

European Communities

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INTERIM REPORT

drawn up on behalf of the Committee on Budgets

on the draft regulation amending the ~~Financial~~ Regulation of 25 April 1973
applicable to the General Budget of the European Communities (Doc. 245/76)

Rapporteur: Mr M. SHAW

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On 20 July 1976 Parliament was consulted by the Council of the European Communities on a draft regulation amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities (distinction between commitment appropriations and payment appropriations).

This proposal was discussed at a meeting held on 22 July, within the framework of the budgetary procedure, between a delegation from the European Parliament and the Council.

At its meeting of 10 September 1976 the Committee on Budgets confirmed the appointment of Mr Shaw as rapporteur on the amendment of the Financial Regulation.

At the same meeting it unanimously adopted this resolution.

Present: Mr Lange, chairman; Mr Maigaard, vice-chairman; Mr Shaw, rapporteur; Mr Artzinger, Mr Bangemann, Lord Bruce of Donington, Mr Clerfaÿt, Mr Hansen, Mr Lautenschlager, Mr Notenboom, Mr Radoux and Mr Suck.

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The Committee on Budgets hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the draft regulation amending the Financial Regulation of 25 April 1973 applicable to the General Budget of the European Communities

The European Parliament,

- having regard to the letter from the Council of the European Communities concerning the proposal for a regulation amending the Financial Regulation of 25 April 1973 (Doc. 245/76);
 - having regard to the meeting between a delegation from the European Parliament and the Council on 22 July 1976;
 - (a) aware of the difficulties posed by the opening of the budgetary procedure for 1977 before full agreement could be reached on the Commission's proposals concerning a general review of the Financial Regulation;
 - having regard to the interim report of the Committee on Budgets (Doc. 296/76);
1. Approves the Council's suggestions for an interim regulation providing a legal basis for commitment appropriations;
 2. Recalls its firm intention to proceed, as soon as possible and before adoption of the 1977 budget, with the general review of the Financial Regulation, in the light of the strengthening of the European Parliament's budgetary powers as a result of the signing of the Treaty of 22 July 1975;
 3. Considers it vital, therefore, that the dialogue between the institutions should proceed immediately on the other points arising from the Commission's proposals;
 4. Underlines once again the interim nature of this draft regulation which is to apply to the 1977 budget only;

EXPLANATORY STATEMENT

1. Following the meeting which took place on 22 July 1976 between a delegation from the European Parliament and the Council, the Committee on Budgets formed the opinion that the draft regulation submitted by the Council to Parliament for its opinion ought not to be amended. It therefore decided accordingly, after noting the fact that, as a consequence of this meeting of 22 July, the Council had amended the original proposal, in particular to confirm, in agreement with the views of the European Parliament delegation:

- (a) the interim nature of this draft regulation (it is to apply to the 1977 budget only);
- (b) the principle whereby certain actions (see Article 4(3) of the proposal for a regulation) may be entered under commitment appropriations in course of the budgetary debate.

2. The text endorsed by the Council following the meeting of 22 July 1976 is annexed to this report.

DRAFT REGULATION AMENDING THE
FINANCIAL REGULATION OF 25 APRIL 1973 APPLICABLE TO THE
GENERAL BUDGET OF THE EUROPEAN COMMUNITIES
(as amended by the Council on 22 July 1976)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Coal and Steel Community, and in particular Article 78(7) thereof,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 209 thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 183 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas some projects of the Communities necessarily extend over several years;

Whereas the commitment of the relevant appropriations often extends over several financial years;

Whereas the budget appropriations committed for these projects cannot be utilized during the financial year for which they were opened because the payments relating to these projects are spread over several years;

Whereas for such projects, a distinction should be drawn between appropriations required to cover the legal obligations entered into and appropriations needed to finance projects carried out in fulfilment of these obligations;

Whereas such a distinction prejudices neither the general principle of the annual nature of the budget nor the special provisions already adopted in respect of certain expenditure;

Whereas under the terms of Article 9 of the Council Decision of 1 February 1971 on the reform of the European Social Fund the financial regulations adopted in pursuance of Article 209 of the Treaty determine the methods whereby expenditure may be authorized for a further two-year period after the end of the current financial year; whereas the introduction of commitment appropriations is such as to give effect to this provision,

HAS ADOPTED THIS FINANCIAL REGULATION:

Article 1

The Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities is amended by the following Articles.

Article 2

The first subparagraph of Article 1(3) shall be replaced by the following:

' Without prejudice to Article 16a, Title VII, Article 107, Article 114 and Title Xa, expenditure may not be authorized for a period exceeding the financial year.'

Article 3

Article 16a below shall be added to Title II, Section II:

'Article 16a

1. When budget appropriations are intended to finance projects covered by paragraph 4 of this Article which require more than one year to execute, the budget shall show under the heading of these projects for the financial year concerned:

- (a) the commitment appropriations
- (b) the payment appropriations.

2. Commitment appropriations are intended to enable the fulfilment, during the financial year concerned, of the legal obligations to be entered into in order to carry out the projects referred to in (1) above.

They shall represent the ceiling of expenditure which may be committed for carrying out the relevant projects.

Commitment appropriations not utilized before the end of the financial year for which they were entered in the budget shall remain available for the following financial year. At the end of this period and before 1 February, the Commission may submit to the Council and forward to the European Parliament a list of appropriations the extension of which it is requesting for the next financial year. Acting by a qualified majority and after consulting the European Parliament, the Council shall decide whether to extend these appropriations for that year.

3. Payment appropriations shall represent the ceiling of expenditure which may be authorized or paid during each financial year to cover the commitments entered into during the current or preceding years.

4. The following may be entered under commitment appropriations in the course of the budgetary debate: the hydrocarbons projects, the 3-year plan of action on scientific and technical information and documentation, the Social Fund, the Guidance Section of the EAGGF and operations for which a future Financial Regulation lays down that they should so be entered.

5. The comments accompanying the budget headings allocated for such projects shall include, if the circumstances of the execution of such projects permit, a timetable of foreseeable commitments and payments for subsequent financial years.'

Article 4

Articles 6(5), 104 and 114(2) are hereby repealed.

They shall, however, remain in force during the implementation of the budgets up to and including the 1976 financial year.

Article 5

This Financial Regulation shall apply to the 1977 budget, and to the work of the Budget Authority in connection with this budget.

Article 6

This Financial Regulation shall enter into force on the day following its publication in the Official Journal of the European Communities.

Draft statement for inclusion in
the Council minutes

The Council emphasizes that this Financial Regulation contains transitional provisions which will be reviewed when the Financial Regulation of 25 April 1973 is next amended and which in no way prejudice any decision the Council may then take.

