

Consultation summary on proposed changes to the Countryside Care Scheme

February 2015



Department of Environment, Food and Agriculture

Rheynn Chymmltaght, Bee as Eirinys

February 2015



Isle of Man
Government

Reiltys Ellan Vannin

Contents

1. Summary.....	3
2. Background to Agricultural Support.....	5
3. Consultation responses	6
4. Proposed changes	7
5. Next Steps.....	8
Appendix 1 – details of Department proposals post-consultation	9
Appendix 2- Consultation summary of responses	15
Appendix 3 - DEFA Proposals for definition of Active Farmer status for proposed Agricultural Development Scheme (previously Countryside Care Scheme).....	17

1. Summary

The Countryside Care Scheme was implemented in 2009 to provide a transitional arrangement for farmers to adapt from a period of production based subsidy to a future of market derived profit. This policy supports the subsequent Agenda for Change, Vision 2020 and the 'Food Matters' Food Strategy. More detail is contained in the 'background' section.

Following a debate in Tynwald in May 2013 and a subsequent Tynwald Committee (EIPRC) review (see Background for further detail), the Department of Environment, Food and Agriculture (DEFA) consulted on proposed changes to the Countryside Care Scheme (CCS) for the scheme year commencing April 2015.

The consultation contained proposals from the EIPRC, subsequent Tynwald amendments and additions from the Industry Advisory Committee (IAC) and DEFA.

The consultation was issued with a number of options for each item and the Department's preferred position on each matter, with rationale for this position. The consultation document and the preferred positions had the broad approval of the Industry Advisory Committee.

Over fifty responses were received from a variety of farming and non-farming stakeholders who expressed a wide range of views on each topic. Whilst there was a good level of support for all of the Department's positions, there was also opposition to varying degrees of each position, many with a reason included for differing from the proposed position. As the purpose of the consultation was an information gathering exercise, rather than a referendum, these alternative views were considered on their merits.

The Department has therefore identified a number of amendments to its original proposal to reflect a position that can be considered more equitable, can demonstrate improved value for money and provides a solid platform for agriculture that is comparable with neighbouring EU jurisdictions. A detailed summary of the original proposals and revisions can be found in Appendix 1.

The proposals are intended to support the scheme objective, which is:

To provide a reliable support platform for the industry, in line with that available to their competitors in UK and Europe, during the period of transition from being a production subsidy led industry to a market focus and entrepreneurial component of a profitable food chain. The levels of support are expected to remain compatible with the EU where there are now clear indications of gradual reductions as the transition continues. The scheme accompanies the Food Matters Strategy which is intended to directly incentivise change and support investment to achieve profitable industry growth.

Acknowledging that objective, the Department proposals are intended to minimise the risk that the scheme remains a distraction from the open market messages which we are seeking farmers to focus on, whilst ensuring the scheme enables commercial development and restructuring.

It is proposed that the revised scheme will include changes to:

1. Lower the scheme threshold to 12.5 acres in line with the EU.

2. Introduce front-loading payments as per the 'German model' to smaller farms. This would involve a £12/acre increase in payment on the first 130 acres claimed by an applicant, then a £6/acre increase on the next 65 acres. These would be accompanied by a reduction of around 8% on the standard payment per acre, to fund these increases on the first 195 acres per claimant.
3. Redirect £350,000 of the current scheme revenue budget to enable the Department to provide financial support to businesses in line with the Food Matters strategy's aims to stimulate growth, innovation and profitability in the food sector.
4. Change the name of the scheme to the 'Agricultural Development Scheme' to better reflect the purpose of the scheme and signal the intent to run the scheme beyond 2018.
5. Introduce an 'active farmer' clause, to target payments to those managing the land and carrying out agricultural activity (Appendix 3).
6. Include orchards in the definition of 'eligible' land to encourage crop diversification, acknowledging the known new cider market.
7. Introduce additional support for young farmers, similar to the EU, with 25% additional area payments up to a maximum of £4,000 for five years for those meeting the eligibility criteria.

