



EUROPEAN PARLIAMENT

2014 - 2019

Committee on Agriculture and Rural Development

2014/2234(INI)

19.6.2015

OPINION

of the Committee on Agriculture and Rural Development

for the Committee on Budgetary Control

on protecting the European Union's financial interests: towards performance-based controls of Common Agricultural Policy
(2014/2234(INI))

Rapporteur: Jens Gieseke

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SUGGESTIONS

The Committee on Agriculture and Rural Development calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas reforms of the common agricultural policy (CAP) have increased and grown significantly in complexity and bureaucracy for competent authorities and farmers in recent years, and whereas the scope of the existing bureaucracy has increased since the 2013 reform;
- B. whereas more complex rules lead to more errors on the ground;
- C. whereas the objectives of the CAP have to be fulfilled, while mutual understanding and trust between all the EU institutions and national and regional bodies must be ensured for the effective implementation of the CAP;
- D. whereas a more effective and efficient CAP reform requires simplification and less bureaucracy in order to meet the CAP's objectives;
- E. whereas the cost of controls and of providing advice to stakeholders and farmers is currently estimated at EUR 4 billion annually at Member State level, and is likely to rise, as could error rates, with the implementation of the latest CAP reform, in particular the introduction of 'greening' measures;
- F. whereas the 2013 reform has resulted in significant changes in the data required from farmers to accompany applications and justify claims, with new requirements which risk bringing about a higher error rate in the initial learning and adaptation phase;
- G. whereas the current system has to deal with an estimated 15 million transactions each year, paid to around 8 million beneficiaries, and includes a million on-the-spot checks involving millions of reference parcels of land, and whereas, consequently, the current system is subject to limits and action is needed;
- H. whereas it is important that operators are not burdened with a disproportionate number of inspections;
 - 1. Notes that the increase in the administrative burden arising from controls is directly related to an increase in the complexity of the CAP; calls, therefore, for further simplification and a reduced number of controls in order to cut error rates and to improve the efficiency of the delivery of CAP payments, as well as reducing the cost and administrative burden borne by taxpayers and farmers while at the same time ensuring that the budget is spent correctly;
 - 2. Calls for a distinction to be drawn, when use is made of the findings of checks and as regards the possible imposition of penalties, between unintentional omissions and cases of fraud, as omissions do not as a rule cause any financial damage to the taxpayer;
 - 3. Calls for a less bureaucratic CAP that can be implemented and interpreted clearly, with a view to reducing the error rate and to establishing instruments that will make it possible to

distinguish between error and fraud, while ensuring that farmers are still able to deliver the vital food production which is at the heart of the policy; believes that continuing to tackle complexity and streamlining the CAP is one of the key elements for attracting new entrants to agriculture and also for retaining them and their skills so as to ensure a thriving EU agricultural sector in the future; expects strong measures from the better regulation programme in this respect; welcomes the Commission's decision to extend the deadline for direct payment requests by one month and considers it a step towards reducing the CAP error rate;

4. Calls for clear guidance to be given to operators and for sanctions to be applied in a proportionate manner, with a tolerance level for minor and inadvertent mistakes;
5. Believes that, in order to ensure smooth project implementation, payments should not be interrupted when minor and/or clerical errors are identified;
6. Believes that the development and administration of performance-based controls should in no way become a source of increased uncertainty as regards the security of the EU's food supply;
7. Urges that clearer guidance be given to both national authorities and farmers in order to reduce the error rate;
8. Supports the Commission's initiative of simplifying the CAP through the immediate consideration of measures which can be implemented quickly, as this would benefit farmers, paying agencies, EU institutions and taxpayers; also urges that proposals for amendments to the basic legislative act be brought forward; calls on the Commission to come forward with concrete proposals for simplifying the CAP, taking into consideration the feedback from stakeholders in the agricultural sector;
9. Advocates the reinforcement and stronger implementation of the single audit through the coordination of the control activities carried out by the various institutions, and calls for the administrative burden arising from audits to be lightened so that farmers are not subjected to different visits on separate occasions by the bodies responsible or to more than two, or excessive or multiple, controls by the Commission and the Court of Auditors in the same year, under any and all regulations, which would thus reduce the burden on farmers by decreasing the number of inspections; calls for the bundling of the audit tasks and controls carried out by certifying bodies and other Member State bodies; notes that the advice given by both national authorities and the Commission in guidelines to farmers for implementing the CAP is often contradicted by the assessment criteria used by the Court of Auditors, resulting in fines that are both disproportionate and unexpected;
10. Favours an integrated approach to controls, whereby all the controls required on a given farm are carried out at the same time wherever possible, so that the number of onsite visits is kept low and the concomitant financial and time cost and burden for administrations and farmers can be reduced and the control process streamlined;
11. Advocates a risk-based approach; supports the approach of reducing the number of controls in Member States where the error rate or the level of non-compliance has been extremely low over a given period; recalls that advice on best practice and controls must be stepped up in Member States where the error rate or the level of non-compliance is

