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Report

drawn up on behalf of the Committee on Budgetary Control

**on the use of appropriations available under items 1300 and 2400 of
Section III of the general budget of the European Communities**

Rapporteur: Mr Brian KEY

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On 13 December 1979, the European Parliament decided to pronounce, in a further report, on the use of the appropriations available under items 1300 and 2400 of Section III of the Community budget in the light of the experience in the first four months of 1980.

On 23 June 1980, the Commission provided a written and an oral statement to the Committee on Budgetary Control.

At its meeting on 10 July 1980, the Committee on Budgetary Control confirmed the mandate of Mr KEY as rapporteur. At the same meeting, the committee unanimously adopted the motion for a resolution.

Present: Mr Aigner, chairman; Mrs Boserup and Mr Price, vice-chairmen; Mr Battersby, Mr Colla, Mr Irmer, Mrs Kellett-Bowman, Mr Notenboom, Mr d'Ormesson, Mr Orlandi, Mr Patterson (deputizing for Mr John Mark Taylor), Mr Simonnet, Mr Wettig.

C O N T E N T S

	<u>Page</u>
A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	6

The Committee on Budgetary Control hereby submits the following motion for a resolution to the European Parliament, together with explanatory statement:

MOTION FOR A RESOLUTION

on the use of appropriations available under items 1300 and 2400 of Section III of the general budget of the European Communities

The European Parliament,

- having regard to its resolutions of 13 December 1979¹ and 23 May 1980²,
- having regard to the report of the Committee on Budgetary Control (Doc. 1-334/80),
 - (a) conscious of the importance of completing its work on the control of expenditure under items 1300 and 2400;
 - (b) noting the practical experience with the new rules and procedures introduced by the Commission in this area;
 - (c) observing the tighter supervision which now operates,
- 1. Endorses the new rules operated by the Commission in relation to
 - (a) entertainment and representation expenses incurred by Members of the Commission and
 - (b) mission expenses of the Commission;
- 2. Approves of the stricter discipline which now applies in relation to the hire of air-taxis;
- 3. Expects that the Court of Auditors will continue to effect checks on the utilization of the appropriations in question;
- 4. Instructs its President to forward this resolution together with its Committee's report to the other institutions of the Communities.

¹ O.J. No. C 4, 7.1.80, p.61

² O.J. No. C 147, 16.6.80, p. 95

EXPLANATORY STATEMENTIntroduction

1. On 13 December 1979¹, the Committee on Budgetary Control adopted a resolution contained in a report² on entertainment and representation allowances and expenses of the Members of the Commission and on their mission expenses.

Points to be followed up

2. In the resolution in question, Parliament indicated
- (a) that it would verify the making of repayments (called for in those cases where the operative rules were not respected and where the Court of Auditors was not satisfied that the relevant criteria had been complied with) in the context of the 1978 discharge report and
 - (b) that it would pronounce in a future report in June 1980 on the use of these appropriations in the light of the practical experience of their operation in the first four months of 1980 (see paragraphs 4 and 5 of the motion for a resolution in question).

Verification in the discharge context

3. The rapporteur³ on the 1978 discharge examined the issues arising in paragraphs 33 - 37 of the explanatory statement accompanying his report⁴. He considered that, having 'consulted the Court of Auditors, checked the records and (having been) assured by the Court that the required repayments had been made', discharge could be given for the relevant appropriations. At paragraph 19 of the comments accompanying the discharge (Doc. 1-150/80, page 12), adopted by Parliament on 23 May 1980, it was noted that 'a precise procedure for the use of air-taxis is now in operation following the discussions between the Commission, the Parliament and the Court of Auditors'.

Ceiling on certain expenditure

4. On the recommendation of the Committee on Budgetary Control, Parliament adopted an amendment to item 1300 (mission expenses, travel expenses and incidental expenses of Members of the Commission) which

- (a) cut the amount of appropriations available from 737,000 EUA to 700,000 EUA and
- (b) placed a ceiling of 300,000 EUA on expenditure on air-taxis which could be financed out of this heading.

It is noted with approval that, in the most recent version of the 1980 draft budget, the Council has accepted this amendment.

¹ O.J. No. C 4, 7.1.80, p. 61

² Doc. 1-537/79

³ Mr R. C. Battersby

⁴ Doc. 1-150/80

Reaction of the Commission

5. When the situation regarding faulty internal procedures came to light, the Commission acted with commendable speed in bringing in new procedures and rules governing

- (a) entertainment and representation expenses incurred by Members of the Commission, and
- (b) mission expenses of the Commission.

Furthermore, the Commission, through its President, Mr Jenkins, and the Member responsible for budgetary matters, Mr Tugendhat, cooperated fully and frankly with the control instances of Parliament.

The new procedures were brought into effect on 1 October 1979 but the Committee on Budgetary Control held over its definitive judgement on them until the present report.

Experience in early 1980

6. On 23 June 1980, Mr Christopher Tugendhat, the Member of the Commission responsible for budgetary matters, attended the meeting of the Committee on Budgetary Control and described the rate of spend in respect of the budgetary lines concerned - items 1300 and 2400 - during the months January - April 1980. The Committee deliberated on the information provided.

Main results of the Committee's examination

7. The main results of the Committee's examination are
- (a) it is satisfied that far tighter discipline now applies in regard to expenditure under budget headings 1300 and 2400;
 - (b) therefore, the new rules appear to be operating satisfactorily;
 - (c) with one-third of the year gone by, the Commission had utilised only 16.2% and 20.5% of the amounts available under items 1300 and 2400 respectively as against 25.9% and 23.8% in the comparable period in 1979;
 - (d) outlay on air-taxis had dropped very significantly and it would appear that this element might come to 6,000,000 BF to 8,000,000 BF as against the 12,000,000 BF (300,000 EUA) provided; and
 - (e) 21 flights in air-taxis were taken as against 73 a year earlier.

In all the circumstances, the Committee on Budgetary Control expressed its approval of the new rules and of the position obtaining up to April 1980.

