

Abstract

According to a report published by the Belgian Court of Audit, investment subsidies to the sectors "Well-being and Public Health" are generally allocated in a lawful way although differing interpretations may sometimes cause an unequal treatment of the project proponents. The Flemish decree in force does not always mesh with the federal legislation. Specialised and other opinions should be framed in a better way and be more timely and the audit of infrastructure works performed in the field should come out of the dark. Communes are not entitled to receiving any such subsidies from the public body VIPA but they circumvent this obstacle by setting up non-profit making associations.

The finding does not reveal anything radically wrong

On 8th July 2003, the Belgian Court of Audit reported to the Flemish Parliament about its findings on the investment subsidies and guarantees provided to the sectors "Well-being and Public health", channelled through the following public bodies "VIPA", "Kind en Gezin" and "VFSIPH". First of all, the report revealed that the Flemish Government scored well: all sectors are subjected to an equal procedure, which in turn ensures an equal treatment of all recipients. The procedure has also built in guarantees ensuring a lawful allocation: it sets deadlines, makes the allocating dependent on supporting documents and links the well-being strategic planning to a preparation of infrastructure works. Moreover, this concept is supported by various opinions on which the decisions are grounded.

Enforcement

As to the department, it also generally complies with the procedure governing the allocation of investment subsidies. Although it goes past the fixed deadlines more than occasionally, the required opinions are always enclosed. It also in general complies with the investment calculation method laid down in various orders issued by sector.

Interpretational issues

A certain number of procedural aspects give rise to differing interpretations, which in turn cause an unequal treatment of proponents: the amount of subsidies, when officially promised by the public authorities, is sometimes, but not always updated so as to take account of an index-tied or a new cost price calculation.

Federal vs. Flemish

Because of the power division between the federal Authority and the Communities, the well-being institutions are faced with inconsistencies as regulations are concerned. It leads to inconsistencies in the files in terms of commitment periods. The Flemish Community subsidises investments in hospitals but does not notify it to the federal minister of Public Health.

Communal non-profit making associations

The VIPA decree does not allow project proponents to receive any investment subsidies if they are eligible for resources from the communal investment fund. The communal and town authorities circumvent this obstacle by setting up non-profit making associations. Universities are not entitled either to VIPA subsidies but two universities have circumvented this obstacle by setting up a non-profit making association for their child-care service.

VAT

The Flemish Government also subsidizes the VAT due by a project proponent on investment works for all sectors. The fixing of the VAT share eligible for subsidy has resulted in inconsistencies in the files. At the payment stage, there is no checking whether the subsidised part is in line with the amount really paid by the project proponent.

Reliability of the opinions

Several opinions supplied during the VIPA procedure are detailed and supported by documents while some others are silent as to the technical building standards used. The amount of the investment subsidy is rarely calculated on the basis of a constant model. Remarks are not often followed by a follow-up report. The section “subsidised infrastructure” does give opinions but more often than not they contain errors in the calculation of the subsidy when it is officially promised or at the stage of the decision to subsidise. During the first years of enforcement of the VIPA decree, there often was no opinion on the financial plan or the solvency of the project proponent.

Field audit

The Court of Audit was not able to ascertain to what extent the section “Subsidised Infrastructure” carries out checks in the field. No check report was drawn up. There was no recording either by individual engineers or centrally as to which works were checked in the field, at what stage or with what objectives.

Recommendations

The report contains plenty of recommendations aimed at perfecting the enforcement of the procedure and the laws and regulations. In the first place, the quality of several opinions and the calculation of the subsidies need improving. The audit also needs more careful attention. Finally, the VAT issue needs to be addressed.