



Department of Environment, Food & Agriculture

Agriculture and Fisheries Grant Scheme Policy

August 2016

Author	Revision Date	Summary of changes	Distribution	Distribution Date
J Harrison	23 rd June 2016	Initial draft	Strictly internal	
J Harrison	30 th June 2016	Revised draft for discussion	DEFA, DOI and MNFU	30/6/16
J Harrison	18 th June 2016	Version 2 for discussion	DEFA, Tynwald, Industry bodies	18/6/16
		Version 3 for discussion		
J Harrison	3 rd August 2016	Nothing - Final	Website	03/8/16

Policy adopted	
Agreed by Minister	
Date	

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1 What is the Agriculture and Fisheries Grant Scheme?

The Agriculture and Fisheries Grant Scheme (AFGS) is an 'umbrella' grant structure, which comprises elements from four previous schemes.

Irrespective of the individual section, the overall, shared aims are:

To provide discretionary support to encourage economic growth and diversification of the local economy specifically targeting primary food products and added-value processing of locally harvested foodstuffs. The AFGS provides a range of grants to eligible businesses (new and existing) to help achieve this purpose.

1.1 Key aims of the scheme include

- To ensure that DEFA schemes related to food, farming and fishing are aligned to Government's key strategies; Agenda for Change, Vision 2020, Food Matters, Digital Strategy etc.
- To promote inward investment, import substitution and value added processing
- To ensure that the Department can provide an application process that does not discourage investment in these sectors.
- To ensure that scheme criteria are targeted to provide the necessary support for the food industry to grow/become more sustainable.
- To ensure that schemes are available when investment is required to prevent delays in progressing development in the sector.

The key principle of the support will be to incentivise investment in innovation, efficiency and change to help the food industry become more sustainable and less reliant on ongoing support

The AFGS is discretionary and can offer a generous package of support to qualifying businesses that meet the criteria set out in these guidelines. Assistance available include:

- Capital grants towards: costs of new buildings; building improvements; new plant and machinery; hardware and software.
- Operating grants towards: costs associated with the establishment of a project; costs of specific new marketing ventures; implementing quality standards and energy conservation;
- Training grants where the outcome of the training will add value to local produce and enhance existing production techniques/skills
- The above incentives apply to existing and new ventures and businesses may submit repeat applications.
- Applicants should make clear to DEFA the likely frequency and nature of potential future applications, to help assess the appropriate level of support.

Support offered will be in relation to the expected economic benefit to the Isle of Man. Among the factors which may be taken into consideration are:

- Wages and salaries
- Job Creation
- Location of beneficial shareholders
- Local spend and production/utilisation of local primary produce
- Import substitution/Export potential

There are a number of other factors that the DEFA will apply when considering an application for financial assistance in order to meet other economic, social and wider Government objectives, particularly around the themes of the 'Food Matters' strategy <http://www.wheretheyoucan.com/ibweb/res/pdf/Reports/Food-Matters-Dev-Strategy-2015-2025.pdf>

1.2 Food strategy key themes

1. Resilience through increased diversity
2. Competitiveness through improved efficiency and skills
3. Profit through market and customer focus

The following principles are also applied:

1.3 Additionality

Only projects which develop the business and the economy are supported. For example, businesses are expected to replace redundant equipment at their own cost, whereas a grant application for new equipment which will expand the product range, generate new revenues and thus grow jobs and taxes, would be considered for support.

Where new equipment is being purchased and there is a replacement element support will be reduced accordingly. The Department appreciates that technology means that new equipment may result in efficiencies and better quality output. These factors will be taken into consideration when a decision on whether to support expenditure is made.

1.4 Proportionality

Where projects are high risk, stage payment of grants may be conditional upon achieving specified levels of growth based on the business plan provided by the applicant. Furthermore, security may be required in order to mitigate the risk of failure by enabling the Department to recover the grants paid. Security may take the form of fixed charges upon land, buildings and machinery and/or a floating charge. Monies may be reclaimed using contras from other payments made by DEFA.

Any business requesting assistance must be intending to have at least one Manx tax resident employee. In the case of a sole trader, the business must be the principal business of the individual.

