



**Opinion 85 (1977)<sup>1</sup>**

## **Council of Europe budgets for the financial years 1975, 1977 and 1978**

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 for the Council of Europe, the Secretary General shall consult the Assembly on that part of the draft budget which comprises the relevant operational appropriations" ;
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 examined the general accounts for 1975, the last financial year for which the accounts have been closed and for which a discharge has been given ;
4. Having regard to the Council of Europe budget for 1977 as adopted by the Committee of Ministers,
5. Adopts the following opinion :

### *A. General accounts for 1975*

5.1 As provided under the Financial Regulations, the general accounts of the Council of Europe for the 1975 financial year were submitted for scrutiny to the Board of Auditors and the Committee of Ministers who approved them and discharged the Secretary General of his financial responsibility.

5.2. Budgetary expenditure for the 1975 financial year amounted to 115 706 542.25 F for the general budget. Of the 116 495 000 F appropriations voted, there remains an unexpended balance of 788 457.75 F, i.e. 0.68 %, which is less than the corresponding percentage for 1974 (1.70 %), 1973 (2.08 %), 1971 (2.71 %) and 1970 (2 %). This clearly illustrates the efforts made by the Secretariat General to use as efficiently as possible the relatively modest resources put at its disposal. By way of comparison, it may be mentioned that the rate of unexpended appropriations for the Assembly is 0.04 %.

5.3. The budgetary expenditure in respect of the subsidiary budget of the European Youth Centre amounts to 2 671 769.60 F. Of the total appropriations, a balance of 139 252.40 F (i.e. 4.95 %) remains to be cancelled.

5.4. The situation with regard to the special accounts in the balance-sheet are as follows :

*Equipping the old building in the Jacoutot Annex for use by the Establishment Division, Finance Division, Financial Control and the European Pharmacopoeia : the expenditure incurred, which was financed by a bank loan repayable in eight yearly instalments, amounted to 1 226 311.37 F. At 31 December 1975, the sum outstanding in this account was 950 921.96 F.*

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1. See [Doc. 3987](#)/[Doc. 3987](#), 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 8 July 1977.



*Construction of temporary premises in the Jacoutot Annex for the use of the Printing Section, the Technical Services Division and the Translation Services : this expenditure was covered by a bank loan repayable in six annual instalments and, a first repayment of 344 870.70 F having been made in 1975, a sum of 1 928 316.87 F remained outstanding on 31 December 1975.*

*Temporary premises for the European Parliament : these premises were built for the use and at the expense of the European Parliament, by means of bank loans.*

*Construction of the new building : financed by the following loans contracted from the Deposit and Consignment Office ("Caisse des dépôts et consignations") in Paris :*

*first loan of 70 million F received in four instalments between 1971 and 1974, at 6.25 % for 12 years ;*

*second loan of 90 million F received in two instalments in 1975, at 8.75 % for 12 years ;*

*third loan of 45 million F, received in two instalments in 1976, at 10.8 % for 12 years.*

On 31 December 1975, this account indicated that repayments made between 1972 and 1975 amounted to 7 903 011.33 F, while expenditure in respect of the building amounted to 118 199 771.22 F.

*Special co-operation fund for Portugal : the amount allocated to this fund for 1975 was fixed by the Committee of Ministers at 800 000 F, 200 000 F of which were made available by savings on the ordinary budget, while 600 000 F were taken from the provisional special "Pensions" account. Only 153 126.62 F were spent in 1975, which left a credit balance of 646 873.38 F at 31 December 1975. New projects carried out in 1976 were financed from the funds saved on the 1975 budget.*

*Provisional special "Pensions" account : following the decision taken by the Committee of Ministers in 1974 to make budgetary provision for the amounts necessary to finance Council of Europe staff pensions, and pending the entry into force of the new scheme, a provisional special account was opened to ensure the payment of benefits from 1 July 1974 to 31 December 1975. When this account was closed, the surplus of 5 453 560.62 F was distributed among the member states.*

5.5. The total assets of the ordinary budget, the budget concerning repayment of the loan for the new building and the provisional special "Pensions" account, amounting to 8 019 844.85 F, belong to the member states and are thus to be deducted from the contributions due for the 1977 financial year.

5.6. With regard to member states' contributions, about which the assembly expressed some concern in its previous opinion, it should be mentioned that on 30 June 1975, the deadline for the payment of contributions as stipulated in the Financial Regulations and Article 39 of the Council of Europe Statute, 26.79 % of the contributions due had not yet been received, compared with 19.45 % at the same date in 1974. However, under an amendment to the Financial Regulations adopted by the Committee of Ministers in 1974, the states whose contributions were overdue were required to pay 376 788.65 F interest. By 31 December 1975, all contributions for the corresponding financial year had been received

5.7. In conclusion, the Assembly shares the view of the Board of Auditors that it is essential for an organisation such as the Council of Europe to concentrate on priority activities, and thereby achieve more efficient use of the means made available. It goes without saying that stricter internal supervision of accuracy and economy should be the constant concern of the administration.

#### *B. 1977 budget*

5.8 The initial ordinary budget approved by the Committee of Ministers amounts to 134 704 700 F, representing an increase of 14.38 % compared with 1976. This figure may be broken down as follows :

*effects of inflation - 9.12%*

*permanent staff salary increments - 0.63 %*

*running costs of the new building - 4.44 %*

*repercussions of the accession of Portugal - 0.56 %*

*various increases including the creation of two A2/3 posts in the human rights sector - 0.92 %*

*various reductions, including a decrease in the operational budget of the Assembly - 1.29 %*

5.9. The increase in real terms of the Council of Europe budget may thus be estimated at 4.63 % (14.38 — 9.12), which would constitute a substantial increase if 96 % of the amount concerned were not intended for the new building. The Assembly cannot but repeat the concern, already expressed in its [Opinion No. 77 \(1976\)](#), that the Council of Europe's activities ran the risk of being overwhelmed by the cost of the new building

5.10. In order to obtain a clearer idea of the trend in the organisation's general budget, a comparative table of the budgets of the last five financial years is reproduced on page 6 of this report.

5.11. It may be noted in passing that a comparison of the initial budgets for 1976 and 1977 shows that expenditure on staff has increased by 14 %, expenditure on equipment by 26 % and expenditure pertaining to the Intergovernmental Programme of Activities by 12 %.

5.12. The extraordinary budget for annual repayments on loans contracted for financing the new building amounts to 23 900 000 F for 1977, an increase of 27 % compared with 1976.

5.13. The pensions budget shows expenditure of 7 200 000 F compared with receipts amounting to 7 440 000 F. This difference is due to the fact that expected commitments are less than the funds accruing, inter alia, from staff contributions and the surplus carried over from the previous financial year. Consequently, member states will not be required to pay contributions as long as existing resources are adequate to cover the payment of benefits.

5.14. Three special budgets—budget for the Partial Agreement in the social and public health field, budget of the European Pharmacopoeia and budget of the Partial Agreement on the Resettlement Fund, amounting respectively in 1977 to 2 239 000 F, 3 487 200 F and 670 500 F—are financed exclusively by the states participating in the activities concerned. In addition, these countries contribute lump sums to the general budget of the Council of Europe (common expenditure - premises, equipment, telephone charges, heating etc.).

5.15. The ordinary budget of receipts for 1977 has been fixed at 134 704 700 F, 96 % of which is of course supplied from contributions by member states, while 4 507 000 F come from other receipts such as social security benefits or bank interest, and from various dues (lump sums contributed by Partial Agreement states, letting of meeting rooms, payment of charges for services etc.).

Of the 23 900 000 F of the extraordinary budget receipts, 22 532 000 F derive from member states' contributions and 1 368 000 F from rent charged to the European Parliament. This fee, which represents approximately 5.7 % of the extraordinary budget and appears for the first time in the 1977 budget, enables a slight reduction to be made in the contributions of Council of Europe member states.

5.16. As a result of Portugal's accession to the Council of Europe at the end of 1976, the contribution scales for the ordinary budgets were modified, and it therefore seemed appropriate to reproduce them below, indicating the changes which have taken place.

*1977 exercise*

## Appendix

Member states	Ordinary budget		Extraordinary budget	
	%	Amount	%	Amount
Iceland	0,12	156 237,24	0,08	18 025,60
Luxembourg	0,13	169 257,01	0,08	18 025,60
Malta	0,12	156 237,24	0,06	13 519,20
Cyprus	0,12	156 237,24	0,08	18 025,60
Ireland	0,81	1 054 601,37	1,11	250 105,20
Norway	1,37	1 783 708,49	1,45	326 714,00
Denmark	2,27	2 955 487,79	1,45	326 714,00
Switzerland	2,54	3 307 021,58	3,69	831 430,80
Austria	2,19	2 851 329,63	1,45	326 714,00
Portugal	1,86	2 421 677,22	1,45	326 714,00
Sweden	3,93	5 116 769,61	3,98	896 773,60
Greece	2,08	2 708 112,16	1,45	326 714,00
Belgium	3,37	4 387 662,49	3,82	860 722,40
Netherlands	3,69	4 804 295,13	3,98	896 773,60
Turkey	3,40	4 426 721,80	1,37	308 688,40
France	18,00	23 435 586,00	21,37	4 815 088,40
Italy	18,00	23 435 586,00	16,31	3 674 969,20
United Kingdom	18,00	23 435 586,00	18,41	4 148 141,20
Fed. Rep. of Germany	18,00	23 435 586,00	18,41	4 148 141,20
Total.	100,00	130 197 700,00	100,00	22 532 000,00

