



2017/2186(DEC)

21.2.2018

OPINION

of the Committee on Transport and Tourism

for the Committee on Budgetary Control

on discharge in respect of the implementation of the budget of the Shift2Rail
Joint Undertaking (S2R JU) for the financial year 2016
(2017/2186(DEC))

Rapporteur: Markus Ferber

PA_NonLeg

SUGGESTIONS

The Committee on Transport and Tourism calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Welcomes the fact that the Shift2Rail Joint Undertaking ('S2R JU') achieved its financial autonomy in May 2016 and has proceeded with the consolidation of its structure in order to ensure sound management, legality and regularity in Programme execution;
2. Welcomes the finding of the Court of Auditors that the transactions underlying the accounts of the S2R JU for the financial year 2016 are legal and regular in all material respects;
3. Notes that the S2R JU annual budget for 2016 was EUR 50,2 million in commitment appropriations and EUR 52,3 million in payment appropriations, of which EUR 44,1 million was in commitment and 47,2 million in payment for operational expenditure, EUR 3,3 million in commitment and EUR 3,5 million in payment for staff and administrative expenditure and EUR 2,8 million in commitment and EUR 1,7 million in payment for unused appropriations not required in the financial year;
4. Notes that, in 2016, the operational costs (Title 3) represented 87,8 % of the overall S2R JU budget, including the expected un-used appropriations not required in the year (Title 4); further notes that, for the operational budget, the S2R JU attained a rate of implementation of 100 % for the commitment appropriations and a rate of payment appropriations of 86,6 %; notes that the payment appropriations were used for the pre-financing of the grants resulting from the 2015 and 2016 calls for proposals;
5. Regrets that in 2016 the income appropriations from the nineteen associated members ('Other Members') amounted only to EUR 2,53 million out of a total of EUR 52,32 million; further regrets that estimated in-kind contributions from Other Members other than the Union to operational activities were limited to EUR 4,5 million, of which EUR 3 million had been certified; recalls that the S2R JU Regulation¹ establishes that the total contribution to operational activities that is to be provided by the Other Members, totalling EUR 470 million, shall consist of at least EUR 350 million of in-kind and cash contributions, including EUR 200 million from founding members other than the Union; notes that, out of the EUR 120 million of industry members' contributions to be made to additional activities, members reported EUR 55 million (45,8 %) by the end of 2016, of which EUR 35,2 million had been certified;
6. Notes that, in 2016, the S2R JU signed 27 grant agreements resulting from the calls of 2015 and 2016, and that the value of the R&I activities of those calls amounted to EUR 167,3 million, to be co-funded by S2R JU up to a maximum of EUR 79,1 million;
7. Notes that the S2R JU has set up a risk management policy but has not yet performed a

¹ Council Regulation (EU) No 642/2014 of 16 June 2014 establishing the Shift2Rail Joint Undertaking, OJ L 177, 17.6.2014, p. 9.

specific anti-fraud assessment, nor has it established an action plan for the implementation of its own anti-fraud strategy; notes also that, since only pre-financing of projects has been paid in 2016, no ex-post controls have been carried out; encourages the S2R JU to adopt, as soon as possible, an ex-post control strategy; asks the S2R JU to provide details on the risk management system, and in particular on how to avoid conflicts of interest;

8. Is concerned that in its procedure for the procurement services, S2R JU sets a maximum contract budget, which does not seem to be based on a cost estimation process and a reasonable market price reference system; asks the S2R JU to put in place appropriate cost estimation processes before launching procurement procedures in order to ensure the cost-effectiveness of its multi-annual service contracts, as experience shows that most of the bids received were close to the maximum budget;
9. Notes that 17 statutory staff posts had been filled by 31 December 2016; regrets that the S2R JU had to have recourse to external support to fill staffing gaps during the recruitment process to cope with the workload, and that payments for these external services were not made in 2016; asks the S2R JU to provide information on these expenses;
10. Underlines the fact that research and innovation in the rail sector are decisive for the development of a safe and globally competitive rail sector and play an important role in order to achieve a significant reduction of the life-cycle cost of the railway transport system and to achieve significant increases in capacity of the railway transport system, in reliability and punctuality, as well as in order to remove the remaining technical obstacles to interoperability and to reduce the negative externalities linked to transport; highlights also that the objectives of the S2R JU are to achieve a Single European Railway Area and to enhance the attractiveness and competitiveness of the European railway system;
11. Recalls that research and innovation is not an isolated process using a simple rule for process management; stresses therefore that it is significantly important to identify among the research and innovation projects those that are capable to bring innovative solutions to the market; highlights that changes in the Regulation establishing the S2R JU and in its Statutes will be very important for the next S2R JU development in order to improve its efficiency; stresses, in particular that there is a need to foresee the use of the principle of multiannual financing and to adopt flexible timetables for publishing projects proposals;
12. Insists on the importance of the cooperation between the S2R JU and the Union Agency for Railways (ERA); welcomes the involvement of ERA in meetings of the JU governing board; asks the S2R JU to provide more concrete information on the main achievements of this cooperation in its annual activity report;
13. Takes note of the fact that, during the first months since it became autonomous, the S2R JU started some exploratory work to consider how to make use of activities planned in other Union programmes and funds, in relation to the railway sector, in particular EFSI, Regional and Cohesion fund, and that the S2R JU intends to further develop this activity; requests the S2R JU to provide details about how it intends to develop synergies between those activities and what are the expected outcomes;

14. Underlines that research and innovation projects should be followed by a higher Technology Readiness Level (TRL) in the demonstration and implementation phase; stresses that the necessity of complementary financing using the relevant funding instruments is key to build a competitive railway system in the future;
15. Proposes that Parliament grants discharge to the Executive Director of the Joint Undertaking in respect of the implementation of the S2R JU's budget for the financial year 2016.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	20.2.2018
Result of final vote	+: 39 -: 3 0: 0
Members present for the final vote	Daniela Aiuto, Lucy Anderson, Marie-Christine Arnautu, Georges Bach, Izaskun Bilbao Barandica, Deirdre Clune, Michael Cramer, Luis de Grandes Pascual, Andor Deli, Isabella De Monte, Ismail Ertug, Jacqueline Foster, Dieter-Lebrecht Koch, Miltiadis Kyrkos, Bogusław Liberadzki, Marian-Jean Marinescu, Renaud Muselier, Markus Pieper, Tomasz Piotr Poręba, Gabriele Preuß, Christine Revault d'Allonnes Bonnefoy, Dominique Riquet, Massimiliano Salini, Claudia Schmidt, Jill Seymour, Keith Taylor, Pavel Telička, István Ujhelyi, Wim van de Camp, Marie-Pierre Vieu, Janusz Zemke, Roberts Zīle, Elżbieta Katarzyna Łukacijewska
Substitutes present for the final vote	Jakop Dalunde, Michael Detjen, Markus Ferber, Maria Grapini, Rolandas Paksas, Jozo Radoš, Evžen Tošenovský, Henna Virkkunen
Substitutes under Rule 200(2) present for the final vote	Olle Ludvigsson

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

39	+
ALDE	Izaskun Bilbao Barandica, Jozo Radoš, Dominique Riquet, Pavel Telička
ECR	Tomasz Piotr Poręba, Evžen Tošenovský, Roberts Zīle
EFDD	Daniela Aiuto, Rolandas Paksas
GUE/NGL	Marie-Pierre Vieu
PPE	Georges Bach, Deirdre Clune, Andor Deli, Markus Ferber, Dieter-Lebrecht Koch, Elżbieta Katarzyna Łukacijewska, Marian-Jean Marinescu, Renaud Muselier, Markus Pieper, Massimiliano Salini, Claudia Schmidt, Henna Virkkunen, Luis de Grandes Pascual, Wim van de Camp
S&D	Lucy Anderson, Isabella De Monte, Michael Detjen, Ismail Ertug, Maria Grapini, Miltiadis Kyrkos, Bogusław Liberadzki, Olle Ludvigsson, Gabriele Preuß, Christine Revault d'Allonnes Bonnefoy, István Ujhelyi, Janusz Zemke
Verts/ALE	Michael Cramer, Jakop Dalunde, Keith Taylor

3	-
ECR	Jacqueline Foster
EFDD	Jill Seymour
ENF	Marie-Christine Arnautu

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention