

EUROPEAN PARLIAMENT

Working Documents

1984-1985

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DOCUMENT 1-111/84/A

Report

drawn up on behalf of the Committee on Budgetary Control

in accordance with the provisions of Article 85 of the
Financial Regulation informing the Commission of the
reasons for the deferral of discharge in respect of the
implementation of the budget of the EC for the 1982
financial year

- Part A - Motion for a resolution

Rapporteur: Mrs B. BOSERUP

PE 89.164/fin./A

Pursuant to Article 78d of the ECSC Treaty, Article 205a of the EEC Treaty and Article 179a of the EAEC Treaty, the Commission of the European Communities forwarded to the European Parliament the accounts and a financial statement of the assets and liabilities and an analysis of financial management on 26 May 1983 (COM(83)223 final, COM(83)224 final and COM(83)225 final).

The President of Parliament referred these documents to the Committee on Budgetary Control.

At the meeting of the Committee on Budgetary Control on 12/13 July 1983, Mrs. Boserup was appointed rapporteur.

The annual report of the Court of Auditors concerning the financial year 1982 was published in OJ no. C357, 31.12.1983.

The Committee on Budgetary Control considered the accounts, the financial statement of the assets and liabilities, the analysis of financial management, the report of the Court of Auditors and the working documents drawn up by its rapporteurs on the various fields of the European Community's financial activities, together with the opinions of other Committees at its meetings on 12/13 July 1983, 1/2 December 1983, 24/25 January 1984, 2/3 February 1984, 21/22 February 1984, 1/2 March 1984, 19/20 March 1984 and 28 March 1984.

At its meeting on 3 November 1983, the Committee on Budgetary Control authorised the preparation of working documents on specific sectors of the budget by:-

I	Own resources	Mr. H. Notenboom
II	Expenditure of the institutions other than the Commission (Parliament, Council, Court of Justice, Court of Auditors)	Mr. Konrad Schön
III	EAGGF Guarantee - Dairy products	Mr. B. Key
IV	EAGGF Guarantee - Other products	Mr. K. Wettig
V	EAGGF Guidance	Mr. R. Filippi
VI	Regional Fund	Mr. A. Gouthier
VII	Social Fund	Mr. M.P. Marck
VIII	Energy and Research sector	Mr. H. Saby
IX	Development and Cooperation sector	Mr. U. Irmer
X	Staff and operating expenditure	Mr. P. Price
XI	Decentralised agencies and satellites	Mr. E. Kellett-Bowman
XII	Borrowing and lending activities	Mr. P.B. Cousté

At its meeting on 24/25 January 1984 the Committee authorised the preparation of a working document on conclusions of the European Council of 18 June 1983 by Mr. Aigner. These working documents are printed separately.

At its meeting on 28 March 1984, the Committee on Budgetary Control adopted the draft report on the discharge decision in respect of the 1982 financial year embodying a draft motion for a resolution in accordance with the provisions of Article 85 of the Financial Regulation informing the Commission of the reasons for the postponement of the grant of discharge in respect of the implementation of the budget for the 1982 financial year with 23 votes in favour, none against and 1 abstention.

Participated in the vote: Mr. Aigner, chairman; Mr. Treacy, vice-chairman; Mrs. Boserup, vice-chairman and rapporteur; Mr. Price, vice-chairman; Mr. Arndt (deputising for Mr. Wettig), Mr. Battersby; Mr. Ferrero; Mr. Früh; Mrs. Fullet (deputising for Mrs. van Hemeldonck); Mr. Gabert; Mr. Gerokostopoulos (deputising for Mr. Gontikas); Mr. Gouthier; Mr. von Habsburg (deputising for Mr. Filippi); Mr. Irmer; Mr. Jurgens; Mr. Edward Kellett-Bowman; Mr. Key; Mr. Lalumiere; Mr. Notenboom; Mr. Patterson; Mrs. Pery (deputising for Mr. Orlandi); Mr. Saby; Mr. Konrad Schön; Mr. Simonnet (deputising for Mr. Ryan)

The opinions of the Committees on Agriculture; Energy, Research and Technology; Social Affairs and Employment; Regional Policy and Regional Planning; Youth, Culture, Education, Information and Sport; and Development and Cooperation are attached to this report.

This report was tabled on 28 March 1984.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

C O N T E N T S
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	<u>Page</u>
PART A MOTION FOR A RESOLUTION	5
PART B EXPLANATORY STATEMENT	9
ANNEX I Opinion of Committee on Agriculture	
ANNEX II Opinion of Committee on Energy, Research and Technology	
ANNEX III Opinion of Committee on Social Affairs and Employment	
ANNEX IV Opinion of Committee on Regional Policy and Regional Planning	
ANNEX V Opinion of Committee on Youth, Culture Education, Information and Sport	
ANNEX VI Opinion of Committee on Development and Cooperation	

A

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

MOTION FOR A RESOLUTION

in accordance with the provisions of Article 85 of the Financial Regulation¹ informing the Commission of the reasons for the deferral of discharge in respect of the implementation of the budget of the EC for the 1982 financial year

The European Parliament,

- A. having regard to the comments accompanying the discharge decisions for the financial years 1977, 1978, 1979, 1980 and 1981,
- B. having regard to the revenue and expenditure accounts and the statements of assets and liabilities of the EC in respect of the implementation of the 1982 budget,
- C. having regard to the report of the Court of Auditors for the 1982 financial year²,
- D. having regard to the recommendation of the Council (Doc. 1-34/84),
- E. whereas the discharge procedure enables Parliament (i) to exercise democratic control, on behalf of Europe's taxpayers, over the Commission's management of the EC policies reflected in the budget, and (ii) to check on whether Parliament's budgetary priorities have been respected,
- F. whereas the discharge procedure involves making a political judgement on the factors which come to light in the course of the examination of the various relevant basic documents,
- G. having regard to five years budgetary control work which, in some instances, led to satisfactory results;

