



SIMPLIFICATION OF THE CAP
AND
REDUCTION IN RED TAPE AND BUREAUCRACY FOR FARMERS

IFA SUBMISSION TO EU AGRICULTURE COMMISSIONER PHIL HOGAN

FEBRUARY 2015

INTRODUCTION

Under the CAP, direct payments are extremely important for Irish farmers, making up 70% of farm income. On many drystock and tillage farms, direct payments account for over 90% of net farm income. These are essential to economic viability, but also to achieve environmental and social sustainability.

The administrative burden on farmers and associated bureaucracy and red tape under the direct payment system is very complex and challenging for farmers. The stress and fear associated with farm inspections, particularly unannounced inspections, has a negative impact on farmer welfare and is unacceptable.

There is a need for real reform and simplification across the direct payments system, including the inspection and cross compliance regime. The last CAP reform, with the inclusion of greening, has added to the complexity for farmers. The entire inspection process needs to be simplified and streamlined in an efficient and more farmer friendly manner. Currently farm inspections are extremely complex and bureaucratic with a full inspection similar to a forensic examination involving hundreds of questions, many of which are incomprehensible.

The family farm is a constantly changing working environment, reflecting different production systems and seasons. The rules and regulations of the payment system and inspection regime must take account of the practical realities of farming.

SIMPLIFICATION INITIATIVE FROM COMMISSIONER HOGAN

IFA welcomes the initiative launched by EU Agriculture Commissioner Hogan to prioritise simplification in 2015, and supports the broad principles outlined for a reduction in red tape for farmers under the new CAP reform. The Commissioner has stated that his initiative on simplification will take place in the context of maintaining the existing policy framework, with no weakening of sound financial management or increases in errors in CAP expenditure. He has prioritised those areas for change which can be of most benefit to farmers, with a reduction in the administrative burden.

IFA is clear that there is a need for the rules on implementation of the 2014 CAP Reform to be easily understood, giving stability and certainty to farmers on compliance requirements up to 2020.

Simplification can deliver real benefits to farmers, without changing the difficult political compromise reached in the CAP reform agreement, or weakening the objectives of the CAP.

IFA PRINCIPLES FOR SIMPLIFICATION

IFA proposes that the outcome of the simplification initiative must be informed by the following key principles:

- The simplification initiative must make a real difference to, and improve the situation for, farmers, including a substantial reduction in red tape and bureaucracy.
- The dignity and rights of farmers must be fully restored under the inspection and cross-compliance regime.

- There must be a reduction in the stress associated with inspections for farm families, with the objective of removing unannounced inspections.
- Payments across all schemes must be delivered efficiently, within agreed timelines.
- A fairer and proportionate penalty regime, involving greater tolerances, the removal of cumulative penalties, and a reduction in overall penalties on farmers must be implemented.
- There is a need for greater use of cost effective technologies to improve efficiencies, with a reduction in the administrative burden for farmers and competent authorities, and a reduction in the level of on-farm checks
- A change in focus in the audit system away from investigation and enforcement through a penalty-driven regime is required, towards fostering compliance through continuous improvement at farm and Member State level.

PROPOSALS FOR ACTION

Inspections

- Through the increased use of technology and risk-based analysis, the on-farm inspection rate across all schemes, including land eligibility, cross compliance, GAEC and all other schemes, should be limited to 1%.
- Duplication under the inspection regime must be fully removed, e.g. greening, Nitrates, environmental schemes
- The on-farm inspection should be covered in one single farm visit, completed within a half-day.
- Advance notice of inspection is an inherent principle of equity, will greatly improve the efficiency of the control authority and is reasonable and fair to farmers. All no-notice inspections must be eliminated
- 14 days' advance notice should be provided for all on-farm checks
- Applicants who are selected for inspection cannot be discriminated against by delays to their payments
- The inspector should be obliged to provide the farmer with a detailed report outlining any areas of non-compliance and penalties arising, before the completion of the farm visit.
- There is a need to harmonise the area checks for Direct Payment Schemes and Rural Development programmes, with one sample area check to cover all area based payments

Tolerances and Penalties

- There is a need for greater tolerance thresholds to provide farmers with the opportunity to achieve compliance, and avoid financial penalties in cases of unintentional non-compliance.
- A new 'yellow-card' system must be introduced, whereby farmers are given a fair opportunity to correct unintentional non-compliance.
- There must be a fairer and more practical approach to penalties, to take account of normally occurring unintentional non-compliances at farm level. An increase in the categories of defined breaches is required, to explicitly include unintentional non-compliance.
- Where penalties are applied, they must be proportionate to take account of the non-compliance involved, the compliance history of the farmer, the size of the holding and the impact on the farmer.

