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Report

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drawn up on behalf of the Committee on Budgets

on the initial list of requests for the carry-over of appropriations from the 1976 to the 1977 financial year (non-automatic carry-overs) – (doc. 64/77)

Rapporteur: Mr M. COINTAT

PE 48.946/fin.

By letter of 19 April 1977 the President of the Council of the European Communities requested the European Parliament, pursuant to Article 6(2) of the Financial Regulation, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for the non-automatic carry-over of appropriations from the 1976 to the 1977 financial year.

This proposal was referred to the Committee on Budgets on 6 May 1977. On 16 May the committee appointed Mr Cointat rapporteur.

It considered this proposal at its meeting of 24 May 1977 and unanimously adopted the motion for a resolution and the explanatory statement.

Present: Mr Lange, chairman and acting rapporteur; Lord Bruce of Donington, Mr Hamilton, Mr Maigaard, Mr Radoux, Mr Schreiber, Mr Shaw, Mr Spinelli and Mr Würtz.

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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 initial list of requests for the carry-over of appropriations from the 1976 to the 1977 financial year (non-automatic carry-over)

The European Parliament,

- having regard to the list submitted by the Commission of the European Communities (COM(77) 144 final),
 - having been consulted by the Council pursuant to Article 6 (2) of the Financial Regulation¹ (Doc. 64/77),
 - having regard to the report of the Committee on Budgets (Doc. 127/77),
1. Approves the non-automatic carry-over of appropriations requested by the Commission of the European Communities in respect of the following amounts :
 - (a) 184,000 u.a. (Chapters 21 and 27), for the 'Parliament' section;
 - (b) 5,046,675.44 u.a. (Chapters 21, 30 and 32) for the 'Commission' section;
 - (c) 22,163,896.79 u.a. (Chapter 8) for the 'Commission (EAGGF)' section;
 2. Reserves the right to look more closely into the management of the appropriations carried over during the discharge procedures in respect of the financial years 1976 and 1977;
 3. Confirms its views on the desirability of abolishing non-automatic carry-overs expressed during its consideration of the proposed revisions of the Financial Regulation;
 4. Stresses once more the disadvantages - both political and practical - of the Council unlawfully taking over the powers of implementation of the budget conferred on the Commission by Article 205 of the EEC Treaty, and calls on the Council to desist in future from this practice, which violates the Treaty.

¹ OJ No. L 116, 1.5.1973

EXPLANATORY STATEMENTPROCEDURE FOR THE 'NON-AUTOMATIC' CARRY-OVER OF APPROPRIATIONS AND THE FORTHCOMING REVISION THEREOF

1. The Financial Regulation currently in force provides two forms of carry-over of appropriations from one financial year to the next:

- automatic carry-overs in the case of appropriations committed but not used; the budgetary authority is merely informed of these carry-overs¹;
- non-automatic carry-overs in the case of appropriations which have not been committed or - in the case of the EAGGF - where they have been committed but not used by the end of a period of five years; these carry-overs are deemed to be accepted if the Council - after consulting Parliament - fails to take a contrary decision within a month².

2. Requests for non-automatic carry-overs are thus forwarded each year to the budgetary authority, theoretically before 1 May of the following financial year; in practice, the Commission sends two successive lists, only the first of which meets the official deadline.

3. Appropriations thus carried forward are added to the appropriations already earmarked for the current financial year; in the past, they sometimes reached considerable proportions - 600 m u.a. from 1974 to 1975, i.e. 10% of the initial budget for 1974. For this reason, Parliament on several occasions expressed its concern 'as to the possible danger which the abuse of the carry-forward procedure could pose for Parliament's role in the budgetary sphere'³.

4. Conscious of this problem, the Commission - on the occasion of the general revision of the Financial Regulation - proposed a new system which purely and simply abolished the non-automatic carry-over of appropriations; this system was carefully studied by the Council, then by Parliament when it delivered its opinion on the amended Financial Regulation⁴. Briefly, the Commission proposed that appropriations not committed by the end of the

¹Article 6 (1) (c) of the Financial Regulation

²Article 6 (1) (b) and Article 6 (5)

³Resolution on carry-overs 1975/1976; rapporteur Mr AIGNER
OJ No. C 178 of 2.8.1976

⁴SHAW Report, OJ No. C 6/18 of 10.1.1977

financial year should, in principle, be cancelled, whereas appropriations which are committed but not used should continue to be carried over automatically; this new procedure is made possible by greater use of the technique of commitment authorizations, which give added flexibility to the procedure for authorizing multi-annual expenditure.

5. If the amended Financial Regulation enters into force before the end of the current financial year, it may be this new procedure which will be applied to carry-overs from 1977 to 1978.¹ It is to be hoped that the system of commitment authorizations will - both because of its efficiency and the fact of its being extended to all multiannual expenditure - allow the planned objectives to be attained, otherwise substantial amounts of appropriations could well be cancelled in the absence of a carry-over procedure.

INITIAL LIST OF REQUESTS FOR CARRY-OVERS FROM 1976 TO 1977

6. Three requests concern the Parliament budget: they amount to 184,000 u.a. and concern administrative appropriations.

7. In the Commission budget, a distinction must be made between the EAGGF (Guidance Section) appropriations and the others:

- for the EAGGF, the sum to be carried forward is 22.1 m u.a., broken down as follows (round figures):

4.6 m u.a. for common structural measures;

1 m u.a. for groups of hop producers;

0.6 m u.a. for the cod-fishing sector;

11.5 m u.a. for the beef and veal sector;

2.5 m u.a. for statistical surveys;

1.7 m u.a. for groups of fruit and vegetable producers;

0.6 m u.a. for slaughtering of cows;

- for the other appropriations, the sum to be carried forward is 5 m u.a., broken down as follows (round figures) :

0.07 m u.a. for administrative expenditure;

0.04 m u.a. for action to combat poverty;

0.5 m u.a. for research projects in the data-processing sector;

3.4 m u.a. for hydrocarbon technology;

0.9 m u.a. for hydrocarbon prospecting.

¹The Council may not accept this procedure; Parliament will probably have to re-examine this matter during the conciliation procedure, to which recourse will certainly be had before the Council finally adopts the text.

REMARKS ON THE EXPLANATIONS FOR THE INITIAL LIST

8. In the case of the EAGGF appropriations, the delays are mainly due to the fact that the Member States did not submit their applications for refund in time; it would be interesting to ask the Commission how the technique of commitment appropriations would enable the carry-over (and cancellation) of appropriations to be avoided under these circumstances.

9. For the other appropriations, the carry-overs seem to be caused mainly by the slowness with which the Council not only defines overall policies but decides, on a case-by-case basis, on the practical implementation of these policies. As regards hydrocarbons, the Council reserves the right to approve each of the technical projects to be financed from available appropriations. This procedure is open to considerable criticism both from the political and legal points of view, since it takes away from the Commission its powers in respect of the management and implementation of the budget (Article 205 of the EEC Treaty)¹; this procedure also slows down - to the point of paralysis - the machinery for implementing expenditure.

CONCLUSIONS

10. The Committee on Budgets proposes that the European Parliament approve all the carry-overs proposed by the Commission, subject to the following remarks:

1. This opinion is delivered without prejudice to any comments and recommendations the European Parliament might make on these appropriations when the discharge is given for the financial year 1976;
2. The possible disappearance of the chance to use the system of the non-automatic carry-over of appropriations (following the current revision of the Financial Regulation) must not lead to an increase in the level of appropriations cancelled;
3. The unlawful assumption by the Council of the power to authorize expenditure entered in the budget leads to the procedures being slowed down and complicated, which can jeopardize the effective implementation of expenditure.

¹Parliament has, on several occasions, stressed the dangers which the Council's unlawful assumption of the power to authorize expenditure entered in the Budget represents. See opinion by Mr AIGNER on Article 205 of the EEC Treaty (PE 47.932/fin.)