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**A5-0064/2002**

27 February 2002

## REPORT

on the guidelines for Sections II, IV, V, VI, VII, VIII (A) and VIII (B) and on the European Parliament's preliminary draft estimates (Section I) for the 2003 budgetary procedure (2002/2005(BUD))

Section I	-	European Parliament
Section II	-	Council
Section IV	-	Court of Justice
Section V	-	Court of Auditors
Section VI	-	Economic and Social Committee
Section VII	-	Committee of the Regions
Section VIII (A)	-	European Ombudsman
Section VIII (B)	-	European Data Protection Supervisor

Committee on Budgets

Rapporteur: Per Stenmarck



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## PROCEDURAL PAGE

For the budgetary procedure for the financial year 2003, the Committee on Budgets appointed Per Stenmarck rapporteur (other sections), at its meeting of 10 December 2001.

At its meeting of 18 February 2002 the committee considered the guidelines for the 2003 budgetary procedure, Section I - European Parliament, Section II - Council, Section IV - Court of Justice, Section V - Court of Auditors, Section VI - Economic and Social Committee, Section VII - Committee of the Regions, Section VIII (A) - European Ombudsman, Section VIII (B) - European Data Protection Supervisor, and decided to draw up a report (2002/2005(BUD)).

It considered the draft report at its meeting of 26 February 2002.

At the latter/last meeting it adopted the motion for a resolution unanimously.

The following were present for the vote: Terence Wynn, chairman; Reimer Böge, Anne Elisabet Jensen and Francesco Turchi, vice-chairmen; Per Stenmarck, rapporteur; Ioannis Averoff, Kathalijne Maria Buitenweg, Paulo Casaca (for Joan Colom i Naval), Ozan Ceyhun (for Bárbara Dührkop Dührkop), Carlos Costa Neves, Gérard M.J. Deprez (for Markus Ferber), Den Dover, Göran Färm, Salvador Garriga Polledo, Neena Gill, Catherine Guy-Quint, Malcolm Harbour (for Thierry B. Jean-Pierre pursuant to article 153(2)), Jutta D. Haug, Christopher Heaton-Harris (for James E.M. Elles), María Esther Herranz García, Ian Stewart Hudghton, Constanze Angela Krehl, John Joseph McCartin, Juan Andrés Naranjo Escobar, Neil Parish (for Giuseppe Pisicchio pursuant to article 153(2)), Giovanni Pittella, Guido Podestà, Bartho Pronk (for Edward H.C. McMillan-Scott), The Earl of Stockton (for Alain Madelin pursuant to article 153(2)), Rijk van Dam, Kyösti Tapio Virrankoski, Ralf Walter, Brigitte Wenzel-Perillo.

The opinion of the Committee on Industry, External Trade, Research and Energy is attached.

The report was tabled on 27 February 2002.

The deadline for tabling amendments is 12 noon on Thursday 7 March 2002.

## MOTION FOR A RESOLUTION

### **European Parliament resolution on the guidelines for Sections II, IV, V, VI, VII, VIII (A) and VIII (B) and on the European Parliament's preliminary draft estimates (Section I) for the 2003 budgetary procedure (2002/2005(BUD))**

*The European Parliament,*

- having regard to Article 272 of the EC Treaty,
  - having regard to the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure<sup>1</sup>,
  - having regard to the general budget of the European Union for the financial year 2002<sup>2</sup>,
  - having regard to the annual report of the Court of Auditors for the 2000 financial year, together with the institutions' replies<sup>3</sup>,
  - having regard to the report of the Committee on Budgets and the opinion of the Committee on Industry, External Trade, Research and Energy (A5-0064/2002),
- A. whereas the provisional figures for the technical adjustment of the financial perspective project a ceiling of EUR 5 382 million for heading 5 ('Administrative expenditure') in the 2003 budget<sup>4</sup>,

