



Northern Ireland
Assembly

Committee for Agriculture and Rural
Development

OFFICIAL REPORT (Hansard)

Single Farm Payments 2013-14: DARD
Update

6 May 2014

NORTHERN IRELAND ASSEMBLY

Committee for Agriculture and Rural Development

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Members present for all or part of the proceedings:

Mr Paul Frew (Chairperson)
Mr Joe Byrne (Deputy Chairperson)
Mr Thomas Buchanan
Mrs Jo-Anne Dobson
Mr William Irwin
Miss Michelle McIlveen
Mr Oliver McMullan
Mr Ian Milne
Mr Robin Swann

Witnesses:

Dr Richard Crowe	Department of Agriculture and Rural Development
Mr Andrew Elliott	Department of Agriculture and Rural Development
Ms Pauline Rooney	Department of Agriculture and Rural Development

The Chairperson: I welcome Andrew Elliott, director of EU area-based schemes; Pauline Rooney, head of EU audit and compliance programme unit; and Richard Crowe, head of the countryside management unit. You are very welcome to the Committee, as always. You are no strangers to this Committee. Members will have had a chance to read your briefing papers, so I ask you to take up to 10 minutes to address the Committee, and I ask members to keep their questions concise and to the point, and supplementaries relevant to their initial question. We will go round again, members, if need be. So without further ado, Andrew, are you leading off?

Mr Andrew Elliott (Department of Agriculture and Rural Development): Thank you, Mr Chairman. I wanted to begin by saying that it is good to be able to come before the Committee today knowing that any farmers who we could pay this year have been paid. If we had to come here in the same state as last year, the year before or indeed any other year, we would not have had as many people with the money in their bank accounts as we have today. That is an encouraging backdrop to today's meeting.

I want to reiterate that 2013 was an extremely challenging year for the Department due to the amount of change that was going on to our systems. In very large part, that was due to the new land parcel information systems (LPIS) that we were putting in place to tackle the disallowance problem. That had a major impact across a whole range of groups of staff. It also meant an awful lot of work on our inspection systems to make sure that they aligned with the mapping systems. People worked extraordinarily hard in the Department to try to get that as right as we possibly could. In terms of the actual payments made, we had a good outcome overall. The figures show that. We did not slow up when we met our targets; we continued to work as hard as we could to get as many farmers paid as

possible. It is important to say that because, as we go forward, we want to ensure that, each year, we gain as much time as possible that frees up time for the following year to allow us to do other, often unexpected things that come up.

In terms of lessons learned, this year was not perfect. We made mistakes. The Committee drew a couple of things to our attention, quite rightly. In some cases, when we looked back at the arrangements for farmers who were subject to inspection, we could see that there were ways in which we could have improved the handling of that. We wanted to say to you that it was right to raise those issues, and it was right that we learned from them. In one particular area, we wanted to record that we went ahead with two zones for remote sensing when, with the benefit of hindsight, we realise that it would have spread the pain, as it were, of the slower payments more widely had we gone with four zones. Officials will want to be very careful about that decision in future years.

We also found that there was a very high level of field visits associated with remote sensing this year. We were careful to make sure that what we were doing was accurate and correct, and that required a lot of field visiting. We think that the lesson from that is perhaps that we can scale down the amount of field visiting in 2014 because, on many occasions, when inspectors went out to the field, what they found had already been found. So, that is an important learning point for us. We are still doing more detailed work on that. We will want to report to you on that in due course.

We need to ensure good communication with farmers, particularly when we are introducing them to a new kind of inspection regime. We learned lessons on that as well. Of course, the best outcome of all is to ensure that we do not have to communicate with them because we have them ready for payment with all of the other cases. That really is one of our ambitions for 2014.

Finally, I want to say that one of the learning points from this year that I think is important for farmers is that we found a significant number of claimants who took a risk and claimed for ineligible areas. Many of them found themselves still in the system towards the end of the payment period. Those residual inspections contained a relatively large number who had claimed for ineligible areas. It is important to point out the risk of that on the part of those farmers who did that and were not identified in 2013, because with the new LPIS in place and the kind of control regime that we now operate, even if they are not picked up in one year, there is a really good chance that they will be picked up in further checks later on. With retrospection, it will return to their claim for 2013. If it is possible in engaging with farmers, I really would like to ensure that they take care to claim only for eligible areas, including where they recognise that the maximum eligible area that is recorded by the Department needs to be amended or changed, because the cost of that is quite severe.