These proposed changes will be monitored to ensure they do not create unintended impacts, and at this stage, it is proposed that the revised scheme will not include any of the following proposals:

1. Introduce an outright cap on payments, as the Department believes this is counter to the efficient operation of larger farms and the rebalancing of payments to smaller and more intensive farmers is addressed through the front-loading 'German model' above. This is intended to provide some acknowledgement of the smaller units' higher level of fixed costs per acre, whilst avoiding disincentives to restructuring and expansion.
2. Introduce re-coupling of support to production, a move which is opposed by the majority of consultation responses. It is believed that this would have the effect of insulating producers from market requirements. Focus will remain on improving efficiency and delivering improved returns from the market, acknowledging that processors currently process more than they can market and sell profitably.
3. Provide measures to disincentivise live export – export of quality breeding stock is an important, profitable and growing sector of the industry and explicit measures would be in contravention to protocol 3.
4. Increase the number of land classes – the current classification system is considered the most appropriate balance of land productivity and bureaucracy, acknowledging the transitional nature of the scheme.

The Department believe that, on balance, these amendments will enhance the ability of the scheme in meeting its objectives, whilst also improving the public perception of value for money and ensuring that the overall objective of delivering support stability during the transition to a 'decoupled', market- focused and profitable future remains unaltered. This market focus also supports the 'Food Strategy', which was unanimously approved by Tynwald in November 2014.

2. Background to Agricultural Support

The Countryside Care Scheme forms one of the components of the Policy for Manx Agriculture which was approved by Tynwald in April 2008. The Scheme was approved by Tynwald in December 2008 and implemented from 1 April 2009 for a 10 year period.

The vision for Manx Agriculture and the development of the Countryside Care Scheme is laid out in GR 12/08 'Developing a Reliable, Sustainable, and Self-Reliant Manx Agriculture' http://www.gov.im/media/725897/developing_a_reliable_sustainable_self_reliant_manx_agriculture.pdf

The scheme is broadly similar to support schemes implemented under the EU Common Agricultural Policy and there is a presumption to follow the direction of such schemes, to ensure that Manx farmers continue to have competitive access to EU markets.

The Department seeks to provide support to agricultural businesses, where the core enterprise clearly consists of 'conventional' farming enterprises which fall within the definition of 'agriculture'. However, it is expected that a significant minority of any individual agricultural business may consist of diversified commercial enterprises which are undertaken on-farm and complement the conventional enterprises.

On 21st May 2013 Tynwald debated and agreed the following amended motion: "That the matter of current agricultural policy, particularly in respect of the Countryside Care Scheme, the meat plant and associated matters, be referred to the Environment and Infrastructure Committee to report by December 2013."

Tynwald's Environment and Infrastructure Policy Review Committee (EIPRC) met ten times to discuss these matters and had three oral evidence sessions on 22nd November 2013, 5th December 2013 and 3rd January 2014 and subsequently issued a final report in April 2014.

The report was debated at Tynwald in October 2014 and two amendments to the motion were put forward by Mr Cregeen and Mr Cannan. The amendment put forward by the Hon. Mr Cregeen was that,

"The Department of Environment, Food and Agriculture should formally consult with the industry and wider community on the Environment and Infrastructure Policy Review Committee recommendations and the recommendations tabled by Mr Cannan in his amendment; and following the consultation and discussion by the reconvened Industry Advisory Committee, the Department should propose any appropriate changes to Tynwald for approval with effect from the April 2015 Scheme year."

The motion failed to carry as the branches were in disagreement during voting (House of Keys for; Legislative Council against), but a combined vote saw the motion carried at November Tynwald. The Department subsequently consulted on the content of the amendment, plus additional considerations proposed by the Industry Advisory Committee and the Department. The consultation laid out options that were considered with a recommended position.

The full-text of the consultation can be found in the following link <http://www.gov.im/media/1346371/consultation-for-ccs-amendments-91214.pdf>

The original proposals of the Department are highlighted in Section 2 of this document.

3. Consultation responses

Fifty four responses were received to the consultation, though some were anonymous. Approximately 70% of these responses came from the farming community. A full list of consultees is detailed in the table below.

