Teagasc Submission on Collaborative Farming Business Structures within the CAP 2023 – 2027 budgetary period.

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- **Collaborative farming structures will play a significant role in the development of agriculture in Ireland during the next CAP period 2023 – 2027.**
- **It is essential that these type of farm structures are continued to be promoted, due to their ability to address issues such as age structure, land fragmentation, rural isolation, farm safety and the stepping stone it creates in the family farm transfer process.**
- **Farmers who are farming in a collaborative farming business arrangement should not be disadvantaged in any way in relation to eligibility for any CAP payments or schemes.**

Outline Principle:

Farmers who are farming in a collaborative farming business arrangement shall not be disadvantaged in any way in relation to eligibility for CAP payments or schemes. Collaborative farming arrangements include: DAFM Registered Farm Partnerships; DAFM Succession Farm Partnerships; Contract Heifer Rearing; Share Farming; Cow Leasing; Long-term Land Leasing; Machinery Sharing Co-operatives and Limited Companies. To ensure that farmers involved in these business structures are not disadvantaged, multiple payments and the physical mechanisms to create multiple payments shall be available under various schemes within the CAP budget such as Direct Payment Schemes, the Area of Natural Constraints (ANC), Young Farmer Scheme, National Reserve, Targeted Modernisation Scheme (TAMS); the Organic Farming Scheme, Environmental Schemes such as GLAS and REAP, Beef and Sheep schemes (e.g. BEAM, BDGP, BEEP, BEEP-S, BFP, Dairy Beef Calf programme, Beef Sector Efficiency Programme, Sheep Welfare Scheme, etc.) and any future schemes that may arise during the period of the next CAP budget. Multiple payments arise where farmers have been farming in their own right prior to entry into a collaborative farming arrangement and should also include opportunity for young trained farmers who join the farm business (having not farmed in their own right) to also be eligible for multiple payments. The EU commission regulation shall provide for multiple payments and in turn the Terms and Conditions created by the member state for each scheme shall be written in such a way as to ensure this principle is implemented in all schemes. The IT structures and application procedures shall be in place to accommodate collaborative farming structures prior to the opening of new CAP scheme application windows.

Definition of a farmer:

The definition of a farmer in the new CAP must be defined as follows in order to ensure that collaborative farming business structures are provided for in all schemes and outcomes in the new CAP. Definition of a farmer: "farmer" means a natural or legal person, or a group of natural or legal persons, regardless of the legal status granted to such group and its members by national law, whose holding is situated within the territorial scope of the Treaties, as defined in Article 52 TEU in conjunction with Articles 349 and 355 TFEU, and who exercises an agricultural activity.

This definition should be included in any new consultative documents on new CAP as it is critical that a new EU commission regulation includes this definition in order to cater for all collaborative farming business structures.

Registered Farm Partnerships

Registered Farm Partnerships involve the coming together of two or more farmers (including those persons who have acquired the relevant minimum Level 6 agricultural qualification) to operate the farm business as a single entity. Partnerships have a number of benefits for participants as they:

- improve scale and efficiency of agricultural production by encouraging the consolidation of blocks of land held and operated by farmers not within the same family
- a better work life balance
- encourage new skills and specialisation through the required enhanced educational qualifications of the partners
- improve the age structure of Irish agriculture and within family farms the creation of a farm partnership often allows parents and children to begin the process of intergenerational farm transfer.
- creates a safer environment to work in

In order to encourage the development and maintenance of Registered Farm Partnerships the Department of Agriculture, Food and The Marine and the Revenue Commissioners operate a series of incentives. These include the granting of 100% stock relief to the Young Trained Farmer and an enhanced 50% stock tax relief to other members of registered farm partnerships; the recognition of such arrangements in the calculation of payments under the Pillar I and Pillar II Schemes; and the introduction of a Support for Collaborative Farming Grant Scheme for brand new farm partnerships. However in order to be eligible for these incentives, farm partnerships must be placed on the Department’s Register of Farm Partnerships.

It is proposed that all these benefits for Registered Farm Partnerships are maintained and are enhanced with improved budgets where possible.

Succession Farm Partnerships

The Central Statistics Office, shows that from the Structure of Farming in Ireland 2016, that 30% of farmers are over the age of 65 and only 5% are under 35 years of age. In order to address this situation the Succession Farm Partnership was developed where a minimum of 80% of the agricultural assets had to be transferred to the successor/s between the end of year 3 and year 10. The additional benefit of doing this was a €5,000 per year tax credit to all partners in the Succession Farm Partnership.
In order that the successor was also in a position to qualify for the Young Trained Farmer (YTF) Stamp Duty relief before the age of 35, they were required to enter the Succession Farm Partnership before they were 32. This restriction inhibited the numbers entering the Succession Farm Partnership as they were over 32 years of age and availing of the YTF Stamp Duty relief was more valuable.

Teagasc proposes that in a Succession Farm Partnership that the farm transfer can take place after 18 months instead of after 3 years and that the current tax credit of €5,000 per year for a maximum of 5 years would be retained to encourage greater uptake of Succession farm Partnerships.

Collaborative Farming Grant Scheme

This scheme was introduced under the previous Rural Development Programme 2014-2020 to encourage farmers, who were establishing a registered farm partnership, to adopt best practice by engaging the assistance of experts when drawing up the farm partnership agreement. The grant is aimed at covering part of the legal, advisory and financial services costs incurred in the drawing up of the Partnership Agreement.

Teagasc proposes that this Collaborative Farming Grant Scheme remains at a minimum of 50% on a maximum spend of €5,000 to assist with the cost of engaging expert professional assistance in the establishment of a Registered Farm Partnership.
It is also proposed that an addition grant aid of 50% on an additional spend of €2,000 would be available for any Registered Farm Partnership submitting a Succession Farm Partnership application to assist with the additional legal and financial costs incurred and to further promote the transfer of the family farm.

Direct Payment Schemes

Under the new CAP 2023 – 2027 budget the previous Basic Payment Scheme will change name and the terms and conditions will vary.

Teagasc proposes that Registered Farm Partnerships are provided for in any new CAP structure and that there is continuity for existing partnerships and promotion for new Registered Farm Partnerships to form. This means in a multi herd situation, maintaining separate sets of BPS entitlements for each partner within the partnership to ensure that on dissolution of the partnership, that each partner can retrieve their own sets of entitlements at original number and value (as first contributed to the partnership).

National Reserve (Young Farmer/New Entrant) and Young Farmer Scheme

Both these schemes have been very successful in providing income support to young farmers setting up their farm businesses**.**

It is proposed that the current eligibility requirements for the Young Farmer Scheme would remain and that the rates of payment can be maximised as per budgetary restrictions. In relation to the National Reserve it is proposed that where a new entrant, young trained farmer joins the herd number that the combined off farm income of both parties would not be included and that it would only be the off farm income of young trained farmer. This will assist with minimising the creation of additional herd numbers and the disease risks etc. associated with such practice.

Targeted Agricultural Modernisation Scheme (TAMS 11)

Currently, in a Registered Farm Partnership, the investment ceiling is doubled from €80,000 to €160,000 where there are two or more eligible partners participating in a registered farm partnership. The current rate of grant-aid available to partnerships recorded on this Department's Register of Farm Partnerships is dependent on the number of eligible young farmers in the partnership. If there is one eligible young farmer in the partnership the grant-aid will be calculated at 60% of the first €80,000 with the remaining balance at 40%. If there are two eligible young farmers in the partnership the grant-aid will be calculated at 60% of €160,000. If there are no eligible young farmers in the partnership the grant-aid will be calculated at 40% of €160,000.

With the increasing emphasis on environmental impact, greenhouse gases, biodiversity and water quality etc. it is essential that partners in a Registered Farm partnerships are catered for under any new On-farm investment schemes proposed and that they are not disadvantaged by being in a collaborative farming arrangement.

