



IACS/Single Application 2006

Applicant's Guide



Department of
**Agriculture and
Rural Development**
www.dardni.gov.uk



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IACS/Single Application 2006 Applicant's Guide

**This booklet explains the rules of the
Single Farm Payment (SFP) Scheme
and
provides guidance on how to fill in the
2006 Single Application Form**

Please note:

- It is important that you read this Guidance Booklet carefully before filling in the application form.
- If you want to trade or transfer your SFP Entitlements, you should also read the information booklet on "Trading of Entitlements". You can get copies of the booklet on request from the SFP Trading Section, Orchard House (for more details, please see Annex 6).

Important points to remember:

- The closing date for Single Application Forms is 15 May 2006. Except in cases of *Force Majeure*/Exceptional Circumstances, you may be penalised and your payment may be reduced if we receive your application after 15 May 2006 and on or before 9 June (see Annex 3 of this booklet for full details).
- You must declare **all** the agricultural land on your holding, that you own, lease or take in conacre on the Field Data Sheet (SAF2) even if you are not claiming for that land. If you do not declare all your land you may be penalised and your payment may be reduced.
- Under no circumstances will it be possible for two or more farm businesses to claim a payment under the same aid scheme for the same area of land. In these cases, you may be penalised and your payment may be reduced if you over declare the area of land in the 2006 Single Application.
- The 10-month dates you choose for SFP 2006 must not overlap with the 10-month period selected for the same fields for claims submitted under the 2005 scheme year. If you do overlap, you may be penalised and your payment may be reduced.
- You must be registered with us as a farm business before we can deal with your Single Application (see Section 2, paragraph 2.3).
- If you appoint an agent to act on your behalf or on behalf of your business, you must make sure that they have signed the Authorisation Section on the last page of the SAF1 (see Section 10).
- When we receive your completed form, we will send you an acknowledgement letter within 10 working days. At busy periods, which usually occur around the end of the application period, it may not be possible to issue a postal acknowledgement within 10 working days. You should keep the acknowledgement letter until you have received payment. This is because if there is a dispute you will be asked to provide it.

- We will only accept original copies of the SAF1 and SAF2. We will not accept photocopies, or forms which have been downloaded from our website.
- You can submit your Single Application on-line. If you want to use the on-line service, you will need to register with us beforehand (see Section 2, paragraph 2.2).
- While we aim to provide as much guidance as possible on the SFP Scheme and other schemes listed, these notes are not a full statement of the law (which only the European Court of Justice can give), and they cannot replace specific advice on specific questions.
- Rural Payments and Inspection Division (RPID) is committed to maintaining and improving the quality of service which we provide to our customers. You can find our Standards of Service in Section 3 of this guidance booklet.
- If you have problems understanding the scheme rules or any other issues relating to the 2006 Single Application, the SFP Section, Orchard House, or your local DARD Office will do their best to help you (see Annex 6). You may also want to seek professional advice to help you fill in your application.
- You can find information relating to the SFP Scheme on our website: www.dardni.gov.uk/grantsandsubsidies.
- The Department of Agriculture and Rural Development (DARD) will take every possible step to identify and pursue all attempted fraudulent claims and pay allowances only where eligibility can be confirmed beyond reasonable doubt.

DARD Fraud Hotline Number: – FREEPHONE 0808 1100 2716

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1.1 The Single Application

In January 2005 the Single Application replaced the annual Area Aid declaration. It is designed to capture information as part of the Integrated Administration and Control System (IACS) required by the European Commission. This applies to all those who claim or who express an interest in claiming Area Aid under any of the following schemes:

- Single Farm Payment (SFP);
- Aid for Energy Crops (ECS);
- Protein Crop Premium (PCP);
- Less Favoured Area Compensatory Allowances (LFACA).

1.2 Important Dates

Please note the following dates:

Date	Event
15 May 2006	Closing date for all Single Applications. You may be penalised if we receive your applications after 15 May 2006 (except in cases of <i>Force Majeure/Exceptional Circumstances</i>).
From 16 May to 9 June 2006	If we receive your application on or between these dates, you may be penalised (except in cases of <i>Force Majeure/Exceptional Circumstances</i>).
From 16 May to 31 May 2006	Applications received by us may be amended and you will not be penalised .
From 1 June to 9 June	Applications received by us may be amended, for example, adding fields, but you may be penalised .
9 June 2006	This is the final date for receiving applications for SFP and other schemes.
After 9 June	We will reject all applications we receive after this date (except in cases of <i>Force Majeure/Exceptional Circumstances</i>).

2.1 Your Application Pack

The application pack you have received should contain the following:

- Covering letter;
- SAF1 2006 Single Application Form;
- SAF2 Field Data Sheet (FDS);
- Notes for Guidance;
- BACS form (see paragraph 2.12);
- Cross-Compliance Check List;
- If you currently farm in another region of the United Kingdom, and you manage that farm as part of the same farm business you are claiming for in Northern Ireland, your pack should also include an Application pack from that region. Please see paragraph 4.34 of this guide.

2.2 Making a Single Application

You must complete a 2006 Single Application (SAF1 and SAF2) if you want to apply, or express an interest in applying, to any of the following:

- 2006 Single Farm Payment (SFP) Scheme;
- 2006 Aid for Energy Crops (ECS);
- 2006 Protein Crop Premium (PCP);
- 2007 Less Favoured Area Compensatory Allowances (LFACA).

You can also submit your Single Application on-line. If you want to use the on-line service you will need to register with us before the date you intend to submit your claim so that we can provide you with your Personal Identification Number (PIN) and authentication code. You can get more information about the on-line service and how to register by telephoning us on (028) 7131 9824.

2.3 Business Registration (Form FB1)

You need to be registered with us as a farm business before your Single Application can be processed. If you have not already done so, you should contact your local DARD Office (see Annex 6) **immediately** to get advice and an application form FB1. This form must be received by us, where possible, before and no later than the date you submit your Single Application. We should receive your Single Application by 15 May 2006 (or penalties may apply).

Please note that Payment Entitlements for existing businesses were established in 2005. Registration as a new farm business does not mean that we will award Payment Entitlements. See paragraphs 4.6 – 4.17 on Payment Entitlements for more information.

2.4 Minors

We will only accept a Single Application from persons under the age of 18, if the SAF1 is authorised by a parent or legal guardian who will take on the risks, responsibilities and obligations associated with the business and the relevant schemes covered by the Single Application. Because the parent or legal guardian will take on responsibility for the business and all related obligations under the Single Application, we will take action against them if there is a breach of scheme rules. Both the minor and the legal guardian must be members of the same farm business.

We cannot make the Single Payment into a bank account in the name of the person who is under 18. Where a legal guardian or parent is taking responsibility for the business, the bank account should be in the name of that person or in the name of the business.

2.5 Separately Managed Businesses

You can send in separate applications for different businesses in which you are involved **only** if they are managed as separate businesses according to certain conditions. It is your responsibility to demonstrate that the businesses are separate. In deciding whether they are separate, we may need to seek further information from you.

2.6 Changes to your Business Structure after 15 May 2006

You must let us know of the following changes:

1. to the membership of a business;
2. to the trading title of a business; or
3. in the legal status of the ownership of a business (for example, a change from a sole trader to a partnership).

If any of the above changes have taken place you must contact your local DARD Office (see Annex 6) immediately and get form BC6. You should complete and return this to us immediately.

2.7 Authorised Signatories

(also see Section 9 on SAF1)

Agents: You can appoint an agent to fill in the Single Application on your behalf as long as they have been properly authorised. Please make sure that you and the Agent have signed the authorisation section on your SAF1.

Companies: If you are a company, an authorised signatory may apply on behalf of the company as long as the director has given written authorisation for this. Please make sure that you have filled in the authorisation section on your SAF1 which must be signed by at least one of the company directors.

Partnerships: If you are a partnership, one of the partners may apply on behalf of the partnership as long as the other partners have given written authorisation for this. Please make sure that **all** members of the partnership have filled in the authorisation section on your SAF1.

Please note:

Form-fillers: We have no responsibility for mistakes made by other people filling in the form for you, such as form-fillers. Form-fillers have no official or approved status and where the service is provided on a commercial basis, the provider may have insurance to cover liability if their customers suffer a loss as a result of their actions.

2.8 Closing Date

You must return your application forms to SFP Section, Orchard House, 40 Foyle Street, Derry/Londonderry BT48 6AT, or to your local DARD Office (see Annex 6), **on or before 15 May 2006**.

2.9 Late Applications

Except in cases of *Force Majeure/Exceptional Circumstances*, if you do not send us an application form by **15 May 2006** you may be penalised. You can find full details of these penalties at **Annex 3**. If we receive your **application after 9 June 2006, other than in *Force Majeure/Exceptional Circumstances*, you will not be eligible**.

In limited circumstances, we may accept that you are prevented from fulfilling certain of your obligations due to a course of events amounting to *Force Majeure/Exceptional Circumstances*. Where we recognise this to be the case, the penalties normally associated with such failure will not be applied.

Force Majeure is defined as unusual circumstances, outside your control, the consequences of which, in spite of all due care, could not be avoided except at the cost of excessive sacrifice on your part. Examples of ***Force Majeure/Exceptional Circumstances*** which may be recognised include:

- the death of the farmer;
- long term professional incapacity of the farmer;
- a severe natural disaster affecting the holding's agricultural land;
- accidental destruction of livestock buildings; or
- an epizootic disease affecting livestock.

If you want consideration to be given to an event which you think amounts to *Force Majeure/Exceptional Circumstances*, you must let the SFP Section, Orchard House (see Annex 6) know, in writing **within 10 working days** of being in able to do so. You will have to prove that, despite taking all reasonable measures to counteract their effects, the *Force Majeure/Exceptional Circumstances* prevented you from meeting your obligations. As a result, you must be able to provide information (supported by documentary evidence) of the steps you have taken to prevent or lessen the effect of these circumstances.

Each notification will be carefully considered on a case-by-case basis.

2.10 Checks and Inspections

We will check all application forms to ensure the eligibility rules of the schemes are being met. We will also select a percentage of applications for on-farm inspection to verify the information given and ensure the rules of the schemes, including Cross-Compliance, are being met.

2.11 2006 Payment

Under EU legislation, payment of SFP, ECS and PCP must be made during the period 1 December 2006 to 30 June 2007. Payments will be in sterling at the exchange set by the EU at 30 September 2006.

In November 2006 we will publish a payments' profile setting out our most up-to-date payment target dates.

2.12 Payment by BACS

We prefer to issue payment for those schemes covered by the Single Application using the Bankers Automated Clearing Service or **BACS** so we can make the payment directly into your bank (or building society) account by electronic fund transfer. The benefits of the system are:

- Cleared funds are available in your bank (or building society) account earlier than if you were to lodge a Payable Order;
- Payments cannot be lost or delayed in the post, as is possible with Payable Orders; and
- You save the time and the trouble of having to lodge the payment in your bank (or building society) account.

You will still know when the payment has been made, as we will send you a Payment Advice Note showing the payment has been made and the account it has gone to.

If you want to have your payment processed in this way, please fill in and return the enclosed BACS 10 form together with your Single Application. If you want to let us know about a change to the account details we already hold for your business, please telephone the BACS Section, Orchard House, on (028) 7129 9074 to obtain the appropriate form.

2.13 Payment in Euro

For 2006, you have the option to be paid in Euro for all schemes covered by the Single Application other than LFACA. To do so you must complete Question 14 of the SAF1.

In order to receive your payment in Euro, you must have a separate United Kingdom (UK) Euro bank account. These payments will only be paid electronically within the UK banking system (Euro BACS). If you have not already given us these details, please telephone the BACS Section, Orchard House, on (028) 7129 9074 to obtain a UK Euro BACS form.

Please note:

- **You cannot request to be paid in Euro other than by completing Question 14 of your SAF1;**
- **Once the request to be paid in Euro is made you cannot revert to payment in sterling during the 2006 Scheme Year;**
- **We will not accept requests for payment in Euro if there is an outstanding debt or penalty to be recovered in respect of previous applications.**

2.14 Overpayment

If you are paid more aid than that to which you are entitled under the rules of any of the schemes covered by the Single Application, you will have to refund the overpayment to us. You must also pay us interest covering the period between the date we told you about the overpayment and the date you make the repayment. We will write to you explaining how the amount due has been calculated and how you must repay the overpayment.

2.15 Obvious Errors

You can correct mistakes that may be classified as obvious errors without penalty at any time, if we are satisfied that you have acted in good faith and there is no risk of fraud. The following describes the type of mistakes that we would consider to be obvious errors:

- Mistakes due purely to a clerical error, which are obvious during a simple examination of the claim (such as a box not filled in or missing information);
- Incorrect statistical information;
- Mistakes found as a result of conflicting information, which is clear during a more in-depth examination (manual or computerised) of the claim, which compares information, including supporting documentation, such as maps, **sent to us in the same claim**;
- Mistakes in calculations;
- Anomalies involving field numbers or references which we find during cross-checking of the claim with databases such as the field identification system; and
- Figures reversed (for example, farm survey number 169 instead of 196).

The above information shows you the type of mistakes that we may accept. However, you should fill in your SAF1 and SAF2 as accurately as possible to avoid any delay in payment or to avoid being penalised.

However, if we have already told you about a problem with your application or if we have given notice that an inspection will be carried out and this inspection then reveals an irregularity, we will not allow you to change the part of the application affected by the irregularity.

2.16 Notified Errors

After you send us your Single Application, you may realise that you have made a mistake. You can correct your application form at any time, as long as you let the SFP Section, Orchard House (see Annex 6) know, in writing, **before** we tell you about an error in your application or **before** we tell you about an inspection.

2.17 Amendments to your Single Application

You can make amendments to your application (up to and including 31 May 2006 without penalty) to add agricultural fields, but you should make sure you hold the

corresponding number of Entitlements, and you can also make changes regarding use and aid scheme for fields already included in the application. If your amendment is received between 1 June and 9 June inclusive, payments relating to the fields in question will be reduced by 1% for each working day the amendments are late. Amendments after 9 June will not be accepted.

However, if we have already told you about a mistake in your application or told about an inspection which then reveals errors, we will not allow you to amend details for the fields concerned.

If the amendment will affect any supporting documentation, you should also provide amended documentation as appropriate.

2.18 Withdrawal of Land

You can choose to withdraw all or part of your application from any aid scheme at any time as long as we have not told you about any mistakes in your application or told you of an inspection which subsequently reveals errors in respect of the withdrawn information. You must make your application to withdraw in writing to the SFP Section in Orchard House (see Annex 6).

You are still obliged to provide us with details of all the agricultural land on your holding, even if you are not claiming for that land. If you are withdrawing a field or fields from your application, you should only withdraw from the aid scheme you no longer wish to claim for. In other words, you should withdraw from columns H, J, K or L on your SAF2 but not from column G.

2.19 Duplicate Fields

In no case will it be possible for more than one farm business to claim payment under the same aid scheme for the same area of land.

We will not accept applications on the same area of land, by more than one farmer, and the parties involved will be required to resolve any disputes over who has the right to the land for Entitlement purposes. Because two people cannot claim on the same area of land, you may be penalised and your payment reduced if you over declare the area of land in your 2006 Single Application. The same principles apply to all schemes in that two or more farm businesses **cannot** claim payment on the same area of land under the same scheme.

The penalties that will be applied to the 2006 Application of the person who has incorrectly declared land on their application are set out in **Annex 3** of this booklet. In cases where there is over declaration, payment is calculated on the basis of the area determined as being eligible for aid. In addition, payments in relation to SFP, PCP, ECS and LFACA may be affected.

