ICSA Submission

on

CAP Strategic Plan

2023-2027

September 2021

Further Details:

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ICSA wants more payments directed at productive agriculture by maximising the use of every possible avenue within the CAP framework. Our objective is to bring CAP payments back home to the active but low-income sectors of beef, sucklers, sheep and tillage which is where direct payments were originally concentrated. This is only fair given that these are the sectors which are most dependent on direct payments for income with the 2020 Teagasc National Farm Survey preliminary results showing that suckler farmers depend on subsidies for 157% of their income for example. But these are also the less intensive farmers who will ensure that Ireland meets its climate and environment targets, provided that the incentives are right for them.

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Foreword

Dermot Kelleher ICSA President

I am proud to present the ICSA proposals on CAP reform. A lot of time and effort has gone into developing these ideas and I am confident that the Minister and his officials will give the ICSA submission every consideration.

ICSA is the principal social partner representative organisation for farmers in all 26 counties that specialise in beef, sheep, sucklers and tillage. Accordingly, we have endeavoured to get a set of proposals that are balanced, fair and economically sustainable for our farmers.

This submission deals with the key dual challenges of supporting active food producers in the sectors that depend so much on direct payments, alongside the need to address the direction of travel at EU level towards a greener CAP.

For several years, ICSA has been actively involved at Brussels level going back as far as the original blueprint announced by Commissioner Hogan and in lobbying for an increased budget. In all our engagements in Brussels, we have been helped inordinately by our partners in Brussels, Farm Europe and I wish to acknowledge their support. I wish to acknowledge the work done in this regard by my predecessors, Edmond Phelan and Patrick Kent.

Farm Europe is a think tank that counts major farm organisations as members from various EU states, including France, Italy, Germany etc. Farm Europe shares our concerns that the CAP is at risk of losing focus on its key role – the production of high quality, safe and nutritious food for the demanding consumers of Europe and beyond.

As a suckler farmer myself in West Cork, I am only too keenly aware of the importance of the enterprise to rural communities across all western counties and ICSA is committed to delivering a better deal for these farmers as well as for beef and sheep farmers.

This document shows that another CAP is possible despite the fact that convergence and the general rules applied at Brussels level are a blunt instrument that won't work well in Ireland. I firmly believe that this plan gets the balance right, given the financial and regulatory constraints. I am convinced it is the fairest way of supporting less intensive cattle, sheep and tillage farmers and that it will deliver for farmers.

Of course, we have also been very cognisant of the pressures for a greener CAP and if this is to be taken seriously, then the revised CAP must include the ICSA proposal for a bigger and better agri-environment scheme that really rewards those who go furthest to add value in the climate and biodiversity objectives.

I wish to thank all the members of ICSA who engaged with this process, particularly the national commodity chairs of the association, the national executive members and the ordinary members who gave us feedback both online and at meetings.

I also wish to thank the ICSA staff for putting in a lot of hours and undertaking a lot of work around the country at unsocial hours.

I would ask everybody to read this document in its entirety and as always, ICSA is happy to take ongoing feedback.

Dermot Kelleher

President

Executive Summary

ICSA Proposals in a Nutshell

€300/hd per suckler cow

A suckler cow variable premium worth around €120/cow calved (first 40) in addition to BDGP/BEEP type scheme worth €180/head, which can in total deliver €300 per suckler cow, on the first 40 cows and €180/head thereafter.

No capping of the suckler herd at an individual farmer basis.

€35/hd per breeding ewe

A ewe variable coupled premium worth around €16/ewe (first 250) in addition to a better Sheep Welfare & Efficiency Scheme, worth €19/ewe, leading to €35/ewe on first 250 and €19/ewe thereafter.

€15,000 Agri-Environment Scheme

A single, menu-based scheme that can deliver a payment of up to €15,000, with an average payment of almost €10,000, based on the participation of 38,000 farmers.

€100/head beef carbon efficiency payment

Beef carbon efficiency payment worth up to €100/ head for feeding and weighing animals between 12-24 months with the target of early finishing, to a maximum 150 animals.

Focus on supporting active farmers

ICSA is fighting the case for active farmers engaged in producing food, and whom have a minimum stocking rate. ICSA proposes that there should be a minimum stocking rate to qualify for the eco-scheme (or crops). We are also seeking an end to infinite leasing out of entitlements by proposing a five-year maximum.

Young farmers and intergenerational transfer

ICSA is proposing a 25% top-up for suckler cows to a maximum 40 cows (about €30 + €120), for up to five years under the variable suckler cow payment; a 25% top-up for ewes to a maximum 250 ewes (about €4 + €16 for up to five years); a 25% top-up per hectare for up to five years; access to TAMS grants at a rate of 60%; an early retirement scheme for those aged 55 and over amounting to €100/cow for 5 years in order that young farmers can expand suckler herds.

Pillar 1

- Convergence to be set at 85% rate, not 100% flat rate.
- Capping to be implemented at €66,000 rate, with no allowances for cost of employees.
- Choose the option to allocate the full 13% (c€154 million) of the ceiling to coupled payments in order to deliver variable coupled payments for suckler cows and ewes.
- This would be in the ratio of 9.3% to sucklers, 3.7% to ewes resulting in an approximate payment of €120/cow and €16/ewe at present numbers.
- However, the payment should be limited to 40 suckler cows and 250 ewes because this will ensure that it can be considered as delivering the same objective as the CRISS (ie focused on low-income, smaller scale farmers) and therefore making it unnecessary to impose the CRISS.
- Transfer €80 million, or about 6.7% from Pillar 1 to Pillar 2, as allowed under the EU regulations, with a view to making extra funds available to pay for a Beef Carbon Efficiency Scheme and support a higher rate for the Sheep Efficiency Programme in Pillar 2.
- Use the 3% Young Farmers' fund to apply a 25% top-up to the BISS and also a 25% top-up to the variable coupled suckler and sheep payments.
- Implement a 2% coupled protein payment.
- Minimise/ avoid money being put into technical assistance or risk management.
- In accepting that the EU decision is for an eco-scheme of 25%, ICSA believes that there is little advantage in delaying the implementation of the 25%, as the leeway is not especially advantageous.
- The eco-scheme should be based on a sliding scale payment per hectare to reward more extensive farmers. Derogation farmers should receive a significantly lower payment per hectare than extensive farmers. Derogation farmers should also have additional requirements including those in a revised nitrates programme such as mandatory low emissions slurry spreading. At the other end of the scale, there should be a minimum stocking rate of cattle and/or sheep to reflect the learnings from previous mistakes such as going too far with commonage destocking and a general understanding that some level of livestock is integral to balanced vegetation, better soil management including avoidance of soil erosion and return of nutrients.

Pillar 2

Agri-environment

- 1 scheme, menu based. Maximum payment €15,000, average payment c €10,000, 38,000 participants

ANC

- Similar scheme to current scheme, 96,000 applicants, derogation farmers receive a lower payment; equines including donkeys cannot be used to meet minimum stocking rate of 0.15LU/Ha which can only be met by bovines/ovines.

Organics

- 2,000 participants; €13,000,000 funds; more cattle & sheep; no barriers to agri-enviro scheme

Suckler Scheme(s)

- Propose 2 schemes, in line with BDGP/ BEEP but DAFM propose amalgamating. Freedom to choose breeding strategies (ie not tied to maternal). Freedom to increase or decrease numbers. 25,000 farmers with 450,000 cows; no max individual number but linear cut if national ceiling exceeded. €90 + €90/cow

Sheep Efficiency Scheme

- Similar requirements to current welfare scheme (€10)
- Addition of breeding & data recording module (€4)
- Additional payment for correct presentation and rolling of wool fleeces (€5)
- Total Payment €19

Beef Carbon Efficiency Programme

- Targeted early finishing of cattle (heifers, steers, y bulls - Payment of €60-30 sliding scale)
- €40 for weighing minimum 100 days before slaughter, attending training day, faecal egg samples
- Maximum 150 head

Additional Points

- **No Bord Bia Quality Assurance Scheme conditionality or reference in any element of any CAP funded programme whatsoever.**
- **30km limitation on short term grazing land for nitrates derogation. Commonage land or rough grazing lands to be completely excluded for nitrates derogation.**
- **Absolute limit of 5 years on leasing out entitlements.**
- **ANC payments to be curtailed for derogation farmers.**

Section 1

Introduction

This is the ICSA submission on the CAP Strategy for the period 2023-27.

ICSA was established in 1993, following the McSharry CAP reforms, and, in the early days, evolved from the sense of frustration among beef farmers, that the CAP was not working for them, particularly in the context of the impact on beef prices caused by the dismantling of price supports.

In the early 2000s, ICSA played a prominent role in the CAP reform process, and its viewpoint was upheld in the Fischler CAP reform of 2003. The important role played by the association and its commendation by Commissioner Fischler created the impetus for its full recognition by the Irish government, and in 2005, it was announced that ICSA was to be made a full social partner farm organisation. This was achieved after twelve years of growth and was official acceptance that ICSA had earned the right to represent farmers, primarily in the cattle and sheep sectors.

This CAP reform process has been difficult due to delays in agreeing an EU budget and the interruption by Covid and Brexit. It comes at a time when there is much focus on climate change and other environmental issues but it also comes in the aftermath of a particularly intensive period of activity in international trade deals, notably the CETA and Mercosur agreements, the latter of which is profoundly negative for the Irish beef sector.

Brexit has also caused considerable disruption for the beef sector and there are reasons to be concerned about the direction of travel emerging as the UK government endeavours to find a new pathway in global trade, separate from the EU, and it is likely that it will forge deals with countries that it has historical ties with such as Australia, New Zealand, Canada and even possibly Argentina.

All of these have the potential to damage the interests of the Irish beef sector more than any other part of the Irish economy.

Parallel to this is the paradoxical situation that while international trade in beef is expanding, climate change and vegan fashions are posing a significant threat to beef consumption.

In particular, livestock farming systems are under attack and there is an urgent need to respond to the negative narrative not just in terms of carbon, but also in the wider debates on biodiversity, animal welfare and healthy nutrition.

This reality is encompassed in the EU Green Deal and it is integral to CAP reform.

However, agriculture is Ireland's largest indigenous industry and we cannot lose sight of what our vital national interests are.

Agrifood exports of €14.5 billion, which impact every community in every county in Ireland, need to be underpinned by the Common Agricultural Policy. We must not lose sight of the importance of this and this submission from ICSA on CAP strategy is framed on the basis that quality food production, especially from our livestock sector, must still be the primary consideration notwithstanding the need to improve our eco-credentials and the requirement to align our farm policy with the EU objectives.

