Opinion 77 (1976)[1]

Council of Europe budgets for the financial years 1974, 1976 and 1977

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 operational appropriations concerning it. 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 1976 adopted by the Committee of Ministers, and to the general accounts for the financial year 1974, the last accounts being closed and for which a discharge has been given,

4. Adopts the following opinion :

A. General accounts for 1974

4.1. As provided under the Financial Regulations, the general accounts of the Council of Europe for the 1974 financial year were submitted for scrutiny to the Board of Auditors and the Committee of Ministers which approved them and discharged the Secretary General from his financial responsibilities.

4.2. Budgetary expenditure for the 1974 financial year amounted to 95 109 802.27 F. Of the 96 759 400 F of appropriations voted, there remained an unexpended balance of 1 649 597.73 F, i.e. 1.70%, which is less than the corresponding percentage for 1973 (2.08%), 1971 (2.71%) and 1970 (2%). This percentage bears witness to the efforts made by the Secretariat to use the comparatively modest resources at its disposal as efficiently as possible.

Furthermore, it is significant that the transfers made by the Secretary General in accordance with Article 31 of the Financial Regulations have been very moderate, if we disregard the allocation to the various sub-heads relating to salaries of the sums earmarked in the budget for cost-of-living adjustments. This restrained use of the provisions of Article 31 demonstrates not only the precision and authenticity of each item of estimated expenditure but also the constant and sustained efforts on the part of the Secretariat to keep within the limits of the sums authorised under the budget.

4.3. The number of appropriations cancelled in the various budget votes has on the whole been comparatively marginal. Only the operational expenditure of the Court and Commission of Human Rights and the administrative expenditure of the European Youth Foundation show percentages of unexpended funds which may seem relatively large : 13.96% and 25.54% respectively, but there is a perfectly normal explanation for

1. See Doc. 3808, 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 28 June 1976.

them. In the case of the Human Rights Commission, it was not possible to maintain the pace of meetings required by the number of cases pending. As regards the administrative expenditure of the Youth Foundation, the savings resulted from changes in the programme of meetings held by the Foundation's governing bodies.

4.4. Under expenditure pertaining to activities in the field of intergovernmental co-operation (Vote II of the budget), the fact that the unexpended balance was only 1.62% testifies that the programme of meetings and studies drawn up in the planning stage of the budget proved to be very realistic. It may be noted in passing that 98 962.14 F of the appropriations in the subsidiary budget relating to the European Youth Centre were cancelled, out of a total of 2 189 800 F.

4.5 With regard to the budget of receipts, it will be remembered that when the budget for the 1974 financial year was approved, the Secretary General was authorised to use a provisional scale for calculating contributions from member states in respect of expenditure other than that pertaining to the repayment of the loan for the new buildings. Subsequently, the Ministers' Deputies approved new scales for contributions to be applied to the ordinary budget from 1 January 1974 onwards. The scale already adopted for the apportionment of expenditure on the new buildings (extraordinary budget) remained unaltered. This scale is different from that of the ordinary budget, and a comparison between the two is given in the following table :

Appendix

Member states	Ordinary budget %	Extraordinary budget %
Iceland	0.12	0.08
Luxembourg	0.15	0.08
Malta	0.12	0.06
Cyprus	0.12	0.08
Ireland	0.86	1.13
Norway	1.45	1.47
Greece	2.33	1.47
Denmark	2.36	1.47
Switzerland	2.64	3.75
Austria	2.28	1.47
Sweden	4.22	4.04
Belgium	3.67	3.88
Netherlands	4.09	4.04
Turkey	3.59	1.39
France	18.00	21.68
Italy	18.00	16.55
United Kingdom	18.00	18.68
Federal Republic of Germany	18.00	18.68
	100.00	100.00

4.6. Since the new scale for the ordinary budget was not approved until the end of the first half of 1974, it was considered preferable to postpone the readjustment of members' contributions until the end of that financial year. As a result, and although the 1974 financial year ended with an overall credit balance of 1 153 634.17 F for the ordinary budget, five states still owed a total of 411 553.52 F when the accounts were closed.

4.7. In its Opinion No. 72, the Assembly pointed out that certain member states still owed a substantial proportion of their contribution at the end of the year. On 31 December 1974, this sum amounted to 10 367 408.83 F, representing almost 10% of the Council's receipts. Of this figure, however, over 6 million francs were due to only two states in respect of the 1970 and 1973 financial years, while the payment remaining outstanding by one state was justified by the fact that the question of whether the new scale of contributions should have retroactive effect had not been finally decided by the Committee of Ministers. In the meantime, a solution has been found to all these questions.

4.8. As pointed out by the Board of Auditors, internal control is working satisfactorily, despite the increase in the amount and complexity of work. Internal control in the interests of both accuracy and economy nevertheless requires to be tightened, owing particularly to the fact that the activities of the organisation are so numerous and varied.

The Board of Auditors also made certain detailed comments, the majority of which concerned incidents that occur in day-to-day management. Measures have been taken by the Secretary General to prevent the recurrence of such incidents.

B. 1976 budget

4.9. The lay-out of the general budget for 1976 has been altered compared with that of previous financial years, to take account of certain changes, especially in the staff pensions scheme. Henceforth, the budget will fall into three parts :

the ordinary budget and its subsidiary budget for the EYC ;

the extraordinary budget for annual repayments on loans contracted for constructing the new building ;

the pensions budget, which makes its first appearance after the Committee of Ministers' decision to make the new pensions scheme budgetary, which means that benefits in respect of pensions will be charged direct to the budget. Previously, these benefits were financed by the Pension Fund which was supplied by governmental contributions and staff contributions. In the budgetary system just adopted, staff participation remains fixed at the same percentage as before, i.e. 7% of salaries.

4.10. The initial ordinary budget approved by the Committee of Ministers amounts to 117 772 400 F. Compared with the ordinary budget voted for 1975, this shows an increase in real terms of 5.97%.

A large proportion of this growth rate, which is in any case rather satisfactory compared with preceding years, may be explained partly by the appropriations voted to cover the occupation of the new building and partly by a grant of 1 million francs to Portugal, but there is also a relatively substantial increase in supplies to finance the work programme of intergovernmental co-operation (approximately 1 million francs).

4.11. The draft extraordinary budget of expenditure for 1976 amounts to 18 850 000 F. Compared with the appropriations voted for the same purpose in 1975, this shows an increase of 10 601 000 F, which may be explained by the fact that a second loan for the new building amounting to 90 million francs was contracted in 1975 and the first annual repayment for this loan will fall due in 1976.

4.12. The pensions budget, to which benefits provided under the pensions scheme (retirement, invalidity, widow's, orphan's pensions, and severance grants) are now charged and which also forms part of the general budget, accounts for expenditure amounting to 8 550 000 F. No financial contributions from member states will be necessary in 1976, since the resources from which the pensions scheme is financed (in particular, the 7% deducted from staff salaries) will be adequate to cover payment of the benefits currently due under the scheme.

4.13. The new lay-out adopted for the budget in 1976 makes it rather difficult to compare the budget for this financial year with those of previous years. A comparative table is nevertheless provided on page 5. The headings in this table have been rearranged to illustrate the trend in the general budget of the organisation over the last four financial years.

In what is now known as the ordinary budget, there has been a 49% increase in the last three years, 40% being due to inflation ; the figure representing the "real growth" in the budget can therefore be estimated at approximately 8.67%, giving an annual average of 2.90%.

Heads	**1973 appropriations[2]**	**1974 appropriations[3]**	**1975 appropriations[4]**	**1976 appropriation[5]**	
GENERAL BUDGET	**F**	**F**	**F**	**F**	
a.	Ordinary budget				
I.	Common expenditure (staff, publications etc.)	62 129 500	67 500 200	80 731 600	85 022 900
II.	Intergovernmental co-operation (Work Programme)	11 121 000	11 644 100	12 905 500	15 723 500
III.	Parliamentary Assembly	3 422 000[6]	9 069 000	10 371 100	11 206 000
IV.	Court and Commission of Human Rights	1 098 000	1 813 600	2 084 600	2 303 500
V.	Local authorities	443 000	915 800	666 300	1 413 000
VI.	Institutional expenditure (Social Charter, Code of Social Security etc.)	247 500	256 300	412 000	434 000

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 transfers).
5. Initial ordinary budget alone.
6. Not including permanent staff of the Office of the Clerk, which at the time came under "common expenditure".

Heads	1973 appropriations[2]	1974 appropriations[3]	1975 appropriations[4]	1976 appropriation[5]	
GENERAL BUDGET	F	F	F	F	
VII.	Exceptional expenditure (other than annual repayments on loan)	100 000	200 000	400 000	1 000 000
VIII.	European Youth Foundation	443 000	644 400	675 900	669 500
		79 004 000	92 043 400	108 246 000	117 772 400
b.	Extraordinary budget				
	Annual repayments on loan :				
	(- Exceptional expenditure vote 1973-74-75)	2 298 000	4 716 000	8 249 000	
	(- Extraordinary budget (1976))				18 850 000
		81 302 000	96 759 400	116 495 000	136 622 400
c.	Pensions budget	-	-	-	8550 000
		81 302 000	96 759 400	116 495 000	145 172 400

C. 1977 budget

4.14. As it has been pointed out by the Secretary General in his statement to the Assembly on 3 May 1976, the budget of the Council of Europe for 1977 will again be a difficult one, in particular because of the cost of servicing the new building and also by reason of the burden which the continuing high rates of inflation places on the overall expenditure of the organisation. The Secretary General also stressed that from 1977 onwards, the extraordinary budget will have to bear the full cost of repayments on the loans contracted to pay for the new building. It is expected that in 1977 the cost of servicing the new building will amount to approximately 5.5 million francs, representing about 5% of the ordinary budget. If the rate of inflation in 1977 will turn out to be about 9.5% and the nominal budgetary increase be roughly the same as in last years, the growth rate of intergovernmental activity will become extremely modest.

4.15. This will be even more so since certain appropriations of an institutional nature have to be included in the 1977 ordinary budget. The extension of the European Youth Centre, the additional work of the European Court of Human Rights, the possible splitting of the European Commission on Human Rights into two chambers for the discharge of its duties, and the creation of full-time posts for its President and Vice-President, the enlargement of the specialised committees of the Conference of Local and Regional Authorities of Europe, and lastly the special grant to Portugal are all important issues for the work of the Council of Europe which should not be overwhelmed by the cost of the new building.

4.16. Efforts must therefore be undertaken to maintain the appropriation in real terms for the intergovernmental activities of the organisation at least at their 1976 levels.

4.17. Finally, it should be recalled that the budget of the Council of Europe is very moderate in comparison to the work it does, and that the contribution of each of the eighteen member states is small when compared to their national budgets.

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