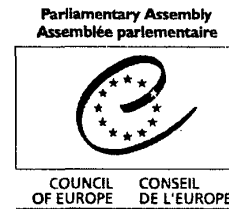


Parliamentary Assembly
Assemblée parlementaire



For debate in the Standing Committee — see Rule 15 of the Rules of Procedure

Doc. 10720
17 October 2005

**Budgetary powers of the Parliamentary Assembly of the
Council of Europe**

Report
Committee on Economic Affairs and Development
Rapporteur: Mr Andrea Rigoni, Italy, Group of the European People's Party

Summary

Following two recommendations along similar lines adopted by the Parliamentary Assembly in 1991 and 1997 (Recommendations 1344 (1997) and 1155 (1991)), the present report outlines the reasons for granting the Assembly budgetary powers commensurate with its political and statutory role. It in particular requests the right to establish the annual amount of its operating expenditure, within limits to be defined jointly with the Committee of Ministers.

The report also asks that the Assembly be formally consulted before a decision is taken on the amount fixed for the Council of Europe's annual budget.

Finally, the report proposes that the Statute of the Council of Europe be amended accordingly and that a board of auditors be set up within the Assembly to supervise the implementation of its budget.

I. Draft recommendation

1. The Parliamentary Assembly recalls its Recommendations 1155 (1991) and 1344 (1997) on the powers of the Assembly in budgetary matters and its Opinions No. 256 (2005) and 257 (2005) concerning the budgets of the Council of Europe and the expenditure of the Assembly for the financial year 2006.

2. As regards the Council of Europe's overall budget, the Assembly regrets that the machinery in place gives it no influence over the size of the Organisation's budget or the implementation of its activities. In order to be able to assess the pertinence of the Organisation's various activities and, if necessary, make recommendations to improve, correct, redirect or abandon certain activities, the Assembly should formally receive the same information as the Committee of Ministers, in conformity with the principle of transparency that should apply in such matters. The new results-based budgeting approach should facilitate this assessment.

3. Concerning its part of the budget, the Assembly considers its present situation of being supervised incompatible with the principles of true parliamentary democracy. It feels that the time has come for it to be given budgetary powers in line with its status as a parliamentary and political organ of the Council of Europe and with the normal prerogatives of a parliamentary assembly. It considers that its right to fix the annual amount of its operating expenditure, under a procedure to be agreed with the Committee of Ministers, should be acknowledged. That should include determination of the daily allowance paid to its members, which is currently decided unilaterally by the Committee of Ministers, contrary to the spirit of the decision taken in 1975 to apply the budgetary package technique to the part of the Assembly's budget comprising all its operating appropriations.

4. To supervise the implementation of its budget, it will set up a specialist parliamentary body in the form of a board of auditors. The Assembly will also set up its own system for assessing its activities.

5. Finally, the Assembly recalls the simplified procedure for amending the Council of Europe Statute, Article 41.d of which stipulates that "amendments to Articles 23 to 35 [concerning the Assembly], 38 and 39 [concerning finance] which have been approved by the Committee and by the Assembly shall come into force on the date of the certificate of the Secretary General, transmitted to the governments of members, certifying that they have been so approved. This paragraph shall not operate until the conclusion of the second ordinary session of the Assembly."

6. Accordingly, the Assembly recommends that the Committee of Ministers, based on Article 41.d of the Council of Europe Statute, amend Article 38 of the Statute and add, after paragraph c, two new paragraphs as follows:

6.1 "The Assembly shall fix the amount of its expenditure, the annual increment being determined by agreement between the Committee of Ministers and the Assembly.

6.2 The Assembly shall be consulted by the Committee of Ministers before the latter fixes the amount of the overall budget of the Council of Europe for the coming year."