SFP and LFACA

In cases where land is being let in conacre, or in similar letting arrangements, it is possible for the land owner to claim SFP as long as, as a minimum, they have sufficient management control of the land for a minimum of 10-months (starting no earlier than 1 October 2005 and ending no later than 30 April 2006) and can make sure that it is

maintained in Good Agricultural and Environmental Condition (GAEC). Graziers on this land can claim LFACA as long as they meet the conditions of that scheme including farming the land in such a way as to enable them to meet all the Cross-Compliance requirements. Graziers cannot use this land to claim SFP if the landlord has claimed SFP on the same land.

Where land is let under a formal leasing arrangement, it is extremely unlikely that the landlord will have retained sufficient management control of the land to allow them to meet the conditions of SFP.

If landlords choose not to claim SFP on their land, then those farmers to whom the land is let (either under a lease or in conacre) can use that land to claim SFP, as long as they meet the scheme conditions. They can also express an interest in claiming LFACA if they meet the conditions of this separate scheme.

2.20 Penalties

If you send us your application after the deadline, or it is found to be inaccurate, or you fail to meet the requirements of Cross-Compliance and Set-aside Management Rules, you may be penalised and have your payment reduced according to the scheme regulations. We do not have discretion to waive these penalties except in cases of *Force Majeure*/Exceptional Circumstances or obvious error. A false declaration made deliberately or recklessly may also lead to criminal prosecution.

If, however, you sent us factually correct information or can show that you are not at fault, your claim will be adjusted to the actual situation and you will not be penalised.

The following is a summary of the circumstances when you may be penalised. For more details see **Annex 3**.

- Late applications (that is, Single Applications we receive after 15 May 2006, and on or before 9 June 2006) in respect of:
 - 2006 SFP Scheme; and/or
 - 2006 PCP, 2006 ECS and 2007 LFACA;
- If you amend your application between 1 June 2006 and 9 June 2006 (inclusive);
- If you fail to declare all the agricultural land on your holding (under declaration);
- If you over declare the area of land (including duplicate fields) you enter into any schemes, that is SFP, PCP, ECS or LFACA;
- If you over declare the area of land across all schemes in your application;
- If you deliberately make an over declaration of land;
- If you fail to deliver the correct quantity of non-food and energy crops grown on Set-aside land;
- If you fail to set aside enough land to meet Set-aside Entitlements (that is, not having enough Set-aside land); and
- If you breach Cross-Compliance requirements and/or Set-aside Management Rules.

3.1 Introduction

RPID staff are committed to maintaining and improving the quality of service which we provide to our customers. We aim to provide the following standards of service in relation to the 2006 Single Application process which applies to the following schemes:

- Single Farm Payment (SFP);
- Aid for Energy Crops (ECS);
- Protein Crop Premium (PCP);
- 2007 Less Favoured Area Compensatory Allowances (LFACA).

The address, telephone number and an E-mail address for SFP Section, Orchard House can also be found in Annex 6.

3.2 Applicant's Guide and Single Application

The Single Application 2006 Applicant's Guide sets out the eligibility requirements and your obligations under each scheme. To assist you, the SAF1 and SAF2 are, as far as possible, pre-printed with information we hold about your farm business and the land areas determined eligible for aid under the claims made by your business in 2005.

You can submit your application on-line. If you wish to use the on-line service you will need to register before the date you intend to submit your application so that we can provide you with a Personal Identification Number (PIN) and authentication code. You can obtain information about the on-line service and how to register by telephoning the SFP Section in Orchard House on (028) 7131 9824.

3.3 Acknowledgements

2006 Single Applications must be received by 15 May 2006. Applications received after that date will be subject to penalties/reductions. Except in cases of *Force Majeure*/Exceptional Circumstances, applications received after 9 June 2006 will not be accepted. Applications should be submitted by post to Orchard House or delivered in person to your local DARD Office or Orchard House (see Annex 6). Information about the *Force Majeure* provisions and how to apply are in paragraph 2.9.

We will issue an acknowledgement within 10 working days of receipt of applications received by post. Where applications are delivered personally to a local DARD Office or Orchard House, an acknowledgement will be issued immediately on request or by post the following day. Where applications are delivered to sub-offices, a receipt will be issued and an acknowledgement will follow by post. Sub-offices have limited opening hours and you should check with your local DARD Office to ensure that the sub-office will be open when you visit and that you will be able to lodge your application on time.

At busy periods, which usually occur around the end of the application period, it may not always be possible to issue a postal acknowledgement within 10 working days. However, if you have not received an acknowledgement within 15 working days of posting your form, you should contact the SFP Section in Orchard House immediately (see Annex 6).

3.4 Telephone Calls

We will endeavour to answer telephone enquiries immediately. If we cannot provide an immediate answer we will telephone you back within two working days (unless we tell you otherwise). If this does not happen, you should contact us.

We will normally answer telephone calls within six rings. However, at busy periods, particularly when payments are being processed, our telephone lines may be busy, and it may take time to get in contact with the section you require.

If you have an enquiry about matters other than a grants and subsidies issue and do not know where to call, you should contact the DARD Helpline on (028) 9052 4999 or E-mail: dardhelpline@dardni.gov.uk

3.5 Verification of Applications

On receipt of your form we will scrutinise it to ensure it appears complete and that you have signed it. If not, we will notify you before the application period closes. However, we may not be able to do this if your form was received too close to the last day of the application period. You should therefore submit your application as early as possible in the application period so that, if it has to be returned because it has not been fully completed, you are able to resubmit it before the application period closes and avoid penalties being applied or your claim being rejected.

The European Union (EU) rules require us to carry out checks to ensure that you comply with scheme conditions. If we identify a problem with your claim in the course of our checks, we will inform you at the earliest possible date and provide details of any additional information required to sort out the query. When you provide the information requested we will do our best to complete the validation of your claim before payments processing is due to start.

When your claim has been fully verified we will issue a notice indicating the total area of land on your claim which is eligible for payment under each of the aid schemes you have applied to. Other than claims involving an unresolved query, or where an on-farm inspection has still to be completed, these notices will be issued in October 2006.

3.6 Inspections

There is no requirement to provide advance notice of on-farm inspections. However, provided the purpose of the inspection is not jeopardised, advance notice may be given and in most instances this will not exceed 48 hours.

At the end of an inspection you will see the Inspection Report. We will invite you to confirm that you have been made aware of the contents of the Inspection Report and to make any comments you feel are relevant. If you are not present at the inspection you will be advised of our findings as soon as possible. If the inspection records irregularities, we will subsequently send you a copy of the report.

3.7 Penalties

We are required to implement schemes strictly in accordance with EU Regulations and consequently do not have any discretion to vary the rules to meet individual cases of

hardship. There can be serious consequences for breaching scheme rules, including the entire loss of your claim, the repayment of any subsidy paid, and even exclusion from the scheme(s) in future years. Details of the penalties which may be applied are in Annex 3.

You should ensure that you fully understand and can fulfil your obligations under the scheme(s) to which you are applying. If your claim is subject to penalties or is disallowed, we will notify you in writing of our decision and provide details of any adjustments to be made to your claim.

If you are unhappy or unclear as to why your claim has been refused or payment reduced, or you do not fully understand the contents of a decision letter, you should contact a member of staff in the office that sent you the decision letter before lodging an appeal. Any questions you have will be answered and this may enable the matter to be resolved without need for a formal appeal. If you are not satisfied with the explanation given and wish to have the decision reviewed you may then proceed with a formal appeal.

If you breach the scheme rules because of abnormal or unforeseeable circumstances, which you could not have avoided by reasonable action, known as *Force Majeure/Exceptional Circumstances*, you should notify us in writing within 10 working days of being in a position to do so. We will consider the circumstances in *Force Majeure* applications on a case-by-case basis and within the criteria laid down in EU legislation.

3.8 Appeals

If you wish to appeal against our decision you should request an appeal application form to enable you to do this (details of how to do this will be provided in the decision letter). You must register your application within the time limit for lodging an appeal, also detailed in the decision letter. Details of the appeal procedure are contained in the booklet *Review of Decisions (Appeal) Procedure* available on request from the Appeals Section in Orchard House (see Annex 6).

We cannot consider your case if an appeal is lodged outside the time limit.

3.9 Payments

The EU legislation permits payments to be made only on fully verified claims.

The EU rules permit payments for the 2006 scheme year, in respect of the SFP, ECS and PCP, to be made between 1 December 2006 and 30 June 2007. In November 2006 we will publish a payments' profile setting out our most up-to-date payment target dates.

3.10 Complaints about the Quality of Service

We are committed to providing a high standard of service. Whilst we want to get things right first time, occasionally mistakes can be made. Please tell us if you do not receive the quality of service you expect. We will fully and fairly investigate your complaint. You can make a complaint in person, by letter, by facsimile or by telephone. It is important when contacting us, that you provide as much information as possible to assist us investigate your complaint quickly and efficiently.

We believe most complaints can be settled quickly and satisfactorily if you discuss the problem with the person who has been dealing with your claim or the local DARD Office manager.

If you are not satisfied with our response, you can refer the complaint to a senior manager who has not previously been involved in the matter. We will give you their name and address in our response to your initial complaint.

3.11 Data Protection and Freedom of Information

We take data protection and freedom of information issues seriously and take care to ensure that any personal information supplied on application forms are dealt with in a way which complies with the requirements of the Data Protection Act 1998. This means that any personal information you supply will be processed principally for the purpose for which it has been provided. However, DARD may also use it for other legitimate purposes in line with the Data Protection Act 1998, Freedom of Information Act 2000 and Environmental Information Regulations 2004. These include:

- Administration of the Common Agricultural Policy and other aid schemes;
- The production and safety of food;
- Management of land and other environmental controls;
- Animal health and welfare;
- Occupational health and welfare;
- Compilation of statistics;
- Disclosure to other organisations when required to do so; and
- Disclosure under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 where such disclosure is in the public interest.

4.1 Introduction

The SFP Scheme, introduced by EC Council Regulation 1782/2003, replaced most existing crop and livestock payments from 1 January 2005.

4.2 Eligibility

To be eligible to claim a payment under the SFP Scheme, you must meet **all** of the following conditions:

1. You must be a farmer undertaking agricultural activity;
2. You must hold Payment Entitlements and have eligible agricultural land;
3. Any individual land parcel you declare to activate SFP Entitlements must be at least 0.1 hectares. If you have Special Entitlements (see paragraph 4.12) you can activate these without any land;
4. The land on which you claim payment must be at your disposal for a minimum period of 10 consecutive months from a specified date (see paragraph 4.19); and

In addition to the above conditions you must meet Cross-Compliance standards and requirements on **all** the agricultural land on your holding.

4.3 Definition of a Farmer

For the purposes of the SFP, a **farmer** is defined as an individual or a group of legal or natural persons (including legally constituted bodies such as a Partnership, Company or Trust) that undertakes an agricultural activity on a holding. (see the Business Registration paragraph 2.3).

4.4 Definition of Agricultural Activity

Undertaking an **agricultural activity** means producing, growing or rearing agricultural products, including harvesting crops or keeping animals for milking, breeding or other farming purposes or, as a minimum, maintaining the land in Good Agricultural and Environmental Condition (GAEC).

For SFP purposes you do not have to grow crops or keep stock as long as you comply with the requirements to keep land in GAEC and as long as your Entitlements are not **Special Entitlements** (see paragraph 4.12).

If you do keep stock, you must comply with all the necessary animal identification, registration, health, welfare and safety requirements.

If you have commitments under the LFACA or Agri-environment schemes, you must honour these commitments and the relevant scheme requirements. These commitments will generally not affect your right to claim SFP. For further information on LFACA and Agri-environment schemes see the relevant Guidance Notes for these schemes.

4.5 Cross-Compliance

In return for direct agricultural support, farmers are required to maintain their land in GAEC and to comply with a number of specific legal requirements known as Statutory Management Requirements (SMRs). Meeting these requirements is described in the EU Regulations as Cross-Compliance. In addition, if you have any Set-aside land on your holding it will be subject to the specific management requirements that apply to Set-aside land. These are set out in the booklet entitled 2006 Set-aside Handbook and Guidance for Northern Ireland. Inspections will be carried out to verify that all these requirements (as relevant to your business) are being satisfied.

If you do not meet the requirements of GAEC and the SMRs, or the management requirements applying specifically to Set-aside land, you may be penalised and your payment reduced.

Penalties for breaches of Cross-Compliance will be proportionate to the severity, extent, permanence and repetition of the non-compliance.

You can find full details of Cross-Compliance in the following guidance booklets:

- Cross-Compliance Verifiable Standards 2005 and 2006;
- CAP Reform: Part 4 Cross-Compliance Inspections and Sanctions.

You can find basic examples of Cross-Compliance penalties at Annex 3. You can also get details of the Cross-Compliance Verifiable Standards and information on the setting of penalties for breaches of the Cross-Compliance Verifiable Standards is on our website at www.dardni.gov.uk/grantsandsubsidies

4.6 Payment Entitlements

Payment Entitlements (hereafter referred to as Entitlements) form the basis of SFP and were established in 2005, the first year of the SFP scheme, as a one-off exercise. You should recently have received an **Entitlement Statement** showing your definitive SFP Entitlement allocation and detailing the number, type and value of your Entitlements. If you have not received an Entitlement Statement by **mid-April** you should contact the Entitlements Section in Orchard House (see Annex 6).

As the holder of Entitlements you have the right to activate payment to the value of those Entitlements when you apply to the scheme, and as long as you meet the rules of the scheme. If you want to increase or reduce the number of Entitlements you hold, you can do so by transfer or lease (see paragraph 4.17).

The different types of Entitlements and how to activate them are explained below.

4.7 Types of Entitlement

Your Entitlements will fall into the following categories:

1. **Standard Entitlement** - the Standard Payment Entitlement that has been allocated to most applicants (see paragraph 4.9);
2. **Set-aside Entitlement** - if you entered Set-aside eligible land into the SFP in 2005

then, as long as you were not classified as a small producer, you will have received a number of Set-aside Entitlements (see paragraph 4.10);

3. **National Reserve Entitlement** - Entitlements you received or which have been increased in value by more than 20% as a result of successfully applying to the National Reserve. Different conditions of use apply to these Entitlements (see paragraph 4.11);
4. **Special Entitlement (Entitlement subject to Special Conditions)** - if you are a dairy or livestock farmer who claimed payments with no associated forage area requirement in the reference period, or the value of a Standard Entitlement you hold is worth more than €5,000, you may have been allocated a Special Entitlement (see paragraph 4.12);
5. **Entitlement with Horticultural Authorisations** - Horticultural Authorisations will have been allocated to farmers who have a history of growing horticultural crops, that is, FVP (soft Fruit, Vegetables and Potatoes) and who made the relevant application in 2005 (see paragraph 4.13).

4.8 Activating Entitlements and Usage Rules

To claim a payment under the SFP Scheme you must activate your Entitlements for the year for which you are applying.

The value of an Entitlement is made up, in part, from an Area Amount and, in part, from any Historic Reference Amount attributed to your business. These two elements are inseparable. As a result, if you do not activate an Entitlement in any scheme year, it is the whole value of the Entitlement that will be unpaid.

In each year, if you want to maximise your SFP, you should activate all of your Entitlements. To do this, you must have an equal number of eligible hectares at your disposal for a period of at least 10 consecutive months (see paragraph 4.19). This does not need to be the same land against which Entitlements were established and activated in 2005.

