



# **SINGLE PAYMENT SCHEME**

## **PROGRAMME FOR THE CONSOLIDATION OF ENTITLEMENTS**



**DEPARTMENT OF AGRICULTURE,  
FRISHERIES AND FOOD**  
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## **1. Background and Objective of Consolidation**

The consolidation (stacking) of entitlements means that in certain circumstances a farmer may give up to the National Reserve his/her own existing entitlements. The farmer is then re-allocated a lower number of entitlements with a higher net value.

Consolidated entitlements are allocated from the National Reserve.

## **2. Legislation Governing the Scheme**

The Consolidation of Entitlements is provided for in Council Regulation (EC) No 73/2009 (previously Council Regulation (EC) No 1782/2003).

In accordance with the provisions of Article 41.3 of Council Regulation (EC) No 73/2009 and Article 7 of Commission Regulation (EC) No 795/2004 (as amended), the Minister for Agriculture, Fisheries and Food implements the *Programme for Consolidation of Entitlements*.

Article 7 of the Commission Regulation provides that, in order to fully utilise their entitlements, farmers who declare a number of hectares for the purposes of the Single Payment Scheme, which is less than the number of entitlements that they have been allocated, can apply to consolidate those entitlements under certain circumstances.

## **3. CRITERIA FOR CONSOLIDATION OF ENTITLEMENTS**

Farmers who satisfy the following conditions are eligible to apply to have their entitlements consolidated:

1. The number of hectares declared on the Single Payment Scheme application form **must be less** than the number of entitlements allocated to the applicant,
2. The number of hectares declared by the applicant on the Single Payment Scheme application form must be equal to or greater than **50%** of the number of entitlements originally allocated to the applicant

3. The reduction in the number of hectares declared on the application form must have arisen because of one or more of the following circumstances:

- **the acquisition of land by a public authority for non-agricultural purposes (this will include, for example, lands compulsorily purchased for road development etc but does not include lands sold for private development);**
- **land rented or leased-in during all or part of the reference period where the lease/rental agreement has expired;**
- **land lost subject to buildings under the Scheme of Investment Aid for Farm Waste Management (FWM)**

A farmer who acquires entitlements, by way of inheritance or gift of an entire holding from a farmer who was in receipt of direct payments during the reference period, may apply to consolidate.

However, a farmer who acquires lands and entitlements by way of purchase/Lease is not eligible to consolidate the purchased Leased entitlements.

Farmers are entitled to apply for consolidation in **more than one year** provided **all** the conditions are met.

#### **4. CONSIDERATIONS TO BE TAKEN INTO ACCOUNT IN RESPECT OF CONSOLIDATION**

In addition to the criteria and consequences outlined above the following considerations must also be taken into account when applying for Consolidation –

➤ **National Reserve Allocations**

Farmers who are allocated entitlements from the National Reserve will not be eligible to apply for consolidation.

➤ **Purchased/Leased Entitlements**

Purchased or Leased entitlements cannot be consolidated.

➤ **Over-declaration of Lands**

Farmers who are found to over declare the number of hectares on their SPS application and apply for consolidation in the same year, will be consolidated on the declared area, however payment will be on the lesser of the claimed or found area. (See examples 5 and 6 pages 10 and 11.)

➤ **Replacement of lands leased or sold without entitlements by the applicant**

**Farmers who disposed of land without entitlements by way of sale, lease or rent which they owned and farmed during all or part of the reference period and who apply for the consolidation of their entitlements shall have the transferred out hectares taken into account in calculating their consolidated entitlements **unless the number of hectares sold, leased or rented**, is replaced by an equivalent number of hectares. This will result in non-payment of entitlements equivalent to number of hectares transferred out and not replaced.**

**IMPORTANT ISSUE**

Farmers who are considering consolidating their entitlements should bear in mind the possible consequence that apply. The reduction in the number of hectares farmed could have implications for payments under the REPS and Area-based Compensatory Allowance Scheme.

Examples of situations are illustrated in the attached Annex.

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**DEPARTMENT OF AGRICULTURE, FISHERIES & FOOD**

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## ANNEX

### EXAMPLE1

#### FARMER WITH SAME AREA OF LEASED LANDS FARMED DURING THE ENTIRE OF THE REFERENCE PERIOD

Farmer A declared the following forage area (he is involved in livestock farming) during the reference period:

	Lands Owned	Lands Leased	Total
<b>2000</b>	95	5	100
<b>2001</b>	95	5	100
<b>2002</b>	95	5	100
<b>Total</b>	285	15	300
<b>Average</b>	95	5	100

Number of Entitlements established: 100 @ €250 = €25,000 Single Payment

The lease expired in **March 2009** and the farmer did not lease or rent any other lands.

#### Farmer applies for Consolidation

Farmer declared 95 hectares on his 2009 SPS application.

