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19 April 2000

## **REPORT**

On the estimates of revenue and expenditure of the Parliament for the financial year 2001

Committee on Budgets

Rapporteur: Markus Ferber

**Motion for a resolution**

**Explanatory Statement**



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*The draft estimates will be published separately (Par2).*

## PROCEDURAL PAGE

At its meeting of 27 January 2000, the Committee on Budgets appointed Mr Markus Ferber rapporteur.

At its meetings of 28 March and 11 April 2000 the Committee on Budgets held an exchange of views on the preliminary draft estimates of revenue and expenditure of the Parliament for the financial year 2001.

At the latter meeting it considered the draft report and adopted the motion for a resolution unanimously.

The following were present for the vote: Terence Wynn, Chairman, Bárbara Dührkop Dührkop, Vice-Chairman, Markus Ferber, Rapporteur, Ioannis Averoff, David Robert Bowe (for Joan Colom i Naval), Kathalijne Maria Buitenweg, Chantal Cauquil, Den Dover, James E.M. Elles, Göran Färm, Salvador Garriga Polledo, Neena Gill, Catherine Guy-Quint, Bertel Haarder (for Jan Mulder), Jutta D. Haug, Roger Helmer (for Jean-Louis Bourlanges), Anne Elisabet Jensen, Karin Jöns (for Constanze Angela Krehl), Othmar Karas (for Brice Hortefeux), Piia-Noora Kauppi (for Edward H.C. McMillan-Scott), Armin Laschet, Hanja Majj-Weggen (for Carlos Costa Neves), David W. Martin, Juan Andres Naranjo Escobar, Giovanni Saverio Pittella, Bartho Pronk (for Giuseppe Pisicchio), Godelieve Quisthoudt-Rowohl (for Reimer Böge), Bernhard Rapkay (for José Paulo Martins Casaca), Paul Rübig (for John Joseph McCartin), Heide Rühle, Lennart Sacrédeus (for Clemente Mastella), Esko Olavi Seppänen (for Francis Wurtz), Ioannis Souladakis (for Wilfried Kuckelkorn), Per Stenmarck, Alejo Vidal-Quadras Roca, Kyösti Tapio Virrankoski, Ralf Walter, Brigitte Wenzel-Perillo.

The report was tabled on 19 April 2000.

The deadline for tabling amendments is 11 May 2000 at 12.00 h.

## MOTION FOR A RESOLUTION

### European Parliament resolution on the estimates of revenue and expenditure of the Parliament for the financial year 2001

*The European Parliament,*

- having regard to its resolutions of 28 October 1999 on the draft general budget of the European Communities for the financial year 2000 – Section I European Parliament – Ombudsman Annex – Section II Council – Section IV Court of Justice – Section V Court of Auditors. Section VI Economic and Social Committee and Committee of the Regions, and of 16 December 1999<sup>1</sup>, on the draft general budget of the European Union for the financial year 2000, as modified by the Council (all sections) (C5-0600/1999), and on Letters of Amendment Nos. 1/2000 (11568/1999 – C5-0313/1999), 2/2000 (13482/1999 – C5-0311/1999) and 3/2000 to the 2000 draft budget<sup>2</sup>,
- having regard to its resolution of 30 March 2000 on the guidelines for the 2001 budgetary procedure<sup>3</sup>,
- having regard to the Secretary-General's report to the Bureau on the Preliminary Draft Estimates of the European Parliament for the 2001 Financial Year,
- having regard to the preliminary draft estimates established by the Bureau on 10 April 2000, pursuant to rules 22(5) and (6) and 183 of the Rules of Procedure,
- having regard to the provisions of the Financial Regulation, the declaration on the presentation of an analytical budget, and the inter-institutional conclusions on the rationalisation of administrative expenditure<sup>4</sup>,
- having regard to the entry into force of the Treaty of Amsterdam, and the implications that this has for the legislative work for the Parliament,
- having regard to the two reports of the Committee of Independent Experts, set up through Parliament's resolution of 14 January 1999 and mandated to examine the way in which the Commission detects and deals with fraud, mismanagement and nepotism<sup>5</sup>,
- having regard to the Commission's Work Programme for 2000<sup>6</sup>,
- having regard to the Reform Plan of the Commission of 1 March 2000,
- having regard to the report of the Committee on Budgets (A5-0121/2000),

