

Introduction of the minerals accounting system

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Summary

Between April and December 2000 the Netherlands Court of Audit investigated an important instrument in the fertiliser policy of the Minister of Agriculture, Nature Management and Fisheries: the minerals accounting system. The aim of this instrument is to reduce the use of fertiliser in agricultural practice, as required by the European Nitrate Directive. The Court sought to establish whether this instrument sufficiently informs the Minister as to the achievement of such a reduction, so that he can adjust policy as necessary. It also looked at whether the Minister deployed manpower and resources so as to enable the minerals accounting system to function well. The investigation's main conclusion is that checks on minerals accounting still do not function properly. As a result, the minerals accounting system provides insufficient information on the use of fertilisers. This means that even by the end of 2002 it will be difficult to assess properly whether the Netherlands complies with the European requirements on the use of fertiliser, which will apply from 2003. The Court also concluded that the resources needed were not provided in time to deal with the 1998 accounts.

Background

Farming in the Netherlands is intensive, which places a great burden on the environment. Overfertilisation causes the greatest problem. The minerals (nitrogen and phosphate) present in manure and artificial fertiliser degrade the quality not only of the soil, but also of water and air. National policy is accordingly geared to restricting the production and use of fertilisers. Similar European policy has led to the Nitrate Directive, which primarily concerns the concentration of nitrate (the main nitrogen compound in manure and artificial fertiliser) in ground and surface waters. This may not exceed 50 mg per litre. The European Commission has linked a user ceiling to this target, preventing farmers from inputting more than 170 kg of nitrogen per hectare of land – a necessary restriction if nitrate concentration targets for water are to be achieved.

To date, the Netherlands has only a single instrument that can provide information at farm level about whether the European ceiling is really being adhered to: the minerals accounting system. The system, which entered into force on 1 January 1998, is based on the idea that mineral loss into the environment can be reduced by management at farm level. Farmers must provide annual accounts of the minerals that they have inputted (in the form of

manure, chemical fertiliser and cattle fodder) and those they have outputted (in the form of slaughtered animals, dairy produce, arable and horticultural produce, manure and roughage). If they input more than they output, meaning that minerals have entered the environment, they have to pay a levy, account being taken of an acceptable level of loss. Without sound information from the minerals accounting system it is impossible to establish whether the Nitrate Directive ceiling is being adhered to.

Conclusions

The Court of Audit has concluded that the minerals accounting system is a complex and detailed system which places very high demands on the structure and implementation of monitoring procedures and the organisation of policy information. Although the system was introduced as far back as 1998, it is proving very difficult to implement.

When the minerals accounting system was introduced it emerged that checks on accounting had not been systematically structured. The monitoring system itself also had shortcomings. It emerged, moreover, that there was insufficient capacity for dealing with the large number of accounts submitted by farms. As a result, there were considerable delays in dealing with the accounts for the first two years (1998 and 1999). The delays meant that at the beginning of 2001, not enough data was available on the impact of the Minister's policy to curb fertiliser use. This means that the Minister has no indication of the effectiveness of the system. Even by the end of 2002 the system will scarcely permit proper assessment of whether Dutch farmers are complying with the European ceiling for nitrate outputs, which will take effect in 2003.

Recommendations

The Court has submitted a number of recommendations to the Minister. It is hoped that they will enable the shortcomings to be rectified, and lessons to be learnt for the future. It suggests that the Minister draw up an overview of the monitoring structure for the minerals accounting system, and that he specify both the information the system should provide and the timescale within which this should be done. Finally, the lessons that have emerged from this investigation should be taken into account when introducing the system of manure disposal contracts.

Minister's response and Court's afterword

The Minister believes that the minerals accounting system can only be properly assessed in the wider context of fertiliser policy. This policy regulates fertiliser production and use.

An assessment of the mineral burden on the environment at farm level can be made on the basis of individual levies. The minerals accounting system will generate this information. The Minister and the Court agree on this point. The Court is struck by the Minister's comment that the minerals accounting system should be assessed in the broader context of fertiliser policy, believing it to be a shortcoming that information is not also provided on the implementation process and on the system's effectiveness compared with other fertiliser policy components.

At present it is uncertain whether sufficient data will be available by the end of 2002 to ascertain whether Dutch farmers are complying with the Nitrate Directive's requirements on mineral use by 1 January 2003, as the results of tightening regulations after 2000 will not yet be visible. The Minister's suggestion that the system of manure disposal contracts to be introduced on 1 January 2002 will provide information for subsequent years is in itself correct. However, account must be taken of the fact that these contracts only refer to the production of manure and do not include chemical fertiliser. Moreover, this information will not be available by 1 January 2003.

In his response the Minister agreed that the minerals accounting system is complex and detailed. He undertook to use the months ahead to review the monitoring system and the level of its objectives, using instruments such as risk analysis. Risk analysis will also be applied to the manure disposal contracts system. The Minister undertook to draw up a coherent overview of the costs of the minerals accounting system in relation to other components of fertiliser policy. He will inform the House of Representatives on this point after the summer.

The Court of Audit welcomes the Minister's pledges and will view developments with interest.