If the Department is providing financial support to businesses then it is expected that organisations will work with Government to provide opportunities for all sectors of the potential workforce.

The Department tries, when making an offer, to mitigate the risk of financial loss to Government, however, there has to be a realisation that risk cannot be totally eliminated from a process such as this.

Importantly, grant assistance cannot be considered for items of expenditure which have been purchased prior to submission of an application. The relevant date is the date the Department receives the application form.

1.5 Eligibility

For the purposes of AFGS, by the fact that Individuals, Partnerships, Companies and Limited Companies are registered with DEFA they will be considered to be recognised industry bodies.

2 Policy Approach by Sector

2.1 Farm and Horticultural Improvement Grants

Support is directed to supporting investment in capital project that will enhance the capability of Agricultural and Horticultural businesses to grow their production capacity or improve their business efficiencies.

Such investment will be targeted towards items that

- reduce production costs;
- improve and redeploy production;
- increase quality of produce;
- increase the marketability of produce;
- improve hygiene conditions and animal welfare standards;
- reduce energy use;

2.1.1 Capital grants

Up to 50% of costs of new purpose built buildings, building improvements and new plant and machinery. Repairs and renewals are not eligible for support. Consumables such as milking machine liners are not eligible; these are considered as operational costs.

The level of support offered may be lowered where the Department considers there is a replacement component in relation to the investment, i.e. if the equipment is simply replacing old equipment and not creating new economic value. A new machine that will generate new revenues and jobs may attract 40%, while a machine that is simply replacing a worn out one will attract nil; others which are a mix and will attract somewhere in that range based on the business case provided.

The scheme also offers a further 10% if the person applying is classed as a young farmer.

The Department does not provide assistance on the purchase of land or property

2.2 Fisheries

Support is directed to:

- Primary Fishery producers and processors

The aim of the Fisheries Grants is to provide assistance for primary fishery producers and processors (including aquaculture), to contribute to import substitution, food production, export potential and service both the hospitality and retail sectors both on and off island..

The assistance available will cover sustainable fishing, including creel fishing, escape panels, environmental protection, more selective fishing gear, reducing bycatch, science, research and monitoring and low impact equipment.

Safety at sea is supported providing assistance for life saving equipment, firefighting appliances, radio equipment and navigation equipment, along with occupational safety equipment.

New skills, education and training includes on / off island training and visits as well as support for coaching and shadowing of industry experts.

Import substitution is supported by allowing grant assistance for new fishing gear for new species and well as aquaculture/ mariculture diversification.

Diversification from current fishing activity is supported by allowing new fishing opportunities from the current method of fishing as well as the tourism sector.

Adding increasing value to fisheries products is now supported by the food business development grants scheme

The scheme also offers a further 10% if the person applying is classed as a young fisherman

The principal test is whether the proposed operation would generate new and sustainable economic value on the Isle of Man.

Lower percentages are typically given to companies:

- with a low level of employees in relation to the level of assistance requested;
or
- where there is an element of local competition.

The printing industry is a good example. Some printing companies do manufacture locally and have been supported, however, care has to be taken that investment by

the Department in one company does not have an adverse effect on others. It is therefore expected that the applicant funds at least 80% of the machinery themselves, so the maximum support the Department will offer is 20%. Going forward support will only be available to this sector if at least 90% of their printing turnover is derived from printing that is printed locally and an effort is being made to export printing services. There have been companies who only carry out basic print work on the Island and send the rest of the work off-Island; these will not receive DEFA assistance.

2.3 Food Business Development Grants

The aim of the Food Business Development Grants is to provide assistance for primary food producers, local food manufacturers who predominately use Manx produce or contribute to import substitution and the hospitality sector where they predominately use Manx produce and have been accredited by the Harvest award scheme.

The assistance available will cover marketing support including Point of Sale, Brand re-design and advertising of the business. On island tourism events who predominately showcase local food; trade Visits both to and off island where local produce is promoted for export, supply chain costs for both exporting of food products as well as importing packaging for on island food manufacturers who predominantly use Manx produce or contribute to import substitution. Manufacturing and food processing equipment, packaging grants where the departments approved logo is used as well as plant or equipment designed and intended to develop new food products.