	Respondee			On behalf of
1	Hon	P A	Gawne	
2	Mr	Simon	Clucas	
3	Mr	Ian	Maule	Patrick Commissioners
4	Mrs	Angela	Qualtrough	
5	Mr	Ian	Maule	Marown Parish Commissioners
6	Mr	F	Lowey	
7	Mr	Daniel	Creer	
8	Mr	Carl	Huxham	
9	Mr	D J	Holgate	
10	Mr	Keith	Kerruish	
11			Anonymous	
12	Mr	Mark	Oates	
13	Mrs	Maureen	Owens	
14	Mr	T P	Faragher	
15	Ms	Anna	Kerruish	
16	Mr	A	Radcliffe	
17	Mr	Ean	Parsons	
18	Mr	R G	Taggart	
19			Anonymous	
20	Mr	D	Cain	
21	Mr	D	Garrett	
22	Mrs	Emily	Curphey	Department of Infrastructure
23			Anonymous	
24	Mr	D	Moore	
25	Messrs	N R & V A	Masson	
26	Mr	G	Watterson	
27	Messrs	D C & P K	Creer	
28	Mrs	Belinda	Leach	MNFU
29	Mr	Mike	Burgoyne	
30	Mrs	Claire	Lewis	
31	Mr	J	Quayle	
32	Mr	Ray	Kelly	
33	Mr	R	Chadwick	
34	Mrs	Sandra	Jones	Manx Beef Producers
35	Mrs	Sandra	Jones	
36	Mr	J A	Taubman	
37	Mr	<i>Leonard</i>	<i>Trench (Anon)</i>	
38	Mr	John	Kennish	
39	Mr		Anonymous	
40			Anonymous	Signed 'Farmers wife'

41	Mr	A	Skillicorn	IoM Meats
42	Mr	F	Cain	IoM Agric Marketing Society
43	Mr	Ean	Parsons	IoM Flockmasters Association
44	Mr	Maurice	Kennaugh	
45	Mr	Graham	Taylor	
46	Mr	Will	Qualtrough	
47	Mr	Martin	Royal	Maughold Parish Commisioners
48	Ms	Tracey	Ridgeway	
49	Mr	Ray	Craine	
50	Mr	Shaun	Murphy	MNH
51	Mr	D	Bridges	Manx Wildlife Trust
52	Hon	W E	Teare	'A Constituent'
53	Mr	Clive	McGreal	The Treasury
54	Mr	P G	Leadley	Peel Town Commissioners

A summary table and scans of all responses are published on the following webpage <http://www.gov.im/about-the-government/departments/environment-food-and-agriculture/agriculture-directorate/countryside-care-scheme-legislative-background/>

Summary tables are reproduced in Appendix 2 of this document, showing the results both including and excluding the anonymous responses.

When enterpreting the results, it is important to acknowledge that where a submission is made by a representative group, their comments are likely to represent the views of a larger number of stakeholders.

4. Proposed changes

Detail of the changes and reasons for alteration from the original consultation position can be found in Appendix 1.

A summary of proposed scheme changes are listed below.

It is proposed that the revised scheme will include changes to:

1. Lower the scheme threshold to 12.5 acres in line with the EU.
2. Introduce the 'German model' of front-loading payments to smaller farms.
3. Redirect £350,000 of the current scheme revenue budget to enable the Department to provide financial support to businesses in line with the Food Matters strategy's aims to stimulate growth, innovation and profitability in the food sector.
4. Change the name of the scheme to the 'Agricultural Development Scheme' to better reflect the purpose of the scheme and signal the intent to run the scheme beyond 2018.
5. Introduce an 'active farmer' clause, to target payments to those managing the land and carrying out agricultural activity.

6. Include orchards in the definition of 'eligible' land to encourage crop diversification, acknowledging the known new cider market.
7. Introduce additional support for young farmers, similar to the EU, with 25% additional area payments up to a maximum of £4,000 for five years for those meeting the eligibility criteria.