II. Explanatory memorandum by Mr Rigoni, Rapporteur

A. Present situation

1. Comparison of the statutes and rules of procedure of the Parliamentary Assembly of the Council of Europe (PACE) and those of comparable Assemblies, namely those of the WEU and OSCE,¹ clearly shows that PACE is the only international parliamentary institution that has no budgetary power. Neither the Statute of the Council of Europe nor the Rules of Procedure of the Assembly grant particular powers to the Assembly in budgetary matters, although PACE does have very wide and recognised political powers.

2. Article 22 of the Statute of the Council of Europe says that the Parliamentary Assembly is the Organisation's deliberative organ, but where finance is concerned, Article 38 stipulates that the budget of the Council shall be submitted annually by the Secretary General for adoption by the Committee of Ministers. The Secretary General also refers to the Committee of Ministers "requests from the Assembly which involve expenditure exceeding the amount already allocated in the budget for the Assembly and its activities".

3. Although the Council of Europe Statute gives no particular powers to the Assembly in budgetary matters, the Assembly has acquired a degree of consultative power in the matter. For example, in statutory resolution (53) 8 of 13 December 1953, the Committee of Ministers agreed that "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 operational appropriations concerning it. Any appropriations proposed by the Assembly which, by the purpose served or the amount involved, may be considered by the Secretary General to be unsuitable for inclusion in the draft Budget shall also be transmitted to the Committee of Ministers at the same time as the draft Budget."

4. The Committee of Ministers also agreed (see conclusions of the 246th meeting of the Ministers' Deputies - 1975) to apply the budgetary package technique to that part of the Assembly's budget covering all its operating costs other than appropriations for staff and for the political groups, explaining that "the development of the Assembly's budget - which is an operating budget - cannot be linked with that of the organisation as a whole, whose evolution often depends on decisions connected with the organisation's Work Programme, and also on factors totally extraneous to operational expenditure which play their part in the annual variation of the budget total". It follows from this decision that the management of the appropriations included in the budgetary package is carried out by the Secretary General of the Assembly who can, if necessary, proceed to internal financial redeployments within this package, depending on priorities.

5. In spite of these openings made by the Committee of Ministers, the Assembly remains in a position of dependence where its budget is concerned. All the Assembly can really do is give two opinions on the coming financial year, the first concerning its own expenditure and the other the general budget of the Council of Europe. The latter opinion is based solely on information concerning the budgetary calendar and the priorities envisaged by the Secretary General of the Council of Europe.

6. The result of this practice is that the members of the Parliamentary Assembly have no influence over the budgetary process which concerns them. The Assembly has tried on several occasions to have its budgetary powers increased, but without any real success. It has already adopted two recommendations [1155 (1991) and 1344 (1997)] on which no action has been taken, particularly concerning its control over its own budget. These two texts recommended to the Committee of Ministers in particular that it improve

¹ See comparative table in Appendix 1

and strengthen its consultation of the Assembly, by modifying both the procedure and the budgetary timetable before fixing the overall ceiling of the Organisation's budget and, more particularly as regards the expenditure of the Assembly, to have this expenditure form the object of an agreement between the Committee of Ministers and the Assembly.

7. In response to Assembly recommendations 1155 (1991) and 1344 (1997), the Committee of Ministers explained (see doc. 8080) that the draft budgetary calendar, which provides for an exchange of views with the Assembly before the final decision concerning the budget ceiling is taken, and the budgetary information supplied by the Secretary General, allow the Assembly to express opinions. Concerning the proposed mechanism for direct consultation of the Assembly in connection with its own budget, the Committee of Ministers considered it necessary to hold regular consultations in order to discuss all issues of common interest in the budgetary and administrative fields. Since 1998, 7 consultation meetings have taken place between representatives of the Parliamentary Assembly and the Enlarged Bureau of the Ministers' Deputies. The Committee of Ministers considers that this procedure answers the Assembly's legitimate concerns.

8. However, the consultation machinery now in place is not fully satisfactory, as it gives the Assembly no real say in the size of the Organisation's budget or its expenditure. Basically, the present procedure is limited to allowing the Assembly, through its Committee on Economic Affairs and Development, to appoint a rapporteur to prepare two opinions, on the Council of Europe Budget and the expenditure of the Assembly.

9. Concerning the budgetary calendar, the established procedure is as follows:

9.1 In January the Secretary General and the Committee of Ministers set the calendar for the preparation of the following year's budget. At the same time the Secretary General asks each part of the Organisation, including the Assembly Secretariat, to submit figures for their programmes and priorities, within a predetermined limit (for example to allow for the zero growth in real terms imposed by the Committee of Ministers).

9.2 In March the Secretary General presents a document to the Ministers' Deputies entitled "Priorities for the coming year - budgetary implications", which the Deputies formally examine in April. Meanwhile, the Assembly prepares its two budgetary opinions, based on the document prepared by the Secretary General, with a view to their adoption at the April part-session.

9.3 At the April part-session a consultation meeting between the Deputies and the Parliamentary Assembly is organised to permit an exchange of views on the budgetary prospects based on the opinions adopted and on the Secretary General document.

9.4 Before the end of May, the Committee of Ministers examines and approves the priorities and budgetary implications prepared by the Secretary General and fixes the total contribution of the member states to the ordinary budget for the coming financial year.

9.5 During the summer the Secretary General finalises the draft budget and programme of activities, which are then submitted to the Budget Committee,² for examination in September/October. This committee is composed of eleven experts nominated by the governments of member states and appointed by the Committee of Ministers for a period of three years renewable. Its task is to provide the Committee of Ministers with opinions on financial and administrative matters concerning the Council of Europe, including the annual draft budget, supplementary credits proposals and, in general, any projects requiring new expenditure.

9.6 Following the examination of the budgets and the programme of activities, the Budget Committee makes recommendations to the Ministers' Deputies, who can then formally adopt the next year budget at the end of November.

² Body instituted by the Financial Regulations of the Council of Europe.

9.7 It is clear from this procedure that the Assembly has very little say in the budgetary process in the Council of Europe. The question is therefore what the Assembly wishes to do and can do in respect of the Council of Europe's budgets and its own expenditure.

B. Proposals

10. The first step is to change the Rules of Procedure of the Assembly and introduce provisions concerning budgetary matters, in particular the preparation of the Assembly's budget and the verification of its expenditure. Assessment of the work and activities of the Assembly and the Council of Europe could also be covered. The Assembly could create the post of treasurer (or a board of treasurers) responsible for the regular verification of its accounts and expenditure, which would report to its Bureau. The treasurer (or board of treasurers) could be appointed annually by the Bureau of the Assembly. This function of treasurer would in no way affect the financial procedure set out in the Organisation's financial regulations.

11. The second step should be the statutory acknowledgment by the Committee of Ministers of the budgetary powers conferred on the Parliamentary Assembly, and the reinforcement of the existing procedure for consultation between the Assembly and the Committee of Ministers before the latter fixes the amount of the overall budget for the coming year.

12. Finally, the Assembly should have the right to fix its own expenditure, the annual increment being determined by agreement with the Committee of Ministers.

13. For this the Assembly must ask the Committee of Ministers to amend Article 38 of the Statute, using the simplified procedure provided for in Article 41. d, already used in 1951 to supplement Article 38, which stipulates that "amendments to Articles 23 to 35 (concerning the Assembly), 38 and 39 (concerning finance) which have been approved by the Committee and by the Assembly shall come into force on the date of the certificate of the Secretary General, transmitted to the governments of members, certifying that they have been so approved. This paragraph shall not operate until the conclusion of the second ordinary session of the Assembly".

Appendix:

The budgetary powers of the main European Parliamentary Assemblies
(except the European Parliament)

<u>OSCE Parliamentary Assembly</u>	<u>WEO Assembly</u>	<u>CoE Parliamentary Assembly</u>
<p><u>Madrid Resolution of 1991</u> Concerning the establishment of the CSCE Parliamentary Assembly</p> <p>7. The Assembly will have a small permanent secretariat (in Copenhagen) whose budget, resources, mode of operation and headquarters will be established by the Committee of Heads of Delegation...</p> <p><u>Rules of procedure</u></p> <p><i>Part 1 – Composition, Aims...</i></p> <p>RULE 4 - Officers of the Assembly</p> <p>1. The officers of the Assembly shall consist of the President, nine Vice-Presidents and the Treasurer</p> <p>4. The Treasurer shall be elected by the Assembly immediately following the election of the President.</p> <p>8. The Treasurer shall hold office from the close of the Annual Session in which he or she is elected to the close of the second Annual Session thereafter.</p> <p>PART VI - Organisation of the Assembly</p> <p>RULE 39 - Budget and finance</p> <p>1. It shall be the duty of the Treasurer, assisted by the Secretary General, to present to the Standing Committee a draft budget for the following financial year. The financial year of the Assembly shall comprise the period from 1</p>	<p><u>Charter of the Assembly – 1955</u></p> <p><i>Chapter VII. Committees of the Assembly</i></p> <p>(c) The Assembly shall establish the following permanent committees:</p> <p>4. Committee on Budgetary Affairs and Administration. (26 members)</p> <p><i>Chapter VIII – Budgetary Questions</i></p> <p>(a) The draft budget of the Assembly shall be prepared by the Committee on Budgetary Affairs and Administration, in consultation with the Presidential Committee, and, after consideration by the Assembly, shall be transmitted to the Council for approval.</p> <p>(b) The President of the Assembly shall be responsible for authorising expenditure on behalf of the Assembly within the limits of the credits specified in this budget, once the latter has been approved by the Council.</p> <p>(c) The Assembly shall express its views in the form of an opinion or recommendation on the annual budget of Western European Union as soon as it has been communicated.</p> <p><u>Rules of Procedure of the Assembly</u></p> <p><i>Part XIII – Budgetary Questions</i></p> <p>Rule 49 – Draft budget</p> <p>1. Each year, following a report of the Committee on Budgetary Affairs and Administration drawn up in collaboration with</p>	<p><u>Statute of the Council of Europe – 1949</u></p> <p><i>Chapter V – Consultative (Parliamentary) Assembly</i></p> <p>Article 22</p> <p>The Consultative Assembly is the deliberative organ of the Council of Europe. It shall debate matters within its competence under this Statute and present its conclusions, in the form of recommendations, to the Committee of Ministers.</p> <p><i>Chapter VII – Finance</i></p> <p>Article 38</p> <p>c. In accordance with the financial regulations, the budget of the Council shall be submitted annually by the Secretary General for adoption by the Committee.</p> <p>d. The Secretary General shall refer to the Committee requests from the Assembly which involve expenditure exceeding the amount already allocated in the budget for the Assembly and its activities.</p> <p>The Statute does not foresee any budgetary competencies for the Assembly</p> <p><u>Rules of Procedure</u></p> <p>Nothing in the rules</p>

<p>October until 30 September of the following year.</p> <p>2. The Standing Committee shall approve the annual budget, which shall be made available to the Assembly at its Annual Session.</p> <p>3. The audited accounts of the Assembly for the preceding financial year shall be presented to the Standing Committee by the Treasurer within six months of the end of that year.</p> <p>4. In accordance with Article 10 of the Madrid Declaration, as amended by the Committee of Heads of Delegation on 13 January 1992, national contributions to the Budget of the Assembly shall be apportioned according to the formula used to divide the costs of the intergovernmental OSCE.</p> <p>5. Where the Assembly's accounts show that a Member country has not made its due contribution for a period of 9 months, Members of its delegation shall not be allowed to vote until the contribution has been received.</p> <p>6. The Treasurer and the Secretary General shall be responsible for the financial administration of the Assembly, having the right to sign on behalf of the Assembly in all financial matters.</p>	<p>the Presidential Committee, the Assembly shall approve a provisional statement of its expenditure, divided into heads and sub-heads.</p> <p>2. The Assembly or, in between sessions, the Presidential Committee, in application of Rule 13, paragraph 2, of the Rules of Procedure, may, if necessary, approve supplementary estimates of expenditure, but if the latter so acts it shall submit its decision to the next sitting of the Assembly for ratification.</p> <p>3. The President shall communicate these documents to the Council which shall express a prior opinion.</p> <p>4. When the prior opinion of the Council includes reductions in appropriations, the Committee on Budgetary Affairs and Administration may, in consultation with the Presidential Committee, present a draft budget to the Assembly which does not conform with the prior opinion of the Council. Acceptance of such a draft budget shall require the votes of a number of representatives to the Assembly.</p> <p>5. If the Council refuses to adopt the draft budget accepted by the Assembly in these conditions, the Presidential Committee shall be responsible for settling the dispute with the Council and ask for a joint meeting to this end. The Presidential Committee shall report to the Assembly on the results of any such meeting and, if necessary, propose that it ratify whatever action it had to take, including acceptance of the budget as amended by the Council.</p> <p>6. The President of the Assembly shall be responsible for authorising expenditure on behalf of the Assembly within the limits of the credits specified in the budget, once the latter has been approved by the Council.</p> <p>7. In the course of its first session following the</p>	<p><u>Budgetary Texts</u></p> <p><u>Extract from the Resolution (53) 38</u> adopted by the Committee of Ministers on 13 December 1953 (Doc. 220)</p> <p>1. 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 operational appropriations concerning it. (...)</p> <p>The Opinion of the Assembly shall be transmitted to the Committee of Ministers at the same time as the draft Budget. Any appropriations proposed by the Assembly which, by the purpose served or the amount involved, may be considered by the Secretary General to be unsuitable for inclusion in the draft Budget shall also be transmitted to the Committee of Ministers at the same time as the draft Budget.</p> <p>2. A list of members of the staff of the Secretariat General placed wholly at the disposal of the Assembly Services shall be appended each year to the draft Budget.</p> <p>3. The Secretary General shall, within such limits as he may determine, delegate to the Secretary General of the Assembly the duties of "ordonnateur" empowered to incur financial commitments in respect of appropriations figuring in the Vote of the Budget relating to the operation of the Assembly and its Committees.</p> <p><u>Extract from the Communication of the CM</u> on the examination of the Budget by the Assembly (Doc. 342)</p> <p>the Committee of Ministers has agreed that the Assembly should be given the opportunity of expressing its opinion on the Budget of the</p>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

end of each financial year, the Assembly shall express its approval or disapproval of the accounts for that year, on a motion tabled by a member of the Committee on Budgetary Affairs and Administration.

Rule 50 – Budget of Western European Union
The Assembly shall express its views in the form of an opinion or recommendation on the annual budget of Western European Union as soon as it has been communicated.

Council and has therefore instructed the Secretary General to transmit to the Assembly a documentation comprising the final audited accounts for the previous Financial Year and the Budget for the current Financial Year. Such documentation will, in fact, provide adequate material for the Assembly to express an opinion as to what credits might be included in the Budget for the following year. The Committee of Ministers will make a point of examining such opinions when the time comes.

Conclusions of the 246th meeting of the Deputies – 1975

The Deputies

- ii. agreed, on the advice of the Budget Committee, that
 - a. the Assembly budget consists of two distinct sets of appropriations :
 - one consisting of appropriations for staff,
 - the other consisting of all the other appropriations necessary for the functioning of the Assembly
 - And that the budgetary package technique is applicable to the second part only,
 - b. the development of the Assembly's budget – which is an operating budget – cannot be linked with that of the organisation as a whole, whose evolution often depends on decisions connected with the organisation's Work Programme, and also on factors totally extraneous to operational expenditure which play their part in the annual variation of the budget total,
 - c. the Assembly's budget should be approved on the basis of the means necessary and justifiable for its operation...

