



THE FARM AND HORTICULTURAL IMPROVEMENT SCHEME 2006

Approved by Tynwald 22nd June 2006.

1. Citation, purpose and commencement

- (1) This Scheme may be cited as the Farm and Horticultural Improvement Scheme 2006.
- (2) The purpose of this discretionary Scheme is to support commercial farmers and horticulturalists in making capital investments to improve the sustainability of their businesses.
- (3) This Scheme shall come into operation on 1st July 2006.

2. Interpretation

In this Scheme the following expressions have the meanings assigned to them, unless the context requires otherwise –

“agriculture” includes horticulture, fruit growing, seed growing, dairy farming, livestock breeding and keeping, the use of land as grazing land (except for grazing horses or ponies), market gardens and nursery grounds, and “agricultural”, “agricultural activities”, “agricultural business” and references to farming shall be construed accordingly;

“agricultural contracting business” means a business undertaken for reward consisting in, or such part of any business as consists in, the supply of agricultural work or services in connection with agricultural land;

“agricultural production business” means a business undertaken for reward consisting in, or such part of any business as consists in, the pursuit of agriculture;

“approval”, in relation to any work, facility or improvement, means approval given by the Department in writing, subject to such conditions as may be included, after an applicant has accepted in writing a conditional offer made by the Department, and “approve” and “approved” shall be construed accordingly;

“approved costs” means –

- (a) such standard costs as the Department may from time to time adopt; or
- (b) the proposed expenditure which, to the satisfaction of the Department, is necessary in respect of the application;

“bee keeping” means the keeping of bees for the commercial production of honey, and “bee keeper” shall be construed accordingly;

“business vehicle” includes any limited or general partnership;

“the Department” means the Department of Agriculture, Fisheries and Forestry;

“eligible agricultural business” means –

- (a) an agricultural contracting business, an agricultural production business or a horticultural production business which –
 - (i) is operated on a day-to-day basis by a qualified individual;
 - (ii) satisfies the minimum labour requirement; and
 - (iii) in the case of an agricultural contracting business, provides, to the satisfaction of the Department, a service or works to agricultural production businesses;
 - (iv) in the case of a horticultural production business, to the satisfaction of the Department –
 - (a) occupies eligible horticultural land; and
 - (b) is not involved in selling by retail such that it forms a major part of the business, unless such business has an annual turnover lower than £100,000;

or

- (b) bee keeping;

“eligible horticultural land” means an area of at least two acres of land which has been used for the purposes of horticultural production for at least two years immediately prior to the date of an application under this Scheme, provided that the area of any such land which is occupied by any glasshouse used for horticultural production shall be multiplied by 20 for the purposes of determining the area of the horticultural land;

“glasshouse” means a fixed or mobile structure used for the production of horticultural produce which is mounted on durable foundations, is not less than 1.67 metres high at the highest point and of which more than half the total area of the sides, ends and roof is of glass or such other translucent material as will give a durability and transparency similar to that of glass;

“horticultural produce” means:-

- (a) fruit;

- (b) vegetables of a kind grown for human consumption including fungi, maincrop potatoes and other field vegetables, but not including potatoes or peas grown for seed, or for harvesting as animal protein;
- (c) flowers, pot plants and decorative foliage;
- (d) herbs;
- (e) seeds, bulbs;
- (f) trees and shrubs other than trees grown for the purpose of afforestation;

"horticultural production business" means a business undertaken for reward consisting in, or such part of any business as consists in, the primary growing in the Island of horticultural produce and its storage and preparation for market;

"labour unit" means the amount of work which would, in the opinion of the Department, occupy the full-time of a worker for at least 1,900 hours per year,;

"livestock" means cattle, sheep, pigs and poultry kept for the production of food or for the purpose of their use in the farming of land and such other livestock as the Department may determine but does not include poultry kept for the purpose of poultry meat production;

"minimum labour requirement" in relation to an eligible agricultural business means, to the satisfaction of the Department, 900 hours per year full-time equivalent either –

- (i) at the time of application; or
- (ii) as a result of a development plan, upon completion of that plan;

"preparation for market" in relation to produce does not include canning, bottling, pulping or cooking, or preserving by sterilising, by freezing or dehydrating;

"primary growing" means growing from seeds, from established cuttings under ten weeks from the day of propagation and from spawn, but does not include the growing on of established plants and cuttings over ten weeks from the day of propagation imported into the Island for subsequent re-sale; .

"qualified individual" means an individual who –

- (a) has been permanently resident in the Island for a period of at least five years immediately prior to the date of any application under this Scheme and continues to be resident in the Island;

and

- (b) either –

(i) has been engaged (directly, or, in the discretion of the Department, through a corporate body or other business vehicle) in agricultural activities or bee keeping, as the case may be, for at least five years and continues to be so engaged and is able to demonstrate sufficient agricultural or bee keeping skill and competence, as the case may be;

or

(ii) is otherwise able to demonstrate sufficient agricultural or bee keeping skill and competence, as the case may be;

“standard costs” means the calculation as published from time to time by the Department of the cost in labour, plant and material to carry out work to a certain specification;

“young farmers” means individuals who –

- (a) are less than 40 years of age on the date on which an application is submitted to the Department;
- (b) are –
 - (i) the sole beneficial owners or sole beneficial tenants; or
 - (ii) the joint beneficial owners or joint beneficial tenants with another person with whom the individuals co-habit in a relationship,
of the land on which the eligible agricultural business to which the application relates is carried on;
- (c) established or took over the eligible agricultural business to which the application relates not more than ten years prior to the date of application; and
- (d) in respect of a second or subsequent application, make that application no more than ten years after their first application for the enhanced rate of grant for young farmers was accepted by the Department,

provided that, where any application is made under paragraph 6(a) for the enhanced rate of grant for young farmers set out in Column 3 of Schedule 1 in respect of a body corporate or other business vehicle, the Department may require the satisfaction of other criteria such that the participants therein substantially meet, as individuals, the same requirements of paragraphs (a) to (d) through their ownership and management participation in the body corporate or business vehicle.

3. Applications

(1) Applications shall be –

- (a) in respect of an eligible agricultural business;

- (b) set out in such form as the Department may from time to time require;
 - (c) accompanied by such details and information relating to it as the Department may require;
- (2) Applications may be made by –
- (i) an individual;
 - (ii) an individual on behalf of a partnership or body corporate;
 - (iii) the landlord of an eligible agricultural or horticultural production business who has been permanently resident or (in the case of a body corporate) which has been domiciled in the Island for a period of five years immediately prior to the date of any application under this Scheme and continues to be resident or so domiciled in the Island;
- (3) An application shall not be accepted by the Department unless –
- (a) it has been made prior to the commencement, carrying out or provision of any work, facility or improvement, provided that this sub-paragraph shall not apply in respect of item 15 of Schedule 1 (professional fees incurred in the preparation of plans for capital projects);
 - (b) either –
 - (i) the total proposed expenditure would be at least £1,500;
 - or
 - (ii) the resulting payment would be at least £600,whichever is the greater, provided that this sub-paragraph shall not apply in relation to an application in respect of –
 - (a) item 23 of Schedule 1 (purchase and rearing of pullets intended for egg production but excluding birds for battery cage production for the purposes of an agricultural production business);
 - (b) item 1 of Schedule 4 (hives, separators, extraction equipment, protective clothing, bottles, jars and containers, but not queens or sugar for the purposes of bee keeping).
- (4) The Department shall not accept any application, or any part of an application, that relates to proposed expenditure in respect of –
- (a) the keeping and breeding of horses and ponies and the provision of horses and ponies for hire;
 - (b) mobile machinery, with the exception of mobile livestock handling facilities and mobile sheep dippers;

- (c) the purchase of second-hand equipment or buildings;
- (d) the purchase of land;
- (e) the provision of living accommodation;
- (f) any work, facility, improvement or other thing that would be contrary to good agricultural, animal welfare or environmental practice, or would appear to frustrate the policies or objectives of the Department.

(5) The Department may hold over applications to be considered in a batch from time to time as may be considered appropriate. Applications will be assessed on their relative merits for assistance.

(6) Where the Department does not accept all, or any part of, an application, written notification shall be given of the reasons for the decision.