Section 2

ICSA Consultation Process

This submission is made on behalf of the membership of ICSA which consists of 10,000 active farmers, predominantly involved in cattle, sheep and tillage enterprises. It is the result of two years of consultation with our national executive, national committee structures and county executives.

In recent times, consultation has been interrupted due to Covid rules but ICSA has adapted. In August 2021, meetings were held in farmyard and mart settings, mainly outdoors or in well-ventilated sheds with farmers in Cork, Clare, Kilkenny, Wexford, Westmeath, Longford, Meath, Monaghan, Donegal, Galway and Roscommon. Various ideas were raised and discussed and feedback taken.

In addition, we had several Zoom meetings with ordinary members in all parts of the country and provisional proposals were circulated to the membership for online surveys which has given this proposal further insight into what farmers are happy to work with.

This process was complementary to the ongoing work done at the ICSA national committee level, including our CAP working group, policy committee and seven commodity committees. These committees analysed multiple options and shaped ideas into working proposals which were discussed then at national executive level, and further amendments were made arising from discussions with the members and county officers, consideration of written submissions and online feedback.

Finally, the National Executive of August 31st ratified the proposals in this document.

ICSA believes that the proposals in this document are technically feasible in terms of the EU regulations, are properly costed and that they are very much aligned with the objectives of the EU Commission for this CAP reform. They also are coherent with the Ag Climatise strategy of DAFM.

Section 3

ICSA Vision and Philosophy Underpinning Our Approach to CAP Strategy

ICSA believes that the fundamental approach to CAP reform must address two critical challenges in tandem. These are the imperative to bring environmental balance and sustainability to the national agri strategy while also dealing with the massive divide in farming between the profitable dairy sector and the other sectors struggling to maintain viability.

Successive agri-food strategies have been focused on dairy expansion. The ending of milk quotas in 2015 provided much-needed new opportunities to develop the national dairy sector and in turn has created openings for young farmers in particular.

Dairying is - by far - the enterprise that gives the best opportunity to make a farm viable. But it is also subject to increased scrutiny on its environmental footprint and in particular, the blueprint for successful dairying has tended towards heavy stocking rates. This means higher emissions per hectare, if there are no mitigation strategies.

ICSA is concerned that some would like to stop any more entrants into dairying. This would be a retrograde return to the stagnation of the milk quota period. It is not good policy to pull up the drawbridge on potential young farmers who are still at school or college.

On the other hand, there is a case that dairy expansion should not be excessively aided by scarce CAP resources. Dairy farming should only expand to the extent that milk processors can support a business model that stands on its own feet by means of viable milk price secured on growth of profitable markets.

In our view, the ongoing challenge of retaining the nitrates derogation is likely to prove challenging in the medium term at EU level. There is also a question mark about the economic sustainability of large herds where massive levels of investment are required. The very large herds are vulnerable to labour supply in an economy with very high labour costs.

It is a reasonable proposition that a balanced agriculture is much more sustainable on a variety of levels. Over-dependence on imported cereals for animal feed is a reflection of too little tillage farming. Tillage farming is also essential for straw supplies which are needed for animal welfare and health.

Lower intensity suckler and sheep farming is the only option on marginal land but at the national level, these systems also curtail total emissions for Ireland. Beef fattening is also critical because without these farmers, the animal welfare issue of what happens to dairy calves becomes unsupportable.

So the continuation of our current dairy model is fragile and to a considerable extent is dependent on balance between the sectors. But herein lies the problem. The other sectors cannot continue for much longer on current market returns. They need extra direct payment support, much more urgently than the dairy sector.

It is therefore astonishing that in recent years direct payments have migrated from these sectors to dairy farmers even though the dairy farming model is the least dependent on them. This is illustrated in Figure 5.

Figure 5

Teagasc National Farm Survey Results 2019

Sector	FFI (income)/Ha	Direct payments/Ha	Of which Basic Payment/Ha	% of FFI
Dairy	€1,118	€346	€280	31%
Cattle Rearing	€285	€461	€243	162%
Cattle Other	€381	€492	€299	129%
Sheep	€315	€415	€245	132%
Tillage	€550	€416	€322	76%

It is quite remarkable that the average dairy farm, although 4 times more profitable than suckler farming (3.5 times more profitable than sheep), derives a higher average Basic Payment than suckler or sheep farms. Even when account is taken of other schemes, dairy farming is not far behind the other sectors, but the level of dependency is so much less (31% of income by comparison with 129-162% for the other livestock systems).

A successful approach to CAP reform cannot ignore the wider context of economic imperatives and the choices that are available to farm families. If farmers are to deliver environmental public goods, the option to do so must be based on rational options which respect that each farmer must determine how best to use his/ her time and what are the outcomes in terms of total family income.

Many farmers in the non-dairy sector are now at a crossroads. The ongoing failure to find solutions to the dominance of the food chain by powerful processors and retailers means that farmers cannot continue to farm in cattle and sheep enterprises in particular on a business as usual basis. Contracts for suckler, sheep and GLAS schemes are coming to an end and this will give pause to reflect on whether another round of multi-annual contracted schemes is a good idea, especially in the context of a reducing Pillar 1 payment for many of the more long established farms.

So we need to approach the CAP reform with a determination to face up to two critical issues:

(1) Dairy farming is four times more profitable per hectare than suckler farming, three and half times more profitable than sheep and three times more profitable than beef.
(2) The more that the remaining farmers move away from low/ no profit farming into dairying, the more unlikely it is that we achieve balance in terms of reducing total national emissions, adding to biodiversity or improving water quality. Moving into dairying is not limited to actually setting up a milking herd; it also includes contract rearing and leasing land to dairy farmers.

It is a central contention of this document that CAP direct payments need to be re-oriented back towards the farming sectors where direct payments were originally focused (cattle, sheep, tillage) and where low incomes leave farmers dependent on such payments. It is noteworthy as well that suckler and sheep farmers received much greater benefit from the old headage payments in disadvantaged areas. The move to a flat payment per hectare had a calamitous impact on suckler and sheep farmers in what is now the ANC scheme.

A balanced and sustainable Irish agriculture requires moving more direct payments to the non-dairy sectors. Hence, the proposals included in this document seek to deliver this change.

The ICSA proposals are framed on the basis that they are:

1. Aligned with the EU Commission's objectives for CAP reform
2. Technically possible under the regulations
3. Can be funded within budget, having regard to the committed EU funding, the co-financing obligations placed on member states and the commitment in the programme for government to deliver €150 million per annum from carbon taxes

Section 4

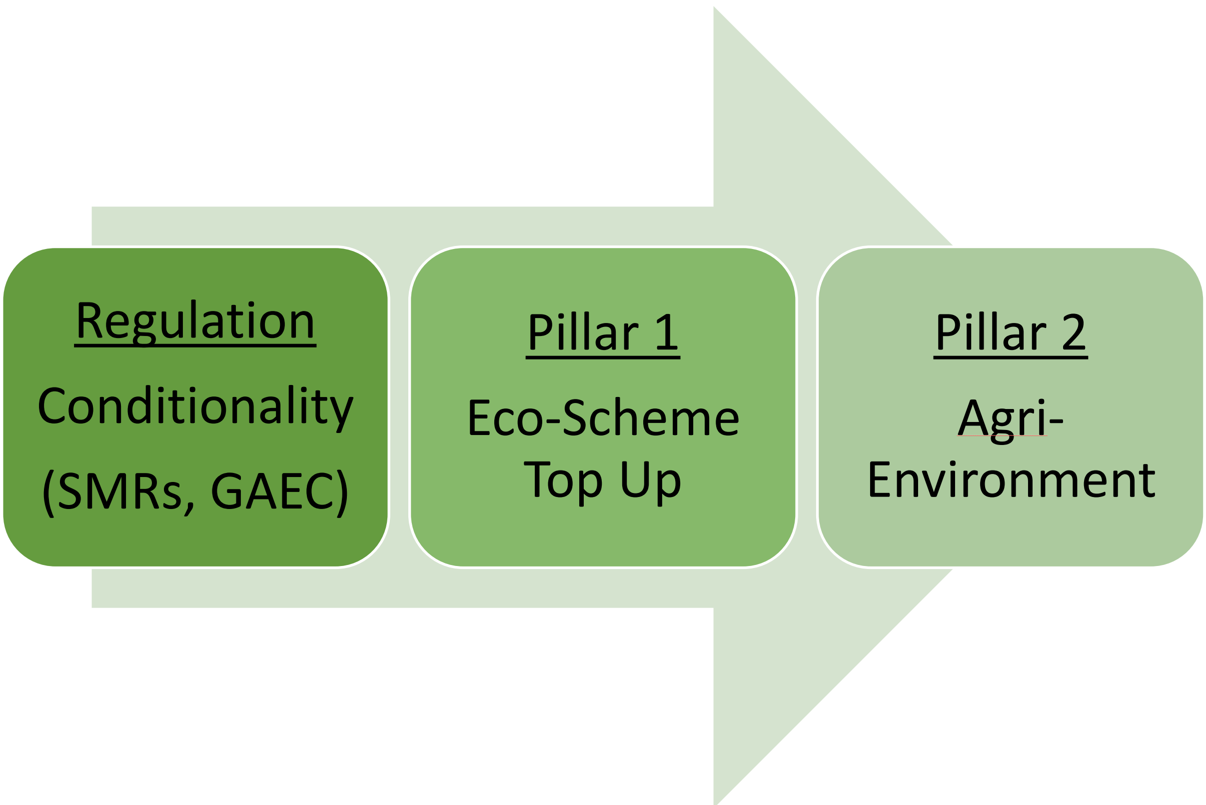
CAP Reform Context

4.1 Green Architecture

The Green architecture (Figure 4.1) is central to the national CAP strategy. It means that some conditionality applies to being eligible for any payments (known as GAEC (good agriculture and environmental condition) and the 13 SMRs (statutory management requirements). The key point is that a farmer cannot be paid under an eco-scheme or an agri-environment scheme for any measures which are already compulsory.

The Eco-scheme in Pillar 1 replaces the greening top-up. Anything which is used to justify an eco-scheme payment cannot be funded in Pillar 2 in an agri-environment scheme. So the dilemma is how to optimise the requirements for the eco-scheme to ensure that a wide array of measures are payable under the agri-environment programme.

