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19 March 2004

## REPORT

on the Draft amending budget N° 3 of the European Union for the financial  
year 2004  
(0000/2004 - C5-0000/2004 - 2004/2021(BUD))

Section III - Commission

Committee on Budgets

Rapporteurs: Jan Mulder and Neena Gill



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## PROCEDURAL PAGE

For the budgetary procedure for the financial year 2004, the Committee on Budgets appointed Jan Mulder and Neena Gill rapporteurs at its meeting of 2 December 2002.

On 10 March 2004, the Commission presented the Preliminary draft amending budget N° 3 of the European Union for the financial year 2004 and forwarded it to Parliament (SEC (2004) 272).

On ... the Council established the Draft amending budget N° 3 of the European Union for the financial year 2004 and forwarded it to Parliament by letter of ... (xxx/2004).

At the sitting of 29 March 2004, the President of Parliament announced that he has referred the Draft amending budget N° 3/2004 to the Committee on Budgets as the committee responsible and to all the committees concerned for their opinions (C5-0000/2004 – 2004/2021(BUD)).

The Committee on Budgets considered the Preliminary draft amending budget N° 3 and the draft report at its meetings of 9 March and 16/17 March 2004.

At the latter meeting the committee adopted some budgetary amendments and the motion for a resolution unanimously with one abstention, subject to Council's decision on the Preliminary draft amending budget N°3/2004 with the modification referred to in paragraph 5 of the current motion for resolution.

The following were present for the vote: Terence Wynn (chairman), Anne Elisabet Jensen (vice-chairwoman), Jan Mulder and Neena Gill (co-rapporteurs), Kathalijne Maria Buitenweg, Den Dover, Bárbara Dührkop Dührkop, Salvador Garriga Polledo, Catherine Guy-Quint, Jutta D. Haug, Wilfried Kuckelkorn, Esko Olavi Seppänen (for Chantal Cauquil), Per Stenmarck, Kyösti Tapio Virrankoski and Ralf Walter.

The report was tabled on 19 March 2004.

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on the Draft amending budget N° 3/2004 (Section III – Commission) for the financial year 2004  
(0000/2004 – C5-0000/2004 - 2004/2021(BUD))**

*The European Parliament,*

- having regard to Article 272 of the EC Treaty and Article 177 of the Euratom Treaty,
  - having regard to Council Regulation (EC, Euratom) N° 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>1</sup> and particularly Article 37 and 38,
  - having regard to the general budget of the European Union for the financial year 2004, as finally adopted on 18 December 2003<sup>2</sup>,
  - having regard to the European Parliament resolution on the draft general budget of the European Union for the financial year 2004, as modified by the Council<sup>3</sup>,
  - 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>4</sup>,
  - having regard to the Preliminary draft amending budget N° 3/2004 of the European Union for the financial year 2004, which the Commission presented on 10 March 2004 (SEC (2004) 272),
  - having regard to the Draft amending budget N° 3/2004, which the Council established on .... 2004 (0000/2004 - C5-0000/2004),
  - having regard to Rule 92 of and Annex IV to its Rules of Procedure,
  - having regard to the report of the Committee on Budgets (A5-0202/2004),
- A. whereas, on 8 December 2003, Council adopted an adaptation of the salaries and pensions of EU staff of 1% (rectification of a calculation error in 2002) and 3,4% (effect of statutory annual indexation),
- B. whereas in its second reading resolution on the EU budget 2004 (paragraph 27), Parliament confirmed its decision to leave sufficient a margin to cover the cost of emerging additional needs such as the salary adjustment for staff, noting that amending budgets will be presented in the course of 2004 to make funding of these needs possible,
- C. whereas one of the main purposes of AB 3 is to formally enter the effects of the adjustment of EU staff remuneration in the 2004 budget,

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<sup>1</sup> OJ L 248, 16.9.2002.

<sup>2</sup> OJ L 53, 23.2.2004.

<sup>3</sup> OJ L 53, 23.2.2004.

<sup>4</sup> OJ C 172, 18.6.1999, p. 1. Agreement as amended by Decision 2003/429/EC (OJ L 147, 14.6.2003, p. 25).

- D. whereas Parliament has catered for the additional needs for the salary adaptation solely by means of a transfer within its existing budget and hence does not figure in this Amending Budget,
  - E. whereas the other institutions have been invited to follow suit in these efforts for redeployment in order to keep the effects of the statutory increase in salaries and pensions as small as possible,
  - F. whereas, in view of the situation in heading 5, where a negative margin of about EUR 45 million for the year 2005 is currently estimated, all institutions should do their utmost to economise within their regular budgets,
  - G. whereas funding for real staffing needs of the European institutions, especially in relation to enlargement, should be provided,
1. Approves the budgetary decision to reduce by 10% the amounts requested by the other institutions, and to enter 10% of these amounts in the reserve, in order to first explore all possibilities for savings and redeployment within the other institutions' own budgets;
  2. Agrees with the approach to exclude from this reduction the request by Council and to also exclude the request by the European Ombudsman, due to the limited possibility for redeployment offered by his small budget;
  3. Asks the institutions concerned to give assessments of the situation regarding their real staffing needs, especially in relation with enlargement, by the beginning of September 2004; asks the Commission to present a PDAB in September, should this prove necessary;
  4. Commits itself, following the institutions' assessments, to review the situation at the end of September 2004 with respect to a possible lifting of the reserve and to consider a preliminary draft amending budget on salaries in October;
  5. Welcomes the decision by Council to amend the budgetary remark on line 02 04 01, as proposed by the Commission, to the following result: "This appropriation is also intended to finance some preparatory work, in particular producing a computerised tool/database, for the cataloguing and management of chemicals";
  6. Instructs its President to forward this resolution to the Council and the Commission.

