2005 discharge: EC general budget, European Parliament

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PURPOSE: presentation of the final annual accounts of the European Community for the financial year 2005 – Other institutions : Section I – European Parliament.

CONTENT: this document sets out the amount of expenditure and the financial statement of the European Parliament for 2005 and presents an analysis of its financial management. The appropriations entered in the European Parliament's 2005 budget amounted to **EUR 1.272 billion**. As in 2004, then, it represented just over 1% of the Union's budget and also represented 20% of the amount set aside for the administrative expenditure of the European Institutions as a whole. Parliament spending represented a 3.82% increase over 2004. That increase is markedly less than the rise in 2004 over 2003 - 11.80% - which was accounted for by the impact of enlargement from 15 to 25 Member States. Unused appropriations amounted to no more than 1.17%. The rate has remained especially low because, mainly, of the property policy Parliament has pursued since 1992 - purchasing buildings permanently occupied - which makes it possible to use appropriations available at year end to make early payments on buildings and thus reduce, in subsequent years' budgets, both the rental burden and the building investment cost burden.

Main axes of 2005 expenditure:

Political and external objectives:

- ratification of the European Constitution;
- admission of Bulgarian and Romanian observers

Internal objectives:

- continued recruitment and incorporation of staff from the new Member States;
- consolidating implementation of the 'Raising the Game' exercise;
- continued implementation of the new Financial Regulation and improvement of financial management in accordance with the action plans adopted by the Secretary-General;
- continued implementation of the new Staff Regulations

Changes were made to the objectives during the year: firstly, measures taken in connection with ratification of the constitution were suspended and, secondly, information activity was stepped up and development continued on the new EUROPARL site; in addition, environmental objectives were pursued with a view to introducing a management system in line with the EMAS rules.

As regards the **implementation of the budget**, overall, as in 2004, budget forecasts for 2005 were difficult because of the considerable continuing uncertainties surrounding the follow-up to enlargement, in particular uncertainties as to the scope for staff recruitment, the consequences of applying the new Staff Regulations, replacement of the auxiliary staff arrangements by contract staff arrangements, and ongoing property projects. Use was made of surpluses by means of the mopping-up transfer, the **property area** being the main source.

Changes to the budget:

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- adoption of amending budget 02/2005 adjusting pay appropriations for each institution, plus pension appropriations;
- appropriations were released from the reserve after the information requested (concerning in particular the Europarl project);
- applying new provisions of the Staff Regulations;
- new budget measures concerning the purchasing of buildings;
- realisation of specific objectives: Enlargement, Constitution for Europe, 'Raising the Game' and IT;
- a decision on non-automatic carryover of appropriations to 2006 amounting to EUR 200 000 intended for fitting out the rue Wayenberg crèche in Brussels, which is scheduled to open in spring 2006.

Results achieved in 2005 :

1) Ratification of the European Constitution: a number of activities were organised - events, actions and production of a visual logo - in particular in Spain, France and the Netherlands, where referenda were scheduled for the first half of 2005. The 'no' votes in France and the Netherlands subsequently prompted Parliament's political authorities to suspend the information and communication campaign on the Constitution. Part of the appropriations intended for it was therefore not used.

2) Admission of Bulgarian and Romanian observers: practical arrangements have been made to accommodate the observers:

- with regard to information for observers, arrangements included the establishment of reception centres and temporary offices (in Strasbourg and Brussels), the introduction of a tailored website and a telephone helpdesk during the reception period, an information seminar, and the provision of a handbook containing practical information on financial arrangements, support and documentation relevant to them;
- with regard to property, requirements could be met on the basis of existing facilities, at least temporarily;
- with regard to personnel, the Bureau decided to recruit contract staff from the two candidate countries, as from 2005, in tandem with the arrival of observers, so that a core of language staff (translators and interpreters) would be available and so as to augment departments assisting Members. The recruitment plan for the fourth quarter of 2005 covered 113 contract staff members for Parliament's Secretariat plus 22 staff for the political groups;
- with regard to the budgetary field, the Committee on Budgets and the President authorised the transfers of appropriations needed to meet all requirements.

3) Continuing recruitment and integration of staff from the new Member States: at the end of 2005, of the 1029 posts in total which were set aside between 2003 and 2005 to meet the requirements of Parliament's Secretariat following the enlargement on 1 May 2004, the recruitment rate for officials or temporary staff is 73%. Linguists and secretaries/assistants from the Baltic states, Slovenia and Malta are categories where there are shortfalls. Shortages stem from the fact that an insufficient

number of individuals have passed competitions, some applicants have turned down job offers, and recruitment procedures involve an interview and a medical examination.

4) "Raising the Game": a Parliament initiative aiming to improve the quality and the efficiency of services for Members in their legislative work. The main organisational changes took place on 1 January 2004, involving a host of implementing measures (recruitment, staff transfers, new procedures). By 2005, administrative structures were in place, the budgetary aspects were in hand, committees had been given their own budgets in order to consult experts, and the hiring of staff within the new departments continued. The Tabling Office has stepped up its work on verifying texts to such an extent that all texts to be put to the vote by a parliamentary body are checked for procedural, legal-linguistic and linguistic

accuracy. The Tabling Office is continuing to develop its helpdesk-style assistance for Members wanting to table amendments to texts in committees. The library has developed its rapid-response capacity, providing summaries and information documents in response to specific individual requests within a short time frame.

5) Continuing application of the Financial Regulation: Revised Internal Rules for the implementation of Parliament's budget were adopted by the Bureau on 27 April 2005;

6) Implementing the new Staff Regulations: they entered into force on 1 May 2004. A number of provisions and guidelines have been adopted by the Bureau.

Lastly, concerning the Parliament's **building policy**, in the past, the Committee on Budgets has advocated a policy of purchasing the buildings occupied by Parliament where all technical, legal and financial assurances have been given. It has also advocated that property projects should be financed over as short a period as possible. Since 1992, that policy has chiefly taken the form of early payments, without penalty charges, to reduce Parliament's interest burden and lessen the burden of financing the buildings on subsequent budgets. Parliament continued that policy in 2005 while insisting on a long-term timetable for property purchasing policy as regards both its main buildings and information offices plus Europe Houses.

For further details concerning the European Parliament's expenditure in 2005, please refer to the annexed detailed analysis of expenditure.