

Basic payments –

James McDonnell
Financial specialist,
Teagasc Rural Economy
Development Programme.



Direct payments (under the Basic Payment Scheme) have made an enormous contribution to family farm incomes over the last few decades. The future will be no different. In this article, I will provide some pointers to help you to complete this year's application. I will also include some information on the next CAP agreement, so that you can prepare for the next five years at least.

The Basic Payment form contains within it applications for other schemes, for example, the Areas of Natural Constraint (ANC) scheme, Young Farmer Scheme (YFS), Straw Incorporation Scheme, Protein Aid, GLAS and Organics, so it is important that you have all the relevant documents to hand when you are completing the application form.

If you have not done so already, you will soon receive a copy of maps and plots that you included in your 2021 application from the Department of Agriculture, Food and the Marine (DAFM). It is important that you check these documents carefully and note any changes that you wish to make on the 2022 application.

Maximise your payments

Table 1 demonstrates the importance of direct payments to Irish farming families. The average contribution in 2020 was 70% of the farming income. However, if we look at dry stock enterprises, it often makes up well over 100% of income.

This means that some of the money received in the form of direct payments was subsidising the farm business, demonstrating that the farm enterprise made a loss in 2020.

If we look back over a number of



years, the picture is no different. These figures make stark reading. It is important that we think about our own future in farming, as there are some significant challenges for the industry ahead.

Even on profitable dairy units, the direct payment makes up a significant proportion of the farm income, so it is important that you maximise the direct payments that are available. If you wish to discuss your finances in detail, please contact your local advisor.

The 2022 BPS application

If you are getting your advisor to complete the application form, you should prepare well for the meeting

to get the most out of the limited time available. The vast majority of farmers will meet their advisor in person.

If there are to be any changes to the farming operation, it is worth having a short chat with the advisor ahead of the appointment, in case you need to prepare anything extra (for example, making a name change to the herd number).

You may wish to discuss other issues, so make a list of items for discussion. This will ensure that both you and the advisor get the most from the consultation.

You may also want to review your farm plan, farm finances, increase the amount of silage conserved, or plan an investment. If you need to make

Table 1: Direct payments as a percentage of Family Farm Income*.

Enterprise	2020	Range (2015 – 2020)
Dairy	28	23 – 38
Cattle rearing	157	109 – 157
Cattle other	113	101 – 129
Sheep	105	143 – 105
Tillage	79	55 – 84
National average	70	57 – 77

*Family Farm Income (FFI) is the return from farming for farm family labour, land and capital. It is the principal measure of income used in the Teagasc National Farm Survey (NFS) Figures provided by NFS.

focus on them now



of the application up until the end of May. Reasons for making an amendment include:

- Correcting an obvious error (minor clerical error).
- Adding or deleting a parcel.
- Change of use of a parcel.
- Ticking/un-ticking the ANC box.
- Ticking of the YFS box (where applicable).

DAFM will acknowledge receipt of changes in writing.

The next CAP 2023 – 2027

Proposals for the next CAP have been published and are with the EU for approval.

The BPS entitlements will be replaced by a Basic Income Support Scheme (BISS). This is based on a slight recalculation of the existing entitlements.

- Convergence will continue, bringing the minimum entitlement up to 85% of the average.

- There will be a new environmental element called 'Eco Scheme' to partially replace greening.

- A scheme called the Complementary Redistributive Income Support for Sustainability (CRISS) will redistribute CAP funds from larger farms to medium and smaller ones. This will be paid on the first 30ha of each application.

- A National Reserve will also be provided and will allocate entitlements in a similar way to the current scheme.

- A new YFS called Complementary Income Support for Young Farmers (CISYF) will increase the payment to young farmers significantly. The expected payments will be between €160 and €190 per hectare for five years on a maximum of 50 eligible hectares

Table 2 shows the approximate figures for three categories of farmers by 2026. These figures are provisional and based on the proposed CAP strategic plan. They may change slightly once the final calculations are completed by DAFM.

a further appointment as a result of your discussion, you should do so immediately.

Common errors

- Not informing the advisor that the ownership of the herd number is changing.
- Not stating that a lease of entitlements was not renewed when it expired in the previous year.
- Forgetting to reapply for the Young Farmer Scheme (tick box/new application if no tick box).
- Forgetting to add on extra land.
- Not following up with the auctioneer when leasing out entitlements.

Farm succession

I have received many queries on this

topic recently. It is important that every farmer has thought about farm succession. The first step is to write a will. This is an insurance policy against a lengthy legal rigmarole for your family should you pass on intestate (i.e without having made a will).

Have a conversation with your advisor about farm succession. Succession is a complex area with lots to be considered, mostly around tax and government supports. There are some good supports for young farmers in the YFS and National Reserve (NR).

Deadlines

The deadline for all schemes (BPS, NR and YFS) is Monday 16 May 2022. As has occurred in other years, amendments can be made after submission

Table 2: The current (2022) and future (2026) direct payments for three categories of farm (€).

Scheme Name	Minimum	Average	Maximum
BPS	110	179	472
Greening	48	79	208
Total	158	258	680
BISS	145	165	285
CRISS (max 30ha)	44	44	44
Eco	63	63	63
Total	252	272	365