Reporting committee: Committee on Economic Affairs and Development

Reference to committee: Doc. 10600, Ref. No. 3107 of 24.06.2005

Draft recommendation unanimously adopted by the Committee on Economic Affairs and Development on 5 October 2005.

Members of the Committee: Mr Evgeni Kirilov (Chairperson), Mrs Antigoni **Pericleous Papadopoulos** (Vice-Chairperson), Mr Márton **Braun** (Vice-Chairperson), Mr Konstantinos **Vrettos** (Vice-Chairperson), MM. Ruhi **Açıkgöz**, Ulrich Adam, Hans **Ager**, Abdülkadir **Ateş**, Radu-Mircea Berceanu, Akhmed Bilalov (Umar **Dzhabrailov**), Jaime Blanco (alternate: Mme Elvira **Cortajarena**), Patrick **Breen**, Milos Budin (Andrea **Rigoni**), Erol Aslan **Cebeci**, Mrs Ingrida Circene, MM. Ignacio Cosidó, Giovanni **Crema**, Øystein Djupedal, Ioannis **Dragassakis**, Iván **Farkas**, Joan Albert **Farré Santuré**, Relu Fenechiu, Mrs Siv **Fridleifsdóttir**, MM. Carles Gasóliba, Francis **Grignon**, Alfred Gusenbauer (alternate: Mrs Christine **Muttonen**), Nick Harvey, (alternate: David **Marshall**), Norbert **Hauptert**, Anders G. **Högmark**, Ivan **Ivanov**, Klaus Werner **Jonas**, Ms Verica Kalanović MM. Karen Karapetyan, Orest **Klympush**, Anatolij **Korobeynikov**, Rudolf Kraus, Zoran Krstevski, Jean-Marie Le Guen, Harald Leibrecht, Rune **Lund**, Gadzhy Makhachev (alternate: Mrs Liudmila **Pirozhnikova**), Jean-Pierre Masseret, (alternate: Mme Josette **Durrieu**) MM. Miloš Melčák, José Mendes Bota, Mrs Ljiljana **Miličević**, MM. Neven Mimica (alternate: Mr Petr **Lachnit**), Gebhard **Negele**, Conny **Öhman**, Oliveira Martins, Mart **Opmann**, Bogdan **Podgórski**, Jakob **Presečnik**, Jeffrey Pullicino Orlando, Luigi Ramponi, Maurizio Rattini, Maximilian Reimann, Dario Rivolta, Volodymyr Rybak, Kimmo **Sasi**, Bernard **Schreiner**, Samad Seyidov (alternate: Aydin **Mirzazada**), Leonid Slutsky (Victor **Eltsov**), Ms Geraldine Smith (Baroness Gloria **Hooper**), Mrs Aynur Sofiyeva, MM. Christophe **Spiliotis-Saquet**, Qazim Tepshi, Frans Timmermans (alternate: Tiny **Kox**), Dragan Todorović, Mrs Ágnes Vadai, (Mr Gábor **Szalay**), Mr Luc Van den Brande, Mrs Jelleke Veenendaal, Mrs Biruté **Vésaitė**, MM. Oldřich Vojtíš, Varujan **Vosganian**, Robert **Walter**, Andrzej **Wielowieyski**, Marek Wikiński (alternate: Ms Grażyna **Ciemniak**), Paul **Wille**, Mrs Rosmarie Zapfl-Helbling, Mr Kostyantyn Zhevago.

N.B: The names of the members who took part in the meeting are printed in bold

Head of Secretariat: Mr Torbiörn

Secretaries to the committee: Ms Ramanauskaite and Mr de Buyer

3

4

5

6

7

8

9

10

11

12

13

14