It is proposed that current terms and conditions are retained or enhanced depending on budgetary capability and that if subsequently a third or fourth partner etc. joins the Registered Farm partnership and they are an eligible young trained farmer that they can avail of 60% grant aid on any remaining monies up to the investment ceiling.

Machinery Sharing Co-Operatives

Due to the high costs and short usage period of low emission slurry spreading equipment, many farmers cannot justify owning and maintaining this type of equipment on their own. Currently, registered Machinary Sharing Co-Operatives are eligible to avail of a TAMS 11 grant on low emission slurry spreading equipment.

This incentive helps to promote the adoption of this technology and encourages more farmers to use it. Co-operative structures for machinery sharing must continue to be catered for under any new on-farm investment schemes for equipment. Farmer shareholders in a co-operative that applies and benefits from the on-farm investment scheme for an eligible item of equipment may not apply as individuals for that same piece of equipment.

Teagasc purposes that the current conditions for Machinary Sharing Co-Operatives availing of current TAMS funding should remain and any future schemes should continue to include them at the same investment ceilings and rate of grant increased in line with any future increase to individual applicants.

Agri-environmental schemes/projects

There are currently many schemes/projects that fall under this Category, GLAS, REAP, Straw Incorporation Measure etc. to name but a few. All these scheme have being very important to enhancing biodiversity, reducing gaseous emission, improving water quality etc. and it is vital that they are retained and enhanced during the next CAP period.

Taken from the terms and conditions of the current REAP scheme

Farmers in a Farm Partnership registered with the Department are eligible to apply for REAP provided that the application is made in the same name as the Basic Payment Application.
Additional eligibility for Farm Partnership entry to REAP shall be as follows:

- Delivery of minimum areas will be across the entire 'partnership' holding.
- Each partner must bring in a minimum of 2ha. The combined minimum area for partnerships of two shall be 12ha and for partnerships of 3 the minimum area will be 22ha.
- Maximum areas for partnerships shall be the maximum as permitted by this document for individual participants multiplied by the number of holdings, up to a maximum of 3.
- A partnership may attract a payment multiplied by the number of holdings up to a maximum of 3.
- All partners are jointly and severally responsible for delivery of the agreed plan on the lands farmed by the partnership.

It is purposed in any new agri-environmental scheme in the CAP 2023 -2027 reform that the payment areas in for Registered Farm Partnership applicants would be doubled or tripled up to a maximum of three partners in Registered Farm Partnership. In order to avoid the unnecessary division of holdings and creation of new herd numbers and the animal health and disease implications of such a practise that the payment areas would be based on the number of partners in the partners (subject to a max. of three) rather than on the number of herd numbers in the Registered Farm Partnership.

Areas of Natural Constraint

Current Terms and Conditions in relation to ANC/ASC and Registered Farm Partnerships.
Under Irish National Regulations, applicants who are partners in a farm partnership can, subject to conditions outlined below, continue to benefit individually under the ANC/ASC Scheme based on the area of ANC/ASC land they contribute to the partnership.
Applicants registered under Farm Partnership Registration are required to submit one 2021 Basic Payment Scheme and other Area-based Schemes application form through the Departments online facility. In order to be considered under the ANC/ASC scheme at an individual level each partner should individually declare all land farmed by them within the partnership.

All partners who declare designated ANC/ASC lands at individual level will be considered under the ANC/ASC scheme. Individual maximum land thresholds will be applicable to each individual partner in respect of designated ANC/ASC lands declared.
Thereafter, scheme eligibility requirements in respect of the 7 month stock retention period and the annual average stocking density must be met at overall partnership level in respect of all forage hectares.

Currently, ANC stocking rate is calculated at an overall Registered Farm Partnership level and payment is at individual level. In order to have consistence, Teagasc purposes that in order to promote genuine family farm registered farm partnerships and to prevent the splitting of holdings and the creation of additional herd numbers, that in a situation where a son/daughter joins a joint herd number in a registered family partnerships structure that the payment areas would be doubled or tripled up to a maximum of three partners in Registered Farm Partnership.
This will assist will the promotion of registered farm partnership and also reduce the creation of additional herd numbers which make animal health and testing requirements more complex.

