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Report

drawn up on behalf of the Committee on Budgets

on the ~~second~~ list and recapitulation of the complete list of requests for the carry-over of appropriations between the financial years 1977 and 1978 (non-automatic carry-overs) (Doc. 175/78)

Rapporteur: Lord BRUCE of DONINGTON

1.2.1

PE 53.913/fin.

By letter of 14 June 1978 the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the complete list of requests for the carry-over of appropriations between the financial years 1977 and 1978 (non-automatic carry-overs) (pursuant to Article 6(3) and Article 108(3) (b) of the Financial Regulation of 21 December 1977 applicable to the General Budget of the European Communities SECTION III - COMMISSION). The President of the European Parliament referred this list to the Committee on Budgets.

The Committee on Budgets confirmed Lord Bruce of Donington rapporteur on 20 June 1978.

The Committee on Budgets considered this proposal at its meeting of 20 June 1978 and adopted the motion for a resolution unanimously.

Present : Mr Lange, chairman and acting rapporteur; Mr Aigner, vice-chairman; Mr Banqemann, vice-chairman; Lord Bessborough, Mrs Dahlerup, Mr Frdh, Mr Ripamonti, Mr Schreiber, Mr Shaw, Mr Spinelli and Mr Yeats.

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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 second list and recapitulation of the complete list of requests for the carry-over of appropriations between the financial years 1977 and 1978 (non-automatic carry-overs).

The European Parliament

- having regard to the list submitted by the Commission to the European Parliament (COM(78) 256 final);
 - having been consulted by the Council, pursuant to Article 6(3) and Article 108 (3)(b) of the Financial Regulation¹ (Doc. 175/78);
 - having regard to the report of the Committee on Budgets (Doc. 210/78);
1. Approves the non-automatic carry-over of appropriations requested by the Commission of the European Communities in respect of the following amounts:
 - (a) 21,783,000 EUA², (Chapter 62) for Section III - Commission;
 - (b) 2,217,000 EUA (Chapter 79) also for Section III - Commission;
 2. Welcomes the fact that the amounts carried over have decreased and that they now concern only a very small percentage of the Community budget;
 3. Calls upon the Commission to reduce progressively recourse to the carry-over procedure which weakens budgetary transparency and over which Parliament's powers are disproportionately small;
 4. Calls on the Commission, in conformity with the Financial Regulation, to produce only one list annually;
 5. Asks the Commission to provide a written statement concerning carry-overs for the Guidance Section of the EAGGF as regards years prior to 1977;
 6. Will re-examine the general problem of the under-spending of appropriations and the undermining of Parliament's rights which it represents at the time of the taking of a decision on the granting of a discharge with respect to the 1977 financial year.

¹ OJ No L 356, 31.12.1977

² Your Rapporteur refers to the EUA throughout, although the amount was included in the 1977 budget in UAs. For the 1978 financial year, however, the budget is measured in EUAs.

EXPLANATORY STATEMENT

1. At its sitting of 12 June 1978, the European Parliament gave a favourable opinion on the initial list of requests for the carry-over of appropriations from 1977 to 1978 involving 11.3 MEUA for Section III - Commission and concerning Chapters 37, 94 and 96. On that occasion your Rapporteur¹ made several comments on the nature of these carry-overs of appropriations, but to a certain extent reserved judgement until the complete list had been presented and until the taking of the decision on the granting of the discharge in respect of the 1977 financial year.

2. The Commission has now forwarded the complete list for carry-overs from 1977 to 1978. The only important addition concerns a sum of 24 MEUA to be carried over. This is divided as follows:

- Item 6239 Other intervention in respect of other milk products:
21,783,000 UA and EUA;
- Expenditure from the application of different exchange rates:
1,917,000 UA/2,217,000 EUA.

3. This expenditure has arisen because of the tardy introduction of the co-responsibility levy on milk products. It will be recalled that this levy was introduced during 1977, as a result of the widespread desire to encourage a contribution from milk producers to the costs of maintaining a gigantic surplus in milk products.