4. Conditional offer

(1) The Department may make a conditional offer in respect of an application under the provisions of this Scheme if it is satisfied that the work, facility or improvement to be made in respect of the application will –

- (a) bring about a lasting improvement to that eligible agricultural business, and, in particular, to the income per labour unit, or is necessary for maintaining the present level of income per labour unit;
- (b) enable compliance with quality standards, welfare of livestock, codes of good agricultural and environmental practice or general good farming practice.

(2) In the case of complex projects which, to the satisfaction of the Department, have distinct phases of development, the Department may structure the conditional offer to enable a claim to be made at the end of each developmental stage.

(3) The Department may make any offer subject to such conditions as it considers appropriate.

(4) A conditional offer will be given in the name of –

- (a) an individual only where application has been made in that individual's name; or
- (b) all members of a partnership or of the trading name of a partnership on behalf of whom or of which an application has been made; or
- (c) a body corporate on behalf of which an application has been made.

(5) A conditional offer will specify –

- (a) the rate of grant applicable in respect of any work, facility or

- improvement, and the maximum amount which may be claimed;
- (b) any developmental stages as referred to in sub-paragraph (2);
 - (c) any conditions as referred to in sub-paragraph (3); and
 - (d) subject to sub-paragraph (b), a completion date by which any claim for payment must be made.
- (6) A conditional offer may be rejected in whole or in part if –
- (a) the applicant declines to accept or observe any conditions relating to the conditional offer;
 - (b) the application contained any information that is found to be inaccurate or misleading.

5. Approval

(1) Where an applicant accepts a conditional offer, or part of a conditional offer, subject to any conditions relating thereto, the application, or part of the application, to which it relates shall be approved in writing by the Department.

(2) Subject to sub-paragraph (3), approval will be valid for a period of 12 months.

(3) At the discretion of the Department, a period of approval may be extended in the case of –

- (a) all, or part, of any complex project as referred to in sub-paragraph 4(2), provided that –
 - (i) the complex nature of the project was identified in the application under paragraph 3(1);
 - (ii) a conditional offer has been made in respect of it under paragraph 4(2); and
 - (iii) the conditional offer has been accepted by the applicant under sub-paragraph (1); or
- (b) where exceptional circumstances have delayed the completion of the project,

provided that such extensions must be applied for and approved before the initial approval period ends.

6. Rate of grant

Subject to paragraph 7, the rate of grant shall be the percentage of approved costs payable in relation to the kind of work, facility or improvement shown in Column 1 of Schedules 1 to 4, and, in relation to –

- (a) an agricultural production business, shall be that set out in Column 2 of Schedule 1, provided that, where the eligible agricultural business meets the criteria of a young farmer, that set out in column 3 of

Schedule 1 shall apply;

- (b) a horticultural production business, shall be that set out in Column 2 of Schedule 2;
- (c) an agricultural contracting business, shall be that set out in Column 2 of Schedule 3; and
- (d) bee keeping, shall be that set out in Column 2 of Schedule 4,

provided that, where actual expenditure differs from that in the approval, any grant payable shall be calculated on the lower figure.

7. Restrictions on approval

(1) The Department will not approve grant as a percentage of any expenditure –

- (a) in excess of £60,000 in any five-year period in relation to Item 1 of Schedule 1 (the provision, replacement or improvement of fixed disposal facilities for the handling, storage and treatment of agricultural effluents and waste); and
- (b) in excess of £200,000 in any five-year period in relation to any work, facility or improvement other than Item 1 of Schedule 1,

provided that approval may be given up to the maximum in each category (that is, to a maximum of £260,000 where both maxima are reached), whether the maxima in each category are in respect of applications made under this Scheme or under its predecessor, the Farm and Horticultural Improvement Scheme 1999¹.

(2) No approval will be given in respect of any work, facility or improvement for which prior approval remains valid.

(3) Approval may be withdrawn in whole or in part –

- (a) at the request of the applicant;
- (b) if any conditions contained in the approval have not been complied with; or
- (c) it has been given on the basis of any information that is found to be inaccurate or misleading.

8. Claims

(1) A claim for payment may be made in respect of any work, facility or improvement in respect of which approval has been given under paragraph 5(1).

(2) Any claim for payment shall be made in such form and manner and at such time as the Department may from time to time require; and

(3) The claimant shall furnish all such details and information relating to

¹ GC 51/99: as amended by GC 21/03

the claim and copies of such documents and records relating thereto as the Department may require.