#### ***Political priorities***

##### *Enlargement*

1. Stresses that preparing the European institutions for enlargement of the European Union with up to 10 new Member States by 2004 will be the key political priority of the 2003 budget ; notes that the challenge posed by the scale of what is the fifth enlargement far exceeds that of all previous enlargements of the Union; points out that additional needs related to enlargement will have a major impact on heading 5 ('Administrative expenditure'); recalls that the conclusions of the Treaty of Nice concerning the size of the institutions and their responsibilities will have an additional direct impact on enlargement expenditure and thus on heading 5;

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<sup>1</sup> OJ C 172, 18.6.1999, p. 1.

<sup>2</sup> OJ L 29, 31.01.2002.

<sup>3</sup> OJ C 359, 15.12.2001.

<sup>4</sup> Including EUR 171 million for the contribution of staff to the Community's pension scheme.

### *Institutional reforms*

2. Considers that institutional reform will be another political priority of the 2003 budget; takes note of the various efforts institutions have made so far concerning administrative reform; takes the view, however, that real progress has not been achieved yet; stresses that administrative reforms should make the institutions more efficient with a view to enlargement, should further optimise the capacity of the institutions to fulfil their institutional and political tasks and should make the institutions more credible and transparent in the eyes of the European citizens;

### *Heading 5 (Administrative expenditure)*

3. Underlines the fact that, on the one hand, the ceiling of heading 5 has been under constant pressure over the previous years due to the integration of new activities; notes, on the other hand, that the financing of some new activities has been simply shifted from heading 5 to other headings due to a lack of margin under the ceiling in heading 5, a trend which creates budgetary and institutional problems; welcomes the Council's willingness, as expressed at the end of the budgetary procedure for the 2002 financial year, to examine these problems together with Parliament well in advance of enlargement and to follow up the report submitted by the Secretaries-General of the institutions on the evolution of heading 5 and to launch a discussion at the appropriate political level in spring 2002; invites Council to examine thoroughly, together with Parliament, all possibilities that interinstitutional cooperation can offer and reach the necessary conclusions within the 2003 budgetary procedure, whereas the specific needs of each institution and their institutional independence should be taken into consideration;

### *General framework*

4. Expresses its deep concern at the situation in heading 5 ('Administrative expenditure') of the financial perspective; notes that the projected needs of all the institutions already exceed the ceiling of heading 5 by EUR 140 m (after technical adjustment of the ceiling);
5. Stresses that there is a need for rigorous budgets and sound financial management; invites all institutions, in view of the very great pressure on heading 5 ('Administrative expenditure') to further fine-tune their calculations and scale down their budgetary projections for the 2003 financial year; recalls that all institutions have been requested in its resolutions of 3rd April 2001 (A5-0103/2001) and 25th October 2001 (A5-329/2001) to clearly define what their core activities and negative priorities are and to improve their activity based management approach; expects therefore all institutions to submit a report outlining their respective core activities and the negative priorities with their estimates of expenditure for 2003;
6. Underlines Parliament's commitment to ensuring that the Convention on the Future of Europe is provided with the necessary appropriations for a successful completion of its work; notes the agreement reached among the institutions on the financing of the Convention in 2002 but underlines, however, its very exceptional character and that its financing arrangements can not provide a precedent for the future; expects that the work of the Convention will not be concluded by 31 December 2002; points out, in accordance with the Interinstitutional Agreement on the financing of the Convention, that the share

