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Y Gweinidog dros Faterion Gwledig
Minister for Rural Affairs



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Rural Development Sub-Committee
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Letter from Elin Jones, the Minister for Rural Affairs on the Common Agriculture Policy:
Penalties imposed on farmers

Ein cyf/Our ref:
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DD/MM/YY

Common Agriculture Policy: Penalties imposed on farmers

Thank you for your letter of 3rd March 2010 requesting details of the sum total of penalties imposed on farmers in European agriculture schemes for irregularities in paper work or minor breaches of European regulations in each of the four previous financial years split by individual cases and categories.

Payments are made to farmers on a scheme year basis not financial year, so the data has been provided for the last four scheme years. The data has been split between the categories of penalty we are required to record under the various regulatory requirements which I trust will be sufficient to aid the committee in its consideration of this matter.

You will notice that the total cost of penalties has increased significantly in 2009 and that this is due to cross-compliance penalties. The vast majority of these penalties are down to cattle identification or movement breaches. Even with this increase the value of the penalties in 2009 represents only 0.6% of the total value of subsidies paid in 2009.

This increase results from changes made to our penalty system following an EC Audit held in December 2008, which was critical of the level of financial reductions applied for breaches of Cross Compliance requirements in years prior to and including 2008. The penalty system now meets the audit and regulatory requirement that, as a general rule, negligent breaches must be penalised at 3%.

In addition, the EC audit stated that they 'consider that if the farmer had been warned about the practice (i.e. a breach), then it could not be considered as a negligent oversight'. Changes were therefore made to the application of 'intentional' which has resulted in an

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Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)

increase in the number of penalties being applied as intentional, specifically with regards to the requirement to replace cattle ear tags within 28 days.

An example of an intentional breach is, where cattle are found to have missing ear tags during an inspection, the farmer is issued with a written notification stating that ear tags must be replaced within 28 days, inline with regulatory requirements. Post inspection follow-up checks are undertaken to ensure that new ear tags had been ordered within 28 days, if they have not then an intentional penalty would be applied due to the risk to human and animal health.

In addition EC legislation requires a 100% penalty where the same intentional breach is found on a second occasion (i.e. repetition) during inspection or admin checks – we would have no discretion in the handling of such cases.

Below is a full breakdown of the penalties by scheme year:

Scheme year 2006

2006 schemes: Single Payment Scheme, Tir Cynnal, Tir Mynydd, Tir Gofal, Protein Crop Premium, Aid for Energy Crops

Category of Penalty	Number of farmers	Number of penalties	Fine (£)
Late submission of SAF	159	165	34,587.82
Cross Compliance	499	518	297,225.23
Over Declaration	719	923	387,855.31
Under Declaration	248	252	22,391.00
Scheme Breaches	298	372	113,339.49
Total:	1923	2230	855,398.85

Number penalties for each element of Cross Compliance

Cross Compliance Animal Welfare	0
Cross Compliance Public, Animal and Plant Health	476
Cross Compliance Environment	17
Cross Compliance GAEC	25

Total subsidies paid in 2006: £275,325,321.65

Scheme year 2007

2007 schemes: Single Payment Scheme, Tir Cynnal, Tir Mynydd, Tir Gofal, Protein Crop Premium, Aid for Energy Crops

Category of Penalty	Number of farmers	Number of penalties	Fine (£)
Late submission of SAF	142	210	15,127.42
Cross Compliance	292	514	231,149.00
Over Declaration	974	1352	654,695.80
Under Declaration	172	172	22,333.93
Scheme Breaches	209	209	111,735.99
Total:	1789	2457	1,035,042.10

Number penalties for each element of Cross Compliance

Cross Compliance Animal Welfare	39
Cross Compliance Public, Animal and Plant Health	389
Cross Compliance Environment	32
Cross Compliance GAEC	54

Total subsidies paid in 2007: £291,039,787.43

Scheme year 2008

2008 schemes: Single Payment Scheme, Tir Cynnal, Tir Mynydd, Tir Gofal, Protein Crop Premium, Aid for Energy Crops and Organic Farming Scheme(2)

Category of Penalty	Number of farmers	Number of penalties	Fine (£)
Late submission of SAF	151	221	37,020.12
Cross Compliance	167	293	326,964.40
Over Declaration	525	600	309,537.94
Under Declaration	207	207	43,572.92
Scheme Breaches	83	83	66,374.85
Total:	1133	1404	783,470.23

Number penalties for each element of Cross Compliance

Cross Compliance Animal Welfare	84
Cross Compliance Public, Animal and Plant Health	146
Cross Compliance Environment	13
Cross Compliance GAEC	50

Total subsidies paid in 2008: £322,268,930.40

Scheme payments are made throughout the scheme year. Figures below are against the 2009 payments made to date.

Scheme year 2009

2009 schemes: Single Payment Scheme, Tir Cynnal, Tir Mynydd, Tir Gofal and Organic Farming Schemes*.

Category of Penalty	Number of farmers	Number of penalties	Fine (£)
Late submission of SAF	88	128	15,458.78
Cross Compliance	612	1059	1,561,169.00
Over Declaration	506	597	516,913.97
Under Declaration	95	95	22,971.29
Scheme Breaches	57	57	39,724.62

Total:	1358	1936	2,156,237.40
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Number penalties for each element of Cross Compliance

Cross Compliance Animal Welfare	80
Cross Compliance Public, Animal and Plant Health	939
Cross Compliance Environment	6
Cross Compliance GAEC	34

Total subsidies made in 2009: £362,814,364.11

* Protein Crop Premium, Aid for Energy Crops have not yet been paid for 2009.

All scheme rules are set out within the Single Application Rules Booklet which is issued to all farmers wishing to enter the Single Payment Scheme or an Agri-environment scheme. Farmers are also required to sign a declaration to confirm that they have read and understood all scheme rules and agree to undertake the scheme requirements.

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