(4) For complex projects, as referred to in paragraph 4(2), claims may be made at the end of a developmental stage, provided that the developmental stages were identified and formed part of the approval under paragraph 5(1).

9. Payment

(1) Subject to the provisions of this Scheme, the Department shall authorise payment of any grant payable in the name of –

- (a) an individual only where application has been made and approval has been granted in that individual's name; or
- (b) a business vehicle and all members of a partnership or of the trading name of a partnership on behalf of whom or which an application has been made and approval granted; or
- (c) a body corporate on behalf of which an application has been made and approval granted.

10. Reduction or withholding of payment

The Department may reduce or withhold any grant payable under this Scheme in any case where –

- (a) the Department considers the work, facility or improvement has not been completed satisfactorily, or
- (b) it appears to the Department that any condition subject to which the approval was given has not been complied with; or
- (c) the carrying out or provision of the work, facility or improvement in respect of which such grant is claimed appears to the Department to have frustrated the purposes of the Wildlife Act 1990¹.

11. Recovery of grant

If at any time after the Department has paid a grant under this Scheme, it appears to the Department –

- (a) that any condition subject to which approval was given has not been complied with; or
- (b) that any work, facility or improvement in respect of which approval was given has been badly executed or provided; or
- (c) that the recipient of the grant has ceased to satisfy the criteria for eligibility; or

¹ 1996 c.2

- (d) that grant was paid on the basis of inaccurate or misleading information,

the Department may revoke an approval and recover on demand an amount equal to the payment which has been so made, or such part thereof as the Department may specify.

12. Recovery of other amounts due to the Department

The Department may recover from any applicant by way of a deduction from any grant payable under this Scheme any amount due by that person to the Department.

13. Provisions in respect of reduction, withholding or recovery of, or deduction from, any grant

(1) Before reducing, withholding, recovering or making any deduction from any grant under the provisions of paragraph 10, 11 or 12, the Department shall –

- (a) give to any person whose grant it is proposed to reduce, withhold, recover or to take a deduction from, a written notification of the reasons for the action proposed to be taken by the Department;
- (b) in the case of recovery of grant where, in respect of paragraph 11(c), qualified individuals responsible for operating the eligible agricultural business on a day-to-day basis have had their employment terminated within a period of one year from the date of approval of an application for grant, allow the owner or landlord of the eligible agricultural business a period of six months from the date of the cessation of employment of such qualified individuals to employ persons who satisfy the criteria of qualified individuals.

14. Review and appeals

(1) If at any time the Department –

- (a) refuses to accept an application, other than because of budgetary constraints;
- (b) revokes an approval;
- (c) reduces, withholds or recovers a grant,

it shall afford the applicant the right of request for a review of the decision by the Chief Executive Officer of the Department.

(2) In the event of the decision being upheld upon review as provided in sub-paragraph (1), the Department shall afford the applicant a right of appeal to the Minister against the decision.

(3) The Minister may appoint a person for the purpose of hearing an appeal as provided in sub-paragraph (2), and consider the report by the person so appointed.

15. Offences

Any persons who, for the purpose of obtaining (for themselves or another) any assistance under this Scheme, knowingly or recklessly make a false statement, are guilty of an offence under the Agriculture and Fisheries (Miscellaneous Provisions) Act 1998¹.

16. Revocation and Saving

The Farm and Horticultural Improvement Scheme 1999 is revoked except in relation to any approvals granted by the Department on or before 30th June 2006.

¹ 1998 c.7

**AGRICULTURAL PRODUCTION BUSINESS
WORKS, FACILITIES AND IMPROVEMENTS AND RATES OF GRANT**

<i>Column 1</i> <i>Kind of work, facility or improvement</i>	<i>Column 2</i> <i>Agricultural business rate of grant</i>	<i>Column 3</i> <i>Enhanced rate for young farmers</i>
1. Provision, replacement or improvement of fixed disposal facilities for the handling, storage and treatment of agricultural effluents and waste.	50%	60%
2. Provision of facilities for the safe storage and disposal of agricultural fuels. 3. Provision, replacement or improvement of permanent buildings intended for the storage of grain. 4. Provision, replacement or improvement of permanent structures intended for the ensiling of grass. 5. Provision of purpose-built containers or stores for agri-chemicals and medicines. 6. Permanent fittings to buildings designed for Health and Safety purposes. 7. Provision, replacement or improvement of concrete yards. 8. Provision or replacement of pens, dips, crushes or other facilities, including mobile equipment, designed and intended for use in connection with the gathering, treatment, management or handling of livestock. 9. Provision, replacement or improvement of hedges and walls made from traditional materials.	40%	50%