¹OJ No. L 356, 31.12.1977

²OJ No. C 357, 31.12.1983

H. having regard to the report of the Committee on Budgetary Control and to the working documents annexed thereto, as well as to the opinions of the Committee on Energy, Research and Technology, the Committee on Social Affairs and Employment, the Committee on Agriculture, the Committee on Regional Policy and Regional Planning, the Committee on Youth, Culture, Education, Information and Sport and the Committee on Development and Cooperation, (Doc. 1-111/84),

Insofar as the Commission is concerned

1. Finds that, for the reasons - which are not exhaustive - set out in the following paragraphs, Parliament defers the grant of discharge to the Commission of the EC in respect of the implementation of the budget for the 1982 financial year and calls on the Commission to draw the necessary conclusions from this judgment made by Parliament on the Commission's failure to implement Parliament's instructions as set out in the 1982 budget;

Disturbance of the inter-institutional equilibrium

2. Observes that, over recent years, the Commission has disturbed the inter-institutional equilibrium envisaged under the Treaties by failing to use its right of initiative adequately thus weakening its own position and, at the same time, undermining the position of Parliament;

The failure of the Commission to take full account of the rejection by Parliament of Draft Supplementary and Amending Budget No. 1 of 1982

3. Concurs with the Court of Auditors in its findings at Chapter 9 of its annual report on 1982; considers that the Commission deliberately acted in contravention of the rules (Article 208 of the EEC Treaty and Article 12(1) and (3) of Regulation 2891/77¹) in a manner which challenged and opposed the budgetary power of Parliament in its ultimate expression, namely the rejection of the budget, and finds that this behaviour is politically unacceptable and endangers the principle of the Community's own resources;

¹OJ No. L 336, 27.12.1977, p. 1

Arising from the Commission's overruling of its financial controller's withholding of approval

4. Was surprised to find, following discussions arising out of Commission's decisions to overrule its financial controller's withholding of approval under Article 35 of the financial regulation, that there were alleged breaches of the principles of Community law in the sector of the common organization of the agricultural markets in dairy products from the year 1978 onwards and that, up to now, the Commission had not taken effective measures to correct the situation; furthermore, the Commission failed to inform Parliament of the matter;

Failure to try out a new instrument recommended by Parliament

5. Deplores the fact that the Christmas butter scheme introduced by the Commission in 1982 was implemented late and did not conform to the guidelines laid down by Parliament in its resolution of 15 October 1982; notes that the loss of effectiveness which resulted was unjustifiably used by the Commission as an excuse for not introducing a Christmas butter scheme in 1983 on Parliament's model at an extra cost of 33%; this failure means that the Commission must now dispose of the stocks at an extra cost of 75%;

As regards the implementation of food aid policies

6. Recalls the considerable humanitarian, social and political importance attaching to EC policies approved by Parliament in relation to the development and cooperation sector; with reference to the work and deliberations of the European Parliament and the report of the Court of Auditors, regrets that insufficient progress has been made in the implementation of aid, food aid in particular; observes with the Council that the performance in 1982 was insufficient;

As regards the energy and industry sectors

7. Shares the concern expressed by the Court of Auditors regarding problems of budget implementation in the energy and industry sectors and considers that the low rate of utilization in the sector of demonstration projects, to which Parliament has consistently given very high priority, represents a serious failure to implement the political decisions embodied in the 1982 budget;

As regards the inadequacies of the Commission's management, monitoring, appraisal, assessment and financial information systems

8. Considers that the Court of Auditors' annual reports¹ demonstrate continuing weaknesses in the Commission's overall financial management of EC funds, monitoring of results appraisal of schemes, assessment of policies and the inadequacy of financial information; believes that these weaknesses are of primary political significance because they undermine the implementation of policies entrusted to the Commission by Parliament and that they create the additional problem of the late closure of accounts which, of itself, undermines the value of Parliament's discharge;

As regards the unsatisfactory implementation of the budget

9. Recalls that, year after year, the Commission has inadequately executed amendments to the budget with a consequential adverse effect on the speedy implementation of policies and finds that the pattern of the implementation of the 1982 budget was, once again, unsatisfactory and believes that this is due, in part, to the failure of the Commission to adapt its personnel chart to the priorities expressed in the budget as adopted;
10. Invites the Commission as a matter of urgency to formulate its detailed replies to these specific criticisms and submit its proposals for remedying these defects to the European Parliament on or before end September 1984;

Insofar as the Council is concerned

11. Stresses that, whereas this resolution is addressed to the Commission pursuant to Article 85 of the Financial Regulation, this does not absolve the Council from its responsibility for delays in the implementation of the budget and for the inadequacy of the means devoted to combating fraud;
12. Instructs its President to forward this resolution to the Commission, the Council and the Court of Auditors of the EC.

¹ OJ C 357, 31.12.83, paragraphs 2.39-2.40; 4.14-4.18; 4.44-4.46; 6.20 and most of chapter 8
OJ C 344, 31.12.83, paragraphs 2.5-2.7; 2.11; 4.20; 4.22; 4.23-4.27; 5.11-5.15; 5.21; 7.23-7.25; 8.30; 9.10; 11.6-11.8
OJ C 344, 31.12.81, paragraphs 2.4; 2.8-2.11; 3.22; 3.35-3.43; 4.14-4.18; 4.33; 6.20-6.28; 7.12; 9.6; 9.22
OJ C 342, 31.12.80, paragraphs 2.3-2.11; 3.15-3.17; 4.10-4.18; 4.73-4.96; 6.21; 7.13; 8.20; 8.33-8.34; 9.13; 9.37