Figure 4.1



4.2 EU Green Deal

The EU Green Deal is the overall EU policy framework put in place by EU Commission president, Ursula von der Leyen. All policies must be linked back to this overall framework.

From an agriculture perspective, there are a number of headlines targets (deadline 2030):

- Reduce chemical pesticides by 50%.
- At least 25% of EU agricultural land to be under organic farming.
- Reduce sales of anti-microbials by 50%.
- Reduce nutrient losses by 50% but with no deterioration in soil fertility; with a view to reducing fertilisers by 20%.
- Bring back 10% of agricultural area under high diversity landscape features.

4.3 EU Farm To Fork Strategy

The Farm to Fork Strategy is a complex set of ambitions that can be summed up as an attempt to achieve more sustainable food systems while retaining food security. The emphasis is on health, nutrition and climate.

This submission takes account of the need for these objectives to be given due consideration. However, the Irish CAP strategy must get the balance right between supporting food production in Europe and meeting the sustainability objectives. There is considerable risk that we will simply export food production to other parts of the globe and achieve nothing.

Ireland's CAP submission must stand up for supporting active food producers especially those under threat in beef, lamb and tillage enterprises.

4.4 EU Biodiversity Strategy

The EU Biodiversity Strategy has an ambitious focus on designating up to 30% of EU land with a plan that one-third (10% of EU land) of this 30% would be subject to extreme restrictions.

In this submission, we suggest that designated land would be properly compensated and must deliver far better payments to farmers. The trend towards ever more restrictions on land use cannot be contemplated unless the framework for compensation is constructed first. As a starting point, this document sets out the case for a much higher maximum payment under the agri-environment scheme. We see farmers impacted by designations as being first in line to benefit from such higher payments. The GLAS framework and level of payments for Natura land was woefully inadequate and this must be rectified.

EU Impact Study

The EU Impact Study on Farm To Fork and Biodiversity strategies highlight the dangers of getting the balance wrong and for that reason Ireland must fight hard to get acceptance for a CAP strategy that balances the Green Deal agenda with the need to support our active food producers and vital agrifood exports.

Farm Europe (Brussels) comments:

After long delay, the Commission has finally published a study on the impact of its F2F and biodiversity strategy proposals on the agricultural sector.

The results of the Commission's analysis of its proposals are staggering and should lead policy makers to deeply question the Commission's proposals for action.

Production is reduced by 10 to 15% in the key sectors, cereals, oilseeds, beef, dairy cows; more than 15% in pork and poultry, and more than 5% in vegetables and permanent crops. The EU's net trade position is deteriorating and farm incomes are collapsing.

The reduction in GHG emissions in the European Union, of less than 30%, must in fact be reduced by at least half. Indeed, the environmental benefits are swallowed up by the pollution induced by increase of EU imports (as EU production collapses), resulting in higher GHG emissions in the rest of the world.

See Appendix 2 for Full Farm Europe Analysis

Section 5

Alignment with EU Targets

This submission has given consideration to the following objectives set out in the EU legislation as well as the suggestions from the EU Commission for Environment, Climate and Animal Welfare headings. ICSA submits that its proposals meet many of the targets contained here.

3 Key EU Objectives

i ***to foster a smart, competitive, resilient and diversified agricultural sector ensuring long term food security;***

ii ***to support and strengthen environmental protection, including biodiversity, and climate action, and to contribute to achieving the environmental- and climate-related objectives of the Union, including its commitments under the Paris Agreement;***

iii ***to strengthen the socio-economic fabric of rural areas.***

9 Specific EU Objectives

a) support viable farm income and resilience of the agricultural sector across the Union to enhance long-term food security and agricultural diversity as well as ensuring the economic sustainability of agricultural production in the Union;

b) enhance market orientation and increase farm competitiveness both in the short and long term, including greater focus on research, technology and digitalisation;

c) improve the farmers' position in the value chain;

d) contribute to climate change mitigation and adaptation, including by reducing greenhouse gas emissions and enhancing carbon sequestration, as well as promote sustainable energy;

e) foster sustainable development and efficient management of natural resources such as water, soil and air, including by reducing chemical dependency;

f) contribute to halting and reversing biodiversity loss, enhance ecosystem services and preserve habitats and landscapes;

g) attract and sustain young farmers and other new farmers and facilitate sustainable business development in rural areas;

h) promote employment, growth, gender equality, including the participation of women in farming, social inclusion and local development in rural areas, including circular bio-economy and sustainable forestry;

i) improve the response of Union agriculture to societal demands on food and health, including high quality, safe, and nutritious food produced in a sustainable way, the reduction of food waste, as well as improving animal welfare and combatting antimicrobial resistances.

Communication on Agri Schemes that Eco-Scheme could support

(Note that this is a list of suggested areas for the Pillar 1 eco-scheme. Anything not included as a condition under Pillar 1 could be included as an Agri Environment measure in theory)

AREAS OF ENVIRONMENT, CLIMATE AND ANIMAL WELFARE ACTIONS UNDER THE CAP STRATEGIC PLANS CLIMATE CHANGE ENVIRONMENTAL CARE LANDSCAPES

a. Climate change mitigation, including reduction of GHG emissions from agricultural practices, as well as maintenance of existing carbon stores and enhancement of carbon sequestration

b. Climate change adaptation, including actions to improve resilience of food production systems, and animal and plant diversity for stronger resistance to diseases and climate change

c. Protection or improvement of water quality and reduction of pressure on water resources

d. Prevention of **soil** degradation, soil restoration, improvement of soil fertility and of nutrient management

e. Protection of biodiversity, conservation or restoration of habitats or species, including maintenance and creation of landscape features or non-productive areas

f. Actions for a sustainable and **reduced use of pesticides**, particularly pesticides that present a risk for human health or environment

g. Actions to enhance **animal welfare** or address antimicrobial resistance

Section 6

CAP Strategy Costings

6.1 EU Funding

EU funding for the period 2021-27 was agreed in 2020 under the Multi-Annual Financial Framework. The budget for the EU as a whole has been set at €1,074 billion. In addition, €750 billion has been created for recovery due to Covid and this is called NGEU (next generation EU). Finally a fund of €5 billion was allocated to countries most impacted by Brexit. (Ireland has been allocated €1.05 billion of this)

Overall the CAP will allocate to 27 member states about €343 billion for the seven years (in 2018 prices), of which €258 billion goes to Pillar 1 (mostly direct payments, small amount for market measures) and €85 billion to Pillar 2. Pillar 2 of the CAP (ie rural development programme) got an extra allocation from the NGEU of €7.5 billion.

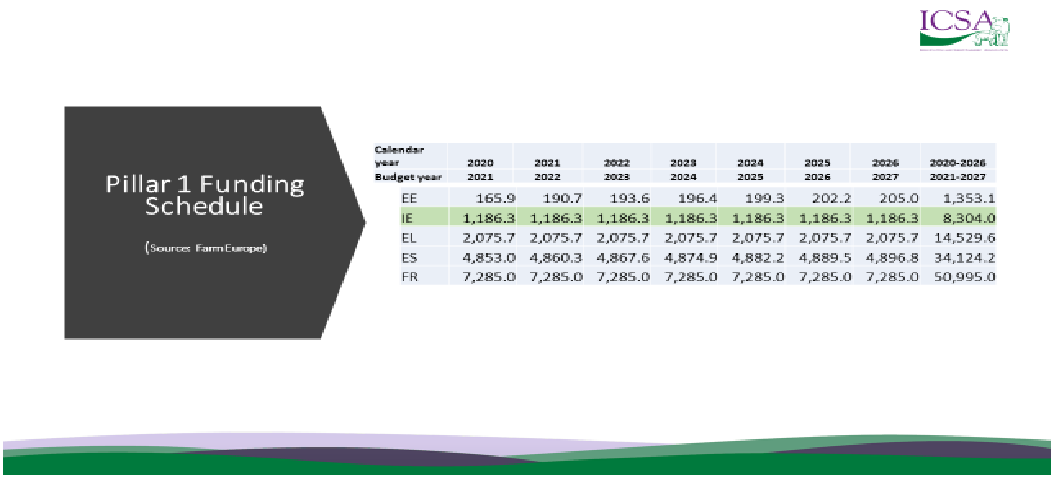
Figure 1

6.2 What Ireland gets under CAP

The CAP fund for Ireland is shown in Figures 2 and 3. We will get €1.186 billion per annum *(2018 figures; all from the EU budget; no matching exchequer funds required or permitted)* for Pillar 1 to cover the BPS and greening in 2021 and 2022 and this sum will then cover the BISS (basic income supplement) and eco-scheme top-up from 2023 onwards.

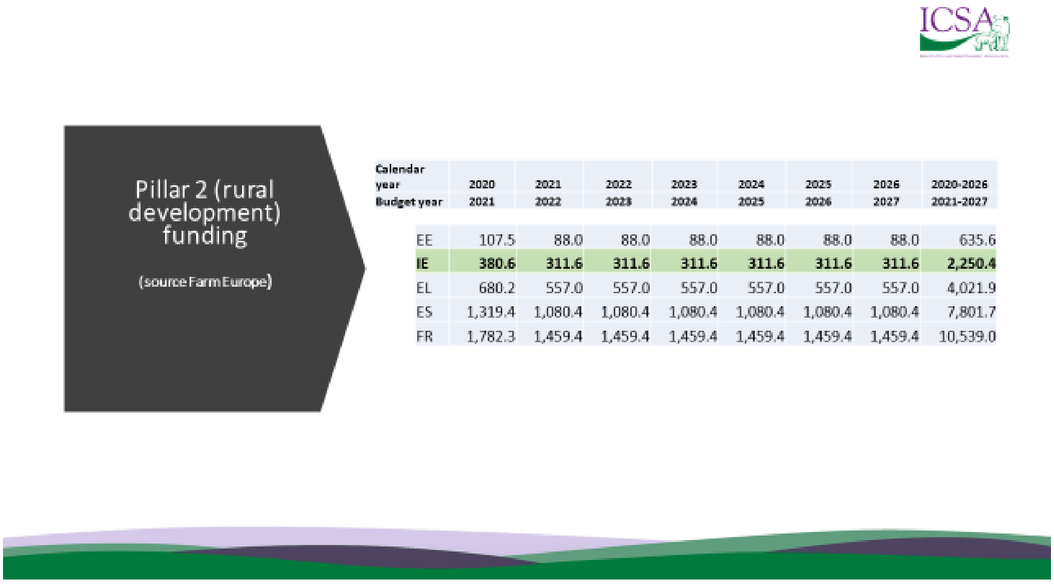
Figure 3 indicates that Ireland gets €311 billion for the Pillar 2 allocation to cover the rural development budget. However this has to be matched by exchequer funding (which was about 46% in the last CAP but the new budget sets a requirement for 53% (although agri-environment is 80% EU funded).

Figure 2



Calendar year	2020	2021	2022	2023	2024	2025	2026	2020-2026
Budget year	2021	2022	2023	2024	2025	2026	2027	2021-2027
EE	165.9	190.7	193.6	196.4	199.3	202.2	205.0	1,353.1
IE	1,186.3	1,186.3	1,186.3	1,186.3	1,186.3	1,186.3	1,186.3	8,304.0
EL	2,075.7	2,075.7	2,075.7	2,075.7	2,075.7	2,075.7	2,075.7	14,529.6
ES	4,853.0	4,860.3	4,867.6	4,874.9	4,882.2	4,889.5	4,896.8	34,124.2
FR	7,285.0	7,285.0	7,285.0	7,285.0	7,285.0	7,285.0	7,285.0	50,995.0

Figure 3



Calendar year	2020	2021	2022	2023	2024	2025	2026	2020-2026
Budget year	2021	2022	2023	2024	2025	2026	2027	2021-2027
EE	107.5	88.0	88.0	88.0	88.0	88.0	88.0	635.6
IE	**380.6**	**311.6**	**311.6**	**311.6**	**311.6**	**311.6**	**311.6**	**2,250.4**
EL	680.2	557.0	557.0	557.0	557.0	557.0	557.0	4,021.9
ES	1,319.4	1,080.4	1,080.4	1,080.4	1,080.4	1,080.4	1,080.4	7,801.7
FR	1,782.3	1,459.4	1,459.4	1,459.4	1,459.4	1,459.4	1,459.4	10,539.0

6.3 Other funding

In addition, there has been an agreement in the Programme for Government to deliver an extra €1.5 billion over 10 years from carbon taxes (€150 million per year?) which logically should be directed at topping up the agri-environment scheme. It is important that this money is extra money rather than the compulsory co-financing requirements set at EU level for the Rural Development programme (Pillar 2).

ICSA Assumptions

This submission is made on the following funding assumptions.

1. **That the Government commits to fully funding all of the EAFRD at the 53% co-financing rate notwithstanding the fact that a lower co-financing rate is permitted for agri-environment measures.**
2. **This is on the basis that there is no impediment to the Government doing this from an EU perspective and will demonstrate that the Government is committed to the EU Green Deal while also reflecting the fact that Ireland's climate change strategy is imposing a considerable burden on the agriculture sector to a far greater extent than other member states.**
3. **The Programme for Government agreed to allocating €1.5 billion of carbon taxes to the agri-environment sector, specifically in relation to climate change. It is clear that climate change targets pose a massive potential cost to the farm sector in terms of increased cost and possibly income foregone. The carbon tax money must be allocated as new, extra money at a rate of €150 million per annum and ICSA believes this is best used to deliver a bigger and better agri-environment scheme.**

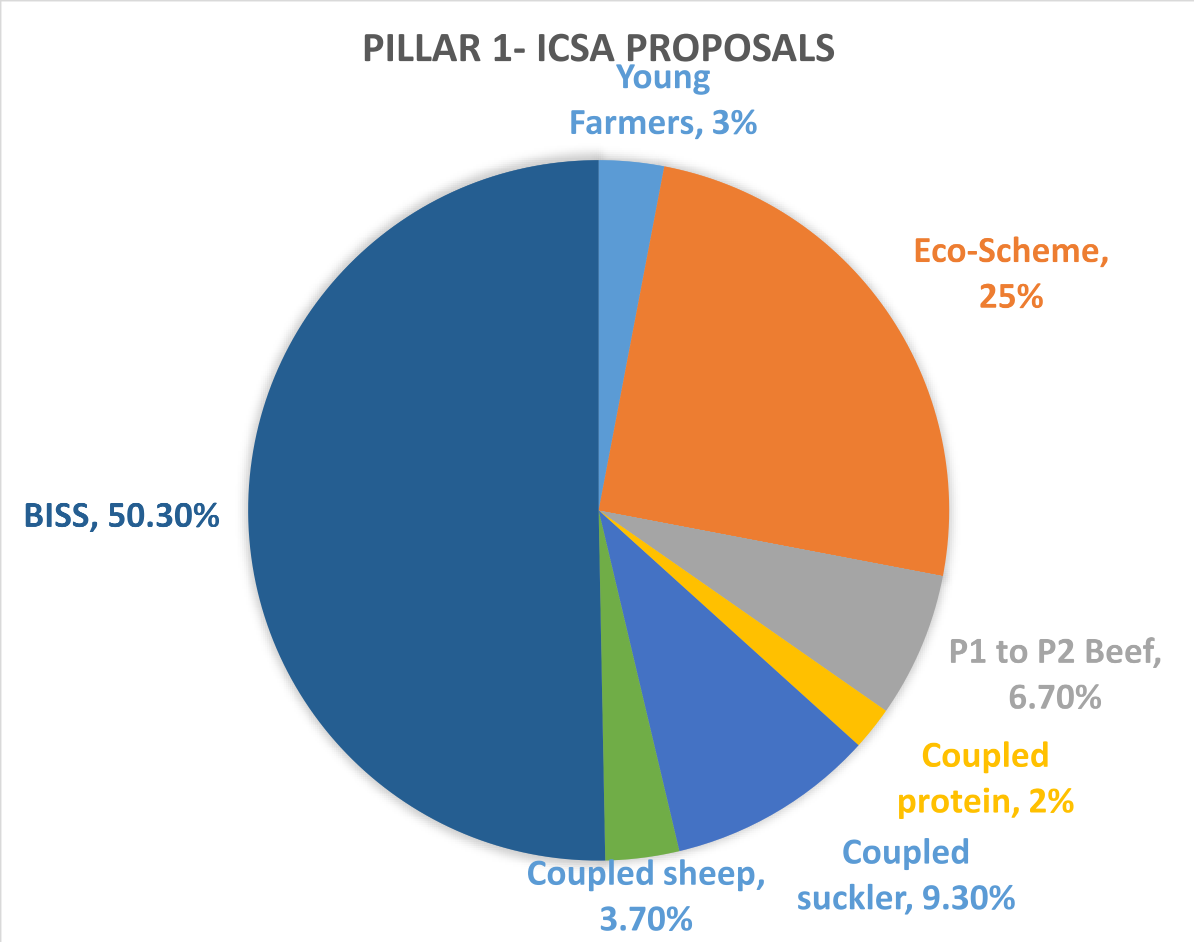
6.4 ICSA Financial Model

Figures 6a and 6b illustrate the ICSA funding model. The details for schemes are explained in detail in Sections 7 & 8.

The main innovations are:

- **€80 million is transferred from Pillar 1 to Pillar 2 to fund the Beef Carbon Efficiency Programme and part-fund the sheep improvement scheme.**
- **13% of Pillar 1 is used for coupled payments (€154 million)**
- **CRISS is not implemented because the coupled payments are re-distributive in nature to the benefit of smaller scale, low income farmers in sucklers and sheep.**
- **Ireland co-finances the entire EAFRD at a rate of 53% and adds the carbon tax fund of €150 million per annum.**

Figure 6a


PILLAR 1- ICSA PROPOSALS
Young Farmers, 3%
Eco-Scheme, 25%
P1 to P2 Beef, 6.70%
Coupled protein, 2%
Coupled suckler, 9.30%
Coupled sheep, 3.70%
BISS, 50.30%

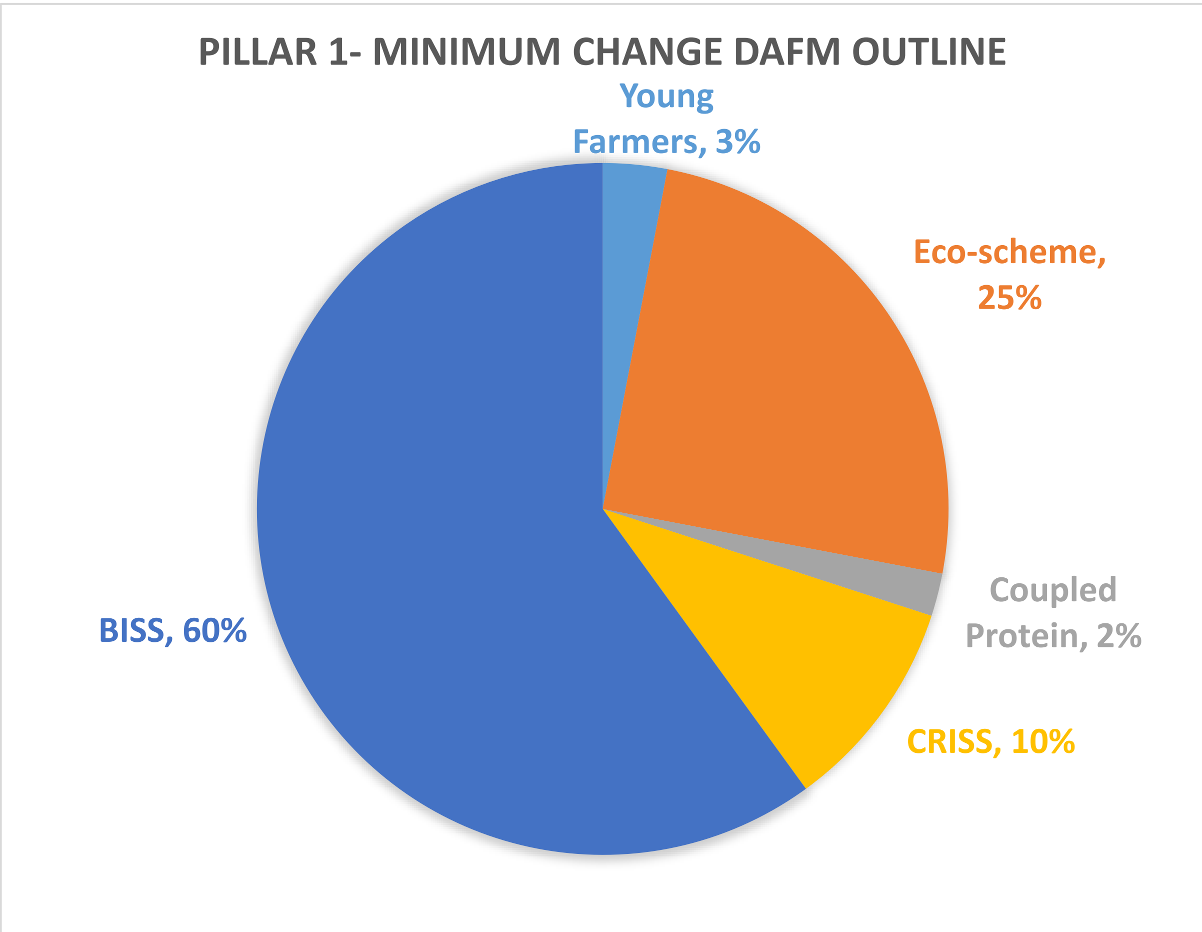

PILLAR 1- MINIMUM CHANGE DAFM OUTLINE
Young Farmers, 3%
Eco-scheme, 25%
Coupled Protein, 2%
CRISS, 10%
BISS, 60%