high or increasing, although there should be a margin of tolerance in the first year of implementing complex new measures under the most recent CAP reform; urges, in addition, that where minor or inadvertent errors have occurred the penalties should be proportionate;

12. Calls on the Commission to amend the guidelines for certification bodies in order to verify more closely the compilation of statistical reports;
13. Calls for a reduction in the sample size for on-the-spot checks to 3 % for all direct payments, as otherwise potential savings on the cost of controls risk being lost;
14. Believes that 100 % fast broadband coverage of rural areas, with significant awareness-raising and training in its use, will be an essential tool in enabling all farmers to benefit from the newest CAP application and claims systems;
15. Calls for further efforts to reduce the complexity of application systems and forms for farmers, and favours the increased use of e-Government technology by the Member States in order to forestall errors in the application process, which will require broadband internet access for beneficiaries; encourages the Commission to create a programme to help educate older farmers; underlines the robust investments in broadband networks in rural areas and calls on the Member States to strive towards the digitisation of the application process; recalls that the reliable implementation of e-Government technologies requires the Member States to develop, finance or co-finance such technology;
16. Calls on the Member States to implement digitisation programmes as regards the relationship between government and agricultural holdings, with a view to obtaining a 'single farm file' involving the integrated and synchronous management of crop data; takes the view that such a simplification would aggregate items that are currently managed separately (crop plans, individual insurance plans and logbooks), as farms would make a single declaration that would then be shared between government departments, which would lead to greater efficiency in checks by those departments and thus to a reduced risk of payment errors and to the streamlining of controls;
17. Calls on the Member States to ensure that the governmental/regional bodies dealing with the implementation of the new CAP communicate and work together effectively for the benefit of farmers implementing the policy on the ground;
18. Calls on the Court of Auditors to acknowledge, in its annual report on budget implementation by the Commission for 2015, the significant degree of change in the CAP – which could not apply retroactively – following the 2013 reform, when it presents its error rate and accompanying remarks, and to highlight the degree to which Member States are responsible under the shared management of funds;
19. Calls on all institutions and bodies responsible for the implementation of the CAP to cooperate to overcome mistrust and anxiety linked to the considerable burden of audit and control, which potentially puts at risk future development and innovation and the position of the EU agricultural sector in relation to other markets;
20. Requests that the Commission encourage the exchange of best practices, so as to ensure the smoothest possible controls and the least possible disturbance to farmers.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	17.6.2015
Result of final vote	+: 35 -: 9 0: 0
Members present for the final vote	John Stuart Agnew, Clara Eugenia Aguilera García, Eric Andrieu, Paul Brannen, Daniel Buda, Nicola Caputo, Matt Carthy, Viorica Dăncilă, Michel Dantin, Paolo De Castro, Albert Deß, Diane Dodds, Herbert Dorfmann, Norbert Erdős, Edouard Ferrand, Luke Ming Flanagan, Beata Gosiewska, Martin Häusling, Jan Huitema, Peter Jahr, Jarosław Kalinowski, Elisabeth Köstinger, Zbigniew Kuźmiuk, Philippe Loiseau, Mairead McGuinness, Giulia Moi, Ulrike Müller, James Nicholson, Maria Noichl, Marit Paulsen, Laurențiu Rebega, Jordi Sebastià, Czesław Adam Siekierski, Marc Tarabella, Janusz Wojciechowski, Marco Zullo
Substitutes present for the final vote	Jean-Paul Denanot, Jørn Dohrmann, Stefan Eck, Peter Eriksson, Fredrick Federley, Jens Gieseke, Emmanouil Glezos, Maria Heubuch, Norbert Lins, Anthea McIntyre, Momchil Nekov, Sofia Ribeiro