DAERA explores a possible future policy agenda post EU exit. The Department, with the cooperation and input from key trade and agriculture and environment stakeholders, has started to develop a potential high level framework on future agricultural policy to apply in Northern Ireland. Views from stakeholders provided at the outset have been invaluable in helping shape these ideas.

## 1.3 Financial context

The UK Government has stated that the current UK agricultural support budget will be maintained in cash terms until the end of the present Parliament (currently scheduled to be 2022).

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<sup>5</sup> [https://consult.gov.scot/agriculture-and-rural-communities/economy-post-brexit-transition/user\\_uploads/00537221.pdf](https://consult.gov.scot/agriculture-and-rural-communities/economy-post-brexit-transition/user_uploads/00537221.pdf)

<sup>6</sup> <https://beta.gov.wales/support-welsh-farming-after-brexit>

The Department's objective will be to ensure that the share of the UK agricultural budget made available to Northern Ireland will reflect Northern Ireland's current combined CAP Pillar 1 and Pillar 2 share and that it will be sufficient to deliver the outcomes sought under this framework. This paper, therefore, assumes that the total agricultural support budget available to Northern Ireland will remain constant in cash terms for the remainder of this Parliament.

It is also expected that the UK will secure its pro-rata share of the EU Amber Box headroom as part of the exit agreement and that this will be established in the UK's WTO schedule. This will provide maximum scope for future policy flexibility within the UK.

## **2. Transitional Agricultural Support Regime, 2019-2021**

### **2.1 2019 scheme year**

At this point in time, and in anticipation that the final Withdrawal Agreement will include a transitional period until 31 December 2020, the UK is expected to operate in line with the CAP in respect of Pillar 1 in the 2019 scheme year. Therefore, no scheme changes are possible for 2019 scheme year other than those introduced by the EU.

### **2.2 2020 – 2021 scheme years**

DAERA will seek the legal authority to maintain the *status quo* during these two scheme years, enabling it to continue to implement the Direct Payment schemes as if they were still operating under EU rules.

However, as part of a transition to a new agricultural policy framework, limited changes could be made in the 2020–2021 scheme years to simplify the current support regime and to remove requirements that are not particularly relevant or worthwhile in a Northern Ireland context. More fundamental changes to the support regime will require time both to refine the objectives of the future support arrangements and to develop the necessary implementation arrangements. These possibilities are explored further in Sections 3 – 7.

The 2020–2021 scheme years could also be used to make the necessary preparations to deliver a new agricultural support framework post 2022 or pilot new approaches, and to signpost clearly any changes so that farmers have time to evaluate their future business plans.

Some of the simplifications which could be implemented or considered for the 2020-2021 scheme years are set out below.

### **2.3 Entitlements**

An 'entitlements' system currently forms the basis of the Basic Payment Scheme (BPS) and it helps ensure that support is directed towards active farmers rather than non-farming landowners. It also helps ensure that a greater proportion of the agricultural support is retained by farmers rather than being captured in higher land rental values. Until a future support framework is agreed, the entitlements system could be retained as the basis of the BPS for the 2020 and 2021 scheme years.

### **2.4 Moving towards a flat rate payment per hectare**

Under the current BPS, since 2015, the value of entitlements has been progressing in equal annual steps towards a flat rate per hectare. The progression is consistent with reaching a flat rate BPS payment per hectare by 2021, which represents a 7 year transition from 2015 (the first year under the current regime). These arrangements were to be reviewed after 2019 as part of EU CAP Reform.

Two of the potential options that could be considered are:

1. Continue the transition towards a flat rate payment by 2021; or
2. Freeze the value of the entitlements at the end of 2019, which will mean that in 2020 and 2021, BPS entitlements will have the same value as in 2019.

The merits of these and other potential options would best be considered in the context of greater certainty on the longer term agricultural policy framework for Northern Ireland. Therefore, this particular issue will be the subject of a separate consultation in 2019.

### **2.5 Greening**

Farmers who participate in BPS must, where applicable, adhere to three greening measures - crop diversification, ecological focus area and retention of permanent grassland (see **Annex C** for further information).

The greening requirements are directly relevant to only a very small sub-set of Northern Ireland producers and deliver minimal, if any, changes in farming practice, but require a disproportionate administrative effort to implement. Therefore, the

greening requirements of crop diversification, ecological focus area and retention of permanent grassland could be abolished and the value of the greening payment incorporated into Basic Payment entitlement values.

One aspect of greening - the current ploughing ban on environmentally sensitive permanent grassland (i.e. within Special Protection Areas and Special Areas of Conservation) - could be retained. The ban helps protect areas such as peat and wetlands which are environmentally sensitive. This ban could be retained either through the Environmental Impact Assessment Regulations or by making it a condition of receiving the Basic Payment.

## **2.6 Young Farmers' Payment/Regional Reserve**

The Young Farmers' Payment (YFP) provides a "top-up" to the BPS for those who qualify as a "young farmer". It is reasonable that those accepted into the YFP up to and including 2019 should continue to receive this payment for the period for which they are eligible (up to 5 years).

Under current EU rules, as part of the BPS, there is a Regional Reserve which is used to allocate entitlements or to top up existing entitlements for certain categories of farmers. It is used to allocate entitlements to Young Farmers and New Entrants and in certain other limited circumstances. The Regional Reserve is funded by the difference between the value of entitlements held by farmers and the Department's BPS ceiling, along with the return of some entitlements, and if needed, by further reducing the value of entitlements.

The need for a Regional Reserve mechanism needs to be considered in the context of the nature of the longer term agricultural framework. During this transitional period, there does not appear to be a strong argument to continue to operate a Regional Reserve under a regime that is in the process of being replaced. A similar comment could be made in respect of whether new applicants could be accepted to a Young Farmers' Payment operating as a top-up to BPS. There is now an opportunity to consider a more targeted and outcomes-based approach to generational renewal on farm businesses.

## 2.7 Other elements of the direct payment schemes

Certain other elements of the direct payment schemes could remain during this transition period:

- The current **active farmer provisions** maintain a focus on supporting those engaged in agricultural activity. Alternative arrangements to target support towards active farmers could be explored on a longer timeframe, if this is likely to remain an issue for elements of the post 2022 regime.
- The **land eligibility rules** ensure support is focused on land that is actively managed. Any problematic issues will continue to be defined, agreed and reviewed.
- The principle of **cross compliance** could to be retained, subject to a review to ensure that the requirements are appropriate in a Northern Ireland context.
- The **key dates** governing application for direct support and the annual payment cycle are well established. These could be retained until post 2021.
- The **penalty regime** could also remain largely the same, but with some simplifications concerning the removal of the yellow card approach and a review of the limits on maximum penalties to ensure a proportionate approach.
- The principle of **retrospective recoveries** could remain, but be reviewed to recognise better the principle of proportionate effort in the recovery of small sums.
- The **inspection regime** should be retained but be subject to an annual review of the appropriate inspection rate and whether new technologies may enable a more efficient approach.



