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COUNCIL

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Council

PRESENTATIONAL BUDGET ENVELOPE ADJUSTMENTS: OVERVIEW

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I. Introduction

1. Several changes to the presentation of the OECD Budget have already been agreed by Council or are recommended by the Budget Committee. All changes are presented together in this paper in order to show the overall net effect on the budget envelope. The changes will be reflected in the Budget from January 2005. None of these changes affect Members' assessed contributions, and the PWB for 2005/06 will be built on the revised Budget base.

II. Proposals Already Presented to Council

Joint OECD/ECMT Transport Research Centre[C(2003)128/FINAL]

2. This change has been agreed by Council, in its decision to establish a Joint OECD/ECMT Transport Research Centre for an initial period of three years.

3. The creation of this Centre is a merger of the RTR Programme (Programme of Co-operation in the Field of Research on Road Transport and Intermodal Linkages), a consolidated Part II Programme, with part of the ECMT (European Conference of Ministers of Transport), a non-consolidated Part II Programme. The RTR Budget (Chapter 36) of KEUR 933.8 (2004 figures) is unchanged but will be shown from 2005 as a part of the non-consolidated Part II of the Budget, and no longer included in the Budget envelope. The detailed Budget 2004 for the Centre was presented in document [C/PWB(2003)6].

OECD Codes and Schemes in the Agriculture Field and Programme on Biological Resource Management [C(2003)176/REVI and its CORRI]

4. As recommended in the Nicholson Report, (Recommendation n° 16), Council noted in its meeting on 26 February 2004, that the Secretary-General will submit a proposal to fund, outside the envelope as "non-consolidated" Part II programmes, the annual meetings on the four OECD Codes or Schemes in the agricultural field (Chapter 45) and the Co-operative Research Programme on Biological Resources Management for Sustainable Agriculture Systems (Chapter 40), within the context of the 2005/06 Programme of Work and Budget preparations.

5. In order to give formal effect to this change, it is reflected in the draft Conclusions at the end of this document.

III. Changes Recommended by the Budget Committee

6. The Budget Committee has, over recent months, considered three other changes to the Budget presentation that are in line with recommendations of the Board of Auditors. The Committee recommends for Council approval the changes set out in the following paragraphs. The most significant change concerns the "regrouping" of the publication activity.

Publications [EXD/BC(2004)14/REVI]

7. The Budget Committee is recommending at this time that the Publications budget be established as a single Annex Budget Chapter and that the financing items of this chapter include Member contributions and publications income.

8. The recommended change to the presentation of the publications activity aims to provide a comprehensive view of all the publications expenditure managed by the Public Affairs and Communications Directorate. The changes, which have been recommended by the Board of Auditors,

increase transparency and allow a direct comparison of publications expenditures with its associated income.

9. It is proposed to gather all publications expenditures in an Annex Budget (Chapter 75, Publications). In 2004 figures, this would lead to a reduction in Title I of KEUR 7 080.2; in Title II (investments) of KEUR 22.2; and in the Annex Budget Chapter 72 of KEUR 5 975.8. The new Annex Budget Chapter 75 thus would be allocated KEUR 13 078.2 based on the 2004 Budget figures. The new revenue Chapter 75 would be allocated the same amount.

Reimbursable posts [EXD/BC(2004)13/REV1]

10. The Budget Committee recommends to integrate those reimbursable posts most clearly linked to the PWB, as well as their associated income, in the OECD Part I Budget (Title I). Today the reimbursable posts and the incomes financing these are budgeted under Title III. The reasons for integrating the reimbursable posts are to simplify the overall Budget presentation; to respect the budget principle of non-allocation concerning revenue; and to respond to advice from the Board of Auditors on this matter.

11. In 2004 figures, the integration of the reimbursable posts would lead to an increase of the expenditure and income budget under Title I of KEUR 1 835.7. Title III income and expenditure budget would be reduced by the same amount.

Post employment medical coverage [EXD/BC(2004)12]

12. Retiree medical costs have been budgeted as a part of pension costs and included in the Pension Annex Budget since its creation in 1996.