4. Given that this levy could not be classified under the exact terms of the Financial Regulation and Treaties as an "own resource", it was necessary to enter the revenue arising negatively on the expenditure side of the budget and to earmark such expenditure.

5. The Commission did not draw up guidelines or a programme for the utilisation of this revenue until late 1977. It set out the rules for an authorisation of the levy in an annex to the preliminary draft of the first supplementary and amending budget for 1978. It is proposed, therefore, to carry over this 24 MEUA to be spent during the current financial year on programmes adopted in accordance with this scheme.

6. The total for the two items is 24 MEUA but is only 23.8 MUA because conversion in respect of the second part of the carry-over (Article 790) takes account of the difference in value between the agricultural unit of account and the unit of account and the European unit of account, at the rates adopted

¹
Doc. 149/78, rapporteur: Lord Bruce of Donington.

for January 1978.

7. By the same document and in accordance with Article 108 (3)(b) of the Financial Regulation, the Commission informs the Parliament of the appropriations remaining committed for the guidance section, for the financial year 1976 and in budgets of previous financial years, for which a duly substantiated request for carry-over is being made for the Guidance Section of the EAGGF.

8. No explanations are provided for this item but given that Parliament is merely informed of these requests, it can simply seek that in future the Commission should accompany these requests with a full written explanation.

General remarks concerning a complete list of carry-overs

9. On the basis of his experience so far with this carry-over procedure, your Rapporteur can only confirm the view already expressed in previous reports of the European Parliament¹, that it is regrettable that the Council did not agree to the abolition of this non-automatic carry-over procedure as was proposed by the Commission and supported by the Parliament during the revision of the Financial Regulation. The existence of this procedure, which is untidy from the point of view of budgetary transparency, acts as an implicit encouragement to the Commission and to the Council to delay the utilisation of appropriations in any given financial year.

10. Furthermore, the powers that Parliament exercises in this procedure are purely consultative and correspond in no way to the general powers that Parliament possesses over both non-compulsory and compulsory expenditure during the course of the budgetary procedure. Nor does it take into account the increased powers that Parliament won over proposed transfers during the course of the revision of the Financial Regulation².

11. This carry-over procedure presents, therefore, something of an anachronism and it would be preferable if it fell into desuetude. It is to be welcomed, therefore, that the volume of carry-overs appears to be steadily decreasing. There is, however, no guarantee that such a trend will be maintained.

12. From 1974 to 1975 the total amount of carry-overs amounted to 601.3 MUA or 10.4% of the budget; from 1975 to 1976 this total fell to 140.9 MUA, or 1.9% of the budget; from 1976 to 1977 the total was 146.2 MUA or 1.8% of the budget and for this year, if approved, the total will be 36.5 MEUA, or less than a ½% of the Community budget.

¹Doc. 275/77, report by Mr COINTAT
Doc. 149/78, report by Lord BRUCE of DONINGTON

²Financial Regulation of 21/12/77, O.J. L.356

13. The Commission should be encouraged to abandon steadily this procedure in practice. As a first step towards such a move, the current procedure of producing an initial list, supplemented by the complete list, should be altered. The Commission should present one list in conformity with Article 6(3) of the Financial Regulation, to which it should be impossible to add items subsequently. This simplification of the procedure would save a great deal of time for the budgetary authority and would represent a small but practical step forward in terms of enhanced transparency.

14. But, of course, the political significance of the carry-over lies in the failure of the Commission to implement the budget as voted, as a result, in turn, of the failure of the Council to arrive at a legislative decision at the appropriate time. Your rapporteur will return to this political point at the time of the discussions on the granting of the discharge to the Commission with respect to the 1977 financial year.

15. Finally, as regards Table B, which shows the use of appropriations for budgetary years prior to 1977 for the EAGGF Guidance Section, the data is without significance if the Commission does not provide some kind of written report to explain the problems that have arisen or are arising in connection with the use of appropriations from these budgetary years.

Conclusions

16. The Committee on Budgets:

- (i) approves the complete list of requests for the carry-over of appropriations between financial years 1977 and 1978;
- (ii) welcomes the fact that the Commission has had less recourse to this procedure;
- (iii) calls for the rationalization of this procedure.