



Consultation on the proposed Agriculture and Fisheries Grant Scheme



Department of Environment, Food and Agriculture
Rheynn Chymmltaght, Bee as Eirinys

April 2016



Isle of Man
Government

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Minister's introduction

Following Tynwald approval of the 'Food Matters' Food Business Development Strategy in November 2014, my Department has been working to implement the key themes in a number of areas. Further clarity was provided with respect to fisheries in November 2015, with the Tynwald approval of the 'Future Fisheries' strategy.

Tynwald approval also involved the formation of a food strategy fund and greater collaboration with Department of Economic Development, which has culminated in the appointment of a Food Business Development Manager jointly managed by the two Departments and reporting to an industry steering committee.

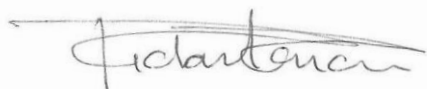
I passionately believe that supporting growth and innovation and development of added value products is the best use of our finite financial resources and provides the best opportunity for growth in our primary producers and food industry.

This consultation sets out how the Department wishes to align its current agriculture and fisheries capital grant schemes with these strategies, with a focus on simplifying processes, improving customer experience and opening up the accessibility of funding to ensure it gets awarded on merit rather than opportunity; introducing a grant assistance scheme that is structured towards providing financial assistance for investments which will foster a sustainable and profitable future for the food industry.

Acknowledging the business-focused approach of the strategy, I am keen for the Department to broadly follow DED's application and assessment process which helps link the food sector with other areas of business as well as using a proven and straightforward process. The food strategy aims of adding value to local food and drink complement DED's aims of adding jobs and income to the Isle of Man and I am delighted at the level of communication and co-operation that exists between Departments in fulfilling these related objectives.

This is your chance to have your say on how we administer our capital grant funding to best achieve the aims of the Food Matters strategy and to complement other cross-Government policies and I would encourage everyone with an interest to make your views known.

I must also acknowledge that while this consultation deals with the business aspect of our primary producers, the next key area my Department will focus on will be related to the rural environment. This has long been recognised as an important driver in attracting investment into the Island and a focus on how the environment can be enhanced for the benefit of future generations is, I believe, equally as important as the outputs of our food sector.



Richard Ronan, MHK
Minister for the Department of Environment, Food and Agriculture

1 Food security

Currently the agri-food and fisheries industry contributes over £75 million and 1,400 jobs to our economy. Looking forward, we will work to help ensure that the local food sector can thrive as an innovative, competitive and resilient sector and a sustainable source of growth and jobs. This not only supports the economy, but ensures a readily available and sustainable source of locally produced foodstuffs as well as being responsible for shaping the landscape and the culture of the Isle of Man as we know it today.

Being an Island nation presents challenges, both in delivering economies of scale in local production and ensuring the reliable production of affordable goods for both local and export markets. It is vital that these challenges are factored in to any grant support mechanisms to ensure that a successful and thriving local food industry can form part of the Island's food security strategy.

Currently, the Department offers grant aid to the industry through the following mechanisms:

The Food Matters budget was established following Tynwald approval of the Food Matters strategy in late 2014, with the aim of using the fund to achieve the strategy aims of growing the food and drink economy through adding value, improving efficiency and improved customer focus. A proportion of this budget is available for capital investment projects that meet these aims.

'Seeing is Believing' provides financial support for individuals or groups wishing to attend off-Island training sessions/courses/seminars or to visit off-Island businesses that will help to improve their sector understanding and provide a more global perspective on agriculture.

The Farm and Horticultural Improvement Scheme 2006 is a business development scheme for agricultural and horticultural businesses. The purpose of the scheme is to support commercial businesses in making capital investments to improve the sustainability of the business.

The Fishing Vessels (Financial Assistance) Scheme 2003 offers financial support to eligible persons within the fishing industry. Financial support for the purchase of second-hand fishing vessels, the building of fishing vessels, the purchase of fishing licences and the replacement of engines and winches was withdrawn in 2007. Since then financial support has focussed on restricted criteria specifically relating to safety provisions and vessel modernisation.

The recent renewed focus on the indigenous food producing industries, particularly in their sustainability through diversification and development of value-added products, has led to this review of current schemes to ensure they are able to fulfil these aims.

This consultation proposes the creation of an 'umbrella' grant structure the 'Agriculture and Fisheries Grant Scheme,' which will comprise elements from the four existing schemes. Irrespective of the individual section, the overall, shared aims are:

1. 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.
2. To ensure that the Department can provide an application process that does not discourage investment in these sectors.
3. To ensure that scheme criteria are targeted to provide the necessary support for the food industry to grow/become more sustainable.
4. 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.

2 Grant support in other Jurisdictions

2.1 States of Jersey

The Rural Initiative Scheme

<https://www.gov.je/Benefits/Grants/IndustryGrants/Pages/RuralInitiativeScheme.aspx#anchor-0>

The primary aim of the Rural Initiative Scheme (RIS) is to promote and accelerate growth in the rural and maritime economy and help it adapt to the new challenges it faces in the future.