Figure 6b

Scheme Title	Fund source	Total Spend	No of Farms	Average pay	Max	Scheme Cost	Rate of pay	Qualifying Animals
Agri Environment		378,100,000	38,000	9,950	15,000			
Enviro training		1,500,000						
ANC		245,000,000	96,000					
Organics		13,000,000	2,000					
Producer Orgs		20,000						
BEEP		40,500,000	23,000			40,500,000	90	450,000
BDGP		40,500,000	23,000			40,500,000	90	450,000
Dairy Beef								
Beef Carbon Efficiency		57,000,000				57,000,000	95	600,000
Sheep Welfare		32,300,000				32,300,000	19	1,700,000
EIP		10,000,000						
TAMS		19,500,000						
KT		10,000,000						
LEADER		35,000,000						
Misc		4,000,000						
Early Retirement		5,000,000						50,000
		891,420,000						
Funded by:	EAFRD	311,000,000						
	Co-finance	350,702,120						
	Carbon Tax	150,000,000						
	P1 transfer	80,000,000						
		891,702,120						
(Deficit/ Surplus)		282,120						

Section 7

Pillar 1

7.1 Pillar 1 architecture

ICSA proposes that the flexibilities available to Member States on Pillar 1 should be used in the following way.

Convergence:

Convergence should be done at the 85% rate. 100% convergence is too blunt an instrument when account is taken of land values, the long-term levels of investment and the substantial difference in the contribution of different farming systems to the local economies and the economy.

This needs to be balanced with the fact that farmers on marginal land are making at least the same, if not greater impact on the environment. However, the decisive factor is that ICSA cannot agree that it is fair to deduct significant sums from a farmer with a low/ medium level of payment because the farmer has limited hectares and then transfer a substantial payment to a large-scale landholder who currently has a low payment, but with very limited stock levels.

However, the ICSA proposals, if implemented, would deliver a bonus to suckler and sheep farmers and this will benefit farmers on mountain type land. But only if they have the livestock (eg sheep).

CRISS

ICSA proposes that Ireland should not implement CRISS (Complementary Re-distributive Income Support). In principle, ICSA favours more payments to small and medium scale farmers with low incomes but the CRISS is a very ineffective tool.

The problem is that it takes a lot of money which then is distributed over every hectare up to 30 ha, regardless of whether those hectares form part of a profitable dairy farm or a landholding with no minimal livestock or crops grown. This leakage of money means that the CRISS lacks the targeting that such a scheme would need to have.

The EU regulations allow a member state to avoid CRISS if there is another scheme in place to achieve similar objectives. ICSA argues that this requirement can be achieved by allocating coupled payments to suckler and sheep farmers with a cap on the number of eligible animals. ICSA submits that the low level of income (see Teagasc National Farm Surveys) in suckler and sheep farms is analogous to small scale farming and low income levels may act as a proxy for smaller scale by size, which is acceptable to the EU Commission.

Capping

ICSA fully supports capping at an effective rate of €66,000. Moreover, ICSA believes there should be no loophole to allow scarce CAP funds to cover the wages of employees. It is not acceptable that a large scale business could continue to receive much more than the €66,000 cap when the average CAP payment for a farmer is less than €10,000 and when many farmers with modest payments are being cut. In the final analysis, businesses that employ people should be able to fund this from the marketplace and CAP payments should remain targeted at farming families.

Coupled Payments

ICSA favours using the option to have up to 13% of payments coupled and targeted at small scale and medium suckler and sheep farmers. ICSA also supports 2% being used for protein crops but we also suggest that this should cover combi-crops which are a vital option for some farmers including those in the organic sector.

ICSA proposes that 13% of the Pillar 1 envelope be used for variable coupled payments for the suckler and sheep sectors.

This equates to about €154 million.

Variable Suckler Cow Coupled Payment

ICSA is suggesting an allocation of €110 million to suckler cows.

The €110 million fund would be paid on all sucklers that have a calf registered to them in the calendar year.

There would be no quotas, the payments would be a variable, coupled premium which would go up or down according to the total numbers claimed on. ICSA is proposing a ceiling of 40 cows

Cost: 9.3% deduction from everybody's per hectare payment (e.g., €23/ha from a payment which would otherwise be €250).

Variable Ewe Coupled Payment

€44 million would be paid on all ewes in the flock register at the end of the year.

There would be no quotas, the payments would be a variable, coupled premium which would go up or down according to the total numbers claimed on.

There would be a ceiling for payment of 250 ewes.

Cost: 3.7% deduction from everybody's per hectare payment (e.g., €9.25/ha from a payment which would otherwise be €250).

Logic of Ceilings

The reason for this is to ensure that these variable coupled payments can be accepted as an alternative to the CRISS, which can be avoided by the member state if another scheme has equivalent effect.

40 cows or 250 ewes can be carried on 30 ha. Moreover, the purpose of re-distribution is to protect the most vulnerable farmers from the CAP changes and it is clear that sucklers and sheep are low-income enterprises.

Transfer of funds from Pillar 1 to Pillar 2

ICSA proposes that the option to transfer funds from Pillar 1 to Pillar 2 be utilised, for the purposes of creating a Beef Carbon Efficiency Programme. This scheme would provide a payment to farmers who feed cattle in the twelve to twenty-four month age category. Details section 8.

ICSA is proposing the transfer of €80 million, which equates to a 6.7% re-distribution of the Pillar 1 envelope.

7.2 The ICSA position re Eco Schemes in Pillar 1

ICSA proposes that grassland farmers' eligibility for the eco-scheme would be linked to stocking rate. (see Figure 7a) While the eco-scheme cannot be variable by being linked to entitlements, ICSA proposes a sliding scale for all grassland farmers based on stocking rate.

The principal is analogous to the extensification system of a previous CAP where farmers get higher payments for being more extensive.

In addition, farmers would be also required to achieve more than half the year with outdoor grazing. This would be in accordance with some of the proposals from the EU Commission on eco-schemes. It can be demonstrated that emissions per hectare are a proxy for total emissions for Ireland and therefore, an eco-scheme which is seen to reward less intensive grazing is contributing to lower overall national emissions.

However, farmers who do not meet a minimum stocking rate would get no eco-scheme payment; this would be set at the ANC minimum rate (0.15LU/Ha in ANC areas) or 0.3LU/Ha in non-ANC areas. This reflects the fact

We would also suggest that soil sampling would be a requirement over the five year programme. Soil sampling provides a basis for getting soil pH correct. Farmers are then equipped to make decisions about liming. Correct soil pH leads to reduced levels of artificial N which fits in with the Green Deal aspirations. Similarly, understanding P&K levels can lead to a much more optimum level of artificial N usage.

Widespread usage of this simple measure would yield substantial benefits at a national level in terms of reducing nitrous oxide emissions and possible water quality improvements in return for a very simple and low cost action.

A key point is that this must be something which does not interfere with the Pillar 2 REPS type scheme.

For tillage farmers, it could be argued that a crop rotation rule would suffice. However, given that this is likely to be mandatory under the GAEC provisions, we would suggest a choice of including leguminous crops in a rotation, a small area of wild bird cover, a small area of pollinator planting adjacent to a crop or min till. Tillage farmers would also be required to soil sample.

Figure 7a

Model for Grassland Eco-Scheme

Stocking density Organic N/ha	Eco_Scheme payment	Number of Farmers 2017	Percentage
Nitrates derogation farmers(>170kg)	Base Eco Scheme–€30/ Ha	7,855	
131-170kg (fairly intensive)	Base Eco Scheme–€10/ Ha	17,420	13.1%
86-130 (moderate intensive)	Base Eco Scheme/ Ha	26,602	20%
51- 85 (extensive)	Base Eco Scheme + €10/ Ha		19%
Under 50 (very extensive)	Base Eco Scheme + €20/ Ha		42% (includes all below 50)
Below ANC minimum (Or 0.3 LU/Ha in Non ANC)	Zero Eco Scheme payment		?

ICSA proposes that farmers between 131-170kg/Ha organic Nitrogen are eligible for eco-scheme but at a reduced rate. Farmers between 85-130kg/Ha are eligible for the base eco-scheme payment and those at lower rates below 85kg/Ha can qualify for enhanced eco-scheme rates.

Farmers below a minimum stocking rate would not be eligible to reflect the learnings from previous mistakes such as going too far with commonage destocking and a general understanding that some level of livestock is integral to balanced vegetation, better soil management including avoidance of soil erosion and return of nutrients.

Section 8

Pillar 2

Pillar 2 Schemes proposed by ICSA & Comments on DAFM proposed schemes

NB: ICSA does not agree with any conditionality for membership of Bord Bia Quality Assurance Scheme in relation to eligibility for any CAP scheme.

ICSA does not agree with capping the suckler herd at an individual level in any way and the proposals in this submission are designed to allow maximum flexibility for those who wish to expand but will also provide incentives for some farmers to exit or reduce, with the overall outcome being no increase in the national suckler herd.

Suckler farming cannot pay the price for dairy expansions and the nitrates directive should be revised to make large scale dairy expansion responsible for its own impact.

8.1 Agri Environment

ICSA proposes a substantial agri-environment scheme in Pillar 2 which will properly incentivise farmers who wish to devote a significant amount of time to delivering green public goods. The scheme would be menu-based with rewards and bonuses for those who deliver most.

