

Please find enclosed some initial comments on the proposed CAP “Health Check.” A more substantive response will be given to the legislative proposal when presented.

With regard to the proposed CAP health check there are some areas which are of particular concern to our organisation and will deal with these issues in response to the stakeholders’ questionnaire.

### 1.1 Simplifying the SFP

While the rationale for payments may have changed the fact is that regional allocations were based on payments accrued by “active farmers”. We are initially concerned with “active farmers” not necessarily landowners or landlords. We would need much more discussion regarding the potential impact of flatter rates as we could see the potential for distortion of payments with owners of large tracts of land gaining disproportionate advantage over others who were actively involved in agriculture.

### 1.2 Cross Compliance

Agriculture is already straining under the burden of bureaucracy and legislation. Adding to this legislation will increase problems for many. Farmers make every effort to be compliant and it is in their best interest to market top quality produce from an environmentally friendly unit protecting the quality of soil, water and air. Numerous unnecessary farm inspections on a working farm do nothing to add to this and only add additional stress and pressure to the industry.

### 1.3 Partially Coupled Support

There are areas where it is necessary to graze livestock particularly upland regions where there will help keep land in good agricultural and environmental condition and which cannot be accessed by mechanical equipment due to the nature of the terrain and quality of forage this may not necessarily be a profitable option therefore financial support may be necessary to achieve the objectives of the CAP.

### 1.4 Upper and Lower Limits in Support Levels

We would need to examine the imprint of capping particularly with the number of businesses already receiving over a given level of support. As an organisation we are not in favour of a disproportionate amount of support going to a few producers and would wish the system to be more equitable but we would need to fully investigate a redistribution of support and ensure that this would be retained within a region. With regard to “real farmers” there would need to be much debate and clarification of the definition to progress discussion.

### 2.2 Areas Set Aside

In the present climate we would support the abolition of set aside particularly with the proposed need for food and energy crops.

### 2.3

In all commodities production costs and some margin of profit are essential to maintain a business which will survive and continue to produce food. Input costs and returns vary

according to where a business is situated in the world. In the past few months returns in the Dairy Industry have increased due to various pressures throughout the world. We need to ensure that after 2015 we do not return to high supply and depressed prices and that market opportunities will return an adequate reward for production. We would envisage a more volatile market place with the potential for a negative impact on some regions.

#### Rural Development

Throughout the CAP reform and health check we have seen the dilution of support to the land based sector with (Pillar 2) becoming more prominent. With only 80% retained by the member state, modulation returns from the member state or region therefore has a 20% reduction in benefit to that area. As an organisation we are opposed to modulation and believe that rural development should attract additional funding. The term Rural Development covers a multitude of axes and alternatives to agriculture and as such are deserving of additional alternative support.