

EUROPEAN PARLIAMENT

COMMITTEE ON BUDGETS

Notice to Members

Subject: Implementation of Parliament's 2004 budget

Please find attached proposal for a transfer of appropriations C20 – financial year 2004.

DIRECTORATE-GENERAL FOR INTERNAL POLICIES

2 September 2004

Mr Janusz LEWANDOWSKI
Chairman of the Committee on Budgets

Subject: Draft transfer C20 – financial year 2004

Dear Mr Lewandowski,

In accordance with Article 22(2) of the Financial Regulation of 25 June 2002, please find attached a draft transfer which I intend to approve in three weeks' time.

Yours sincerely,

Josep BORRELL FONTELLES

Annex: Transfer

I. DESCRIPTION

Transfer of appropriations C20/2004
from Article 230 (Stationery and office supplies)
to Article 231 (Financial charges)

II. STATE OF APPROPRIATIONS: according to Finics as at 31 August 2004

Initial approps. ± SAB ± transfers	Commitments entered into	Payments made	Approps. available before proposed transfer	Amount of proposed transfer	Approps. available after proposed transfer
<u>FROM</u>					
230/02 Stationery and office supplies: paper for print shop					
850.000	189.898	108.259	660.102	-150.000	510.102
TOTAL TO BE TRANSFERRED OUT				150.000	
<u>TO</u>					
2310 Bank charges					
400.000	400.000	96.883	0	+150.000	150.000
TOTAL TO BE TRANSFERRED IN				150.000	

III. JUSTIFICATION

2310 Bank charges

+ € 150.000

This appropriation is intended to cover bank charges (commission, agios, miscellaneous charges).
The allocation for Item 2310 in the 2004 budget is EUR 400 000.

This expenditure is vital to the smooth running of the institution as a result of the financial provisions of the contract between Parliament and Société Générale Bank & Trust (SGBT).

In 2002, Parliament issued an invitation to tender for banking transactions under the open procedure, in accordance with the financial rules. Banking transactions outside Luxembourg account for the overwhelming majority of bank charges incurred by Parliament, and, both financially and in terms of the services on offer, the tender submitted by SGBT was far more favourable for Parliament than those of the other candidates. A contract was thus concluded between Parliament and SGBT, which entered into force on 1 October 2002 for a period of three years.

It has been clear for some time that the number of payments is increasing significantly. There are several reasons for this, including: changes to our internal systems (e.g. paying Members by bank transfer only), increased levels of activity (e.g. more officials, agents and suppliers), and enlargement (e.g. more Members, more officials and agents, and more information offices in the

Member States).

It is also becoming increasingly difficult to predict the number of bank transfers accurately. There are several reasons for this, but principally:

- where transfers to the ten new Member States are concerned, Parliament has no experience and no precedents to follow;
- the number of bank transfers made by Parliament increases year on year, but not always at the same rate (e.g. 2000 and 2001: + 4% per year; 2002/2003: + 8%; 2003/2004: + 23% [estimate]).

The contract between Parliament and SGBT stipulates that the two parties may review it if the number of transactions changes or if new Member States accede to the Union. In the light of the marked increase in the number of transfers and the accession of ten new Member States, procedures to renegotiate the terms of the contract were initiated towards the end of February 2004. The bank and the authorising officer concerned agreed to amend the original contract. By comparison with the original contract, this amendment saves Parliament money (EUR 26 000 for the second year of the contract and EUR 185 000 for the last year of the contract) and ensures that all transfers – in euro or in other currencies – remain free for the payee in all 25 Member States of the European Union. Parliament is already looking at ways of making more savings in connection with this type of expenditure.

Under the terms of the contract, charges are calculated on the basis of a range of criteria (i.e. the total charges are not proportional to the number of transfers). For example:

- there is a flat rate for the first 160 000 transfers each year. The charges increase after that point;
- for transfers involving crossed orders or transfers outside the European Union, there is a charge of EUR 20 per transfer.

The total charges thus depend not only on the number of payments made, but also on the destinations of the payments. In the light of the above, it is clear that the initial appropriations for 2004 were underestimated.

Taking into account the savings made as a result of the recent agreement to amend the contract, and the information currently available on the trend in the level of payments, the total cost of bank charges for the financial year 2004 can be estimated at EUR 555 000. A EUR 150 000 top-up of appropriations against Item 2310 (Bank charges) is therefore being requested.

The appropriations may be taken from line 230/02 (Stationery and office supplies: paper for print shop), against which the relevant amount is available. It has been noted that during the first eight months of the financial year, less paper has been used than anticipated.

IV. REQUEST BY DELEGATED AUTHORISING OFFICER RECEIVING TRANSFER

Roger VANHAEREN

Signature:

Date:

V. APPROVAL OF DELEGATED AUTHORISING OFFICER MAKING TRANSFER

Gérard BOKANOWSKI

Signature:

Date:

DECISION OF THE PRESIDENT

Taken three weeks after notification of the Committee on Budgets or following a previous decision by the Committee on Budgets

Transfer C20 is approved.

Josep BORRELL FONTELLES

Signature:

Date: