

Abstract

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INFORMATION ON FARMERS' RETIREMENT SUPPORT IN BUDGET BILLS

Farmers' retirement support is a form of early pension which was implemented in Finland in 1995-1999 according to an agricultural support programme which was approved by the European Commission. The support system was subsequently continued in altered form. The present audit concerns the system applied in 1995-1999. The support system is intended to improve the structure of agriculture by lowering the average age of farmers and increasing the average size of farms. Only the latter goal developed in the desired direction in 1995-1999. The average age of farmers did not fall because farmers did not retire at a sufficient rate.

The objective was to include about 15,300 farms in the early pension programme in 1995-1999. This would have meant about 3,000 farmers retiring each year. The result fell far short of the target, however. Only 5,569 farms were included in the programme during this period.

Farmers' retirement support was a significant form of subsidy for the state economy. Up to the end of 2000 a total of FIM 960.3 million was paid out in early pensions, of which the European Union's share was FIM 368.3 million. Retirement commitments made in 1995-1999 are estimated to result in further costs amounting to FIM 2,127.7 million up to the end of 2014.

The audit focused on determining whether the information which was presented in budget bills on the support system and the achievement of objectives was correct and adequate or in other words whether Parliament received sufficient information on which to base decisions.

The audit indicated that the budget bills for 1995-2001 presented scant information on farmers' retirement support. At no stage did the budget bills state the purpose of the support system, i.e. its goals and objectives with regard to transferred farms, retiring farmers and transferred farmland. The budget bills mainly stated the amount of funds needed for support and the estimated number of transferred farms during the budget year.

During the first years of the support system in 1995-1996 the number of transferred farms indicated in budget bills was the same as the annual objective for the early pension programme. When results fell far short of the target, the annual objective in the budget bills for 1997-1999 was cut to less than half the original figure. The budget bills did not provide any information on this substantial change in the dimensioning of funds. On the basis of the government bills it was not possible to compare objectives and results during the period, since the budget bills for 1995-1999 did not provide exact figures on the implementation of support.

Section commentaries to budget bills provided little or in some years no information on farmers' retirement support. Subsection commentaries provided only brief information on this

form of support, although it was the largest in the subsection in money terms. On the other hand section and subsection commentaries contained repetitions, which seemed a waste of limited space. Information was also presented in an illogical order. Instead of proceeding from the general to the specific, section commentaries sometimes provided more detailed information than subsection commentaries. Commentaries appeared mechanical and routine. Although the actual situation changed, the text of commentaries remained more or less the same from year to year, with figures being changed as necessary. Figures also contained obvious errors in the budget bills for 1997, 1999 and 2000.

In the opinion of the State Audit Office, the information which was presented in budget bills on the farmers' retirement support system and the achievement of objectives was not adequate nor was it correct in all respects.