## **2.8 Section 2 Questions**

- Q1. What are your views on the retention of entitlements as the basis of direct support until a new agricultural policy framework is agreed?**
- Q2. What are your views on the possible abolition of the greening requirements of crop diversification, ecological focus area and retention of permanent grassland and the incorporation of the greening payment into the BPS entitlement values?**
- Q3. What are your views on the retention of the current ploughing ban on environmentally sensitive permanent grassland (i.e. within Special Protection Areas and Special Areas of Conservation) and how this could be achieved?**
- Q4. What are your views on those accepted into the YFP up to and including 2019 continuing to receive payment for as long as they are eligible to do so?**
- Q5. What are your views on whether to allow further applications to the YFP and the Regional Reserve after 2019?**
- Q6. What are your views on the most effective means of encouraging and facilitating generational renewal on farm businesses?**
- Q7. What are your views on whether the elements of the current direct payments discussed in Section 2.7 could remain in 2020 and 2021?**
- Q8. Have you any specific suggestions for simplifying other aspects of the current direct payments regime in 2020 and 2021 which are not mentioned here? If so, please explain your rationale for suggesting these.**



### **3. Agricultural Policy Framework Beyond 2021**

This section looks at the potential longer term agricultural policy framework after 2021. It is likely that the move from the previous support regime to a new policy agenda will need to happen over a number of years in order to deliver a managed transition. Ideally this progression would be well sign-posted in advance to provide greater certainty and clarity to farm businesses.

#### **3.1 Context**

It is important that the agricultural policy framework is designed to deliver key strategic outcomes. The various components of the framework, and the measures that will be delivered under it, need to be assessed in terms of their ability to achieve these goals/outcomes.

The Department, in conjunction with key food, farming and environmental stakeholders identified the following key desired outcomes and long term vision for the Northern Ireland agricultural industry:

1. An industry that pursues increased productivity in international terms, closing the productivity gap which has been opening up with other major suppliers. This will create the basis for a profitable sector which can grow market share.
2. An industry that displays improved resilience to external shocks (such as market and currency volatility, extreme weather events, etc.) which are ever more frequent and to which the industry has become very exposed.
3. An industry that is environmentally sustainable in terms of its impact on, and guardianship of, air and water quality, soil health, carbon footprint and biodiversity.
4. An industry which operates within an integrated, efficient, sustainable, competitive and responsive supply chain, with clear transmission of market signals and an overriding focus on high quality food and the end consumer.

It is important to state that these four outcomes are highly synergistic – a healthy and sustainable environment secures long term agricultural productive capacity and underpins resilience; productive agriculture minimises waste and maximises resource efficiency, which underpins environmental performance and reduces exposure to market risk; an integrated and efficient supply chain ensures that agricultural activity is properly focused on delivering market demands, thereby minimising wasted effort, wasted resource and inefficient supply chains and reflecting broader societal demands for sustainable production methods.

The primary policy tools available to government – science, education, incentivisation and regulation – are applicable to helping deliver all of these outcomes.

Although it may not be a primary objective in terms of regional agricultural policy, food security is a further and highly important strategic context within which agricultural policy must operate. Food security is a wide and complex issue, which is very much broader than the simple metric of self-sufficiency, and encompasses matters such as the protection of productive capacity, supply chain vulnerability, security of energy supply and other key inputs, security of transport links, trade and distribution networks, etc. All of these will be subject to natural, as well as, geopolitical risks and influences, but the strategic imperative of being able to secure basic food supplies lies at the centre of this integrate web of interconnected factors, and the role of agricultural policy in its broadest sense is of strategic importance and influence in this regard.

In seeking to address the above aims, the following additional principles must also be taken into account:

- The future agricultural policy and intervention framework must not conflict with WTO obligations; and
- The framework should not give rise to unacceptable market distortions within the UK.

## 4. Increased Productivity

Productivity growth has been a constant feature of global agriculture for many decades, even centuries. Improvement in labour productivity in UK agriculture has been consistently lower than that of competitors such as the USA, France, the Netherlands and Italy over the past ten years and more. For example, it has been suggested that had the UK rate of productivity growth kept pace with that of the US since 2000, the contribution of UK farming to the rural economy would have been £4.3 billion higher by 2013<sup>7</sup>. At a local level, benchmarking data indicate very considerable opportunities for substantial gains to be achieved in on-farm performance.

If the Northern Ireland agricultural industry is to have a viable future as a trading sector, it should, at the very least, keep pace with the productivity growth of its competitors, and indeed outperform them if it wishes to capture additional market share. It is recognised that the productivity challenges faced by each agricultural sub-sector will not be the same, with some having further to travel than others. Therefore, there can be no single, or static, target for productivity growth – but productivity growth must become a deeply embedded driver and objective for the future development of the Northern Ireland industry, and one which can be accelerated using the primary policy levers described above. However, these gains cannot be at the expense of environmental sustainability. Therefore, any new policy agenda needs to ensure that the twin objectives of productivity and environmental sustainability are pursued in a way that is synergistic rather than antagonistic.

Four broad policy instruments have been identified to drive productivity in Northern Ireland:

- Science and Innovation;
- Agricultural Education;
- Knowledge Exchange (as part of continuous professional development); and
- Investment and Restructuring.

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<sup>7</sup> [https://ahdb.org.uk/documents/Horizon\\_Driving%20Productivity\\_Jan2018.pdf](https://ahdb.org.uk/documents/Horizon_Driving%20Productivity_Jan2018.pdf)

#### 4.1 Science and Innovation

Science and innovation is an important driver of long term productivity growth. Increasingly, research/science anticipates and mitigates the unintended consequences of technological innovation which, in the past, may have arisen as agricultural production systems became more intensive. The goal of higher productivity growth through science and innovation must be achieved in a manner that is compatible with improving environmental sustainability and delivering high animal health and welfare standards. Targeted science and innovation must also seek to address these latter objectives in their own right (i.e. not only in the context of productivity growth).

Whilst there is significant investment in innovation research in Northern Ireland, much more could be achieved both from existing resources and from additional investment. Closer co-operation and collaboration across projects, across disciplines and across research institutions to accelerate the pace of progress, and more industry and stakeholder engagement to help shape the research agenda and to align public and private sector research investment would be beneficial.

A “Productivity Grand Challenge” approach towards science and innovation could:

- Use a multi-actor approach – science, innovation, knowledge transfer, education, policy, industry;
- Create a platform approach to science delivery and facilitate integration with knowledge transfer and education;
- Adopt a medium to long time horizon (at least 3-5 years); and
- Accept a higher risk appetite.

## 4.2 Agricultural Education and Knowledge Exchange

The successful on-farm adoption of new knowledge and technology is a crucial, and often the most challenging, aspect of driving innovation and productivity through science. Agricultural education, knowledge transfer and investment and restructuring are key enablers in this respect.

Agricultural education and knowledge transfer are the key cornerstones to the successful on-farm adoption of new knowledge and technology. Research has shown that family farm income is higher in those households where the farmer has agricultural qualifications compared with those with no qualifications<sup>8,9</sup>. In Northern Ireland, 62% of working owners and 40% of employees hold no formally recognised qualifications<sup>10</sup>. To address this issue, a renewed focus on, and a significantly higher investment in, increasing professional educational attainment and knowledge transfer in the sector is needed.

This is a key component of the draft DAERA Knowledge Framework which seeks to ensure that where possible, future agricultural policy interventions include a strong education, training and knowledge exchange component. This will focus on assisting land managers and workforces to improve productivity, resilience, environmental performance and sustainability as integrated components in the development of their businesses.

Increasing the minimum level of educational attainment across all sectors in the economy is also a key focus of the draft Northern Ireland Industrial Strategy and is in line with draft Programme for Government ambitions. The draft DAERA Knowledge Framework sets a target of ensuring that by 2025, anyone taking over as head or effective head of a commercial farm or horticulture business should have at least a relevant Level 3 qualification<sup>11</sup>.

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<sup>8</sup> <https://www.daera-ni.gov.uk/sites/default/files/publications/dard/returns-to-education-report.pdf>

<sup>9</sup> [https://www.teagasc.ie/media/website/publications/2014/Teagasc\\_Impact\\_of\\_Education\\_Report.pdf](https://www.teagasc.ie/media/website/publications/2014/Teagasc_Impact_of_Education_Report.pdf)

<sup>10</sup> <https://www.daera-ni.gov.uk/sites/default/files/publications/dard/skills-assessment-for-the-environmental-land-based-sector-in-northern-ireland.pdf>

<sup>11</sup> Level 3 is broadly equivalent to A-level and considered the lowest level of qualification consistent with a managerial role see <https://www.gov.uk/what-different-qualification-levels-mean/list-of-qualification-levels>

This is an ambitious target that will require both an investment in human capital and a culture shift within a sector where the benefits of formal qualification attainment tend to be undervalued. Therefore, it is a goal that will require action both on the part of government and of the industry. The downstream food chain must also seek ways of encouraging and incentivising the creation of a professional, qualified agricultural sector, recognising both the benefits and reduced risks that this creates in terms of its raw material supply base.

Recent experience (e.g. in respect of the Young Farmers' Payment) has shown that linking qualification attainment with scheme eligibility or scheme competitive scoring can help incentivise farmer engagement with formal training initiatives, often for the first time. Experience has also shown that once this initial step has been taken, a significant proportion of participants are keen to progress with further training, having recognised the benefits that it can bring to their businesses.

Such incentivisation could be pursued further, for example, in terms of:

- Preferential access to DAERA competitiveness schemes and other initiatives (e.g. animal health support);
- Preferential access to advice on the adoption of new technology/publications/online tools/knowledge transfer groups;
- Enhanced networking opportunities with other farmers and wider agri-food industry representatives;
- Access to supply chain incentives, information, supplier contacts; and
- Preferential signposting to farm business services, farm succession planning, etc.

Those farmers who attain at least a Level 3 qualification could be provided with a further incentive through a reduced risk rating for official inspection purposes (e.g.



animal welfare, hygiene, environmental performance), or membership of future quality assurance regimes.

#### *4.2.1 Continuous Professional Development*

The attainment of a Level 3 qualification in early career is insufficient to maintain a high level of professional competence for an entire working life. A long-term commitment to skills and competency development can help deliver increased productivity through successful innovation and improved farm management efficiency; increased resilience through better management; a more strategic approach to farm business development; greater flexibility and adaptability; and improved environmental performance and animal health and welfare outcomes. Therefore, investment in Continuous Professional Development (CPD) is relevant to all farmers, land managers and workers, regardless of what stage they are in their career or of their existing level of formal qualification. It could be promoted in the sector through appropriate, accessible and flexible training and knowledge exchange initiatives. This could be pursued as part of a structured approach to CPD for individuals, which can be planned and phased in line with business development needs, and a portfolio of new knowledge and skills built up over time.

To further encourage CPD, part of a future agricultural support budget could be used to fund a training credit scheme. An outline of a potential scheme is below:

- Farm business training courses delivered by accredited providers which could be outside government;
- The Department to ensure the quality and relevance of the training provision;
- Knowledge vouchers, funded by the Department, to be redeemed against relevant training courses; and
- On successful completion of training, the farmer could receive a reimbursement of that part of the value of the training voucher not needed to meet the costs of the provider, providing an additional incentive to undertake training, making a

contribution to overcoming financial barriers to participation and encouraging competition among providers to keep costs down while still maintaining standards.

### 4.3 Investment and Restructuring

In order that farm businesses can fully benefit from science, innovation and technology transfer to drive productivity, the farm businesses need to have access to targeted investment aid that supports innovation and new technology uptake that is aligned to other strategic objectives, notably environmental performance. Such aid could be clearly focused on driving strategically important outcomes such as productivity, resilience and environmental sustainability. It should not create perverse incentives to invest in unnecessary, unviable or unsustainable assets. Investment aid does not necessarily need to be in the form of capital grant: alternative financial instruments, such as loan funds or loan guarantees, may complement and unlock bank lending.

To maximise the benefits from investment aid, the following could also be promoted:

- **Land mobility** aimed at facilitating the expansion of existing businesses and the establishment of new entrant farmers. This may involve information and advice regarding options such as farm succession planning, joint ventures, share farming and contract farming as means of facilitating restructuring and generational renewal. New entrant farmers could be a particular target for CPD and education interventions and possibly also of investment aid.
- The benefits of **longer term land leases** to assist business development and investment in the sector, as well as delivering improved land management and stewardship by enabling longer term perspectives and creating improved opportunities for participation in agri-environment schemes.

Fiscal/tax incentives have an important role in encouraging investment and restructuring within agriculture, and Northern Ireland needs to ensure that it has a mechanism to make its voice heard in the setting of UK fiscal policy. Incentivising

generational renewal and a switch from conacre to longer term land leases could be two areas of particular interest and benefit.

#### **4.4 Section 4 Questions**

- Q9. What are your views on a “Productivity Grand Challenge” approach to delivering a step change in the rate of advance in science and innovation?**
- Q10. What are your views on the principle of placing greater policy emphasis and investment in agricultural education and knowledge transfer as means of driving better industry outcomes?**
- Q11. What are your views on linking qualification attainment with a broader range of policy interventions as a means of incentivising farmer engagement with formal training initiatives?**
- Q12. What are your views on continuous professional development (CPD) as a policy intervention and the possible investment of public funds to incentivise CPD?**
- Q13. What are your views on the provision of investment that is specifically targeted on innovation and new technology uptake and that is aligned to other strategic objectives, notably environmental performance?**
- Q14. What are your views on the provision of investment incentives other than capital grant (such as loans, loan guarantees, interest rate subsidies, etc)?**
- Q15. What other initiatives by government and/or industry should be pursued to facilitate restructuring and investment and drive productivity?**

## **5. Improved Resilience**

The agriculture sector is particularly prone to uncertainty arising from issues such as fluctuating input costs and farm gate prices caused by local, national and global market influences, extreme weather events, animal and crop diseases, changes in international trading patterns, geopolitical shocks, etc. Farmers, therefore, require tools that can assist their ability to “bounce back” in response to temporary shocks and “bounce forward” in response to system shifts. In order to improve resilience in the sector in Northern Ireland, a basket of policy instruments could be considered.

### **5.1 Basic Farm Resilience Support**

Payment of a basic farm resilience support measure is one possible option. Income support payments can improve farm resilience but conversely, such payments can act to slow agricultural productivity growth by masking technical inefficiency - reducing the drive to innovate and delaying structural adjustment. Support payments can also act to reduce the incentive to manage risk within farm business, or even encourage risky behaviour. Therefore, a balance needs to be struck between providing a safety net which helps a farm business withstand those shocks that are beyond the ability of the business to manage effectively, and dampening the incentive to be efficient, competitive and to manage risk proactively. It is generally recognised that the current level of CAP income support does not strike an appropriate balance. The payment of a basic farm resilience support measure in the future could help strike that balance.

Nevertheless, it needs to be recognised that an orderly transition is required from the current CAP regime, which is dominated by Pillar 1 income support, to a new domestic framework. Therefore, funding could be progressively removed from the area based payment over a pre-defined timeline and diverted to the other policy interventions outlined in this paper (to drive productivity, environmental sustainability, etc.). This could provide a clear line of sight for farmers to plan their businesses accordingly.

Under the resilience agenda, one option could be to retain some funding within an area-based payment in the long term to provide an underlying and predictable<sup>12</sup>

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<sup>12</sup> As this would be set in Sterling, the payment would be more predictable from year to year than the current CAP Pillar 1 support, which is denominated in euros and hence exposed to currency fluctuation.

revenue stream to underpin farm resilience. This support payment could evolve from either the existing direct payment or any future simplified decoupled area payment for 2020-2021 (the transitional support regime). It could continue to be targeted at active farmers but at a level below that currently provided under CAP Pillar 1, thereby seeking to avoid most of the disadvantages noted above.

A basic farm resilience support payment could be targeted to take into account issues such as natural disadvantage based on soil and climate factors (which can be linked to vulnerability/resilience in defined geographical locations). It is also possible that the content of cross compliance/good farming practice associated with this provision could look somewhat different than that currently applied under the CAP and could seek to help drive some basic environmental, biosecurity, land management, productivity or other objectives by attaching appropriate eligibility conditions to the payment.

Tiering and/or capping of the payment could also be considered to help ensure that larger farms are not overcompensated. At the other end of the size spectrum, a lower threshold of eligibility could be established to avoid directing such support to non-commercial holdings.

## **5.2 Income Protection or Anti-Cyclical Measures**

Various farm schemes have been deployed across the world in an attempt to solve the problem of volatility and these may provide an option for consideration in Northern Ireland. Anti-cyclical/insurance type measures may involve private sector partners and/or may require a contribution from producers. For farm income insurance measures to be considered non- or minimally trade distorting, they must be based solely on agricultural income and not linked to the type of production (i.e. commodity specific) or prices. To be triggered, the farm income reduction must be below 70% of the historical average (i.e. the preceding three year average or the preceding five year average excluding the lowest and highest years). When this threshold is reached, the insurance payment cannot compensate for more than 70% of the farmer's income loss in the year concerned. Canada, for example, operates a farm income insurance scheme where the agricultural income data required to operate the measure are obtained from individual tax returns.

Farm income insurance measures that do not comply with the rules outlined above are usually variants of a deficiency payment mechanism (linked to price) with a producer contribution. The USA dairy margin protection programme, for example, is linked to the difference between output prices and certain input costs, with producers able to select and pay for a level of margin protection and an associated volume (the higher the margin and the higher the volume, the greater the producer contribution).

These schemes require both historic and up-to-date data, often down to individual farmer level, and the ability to set appropriate scheme criteria and trigger points that deliver timely and effective interventions across a range of individual or regional circumstances. Sufficient uptake is required to achieve critical mass to make the insurance scheme viable, and it would be important to refrain from helping those who choose not to insure themselves.

These could be challenging options and their viability if, operated at a regional level (on a sectoral or cross-sectoral basis), would need to be very carefully assessed. Nevertheless, they could play a part in the challenge of managing volatility.

### **5.3 Fiscal Measures**

There are several fiscal measures that currently benefit UK farmers. Most significant are capital allowances that incentivise investment and income tax averaging provisions that help reduce the effects of income volatility inherent in farming. These types of measures offer scope for further refinement. An example of a fiscal measure that may be explored to assist resilience is a deposit scheme similar to that operated in Australia, which allows farmers to credit income (before tax) to an account in profitable years that can subsequently be drawn down in more challenging times (and taxed at that point) and so support income resilience at farm level. This is an instrument that could be of relevance and value across the UK and could be sought on that basis.

### **5.4 Other Measures**

While the elements described above could provide the basis of resilience for the agricultural sector as a whole and would place a large degree of responsibility on

individual farmers as to how they would use these instruments to manage their individual risks, there will inevitably be those more extreme events which will require government to step in to stabilise the industry. For example, a major animal disease event or geopolitical crisis which closed the UK off from international market outlets, even if only very temporary in nature, could have hugely damaging effects. There would need to be the legislative capability to bring forward very quickly the appropriate measures to deal with such crisis events.

A pre-defined and agreed crisis response framework for the UK could facilitate a coherent and consistent response. This could, for example, establish a broad categorisation for responses that would be progressed at regional level with regional resources (such as localised extreme weather events) and those that would require a national response with national funding (but which may have regional triggers, such as events leading to export difficulties). Trigger points (such as scale of impact or market price reductions) might also be established to inform the operation of this framework. The nature of the interventions could be for further consideration, but might best be left fairly flexible.

Use of market management type options to address volatility would need to be very carefully considered, as it is unlikely that outside of the EU, government attempts to influence the UK market (other than in circumstances where the UK market was isolated from external markets) would prove effective or worthwhile relative to other forms of assistance.



## **5.5 Section 5 Questions**

- Q16. What are your views on the provision of a basic farm resilience support measure?**
- Q17. What are your views on an appropriate mechanism to establish the level of payment under a farm resilience support measure?**
- Q18. What are your views on the targeting of a basic farm resilience support payment to take account of issues such as natural disadvantage?**
- Q19. What are your views on linking a farm resilience support measure with cross compliance obligations?**
- Q20. What are your views on the content of cross compliance/good farming practice associated with this provision?**
- Q21. What issues would an appropriate cross compliance regime seek to encompass?**
- Q22. What are your views on the tiering or capping of a basic farm resilience support payment, or the establishment of an eligibility threshold?**
- Q23. What are your views on the introduction of anti-cyclical/insurance type measures to help address volatility?**
- Q24. Should anti-cyclical/insurance type measures be sector-specific or aimed more generally at income protection?**
- Q25. What are your views on the enhancement of fiscal measures as a means of addressing the issue of income volatility?**
- Q26. What are your views on a possible pre-defined and agreed crisis response framework to respond to crisis events, either locally or nationally?**



## 6. Environmental Sustainability

Although a core objective of farmers is to produce food, they need to do this in a way that is environmentally sustainable and with due regard to their stewardship of habitats and landscapes. Around 70% of land in Northern Ireland is devoted to agriculture. Agriculture, therefore, has a significant impact on the environment, both positively and negatively. In particular:

- There is significant scope for influencing biodiversity through agricultural practices.
- Agriculture is responsible for a significant number of point source pollution incidents, and diffuse pollution from agriculture is one of the main pressures on water quality.
- Agriculture emits more greenhouse gases than any other single sector of the Northern Ireland economy - 27% of total Northern Ireland GHG emissions in 2015<sup>13</sup>. However, agriculture can also act as a very significant carbon sink, and the industry in Northern Ireland has been making significant progress in reducing the intensity of CO<sub>2</sub> emissions per unit of output<sup>14, 15</sup>.
- Agriculture is responsible for 91% of ammonia emissions<sup>16</sup>. Nitrogen deposition threatens the condition of Northern Ireland's priority habitats by changing the flora composition as nitrogen intolerant plants are displaced by other species.

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<sup>13</sup> <https://www.daera-ni.gov.uk/sites/default/files/publications/daera/ghg-inventory-statistical-bulletin-2016.pdf>

<sup>14</sup> <https://www.daera-ni.gov.uk/sites/default/files/publications/daera/16.17.038%20Efficient%20Farming%20GHG%20Action%20Plan%202016-2020.PDF>

<sup>15</sup> <https://www.daera-ni.gov.uk/publications/northern-ireland-carbon-intensity-indicators-2017>

<sup>16</sup> [https://uk-air.defra.gov.uk/assets/documents/reports/cat07/1710060932\\_DA\\_Air\\_Quality\\_Pollutant\\_Inventories\\_1990-2015\\_v01-01.pdf](https://uk-air.defra.gov.uk/assets/documents/reports/cat07/1710060932_DA_Air_Quality_Pollutant_Inventories_1990-2015_v01-01.pdf)

- Pressure on soils from agricultural activity can impact on their vital functions, such as nutrient cycling, filtering pollutants and water, storing carbon, and supporting plant and animal life.

Although agriculture does exert negative environmental influences, changes in agricultural practices have the potential to deliver major gains, and this should be a particular focus in any new agricultural policy framework. Resource efficiency within agriculture will not only help drive enhanced productivity, it will also help deliver better environmental outcomes by avoiding unnecessary inputs and minimising losses to the environment. In many instances, enhanced productivity (if well managed) and environmental sustainability are complementary objectives.

Our health and wellbeing depends upon the services provided by ecosystems and their components: water, soils, nutrients and organisms. However, it is not generally economically viable for individuals or companies to take unilateral action to improve the environment if this is not rewarded or incentivised by the market. Therefore, there is a strong rationale to support actions which will improve the environment for the benefit of all citizens through an appropriate balance of regulation, the provision of incentives, education and advice.

## **6.1 Principles**

In ensuring that any future Northern Ireland agricultural policy is developed in such a way that the combined actions of the local farming industry are environmentally sustainable, the following principles could be relevant:

- i. Any future policy framework should fully recognise the environmental impacts of farming. That is, current farming and land management practices should not compromise our environment for future generations but should seek to deliver a positive environmental legacy.
- ii. Future environmental payments or incentives should recognise and reward the public goods provided by farmers and land managers who achieve a verified

level of environmental performance through the delivery of identified outcomes under a sustainable agricultural objective.

- iii. Positive behavioural change amongst farmers and land managers is key to ensuring the long term environmental sustainability of the agriculture sector. In order to achieve this change, farmers need to be given the correct information, at the right time, on why they are being asked to change, how to achieve the change, and what the benefits are for them and for the environment.
- iv. There needs to be a collaborative approach in developing policy proposals, recognising that farmers and land managers have a unique perspective and understanding of what has worked well and not so well in previous policy interventions, and of the challenges of farming sustainably whilst remaining a productive, profitable business. This knowledge needs to be captured and harnessed.

## **6.2 Regulation**

Any future agricultural policy framework will need to recognise and be underpinned as appropriate, by proportionate, effective environmental regulation. Environmental regulation should form a backstop to ensure that farming practice does not cause unacceptable pollution or damage to habitats. Future farm support could be linked to farming practices not breaching relevant minimum environmental standards as set out in regulations. Consideration will also need to be given to the role of environmental governance and how this is best achieved at a UK and devolved administration level.

## **6.3 Science/Education/Advice**

In order to enable farmers and land managers to make the necessary behavioural change to meet existing (and future) environmental challenges, there is a need for increased emphasis on behavioural science, education, knowledge transfer and professional development. The proposals already set out above, and in particular the CPD proposals, have the potential to help ensure that in future, farmers and land managers have access to relevant, timely and up-to-date information on how to deliver environmental sustainability and enhancement of their land throughout their careers.

Northern Ireland needs to access and make use of the widest possible research base and best practice in relation to environmental and conservation management in the agricultural sector. There is a need for continued investment in this evidence base to underpin sustainable agricultural policy development, monitoring and evaluation, and to facilitate practical environmental management knowledge transfer to farmers and land managers.

#### **6.4 Incentivisation**

Future schemes to incentivise changes in farming practice to enhance environmental sustainability could have a significant role to play in future agricultural policy. To have the maximum impact, a number of principles could apply:

- i. Schemes could increasingly be outcome based (where evidence allows), rather than prescription based, giving farmers and land managers greater freedom on how to achieve defined environmental outcomes, whilst recognising that in certain circumstances, management prescriptions may still be necessary and desirable. There could be greater scope for farmers/land managers to be involved in co-design of the actions that could deliver the outcomes that are being incentivised.
- ii. Where possible, schemes could be designed to achieve environmental outcomes at a landscape scale, recognising the interconnectedness of habitats and water bodies. This approach is likely to have the greatest chance of delivering multiple environmental benefits from a defined number of interventions. It will, however, require significant levels of facilitation to encourage farmers to work together and to develop the most effective ways in which they can co-operate.

It is recognised that strict adherence to the principle of ‘income forgone/cost incurred’ in setting environmental payments may be insufficient in certain circumstances to achieve the desired level of farmer uptake and environmental outcomes. Therefore, where appropriate, an additional incentive element may be necessary to include within any payment. This might be targeted to specific areas, habitats or water catchments

and may involve innovative new ways of arriving at the appropriate level of incentive to deliver the desired results.

In addition to government incentivisation of behavioural change, there could be a strong role for the development of market-led initiatives to improve environmental performance on farms (“supply chain pull”) that the industry could seek to explore. There may also be opportunities to support environmental actions from other funding streams to pursue, for example, flood risk mitigation, public health (through the provision of access for recreation) and carbon trading.

## **6.5 Target Outcomes**

In order to guide future interventions, it is important to define the desired long term environmental outcomes. In broad terms, these could be:

- Natural capital and its associated ecosystem services are protected and enhanced;
- The carbon intensity of food production continues to fall;
- Consistent increases in the proportion of priority habitats and species (of UK and European importance) achieving favourable or recovering status, as well as broader gains in biodiversity;
- Soil quality and functions are improved and soil erosion is prevented;
- The proportion of water bodies achieving good status consistently increases in the medium to long term;
- Ammonia emissions are reduced to a point where critical loads are not exceeded across Northern Ireland; and
- There is increased resource efficiency within farm businesses.

In working to achieve these outcomes, new delivery models may be needed. For example, there may need to be sub-regional variation in schemes to recognise differing circumstances in particular catchments, habitats or landscapes. Equally, policy instruments may need to facilitate greater involvement of actors other than individual farmers, such as food processors, local authorities or non-government organisations.



## **6.6 Section 6 Questions**

- Q27. What are your views on the suggested environmental principles to be incorporated within the agricultural policy framework?**
- Q28. What are your views on the need for investment in research and education targeted on environmental and conservation management in the agricultural sector?**
- Q29. What are your views on a possible shift towards outcome based environmental measures for agriculture, including co-design with farmers and land managers?**
- Q30. What are your views on the need for future schemes to move beyond the costs incurred income/forgone approach to incentivise changes in farming practice to enhance environmental sustainability?**
- Q31. What are your views on the role of other actors in seeking to drive better environmental outcomes?**
- Q32. What are your views on the delivery models that would deliver the best uptake and outcomes?**



## 7. Supply Chain Functionality

The Northern Ireland agri-food supply chain includes a wide range of players, including feed and fertiliser suppliers, suppliers of agricultural machinery, equipment and services, farmers and growers, food and drinks processors, distributors, retailers, food service providers and consumers. The focus of this section is primarily on the position of Northern Ireland farmers and growers within the food supply chain and their relationship with the processing industry. It is, of course, recognised that the food processing sector occupies a pivotal role in the supply chain and its success in identifying and exploiting market opportunities which add further value to agricultural outputs is crucial to the profitability of primary production.

Other Departments and agencies in Northern Ireland have a lead role for certain aspects of food, including the Department for Economy and InvestNI, the Department of Health and the Food Standards Agency NI. It will be important that there is a joined-up approach across government on food and farming issues moving forward, but that is outwith the scope of this paper.

There is a range of supply chain structures in the Northern Ireland industry, ranging from the highly vertically integrated to the extremely fragmented. The overall aspiration could be for an agricultural industry which operates within an integrated, efficient, sustainable, competitive and responsive supply chain, with clear transmission of market signals and an overriding focus on high quality food and the end consumer. However, the perception of the current supply chain is somewhat removed from this ideal. Issues identified with the current supply chain include<sup>17</sup>:

- Lack of trust, transparency and communication within the supply chain<sup>18</sup>;
- Processors/retailers seen as having information which is not shared with farmers;
- Low levels of cooperation and collaboration;

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<sup>17</sup> See, for example, the Going for Growth evidence base. The position varies significantly by agricultural sub-sector at [http://webarchive.prони.gov.uk/\\*/http://www.agrifoodstrategyboard.org.uk](http://webarchive.prони.gov.uk/*/http://www.agrifoodstrategyboard.org.uk)

<sup>18</sup> <https://publications.parliament.uk/pa/cm201516/cmselect/cmenvfru/474/474.pdf>

- Lack of market information (or failure to understand what is available);
- The need for a more knowledgeable, skilled and professional workforce to meet customer requirements (including meeting verifiable Unique Selling Points (USP) for Northern Ireland produce, such as animal welfare, environmental credentials, food safety and traceability);
- Increasing volatility and uncertainty of the trading landscape, particularly post Brexit (Northern Ireland/Ireland border, access to EU and other markets)<sup>19</sup>; and
- Perceived imbalance of power and distribution of risk and reward across the supply chain.

It is primarily for the agri-food industry itself to tackle many of these problems, to provide leadership, drive change and improve relationships to achieve effectively functioning supply chains. However, areas in which a future agricultural policy could have a contribution to make are as follows:

### **7.1 Information**

Farmers and growers need ready access to impartial and timely information on pricing, production costs and markets. There are long-established EU requirements for price reporting of key commodities (such as beef, pigmeat, sheepmeat and milk) established under the EU Common Market Organisation Regulation. These may need to be replaced by a system at UK level to ensure that farmers continue to have access to timely pricing and cost of production information to assist in business planning and managing their output, and to support market transparency as far as commercial sensitivities will allow.

There is an opportunity to consider how pricing and price reporting can best assist the industry respond to market demands and to question whether the traditional methods of pricing and grading accurately reflect the true commercial value of agricultural

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<sup>19</sup> Addressed in this paper under the heading of Resilience

produce. This needs to be considered to facilitate market transparency, comparability across the UK and as far as possible, enable comparison with other international markets (notably the EU). It is an area where industry could take a leading role, with government providing any legislative underpinning necessary to support the delivery of the desired outcomes.