Primary agriculture and fishery producers are able to receive assistance for plant or equipment intended to help diversification in the retail market and this could include fixtures, refrigeration and EPOS solutions

Farm to school education programmes will be also eligible for assistance and members of the Farmers market association will be eligible for specific assistance including brand design, refrigeration and display equipment.

2.3.1 Marketing Grants

It is the Department's policy to support new marketing activity that will generate new revenues and economic benefits. Activity that is simply intended to protect existing customers and sales will not attract support.

The Department wishes local business to enter new markets and thus expand their customer bases and geographical spread. This is on the grounds that it reduces risk by preventing reliance on one key customer, market or geographical location. Regular marketing and promotion efforts to maintain customer relations, sales and awareness is viewed by the Department as an ongoing business cost and so such activities would not typically attract support.

2.3.2 Diversification of Primary Producers into the Retail Market

A fundamental aim of the Food business development grants is the creation of jobs and benefits to the Island's economy; but consideration will be given to those smaller, viable businesses offering a unique experience to both visitors and the islands residents that could lead to a significant addition to the Island's profile.

Support for the islands primary producers will be dependent on the activity they wish to carry out. The development grants will not assist with warehouse type fixtures or fittings, redecoration of premises or replacement of existing equipment.

Assistance is not available towards the developing or building of the premises or providing rent or first year expenses such as legal fees relocation costs or other professional fees.

Support will be considered for retail fixtures, refrigeration, EPOS and the equipment requested must lead to an increase in import substitution.

Businesses applying for this support must be selling a minimum of 80% primary produced Manx products for a minimum of 1 year.

Support will be considered for quality retail destinations creating a positive impact on both visitors arriving on the Island and residents, adding to the 'feel good factor' and the perception that the Island has a wealth of activities and attractions to offer. Any eligible businesses must fit into the criteria outlined in the Financial Provisions and Currency Act. A small business, with part-time employees, for example, should not necessarily be deemed ineligible, but support will be limited.

Businesses that wish to operate in the Retail sector may be eligible for assistance if the activity being offered is one not already available. If the activity is already offered elsewhere on the Island the decision to consider the application will depend upon an assessment of whether two such projects can be supported by the local economy.

Applications from the Islands primary producers will be considered and evaluated based on the following:

- Job creation
- Value to the Visitor Economy
- Overall contribution to the community
- Local spend

2.3.3 Food and Drink Manufacturing/Processing

DEFA is working closely with Department of Economic Development to support adding value to local produce through manufacturing and processing. The benefits of this sector are:

- Import substitution
- Food security
- Export opportunities
- Enhanced visitor experience

DED may provide assistance for this sector towards the plant and equipment used for processing, gaining appropriate quality standards, undertaking off Island marketing and building improvement work to convert a building to a suitable production / processing facility.

2.3.4 How often can businesses apply to the Scheme?

Many businesses submit regular applications for assistance. However, where the total expenditure is over £15k, except in exceptional circumstances, the Department policy is to consider one application from a business in any financial year. An example of exceptional circumstances would be where a totally new business area could be accessed which would create new employment. This policy does not preclude businesses talking to the Department about ongoing issues they may encounter.

The Department is assessing the level of support in relation to the economic benefit. If an applicant is seeking support each year, then this will reduce the economic return compared to (say) an applicant which seeks assistance once in 10 years. Applicants need to make plain the likely frequency and nature of potential future applications to help the Department assess the appropriate level of support.

2.3.5 Criteria used to assess economic value

The Department assesses the businesses that apply for support on a case by case basis. The following are the key criteria which the Department currently looks for and takes into consideration when deciding on the relevant percentage in applications to the Financial Assistance Scheme.

- Contribution to the Island's economy (measured using Gross National Product, GNP)
- Local competition considerations
- Is the machinery a replacement, unless there is a business benefit no support will be given and if support is given it will not be at the maximum rate
- Does the business export?
- Is there any import substitution?

2.4 Knowledge and Innovation Grants

Support within this section is intended to improve skills within the industry through supporting the costs incurred through attending and or participating in:

- Workshops
- Training courses
- Off-island 'fact finding' visits
- Coaching / Mentoring