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Report

drawn up on behalf of the Committee on Budgets

on the draft amendatory and supplementary budget No. 2 of the European
Communities for the financial year 1973 (Doc. 143/73)

Rapporteur : Mr H. AIGNER

PE 33.835/final

On 26 June the Council of the European Communities established Draft Rectifying and Supplementary Budget No. 2 of the European Communities for the financial year 1973. This was forwarded to the European Parliament in pursuance of Articles 203a of the EEC Treaty, 78a of the ECSC Treaty and 177a of the EAEC Treaty.

At its meeting of 13 July, the Committee on Budgets appointed Mr AIGNER rapporteur in his capacity as member of its Bureau until such time as Mr TERRENOIRE, appointed rapporteur on the annual budget of the Communities for 1973, took up his duties.

At its meeting of 13 September, the Committee on Budgets unanimously adopted the following motion for a resolution and explanatory statement.

The following were present: Mr SPENALE, chairman; Mr AIGNER, vice-chairman and rapporteur; Mr ARTZINGER, Mr KOLLWELTER, Miss LULLING (deputizing for Mr SCHMIDT), Mr MEMMEL, Mr PETRE, Mr POUNDER, Mr TERRENOIRE and Mr WIELDRAAIJER.

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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

on Draft Rectifying and Supplementary Budget No. 2 of the European Communities for the financial year 1973.

The European Parliament,

- having regard to Draft Rectifying and Supplementary Budget No. 2 of the European Communities for the financial year 1973 (Doc. 143/73);
 - having regard to the report of the Committee on Budgets (Doc.155/73),
 - observing that
 - (a) Rectifying and Supplementary Budget No. 2 allows for the consequences for all the institutions of the non-accession of Norway on the 1973 budget;
 - (b) it takes account of developments since the adoption of the 1973 budget which require new appropriations;
1. Draws the Commission's attention to the need for:
 - greater accuracy in certain budgetary estimates;
 - constant compliance with the provisions under which all appropriations must be approved before being used;
 - providing Parliament with full information about decisions having budgetary implications, particularly if taken during the procedure for adopting the annual budget;
 2. Approves, with these reservations, Draft Rectifying and Supplementary Budget No. 2;
 3. Therefore considers that, pursuant to Article 78a, para. 4, of the ECSC Treaty, Article 203a of the EEC Treaty and Article 177a of the EAEC Treaty, the Draft Rectifying and Supplementary Budget No. 2 of the European Communities for 1973 shall be deemed to be finally adopted.
 4. Instructs its President to forward this resolution, the minutes of this sitting, and the report of the Committee on Budgets to the Council of the European Communities.

EXPLANATORY STATEMENTContent of Draft Rectifying and Supplementary Budget No. 2

1. In all sections of this draft budget
 - appropriations have been rectified following the non-accession of Norway;
 - supplementary expenditure has been included (for most of the institutions) to allow, as shown in the Commission's Explanatory Memorandum, for developments since the adoption of the 1973 general budget.
2. This supplementary expenditure also covers various increases in staff.
3. As regards expenditure, this draft supplementary budget as a whole represents a reduction of 17,384,788 u.a. on the total of 4,245,282,241 u.a. given in the annual budget. The general budget is therefore reduced, as a result of this draft rectifying and supplementary budget, to 4,227,897,453 u.a.
 - (a) Reductions following the non-accession of Norway
 4. At the beginning of the year, it was stated that as a result of the non-accession of Norway the annual budget could be reduced by 3%, representing appropriations not relating to operating expenses. As this reduction is not to be found in the draft budget, it can only be assumed that an equivalent addition has been made.
 5. With this exception, no further comment is needed on the reductions.
 - (b) Increase or modification of certain expenditure
 6. A transfer of 40m u.a. has been made from Chapter 98, 'Non-allocated provisional appropriations', to Chapter 88, 'Appropriations reserved in previous financial years for the financing of expenditure falling within Chapters 81 - 84', for expenditure falling under the Guidance Section of the EAGGF.

Agreement can be given to this transfer, which was moreover requested by the Committee on Budgets and the Committee on Agriculture at the time the draft annual budget was examined.
7. In contrast, the 14.7m u.a. in appropriations earmarked for common action within the Guidance Section other than that established by the Council is reduced by 12m u.a. It must be pointed out that nothing further has been done in this field since the beginning of the year.

8. Incidentally, as regards modifications affecting the Guarantee Section of the EAGGF, the Council has rejected the Commission's proposal that the amount of 812.4m u.a. originally provided for in Chapter 60, 'Cereals', be reduced by 15.5 m u.a.

In Draft Supplementary Budget No. 4, 61.7m u.a. has been added to this Chapter.

This inconsistency is quite astonishing. How can the Commission propose a reduction in this item in its Draft Supplementary Budget No. 2 of 15 May and two months later propose an increase four times greater than the reduction?

9. The Committee on Budgets, which has frequently discussed the value of the estimates of expenditure included in the budget, draws particular attention to the somewhat illogical nature of these modifications.
10. No comment is called for on the other modifications to the Commission's appropriations (Article 400, Chapters 90 and 98).
11. The modification to the establishment plan most worthy of note is the addition of 40 posts for local staff from 1 July 1973.

Two remarks must be made on this subject. In the Explanatory Memorandum to the preliminary draft budget, the Commission indicates that the target ceiling of 375 local staff posts has thus been raised. The authorization to recruit the 40 new local staff dates from 1 July. This increase is to be regretted to the extent that it is in part the result of the dispersion of Commission departments among 7 additional buildings at Brussels.

The increase became effective from 1 July. Its budgetary implications are therefore covered by this supplementary budget. Reservations must also be expressed about this practice.

12. A further remark should be made on the subject of staff recruitment. It concerns the travel and subsistence expenses of national experts seconded to the services of the Commission (Item 1173).

In its Explanatory Memorandum, the Commission states:

'In a letter of 26 October 1972 the Commission asked the Council to enter a sum of 369,600 u.a. in the draft budget so that it could call on a certain number of experts from each of the Member States to back-up its services in carrying out the tasks arising from the Common Agricultural Policy.'

It is unfortunate that with the examination of the annual budget in full swing the Commission did not consult Parliament on this matter.

Explanatory Memorandum

13. Although the Council's Explanatory Memorandum can be regarded as exhaustive, given the range covered by this draft rectifying budget, it is difficult to understand why it suppresses the Commission's introduction to the modifications to its section.

The Committee on Budgets can never emphasize strongly enough to the appropriate institutions the value to Parliament in its controlling function of any information that will help it to make an accurate assessment of modifications.

Conclusions

14. Draft Rectifying and Supplementary Budget No. 2 can be approved with the reservations outlined in paragraphs 9, 11 and 12 above.
15. Finally, it should be pointed out that this draft budget was to have been submitted during the first quarter of the year. Some reservation must be raised about this delay.