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<sup>1</sup> See minutes of the session 28.10.1999

<sup>2</sup> See minutes of the session 28.10.1999

<sup>3</sup> See minutes of the session 30.03.2000

<sup>4</sup> OJ C 308 of 20.11.1995

<sup>5</sup> Second report on Reform of the Commission; analysis of current practise and proposals for tackling mismanagement, irregularities and fraud of 10.9.1999

<sup>6</sup> COM(2000)155 of 9.2. 2000

*(On the economic and other circumstances)*

- A. Whereas the economic forecasts foresee growth in the European Union's economy of 3.0 % for 2001, and an inflation of 1.9%; whereas the norms for the European Monetary Union justify the continuation of a policy of budgetary rigour;
  - B. Whereas Parliament's responsibilities have increased substantially due to the entering into force of the Amsterdam Treaty, which resulted in an increased workload, especially as a result of the extension of the co-decision procedure to more policy areas;
  - C. Whereas the conclusions of the report of the Committee of Independent Experts, mentioned above and the White Paper on the Reform of the Commission of 1 March 2000 have, where appropriate, to be taken into account for the future management of the Parliament;
1. Believes that adequate and timely measures to prepare for the consequences of enlargement must be taken including in the linguistic sector, but those measures should in no way prejudice the political decisions which will have to be taken in the context of enlargement;

*(On the Statute for the Members of Parliament)*

2. Expects Council and Parliament to cooperate in the most constructive way possible to adopt the Statute of the Members of the European Parliament, and to adopt, independently from that, the Statute for the Member's assistants;
3. Decides to increase the appropriations for item 2101 („Distributed data-processing systems“) with an amount of € 1,5 million to improve the level of technical support to members, in particular to meet the costs of providing a second networked computer for all Members in Brussels;

*(On political groups)*

4. Refers to the Court of Auditors' document on the political groups in the European Parliament which recommends a provisional solution based on a separate budget line to indicate the appropriations for European political parties; calls on the Secretary-general and the Bureau to achieve complete transparency regarding the use of appropriations for a transitional period up until the entry into force of the statute on European political parties ;
5. Underlines emphatically the increased workload and the particular responsibilities of the political groups in connection with the democratic decision-making processes in the European Parliament;

*(On staff)*

6. Welcomes the idea forwarded by the Secretary-General to compare existing job descriptions and staff profiles with Parliament's specific needs in order to determine existing and expected future skill shortfalls; remarks that such a comparative evaluation should be carried out within the terms of reference for the study „to improve the working methods and staff structure of Parliament's administration in the light of the challenges which Parliament will face in the future“, as stated in Parliament's resolution of 28 October 1999;

7. States that the scientific support for the activities of the Members provided by the Directorate General for Research should be improved and expects in this respect concrete proposals from its Secretary-General, including better co-ordination and co-operation between documentalists in Brussels and researchers based in Luxembourg;
8. Rejects the proposal to occupy the 35 vacant posts from the 'enlargement' reserve in the language sector;
9. Agrees with making available the necessary appropriations for:
  - 1 A and 4 B post in the Data-Processing and Telecommunications Directorate; the decision on the remaining 1 A and 4 B will be taken in September;
  - 5 A, 2 B and 1 C in the Directorate for Committees and Delegations;
  - 1 A and 2 B post in the Directorate-General for Personnel;
  - 1 A post in the Directorate-General for Finance and Financial Control for the increased workload of the financial control service;
  - 1 A for the administration of the Members' Statute, once that Statute will be adopted, and 3 B posts for the parliamentary allowances service, following the decision of the Bureau on the rules governing the secretarial allowance for Members, in the Directorate-General for Finance and Financial Control until this decision is taken, the required appropriations will be placed in the reserve;
  - the decision on the 3 A and 2 C posts for the Legal service will be taken in September;
  - a decision on possible posts for the Security Service will be taken in September;
  - 8 temporary B posts and conversion of 2 C posts to B in order to cope with the political groups' new requirements, in particular for computerised documentary searches in the context of Parliament's increased legislative workload;

Rejects the proposal to make appropriations available for the other requested posts. These posts should be made available through redeployment, or should remain outsourced;

Is of the opinion that the requested 2 B posts for the 'Info Point' of the Information Office for Belgium can be found by redeployment of staff within DG III;