You can only activate the number of Entitlements for which you have eligible hectares.

4.9 Standard Entitlement

You must use your Standard Entitlements at least once in any three-year period otherwise, except in cases of *Force Majeure/Exceptional Circumstances*, we will take them from you and put them in the National Reserve.

4.10 Set-aside Entitlement

To activate your Set-aside Entitlements you must set aside one hectare of Set-aside eligible land for each Set-aside Entitlement you hold, unless you are exempt from this requirement (see exemptions below). You can use only Set-aside eligible land (as described in paragraph 4.21) to meet this requirement and any land you set aside must be managed in line with the rules in the 2006 Set-aside Handbook and Guidance for Northern Ireland. You do not have to set aside the same field(s) used to activate your Set-aside Entitlements in 2005.

If you set land aside, that land will be:

- Withdrawn from agricultural production – arable, horticultural or livestock, including grazing, for the duration of the Set-aside period 15 January 2006 to 31 August 2006; and
- Managed in accordance with the Set-aside Management Rules unless you are exempt.

Please note:

You must activate Set-aside Entitlements before any other Entitlements you hold. This means that you must meet your Set-aside obligation in its entirety each year if you want to activate any other Entitlements on the remainder of your holding. The penalties for failing to do this are explained at Annex 3.

If you have more Set-aside eligible land than Set-aside Entitlements, you can use the excess Set-aside eligible land to activate your other Entitlements, as long as you have activated all your Set-aside Entitlements first.

In the unlikely event you do not have enough Set-aside eligible land (as described in paragraph 4.21) on your holding to activate all your Set-aside Entitlements you must activate as many Set-aside Entitlements as your Set-aside eligible land will support before you activate any other Entitlements you hold. You will not be paid on any unclaimed Set-aside Entitlements and penalties may not be applied. You may be asked to confirm why you have insufficient Set-aside eligible land to activate all your Set-aside Entitlements. If Set-aside Entitlements are not activated within a period of three years we will take them from you and put them into the National Reserve.

Example 1.

You are allocated 50 Entitlements (2.76 Set-aside and 47.24 Standard Entitlements).

In 2005 the land you were farming and declared for establishment of Entitlements was as follows:

Set-aside eligible land (38 ha of this land was taken in conacre and was all Set-aside eligible)	40 ha
Non Set-aside eligible land	10 ha
Total	50 ha

The land you took in conacre is no longer available to you for 2006. You obtained 40ha of land from another source however this is not Set-aside eligible land.

For 2006 the land you are farming is as follows:

Set-aside eligible land	2 ha
Non Set-aside eligible land (40 ha of this land is taken in conacre)	50 ha
Total area available for 2006	52 ha

In order to fulfil your 2006 Set-aside requirement you must set aside the 2ha of Set-

aside eligible land and activate 2 of the 2.76 Set-aside Entitlements. In this case we will pay on the 2 Set-aside Entitlements and 47.24 Standard Entitlements without penalty. We will not pay on the additional 0.76 Set-aside Entitlements. However you must use these in one of the years 2007 and 2008 or we will take them from you and put them in the National Reserve.

Example 2.

You are allocated 50 Entitlements (2.76 Set-aside and 47.24 Standard Entitlements).

In 2005 the land you were farming and declared for establishment of Entitlements was as follows:

Set-aside eligible land (38 ha of this land was taken in conacre and was all Set-aside eligible)	40 ha
Non Set-aside eligible land	10 ha
Total	50 ha

The land you took in conacre is no longer available to you for 2006. You obtained 40ha of land from another source and 5ha is Set-aside eligible land.

For 2006 the land you are farming is as follows:

Set-aside eligible land (5 ha taken in conacre)	7 ha
Non Set-aside eligible land (35 ha taken in conacre)	45 ha
Total area available for 2006	52 ha

For the 2006 scheme year you do not set aside any land and activate all your Entitlements. As you have failed to meet your Set-aside requirement of 2.76ha we will apply a penalty to your 2006 payment as outlined in Annex 3. You had sufficient Set-aside eligible land available in 2006 (7ha in total) in order to meet your Set-aside requirement in full and failed to do this.

Remember if you do not meet your Set-aside requirement in full and you have enough Set-aside land at your disposal, you may be penalised as described at Annex 3.

Transfer of Set-aside Entitlements

You can transfer Set-aside Entitlements to another farmer who is willing to buy them or lease them with land. You can only transfer Set-aside Entitlements established in Northern Ireland to a farmer within Northern Ireland and the Set-aside obligation transfers with the Entitlement. As a result, the person you transfer to must set aside one hectare for each Set-aside Entitlement transferred, and must claim the Set-aside Entitlements before any other Entitlements.

If you are an organic producer you will be allowed to buy or lease Set-aside Entitlements accompanied by land but you will not actually have to set land aside, as long as you continue to meet the requirements of the Regulations (see below for details of exemptions for organic producers). However, if you then receive Entitlements

without land, the Set-aside obligation will apply.

See information booklet - 2006 Set-aside Handbook and Guidance for Northern Ireland for further information on Set-aside Entitlements.

Exemptions from Set-aside

If you have been allocated Set-aside Entitlements, you are only exempt from the requirement to set land aside if you are an organic farmer who is managing your entire holding as an organic unit.

Organic farmers will have been allocated Set-aside Entitlements but they do not have to set land aside if **all** the following requirements are met:

- You are an organic farmer, or your entire holding is in organic conversion;
- You manage your entire holding (that is, all production units you manage in the United Kingdom) in line with Regulation (EEC) No 2092/91; and
- You registered your entire holding by 15 January 2006 with a recognised organic inspection body.

Note:

If any part of your holding is not being managed or being converted to organic production you will be required to meet your Set-aside requirement in full.

4.11 National Reserve Entitlement

Any Entitlements you have received that have been allocated from the National Reserve or where the unit value of your Historic Reference Amount was increased by 20% or more due to an allocation from the National Reserve have a five-year usage rule. This is explained below.

Conditions Relating to Entitlements with National Reserve Five-Year Usage Restrictions

You must use any National Reserve Entitlements allocated to you for each of the five years after you have received them. **Except in cases of *Force Majeure/Exceptional Circumstances*, if you fail to use these Entitlements in any one of these five years we will take them from you and return them permanently to the National Reserve in the year in which they are not activated.**

You will not be allowed to transfer these Entitlements for five years from the date they are allocated unless they are inherited (see **Trading of Entitlements** booklet for further information on transferring of National Reserve restricted Entitlements).

Exemptions From Five-Year Usage Rule

If the award from the National Reserve did not increase your total Historic Reference Amount by more than 20%, then the Entitlements allocated are not National Reserve Entitlements and are subject to the conditions for Standard Entitlements.

4.12 Special Entitlement (Entitlement Subject to Special Conditions)

Farmers in certain circumstances (dairy farmers and farmers who claimed livestock payments without a forage area obligation during the reference period) were eligible to apply in 2005 for Entitlements subject to special conditions if they had no eligible land, or if the value of their Entitlements would have exceeded €5,000 per Entitlement.

If you established Special Entitlements during 2005, we will advise you of your average livestock production exercised during the reference period, expressed in Livestock Units (LUs) and the level of agricultural activity that you need to maintain each year to activate payment on your Special Entitlements (that is, 50% of the average agricultural activity expressed during the reference period 2000 - 2002).

If you do not receive confirmation of your Special Entitlements by the end of April, please contact SFP Entitlements Section in Orchard House (see Annex 6).

To activate all of your Special Entitlements in 2006 you must maintain the level of agricultural activity that we tell you about. We will check the LU activity maintenance requirement on a date to be specified for the scheme year concerned. We will not pay you until we have confirmed that the level of LU activity has been met.

Example

A farmer has two Special Entitlements and a total LU requirement of 10. If he maintains less than 5 LUs, he will not receive any payment. If he maintains 5 or more LUs but less than 10 LUs, he will receive payment for one Special Entitlement. If he maintains 10 or more LUs, he will receive payment for both Special Entitlements.

Changing Special Entitlements to Standard Entitlements

You can change a Special Entitlement to a Standard Entitlement by declaring 1 hectare of eligible land. You do not have to change over all your Special Entitlements at one time. Once you change over you cannot change back (in other words, Standard Entitlements cannot be changed back to Special Entitlements).

If you are transferring all Special Entitlements to another farmer they can retain their special status and hence, the minimum number of LUs needed to activate these Special Entitlements will transfer with them. If you transfer part of your Special Entitlements, the Entitlements transferred will lose their special status and become Standard Entitlements. The person who receives them will have to declare one eligible hectare of land to activate each Entitlement. Our booklet **Trading of Entitlements** provides more details and rules on transfer of Entitlements, and restrictions on transfer and is available on request from Orchard House (see Annex 6).

4.13 Entitlement with Horticultural Authorisations

An authorisation does not mean you have to continue to use the land for the production of FVP. However, it gives you the opportunity to produce FVP on the land for the purposes of receiving SFP.

If you have Entitlements with Horticultural Authorisations you can grow the following crops and claim SFP:

- Potatoes, other than those intended for the manufacture of potato starch;
- Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas;
- Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots;
- Cucumbers and gherkins;
- Leguminous vegetables (peas and beans);
- Lettuce (*Lactuca sativa*) and chicory (*Cichorium spp.*) and other salad vegetables;
- Onions, shallots, garlic, leeks and other alliaceous vegetables;
- Tomatoes;
- Other vegetables, including globe artichokes, asparagus, aubergines, edible mushrooms, marrows, pumpkins, rhubarb, spinach, fruits of the genus Capsicum or of the genus Pimenta;
- Herbs – fennel, parsley, chervil, tarragon, cress and sweet marjoram (*Majorana hortensis* or *Origanum majorana*); and
- Strawberries, raspberries, blackberries, mulberries, loganberries, black, white or redcurrants, gooseberries, cranberries, bilberries and other fruits of the genus Vaccinium.

Crops not normally grown in this country are not included on this list.

You can grow sweetcorn and fodder roots and claim SFP on the area concerned without the need for an Authorised Entitlement.

Apples, pears, cherries, plums and nuts are permanent crops and not eligible under the SFP Scheme (unless the orchard is no longer commercially operational, see paragraph 4.23 for details).

You can grow FVP on any area of land you want. However, if the area of land you use to grow FVP is greater than the number authorised Entitlements you hold, we will only pay you SFP on the authorised Entitlements and not on any area in excess of this.

Example:

In 2005, you have declared 50 eligible hectares and applied for 20 authorisations. You have been allocated 50 Standard Entitlements, 20 of which are Entitlements with Authorisations. This means that you may use your Entitlements with Authorisations to receive payment on up to 20 hectares of land you use for growing potatoes.

However, in 2006 if you put 25 of your 50 hectares in potatoes, you will only be able to claim SFP on 20 of those hectares as you only hold 20 Authorised Entitlements. As long as the other 25 hectares you declare are eligible for SFP, in total you will be able to activate 45 of your Entitlements in 2006.

You can claim payment on Authorised Entitlements on eligible land where you are growing other crops or which is being retained in GAEC.

Payment Entitlements linked to Authorisations are subject to the same usage rules as Standard Entitlements. This means you **must use them at least once in every three years, otherwise, except in cases of Force Majeure/Exceptional Circumstances,**

we will take them off you and put them permanently in the National Reserve.

If your Entitlements linked to Authorisation have also been restricted by the National Reserve five-year usage rule, you **must use them every year for 5 years after they were allocated to you.**

Horticultural Authorisations with Set-aside Obligations

If you have a Set-aside Entitlement with an authorisation attached, you can apply to transfer the authorisation to a Standard Entitlement with no authorisation. You should contact Orchard House for further details (see Annex 6).

4.14 New Woodland Grant Scheme and Consolidation of SFP Entitlements

From 2006, if you create new woodland under the Woodland Grant Scheme, it may be possible to have your SFP Entitlements consolidated against a smaller area of agricultural land. The consolidation procedure will reduce the number of your Entitlements but increase their unit value so that your total SFP remains the same.

You can only do this for up to 50% of the original number of Entitlements you have been allocated. If you have originally been allocated 50 Standard Entitlements, you cannot consolidate any lower than 25 Standard Entitlements. You will not be able to consolidate Set-aside or Special Entitlements. Once you have consolidated, your Entitlements will become National Reserve Entitlements and will be subject to the five-year usage rule (see paragraph 4.11).

Before you plant the woodland, your land must have been in agricultural use for a 10-month period, which began on the date you gave on your 2005 SAF1. This will prevent the amount of SFP you receive in respect of the 2005 scheme year from being affected. For example, if on your 2005 SAF1 you have indicated a start date of 1 October 2004, the 10-month period ends on 31 July 2005. After the 10-month period is over you can plant trees on the land and apply to have your Entitlements consolidated for the 2006 Scheme year.

For your application to consolidate to be successful, you will need to demonstrate that you do not have 'extra' land on which you could claim Entitlements. For example, if you have 100 hectares and 50 Entitlements it may not be possible to consolidate your Entitlements in respect of new woodland creation. If you want to apply to consolidate, you should contact Orchard House (see Annex 6) to obtain an application form. You must return this form by 15 May 2006.

If you are considering creating new woodland in the future, but want to claim SFP on the land concerned in 2006, then you should make sure that your land is in agricultural use for the 10-month period you have indicated on your 2006 SAF. You can then plant trees after the 10-month period is complete and apply to have your Entitlements consolidated for the 2007 Scheme year.

If you have a query on the Woodland Grant Scheme, you should contact the Forest Service on (028) 9076 5391.

4.15 Activating Entitlements in 2006

If you want to activate all your Entitlements you must have an equal number of eligible hectares at your disposal for 10-months. If you do not have sufficient eligible land at your disposal, you should show on your SAF1 at Question 2 how many of each type of Entitlement you want to activate.

See Section 10 on important points to note when filling in your SAF1 and SAF2.

Unless you write and tell us otherwise when you are submitting your Single Application, and as long as you have declared the equal number of eligible hectares on your SAF2, we will activate your Entitlements, up to the limit you have given on your form on the following basis:

- 1. We will activate first any Entitlements which you would lose if they are not activated in the current year. In other words:**
 - any Entitlements which are subject to National Reserve usage rules; and
 - any Entitlements which have not been activated in the previous two years.
- 2. We will activate other Entitlements to the limit supported by your eligible land, activating first those with the highest value. If Entitlements are of equal value, we will give priority to those, which were not activated in the previous year.**

4.16 Adjustments to the Gross Value of Payment Entitlements

The gross value of your SFP will be subject to the reductions. The complete order of reductions is as follows:

- over declaration penalty (if applicable);
- late claim penalty (if applicable);
- under declaration penalty (if applicable);
- compulsory modulation;
- voluntary modulation;
- financial discipline*;
- offset of penalties from previous years (if applicable); and
- Cross-Compliance penalty (if applicable).

You can find more on penalties at Annex 3.

You can find more information on Modulation at Section 8.

* Financial discipline may also be applied. This would mean we would reduce your payments to make sure that the EU budget ceiling is respected.

4.17 Transfer/Trading of Entitlements

The ability to transfer or trade Entitlements is necessary in order to allow for the effective operation of the market, and to give farmers the freedom to run their businesses in the most efficient way.

If you are considering transferring or trading your Entitlements it is important that

you read the guidance booklet on the “Trading of Entitlements” for full details and rules on transfer of Entitlements, and restrictions on transfer.

You can get a copy from your local DARD Office or on request to the SFP Trading Section, Orchard House (see Annex 6).

