No. 652

MINISTRY FOR AGRICULTURE, FISHERIES AND ANIMAL RIGHTS

Explanatory Note[1]

Categorisation of Farmers Regulations, 2024

1. Introduction

The title of these regulations is the Categorisation of Farmers Regulations, 2024. The scope of these regulations is to create a mechanism for categorizing commercial agricultural holdings, on the basis of the amount of land area and, or Livestock units (LSU) required to maintain a specific level of income. These regulations have been drafted by the Ministry of Agriculture, Fisheries and Animal Rights (MAFA)

2. Summary and background

The mechanism created by these regulations will be used as a tool to identify the different categories within the agricultural sector. This will provide for a better visibility of the agriculture sector which will provide for policy makers to better assess the sector and provide for more targeted policies and schemes. This legal framework also provides for the possibility of other entities outside the Ministry for Agriculture, Fisheries and Animal Rights to use this mechanism for making specific policies to cater for the different categories of agriculture holdings. This may include entities such as the Environment and Resources Authority (ERA), the Energy and Water Agency (EWA), the Planning Authority (PA) and financing agencies, among others.

Policy makers have always sought mechanism of how to classify agricultural holdings to allow for the development of policies that target the needs of specific categories of farming. Following numerous discussions in consultation with the Agriculture Consultative Council (ACC), a mechanism was adopted that could allow a systematic categorisation of holdings based on their potential to generate income from that holding.

These regulations allow the Agriculture Directorate s ato set up a mechanism that analysis all the composition of the holding and categorises it accordingly. This will place the holding in a specific category, which category may be used to benefit from incentives that can be linked to this categorisation.

3. Overview of the structure of the instrument

These regulations which fall under the Agriculture Act (Chapter 639 of the Laws of Malta) are set out in six main regulations:

- Citation, scope and commencement (regulation 1)

- Interpretation (regulation 2)

- Setting the Farm Categorisation System and Related Benchmarks (regulation 3)

[1]This Explanatory Note is in accordance with and for the purpose of article 3(2)(c) of the Small Business Act (Chapter 512 of the Laws of Malta).

- Categorising commercial holdings (regulation 4)

- The Holding Evaluation Board (regulation 5)

- Contestation before the Administrative Tribunal (regulation 6)

4. Commentary

Regulation 3 explains the process for setting the farm categorisation system and the related benchmarks. The Director shall use a suitably simplified methodology for reckoning the derived annual income of commercial agriculture holdings to publish by means of a Government notice in the Gazette, tables indicating the benchmarks to provide for the categorissation of the income derived from an agriculture holding into four (4) classes. The classes will be based on the minimum wage and the average basic salary including a midpoint in between and those that exceed the average basic salary. The activity categories shall differentiate between livestock and crop holdings and for mixed activity holdings. Rationalisations shall be held to properly account for such situations according to a notice published in the Government gazette. The categorisation shall be revised at least every five (5) years.

Regulation 4 sets out the procedure of categorisation. By the end of March of every year, commercial holdings will be categorised according to their standard output based on the available data of the previous year, into one of the four categories of derived income set out under regulation 3(3). By not later than June of the same year, a farmer can request a re-categorisation by making a declaration to the Holding Evaluation Board and providing supporting documentation as prescribed under this regulation.

Regulation 5 provides for the Minister to appoint a board responsible for evaluating requests for re-categorisation and shall be referred to as the Holding Evaluation Board. This regulation describes the composition of the board and how decisions of the board are to be issued.

Regulation 6 provides for contestation before the Administrative Review Tribunal should a farmer wish to contes the Holding Evaluation Board'sdecision. Such farmer shall have thirty (30) days from the date of service of such decision to contest it before the Administrative Review Tribunal.

5. Concluding Section

These regulations shall come into force on such date or dates as the Minister responsible for agriculture and rural affairs, may by notice in the Gazette establish, and different dates may be so established for different provisions and, or purposes of these regulations, which dates shall not be less than two (2) months from the publication of these regulations.

For further information please contact agripolicy.mafa@gov.mt

N.B. These Explanatory Notes are not intended to be an exhaustive description of the instrument nor a substitute thereof or a legislative supplement to it. These Explanatory Notes do not purport to be an authoritative ruling on the interpretation of the legislation.

28th May, 2024

Categorisation of Farmers Regulations, 2024

User guidelines

1. The Categorisation of Farmers Regulation provide a legal framework for commercial agriculture holdings to be categorised into different categories according to their derived annual income calculated on the basis of the size of the agriculture income and the standard outputs applicable to them. This categorisation will serve as a tool to better understand the agriculture sector and better identify its needs and be able to address them through more targeted measures and policies.

2. These user guidelines are intended for farmers and managers of commercial agriculture holdings with a standard output of more than €4,000 per annum, which will be categorised according to the information available to the Agriculture Directorate. These guidelines are intended for the users to better understand the methodology used for categorisation and the procedure for re-categorisation to be followed should a farmer not agree with the category in which the commercial holding has been placed.

3. As from the year 2025, every registered farmer acting as the manager of a commercial agriculture holding, which includes both crop and livestock holdings, shall be categorised under one of the four established categories as notified by the Directorate through a Notice in the Government Gazette. Each farmer will receive an official communication informing of the category under which that holding has been categorised.

4. Following categorisation, the farmer will have three months, until the end of June, to contest the category in which the holding has been placed, should the farmer feel that it does not reflect the derived annual income of that holding. This can be done by submitting a declaration to the Holding Evaluation Board for re-categorisation. The declaration needs to include the following supporting documentation;

- all documentation supplied to the fiscal authorities in relation to the agricultural activity of the agricultural holding (such as the RA1 form);

- site plans of the parcels being cultivated by the agricultural holding;

- proof that the agricultural holding is being managed by the farmer who is requesting the re-categorisation;

- crop plans by the agricultural holding and any agreements relating to the agricultural holding; and

- any further documentation as may be requested by the Board from time to time

5. The board will issue its decision within ninety (90) days and the farmer will be notified accordingly of this decision.

6. If the farmer still believes that the category under which the board has placed the holding is incorrect, the farmer may contest a decision to the Administrative Review Tribunal within thirty (30) days from date of service to the farmer.

For further information, farmers may contact the Agriculture Directorate by sending an email to (agripolicy.mafa@gov.mt).