

**FINANCE COMMITTEE****AGENDA****9th Meeting, 2001 (Session 1)****Tuesday 3 April 2001**

The Committee will meet at 10.00 am in Committee Room 1 to consider the following agenda items:

1. **Committee Business:** The Committee will consider whether to take agenda items 3, 4 and 5 in private.
2. **European Familiarisation Visit to Brussels:** The Convener will report back to the Committee.
3. **Meeting Outside Edinburgh:** The Committee will consider a paper from the Clerk.
4. **Timetabling of Committee Meetings:** The Committee will consider a paper on timetabling of committee meetings.
5. **Inquiry into Resource Accounting and Budgeting:** The Committee will consider its lines of questioning for agenda item 6.
6. **Inquiry into Resource Accounting and Budgeting:** The Committee will take evidence from Peter Peacock MSP, Deputy Minister for Finance and Local Government.

Callum Thomson

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The papers for this meeting are:

Agenda item 2

Paper from the Convener

FI/01/9/1
(to follow)

Agenda item 3

Paper from the Clerk

PRIVATE PAPER

Agenda item 4

Committee paper: timetabling of committee meetings
(previously issued for 8th meeting, 2001)

PRIVATE PAPER

Agenda item 5

Paper from Professor Irvine Lapsley

PRIVATE PAPER

European Familiarisation Visit: Report by Convener

Between 19 and 21 March I was part of a visit to the European Parliament in Brussels. It involved conveners (in some case vice-conveners substituted) of the Parliament's committee's at the invitation of - and the expense of - the European Parliament.

The programme varied between group and one-to-one meetings, arranged in accordance with conveners' own committee responsibilities. The group sessions involved briefings on subjects including the Treaty of Nice; Democracy and Legitimacy in the EU; Interparliamentary linkages in the EU; The operation of co-decision making between the Parliament and the Council of Ministers; and EU enlargement. There was also a panel discussion on Scottish interests in the EU, involving six of Scotland's eight MEPs.

I had a very informative and interesting session with Terry Wynn MEP, Chairman of the Budgets Committee. That committee has 45 members and has responsibility, *inter alia*, for the budgets of the European Union including the ECSC budget and budgetisation of the European Development Fund; the financial activities of the European Investment Bank; and the Parliament's own budget, administration and accounts. A full list of the committee's remit is attached.

There are three players in the annual budget process: the Parliament (on whose behalf the Budgets Committee acts in the early stages); the Council of Ministers; and the Commission. Each year, a different member of the Budgets Committee becomes *rapporteur*, with responsibility for driving the budget through its process and ultimately reporting to the Parliament on behalf of the committee.

The formal budget process then begins and there are clear similarities with our own process.

The committee starts off by outlining to the Commission what it expects in overall terms. The Council does the same and then the Commission produces the Preliminary Draft Budget in late April. The draft goes to the Council for its first reading and, once it has considered it, the Budgets Committee gets together with the 15 Finance Ministers to discuss the Council's response.

This takes place in late July and the draft then goes to all parliamentary committees for them to consider over the summer. The committees submit their amendments (of which there were more than 1000 last year) and in September the Budgets Committee spends three days solely concerned with scrutinising these amendments. The committee's report goes to a full plenary session of the Parliament by the end of October, for it to approve. Once this is done, what is still the draft budget returns to the Council of Ministers for a second reading, where they consider the amendments. If the Council agree the amendments, the process is completed at that stage. In practice, this has never happened and the Council produce amendments of their own. The outcome of their deliberations is final in respect of agricultural matters, but all other subject heads are open to amendment when it returns to the Budgets Committee. The committee then submits its final proposal to a full plenary of the

Parliament, often re-instating its amendments from the first reading which have been deleted by the Council.

At the plenary session, 314 votes are required to obtain an absolute majority of all MEPs, whether or not they are present at the session. By the time it reaches the full Parliament, most of the contentious issues have been well aired and the budget usually gets its majority without too much trouble. The EU President must sign it at the end of the process, taking into account the views of the Council as well as the expressed will of the Parliament. In theory, the final say goes to the Parliament, but in the past the Council of Ministers has taken the Parliament to the European Court of Justice over proposals with which it strongly disagrees.

Final agreement must be reached by the middle of December, for the spending plans contained in the budget to come into effect on 1 January.

Terry Wynn provided me with two important documents relating to the budgetary process in the EU. I have given both "General Budget of the European Union for the Financial Year 2001: The Figures" and "A Guide to the Community Budget : Power, Politics and Procedures" to the clerks who will make them available for committee members on request.

I had time to give Terry Wynn a brief outline of our budget process, but he hopes to visit Edinburgh later in the year. Once dates for his visit are known I shall arrange a meeting at which he can meet with committee members. The contact established with the European Parliaments Committee on Budgets is, I believe, an important one and should be maintained and built upon.

I also had a session which was of lesser value with Manfred Beschel, head of the EU Directorate General on Regional Policy. This was a joint meeting with Kenny Gibson MSP, representing the Local Government Committee. Given the evidence which our committee took as part of our still-to-be-completed enquiry on European Regional Funds, much of the information provided by Herr Beschel was already known to me.

Overall, the visit was well worthwhile. I understand that the intention is for more MSPs to be given the opportunity of experiencing the EU, through a scheme similar to that available for MPs, with a visit each year to either Brussels or Strasbourg funded by the Parliament.

Mike Watson
Convener
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