We must make sure that if you trade Entitlements, you meet the requirements of the EU Regulations. However, any decision to trade Entitlements is purely down to you. It is therefore important that you read the guidance booklet, referred to above, to make sure that you understand the rules completely before you transfer Entitlements to another person.

4.18 Land at your Disposal

You will probably know which land is ‘at your disposal’ because you own and farm the land and take full responsibility for managing the land.

However, the position may not be so clear if you and one or more other farmers carry out an agricultural activity on the same area of land. Considering the following factors will help you decide whether or not the land is ‘at your disposal’. This list is not a full list and it is not in any particular order but will give you an idea of the sort of factors that you should take account of when deciding whether land is ‘at your disposal’:

- whether one of you clearly has use of the land for less than 10-months (subject to the rules on the transfer of entire holdings);
- who actually uses the land;
- predominant use of the land;
- whether you actually carry out an agricultural activity, which includes keeping the land in Good Agricultural and Environmental Condition (GAEC);
- who takes the profit from the land;
- who takes the risks;
- the terms of any agreement between you;
- your legal rights, including the right to terminate and to carry out an agricultural activity on the land;
- who has control over the use of the land and access to it so as to make sure that it is put only to eligible uses; and
- who has control over the use of the land and access to it so as to make sure that it is kept in GAEC.

Resolving Disputed Claim to Payment

You should sort out all issues to do with whether land is ‘at your disposal’ before you make a claim. If you do not, and we find that the land was not at your disposal, this will mean that you have over declared and you may be penalised. While there are still two claims for the same scheme being made for the same field, we cannot make a payment.

4.19 10-Month Rule

The land you are using to activate Entitlements must be at your disposal for a continuous 10-month period. The 10-month period can begin anytime from 1 October in the year before the claim to 30 April in the year of the claim. For the 2006 scheme year this means between 1 October 2005 and 30 April 2006. You can choose your own

start date, between 1 October 2005 and 30 April 2006 for each scheme year. If you do not specify a start date, we will default to 1 February 2006 for all land on your holding.

Two 10-Month Start Dates

In 2006, and future scheme years, you will be allowed to choose two start dates for the land you hold to provide greater flexibility for your business. If you choose two start dates, you must have the land you declare at your disposal for a full ten consecutive months from each start date you have chosen in order to receive payment of your Entitlements. For example, if you choose a start date of 1 October 2005 for land parcels A and B and a start date of 1 January 2006 for land parcel C. You are required to have land parcels A and B at your disposal for the entire period 1 October 2005 – 31 July 2006 and land parcel C at your disposal for the entire period 1 January 2006 – 31 October 2006.

Important:

You are advised to check for each and every field parcel the 2005 end date which is pre-printed at the top of Section 3 of your SAF2. If you are using field parcels to activate Entitlements which are different to those which you used in 2005 you should note that a different end date may apply for these fields than that pre-printed at the top of Section 3 of your SAF2. You must make absolutely sure that you are certain of the end date for each field parcel you are using to activate your Entitlements. If you do not know the 2005 10-month end date, you can check the Field Database on the website or contact Orchard House or your local DARD Office (see Annex 6).

10-Month Overlaps

Regardless of whether you have chosen one or two 10-month periods, the dates you choose for 2006 must not overlap with the 10-month dates selected for land declared on any 2005 SAF1 whether claimed by you or another farm business. The Department will cross-check all fields and the 10-month periods chosen for the 2006 year for each field. **An overlap, even if it is only for a few days, may result in the field being ruled ineligible and we will not pay your Entitlements in respect of the area concerned. You may also be penalised. If there is an overlap, we may also recover payment in respect of the 2005 year for the fields concerned. You should consider carefully when you want your 10-month period to start, particularly if you have taken land in conacre.**

Warning:

You must check all fields which you are using to activate Entitlements in 2006 on a field by field basis to ensure that there is no overlap between the 10-month end date for 2005 SFP and the 10-month start date you choose for 2006 SFP. If you make a mistake resulting in an overlap, you may be penalised and you may not receive any 2006 SFP. In addition, future payments in 2007, 2008 and 2009 may be reduced.

In certain circumstances, overlaps may also result in recovery of 2005 payments.

Example 1.

Business A chose a start date of 1 October 2004 on their 2005 application form. Therefore their 10-month period for the 2005 scheme year ran from 1 October 2004 to

31 July 2005. For the 2006 scheme year they can choose any start date between 1 October 2005 and 30 April 2006. This is because the resulting 10-month period would not overlap with their 10-month period from the 2005 scheme year.

Example 2.

Business B did not choose a start date on their 2005 application. We defaulted the 10-month period to start at 1 February 2005. As a result, their 10-month period for the 2005 scheme year ran from 1 February 2005 to 30 November 2005. In this case, to avoid overlapping with their 10-month period for the 2005 scheme year, Business B can only choose a start date that falls between 1 December 2005 and 30 April 2006 for their 10-month period in the 2006 scheme year.

Example 3.

Business C chose a start date of 30 April 2005 on their 2005 application form. As a result, their 10-month period for the 2005 scheme year ran from 30 April 2005 to 28 February 2006. In this case, to avoid overlapping with their 10-month period for the 2005 scheme year, Business C can only choose a start date that falls between 1 March 2006 and 30 April 2006 for their 10-month period in the 2006 scheme year.

Example 4.

Business D chose a start date of 30 April 2005 on their 2005 application form. As a result, their 10-month period for 2005 scheme year ran from 30 April 2005 until 28 February 2006. Another business, business E takes 10ha of land from Business D in conacre and is allowed by business D to use the land to activate Entitlements in the 2006 scheme year. Business E can only choose a start date that falls between 1 March 2006 and 30 April 2006 for their 10-month period in the 2006 scheme year. If business E chooses a date between 1 October 2005 and 28 February 2006 for their 10-month period, we will question whether the land was at their disposal for ten consecutive months and may not pay for Entitlements relating to the 10 hectares in conacre. We may also apply penalties for over declaration of land.

Example 5.

Business G owns 10ha of land and takes an additional 5ha in conacre in November 2005 to expand their grazing. They chose 1 October 2004 as their 10-month start date on their 2005 application for the 10ha they own. As a result, the 10-month period for the 2005 scheme year ran from 1 October 2004 until 31 July 2005. Records show that the previous user of the additional 5ha taken in conacre selected 31 March 2005 on their 2005 application. As a result, the 10-month period for the 2005 scheme year ran from 31 March 2005 until 31 January 2006.

For the 2006 scheme year Business G decides to choose two start dates for the land at their disposal. One date for the land they own and one date for the additional 5ha taken in conacre. Business G can choose any date between 1 October 2005 and 30 April 2006 for the 10ha they own and avoid an overlap with their chosen 10-month period in the 2005 scheme year. However, Business G can only choose a date between 1 February 2006 and 30 April 2006 for the additional 5ha taken in conacre to avoid overlapping with the 2005 10-month period chosen for this land by the previous user. If Business G selects 30 April 2006 as the start date for the 5ha taken in conacre, then Business G must

also make sure that this land is at their disposal until at least 28 February 2007 in order to qualify for payment of their Entitlements in the 2006 scheme year.

Land in Other Regions and the 10-Month Rule

If you have land in England, Scotland or Wales as well as Northern Ireland, a different start date may apply to land in each of these regions. For example, your start date for land you hold in Northern Ireland could be 1 October and the start date for land you hold in England, Scotland or Wales could be 1 November (as long as that in each region the start date chosen will not cause the 10-month period to overlap with the 10-month period in the previous scheme year). However you cannot have more than two start dates in total.

Transferring Your Land and the 10-Month Rule

If you transfer parcels of your land to another person before your chosen 10-month period is up, you will not be able to use the transferred land to support your claim for payment of SFP as the land will not have been at your disposal for the full 10 consecutive months.

Example:

You own 50ha of land (and have established 50 SFP Entitlements) and have chosen 1 October 2005 as the start date for your 10-month period in the 2006 scheme year. This means that the land used to support your claim for 2006 SFP must have been at your disposal until 31 July 2006. If you transfer 10ha of your land on 1 June 2006 you will not be able to support your claim for payment of SFP in 2006 on 10 of your Entitlements. This is because the 10ha you transferred was not at your disposal for the full 10-months you have chosen. If you transfer the 10ha on or after 1 August 2006 you will be able to claim payment of SFP for all 50 Entitlements.

Transferring your whole holding

If you transfer a whole holding along with the SFP Entitlements, the position is different. The farmer receiving the land and Entitlements can continue the 10-month period you have begun, and receive the associated SFP payment in full. You will not be eligible for payment of SFP, as you did not keep the land for the full 10-month period. The 10-month period for the transferred land does not have to have started at the same time as the 10-month period for any other land already being used by the other farmer to support their payment of SFP.

Example:

You have a holding of 70ha and your chosen 10-month period is from 1 October 2005 to 31 July 2006. Another landowner has a holding of 50ha and sells the whole holding including Payment Entitlements to you on 20 May 2006 and their chosen 10-month period was 1 February 2006 to 30 November 2006. As you have bought both Entitlements and land, you will be able to use the total 120ha to support your claim for payment of SFP arising from both holdings for the 2006 scheme year. The previous owner of the 50ha you bought will not be able to claim SFP in the 2006 scheme year. This is because they did not have the land at their disposal for the full 10-month period stated.

Please Note:

You should consider carefully if you are thinking about transferring your entire holding in 2006. If you transfer your holding before your chosen 10-month period is up you will not be able to claim your SFP payment. If you transfer your holding and Entitlement, you must inform the SFP Section in Orchard House (see Annex 6).

If you are a horticulture grower and you want to lease in or take in conacre land that still has some of the previous crop growing, you can give the previous producer access to clear this crop, as long as you took full and effective control of the land for a full 10-month period. The same applies if at the end of an agreement the existing person allows you access (under conditions controlled by them) to commence your operation providing you have control of the land for a full 10-month period. You should make sure that the other party does nothing to affect your Cross-Compliance obligations.

Cross-Compliance and the 10-month rule

If you own land against which you are claiming SFP, the Cross-Compliance Statutory Management Requirements and Good Agricultural and Environmental Condition Standards will apply for the full 12 calendar months of each year, not just your chosen 10-month period. You can find details of the sanction framework for Cross-Compliance in the explanatory guide CAP Reform: Part 4 Cross-Compliance Inspections and Sanctions or on our website at www.dardni.gov.uk/grantsandsubsidies. Information on Cross-Compliance penalties can also be found in Annex 3 of this guidance.

Note: If you cannot fulfil the conditions of the 10-month rule for reasons of *Force Majeure/Exceptional Circumstances*, contact the SFP Section in Orchard House immediately (see Annex 6). See Paragraph 4.33 on land taken out of production due to *Force Majeure/Exceptional Circumstances*.

4.20 Eligible Land

Eligible land for the purpose of activating Entitlements under the SFP Scheme includes the following:

- Permanent pasture;
- Land used for normal arable/combinable crops including energy and protein crops, flax and hemp;
- Land used for potatoes*, sugar beet and other root crops;
- Land used for forage maize and forage rape;
- Land used for temporary grass;
- Land used for soft fruit including strawberries (but not top fruit, for example, non grazeable orchards)*;
- Land used for vegetables*;
- Land under greenhouses or under fixed or mobile cover (unless the land under cover has been made unsuitable for agriculture for example, by concreting);
- Land used for multiannual crops (see next paragraph);
- Nurseries growing multiannual crops (see next paragraph);
- Land used for cut flowers and bulbs;
- Land used for turf, except for fuel (for example, peat cutting);
- Land managed according to Set-aside Management Rules (FWGS);

- Fallow land maintained in Good Agricultural and Environmental Condition;
- Land used for hops; and
- In some circumstances, forage land that forms part of an orchard or woodland.

Land and nurseries growing the following multiannual crops are considered to be eligible land:

- Artichokes;*
- Asparagus;*
- Rhubarb;*
- Raspberries, blackberries, mulberries and loganberries;*
- Black, white or redcurrants and gooseberries;*
- Cranberries, bilberries and other fruits of the genus *Vaccinium*;
- Short rotation Coppice;**
- Elephant Grass (*Miscanthus sinensis*);**
- Reed Canary Grass (*Phalaris arundacea*);**

Note: * To receive a payment for land growing these crops you will need a Horticultural Authorisation (see paragraph 4.13).

** These are crops which, as a general rule, will be eligible for SFP as long as they are eligible under Aid for Energy Crops (ECS).

Energy crops

You can grow short rotation coppice, all species of *Miscanthus* (not just *Miscanthus sinensis*) and nurseries to claim payment against Entitlements if you grow those crops on non-Set-aside land and if you are also claiming Aid for Energy Crops (see Section 6). You will also need to have an energy aid contract in place, or have lodged a declaration of intent to process on-farm with us, to use this land to activate Entitlements.

You can also use land on which short rotation coppice, *Miscanthus sinensis* and reed canary grass is grown to activate Entitlements as long as the crops were planted:

- between 30 April 2004 and 10 March 2005; or
- before 30 April 2004 and the land was leased or bought between 30 April 2004 and 10 March 2005 with the intention of applying for the SPS irrespective of the end use and whether or not the crops were planted under an energy aid contract.

Permanent Pasture

Permanent pasture is eligible under SFP and is defined as land:

- used to grow grasses, clover, Lucerne, sainfoin or forage vetches but not forage brassicas, forage maize or other crops grown for forage which may be naturally self seeded or sown; and
- which has not been used to grow an arable crop for five years or more.

Example:

In 2006, land which has been in grass since 15 May 2001 would be classified as permanent pasture. However, if your land had an arable crop on it in any of the years 1998 to 2003, then we will consider it as Set-aside eligible land.

Land resown with grass during the five-year period is still counted as permanent pasture.

4.21 Set-aside Eligible Land

Set-aside eligible land is land, which is eligible for SFP in 2006 and was not in permanent pasture on 15 May 2003. As a result you can only use land that was in arable use in at least one of the years 1998 – 2003 inclusive to meet your Set-aside obligation. Land in grass being used for Set-aside (including long-term Set-aside) is classified as arable use. Land which was in grass in all of the years 1998 – 2003 inclusive is classified as permanent pasture on 15 May 2003 and **cannot** be used to claim Set-aside irrespective of future use. As a result, land that was classified as permanent pasture on 15 May 2003 but has since been brought into arable production **cannot** be used as Set-aside.

We will already have let you know if you have a requirement to Set-aside land in 2006. If you have any queries regarding whether particular field parcels are Set-aside eligible you should contact the SFP Section in Orchard House (see Annex 6). You will also be able to find more in the 2006 Set-aside Handbook and Guidance for Northern Ireland.

Changing Permanent Pasture to Set-aside Eligible

If for any reason beyond your control, land you would otherwise have been able to use as Set-aside on your holding, is no longer available (for example, as a result of compulsory purchase or statutory intervention) you may apply to have the status of your permanent pasture switched to Set-aside eligible land. If you do this you will only be able to switch the status of any particular field once. You should consider carefully the effect of switching the status of fields as this may affect your ability to claim fully all Entitlements you hold.

If you want to switch the status of a field from Permanent Pasture to Set-aside eligible you must write to the SFP Section in Orchard House (see Annex 6). You will be required to explain the reason why your Set-aside eligible land has been removed from your control and thus preventing you meeting your Set-aside obligation. You must provide documentary evidence of the circumstances and we will decide whether your reasons are valid reasons.

4.22 Land Grazed by Horses

You can claim payment on land which you use mainly for grazing but which you occasionally use for non-agricultural purposes (for example, an annual gymkhana).