<u>Organic Farming</u>
<u>From Current Terms and Conditions of the Organic Farming Scheme</u>
Farmers in a Farm Partnership registered with the Department are eligible to apply for the scheme provided that:
a) The application is made in the same name as the Basic Payment Application
b) The Basic Payment application is accompanied by a list of the LPIS parcels each individual partner has brought to the partnership.
c) With regard to the training course, one partner in the partnership must complete or have completed the relevant training course as outlined in Section 4.
d) Minimum area for partnership shall be the same as for an individual applicant.
e) Maximum area for higher payment in each category as outlined in Section 9 shall be the maximum multiplied by the number of partners up to a maximum of 3.
f) All partners are jointly and severally responsible for delivery of all OFS actions on the lands farmed by the partnership.

Teagasc purposes that the payment areas in a Registered Farm Partnership would be doubled or tripled up to a maximum of three partners in Registered Farm Partnership. Also, there is a proposal that where two separate individual holdings come together to form a registered farm partnership where one holding is organic and the other is not, that this type of Registered farm Partnership would be permitted with the same conditions as for partial conversion of the farm in an individual situation.

For example,
Partial conversion of the farm/holding is allowed subject to the following conditions:
• If both organic and conventional crops are to be produced, different species of plant, or different varieties that can be easily differentiated at all stages of growth and production, must be used.
• If both organic and conventional livestock are to be produced, different species must be involved.

Beef and Sheep Schemes

Current Beef and Sheep schemes include and are not limited to BEAM, BDGP, BEEP, BEEP-S, BFP, Dairy Beef Calf programme, Beef Sector Efficiency Programme, Sheep Welfare Scheme, etc. In the next CAP these schemes and they maybe continued and new schemes may be developed. In order to ensure that no individual applicant is disadvantaged by being the member of a Registered Farm Partnership and too ensure the continued promotion and support for Registered farm partnership, it is essential that a cultural of splitting herd numbers to avail of double funding is not encouraged therefore the following proposal is made.

It is purposed in any follow on or new Beef/Sheep schemes in the CAP 2023 -2027 reform that the payment numbers in for Registered Farm Partnership applicants would be doubled or tripled up to a maximum of three partners in Registered Farm Partnership. In order to avoid the unnecessary division of holdings and creation of new herd numbers and the animal health and disease implications of such a practise that the number of animals to be paid on, would be based on the number of partners in the partnership (subject to a max. of three) rather than on the number of herd numbers in the Registered Farm Partnership.

Summary

- Collaborative Farming Business structures should be strongly supported to ensure Ireland remains competitive, family farms remain viable and that in supporting regeneration by encouraging farm transfer at a younger age, agricultural practises can be carried out in a safe and environmentally friendly manner.
- Under all elements of the supports in this CAP strategic plan 2023 -2027, farmers entering into or operating in, registered farm partnerships and other recognised collaborative arrangements, should not be treated less favourably than if they were farming in their own right.
- Ensure Registered Farm Partnerships are provided for in any new CAP structure and that there is continuity for existing partnerships. This means maintaining separate sets of BPS entitlements for each partner within the partnership to ensure that on dissolution of the partnership, that each partner can retrieve their own sets of entitlements at original number and value (as first contributed to the partnership).
- In order that the splitting of holdings to create multi herd numbers are not encouraged, that when a son or daughter joins an existing herd number in a Registered Farm Partnership, that they would be viewed as two applicants rather than one.
- Provision shall be made to support each individual farmer participating in a Registered Farm Partnership (RFP) for grant aid in all farming enterprises.
- Ensure that the mechanisms and IT systems are in place and functional to allow multiple payments to DAFM registered farm partnerships under all pillar II schemes. E.g., GLAS, ANC, TAMS or any such new schemes.