



THE DEPARTMENT OF  
**AGRICULTURE & FOOD**  
AN ROINN TALMHAÍOCHTA AGUS BIA

# The Single Payment Scheme

**An Explanatory Guide**

*May 2004*

## Important Note

The information contained in this booklet is being provided as a guide to farmers and should not be regarded as a legal interpretation of the EU Regulations governing the Single Payment Scheme.

**Foreword by Mr Joe Walsh TD,  
Minister for Agriculture and Food**



The Commission's proposals for the Mid-Term Review of Agenda 2000 were the subject of negotiation for almost a year. Outline proposals were published in July 2002 and the more detailed proposals were published in January 2003. The proposals comprised the most radical reform of the CAP since its foundation and have been the subject of detailed analysis and intense public debate both here and throughout Europe.

My objectives in the negotiations were to safeguard the benefits to Irish Agriculture and to rural communities achieved under the Agenda 2000 Agreement and to ensure the best possible level of support and protection of our production base into the future. The final outcome agreed in the Council of Ministers in Luxembourg on 26 June 2003 contained substantial modifications to the Commission's original proposals and represented an agreement that was balanced between the varying interests of the Member States. It was also a successful outcome from Ireland's point of view. The agreement will reshape the Common Agricultural Policy and secure its future by making it more relevant to modern society and to consumer demands. We have the opportunity now to embrace the new situation to our advantage.

Farmers want to be engaged in worthwhile and coherent economic activity serving markets and consumers. Agriculture, because of its very nature, needs and deserves support through public funding. However, the support system must be such as to allow farmers concentrate on production of high quality food for real markets. Anything else is unsustainable in the long term.

The new CAP architecture will allow agriculture develop in a sustainable and acceptable manner. Cushioned by the single farm payments in recognition of the costs of compliance with societal demands, farmers can get on with the job of supplying markets, focussing on minimising production costs and maximising their incomes.

We are facing a period of major adaptation and change at farm level, processing level and indeed for the administration, which supports the sector. The early decision to opt for full decoupling, where Ireland has shown the lead to Europe, allows us to move ahead with certainty and allowed us to tailor the detailed rules to suit Irish farming requirements.

Finally I wish to say that an important objective for me is to provide adequate information to those involved in the industry and the general public. To this end my Department has already conducted a wide-ranging series of information meetings and I now hope that you will find this publication to be a useful guide to the new regime.

A handwritten signature in blue ink that reads "Joe Walsh".

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Joe Walsh TD  
Minister for Agriculture and Food



Liam Aylward TD  
*Minister of State*



Noel Treacy TD  
*Minister of State*

# The Single Payment Scheme

## Contents

Section	Title	Page
A	Principal Features of the Single Payment Scheme	4
B	The Single Payment Scheme – Application and Calculation of Entitlements	6
C	Who can have Entitlements Established ?	8
D	New Entrants & Inheritance Cases	8
E	Force Majeure & Agri-environmental Cases	9
F	Different Types of Entitlements	10
G	Deductions from Entitlements	11
H	Activating Entitlements	12
I	Consolidating (Stacking) Entitlements	13
J	Use of Entitlements	15
K	National Reserve	15
L	Entitlements received from the National Reserve	16
M	Sale and Lease of Entitlements	17
N	Dairy Premiums	19
O	Use of the Land	20
P	On-farm Checks and Controls	21
Q	Payment Arrangements	22
R	Appeals Procedures	22
S	Principal Terms used in this Booklet	23
T	Frequently Asked Questions	24
U	Contacts	27

## Appendices

1	The EU Regulations	28
2	Good Agricultural and Environmental Conditions	28
3	Statutory Management Requirements	29
4	National Ceilings	30
5	Sample Entitlements Calculation Form	31
6	Blank Entitlements Calculation Form	32

## A)

## Principal Features of the Single Payment Scheme

- The Single Payment will be introduced in 2005 and will be calculated using the average number of animals (hectares in the case of Arable Aid Schemes), on which payment was made under each scheme in the reference years multiplied by the 2002 payment rate for that scheme (€383.04 for Arable Aid Schemes).
- The average number of hectares declared during the reference period will, in most cases, be the number of entitlements established. That number is divided into the Single Payment to give a gross unit value for each entitlement.
- Entitlements are established for the farmer who farmed during the reference years – entitlements are not attached to any specific land.
- For most farmers, the reference years on which the Single Payment will be based will be the years 2000, 2001 and 2002.
- In order to activate entitlements, each farmer MUST submit a valid Area Aid application and apply for the Single Payment Scheme in 2005. Both applications will be incorporated into one application form.
- A valid Area Aid/Single Payment application in 2005 on at least 0.3 hectares will secure the entitlements against forfeiture to the National Reserve in 2005. You must however use all of your entitlements in at least one of the years 2005, 2006, and 2007 to avoid forfeiture to the Reserve.
- In general, in order to receive the full Single Payment, each farmer must have an eligible hectare of land for each entitlement held. If a farmer establishes 100 entitlements but he has only 70 hectares, he will only be paid on 70 entitlements.
- Certain farmers who for specific reasons have less hectares in 2005 than the number of entitlements, may request that their entitlements be consolidated i.e. exchanged through the National Reserve for a lower number of entitlements with a higher value. See Section I.
- The gross unit value of each entitlement will be subject to certain reductions. The value may be reduced by a certain percentage to ensure that Ireland's financial ceiling is not exceeded. The unit value will be reduced by up to 3% to create a National Reserve, and by 3% - 5% to create a fund to be spent on certain rural development measures – this reduction is usually referred to as modulation - see Section G.
- Farmers may, before a certain date in 2004, claim that, because of reasons of force majeure i.e. circumstances outside their control, their entitlements should be based on a year or years other than the three years 2000, 2001 and 2002.

- All existing Livestock Premia and Arable Aid Schemes will be abolished with effect from 1<sup>st</sup> January 2005. This includes any quotas relevant to those schemes. The Rural Environment Protection Scheme (REPS), and Disadvantaged Areas Compensatory Allowances, (Formerly Headage Payments Schemes) are not included in the Single Payment Scheme and will continue as before.
- There is no specific requirement to keep stock after 2005. However, farmers must keep their holdings in good environmental and agricultural condition and comply with certain statutory management requirements. These include the identification and registration of animals, public, animal and plant health, and animal welfare and the environment (See Appendices 2 and 3). Sanctions may be applied where farmers fail to keep their land in good agricultural and environmental condition or fail to comply with certain statutory management requirements.
- A coupled Dairy Premium is being introduced in 2004. Farmers who held a milk quota on 31<sup>st</sup> March 2004 will receive 5.5c per gallon on approx. 97% of that milk quota.
- Farmers holding a milk quota on 31<sup>st</sup> March 2005 will receive a premium of 11c per gallon on approx. 97% of that quota subject to the reductions set out above. That premium is then de-coupled and expressed as standard entitlements. Those entitlements will be increased in value in 2006 to reflect the increased rate of 16.6c per gallon on approx. 97% of the milk quota held on 31st March 2005.
- Except in cases of force majeure or exceptional circumstances, entitlements unused for 3 years will be returned to the National Reserve.
- An independent Single Payment Appeals Committee has been set up to deal with appeals from farmers regarding the establishment of their entitlements.
- Entitlements received from the National Reserve must be used every year for 5 years from the year of allocation, otherwise the unused entitlements will be returned to the National Reserve each year.
- Farmers may sell or lease out their entitlements. Entitlements may be sold with or without land. However, entitlements can only be sold without land if:
  - a) at least 80% of them have been first activated in one calendar year or ,
  - b) less than 80% activated, the entitlements not activated in 2005 are first surrendered to the National Reserve.

Entitlements can only be leased out if accompanied by an equivalent number of eligible hectares.

## **B) The Single Payment Scheme - Application and Calculation of Entitlements**

A new scheme, known as the Single Payment Scheme, will replace the Arable Aid and Livestock Premia Schemes from 2005 onwards. The Dairy Premium being introduced in 2004 will be decoupled from the milk quota and added to the Single Payment from 31<sup>st</sup> March 2005.