- and the amount of the contributions to be made by each institution to the Fund for the likely continuation of the Convention's activities in 2003 will have to be re-examined;
7. Regrets the fact that little progress has been achieved in the area of interinstitutional cooperation in previous years and considers that the measures envisaged in the joint report of the Secretaries General on the evolution of heading 5 and on interinstitutional cooperation lack ambition; requests all the Secretaries-General to continue examining further possibilities for inter-institutional cooperation with a view to creating additional savings and to present a report with their conclusions by 30th April 2002; regrets that the Interinstitutional Recruitment Office will not be established at the beginning of 2002 as originally envisaged; insists that the Interinstitutional Recruitment Office should be fully operational by the end of 2002, so that recruitment procedures with a view to enlargement can be launched;
  8. Calls for a move towards an inter-institutional strategic approach to the future building needs of the institutions, to allow the budgetary authority to take stock of all current and future buildings liabilities in a transparent and evaluative way and develop a position on how this is to be funded over the longer term;
  9. Points out that a Working Group on Administrative Expenditure has been established within Parliament's Committee on Budgets with the aim of having a discussion at political level with Council to examine the difficult situation in heading 5 and the value for money of all institutions and to make proposals for the creation of real savings in the medium and long-term; invites the Council, as the other arm of the budgetary authority, to find a common approach with Parliament on heading 5, and to reach an agreement by Council's first reading of the 2003 budget at latest;
  10. Expresses its full support for a budget-neutral early retirement scheme for the officials of all institutions which includes temporary staff of the political groups in the European Parliament; insists this measure to be implemented in the framework of the 2003 budget procedure;
  11. Invites the institutions to examine whether their current insurance arrangements to cover the risk of terrorist attacks and industrial conflict are appropriate, as current policies offered by the insurance industry do not appear to be economically viable; reiterates its support for self-insurance in the current situation; takes the view that a mechanism to shield the Community budget may have to be established if the option of self-insurance is chosen in the long-term;

### ***Parliament (Section I)***

#### ***Preparations for enlargement***

12. Welcomes the fact that Parliament's Administration has launched enlargement preparations in accordance with the guidelines outlined in the three-year plan adopted in September 2001 by the competent political body and endorsed by the budgetary authority; expects the Steering Committee to further fine-tune the estimated needs and present updated figures in due time before the vote on the 2003 estimates and further on a regular basis; recalls that the decision on the allocation of enlargement expenditure will be taken as part of the yearly budgetary procedure, in accordance with the principle of

annuality; urges its Bureau to submit a clear definition of Parliament's core activities and to take an ambitious approach when cataloguing Parliament's negative priorities before the adoption of the 2003 draft estimates, as was already stated in Parliament's resolution of 25th October 2001<sup>1</sup>;

13. Endorses the concept of 'controlled multilingualism' and remains committed to the principle of equal treatment of all languages, as Parliament's legitimacy and representativeness may not be compromised; invites the Steering Committee, having regard to the consultations between the Secretary-General and the representatives of the interpretation service, to forward the relevant conclusions in due time before the adoption of the 2003 estimates and to further develop the detailed arrangements of the post-enlargement linguistic regime in order to facilitate a smooth transition and to avoid a loss in quality of translations and interpretation after enlargement ; takes the view, however, that a wider debate on the post-enlargement linguistic regime must take place; insists that multilingualism should be applied in a rational way and services should focus on Parliament's core activities; considers also that further measures should be taken to optimise the use of available resources, such as, for instance, better timing of meetings of parliamentary bodies to avoid "peak days"; expresses its support for making available the necessary appropriations for its Members and staff to learn the languages of the candidate countries; requests that as much as possible of translation be free-lanced, including exploring the concept of tele-working;
14. Requests its Bureau to adopt the necessary measures so that Parliamentarians from the candidate countries can be invited to participate as observers in the activities of the European Parliament, once the respective accession treaties have been signed; states that the political groups in the Parliament carry the main burden of the integration of new Members of the candidate countries in the working structure of the Parliament; considers therefore that the secretariats of the political groups already have to be reinforced in the 2003 budget to prepare for enlargement;

