

ANNEX 1: EXPLANATORY NOTE



2010 DRAFT BUDGET - EXPLANATORY NOTE

The 2010 draft Budget has been prepared fully in line with the Business Plan 2010-2014 presented for adoption by this Management Board¹.

The PDB 2010 presented to the Management Board in February 2010 was slightly amended to take into accounts the remarks of the Commission. The final version presented to the Budgetary Authorities was in balance at the level of €120.6 million. It was based on the assumption that the Agency would take over the tasks related to the first extension (air operations, pilot licensing and authorisation of third country operators) mid 2010.

The staff costs in title 1 were based on a recruitment resulting in an establishment plan increase from 506 in 2009 to 570 at the end of 2010.

The 2010 Draft Budget is based on the assumption that the implementing rules related to the first extension will be adopted in April 2012 at the latest. This results in a reduced headcount target of 553 at the end of 2010.

It also takes into account the change in the distribution of overhead costs between Subsidy financed and Fees and Charges financed activities as mentioned in the basic assumptions of the Business Plan 2010-2014 presented to the Management Board in June 2009.

¹ The only change versus the Business Plan 2010-2014 is the introduction of the assigned revenue from fees and charges: those have been generated by the anticipated payments from the industry recorded in 2007 from the entry into force of the new fees and charges Regulation. They have been inscribed in both income and expenditure and are aimed at financing corresponding certification tasks in the following year.



TOTAL EASA			
Amounts in thousands of €	2 nd Amending BUDGET 2009	PDB 2010	DB 2010
<i>Income from Fees & Charges (Current Year)</i>	55.962	71.684	66.420
<i>Income from Fees & Charges (Carry over)*</i>	29.509	12.708	23.583
<i>Subsidy of the European Communities</i>	33.105	33.497	33.497
<i>Third countries contribution</i>	1.554	1.695	1.650
<i>Other Income</i>	1.906	1.010	1.353
Total Income	122.036	120.594	126.503
T1 Staff	48.158	56.877	56.652
T2 Buildings equipments	13.041	14.682	14.109
T3 Operational	36.225	35.996	31.486
T4 Special programmes	1.030	330	673
T5 Provisions**	23.583	12.708	23.583
Total Expenditure	122.037	120.593	126.503
* F&C assigned revenues carried over from previous year			
** This appropriation is intended to cover expenditures funded by assigned revenue from F&C			

Headcount evolution:

The changes in the assumptions (delay in the implementation of the extension and change in the allocation rules of support cost) result in the following headcount evolution:

	Establishment Plan 2009	PDB 2010	DB 2010
Total Temporary Agents	506	570	553
Thereof:			
100% Subsidy financed	145	154	167
100% Fee financed	223	278	236
Support	138	138	150
Support paid by Subsidy	57	57	56
Support paid by Fees and charges	81	81	94
Total Subsidy Financed	202	211	223
Total Fees and charges financed	304	359	330



1. Fees and Charges financed Activities

FEES AND CHARGES financed activities			
Amounts in thousands of €	2 nd Amending BUDGET 2009	PDB 2010	DB 2010
<i>Income from Fees & Charges (Current Year)</i>	55.962	71.684	66.420
<i>Income from Fees & Charges (Carry over)*</i>	29.509	12.708	23.583
Total Income	85.471	84.392	90.003
T1 Staff	27.947	33.183	33.482
T2 Buildings equipments	7.729	8.521	8.628
T3 Operational	26.212	29.980	24.310
T4 Special programmes	-	-	-
T5 Provisions**	23.583	12.708	23.583
Total Expenditure	85.471	84.392	90.003
* F&C assigned revenues carried over from previous year			
** This appropriation is intended to cover expenditures funded by assigned revenue from F&C			

- Compared with the PDB 2010, both Income and Expenditure have been increased by the additional original revenue carried over from the final Outturn 2008 (10.9 M€).

The postponement of the revenue generated by the 1st extension has resulted in a decrease of the recurring revenue by 5.3 M€.

On the expenditure side, the impact of the reduced workload as a result of the postponement of the extension has been partially offset by the impact of the change in the allocation rules of support cost.

- Compared with the Budget 2009, both expenditure and income increase by 4.5 M€ corresponding to the inflation (1.7 M€) and a slight increase in the activity in Organisations approval and Flight standards activity.



2. Subsidy financed activities

SUBSIDY financed activities			
Amounts in thousands of €	2 nd Amending BUDGET 2009	PDB 2010	DB 2010
<i>Subsidy of the European Communities</i>	33.105	33.497	33.497
<i>Third countries contribution</i>	1.554	1.695	1.650
<i>Other Income</i>	1.906	1.010	1.353
Total Income	36.565	36.202	36.500
T1 Staff	20.211	23.694	23.170
T2 Buildings equipments	5.312	6.161	5.481
T3 Operational	10.013	6.016	7.176
T4 Special programmes	1.030	330	673
T5 Provisions**	-	-	-
Total Expenditure	36.566	36.201	36.500
** This appropriation is intended to cover expenditures funded by assigned revenue from F&C			

- Compared with PDB 2010 revenue has been increase by 0.3M€ corresponding to an increase in the programmes related to technical cooperation with third countries.

On the expenditure side, the change in the allocation rules has generated a reduction of support cost (3.4M€). This amount has been used to finance 12 additional staff in operational activities and add back 2.0 M€ operational expenditure which had been reduced below the level considered as in the Business Plan from last year and in the PDB 2010. Those additional resources have been essentially allocated to the Rulemaking activities.

- Compared with the 2nd Amending Budget 2009, the resources are maintained at the same level, however, with more operational staff in the core activities and less support cost.