<p style="text-align: center;"><i>Column 1</i></p> <p style="text-align: center;"><i>Kind of work, facility or improvement</i></p>	<p style="text-align: center;"><i>Column 2</i></p> <p style="text-align: center;"><i>Agricultural business rate of grant</i></p>	<p style="text-align: center;"><i>Column 3</i></p> <p style="text-align: center;"><i>Enhanced rate for young farmers</i></p>
<p>10. Eradication of bracken by means other than soil cultivation.</p>	<p>40%</p>	<p>50%</p>
<p>11. Provision, replacement or improvement of milking and associated equipment, bulk milk tanks and geothermal pumps.</p> <p>12. Provision, replacement or improvement of permanent dairy and parlour buildings including wall coverings and associated collecting yards, including internal fittings.</p> <p>13. Provision, replacement or improvement of permanent buildings for cattle, sheep and pigs including internal fittings.</p> <p>14. Provision, replacement or improvement of permanent buildings, including internal fixtures, intended for poultry production, but excluding battery cage production.</p> <p>15. Professional fees incurred in the preparation of plans for capital projects.</p>	<p>35%</p>	<p>45%</p>
<p>16. Provision, replacement or improvement of permanent buildings for the storage of agricultural production including internal fittings.</p> <p>17. Provision, replacement or improvement of facilities for the supply of electricity for agricultural purposes.</p> <p>18. Provision, replacement or improvement of facilities for the supply of water, including the provision, replacement or improvement of facilities for water storage.</p>	<p>30%</p>	<p>40%</p>

<p style="text-align: center;"><i>Column 1</i></p> <p style="text-align: center;"><i>Kind of work, facility or improvement</i></p>	<p style="text-align: center;"><i>Column 2</i></p> <p style="text-align: center;"><i>Agricultural business rate of grant</i></p>	<p style="text-align: center;"><i>Column 3</i></p> <p style="text-align: center;"><i>Enhanced rate for young farmers</i></p>
<p>19. Provision, replacement or improvement of permanent buildings for the housing of agricultural equipment, excluding any internal fittings.</p> <p>20. Field drainage, including under-drainage.</p> <p>21. Replacement or improvement of existing roads, hard-standings and bridges.</p>	<p>25%</p>	<p>35%</p>
<p>22. Provision, replacement or improvement of permanent boundary fences and gates.</p> <p>23. Purchase and rearing of pullets intended for egg production but excluding birds for battery cage production.</p>	<p>20%</p>	<p>30%</p>
<p>24. Provision, replacement of sheep or cattle grids.</p> <p>25. Provision of natural shelter belts.</p>	<p>15%</p>	<p>25%</p>

**HORTICULTURAL PRODUCTION BUSINESS
WORKS, FACILITIES AND IMPROVEMENTS AND RATES OF GRANT**

<i>Column 1</i>	<i>Column 2</i>
<i>Kind of work, facility or improvement</i>	<i>Horticultural production rate of grant</i>
<ol style="list-style-type: none"> 1. Provision or enlargement of horticultural production buildings and glasshouses. 2. Provision, installation or replacement of fixed and permanent glasshouse heating systems, including systems to monitor and control temperatures. 3. Supply and installation of thermal insulation. 4. Supply and installation of plant or equipment for the control of temperature or atmosphere in glasshouses. 5. Plant or equipment designed and intended for the storage or preparation for market of horticultural produce. 6. Works for the sterilisation of soil by heat treatment. 7. Plant or equipment designed and intended for the irrigation of crops in the open, or in glasshouses using collected rainwater. 8. Plant or equipment designed and intended for the control of pests and diseases of horticultural produce by non-chemical or biological treatment. 	35%
<ol style="list-style-type: none"> 9. Plant or equipment designed and intended for the production or harvesting of horticultural produce. 10. Plant or equipment (but excluding tractors) designed and intended for the cultivation of horticultural crops and produce. 	30%