This is because Ireland has decided that the Livestock Premia and Arable Aid Schemes will be fully decoupled from production with effect from 1<sup>st</sup> January 2005. Those Livestock Premia Schemes are : Special Beef Premium, 1<sup>st</sup> and 2<sup>nd</sup> age ; Special Beef Premium - Bulls ; Suckler Cow Premium Scheme ; Ewe Premium Scheme ; Supplementary Ewe Premium (Rural World) ; Slaughter Premium Scheme ; Extensification Payments ; National Envelope Top-Ups relating to the Ewe Premium, Dry Heifer, Calved Heifer and Slaughtered Heifers.

In general, the Single Payment Scheme is applicable to farmers who actively farmed during all or any of the three reference years 2000, 2001, and 2002, who were paid Livestock Premia and/or Arable Aid payments in one or more of those years and who will continue to farm in 2005.

The gross Single Payment is based on the average number of animals, and/or the average number of hectares in the case of Arable Aid, on which payments were made in the three reference years 2000, 2001 and 2002. That average is multiplied by the 2002 payment rate for those schemes, (€383.04 in the case of Arable Aid Schemes), and when totalled for each scheme, will give a gross Single Payment.

It is intended to issue a statement of Provisional Single Payment Entitlements to each farmer early in the second half of 2004. That statement will include a detailed breakdown of how those provisional entitlements were calculated. Farmers who are not satisfied with the statement of provisional entitlements may seek a review of their entitlements by completing a special form which will be available at the Local Offices of the Department.

If not satisfied with the outcome of the review, farmers may appeal to the Single Payment Appeals Committee.

It is intended to notify each farmer early in 2005, of his/her definitive Single Payment Entitlements.

The Single Payment will be broken down into a number of individual payment entitlements. The number of payment entitlements will be equal to the average number of eligible hectares declared on the Area Aid applications during the reference years 2000, 2001 and 2002, which, when divided into the Single Payment, will give a monetary value for each entitlement.

Farmers who were in receipt of Direct Payments during the reference period but who were not required to submit an Area Aid application in those years are now entitled to have a number of Single Payment entitlements determined by reference to the number of hectares of forage land declared on their 2004 Area Aid application unless the farmer proves that his forage area in the reference period was lower. The categories of farmers involved include farmers who were paid Slaughter Premium only, Livestock Premium on up to 15 livestock units and Ewe Premium for farmers whose holdings were situated outside of the Disadvantaged Areas.

In order to qualify for payment under the Single Payment Scheme, farmers must, except in cases of force majeure or exceptional circumstances, submit a valid Area Aid/Single Payment application before the closing date for receipt of applications in 2005. Applications will be posted to every farmer well in advance of the closing date. In general, a farmer must have an eligible hectare for each payment entitlement. However, certain farmers who will have less land in 2005 than the average area they declared in the reference period may be entitled to have their payment entitlements consolidated or “stacked” on the land available to them in 2005 - see Section I.

Under EU Regulations, payment under the Single Payment Scheme is to be made between 1<sup>st</sup> December of the year of application and 30<sup>th</sup> June of the following year. There is provision in the regulation to make advance payments prior to 1st December in certain circumstances to be decided by the European Commission. If the Commission decide not to make advance payments in 2005, the first payments under the scheme in Ireland are expected to be made in December 2005.

Payments under the Rural Environment Protection Scheme (REPS), the Disadvantaged Areas Compensatory Allowance Scheme (formerly Headage Payments Schemes), farm support schemes such as Installation Aid and On-Farm Investment, are not included in the Single Payment Scheme and those schemes will continue in place as before.



**C)****Who can have Entitlements Established?**

Entitlements may be established for:

- (i) a farmer who farmed during one or more of reference years and who will continue to farm in 2005.

This group will make up the vast majority of all farmers. They will establish entitlements based on the average number of animals on which payment was made under the various Livestock Premium Schemes, (hectares in the case of Arable Aid schemes), during the years 2000, 2001 and 2002.

- (ii) a farmer who inherited a holding or part of a holding from a farmer who farmed during the reference period.

Farmers in this category, will inherit entitlements established for the farmer from whom they inherited the land.

- (iii) a farmer who obtains entitlements from the National Reserve.

It is intended to announce criteria and invite initial applications to the National Reserve later in 2004 - see Section K.

Farmers should note that entitlements **may not** be modified except by adding the decoupled dairy premium, by possible consolidation (stacking) of entitlements and by way of additional amount which might be allocated from the National Reserve - see Sections K & L.

**D)****New Entrants & Inheritance Cases**

- a farmer who commenced a farming activity (see definition at Section A) during the reference period.

Such a farmer may request to be treated as a New Entrant in which case his/her entitlements may be calculated on the basis of the one or two of the reference years that s/he farmed.

- a farmer who commenced a farming activity (see definition in Section S) since 31st December 2002 or during 2002 but who received no direct payment for that year.

These farmers may be eligible to apply to the National Reserve for entitlements - see Section K.

- a farmer who inherits a holding from a farmer who was paid direct payments during the reference period.

If the person inheriting the farm commenced farming during the reference years, s/he may either:

- (a) inherit the number of entitlements established for the person from whom s/he inherited the land

or alternatively

- (b) request to be treated as a New Entrant in which case his/her entitlements may be calculated on the basis of the number of years s/he farmed in the reference period.

The more beneficial position will be applied.

## **E) Force Majeure (Exceptional Circumstances) and Farmers subject to Agri-environmental restrictions during the reference period**

Force Majeure is defined as circumstances outside the farmer's control which s/he could not have foreseen and which s/he, as a prudent farmer, took all reasonable precautions to avoid.

The following circumstances are accepted as constituting Force Majeure:

- a) death of the farmer ;
- b) long term professional incapacity of the farmer ;
- c) a severe natural disaster gravely affecting the holding's agricultural land ;
- d) the accidental destruction of livestock buildings on the holding ;
- e) an epizootic disease affecting all or part of the farmers' livestock

The Department may consider any other exceptional circumstance, not covered in the above, as constituting Force Majeure.

The Regulation governing the Single Payment Scheme provides that a farmer whose production was adversely affected during the reference period by a case of force majeure or exceptional circumstances occurring before or during the reference period shall be entitled to request that the reference amount be calculated on the basis of the calendar year or years in the reference period not affected by the case of force majeure or exceptional circumstances.

If the whole of the reference period was affected by the case of force majeure or exceptional circumstances, the reference amount shall be calculated on the basis of the 1997 – 1999 period.

Farmers who considered that their particular circumstances could be regarded as Force Majeure, were invited to submit their details to the Department by 6 February 2004 so that any benefit accruing as a result of the application of Force Majeure could be applied to them. Farmers who applied for Force Majeure and whose applications were successful, will have their entitlements based on the revised figures.

Farmers, who feel they had exceptional circumstances during the reference period and who did not already apply for the application of Force Majeure by 6 February 2004, will have an opportunity of doing so after they receive their Statement of Provisional Entitlements.

Application forms for Force Majeure may be obtained from:

The Single Payment Section,  
Department of Agriculture and Food,  
Government Offices,  
Old Abbeyleix Road,  
Portlaoise,  
Co. Laois. Telephone : LoCall 1890 200 566

### ● **farmers who were under agri-environmental commitments during the reference period.**

Farmers who were under agri-environmental commitments during the reference years 2000 to 2002 are entitled to have a year or years not affected by their agri-environmental commitments used to calculate their entitlements.

For example : A farmer was paid on 100 sheep in each of the years 1997 and 1998. 30 of his/her quota was frozen from 1999 onwards, s/he was paid on only 70 sheep from 1999 to 2002. The average number paid in 1997 and 1998 i.e. 100, can be used to determine his/her entitlements.

However, farmers may not benefit from the full Single Payment while at the same time getting compensated for agri-environmental commitments under REPS or the National Scheme operated by the Department of the Environment and Local Government.

