

Department for Environment, Food and Rural Affairs

Summary of responses to the consultation on the CAP Health Check reforms relating to the Single Payment Scheme and other direct payments held from 29 April 2009 to 22 July 2009.

September 2009

1. Introduction

On 29 April 2009, the Government published a consultation document seeking views on the CAP Health Check reforms relating to the Single Payment Scheme (SPS) and other direct payments (Area Payment for Nuts and Protein Crop Premium). This paper summarises the responses that were received to the consultation.

The CAP Health Check was a scheduled review of the CAP, following the last major reform in 2003. It resulted in a number of changes to the EU rules for direct payment schemes for farmers, including the SPS. In the consultation document we invited views on the policy which should be adopted in England in relation to three areas where Member States have some discretion.

What we were seeking views on

This consultation covered three issues, firstly the setting of a minimum claim size for SPS and other direct payments, secondly the optional introduction of an objective farmer test to determine who is eligible for these payments and thirdly the implementation options for decoupling of nuts and protein support.

The consultation posed four questions (listed below) and invited comments.

2. Analysis of responses

The deadline for responses to the consultation was 22 July 2009. A total of 58 responses were received (see annex A for list of respondents). The respondents included industry representative organisations, environmental bodies and individual farmers.

Section A: Minimum Claimed Area

Question 1 – What should the minimum claimed area be?

- A. 1ha
- B. 3ha
- C. 5ha

Summary of Responses to Question 1	
	No of Respondents
Option A	38
Option B	0
Option C	4
Other	15 (of which one preferred 2ha, one preferred £100, whilst the others expressed disagreement with 5ha without stating a clear preference for their preferred minimum).
Total	57

The majority of respondents favoured setting the minimum claim size at the lowest allowed (1ha). In support of this, some argued that SPS could be an important source of income for farmers of smallholdings, some of whom may be young farmers trying to get a foothold in the industry. It was felt that most smallholders who found themselves below the new minimum would not have the opportunity to acquire additional land and/or entitlements to bring themselves back above the minimum and so would be excluded from the scheme. It was argued that some sectors, such as nursery crops and native breeds, are particularly likely to involve smallholdings and could be disadvantaged if a high minimum is chosen. Some felt that choosing the lowest minimum was important in terms of equality of treatment between farmers of small and large farms.

There were also arguments presented by several respondents that smallholdings should be supported to avoid the reduction in the amount of land subject to cross compliance and to reduce food miles. It was argued that smallholdings play an important role in maintaining landscapes as well as rural communities.

Further reasons given for preferring the lowest minimum were that any unclaimed scheme funds would effectively be lost from the rural economy and that the administrative savings for RPA of a higher minimum would be very small, with little benefit for the overall delivery of the scheme.

Those respondents who favoured a minimum of 5ha thought that this would reduce the number of farmers in the scheme for whom agriculture is not their main source of income, allowing RPA to focus on the remaining applications, and that a 5ha minimum would lead to administrative savings, to the benefit of the taxpayer. There was a preference from some of these respondents to find a way of redistributing the unclaimed scheme funds to other applicants.

Section B: Objective Farmer Test

Question 2 – Should we introduce an objective farmer test? If yes, what objective criteria should be set?

- A. No, maintain the status quo. (This was the Defra preferred option).
- B. Yes, introduce an objective farmer test.

Summary of Responses to Question 2	
	No of Respondents
Option A	18
Option B	7
Total	25

The majority of respondents to this question did not want to see an objective farmer test introduced. The main arguments against such a test were the administrative complexity for both RPA and farmers and the difficulty of defining criteria which did not, for example, exclude those who have diversified into non-agricultural activities. It was also noted that eligible farmers were unlikely to benefit financially from the exclusion of some ‘non-farmers’.

Some respondents favoured introducing a new test which would exclude those farmers who were not using the land to produce or rear agricultural products. Other suggestions included defining farmers based on man-hours spent on agriculture or whether farming is their main income. It was also proposed that we should take measures to restrict eligibility to those who have day-to-day management control of the land.

Section C: Decoupling of Nuts and Protein support

Question 3: How should the nuts and protein funds be added into the SPS?

- A. Add to the flat rate value of existing entitlements in 2012
- B. Allocate funding on a historic basis in 2010
- C. Other allocation method.

Summary of Responses to Question 3	
	No of Respondents
Option A	7
Option B	2
Option C	1
Total	10

Most respondents to this question favoured adding the funds to the flat rate value of SPS entitlements in 2012 (Option A). This was felt to be the simplest to administer, whilst still being consistent with the existing SPS model in England. One respondent also encouraged Defra to actively promote the Protein Crop Premium whilst it remains, to help reduce imports of soy from

South America, which it is argued is devastating vast areas of wildlife habitat with wide-ranging effects on the global environment.

Two respondents favoured allocating the funds on a historic basis (i.e. to nuts and protein applicants) in 2010 and then applying the standard SPS historic/flat rate splits in 2011 (Option B). One respondent wanted the funding to be allocated on a 100% historic basis in 2010 and 2011. In both these proposals the value would revert to the flat rate in 2012.

Question 4: What reference year should be used?

- A. Single reference year of 2008. (This was the Defra preferred option).
- B. Average of reference years 2005-2008.

Summary of Responses to Question 4	
	No of Respondents
Option A	5
Option B	0
Total	5

All those who answered this question favoured 2008 as the reference year. Reasons given were that this would be the simplest to operate and, as it's the most recent year allowable, would best reflect current production.

3. The way forward

Having taken account of all the views of respondents, the Government has decided that the policy on the three areas of discretion covered by the consultation will be as follows:

Question 1

The minimum claim size will be set at 1ha, reflecting the wishes of most of the respondents. This will minimise the number of existing applicants who are excluded from the scheme. This decision also takes account of the relatively modest administrative gains for RPA that would result from a higher minimum.

Question 2

An objective farmer test will not be introduced. This decision reflects the difficulty in defining suitable objective criteria which would not inadvertently exclude those who are genuinely farming the land and the administrative complexity for both RPA and farmers of introducing such a test.

Question 3

Nuts and protein support will be decoupled in 2012, with the funds being added to the flat rate value of entitlements. This is the simplest option to administer and enables nuts and proteins growers to benefit from the existing

Area Payment for Nuts and Protein Crop Premium until 2012, when all entitlements will have a flat rate value in each of the three English regions.

Question 4

Having chosen to add the funding to the flat rate value of entitlements (Question 3), this question is not relevant.

General comments/issues raised by respondents

The following are the main other issues raised by respondents:

- A request to simplify the SPS model adopted in England.
- A stated preference to reduce payments for larger farms.
- A request for Defra to promote the production of alternative proteins to soy for feed production in the UK (thus reducing imports) and to develop options for the support of protein production post 2012 (which it is argued would have environmental as well as food security benefits). Also, more generally, to work to reform the CAP so that it provides support for outcomes (including environmental and social outcomes) that the market does not reward. The CAP should also ensure that EU use of land and resources for livestock production is equitable and does not lead to damage to the environment and livelihoods overseas.

Annex A

List of respondents

Central Association of Agricultural Valuers
Country and Land Business Association
Countryside Alliance
Dartmoor Commoners Council
Devon Association of Smallholders
Family Farmers Association
Friends of the Earth
Hampshire County Council
Hebridean Sheep Society
Horticultural Trades Association
National Farmers Union
National Sheep Association
National Trust
Natural England
Rare Breeds Survival Trust
Shetland Sheep Society
Siltint Industries Ltd
Taste of the West
Tenant Farmers Association
UK Vineyards Association
39 responses from private individuals