



## MB Decision 17-2008 Annex 1

### Explanatory note on 2009 Budget

#### Explanatory note to the 2009 Draft Budget

The 2009 draft Budget has been prepared fully in line with the Business Plan 2009-2013 to be adopted by the MB in December 2008.

#### 0. Pre Draft Budget 2009

The Management Board adopted the pre-draft budget (PDB) for the year 2009 in February 2008. The budget was in balance at the level of €104.2 million. It was based on the following assumptions:

##### *Revenue*

	Amount in thousands €
Income from Fees and Charges	68.436
Subsidy of the European Communities	33.200
Third countries contribution	1.793
Other Income	765
<b>Total Revenue</b>	<b>104.194</b>

The revenue of €68.4 million 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 2009.

##### *Expenditure*

	Amount in thousands €
Title 1 - Staff Costs (Salaries, social security, recruitment, training and missions)	54.169
Title 2 - Administrative Costs (Building, office supplies and equipment, IT, telecommunication and other)	15.216
Title 3 - Operational Costs (Certification, Quality & Standardisation, Rulemaking, Database and Internet development, Meetings, Publications, Operational Missions, Safety Analysis.)	34.809
<b>Total Expenditure</b>	<b>104.194</b>



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The staff costs in title 1 were based on a recruitment target of over 66 resulting in an establishment plan increase from 452 in 2008 to 518 at the end of 2009.

#### 1. Draft Budget 2009

##### 1.1 Revenue:

Revenue (Thousands of €)	Draft Budget 2009	PDB 2009	1st Amending Budget 2008
Revenue from Fees and charges	58.942	68.436	54.150
EC Subsidy	31.540	33.200	30.000
Third countries contribution	1.554	1.793	1.481
Technical Cooperation with third countries	1.030	0	500
Other revenue	876	765	935
Carry over from assigned revenue from Fees and charges	12.708	0	14.865
<b>Total Revenue</b>	<b>106.650</b>	<b>104.194</b>	<b>101.931</b>

Compared with the PDB, the draft budget 2009 takes into account:

- The decrease in Fees and Charges revenue as a result of the postponement of the first extension from 2009 to July 2010.
- The reduction of the EC subsidy amount from 33 200 K€ to 31 540 K€ as a result of the last information received from the EP during the budgetary procedure of the EU.
- Additional funding (1030 K€) from the Commission for earmarked expenses related to special programmes of technical cooperation with third countries ( Western Balkans project and SAFA programme)
- The inscription of the carry over from assigned revenue for fees and charges generated in 2007 in both income and expenditure. The amount of 12 508 K€ corresponds to the amount left in the first amending Budget 2008. It will be updated in 2009 on the basis of the 2008 budgetary result for fees and charges.



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#### 1.2 Expenditure

Expenditure (Thousands of €)	Draft Budget 2009 (A)	PDB 2009	1st Amending Budget 2008 (B)	Variance versus 1st Amend. Budget (A)-(B)
T1 Staff	49.041	54.169	40.351	8.690
T2 Buildings equipments	14.208	15.216	11.560	2.648
T3 Operational expenditure	29.663	34.809	36.812	(7.149)
T4 Special programmes	1.030	0	500	530
T5 Provisions	12.708	0	12.708	0
<b>Total Expenditure</b>	<b>106.650</b>	<b>104.194</b>	<b>101.931</b>	<b>4.719</b>
<b>Detail of Title 3 Operational expenditure</b>				
IT	3.823	3.734	7.192	(3.369)
Missions	5.066	5.524	4.386	680
Meetings	511	1.089	765	(254)
Translation	724	1.102	1.331	(607)
Standardisation	555	1.091	570	(15)
Rulemaking	657	1.808	2.199	(1.542)
Safety	150	366	370	(220)
Research	500	560	560	(60)
Training	537	537	537	0
Others	524	585	515	9
<b>Total title 3 excluding NAA</b>	<b>13.047</b>	<b>16.396</b>	<b>18.425</b>	<b>(5.378)</b>
NAA	16.616	18.413	18.387	(1.771)
<b>Total Title 3 including NAA</b>	<b>29.663</b>	<b>34.809</b>	<b>36.812</b>	<b>(7.149)</b>

Compared with the Amending budget 2008, the total expenditure increase by 4.7 M€ is explained on one hand by the increase in staff cost (plus 73 full time equivalents) and headcount related administrative expenditure (building and IT infrastructure) and on the other hand by the decrease in operational expenditure.

The reduction in Title 3 corresponds to the decrease in NAA subcontracting (-1.8M€), the reduction of IT cost (-3.4M€), as the biggest



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part of the investment in the ERP has been recorded in 2008, and by necessary cuts in operational expenditure in order to balance the level of resources available in 2009.

Compared with the PDB 2009, the evolution of the expenditure reflects the evolution of the assumptions:

- Title 1 Staff cost have been decreased by 5,1 M€ as the result of the postponement of the first extension and of the corresponding headcount evolution.

Headcount evolution	Draft Budget 2009	PDB 2009	1st Amending Budget 2008
Establishment Plan	506	518	452
Business Plan for 2009	479	N/A	N/A

The total headcount of 518 in the PDB 2009 reflected the necessary staff to implement the first extension during the year 2009 as initially presented to the MB in February 2008.

This Establishment Plan has been reduced to 506 to take into account the request of the European Commission.

For the Draft Budget 2009, **due to the postponement of the first extension from 2009 to July 2010**, the corresponding recruitments are not needed and have been deferred accordingly. The staffing plan of the Agency has, in line with proposed Business Plan 2009-2013, been set to 479 for the Year 2009.

- Administrative expenditure in Title 2 as well operational expenditure in title 3, especially NAA have been reduced as a result of the postponement of the first extension.

However due to the reduction of the subsidy amount to the Agency and in order to balance the 2009 draft budget the Agency had to cut operational expenditure in Title 3 at a level which is sometimes below the level of the 2008 amending budget.

This is especially the case for the Rulemaking and Safety analysis study activities as well as for the translation and meeting expenses.



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As also mentioned in the Business Plan document for 2009, the present revenue figures do not include the budgetary surplus of 2007 for the amount of 2, 4 M€. The Agency would like to stress that this resource will likely to be used to allow the correct implementation of its activities.

Based on the final decision of the European Parliament in mid December 2008, the Draft Budget, the Establishment Plan and the Work Programme for 2009 will be adapted accordingly where needed.