These proposed changes will be monitored to ensure they do not create unintended impacts, and at this stage, it is proposed that the revised scheme will not include any of the following proposals:

1. Introduce an outright cap on payments, as the Department believes this is counter to the efficient operation of larger farms and the rebalancing of payments to smaller and more intensive farmers is addressed through the 'German model' above. This is intended to provide some acknowledgement of the smaller units' higher level of fixed costs per acre, whilst avoiding disincentives to restructuring and expansion.
2. Introduce re-coupling of support to production, a move which is opposed by the majority of consultation responses. It is believed that this would have the effect of insulating producers from market requirements. Focus will remain on improving efficiency and delivering improved returns from the market, acknowledging that processors currently process more than they can market and sell profitably.
3. Provide measures to disincentivise live export – export of quality breeding stock is an important, profitable and growing sector of the industry and explicit measures would be in contravention to protocol 3.
4. Increase the number of land classes – the current classification system is considered the most appropriate balance of land productivity and bureaucracy, acknowledging the transitional nature of the scheme.

5. Next Steps

Taking account of the comments received and the subsequent public and Tynwald interest in the subject, the Department has proposed amending its position in a number of key areas. This position has been taken to the Industry Advisory Committee, but due to a wide variety of views, no consensus could be reached.

That the amended Department position in light of the consultation responses is adopted as the basis to create a scheme amendment to lay before Tynwald in March 2015 and subject to agreement, this will be implemented in April 2015.

Further details of the scheme changes for will be drafted as new sections for the scheme handbook in advance of the March Tynwald sitting. A draft of the active farmer definition is in Appendix 3.

Whilst the next major review of the scheme is proposed for 2020, the Department expects to monitor the impact of these changes as part of the wider operation of the scheme and would consider further changes to rectify any unintended consequences.

Appendix 1 – details of Department proposals post-consultation

CONSULT REF.	RECOMMENDATION	SOURCE	CONSULTATION PROPOSAL	REVISED POSTION POST-CONSULTATION REVISION
Proposed changes:				
3.1	<p>EIPRC Recommendation 1: The Countryside Care Scheme does not favour smaller intensive farming methods and this needs to be addressed given the size of the Isle of Man and The Department should consider including traditional farms of between 12 and 20 acres in the Countryside Care Scheme.</p> <p>Tynwald voted to include consideration of an additional proposal, that the minimum claim size for the CCS is reduced to 3 hectares (7.5) acres to bring the scheme more in line with that of our EU neighbours.</p>	EIPRC (& TYNWALD AMENDMENT)	Suggests that the existing 20 acre minimum claim size is considered appropriate with respect to average farm size being greater than 200 acres. No further action is proposed.	<p>Despite a majority in favour of retaining the existing 20 acre threshold, a number of responses suggested lowering the acre to 12.5 acres as it is:</p> <ol style="list-style-type: none"> 1. in line with EU 2. supports the Food Strategy through diversification of food production <p>In recognition of these points, the Department proposes to lower the threshold to 12.5 acres. Any risk of non-farmers joining the scheme is lessened through proposed 'Active Farmer' clause (see 3.8)</p>
3.3	EIPRC Recommendation 3: New agricultural production business ideas, including artisan food producers, which produce a full and sound business plan should be supported in terms of advice and finance by relevant Government Departments and to ensure success the whole business plan should be supported and not just part of it.	EIPRC (& TYWNALD AMENDMENT)	Proposes that the Food Strategy approved by Tynwald in November 2014 addresses this.	<p>As per consultation proposal.</p> <p>Redirect £350,000 of the current scheme revenue budget to enable the Department to provide financial support to businesses in line with the Food Matters strategy's aims to stimulate growth, innovation and profitability in the food sector.</p>

	Tynwald voted to include consideration of an additional revised consideration: 'that new agricultural production business ideas, including artisan food producers, which produce a full and sound business plan, should be supported by relevant Government Departments and a designated Rural and Agricultural Development Fund. and 'that a new fund of £250,000 be established to support up to 33% of the cost of new business ventures related to agriculture up to a maximum of £25,000'.			
3.4	EIRPC Recommendation 4: The Department should consider using the German model for acreage payments, which has a sliding scale per acre for financial support.	EIPRC	This has been modelled and the administrative burden is perceived to outweigh the benefits of implementation. No further action is proposed.	A revised position as the merits of this proposal address the concerns of the EIPRC and it has more beneficial impacts for the smaller and/or more intensive businesses than the previously considered cap of £160k. This proposal would be phased in over the next 4 years to allow businesses time to adjust.
3.6.2	Tynwald voted to include consideration of an additional revised proposal, 'that price equivalency in maintained at the Meat Plant'.	TYNWALD AMENDMENT	Requires further work prior to reaching a conclusion. Work on providing a definition and methods of delivery to be completed by the Department next year.	As per consultation proposal.
3.8	In recognition of the changes to EU single farm payment schemes, IAC have been considering introducing an 'active farmer' requirement for scheme eligibility. Parallel to this, Tynwald voted to include consideration of an additional revised proposal, <i>that</i>	IAC & TYNWALD AMENDMENT	It is proposed that an active farmer requirement be included in the CCS for Scheme year 2015-16. To ensure payments go to the person gaining beneficial reward through managing the land.	As per consultation proposal.

