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Committee on Budgets

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DRAFT REPORT

on Parliament's estimates of revenue and expenditure for the financial year
2014
(2013/2018(BUD))

Committee on Budgets

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on Parliament's estimates of revenue and expenditure for the financial year 2014 (2013/2018(BUD))

The European Parliament,

- having regard to Article 314 of the Treaty on the Functioning of the European Union,
 - having regard to Regulation (EC, Euratom) No 966/2012 of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002¹, and in particular Article 36 thereof,
 - having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management²,
 - having regard to its resolution of 6 February 2013 on the guidelines for the 2013 budget procedure – Sections I, II, IV, V, VI, VII, VIII, IX and X³,
 - having regard to the Secretary-General's report to the Bureau on drawing up Parliament's preliminary draft estimates for the financial year 2014,
 - having regard to the preliminary draft estimates drawn up by the Bureau on XX February 2013 pursuant to Rules 23(7) and 79(1) of Parliament's Rules of Procedure,
 - having regard to the draft estimates drawn up by the Committee on Budgets pursuant to Rule 79(2) of Parliament's Rules of Procedure,
 - having regard to Rule 79 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgets (A7-XXXX/2013),
- A. whereas, if an agreement on the regulation laying down the multiannual financial framework (MFF Regulation) is not reached by the end of this year, Article 312(4) of the Treaty on the Functioning of the European Union foresees the application of the ceilings of the last year of the current MFF and Article 30 of the current Interinstitutional Agreement on budgetary discipline and sound financial management foresees a prolongation of the 2013 ceilings, adjusted with a 2 % fixed deflator a year, until a new MFF is adopted;
- B. whereas, the budget of the European Parliament does not only contain administrative expenditure but also expenditure for pensions;

¹ OJ L 298, 26.10.2012, p. 1.

² OJ C 139, 14.6.2006, p. 1.

³ Texts adopted of that date, P7_TA(2013)0048.

- C. whereas, in the a context of continuing economic and financial difficulties, as reflected in the austerity measures taken by many Member States in response to the debt crisis, Parliament should continue to exercise a high degree of budgetary responsibility, control and self-restraint; whereas, at the same time, Parliament must strike a delicate balance between budgetary rigour and structural savings, on one hand, and a concerted drive for efficiency on the other hand;
- D. whereas certain investments strengthen the institutional role of Parliament and improve the sustainability of the budget in the long-term, they should be considered, despite tight margins for manoeuvre;
- E. whereas it is particularly important that the Committee on Budgets and the Bureau continue enhanced cooperation throughout the annual budget procedure under Rules 23 and 79 of Parliament's Rules of Procedure;
- F. whereas the prerogatives of the plenary in adopting the estimates and the final budget will be fully maintained in accordance with the Treaty and the Rules of Procedure;
- G. whereas pre-conciliation and conciliation meetings between delegations of the Bureau and of the Committee on Budgets took place on 5 March and 13 March 2013;

General framework and overall budget

1. Welcomes the cooperation between the Bureau and the Committee on Budgets during the current budget procedure and the agreement reached in the conciliation meeting of 13 March 2013;
2. Recalls that the level of the preliminary draft estimates for the 2014 budget, as suggested by the Secretary-General in his report to the Bureau, amounts to EUR 1 813 144 206; notes the rate of increase of 3,58 % compared with the 2013 budget; notes that this proposed increase has to be seen in the context of its constitutive elements, specifically an increase of 2,20 % stemming from the election of a new Parliament and the application of the Statutes for Members and Members' assistants, and an increase of 1,30 % deriving from other legal obligations;
3. Recalls that the financial implications of the European elections and the turnover of Members and their assistants during the changeover between the legislative terms are of an exceptional nature; welcomes the fact that the proposed rate of increase in the budget for 2014 is considerably lower than in 2009, the year of the last European elections, when the increase was 5,33 %, even though the above mentioned legal requirements which are related to elections have increased by almost 52 % between 2009 and 2014;
4. Notes that in 2014, all costs relating to the accession of Croatia will need to be met over a full financial year; notes that estimated direct costs may total EUR 13,6 million, including support for the integration of Croatia into the Union;
5. Appreciates the fact that all other expenditure is reduced in total by 0,15 %, according to preliminary draft estimates, compared with the 2013 budget; observes that the reduction is even more significant in real terms, considering that the rates of inflation in Belgium,

Luxembourg and France, where most of the Parliament's activities take place, were, respectively, 2,6 %, 2,9 %, and 2,2 % in 2012; welcomes the fact that reductions were made possible by structural savings introduced in the past, the different nature of parliamentary activity in an election year and the freezing of expenditure items, where possible, in all sectors;

