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From: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

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To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of
the European Union

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Subject: REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT
AND THE COUNCIL on the exercise of the power to adopt delegated acts
conferred on the Commission pursuant to Council Regulation (EC) No
1217/2009 of 30 November 2009 setting up a network for the collection of
accountancy data on the incomes and business operation of agricultural
holdings in the European Union

Delegations will find attached document COM(2018) 57 final.

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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

on the exercise of the power to adopt delegated acts conferred on the Commission pursuant to Council Regulation (EC) No 1217/2009 of 30 November 2009 setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Union

1. INTRODUCTION

Council Regulation (EC) No 1217/2009¹ provides for the rules on the setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Union.

Article 19a of the Regulation empowers the Commission to adopt delegated acts in order to specify the content of the additional reporting that Member States shall submit to the Commission concerning specific aspects of the setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Union, such as the list of FADN divisions, the rules fixing thresholds and plans, the reference period for standard outputs, the type of farming and data collection.

2. LEGAL BASIS

This report is required under Article 19a of Council Regulation (EC) No 1217/2009. Pursuant to that provision, the power to adopt delegated acts is conferred on the Commission for a period of five years from 20 December 2013 and the Commission is required to prepare a report in respect of the delegation of power.

3. EXERCISE OF THE DELEGATION

Since the entry into force of Council Regulation (EC) No 1217/2009, the Commission has adopted two delegated acts: **Commission Delegated Regulation (EU) No 1198/2014**² and **Commission Delegated Regulation (EU) 2017/2278**³.

Council Regulation (EC) No 1217/2009 empowers the Commission to adopt delegated Regulations laying down the rules related to the data for the determination of incomes and the business analysis of agricultural holdings, with the aim of ensuring a harmonized framework for the information to be reported by Member States.

As provided by Article 3, Articles 5(1) and 5a(1), Article 5b(2) and (3) and Article 8(3) of the Regulation the delegated act should notably establish rules:

- a) for updating the list of FADN divisions,
- b) for fixing the threshold values delimiting the field of survey,
- c) for establishing plans for the selection of returning holdings,
- d) for fixing the reference period for the standard outputs, and for determining the general and principle types of farming and
- e) for determining the main groups of accountancy data on farm returns to be collected as well as the general rules to be followed in this respect.

¹ COUNCIL REGULATION (EC) No 1217/2009 of 30 November 2009 setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Community (OJ L 328, 15.12.2009, p. 27).

² COMMISSION DELEGATED REGULATION (EU) No 1198/2014 of 1 August 2014 supplementing Council Regulation (EC) No 1217/2009 setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Union (O.J. L 321, 07.11.2014, p. 2)

³ COMMISSION DELEGATED REGULATION (EU) 2017/2278 of 4 September 2017 amending Annex I to Council Regulation (EC) No 1217/2009 setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Union (O.J. L 328, 12.12.2017, p. 1)

3.a. Delegation of powers with respect to Article 3 of Regulation (EC) No 1217/2009 on the list of FADN divisions per Member State.

The FADN are farm accountancy data network divisions, as defined by Article 2 of the Council Regulation (EC) No 1217/2009, are the territories of a Member State, or any part thereof as delimited with a view to the selection of returning holdings. A list of such divisions appears in Annex I of the Regulation.

Article 3 ensures that the list of FADN divisions can be updated following a request by a Member State and empowers the Commission to adopt delegated acts, in accordance with Article 19a, in order to amend the list in Annex I.

On 31 May 2017 Germany requested to merge the divisions Schleswig-Holstein and Hamburg into one FADN division: Schleswig-Holstein / Hamburg.

The Commission has used that power, by adopting **Commission Delegated Regulation (EU) 2017/2278⁴** amending Annex I with respect to the list of FADN divisions per Member State, by merging the German divisions Schleswig-Holstein and Hamburg into one uniform FADN division: Schleswig-Holstein / Hamburg.

In Annex I, the list of FADN divisions concerning Germany was replaced by the following:

‘Germany

1. Schleswig-Holstein/Hamburg
2. Niedersachsen
3. Bremen
4. Nordrhein-Westfalen
5. Hessen
6. Rheinland-Pfalz
7. Baden-Württemberg
8. Bayern
9. Saarland
10. Berlin
11. Brandenburg
12. Mecklenburg-Vorpommern
13. Sachsen
14. Sachsen-Anhalt
15. Thüringen’

The Commission adopted the Delegated Regulation on 4 September 2017 and it entered into force on the seventh day following that of its publication in the Official Journal of the European Union on 12 December 2017. It will apply from the accounting year 2018 for the Farm Accountancy Data Network.

⁴ See footnote 3.

3.b. Delegation of powers with respect to Article 5 of Regulation (EC) No 1217/2009 on the rules for fixing the threshold for the economic size.

The threshold values delimiting the field of survey should allow representative results for the field of survey to be obtained. The threshold values should maximise the benefit/cost ratio and be determined with the aim of including in the field of survey holdings that represent the largest possible share of agricultural output, agricultural area and farm labour, of those holdings which are run with a market orientation.

