2005 discharge: EC general budget, European Parliament

2006/2071(DEC) - 24/04/2007 - Text adopted by Parliament, single reading

The European Parliament adopted by 579 votes for, 66 against and et 41 abstentions a resolution drafted by Bart **STAES** (Greens/ALE, BE), broadly in accordance with the views of its budgetary control committee and granted the President discharge for implementation of the European Parliament budget for the financial year 2005. Having done so, it made a series of observations in its accompanying resolution.

Parliament began by noting that in 2005 Parliament received revenue amounting to **EUR 112 393 557** (in 2004, it received EUR 117 409 824) and indicated that 98.82 % of the appropriations entered in Parliament's budget were committed with a cancellation rate of 1.18 %. As in previous years, a very high level of budget implementation was achieved, which is partly attributable to the consistent practice of making "mopping-up" transfers for the purposes of transferring any appropriations available at year-end to the budget lines for buildings. Of this amount:

- EUR 75.7 million were used to for the purchase of the 'Winston Churchill' (WIC) and Salvador de Madariaga (SDM) buildings in Strasbourg;

- EUR 46.2 million were transferred for an early disbursement against the annual lease payment due for the D4 and D5 buildings in Brussels;

- and EUR 2.3 million were set aside for the Europe House in Valetta.

Parliament reminded its competent bodies of its decision that repayment on buildings should be set as part of the budgetary strategy, and it criticised its competent bodies for continuously failing to budget with sufficient clarity Parliament's property policy for future acquisitions. It restated its demand to amend Article 16 of the Internal Rules for the implementation of the European Parliament's budget with a view to making building projects with significant financial implications for Parliament's budget subject to the agreement of the Committee on Budgets. It also called for the establishment of budget forecasts ensuring that the amounts entered in the draft budget reflect real requirements in Parliament's various policies.

With regard to **Parliament's property policy**, it recalled that it invested a total of EUR 1 400 million in immovable property from 1992 to 2005, thereby saving, according to its own calculations, approximately EUR 700 million in rent and charges up to the end of 2006. However, the Secretary-General was asked to provide details of the costs of maintaining Parliament's three places of work, so that Parliament could get a better insight into its cost structure and identify areas where savings could be made. In brief, Parliament made a survey of its property portfolio and made some observations on its three places of work: Strasbourg, Brussels and Luxembourg. With regard to Strasbourg, it noted the deed of sale provided that if Parliament assigned the whole building complex - to a third party other than a European Union institution or body - ownership of the site would revert to the City of Strasbourg for the symbolic price of EUR 1. The price for the buildings would be mutually agreed between Parliament and the City of Strasbourg or - failing that - be determined by an expert assessment. With regard to Brussels, Parliament referred to the fact that the Belgian Government guaranteed that the land and the land development costs would be reimbursed to Parliament, and regretted that the Belgian authorities have not honoured the agreement on the land cost estimated at EUR 43 million. The Belgian State also disputes the total amount to be reimbursed to Parliament for the land development costs of the site for the D4-D5 buildings, estimated by Parliament's services at EUR 30.8 million. The offer of EUR 15 million, made by the Belgian authorities, was unacceptable, and the costs for paving a public thoroughfare, could not be funded from Parliament's

budget. The Secretary-General was asked to pursue a policy of regular consultations with representatives of the inhabitants of the area to limit the possible negative impact of Parliament's presence.

With regard to the **Court of Auditors' comments**, Parliament acknowledged the Court's criticism with regard to the flat-rate payments for staff travels between the three usual work-places. It also noted that the Court pointed to weaknesses in supervisory and control systems relating to the payment of allowances of Members of the European Parliament and considered it worrying that by mid-2006 only 54 % of the service providers, and only 29 % of the paying agents had submitted invoices relating to the period July 2004 to June 2005.

The Internal Auditor's annual report: Parliament underlined that the audits have confirmed that the institution is still in a phase of transition between two fundamentally different concepts of internal control, and that it will take more time for full implementation of the Internal Control Framework (ICF) in all departments. It highlighted certain issues in the area of procurement, such as the establishment of adequate exclusion, selection and award criteria and timeliness, equal treatment and transparency in contacts with tenderers, which must be borne in mind. Parliament regretted that the audit of Members' parliamentary assistance allowances was not ready in time for the 2005 discharge procedure, and called on its competent committee to pay due attention to the findings of this audit at a later stage. It recalled that the Internal Auditor had completed an institution-wide audit of the procurement process and welcomed the fact that - with regard to value - 91% of the contracts were awarded under open (71%) and restricted (20%) procedures.

The European Parliament's financial management: Parliament points out that a proportion of management activity in Parliament in 2005 was still geared to adjusting to the new requirements of the Financial Regulation, and noted that initial experience with applying the terms of the new Financial Regulation in an institution such as Parliament, with an administrative budget to manage, indicated in some cases that overly complex systems and financial circuits have been set up. It also noted that some directorates-general continued to hold the view that certain provisions of the Financial Regulation and its implementing rules lead to excessive bureaucratisation of the overall internal control process and constituted an undue burden on management. It reaffirmed the view previously expressed in preceding years that the scope of the discharge procedure should cover not only the management activities of Parliament's Secretary-General and Administration, but also the decisions taken by its governing bodies, i. e. its President, Bureau and Conference of Presidents. Parliament welcomed the 2005 activity reports of the directors-general and the fact that all directors-general had issued an unqualified declaration of assurance for their departments' financial transactions.