## **EXPLANATORY STATEMENT**

The Commission adopted Amending Budget 3/2004 at its meeting of 9 March 2004. The main purpose of this AB is to cater for the adaptation of staff salaries and pensions decided by Council in December 2003. AB 3 also intends to provide sufficient appropriations to cover the increased cost for the publication of the acquis in all languages. In addition, AB 3 contains several other items, which, according to the Commission, are merely of a technical kind.

Your rapporteurs' evaluation of AB 3 is based on the following observations:

### **1) Acquis communautaire - Official Journal**

#### Amending Budget of EUR 10 486 000

Background: This additional need for funds to cater for the necessity of fully publishing the acquis in all EU languages, including those of the new Member States, was already agreed upon in conciliation last year.

Your rapporteurs propose approval.

### **ad 2 + 3) Establishment Plan Council**

#### Amending Budget of EUR 392 000 and EUR 499 000

Background: Creation and transformation of a number of posts due to new Council staff policy, rationalisation within the secretariat and enlargement related needs.

Your rapporteurs propose approval.

### **ad 4) Officials' salaries and pensions**

#### Amending Budget of a total of EUR 83 796 748

Background: As a consequence of the adaptation of the staff salaries and pensions by 1% ("French calculation error"/2002) and 3,4% (statutory indexation), adopted by Council on 8 December 2003, AB 3 envisages additional needs of € 83 796 748. This would leave a margin in heading 5 of € 32 163 138 for 2004.

Parliament is not part of the Amending Budget because it has fulfilled its obligations in connection with the adaptation of the staff salaries within its own budget by means of redeployment.

In order to encourage the other institutions to follow suit in these efforts for economising, your rapporteurs support a reduction of 20% of the amounts proposed in AB 3 (with the exception of Council (Gentleman's Agreement) as well as of the European Ombudsman, whose budget is too small and thus not flexible enough for redeployment). Half of this reduction should be put in the reserve.

If, by the beginning of September 2004, assessments by the institutions concerned should prove real additional needs, Parliament will review the situation with respect to a possible lifting of the reserve. If necessary, a PDAB can be considered in October.

## **5) ERDF and Cohesion Fund**

### Amending Budget changes remarks

Background: Since additional resources are needed for the preparation of the accounting reform, the Amending Budget changes the breakdown between administrative and operational lines and changes the remarks of the relevant budget lines; budgetary neutral.

Your rapporteurs propose approval.

## **6) Agency for the Evaluation of Medicinal Products**

### Amending Budget changes remarks

Background: Technical; to cushion the risk that fluctuations in fees might have on the budget execution of the Agency.

Your rapporteurs propose approval since this change of remarks was explicitly asked for by Parliament.

## **7) PA Support for SME**

### Amending Budget changes remarks

Background: Technical

Your rapporteurs propose approval.

## **8) Chemicals Agency**

### Amending Budget changes remarks

Background: Parliament rejected the proposal in the Commission's PDB 2004 for an allocation of € 3 million for a PA ahead of the creation of the future chemicals agency. While not contesting that this expenditure might be necessary, Parliament preferred for the Commission to pay for this from existing budget lines. Commission now wants to cover this expenditure by adding a remark to the existing line 02 04 01.

Your rapporteurs propose approval.

## **9) Statistical information**

### Amending Budget changes remarks

Background: Technical; creation of a legal base for financing Dec. 2367/2002.

Your rapporteurs propose approval.

## **10) Management of Election Observation Missions**

### Amending Budget changes remarks

Background: The draft Communication on the Management of Election Observation Missions



foresees that the Chief Observer should be appointed as Special Adviser, according to the Conditions for Employment of Other Servants. According to the current legal bases covering election observation missions (Regulations 975/1999 and 976/1999), all the costs related to the implementation of such missions can be financed under the operational appropriations, including the cost of the recruitment of the Chief Observer as Special Adviser. As a matter of transparency toward the Budgetary Authority, it is proposed, in order to explicitly foresee the possibility to finance this cost from the operational appropriations, to amend the budgetary comment of the line 19 04 03.

Your rapporteurs propose approval.

### **11) Stability Pact Co-ordinator for South-East Europe (Dr. Busek)**

#### Amending Budget changes remarks

Background: From 2004, the EU's contribution to the Special Coordinator of the Stability Pact for South-eastern Europe, which until 2003 was financed from the CFSP budget, is contained in budget line 19 07 04. The legal base for this line<sup>1</sup> has been duly adjusted. The remarks to this budget line have also had to be adjusted to reflect the fact that the legal base has been extended to the Stability Pact and that the operating appropriations in this line also finance the recruitment of the Special Coordinator as a Commission Special Adviser (until now the Special Coordinator has been recruited as a Special Adviser by the General Secretariat of the Council).

Your rapporteurs propose approval.

### **CONCLUSION**

After a thorough examination, your rapporteurs can agree with most items of this Amending Budget 3/2004.

It is only with regard to the item "Salaries and pensions", that your rapporteurs are in support of a 20% reduction, with half of this amount entered in the reserve. However, they would like to stress that the proposed reduction could, at this point in time, be considered only a temporary measure.

If the assessments requested by the beginning of September 2004 will show real staffing needs of any institution, Parliament is committed to a review leading to a swift and adequate reaction if this should prove necessary.

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<sup>1</sup> Council Regulation (EC) No 2098/2003 of 27 November 2003 amending Regulation (EC) No 1080/2000 on support for the United Nations Interim Mission in Kosovo (UNMIK) and the Office of the High Representative in Bosnia and Herzegovina (OHR) (OJ L 316, 29.11.2003, pp. 1–2).