10. Does not approve yet the necessary appropriations for the requested 139 upgradings of permanent posts, the request for 12 upgradings for temporary posts for political groups staff, the request for 14 upgradings for temporary staff in the Secretariat of the Parliament, the request for the upgrading for 1 C2 post to C1 for the non-attached members; awaits the reports on the staff and staff promotions policies of the other institutions, as requested by the Parliament in its resolution of 28 October 1999<sup>1</sup>, and will decide on making the appropriations available for the requested upgradings in the first reading of the 2001 budget;
11. Can agree with the conversion of the LA post into an A post for the Info-memo service;

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<sup>1</sup> See minutes of the session 28.10.1999

does not agree to make appropriations available for the upgrading of an LA 4 post to an LA 3 for the Document distribution service;

12. Agrees to make available the appropriations for the upgrading of 15 permanent posts from D to C;
13. Agrees to make available the appropriations for the proposed „*ad personam*“ promotion;
14. Is of the opinion that the activities of the Internal Organisation Unit have proven to be a useful instrument for the improvement of the efficiency of certain services of Parliament's administration; encourages this unit to continue its activities as regards services which were not subject of examination so far, and to pay in particular attention to further redeployment possibilities;

*(On Buildings policy)*

15. Notes that the draft estimates for 2001 are based, inter alia, upon an interest rate of 4.00%, that this rate might increase further. Therefore, might re-examine in September the level of appropriations for the repayments for the Parliament buildings correspondingly;
16. Notes that the refinancing and purchase operation relating to the LOW building in Strasbourg can only take place once a settlement of the final construction cost has been agreed with the promoters; insists that the refinancing scheme be legally uncontestable and as transparent as possible, specially if the Council once again refuses the direct financing procedure and indirect financing is necessary; insists that the final method to be used is one which will be the most cost effective for the European taxpayer;
17. Welcomes the „*Letter of Intent*“ agreed by the Economic and Social Committee, the Committee of the Regions and the owner of the Belliard buildings, according to which the latter buildings will be fully renovated to serve the needs of the two Committees and as a result of which Parliament will discontinue its rent contract in the course of the coming weeks;
18. Insists on the continuation of the present policy to purchase the buildings the Parliament needs, as well as on the continuation of the policy to pay for them in as limited a period as possible in order to reduce the interest burden to a minimum over the whole repayment period; insists that the remaining margin within the ceiling of 20% of heading five of the financial perspective, which Parliament has set itself, be used for this purpose;

*(Miscellaneous)*

19. Supports the proposal of 9 March 2000 by the Conference of Presidents and the decision of 10 April 2000 by the Bureau to raise the value of the Sakharov Prize to EUR 50 000;
20. Welcomes the opening of an 'Info-Point' within the Information Office for Belgium and within the premises of the Parliament in Brussels, which will serve information needs of the general public as well as the more specialised information needs of special interest groups;
21. Recalls its request that all Commission and Parliament offices in the Member States should work together within a 'European House' framework by 1 January 2000; notes that this remains to be achieved in a few places; asks the Bureau to make the necessary



proposals for this aim to be achieved at the latest by 31 December 2000;

22. Welcomes that for Article 202 („*Insurance*“) the necessary appropriations could be reduced substantially due to a recent call for tender for a number of insurances; invites the Secretary-General to continue this approach for other areas;
23. Requests its Secretary-General to review critically which parliamentary texts should be published in the Official Journal of the Communities;
24. Notes that, whereas the Parliament is by nature an open institution, certain security standards are required; is therefore of the opinion that the quality of Parliament's Security Service must be improved by redefining its tasks and through a re-allocation of the responsibilities within that service;
25. In view of the many instances of theft and the fact that valuables and documents go astray, measures must be taken significantly to step up security and surveillance of and in the buildings. Subject to a reply in writing by the President and Secretary-General of Parliament to the questions concerning trends against the relevant budget headings, use of appropriations and proposals on ways and means of making more effective use of those appropriations, 30% of the monies earmarked for 2001 shall be placed in the reserve;
26. Agrees with a budget for the year 2001 amounting to € 987 800 000.

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27. Instructs its President to forward this resolution to the Council and the Commission.