Political groups: Parliament reiterated that the political groups are themselves responsible for the management and use of their funds from Parliament's budget. It noted the confirmations by the political groups' external auditors that the accounts complied with current rules and international accounting standards. It also noted that the PSE Group refunded EUR 322 107 and the ALDE refunded 788 845 of unused money to the Parliament's budget, as these amounts could not be carried over. The political groups only utilised - on average - 66 % of the appropriations available to them (2004: 74%). Parliament made various observations on the spending of certain political parties at European level, but was pleased that certain improvements could be achieved with regard to the financing of political parties at European level following a decision by the Bureau of 1 February 2006. It remained convinced that European political parties must be allowed to establish reserves to meet their statutory obligations towards their employees and contractors should the party be disbanded and asked the Commission to make the necessary proposal.

Voluntary Pension Scheme: Parliament recalled that the Court of Auditors had repeatedly pointed out that a sufficient legal basis for Parliament's additional pension scheme must be created and that clear rules must be established to cover the eventuality of a deficit. It noted however that the view of Parliament's legal services is that a sufficient legal basis for the additional pension scheme already exists under the regulatory autonomy of the European Parliament laid down in Article 199 of the EC Treaty which confers

on the European Parliament the right to take whatever measures it requires for its internal organisation and that furthermore, once the Members' Statute comes into force, Article 27 of that Statute will constitute the legal basis for the Pension Fund. At the same time, it called on the members of the Voluntary Pension Fund to prove that their contributions deducted from the general expenditure allowance have been repaid from a private source of income. Otherwise fund members remain exposed to allegations of generating hidden additional income. It called on its administration to discontinue payments - as of January 2008 - for Members who did not prove that their personal contribution to the Voluntary Pension Fund was refunded from a private source of income. Parliament went onto note that the Voluntary Pension Fund managed to reduce its actuarial deficit, already existing for five years, from EUR 43 756 745 in 2004 to EUR 28 875 471 in 2005, thereby improving the fund's actuary funding position from 76.8 % in 2004 to 86.1 % in 2005. It underlined that over the past years the stock market has proved to be highly volatile and that there is therefore no certainty as to the direction in which the Fund's actuarial deficit will develop. It called on the investment manager of the Fund to favour "low-risk" investments and to observe the ethical investment standards as expressed in Parliament's resolutions. Parliament also noted that, as from January 2006, a member can draw a monthly pension of EUR 1 304 from age 60 onwards and after only five years of contributions. It took the view that once the Statute for Members of the European Parliament enters into force, the Voluntary Pension Fund should confine itself to honouring rights (acquired up to June 2009), meaning that neither Members of the European Parliament nor members of the Fund might continue to pay into the Fund.

Parliamentary Assistants in the European Parliament: while welcoming the decision of its Bureau to adopt a Codex for parliamentary assistants in the European Parliament, Parliament noted that the total number of assistants that are accredited is 1 416 at present, of which 433 are service providers (natural persons), about 583 have a direct employment contract with the Member and the other 400 are employed via a service provider; from those, approximately 138 have an employment contract under Belgian law (14 % of the accredited assistants under employment contracts). It underlined, in this context, the importance of the audit of the Members' parliamentary assistance allowance, and took note that the development of a Statute for Assistants requires negotiations with the Commission and the Council and that the Bureau also wishes to consult the Committee on Legal Affaires.

Kyoto-plus Plan for the European Parliament: recalling some of the key figures which reflect the enormous impact the European Parliament has on the environment, the plenary requested an analysis of the environmental impact of the Parliament's three work places overall and by location, and of the related travel requirements. It welcomed the initiatives to reduce its impact on the environment, such as the reorganisation of the print shop, the introduction of new and lighter containers for transport of documents, the availability of bicycles in Brussels and Luxemburg, the organisation of videoconferences and the recycling of ink cartridges. It also welcomed the EMAS registration as a very positive step, but regretted that the EMAS action plan sets only very modest reduction targets. It called on its administration to elaborate a Kyoto-plus Plan setting out an action plan that is more ambitious than the measures envisaged under the EMAS framework, with a view to proving to the general public that it strives for attaining the targets which it asks others to attain. Parliament set out a list of the actions for a Kyoto-plus Plan, such as a further reduction in the use of paper, establishing an integrated energy efficiency plan, and a considerable reduction in water consumption.

The resolution went on to cover points such as the strengthening of **equal opportunities in the European Parliament,** cooperation with the European Anti-Fraud Office (OLAF), and the changes wrought by "Raising the Game"- the **reform of Parliament's administration**, welcoming the progress achieved by implementing the reform. Lastly, Parliament made some remarks on the **follow-up to last year's discharge resolution** and noted that its Bureau has currently no intention to modify the travel reimbursement rules for Members with a view to reimbursing Members, who so desire, only for travel costs incurred. It noted that 27 Members reimbursed Parliament for parts of their travel allowance in 2005.