Article 5 of Council Regulation (EC) No 1217/2009 empowers the Commission to adopt delegated acts, in accordance with Article 19a, laying down the rules for fixing the threshold expressed in euro corresponding to one of the lower limits of the economic size classes of the Union typology for agricultural holdings defined in Article 5b of the same Regulation, because the field of the survey referred to in Article 1(2) shall cover agricultural holdings having an economic size equal to or greater than the above mentioned threshold.

The Commission has used that power, by adopting **Commission Delegated Regulation (EU) No 1198/2014**⁵ to indicate that:

The threshold referred to in Article 5(1) of Regulation (EC) No 1217/2009 shall ensure that the field of the survey represents the largest possible share of agricultural output, agricultural area and farm labour, of holdings run with a market orientation.

The Commission adopted the Delegated Regulation on 1 August 2014 and it entered into force on the seventh day following that of its publication in the Official Journal of the European Union on 7 November 2014. It applied from the accounting year 2015 for the Farm Accountancy Data Network.

3.c. Delegation of powers with respect to Article 5a of Regulation (EC) No 1217/2009 on the rules to draw up a plan for the selection of returning holdings for each Member State.

The selection plan should include a minimum number of elements which demonstrate how a representative sample is selected, thereby allowing the survey to meet the objectives of the farm accountancy data network.

Article 5a of Council Regulation (EC) No 1217/2009, empowers the Commission to adopt delegated acts, in accordance with Article 19a, laying down the rules by which each Member States draws up a plan for the selection of returning holdings that ensures a representative accounting sample of the field of survey. Such rules shall ensure that plans for the selection of returning holdings:

- are drawn up on the basis of the most recent statistical data,
- are presented in accordance with the Union typology for agricultural holdings, and
- specify, in particular, the distribution of returning holdings per category of holding and the detailed rules for their selection.

The Commission has used that power, by adopting **Commission Delegated Regulation (EU) No 1198/2014** to indicate that the plan for the selection of returning holdings to be drawn up

⁵ See footnote 2.

by each Member State shall include elements to ensure that a representative accounting sample of the field of survey is obtained. In particular, the plan shall:

- (a) be based on the most recent statistical reference sources;
- (b) explain the procedure for stratifying the field of survey in accordance with the divisions listed in the Annex I to Regulation (EC) No 1217/2009 as well as in accordance with the types of farming and economic size classes as referred to in Article 5b(1) of Regulation (EC) No 1217/2009;
- (c) provide a breakdown of holdings in the field of survey by types of farming and economic size classes as referred to in Article 5b(1) of Regulation (EC) No 1217/2009 which corresponds at least to the principal types;
- (d) indicate the statistical methods for determining the selection rate chosen for each stratum, the procedures for the selection of returning holdings, and the number of returning holdings to be selected for each of the strata adopted.

The Commission adopted the Delegated Regulation on 1 August 2014 and it entered into force on the seventh day following that of its publication in the Official Journal of the European Union on 7 November 2014. It applied from the accounting year 2015 for the Farm Accountancy Data Network.

3.d. Delegation of powers with respect to Article 5b of Regulation (EC) No 1217/2009 fixing the reference period for the standard output and concerning the determination of the general and principal types of farming.

The standard outputs are based on average data over a certain reference period. Their values should regularly be updated to take account of economic trends so that the typology may continue to be meaningfully applied. The frequency of the update should be linked to the years in which Union farm structure surveys are carried out.

The general and principal types of farming need to be arranged so as to enable homogeneous groups of holdings to be assembled in a greater or lesser degree of aggregation and that comparisons of the situation of groups of holdings can be made.

Article 5b of Council Regulation (EC) No 1217/2009, empowers the Commission to adopt delegated acts, in accordance with Article 19a, fixing the reference period for the standard output and concerning the determination of the general and principal types of farming.

The type of farming of a holding shall be determined by the relative contribution of the standard output of the different characteristics of that holding to the total standard output of the holding. Agricultural holdings shall be classified in a uniform manner according to the Union typology for agricultural holdings, depending on their type of farming, their economic size and the importance of other gainful activities directly related to them. The typology shall be used in particular for the presentation, by type of farming and by economic size class, of data collected through the Union farm structure surveys and the FADN.

The correspondence between general and principal types of farming and particular types of farming specialisations corresponding to principal types of farming shall be specified. The economic size of the holding shall be determined on the basis of the total standard output of the holding. The standard outputs and the data for their determination shall be transmitted to the Commission by the liaison agency designated by each Member State in accordance with Article 7 of the same Regulation or by the body to which that function has been delegated.

The Commission has used that power, by adopting **Commission Delegated Regulation (EU) No 1198/2014** to indicate the reference period for the standard output, as follows:

For the purposes of calculating standard outputs for the Union farm structure survey for year N (...), the reference period consists of the five successive years from year N-5 to year N-1. The standard outputs shall be determined using average basic data calculated over the reference period laid down in the first paragraph and commonly referred to as 'N-3 standard outputs'. These N-3 standard outputs shall be updated to take account of economic trends at least each time a Union farm structure survey is carried out.