*Modernising staff policy and improving assistance to Members*

15. Regrets the fact that the EP-ROME study has been concluded with much delay and expects its conclusions to be taken into consideration in the 2003 estimates; hopes that the study will provide an effective tool to further modernise Parliament's human resources management; believes that Parliament's administration will be most respected by its Members when it is to be efficient, coherent and politically balanced; requests that these principles be fully implemented by the end of this legislature; insists that a more systematic approach to training policy is still required; expects the principle of best practice to help scale down Parliament's staffing requirements for enlargement; regrets that the dispersion of Parliament's staff in three working places remains a major obstacle for improving the allocation of human resources; points out, in particular, that the need to maintain a number of posts in Luxembourg leads to a unnecessary duplication in a number of services; hopes that the forthcoming enlargement will provide an opportunity to improve the allocation of posts between Brussels and Luxembourg;
16. Points out that compulsory mobility of staff, which was established with Parliament's

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<sup>1</sup> See Adopted Texts, item 2



new staff policy, should be applied within reasonable conditions and without jeopardising the quality of assistance given to Members; welcomes the new and more flexible mobility rules as a first step; invites its Bureau to examine further measures to improve Parliament's promotion policy with a view to ensure that the principle of promotion, based on merit, must be at the centre of the appraisal system;

17. Considers that the assistance provided to Members by Parliament's administration and by the secretariats of the political groups for the fulfilment of their legislative and budgetary responsibilities must be enhanced, as these are Parliament's core activities; invites its Bureau to examine measures to improve service to Members, in order to reflect the political character of the Parliament and its role in the political decision making process and, therefore, the opportunities of the political groups to assist their Members must be strengthened accordingly;
18. Draws attention to its resolution of 13 December 2001<sup>1</sup> in which it asked its Secretary-General to put in place 'the technical and administrative support machinery needed by the portfolio committees to prepare legislative and budgetary decisions, so as to take account of a qualitative and quantitative assessment of measures in progress';
19. Recalls its resolution of 26th October 2000, in which the Secretary General was instructed to submit a coherent overall strategy for the Directorate-General for research with a view to building a modern and efficient research service in order to strengthen the independence of Members and to allow Parliament to be more visible; points out that the proposals, which were presented can only be seen as a first step and that further measures should be examined; expects that the external study under way and the recommendations of the Secretary General will be submitted to Parliament before 15 July 2002;

#### *Other issues*

20. Stresses that it is imperative to win the support of Citizens for enlargement both in the current Member States and in the candidate countries; expresses its support, therefore, for measures to enhance the reach of Parliament's information policy, not only with a view to the forthcoming enlargement, but also in view of the 2004 elections; calls on the interinstitutional working group on information policy to submit a report on the matter before 30th June 2002;
21. Requests to be kept informed concerning the use of appropriations set aside for EMAS and on the implementation of the mobility plan;
22. Considers that broadcasting its plenary sittings and meetings of its committees live on the Internet - as was the case during the election of its President - and creating archives and a search engine enabling members of the public to access such recordings must be one of its priorities; asks its Secretary-General therefore to evaluate the cost of such a project with a view to allowing broadcasts to begin in 2003 at the latest;

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<sup>1</sup> European Parliament resolution on the communication from the Commission to the Council and the European Parliament: financial programming 2002-2006: financial perspective headings 3 and 4 (SEC(2001) 1013) of 13 December 2001.