	<i>the Department reassess rules and regulations in respect of qualification for the scheme, studying the current initiatives in Scotland and Northern Ireland to ensure that funds are directed to active farmers'</i>			
3.9	<p><i>EIPRC Recommendation 9: The Department should undertake a full review of the Countryside Care Scheme by an independent body one year after the move to acreage payments.</i></p> <p>IAC additionally suggested that the scheme should be extended for a 5 year period.</p>	EIPRC & IAC ADDITIONS	The Department support the recommendation for a review and additionally proposes that a scheme extension is sought for an additional 5 years with a review taking place in 2017.	For added stability to the Scheme, and acknowledging that almost 2 years have elapsed since the start of this review period and its implementation in 2015, it is now proposed to have the next scheme review in 2020. This would not preclude changes happening in the meantime to reflect outstanding issues, such as transparency, pig support, trends EU in support or to address any unintended impacts created by these changes during the intervening period, that would be considered appropriate.
3.10	<p>In 'Food Matters', the Food Business Development Strategy approved by Tynwald in November 2014, one of the proposals suggested is to amend the name of the Countryside Care Scheme to the 'Countryside Care and Food Business Scheme' to better reflect the focus of the funds to both the industry and wider public.</p> <p>Parallel to this, Tynwald voted to include consideration of an additional revised proposal, 'that</p>	FOOD STRATEGY & TYNWALD AMENDMENT	It is proposed that the Scheme name be amended to the 'Countryside Care and Food Business Scheme' to better reflect the purpose of agricultural support.	Due to support for the word 'Agriculture' in th title, this will be changed to the 'Agriculture Development Scheme' to better reflect the main purpose of the scheme.

	the Countryside Care Scheme be renamed the 'Rural and Agricultural Development Programme'.			
3.11	In recognition of the increased diversification of food production in the Isle of Man and the increasing demand for locally produced fruit, IAC agreed that clarification on the eligibility of fruit orchards for area payment be sought as this had not been considered during the drawing up of the original scheme.	IAC	It is proposed that orchards are included in the definition of eligible land in the CCS to encourage on farm diversification.	As per consultation proposal.
RECOMMENDATIONS NOT CURRENTLY BEING IMPLEMENTED:				
3.2	EIRPC Recommendation 2: The Department should consider capping Countryside Care Scheme payments (the Committee would suggest a figure of £50,000 maximum per annum) so that any money saved should be better used for support of agricultural diversification; strengthening agricultural education and backing sound agricultural business plans.	EIPRC	A proposal to implement a £160,000 cap. Broadly in line with neighbouring jurisdictions.	EU members are expected to cap OR front-load, therefore a Cap is not currently appropriate. The Department believe the front loading model has greater impact and achieves EIPRC aim of redistributing some of the payments to smaller and more intensive farms. Additionally, a cap, if implemented would remove funds for other business development, however, Item 3.3 already does this through a different mechanism.
3.5	The Department should now consider utilising the Scottish model for coupled support to Beef, Sheep and Cereal Producers but that such support should be no more than 50% of the farm support payment'	TYNWALD AMENDMENT	This has been considered and deemed to be inequitable for other parts of the agriculture industry and not in keeping with the policy of 'decoupled' support. No further action is proposed.	As per consultation proposal.