6. Welcomes the efforts made by the Bureau to present realistic preliminary draft estimates; appreciates that the rate of increase in the 2014 budget, as proposed by preliminary draft estimates, is particularly low when compared with the corresponding period under the previous MFF (2007-2013) when the rate was lower only in the 2012 and 2013 financial years; notes that the 2014 rate would be the lowest by some margin (1,38 %) if the additional expenditure linked to the election of a new Parliament was to be factored out;
7. Stresses that pursuant to the agreement reached by the Bureau and the Committee on Budgets at the Conciliation meeting of 13 March 2013, the overall level of the draft estimates for 2014 is set at EUR 1 XXX XXX XXX corresponding to a rate of net increase of X % over the 2013 budget, of which some X % accounts for the compulsory expenditure linked to the election of a new Parliament, while inflation would account for some 1,9 %⁴ of the increase, resulting in the real increase of X %; calls, however, for potential further savings and redeployments via structural reforms to be sought during the 2014 budgetary procedure and in the following years;
8. Takes into consideration the proposed new measures to strengthen the institutional role of Parliament and its Members, based on the initial conclusions of the Joint Bureau and Committee on Budgets Working Group on the Parliament budget, by continuing to pursue structural and organisational reforms that aim to achieve greater efficiencies without endangering legislative excellence and the quality of working conditions, namely to strengthen the arrangements for the provision of independent scientific advice, the enhancement of the Parliament's capacity to exercise scrutiny, as well as improvement of the logistical and local support provided to Members;

Specific issues

9. Recalls that structural reforms, such as reforms in travel policy and management, reduced length and number of missions, increased use of video-conferencing and reorganisation of translation and interpretation services, some of which have been in place since 2011, are estimated to allow annual savings of approximately EUR 29 million, in addition to expected savings of more than EUR 10 million in forecast interest payments achieved by early advance payments for the Konrad Adenauer (KAD) and Trebel buildings;
10. Welcomes the proposed decreases compared with the 2013 budget in the areas of translation (-56%) and interpreting costs (-23%), without endangering the principle of multi-lingualism, lease payments (-60%), web TV (-38%) and fitting-out of premises (-31%);
11. Notes the proposed earmarking of resources to continue the implementation of multiannual projects, such as the completion of the new global security approach, the

⁴ According to EUROSTAT, the inflation forecast for the Union in 2013 is 1,9 %.

continuation of the buildings strategy (the Trebel, Vaclav Havel and KAD projects, renovation policy and stop-gap building), the provision of support for the multi-annual ICT strategy, and the continuation of the House of European History project;

12. Welcomes plans for the communication campaign highlighting the major directions of Parliament's work in the current legislative term associated with the European elections as a part of the overall information and communication budget; requests further details about the planned election-related expenditure;
13. Notes that the planned internalisation of the security services as a part of the new global security concept will have a direct impact on the 2014 budget; welcomes the fact that the recruitment of the additional contract staff members will be budget-neutral since it will be offset by a reduction in appropriations for the outsourcing of security services;
14. Considers that the Joint Bureau and Committee on Budgets Working Group on the Parliament budget could, on the basis of work it began in 2012, continue to play a useful role by identifying possible structural savings and reflecting on and presenting to the Committee on Budgets ideas for further savings, more effectiveness and efficiency; encourages the continuation of its work through the thorough examination of possible efficiencies and savings which could create space for investment into institutional development for 2014 and beyond;
15. Requests a report on savings achieved during the implementation of the 2013 budget, in line with the call for further savings expressed in its position of 23 October 2012 on the 2013 draft general budget - all sections⁵; expects such a report to be communicated to the Committee on Budgets in time to take it into account for the 2014 budgetary procedure;
16. Emphasises the fact that institutional self-restraint has, considering the level of relevant inflation rates, resulted in a reduction of Parliament's budget in real terms; recalls that visible expressions of self-restraint include the freeze on all Members' allowances at the 2011 level until the end of the current parliamentary term and the fact that staff mission allowances have not been indexed since 2007; requests, after the adoption of the revised Staff Regulations, a roadmap for its implementation to be presented to the Committee on Budgets;
17. Recalls the cuts made in all travel-related budget lines in 2013; stresses that in terms of travel arrangements, Members cannot be discriminated on the basis of their home country;
18. Believes that in the current climate of austerity long-term investments such as Parliament's building projects need to be handled prudently; insists on strict cost management, project planning and supervision;
19. Is aware that the KAD project is a significant undertaking for Parliament which aims to rationalise Parliament's administration in Luxembourg to obtain synergies; recognises the efforts to communicate the state of play of the KAD building to the Committee on Budgets and requests that this communication continue throughout the duration of the project; notes that adaptations and a downsizing of 8 000 m² have been made and,

⁵ Texts adopted, P7_TA(2012)0359.

therefore, welcomes that the second Call for Tender shows that the KAD project will most likely remain under and, in any case, not exceed the predetermined financial framework; welcomes the savings of more than EUR 10 million in interest payments in the coming years – relative to the 2012 financing estimates for the project – achieved by transfers for early advance payments for both the KAD and the Trebel buildings; notes that due to construction of the KAD building, the total payments per year in future would be lower than rent expenses of comparable property;

20. Takes note of the fact that the opening of the European House of History is foreseen for 2015; appreciates the thorough information on the state-of-play of the project from the Secretary-General and the Bureau; reinforces its view that the final cost outturn must not exceed the figures set out in its business plan; expects an update on the possible co-financing agreement with the Commission;

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21. Adopts the draft estimates for the financial year 2014;
22. Instructs its President to forward this resolution and the estimates to the Council and the Commission.

ANNEX: DRAFT ESTIMATES