23. Underlines that Parliament must remain open and accessible for the public in an open society, while at the same time safety and security must be guaranteed; invites its Bureau to examine, on the basis of the report on Parliament's security policy as adopted in 2001, which further measures could be envisaged to improve the safety of Members, officials, assistants and visitors on Parliament's premises in the three working places and to adopt the appropriate measures before the vote on Parliament's 2003 estimates of expenditure; takes the view, however, that no further establishment plan measures would be required in addition to those already envisaged in the report;
24. Stresses that a Statute for Members of the European Parliament should be adopted as soon as possible; regrets that not enough progress has been achieved to allow the Statute to come into effect in the financial year 2003; can agree, under the circumstances, to a token entry in Chapter 102 ('Reserve for the Statute for Members') for the time being; takes the view that, pending further developments, the appropriations for the Members' Statute could be entered against a provisional reserve for property expenditure; points out that this matter must be re-examined in the course of the budgetary procedure in the light of possible developments;
25. Reiterates its support for a Statute for Members' Assistants;
26. Welcomes Parliament's policy of advance payments on its premises; expresses its support for purchasing the Konrad Adenauer Building in Luxembourg; calls upon the Government of Luxembourg to break the current deadlock in the negotiations with Parliament concerning the possible purchase of the Konrad Adenauer Building as soon as possible; confirms its commitment to reduce its projected buildings expenditure in 2003 by EUR 24.8 m and recalls that Parliament agreed to bring these appropriations forward to the 2001 budget<sup>1</sup> in order to reduce the pressure on heading 5 in 2003;

### ***Council (Section II)***

27. Remains concerned at the projected expansion of the Council's budget to cater for developments under the second and third pillar in the 2003 budget; points out that these new needs were not provided for in the current financial perspective and create additional pressure on heading 5; reiterates that the compatibility of any new initiative with the current ceilings of the financial perspective ought to be examined before the budgetary authority takes a decision on the allocation of resources;
28. Agrees to continue respecting the gentlemen's agreement as far as traditional administrative expenditure is concerned, as this may facilitate a smoother budgetary procedure; underlines, however, that developments under the second and third pillar are not traditional administrative expenditure and remain excluded from the scope of the gentlemen's agreement; points out that Parliament will not hesitate to adopt amendments to the Council's section of the budget, in particular Title II, if this contributes to a global solution in heading 5; stresses that the development of ESDP should not take place at the expense of other institutions and jeopardise their enlargement preparations;

### ***Court of Justice (Section IV)***

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<sup>1</sup> Supplementary and Amending Budget 4/2001;

29. Takes note of the report on preparations for enlargement submitted by the Court of Justice, which concludes that additional 112 posts will be required in the 2003 budget; considers that this is not a realistic forecast, in particular given the current constraints in heading 5; invites the Court, therefore, to scale down its budgetary projections for the 2003 budget;
30. Recalls that the budgetary authority authorised in December 2001 a transfer request amounting to EUR 2.8 million in order to front-load expenditure on the Court's buildings policy; expects the projected needs for the Court's buildings policy in the 2003 budget to be reduced by a corresponding amount;

#### ***Court of Auditors (Section V)***

31. Recalls the decision of the budgetary authority to front-load the financing of the second extension to the Court's premises with a total amount of EUR 7 million in the 2002 budget, in order to create additional leeway under the ceiling of heading 5 in 2003; expects the Court of Auditors, therefore, to scale down its needs correspondingly when presenting its 2003 estimates of expenditure;
32. Points out that the budgetary authority decided to make appropriations available for the creation of 24 posts (one A3, fourteen A7, six B5 and three C5) on the establishment plan of the Court of Auditors in the 2002 budget; considers that, in view of the difficult situation in heading 5, the Court should refrain from requesting additional staff in its 2003 estimates of expenditure;

#### ***Economic and Social Committee (Section VI)***

33. Invites the Economic and Social Committee to continue its efforts to modernise its working methods and internal procedures; remains convinced that increasing its dependence on external expertise could in the long term compromise the legitimacy of the institution; requests the Committee to adopt a more focused working programme, so that the impact of its opinions can be increased;

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34. Instructs its President to forward this resolution to the Council, the Commission, the Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the Regions, the European Ombudsman and the European Data Protection Supervisor.

25 February 2002

## **OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY**

for the Committee on Budgets

on the guidelines for Sections II, IV, V, VI, VII, VIII (A) and VIII (B) and on the European Parliament's preliminary draft estimates (Section I) for the 2003 budgetary procedure

Section I	- European Parliament
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Section VIII (B) (2002/2005(BUD))	- European Data Protection Supervisor

Draftsman: Paul Rübig

### **PROCEDURE**

The Committee on Industry, External Trade, Research and Energy appointed Paul Rübig draftsman at its meeting of 24 January 2002.