3.6.1	EIPRC Recommendation 5: To ensure throughput at the Isle of Man Meat Plant is maintained or increased the Department should find a means of disincentivising the export of live animals.	EIPRC	This has been considered and deemed to be in contravention with Protocol 3. No explicit further action is proposed.	As per consultation proposal.
3.7	EIPRC Recommendation 8: The Department should investigate the feasibility of moving from the current two tier land type payment to a three tier land type for acreage payment.	EIPRC	The original decision to adopt a 2 land classification has been reviewed by IAC. The schemes of other jurisdictions have also been reviewed. The current system is assessed as being adequate. No further action is proposed.	As per consultation proposal.
ADDITIONAL CONSIDERATIONS				
3.12	Other considerations	VARIOUS	List of proposed future work, including pig support, voluntary access, agri-environment, young farmers, transparency in payments.	To prioritise additional support to young farmers (18-40 years old) from the 2015 scheme year, in line with Europe i.e. 25% additional payments (based on a £78.20 flat rate) for first five years of business (capped at £4,000 per year). Other aspects will be considered further over next year. Ongoing monitoring of impact of the current changes to be undertaken, with action if necessary.

3.12	Next year	DEFA	A commitment to improve transparency of scheme payments and other grants made by the Department.	This should be part of a Government wide review of fiscal transparency in 2015, of which the Departments payments are treated in-line with equivalent transactions and amendments to the scheme will be considered in 2016.
------	-----------	------	--	---

Appendix 2- Consultation summary of responses

Full text of responses are detailed on the following webpage

<http://www.gov.im/about-the-government/departments/environment-food-and-agriculture/agriculture-directorate/countryside-care-scheme-legislative-background/>

Please note that this consultation is not a referendum, but a information and views gathering exercise, therefore a majority response does not necessarily imply the Department's final position.

Consultation response summary (all)											
	Agree	%	Disagree	%	Un necessary	%	No Comment	%	No View	%	Total
1	28	53%	12	23%	0	0%	8	15%	5	9%	53
2	24	45%	18	34%	0	0%	7	13%	4	8%	53
3	23	43%	20	38%	0	0%	6	11%	4	8%	53
4	29	55%	12	23%	0	0%	8	15%	4	8%	53
5	26	49%	15	28%	0	0%	8	15%	4	8%	53
6.1	33	62%	8	15%	0	0%	8	15%	4	8%	53
6.2	40	75%	2	4%	0	0%	7	13%	4	8%	53
7	34	64%	7	13%	0	0%	8	15%	4	8%	53
8	37	70%	3	6%	0	0%	8	15%	5	9%	53
9	35	66%	5	9%	0	0%	8	15%	5	9%	53
10	10	19%	27	51%	1	2%	8	15%	7	13%	53
11	37	70%	3	6%	0	0%	7	13%	6	11%	53

- 1 Minimum claim size 20 acres
- 2 CAP payments at £160k
- 3 Create a food strategy fund
- 4 Do Not Introduce Front Loading
- 5 Do not partially re couple
- 6.1 Don't use legislation to disincentivise exports

- 6.2 Work to define Equivalency
- 7 Don't introduce a third land class
- 8 Introduce an 'active farmer' definition
- 9 Extend the Scheme to 2024
- 10 Name change to the 'Countryside Care and Food Business Scheme'
- 11 Make Orchards eligible

Consultation response summary (minus anonymous)

	Agree	%	Disagree	%	Un necessary	%	No Comment	%	No View	%	Total
1	25	53%	9	19%	0	0%	8	17%	5	11%	47
2	20	43%	16	34%	0	0%	7	15%	4	9%	47
3	21	45%	16	34%	0	0%	6	13%	4	9%	47
4	26	55%	9	19%	0	0%	8	17%	4	9%	47
5	22	47%	13	28%	0	0%	8	17%	4	9%	47
6.1	28	60%	7	15%	0	0%	8	17%	4	9%	47
6.2	34	72%	2	4%	0	0%	7	15%	4	9%	47
7	29	62%	6	13%	0	0%	8	17%	4	9%	47
8	31	66%	3	6%	0	0%	8	17%	5	11%	47
9	30	64%	4	9%	0	0%	8	17%	5	11%	47
10	9	19%	23	49%	1	2%	8	17%	6	13%	47
11	31	66%	3	6%	0	0%	7	15%	6	13%	47

- 1 Minimum claim size 20 acres
- 2 CAP payments at £160k
- 3 Create a food strategy fund
- 4 Do Not Introduce Front Loading
- 5 Do not partially re couple
- 6.1 Don't use legislation to disincentivise exports