This will be achieved by supporting appropriate diversification, enterprise and innovation while avoiding the displacement of existing businesses.

The RIS supports projects that meet the following objectives:

- increase the penetration of niche markets and development of new 'value added' processes and markets
- improve productivity and sales and reduce costs
- raise the share business receives within the supply chain
- improve skilled employment opportunities through job creation, education and training
- assist rural businesses to adapt and mitigate against climate change, including funding for business energy efficiency audits
- develop and implement new waste management procedures
- promote and develop new rural-tourism initiatives
- implement best practice operating procedures throughout the rural sector
- encourage Island producers to evaluate export market potential

The Jersey scheme supports the following activity:

Assistance is available under four categories:

- research: a grant to explore a number of options before identifying a course of action you wish to pursue, for example through engaging consultants, investigating new ideas and identifying opportunities and training needs
- energy efficiency: a grant to undertake business audits to improve energy efficiency, examine and develop technologies capable of reducing energy consumption and greenhouse gas emissions and enable businesses to adapt, evaluate and develop technologies and mitigate against climate change
- enterprise: a grant to offset the costs of starting a new enterprise, improving facilities and efficiency, introducing skills training / implementing best practice
- industry-wide: a grant to provide assistance for common infrastructure, which would benefit the industry and not just the applicant. For example, a processing facility, efficiency improvement or climate change mitigation process that will benefit a number of producers.

2.2 Scotland has a suite of individual schemes:

Food Processing, Marketing and Co-operation

<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/food-processing--marketing-and-co-operation/>

This scheme supports:

- start-up grants for a new business
- development grants for an existing business.

Providing funding to support:

- develop or create food processing facilities, including buildings and equipment
- market your products in home and export markets
- to run co-operative ventures to make sure more value is retained by both farmers and growers
- to improve supply-chain efficiency.

Knowledge Transfer and Innovation Fund

<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/knowledge-transfer-and-innovation-fund/>

This fund has two aims:

The first is to promote skills development and knowledge transfer in the primary agricultural sector.

This will be achieved through providing funding to organisations to deliver vocational training, coaching, workshops, courses and farm visits designed to develop skills and transfer knowledge.

The second is to deliver on-the-ground improvements in agricultural competitiveness, resource efficiency, environmental performance and sustainability.

This will be achieved through meeting the running costs of operational groups seeking to implement innovative projects in these areas. Operational groups can be made up of different individuals or organisations within agriculture who are working collaboratively.

Crofting Agricultural Grant Scheme

<https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/crofting-agricultural-grant-scheme/>

Funding can be used for capital projects, such as the construction or improvement of agricultural buildings

Funding for eligible capital projects can cover all aspects of the project, including the cost of materials, transportation of materials, costs of contractors and your own labour.

The total amount of grant aid you can apply for in any two year period is individual crofter: up to £25,000

2.3 The European Maritime and Fisheries Fund (EMFF)

The EMFF is the fund for the EU's maritime and fisheries policies for 2014 – 2020. It is one of the five European Structural and Investment Funds which seek to promote a growth and job-based recovery in Europe.

The fund:

- Helps fishermen in the transition to sustainable fishing
- Supports coastal communities in diversifying their economies
- Finances projects that create new jobs and improve quality of life along European coasts.

The fund is used to co-finance projects, along with national funding and, in some cases, private funding. Each country is allocated a share of the total fund budget, based on the size of its fishing industry. Countries are required to draw up an operational programme stating how they intend to spend the money. National authorities and the Commission are jointly responsible for the implementation of the programme; in England this is the Marine Management Organisation, in Scotland it is Marine Scotland.

Applicants may be awarded between 45 – 100% grant funding, depending on status (public, private or private company) and type of project. The maximum level of grant is £200,000 (support for investments on board fishing vessels).

The UK has been allocated a total of €243 million (around £190 million) from the EMFF for the period 2014-2020 and in the first round of allocation (38% of the total fund). Funding in the UK will be allocated to such initiatives as:

- investments on board fishing vessels
- fishing vessel energy improvements
- improvements to shore-based facilities
- advisory services, partnerships, training and innovation
- investments in fisheries management and seafood processing
- investments in aquaculture, animal health and inland fishing.

3 Agriculture & Fisheries Grant Scheme Proposal

3.1 Food business development

Purpose: to support a wide range of initiatives in the development of food and drink businesses that will create additional jobs in the industry and add value to local primary produce. Where food and drink businesses do not use local primary produce as it is unavailable, grant aid may still be available if that business can demonstrate that it contributes to the islands food culture and supports DED's Vision 2020 theme of 'Distinctive local food and drink'.

Proposed eligibility: as per DED business support criteria. Where standard DED eligibility criteria re the Enterprise Fund are not met in applications involving food and drink, DEFA will assess against Food Matters aims, with particular emphasis on adding value to local primary produce.

It is anticipated that businesses attracting support under this section would either be a registered food production business or that as a result of the proposed investment would become a registered food production business.