I have figures that show an increase of probably around one third in the number of farmers who received no payment this year. When I was last with the Committee, we talked about the cash flow problems associated with the delayed inspection, but there are even more serious cash flow problems for those claimants who, because they did not take care over their claim, found themselves with no payment at all during the year and no prospect of ever having one for that year. With regard to the figures that we have collated so far, we have also had about one third of an increase so far in farmers who received a penalty. We really want to work closely with the farming community, because we can make payments faster now with the systems that we have if farmers help us by being really careful and not claiming the dense unmanaged rush, the scrub and the long unmanaged woody heather. Those are the kinds of terrain that are getting farmers into trouble with regard to penalties. We are very happy to work with people who are unsure about areas and to advise them as to what they should put on their claim. I wanted to say that now because it is not too late — 15 May has not yet passed. Even if a claim is already in, it can be amended at this stage. The majority of farmers have probably not made their claims yet, so there is still a chance for them to take that extra diligence that is so important in protecting their money.

I think that that is all that I want to say at this point. The rest of the information is in the paper.

The Chairperson: Thank you very much, Andrew, for being concise and quick in your opening statement. You took only six minutes, as opposed to the allocated 10, so I am grateful for that.

I will go straight into questions, and members have indicated that they want to ask questions. The DARD draft corporate plan 2014-15 was considered at the Committee on 1 April. Within that, a new target is being put down with regard to remote sensing — an additional business plan target 5.2 — which states:

"complete at least 500 claims for single farm payment in December 2014 that have been subject to remote sensing inspection".

That is all well and good, and it looks really reasonable and everything else. However, we do not know how many remote inspections the Department will do this year. Last year it was 1,139. How many do you intend to do this year, and when will people be notified, either through field inspections or by letter? You talked about the fact that there were more field inspections, due possibly to the nervousness around remote sensing. I am nearly sure that the majority of them, if not all of them, were done after December. Can those inspections be done well in advance of December in order to notify farmers and their businesses that they are under an inspection regime? Geographically, the location of those zones will also be very important. Will they be as concentrated this year? You mentioned four zones. Where will those four zones be?

Mr A Elliott: There will be four zones this year. Unfortunately, I cannot tell you where they will be, because that would undermine the control, and the Commission would not be happy if we announced where the zones were. However, you will be conscious that it is our desire to make sure that we move around the counties. We cannot always be checking in the one place. Having said that, we also have to allow for randomness, and there is a random part to the sample as well.

With regard to your other points, one of the things that I have to say about the 2014 year is change, which seems to be ever with us. We have a lot of change to manage this year. One of the big changes that we are dealing with at the moment is the fact that we have received just over 11,000 trades. In a normal year, through the course of the whole 12 months we would have about 1,200 or 1,300 trades. Therefore, it is a completely different league with regard to the amount of trading that we have to manage.

The Chairperson: Sorry, can you repeat those figures? You have had 11,000 trades in —

Mr A Elliott: Over 11,000. We are still collating the final numbers, but it is over 11,000.

The Chairperson: What would it be in a normal year?

Mr A Elliott: In a normal year, it would be about 1,200 or 1,300.

Mr Byrne: Is that the number of trades of entitlements?

Mr A Elliott: Yes.

The Chairperson: What does that work out as in times?

Mr A Elliott: It is nearly 10 times.

Mr Byrne: Auctioneers are doing well.

The Chairperson: This keeps coming back. The gods are certainly against your Department, Andrew, when it comes to this, because every year there seems to be an excuse about more change. It is always out of your hands: it was the computer system, and now it is the trading of entitlements. When is the Department going to get round those excuses and actually get down to the work and deliver for the people?

Mr A Elliott: It is not an excuse. We anticipated more trades this year, and we are working hard on those trades.

The Chairperson: This time next year it will be an excuse.

