

Procedure file

Basic information		
BUD - Budgetary procedure	2006/2021(BUD)	Procedure completed
2007 budget: orientations, other sections		
Subject 8.70.60 Previous annual budgets		

Key players			
European Parliament	Committee for opinion	Rapporteur for opinion	Appointed
	AFET Foreign Affairs	The committee decided not to give an opinion.	
	DEVE Development	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2716	14/03/2006
European Commission	Commission DG Budget	Commissioner	

Key events			
06/03/2006	Vote in committee		
08/03/2006	Budgetary report tabled for plenary	A6-0058/2006	
14/03/2006	Resolution/conclusions adopted by Council		Summary
14/03/2006	Debate in Parliament		
15/03/2006	Results of vote in Parliament		
15/03/2006	Decision by Parliament	T6-0090/2006	Summary
15/03/2006	End of procedure in Parliament		

Technical information	
Procedure reference	2006/2021(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budgetary preparation
Stage reached in procedure	Procedure completed

Documentation gateway

Committee draft report	PE369.863	02/02/2006	EP	
Budgetary report tabled for plenary, 1st reading	A6-0058/2006	08/03/2006	EP	
Budgetary text adopted by Parliament	T6-0090/2006	15/03/2006	EP	Summary
Commission response to text adopted in plenary	SP(2006)1725	19/04/2006	EC	

2007 budget: orientations, other sections

The Council adopted the following conclusions, which will serve as the basis for discussions with the European Parliament and the Commission on preparation of the EU's general budget for 2007. In particular, it:

- underlines the fact that the budgetary procedure for 2007 will be marked by two important elements, on the one hand the new Financial Perspective for 2007-2013 to be agreed, and on the other hand the forthcoming accession of two countries to the EU to be confirmed. This should clearly be reflected in the Preliminary Draft Budget (PDB) for 2007;
- reaffirms the importance of maintaining a framework of overall budget discipline. It reiterates its wish that the EU budget for 2007 should provide sufficient resources to implement the various policies of the EU effectively and efficiently. It emphasises that it should apply the same degree of budgetary constraint as exercised by the Member States of the EU for their own national budgets;
- is convinced of the importance of good collaboration between the two arms of the Budgetary Authority and the Commission, and looks forward to establishing a good spirit of cooperation for the 2007 budget procedure;
- confirms that the forthcoming Interinstitutional Agreement (IIA) on budgetary discipline and improvement of budgetary procedure covering the period 2007-2013 will constitute the basis for establishing the budget for 2007. It recalls its constant willingness to apply the IIA to the full. It lays great emphasis on compliance with the Financial Perspective, which requires that Community expenditure remains within the annual limits to be set therein. For the purpose of sound financial management and to deal with unforeseen circumstances it is important that sufficient margins must be maintained under all the ceilings of the various Headings, with the exception of Heading 1b, especially in the first year of the new financial period;
- emphasises that the appropriations for 2007 should reflect real and well-defined needs and be compatible with the ceilings set in the Financial Perspective. Absorption capacity and past implementation should also be taken into account when establishing appropriations. It considers that all appropriations need to be reviewed in detail for each policy sector and in this context it reaffirms the importance of reallocation in order to allow the Budgetary Authority to make the necessary financial adaptations to meet present and future needs. For this purpose it points to the necessity of having high quality Activity Statements and financial information on spending proposals in good time;
- considers it important that the implementation of the EU budget is improved in 2007 so that the significant under-implementation of funds that occurred in the first years of the Financial Perspective 2000-2006 should be avoided. Therefore, the Council stresses the importance of the adoption of implementing rules and guidelines where applicable by the Commission on the basis of the adopted regulations in due time in 2006 in order to enable implementation to start in an efficient way by 1 January 2007. In this context, the Council underlines the need for explicit and simple rules;
- stresses once again the importance of keeping a tight grip on payment appropriations. The level of payment appropriations entered into the budget should be sufficient but not overestimated, taking into account past implementation and the genuine requirements for 2007;
- considers that the Member States should present structural funds estimates that are as accurate as possible, while assessing the actual need for appropriations to be put into the Preliminary Draft Budget is the responsibility of the Commission;
- looks forward to continued improvement of the "Activity Based Budgeting" in 2007 assisted by the introduction of specific, measurable, achievable, relevant and timely objectives, appropriate performance indicators and full evaluation procedures into all Community programmes with implications for the EU budget, as specified in the Financial Regulation;
- calls on the Commission to take full account of Council delegations' comments following detailed examinations of various activity statements in the two previous years. It intends to continue an enhanced examination of a set of Activity Statements during the 2007 budget procedure and places particular emphasis on Activity Statements covering legal bases and financial envelopes that are being renewed and/or adopted;
- is committed to improving the impact of the "Activity Based Budgeting" information during the discussion on the annual budget, in particular in terms of the justification for Community actions and explanations for the proposed variations of appropriations. The Council calls on the Commission to improve the implementation of the ABB approach to its administrative expenditure so as to reflect the real administrative costs related to each policy area;
- invites the Commission to present the appropriate information which allows the comparison between the implementation of the 2005 budget, the 2006 budget and the 2007 PDB, at the start of the budget procedure for 2007;
- identifies the following elements as important in preparing the 2007 budget: it invites the Commission to continue its efforts together with Member States towards establishing an accurate level of payment appropriations for structural funds. Furthermore, the Council recalls the importance of simplification of procedures aimed at facilitating implementation; the Commission is invited, as in previous years, to present realistic forecasts regarding CAP expenditure in its Preliminary Draft Budget. Particular attention should be given to ensuring that the payment appropriations for expenditure related to rural development are accurate;