## **F) Different Types of Entitlements**

There will be three different types of entitlements:

### **a) Standard Entitlements**

These will be established for most farmers i.e. livestock and/or tillage farmers who farmed during the reference period and who received direct payments. Dairy farmers with livestock entitlements who qualify for the decoupled Dairy Premium in 2005 will have the unit value of their Livestock Premia and/or Arable Aid entitlements increased in 2005 to include the decoupled Dairy Premium entitlements - see Section N.

Dairy farmers who have not had any Livestock Premia and/or Arable Aid entitlements established during the reference period and who qualify for the decoupled Dairy Premium in 2005 will establish a number of entitlements equal to the number of eligible hectares owned in 2005 - see Section N.

### **b) Set Aside Entitlements**

Farmers who claimed Arable Aid in excess of 15.13 hectares in any of the reference years were obliged to put 10% of their overall arable area for that year into set-aside - (Obligatory Set-aside)

Under the Single Payment Scheme, special Set-aside Entitlements based on the average amount of obligatory set-aside land will be established for these farmers. They will be obliged to continue to set aside the average amount of land they were obliged to set aside in the reference period whether or not they remain in arable crop production.

The special Set-aside Entitlements will be determined in the same way as Standard Entitlements are determined i.e. the average set aside hectares in the reference period will be multiplied by €383.04 to give the gross Single Payment for those entitlements.

Set-aside Entitlements will be subject to the same deductions applicable to Standard Entitlements.

In general, only arable land (as defined in Section S) can be used for set-aside. Set-aside Entitlements must be claimed each year on the Area Aid application before any other entitlements. If Set-aside Entitlements are not claimed and have not been sold or leased out, then a sanction will apply.

If a farmer with Set-aside Entitlements sells or leases his/her entitlements to another farmer, the buyer/lessee is obliged to continue the obligations attaching to the set-aside.

### c) Entitlements subject to Special Conditions

These are entitlements that will be established for farmers who received direct payments during the reference period but have no land or have a relatively small number of eligible hectares and a large Single Payment that would result in the unit value of each entitlement exceeding an upper limit of €5,000.

An Example of this is a farmer with 10 hectares but whose gross Single Payment amounts to €75,000. A division of that €75,000 by the 10 hectares gives a unit value of €7,500 for each entitlement.

As the maximum unit value of each entitlement is set at €5,000, the entitlements will be established as follows :

- a) 10 Standard Entitlements @ €5,000 each,
- b) 5 Special Entitlements @ €5,000 each.

The Special Entitlements are subject to the following conditions :

- a) that the farmer maintains at least 50% of the agricultural activity exercised in the reference period expressed in Livestock Units. This means, for example, that if all his/her Single Payment resulted from the Slaughter Premium in the reference years, s/he would have to continue to slaughter 50% of the number of animals that were used to establish his/her Single Payment calculated pro rata to the number of special entitlements.
- b) If s/he transfers all those Special Entitlements, the transferee may undertake to continue the obligations in relation to the continuity of agricultural production entered into by the seller/lessor in order to receive the Single Payment, or, have an eligible hectare for each payment entitlement.
- c) In the case of a partial transfer of Special Entitlements, the transferee must have an eligible hectare for each payment entitlement in order to draw down payment.

## G)

### Deductions from Entitlements

The value of entitlements established will be subject to certain reductions.

These are :

- a) a percentage reduction from each single payment. This will only apply if the sum of individual entitlements exceeds Ireland's financial ceiling of €1,322 million (including Dairy Premium).
- b) a reduction of up to 3% from each single payment to establish a National Reserve. The exact percentage reduction has not yet been decided.
- c) a 3% - 5% reduction for modulation - Modulation is a process whereby funds are diverted from the Single Payment Scheme to Rural Development measures. The main Rural Development Measures currently operating in Ireland are Disadvantaged Areas Compensatory Allowance, Early Retirement Scheme, REPS and Forestry. These and related measures are outlined in the CAP Rural Development Plan 2000 – 2006. European Council Regulation 1783/03 also provides that additional rural development measures may be introduced in the areas of (a) food quality (b) meeting standards and (c) animal welfare. The modulation reduction for 2005 will be 3% increasing to 4% in 2006 and 5% in 2007.

Some €34m or 85% of the money generated by modulation in 2007 will remain in Ireland for spending on Rural Development Measures.

While deductions will be made from every farmer's Single Payment initially, a refund of the modulation deduction will be made in respect of the first €5,000 (or less where appropriate), of each Single Payment. The refund of modulation is also subject to a financial ceiling. See under 'National Ceiling' at Appendix 4.

No decisions have yet been made on how the modulated funds will be spent in Ireland.

The deductions set out above will also apply to the de-coupled Dairy Premium – see Section N.

An example of how the deductions will be effected is as follows :

In this example, a farmer has had 120.65 gross entitlements established each with a unit value of €230.86 to give a gross Single Payment of €27,853.63.

EXAMPLE	Number of entitlements	Unit Value	Reduction	Reduced Unit Value	Total Value
Gross Entitlements	120.65	230.86			27,853.26
Less 3% Reduction for National Reserve *	120.65	230.86	6.93	223.93	27,017.15
<b>Position before modulation reductions are made</b>	<b>120.65</b>	<b>223.93</b>	<b>—</b>	<b>—</b>	<b>27,017.15</b>
Less 3% Modulation Reduction in 2005	120.65	223.93	6.72	217.21	26,206.39
<b>NETT entitlements 2005</b>	<b>120.65</b>	<b>—</b>	<b>—</b>	<b>217.21</b>	<b>26,206.39</b>
Less 4% Modulation reduction on €223.93 in 2006	120.65	223.93	8.96	214.97	25,936.13
<b>NETT entitlements 2006</b>	<b>120.65</b>	<b>—</b>	<b>—</b>	<b>214.97</b>	<b>25,936.13</b>
Less 5% Modulation reduction on €223.93 in 2007	<b>120.65</b>	<b>223.93</b>	<b>11.20</b>	<b>212.73</b>	<b>25,665.87</b>
<b>NETT entitlements 2007</b>	<b>120.65</b>	<b>—</b>	<b>—</b>	<b>212.73</b>	<b>25,665.87</b>

\* to be decided.

Note: A further reduction may be required if the sum of entitlements exceeds the financial ceiling.

## H)

## Activating Entitlements

**Farmers should note particularly, that, except in cases of force majeure or exceptional circumstances, if a valid Area Aid/Single Payment application is not made in 2005, any entitlements established for that farmer will be returned immediately to the National Reserve.**

In order to maximise payment in 2005, each farmer must activate all the entitlements established for him/her.

In order to activate entitlements, the farmer for whom entitlements have been established must apply for the Single Payment Scheme and submit a valid Area Aid application in 2005. The Area Aid application will also incorporate an application for the Single Payment. The minimum amount of land on which a farmer may submit an Area Aid application in 2005 is 0.3 hectares. This will generate 0.3 of an entitlement.

In general, a farmer must have one eligible hectare for each payment entitlement. - see Section I.

If a farmer for whom 100 entitlements have been established submits an Area Aid application in 2005 on only 10 hectares, s/he will only receive payment in respect of 10 entitlements. However the unused entitlements will not be returned to the National Reserve but this farmer preserves his/her right to activate his full entitlements over the next two years i.e. 2006 and 2007 - see Section J.

## **D) Consolidating (Stacking) Entitlements**

The requirement that individual farmers need to have 100% of the average land area that they had during the reference period would have resulted in serious problems for those Irish farmers who, for specific reasons, declare less lands in 2005 or subsequent years, than the average area of land that they farmed during the reference period. Under the provisions of the EU Regulation a Member State may now make use of its National Reserve in order to consolidate payment entitlements for certain categories of farmers on the actual number of hectares of land farmed in 2005. This entails surrendering the original entitlements to the National Reserve in exchange for a lower number of entitlements with a higher unit value in the framework of a programme to be established. The overall value of the Single Payment is not affected.