Mr A Elliott: For example, we have already processed more trades than we did in an entire year last year. So, we have got to work on them. One of the good things about being finished with the inspections is that that liberates staff to do other things. So, there is the benign effect of helping us to catch up so that we can get on with all the changes. The other changes that are coming in, in relatively large numbers, are business changes due to mergers and so forth. There is quite a lot of work there. That will be a challenge for us, but we intend to manage that challenge.

I was not coming to you with doom and gloom and saying, "It's going to be a bad year", because we do not think that it will be. However, it was important to outline to you the risks that we have to manage. There is further development to systems. We are putting in place a whole new platform for our mapping system, which has to be in place this year in time for CAP reform. That is a new thing called a corporate GIS. That carries with it a certain amount of risk. So, those are the things that we have to manage on the challenge side.

On the positive side, we have done a lot of work on testing and deploying the new LPIS and remote sensing arrangements, so we expect that to proceed faster this year unless it is tripped up by some of the other things that are around. We are optimistic and enthusiastic that we have a good, hard-working team that will make sure that we manage through the challenges and achieve a good outcome this year.

I am very keen to get as many remote sensing cases completed as possible before we have to make payments at all this year. We have not defined the final exact number, but we anticipate it being in the range of 1,600 remote sensing cases this year. There are some variables in the system this year in terms of the total number of inspections that we have to make and so on. So, we do not know the answer due to the amount of change in the system with the number of trades and so on.

That is our plan. There is a fairly hefty number of remote sensing cases this year and a fairly good indication that we will be able to process them much more quickly than in the year just past.

The Chairperson: If, as you suggest, you do 1,600 farms by remote sensing, and you pay 500 of them before December, that leaves approximately the same number of farms not being paid as this year. How is that justifiable?

Mr A Elliott: It is justifiable in that one of the things that we found this year was that we were still working on some remaining cases in April. Whilst that was better than ever before, it is not as good as we would like it to be next year. Our aim is to improve the pace with which we process all the inspection cases. So, even if they are not all paid in December, we would still like a very large number of them to be paid very quickly after December at the beginning of 2015.

The Chairperson: I was very unprofessional, because in my initial questioning I asked five questions. Out of the 1,600 remote sensing inspections, is there a target for how many you will have field inspected before December?

Mr A Elliott: No, there is not a target for that. The zones that we select and the kinds of habitat that we find will influence the amount of field inspection necessary. To give you one example, if we happen to find a lot of rush in particular cases, that might lead to more field inspections than if there was less rush.

Mr Milne: The stuff that I was going to cover was covered by the Chair's questions. Surely, the two areas that have been covered this year will be two of the four next year.

Mr A Elliott: We cannot exclude that possibility from your thinking, but I reiterate that we want to ensure that as much of Northern Ireland is covered as we can possibly achieve over a number of years. I cannot say much more than that.

Mr Milne: It would be considered.

Mr A Elliott: It certainly would be considered as an issue.

Mr Milne: I welcome the fact that there are four regions or areas rather than the two. A part of my area was heavily concentrated on itself, and there were a lot of complaints.

You said that there were more farmers not paid this year than ever before because of irregularities within their applications. Is that a result of remote sensing?

Mr A Elliott: No, it is not. We found that in the random sample, as well as in the risk sample.

Mr Milne: Then why do you have more this year?

Mr A Elliott: It is quite probably because of the newness of the mapping system. For example, one of the messages that we reiterated a lot when we were issuing the mapping system is that there are certain areas that a photograph cannot pick up and it is important for the farmer to pick those up and remove them themselves. Perhaps that is part of the cause. However, we anticipated that something like that might happen, and we envisage it going out of the system again relatively quickly, particularly as we continue to repeat the control system. Once you have a good LPIS and a good inspection process in place, that kind of issue tends not to last very long.

Mr Milne: I have just one final point. Will those who will not be getting paid this year be notified as to why that is? Will the farming community be informed of that, in some way, to make sure that it does not happen to them?

Mr A Elliott: We certainly have guidance. For example, we put out compliance guidance to farmers on a regular basis. We try to communicate to farmers the messages associated with the key sources of risk — the kinds of things that cause farmers to get in trouble in this way. However, getting that message across is something that we need to continue to work at. I think that there are still too many claimants who think that it is just a matter of ticking off whatever has been pre-populated on your single application form, signing it and handing it in. Quite simply, that is taking a risk; either farmers or their agents need to be very active in checking that the fields are entirely eligible.

Mr Swann: Andrew, I want to clarify this. You said that there was a lot of pain in two zones, and now you are going to go to four zones. The same number of farmers will experience the same amount of pain. They are going to have the same cash flow problems if you cannot guarantee payment to your 500 farms. The pain is still going to be concentrated, in four areas, rather than across the Province. Am I right in saying that you have Northern Ireland divided into 157 "tiles"? I think that that was the term.

Mr A Elliott: Yes, that is correct.

Mr Swann: So, four of those 157 will be inspected by remote sensing?

Mr A Elliott: No. Richard, do you want to answer that question?

Dr Richard Crowe (Department of Agriculture and Rural Development): Yes. There are slightly more tiles. The tiles are really around the different Ordnance Survey-type split. I think that there are about 280 of those in total. We will take a number of those in each area, and they will be used. It does not really divide equally in that way. In choosing the zones, we are required by the Commission to take a random sample.

Mr Swann: Do the zones have to include a specific geographical area or number of claimants?

Dr Crowe: They tend to include a geographical area. We would then have to ensure that there were enough claimants within that area, in order to carry out the control. Part of the reason why the Commission requires us to use zones is that the member state or region has to order up satellite imagery for that area. Therefore, the satellite imagery is taken for those four zones. It is being taken at this time. Therefore, it has to be in a concentrated zone, but it can be distributed around four zones, for example, around the region.

Mr Swann: Thanks, Chair. I have a supplementary, completely unrelated, something like yours. *[Laughter.]* Andrew, you said that the number of entitlements had increased from 1,200 to 11,000. What is the actual volume of entitlement? Has it increased? Or, is it a case of larger trade and smaller entitlements?

Mr A Elliott: We do not have any more detail, at the moment, because it just closed on 2 May. We still have to get some of the forms, and so on, gathered together and to start to do an assessment of what is involved. One of the most interesting things that we want to find out is how many current claimants have decided to trade all their entitlements, because that reduces your population of claimants, assuming that they have not made a claim as well. We have evidence that some people are making a claim as well as trading their entitlements, presumably with a view to withdrawing the claim at a certain point. We have to do that analysis.

Ms Pauline Rooney (Department of Agriculture and Rural Development): Although we have over 11,000 trades, you are getting more than one trade a farmer, so it will reduce to the number of farmers who have actually put trades in.

The Chairperson: Could we have that detail in writing? Obviously, it will take you some time to get that.

Mr A Elliott: In due course, yes.

The Chairperson: That would be useful.

Mr Irwin: Andrew touched on this. I have had farmers, who have sold their entitlements and are inactive, ringing me to ask whether they need to put in their application again. So, there is confusion. Some of those people do not fully understand that they do not. I fear that you will have a number of those. That could clog the system up, and it could be problematic later.

Mr A Elliott: Yes, for us, it is better if they make sure that they have traded properly and do not put in a claim. However, if they are in any doubt about whether their trade might proceed, they can cover their bases best by putting in a claim as well, but we could not encourage that; we just have to recognise that it happens.

Mr Irwin: If that situation arises, will you tell them that they can claim? In the past, we have been fully aware that there have been duplications. I declare an interest, because, in the past, I have found myself in that position. The Department will not tell anyone who is in the wrong or who should not have claimed. Do you understand?

Mr A Elliott: That is where you are dealing with two different players.

Mr Irwin: There is going to be a similar scenario this year, because if the non-active farmer puts in his claim, and the active farmer who has taken his land puts in a claim too, there will be problems.

Mr A Elliott: You could have a duplicate field, unless one of them withdraws.

Mr Irwin: One of them has no entitlements, so he has to withdraw. Will you explain that to them? There is going to be a total clog up of the system, if you do not do that.

Mr A Elliott: We do not know to what extent that has happened; it is anecdotal at this point. It is a risk that we have to manage.

Mr Irwin: Yes, but the Department needs to be prepared to deal with it properly and not let it linger until there is a scenario in November where you have hundreds of farmers with duplicate fields and no one knows what has happened. The farmers will not know, but you will know exactly what happened. Many of those people had no entitlements and they can claim. I think that it is up to the Department to explain that to them.

Mr A Elliott: Yes. Obviously, a trading form gives a very clear indication of what arrangement was intended. We will have to work through this. For that reason, this is going to be a unique year. Different kinds of issues will pop out of the woodwork this year, but we will try to manage it as pragmatically as we possibly can. From the Department's point of view, it is certainly valuable to get down to a situation where we have a smaller number of clearly active farmers participating in the system.

Mr Irwin: As a supplementary to that, has the Department got a deadline for when the large number of entitlements should be transferred? When do you expect those transactions to be complete?

Ms Rooney: We are starting to work through it. The deadline was Friday 2 May. We need to see what the volume is. We have additional resource working on that. At the minute, we cannot say how long it is going to be, but we will get them finished as quickly as is practical. It could be some time. It is 10 times the volume that we normally address. We will get them done in time to make payments.

At this stage, it is hard to say how long it will take, William. It will be as quickly as we practically can do them, but that could be some time.

Mr Irwin: I can envisage some problems arising. I hope that I am wrong.

Ms Rooney: It is only as you work through the detail that you come across the issues.

Mr Byrne: I welcome the presentation and the general sentiment that Andrew has intimated about lessons being learnt. That is worthwhile, particularly the fact that we have the zones and the fact that there will be better communication with farmers. That really is the crux of where we are going to. As William said, if a difficulty arises with duplicate fields or claims, the sooner the Department can alert the two people involved and quickly determine who is at fault, the easier it will be to resolve the situation.

You referred to the new corporate GIS platform. Will that be interlinked with LPIS? What is the relationship there? Some of the farm advisory people have said that there has been an ongoing issue about 850 fields. There is a concern that the farmer comes to the farm adviser and is advised to get a map; they bring the map to him and it goes to the Department; and that map is not magic, because it is really to do with an unresolved matter.

Dr Crowe: You asked about the corporate GIS framework and LPIS. The corporate GIS is an overall framework within which the LPIS will sit. So, in that sense —

Mr Byrne: Is it the parent administrative system?

Dr Crowe: Yes, it is the overall operating system in that sense. It will not have an implication for the individual LPIS rules. For example, you mentioned the 850 numbers. We have stated clearly this year that the 850 numbers were a mechanism that we used last year to alert farmers to the potential that there may be another claimant with a view on that land, but we have clarified that in our booklet this year to identify that farmers can use those numbers if they understand and know that they are the sole claimant to that land. They can then go forward and use those numbers as a normal field number. So, in that sense, whilst the 850 was used last year to denote something, we have clarified that in our booklets this year. Where farmers know that they are the sole claimant, they can go ahead and claim that land, but they have to make that decision in their own right.

Mr Byrne: What if the 850 field happens to be a field of some dispute and the farmer, who is the landowner, is making a claim and the guy who has been renting it for some years is also making a claim? How quickly can we alert either or both to make sure that they can rectify the problem?

Dr Crowe: We encourage folks to resolve those issues before they put forward a claim. If a duplicate claim arises, that will be flagged up on our systems, and we would notify folk in the normal way as early as possible. We always encourage parties to resolve those issues in their own auspices.

Mr A Elliott: It is far better for the two claimants to be proactive than for the Department to identify it, because, once the Department has identified it, that is part of the control regime. Therefore, one of the two parties will probably find themselves having to pay penalties, for example, if it is a largish area. So, it is better if we can get a message out in general terms to everybody that, if two of you have been involved with this land in the past, please make absolutely sure that you have talked to each other, know the situation and have checked to make sure that there is only one claim. That will be especially important in the context of anyone who has been trading. They should be live to it themselves or have their agents be live to the issue.

Mr Buchanan: The farmers are always looking to get their money paid on time. What are the Department's targets for ensuring that a single farm payment will be paid out by 31 December this year?

Ms Rooney: We paid 90% last year in December. An awful lot depends on the quality of the material that you get in and where the errors are. However, we will seek to get at least that figure this year. We will know better a little further on in the year what quality of information we are dealing with and how much we have to go back to farmers to check that. We will come out with performance targets; we generally do around October.

The Minister made a commitment this year that if we got 40% of applications in online, she would seek to make more payments in December than we were able to do before. We will work to that commitment. I think that we got 90% last year, so that would mean that, if we got more than 40% in, we will seek to go beyond 90% in December.

The reason for that is that we spend about six to eight weeks every year, after we get applications in, just taking the information from the paper application forms and transcribing it into the computer system. We can only really start to work with them and do analysis on them once they are in the computer system. So, the more that we have online, that come in automatically, the less time we have to spend doing that piece of work and the faster we can move on to doing the analysis that people are asking for, so that we can figure out if there are duplicate fields and things.

Mr Buchanan: So, is the computer system up and running well this year compared with last year? There was a difficulty with it last year, is that not right?

Ms Rooney: We are always making adjustments and improvements to the computer system that we use. However, the key will be how many applications we can get in online. Last year, we had 20% online. If we can get to 40% that will double the number that we got in and give us a real head start on how quickly we can do analysis of the applications.

Mr Buchanan: I have just one other question. What about last year's single farm payments? Are they all paid out by now or are there still some outstanding?

Mr A Elliott: As I said in the introduction, 99% or more are now paid. In any other year, if I had been in front of you at this time of the year, I could not have said that all the inspection cases were paid, because they would not have been. They are this year. Indeed, at this stage, I do not envisage there being any farmers who had an inspection who have not also received their payment into their bank account by now, if they are due a payment.

The only message that qualifies that is to say that we had a fairly hefty number of farmers this year who received no payment because of penalties. That is simply because they took too many chances in claiming fields that were not judged eligible. We need to make sure that we get that out of the system, both in the interests of the farmers as we catch up with them and in the interests of the Department, because it keeps risk to the fund and disallowance down.

Mr Buchanan: Just one other issue; and I know that the Division Bells are going. There seems to be quite a delay in the appeal mechanism. What is being done to speed that up?

Mr A Elliott: The good news is that we have speeded up the review of decisions quite a lot. We measure it in terms of total calendar days. That includes time when the appeals are back with the farmers. So, we are continuing to work at that, and it is getting better.

Committee suspended for a Division in the House.

On resuming —

The Chairperson: Thank you very much for your patience. Andrew, Richard and Pauline, thank you very much for hanging about. I am not sure whether Tom was finished, but if he comes in and wants to come back into the discussion, we will let him do so.

I want to take you back to remote sensing. Why was it brought in in the first place? What was the rationale for its use?

Mr A Elliott: The rationale for remote sensing is that it has the potential to accelerate the pace of payments. So, for example, in 2013 — the year just past — notwithstanding the fact that we were challenged in getting the system to work quickly, it was still faster than what would have been the situation had we had to do all the inspections in the classical manner. If, as at the moment, we are doing a lot of development work, it has efficiencies that allow us to save time later on and ensure that farmers are paid in a reasonably timely manner.

The Chairperson: This year, it is pretty clear that the 1,139 farms that had remote sensing inspections carried out had to be — I do not mean this in a flippant way — set to one side for you to meet the target. The target last year was 90%. Is that right?

Ms Rooney: The target was 85%. We delivered 90%. That is probably why you have the figure of 90% in your head.

The Chairperson: So, you delivered 90%.

Ms Rooney: Yes.

The Chairperson: Right. Your new target for this year's cycle is 90%, which you have already achieved. However, you are increasing remote sensing inspections from 1,139 to 1,600 and will deliver 500 of those in December. Where is the benefit to the system in carrying out remote sensing inspections on so many farms? To put it another way, why do you not just do the same level of remote sensing inspections as you did last year and meet the 500 target? That way, you will have increased your percentage, particularly for farms that have been inspected by remote sensing.

At the minute, if you are a farmer, you will want to have an inspection that is done in the classical way, as there is a 90% chance that you will be paid. If you are a farmer who has a remote sensing inspection carried out, you have only a 30% chance of being paid.

Mr A Elliott: The best way to put it is to say that what we are doing, in the area in which I work, is absolutely trying to pay farmers and pay them faster, but it is far more than that. We have had to introduce major reform of the systems that we operate. What that means in practical terms is that, for example, we put in place a new mapping system and that creates certain uncertainties about what we are finding on the ground. We need to deploy our inspector resources increasingly carefully to tackle that risk and error and to go out and check things that are uncertain. We need to be able to use them as wisely as we can, not just to manage the inspection control but to manage the mapping control.

Richard and his team are able to use their inspectors across a much wider range of areas, as we have assistance in the form of the satellite photography and the ability to do more of a desk exercise on some of the inspections. The aim, over time, is to move to a system whereby what you do on the ground is the stuff that needs to be done on the ground and what you do at the desk is the simple, straightforward stuff, where an orthophotograph, combined with a satellite image, can provide you with really good, clear evidence.

Once we get through the period of major change that we are going through — there will also be a lot of change coming through associated with CAP reform — you should begin to see other savings coming through from having deployed remote sensing, as it is a more cost-effective technique. We are not seeing all the benefits right away simply because of the scale of change that we have had to implement. You have to remember that we have an EU audit-compliance programme that has been costed at just under £50 million. That is a lot of change to introduce to a system like ours. We had to do that to combat the disallowance risk.

The Chairperson: Why not go safe and take smaller steps by doing the 1,139 farms that you did last year and improving on that? That is bound to be more efficient than taking off another chunk that you cannot chew, as happened last year. How can you demonstrate that the 5% that you excelled in target last year was down to remote sensing, when all the remote sensing cases were left to one side and dealt with after December?

Mr A Elliott: They were not left to one side at any stage. A lot of work had to be done to make sure that the systems operated properly, but, as I see it, we did not leave any cases aside. It is important to remember that other, classic cases were not completed until very near the end as well.

You are absolutely right to say that there was a big share of remote sensing at the end, and you would also be right to say that we did not initially expect that it would take as long as it did. It took a bit longer than expected; but even though the performance of the system gave us a pessimistic outcome, it was still faster than the classics would have taken. We were not able to commence our inspections in 2013 until quite late, when compared with other years, and we knew that that was going to be the case because of the systems that we had to build. That is why we needed the remote sensing. It would have been a major risk for us not to have accelerated the remote sensing.

As I described earlier, there are risks in the system this year as well. There are things that we have to manage. We know that the remote sensing will work. We are becoming more used to it, and we know that it will work more effectively this year, so we have to trust in that, work through it and see this programme through to completion.

The Chairperson: Yes, but no matter what you do, if you hit these targets, your outcome will leave the same number of farmers as this year who were not paid after their inspection was done through remote sensing.

Mr A Elliott: You are looking only at one month, which is December. For example, if we achieve 90% in December and we then achieve a higher outcome in January and February than we achieved this year, that for me will be a really good success because it will have bettered again what we achieved last year. We are trying to make judgements here all the time.

The Commission thinks that all the member states — it is not just this country — are crazy for this slavish adherence to a December payment target. It thinks that member states should be putting more effort into correctly finalising and targeting risk and managing as many checks and controls as they need to in order to pay out to the June target. How to get farmers paid in the earliest month in which it is possible to pay is a kind of self-inflicted thing that nearly all member states have.

The Chairperson: Yet, so many other Departments and member states do it so much better than we do.

Mr A Elliott: I do not think that that is the case in comparison with this year. We have caught up quite a lot. I know from my last engagement with the Commission that it is sending us messages about how much we have improved, how pleased it is with that improvement and how it would like to see other member states copying what has happened in Northern Ireland. That is the kind of message that is coming directly from the Commission.

The Chairperson: How many inspections are carried out each year?

Mr A Elliott: It varies depending on the final number of applications. Also, sometimes there are adjustments in the rules. However, there are around 2,000 inspections per annum. That figure could be somewhat less this year if there are fewer applications.

The Chairperson: So, basically, we are saying that three quarters of inspections will be done by remote sensing?

Mr A Elliott: It could be in that range, yes. There will still be lots of visiting fields, and inspectors will still be busy with that.

The Chairperson: That is the key point. When will those field inspections take place? Before or after December?

Mr A Elliott: We want to see those taking place before December this year.

The Chairperson: All of them?

Mr A Elliott: Yes.

The Chairperson: All 2,000 inspections?

Mr A Elliott: Yes, that is what we want to see.

The Chairperson: OK. Do any other members want to come in? Oliver, are you happy enough?

Mr McMullan: Yes, thank you.

The Chairperson: OK. Thank you very much. I am sorry for the delay and the wait in-between and thank you for remaining behind.