The maximum payment would be €15,000 but the average payment would be in the region €9-10,000. ICSA submits that the aim should be to have at least 38,000 participants and not more than 40,000 so that a budget of €400 million will deliver close to €10,000 average.

ICSA believes that the programme should include €150 million in carbon tax funding agreed in the programme for government in addition to the €250 million allocated under GLAS.

(See Appendix 1 for a detailed outline)

8.2 Agri Environment Climate Training

We have included this is in our proposal for an agri-environment scheme.

8.3 Organic Farming Scheme

ICSA supports a continuation of the Organic Farming Scheme and we want to see €13,000,000 allocated with a view to some 2,000 participating farmers. ICSA does not accept that the programme should prioritise sectors other than cattle and sheep.

ICSA submits that the scheme should not hinder organic farmers benefitting from the eco-scheme or the agri-environment scheme.

8.4 ANC

ICSA proposes that the current ANC be retained with current rates except for derogation farmers who should be paid only at 50% of the normal rates per hectare. The rationale for that is that it is impossible to argue that farmers who are able to farm at a very intensive level are being disadvantaged by the quality of the land.

This is also coherent with the ICSA overall strategy that there should be disincentives to farming systems which require a derogation because they are a significant factor in total national herd emissions.

ICSA also proposes that equines, including donkeys, would not qualify to make up the minimum stocking rate requirements and this should only be achieved by bovines and ovines.

8.5 Producer Organisations in the Beef and Sheep Sectors

ICSA supports funding for advisory costs and for administrative funding for the first three years. It is not likely that the costs for this will be significant as farmers are dubious about whether meat factories are interested in a genuine engagement with producer groups.

8.6 Suckler Carbon Efficiency Programme (BDGP/ BEEP)

ICSA proposes that the BDGP and BEEP should be retained as two separate schemes in order to maximise uptake. Some farmers will have a preference to enter one scheme but may be deterred altogether if the schemes are amalgamated.

In terms of the BDGP element, DAFM is proposing two streams, one for outgoing BDGP participants and one for those who did not enter or who did not finish the previous BDGP. The logic of this seems to be related to the fact that outgoing participants have already achieved the maternal targets.

However, this assumes that the strict focus on maternal targets is the correct approach and therefore should be applied to new entrants.

ICSA does not believe that this is the correct approach. We want to see a scheme that is founded on suckler farmers choosing their own breeding objectives. It is equally valid to have a breeding strategy focused on producing export weanlings or show type cattle as to be focused on maternal traits. In 2021, we have seen exceptional prices for top U grade stock and it simply does not make sense to insist to some farmers that they should abandon this breeding strategy if it makes financial sense for them.

It is also fair to say that the assessment of AI and stock bulls, as well as breeding females, on one composite index is too simplistic. Four and five star maternal bulls can be unsatisfactory on milk. So we suggest participating farmers nominate the traits they are trying to improve. Targets should be based around selecting bulls for these traits whether AI or stock bulls.

In addition, it is suggested that there should be more focus on temperament and that the programme should encourage selection of bulls for positive temperament scores. This could be combined with an incentive or target to cull one female or 2% of the herd each year for poor temperament.

There should also be a target to either limit the retention of 100% of empty cows or to improve the calving interval, as this would improve economic efficiency and reduce herd emissions caused by empty cows remaining too long.

ICSA supports the ongoing ear tag sampling for genomics.

ICSA also believes the weighing, dung sampling and meal feeding before weaning should be continued.

ICSA believes that the rate per cow should be increased to €90 for both the BDGP and BEEP elements as there is undoubtedly a significant inflation in labour costs, but also in feed costs, weighing equipment capital costs, fuel costs for transport of weighing equipment and so on. Under the income foregone and costs incurred metric these schemes must attract a higher payment.

No quota or reference year. Instead a linear cut if the overall budget is exceeded.

8.7 Beef Carbon Efficiency Programme

ICSA proposes a Beef Carbon Efficiency Programme in lieu of a Dairy Beef Welfare Scheme, which is a direct subsidy to dairy farmers and which incentivises beef farmers to choose to buy dairy born stock rather than suckler born stock. Dairy farmers should not be rewarded to try and rectify the fact that dairy breeding has been extremely unsuitable for the beef sector since milk quotas ended.

The Beef Carbon Efficiency Programme is a scheme to incentivise the slaughtering of cattle at a significantly earlier age than currently applies. The rationale is that this is one of the key climate change mitigation strategies because cattle slaughtered earlier reduce emissions.

The payment would be worth up to €100/ head for feeding animals between 12-24 months. Payment requires weighing once, dung sampling and one-day training. Animals can be suckler or dairy born but not female dairy breeds. Animals must be held by participating farmer for in excess of 120 days and the weighing must be completed not less than 100 days before slaughter. This element will attract a payment of €40/head.

Final payment is a voluntary payment for animals early finishing of animals according to the following schedule. If the animal is sold direct to the factory, the payment is automatic. If the animal is sold in the mart, the participating farmer who sold the animal in the mart will still receive the payment provided the animal is slaughtered within 30 days. If the animal is slaughtered after 30 days, it will not be eligible for a payment either for the vendor or the purchaser.

The focus on weighing, dung sampling and earlier, more efficient finishing is fully in keeping with the Ag Climatise strategy and emissions targets. This would be funded within Pillar 2 as a carbon measure, in keeping with the EU objectives, and the funds would be sourced by transferring €80 million from

Pillar 1, of which €57 million would be allocated to this scheme (assuming about 600,000 eligible animals; not all qualifying for the maximum payment of €100).

Slaughter deadline	Heifers	Steers	Y Bulls
€60	**22 months**	**24 months**	**16 months**
€50	**24 months**	**26 months**	**18 months**
€30	**26 months**	**28 months**	**22 months**

No quota or reference year. Instead a linear cut if the overall budget is exceeded.

Cost: 6.7% deduction from everybody's per hectare payment (e.g., €17/ha from payment which would otherwise be €250/ha) (To be transferred from Pillar 1 to Pillar 2)

8.8 Sheep Improvement Scheme

ICSA proposes three additions to the measures already contained in the sheep welfare scheme.

1. Breeding for more efficient sheep – record keeping

ICSA is proposing that sheep farmers are incentivised to set out their breeding priorities and to record basic information that will help inform the future breeding plan.

The recording could include a record of lambing for each ewe (how many lambs, assisted lambings) with a view to selecting for prolificacy where appropriate (eg lowland) or not in the case of mountain or easy care systems where multiple births might be disadvantageous.

Alternatively, farmers could record which sheep were leading to easy or earlier finishing with minimal supplementation.

2. Dipping against scab (choose 1 or 2 for an additional €4/ewe)
3. Additional payment for correct presentation and rolling of wool fleeces (€5/ewe)

This would be a very useful first step in reviving the wool trade and it aligns with the DAFM wool feasibility study.

- Similar requirements to current welfare scheme (€10)
- Total Payment €19

No quota or reference year. Instead a linear cut if the overall budget is exceeded.

8.9 European Innovation Partnerships

ICSA supports this programme. It is important that there is continuity for schemes that have already been established and which are successfully addressing specific challenges or delivering results which could not be achieved in a broad national programme.

- **EIP programme to cover Hen Harrier, Pearl Mussel, Burren Scheme and also Shannon Callows and possible pilot programme to devise carbon reduction research programme for active, full-time farmers, involved in large scale suckler or beef herds.**

8.10 On-farm Capital Investment Scheme/ TAMS

This programme needs some reconsideration. It is hard to justify further grant aid for more expansion on farms that have previously had the opportunity to avail of the scheme and therefore the limit of €80,000 should remain.

Instead, TAMS should only be used for farm plans which outline an expansion plan in the case of young farmers. ICSA also believes that even in the case of young farmers, expansion plans which envisage using the nitrates derogation should not be eligible for funding and applicants should be directed to devise a new plan that does not require a derogation.

On the other hand, smaller scale investments that assist in farm safety, reduce energy consumption or assist conversion to organic farming should be prioritised.

Overall, ICSA envisages less money in this scheme. Dairy expansion as a general principle should be funded by milk price only. Using scarce CAP funds to further dairy expansion is disadvantageous to farmers in other sectors competing for scarce land and it is potentially damaging to existing dairy farmers if it leads to over-supply of milk with negative price consequences. Also, the impact on the beef sector of increasing numbers of poor quality dairy bred calves must be taken into consideration.

8.11 Continuing Professional Development for advisors

This should not be funded by CAP which should be a support for farmers.

8.12 Knowledge Transfer Programme

ICSA's vision is that some training will be integral to programmes such as agri-environment, suckler, beef and sheep schemes. KT should ensure that it is complementary to such training and avoids replication.

We believe that the main focus should continue to be:

- Farm profitability for beef, sheep and tillage systems.
- Efficiency in beef and sheep production systems.
- Specific focus on reducing inputs, particularly those with a high carbon footprint.

The Knowledge Transfer Programme should have a specific remit to address the issue of women in agriculture. ICSA supports the submission made by the Women in Agriculture Stakeholder group which included an ICSA representative and in particular the following proposals relating to the KT programme:

Women & KT groups:

KT groups with over three female members should receive a €100 top up payment per recipient. As well as women farming in their own right, it will also encourage farmers to bring wives or daughters to KT meetings, thus improving female visibility and encouraging the idea of female successors on farms.

The introduction of specific female only KT groups, especially in counties where female attendance on KT groups is low. As a minority group, women can feel intimidated at times and the introduction of female only KT groups should help to boost women's confidence and knowledge in their own abilities.

The introduction of a dedicated KT group that focusses on informing women about how to apply for TAMS applications and tax reliefs, as the number of women applying for TAMS grants or owning or expanding farmland is very low. The establishment of a KT group focusing on these areas should help to support women to improve their farm business.

8.13 LEADER Programme

ICSA supports the LEADER programme. However, we believe that, over many years, it has been unduly restrictive in terms of not supporting farmers who want to develop added value businesses relating to mainstream agricultural produce such as meat and dairy.

Processors are not precluded from owning or controlling feedlots even though this is manifestly disadvantageous to primary producers. It is therefore unfair that LEADER cannot assist farmers who wish to develop businesses which add value to their own farm output, particularly as these enterprises would be a tiny fraction of the scale of the large-scale processors of meat and dairy. Moreover, these farm-based enterprises are more likely to produce either organic or special added value meat or dairy products that is consistent with EU objectives.

8.14 Early Retirement Scheme for Suckler Farmers

An early retirement scheme for suckler farmers (over 55 years of age) which would pay €100/cow for 5 years to stay out of breeding systems (dairying or suckling) and which would have to be joined in year 1 (ie 2023) combined with a 25% young farmer top-up on per hectare BISS payment and variable suckler and sheep premia.

Grazing cattle would still be permitted.

This scheme should be supported also on the basis of health and safety as older farmers may find suckler cows risky at calving time.

It is also a sensible way of allowing expansion for younger farmers by achieving balance in the overall national herd.

Cost: €5 million less in TAMS – possible limitations on entry into TAMS. Young farmer top-up from 3% young farmer fund

Appendix 1

Agri-Environment Scheme

The EU Green Deal clarifies that agri-environment must be integral to the CAP strategy. 35% of Pillar 2 must be spent on agri-environment measures. The EU Farm to Fork and Biodiversity strategies reinforce this message.

However, it is unrealistic to expect that farmers can implement such a change of direction without adequate financial incentive. It is blatantly clear that the outgoing schemes such as GLAS are not attractive to farmers who have other options such as intensive dairying or off-farm employment.

This will become even clearer as older farmers retire. Younger farmers will choose the routes that deliver acceptable income in an economy where wages are rising and where employment opportunities are plentiful.

In consulting with farmers nationally, we are frequently admonished for the fact that twenty years ago when there was less focus on environment and especially on climate, nevertheless many farmers could earn up to €10,000 from REPS.

The key benefit of old REPS was that it paid on all eligible hectares farmed and submitted under the Area Aid (Basic Payment) scheme. This is no longer acceptable at EU level, unless you can **demonstrate costs incurred or income foregone.**

But it is clear that a scheme which is unduly focused on costs incurred will result in no net benefit to participants. ICSA is arguing that there needs to be an innovative approach to incorporating opportunity costs. For example, it is not realistic to calculate a farmer's time on the basis of unskilled labour when the farmer is highly skilled. Moreover, a farmer is actually utilising a lot of management skills in devising and implementing an ambitious agri-environment programme. It is also noteworthy that FRS charges for experienced farm labourers is now of the order of €23/hr including VAT.

Basic Entry/ Management charge for farmer

ICSA proposes that farmers are paid a **basic entry cost of €1,000/ annum** to cover time spent planning and strategizing the REPS participation, and for the required book-keeping and reports, and as a grant towards planner costs.

ICSA is suggesting that the structure of a REPS scheme should be based on a series of modules. Farmers would have an option of choosing a minimum of 3 modules and a maximum of 5.

Each module would set out a series of actions designed to deliver some or all of the programme objectives. DAFM has indicated that payment would include 3 elements:

- Base payment
- Top-up based on environmental and biodiversity results
- Capital costs

ICSA proposes that the base payment for each module should be linked to an allocated area of land or a series of actions where area is not the appropriate metric.

In general, ICSA proposes that modules cover areas of 10 Ha but that smaller parcels can be included for a pro-rata lower base payment. This is similar to the LIPP measure under GLAS. Equally, some measures are better linked to meter lengths (hedges or stone walls) or an overall module for farmyard and visual amenity enhancement. Farmers would have flexibility to quantify at plan design stage in accordance with their own preference.

Here are the proposed modules:

1. Tillage module.
2. Biodiversity module covering trees, hedges, pollinators.
3. Grassland extensification module, with two options-(a) Low Input Permanent Pasture, targeted at more extensive or (b) Grassland Eco Enhancement, targeted at medium intensity farmers.
4. Water Enhancement and Protection module.
5. Rural Visual Amenity module – painting of gates and sheds, repair and renovation of farm buildings, hanging of gates, planting of pollinator flowers around yards and internal farm roads, maintenance of stone walls, general improvements to waste control, storage and disposal.
6. Natura/ Designated area module. *
7. Animal health, welfare and nutrition module with a specific focus on enteric fermentation, reduced anti-microbial and anti –parasitic drugs.
8. Commonage area module.
9. Livestock diversity module.
10. Energy/ resource conservation module.

Modules would be paid at a basic rate of €2,000 for the maximum (ie €200/ha on up to 10 Ha) with up to an additional €1,000 linked to achieving biodiversity, environmental or visual amenity results, or through carrying out additional bonus actions. The amount of the top-up would be performance related but also reduced pro-rata where the area covered is less than the maximum.

*The natura/designated area would be paid at a higher rate of €320/ha.

Each module is given guiding objective(s) and ICSA proposes that the extra payment is linked to how well the plan under each module meets these objectives. The basic payment is linked to the actions set out under the bullet points and in some cases, capital grants are appropriate whereas more typically payment is on income foregone, work done and costs incurred.

Farmers could opt into minimum 3, maximum 5 modules. Acceptance into more than 3 modules would be contingent on the quality of the plan.

In addition, participants would be required to undertake 2 days training per annum paid at €180/day and would be entitled to the €1,000 management fee.

Payment structure:

Maximum: €15,000

All farmers earn €1,000 for management and as a contribution towards planners' fees; €360 for 2 days training and generally €2,000 per module (assuming full 10 ha/ module) up to 5 modules. Bonuses to be paid for extra results, designated areas to be paid higher and bonuses for areas of defined co-operation or areas of higher environmental co-operation.

DETAILS OF THE MODULES

1.1 Tillage module: (up to 10Ha)

Objective: To reduce pesticide usage, increase biodiversity around field margins, improve soil quality and fertility and increase crops including protein crops that can reduce dependence on imported feed.

- Buffers strips without pesticides.
- Mechanical weed control.
- Land lying fallow/ set aside.
- Pollinator strips.
- Min till.
- Catch crops.
- Inclusion of leguminous crops in rotation.
- Hedge cutting on a 3 year rotation.
- Other measures to support soil restoration, (farmyard manure, straw incorporation, nutrient management, soil testing).

NB: Any of the above can only be included depending on what is required for the eco-scheme payment

1.2 Biodiversity module covering trees, hedges, pollinators

Objective: To increase biodiversity & enhance rural landscape.

- Plant up to 2 ha with trees which may be a mix of groves, corners, or individual planting along fences or internal farm roads. Extra points for planting specimen trees in the middle of fields.
- Hedgerow maintenance & enhancement – basic rate per meter, additional €/m to maintain or increase to 2 m with electric fence on each side; additional to maintain or increase to 3m with electric fence on each side; additional top-up for planting additional diverse plants eg beech, holly, trees (3 per 10m) in addition to existing whitethorn or similar.
- Create a new habitat – payment per ha. Could include pond, mix of diverse grasses, scrub or trees, re-wetting of privately owned bog or similar. Or alternatively maintain an existing habitat or rejuvenate suitable land. Maximum 5 ha.
- Plant areas of pollinators on selected areas. Maximum 1 ha.
- Hedge cutting on a 3 year rotation.
- Cut down ivy from up to 3 trees per ha.

1.3 <u>Grassland Extensification module (up to 10 ha)</u>

Objective: To reduce imported artificial fertiliser usage, support lower stocking rates while improving profits, and to increase biodiversity.

Two Options: Either Low Input Permanent Pasture (LIPP) or Grassland Eco Enhancement (GEE)

LIPP:

- Similar to GLAS but targeted at more extensive farmers
- Very limited use of artificial fertiliser
- Manure management – spreading of farmyard manure on all ground (max 10 ha) at least once over 5 years, combined with better FYM management (turned over once during storage period)
- Must have diverse grass species which must be maintained or increased during the period.
- Soil sampling.

GEE:

- Up to 10 ha to be enhanced though pH correction and liming programme.
- Manure management – spreading of farmyard manure on all ground (max 10 ha) at least once over 5 years, combined with better FYM management (turned over once during storage period)
- Re-seeding, including stitching or slurry seeding with clover or red clover.
- Pollinators in field corners or margins.
- Planting of at least one native hardwood per ha.
- Hedge cutting on a 3 year rotation.
- Reduction in farm use of artificial fertiliser.

Bonus Payment for avoiding topping, mowing and spraying until July 1st.

Available to participants in the GEE or LIPP options. The farmer commits, except for 30% of grassland for hay or silage crops not to mow, top or spray pasture until after 1 July each year [5 year program] to allow for the nesting and flowering season, enhancing the environment for birds, mammals, flowers insects etc. The payment would be a bonus of €100/ha on the LIPP or GEE area but would require a whole of farm approach.

1.4 <u>Water Quality Enhancement and Protection module</u>

- Fence watercourses, with varying payment rates per metre as per GLAS scheme.
- Ensure no water access for drinking and install water troughs where appropriate instead.
- Provide capital grants to provide alternatives to livestock drinking from streams and extra points for solar powered water pumps to take water from streams.
- Remake camber of farm roads near watercourses so that the fall is into the field and away from the watercourse.
- Wider buffer strips for fertiliser and slurry spreading away from water course.
- Plant or maintain diverse species of trees, bushes and grassed in fenced off zone alongside watercourse.
- Option to clear dikes and drains at beginning of programme to keep water flowing.

1.5 Rural Visual Amenity module

Objective: To upgrade the rural visual amenity, retain rural heritage and create tidier, safer environments which also instil pride and positive mental attitude.

- Enhance the look of the farmyard and other farm infrastructure.
- Paint gates and yard and shed walls
- Plant flowers, shrubs and trees around farmyard.
- Upgrade waste storage facilities (plastics, pallets etc) and implement policy for timely disposal via recycling services.
- Eliminate piles of scrap metal, disused machinery.
- Renovate old sheds and heritage building (heritage grant to be a separate payment).
- Maintain stone walls as per GLAS schedule but allow inclusion of walls with mortar capping, and include walls adjacent to public roads.
- Implement other visual improvements such as tidier surfaces, renovated old style gates, renovate vintage machinery and display.
- All gates to be properly hung and either painted or galvanised.
- Programme to gradually improve old stone farm buildings including fixing slates, white washing or painting as appropriate, renovating old doors, sand blasting stone or re-pointing brick if desired.
- Cut back ivy from buildings or trees around farmyard.
- Renovate vintage machinery / tractors to a high standard and to display as part of a more interesting and attractive farm homestead. Practical usage of such equipment to be also encouraged from a heritage perspective.

Bonus Payment: For defined co-operation areas.

Neighbouring farmers would develop a joint plan to improve the visual amenity of their farms and farmyards. An example would be an extended area of stone walls complete with painted, matching gates in a region where tourism was important. 10 farms or more with adjacent stone walls could achieve a much greater visual impact than one farm acting alone. Participating could apply to be included for an extra bonus (A flat €1,000 per farm which might be pooled to pay for stone wall repairs or to share the work, provided this was specified in all plan, or alternatively a bonus per metre of wall).