## **7.2 Education and Knowledge Transfer**

A knowledgeable, skilled and professional farm workforce is needed to better meet customer requirements, not only in terms of retailer specifications, but also to establish and meet verifiable unique selling points (USPs) for Northern Ireland produce, such as animal welfare, environmental credentials, food safety and traceability. Section 4.2.1 of this paper refers to proposals for CPD. This concept could also encompass training and support to understand market requirements and how individual supply chains function, as well as the technical know-how to translate market expectations into actions to deliver the required product. Supply chain awareness could become an integral part of education and knowledge provision and, where appropriate, consideration could be given to active involvement of processors and retailers in supply chain initiatives such as walking the supply chain. In addition, there could be a need for an increased emphasis in farmer training on business planning, benchmarking and risk management.

## **7.3 Incentivisation**

Consideration could be given to government interventions to foster greater cooperation and collaboration within the agri-food supply chain, such as support for producer organisations and other collaborative partnerships. Using evidence of a commitment to effective supply chains (through, for example, use of written contracts) could be used as a criterion for preferential access to other government support. The objectives of such collaborative ventures could be linked to the main objectives of the agricultural policy framework, i.e. delivering greater productivity, better resilience or improved environmental performance.

#### **7.4 Regulation**

In addition to the broader suite of competition law (which exists primarily to protect consumer interests), the UK has an effective mechanism for regulating unfair trading practices in parts of the grocery supply chain through the Grocery Code Adjudicator (GCA). The recent statutory review of the GCA may provide opportunities to enhance the regulatory framework and functioning of the supply chain. There may also be valuable lessons to learn from the EU's on-going efforts in this sphere, including possible legislative proposals to prevent unfair trading practices.

## **7.5 Section 7 Questions**

- Q33. What are your views on the role of government in ensuring market transparency?**
- Q34. What are your views on CPD extending to encompass supply chain awareness training for farmers, including increased emphasis in farmer training on business planning, benchmarking and risk management?**
- Q35. What are your views on the need for, and nature of, government action to achieve greater collaboration within, and better functioning of, the agri-food supply chain?**





## **8. Equality, rural needs, rural proofing, regulatory and environmental impact assessment**

The Department has not proposed any preferred or recommended options within this future agricultural policy framework paper. Following this stakeholder engagement exercise, options identified for further consideration will be subject to the relevant equality, rural needs, rural proofing, regulatory and environmental impact assessments and these will be issued for public comment.

**Q36. Are there any equality comments that you wish to raise at this point? Do you have any evidence that would be useful to the Department? If so can you describe the evidence and provide a copy.**

**Q37. Are there any rural needs comments that you wish to raise at this point? Do you have any evidence that would be useful to the Department? If so can you describe the evidence and provide a copy.**

**Q38. Are there any regulatory impact comments that you wish to raise at this point? Do you have any evidence that would be useful to the Department? If so can you describe the evidence and provide a copy.**

**Q39. Are there any environmental impact comments that you wish to raise at this point? Do you have any evidence that would be useful to the Department? If so can you describe the evidence and provide a copy.**



## **9. Conclusion**

This paper describes the key components of a potential future agricultural policy framework. There are undoubtedly other detailed elements that could be considered and that may need to be added as this work evolves. However, the components described here provide the essential elements that could allow a wide range of current and strategic objectives to be addressed, such as the recommendations of the Sustainable Land Management Strategy or a Northern Ireland Agri-Data Hub. The interventions could also be scalable and could be flexed in response to the resources that are made available to deliver the domestic agricultural policy framework.

Given the likelihood that future UK agricultural policy will provide for an unprecedented level of regional discretion and flexibility, this represents a unique opportunity to develop a new dynamic for key stakeholders across the food, agricultural and environmental spectrum to work with the Northern Ireland government to chart a new way forward with common purpose. For this to be successful, it is vital that the long-term objectives of productivity, resilience, environmental sustainability and supply chain functionality are kept to the fore, which will demand difficult choices, compromises and strong leadership at all levels.

**Q40. Are there any other comments you wish to make or any other evidence of need that you think the Department would find helpful? Please submit any evidence with your response.**



## **10. Capturing stakeholder views – next steps**

DAERA welcomes responses and comments from stakeholders on the questions outlined in this paper to help develop proposals for future support arrangements.

### **How to respond**

A full list of the questions in this paper can be found at **Annex A**.

When responding, please provide the following information:

- Your name;
- Contact details (preferably e-mail)
- Organisation you represent (if applicable);

Responses should be sent to:

**By email to:** [NIFutureAgriPolicy@daera-ni.gov.uk](mailto:NIFutureAgriPolicy@daera-ni.gov.uk)

**By post to:**

DAERA  
Room 414  
Dundonald House  
Upper Newtownards Road  
Belfast  
BT4 3SB

### **Deadline for responses**

The closing date for responses is 10 October 2018. Please ensure your response is submitted by that date.

### **Publication of Responses**

The Department will publish a summary of responses following the closing date for receipt of views. Your response, and all other responses to this publication, may be disclosed on request. The Department can only refuse to disclose information in exceptional circumstances. Before you submit your response, please read the paragraphs below on the confidentiality of responses and they will give you guidance on the legal position about any information given by you in response to this publication. Any confidentiality disclaimer generated by your IT system in e-mail responses will not be treated as such a request.

Section 8(e) of the Data Protection Act 2018 permits processing of personal data when necessary for an activity that supports or promotes democratic engagement. Information provided by respondents to this stakeholder engagement exercise will be held and used for the purposes of the administration of this current exercise and subsequently disposed of in accordance with the provisions of the Data Protection Act 2018 and General Data Protection Regulation.

The Freedom of Information Act gives the public a right of access to any information held by a public authority, namely, the Department in this case. This right of access to information includes information provided in response to a stakeholder engagement exercise. The Department cannot automatically consider as confidential information supplied to it in response to a stakeholder engagement exercise. However, it does have the responsibility to decide whether any information provided by you in response to this stakeholder engagement exercise, including information about your identity, should be made public or be treated as confidential. If you do not wish information about your identity to be made public, please include an explanation in your response.

This means that information provided by you in response to the stakeholder engagement is unlikely to be treated as confidential, except in very particular circumstances. The Lord Chancellor's Code of Practice on the Freedom of Information Act provides that:

- The Department should only accept information from third parties in confidence if it is necessary to obtain that information in connection with the exercise of any of the Department's functions and it would not otherwise be provided;
- The Department should not agree to hold information received from third parties "in confidence" which is not confidential in nature; and
- Acceptance by the Department of confidentiality provisions must be for good reasons, capable of being justified to the Information Commissioner.