Land you use for grazing horses may be eligible for payment under the SFP Scheme. However, areas of land used by horses for other activities, such as a ménage, and land used for non-agricultural purposes, such as racecourses, gallops or as a show jumping arena are not eligible.

4.23 Orchards

A commercial orchard where fruit is harvested is not eligible for SFP. You should use code OT5 for this land when filling in your SAF2.

However, if the orchard is no longer commercial and the area under the trees can be grazed, it is eligible for SFP. You should use code OT3 for this land when filling in your SAF2.

4.24 Woodlands

As a general rule, if more than 50% of the area under the trees of mature woodland can be grazed then the woodland is eligible for SFP. You should use code OT3 for this land when filling in your SAF2. If the woodland cannot be grazed, then you should use code OT6 on your SAF2.

4.25 Grazeable Scrub/Whins

If scrub or whins have encroached onto a field and it is difficult to separate the grazeable and non-grazeable areas of that field, you will need to decide whether more than 50% of the field can be grazed and managed in accordance with GAEC. You cannot claim for scrub land if livestock cannot pass through the scrub to graze. In all cases you must take off an amount for areas within an agricultural field where trees or bushes are preventing the growth of vegetation suitable for grazing.

If you decide that more than 50% of the land is grazeable and is eligible for SFP, then you should use code FR1 for this land when filling in your SAF2. If you decide less than 50% is grazeable and it is not eligible, you should use code OT7.

4.26 Hemp

Land used to grow hemp for fibre production is eligible for SFP, but special rules apply (see Annex 2 for details).

4.27 Common Grazing

For the purposes of the SFP Scheme, we will convert an applicant's right to graze livestock on a Common to a notional area. The sum of these notional areas cannot be greater than the total area of the Common. Where possible, we will pre-print the provisional notional area of each Common allocated to those that have grazing rights on the 2006 SAF2 using information from 2005 Single Applications. We may adjust these notional areas once all the 2006 Single Applications containing land in the same common grazing area have been processed to make sure that the total area of the Common is not exceeded.

When filling in your Single Application, you should record any common grazing which is part of your holding at Section 1 of the SAF2 even if you are not using that land to claim SFP. If you are including common grazing in your application which has been allocated to another farm business, you should notify SFP Section, Orchard House (see Annex 6), in writing, providing details of the farm business to which that common grazing has been allocated.

If at the time you are filling in your application, you have not been advised of your notional area for 2006, you should complete Question 8 on the SAF1 and enter the appropriate 900 series Field Survey Number on your SAF2 to show that you will use common grazing in 2006.

4.28 Split Fields

Generally, requests for more than one producer to activate Entitlements on the same area of land **will not be accepted** and may lead to penalties being applied. If more

than one producer is farming the same field, the field will need to be physically split. Each producer will then need to enter their share of the parcel against the part field suffix on the SAF2.

In the case of arable land, where farmers have been encouraged to establish “rough grass margins” along the field boundary, these grass margins may be treated as the physical divide.

4.29 Land Not Eligible for SFP

Land which was under the following crops during the 10-month period is not eligible for activating Entitlements:

- **Permanent crops or nurseries of permanent crops, including Christmas trees and hardy ornamental nursery stock** – permanent crops are non-rotational crops which are on land for five years or more and yield repeated harvests, for example, top fruit (such as apples, pears, plums and cherries);
- **Non-agricultural use** – for example, land used as a golf course, for motor sports, as a campsite or for peat cutting; or
- **Non-grazeable orchards and woodlands** (see paragraphs 4.23 and 4.24).

4.30 Limited Non-agricultural Use

Generally only agricultural land is considered eligible for SFP.

However, there are certain non-agricultural activities permitted on land which may qualify for SFP. You can find a list of permitted non-agricultural activities at Annex 1. This is not a complete list but will give you an idea of the types of activity that will be considered under each of the three categories.

You should contact the SFP Section in Orchard House (see Annex 6) before beginning any non-agricultural activities not listed in Annex 1. We will advise you whether the activity will invalidate the land you have declared for SFP purposes.

Cross-Compliance and Non-agricultural Activities

In all cases, Cross-Compliance conditions (comprising GAEC and Statutory Management Requirements) will apply on the agricultural area for the whole calendar year.

How the restrictions apply

The restrictions on non-agricultural activities apply only during the 10-month period when you need to have the land at your disposal. Outside that period, you may use the land for other purposes and you can choose a start date for the 10-month period that fits with your other business activities.

The limits apply to the number of days on which a non-agricultural use takes place, not a number of 24-hour periods to be divided over a larger number of days. If you go over these limits, the affected area, rather than the whole holding or, as the case may be, whole field, will be regarded as ineligible. Special consideration will be given on a

case-by-case basis where the 28-day limit has been exceeded due to *Force Majeure/Exceptional Circumstances*. This guidance is for SFP purposes only and other legal restrictions, for example, planning restrictions, may also apply.

In all cases, Cross-Compliance conditions (including GAEC and Statutory Management Requirements) apply to the agricultural area for the whole calendar year.

Special provisions for land used for military training

In some cases, land will be used by the Ministry of Defence for military training. We treat this as being in the national interest and so it does not affect your ability to claim under the SFP. Cross-Compliance conditions still apply.

4.31 Land in Agri-environment Schemes

You must declare all land in Agri-environment Schemes on the SAF2.

If you take part in an Agri-environment Scheme such as the Environmentally Sensitive Area Scheme (ESA), Countryside Management Scheme (CMS), Organic Farming Scheme, Habitat Improvement Scheme or Countryside Access Scheme, it will not necessarily affect the eligibility of land for payment under the SFP. As long as, the land meets the SFP eligibility criteria, it can form part of your SFP claim.

In the case of land used to claim Set-aside Entitlements, we can only make Agri-environment scheme payments where the Agri-environment scheme management requirements exceed the SFP Set-aside Management Rules. As a result, you will not be able to claim payments for the following CMS or ESA Agri-environment measures as well as Set-aside payments on the same land area:

- Grass margins (buffers, wildlife corridors, provision of native trees);
- Wild bird cover;
- Rough grass field margins.

For example, if you have land planted in wild bird cover and are claiming payment for this under an Agri-environment scheme, you should declare this area under land use code AR3. If you are intending to use your wild bird cover to meet your Set-aside obligation, then you should declare this area under land use code SA2. However, if you do decide to use your wild bird cover area to meet your Set-aside obligation, this area cannot also attract a wild bird cover payment under the Agri-environment scheme.

You will be eligible to receive the CMS and ESA Whole Farm Payment payments (with the exception of those listed above) in addition to your Set-aside payment. For further advice on the effect on your payments of using land in Agri-environment Schemes to meet Set-aside requirements, please contact your Countryside Management Scheme Adviser.

Further information on using land in Agri-environment schemes as Set-aside, may be obtained from the 2006 Set-aside Handbook and Guidance for Northern Ireland or your Countryside Management Adviser. Details on using land under a forestry scheme as Set-aside may also be found in the above booklet.

4.32 Land in Woodland Schemes

The following schemes are referred to as Woodland Schemes and are covered by Article 31 of Regulation (EC) No. 1257/1999, including agreements originally set up under Regulation (EEC) No. 2080/92:

- Farm Woodland Premium Scheme (FWPS)
- Woodland Grant Scheme (WGS)

Land categorised as woodland is not normally eligible for payment under the SFP. However, you may use such land as Set-aside as long as:

- you entered the land into one of the schemes listed, and it was in agricultural use immediately prior to being entered into the scheme;
- the application to join the woodland scheme was made after 28 June 1995; and
- the land is not put to any lucrative use (other than that allowed under SFP scheme rules).

You might be financially disadvantaged by using land in a Woodland Scheme to meet Set-aside requirements, as this may result in us stopping or reducing your Woodland Scheme payment. For more information you should contact the Private Woodlands and Plant Health Branch, Forest Service, DARD on (028) 9052 4448.

4.33 Land Taken out of Production due to *Force Majeure/Exceptional Circumstances*

Land must be at your disposal for the 10 consecutive months of your chosen 10-month period or be eligible for SFP on 15 May 2006 for the 2006 scheme year. If for reasons of *Force Majeure/Exceptional Circumstances* some or all of your land is not available to you for your chosen 10-month period or is not eligible for SFP on 15 May 2006 you may still be able to receive payment of your Entitlements. To be considered under these provisions you must write, explaining the circumstances, to the SFP Section in Orchard House (see Annex 6).

We will consider all applications citing *Force Majeure/Exceptional Circumstances* on land on an individual basis to confirm that the applicant is prevented from using the land or that the land was ineligible for SFP because of *Force Majeure/Exceptional Circumstances*. If *Force Majeure/Exceptional Circumstances* is proven, you can use the land to support activation of Entitlements as if it was available for the chosen 10-month period.

For us to consider *Force Majeure/Exceptional Circumstances*, the land must be unavailable to you, during all or part of the specified 10-month period, or ineligible for SFP. The land must be able to be returned to agricultural use or become eligible for SFP after the specified 10-month period is up.

We will not consider land that is not in your possession or is ineligible for SFP during all or part of the specified 10-month period, and is removed permanently from agriculture or is still ineligible for SFP, under *Force Majeure/Exceptional Circumstances*.

Examples of eligible *Force Majeure/Exceptional Circumstances* events will be those that temporarily remove the land from the farmer's agricultural business. These include:

1. Land vested for roadway where part of the land is used to house contractors machinery etc. The land will return to you for use after the contract is complete. However, we will not consider the land used for the actual road under these provisions;
2. Land vested by a utility for work where the land is returned to agricultural use after the work is complete, for example, pipe laying etc;
3. If you have signed an agreement, or are similarly committed to permitting work to take place but the consequences of not doing so would be that a vesting order would be applied for, this will be considered *Force Majeure/Exceptional Circumstances*.

4.34 Cross Border Holdings

Holdings within other United Kingdom Regions

If you have land in more than one region of the United Kingdom, and you manage this land as part of the same farm business as the business in Northern Ireland, this will affect the way you claim SFP payments. This is because the schemes in Scotland, Wales and England are administered differently from Northern Ireland.

If you have land in more than one region of the United Kingdom, you will have to apply to only one Paying Agency to receive payment for your entire holding. You should apply to the Paying Agency responsible for the region where most of your holding is located. The Paying Agency for Northern Ireland is DARD, the Rural Payments Agency (RPA) for England, the Scottish Executive Environment and Rural Affairs Department (SEERAD) for Scotland and the National Assembly for Wales Agriculture & Rural Affairs Department (NAWARAD).

If most of the land relating to your business is located in Northern Ireland, the Single Application pack supplied by the Department will include a SAF1, SAF2 and Applicant Guide from the other region(s) in which you farm. You should fill in the forms from the other region along with the NI Single Application Form and return them **both to the Single Payment Section in Orchard House (see Annex 6).**

If most of the land relating to your business is in another region of the United Kingdom with some land in Northern Ireland, you should receive an Application pack from the Paying Agency in the other region. The Application pack will include the relevant Application Forms for that region and Applicant Guide. **You must return the forms to the Paying Agency which issued the pack by 15 May 2006.**

Please Note: If you have land in another region of the United Kingdom and this land is managed as a separate farm business from the business in Northern Ireland, and you established Entitlements separately, in both regions, in 2005, then these rules will not apply. You will have to complete separate forms in both regions.

Land in the Republic of Ireland

It is not possible to use land that is situated in the Republic of Ireland (ROI) to activate Entitlements in Northern Ireland.

5.1 Introduction

The Less Favoured Area Compensatory Allowances (LFACA) scheme for 2007 will form part of the next Northern Ireland Rural Development Plan (2007-13). The formal submission of this Plan to the EU Commission, and the Commission's approval of that Plan (including any necessary amendments), will take place later this year. Therefore, at the time of going to print, the Less Favoured Area Compensatory Allowances (LFACA) scheme that will operate for 2007 has not yet been agreed.

DARD will be seeking EU Commission approval for a 2007 LFACA scheme that will be broadly similar to that in 2006, **but this may be subject to change or amendment to meet Commission requirements**. However, one significant difference that **will** apply for 2007 is that applicants to the LFACA scheme will not be required to adhere to Good Farming Practice with respect to the environment. Instead they **will have to adhere to the Cross-Compliance conditions over their entire holding** (that is, in exactly the same way as applicants to the SFP scheme).

When the 2007 LFACA scheme has been agreed with the EU Commission, we will inform you that this has happened, and then issue a detailed explanatory booklet. However, if you wish to claim payments under the LFACA scheme, **you are asked to express an interest in doing so now** and complete the details in the Single Application Form (SAF1) as described below. You will be asked to confirm this application after the EU Commission has formally agreed and approved the scheme.

If you wish to express an interest in claiming payment under the 2007 scheme, you should refer to the 2006 LFACA scheme guidance and Cross-Compliance literature, as these are likely to form the basis of the eligibility conditions for entry to the 2007 scheme (subject to any amendment and approval by the EU Commission).

Landowners can activate SFP Entitlements on the LFA land they own and continue to let it to farmers, provided they retain sufficient management control of the land to enable them to meet all the Cross-Compliance requirements. The farmers to whom the land is let may use this conacre land to support claims for payment under the LFACA scheme. However, in these circumstances, the landowner and the farmer taking the land must each make sure that they meet in full any requirements of the respective schemes. A failure to meet these requirements will result in the relevant penalty being applied.

5.2 How to Express an Interest in Claiming

If you wish to express an interest in receiving LFACA in 2007, you must tick the box at Section 3, Question 3 of your 2006 SAF1. This will be subject to a confirmatory application that will be sent to you early in 2007.

You must also now declare your land through the 2006 SAF2, noting that only LFA land within Northern Ireland is considered for payment (column J of the Field Data Sheet, form SAF2, asks you to identify the area of each field claimed for LFACA). In addition, only land which has been declared in column G of the SAF2 as FR1 or OT3 will be eligible for LFACA payment (see Annex 4).

6.1 Introduction

These notes provide some basic information to allow you to decide whether you want to apply for the 2006 ECS. We pay aid for all crops used for the production of energy products, with the exception of sugar beet. Short rotation coppice willow, hemp, oilseed rape and other cereals grown for oil are therefore covered by the ECS.

Aid is payable under the ECS at a rate of €45/ha for energy crops, but we may reduce this if the ceiling of 1.5 million hectares within the EU is exceeded.

6.2 Eligibility

The four conditions which you must meet, to receive aid are as follows:

1. The areas you have applied for measure at least 0.3 hectares;
2. To be eligible to claim aid under the ECS, you will need a concluded contract with a first producer of the harvested raw material from your crops. The contract must give at least the following:
 - The names and addresses of the parties to the contract;
 - The duration of the contract;
 - The species of all raw materials concerned and the area planted with each species, identified by land parcel; and
 - Any conditions applicable to the delivery of the forecast quantities of raw material.
3. You must agree to fulfil the obligations upon both parties regarding the final processing of a proportion of raw material, and intermediate processing and/or subsequent transfer of ownership of the remainder;
4. You must let us know the intended primary end uses of the raw material.

In the case of the energy crops grown for on farm processing such as short rotation coppice willow or cereals grown for biodiesel, you must send us a declaration of the conditions of such processing with your application form instead of the contract referred to above.

Land used to grow energy crops eligible for ECS will also be eligible to claim SFP. However, it is not possible to claim ECS in respect of energy crops grown on Set-aside land.

6.3 How to Claim

If you want to claim ECS payments for 2006, you must tick the Box at Section 3, Question 4 of your SAF1.