The Committee on Industry, External Trade, Research and Energy appointed Paul Rübig draftsman at its meeting of 24 January 2002.

It considered the draft opinion at its meeting of 25 February 2002.

At the last meeting it adopted the following conclusions unanimously.

The following were present for the vote: Carlos Westendorp y Cabeza, chairman, Peter Michael Mombaur and Jaime Valdivielso de Cué, vice-chairmen; Konstantinos Alyssandrakis, Sir Robert Atkins, Guido Bodrato, Gérard Caudron, Giles Bryan Chichester, Nicholas Clegg, Harlem Désir, Carlo Fatuzzo (for Paolo Pastorelli) Concepció Ferrer, Norbert Glante, Alfred Gomolka (for Angelika Niebler), Michel Hansenne, Hans Karlsson, Bashir Khanbhai, Werner Langen, Rolf Linkohr, Caroline Lucas, Eryl Margaret McNally, Minerva Melpomeni Malliori (for Luis Berenguer Fuster), Erika Mann, Hans-Peter Martin (for Massimo Carraro), Marjo Matikainen-Kallström, William Francis Newton Dunn (for Willy C.E.H. De Clercq), Giuseppe Nisticò (for Umberto Scapagnini), Reino Paasilinna, Karla M.H. Peijs (for Godelieve Quisthoudt-Rowohl), Elly Plooij-van Gorsel, Samuli Pohjamo (for Colette Flesch), John Purvis, Imelda Mary Read, Mechtild Rothe, Esko Olavi Seppänen, Gary Titley, Claude Turmes, W.G. van Velzen, Alejo Vidal-Quadras Roca, Myrsini Zorba and Olga Zrihen.

## SHORT JUSTIFICATION

This opinion summarises the priorities of the Committee on Industry, External Trade, Research and Energy in view of the adoption by the plenary of the budget guidelines for 2003. The points listed below cover Section I (European Parliament) of the EU budget for the year 2003. The nomenclature used and the budget line numbers indicated are those of the EU budget for 2002.

### **1004 Travel expenses - (Parliamentary dimension of WTO)**

In the budget for the financial year 2001, an appropriation of € 50 000 was placed in the reserve to cover travel and accommodation expenses of the EP delegation to the WTO ministerial conference in Qatar.

In view of the next WTO ministerial conference due to be held in 2003, it is advisable to ensure that an additional appropriation of some € 100 000 is included in the EP budget for 2003, possibly also in the reserve. This amount will be destined for covering costs related to the infrastructure necessary for the work of the EP delegation to the conference.

### **2600-02 Consultations, studies and enquiries of a limited character, STOA**

This line includes two sublines for the execution of studies by DG IV, including STOA. DG IV is undergoing transformations, which should better align it with the needs of parliamentary work. The Industry Committee will continue to request general and STOA studies from DG IV, as it has regularly done in the past. It therefore has an interest in ensuring that DG IV is provided with the appropriations necessary for the fulfilment of its mission.

## CONCLUSIONS

The Committee on Industry, External Trade, Research and Energy calls on the Committee on Budgets, as the committee responsible, to incorporate the following points in its motion for a resolution:

1. Stresses the need for sufficient appropriations to become available to ensure, in addition to travel and accommodation expenses, an adequate infrastructure for its delegations participating in preparatory meetings aimed at setting up a WTO Parliamentary Assembly, in regular visits to the WTO in Geneva, as well as in the next WTO Ministerial meeting to take place in Mexico in 2003;
2. Considers it important that, while undergoing important transformations intended to better align it with the needs of parliamentary work, DG IV should be provided with the appropriations necessary for the fulfilment of its mission.