Amending budget 3/2012: surplus from the 2011 financial year

2012/2071(BUD) - 25/06/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets unanimously adopted the report drafted by Francesca BALZANI (S&D, IT) in which it calls on the European Parliament to **amend the Council's position on Draft amending budget No 3/2012** of the European Union for the financial year 2012, Section III – Commission.

To recall, Draft amending budget No 3/2012 aims to enter in the 2012 budget the surplus from the 2011 financial year, amounting to EUR 1 496 968 014, diminishing by the same amount the global contribution of Member States to the EU budget.

Budgetary implementation: the outturn of the 2011 Budget is a sum of the outturn on income, outturn on expenditure, and exchange rates difference, with the following breakdown:

as regards outturn on income, an amount of EUR 0.67 billion is entered, stemming mainly (EUR 0.45 billion) from extra fines and interest on late payments received in 2011 and not budgeted when 2011 Budget was adopted,

- as regards outturn on expenditure, the under implementation by EUR 0.73 billion stems notably from the non-adoption of the proposed salary adjustment for 2011,
- as regards exchange rates difference, an amount of EUR 97 million is entered in DAB 3/2012.

Members state that all available indicators point this year to a **shortage in payments in many areas of EU intervention**, notably because once more the Budgetary Authority agreed for 2012 on a lower level of payments compared to the one proposed by the EC (more than EUR 3 billion less than Commission's initial Draft Budget). Moreover, the Council unilaterally decided to lower by more than two thirds the level of the EUR 485 million transfer (DEC 9/2012) to the research area, despite urgent needs in payments. Accordingly more than EUR 338 million payments on budget lines are left where they cannot be spent.

Legal framework: Article 15.1 of the Financial Regulation stipulates that the surplus from each financial year, whether surplus or deficit, is entered as revenue or expenditure in the budget of the subsequent financial year through an amending budget. Article 15.3 further mentions that 'any discrepancy with the estimates shall be entered in the budget for the following financial year through an amending budget devoted solely to that discrepancy'.

According to Members, such provisions are incompatible with the rejection of this Draft amending budget, but not with its amendment since Article 15 of the Financial Regulation does leave some room of discretion as to the destination of the surplus. It should also be stressed that **any interpretation of the Financial Regulation provisions consisting in the obligation for the Parliament to adopt this amending budget without modification may go against the budgetary prerogatives of the Parliament as provided for by the Treaty**.

Since, on the expenditure side (EUR 0.73 billion), under implementation did not result from absorption difficulties or mismanagement by the Commission, but from the rules in force for adjusting the repartition of payments in line with the needs in the last weeks of the financial year, Members consider that this amount should legitimately go back to the EU budget, as some carry-over of unspent appropriations.

Bearing in mind the unfulfilled needs presented in DEC 9/2012, as well as the latest implementation figures, notably in the field of Cohesion Policy, the committee proposes that the Parliament adopts the following position on this Amending Budget (payments only):

- Revenue - Title 1 - Own resources: -0.77 billion
- Revenue - Title 3 - Surplus: 1.50 billion
- Expenditure - research lines: 0.34 billion
- Expenditure - Cohesion policy: 0.39 billion.