6.4 Cross-Compliance

To receive ECS Payment, you must comply with the Cross-Compliance Verifiable Standards (see paragraph 4.5 for information on Cross-Compliance).

6.5 Penalties

If you fail to deliver the requisite quantity of raw material, we may reduce your payments. This will also apply if we receive your 2006 Single Application late (see Annex 3).

7.1 Introduction

This is an aid available as an extra payment to the SFP. Council Regulation (EC) No 1782/2003 and Commission Regulation (EC) No 2237/2003 introduced EU aid for producing protein crops that satisfy the eligibility conditions set out below.

Aid for Protein Crops is payable at a rate of €55.57/ha, but we may reduce this if the ceiling of 1.6 million hectares within the EU is exceeded.

7.2 Eligibility

The four conditions which you must meet are as follows:

1. You may only claim on any land in protein crops other than Set-aside. Under EC rules, you must sow all crops in line with local standards. This means that you must prepare the land and sow seeds in a manner, and at a seed rate, that could be expected to produce a normal marketable crop;
2. You must maintain the crops in line with normal agricultural practice until 30 June 2006 or flowering if later. You must not harvest any crops until they reach the stage of lactic ripeness. In the United Kingdom it is acceptable to harvest proteins at a maximum moisture content of 30% in order to meet this requirement (that is, crops which are harvested dry);
3. If you sow protein crops in a mixture with cereals, to receive the PCP, you must be able to prove that the protein crops are the main crops in the mixture;
4. Protein crops are defined as:
 - Peas (falling within CN code 0713 10);
 - Field beans (falling within CN code 0713 50); and
 - Sweet lupins (falling within CN code ex 1209 29 50).

7.3 How to Claim

If you want to claim the PCP you must tick the box at Section 3, Question 5 of your 2006 SAF1.

7.4 Cross-Compliance

To receive of PCP Payments farmers must comply with the Cross-Compliance Verifiable Standards (see paragraph 4.5).

7.5 Penalties

Please see penalties in Annex 3.

8.1 Introduction

Modulation is a mechanism to transfer funds from direct farm subsidies to Agri-environment and Farm Woodland Schemes. Direct farm subsidies have been modulated in the United Kingdom since 2001.

All payments you receive under the following schemes will be subject to modulation:

- Single Farm Payment Scheme;
- Aid for Energy Crops; and
- Protein Crop Premium.

8.2 The Modulation Rate

The modulation rate is the percentage reduction applied to the subsidy payments listed above and is made up of two elements:

1. **EU modulation** – the rate of which is fixed by the EU and applied by all Member States; and
2. **Additional modulation** – the application of which is optional for Member States. After extensive public consultation it was decided, to apply additional modulation, commencing in 2006. This will be subject to review in 2007.

The modulation rate we will use in Northern Ireland in 2006 is as follows:

Year	EU modulation rate	Additional modulation rate	Overall modulation rate
2006	4%	4.5%	8.5%

Modulation deductions will be made from your net direct payments **after** the application of any penalty deductions (other than Cross-Compliance) that may be necessary.

8.3 The Five Thousand Euro Exemption from EU Modulation

While modulation will be deducted from the entire payment initially, a refund of the EU modulation will be made in respect of deductions of the first €5,000 of payment. However, this refund of EU modulation is subject to a financial ceiling which must not be exceeded. Repayments of EU modulation may be scaled back if this ceiling is breached. There will be no refund in respect of additional modulation.

8.4 Cross Border Holdings

If some of your holdings and Entitlements are located in England, Scotland or Wales the additional modulation rate applicable to these Entitlements will be that set by those Regions.

9.1 Introduction

In 2005 as a result of the introduction of the new farm mapping system (GIS) we issued new farm maps to all farm businesses. At this time, two sets of maps were issued namely:

- Ownership Maps to all landowners; and
- Claimed Maps showing land claimed by farm businesses who submitted an IACS application in 2004.

The issue of these maps resulted in a large number of mapping queries. As a result, some of the farm maps issued in 2005 have had to be amended. At the beginning of 2006, we reissued amended ownership maps. We have not reissued ownership maps which have **not** changed from those originally issued in 2005.

9.2 Amended Ownership Maps

If you are a landowner who has received an amended ownership map and you intend to use it as the basis of your 2006 Single Farm Payment Application, you must be satisfied that the details shown on your amended map are correct.

9.3 Claimed Maps

If you sent us a 2005 Single Application and you are not a landowner claiming only your own land, we will send you (**under separate cover**) a farm map. This map will show all the fields you claimed on your 2005 Single Application Form which currently match GIS. If you are taking land in conacre to activate Entitlements and the field area is not available on your claimed map **you need to contact the owner to find out the area of the field.**

9.4 Checking your SAF2

We have used the information we hold on GIS to pre-print information on your 2006 SAF2. For more information see Section 10.

You must check your revised map to make sure it fully reflects the current position of the holding. You must also make sure that all the areas stated on the SAF2 fully reflect the current position of your holding. If you think the area pre-printed on the SAF2 is inaccurate you need to contact your local DARD Office immediately (see Annex 6)

Leased/Conacre Land

If you take any land in conacre or lease you should also make sure that you obtain the most up to date map from the owner of the land before sending us your 2006 Single Application. This will help you to fill in your SAF2 for the fields taken.

Common Land

If you have rights within an area of common grazing, the common will not be displayed on your map but the grazing area will be listed in the data table on the map. The Farm

Survey Number of common grazing can be easily recognised as the map number is always 900 type, for example, 4/013/902.

9.5 New Entrants to Farming

If you are a new entrant to farming and do not have a farm map, please contact your local DARD Office (see Annex 6).

Note:

Maps are not included in the Single Application pack

Please make sure:

- You answer all the questions on the application form; and
- You remember the following points.

10.1 SAF 1

Section 1 – Business Details**Existing Businesses**

We will normally pre-print these details on the application form from our existing records.

If any of the details shown in this section are incorrect or you want to change the information we hold about your farm business, you should obtain form BC6 from your local DARD Office (see Annex 6). You should complete and return the form to us with your 2006 SAF1. If you are enclosing form BC6 with your SAF1 you must tick the box beside your Business Details to tell us you are doing so.

If we have not pre-printed some or all of the information about your farm business you must enter the details in **black ink**. You should initial and date any amendments. You must not use correction fluid.

New businesses

You need to be registered with us as a farm business before your Single Application can be processed. If you have not already done so you should contact your local DARD Office (see Annex 6) as soon as possible to obtain advice and the relevant application form. **This form must be received by us no later than the date you submit the Single Application. We should receive your Single Application on or before 15 May 2006.**

Regional Information

Only complete **Question 1** if you manage your land in Northern Ireland and the land in another region as part of the same farm business.

Section 2 – Single Farm Payment

If you wish to claim payment under SFP, you must activate your Entitlements by completing **Question 2**.

Important:

- You must claim all Set-aside Entitlements you hold before any other Entitlements;
- You can only activate the number of Entitlements for which you have eligible hectares at your disposal for 10-months;
- If you want to activate all of your Entitlements you should tick the box at Question 2 of the SAF1 or alternatively, you should enter the number of Entitlements of each type that you want to activate in the boxes below Question 2 of the SAF1; and
- We will activate your Entitlements, up to the limit you have given on your form on the basis described in paragraph 4.15.

Section 3 – Other Aid Schemes

If you do not tick any of the boxes at **Questions 3, 4 and 5** we will assume that you **do not want to apply for any of the schemes listed**.

Section 4 – Claim Summary

It is important that you complete the Summary Box showing the total for each scheme you are claiming and **make sure that this total agrees** with the totals for each columns **H, J, K and L** of your SAF2.

Section 5 – Land Use in 2006

Question 6 10-month rule

If you are choosing one start date for the 2006 scheme year, enter the date in the box provided.

If you are choosing two different dates for the 2006 scheme year, enter the first date in Box 1 and the second date in Box 2.

Important:

The start dates chosen for 2006 must not overlap with the 10-month end dates for the same fields declared by you, or another farm business to claim 2005 SFP. You must check all fields which you are using to activate Entitlements in 2006 on a field by field basis to ensure that there is no overlap between the 10-month end-date for 2005 SFP and the 10-month start date you choose for 2006 SFP.

You are advised to check the 2005 end date which is pre-printed at the top of Section 3 of your SAF2 for every field you are claiming and for any new fields you are claiming in 2006. You must also check with whoever claimed for those fields in 2005.

If you do not know the 2005 10-month date, you can check the Field Database on our web site www.dardni.gov.uk/grantsandsubsidies or telephone Orchard House or your local DARD Office (see Annex 6).

Question 7 Set-aside

See paragraph 4.10

Question 8 Common Grazing

See paragraph 4.27

You must declare all common grazing even if you are not using it to activate Entitlements.

Section 6 – Cross-Compliance

See paragraph 4.5.

Section 7 – Payment Details

See paragraph 2.13.

Section 8 – Declarations and Undertakings

See Paragraph 2.4 in respect of Minors.

Section 9 – Agent Authorisation

If you appoint an agent you must make sure you and they have signed the Authorisation.

10.2 SAF2

When filling in your SAF2 you are advised to note the following points:

- We will not have pre-printed fields which do not currently match GIS. If you did not receive a letter detailing fields not printed, you should contact your local DARD Office to sort out the query before filling in your application form.
- You must declare **all** the agricultural land that you own, lease out or take in conacre on the SAF2 even if you are not claiming for that land. If you do not declare all your land you may be subject to penalties.
- **Under no circumstances** will it be possible for two or more farm businesses to claim payment under the same aid scheme for the same area of land. In such cases, you may be penalised for over declaring the area of land in your 2006 Single Application.
- We have pre-printed columns G, H, J, K and L from your 2005 declaration. You **must** amend these to reflect 2006 position.

10-month Period

- If only one 10-month date is chosen at Question 6 of the SAF1 or is left blank (which means we will default the start date for all your land to 1 February 2006), there is no need to fill in column I on the SAF2 at all.
- If two 10-month start dates have been entered at Question 6 of your SAF1, enter 1 or 2 as appropriate in column I against each field. 1 or 2 will correspond to the dates you have entered at Question 6 on your application form.
- If you do not know the 2005 10-month end date, you can check the Field Database on the DARD web-site www.dardni.gov.uk/grantsandsubsidies or telephone Orchard House or your local DARD Office (see Annex 6).
- If you do not know the Set-aside status of a field in column F, you can get this information on the DARD web-site www.dardni.gov.uk/grantsandsubsidies or telephone Orchard House or your local DARD Office (see Annex 6).

Common Grazing

- You should record all the common grazing that is part of your holding even though you are not claiming for that land.
- If you do not know the area you will have, then you should enter the Field Survey Number (that is, 900 series number) so that we can check for the area at a later date.

Field Use

- If a field has more than one use then you must enter relevant codes and the areas involved. You should use the code list at Annex 4.

2006 Claim Details

- If you do not make any amendments to the pre printed data in columns G, H, J, K and L we will use the pre-printed information showing the 2005 position for 2006 and if we find it is incorrect, you may be penalised.

Make sure you complete total columns and cumulative totals so that you can carry this information over to Section 4 of the SAF1.

Finally please remember

To sign the SAF1 and SAF2.

All applications received after 15 May and on or before 9 June 2006 (except in cases of *Force Majeure*/Exceptional Circumstances) will have to pay late claim penalties.

A. Generally permitted activities

Activities that are permitted without restriction include:

- Walking;*
- Bird-watching;
- School or university nature or farm visits;
- Horse-riding along bridleways (in this context bridleway means any unsurfaced highway or route for which riding is allowed or for which a right of way on horseback exists. This may include statutory bridleways as well as other routes such as byways, permissive routes or field edges avoiding busy roads);
- Bicycle riding along defined paths or bridleways*;
- Fishing;
- Hedge-laying competitions, local ploughing competitions or other cultivation demonstrations within the applicable GAEC rules. This excludes events where trade stands are present, which fall under category B;
- Shooting (game);
- Deer stalking;
- Drag hunting; and
- Paragliding and hang-gliding.

* Paths or bridleways that are metalled or surfaced would in any event be considered ineligible land.

B. Restricted (28 day limit) activities

Activities in this category are permitted up to a 28-day limit and include:

- Shooting (clay);
- Car boot sales;
- Car parking (whether or not it is associated with any of the activities listed in this note);
- Country fairs and shows;
- Farm auctions and sales;
- Equestrian activities (except of the type described under category A);
- Ballooning;
- Festivals and events;
- Scout or guide camps or similar;
- TV and film locations;
- Caravan sites (for periods of more than 28 days, the affected area should not be used to support a claim. This need not affect a whole field); and
- Motor sports.

C. Activities inconsistent with land being considered as remaining in agricultural use.

This category includes situations where the principal purpose of the land is for recreational or other non-agricultural activities, such as golf courses, other permanent sports facilities, gallops or airports.

Special Rules for Hemp Grown for Fibre

Any parcels of land (including Set-aside land) which are used to grow hemp for fibre or other purposes must be declared on your SAF2.

Contracts and Seed Labels

Aid on hemp will not be paid unless a copy of the contract concluded with an authorised primary processor or a commitment to process is supplied to SFP Section, Orchard House (see Annex 6) with your Single Application. Please note that if the processing is not carried out we may have to recover any aid paid to you, and impose penalties for non-compliance with the conditions for claiming the payment.

For hemp, certified seed of one of the eligible varieties must be used. The original official seed labels, confirming the variety, must be supplied to SFP Section with your Single Application. These will be receipted by the SFP Section and returned to you. When sowing takes place after 15 May, these documents must be submitted no later than 30 June. It is recommended that you send your seed labels by Recorded Delivery post to the SFP Section, Orchard House (see Annex 6).

Eligible Varieties

The list of varieties of hemp that may be grown under the SFP scheme is currently under review by the European Commission. Details, when finalised, will be available on request from SFP Section, Orchard House (see Annex 6).

Sampling and Testing

Under EC rules the United Kingdom must sample and test 20% of all applications which include hemp, 20% of the total area of hemp and all varieties of hemp grown. This is to make sure that the tetrahydrocannabinol (THC) content of the crop is below the level prescribed by the EC legislation. Producers must therefore maintain, for each variety sown, three distinct parts of each field claimed, each part comprising at least 4,000 plants, until at least 10 days after flowering in case sampling is necessary. Growers must not harvest these areas until sampling has been completed or a written notification stating that sampling is not necessary has been received from SFP Section.

Application

If you want to claim hemp you should complete the details requested on your SAF2 at Land Use Columns G and H.

Special Arrangements for Hemp

You must obtain a licence from the relevant authority for any fields in which hemp is to be grown. It is a criminal offence to cultivate hemp in the United Kingdom, for any purpose, without such a licence. In Northern Ireland, an application for a licence should be made to:

**Department of Health, Social Services & Public Safety
Health Protection Team
Room C4.22
Castle Buildings
Stormont Estate
Belfast
BT4 3PP**

Telephone: (028) 9052 2118

Applications should be made as early as possible once serious consideration is being given to growing hemp. In considering each application, the bona fides of the applicant and the purpose of growing the hemp, together with the proposed locations of the growing sites, will be taken into account by the Head of Inspection and Investigation, Pharmacy Branch, Department of Health, Social Services and Public Safety (DHSSPS). **Licences are not issued automatically.** In particular, in selecting growing sites, you should identify land where there is poor public access and visibility of the crop, that is, away from residential areas and major roads. Where minor roads abut the growing site, vehicular access to the site should not be possible. The inspector may also require crops to be screened and other security measures to be taken in some cases. Evidence that you have a contract to supply the hemp produced to a DHSSPS/RPA approved processor may also be required.