For further information about confidentiality of responses please contact the Information Commissioner's Office (or see web site at: <http://www.informationcommissioner.gov.uk/>)





## **Annex A Questions**

- 1. What are your views on the retention of entitlements as the basis of direct support until a new agricultural policy framework is agreed?**
- 2. What are your views on the possible abolition of the greening requirements of crop diversification, ecological focus area and retention of permanent grassland and the incorporation of the greening payment into the BPS entitlement values?**
- 3. What are your views on the retention of the current ploughing ban on environmentally sensitive permanent grassland (i.e. within Special Protection Areas and Special Areas of Conservation) and how this could be achieved?**
- 4. What are your views on those accepted into the YFP up to and including 2019 continuing to receive payment for as long as they are eligible to do so?**
- 5. What are your views on whether to allow further applications to the YFP and the Regional Reserve after 2019?**
- 6. What are your views on the most effective means of encouraging and facilitating generational renewal on farm businesses?**
- 7. What are your views on whether the elements of the current direct payments discussed in Section 2.7 could remain in 2020 and 2021?**
- 8. Have you any specific suggestions for simplifying other aspects of the current direct payment in 2020 and 2021 which are not mentioned here? If so, please explain your rationale for suggesting these.**
- 9. What are your views on a “Productivity Grand Challenge” approach to delivering a step change in the rate of advance in science and innovation?**

- 10. What are your views on the principle of placing greater policy emphasis and investment in agricultural education and knowledge transfer as means of driving better industry outcomes?**
- 11. What are your views on linking qualification attainment with a broader range of policy interventions as a means of incentivising farmer engagement with formal training initiatives?**
- 12. What are your views on continuous professional development (CPD) as a policy intervention and the possible investment of public funds to incentivise CPD?**
- 13. What are your views on the provision of investment that is specifically targeted on innovation and new technology uptake and that is aligned to other strategic objectives, notably environmental performance?**
- 14. What are your views on the provision of investment incentives other than capital grant (such as loans, loan guarantees, interest rate subsidies etc.)?**
- 15. What other initiatives by government and/or industry should be pursued to facilitate restructuring and investment and drive productivity?**
- 16. What are your views on the provision of a basic farm resilience support measure?**
- 17. What are your views on an appropriate mechanism to establish the level of payment under a farm resilience support measure?**
- 18. What are your views on the targeting of a basic farm resilience support payment to take account of issues such as natural disadvantage?**
- 19. What are your views on linking a farm resilience support measure with cross compliance obligations?**

- 20. What are your views on the content of cross compliance/good farming practice associated with this provision?**
- 21. What issues would an appropriate cross compliance regime seek to encompass?**
- 22. What are your views on the tiering or capping of a basic farm resilience support payment, or the establishment of an eligibility threshold?**
- 23. What are your views on the introduction of anti-cyclical/insurance type measures to help address volatility?**
- 24. Should anti-cyclical/insurance type measures be sector-specific or aimed more generally at income protection?**
- 25. What are your views on the enhancement of fiscal measures as a means of addressing the issue of income volatility?**
- 26. What are your views on a possible pre-defined and agreed crisis response framework to respond to crisis events, either locally or nationally?**
- 27. What are your views on the suggested environmental principles to be incorporated within the agricultural policy framework?**
- 28. What are your views on the need for investment in research and education targeted on environmental and conservation management in the agricultural sector?**
- 29. What are your views on a shift towards outcome based environmental measures for agriculture, including co-design with farmers and land managers?**

- 30. What are your views on the need for future schemes to move beyond the costs incurred income forgone approach to incentivise changes in farming practice to enhance environmental sustainability?**
- 31. What are your views on the role of other actors in the supply chain seeking to drive better environmental outcomes?**
- 32. What are your views on the delivery models that would deliver the best uptake and outcomes?**
- 33. What are your views on the role of government in ensuring market transparency?**
- 34. What are your views on CPD extending to encompass supply chain awareness training for farmers, including increased emphasis in farmer training on business planning, benchmarking and risk management?**
- 35. What are your views on the need for, and nature of, government action to achieve greater collaboration within and better functioning of the agri-food supply chain?**
- 36. Are there any equality comments that you wish to raise at this point? Do you have any evidence that would be useful to the Department? If so can you describe the evidence and provide a copy.**
- 37. Are there any rural needs comments that you wish to raise at this point? Do you have any evidence that would be useful to the Department? If so can you describe the evidence and provide a copy.**
- 38. Are there any regulatory impact comments that you wish to raise at this point? Do you have any evidence that would be useful to the Department? If so can you describe the evidence and provide a copy.**

**39. Are there any environmental impact comments that you wish to raise at this point? Do you have any evidence that would be useful to the Department? If so can you describe the evidence and provide a copy.**

**40. Are there any other comments you wish to make or any other evidence of need that you think the Department would find helpful? Please submit any evidence with your response.**



## Annex B Glossary of acronyms and terms

BPS	Basic Payment Scheme
CAP	Common Agricultural Policy
CD	Crop Diversification
CO2	Carbon Dioxide
CPD	Continuous Professional Development
Defra	Department for the Environment, Food and Rural Affairs
EFA	Ecological Focus Area
EU	European Union
GCA	Grocery Adjudicator Code
GHG	Greenhouse Gas
PFG	Programme for Government
PGS	Permanent Grassland
UKG	UK Government
USP	Unique Selling Point
Withdrawal Agreement	European Commission Draft Withdrawal Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community
YFP	Young Farmers' Payment





## **Annex C Overview of the Greening requirements**

1.1 All farmers applying for payment under the Basic Payment Scheme have to comply with Greening requirements on all the eligible agricultural land on their holding. In return, they will receive a Greening Payment calculated as a percentage of the total value of the Basic Payment Scheme payment entitlements they activate each year.

1.2 Non-compliance with the Greening requirements can result in the loss of some or all of the Greening Payment.

1.3 There are three Greening requirements. These are:

### **Permanent grassland (PGS)**

This relates to the requirement to retain permanent grassland and to protect environmentally sensitive permanent grassland.

### **Crop Diversification (CD)**

This is designed to encourage a diversity of crops on holdings with 10 or more hectares of arable land.

### **Ecological Focus Areas (EFA)**

This is designed to improve biodiversity on farms and to provide habitats for species in decline or at risk of extinction on holdings with more than 15 hectares of arable land.

For information on greening, please see

<https://www.daera-ni.gov.uk/sites/default/files/publications/daera/17.18.247c%202018%20Guide%20to%20the%20Greening%20Payment%20V2.PDF>





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