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Working Documents

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REPORT

drawn up on behalf of the Committee on Budgets

on the complete list of requests for the carry-over of appropriations from the 1976 to the 1977 financial year (non-automatic carry-overs - second list) (Doc. 181/77)

Rapporteur: Mr M. COINTAT
"

PE 49.918/fin.

1.2.1

By letter of 20 June 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 list of appropriations for which a carry-over to the 1977 financial year was requested (second list).

The list was referred to the Committee on Budgets on 4 July 1977. On 12 September 1977 the committee confirmed the appointment of Mr Cointat as rapporteur.

At this latter meeting the Committee on Budgets considered the list and unanimously adopted the motion for a resolution and the explanatory statement.

Present: Mr Lange, chairman and acting rapporteur; Mr Aigner, vice-chairman; Lord Bruce of Donington, Mr Dalyell, Mr Mascagni, Mr Notenboom, Mr Radoux, Mr Ripamonti, Mr Shaw and Mr Spinelli.

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

The European Parliament,

- having been consulted by the Council pursuant to Article 6(2) of the Financial Regulation¹ of the Communities (Doc. 181/77),
 - having regard to the report of the Committee on Budgets (Doc. 275/77),
1. Approves the non-automatic carry-over of appropriations requested by the Commission of the European Communities in respect of the following amounts:
 - (a) 9,603,834 u.a. (Chapter 33)
 - (b) 92,355,265.43 u.a. (Chapters 60, 61 and 62)
 - (c) 17,150,000 u.a. (Chapter 92)
 in the 'Commission' section of the 1976 budget;
 2. Reserves the right to look more closely into the management of carry-overs during the discharge procedures in respect of the 1976 and 1977 financial years;
 3. Reaffirms its views on the desirability of abolishing non-automatic carry-overs expressed during its consideration of the proposal to amend the Financial Regulation;
 4. Stresses that some of the carry-overs are the consequence of dilatoriness on the part of the Council in adopting the decisions required to implement certain programmes;
 5. Expresses the strongest reservations regarding the irregular procedures adopted by the Commission in implementing certain appropriations and feels that the budgetary authority must be informed in good time when use is made of such procedures, which must in any case remain the exception.

¹ OJ No. L 116, 1.5.1973

EXPLANATORY STATEMENT

1. At its sitting of 16 June 1977¹, Parliament gave a favourable opinion on the initial list of requests for the carry-over of appropriations from 1976 to 1977 involving approximately 27.4 m u.a. On that occasion it made certain comments on the system of non-automatic carry-overs currently under review as part of the revision of the Financial Regulation² and reaffirmed its views on the desirability of abolishing these carry-overs³.

The second list of requests for carry-overs from 1976 to 1977

2. This year a second list of carry-overs, longer than the first, has again been referred to Parliament - after the deadline laid down by the Financial Regulation; these carry-overs relate to:

- <u>research and investment expenditure:</u>	<u>9.6 m u.a.</u>
(thermonuclear fusion programme)	
of which: JET project	(6.7)
general programme excluding JET	(2.9)
- <u>EAGGF, Guarantee Section</u>	<u>92.4 m u.a.</u>
(refunds in respect of food aid)	
of which: cereals	(28)
rice	(1.2)
milk and milk products	(63.2)
- <u>Food aid</u>	<u>17.2 m u.a.</u>
of which: cereals	(7)
milk and milk products	(10.2)

3. These carry-overs total 119.2 m u.a. representing about 1.6% of total appropriations approved in respect of the initial 1976 budget.

Comments on the reasons for the carry-overs

4. Carry-over of research appropriations: as the Council did not take a decision in 1976 on the JET project, the Commission requests the carry-over of certain appropriations (9.6 m u.a.) most of which (6.7 m u.a.) are directly linked to the JET project. The non-implementation of these appropriations is therefore due to the Council's failure to take an early enough decision on a research programme.

¹ OJ No. C 163/45, 11.7.1977

² Doc. 127/77, pp. 6 and 7

³ Paragraph 3 of the resolution of 16 June 1977

It should be pointed out that these appropriations form part of a 30 m u.a. package approved and frozen as a result of an amendment by Parliament to the 1976 draft budget; part of these appropriations were released by three successive decisions by Parliament during the 1976 financial year.

5. Carry-over of EAGGF Guarantee appropriations: during the 1976 financial year the Commission did not commit any of the appropriations (92.3 m u.a.) relating to food aid refunds (74/76 programme), while food aid appropriations proper were implemented in the normal manner.

It did not commit these appropriations but held them in reserve - under the Guarantee Section of the EAGGF - in order to buttress, if required, the financial resources of the common agricultural policy.

However, the Commission considered that the likelihood of this reserve being used was minimal since in drawing up the 1977 budget it did not propose appropriations relating to expenditure on food aid refunds for the 74/76 programmes.

This expenditure must therefore be carried out in 1977, although no appropriations have been entered in the budget for this purpose: this means that the carry-over of 1976 appropriations is inevitable.

6. Carry-over of appropriations for food aid: most of the appropriations relating to food aid proper (Chapter 92) were implemented in 1976 but part of the aid was held in reserve to meet possible emergencies until the adoption of the 1977 programme. The belated adoption of this programme prevented at least part of this reserve from being absorbed in good time. The Commission therefore requests the carry-over of the amount earmarked for food aid which remained thus unused (17.2 m u.a.).

Conclusion

7. The carry-overs requested are partly the consequence of dilatoriness on the part of the Council in adopting the necessary regulations: research (9.6 m u.a.) and food aid (17.2 m u.a.).

8. Most of them (92.4 m u.a.), however, are due to a questionable practice adopted by the Commission in implementing the budget, i.e. the creation of reserves from appropriations intended for other expenditure, despite the fact that these appropriations are needed to meet that expenditure during the year concerned. Recourse to measures of this kind is tolerable only in exceptional circumstances and the budgetary authority should be immediately informed thereof.

9. With this express reservation the Committee on Budgets proposes that the European Parliament deliver a favourable opinion on the Commission's carry-over requests.