13. Medical coverage is not included in the Pension Rules and should thus not be combined with the pension costs. A Budget neutral “technical” adjustment is therefore proposed, transferring these Budget appropriations and income from the Pension Annex Budget to a new budget line in Chapter 2 of the Part I budget. This cost of medical benefits to retirees will remain included in the OECD consolidated Budget envelope. In 2004 figures, the amount is KEUR 2 040.

Total Budgetary Effect

14. The Table below shows the overall impact of the changes on the consolidated Budget envelope in terms of 2004 figures. There would be no net increase in the total budget of the Organisation (Title I plus Title II plus Title III). None of these changes would have an effect on the Member countries contributions.

TABLE I

| | 2004 Budget | PUB | REIMB | RTR/ ECMT | BIO | C&S | Medical Pensions | New base 2004 | Change in Contri- butions |
|---------------------------------------|----------------|---------------|--------------|--------------|-------------|-------------|---------------------|------------------|---------------------------------|
| TITLE I | KE | | | | | | | KE | KE |
| . Part I | 159,019 | -7,080 | 1,836 | | | | 2,040 | 155,815 | -208 |
| . Part II-consolidated | 25,567 | | | -934 | -750 | -925 | | 22,958 | -2,487 |
| TITLE II-capital | 2,115 | -22 | | | | | | 2,093 | -22 |
| ANNEX: Pensions (closed group) | 42,980 | | | | | | -2,040 | 40,940 | -2,040 |
| <i>Consolidation</i> | -36,326 | | -668 | | | | | -36,994 | |
| Total Consolidated envelope | 193,356 | -7,102 | 1,168 | -934 | -750 | -925 | 0 | 184,812 | -4,757 |
| TITLE I | | | | | | | | | |
| . Part II non-consolidated | 38,070 | | | 934 | 750 | 925 | | 40,679 | 2,487 |
| TITLE III | 7,822 | | -1,836 | | | | | 5,986 | 0 |
| ANNEX BUDGETS | | | | | | | | | |
| . Pensions (non-consolidated) | 38,410 | | | | | | | 38,410 | |
| . Publications | 5,976 | 7,102 | | | | | | 13,078 | 2,270 |
| <i>Reinstatement of consolidation</i> | 36,326 | | 668 | | | | | 36,994 | |
| GRAND TOTAL BUDGET | 319,958 | 0 | 0 | 0 | 0 | 0 | 0 | 319,958 | 0 |

Conclusion

15. In light of the opinion of the Budget Committee of 4 and 28 May 2004 [EXD/BC(2004)12; EXD/BC(2004)13/REV1; EXD/BC(2004)14/REV1], the Secretary-General invites the Council to adopt the following draft conclusions:

THE COUNCIL:

- a) noted document C(2004)96;
- b) agreed to fund, outside the envelope as “non-consolidated” Part II programmes, the OECD Codes and Schemes in the Agricultural Field (Chapter 45) and the Co-operative Research Programme on Biological Resources Management for Sustainable Agriculture Systems (Chapter 40); as from 1 January 2005;
- c) agreed that the Publications budget be separated from Titles I and II in the 2005/06 PWB and established as a single Annex Budget Chapter, nominated as Chapter 75 Publications;
- d) agreed that the financing items of the Publication Chapter include Member contributions and publications income;
- e) agreed that the Annex budget Chapter 72 – Distribution and promotion of publications – would be merged into the newly created Annex Budget Chapter 75 Publications; as from 1 January 2005;

- f) agreed that the appropriation for 24,5 reimbursable posts would be transferred from Title III Chapter 65 to Title 1, Part I, Chapter 2 Permanent Staff, as from 1 January 2005;
- g) agreed that the income for 24,5 reimbursable posts would be transferred from Title III Chapter 65, Item 3-17 to Title I, Part I, Chapter 7 Other Income; as from 1 January 2005;
- h) agreed that the appropriation for the Post Employment Medical Coverage would be transferred from the Annex Budget – Pensions Scheme Chapter 71 to Title I, Part I, Chapter 2 Permanent Staff; as from 1 January 2005;
- i) agreed that the income regarding Post Employment Medical Coverage would be transferred from the Annex Budget – Pensions Scheme Chapter 71 to Title I, Part I, Chapter 1 Member County Contributions; as from 1 January 2005.