

***European Aviation Safety Agency***

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## **ANNEX 1: EXPLANATORY NOTE**

The 2011 Budget has been prepared fully in line with the Business Plan 2011-2015 presented for adoption to this Management Board.

The Preliminary Draft Budget 2011 presented to the Management Board in March 2010 has now been amended to take into account the following changes to the original assumptions:

1. Due to the existing budgetary constraints, the Commission requested the Agency to reduce the 2011 PDB by 2.8 MEUR. The Statement of Estimates of the Commission for 2011<sup>1</sup> foresees a total EU contribution for EASA of 34.4 MEUR. A proposal of savings has been presented and discussed in the Management Board in June 2010 and the Business Plan 2011-2015 contains the final outcome of the exercise.
2. Concerning the entry into force of the 1<sup>st</sup> and 2<sup>nd</sup> extension, the Draft Work Programme and the PDB issued at that time were based on the 2010-2014 Business Plan assumptions, namely:
  - 1st extension: the Implementing Rules related to Air Operations, Pilot Licensing and Third Country Operators will be adopted in April 2012 at the latest, considering two years transition period<sup>2</sup> beyond that date.
  - 2nd extension: the Implementing Rules related to Air Traffic Management and Air Navigation Services will be adopted in December 2012 at the latest, and the Implementing Rules for Aerodromes will be adopted in December 2013 at the latest. Two years transition periods<sup>2</sup> were considered beyond those dates.

In the meantime the following has changed:

- a) Following the Commission's opinion, the two years transition periods are no longer taken into consideration for the Agency's planning documents. Instead, the possibility of opt-out options for certain activities are considered.
- b) While developing the 2011 Draft Work Programme and the PDB, the Commission requested EASA to organise the so-called "fast track" procedure to develop ATM Implementing Rules, part of the second extension of the remit. The impact of the fast track has been included in the executive summary of the 2011 Work Programme presented to the MB for adoption to the extent of our current knowledge. However, the text for the different core activities has not been completely reviewed in order to avoid major modifications throughout the document on which the MB has already discussed and the European Commission has produced its opinion.

The 2011 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

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<sup>1</sup> SEC(2010)473

<sup>2</sup> Specific transition measures will be proposed in the EASA's opinion for all Implementing Rules.

results in a headcount target of 574 at the end of 2011, fully in line with the approved SPP 2011-2013.

## Final Budget Proposal

TOTAL EASA				
€ '000	2nd amending budget 2010	PDB 2011	PB 2011	
<i>Income from Fees&amp;Charges (Current year)</i>	€ 72.959	€ 68.768	€ 75.149	
<i>Income from Fees&amp;Charges (Carry over)</i>	€ 27.135	€ 23.583	€ 27.135	
<i>Subsidy from the European Community</i>	€ 34.197	€ 37.060	€ 34.351	
<i>Third countries contribution</i>	€ 1.650	€ 1.826	€ 1.692	
<i>Other Income</i>	€ 1.273	€ 1.078	€ 1.228	
<b>Total Income</b>	<b>€ 137.214</b>	<b>€ 132.314</b>	<b>€ 139.554</b>	
T1 Staff	€ 56.430	€ 62.073	€ 61.789	
T2 Buildings equipments	€ 14.182	€ 14.756	€ 13.547	
T3-NAA outsourcing	€ 26.933	€ 15.671	€ 28.842	
T3- other operational	€ 15.374	€ 15.866	€ 13.644	
T4 Special programmes	€ 673	€ 365	€ 365	
T5 Provisions	€ 23.622	€ 23.583	€ 21.367	
<b>Total Expenditure</b>	<b>€ 137.214</b>	<b>€ 132.314</b>	<b>€ 139.554</b>	

### 1. Fees and Charges Financed Activities

FEES & CHARGES financed activities				
€ '000	2nd amending budget 2010	PDB 2011	PB 2011	
<i>Income from Fees&amp;Charges (Current year)</i>	€ 72.959	€ 68.768	€ 75.149	
<i>Income from Fees&amp;Charges (Carry over)</i>	€ 27.135	€ 23.583	€ 27.135	
<i>Other Income</i>			€ 637	
<b>Total Income</b>	<b>€ 100.094</b>	<b>€ 92.351</b>	<b>€ 102.921</b>	
T1 Staff	€ 33.340	€ 36.594	€ 37.707	
T2 Buildings equipments	€ 8.701	€ 8.792	€ 8.280	
T3-NAA outsourcing	€ 26.933	€ 15.671	€ 28.842	
T3- other operational	€ 7.498	€ 7.711	€ 6.725	
T5 Provisions	€ 23.622	€ 23.583	€ 21.367	
<b>Total Expenditure</b>	<b>€ 100.094</b>	<b>€ 92.351</b>	<b>€ 102.921</b>	

Compared with the PDB 2011, both Income and Expenditure have been increased by the original revenue carried over from the final outturn of 2009 (€ 3.5m).

The refinement of the assumptions on the transition period for new remits and more precise workload estimation generated an increase in Revenues of € 6.3m.

Regarding costs, the T1 increase is mainly linked to the evolution of the hiring plan, while the T3-NAA outsourcing shows an increase linked to additional hours outsourced for the new activities and the Working Capital (as discussed during the 1<sup>st</sup> amending budget procedure 2010) allocated in order to ease the administrative process.

## 2. Regulatory Activities

SUBSIDY financed activities					
€ '000	2nd amending budget 2010		PDB 2011		PB 2011
<i>Subsidy from the European Community</i>	€	34.197	€	37.060	€ 34.351
<i>Third countries contribution</i>	€	1.650	€	1.826	€ 1.692
<i>Other Income</i>	€	1.273	€	1.078	€ 591
<b>Total Income</b>	€	<b>37.120</b>	€	<b>39.964</b>	€ <b>36.634</b>
T1 Staff	€	23.090	€	25.480	€ 24.082
T2 Buildings equipments	€	5.481	€	5.964	€ 5.267
T3- other operational	€	7.876	€	8.155	€ 6.920
T4 Special programmes	€	673	€	365	€ 365
<b>Total Expenditure</b>	€	<b>37.120</b>	€	<b>39.964</b>	€ <b>36.634</b>

Due to the existing budgetary constraints, the Commission requested the Agency to reduce the 2011 PDB by 2.8 MEUR. This reduction has been balanced by an equivalent reduction in the operational costs. This exercise has been done on a structural basis and is not only applicable to 2011.

Name	Sum of Total Saving	Sum of Savings on Subsidy
Accreditation	203.466	203.466
ICT	1.690.000	692.900
International cooperation	87.000	87.000
Research	100.000	100.000
Operation mission expenses	960.857	703.810
Organisation of expert meetings	179.014	179.014
Rental and building related exp	297.293	112.971
Standardisation studies	100.000	100.000
Technical Library	-50.000	-18.000
Technical training	195.000	70.200
Telephone (hardware)	145.000	59.450
Telephone (subscriptions and charges)	115.000	47.150
Transfer S to IT	-30.000	-30.000
Translation studies	130.132	130.132
Savings on T1 & T2	556.000	339.000
<b>Grand Total</b>	<b>4.678.761</b>	<b>2.777.092</b>