Commission Delegated Regulation (EU) No 1198/2014 offers in its Annex I, an overview of the General and principal types of farming and correspondence between them, as follows:

General type of farming	Description	Principal type of farming	Description
1.	Specialist field crops	15.	Specialist cereals, oilseeds and protein crops
		16.	General field cropping
2.	Specialist horticulture	21.	Specialist horticulture indoor
		22.	Specialist horticulture outdoor
		23.	Other horticulture
3.	Specialist permanent crops	35.	Specialist vineyards
		36.	Specialist fruit and citrus fruit
		37.	Specialist olives
		38.	Various permanent crops combined
4.	Specialist grazing livestock	45.	Specialist dairying
		46.	Specialist cattle — rearing and fattening
		47.	Cattle — dairying, rearing and fattening combined
		48.	Sheep, goats and other grazing livestock
5.	Specialist granivores	51.	Specialist pigs
		52.	Specialist poultry
		53.	Various granivores combined
6.	Mixed cropping	61.	Mixed cropping
7.	Mixed livestock holdings	73.	Mixed livestock, mainly grazing livestock
		74.	Mixed livestock, mainly granivores
8.	Mixed crops — livestock	83.	Field crops — grazing livestock combined
		84.	Various crops and livestock combined
9.	Non-classified holdings	90.	Non-classified holdings

The Commission adopted the Delegated Regulation on 1 August 2014 and it entered into force on the seventh day following that of its publication in the Official Journal of the European Union on 7 November 2014. It applied from the accounting year 2015 for the Farm Accountancy Data Network.

3.e. Delegation of powers with respect to Article 8 of Regulation (EC) No 1217/2009 concerning the determination of the main groups of accountancy data to be collected and the general rules for data collection

The data reported in the farm returns should make it possible to obtain a view of the returning holdings as regards the factors of production, to assess the level of farming income, and to reflect technical, economic and social conditions on the holdings involved. The main groups of accountancy data to be collected and the general rules for data collection should be determined for that purpose.

Article 8 of Council Regulation (EC) No 1217/2009, empowers the Commission to adopt delegated acts, in accordance with Article 19a, concerning the determination of the main groups of accountancy data to be collected and the general rules for data collection.

The data shall relate to a single agricultural holding and to a single accounting year of 12 consecutive months, and shall concern exclusively that agricultural holding. Those data shall refer to agricultural activities of the holding itself and other gainful activities directly related to the holding.

The Commission has used that power, by adopting **Commission Delegated Regulation (EU) 1198/2014** to indicate that the general and principal types of farming and the correspondence between them are specified in its Annex I. Besides, concerning the farm return, the main groups of accountancy data to be collected and the general rules for data collection are specified in Annex II to this Regulation.

Commission Delegated Regulation (EU) 1198/2014 offers in its Annex II, an overview of the main groups of accountancy data to be collected for the Farm Return and general rules for data collection, as follows:

Farm return — main groups of accountancy data to be collected

- General information on the holding, such as data related to its location, status, type and classification.
- Type of occupation: summary data related to the types of occupancy of the agricultural land areas used by the holding.
- Labour: data characterising the holding's labour, such as the number of persons working on the farm, time worked and the type of engagement.
- Assets: data describing the assets of the holding, split into categories, used in its operation during the accounting year.
- Quotas and other rights: data related to the quotas and other rights related to the holding's operation in the accounting year.
- Debts: data related to the holding's indebtedness in the accounting year.
- Value added tax: data related to the application of the value added tax (VAT) systems to the holding.
- Inputs: data related to inputs used in the holding's operation, such as specific costs and overheads, to produce its outputs in the accounting year.
- Crops: data detailing production and use of crops in the holding.
- Livestock production: data detailing production and use of livestock in the holding.
- Animal products and services: data detailing production and use of animal products and services in the holding.
- Other gainful activities directly related to the farm: data related to all activities other than farm work, directly related to the holding and having an economic impact on the holding, and where either the resources of the holding (area, buildings, machinery, agricultural products, etc.) or the products of the holding are used.
- Subsidies: data detailing subsidies received during the accounting year by the holding.

Farm return — general rules for data collection

- (a) The accounting year of 12 consecutive months referred to in Article 8(3) of Regulation (EC) No 1217/2009 shall end during the period 31 December to 30 June inclusive.
- (b) Data given in a farm return is to be taken from accounts consisting of entries made systematically and regularly throughout the accounting year.
- (c) The data in a farm return should be given in financial values, in euro or in national monetary units, in physical measures of weight, volume, area, numbers, as well as in other corresponding units or indications.
- (d) The accountancy data are expressed in monetary terms without VAT.
- (e) The accountancy data in monetary terms are expressed without taking into account grants and subsidies, which are recorded separately. Grants and subsidies are understood to be all forms of direct aid from public funds which have resulted in a specific receipt.

The Commission adopted the Delegated Regulation on 1 August 2014 and it entered into force on the seventh day following that of its publication in the Official Journal of the

European Union on 7 November 2014. It applied from the accounting year 2015 for the Farm Accountancy Data Network.

4. CONCLUSION

The Commission has exercised its delegated powers correctly and invites the European Parliament and the Council to take note of this Report.