

EUROPEAN PARLIAMENT

2004



2009

Committee on Budgets

20.9.2006

NOTICE TO MEMBERS

Subject: Implementation of the European Parliament's 2006 Budget

Please find attached proposal for transfer of appropriations C19 - financial year 2006

DIRECTORATE-GENERAL
FOR INTERNAL POLICIES

Mr Janusz LEWANDOWSKI
Chairman of the Committee on Budgets

Subject: Request for transfer of appropriations C19 - financial year 2006

Dear Mr Lewandowski,

In accordance with the provisions of Articles 24 and 43 of the Financial Regulation of 25 June 2002, please find attached a request for transfer of appropriations.

I should be grateful if you would present this draft transfer to your committee, if possible at its meeting on 26 September 2006.

Yours sincerely,

Josep BORRELL FONTELLES

Annex: Request for transfer of appropriations C19/2006

I. STATE OF APPROPRIATIONS: according to Finics as at 18 September 2006

Initial approps. ± AB ± transfers	Commitments entered into	Payments made	Approps. available before proposed transfer	Amount of proposed transfer	Approps. available after proposed transfer
FROM					
1005 "Special travel expenses in the exercise of the Parliamentary mandate"					
1 710 000	910 000	310 334	800 000	- 660 000	140 000
109 "Provisional appropriation to cover the allowances of Members of the Institution"					
1 000 000	0	0	1 000 000	- 1 000 000	0
230/02 "Stationery, office supplies and miscellaneous consumables: paper for the print shop"					
913 220	69 521	44 610	843 699	- 800 000	43 699
chapter 100 "Provisional appropriations"					
33 681 580					
- 18 478 000	Transfers				
15 203 580	0	0	15 203 580	- 7 203 580	8 000 000
chapter 101 "Contingency reserve"					
13 175 813					
- 4 639 341	Transfers				
8 536 472	0	0	8 536 472	- 336 420	8 200 052
TOTAL TO BE TRANSFERRED OUT				- 10 000 000	
TO					
2001/03 "Annual lease payments: Brussels"					
1 136 000	1 135 023	1 135 023	977	+ 10 000 000	10 000 977
TOTAL TO BE TRANSFERRED IN					

II. JUSTIFICATION

2001/03 "Annual lease payments: Brussels" + € 10 000 000

1. This appropriation is intended to cover the annual lease payments for buildings or parts of buildings under existing leases or leases in preparation.

The purpose of this request for transfer is to enter the sum of € 10 000 000 against sub-item 2001/03 "Annual lease payments: Brussels" with a view to making advance payments against the annual lease payments due for the D4 and D5 Buildings under construction in Brussels.

Principle of advance payments

2. The payment of advances against the annual lease payments due is an option granted to Parliament by the Agreement signed on 14 October 2004 between the developer of the D4/D5 Buildings, SA Promotion Léopold, and Parliament. The advance payments made

prior to the handover of the buildings will be incorporated into the provisional final investment cost.

3. In financial terms, the payment of advances during the construction phase will enable Parliament to reduce the financing cost by cutting the amount of interim interest due in connection with the financing by banks.
4. Every step is taken to ensure that no risk attaches to advance payments. Advance payments shall not exceed the total level of investment by SA Promotion Léopold at the time such payments are made. The amount of that investment is established and checked by means of an audit carried out by an expert selected following a call for tenders.

Financial situation in 2006

5. Last year, the Committee on Budgets authorised mopping-up transfer C26 at its meeting on 22-23 November 2005 and the complementary mopping-up transfer C27 on 12 December 2005. By this operation, an amount of € 46 199 590 was assigned as early payment towards the cost of the D4/D5 building. A small amount was paid in December 2005. The remaining € 45 274 553 were committed in 2005 and carried over to cover expenditure in 2006.
6. On the basis of the information supplied by the developer SA Promotion Léopold, their investment during 2006 is expected to amount to some € 80 million. A first payment of €22.4m was made in May 2006. The remaining appropriations carried over cover the expenditure until end July. The next payment is due in October and a further € 10m is needed to cover it. If Parliament does not pay the amount due the developer will fall back on bank financing in accordance with the contract. All the costs incurred will be borne by the Parliament. In order to avoid these financing costs the present transfer proposal is made.
7. The last payment to the developer has to be made end December or early January next year. The yield of the end of the year mopping-up procedure might be used to this end.
8. It should be underlined that advance payments are a possibility offered by the contract with the developer. Therefore, there is no legal or contractual obligation for the payment in October. Nevertheless, the advance payment is proposed in order to save the interests otherwise due and to reduce the lease payments after the handover of the buildings.

