

Options for Basic Payment Scheme (BPS) Entitlement Unit Values Post 2019: Stakeholder Engagement

Summary of responses

Table of Contents

BACKGROUND	2
Purpose of the stakeholder engagement	2
BPS entitlement unit values	2
Current legal position regarding entitlement values post 2019	2
HIGH LEVEL SUMMARY OF RESPONSES	3
RESPONSES TO INDIVIDUAL QUESTIONS	4
Q1. What are your views on the two potential options presented in this engagement paper?	4
Q2. What is your preferred option and why?	4
Q3. Are there any equality comments that you wish to raise at this point?	5
Q4. Are there any rural needs comments that you wish to raise at this point?	6
Q5. Are there any regulatory impact comments that you wish to raise at this point?	6
Q6. Are there any other comments you wish to make or evidence you wish to present to the Department?	6

List of Tables

Table 1 Organisations.....	3
Table 2 Individuals (all farmers).....	3

BACKGROUND

Purpose of the stakeholder engagement

The purpose of the engagement was to seek stakeholders' views on the following options for BPS entitlement values post 2019:

1. To continue the transition towards a flat rate payment by 2021; or
2. To freeze the unit value of entitlements at the end of 2019.

BPS entitlement unit values

When decisions on CAP options were made in 2014, the DARD Minister proposed a transition to a flat rate support regime over the seven-year period 2015 – 2021. However, as the current CAP period extended only to 2019 there was no legal basis to make provisions beyond the 2019 scheme year. Consequently, the decision of the NI Executive was to move payment rates per hectare 71.4% of the way towards a flat rate by 2019. While this approach was consistent with achieving a flat rate payment per hectare by 2021, it was recognised that further movement towards a flat rate would depend on the outcome of future EU CAP Reform and would require a further Ministerial decision. The Department's position was made clear in the guidance issued to farm businesses during 2015.

Current position regarding entitlement values post 2019

In the absence of a Ministerial Decision, the Department cannot change unit values for the 2020 scheme year. However, the views captured through this stakeholder engagement may still be used to inform a Ministerial decision on the unit value of entitlements for future scheme years.

HIGH LEVEL SUMMARY OF RESPONSES

The stakeholder engagement was open for 12 weeks between 4 July and 30 September 2019 and was widely advertised in the farming press, on DAERA's website and issued via e-mail to a wide range of stakeholders.

In total 13 responses were received. Of these, seven were from organisations and six from individuals. The names of the respondents are listed in Tables 1 and 2.

Table 1 Organisations

Agricultural Consultants Association Northern Ireland (ACANI)	Sinn Fein (SF)
Belfast Hills Partnership (BHP)	Sustainable Food Trust (SFT)
Democratic Unionist Party (DUP)	Ulster Farmers' Union (UFU)
Northern Ireland Agricultural Producers Association (NIAPA)	

Table 2 Individuals (all farmers)

John Blaney	Alistair Henry
Allan Chambers	Glenn Kilkey
W Donaldson	Ross Patterson

Five responses, from BHP, SF and three individuals, were in favour of continuing the transition towards a flat rate payment by 2021.

Four responses, from the DUP and three individuals, were in favour of freezing the unit value at the end of 2019.

ACANI, NIAPA, SFT and UFU did not state a preference. ACANI noted that both options would create winners and losers and, given the breadth of its client base, did not state a preference as it did not want to be seen as expressing support for one group of farmers over another. The UFU and NIAPA noted that DAERA does not have the legal vires to implement any change to unit values with effect from scheme year 2020 and, for that reason, neither organisation was prepared to offer a response at this time.

The UFU and SF highlighted the challenges facing farmers in the SDAs and called for re-instatement of the ANC payment.

The SFT said that while the mechanism of area-based payments under CAP was flawed, it believed there was value in maintaining a system of area-based payments, since a sustainable food system would be most effectively delivered through a support package based on land area. However, it believed that a systemic shift towards more environmentally-sustainable farming methods was essential.

RESPONSES TO INDIVIDUAL QUESTIONS

Q1. What are your views on the two potential options presented in this engagement paper?

There were three responses to this question. These were from the DUP and two individual responses.

The DUP stated that, as a matter of principle, it had never been supportive of a land-based payment. It preferred an agriculture policy which supported profitability, productivity and sustainable production and believed there was an opportunity to design a more effective agriculture policy for delivering direct support through the UK's Agriculture Bill. As regards the two potential options, it said that neither option was ideal, however, on balance and given the potential uncertainty within the sector and the difficulties facing beef farmers in particular, it would favour freezing BPS payment entitlement unit values.

One individual observed that almost all of the industry supported the retention of entitlements for the foreseeable future and, therefore, the two potential options were the only possible ones available to the claimants of the Basic Payment and the Greening Payment. Another individual felt that both options were fairly sensible as both would benefit some farmers and both would disadvantage some farmers.

Q2. What is your preferred option and why?

There were nine responses to this question, three from organisations (BHP, DUP and SF) plus six individual responses.

BHP, SF and three individuals were in favour of continuing the transition to a flat rate by 2021.

The DUP and three individuals were in favour of freezing unit values at 2019 rates.

Comments from those in favour of continuing the transition to a flat rate

BHP, SF and one individual felt that the continuation of the transition to a flat rate by 2021 was particularly important for those farming in the SDAs.

BHP felt that it was the best way to mitigate the loss of the ANC payment, noting that SDA farmers were key primary producers of beef and lamb for the rest of the industry, and suggesting that it would help maintain farming in these areas as a key part of landscape and environmental management as well as the specialist irreplaceable knowledge of the SDA farmers.