- The application of cumulative penalties is very severe. This unfair penalty regime must be reformed.
- There must be a minimum area of tolerance for land eligibility under the LPIS (minimum of 0.5ha on all sizes of holdings).
- The change in the penalty regime to impose across-the-board deductions on all schemes, where an infringement has been found in one scheme only, is very severe and totally disproportionate. Penalties should be applied on a single scheme basis only.

Audit system

The current EU audit system is too focused on investigation and enforcement through a penalty-driven regime. This must be changed in favour of fostering compliance through continuous improvement at farm and Member State level.

- A single audit approach must be adopted. Once an audit is completed, there must be sign-off, with no retrospective penalty application.
- There must be consistent interpretation of the rules by the EU Commission and European Court of Auditors.

Financial rules

- Member States should have flexibility on the allocation of any unused funding – Pillar I and Pillar II unused funding should remain within these pillars

Greening

The detailed rules around the application of greening are far too complex, totally unnecessary and not understood by the vast majority of farmers.

- There must be a simplified approach, which is easily understood and implementable, for the mapping, locating and calculation of the area of crops and (Ecological Focus Areas) EFAs.
- The number of conversion and weighting factors for EFAs is very confusing and will lead to high levels of unintended non-compliance and penalties. There must be a simplification of, and reduction in, the number of conversion and weighting factors.
- The remote sensing system should be sufficiently robust to accurately interpret the EFA area on farms. Farmers should not have to reinterpret this data. A robust system would eliminate the need for on-farm inspections.
- All greening checks should take place at time of IACS (land eligibility) check. There should be only one check for land eligibility, Basic Payment and Greening.
- Under equivalence for crop diversification, farmers are required to sow a catch crop on 100% of their arable area. For Irish farmers in particular, reaching this threshold will prove almost impossible in difficult weather years. Farmers should not be obliged to plant more than 25% of their arable cropped area to a catch crop. Overall, there must be significant tolerances to take account of adverse climatic events.
- The requirement to grow two seeds under catch crop rules will compromise rotations for many growers. Farmers should only be required to grow one seed.
- Grassy banks are a legitimate landscape feature in many exposed coastal areas of Ireland where woody species will not grow due to sea scald. Farmers therefore should be allowed claim these features as EFAs.
- A value must be given to permanent pasture on predominantly tillage farms for crop diversification and EFA purposes.
- The different land areas on which compliance for greening for EFAs and crop diversification are triggered is very confusing for many farmers. It is proposed therefore that the EFA and 2nd crop trigger values should be aligned and set at 20ha and for 3 crops at 40ha.

- The option of collective EFAs should be available to accommodate smaller family farm structures.
- The adjacent definition should be more flexible for EFAs

Single CMO

- There must be clear and consistent rules established for the recognition of Producer Organisations (POs) in all sectors and the associated financial management of POs
- For Fruit and Vegetable POs, there must be a simplification of the annual reporting requirement
- Clarification is required on the interaction of rules for POs with EU Competition law

Rural Development

- The current tendering system for Farm Investment support is inefficient and costly. A regularly updated standard cost system is much more efficient and should be used in the assessment of investment aid.
- The Agri-Environment schemes must be simplified in order to increase farmer participation and compliance.
- Compensation must be provided where income and yield losses arise from the sterilisation of lands around water abstraction points.
- Up to date Nitrogen and Phosphorous statements must be made available to farmers

Young Farmers

- A solution must be found for 'old' young farmers, i.e. those farmers with relevant qualifications, aged under 40, but who set up their holding before 2010. These must be accommodated within the relevant schemes

Farm Safety

- Supportive proactive measures are the best approach to changing behaviour and improving farm safety. Linking farm safety with cross compliance is not a solution and will only add additional stress on farm families.

Confidentiality

- The publication of individual details on CAP payments is an unacceptable breach of confidentiality and will expose the farming community to unnecessary security issues and additional stress.