



**Opinion 72 (1975)<sup>1</sup>**

## **Council of Europe budgets for the financial years 1973, 1975 and 1976**

Parliamentary Assembly

The Assembly,

1. Having regard to paragraph 1 of Resolution (53) 38 of the Committee of Ministers, which stipulates : ? When drawing up the draft budget of the Council of Europe, the Secretary General shall consult the Assembly on that part of the draft budget which comprises the relevant operational appropriations ; such consultation shall take place in accordance with a procedure to be laid down by agreement between the President of the Assembly and the Secretary General? ;
2. Having regard to the Secretary General's letter of 15 March 1962 laying down the procedure for consultation both on that part of the budget which contains the estimates relating to the Assembly's operational expenditure and on the budget as a whole ;
3. Having regard to the Council of Europe budget for 1975 adopted by the Committee of Ministers and to the general accounts for the financial year 1973, the last accounts being closed and for which a discharge has been given ;
4. Having regard to the procedure concerning the budgetary powers of the Assembly, as agreed between the President of the Assembly and the Secretary General and approved by the Bureau of the Assembly on 25 January 1973 ;
5. Having regard to the provisions concerning budget planning and programming as laid down in the Communication on the activities of the Committee of Ministers of 17 October 1972? 19 January 1973 ([Doc. 3239](#)),
6. Adopts the following opinion :

### *A. General accounts for 1973*

7.1. In accordance with the Financial Regulations, the general accounts for 1973 were submitted to the Board of Auditors for examination and to the Committee of Ministers which discharged the Secretary General from his financial responsibility.

7.2. Budgetary expenditure for the financial year 1973 totalled 79 609 601.80 F. Of the appropriations voted (81 302 000 F) there thus remains a balance for cancellation of 1 692 398.20 F, or 2.08%, as against 1.58% in 1972, 2.71% in 1971 and 2% in 1970. All these percentages demonstrate the efforts made to ensure sound and rational management, making the best use of the means at the organisation's disposal.

7.3. In its [Opinion No. 68 \(1974\)](#), the Assembly drew attention to the need to increase the organisation's Working Capital Fund and so avoid its being faced with a cash crisis in the early months of each financial year. Although this Fund has been increased, there remains another problem closely associated with the first, namely that at the end of each year some states still owe substantial proportions of their contributions. On 31

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1. See [Doc. 3632](#) See [Doc. 3632](#), report of the Committee on the Budget and the Intergovernmental Work Programme. Text adopted by the Standing Committee acting on behalf of the Assembly on 2 July 1975.



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December 1973, for instance, more than 11 million F (including 9 million F of initial contributions called immediately after the budget had been voted), or roughly 14% of the organisation's revenue, was still not available, and this made new cash difficulties for the organisation despite the enlargement of the Working Capital Fund. The Assembly earnestly requests governments to adhere scrupulously to the provisions of the Financial Regulations concerning the payment of contributions, so as to avoid such situations which upset the organisation's smooth running.

7.4. Like the Board of Auditors, the Assembly again draws attention to the importance of Committee of Ministers' Resolution (74) 4 on the future role of the Council of Europe. It welcomes with interest the new system of medium-term planning which the Secretary General intends to introduce in 1975. The Assembly is naturally glad that the Committee of Ministers should consult it on this matter, and very much hopes that such consultation will not be purely academic, but will enable it to exert a real influence on the choice of programmes and priorities. The Assembly shares the view of the Board of Auditors that continuous supervision of management is essential if the means at the disposal of the Council of Europe are to be used as rationally and economically as possible. It notes with satisfaction the excellence of the budget and treasury accounting.

*B. 1975 budget*

8.1. The initial general budget approved by the Committee of Ministers for 1975 amounts to 111 040 000 F, of which 8 249 000 F is for repayment of the loan for the new building.

8.2. The Assembly has noted that following the resolutions passed by the Committee of Ministers in 1974, and in particular following Greece's return to the Council of Europe, the Committee of Ministers has again altered the scales for contributions to the budget by member states, which has had the effect of slightly lowering the contribution percentages of all member states with the exception of the four major contributors, France, the Federal Republic of Germany, Italy and the United Kingdom. The Assembly has also noted that clearly defined principles and criteria have been laid down for the purpose, based on population figures and overall gross national product, weighted by the gross national product per head of population and adjusted by variable coefficients according to the group to which the country belongs. This new method certainly reflects more closely the ability of individual member states to contribute.

8.3. The general budgets of the past three years can be broken down as follows :

## Appendix

Heads	1973 appropriations <sup>2</sup>	1974 appropriations <sup>3</sup>	1975 appropriations <sup>4</sup>
	F	F	F
I. Common expenditure (staff, publications etc.)	62 129 500	67 620 200	75 959 600
II. Intergovernmental co-operation (Work Programme)	11 121 000	11 826 600	12 772 500
III. Parliamentary Assembly	3 422 000 <sup>5</sup>	8 824 000	9 801 100
IV. Court and Commission of Human Rights	1 098 000	1 813 600	2 154 600
V. Local authorities	443 000	875 800	766 300
VI. Institutional expenditure (Social Charter, Code of Social Security etc )	247 500	238 800	412 000
VII. Exceptional expenditure (new buildings)	2 398 000	4 916 000	8 449 000
VIII. European Youth Foundation	443 000	644 400	724 900
Total	81 302 000	96 759 400	111 040 000

8.4. The 1975 ordinary budget shows an increase of about 150 000 F, or 0.16%, over the adjusted budget for 1974 in real terms, i.e. allowance being made for the effects of inflation.

8.5. It may be recalled that, with a view to economy, the Secretary General aimed to submit a draft budget with an actual expansion rate not exceeding 1% for ordinary expenditure.

To this end he :

*reduced to a minimum requests for changes in the establishment (new posts and upgradings) by making every effort to solve problems of this nature by means of transfers within the Secretariat ;*

*more or less stabilised estimates for implementing the Work Programme ;*

*made a number of reductions of a technical nature, relating in particular to the Cultural Fund and certain common appropriations.*

On the other hand, the Secretary General requested a number of increases, notably to strengthen the operational resources of the Directorate of Information, so as to be able to carry out a new information policy to improve the Council of Europe's image, and to implement a scheme for the admission of young trainees.

Finally, not all the Secretary General's requests for increases were fully met, although the Committee of Ministers accepted the reductions he had suggested to offset them.

The Assembly's appropriations were also reduced, and the Assembly expressed its disappointment at this in its [Opinion No. 70 \(1975\)](#).

8.6. The Assembly notes that even within the limit of an expansion rate of 0.16% a number of requests for activities of proven usefulness and relatively low cost have not been met.

8.7. The Assembly realises that all member states are currently experiencing financial difficulties, but these should not be allowed to interfere with the vital tasks devolving on the Council of Europe.

8.8. A study of the growth of the Council of Europe's ordinary budget,<sup>6</sup> from year to year shows that the rate of expansion in real terms over the last three years has been extremely low and now represents zero growth.

2. Adjusted budget.

3. Adjusted budget.

4. Original budget.

5. Not including the permanent staff of the Office of the Clerk of the Assembly, who come under 'Common expenditure'.

6. Excluding exceptional expenditure for new buildings and administrative expenditure for the European Youth Foundation.

8.9. Once again the Assembly urges that a minimum of expansion, going beyond the mere offsetting of costs, is essential if the organisation's objectives are to be achieved. Only by continually adjusting budgetary resources to the Council of Europe's objectives and thus enabling it to carry out activities of a political nature, which are acknowledged as having priority, can the organisation play its part and remain a political organ for European unity and not just a research institute

Year	Amount of adjusted ordinary budget F	Actual expansion - % <sup>7</sup>
1973	78 461 000	1,50
1974	91 199 000	2,54
1975	101 866 100 <sup>8</sup>	0,16

### C. 1976 budget

9.1. The Assembly shares the concern expressed by the Secretary General in his statement to it on 22 April 1975, when he said that the organisation would find itself in a very difficult position in 1976 if the governments of member states imposed unduly restrictive budgetary conditions on it.

9.2. It was because of this that the President of the Assembly wrote to the Chairman of the Committee on the Budget and the Intergovernmental Work Programme, the Chairman of the Committee on Parliamentary and Public Relations and the Chairmen of national delegations, asking them to make representations to the appropriate authorities in their countries.

9.3. As in previous years, the ordinary budget will again have to bear the effects of inflation, which it has been estimated will be about 10% in 1976. The likely increase in the 1976 budget amounts, according to the information available at the end of June 1975, to nearly 8.5 million F, which corresponds to an actual growth rate of about 8.3%, viz. :

*Occupation of the new building - F*

*Aid to Portugal (exceptional expenditure already approved by the Committee of Ministers) - 3 450 000*

*Other expenditure : - 1 000 000*

*additional resources for the Cultural Fund - 1 000 000*

*expansion of operations under the Work Programme - 1 000 000*

*Parliamentary Assembly - 228 000*

*Court and Commission of Human Rights - 500 000*

*Conference of Local and Regional Authorities of Europe - 500 000*

*Miscellaneous adjustments - 800 000*

*Total : - 8 478 000*

9.4. The occupation of the new building and aid to Portugal alone account for 4.5 million F, leaving 4 million F for the Council of Europe's other activities.

9.5. The ordinary budget will be reduced by about 6 million F as a result of abolition of the employer's contribution to the Pension Fund. The new pension scheme is a budgetary one which, for some years at least, can be fed from the 7% deduction from staff salaries.

9.6. All in all, the difference between the real increase of 8 478 000 F and the reduction of 6 000 000 F mentioned above, that is to say 2 478 000 F, is due essentially to extraordinary, non-recurring expenditure peculiar to the 1976 budget.

The Assembly and the Committee on the Budget and the Intergovernmental Work Programme both considered that expenditure of an extraordinary nature ought not to be charged to the ordinary budget but should be entered in an extraordinary budget or charged to a special fund. This is the case, in particular, of the funds allocated to aid to Portugal and most of the expenditure on putting the new building into service.

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7. Expansion in real terms is reckoned between the original ordinary budgets and the revised ordinary budgets of the previous year.

8. Original budget

In that case, the real increase in the ordinary budget for 1976 should no longer be 8.3% (as stated in paragraph 9.3 above) but a little less than 6%.

9.7. It should be added that the extraordinary budget of the Council of Europe, which mainly covers annual repayments on the loans contracted for the new building, will also be increased by about 11 million F.

9.8. These increases may seem large, but it must be noted that for a great part they are the result of inflation and the construction and occupation of the new building. Their effect on the contribution of each of the eighteen member states will be small compared with their impact on those states' national budgets.

9.9. Although, for understandable reasons of economy, governments tend not to increase their budgetary allowances for international organisations, it would be a pity if the Council of Europe, whose budget is really very moderate compared with the work it does, were unable, in this difficult period for European unification, to perform its mission, which has so often been unanimously acknowledged.