- believes, that sufficient margins within the external relations ceiling are crucial in order to be able to respond to unforeseen actions and crises and emphasises the current principle that the institutions will ensure as far as possible that sufficient margins are left available. It considers that account should be taken of its priorities and recalls, in this connection, the importance that it has always attached to CFSP funding;
- considers it important that institutional effectiveness is an increasingly important factor when allocating administrative resources. It recalls the importance that the institutions should ensure that the recruitment process in the context of the enlargement is carried forward without delay;
- underlines the need to ensure that pilot projects and preparatory actions are feasible and consistent with the EU's new priority actions and to examine their practical application. In this context it considers it appropriate that the Commission takes the relevant initiatives in the annual budget process to develop the various pilot projects and preparatory actions within the financial limits set in the IIA, in a comprehensive and co-ordinated manner;
- underlines the great importance that it attaches to these guidelines in the forthcoming budgetary procedure and expects them to be fully taken into account already in the Preliminary Draft Budget for 2007. These guidelines will be forwarded to the European Parliament and the Commission.

2007 budget: orientations, other sections

The European Parliament adopted a resolution drafted by Louis GRECH (PES, Malta) on the guidelines for the 2007 budget procedure. The resolution was adopted by 621 votes in favour, 29 against and 12 abstentions.

General Framework: Parliament noted that over the years European institutions have failed to convince European citizens that they truly represent their interests and aspirations. Insufficient knowledge coupled with a poor perception makes understanding of EU policies difficult. Parliament took the view that the existing information services have to be improved and that an effective strategy, accessible to all European citizens, should be implemented as a matter of priority for all institutions. It invited all European institutions to study the feasibility of setting up a Centre of European Houses in Brussels, utilising existing resources without incurring any significant additional expenditure. In this "European Heart", EU citizens would be able to participate freely in various areas, including cultural and technical events, training seminars and exhibitions on specific topics. In such a scenario a wider segment of European citizens can identify themselves with the intellectual and cultural diversity of all European Member States.

European Parliament: Parliament committed itself to fulfilling its responsibilities as the only democratically elected representation of the people of the EU. It considered that, in view of the financial constraints being experienced at the moment, Parliament should reserve its position regarding the self-imposed limit of 20% of the expenditure under heading 5. Its estimates should reflect the real financial requirements in order to ensure an appropriate and efficient functioning of the institutions.

