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Working Documents

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REPORT

drawn up on behalf of the Committee on Budgets
on the list of requests for the carry-over of
appropriations from the 1979 to the 1980 financial
year (non-automatic carry-overs) (Doc. 1-131/80)

Rapporteur: Mr P. DANKERT

This report is submitted pursuant to Article 6, subparagraph 3 of the Financial Regulation and embodies the opinion of the European Parliament on the list of non-automatic carry-overs of appropriations from 1979 to the 1980 financial year.

At its meetings of 20 and 21 May 1980 the Committee on Budgets examined the draft submitted to it by Mr Pieter Dankert, rapporteur for Section III 'Commission' of the draft general budget.

It approved the motion for a resolution by 14 votes to 3 with no abstentions.

There were present: Mr Lange, Chairman; Mr Notenboom, Vice-Chairman; Mr Dankert, rapporteur; Mr Adonnino, Mr Baillot, Mr Barbi, Mrs Boserup, Mr Forth, Mr Harris (deputizing for Mr R. Jackson), Mrs Hoff, Mr Hord, Mr Newton Dunn (deputizing for Lord O'Hagan), Mr Pflimlin (deputizing for Mr Pfennig), Mrs Pruvot (deputizing for Mr Nord), Mrs Scrivener, Mr Simpson (deputizing for Mr Tuckman) and Mr Von Wogau (deputizing for Mr Ryan).

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A

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

MOTION FOR A RESOLUTION

on the list of requests for the carry-over of appropriations from the 1979 to the 1980 financial year (non-automatic carry-overs)

The European Parliament,

- having regard to the list of requests for the carry-over of appropriations from the 1979 to the 1980 financial year (non-automatic carry-overs) (Doc. 1-131/80),
 - having regard to the terms of Article 6 of the Financial Regulation of 21 December 1977,⁽¹⁾
 - having regard to the decision of the European Parliament of 13 December 1980 to reject the draft 1980 budget,
 - having regard to the report of the Committee on Budgets (Doc. 1-198/80),
1. Takes the view that any appropriations available at the end of the financial year, in the absence of an agreed budget for the next financial year, can only be utilized where inescapable commitments made in the previous financial year require immediate payment;
 2. Notes that these conditions are not fulfilled in most cases in the current list;
 3. Requests the Commission and the Council to withdraw these lists and to resubmit separately any individual items which conform to the criteria laid down in paragraph 1 above;
 4. Will re-examine other carry-overs, following the adoption of the 1980 Community budget.

⁽¹⁾ OJ L 356, 31.12.77

B

EXPLANATORY STATEMENT

1. The rules governing non-automatic carry-overs of appropriations are laid down in Article 6 of the Financial Regulation, paragraph 3 of which reads as follows:

"In the case of the appropriations referred to in paragraph 1(b), the Commission shall submit to the Council and shall forward to the European Parliament, before 1 May, the requests to carry over appropriations, duly substantiated, made by the European Parliament, the Council, the Court of Justice, the Court of Auditors and the Commission itself.

Unless the Council, acting by a qualified majority after consulting the European Parliament, decides otherwise within one month, the carry-over of these appropriations shall be deemed to have been approved."

2. It is clear that from this an anomaly arises in as much as the European Parliament does not have last word over carry-overs, even those concerning non-compulsory expenditure, for which it is responsible at every other stage of the budgetary process. This anomaly will have to be cleared up at the time of the revision of the Financial Regulation, due this year.

The current list

3. The Commission is responsible for the bulk of the current list of carry-overs, and has submitted requests totalling 176,915,541.57 EUA.

