

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 91/78

Report

drawn up on behalf of the Committee on Budgets

on the proposal from the Commission of the
European Communities to the Council (Doc. 360/77)
for a ~~Financial~~ Regulation concerning the EAGGF,
Guarantee Section, for the periods 1967/68 to 1970

Rapporteur : Mr M. SHAW

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By letter of 26 October 1977, the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a Financial Regulation concerning the EAGGF, Guarantee Section, for the periods 1967/68 to 1970.

The President of the European Parliament referred this proposal to the Committee on Budgets on 14 November 1977.

The Committee on Budgets appointed Mr Shaw rapporteur on 24 November 1977.

The Committee on Budgets considered this proposal at its meetings of 23 January 1978, 1 March 1978 and 19 April 1978 and adopted the motion for a resolution and the explanatory statement unanimously on 19 April 1978.

Present: Mr Aigner (acting chairman); Mr Bangemann, vice-chairman; Mr Shaw, rapporteur; Mr Alber, Lord Bessborough, Mr Caillavet, Mr Caro, Mrs Dahlerup, Mr Früh, Mr Hansen, Mr Hans Werner Müller, Mr Ripamonti, Mr Ryan, Mr Schreiber, Mr Scott-Hopkins and Mr Yeats.

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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

embodying the opinion of the European Parliament on the proposal of the Commission of the European Communities to the Council for a financial regulation concerning the EAGGF, Guarantee Section, for the periods 1967/68 to 1970

The European Parliament,

- having regard to its earlier resolutions,
 - having regard to the proposal of the Commission ¹,
 - having been consulted by the Council (Doc. 360/77),
 - having regard to the report of the Committee on Budgets (Doc. 91/78),
 - having regard to the opinion of the Court of Auditors,
-
- (a) deploring the inordinately long delays in closing the EAGGF, Guarantee Section, accounts for earlier years;
 - (b) stressing, once again, the auditing importance that attaches to a speeding up of the procedures involved;
 - (c) accepting the present proposal as a step towards improving a most unsatisfactory situation;
 - (d) insisting that the Commission should make a greater effort to clear the accounts for more recent years;
1. Criticises, once again, the long delays in clearing the EAGGF accounts;
 2. Points out that these excessive delays tarnish the image of the Communities and make work in regard to the control of irregularities more difficult;
 3. Notes that the present proposal would represent a positive factor since it would clear the accounts for four periods in a single clearing;
 4. Urges the Commission to take all necessary steps with a view to expediting the clearing of the accounts for 1973 and subsequent years;
 5. Approves the proposal, taking account of the opinion of the Court of Auditors.

¹ OJ No. C 261, 29.10.1977, p. 2

EXPLANATORY STATEMENTImportance of closing accounts promptly

1. Parliament has repeatedly expressed concern, in the past, about the failure to close EAGGF accounts within a reasonable span of time following the end of the respective financial years. The change over from the contributions system to direct financing, repeated exhortations by Parliament and a greater awareness, on the part of all those concerned, of the importance of promptness in accounting matters have brought about a strong movement towards reform of the less than satisfactory practices that obtained during the earlier years of the EAGGF.

Present proposal

2. The proposal now under consideration¹⁾ concerns a financial regulation of limited application which is designed to close the proceedings in regard to the accounting periods 1967/68, 1968/69, the second half of 1969 and 1970. The simplified solution described in the Commission's explanatory memorandum would result in the avoidance of a supplementary budget which would be largely technical in nature and which would cause a great deal of unnecessary work for the budgetary authority.

Background to the figures

3. The total amount involved for the period concerned comes to some 7 thousand million units of account made up as follows:

Year	Expenditure
1967/68	1 068 308 431.11
1968/69	1 698 446 932.36
2nd $\frac{1}{2}$ 1969	1 710 852 782.71
1970	2 527 244 490.51
Total:	7 004 852 636.69

4. This total has been reduced, however, by about 5,300 million units of account because of the decisions of the Commission to enter the following sums in the budget as payments on account:

¹⁾ Com (77) 491 final, OJ No. C 261, 29.10.1977

Year	Amount
1967/68	935 157 869
1968/69	1 478 365 232
2nd ½ of 1969	1 224 150 378
1970	1 655 203 701
Total:	5 292 877 180

5. There remains an apparent difference of about 1,700 million units of account made up as follows:

Year	Amount
1967/68	133 150 562.11
1968/69	220 081 700.36
2nd ½ of 1969	486 702 404.71
1970	872 040 789.51
Total:	1 711 975 456.69

6. However, the balance described in the preceding paragraph has been the subject of clearing movements, in accordance with Council "cumulation" resolutions of 21 April 1970¹⁾ and 30 May 1972²⁾. As a result of this, the amounts which will actually need to move between the six Member States concerned come to some 47 million units of account made up as follows:

Payments to be made by:

Country	Amount
Belgium	3 338 293.13
Germany	1 217 177.20
Italy	41 817 925.99
Luxembourg	1 013 066.21
Total:	47 386 462.53

To be received by:

Country	Amount
France	30 064 037.03
The Netherlands	17 322 425.50
Total:	47 386 462.53

¹⁾O.J. No. C50, 28.4.1970, page 2.

²⁾O.J. No. C 105, 10.10.1970, page 16.

General acceptance of figures involved

7. All the Member States concerned have, it is understood from the Commission, fully accepted the validity of these figures. The Commission itself is anxious to complete the matter as soon as possible. Those members of Parliament who have been involved in control or agricultural questions over past years will be aware of the great problems related to the closing of EAGGF accounts. These difficulties were multifarious in nature: there were administrative difficulties, accounting problems and certain procedural obstacles. Now, however, the calculations have been finally completed up to the end of 1970. The accounts for the years 1971 and 1972 are also closed, subject to a reserve arising from a case brought before the Court of Justice by France, Germany and the Netherlands concerning an amount of 24.6 million u.a. The Commission experts are working on the closing of the figures for the EAGGF for 1973 and it is expected that this work will be completed by mid-1978. It is understood that the years 1974 and 1975 will be settled by late next year.

8. The Committee on Budgets has been aware of the need for extra staff on the EAGGF side of the Commission to deal with problems of this nature and attention is drawn to the amendment endorsed by Parliament on 15 December 1977¹⁾ which provided for some extra staff in this area.

Opinion of Court of Auditors

9. Article 209 of the Treaty of 22 July 1975 requires that the opinion of the Court of Auditors be obtained before a financial regulation is made. In view of the particularly complicated arithmetic involved in the balancing of these old accounts, the opinion of the Court of Auditors - which raises no strong objections to the Commission's proposal - was considered by the Committee on Budgets before it adopted its report.

10. It is noted with approval that Article 3 of the draft regulation provides for speedy termination of the payments arrangement in respect of the periods in question.

Conclusion

11. The Committee on Budgets felt some reluctance in endorsing this proposal in view of the fact that it substitutes a regulation - to be

¹⁾ Amendment No. 27

adopted by the Council - for a possible supplementary budget in relation to which Parliament would have wide responsibility. Nevertheless, since the periods concerned related to over eight years ago, since the solution proposed is a convenient one and since the result - closing of old EAGGF accounts - is one long sought by Parliament,¹⁾ it is felt that a positive reaction can be given to the proposal.

¹⁾ See, in particular, Dr. Aigner's report on the discharge for the financial year 1970 (Doc. 38/73) and paragraph 5 of the Decision (O.J. No. L 145 of 2.6.1973, page 31) which states that the European Parliament "finds it intolerable that there are still delays in meeting the due dates for closure of the accounts; as a result the Fund's expenditure is only audited five years after the measures in question are put into effect."