SF strongly supported the continued transition towards a flat rate payment by 2021 for the following reasons:

- It would provide equality of payments for farmers and deliver a fairer system which would be economically and environmentally more beneficial and sustainable.
- It would help ensure the survival of small family farms which, in turn, would benefit local agri-businesses in particular and the local economy and communities more generally.
- Greater support for small farms had more environmental benefits than support for large intensive farming practices, especially in SDAs where land management and biodiversity were very important.
- Any deviation from the transition to a flat rate would create further uncertainty for farming families and businesses, particularly in the SDAs, at a time of unprecedented turbulence within the industry in the context of Brexit.

One individual noted that when the decision was taken to implement a seven-year transition, the ANC payment was available to those farming in the SDAs. They suggested that the subsequent removal of the ANC payment had negated any increased financial support derived from the transition in Basic Payment entitlement values. They also noted that in most of the other UK regions the transition to a flat rate was completed by 2019.

One individual said that completion of the transition would create a level playing field. Another said that they had made plans for their business on the basis of previous communication from DAERA that unit values would transition to a flat rate.

Comments from those in favour of freezing unit values at 2019 rates

The DUP stated that Brexit created an opportunity to design a new scheme tailored to the needs of NI farm families. Given the need for a new scheme, this was now an appropriate juncture to freeze payments at 2019 levels. In addition, freezing values would provide certainty going forward.

One individual said that a flat rate per hectare for all land types was not appropriate. They suggested that *“England got it close to right with different payments attached to three differing land types”*.

One individual noted that intensive farms generally provided more employment to the local area than extensive sheep farms. They suggested that taking support from intensive farms was neither fair nor sensible.

Another individual said that the *“latest statistics from DAERA indicate that hill farmers are by far the higher recipients of Basic Payment even though their receipts per hectare can be far in excess of throughput”*. They concluded that to continue transition to a flat rate would be a travesty of justice and fairness.

Q3. Are there any equality comments that you wish to raise at this point?

SF was the only respondent to this question, and did so with a request for further data.

Q4. Are there any rural needs comments that you wish to raise at this point?

SF was the only respondent to this question. It suggested that DAERA should take account of the exceptional adverse challenges of farming in ANC areas and the importance of fulfilling its statutory obligation under the Rural Needs Act to pay 'due regard' to this and introduce mitigating measures such as the full transition towards a flat rate and the restoration of the ANC payment.

Q5. Are there any regulatory impact comments that you wish to raise at this point?

There were two responses to this question, one from the SFT and one individual response.

The SFT said that, despite flaws in the current arrangements, it saw value in maintaining a system of area-based payments since a sustainable food system would be most effectively delivered through a support package based on land area. It said that the BPS did not acknowledge the environmental impacts that different farming methods had on the landscape and suggested that farmers who use production methods that were environmentally damaging or which violated basic animal welfare standards should be excluded from the BPS. It recommended that all farmers should be required to complete an annual sustainability assessment in order to demonstrate how their farming methods impacted the local environment. Data from these assessments would provide DAERA with a better understanding of the situation for each specific public good and allow for more targeted interventions to help to meet specific goals. In addition, farmers could benchmark themselves to show that they were delivering on their commitments.

The individual suggested that that the current rules on claimant eligibility needed to be strengthened as there were “*far too many “sham” agreements between farmers and landowners*”. They suggested that accountants should have to sign off claims stating that the claimant was the major risk taker and decision taker in all income and expenditure involved in farming the claimed land. They also suggested that DAERA should encourage “whistle blowers” to come forward.

Q6. Are there any other comments you wish to make or evidence you wish to present to the Department?

There were seven responses to this question. These were from four organisations (ACANI, NIAPA, SFT and UFU) and three individuals.

ACANI, NIAPA and UFU explained why they had chosen not to state a preferred option. ACANI noted that both options would create winners and losers and, given the breadth of its client base, it did not want to be seen to be expressing support for one group of farmers over another. NIAPA and UFU noted that the current legal position meant that DAERA had no option but to freeze unit values at 2019 rates. Both

organisations felt this was not the appropriate time to seek views on this issue. The UFU called for further discussion when DAERA was in a position to legally make a decision on unit values.

NIAPA cited a range of issues facing the industry: the withdrawal of ANC payments; crisis in the beef industry and the negative impact on suckler production; and falling milk and lamb prices.

The UFU and SF highlighted the challenges facing those farming in the SDAs and the strategic importance of these areas in the context of supporting the red meat industry. The UFU highlighted that farmers in the SDAs would lose out financially during the period while entitlement values were frozen at 2019 rates and called for the reinstatement of the ANC scheme. Worth £20 million to hill farming businesses, the reinstatement of the scheme would make an invaluable contribution to NI's red meat industry, economy, environment and rural communities. SF echoed those views, noting that both Ireland and Scotland currently operated ANC schemes and had committed to their continuation.

SF recommended that DAERA initiate a study of the economic benefits for local communities as a consequence of the subsidies local farmers received and consider the consequences for communities of local farmers going out of business.

One individual suggested that DAERA needed to redefine "good agricultural condition" as currently any field used to grow any type of grass/crop, irrespective of its ability to produce anything, seemed to satisfy the criteria to qualify for payment. This individual also pointed out that, despite EU funding, the productivity of NI land based farms had not improved. They suggested this was due to poor land management skills and a lack of understanding about how to improve the productive capacity of the soil. They suggested that the standards required to meet "good agricultural condition" should require high land management skills and a good starting point would be to enforce the Noxious Weeds Act.

One individual said they would like DAERA to actually start working for the farmer, not against him with unworkable rules coming from the EU.

Another individual felt that DEARA should be making greater use of digital communication and market intelligence to better target its communication with farm businesses.