It is anticipated that grant aid for project supported under this section will fall between 20% and 50% depending of the scope and perceived benefit of the investment proposal.

3.2 Information gathering business research activity

Purpose: to support people in the agriculture & fishing industries who wish to travel off the Island in order to attend training sessions/courses, seminars, conferences or similar with a view to improving their understanding of their sector of the industry.

The current 'seeing is believing' eligibility is solely for farmers in recognised organisations and groups.

Proposed eligibility: It is proposed to include an additional category for registered food businesses or similar producer organisations that utilise Isle of Man primary produce as a significant part of their business and who are seeking to use more, or add value to, this produce which, in turn, will benefit the wider industry.

It is anticipated that grant aid for project supported under this section will fall between 20% and 80% depending of the scope and perceived benefit of the investment proposal; the higher rates of support being gained where multiple businesses benefit from the activity.

3.3 Farm and Horticultural Capital Investment (FHIS)

Purpose: to provide on-farm capital investment to improve efficiency, safety and profitability. There is a renewed focus on projects that demonstrably add-value to, or diversify the farm outputs to improve overall business sustainability.

Proposed eligibility: as per the current FHIS eligibility criteria (Appendix 1) which includes agricultural, agricultural contracting and horticultural businesses which generate at least 900 hours of agricultural activity per year (commercial beekeeping is also included but exempt from the 900 hours). It is proposed to remove the five-year residency requirement in recognition that new businesses on the Island may bring innovation and inward investment and should not be disadvantaged.

It is anticipated that grant aid for project supported under this section will fall between 20% and 50% depending of the scope and perceived benefit of the investment proposal with an additional 10% of support being made available to young farmers, as per the existing FHIS.

3.4 Fisheries Capital Investment Scheme

Purpose: to provide grant support to encourage sustainable and diversified fisheries, improved productivity and safety and promote economic growth within the fishing and processing sector. An amendment of the current Scheme to focus on support associated with successful delivery of the priority areas defined in the sea fisheries strategy.

Proposed eligibility: as per current eligibility criteria (see Appendix 3) to include fish processors, the Manx Fish Producers' Organisation and other Department-recognised fisheries industry groups. A definition of 'young fisherman' equivalent to that of 'young farmer' will be introduced to allow added support and assistance to those wishing to establish themselves in the industry.

Improvements to crew comfort and working conditions will **not** be eligible under this new scheme to allow emphasis on the key priority action areas of the sea fisheries strategy.

It is anticipated that grant aid for project supported under this section will fall between 20% and 50% depending of the scope and perceived benefit of the investment proposal.

4 Response by consultees

The Department welcomes representations by anyone who wishes to comment on this document, particularly views on how best we can stimulate economic development and increase the sustainability of the food sector.

It should be noted that all comments and information will be made available for public viewing. We will assume, unless you notify us to the contrary, that you are content for your name and/or organisation to be published in any subsequent public review document.

The purpose of the consultation is not a referendum, but an information, views and evidence gathering exercise from which an informed decision on any changes will be made.

Any responses of queries in relation to this consultation should be addressed to:

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Agricultural Policy Manager
Department of Environment, Food and Agriculture
Thie Slieau Whallian
Foxdale Road
St John's
Isle of Man IM4 3AZ

or john.harrison@gov.im

Response should be submitted no later than **Friday 13th May 2016**. The Department maintains the right to publish responses unless explicitly requested by the consultee.

5 Appendix 1 – FHIS Eligibility

Applications will be accepted from agricultural production businesses, horticultural production businesses, agricultural contractors and commercial bee keepers:

- Agricultural production business is defined as the production, rearing or growing of agricultural products including harvesting, milking, breeding animals and keeping animals for farming purposes or maintaining land in good agricultural and environmental condition. These activities should represent the core business activity;
- Horticultural production business is defined as a commercial business involved in the primary growing of horticultural produce and its storage and preparation for market.
- Agricultural contracting is defined as a commercial business involved in the supply of agricultural work or services in connection with agricultural land to eligible agricultural production businesses;
- Commercial bee keeping means the keeping of bees for the commercial production of honey. The Treasury will be consulted in relation to this.

All businesses must:

- be operated on a day to day basis by a competent individual who is permanently resident in the Island on the date of any application;
- either at the time of application or upon completion of a development plan, be able to generate at least 900 hours' agricultural activity per year (with the exception of bee keeping).

6 Appendix 2 – Fisheries Eligibility

Individuals

Individuals are eligible persons if they:

- have been ordinarily resident in the Island for five consecutive years; and
- have a minimum of five years relevant continuous experience on a fishing vessel or in the fishing industry immediately preceding the date of application.

Partnerships

An application may be made in the name of more than one individual provided that all satisfy the criteria applicable to individuals.

Bodies corporate

A body corporate may be eligible if:

- all of its directors and owners satisfy the criteria applicable to individuals; or
- it is a Department-recognised fishing groups e.g. Baie ny Carrickey Crustacean Fishery Management Association

Young fisherman is defined as:

A fisherman of at least five years' experience of industry, who is under 35 years of age at the time of application to the scheme.