Basic information

2012/2071(BUD) BUD - Budgetary procedure	Procedure completed
Amending budget 3/2012: surplus from the 2011 financial year **Subject** 8.70.60 Previous annual budgets	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	BUDG Budgets	BALZANI Francesca (S&D)	25/04/2012
Council of the European Union	**Council configuration**	**Meetings**	**Date**
	Environment	3173	2012-06-11
European Commission	**Commission DG**	**Commissioner**	
	Budget	LEWANDOWSKI Janusz	

Key events

Date	Event	Reference	Summary
16/04/2012	Commission draft budget published	COM(2012)0181	Summary
11/06/2012	Council position on draft budget published	11113/2012	Summary
11/06/2012	Draft budget approved by Council		
14/06/2012	Committee referral announced in Parliament		
21/06/2012	Vote in committee		
25/06/2012	Budgetary report tabled for plenary	A7-0206/2012	Summary
05/07/2012	Decision by Parliament	T7-0297/2012	Summary
05/07/2012	Results of vote in Parliament		
05/07/2012	End of procedure in Parliament		
17/08/2012	Final act published in Official Journal		

Technical information	
Procedure reference	2012/2071(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/09369

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE491.219	12/06/2012	
Budgetary report tabled for plenary, 1st reading		A7-0206/2012	25/06/2012	Summary
Budgetary text adopted by Parliament		T7-0297/2012	05/07/2012	Summary

Council of the EU

Document type	Reference	Date	Summary
Council position on draft budget	11113/2012	11/06/2012	Summary

European Commission

Document type	Reference	Date	Summary
Commission draft budget	COM(2012)0181	16/04/2012	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Budget 2012/0467
OJ L 221 17.08.2012, p. 0001 Summary

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

2012/2071(BUD) - 16/04/2012 - Commission draft budget

PURPOSE: to present Draft Amending Budget (DAB) No 3/2012 (Section III-Commission).

CONTENT: the present Draft Amending Budget No 3/2012 is intended to budget the surplus resulting from the implementation of the budget year 2011. The implementation of the budget year 2011 shows a surplus of **EUR 1 496 968 014** not including contributions from European Free Trade Association (EFTA) and European Economic Area (EEA), which is therefore **entered as revenue in the 2012 budget**.

The budgeting of the surplus will diminish accordingly the global contribution of the Member States to the financing of the EU Budget. This global decrease by Member State will also be influenced by the updated own resources forecast (Traditional Own Resources (TOR), Value Added Tax (VAT) and Gross National Income (GNI)) including the updated amount of the UK correction.

In June 2012, the Commission will present, in a separate Draft Amending Budget, updated forecasts, which are expected to change further the amounts of the contributions by Member State.

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

2012/2071(BUD) - 11/06/2012 - Council position on draft budget

On 16 April 2012, the Commission submitted to the Council draft amending budget (DAB) No 3 to the general budget for 2012 concerning the budgeting of the surplus resulting from the implementation of the budget year 2011.

The implementation of the budget year 2011 shows *a surplus of* EUR 1 496 968 014.23 resulting from:

(a) an over-registering in revenue (+ EUR 671 295 282.08).

The breakdown of the outturn on income by revenue title is the following (in million EUR):

- Title 1 (own resources): - EUR 125
- Title 5 (revenue in connection with the administrative operation of the Institutions: + EUR 152
- Title 6 (revenue in connection with EU agreements and programmes): + EUR 150
- Title 7 (interest on late payments and fines): + EUR 450
- Other titles: + EUR 44

(b) an under-spending of payment appropriations (+ EUR 728 260 941.10) of which (in million EUR):

- under-implementation of appropriations authorised in 2011 budget: Commission: + EUR 375
- under-implementation of appropriations authorised in 2011 budget: other Institutions: + EUR 182
- under-implementation of appropriations carried over from 2010: headings 1 to 4 (Commission) + EUR 98
- under-implementation of appropriations carried over from 2010: administration heading 5 (all Institutions) + EUR 73

(c) a positive balance of monetary exchange (+ EUR 97 411 791.05).

The budgeting of this surplus will diminish accordingly the global contribution of Member States to the financing of the EU budget.

On 11 June 2012, the Council adopted its position on draft amending budget No 3 of the European Union for the financial year 2012 as set out in the technical annex to this explanatory memorandum.

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.

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

2012/2071(BUD) - 05/07/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 585 votes to 26, with 6 abstentions a resolution on the **Council's position on Draft amending budget No 3/2012** of the European Union for the financial year 2012, Section III – Commission. It approved, without amendment, the Council's position.

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.

The main components of that surplus are an under-spend in expenditure of EUR 0.73 billion, a positive outturn on income of more than EUR 0.67 billion, and a positive exchange rate difference of EUR 0.1 billion.

The major part on the income side (EUR 0.45 billion out of EUR 0.67 billion) comes from fines and interest on late payments.

The under-spend in expenditure, which concerns 2011 budget appropriations for EUR 0.56 billion and carry-overs from 2010 for EUR 0.17 billion, does not result from absorption difficulties or mismanagement but from the rules in force for adjusting the repartition of payments in line with needs, particularly during the last weeks of the financial year. A large part of this under-implementation results from Council's decision not to adopt the salary and pension adjustment provided for by the Staff Regulations.

Shortage in payments: Parliament deplores the fact that the Council initially decided to reduce by two thirds the level of the EUR 485 million transfer request DEC 9/2012 from under-implemented energy projects to aid economic recovery to reinforce three budget lines under FP7 – Cooperation. This would have **artificially increased under-implementation for 2012** payments and therefore increased the 2012 surplus, when all available indicators already point this year to a shortage in payments in the field of research and other areas of EU intervention, notably because in 2011, for the second year in a row, the Budgetary Authority decreased the 2012 level of payment appropriations in the Union budget by more than EUR 3 billion, including for research and cohesion policy, as compared to Commission's initial estimates.

Parliament therefore welcomes Council's reconsidering of its position through adopting transfer request DEC 19/2012.

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

2012/2071(BUD) - 05/07/2012 - Final act

PURPOSE: definitive adoption of amending budget No 3 of the European Union for the financial year 2012.

LEGISLATIVE ACT: Decision 2012/467/EU, Euratom.

CONTENT: the European Parliament definitively adopted amending budget 3/2012 of the European Union, in accordance with its resolution of 5 July 2012 (please refer to the summary of the resolution of that date). This amending budget aims to enter in the 2012 budget the surplus from the 2011 financial year (**EUR 1 496 968 014).**

The budgetisation of the surplus will fall by as much as the overall contribution of Member States to the funding of the EU budget, as stipulated in the final budgetary act (new breakdown of Member States' contributions to the Union's budget, recalculated taking into account the deduction of this surplus).