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Report

drawn up on behalf of the Committee on Budgets

on the first list of requests to carry forward appropriations from the financial year 1975 to the financial year 1976 (appropriations not carried forward automatically) (Doc. 47/76)

Rapporteur: Mr H. AIGNER

By letter of 5 April 1976, 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 on the non-automatic carrying forward of appropriations from the financial year 1975 to the financial year 1976.

On 7 April 1976, the President of the European Parliament referred this proposal to the Committee on Budgets. On 29 April 1976, the Committee on Budgets confirmed the mandate of Mr Aigner as rapporteur.

At the same meeting, the committee considered this proposal and unanimously adopted the motion for a resolution and the explanatory statement.

Present: Mr Lange, chairman; Mr Aigner, first vice-chairman and rapporteur; Mr Artzinger, Lord Bruce of Donington, Mr Brugger, Mr Dalyell, Mr Fletcher, Mr McDonald (deputizing for Mr Galli), Mr Notenboom, Mr Radoux, Mr Shaw and Mr Suck (deputizing for Mr Hansen).

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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

on the first list of requests to carry forward appropriations from the financial year 1975 to the financial year 1976 (appropriations not carried forward automatically)

The European Parliament

- having regard to the list submitted by the Commission of the European Communities to the Council (COM(76) 128);
 - having been consulted by the Council, pursuant to Article 6(2) of the Financial Regulation¹ of the Communities (Doc. 47 /76);
 - having regard to the Report of the Committee on Budgets (Doc. 98 /76);
1. Reiterates its view that carry forwards should not be of such an order of magnitude as to have the effect of seriously disturbing the annual budget;
 2. Recalls its earlier expression of concern as to the possible danger which the abuse of the carry forward procedure could pose for Parliament's rôle in the budgetary sphere²;
 3. Approves the carrying forward of -
 - (a) 20,000 u.a. in accordance with Article 6(1)(b) of the Financial Regulation in respect of Annex I - Economic and Social Committee - of the Council's section of the budget;
 - (b) 124,303,459.31 u.a. in accordance with Article 6(1)(b) of the Financial Regulation in respect of the Commission's section of the budget; and
 - (c) 71,227,243.06 u.a. in accordance with Article 6(5), second paragraph, of the Financial Regulation, also in respect of the Commission's section of the budget.

¹ OJ No. L 116, 1.5.1973

² OJ No. C 157, p. 95, 14.7.75.

EXPLANATORY STATEMENT

1. Article 6 of the Financial Regulation¹ provides that (a) appropriations which are still unused at end-December, and (b) appropriations for payments still outstanding as at end-December for commitments entered into after 15 December, and which relate to the supply of goods and services², may be carried forward to the next financial year. Paragraph 2 of this article requires the Commission to submit to the Council the requests to carry forward such appropriations before 1 May. Unless the Council, acting by a qualified majority, after consulting Parliament takes a contrary decision within a month, the carry forward of the appropriations in question is deemed to be accepted.

The carry forward arrangement applies to the appropriations of each of the Institutions - Parliament, Council, Court of Justice and the Commission but major amounts are likely to be involved only in the case of the Commission. Appropriations relating to remuneration and allowances of Members of the Institutions and of personnel may not be carried forward.

2. Parliament now has before it, for its opinion, a first list (COM(76) 128) of requests for the carry forward of appropriations from financial year 1975 to financial year 1976; it is the intention of the Commission to transmit shortly a second list setting out details of further requests for carry forwards. COM(76) 128 relates to two different sections of the budget, that for the Economic and Social Committee and the Commission's section.

3. The request in respect of the Economic and Social Committee is for the carry forwards of 20,000 units of account under Item 2200 in respect of initial equipment. The following table sets out the position under this item in regard to expenditure for 1973 and 1974, together with the provisions in the 1975 and 1976 budgets:

¹ OJ No. L 116, 1.5.1973

² These carry forwards are usually referred to as non-automatic carry-forwards to distinguish them from appropriations which may be carried forward automatically by virtue of commitments entered into between 1 January and 31 December (with the exception of commitments entered into after 15 December).