1.6 Natura / Designated Area module (up to 10 ha*)

Objective: To support farmers to maintain designated land and to recognise that such designations sustain rare species of birds, pearl mussels and other flora/ fauna.

* The 10 ha maximum here is on the assumption that there is a scheme operated by NPWS or a number of schemes such as the hen harrier scheme which should be additional, particularly in the case where a landowner has more than 10 ha designated.

However, the key innovation here from an ICSA viewpoint, is that the rate per ha for designation should be €320 as opposed to the current €79 under GLAS and it should be paid because of the restrictions imposed by designation. In addition, the farmer would undertake a survey each year to report on sightings of target species (birds typically). Extra measures undertaken to improve the designated area in the context of the designation would achieve a higher score with a view to delivering up to €100/ ha in additional payments, according to the plan set out with the planner.

Bonus Payment: For defined co-operation areas.

Neighbouring farmers with a designation could apply to be included for an extra bonus (€100/ha) where there was a joint effort to add value to biodiversity or work in co-operation to achieve better results in terms of the logic of the initial designation. (eg A joint plan to improve the attraction of an extended area for the hen harrier or another important species)

1.7 Animal Health, Welfare and Nutrition module

Objective: To reduce the dependency on anti-microbials and anti-parasitics in the interests of human, animal and soil health and to enhance the welfare of animals.

- Feeding of additives (eg Seaweed) to reduce enteric fermentation emissions.
- Improve animal housing from a welfare perspective (rubber mats, rubber mats on slats, cubicles or straw lie-back; to cover at least 20% of animals)
- Programme to reduce anti-microbials and anti-parasitics including dung sampling, use of vaccines where advisable, general health improvements implemented through agreed programme with vet- note where some of these requirements are part of other schemes (eg BEEP) the farmer shall not be eligible for double payment.
- Dung sampling for Johnes disease.
- Improved handling facilities to be installed where necessary.

1.8 Commonage module

Objective: To support the sustainable management of commonage areas and deliver optimum grazing levels in the interests of biodiversity and visual amenity.

- Implementation of Commonage Agreements as per GLAS.

1.9 Livestock Diversity module

Objective: To encourage mixed grazing (cattle & sheep, where either species makes up at least 10% of the mix on number of animals basis) which optimises use of grass, reduces need for spraying weeds (ragwort) and protect rare breeds. In addition, extra points for trialling regenerative farming or an element of silvoculture.

- Rare breeds
- Mixed grazing
- Extended grazing
- Regenerative farming methods
- Or silvoculture

Bonus payment: Winter Forage Support. Minimum 15% of farm or 4.5 hectares. The farmer grows up to 15% of farm as winter forage, roots, cereals, potatoes, protein crops etc. for consumption on the farm to supplement hay and silage and replace imported feeds. Significant decrease in emissions associated with imported feeds, and also through extending the outdoor season for livestock.

1.10 Energy and Resource Efficiency module

Objective: To reduce use of fossil fuel energies such as electricity and diesel by creating a plan which starts with an audit of how much tractor operations and deliveries of imported feed and fertiliser and then develop a plan to reduce this dependency, primarily towards increasing and extending use of grazed grass.

- Energy efficient lights in all farm sheds
- Options for solar panels
- Solar water pumps to replace drinking from streams
- Plan to reduce diesel consumption via less tractor operations
- Plan to reduce imported fertiliser and feed, all linked to extended grazing plans
- Example would be to phase out second cut silage or renting ground for silage so as to reduce tractor operations, fertiliser usage etc but only as part of plan to extend grazing
- Rainwater harvesting
- One pass re-seeding

Appendix 2

THE IMPACT OF THE FARM TO FORK AND BIODIVERSITY STRATEGY – LOTS OF PAIN FOR LITTLE GAIN

(Analysis by **Farm Europe** of the EU Impact Assessment of the Farm to Fork and Biodiversity Strategies)

September 1, 2021

The Commission has finally released a study on the impact of its F2F and Biodiversity Strategy proposals on the agriculture sector. The key commitments that directly affect the EU farming sector include reducing the use of chemical pesticides by 50% and of fertilisers by 20%, setting of at least 10% of agricultural area under high-diversity landscape features and of at least 25% under organic farming.

The results are staggering: supply is reduced by 10-15% in the key sectors, cereals, oilseeds, beef, dairy cows; over 15% in pork and poultry, and over 5% in vegetables and permanent crops. The EU net trade position worsens (with the notable exception of dairy, as less use for animal feed and improved genetics would more than compensate for the sharp drop in the dairy herd). Revenues plummet, with the exception of vegetable and permanent crops, and pork (due to sharp price increases that we discuss further down), with an average of 2 500 to 5 000 € drop per holding (subsidies included).

The most penalized would be cereal growers and dairy farmers (-5 000 €), with lesser revenue cuts for the other sectors. Fruits and vegetables revenues would increase around 2 500 €, and pork up to 10 000 €. The positive impact in reducing GHG emissions by less than 30% is leaked at least by half, as the EU increases imports and therefore the rest of the world increases production. To put it concisely, lots of pain for little gain.

The study results are similar to a USDA-ERS impact assessment that found that the Commission proposals would reduce EU agriculture production by 12%, increase prices by 17%, reduce exports by 20%, increase imports by 2%, shrink gross farm income by 16%, and increase the annual per capita food cost in the EU by 130 euros. Farm Europe also recently published an evaluation of the Commission proposals showing that production would experience a significant and rapid decline, -12% for wheat, -10% for maize, -7% for beet, -25% for oilseeds, -7% for red meat, -4% for milk, -1% for pork, -3% for poultry.

That will generate a reduction in exports by 20%, and a significant increase in imports of plant proteins (soya) to cope with the decline in European oilseed production, contrary to the European incantations of a protein plan for greater autonomy of the European Union and the fight against imported deforestation. Agricultural incomes would fall by more than 8% in such a scenario. All the analysis published show similar results, leaving little doubt that we would face a sharp policy driven contraction of agriculture in the EU.

Although in the study the Commission is at pains to lessen the staggering global negative impacts of its proposals, a closer look shows that most likely the impact would be harsher. - Let's begin by what is left out of the analysis: the Commission proposal to plant in good ecological conditions 3 billion trees.

That would divert a lot of agriculture land to forestry. It could amount to between 1,5 to 2,7 million ha, depending on species and ecological conditions. -Then come the rosy assumptions in the study. The expected increase in revenues for pork producers is contingent upon an expected uplift of pork prices by over 40%. Exports would somewhat decrease and imports raise, but far from the extent that would check such a dramatic price increase.

The way the model used in the study operates cannot capture real world trade dynamics, where imports out of quotas take place when the difference between EU and world prices is so high, and the quota rents are so hefty, that they become profitable despite the high out of quota tariffs. Also beef prices are expected to jump over 20%, which in the real world would suck-in significant additional imports. This problem is acknowledged in the study, without however leading to adjusting the results: "This was seen with the magnitude of price reactions when production falls significantly (i.e. meat activities), leading to the use of an additional model and change to some modelling assumptions for comparability.

Even when undertaking sensitivity analysis, the price responses are large and the reaction of world markets is potentially too rigid to capture their adaptation capacity, especially in the long run". - In addition the study does not capture the likely impact of Brexit, in reducing our exports to an UK market open to third countries. Our exports of meats, dairy and other products will most likely fall, and that will depress both the EU production, prices and farmers revenues.

Let’s not forget that the UK is a lead export market for the EU, our losses in that market will have a huge impact. - Another area where the study assumptions are too optimistic is on the adoption of mitigation technologies, like precision farming and anaerobic digesters, key to reducing GHG emissions.

The study assumes that the New Generation EU budget for the sector, which in the study assumptions would reduce mitigation technologies investment costs by 30%, is actually the double of what was decided - 15 billion vs 8.1 billion euros. Assuming that 60% of the EU agriculture would be using precision farming in 2030 seems overly optimistic, all the more as farmers revenues are expected to drop. How to expect investments to go up so much and so quickly when farmers would be worse off than today? This has in turn a significant impact on the actual GHG reductions expected.

Mitigation accounts for half of all GHG reductions, and precision farming and other mitigation technologies are the second most important contributor. A more sober and less embarrassed analysis by the Commission, would show even steeper production and revenue cuts. As the net trade impact would be event worst, and the adoption of mitigation technologies more modest, the reduction of GHG emissions would be lower and show an even higher leakage as the EU would have to import more. And thus, even more pain for lesser gains.

To conclude, the Commission Farm to Fork and Biodiversity Strategy proposals would cause an unprecedented fall in the EU’s agriculture production, a sharp cut in farmers’ revenues, a degradation of the bloc’s net trade position, and an increase in producer prices that would raise food costs for consumers. The environmental benefits would be mostly leaked, as EU imports would increase triggering higher GHG emissions in the rest of the world. Ultimately, the way the European Commission is currently planning to implement the Green Deal objectives in agriculture would result in a global impoverishment of the sector and of European rural areas, a weakening of our food security, and an inflation of consumer prices. Agricultural sectors would face massive restructuring, with the abandonment of the least productive lands and a drastic reduction in the number of farms. It is hard to fathom a worst-case scenario.

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Appendix 3

Examples of how ICSA proposals protect active cattle farmers. Please note that the ICSA calculation of the revised BISS payment is an ICSA estimate and may not be strictly accurate.

The High Entitlement 80 Ha Beef Farmer

Current BPS + Greening / Ha		BISS/Ha	Eco Scheme/ Ha	CRISS/Ha		DAFM Model
473		266	64	44		
37,840		21,280	5,120	1,320		27,720

Current BPS		BISS/Ha	Eco Scheme/ Ha	CRISS/Ha	Beef Carbon on 150	ICSA Model
473		221	64	0		
37,840		17,680	5,120	0	15,000	37,800

The High Entitlement 40 Ha Suckler Farmer

Current BPS + Greening / Ha		BISS/Ha	Eco Scheme/ Ha	CRISS/Ha		DAFM Model
473		266	64	44		
18,920		10,640	2,560	1,320		14,520

Current BPS		BISS/Ha	Eco Scheme/ Ha	CRISS/Ha	Suckler plus Beef carbon	ICSA Model
473		221	64	0		
18,920		8,840	2,560	0	7,800	19,200