

## European Aviation Safety Agency

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### EASA PRELIMINARY DRAFT BUDGET FOR 2004

The EASA founding Regulation foresees in its article 56 that the Agency shall undertake the certification tasks incumbent on it as from 28 September 2003. Therefore, 2004 should be its first full year of activity.

The preliminary draft 2004 budget has been established on the assumption that the full 2003 budget (i.e. 9,5 M €) could be used in the current year. Furthermore, it has been assumed that in 2004 the Agency would start charging the applicants for part of the cost of certification tasks and would reimburse partially NAAs for activities executed on behalf of EASA. Lastly, the 2004 PDB has been established on a “EU 25” base.

As a result of these assumptions, the 2004 budget of the Agency can be summarised as follows :

#### 1/ REVENUE

<i>In euros</i>	<i>2003</i>	<i>2004</i> <i>“EU 15”</i>	<i>2004</i> <i>“EU 25”</i>	<i>Difference %</i>	<i>Difference %</i>
	<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(2)/(1)</i>	<i>(3)/(1)</i>
<i>Fees collected</i>	0	4 850 000	5 200 000	-	-
<i>EC contribution</i>	9 500 000 <sup>1</sup>	10 600 000	11 050 000	+ 12,58%	+ 16,32 %
<i>Third countries contribution</i>	0	1 312 000	824 000	-	-
<i>EASA administr. operations</i>	0	160 000	166 000	-	-
<i>Total</i>	9 500 000	16 922 000	17 240 000	+ 78,13%	+ 81,47 %

**Title 1 (fees collected) :** It is envisaged to start charging applicants for part of the costs of the certification tasks executed directly by the Agency (personnel and administrative costs) or by NAAs on its behalf, for an estimated amount of 5,2 M €. At the same time NAAs will progressively phase out their charging schemes in areas where the EASA is taking over. As specified in the EASA Regulation, a transition of

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<sup>1</sup> The Parliament requested to retain half of the EC contribution on the reserve, but the 2003 budget has been established on the assumption that the full Community contribution can be used in 2003, knowing that the Executive Director has the right to ask to the Parliament to make the reserve available.

four years can be managed during which the Agency may not recover the full cost of certification tasks and use part of the contribution from the Community and associated States to compensate.

**Title 2 (European community contribution) :** The EC contribution is a balancing subsidy. The increase (+ 16,3%) is necessary to provide the Agency with the means to progressively take over the tasks it has been settled for, while allowing for a manageable transition from national charging schemes to a Community one, avoiding double burden on the industry.

**Title 3 (Third countries contribution) :** Current discussions on the conditions for the association of third countries in accordance with article 55 of the EASA Regulation envisage either a contribution in proportion of the Gross National Product or a formula based on a flat rate of 0,2 % plus a contribution in proportion of the State contribution to the ICAO budget. In either case the contribution of these countries would be globally about 7 % out of the total necessary subsidy (at present, the non « EU 25 » countries contribute for more than 10% to the JAA budget). That figure has been taken to evaluate their share of the 2004 budget.

**Title 5 (Administrative operations of EASA) :** Bank interests equivalent to 1,27 % out of the fees collected (base = EMEA, average bank interests rates from 2001 to 2003) and sale of publications should contribute for 166 000 € to the Agency's budget.

## **2/ EXPENDITURE :**

<i>In euros</i>	<i>2003</i>	<i>2004 "EU 15"</i>	<i>2004 "EU 25"</i>	<i>Difference %</i>	<i>Difference %</i>
	<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(2)/(1)</i>	<i>(3)/(1)</i>
<i>Administrative credits</i>	8 740 000	13 253 000	13 290 000	+ 51,64%	+ 52,06%
<i>Operational credits</i>	760 000	3 669 000	3 950 000	+ 382,76%	+ 419,74 %
<i>Total</i>	9 500 000	16 922 000	17 240 000	+ 78,13%	+ 81,47 %

### ***Title 1 (Staff) : An increase of 70,4 %, from 6,8 to 11,6 million euros***

The final staff 2003 (i.e. 80 temporary agents and 10 END) is increased to 95 temporary agents (70 category A, 10 B and 15 C) and 15 END, working the whole year. That involves a 88% increase of salaries compared with 2003 (from 6 to 11,3 M €, including a 2% yearly increase of the remuneration).

