

Speaking Note: David Bostock presentation to the joint Hearing of the Committee on Budgets and the Committee on Budgetary Control

I should like to thank the Budget and Budgetary Control committees for the invitation to both attend and speak at this important hearing. And I should like to congratulate you on the stimulating range of speakers you have invited to speak of the frustrations of working with the existing Financial Regulation.

This has been a useful reminder that “tightening the rules” is not a cost free exercise – and that the costs involved rarely fall on those who propose them.

Indeed it is because the Court is aware of this that it has considered the costs borne by beneficiaries (for example in its report on Intelligent Energy for Europe) and pushed for simplification of rules (most recently in Opinion 1/2010).

Thus I am pleased to note that the Commission’s public consultation on the triennial review of the Financial Regulation asked good questions. It focussed upon the many of the options for simplification that have been discussed over the years. Options such as increasing the use of lump-sum payments and making grants conditional upon performance rather than costs offer some of the most promising routes to reduced complexity.

But changing the Financial Regulation is only part of the process of reducing the burden on beneficiaries and improving the legality and quality of EU spending.

The challenge is to change behaviour and results, as well as the legal instruments. That means making measuring progress on the delivery of simplification. This needs to be integrated into programme performance reporting and monitoring.

It is also worth remembering that the key rules covering EU spending are often contained not within the general pages of the Financial Regulation, but in the detail of sectoral regulation.

This is not a reason to feel gloomy about the prospects for simplification. The big area in which simplification has already happened is Agriculture. Single Payment systems are much simpler than the old crop-specific subsidies. And the rate of error we find has fallen significantly.

In other areas of spending, additional requirements on beneficiaries have sometimes seemed to represent an alternative to simplifying the rules – or to simplifying the scheme itself. And the experiences reported to the Court in the past – and to you today - indicate that this can come at the expense of beneficiaries.

We have suggested that the management of spending programmes might, in the future, be focussed on the achievement of objectives, rather than the control of inputs. That means that the Commission should report at an early stage whether the programme is hitting key targets, and should continue to report on this throughout the lifetime of the programme. We have also suggested that the Commission should assess all the costs involved in running spending programmes – including those costs imposed upon Member States and upon beneficiaries.

Over the last decade, amendments to the Financial Regulation through the triennial process have been largely been at the margin. The current review has begun with more substantial ambitions – and will be concluded in the context of a different configuration of responsibilities. In Opinion 1/2010 the Court of Auditors sought to signal its view of the priorities for reform and simplification in the future. We stand ready to play our part in creating simpler rules with a stronger focus on performance.