The farmer must declare all the hectares available to him/her in 2005 and the total area declared must be equal to at least 50% of the average area declared during the reference period. The farmer may apply for the concession in 2005 and/or in subsequent years provided that s/he continues to declare each year at least 50% of the land area farmed during the reference period. This provision will be beneficial to those farmers who are contemplating afforestation in 2005 or subsequent years.

**Applications to have entitlements consolidated (stacked) will be accepted at the time of lodging 2005 Single Payment applications.**

**It should be noted that the concessions relating to consolidating entitlements cannot be applied to any farmer who declares fewer hectares than entitlements because s/he disposed of land by way of sale or lease other than sale of land to a public authority for non-agricultural use.**

The provisions may be applied to the following categories of farmers:

- Farmers who have afforested some of their land since the beginning of the reference period;
- Farmers who have disposed of land to a Public Authority for non-agricultural use;
- Farmers who had land leased/rented in during the reference period but the lease/rental agreement has since expired, and ;
- Farmers who declared lands situated in Northern Ireland during the reference period.

**Where a farmer benefits from this concession all of his/her consolidated payment entitlements will be regarded as having come from the National Reserve. The entitlements concerned cannot be sold or leased out for 5 years from the year of allocation and the farmer must use all his/her entitlements himself/herself each year for a period of 5 years otherwise any entitlements not used will revert to the National Reserve.**

## **Examples of Consolidation of Entitlements**

**Example A :** A farmer with 100 hectares and 100 entitlements at €10 each, plants 20 hectares in forestry in 2004. S/he consolidates, in 2005, the 100 entitlements @ €10 and receives 80 entitlements at €12.50.

S/he plants a further 15 hectares in 2006. S/he may now consolidate the 80 entitlements @ €12.50 and receive 65 entitlements @ €15.38.

However, s/he may not consolidate entitlements where the eligible land (i.e. the land which has not been planted) falls below 50 hectares i.e. less than 50% of the average area farmed in the reference period.

**Example B:** A farmer runs a 150 hectare farm, s/he owns 50 hectares and s/he rents in 100 hectares. This land was declared on area aid applications during the reference period. In 2006 the lease for the 100 hectares expires and s/he can no longer lease it. To draw his/her full entitlements s/he only needs to lease in or buy 25 hectares and this will bring his/her total land area up to 75 hectares – which is 50% of the average area s/he declared during the reference period. S/he can consolidate all his/her entitlements on the 75 hectares.

**Example C:** A farmer owns 100 hectares of land including 10 hectares of mountain – all land in the More Severely Handicapped Area. This land was declared on area aid applications during the reference years. The land was stocked with 150 ewes, 30 suckler cows (including 5 calved heifers) and weanlings were sold without premium. The farmer qualifies for the high rate Extensification Premium of €80 on each of his/her suckler cows. The full entitlement is therefore approx. €14,000 or €140 per hectare before deductions for the national reserve and modulation. This farmer can now plant 50 hectares under forestry and then apply to have his/her entitlements consolidated on the remaining 50 hectares. The average rate of payment for the forestry is €390 per hectare tax-free for 20 years. So the full payment per year is now €14,000 (less deductions for National Reserve and Modulation) built up from the cows and sheep plus €19,500 from the area under forestry – which gives a total of €33,500 per year. In addition, the farmer will qualify for Disadvantaged Areas Compensatory Allowance on the 10 hectares of mountain (if not planted with forestry) @ €101.58 per hectare and 35 hectares at €88.88 per hectare i.e. an additional €4,126.60. **This farmer is €19,500 better off as a result of the concession.**

**Example D:** A farmer owns 50 hectares. S/he has 20 hectares under forestry and 30 hectares of forage submitted for area aid during each of the three reference years. S/he can now plant an extra 15 hectares. S/he can then draw the forestry premium on the 35 hectares of forestry and consolidate his/her entitlements on the remaining 15 hectares of forage. S/he does not have to plant all of the 15 hectares now. S/he can do so over a number of years provided that s/he continues to declare 15 hectares of eligible land.

## J) Use of Entitlements which were not received from the National

Entitlements, which have not been used for a period of three years, will be transferred to the National Reserve.

For example, in the case of a farmer who has had 100 entitlements established, activates 60 in the first year, 80 in the second year and 70 in the third year, the 20 entitlements that were never activated in any of the three years will be transferred to the National Reserve.

It also means that entitlements that have not been used for two years by Farmer A are sold to Farmer B, he, Farmer B, must use them in the third year otherwise they will be transferred to the National Reserve.

## K) National Reserve

The EU regulation obliges Member States to reduce individual farmers entitlements by up to 3% in order to create a National Reserve. The Member State may decide to administer the National Reserve at National or Regional level. It is a matter for each Member State to decide what constitutes a region for this purpose. A decision on the percentage reduction to be applied in Ireland for the National Reserve and how the reserve will be administered will be taken in due course by the Minister for Agriculture & Food following consultation with the Social Partner Farm Organisations. The Commission detailed rules regulation sets out the categories of farmers for whom entitlements should be made available from the National Reserve. These include:

- Active dairy farmers who, because of force majeure, will be unable to supply milk during the 2004/2005 milk quota year will, subject to the Department's approval, be entitled to temporarily lease all or part of their quota and benefit from the decoupled Dairy Premium.
- Farmers who inherit, lease or otherwise receive a holding free of charge. In such cases the farmer from whom the holding is obtained must have retired or died before the closing date for receipt of Single Payment applications in 2005. In addition, the holding must have been leased to a third party during the reference period.
- Certain farmers who made investments in production capacity or purchased/leased land before 29 September 2003.
- Farmers who leased land between the end of the reference period and 29 September 2003 where the lease conditions may not be adjusted.
- Farmers who participated in a National Program of conversion of production, during the reference period or before 29 September 2003.

The eligibility of applicants under each category will be decided using objective criteria. In addition, the value of any entitlements to be provided to the above categories of farmers is to be established by the Member State on the basis of objective criteria.



Member States may also decide to use the National Reserve to provide payment entitlements to:-

- farmers who entered farming for the first time after 31 December 2002 or who, while farming in 2002, did not receive any direct payments in that year.

In these cases, the eligibility of applicants will be decided using objective criteria. The value of any entitlements to be provided cannot be greater than the average value of the entitlements for the region concerned.

It is intended to seek applications for the 2005 National Reserve in the second half of 2004 and details will be announced in due course. Allocations to successful applicants will be made before the application period for the 2005 Single Payment Scheme. Further allocations may be made towards the end of 2005, when any entitlements established for farmers who did not submit a valid Single Payment application in 2005 will have been transferred to the National Reserve.

## **L) Use of Entitlements received from the National Reserve**

Entitlements allocated from the National Reserve must be used every year for 5 years from the year of allocation, otherwise the unused entitlements will be returned each year to the National Reserve. Entitlements allocated from the National Reserve cannot be sold or leased out for a period of five years from the year of allocation.

If the allocation from the reserve increases the unit value of a farmer's existing entitlements by more than 20% then all his/her entitlements are treated as having come from the National Reserve and the 5-year usage rule will apply to them. However, if the allocation from the reserve does not increase the unit value by more than 20%, the entitlements are not subject to the 5-year usage rule but they are subject to the standard 3 year rule. - see Section J.

If a farmer receives an allocation of additional entitlements from the reserve then the entitlements that have been allocated from the National Reserve will be recorded separately from any other entitlements and must be used every year for a period of five years from the year of allocation, otherwise any Reserve entitlements not used in each of those five years will be returned each year to the National Reserve.

For example, a farmer, who already holds 10 entitlements, is allocated a further 8 entitlements from the National Reserve in 2006 but uses only 15 entitlements in the first year following the allocation of Reserve entitlements, the three Reserve entitlements not used will be returned to the National Reserve.

If, in 2007, s/he uses only 12 entitlements, a further three Reserve entitlements will be returned to the National Reserve.

If in 2008, s/he uses only 8 entitlements, the remaining two Reserve entitlements will be returned to the National Reserve and s/he will retain her/his own original 10 entitlements.

