

## EXPLANATORY MEMORANDUM TO

### The Less Favoured Area Compensatory Allowances (Amendment) Regulations (Northern Ireland) 2009

2009 No. 206

#### 1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of Agriculture and Rural Development to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under section 2(2) of the European Communities Act 1972 and is subject to the negative resolution procedure.

#### 2. Purpose

- 2.1. These Regulations amend Regulations in 2007, 2008 and 2009 to set increased rates for payment and to also make provision for additional payments in cases where less favoured area compensatory allowances have already been paid in relation to the years 2007, 2008 and 2009.

#### 3. Background

- 3.1. The Less Favoured Area Compensatory Allowances (LFACA) scheme forms part of the Northern Ireland Rural Development Programme (NIRDP) 2007 – 2013.
- 3.2. The LFACA scheme is a compensation measure to support farmers in Northern Ireland's LFA.
- 3.3. Payment under the scheme has two elements. The first element is land based. It pays £40 per hectare in the Severely Disadvantaged Area (SDA), £20 per hectare in the Disadvantaged Area (DA) and £20 per hectare of common land that is in the SDA or DA. An eligibility criterion is that a minimum stocking density is required to be met for each hectare claimed. Farmers achieve this by having suitable numbers of eligible livestock units.
- 3.4. The second element of the payment is a cattle bonus. It is paid to producers who have at least 25% of their eligible livestock units made up from suckler cows or heifers. This makes up for the land element compensating suckler producers to a lesser extent than other livestock farmers. The cattle bonus is 25% of the area payment.
- 3.5. Because of exchange rate fluctuations over the last years the rates given above have had to be revised. Therefore, for eligible 2006 claims (i.e. for the 2007 Scheme year) the revised rates are £41.04 per hectare for SDA and £20.52 per hectare for DA/Common Land; for 2007 eligible claims, they are £40.91 per hectare SDA and £20.45 per hectare DA/Common Land; and, for 2008 eligible claims, they are £44 per hectare SDA and £22 DA/Common Land.
- 3.6. In the Schedule to these Regulations the amounts in column 2 of the substitute schedule at Part III are much less than those in the other

schedules. This is because for the 2007 scheme year two payments were made and it is only one of these payments, the second, 'balance' payment, that is being increased.

- 3.7. The balances to be paid in all years will also include an increase in the cattle bonus where this is due.
- 3.8. No EU programme approvals are needed for the increased and additional payments but the NIRDP Monitoring Committee will be advised.
- 3.9. The Regulations will provide the necessary legislative provision to making the increased and additional payments that are due.

#### **4. Consultation**

- 4.1. There has been no consultation specific to these Regulations. The NIRDP 2007 - 2013, which includes the LFACA scheme, was subject to public consultation.

#### **5. Equality Impact**

- 5.1. During 2002, a full Equality Impact Assessment (EQIA) was conducted on DARD's Less Favoured Area support policy. This included an assessment of the potential effect of the LFACA scheme on the nine categories listed in section 75 of the Northern Ireland Act 1998. The EQIA concluded there was no adverse impact arising from the LFACA scheme on any of the nine categories listed under section 75.
- 5.2. The LFACA scheme, which has not changed significantly since the assessment above, is included under Axis 2 in the NIRDP 2007 - 2013. An EQIA consultation on the programme was completed recently. No differential or negative impacts were raised through the process as being likely to be created by the scheme.
- 5.3. Subsequently, stakeholders have expressed concerns at this outcome and have requested that Axis 2 Measures be re-screened.
- 5.4. In view of this, it has now been agreed to conduct an EQIA of the different elements of Axis 2 of the NIRDP 2007 - 2013, which includes the LFACA scheme.

#### **6. Regulatory Impact**

- 6.1. A Regulatory Impact Assessment has not been prepared for these Regulations as they have no impact in terms of costs on business, charities or voluntary bodies.

#### **7. Financial Implications**

- 7.1. The ways in which these increased and additional payments can be funded are currently being considered.

#### **8. Section 24 of the Northern Ireland Act 1998**

- 8.1. The Regulations deal with compensatory payments for farmers and do not have any human rights implications, nor are they incompatible with EU law. The Regulations are therefore deemed to comply with the requirements of section 24 of the Northern Ireland Act 1998.

**9. EU Implications**

- 9.1. The increased and additional payments will comply with rates set out in the NIRDP 2007 - 2013.

**10. Parity or Replicatory Measure**

- 10.1. Not applicable.

**11. Additional Information**

- 11.1. Not applicable.