## EXPLANATORY STATEMENT

### *1. Proposal of the Secretary-General for the PDE 2000*

The preliminary draft estimates for the financial year 2001, as submitted by the Secretary - General to the Bureau, total € 965.5 million, an increase of 0.07 % in comparison to the budget 2000, which is in conformity with the policy of budgetary rigour. The amount corresponds to 19.54% of the expenditure of category 5 (Administrative expenditure) of the financial perspective for the period 2000-2006 and includes the expenses for the Members' Statute.

The estimated budgetary needs for 2001 should be considered in the context of two major challenges for which the European Union and the European Parliament have to prepare for, the forthcoming enlargement and the institutional reform. The Secretary-General's proposals to the Bureau for the financial year 2001 are based on the following assumptions:

- a parliamentary calendar of 41 working weeks
- 1.5% adjustment of members' allowances
- 2.7% staff salary adjustment
- no substantial increase in staff
- standard abatement of 5%
- European Central Bank base rate 3.25%

### *2. The main changes from the 2000 budget*

The main changes in comparison with the 2000 budget are indicated in the Secretary-General's report as follows:

Budget 2000	964.9
Appropriations for Members	+ 2.6
Appropriations for staff	+12.2
Buildings	-14.1
Informatics/Telecom	+1.5
Official Journal publications	-1.4
Budget 2001	965.5

### *3. Parliament's share of heading 5 of the financial perspective for the period 2000-2006*

The Secretary-General's proposals for the financial year 2001 corresponds to 19.54% of the heading. The proposal includes the reserve for the statute for Members with an amount of € 61.7 million (adjusted by 3% in comparison to the 2000 budget). The reduction in the appropriations earmarked for property and related costs, which is a consequence of the early payments and the annual mopping-up operations, has enabled the allocation of the Members'

Statute while remaining within Parliament's self-set ceiling of 20%. The rapporteur welcomes the success of this policy.

The margin between the 20% ceiling in category 5 and the Preliminary Draft Estimates totals € 22 million including the Members' Statute and € 84 million excluding it. This provides the Parliament with a certain margin of manoeuvre. The rapporteur agrees with the Secretary-General that the difference should be used in 2001 to invest in infrastructure, since this margin will most likely disappear in the next years.

#### ***4. New responsibilities arising from the Treaty of Amsterdam***

As is noted in the Secretary-General's report, the legislative workload of the European Parliament have increased in view of the new responsibilities that derive from the Amsterdam Treaty. In this context, it is essential that the Parliament provides MEPs with acceptable working conditions to fulfil their mandates and to serve the citizens they represent. Clearly, new responsibilities can no longer be met appropriately without a slight increase in staff and without redeployment of existing staff with a view to increase efficiency.

#### ***5. Enlargement***

The Secretary-General's proposal is based on the assumption that the European Union will be welcoming six new Member States by 2004. Consequently, the European Parliament will need to be ready to greet new MEPs, new assistants and 700 new Parliament officials. The implications of this for the infrastructural expenditure may indeed be considerable. Enlargement will also pose a challenge for the language service. Again, assuming that 6 new Member States will join the European Union, 5 languages will be added to the linguistic regime. In order not to encounter the same difficulties as during the previous enlargement, and given that some language combinations will indeed face limited availability in the market of translators and interpreters, the rapporteur would favour to take a series of measures now with a view to facilitate the important pre-accession work and to ensure an adequate language service after accession. On the other hand, however, it is in the view of the rapporteur imperative to make it clear that the measures taken in the language sector are purely administrative and do not imply any political message. Therefore, he is against the filling of the 35 vacant posts in the language service, as proposed in the report to the Bureau.

#### ***6. Recruitment***

The rapporteur welcomes the Secretary-General's intention of participating in an interinstitutional technical working group with the aim of establishing an Interinstitutional Recruitment Office, which will be in charge of conducting interinstitutional competitions and providing all institutions with qualified candidates. Competition procedures need to be modernised and simplified. Current methods are indeed inappropriate to meet the challenge of enlargement. It is very likely that no institution will be able to recruit for the next enlargement efficiently and professionally on its own. The scale of the task and the cost of competitions with an ever increasing number of candidates can only lead to the conclusion that the task must be tackled interinstitutionally. However, the specific needs of the Parliament must be

laid down clearly when criteria for interinstitutional recruitment are determined.

