2005 budget: section III, Commission

2004/2001(BUD) - 29/10/2004 - Document attached to the procedure

PURPOSE : to present the Amending Letter No 2 to the Preliminary Draft Budget for the year 2005.

CONTENT : this Amending Letter No 2 to the Preliminary Draft Budget for the year 2005 covers the following elements:

- the establishment of an Executive Agency for Education and Culture to implement programmes in that field : in accordance with the provisions of Article 12.3 of Regulation 58/2003/EC, the Agency will receive an operating subsidy entered in the general budget of the European Communities and taken from the budget of the programmes which it will manage. The PDB 2005 contains two budget lines, endowed with a "pm", corresponding to the parts of the subsidy justified by the intervention of the Agency in the management of programmes in the field of education and culture involving, respectively, heading 3 and heading 5 of the Financial Perspective: item 15 01 04 30 "Executive Agency for Education and Culture – Subsidy for the programmes of the heading 3" and 15 01 04 32 "Executive Agency for Education and Culture – Subsidy for the programmes of heading 5". With this letter of amendment, the Commission proposes the creation of an additional budget heading 19 01 04 30 "Executive Agency for Education and Culture – Subsidy for the programmes of heading 4" as a reception facility for the part of the operating subsidy of the agency justified by its involvement in the management of projects financed from programmes in the area of External Relations.

These budget lines are fed by appropriations taken from the lines of the programmes concerned. With regard to administrative expenditure this includes the lines financing the management of the programmes. As mentioned above, the creation of the agency allows for the dismantling of three technical assistance offices, for which the appropriations foreseen in the PDB 2005 are no longer necessary. Likewise, it will no longer be necessary to finance external personnel, thus liberating additional appropriations foreseen in the PDB. Finally, other support expenditure, which will now be needed by the agency rather than by the Commission should be transferred to the lines concerned with the subsidy to the Agency.

Reductions will also be applied to those lines carrying the operational appropriations of the programmes in order to supply the Agency subsidy lines. To ensure the complete financing of the operating subsidy of the Agency, a deduction from the operational appropriations of the programmes has to supplement the appropriations corresponding to expenditure for administrative management.

The adjustments to the appropriations of the budget headings mentioned above take account of the fact that the Executive Agency should start its activities during the year 2005. It was considered that the operational costs of the agency during this first year would amount to 75 % of the cost of a full year, i.e. EUR 24 660 000. This cost will be financed by means of the transfers proposed in this amending letter. The decrease under heading 5 is greater than the amount transferred to the Agency due to the savings in administrative expenditure arising for the management of the programmes by the Agency. The final outcome is a saving compared to the PDB 2005 of EUR 6 764 000;

- the creation of an Executive Agency for the Public Health Programme (2003-2008), intended to support the Commission services in the implementation of the programme : It responds to a strong demand from EP and Council made during the adoption procedure of the programme, in order to reinforce the technical and financial expertise of the Commission. The Executive Agency will be in charge of managing all phases of the public health programme cycle, in relation with specific projects, together with the necessary

monitoring; adopting budgetary implementation measures for income and expenditure and executing all operations necessary for the management of the programme, particularly those linked to the award of contracts and grants; providing logistical and technical support.

The Commission should approve the proposal for a decision to create the Agency. The Executive Agency should start by January 2005 and should receive a grant from the resources for administrative management allocated to the Public Health programme. The Commission proposes to enter the amount of the 2005 subsidy to the Agency in budget line 17 01 04 30 "Executive Agency for the Public health programme" and to reduce by a corresponding amount the budget line 17 01 04 02 "Public health - Expenditure on administrative management". As foreseen by Regulation 58/2003/EC, the appropriations corresponding to the detached posts will be withdrawn from heading 5 and the Commission will freeze the posts. The net effect on the PDB 2005 is a saving of EUR 927 000.

- the establishment of a Supervisory Authority for the European Global Navigation Satellite System (GNSS) to supervise the next phases of the European satellite radio-navigation programmes : beyond the political motivation to complete the institutional setting in order to give the programme a definite character, the following urgent tasks necessitate the establishment of the Supervisory Authority at the beginning of 2005: establishment of the Security and Safety Committee and definition of the relevant procedures with the Secretary General of the Council in terms of consultation and modification /interruption of the signals, and relations with the future operator; establishment of the appropriate arrangements in order to become the depositary of the frequencies necessary to ensure the operation of the system and to co-ordinate Member States actions in this respect; initiation of the standardisation and certification activities; the Authority should be established for the signature of the concession contract. The amounts necessary to set up the Galileo Supervisory Authority will be taken from article 06 02 03 – Transport Safety. The transferred amount is EUR 1 657 000, and the net effect on the budget is neutral;

- Budgetary remarks : in order to facilitate the repayment of any positive balance arising from the subsidised Agencies, it is necessary to enter the following in the budgetary remarks, on all the relevant budget lines. The amounts repaid constitute assigned revenue to be charged to article 6600 of the general statement of revenue;

- an addition to the budgetary comment of line 08 14 01 "Preparatory action for the enhancement of European Security Research", to enable this action to receive the contributions from the EFTA States.

To conclude, the PDB 2005 is reduced by EUR 7 691 000 within Heading 5.