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Controls relating to cross-compliance obligations in the EU Single Payment Scheme

Summary

Riksrevisionen (the Swedish National Audit Office, SNAO), has examined the management of ‘controls on cross-compliance’ in the framework of farm support. Cross-compliance was introduced into the EU Common Agricultural Policy (CAP) in 2003, in part to achieve sustainable agriculture. Cross-compliance means that, to receive the full amount of farm payment from the Single Payment Scheme (SPS), farmers have to comply with a number of specific existing legislative obligations in various fields such as the environment and food safety (‘cross-compliance obligations’). Checks are to be made that farmers meet these obligations. If a farmer fails to meet one or several cross-compliance obligations, the amount of farm support is to be reduced.

Rules on cross-compliance controls are laid down in two EC Regulations. In Sweden, a Government Ordinance supplements the EC Regulations.

The organisational model chosen by the Swedish Government for cross-compliance controls encompasses many government agencies. The Swedish Board of Agriculture was given responsibility for coordination while county administrative boards and municipalities, by way of their supervisory activities, became involved in on-farm checks. In addition, three expert agencies – the Swedish Environmental Protection Agency, the Swedish Chemicals Agency and the Swedish National Food Administration – were also concerned. The reform came into force in Sweden on 1 January 2005.

There have been problems in the management and operation of cross-compliance controls, and Sweden has found it difficult to comply with the rules for cross-compliance controls laid down in the EC Regulations. For example, 40 per cent of municipalities failed to report findings from cross-compliance checks in 2005 and 2006. The European Commission also found, during a 2007 audit in Sweden, a number of shortcomings in Sweden’s system for cross-compliance controls. As a result, the EU may impose financial sanctions on Sweden.

The purpose of the SNAO’s audit is to assess whether the Government and the government agencies responsible have ensured correct implementation of the rules on cross-compliance controls in the EC Regulations. The overall questions of the audit are the following:

- Has the Government provided good conditions for the correct and effective implementation of the EC Regulations regarding controls of cross-compliance obligations in the SPS?
- What are the significant shortcomings in the implementation by government agencies of the EC Regulations regarding controls of cross-compliance obligations in the SPS?

The audit relates to the organisational structure used for cross-compliance controls in the 2005–2007 period.

The Government failed to define duties and roles

The SNAO concludes that the shortcomings identified in the implementation of the EC Regulations are linked to the absence of rules on the role of municipalities and to the Government's failure to define the duties and roles of the government agencies concerned. Further, the SNAO considers that the Government's preparatory work on cross-compliance controls was inadequate.

Inadequate preparatory work by the Government

The SNAO considers that the preparatory work undertaken by the Government to decide the organisational model for cross-compliance controls had several shortcomings. The Government investigated only to a limited extent what these controls would entail for the municipalities and the government agencies concerned. There were also limited opportunities for various actors to gain insight into the choice of organisational model. Among other things, the procedure for the circulation of proposals for comments was incomplete and the deadline to provide comments was short – only three weeks. Individual municipalities were not invited to provide comments at all, even though they would play an important role in the system for cross-compliance controls through their supervisory activities. As a result, it was not ensured that the organisational model eventually chosen had the support of municipalities.

The Government failed to define the duties of the various government agencies

The SNAO considers that the Government has not, either in its Ordinance on EC Direct Support to Farmers or when using other means of exercising direction, made it clear what are the duties of the various government agencies concerned. The organisational model chosen by the Government would involve municipalities. Some of the tasks that they would perform were new to them. However, no formal decision has been made to assign new tasks to municipalities in relation to cross-compliance checks. The SNAO finds that the conflicting interpretations as to the participation of municipalities which have arisen have contributed to the shortcomings identified in the implementation of the EC Regulations.

Since there were no rules defining the duties of municipalities in the context of cross-compliance controls, the Government could not authorise the Board of Agriculture and the county administrative boards to exercise direction over municipalities' work on cross-compliance controls. The SNAO considers that this has made it difficult for the Board of Agriculture and the county

administrative boards to obtain adequate data from municipalities. In the SNAO's opinion, the Board of Agriculture should have informed the Government of the need to adopt rules on the participation of municipalities when the problems first arose.

It is not clear from the Government Ordinance that the expert agencies are to participate in the cross-compliance system. The SNAO considers that this fact, together with the failure to use other means of exercising direction, has reduced the effectiveness of the implementation of cross-compliance controls.

The Board of Agriculture has not fulfilled its duties as coordinating agency

The SNAO concludes that the inadequate implementation of the EC Regulations is also attributable to a failure by the Board of Agriculture to fulfil its duties as coordinating agency. This has created extensive problems of coordination with the government agencies concerned.