<p style="text-align: center;"><i>Column 1</i></p> <p style="text-align: center;"><i>Kind of work, facility or improvement</i></p>	<p style="text-align: center;"><i>Column 2</i></p> <p style="text-align: center;"><i>Horticultural production rate of grant</i></p>
<p>11. Plant or equipment designed and intended for the grading, weighing and sizing of horticultural produce.</p> <p>12. Plant or equipment designed and intended for the management of pests and diseases.</p> <p>13. Purchase of peat substitute for use as a growing medium and not intended for re-sale.</p> <p>14. Purchase of packaging material embossed with an approved logo.</p>	<p>30%</p>
<p>15. Works for the sterilisation of soil by chemical treatment.</p> <p>16. Plant or equipment designed and intended for the irrigation of crops in the open, or in glasshouses.</p> <p>17. Plant or equipment designed and intended for the packing of horticultural produce.</p>	<p>25%</p>

**AGRICULTURAL CONTRACTING BUSINESS
EQUIPMENT AND RATE OF GRANT**

<p style="text-align: center;"><i>Column 1</i></p> <p style="text-align: center;"><i>Kind of work, facility or improvement</i></p>	<p style="text-align: center;"><i>Column 2</i></p> <p style="text-align: center;"><i>Agricultural contracting business rate of grant</i></p>
<p>1. Provision of mobile pens, dips, crushes or other facilities designed and intended for use in connection with the gathering, treatment, management or handling of livestock.</p>	<p style="text-align: center;">40%</p>

Paragraphs 2, 6(d) & 7

SCHEDULE 4

**BEE KEEPING
EQUIPMENT AND RATE OF GRANT**

<i>Column 1</i> <i>Kind of work, facility or improvement</i>	<i>Column 2</i> <i>Bee keeping rate of grant</i>
1. Hives, separators, extraction equipment, protective clothing, bottles, jars and containers, but not queens or sugar.	20%

MADE 23rd May 2006

P A Gawne

Minister for Agriculture, Fisheries and Forestry

EXPLANATORY NOTE

(This note is not part of the Scheme)

This Scheme revokes and replaces the Farm and Horticultural Improvement Scheme 1999 with effect from 1st July 2006.

The Scheme makes provision for—

- (a) the manner in which, and by whom, applications are to be made, for circumstances in which applications may not be made, and for consideration of applications on their relative merits in batches (paragraph 3);
- (b) an offer of assistance to be made to applicants, subject to such conditions as may be contained in the offer (paragraph 4);
- (c) the manner in which the Department may give approval where a conditional offer is accepted by an applicant (paragraph 5);
- (d) the rate of grant assistance as a percentage of expenditure, depending on the nature of the agricultural business (paragraph 6 and the Schedules);
- (e) a cap on the amount of assistance given in any year, and over a five-year period (paragraph 7);
- (f) the manner in which claims for payment may be made (paragraph 8);
- (g) the manner in which payment may be made by the Department (paragraph 9);
- (h) circumstances in which the Department may reduce or withhold payment (paragraph 10), recover a grant (paragraph 11), or recover other amounts due to the Department (paragraph 12);
- (i) written notification to be given by the Department of any intention to reduce or withhold payment, recover a grant or recover other amounts, and for a six-month period for the owners or landlords of an agricultural or horticultural business to obtain the services of a suitably qualified individual to operate the business on a day-to-day basis if their application relied on the services of such an individual who leaves the business within a year of the date of approval (paragraph 13);
- (j) review by the Chief Executive Officer and appeal to the Minister if the Department refuses to accept an application, other than because of budgetary constraints, revokes an approval, or reduces, withholds or recover a grant (paragraph 14);
- (k) an offence under the Agriculture and Fisheries (Miscellaneous Provisions) Act 1998 where any persons, for the purpose of obtaining (for themselves or others) any assistance under the Scheme, knowingly or recklessly make a false statement (paragraph 15); and
- (l) revokes the Farm and Horticultural Improvement Scheme 1999, except in relation to any approvals granted by the Department on or before 30th June 2006.