## **7. Staff policy**

The rapporteur takes note of the staff policy measures taken in the course of 1999, such as the implementation of the mobility policy, the application of the new staff report and promotion system, the professional training plan, the rationalisation in some DGs, the adoption of a code of conduct on the duties of officials and the equal opportunities policy. It is also noted that further measures are planned for 2000, including a study to specify the profiles needed for the performance of duties, together with an analysis of the current profiles in the staff. The rapporteur recognises that these are important with a view to specifying the real staff needs of Parliament.

The rapporteur notes that it will be difficult for the Parliament to meet the challenges of enlargement and the entry into force of the Treaty of Amsterdam with redeployment and mobility alone. Certain new responsibilities require additional posts, if MEPs are to fulfil their mandate in an adequate manner. In this context, the rapporteur favours a moderate staff increase in certain areas, but does certainly not agree with all the proposals made by the Secretary-General:

The rapporteur is in favour of preparing the language sector for enlargement, but cannot agree with the proposals put forward in the report to the Bureau, which include the filling of 35 vacant posts in the interpretation and translation services and the creation of one new post in the Interpretation Directorate. This would send the wrong political signal. Instead, the rapporteur would favour to take recourse to freelancers until accession takes place.

It is also recognised that the Data-processing and Telecommunications Directorate (DIT) should be reinforced creating additional posts and can also agree to the replacement of external service providers with an equal number of permanent posts, these two measures taking place in the course of 2001-2003, however, to a lesser extent. The Secretary General's proposal is not budgetary neutral at all. The creation of 2A, 8B and 1C posts would cost about € 1 million (including overhead), whereas the savings would merely be € 430,000. Therefore, the rapporteur would agree to the creation of 1 A and 4 B posts in 2001.

As regards the security service, the rapporteur does not support the creation of 31 C post for the replacement of external reception staff in the course of three years. It is not clear that this would improve the security situation in the Parliament's premises. Instead, the tasks of the security services should be redefined to improve the security of MEPS and staff. In view of recent incidents, which may also have an impact on European public opinion, this is a matter of urgency.

The rapporteur agrees with the creation of 5 A posts and 3 support posts in the Directorate-General for Committees and Delegations and requests that these posts be assigned to legislative areas in particular.

The rapporteur is not in favour of reinforcing the Documentation Centre (in DG IV) at this time and proposes that a comprehensive concept is presented to the Bureau with a view to ensure that Members are provided with background information swiftly. This would require

an evaluation of tasks in DG IV and the Documentation Center together, whereas better coordination with DG II is of the essence. The study which is to be presented in July 2000 on the skills and required profiles should provide further clarifications in this area.

The rapporteur is not in favour of reinforcing the legal service. Instead, he suggests that all committee secretariats should make sure that at least 1 member of the staff has the appropriate legal background to examine the formal requirements of all the texts.

## **8. *Buildings Policy***

The policy of purchasing the buildings and early capital injections have led to very satisfactory results. As is indicated in the report to the Bureau, the annual savings as a result of this policy total € 85 million, which gives the Parliament some margin of manoeuvre within the 20% ceiling of category 5, even including the Members' Statute. Therefore, the rapporteur invites the Secretary-General to continue this successful policy, in particular as regards Parliament's premises in Strasbourg and Luxembourg.

The rapporteur welcomes the efforts of the Secretary-General in bringing about a solution to the question of the Belliard buildings. The Economic and Social Committee, the Committee of the Regions and the owner of the Belliard buildings have agreed on the arrangements for the renovation of the building, which will allow the two committees to move and take over the Parliament's lease contract. This will produce savings of € 7 million.

Expenditure on property and related costs are expected to be reduced by € 14.1 million in total.

## **9. *Follow-up to the Bureau meeting of 10 April 2000 and the meeting of the Committee on Budgets of 18 April 2000***

On 10 April 2000, the Bureau adopted the Preliminary Draft Estimates for the year 2001, with a total of € 982 273 158, including an increase in the appropriations for Article 106 ("Members' secretarial expenses"), some changes in the proposed creation of posts and a raise of the value of the Sakharov prize.

The Committee on Budgets adopted on 18 April 2000 the Draft Estimates for 2001, with a total of € 987 800 000, which corresponds exactly to the self-set ceiling of 20% of category 5 of the Financial Perspective 2000-2006, including an increase of the appropriations in chapter 20 ("investments in immovable property, rental of buildings and associated costs"), in accordance with paragraph 18 of the resolution.