However, if s/he uses only 8 of his/her 10 entitlements during the following two years i.e. 2009 and 2010, s/he will lose the 2 entitlements that s/he has not used each year during that three year period.

Year	Number of Standard entitlements	Number received from National Reserve	Total number of entitlements available	Number of entitlements used	Number of entitlements returned to National Reserve
2006	10	8	18	15	3
2007	10	5	15	12	3
2008	10	2	12	8	2
2009	10	0	10	8	0
2010	10	0	10	8	2
2011	8	0	8	8	0

## M) Sale and Lease of Entitlements

### Deductions from the sale of entitlements to replenish the National Reserve

The EU regulation provides that Member States may replenish the National Reserve by:

- Up to 50% of the value of entitlements (or 50% of the number of entitlements) sold without land in the first 3 years and up to 30% thereafter.
- Up to 50% of the value of set-aside entitlements sold without land in the first 3 years and up to 30% thereafter.
- Up to 10% of the value of entitlements (or 10% of the number of entitlements) sold with land
- Up to 5% of the value of entitlements (or 5% of the number of entitlements) if the entire holding is sold
- Unused entitlements

There will be no clawback for the reserve where entitlements are sold with or without land to a farmer commencing an agricultural activity or in the case of inheritance.

### Windfall Profit Clause

There is also a separate provision in the EU Regulations under which a Member State may clawback for the National Reserve, a percentage of the entitlements to be established for a farmer who has sold or leased his/her holding or part of it, or sold or leased premium rights (quotas) during the reference period or not later than 15th May 2004.

### Selling Entitlements – General

Entitlements may be sold with or without land to another farmer within the Member State but may only be sold without land if 80% of the entitlements are first activated in one calendar year. Alternatively if 80% of entitlements are not activated in one calendar year, the entitlements may be sold without land if the unused entitlements in 2005 are first surrendered to the National Reserve.

Activated entitlements may be sold at any time during the year but must be notified to the Department within a period to be defined.

Arrangements to facilitate the sale of entitlements will be announced in due course.

### **Sale Contracts agreed before entitlements are activated**

This applies to farmers (including Early Retirement Scheme participants) who received direct payments during the reference period and who have sold or are intending to sell their holdings or part of their holdings before the closing date for receipt of applications under the Single Payment Scheme in 2005.

Under the EU Regulation, a sales contract concluded or modified by the closing date for receipt of applications for the Single Payment in 2005 which includes a clause stipulating that the entitlements are to be sold to the buyer of the land can be regarded as a valid sale of the entitlements provided:

- The buyer, as a qualifying farmer, applies on the seller's behalf to establish the entitlements and he/she has explicit authorisation from the seller to do so.
- The buyer applies for the Single Payment and attaches a copy of the sales contract to the application.

In any case the seller shall be an active farmer at the time of the application.

### **Sale of Entitlements with land**

Entitlements may be sold with land. If Set-aside entitlements are sold with land, the purchaser must undertake to continue the obligations to the set-aside land and must claim those Set-aside entitlements before any other entitlements.

### **Sale of Entitlements without land**

Farmers can only sell entitlements without land if:

- a) they have first activated at least 80% of all their entitlements in one calendar year  
This means that if a farmer for whom 100 entitlements have been established, activates 80 of them in one calendar year, s/he may sell all 100 entitlements without land.  
OR
- b) where at least 80% of the entitlements have not been activated in any one year, the farmer must first surrender to the National Reserve those entitlements that have not been activated **in 2005**.

For example, a farmer for whom 100 entitlements have been established, activates 40 of them in 2005, 50 in 2006, and 60 in 2007 may sell them without land provided he/she first surrenders to the National Reserve the 60 entitlements not activated in 2005.

Farmers are reminded however that any entitlements not used for a 3 year period revert to the National Reserve - see Section J.

### **Leasing out Entitlements - General**

Entitlements may be leased out to other farmers within the Member State but they must be accompanied by an equivalent number of eligible hectares. The entitlements and land must be leased to the same farmer.

Activated entitlements may be leased at any time during the year but must be notified to the Department within a period to be defined.

Arrangements to facilitate the leasing of entitlements will be announced in due course.

## Lease Contracts agreed before entitlements are activated

This applies to farmers (including Early Retirement Scheme participants) who received direct payments during the reference period and who have leased out, or are intending to lease out, their holdings or part of their holdings before the closing date for receipt of applications under the Single Payment Scheme in 2005.

A Lease Agreement which is in place by the closing date for receipt of applications for the Single Payment in 2005 may be considered as the lease of the entitlements with land (to the same farmer) if:

- A clause is included in the lease agreement indicating that the farmer intends to lease with the land, the payment entitlements to be established - the number of entitlements may not be higher than the number of hectares leased or being leased.
- The lessor must apply to establish the entitlements (on a special form to be provided) and attach a copy of the lease agreement.
- The lessee applies for Single Payment and attaches a copy of the lease agreement to the application.

On expiry of the lease contract, the entitlements will revert to the lessor who may use them himself/herself or s/he may renew the existing lease contract or continue to lease them with the land to another farmer.

If the lessor in this case is a participant in the Early Retirement Scheme, s/he will not be able to use the entitlements but may continue to lease them out with the land.

N)

## Dairy Premiums

A new Dairy Premium is being introduced from 2004 by way of compensation for the reduction in the intervention price for butter and skimmed milk powder. The National Milk Quota to be taken into account for the Dairy Premium is that which pertained in 1999/2000. This means that about 97% of individual milk quotas will attract the new Dairy Premium.

The premium will be coupled or linked to the milk quota held (owned and leased in) at 31st March 2004. The premium will be de-coupled from the milk quota on 31st March 2005.

The rate of payment used to calculate the premium in 2004 is 5.5c per gallon (1.2c per litre).

An example of the coupled premium in 2004 is as follows:

A farmer with a 40,000 milk quota at 31st March 2004 will receive payment on approx. 97% of that quota at 5.5c per gallon. This gives a premium of €2,134 approx. ( $40,000 \times 97\% \times \text{€}0.055$ ).

The decoupled premium will be paid to farmers who hold a milk quota (owned and leased in) on 31st March 2005. The rate of payment for 2005 will be 11c per gallon (2.4c per litre) rising to 16.6c per gallon (3.6c per litre) in 2006 and thereafter.

When the 2005 premium is established for each farmer, it will be de-coupled from the milk quota and added to any existing single payment entitlements. If there are no existing single payment entitlements, the eligible hectares owned and declared on the 2005 Area Aid/Single Payment application will be used to determine the number of payment entitlements.

The farmer will be free to cease milk production after 31st March 2005. If s/he ceases milk production, s/he will however, retain Single Payment entitlements including that part attributable to the milk quota held at 31st March 2005.

- (1) An example of the decoupled premium for a dairy farmer who received no direct payments during the reference period, is as follows:

A farmer holds a 40,000 gallon milk quota at 31st March 2005 and owns a 30 hectare farm which s/he declares in 2005. Approx. 97% of his/her quota will attract the decoupled premium. In 2005, the premium, before deductions, will be €4,268 (40,000 x 97% x €0.11). This farmer will establish 30 Single Payment entitlements based on the 30 eligible hectares which s/he **owns** in 2005. The value of each of his/her Single Payment entitlements attributable to the milk quota will be €142.27 per hectare (€4,268 divided by 30 hectare). Those entitlements will be increased in value in 2006 to reflect the increased rate of 16.6c per gallon on approx. 97% of the milk quota held on 31st March 2005.

- (2) An example of the decoupled premium for a dairy farmer who received direct payments during the reference period, is as follows:

A farmer who operates a 30 hectare farm with a 40,000 gallon milk quota at 31st March 2005. S/he declared the 30 hectares on his/her Area Aid application each year during the three reference years and was paid Special Beef Premium in those years also. S/he has a Single Payment of €7,500 established in respect of the livestock payments received in the reference years. S/he will as a result, have 30 Single Payment entitlements established at €250 each. However, approx. 97% of his /her milk quota will attract the decoupled premium. In 2005, the premium, before deductions, will be €4,268 (40,000 x 97% x €0.11). The value of each of his/her Single Payment entitlements attributable to the milk quota will be €142.27 per hectare ( €4,268 divided by 30 hectares). Since s/he has 30 existing entitlements, the value per hectare attributable to the milk quota must be added to the value per hectare of the existing entitlements. Therefore s/he will have 30 Single Payment entitlements at €392.27 each (€250 + €142.27). Those entitlements will be increased in value in 2006 to reflect the increased rate of 16.6c per gallon on approx. 97% of the milk quota held on 31st March 2005.

## O) Land Use under the Single Payment Scheme

Under the Single Payment Scheme, farmers are free to use their land for any agricultural activity. However, only land under forage and arable crops (including sugar beet) can be used to activate entitlements. Land under forestry, potatoes, fruit and vegetables cannot be used to activate entitlements.

The land used to activate entitlements must be available to farmers for a minimum period of 10 months commencing at any time between 1<sup>st</sup> September of the year immediately preceding the year of application and 30<sup>th</sup> April of the year of application for the Single Payment Scheme.

Farmers participating in the Single Payment Scheme are required to keep their land in good agricultural and environmental condition - see Appendix 2.

Farmers are also required to comply with certain Statutory Management Requirements - see Appendix 3.

### Maintenance of land under permanent pasture at National level.

The EU regulation provides that the ratio of land under permanent pasture to the total agricultural area in 2003 should not decrease by more than 10%.

## P)

## On Farm Checks and Controls

### Eligibility checks

Under EU Regulations, each Member State is obliged to carry out a minimum number of on-farm checks each year to establish eligibility for the Single Payment Scheme. A minimum of 5% of farmers will be subject to on-farm checks annually. The inspection approach in relation to eligibility checks will be similar to the annual Area Aid inspections carried out up to now and some of these checks will be carried out by way of remote sensing.

### Cross-Compliance checks

Farmers in receipt of the Single Payment Scheme are also obliged to comply with the 18 Statutory Management requirements listed in Appendix 3 and they are obliged to keep their land in good agricultural and environmental condition. It will be necessary to inspect 1% of farmers in relation to compliance with Statutory Management Requirements with the exception of the Directive governing identification and registration of animals where 5% must be inspected.

The Department is in the process of drawing up a control system for cross-compliance. It is the policy of the Department to limit the number of on-farm checks to the minimum. It is difficult to estimate the precise number of inspections overall but there will be a significant reduction on the current number of on-farm checks which are approaching 20,000 per year.

### Sanctions

The EU Regulations provide for sanctions to be applied where breaches of cross-compliance are detected. The level of sanction is set out as a general rule, at 3% which may be lowered to 1% or increased to 5% depending on the extent, severity and permanence of the level of non-compliance. If there is a repeat finding of the same non-compliance there is provision for increasing the sanction by a factor of three. Where intentional non-compliance is determined there is provision for a sanction of 20% of the total amount payable and, depending on the severity of the breach, a sanction of 100% is foreseen.

### Consultation with interested parties

The Department is in the process of developing a system of on-farm checks that will be acceptable to the European Commission. In this context full consultation will take place with interested parties and the intention is that individual farmers will be informed about the minimum standards that they will be expected to meet under the various directives including the requirement to keep land in good agricultural and environmental condition.

### Stocking Density

There is no minimum stocking density requirement for the Single Payment Scheme as long as the land is kept in good agricultural and environmental condition or where a minimum stocking density is a specific requirement under an Agri-Environment Plan. However, farmers with land in Disadvantaged Areas should note that a minimum stocking density of 0.15 livestock units per hectare is required in order to be eligible for payment under the Disadvantaged Areas Compensatory Allowance Scheme.

**Q)****Payment Arrangements**

Under the European Council Regulation, payment is to be made in full between 1<sup>st</sup> December of the year of application and the 30<sup>th</sup> June of the following year.

However, there is provision for making advance payments before 1<sup>st</sup> December in circumstances to be decided by the EU Commission.

Refunds, or where appropriate, partial refunds, of modulation deductions will be made before 30th September of the year following the year concerned.

Payments under the coupled 2004 Dairy Premium will commence on 1<sup>st</sup> December 2004.

**R)****Appeals Procedures****a) Appeals relating to entitlements**

The Minister for Agriculture and Food announced the establishment of an independent Single Payment Appeals Committee in February 2004.

The Appeals Committee, which will be chaired by an independent Chairperson and will comprise four officers from the Agriculture Appeals Office, will consider appeals relating to the setting up of the Single Payment Scheme including appeals against decisions relating to Force Majeure, New Entrants and National Reserve.

Appeals should be addressed to;

**The Secretary  
Single Payment Appeals Committee  
Kilminchy Court,  
Portlaoise,  
Co. Laois**

**Lo-Call: 1890-671671  
Telephone : 0502- 67167/67169**

**b) Appeals relating to eligibility and cross compliance**

Once the new scheme is established, a farmer who is unhappy with a decision made by the Department may appeal to the Agriculture Appeals Office in the normal way. Appeals should be addressed to:

**Agriculture Appeals Office,  
Kilminchy Court,  
Portlaoise,  
Co. Laois**

**Lo-Call: 1890-671671  
Telephone : 0502- 67167/67169**

Term	What it Means
<b>Farmer</b>	A farmer means a natural person, over 18 years of age, or a legal person, or a group of natural or legal persons, whatever legal status is granted to the group and its members by national law, whose holding is situated within the territory of the European Union and who exercises an agricultural activity.
<b>Holding</b>	A holding means all the production units managed by a farmer situated within the territory of the same Member State.
<b>Agricultural Activity</b>	An agricultural activity means the production, rearing or growing of agricultural products including harvesting, milking, breeding animals and keeping animals for farming purposes or maintaining the land in good agricultural and environmental condition.
<b>Farmer Commencing an Agricultural Activity</b>	This means a person who did not have any agricultural activity in his/her own name and at his/her own risk in the 5 years preceding the start of the agricultural activity.
<b>Eligible Land</b>	Eligible land is land which <b>can</b> be used to activate entitlements. It includes land used for grazing, silage, hay etc. (i.e. forage) and land under arable crops and sugar beet.
<b>Ineligible Land</b>	Ineligible land is land which <b>cannot</b> be used to activate entitlements. It includes land under permanent crops (such as forestry), potatoes, fruit and vegetables.
<b>Arable Land</b>	Land which was ploughed for crop production in the previous 5 years.
<b>Permanent Pasture</b>	Land which was not ploughed for crop production in the previous 5 years.
<b>Good Agricultural and Environmental Condition</b>	See Appendix 2
<b>Force Majeure/ Exceptional Circumstances</b>	Circumstances outside the farmer's control which s/he could not have foreseen and which s/he, as a prudent farmer, took all reasonable precautions to avoid. See – Section E.
<b>Financial Ceiling</b>	The maximum amount of money allocated by the EU for a specific purpose - See Appendix 4.



**Exceptional Circumstances**

**Q1** I was in hospital in 2001 and, as a result, my stock numbers were lower in that year than in 2000 and 2002. What is my position ?

**A1** If you have not already applied for consideration under Force Majeure (closing date was 6<sup>th</sup> February 2004) you will have another opportunity to have your case considered later in 2004 following the issue of Statements of Provisional Entitlements - see Section E.

**Q2** Relative to the question above, if my application for force majeure is accepted, how will that affect my entitlements ?

**A2** If your application for force majeure is accepted, your entitlements will be calculated on the basis of the years 2000 and 2002 only. This means that all Livestock and Premia payments made to you in 2001, across all schemes, will not be included in the calculation of the Single Payment.

For example, if you had to reduce your ewe numbers from 100 to 40 in 2001 because of illness, then the average ewe numbers will be calculated using the years 2000 and 2002 only. So if you were paid on 100 ewes in 2000, 40 in 2001 and 100 in 2002, instead of taking the average over the three years i.e.  $(100 + 40 + 100) \div 3 = 80$ , the average over the two years 2000 and 2002 is taken which gives an average of 100 i.e.  $(100 + 100 \div 2 = 100)$ .

**Retirement Cases**

**Q3** I joined the Early Retirement Scheme in 1996 and will complete my participation in that scheme in 2005. Will I have entitlements in 2005 ?

**A3** As you did not actively farm during the reference years 2000, 2001 and 2002, you will not have any entitlements established for you.

**Q4** In relation to Question 3, I had leased the land to a neighbour who farmed it during the reference period. The lease will expire in January 2005. My daughter has now inherited the land, what entitlements can she claim ?

**A4** Since you were not farming in the reference years, you will not have any entitlements established for you. However, because your daughter has inherited a holding which was leased to a third party during the reference period, she may be eligible to obtain an allocation of entitlements from the National Reserve provided she meets the objective criteria to be defined - see Section K.

**Q5** I joined the Early Retirement Scheme in January 2002. Will I have entitlements based on the years 2000 and 2001? If so, what will happen to those ?

**A5** You will have had entitlements established for you in respect of the years 2000 and 2001, if you were in receipt of direct payments in those years.

- a) If your farm has been inherited by another farmer he/she will also inherit the entitlements established for you - see Section D.
- b) If your farm has been leased to another farmer, the entitlements may be leased to him/her provided the lease agreement in place in 2005 includes a clause stipulating that the entitlements are leased with the land - see Section M.

**Q6 I got out of farming in 2002 and leased my land but I did not join the Early Retirement Scheme. What is my position ?**

**A6** Your position is similar to that set out in the answer 5 (b) above. However, when the lease agreement expires you could:

- resume farming in your own right using your own entitlements or,
- since you did not join the Early Retirement Scheme, you can activate your own entitlements in 2005 by using other land and by submitting an Area Aid/Single Payment application in that year.

### **Inheritance**

**Q7 My uncle died in 2002 and I inherited his farm. What is my position with regard to his entitlements ?**

**A7** You will inherit the entitlements established for your uncle. If you were already farming in your own right during the entire reference period, you will also have your own entitlements. You will then have two sets of entitlements most likely with a different unit value for each set.

If you commenced farming for the first time during the reference years, you may either :

1. Inherit the entitlements or,
2. Request to be treated as a New Entrant to farming

The more beneficial of the two options will apply - see Section D.

### **Consolidating (Stacking) Entitlements**

**Q8 I leased in 40 hectares during each of the three reference years and I also had 40 hectares of my own. The lease has now expired and the land will not be available to me in 2005. What is my position ?**

**A8** You will have 80 entitlements established for you based on the average hectares declared during the reference period. However, since you have not disposed of any land by sale or lease, and if you declare only 40 eligible hectares on your 2005 Area Aid application, you will be eligible to have your entitlements consolidated on the 40 hectares which you own - see Section I.

**Q9 I declared an average of 100 hectares in the reference period. I sold 20 hectares in 2003 to the Local Authority for road widening. I bought in 10 hectares in 2004. Can I stack my entitlements?**

**A9** You must declare the full 90 hectares available to you in 2005. Your 100 entitlements can then be consolidated on those 90 hectares because you disposed of land to a Public Authority for non-agricultural use.

**Q10 I declared an average of 100 hectares in the reference period. I sold 20 hectares in 2003 to the Local Authority for road widening and sold 10 hectares to my son. I bought in 10 hectares in 2004. Can I stack my entitlements?**

**A10** Yes.

## **Merging of two or more holdings into one new holding**

Q11 My brother and I farmed separately during the reference period and have now decided to form a partnership under one herdnumber. How will this affect our individual entitlements?

A11 In this case the entitlements established for each of you will be amalgamated on request and should then be claimed under the partnership herdnumber.

## **Splitting of one holding into two or more holdings:**

Q12 I farmed during the reference period with my son and have since divided my farm between myself and my son who has received his own herdnumber. He will receive by lease an outlying area which will be a completely separate enterprise from the home farm which I will retain. I want my son to get some of my entitlements. How will we be treated under the new system?

A12 Your son can, on request, receive a number of entitlements established for you, equivalent to the number of hectares he received from you. The number of your entitlements will be reduced accordingly.

## **Sale/Lease of Land in 2004**

Q13 I farmed during the reference period but I have got into bad health and I want to sell or lease my farm in 2004. Can I also sell or lease my entitlements with the land?

A13 Yes you may sell or lease your entitlements with your land in 2004 – please see paragraphs on Sale Contracts and Lease Contracts in Section M.

## **Dairy Premium**

Q14 I have a farm in two lots comprising a suckler enterprise and a small dairy enterprise. I want to transfer free of charge the suckler enterprise to one son and the dairy enterprise to the other son. Can I transfer the entitlements relating to the suckler enterprise to one son and the dairy premium entitlements to the other son?

A14 If you transfer the milk quota and part of the holding to one son now, he will establish the decoupled Dairy Premium as he will hold the milk quota on 31st March 2005. He will also inherit a number of entitlements from you equal to the number of hectares transferred to him. Your other son will inherit the remaining entitlements equal to the number of hectares transferred to him.

You have the option of waiting to activate your own entitlements in 2005 including those attributable to the milk quota. You could then transfer the land as you intended originally and do a separate transfer of the entitlements when you know the exact value of each. **Each son will have to have sufficient land to cover the total number of entitlements.**

## **Special Payment Entitlements**

Q15 Is there a land requirement for activating the Special Entitlements?

A15 In principle, no. If the farmer buys or leases an equivalent number of hectares, he may request that the Special Entitlements be converted to Standard Entitlements or he may retain them as Special Entitlements.

Enquiries relating to

- Force Majeure
- New Entrants
- Provisional Entitlements

Should be addressed to:

**Single Payment Section,  
Department of Agriculture and Food,  
Government Offices,  
Old Abbeyleix Road,  
Portlaoise,  
Co. Laois.  
Telephone: 0502 74400 or  
Lo-Call Number: 1890-200-506**

Enquiries relating to:

- National Reserve
- Consolidating/Stacking Entitlements

Should be addressed to:

**MTR Section,  
Department of Agriculture and Food,  
Michael Davitt House,  
Castlebar,  
Co. Mayo.  
Telephone: 094 9035300 or  
Lo-Call Number :1890-200-507**

# Appendices

## Appendix 1 : The EU Regulations

The EU Regulations governing the implementation of the Mid Term Review are as follows:

### EU Council Regulations

Number	Date Published	Deals with
1782/2003	29 September 2003	General Provisions and the Single Payment Scheme
1783/2003	29 September 2003	Rural Development
1784/2003	29 September 2003	Cereals
1785/2003	29 September 2003	Rice
1786/2003	29 September 2003	Dried Fodder
1787/2003	29 September 2003	Milk and Milk Products
1788/2003	29 September 2003	Levy in Milk Sector

### EU Commission Regulations

Number	Date Published	Deals with

These Regulations are available on the Internet at <http://europa.eu.int/eur-lex/>

## Appendix 2 : Good Agricultural and Environmental Conditions

Issue	Requirement	Standards
Soil Erosion	Protect soil through appropriate measures	<ul style="list-style-type: none"> <li>- Minimum soil cover</li> <li>- Minimum land management reflecting specific conditions</li> </ul>
Soil Organic Matter	Maintain soil organic matter levels through appropriate practices	<ul style="list-style-type: none"> <li>- Standards for crop rotation where applicable</li> <li>- Arable stubble management</li> </ul>
Soil Structure	Maintain soil structure through appropriate measures	<ul style="list-style-type: none"> <li>- appropriate machinery use</li> </ul>
Minimum level of maintenance	Ensure a minimum level of maintenance and avoid the deterioration of habitats	<ul style="list-style-type: none"> <li>- Minimum livestock stocking rates and/or appropriate regimes</li> <li>- Protection of permanent pasture</li> <li>- Retention of landscape features</li> <li>- Avoiding the encroachment of unwanted vegetation on agricultural land</li> </ul>