- 6.2 Work to define Equivalency
- 7 Don't introduce a third land class
- 8 Introduce an 'active farmer' definition
- 9 Extend the Scheme to 2024
- 10 Name change to the 'Countryside Care and Food Business Scheme'
- 11 Make Orchards eligible

Appendix 3 - DEFA Proposals for definition of Active Farmer status for proposed Agricultural Development Scheme (previously Countryside Care Scheme)

1. The Scheme states:

“active farmer” means a person who –

- (a) undertakes an activity or activities listed in the definition of “agriculture” in this Scheme; and
- (b) is responsible for the decision making power, benefits and financial risks in relation to the agricultural activity in (a) above; and
- (c) is in possession of records of agricultural type expenses and receipts on which they are the named recipient, and which are readily available for inspection by the Department.

2. Current draft for ADS Farmer’s Handbook states:

What is an ‘active farmer’

An active farmer is an individual, an equal or senior partner or an equal or major shareholder in a business, who has the decision making power, is responsible for the financial risks normally faced by a farming business and will be the beneficiary in relation to the agricultural activity undertaken on the land which comprises the application. They must have management control of the land. This can be determined by the applicant demonstrating they undertake financial transactions on behalf of the business; such activity should be evidenced by providing specimens of the following records as required.

Predominantly Stock Farmers:

- Current movement records for stock.
- Current medicine stock and use records.
- Relevant invoices for feed, fertiliser and pesticides if appropriate.
- Evidence of sales of produce and/or livestock.

Predominantly Arable Farmers:

- Relevant invoices for inputs seeds, fertilizers, sprays, etc.
- Evidence of returns from the agricultural activity (sales receipts, etc).

Mixed farms:

- Will be required to provide an appropriate selection from the examples above.

Only receipts obtained by a farmer from their agricultural activities on the farm on which ADS is being claimed are considered for this test. A receipt from working on someone else's holding (as with most agricultural contracting and contract farming) will not be considered a receipt from agricultural activities.

Receipts from the processing of agricultural products are only considered relevant if the product remains in the ownership of the farmer and remains an agricultural product.

Receipts from the breeding of animals (for example, receipts from the selling on of animals after the breeding of the animals) are considered agricultural receipts, irrespective of the nature of the animal or the final use of the animal.

Artificiality

Where a farmer doesn't qualify as an active farmer, they must not put in place, or have recently put in place, arrangements intended to allow them to qualify. This is known as 'artificiality'.

You will be deemed to be ineligible to gain payment from the Scheme if, to the satisfaction of the Department, it is deemed that you have artificially created the conditions to qualify for them, with a view to obtaining an advantage contrary to the objectives of the scheme.

For example - If the claimant sets up a separate company to manage their farmland and to claim under ADS, with the intention of qualifying as an active farmer, then their ADS application will be rejected.

FAQ's - Below are examples of eligible and non-eligible businesses

Would a claimant be an active farmer, if their livestock are kept as pets?

- They would be unable to provide appropriate records of the sale of produce and would therefore not be eligible

Would Riding establishments meet active farmer criteria?

- They would normally be unable to provide appropriate records of the sale of produce and would therefore not be eligible

Would businesses providing Horse livery meet active farmer criteria?

- Businesses where Horse livery was accompanied by significant agricultural activity would normally be eligible
- Businesses whose sole activity was providing Livery accommodation would not normally be eligible
- Businesses which provided livery and produced and sold feed stuffs (such as Hay and grazing) may be eligible

Would a small holding producing vegetables meet active farmer criteria?

- If such businesses were larger than 12.5 acres and able to provide appropriate records of sale of Produce, they would normally be eligible.

Would a landowner meet active farmer criteria if a tenant farms their land?

- Landowner who have no involvement with the agricultural activity taking place on their land would not normally meet the active farmer criteria

Would share farmers meet the active farmer criteria?

- Those claimants in possession of formal share farming agreements would normally meet Active farmer criteria, depending on the detail of the arrangement.

If you are uncertain if you would be an eligible Active Farmer, please speak to the Department Agriculture Team on 685844.