This section provides information on the penalties that are applicable to the following:

Section A – Late applications (received after 15 May 2006);

Section B – Amendments to applications between 1 June and 9 June 2006;

Section C – Under declaration of land;

Section D – Over declaration of land:

- Discrepancies within crop group areas (Stage 1); and
- Discrepancies across crop groups (Stage 2).

Section E – Intentional over declaration;

Section F – Non-food and energy crops;

Section G – Set-aside Entitlements and management conditions; and

Section H – Cross-Compliance requirements.

Section A

Late Applications (received after 15 May 2006)

Single Farm Payment (SFP) Scheme

Energy Crop Scheme (ECS)

Protein Crop Premium (PCP)

2007 Less Favoured Area Compensatory Allowances (LFACA)

Except in cases of *Force Majeure/Exceptional Circumstances*, if you send us your Single Application after 15 May 2006 and before 9 June 2006 your claim will be subject to reductions.

We will reject your application if we receive it after 9 June 2006 and you will not be able to claim payment for any of the schemes included in the Single Application, that is, SFP, ECS, PCP and LFACA.

Except in cases of *Force Majeure/Exceptional Circumstances*, if you send us your application after the 15 May deadline, we will reduce your payment by 1% per working day it is late.

Number of days late	Penalty	Example
1-25 calendar days	Except in case of <i>Force Majeure/Exceptional Circumstances</i> , you will lose 1% per late working day of the total overall value of the aid Scheme concerned.	We receive your Single Application (including claims for ECS, PCP and LFACA) on 22 May 2006 (five working days late). You would lose 5% of the value of aid for each scheme claimed in 2006.
Over 25 calendar days, that is, after 9 June 2006	Except in case of <i>Force Majeure/Exceptional Circumstances</i> , if a Single Application is received after 9 June 2006, it will be considered inadmissible. Your SFP Entitlements will not be activated and you will not receive any payment against your Entitlements in 2006 or any other aid Scheme concerned.	We receive your Single Application (including claims for ECS, PCP and LFACA) on 13 June 2006 (29 calendar days late) You will not be able to activate your SFP Entitlements in 2006 and will not receive any payment. PCP, and ECS will also be lost in the current year.

Section B Amendments to Applications Between 1 June and 9 June 2006

Number of days late	Penalty	Example
3 days late	1% per working day late	On 5 June you add 2 additional fields on your SAF2 which will allow you to activate 2 more SFP Entitlements. You will lose 3% of the payment due in respect of the aid schemes involved.

Section C**Under Declaration of Land**

You may be penalised if you do not declare all the agricultural land on your holding at Section 1 of the SAF2. You will not be penalised if you have declared all the land on your holding on your SAF2 but do not want to use all of that in order to claim payment under the SFPS, ECS, PCP and LFACA.

Where the difference between the area you have actually declared on your application and the total area you ought to have declared is more than 3% of the area declared, your payment will be reduced as follows:

- Difference of up to 3% - your payment will not be reduced;
- Difference of more than 3% and up to 20% - your payment will be reduced by 1%;
- Difference of 21% - 50% - your payment will be reduced by 2%;
- Difference of more than 50% - your payment will be reduced by 3%.

Under declaration of land	Penalty	Example
Up to 3%	No penalty	You declare 39ha of land on your Single Application, and the area is found to be 40ha. Under declaration is 2.56%. You will be paid on 39ha.
More than 3% and not exceeding 20%	Overall amount of direct payment for current year will be reduced by 1%	You declare 50ha on your Single Application. However, you are farming 59ha. The difference (9ha) is greater than 3% and less than 20% of the area declared 50ha.
More than 20% and not exceeding 50%	Overall amount of direct payment for current year will be reduced by 2%	You declare 100ha on your Single Application. However, you are farming 125ha. The difference (25ha) is more than 20% and less than 50% of the declared area.
More than 50%	Overall amount of direct payment for current year will be reduced by 3%	You declare 75ha on your Single Application. However, you are farming 120ha. The difference (45ha) is more than 50% of the declared area.

You may be penalised and your payment may be reduced if you have over declared your land.

We may also apply over declaration penalties in the case of duplicate fields, in other words, in cases where more than one farm business has included the same fields on their application forms. If we find you have falsely declared these parcels, we will treat this as over declaration and you will have be penalised in line with the following paragraphs.

We will consider the over declaration of land on your Single Application in two stages:

Stage 1

Discrepancies within crop group areas

Firstly we will decide whether there has been an over declaration within a particular crop group, that is, where the area declared on your application is greater than the area actually found (the determined area). The crop groups are:

- SFP scheme eligible land use;
- Energy crops;
- Protein crops.

If the total area determined for a crop group, is less than that total area declared, payment will be calculated on the basis of the total area determined. We will then reduce this payment by twice the difference found if the difference between area declared and found is more than either 3% or two hectares, but not more than 20% of the determined area.

If the difference is more than 20%, we will not make a payment for the crop group concerned. Please see the Table overleaf for examples. These penalties will also apply if you have only declared one crop group, for example, SFP on your application and the over declaration is in excess of the penalties at Stage 2 below.

Within the same crop group it will be possible to offset over declarations in respect of one parcel against under declaration of another.

Stage 2

Discrepancies across crop groups

We will then consider the total area of all crop groups declared on your application against that actually found. Examples of penalties to be applied for over declaration of the total area across all crop groups are shown in the table below.

Penalties for the overall area of all crops will apply as well as penalties for particular crop groups.

If you have only declared land in one crop group, for example SFP, on your Single Application and the over declaration is more than the penalties below, these will also apply.

If the area declared on the application exceeds the **overall** area of all crop groups actually found by more than 30%, we will not pay you any aid in that year on any schemes you have claimed (SFP, ECS or PCP). If the difference is more than 50%, as well as receiving no aid in that year, we will deduct the same amount from claims you make over the next three years. The amount will be offset against claims made in those years.

Over declaration for a crop group	Penalty	Example
Up to 3% or 2 ha	No penalty	You declared 40ha on your Single Application to activate SFP Entitlements, The actual area found is 39ha. As the difference (1ha) is less than 3% or 2ha, no penalty will be applied. Entitlements will be activated (paid) on 39ha.
More than 3% or 2 ha but not exceeding 20%	A percentage equal to twice the difference between the declared and determined areas will be deducted from the overall amount of aid due for the crop group concerned.	You declared 55ha on your Single Application to activate SFP Entitlements. The actual area found is 50ha. As the difference (55ha – 50ha = 5ha) is 10% (5/50 x 100), which is greater than 3% but less than 20%, your overall SFP payment will be reduced by twice the difference. Hence the penalty applied will be (10% x 2) 20% of your SFP payment due in 2006. If your Entitlements are each worth £200, your 2006 payment will be £200 x 50 = 10,000 less 20% = 8,000.
More than 20%	No aid will be paid for the crop group concerned in the current year. For example, SFP, ECS or PCP.	You declared 60ha on your Single Application to activate SFP Entitlements. The actual area found is 45ha. As the difference (60ha – 45ha = 15ha) is 33.3% (15/45 x 100), which is greater than 20% no SFP will be paid in 2006.

Over declaration for the overall area	Penalty	Example
30% or less	No additional penalty will apply, other than any penalty applied within individual crop group (Stage 1)	<p>On your Single Application you declare: ECS - 10ha SFP - 90ha. The areas found are ECS - 5ha SFP - 85ha.</p> <p>As the over declaration for ECS is 5 ha or 100%, you will not receive any ECS payment in 2006.</p> <p>As the over declaration for SFP is 5 ha or 5.8%, you will receive payment based on 85ha less 2 x 5.8% (11.6%).</p> <p>The total overall area declared across both groups is 100ha (90 plus 10) and found is 90ha (85ha plus 5 ha). The over declaration is 10 ha or 11.11%. As this is less than 30% no penalty across the crop groups will be applied.</p>
More than 30% but not exceeding 50%	No aid will be paid on any schemes (SFP, PCP or ECS) in the current year.	<p>On your Single Application you declare: ECS - 10 ha; SFP - 90 ha.</p> <p>The areas found are: ECS - 10 ha; SFP - 65 ha.</p> <p>As the over declaration for SFP is 25 ha or 38.46% you will not receive any SFP payment in 2006.</p> <p>There is no over declaration for ECS. However, the total overall area declared across both crop groups is 100ha (90 plus 10) and found is 75 ha (65ha plus 10 ha). The over declaration is 25 ha or 33.33%. As this is more than 30%, the 2006 ECS payment will also be withheld in the current year.</p>

Over declaration for the overall area	Penalty	Example
<p>More than 50%</p>	<p>No aid will be paid in the current year. In addition, an amount equal to the value of the overdeclaration (the difference between the declared and determined areas) for that year will be offset against payments due for claims made on your Single Application (excluding LFACA) in the following three years. If the amount cannot be fully offset in 3 years the balance will be cancelled.</p>	<p>You declared 80ha on your Single Application to activate SFP Entitlements. The actual are found is 50 ha.</p> <p>As the difference (80ha – 50ha = 30 ha) is 60% (30/50 x 100), no SFP will be paid in 2006 and further penalties will be applied in the following three years to offset an amount corresponding to the aid payable on the difference of 30ha. This means that in 2007, 2008 and 2009 your payment will be reduced until an amount equivalent to 30ha unit value of your Entitlements is offset.</p> <p>Your Entitlements are each worth £200. The Department will therefore recover 30 x 200 = 6,000 from any claim you make on your Single Application in 2007, 2008 and 2009.</p>

Section E Intentional Over Declaration

Where the discrepancies found are intentional, we will not pay any aid for the relevant calendar year when the discrepancy is equal to or less than 20%.

If the difference is over 20% of the area determined within a crop group in addition an amount equal to the value of the over declaration will be offset against payments due in the next three calendar years under the relevant schemes covered by the Single Application. Examples are given in the table below.

An intentional over declaration may also lead to criminal prosecution.

Intentional Over declaration	Penalty	Example
Not exceeding 20%	No aid will be paid on the aid scheme concerned in the current year.	You declare an area of 40ha as eligible under SFP on your Single Application but the area is found to be 35ha and the over declaration was found to be made intentionally. No payment will be made.
More than 20%	No aid will be paid on the aid scheme concerned in the current year. In addition, a sum equal to the amount which corresponds to the difference between the area declared and the area determined for that year will offset against claims for SFP, PCP, ECS and LFACA due in the following three years. If the amount cannot be fully offset the balance should be cancelled.	You declare an area of 20ha under SFP on your Single Application but the area is found to be 16ha. No payment will be made in the current year. In addition, an amount equivalent to the over declaration will be offset (until recovered in full) against any scheme claimed on the Single Application Form in the next three calendar years.

Section F Non-Food and Energy Crops

If you fail to deliver the correct quantity of energy or non food crops grown on Set-aside land you will be subject to a reduction according to the reductions at section D above in respect of an area calculated by multiplying the area of land cultivated for the these crops material by the percentage shortfall in delivery of the crop.

Section G

Set-Aside Entitlements and Management Conditions

If you do not set aside enough land to activate all your Set-aside Entitlements, but have other land which is “Set-aside eligible land” and you are using this land to support your Standard Entitlements, we will use this other land against your Set-aside Entitlements up to the amount needed to support those Set-aside Entitlements in full. The land which is offset in this way is then considered as not determined for the purpose of activating Standard Entitlements, so no payment will be made on the corresponding Standard Entitlements. In addition, if this offset land now used to support Set-aside is not actually being managed as Set-aside, you will also lose payment on your Set-aside Entitlement.

If you do not meet the Set-aside Management Rules, which will be detailed in the 2006 Set-aside Handbook and Guidance for Northern Ireland, directly attributable to you or someone under your control, we may reduce your payments or you may be excluded from the SFP scheme.

Penalty example

A producer declares 100ha of Set-aside eligible land to establish Entitlements and is therefore, awarded 6.9 (that is, 100ha x 6.9%) Set-aside Entitlements and 93.1 Standard Entitlements. In 2006 the producer declares 100ha to activate Entitlements, none of which is Set-aside.

	Standard	Set-aside	Total
No of payment Entitlements allocated	93.1	6.9	100
Area declared for activation (ha)	100	0	100
Adjusted area declared (ha)	93.1	6.9	100
Area determined as meeting the Scheme conditions (ha)	93.1	0	93.1
Difference between determined area and adjusted area declared (ha)	0	6.9	6.9

As no land has been set aside to meet the 6.9ha Set-aside obligation, no payments can be made against the 6.9 Set-aside Entitlements allocated. The difference between the area determined as meeting the scheme conditions and total area declared is 6.9ha, which is between 3% and 20% of the total area determined (93.1ha). Therefore, the payment made will be on the determined area reduced by twice the difference between the adjusted area declared and the area determined (over declaration penalties at Annex 3 would apply). In the above example, 79.30 Standard Entitlements ($93.1 - (6.9 \times 2)$) would be paid.

Section H

Cross-Compliance Requirements

We may reduce your payment if you, or someone acting on your behalf, fail to comply with any of the Statutory Management Requirements or the standards relating to Good Agricultural or Environmental Condition (GAEC). You will be responsible for your employees or persons who undertake tasks for you, as well as for agents and those who could be said to be acting on your behalf.

You should also note that if you do not comply with certain Cross-Compliance requirements relating to the Statutory Management Requirements, this may be a criminal offence under domestic legislation and, as such, would carry a criminal sanction. A failure to comply with the

requirements of the relevant legislation could, therefore, result in you being prosecuted in addition to the payment reductions and exclusions detailed below.

If you act negligently and fail to comply with a Cross-Compliance requirement, your overall direct payment will generally be reduced by 3% for each non-compliance. However, this reduction can be reduced to 1% or increased to 5%, depending on the seriousness of the breach. The seriousness of the breach will depend on the assessment of the severity, the extent and permanence of the breach identified. For very minor technical breaches a warning letter may be issued.

If you commit more than one breach in the same Statutory Management Requirement category (that is, either the environmental regulations, the animal identification and registration regulations, the public, animal and plant health regulations or the notification of diseases regulations) or GAEC then this will be treated as one non-compliance for the above purposes. Where a breach of the same specific requirement is repeated within three years, the reduction will be increased by a factor of three, up to a maximum of 15%. Once the reduction reaches 15%, if you fail to comply with the same requirement you will be treated as having intentionally failed to comply.

Where more than one negligent non-compliance with regard to the different Statutory Management Requirement categories or GAEC has been determined, each case of non-compliance will attract a penalty. These penalties shall be added, however the maximum reduction in any scheme year shall not exceed 5% (see example 5).

Depending on the circumstances surrounding a particular breach it may be decided to class your first breach of a Cross-Compliance standard as intentional. In cases of intentional non-compliance, your direct payment will generally be reduced by 20% but this reduction can be reduced to 15% or increased to 100%. Intentional non-compliance may even result in exclusion from that aid scheme in the following calendar year.

It is important to note that while a breach in the first instance could be deemed as negligence a repeat could be deemed as intentional and a higher penalty would therefore apply.

The above rules governing the size of penalties to be imposed for both negligent and intentional breaches have been incorporated into UK wide penalty frameworks. The negligent and intentional penalty frameworks are attached.

Below are some basic examples of how the above rules will apply in practice during the 2006 scheme year (1 January to 31 December 2006):

Example 1 (Breach assessed as negligent)

An inspector reports a breach of the Soil Management GAEC requirement “has the land been severely poached”. His judgement is that the breach is medium severity, caused by negligence, is rectifiable and the effect is confined on-farm. To identify the penalty to be imposed you use the negligent penalty framework (included at the end of this section) and work across the sections detailing limited on-farm effect, medium severity and permanence rectifiable. This indicates that the penalty should be 1% of the 2006 direct agricultural support payments. This approach should be repeated for each breach due to negligence.

Example 2 (Breach assessed as intentional)

During a Cross-Compliance inspection performed in June 2006 an inspector reports a breach of the Soil Management GAEC requirement “has the land been severely poached”. His judgement is that the breach is medium severity, is intentional, is rectifiable and the effect is

confined on-farm. To identify the penalty to be imposed you use the intentional penalty framework (included at the end of this section) and work across the sections detailing limited on-farm effect, medium severity and permanence rectifiable. This indicates that the penalty should be 20% of the 2006 direct agricultural support payments. This approach should be repeated for each intentional breach reported.

Example 3 (More than one negligent breach in the same Cross-Compliance area identified)

At a Cross-Compliance inspection performed in December 2006 it is discovered that a farmer has negligently breached the following GAEC requirements which using the negligent penalty framework, would attract the associated penalties:

a) GAEC Soil Management Requirements (Cross-Compliance Area 1)

“Has land been severely trampled or poached?” – Penalty 3%.

b) GAEC Supplementary Feeding Sites (Cross-Compliance Area 1)

“Is there evidence of Sacrifice areas/paddocks (other than those permitted)?” – Penalty 1%.

c) GAEC Field Boundaries (Cross-Compliance Area 1)

“Is there evidence of field boundary removal without prior DARD approval?” – Penalty 1%.

Because the three breaches are negligent breaches, and fall within the same Cross-Compliance Area (Area 1 - GAEC) they will be treated as one breach and the highest penalty in respect of the non-compliances identified is imposed that is, 3% of the 2006 direct agricultural support payments.

Example 4 (More than one intentional breach within the same Cross-Compliance area identified)

While performing a Cross-Compliance inspection an inspector discovers that a farmer has intentionally breached the following GAEC requirements which from the intentional penalty framework would attract the associated penalties:

a) GAEC Soil Management Requirements (Cross-Compliance Area 1)

“Has land been severely trampled or poached?” – Penalty 20%.

b) GAEC Supplementary Feeding Sites (Cross-Compliance Area 1)

“Is there evidence of Sacrifice areas/paddocks (other than those permitted)?” – Penalty 20%.

c) GAEC Field Boundaries (Cross-Compliance Area 1)

“Is there evidence of field boundary removal without prior DARD approval?” – Penalty 30%.

Because the three breaches are all intentional breaches and even though all fall within the same Cross-Compliance Area (Area 1 - GAEC) they will be treated as separate breaches and the penalties in respect of the non-compliances identified added together to give the overall penalty that is, $20\% + 20\% + 30\% = 70\%$ of the 2006 direct agricultural support payments.

Example 5 (Breaches identified under different Cross-Compliance areas)

During a 2006 Cross-Compliance inspection it is discovered that a farmer has negligently breached the following Cross-Compliance requirements:

a) GAEC Soil Management Requirements (Cross-Compliance Area 1)

Negligent breach of – “has land been severely trampled or poached?” – Penalty 3%.

b) SMR 2 Habitats (Cross-Compliance Area 3)

Negligent breach of – “is there evidence of destruction, cutting or uprooting of protected plant species?” – Penalty 1%.

Because the two breaches fall into different Cross-Compliance areas (that is, 1 and 3) the associated penalties will be added together to give the overall penalty to be deducted $3\% + 1\% = 4\%$ of the 2006 direct agricultural support payments. If the two penalties when added together total more than 5%, the overall penalty to be imposed would be reduced to 5%.

Example 6 (Repeat breach of the same specific Cross-Compliance requirement due to negligence)

In 2005 it was discovered that a farmer negligently breached the following Cross-Compliance requirement:

GAEC Soil Management Requirements (Cross-Compliance Area 1)

Negligent breach of – “has land been severely trampled or poached?” – Penalty = 3%.

During 2006 the farmer is inspected again and a breach of the same specific requirement is identified:

Negligent breach of – “has land been severely trampled or poached?” Previous penalty 3% X 3 (because it is a repeat breach) = 9% of the 2006 direct agricultural support payments.

The above examples are designed to give you an indication for how the penalty system will be operated. You can find more information on this topic on our web-site at www.dardni.gov.uk/grantsandsubsidies and in the CAP Reform Part 4 Cross-Compliance Inspection and Sanctions booklet issued by the Department of Agriculture and Rural Development in March 2005. This booklet sets out the Northern Ireland inspection and sanction arrangements that will be used to enforce the Cross-Compliance standards. These booklets are available from Orchard House (see Annex 6).

UK Cross-Compliance Failures - Payment Reduction Matrix
Guidance for fixing payment reductions for negligent breaches

Intent	Extent	Severity	Permanence	% Reduction for First Breach (see Note)	1st Repetition (see Note)	2nd Repetition	3rd Repetition	4th Repetition	
Negligent	Limited to an on-farm effect	Minimum	Rectifiable	0% (WL*) or 1%	1% or 3%	3% or 9%	9% or 15%	15% or 81%	
			Permanent	1%	3%	9%	15%	81%	
		Medium	Rectifiable						
			Permanent						
		High	Rectifiable	3%	9%	15%	81%	100%	
			Permanent						
	Not Limited to an on-farm effect	Minimum	Rectifiable	1%	3%	9%	15%	81%	100%
			Permanent	3%	9%	15%	81%	100%	
		Medium	Rectifiable						
			Permanent	5%	15%	45%	100%	100% plus exclusion from scheme in following year	
		High	Rectifiable	3%	9%	15%	81%	100%	100% plus exclusion from scheme in following year
			Permanent	5%	15%	45%	100%	100% plus exclusion from scheme in following year	

* WL = Warning Letter

UK Cross-Compliance Failures - Payment Reduction Matrix
Guidance for fixing payment reductions for intentional breaches

Intent	Extent	Severity	Permanence	% Reduction for First Breach (see Note)	1st Repetition (see Note)
Intentional	Limited to an on-farm effect	Minimum	Rectifiable	15%	100% plus exclusion from scheme in following year
			Permanent	20%	100% plus exclusion from scheme in following year
		Medium	Rectifiable	30%	100% plus exclusion from scheme in following year
			Permanent		100% plus exclusion from scheme in following year
		High	Rectifiable	50-100%	100% plus exclusion from scheme in following year
			Permanent		100% plus exclusion from scheme in following year
	Not Limited to an on-farm effect	Minimum	Rectifiable	30%	100% plus exclusion from scheme in following year
			Permanent	40%	100% plus exclusion from scheme in following year
		Medium	Rectifiable	60%	100% plus exclusion from scheme in following year
			Permanent		100% plus exclusion from scheme in following year
		High	Rectifiable	100%	100% plus exclusion from scheme in following year
			Permanent		100% plus exclusion from scheme in following year

Land Use Codes

Code Description

Forage

- FR1** **Grass** (grass for grazing hay and silage, rough grazing, grazed heather, sainfoin, clover, lucerne and forage vetches).
- FR2** **Dehydrated fodder eligible for dried fodder aid.**

Arable

- AR1** **Cereals, oilseeds or linseed, Spring barley, Winter barley, Spring wheat, Winter wheat, oats, mixed corn, rye, grain maize, oilseed rape, linseeds, triticale, sunflowers, sweetcorn.**
- AR2** **Whole crop cereals/silage maize** (cereal or maize for animal consumption).
- AR3** **Other fodder crops** (fodder beet, fodder rape, fodder kale, stubble turnips/Swedens and any other crop used for fodder not stated elsewhere. If you have wild bird cover and are claiming under an Agri-environment scheme, use this code).
- AR4** **Flax** (flax which is eligible for the Fibre Aid Processing Scheme).
- AR5** **Hemp** (hemp which is eligible for the Fibre Aid Processing Scheme).

Horticulture

Note:

If you enter codes HT1, HT2, HT3 or HT4 for a field use, you may activate the Entitlement only if it has a Horticultural Authorisation.

- HT1** **Fruit, excluding orchards** (strawberries, rhubarb, raspberries, mulberries, blackberries, loganberries, currants (black, red and white), cranberries, bilberries and other fruits of the genus Vaccinium) and tomatoes. Top fruit such as apples, pears, cherries and plums should not be included in this land use code. See code OT5.
- HT2** **Vegetables** (cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas; carrots, turnips, salad beetroot, salsify, celeriac, radishes, Jerusalem artichokes and similar edible roots; cucumbers and gherkins; leguminous vegetables such as peas and beans; lettuce (*Lactuca sativa*) and chicory (*Cichorium* spp.), cress and other salad vegetables; alliaceouse vegetables such as onions, shallots, garlic, leeks and chives; aubergines, edible mushrooms, marrows, pumpkins, spinach, cress, fruits of the genus *Capsicum* or the genus *Pimenta*; herbs such as fennel, parsley, chervil, tarragon and sweet marjoram (*Majorana hortensis* or *Origanum majorana*), basil, coriander and dill; globe artichokes and asparagus).
- HT3** **Potatoes** (seed and table potatoes).

HT4 Horticultural food crops grown under cover crops listed at HT1 – HT3 grown under cover on land which is eligible for the Single Farm Payment – that is, land kept in GAEC. Land under concrete floors is **NOT** eligible.

Set-aside

Note:

Land use codes SA1, SA2, SA3 or SA4 may only be used against field parcels which are managed in accordance with the Set-aside Management Rules.

- SA1 Set-aside** (land managed in accordance with Set-aside management requirements (excluding land which is in Agri-environment schemes or FWPS/WGS)) and not included in codes SA2-SA4. You must not include land which is in an Agri-environment scheme or FWPS/WGS in this crop code.
- SA2 Set-aside Agri-environment** (land managed in accordance with Set-aside management requirements and which is in an Agri-environment scheme for example, wild bird cover).
- SA3 Set-aside non food use** (crops grown to provide material for products not intended for human or animal consumption which are manufactured in the EU) **See Note 1 below.**
- SA4 Set-aside woodland** (land in FWPS/WGS used to claim Set-aside Entitlements) **See Note 2 below.**

Protein Crops

- PC1 Peas** eligible for Protein Crop Premium.
- PC2 Field beans** eligible for Protein Crop Premium.
- PC3 Sweet lupins** eligible for Protein Crop Premium.
- PC4 Land used to grow protein crops on which Protein Crop Premium is NOT being claimed.**

Energy Crops

- EC1 Energy crops on non Set-aside land – short rotation coppice covered by CN code 0602 90 41**
- EC2 Energy crops on non Set-aside land – miscanthus sinensis covered by CN code Ex 0602 90 51**
- EC3 Energy crops on non Set-aside land – reed canary grass covered by CN code Ex 1214 90 90**
- EC4 Energy crops on non Set-aside land – soya beans covered by CN code 1201 00 90**
- EC5 Energy crops on non Set-aside land – coiza seeds covered by CN code 1205 10 90**
- EC6 Energy crops on non Set-aside land – coiza seeds covered by CN code 1205 90 00**

- EC7 Energy crops on non Set-aside land – sunflower seeds covered by CN code 1206 00 91
- EC8 Energy crops on non Set-aside land – sunflower seeds covered by CN code 1206 00 99
- EC9 Energy crops on non Set-aside land – other used for heat and power
- EC10 Energy crops on non Set-aside land – other used for transport fuel
- EC11 Land used to grow energy crops on which Energy Crop Premium is NOT being claimed

Other

- OT1 Flowers
- OT2 Lawn Turf
- OT3 **Orchards or Woodlands** (non-commercial orchards and grazed woodlands which are grazed by livestock and which have been used to support subsidy payments in the past).
- OT4 **Ornamentals/Nurseries**
- OT5 **Non grazed orchards** (commercial orchards which cannot be grazed by livestock and which have been used to support subsidy payments in the past).
- OT6 **Forests/woodlands** (non grazing)
- OT7 **Non-agricultural use** (ponds, bog land and other unused land)

Note 1:

You will be able to find detailed information about non-food crops Section 7 of the 2006 Set-aside Handbook and Guidance for Northern Ireland.

Note 2:

You can claim Set-aside Entitlements on land in forestry is as long as the land was entered into either the Farm Woodland Premium Scheme (FWPS) or the Woodland Grant Scheme (WGS) and had been in agricultural use before being entered into the FWPS or WGS. The application to join the woodland scheme must have been made after 28 June 1995 and the land must not be put to any lucrative use (other than that permitted under the SFPS rules).

If you use land in a woodland scheme to claim Set-aside Entitlements your woodland scheme payment may be reduced or stopped.

Compatibility of Land Use Codes for Claiming Aid

Codes eligible for claiming payment of SFP against Standard Entitlements.

FR1, FR2.

AR1, AR2, AR3, AR4, AR5.

SA1, SA2.

PC1, PC2, PC3, PC4 .

EC1, EC2, EC3, EC4, EC5, EC6, EC7, EC8, EC9, EC10.

OT1, OT2, OT3.

Codes eligible for claiming payment of SFP against Set-aside Entitlements.

SA1, SA2, SA3, SA4.

Codes eligible for claiming payment of SFP against Entitlements with Horticultural Authorisations.

FR1, FR2, FR3.

AR1, AR2, AR3, AR4, AR5.

SA1, SA2.

PC1, PC2, PC3, PC4.

EC1, EC2, EC3, EC4, EC5, EC6, EC7, EC8, EC9, EC10, EC11.

OT1, OT2, OT3.

HT1, HT2, HT3, HT4.

Codes which CANNOT be used to claim payment of SFP.

OT4, OT5, OT6, OT7.

Codes which are eligible to support an expression of interest for payment under the LFACA scheme.

FR1, OT3.

As long as land is situated within an LFA region.

If the code you require is not included on this list or you are unsure what code to use, please contact the SFP Section in Orchard House (see Annex 6).

APHIS	Animal and Public Health Information System
ASSI	Area of Special Scientific Interest
BACS	Bank Automated Clearing System
CMS	Countryside Management Scheme
DA	Disadvantaged Area
DARD	Department of Agriculture and Rural Development
ECS	Aid for Energy Crops Scheme
EHS	Environment and Heritage Service
ESA	Environmentally Sensitive Area
EU	European Union
FDS	Field Data Sheet
FVP	Soft Fruit, Vegetables and Potatoes
FWPS	Farm Woodland Premium Scheme
GAEC	Good Agricultural and Environmental Condition
GFP	Good Farming Practice
GIS	Geographical Information System
ha	Hectare
IACS	Integrated Administration and Control System
LFA	Less Favoured Area
LFACA	Less Favoured Area Compensatory Allowances
LL	Low Land
LU	Livestock Unit
NAWARAD	National Assembly for Wales Agriculture & Rural Affairs Department
NR	National Reserve
PP	Permanent Pasture
PCP	Protein Crop Premium
RPA	Rural Payments Agency
RWS	Rural World Supplement
SAF1	Single Application Form
SAF2	Field Data Sheet
SEERAD	Scottish Executive Environment and Rural Affairs Department
SDA	Severely Disadvantaged Area
SFP	Single Farm Payment
SMR	Statutory Management Rules
WGS	Woodland Grant Scheme

Single Farm Payment Scheme (all Sections)

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Rural Development**

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**Talmhaíochta agus
Forbartha Tuaithe**

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**Fairms an
Kintra Fordèrin**

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