Heads	1973 appropriations <sup>2</sup>	1974 appropriations <sup>3</sup>	1975 appropriations <sup>4</sup>	1976 appropriations <sup>5</sup>	1977 appropriations <sup>6</sup>
GENERAL BUDGET					
Ordinary budget					
I. Common expenditure (staff, supplies, publications, information etc.)	62 129 500	67 500 200	80 731 600	85 022 900	98 414 000
II. Intergovernmental co-operation (Work Programme)	11 121 000	11 644 100	12 905 500	15 723 500	17 606 700
III. Parliamentary Assembly :					
a. Staff		(9 269 000)	(10 300 000)		
b. Overall appropriation		(1 937 000)	(2 017 000)		
Total.....	3 422 000 <sup>7</sup>	9 069 000	10 371 100	11 206 000	12 317 000
IV. Court and Commission of Human Rights	1 098 000	1 813 600	2 084 600	2 303 500	2 579 000

2. Adjusted budget (i. e. taking account of supplementary appropriations and credit transfers).

3. Adjusted budget (i. e. taking account of supplementary appropriations and credit transfers).

4. Adjusted budget (i. e. taking account of supplementary appropriations and credit

5. Initial ordinary budget alone.

6. Initial ordinary budget alone.

7. Not including permanent staff of the Office of the Clerk, which at the time came under "Common expenditure".

Heads	1973 appropriations <sup>2</sup>	1974 appropriations <sup>3</sup>	1975 appropriations <sup>4</sup>	1976 appropriations <sup>5</sup>	1977 appropriations <sup>6</sup>	
V. Local and regional authorities	443 000	915 800	666 300	1 413 000	1 586 000	
VI. Expenditure in connection with Social Charter, Code of Social Security	247 500	256 300	412 000	434 000	467 000	
VII. European Youth Foundation	443 000	644 400	675 900	669 500	735 000	
VIII. Exceptional expenditure (inter alia co-operation with Portugal)	100.000	200.000	400.000	1.000.000	1.000.000	
	79 004 000	92 043 000	108 246 000	117 772 400	134 704 700	
Extraordinary budget						
Annual repayments on loan :						
exceptional expenditure vote 1973-74-75	2 298 000		4 716 000	8 429 000		
extraordinary budget (1976, 1977)			18 850 000	23 900 000		
	81 302 000		96 759 400	116 495 000		1 5 8 6 0 2 7 0 0 0 0 0 0 1 8 5 8 0 2 7 0 0
Pensions budget						
	81 302 000		96 759 400	116 495 000		1 8 5 8 0 2 7 0 0

### C. 1978 budget

5.17. In the statement which be delivered on 25 April 1977 to the Parliamentary Assembly, the Secretary General drew attention to the budgetary situation of the Council of Europe.

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2. Adjusted budget (i. e. taking account of supplementary appropriations and credit transfers).
  3. Adjusted budget (i. e. taking account of supplementary appropriations and credit transfers).
  4. Adjusted budget (i. e. taking account of supplementary appropriations and credit
  5. Initial ordinary budget alone.
  6. Initial ordinary budget alone.

5.18. In 1978, the position will be even more difficult than in 1977. This is due to the determination of governments to effect reductions in the budgets of international organisations, which is happening just when the Council of Europe is facing new expenditure caused by the entry into service of the new building and by new political tasks.

5.19. The operational expenses for the new building will be higher in 1978 than in 1977, in particular because the maintenance costs of the heating system, which in 1977 were to be borne by the firm responsible under the guarantee, will subsequently have to be met by the Council.

5.20. For these reasons, the appropriations for the new building, which in 1977 amounted to 5 400 000 F for heating, lighting, cleaning, insurance and general upkeep, will prove inadequate even for the current year, and supplementary estimates will therefore have to be submitted. For 1978, the costs for the new building must be expected to exceed 7 000 000 F. This represents approximately 5 % of the ordinary budget

5.21. Inflation is continuing, and it would undoubtedly be very optimistic to hope that it will slacken in 1978. It is very difficult to make any accurate forecasts at the present juncture, owing to the many imponderables which remain. There is no doubt that, both for the Council of Europe and for national governments, inflation is a limiting factor on any real extension of activities.

5.22. In view of the foregoing, prospects are not brilliant for the organisation's activities. It is not even certain that governments will accept any increase in real terms, which is very unfortunate, for appropriations for the Council's activities have remained more or less static in recent years. There has been no major expansion of activities as a whole.

5.23. It is therefore essential that every effort be made, at parliamentary and governmental level, to prevent the absorption, by the still rising costs of maintaining and servicing the new building, of the resources allocated to the Council of Europe's operational activities, to the Court and Commission of Human Rights and to the Assembly.