

## ***European Aviation Safety Agency***

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THE MANAGEMENT BOARD,

- Having regard to Regulation (EC) N° 1592/2002<sup>1</sup> on common rules in the field of civil aviation and establishing a European Aviation Safety Agency (“the Agency”), and in particular to its article 48.5;
- Having regard to Regulation (EC/EURATOM) N° 234/2002<sup>2</sup> on the framework Financial Regulation for the bodies referred to in Article 185 of Council regulation (EC/EURATOM) N° 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, and in particular to its Article 27;
- Having regard to the Agency’s Financial Regulation adopted by decision 9/03 of the Management Board on 26 August 2003 (“the Financial Regulation”) Art. 27(6), requiring the budget and the establishment plan to be adopted by the Management Board subject to the final adoption of the general budget of the European Communities by the budgetary authority;

Has adopted the budget for the financial year 2005, together with the establishment plan, as detailed in the documents annexed.

Cologne, 14 December, 2004

The Chairman of the Management Board

Thilo Schmidt

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<sup>1</sup> Official Journal L 240, 7.9.2002, p. 1.

<sup>2</sup> Official Journal L 357, 31.12.2002, p. 72.

## European Aviation Safety Agency

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### EXPLANATORY MEMORANDUM TO THE MANAGEMENT BOARD On the Draft Budget for the financial year 2005

#### Background

On 30 March 2004 the Management Board adopted the Preliminary Draft Budget and outline work programme for 2005 (Decision 09/2004), acknowledging that it would be asked to adopt the Final Draft Budget in December 2004. The following pages contain the details of that Final Draft Budget.

#### Budget proposal

##### Income

The Agency will have several sources of income in 2005:

- Fees charged for certification activities (Budget Article 100);
- The contribution of the European Community (Budget Article 200);
- Contributions from third countries (Budget Article 300);
- Contributions from the Federal Republic of Germany as host Member State (Budget Article 400).
- Administrative operations (Budget Article 500);
- Charges for quality and standardisation activities (Budget Article 600);

The Agency has revised estimates of the fees expected to be raised through certification activities due to the delay in bringing into force the regulation on fees and charges. Working on the assumption that the regulation will enter into force on 1 April 2005 the original estimates have been lowered to € 37.20 million.

The contribution of the European Community is unchanged at €18.93 million.

The original estimate of €945,000 for contributions from third countries has been removed from the budget pending ratification of agreements under article 55 of Regulation 1592/2002, but an entry has been included pro memoria (p.m.) to cover eventual income from this source.

Income from the Federal Republic of Germany to cover rental payments has now been quantified at €1.17 million. An additional contribution to school fees for EASA staff members has been included pro memoria (p.m.) to cover eventual income from this source.

Income from administrative operations has been included at a level of € 49,975.

Finally, additional income is envisaged from services rendered, estimated at a total of €117,000.

## **Expenditure**

The estimates of expenditure have also been revised to be more precise, and to take into account conditions that have changed since the adoption of the Preliminary Draft Budget.

### Title 1

The Draft Budget 2005 has been brought into line with the amendments made to the Establishment Plan at the first reading of the European Parliament Committee on Budgets in September 2004, leading to a reduction in the number of A\*8-A\*11 positions and a consequent increase in the number of A\*7 positions.

### Title 2

In March 2004 the new premises of EASA in Cologne were at a very early stage of construction. Since then the infrastructure needs of the Agency have been clarified and the necessary modifications included in the construction plans of the Köln Triangle building consortium. It is therefore now possible to quantify more accurately the costs associated with the rental of a fully equipped building, and the credits needed in the relevant budget lines in Title 2 have been modified accordingly. The main modification here is to credits for rent (budget line 2000) that have been revised from €550000 to €1.55 million to reflect full cost, a large part of which will be covered by the contribution from the Federal Republic of Germany of € 1.17 million.

### Title 3

The Draft Budget 2005 now includes estimated outsourcing expenditure on operational activities related to the work programmes of the Rulemaking and Quality & Standardisation Directorates, which was not quantifiable when the Preliminary Draft Budget was presented.

In addition, the delay in bringing the regulation on fees and charges into force will also lead to reduced expenditure on subcontracted certification activities, the costs of which have been estimated from a presumed date of entry into force of 1 April 2005.

## **Budget Summary**

A table summarizing the 2005 Annual Budget draft proposal is provided in the following page.

## **Concluding remark**

The complexity of the change to the EASA system coupled with the stringency of the budget procedures have led to a proposed Draft Budget that is balanced but tight. Any further delay in the introduction of the regulation on fees and charges would put at risk the proper development of the Agency, in particular the introduction of technology-based management systems that will support its core tasks.

## Summary of the 2005 Annual Budget

Budget Lines	Amount in €	%
<b>REVENUE</b>		
Income form Fees and Charges	37,200,000	65
Subsidy of the European Communities	18,930,000	33
Subsidy from the Federal Government of Germnay	1,177,025	2
Other Income	166,975	-
<b>Total Revenue</b>	<b>57,474,000</b>	<b>100</b>
<b>EXPENDITURE</b>		
Title 1 - Staff Costs	18,250,000	32
Title 2 - Administrative Costs	4,202,000	7
Title 3 - Operational Costs	35,022,000	61
<b>Total Expenditure</b>	<b>57,474,000</b>	<b>100</b>