Economic and Social Committee

Item 2200 (Initial Equipment)

	<u>u.a.</u>
Expenditure 1973	21,819.88
- " - 1974	10,953.64
Appropriations 1975	6,000.00
- " - 1976	3,000.00

4. Thus, the provision in the 1975 budget at Item 2200 was for an amount of 6,000 u.a. and the remarks column indicated that this sum was intended to cover the cost of purchasing a calculator and other office equipment. As well, Article 220 included provisions totalling 36,400 u.a. for the renewal and hire of office machinery.

5. The 1976 budget provision of 3,000 u.a. at Item 2200 was explained in the remarks column as being intended for the purchase of calculating machines and a document shredder.

By virtue of transfers within Chapter 22, in accordance with Article 21 of the Financial Regulation, the level of appropriations at Item 2200 was raised to the level of 20,000 u.a.

6. Having fully considered the circumstances and having taken account of the additional information furnished by the Economic and Social Committee, the Committee on Budgets gave a favourable opinion on the use of the carry forwards procedure in this case.

7. The section of the carry forwards request dealing with the Commission's part of the budget relates to two separate matters:

- (a) Community projects in the hydrocarbons sector; and
- (b) EAGGF Guidance sector.

8. In regard to (a), the position is as follows:

The provision for this head in the 1975 budget was 25,000,000 u.a. of this, 13,914,816 u.a. was committed in the course of 1975, leaving a balance of 11,085,184 u.a. unutilized.

For 1976, the Commission inserted a sum of 40,000,000 u.a. in the preliminary draft budget; however, the Council cut this back to 25,000,000 u.a. - or no increase over the 1975 level. Non-compulsory expenditure was involved and Parliament adopted an amendment increasing the appropriations by 3 m u.a.

9. The request for carry forwards in this case must be viewed against the background of (a) the key Community importance attaching to energy resources generally and, in particular, to the promotion of certain projects in the field of hydrocarbon prospecting and (b) the large number of proposals put forward for consideration in the context of Regulation (EEC) No. 3056/73.

10. Last year, the Commission received 120 proposals for consideration for support in this domain; of these, 86 were examined¹; total investment and expenditure involved: 247,267,989 u.a. Of these, the Commission recommended for support 38 proposals involving investment of 117,852,142 u.a. - Community aid to amount to 44,683,758 u.a. (COM(75) 424 final).
[Parliament was not consulted in regard to these proposals]

11. The Commission now indicate that they are about to submit to the Council an amended proposal which reduces the number of projects recommended from 38 to 26 and the total aid proposed from 44,683,758 u.a. to 38,448,635 u.a.: the reduced figure would be within the 1976 budget provision plus the maximum amount of non-automatic carry forwards from 1975². The Committee on Budgets regrets that it should be necessary for the Commission to reject, at this stage, approximately one-third of the proposals which, following careful scrutiny, it had recommended for support last July.

In all the circumstances, the approval of these carry forwards is considered desirable and necessary.

12. The Commission's requests in regard to appropriations in the sphere of agriculture fall into two parts:

(a) that which deals with 'normal' non-automatic carry forwards [Article 6(1)(b)] of the Financial Regulation (appropriations still unused at end of December); and

¹ The balance were either withdrawn or amalgamated.

² 28,000,000 u.a. plus 11,085,183.92 u.a. = 39,085,183.92 u.a.

- (b) that which deals with carry forwards under Article 6(5) of the Financial Regulation (EAGGF payments due in respect of commitments entered into earlier), and which may be carried forward automatically for a period of five years; after the five years have expired, the Commission is required to submit to the Council before 1 May, the list of appropriations still committed which have to be carried forward.

On the agricultural side

- the non-automatic carry forwards Article 6(1)(b) for which approval is sought, amount to 113,218,275.39 u.a.;
 - automatic carry forwards Article 6(1)(c) amount to 110,591,695.52 u.a.;
 - non-automatic carry forwards Article 6(5) for which approval is sought amount to 71,227,243.06 u.a.;
 - automatic carry forwards Article 6(5) amount to 659,547,170.04 u.a.
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13. The Committee on Budgets considered the explanations furnished in regard to these carry forwards and noted with regret that administrative delay in Member States had contributed substantially to their arising. In view of the considerable importance attaching to the availability of adequate resources for the Guidance sector, the Committee gave a favourable opinion on the requests. The Committee will, however, consider the question of carry forwards generally again when the second list of requests is presented in the course of the next few weeks and also when the amendments to the Financial Regulation come before it.