Justification of availabilities

9. The following significant factors explain why the proposed amounts for the transfer are available:

Item 1005 "Special travel expenses in the exercise of the Parliamentary mandate"

- € 660 000

The take-up rate against this heading is difficult to predict. Each Member is entitled to a maximum of € 3 826 in 2006. The current take-up rate within this ceiling is lower than forecast.

Article 109 "Provisional appropriation to cover the allowances of Members of the institution" - € 1 000 000

This appropriation is intended to cover the effects of any adjustments to payments to Members of the institution. The appropriation is purely provisional and may only be used after its transfer to other headings in accordance with the Financial Regulation. No financial decisions liable to generate costs for Parliament have been taken in 2006.

Sub-item 2300/02 "Stationery, office supplies and miscellaneous consumables - Paper for the print shop" € 800 000

The number of pages printed is down on 2005 (-28%), owing in particular to more targeted production and an increase in electronic document distribution. There has been a fourfold increase in the number of pages visited on the Europarl site in comparison with the same period in 2005. This development explains the large surplus against this heading.

Chapter 100 "Provisional appropriation" € 7 203 580

When the budget for the financial year 2006 was voted in first reading on 27 October 2005, Parliament adopted a number of amendments by which it decided to place certain amounts from several budget lines in the chapter 100 reserve, among others

- Amendments no. 677 and 790: € 6 000 000 from item 2100 "Purchase, servicing and maintenance of equipment and software, and related work" and € 53 843 from item 1200 "Officials and temporary staff: remuneration and allowances" and € 619 from article 124 "Provisional appropriation". Parliament decided to leave the amounts in the reserve *"until comprehensive information on the projects and their budgetary implications have been transmitted to the Committee on Budgets."*

At its meeting of 25 April 2006, the Committee on Budgets authorised the release of € 4 000 000 only, the appropriations relating to the ELVIS project and the two proposed posts remained in the reserve (transfer C8).

The administration has no intention to request the release of the remaining amounts.

- Amendment no. 798: € 1 000 000 from item 3241 "General publications" *"pending the submission of specific proposals from the Secretary-General to further involve political groups in decision-making on publications and the dissemination of information."*

At its meeting of 23 March 2006, the Committee on Budgets did not authorise the requested release of this amount (transfer C2).

The administration has no intention to request the release of the amount in question.

- Amendment no. 798: € 1 000 000 from sub-item 3242/01 "Expenditure on publication, information and participation in public events: cost of production and distribution of publications (in paper and electronic form)", € 823 000 from sub-item 3242/02 "Expenditure on publication, information and participation in public events: information and communication activities" and € 200 000 from sub-item 3242/03 "Expenditure on publication, information and participation in public events: participation in public events, trade fairs and exhibitions" *"pending the submission of specific proposals from the Secretary-General to further involve political groups in decision-making on publications and the dissemination of information."*

At its meeting of 23 March 2006, the Committee on Budgets did not authorise the requested release of the three amounts totalling € 2 023 000 (transfer C2).

The administration has no intention to request the release of the amounts in question.

- Amendment no. 675: € 2 000 000 from item 2008 "Other expenditure on buildings" *"until information is provided by Parliament's Administration on the cost for the studies on audiovisual equipment for the D4/D5 building and the socio-cultural amenities area (Visitors' Centre) in the D4/D5 building."*

The administration has no intention to request the release of the amount in question.

- Amendment no. 673: € 124 684 from item 1200 "Officials and temporary staff: remuneration and allowances" and € 1 434 from article 124 "Provisional appropriation" for the creation of 5 posts for EP apprenticeship programme (1 A* and 4 B* in the vocational training unit).

The administration has no intention to request the release of the amounts in question.

As the administration does not envisage requesting the release of all the appropriations in the reserve mentioned above, they might be used for the present transfer proposal.

Chapter 101 "Contingency reserve"

€ 336 420

The balance of the € 10m requested may be taken from the chapter 101 "Contingency reserve" where it is available.

10. In the circumstances, it is proposed that the above mentioned amounts be transferred to sub-item 2001/03 "Annual lease payments: Brussels".

III. REQUEST BY DELEGATED AUTHORISING OFFICER RECEIVING TRANSFER

Nicolas RIEFFEL

Signature:

Date:

IV. APPROVAL OF DELEGATED AUTHORISING OFFICERS GRANTING TRANSFER

Budget heading(s): 230/02

Gérard BOKANOWSKI

Signature:

Date:

Budget heading(s): 1005, 109

Roger VANHAEREN

Signature:

Date:
