



# Farm Management Handbook Update

Department of Agriculture  
Falkland Islands Government

November 2007

## PASTURE IMPROVEMENT PROGRAMME 2004/05, 2005/06, 2006/07, 2007/08 & 2008/09

### Pre-amble

As detailed in the Pasture Improvement Programme (PIP) mid-term review, the programme has been broadened considerably to include a greater range of on-farm works. All works remain “in-keeping” with the original goals of the project.

The programme is intended to focus on activity with clear cost/benefit advantage to individual farmers and hence also to FIG as a whole. It also recognises that farms are discreet business units with unique needs and circumstances and also acknowledges that a high level of financial accountability is expected of the Department of Agriculture in managing the project's funds.

It should be understood that a critical issue in setting the project's “mode of operation”, as outlined in this report, is the inability to assume a fixed budget for the project's remaining years of operation.

It is suggested that farmer equity and opportunity for involvement be of paramount importance because of the project's unsecured budget.

It is envisaged that farm allocation be staged over the remaining four year life of the project, with involvement and subsequent progression from one common “baseline” level to the next dependent on both funding and satisfactory completion of project conditions.

### Project Principles

- A farm is defined as a discreet business unit with a 5-year average stocking rate in excess of 2000 DSE  
or  
A discreet business unit within an “approved” business plan that demonstrates the capacity to generate in excess of £10,000 of gross income per annum from activity in accord with the PIP.
- Only one application for funding is permitted from each farm management entity or farm owner.
- Persons leasing land are able to apply for funding for land that satisfies all other criteria, provided they produce a “stamped” lease agreement that shows a minimum of 5-year tenure over the land.
- Business entities that come into existence after the PIP plan lodgement date are eligible to apply for funding provided an appropriate PIP plan is submitted within 3 months of assuming control of the land. And also provided an existing programme of activity is not already in place over the discreetly identified farm.
- New business entities as defined above, are eligible to apply for funding available at the time of application (not funding from the time of the PIP projects genesis).
- Farmers receiving funding from the PIP will be required to sign a statutory declaration detailing their intention to carry out the agreed works.

- Alterations to the approved PIP plan must be approved by the Director of Minerals & Agriculture.
- Failure to complete the agreed schedule of works will render the farm ineligible for further funding and may incur FIG action to recover funds received, at the discretion of the Director of Minerals & Agriculture.

### **Project Timetable**

- 10<sup>th</sup> May 2004, submit PIP report to FIDB for approval.
- Late May 2004, determine budget for 2004/05 financial year.
- June 2004, advise farmers of PIP conditions for final four years, highlighting issues regarding ramifications of budget size and security,
- July 2004, newsletter to all farmers advising PIP conditions and offer of support to complete planning process. If required include strategic shed meetings.
- August, continue planning process.
- 30<sup>th</sup> September, closing date for PIP plans.
- 15<sup>th</sup> October, allocation of funding announced to all participating farms.
- May (?) 2005 determine budget for 2005/06.
- June 2005, allocation of funding for 2005/06 announced to participating farms.
- May (?) 2006, determine budget for 2006/07.
- June 2006, allocation of funding for 2006/07.
- May (?) 2007, determine budget for 2007/08.
- June 2007, allocation of funding for 2007/08 announced to participating farms.

### **PIP Planning Process, Plan Requirements**

- DoA mapping layers will be used as the starting point for PIP plans.
- Plan to show proposed works, budget for works and timelines for proposed works.
- Plan to detail the projected production and financial impact of the proposed works on the farm.
- DoA “Ten Year Farming History” sheets to provide current data on farm productivity and overall Falkland Islands productivity levels.
- DoA GM decision support package will assist in quantifying the economic impact of the proposed works on the farm.
- To qualify for funding consideration, farm PIP plans will need to demonstrate at least £3.00 potential return (over a 10-year time frame) for every £1.00 of funding sought.

### **Annual Review of Works**

- All existing works that have been funded by the PIP will be audited to determine the status of every farm in respect of :-
  - I. Funds spent on farm to date.
  - II. Status of the works
    - condition
    - management
- At the end of each financial year, all works funded by the PIP will be inspected to ensure compliance with project conditions.
- At any time farmers may request a review of their PIP plan to ensure opportunities are not lost to increase return from FIG investment.

Any changes made to the initial PIP plan must be authorised by the Director of Minerals & Agriculture.

## **Annual Funding**

- As stated earlier, it is not possible to allocate PIP funds to all farms (satisfying project criteria) on a set allocation per farm basis due to the project's unsecured budget.
- It is proposed that all farms satisfying project criteria (as outlined previously) be allocated funds to establish equity between farms, as far as possible, and secondly to maintain equity between farm allocations over the projects life.

It should be noted that the need to establish equity between farms regarding project expenditure, will most likely cause a cessation of funding (temporary for some, permanent for others) to those farms who have already received considerable funding from the project.

The following scenario has been used to illustrate the proposed funding process:-

## **Assumptions**

- I. 2004/2005 Budget £300,000
- II. £50,000 retained for Pool Machinery R & M and project support
- III. £250,000 available for allocation
- IV. 70 farms completed PIP planing process with satisfactory level of cost/benefit return.

## **Process**

- The £250,000 would be progressively offered to the farms with the lowest level of existing expenditure to bring all participating farms up to the highest possible level of overall project allocation permitted by the budget of that year.
- As an example, it is possible that 45 farms could receive £5,000, 6 farms £4,000 and the remaining 19 participating farms nil. As follows:-

<b>No. Farms</b>	<b>Allocation/farm</b>	<b>Total Funding</b>
45	£5,000	£225,000
6	£4,000	£24,000
19	NIL	NIL
<b>Funding Allocation</b>		<b>£249,000</b>

- In the next year, funding permitted; farm allocation would start at the baseline of £5,000 and progress upwards until the budget is exhausted.
- The same process would be repeated in the project's two final years, obviously with a new baseline set each year and also subject to funding.
- It is proposed that new entities (as strictly defined earlier) commence at the assumed funding level of the baseline point in their year of entry.
- It is clear that quite small allocations may be made to eligible farms with an existing history of involvement in the PIP. It is also probable that such allocations will be insufficient to fund the year's schedule of activity. In such circumstances it is proposed that funding from that year's budget be held-over for use in the next financial year. (For the exclusive use by the particular farm). However it should be noted that no guarantee of funding could be given by the DoA for the next year.
- It is also clear that many farm owners will need to greatly increase the management of expenditure on PIP funded activity on their farms. Once the level of expenditure on approved works reaches the level of allocation for the farm in any particular year, DoA funding must cease and further works will need to be at farm expense.