As coordinating agency, the Board of Agriculture bears responsibility for the function of the cross-compliance system

In its capacity as coordinating agency, the Board of Agriculture has a duty to ensure that the cross-compliance system works well and that correct payments are made. The cross-compliance system is complicated: it concerns several legislative areas and many government agencies. What is more, most of the agencies concerned have been given new tasks as a result of the system but have received no guidance on the priority that these tasks should be given relative to other tasks.

The work of the Board of Agriculture in relation to municipalities has been inadequate

Even though there were no rules on the participation of municipalities in the system for cross-compliance controls, municipalities came to play an important part in this system. In fact, their participation was a prerequisite for the function of the system since they were expected to carry out a large share of the operational checks.

The SNAO considers that, given the interpretation that the Board of Agriculture made as regards the duties and tasks of municipalities, its work in relation to them was inadequate. In part, cross-compliance controls represented a new task for municipalities compared with their previous supervisory activities. To ensure that the checks carried out by municipalities would work well and be possible to coordinate with the remaining tasks of the administration of farm support, there was a need for dialogue, clear guidance and a variety of tools. The SNAO finds that the preparatory work done by the Board of Agriculture to secure the support of municipalities and thus ensure cooperation with them was inadequate. The Board did not provide municipalities with good conditions to carry out cross-compliance checks. The SNAO considers that shortcomings and delays in information, delayed or absent tools and cumbersome requirements have made municipalities' work on cross-compliance controls more extensive and more difficult.

The Board of Agriculture failed to ensure support from county administrative boards to municipalities

The county administrative boards also play an important part in the system for cross-compliance controls. They perform some of the checks but are also in charge of the administration of farm support and make the decisions to grant support to farmers. The SNAO considers that the Board of Agriculture has failed to fulfil its duties as coordinating agency in relation to the county administrative boards. The SNAO finds that the county administrative boards have been unable to function as an effective link to municipalities. The Board of Agriculture should have instructed, through its regulations, the county administrative boards to provide information and guidance to municipalities and to follow up their cross-compliance checks.

The Board of Agriculture needed, but failed to ensure, well-functioning cooperation with the expert agencies

The participation of the Environmental Protection Agency, the Chemicals Agency and the National Food Administration was necessary given that these agencies, through their regular supervisory work, have experience and knowledge in the field of guidance. The SNAO has found that there have been difficulties in the collaboration between the Board of Agriculture and the expert agencies as a result of the Board's failure to ensure well-functioning cooperation. The SNAO considers that this has contributed, among other things, to delaying the production of tools to help municipalities.

Sweden does not meet all EU rules for cross-compliance controls

The SNAO has found a variety of shortcomings in the implementation of the Regulations on cross-compliance. The SNAO considers that most of these shortcomings are attributable to the unclear responsibilities and problems of coordination described above. Most of the shortcomings have also been pointed out by the European Commission's auditors.

- The requirement of a minimum number of checks per municipality was not met in 2005–2007. A large proportion of the municipalities – about 40 per cent – did not report any findings from cross-compliance checks;
- No checks at all were made in relation to five of nineteen cross-compliance obligations during the 2005–2007 period. The obligations in question are that relating to the use of hormones to treat animals and that relating to the control, etc., of certain TSE diseases as well as three obligations relating to the duty to notify certain veterinary diseases;
- For a further three cross-compliance obligations, checks were limited in 2005 and 2006: those relating to wild birds; to the conservation of natural habitats and of wild flora and fauna; and to food safety;
- For some cross-compliance obligations, the checks made did not cover all of the requirements included;
- The requirement of risk analysis under the EC Regulations was not entirely complied with;

- The Board of Agriculture made support payments, based on decisions by county administrative boards to grant support that were made even though the documentation was insufficient – among other things, there were no reports on checks from a large number of municipalities.

Duties must be clarified in the new system for cross-compliance controls as well

The Government decided on 10 January 2008 to change the organisation of cross-compliance controls so that county administrative boards will perform the checks that municipalities were previously expected to carry out. Municipalities are still expected to report any infringements of cross-compliance obligations that they identify in the context of their regular supervision of farmers.

The SNAO considers that even after the implementation of this change, there will still be a need to clarify the duties and tasks of the government agencies concerned and of municipalities in order to ensure correct implementation of the EC Regulations on cross-compliance controls. The SNAO also considers that some problems of coordination remain.

Recommendations

For the Government

- The Government should ensure, by more clearly defining the duties and roles of the government agencies concerned, that all EC rules on cross-compliance controls can be correctly implemented;
- The Government should follow up, on a regular basis, the function of the system for controls on cross-compliance.

For the Board of Agriculture

- As the government agency in charge of coordination, the Board of Agriculture should ensure that the EC Regulations are complied with, in particular as regards systematic checks of all cross-compliance obligations, the frequency of checks, risk analysis and the completeness of the documentation underpinning decisions to grant support;
- The Board of Agriculture should ensure that those who will carry out cross-compliance checks receive adequate information, guidance and training.