

Oifig Faisnéise
Áras Talmhaíochta
Sráid Chill Dara
Baile Átha Cliath 2



Press/Information Office
Agriculture House
Kildare Street
Dublin 2

Tel: (01) 607 2802
Fax: (01) 662 1165

Twitter: 
E-mail: press@agriculture.gov.ie
Website: www.agriculture.gov.ie

If you have any queries on this press release please contact press@agriculture.gov.ie

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EU COMMISSION ISSUES IRISH CLEARANCE OF ACCOUNTS LETTERS

The Department of Agriculture, Food and the Marine (DAFM) has been informed today by the European Commission, through the Committee on the Agricultural Funds of their decision to exclude a total of €68.9m from EU funding of various agricultural schemes for the seven year period 2008 to 2014 inclusive. This consists of two elements - €64 million exclusion for the period 2008-2012 and a €3.6m exclusion for 2013 and 2014. This represents 0.57% of the €12 billion in EU funding for these schemes in this seven year period.

This proposal is the outcome of a prolonged process which began with a proposed exclusion of €181 million for the five years 2008-2012 suggested by the Commission in May 2014. The lower figures now proposed reflects the very detailed case presented by DAFM in opposition to the original proposal, including the examination of over 900,000 land parcels throughout the country. The exclusions relate mainly to Commission findings that some aspects of Irish control systems are insufficiently robust at excluding ineligible land from payments to farmers in EU funded schemes.

The modalities for repayment of the correction are currently being examined by the Department in conjunction with the Department of Public Expenditure and Reform.

NOTE FOR EDITORS:

- In order to fully benefit from payment under the Single Farm Payment farmers must declare an eligible hectare of land for each payment entitlement they hold. The EU Commission requires that the Land Parcel Identification System (LPIS) maintained by each Member State be completely accurate (i.e. that all ineligible features such as farm houses, roadways, scrub, etc are removed) in order that payments to farmers are comprehensively verified prior to payment. If during their scrutiny of LPIS databases in Member States, the Commission find inaccuracies they impose financial corrections.
- Today a number of Member States have had significant corrections imposed on them at this – **Today’s decision {ad hoc No 49} excludes a total of €278m from 18 Member States. Other significant exclusions include the Netherlands (€53m), Italy (€51.4m) and the UK (€37.9m)]**
- In May 2014, the EU Commission proposed a 2% flat rate financial correction of €181 million on Ireland due to inaccuracies detected on the LPIS database. They cited non-compliance with regard to the age of the imagery used, the non-exclusion of farm buildings, etc, the overstatement of eligible land and the failure to detect intentional over-declaration.
- At the outset, the Department opposed the application of the proposed flat-rate correction and sought a hearing with the EU Conciliation Body. The Conciliation Body acknowledged the amount of work done by the Department in reviewing over 900,000 LPIS parcels to identify and exclude ineligible areas in order to calculate the risk to the fund. The report of the Conciliation Body in early 2015 concluded that the Commission and the Department should continue discussing the matter with a view to settlement. During the year, the Department undertook considerable additional work at the request of the Commission to give assurance to the calculated risk and was the subject to a further verification audit by Commission officials in May of this year. The reduction of over 60% in the final correction clearly indicates the Commission’s acceptance of the Irish approach.
- Ad hoc Decisions, of which there are three annually should not be looked at in isolation. Disallowances can take a significant period of time to be finalised and today’s decision is the final conclusion of a lengthy process. It is more appropriate to examine Member States’ cumulative ‘performance’ in this respect. Since 2004, statistics have been collated which place Ireland in the best performing quartile of EU Member States in this regard. 0.49% of total EU Expenditure has been subject to disallowance in Ireland since 2004 compared to the EU average of 1.96%. The full ‘league table’ is shown below and it is in this context that the figures should be examined.

	2004 To 2015 All Expenditure	2004 To 2015 All Disallowances	2004 To 2015 EU %'s
GREECE	34,628,707,790	-2,479,382,485	-7.16%
ROMANIA	5,418,757,703	-356,408,492	-6.58%
SLOVENIA	1,645,847,516	-72,685,375	-4.42%
PORTUGAL	14,328,949,520	-520,945,079	-3.64%
BULGARIA	3,741,510,337	-107,733,167	-2.88%
FRANCE	131,471,538,701	-3,517,713,245	-2.68%
NETH	15,080,101,718	-357,951,339	-2.37%
ITALY	75,284,792,407	-1,708,956,635	-2.27%
CYPRUS	500,648,352	-11,308,499	-2.26%
UK	54,245,067,169	-1,171,558,958	-2.16%
SPAIN	88,300,492,776	-1,460,525,258	-1.65%
LITHUANIA	3,378,637,983	-55,120,668	-1.63%
LUX	576,602,187	-8,763,362	-1.52%
POLAND	29,380,601,137	-358,782,964	-1.22%
DENMARK	14,996,903,079	-158,706,211	-1.06%
SWEDEN	12,395,901,426	-106,363,799	-0.86%
HUNGARY	11,600,358,436	-82,704,461	-0.71%
MALTA	92,912,685	-545,414	-0.59%
IRELAND	23,212,206,298	-114,810,262	-0.49%
SLOVAKIA	3,748,879,715	-14,990,899	-0.40%
FINLAND	11,370,875,299	-40,576,646	-0.36%
BELGIUM	11,665,879,136	-39,192,945	-0.34%
CZECH REP	7,916,088,425	-17,032,753	-0.22%
GERMANY	85,777,990,408	-175,371,497	-0.20%
ESTONIA	1,274,082,734	-2,406,325	-0.19%
LATVIA	1,906,464,155	-2,689,104	-0.14%
AUSTRIA	15,925,990,408	-14,342,829	-0.09%
CROATIA	96,423,779	0	0.00%
	659,866,787,504	-12,951,568,673	-1.96%

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