Budgetary rigour and added value: Parliament urged the Administration to make better and more efficient use of resources and avoid duplication of functions and reduce activities which do not add value to the overall objectives. It regretted the unnecessary and exorbitant costs due to the dispersion and duplication of activities in three different workplaces, which contribute to a highly inefficient cost structure. This should be re-addressed in an effort to minimise costs. Parliament invited the Administration to present specific proposals by 30 June 2006. It requested the Administration to identify activities which do not add value to its operations and to increase efficiency by rationalising working methods, thereby ensuring value for money for the European taxpayer.

Enlargement: Parliament stressed its commitment to make enlargement a real success. It noted that an amount of EUR 23 526 000 was allocated in the 2006 budget for the pre-enlargement preparations for Romania and Bulgaria, and invited the Administration to be prepared to offer adequate training programmes for staff coming from Romania and Bulgaria.

Information: Parliament agreed with the Secretary-General that the European Parliament requires a strong and effective information strategy that addresses Parliament's objective of bringing Europe closer to its citizens. However, spending more does not necessarily translate into better results. All Members, political groups and Administration should be involved and assume responsibility for their respective roles in the fields of information. Parliament considered it extremely urgent that, in tandem with discussions on an enhanced media presence, the structure of debates be examined. Furthermore, particular attention should be given to any information project, not only for its cost structure, but also for the value of its contents. All major publications and information-related projects should be prepared with the cooperation of political groups in order to create balanced programmes respecting the pluralism of opinions.

Visitors: Parliament regretted the high number of complaints concerning the visitors' programme, particularly as regards the non-availability of time-slots and the difference between grants and real costs, and stressed that an attractive and high value visitors' programme is one of the top priorities for the year 2007. Direct contact with European citizens through an improved visitors' service will have a multiplier effect that will enhance the perception of the Parliament in the eyes of the citizens.

Member's Assistant Statute: Parliament reiterated its position in support of the adoption of a real and meaningful statute for Members' assistants. It regretted that very little progress has been achieved on the matter, and urged the Council to take a decision on the Regulation.

Property: the policy on the purchasing of properties and buildings has yielded positive and tangible results providing Parliament with a strong asset base as well as generating savings, which in turn allowed it to use these funds for other projects. The Bureau must ensure that all Parliament's buildings are environmentally friendly as well as user-friendly, especially for persons with disabilities. Considering the envisaged financial constraints in the coming years, Parliament called on the Bureau to consider a multiannual property investment plan instead of an annual plan and to continue with the policy of accelerated payments.

Employment: human resources costs must be in line with operational requirements and with the financial situation of the institution. Parliament called on the Administration to examine the possibility of redeploying existing staff instead of relying on contract agents. The long-term quality of legislative work of the House has to be carried out by staff with a long-term commitment to Parliament rather than by utilising contract agents.

Reports and information requested before the first reading of Parliament's budget: Parliament invited the Secretary-General to provide certain information in order to allow an effective decision-making process. This includes : a report on "more effective budgeting", which was requested following the 2006 Budget Guidelines ; study of the financial impact of the introduction of the Irish language as the twenty-first working language of the European Parliament ; on the recruitment situation in relation to the 2004 enlargement, with particular reference to the linguistic sector giving a breakdown between officials, temporary and contractual staff; proposals on how to connect Parliament with those EU

citizens who are not Internet users or who do not have access to it; and a report on a mid-term budgetary review on the state of implementation of the current year.

Parliament went on to comment briefly on the other institutions. With regard to the Council, it recalled that the gentlemen's agreement only applies to administrative expenditure. Consequently, budgetary rigour should also apply to the appropriation allocated to cover expenditure on CFSP.

Finally, Parliament invited the European Data Protection Supervisor to present to Parliament its medium-term priorities, including all the financial implications, in order to enable Parliament to evaluate these priorities, especially if they happen to be in areas where support is needed in terms of buildings and logistics.