5 Hectares lost through expired lease agreement

Consolidation; €25,000 divided by 95 (100 hectares farmed less 5 hectares – average number hectares leased during reference period) = €263.16.

After Consolidation Farmer A has 95 entitlements @ €263.16 = €25,000

#### Conclusion

Where the area of leased land remains the same for each year during the reference period, a farmer can consolidate his/her entitlements at a number equal to the number of hectares farmed less the average number of hectares that were leased in during the reference period.

**EXAMPLE 2****LEASED/RENTED LANDS (DIFFERENT AREAS) FARMED DURING PART OF THE REFERENCE PERIOD**

Farmer C declared the following forage area during the Reference Period:

	<b>Lands Owned</b>	<b>Lands Leased</b>	<b>Total</b>
<b>2000</b>	70	0	70
<b>2001</b>	70	0	70
<b>2002</b>	70	12	82
<b>Total</b>	210	12	222
<b>Average</b>	70	4	74

Number of Entitlements, 74 @ €250 = €18,500 Single Payment

The lease of 12 hectares expired in March 2008

**Farmer applies for Consolidation**

Consolidation; €18,500 divided by 70 (average of 74 hectares farmed less 4 hectares average leased during reference period) = €264.29.

Farmer C has 70 entitlements @ €264.29 = €18,500

**Conclusion**

Where a farmer was leasing land for part of the reference period, only the ratio of land that was used to establish his entitlements is taken into account in the consolidation calculation i.e 12 ha's /3 = 4

**EXAMPLE 3****LANDS SOLD/LEASED – OUT AFTER THE REFERENCE PERIOD**

Farmer F declared the following forage area during the reference period:

	<b>Lands Declared</b>	
2000	48	
2001	48	
2002	<u>48</u>	
Total	144	<b>Average farmed over the reference period = 48 hectares</b>

Number of Entitlements, 48 @ €250 = €12,000 Single Payment

Farmer F sold 10 hectares in February 2003. A further 2 hectares was sold under a CPO in 2005. He did not replace the 10 hectares sold.

**The Farmer declares 36 hectares owned for payment purposes under the Single Payment Scheme and also indicates that he sold 10 hectares. (Farmers who apply for consolidation will be required to indicate if they have disposed of any lands.)**

**Farmer applies for Consolidation**

Consolidation; €12,000 divided by 46\*(48 hectares farmed less 2 hectares sold under a CPO) = €260.87

Farmer F has 46 consolidated entitlements @ €260.87 = €12,000

**In this case the farmer has declared 36 hectares, and is consolidated to 46 Entitlements, as he did not replace the 10 hectares sold. He will only be paid on 36 entitlements. The unused 10 entitlements will not revert to the National Reserve in 2009, but must be used in 2010 in order for them not to be lost to National Reserve forever.**

**Conclusion**

**If this farmer wishes to maximise his payments, he will need to replace land sold in either 2009 or 2010.**

**Example 4**

**An on-the-spot Inspection found greater eligible area than declared on 2009 SPS application.**

Farmer has **15** standard entitlements.

Declares **10** hectares on his 2009 SPS and applies to consolidate his entitlements.

An Inspection found **10.5** hectares

Assuming full shortfall is accounted for, the entitlements will be consolidated on to the 10 declared hectares. Payment will be made on the lower of the two 10 (declared Vs Found/Inspected).

**As the area found was greater than the number of entitlements held, no penalties apply.**

**Example 5**

**At Inspection, the farmer was found to have less area than he declared on his 2009 SPS application.**

Farmer has **15** standard entitlements.

Declares **10** hectares on his 2009 SPS and applies to consolidate his entitlements.

An Inspection found **9.5** hectares

The inspection shows a 0.5-hectare over claim (5.2%, therefore penalty is twice the difference)  $0.5 * 2 = 1$

Farmer will be consolidated from 15 entitlements to 10 entitlements (Declared area)  
The payment after penalty will be based on the average of 8.5 entitlements.

Usage will be based on the 9.5 (found area) and 9.5 entitlements will be deemed used leaving 0.5 unused in 2009.

**Example 6**

**At Inspection, the farmer was found to have less hectares less than he declared on his 2009 SPS application resulting in a loss of all payments in 2009**

Farmer has **30** standard entitlements.

Declares **25** hectares on his 2009 SPS and applies to consolidate his entitlements.

An Inspection found **19** hectares

The inspection shows a 6-hectare over-claim (31.57%, therefore as the over-claim is greater than 20% there is a 100% penalty in 2009 and this results in non-payment for 2009)

Farmer will be consolidated from 30 entitlements to 25 entitlements (Declared area) Usage will be based on the 19 (found area) and 19 entitlements will be deemed used leaving 6 unused in 2009.

Due to the 100% penalty no payment will issue to farmer in 2009