This is broken down as follows:

<u>Item</u>	<u>Heading</u>	(EUA) <u>Amount to be carried over</u>
Item 2550	Conferences, congresses and meetings organized by the institution	58,600
Item 2552	Conferences, congresses and meetings in connection with the ECSC	80,000
Item 3101	EEC participation in the campaign against African swine fever: local measures	1,000,000
Article 590	Aid to disaster victims in the Community	1,200,000
Article 800	Projects for the improvement of agricultural structures provided for under Article 13 of Regulation No. 17/64/EEC	167,482,121.62

<u>Item</u>	<u>Heading</u>	(EUA) <u>Amount to be carried over</u>
Item 8300	Conversion in the cod-fishing sector	126,367.72
Article 890	Reimbursements in respect of certain financial obligations relating to fishing in the Adriatic	560,000
Item 9601	Financial cooperation with Portugal (Financial Protocol)	4,008,452.23
Ch. 100		
Article 940	Expenditure resulting from the Convention between the EEC and UNRWA	2,400,000
	TOTAL	<u>176,915,541.57</u>

These requests are completed by three concerning the Council:

<u>Item</u>	<u>Heading</u>	<u>Amount to be carried over</u>
Article 149	Other social expenditure	14,250
Article 202	Other expenditure preliminary to the acquisition of immovable property or to the construction of buildings	274,429
Article 233	Legal expenses	48,111

Finally, the Economic and Social Committee have submitted a request for a carry-over of 30,000 EUA for Item 2200 "Initial equipment".

The Court of Justice has no carry-overs from 1979 to 1980 that require the approval of the Budgetary Authority. The Court of Auditors has yet to present requests.

4. As regards the administrative budget of the European Parliament, the internal authorisation procedure has not been completed because the Committee on Budgets has declined to examine this item until such a time as the 1980 budget is adopted, for reasons which are explained below.

Carry-overs and the one-twelfths system

5. It is clear from the drafting of Article 6 of the Financial Regulation that it presupposes the existence of an annual budget. This led your rapporteur and the Committee to conclude that "there could be no carry forward of appropriations from the past financial year until such a time as a budget is approved to which such appropriations could be carried forward." (1)

(1) Report authorising further provisional twelfths for Section III, Commission, Doc. 1-756/79, para. 8 of the Explanatory Statement

6. This approach formed part of the doctrine of the Committee on Budgets that the one-twelfths system could not be confused with a budget: was not the extension of the past budget but the exceptional granting of funds to permit existing Community activities to function in a financially "neutral" fashion. The political origin of this approach resided in the determination of the Committee on Budgets to have a new budget drafted and adopted as quickly as possible, thus not palliating the current situation to such an extent that all urgency in agreeing a new budget would disappear. Furthermore, the Committee believed that it would be politically inopportune to experiment with the Financial Regulation simply to make life easier for the institutions.

7. However, the Committee on Budgets could accept that where carry-overs arise as a result of commitments legitimately incurred in the previous financial year, and which need to be honoured urgently, that appropriations available at the end of the financial year could be used under the terms of Article 6 of the Financial Regulation. This however is not the case with a considerable proportion of this expenditure.

8. For example, it is proposed that 58,600 EUA be carried over for a symposium on nutrition, food technology and information about nutrition (under Item 2550) to be held in 1980. Similarly it is proposed to carry over 80,000 EUA to finance an international conference on the challenge of steel in the construction industry to be held in Luxembourg in September 1980 (Item 2552). Most of the other items appear to involve financing activities undertaken in 1980 rather than in 1979.

9. As regards the carry-overs under the Guidance Section of the EAGGF (Article 800) which represent the bulk of the request, the appropriations concerned relate to aid to individual projects during the period 1966 to 1974.

10. In view of the chronic underspending which characterises this sector, your rapporteur believes that it should be possible to finance any commitments that need to be honoured from the funds available under the one-twelfths system. The Commission should provide further information on the expenditure incurred so far under Title 8 during 1980.

11. Therefore your rapporteur notes that a considerable proportion of the current list concerns appropriations which do not cover activities already begun or undertaken in 1979, and therefore should not be examined at this time.

Conclusion

12. The Committee on Budgets

- (i) Confirms the view that any appropriations available at the end of the financial year, in the absence of an agreed budget for the next financial year, can only be utilized where inescapable commitments made in the previous financial year require immediate payment;
- (ii) Notes that these conditions are not fulfilled in most cases in the current list;
- (iii) Requests the Commission and the Council to withdraw these lists and to resubmit separately any individual items which conform to the criteria laid down in paragraph (i) above;
- (iv) Will re-examine other carry-overs, following the adoption of the 1980 Community budget.