This establishment of 110 people corresponds to a maximum. The actual number of agents will depend on the outsourcing policy adopted by the Agency, in particular the nature of its arrangements with the JAA for managing the transition. In the longer term, that number will depend on the pace at which the Agency will internalise outsourced activities, taking into account the impact of such transfer on the functioning of national administrations.

The expenditures related to recruitment procedures (travel expenses of candidates, publication, consultancy services) decrease strongly (90 agents and 0,7 M € in 2003 ; 20 agents and 0,11 M € in 2004) mainly because of the intensive use of the EASA web site to diminish costs of publication. Those related to socio-medical infrastructure and training increase by 65% compared with 2003, all the staff working the whole year. The costs of the administrative missions and duty travels and those of receptions and entertainment are doubled (base 2003 = 6 months ; base 2004 = 12 months).

***Title 2 (Administrative expenditure) : A decrease of 13 %, from 1,9 to 1,7 million euros***

Concerning the rental of a building and the associated costs (insurance, water, gas and electricity, heating, cleaning, maintenance, security and surveillance, ...), calculation base remains the same than for 2003 (35 sqm per person and 250 € per m<sup>2</sup> and per year) but applies to 110 agents working the whole year. Consequently, the cost increases by 28%, from 0,75 to 0,96 M €.

The costs related to the purchase of IT equipment, office machinery and furniture strongly decrease, because these equipment should be mainly bought in 2003. Consequently, even if the other costs increase with the activity of the Agency (postal charges and telecommunications, paper, stationery and office supplies, experts meetings,...), the total administrative expenditure decreases by 13%.

***Title 3 (Operational expenditure) : An increase of 419% due to the full activity of the Agency***

This appropriation covers the reimbursement by the Agency of part of the costs of the certification activities executed by NAAs on behalf of EASA (from 0,34 M € in 2003 to 2,5 M € in 2004). This item will continue to grow in the following years to progressively compensate for the loss of revenue of NAAs from their national funding sources; a large part of that increase shall be covered by a related increase in the fees charged to applicants.

This appropriation also covers the development of databases and other applications specific to the business of EASA, the information and publication tasks, including the publication of the Agency's technical specifications, the organisation of seminars and conferences, the translation expenses and the missions expenses linked to certification and inspection tasks.

The strong increase in operational expenditure reflects the fact that 2004 should be the first year of full activity for the Agency.

**3/ COST OF ENLARGEMENT:**

Enlargement of the European Union in 2004 should not have a significant influence on the EASA budget: compared with a "EU 15" one, the expenditure would increase by 1,88 %, from 16,922 to 17,240 M€ (i.e. + 318 000 €).

The main increases will legitimately be found in translation costs (25%) and reimbursement of certification activities outsourced to the NAAs of these countries (+ 11%). Consequently, title 3 would increase by 7,66 %, from 3,669 to 3,950 M€ (i.e. + 281 000 €). But enlargement should not lead on an increase in the number of agents of the Agency. Consequently, the expenditure would only increase by 0,11 % in title 1, and by 1,44 % in title 2.

<i>Expenditure in M€</i> <i>Changes EU 25/ EU 15</i>	EU 25	EU 15	Difference %
Administrative missions & duty travel	0,064	0,051	+ 25,49 %
Postal charges & telecommunications	0,151	0,144	+ 5,21 %
Meeting expenses (title 2)	0,086	0,070	+ 22,86 %
Certifications activities	2,500	2,250	+ 11,11 %
Translation expenses	0,100	0,080	+ 25 %
Missions expenses (title 3)	0,210	0,199	+ 5.53 %

With enlargement, the number of third countries will automatically decrease by ten, and their contribution by 37,2 %, from 1,312 to 0,824 M€, while the fees collected as a contribution to the costs of the certification tasks would rise from 4,850 to 5.200 M€ (+ 7,22%). Consequently, the Community balancing subsidy would have to increase by 4,25 %, from 10,60 to 11,05 M€ (i.e. + 450 000 €).

<i>Revenue in M€</i> <i>Changes EU 25/ EU 15</i>	EU 25	EU 15	Difference %
Fees collected	5,200	4,850	+ 7,22 %
EC contribution	11,050	10,600	+ 4,25 %
Third countries contribution	0,824	1,312	- 37,20 %
Bank interests	0,166	0,160	+ 3,75 %

### **Annexes :**

**- Preliminary draft establishment plan 2004.**

**- Preliminary 2004 draft budget**

**2004 preliminary draft establishment plan**

Category and Grade	2003		2004	
	Permanent	Temporary	Permanent	Temporary
A2	-	5	-	5
A3/LA3	-	10	-	10
A4/LA4	-	13	-	18
A5/LA5	-	14	-	19
A6/LA6	-	7	-	12
A7/LA7	-	6	-	6
A8/LA8	-	-	-	-
<b>TOTAL A/LA</b>	<b>0</b>	<b>55</b>	<b>0</b>	<b>70</b>
B1	-	-	-	-
B2	-	-	-	-
B3	-	4	-	4
B4	-	2	-	2
B5	-	4	-	4
<b>TOTAL B</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>10</b>
C1	-	1	-	1
C2	-	1	-	1
C3	-	5	-	5
C4	-	5	-	5
C5	-	3	-	3
<b>TOTAL C</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>15</b>
D1	-	-	-	-
D2	-	-	-	-
D3	-	-	-	-
<b>TOTAL D</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL POSTS</b>	<b>0</b>	<b>80</b>	<b>0</b>	<b>95</b>

**EASA 2004 PRELIMINARY DRAFT BUDGET**

REVENUE, in €

<b>TITLE 1</b>	<b>REVENUE FROM SERVICES RENDERED</b>	<b>2004</b>	<b>2003</b>	<b>Difference %</b>	<b>Comments</b>
1.0	Fees collected	5,200,000	0		Contribution to the costs of the certification tasks
<b>TITLE 2</b>	<b>EUROPEAN COMMUNITY CONTRIBUTION</b>	<b>2004</b>	<b>2003</b>	<b>Difference %</b>	<b>Comments</b>
2.0	E.C. contribution	11,050,000	9,500,000	16.32%	Balancing subsidy
<b>TITLE 3</b>	<b>THIRD COUNTRIES CONTRIBUTION</b>	<b>2004</b>	<b>2003</b>	<b>Difference %</b>	<b>Comments</b>
3.0	Third countries contribution	824,000	0		Equivalent to 6,9% of the total subsidy needed
<b>TITLE 5</b>	<b>ADMINISTRATIVE OPERATIONS OF EASA</b>	<b>2004</b>	<b>2003</b>	<b>Difference %</b>	<b>Comments</b>
5.20	Bank interests	66,000	0		Equivalent to 1,27% out of the fees collected
5.22	Sale of publications	100,000	0		
<b>GRAND TOTAL</b>		<b>17,240,000</b>	<b>9,500,000</b>	<b>81.47%</b>	

**EASA 2004 PRELIMINARY DRAFT BUDGET**

**EXPENDITURES, in €**

<b>TITLE 1</b>	<b>STAFF</b>	<b>2004</b>	<b>2003</b>	<b>Difference %</b>	<b>Comments</b>
1.1	Staff	11,300,000	6,000,000	88.33%	Staff 2003 (I.e. 80 temporary agents + 10 END) + 5 END + 15 TA + a 2% increase in salaries compared with 2003
1.2	Expend. related to recruitment	110,000	700,000	-84.29%	Cost of recruitment procedures (intensive use of the web site to diminish costs of publication)
1.3	Administrative missions & duty travel	64,000	32,000	100.00%	Non-operational missions. Base 2003 x 2 (I.e. 100 missions at 640 € each)
1.4	Socio-medical infrastructure and training	91,000	55,000	65.45%	Restaurants, canteens, Medical service, staff training. (for all the staff during the whole year)
1.7	Reception & entertainment	40,000	20,000	100.00%	Base 2003 x 2 (6 operational months in 2003, 12 in 2004)
<b>TOTAL TITLE 1</b>		<b>11,605,000</b>	<b>6,807,000</b>	<b>70.49%</b>	Number of Agents increases by 22% compared with 2003 but all the Staff work the whole year

  

<b>TITLE 2</b>	<b>ADMINISTRATIVE EXPEND.</b>	<b>2004</b>	<b>2003</b>	<b>Difference %</b>	<b>Comments</b>
2.0	Rental of building & associated costs	962,500	750,000	28.33%	35 sqm x 110 x 250 € (all associated costs included)
2.1	Data processing expend. & associated costs	250,000	750,000	-66.67%	Support services, software development, access to databases, IT security (equipment bought in 2003)
2.2	Movable property & associated costs	85,000	250,000	-66.00%	Furniture, office machinery, networks, equipment (mainly bought in 2003)
2.3	Current administrative expenditure	150,000	70,000	114.29%	Stationery and office supplies, paper, financial charges, Legal expenses, damages, miscellaneous insurance
2.4	Postal charges & telecommunications	151,500	70,000	116.43%	Postage on correspondence and delivery charges, telephone, fax, etc...
2.5	Meeting expenses	86,000	43,000	100.00%	Experts meetings (Base 2003 x2)
<b>TOTAL TITLE 2</b>		<b>1,685,000</b>	<b>1,933,000</b>	<b>-12.83%</b>	Title 2 decreases by 13%, most of the equipment being bought in 2003

  

<b>TOTAL TITLES 1 &amp; 2</b>		<b>13,290,000</b>	<b>8,740,000</b>	<b>52.06%</b>	
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TITLE 3 OPERATIONAL EXPEND.		2004	2003	Difference %	Comments
3.0	Certification activities	2,500,000	340,000	635.29%	Costs of the certification activities reimbursed to NAAs
3.1	Development of databases	900,000	200,000	350.00%	Setting up of databases to compile data on aviation safety, creation of computer infrastructure & specific applications
3.2	Information & publications	150,000	40,000	275.00%	General report, information and technical dossiers in paper form and Internet; Agency's journal
3.3	Meetings	90,000	30,000	200.00%	Organisation of seminars & conferences (Base 2003 x 3)
3.4	Translation expenses	100,000	100,000	0.00%	Estimation of 1200 pages at 80 € per page (Most of the Implementing rules translated in 2003)
3.5	Missions expenses	210,000	50,000	320.00%	Missions linked to certification and inspection tasks
<b>TOTAL TITLE 3</b>		<b>3,950,000</b>	<b>760,000</b>	<b>419.74%</b>	2004 = first year of full activity
<b>GRAND TOTAL</b>		<b>17,240,000</b>	<b>9,500,000</b>	<b>81.47%</b>	



**EASA PRELIMINARY DRAFT BUDGET FOR 2004**

**COMMITMENTS & PAYMENTS**

**NB: Article 31 of the new financial Regulation (Reg 2342/2002) foresees that the budget shall show, in the statement of expenditure, the commitment and payment appropriations.**

<i>In M €</i>	<b>COMMITMENTS</b>			<b>PAYMENTS</b>		
	2003	2004 / EU 25	2004 EU / 15	2003	2004 / EU 25	2004 EU / 15
<b>REVENUE</b>						
1.0		5.200	4.850			
2.0	9.500	11.050	10.600			
3.0		0.824	1.312			
5.2		0.166	0.160			
GRAND TOTAL	9.500	17.240	16.922	9.386	16.848	16.371
<b>EXPENDITURE</b>						
TITLE 1						
1.1	6.000	11.300	11.300	6.000	11.300	11.300
1.2	0.700	0.110	0.110	0.700	0.110	0.110
1.3	0.032	0.064	0.051	0.032	0.064	0.051
1.4	0.055	0.091	0.091	0.055	0.091	0.091
1.7	0.020	0.040	0.040	0.020	0.040	0.040
Total title 1	6.807	11.605	11.592	6.807	11.605	11.592
TITLE 2						
2.0	0.750	0.963	0.962	0.750	0.963	0.962
2.1	0.750	0.250	0.250	0.750	0.250	0.250
2.2	0.250	0.085	0.085	0.250	0.085	0.085
2.3	0.070	0.150	0.150	0.070	0.150	0.150
2.4	0.070	0.151	0.144	0.070	0.151	0.144
2.5	0.043	0.086	0.070	0.043	0.086	0.070
Total title 2	1.933	1.685	1.661	1.933	1.685	1.661
TOTAL TITLES 1 & 2	8.740	13.290	13.253	8.740	13.290	13.253
TITLE 3						
3.0	0.340	2.500	2.250	0.289	2.125	1.913
3.1	0.200	0.900	0.900	0.170	0.765	0.765
3.2	0.040	0.150	0.150	0.034	0.127	0.127
3.3	0.030	0.090	0.090	0.025	0.076	0.076
3.4	0.100	0.100	0.080	0.085	0.085	0.068
3.5	0.050	0.210	0.199	0.043	0.179	0.169
Total title 3	0.760	3.950	3.669	0.646	3.357	3.118
GRAND TOTAL	9.500	17.240	16.922	9.386	16.647	16.371