

Wednesday 27 November 2002

Sheep Annual Premium

The Scheme

Sheep Annual Premium forms part of the European Union's sheep and goatmeat regime, the basic provisions of which are set out in Council Regulation (EC Reg number 2529/2001). The main principle of the regime is to provide a single harmonised market throughout Member States and to guarantee for producers a common level of support.

This year, the value of payments was set at 21 Euros for Premium and 7 Euros for Less Favoured Areas supplement. The appropriate exchange rate is utilised to calculate the sterling value.

Before this year, SAPS has been payable in three separate tranches: a first advance payable from July; a second advance payable normally from October; and the balance normally made by the following April, at rates of 30%, 30% and 40% of the total premium. Where appropriate a Less Favoured Area (LFA) supplement is also payable. LFA has been made in two tranches, with the advance paid alongside the first advance of premium, and the balance alongside the final balance.

In total there are around 12,500 SAPS claimants in Wales.

Previous Years Performance

Over the last three scheme years (SAPS 1999 to 2001) the Assembly Government has consistently been at the forefront of making payments to producers. The following table shows achievements made during this period. We processed the SAPS 2000 balances and the three 2001 tranches before RPA in England and SEERAD in Scotland.

SAPS 1999 Balance Payments	98% of Balance payments were processed by 30 April 2000. This compared to 37% the previous year.
SAPS 2000 1 st Advance Payments	Claims processed and payments made to eligible producers earlier than in previous years. Over £8 million to some 3500 producers had been paid before the end of July 2000.

SAPS 2000 2 nd Advance Payments	Notification of Rate received on 18/10/2000. Over 90% claims processed within 6 working days
SAPS 2000 Balances	93% processed in 2000 financial year. 95% processed by 12 April 2001. MAFF started processing in late April 2001
SAPS 2001 1 st Advances	90% Processed by end July 2001
SAPS 2001 2 nd Advances	Processing commenced 15/10/2001. 96% Processed by 17/10/2001
SAPS 2001 Balances	Processing commenced on 18 February 2002 (over a month earlier than previous year). 92% of claims processed by 25 th March 2002

JIGSAW Programme

Committee members are aware of this change Programme in CAP Management Division which was initiated in 1999 as a result of the poor services then being delivered to farmers and the regular delays to scheme payments, often lasting many months. Members will already be aware of the improvements to our front line services including simpler and shorter literature, introduction of farm liaison officers, outreach services such as records clinics and IACS services at marts, improved front offices at Divisional Offices, longer opening hours at Area Offices, independent appeals system, improved communications with farmers via initiatives such as Gwlad and farmers forums and the provision of digitised maps for farmers. A major part of the JIGSAW vision is the introduction of new computer payment and control systems to replace the ageing and outdated systems which were rapidly becoming difficult and expensive to support. This replacement programme began earlier this year with IACS 2002 and SAPS is the first scheme to be payable under the new regime. All other schemes will be migrated to the new system over the course of the next 12 months.

The Assembly's Finance Group has also established a new finance computer system this year and, as payments and controls rely on both systems working together, there has been additional work to complete to test the interfaces between them.

Current Position

This year, for the first time, SAPS is payable in a single flat rate tranche, plus – where appropriate – the LFA supplement. We are paying the premium and the Sheep National Envelope top-up as a single payment of £13.30 per ewe, followed by the LFA supplement of £4.21 per ewe. (These amounts are post Modulation). The EU payment window for SAPS is from 16 October 2002 to 31 March 2003.

Officials have been working hard on implementing the new system with the aim of releasing the premium payment as early as possible in the payment window, with our original aim to start processing

by the end of October. In the event, it was not possible to release payments in October, as final testing on both the Agriculture and Finance Computer Systems had not been completed satisfactorily. A decision to release payments without the necessary controls in place would inevitably have led to significant disallowance by the EU Commission of many millions of pounds.

Nevertheless, processing commenced on Monday 18 November and we are expecting to release over 70% of payments by Friday 22 November. Farmers who have taken advantage of the opportunity to receive electronic BACS payments will receive their money within 4 days of processing.

Information

We have sought to keep the industry informed about progress. Officials met farming union representatives in mid September to warn them of the risks of delays to scheme payments this year and to let them know how we were proposing to manage the situation. All farmers received, in November's Gwlad, a letter explaining the position on SAPS and individuals who have called the Agriculture offices have been informed of progress and been given the opportunity of a manual payment if evidence of particular hardship could be provided.

Prospects

We are aiming to process over 90% of claims by the end of the month and an update on progress will be given at the Committee meeting on 27 November. It is never possible to process 100% of claims quickly as there are a multitude of problems which can occur on individual claims.

Payment of the LFA supplement of £4.21 per eligible animal will follow the main premium payment. The timing of this will depend on the validation of the individual IACS application for each producer and we will turn our immediate attention to this issue once every effort has been made to release main premium payments quickly. At present, we expect to be able to start making LFA supplement payments in early December.

The table below shows the current situation (at the time of writing).

DATE	NO OF PAYMENTS	VALUE
Monday	10	£23K
TUESDAY	3913	£23 MILLION
WEDNESDAY	3686	£17 MILLION
THURSDAY/FRIDAY	Approx 2000	Not Known

Officials are aware of the importance of these payments and have been working overtime since September to deliver the necessary functionality to process the payments.