### Appendix 3 : Statutory Management Requirements

#### Environment - Applicable from 1<sup>st</sup> January 2005

	EU Directive/Regulation	Relevant Articles	Deals with
1	Council 79/409/EEC	3, 4(1), (2), (4), 5, 7, 8	Conservation of wild birds
2	Council 80/68/EEC	4 and 5	Protection of ground water against pollution caused by certain dangerous substances
3	Council 86/278/EEC	3	Protect of the environment, especially of soil, where sewage sludge is used in agriculture
4	Council 91/676/EEC	4 and 5	The protection of waters against pollution caused by nitrates from agricultural sources
5	Council 92/43/EEC	6, 13, 15, 22(b)	Conservation of natural habitats of wild flora and fauna

#### Public and Animal Health :

#### Identification and registration of Animals - Applicable from 1<sup>st</sup> January 2005

	EU Directive/Regulation	Relevant Articles	Deals with
6	Council 92/102/EEC	3, 4 and 5	Identification and registration of animals
7	Commission 2629/97	6 and 8	Rules for the implementation of Council Reg 820/97 as regards eartags, holding registers and passports for the registration and identification of bovine animals
8	Commission 1760/2000	4 and 7	Establishing a system for the identification and registration of bovine animals as regards the labelling of beef and beef products

#### Public Animals and Plant Health - Applicable from 1<sup>st</sup> January 2006

	EU Directive/Regulation	Relevant Articles	Deals with
9	Council 91/414/EEC	3	The placing of plant protection products on the market
10	Council 96/22/EEC	3, 4, 5 and 7	The prohibition of the use in stockfarming of certain substances having a hormonal or thyrostatic action of beta-agonists
11	Regulation EC 178/2002	14, 15, 17(1), 18, 19, 20	The general principles and requirements of food law,

			establishing the European Food Safety Authority and laying down procedures in the matter of food safety
12	Regulation EC 999/2001	7,11,12,13, and 15	Rules for the prevention, control and eradication of certain transmissible spongiform encephalopathies

**Notification of Diseases** - Applicable from 1<sup>st</sup> January 2006

	EU Directive/Regulation	Relevant Articles	Deals with
13	Council 85/511/EEC	3	Measures for the control of Foot and Mouth disease
14	Council 92/119/EEC	3	Measure for the control of certain animal diseases and specific measures relating to swine vesicular disease.
15	Council 2000/75/EC	3	Specific provisions for the control and eradication of bluetongue.

**Animal Welfare** - Applicable from 1<sup>st</sup> January 2007

	EU Directive/Regulation	Relevant Articles	Deals with
16	Council 91/629/EEC	3 and 4	Minimum standards for the protection of calves
17	Council 91/630/EEC	3 and 4(1)	Minimum standards for the protection of pigs
18	Council 98/58/EC	4	The protection of animals kept for farming purposes

**Appendix 4 : National Ceilings**

National Ceiling for Single Payment Scheme : € millions

Year	2005	2006	2007 and following years
Ceiling	1,322*	1,322	1,322

\* includes de-coupled dairy Premium

National Ceiling for Refund of Modulation Funds : € millions

Year	2005	2006	2007 and following years
Ceiling	15.3	20.4	25.5

## Appendix 5 : Sample of Entitlements Calculation

Standard Entitlements Calculation:								
No of Animals paid on in reference Years								
Schemes	2000	2001	2002	Total	Average	2002 Rate	Single Payt.	
Special Beef 1 <sup>st</sup> Age	19	0	0	19	6.33	150	949.50	
Special Beef 2 <sup>nd</sup> Age	7	4	11	22	7.33	150	1099.50	
Special Beef Bulls	0	1	0	1	0.33	210	69.30	
Suckler Cow	31.1	21.1	31.1	83.3	27.76	224.15	6222.40	
Ewe Premium	235	210	200	645	215	21	4515.00	
Rural World Premium	235	210	200	645	215	7	1505.00	
Extensification <1.4	57.1	26.1	42.1	125.3	41.76	80	3340.80	
Extensification < 1.8						40		
Slaughter premium	17	15	6	38	12.66	80	1012.80	
<b>Nat Env Top Ups</b>								
Ewe Premium	-	-	200	200	200	1.26	252.00	
Dry Heifer	The three year average of the amount of money paid to each farmer is used in respect of the National Envelope Top Up for the Dry Heifer, Calved Heifer and Heifers Slaughtered.							387.50
Calved Heifer								448.00
Heifers Slaughtered								142.06
Total for Livestock Premium Schemes							<b>19,943.86</b>	
<b>ARABLE AID</b>	Hectares	Hectares	Hectares	Total	Average	Rate		
Cereals, Linseed, Non-Compulsory Set Aside	20.65	20.65	20.65	61.95	20.65	383.04	7,909.77	
Total for Arable Aid	20.65	20.65	20.65	61.95	20.65		7,909.77	
<b>TOTAL</b>							27,853.63	
His/her eligible farm hectares for the Reference Period were :								
Year	2000	2001	2002	Total	Average			
Forage hectares	90	110	100	300	100			
Arable hectares excl. Compulsory Set-aside	20.65	20.65	20.65	61.95	20.65			
Total hectares	110.65	130.65	120.65	361.95	120.65			
The total Single Annual Payment shown above <b>excluding</b> Compulsory set-aside is divided by his/her average total hectares to give 120.65 Standard Entitlements at €230.86 each ( €27,853.63 ÷120.65 = €230.86)								
<b>Set-Aside Entitlements Calculation:</b>								
<b>ARABLE AID - Compulsory Set-Aside</b>								
	Hectares 2000	Hectares 2001	Hectares 2002	Total Hectares	Average	Rate	Single Payment	
Compulsory Set-Aside	2.29	2.29	2.29	6.87	2.29	383.04	877.16	
S/he has 2.29 Set-aside Entitlements at €383.04 each.								
S/he has, therefore, 120.65 standard entitlements valued at €230.86 each before deductions are applied and 2.29 Set-aside entitlements at €383.04 each. <b>The farmer's gross Single Annual Payment before any deductions are applied is therefore €28,730.79 (i.e. €27,853.63 + €877.16 )</b>								



**Appendix 6 : Blank Entitlements Calculation Form**

Standard Entitlements Calculation: No of Animals paid on in reference Years								
Schemes	2000	2001	2002	Total	Average	2002 Rate	Single Payt.	
Special Beef 1 <sup>st</sup> Age						150		
Special Beef 2 <sup>nd</sup> Age						150		
Special Beef Bulls						210		
Suckler Cow						224.15		
Ewe Premium						21.00		
Rural World Premium						7.00		
Extensification <1.4						80		
Extensification < 1.8						40		
Slaughter premium						80		
<b>Nat Env Top Ups</b>								
Ewe Premium						1.26		
Dry Heifer	The three year average of the amount of money paid to each farmer is used in respect of the National Envelope Top Up for the Dry Heifer, Calved Heifer and Heifers Slaughtered.							
Calved Heifer								
Heifers Slaughtered								
<b>Total for Livestock Premium Schemes</b>								
<b>ARABLE AID</b>	Hectares	Hectares	Hectares	<b>Total</b>	Average	Rate		
Cereals, Linseed, Non-Compulsory Set Aside						383.04		
Total for Arable Aid								
TOTAL								
His/her eligible farm hectares for the Reference Period were :								
Year	2000	2001	2002	Total	Average			
Forage hectares								
Arable hectares								
Total hectares								
The gross Single Annual Payment <b>excluding</b> Compulsory set-aside is divided by the average total hectares to give a number of Standard Entitlements at € - - - each.								
Set-Aside Entitlements Calculation:								
<b>ARABLE AID - Compulsory Set-Aside</b>								
	Hectares 2000	Hectares 2001	Hectares 2002	<b>Total Hectares</b>	Average	Rate	Single Payment	
Compulsory Set-Aside						383.04		