



Organization for Security and Co-operation in Europe
PARLIAMENTARY ASSEMBLY

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REPORT
OF
THE TREASURER

ROTTERDAM, 5 - 9 JULY 2003

**REPORT OF THE TREASURER TO THE TWELFTH ANNUAL SESSION OF
THE OSCE PARLIAMENTARY ASSEMBLY
Rotterdam, July 2003**

Dear Colleagues,

I am pleased to report to you on the financial position of the OSCE Parliamentary Assembly and to tell you that we are in sound and favourable financial condition. As I reported to you at the Winter Meeting, the Assembly stayed within its budget during the last fiscal year and I can report to you now that we expect to once again operate within our allocated budget during the present fiscal year. As I reported to the Expanded Bureau meeting in Copenhagen in April, I have met with our external auditors at KPMG and they have given me a very positive assessment of the financial management of our funds and they have expressed their complete approval of the financial procedures followed by the staff of the International Secretariat.

The Secretary General, the Deputy Secretary General for Finance, and the Financial Assistant have kept me informed on a regular basis on the condition of our finances – who has paid their dues and who has not paid, who was late and who was on time, and on the outlays and expenditures of the Organisation. Although not all parliaments have paid their assessments on time, most paid very close to – if not before – the October 1 deadline and by the time of the Expanded Bureau meeting in April approximately 96% of the assessed dues had been paid. That figure is now approximately 99%. I will distribute a chart showing the amount paid by each country last year, including those few exceptions who have not yet met their obligations. As you know, those who have not paid their dues will not be allowed to vote.

I have attached several documents for your review which will give you relevant information and details about our financial condition. The documents are as follows:

- The first is the chart of last year's payments, which is self-explanatory.
- The second is a projection of where we expect to be at the end of this fiscal year on September 30 based on our present rate of spending and the meetings and activities which are projected to take place during the next two and a half months. As you can see, we hope to have at least a small amount of savings that will be devoted to the further building of our reserves, or to the purchase of needed equipment such as computers, or the establishment of a new website for the Assembly. As you know, it has been the goal established by my two predecessors as Treasurers of the Assembly to try to build a reserve fund approximately equivalent to one year's annual budget over a period of years. At present our reserves total 74.96% of the proposed budget for the next fiscal year.
- The third document is the proposed budget for fiscal year 2003/2004, which I submit for your approval. The budget calls for an increase of 4.75% over last year's expenditures. This document gives you a breakdown of guidelines of projected expenditures within the various categories reflected in the budget. The proposed increase takes into account inflation, increased activities and modest salary raises for our staff.

This year's budget also includes an allocation for our new Liaison Office in Vienna, which also continues to function within the budget approved by the Standing Committee last year. As you know, the Head of the Office, Ambassador Andreas Nothelle, is generously seconded to us by the German Bundestag which means that nearly two thirds of the cost of our newly established presence in Vienna is borne by our German colleagues.

I should also point out that our Press and Public Affairs Counsellor, Mr. Jan Jooren, is now in his fifth year as a senior seconded member of our staff, generously provided by the Foreign Ministry and the Prime Minister's office in the Netherlands. We are particularly grateful to our Dutch colleagues for the excellent work that Mr. Jooren has done in producing materials that publicise and explain the work of the Parliamentary Assembly to the press and to the public as well as to OSCE member governments and parliaments.

The most generous contribution of all, however, is the continuing support that we receive from the Danish Parliament in hosting our Headquarters in Copenhagen. Their provision of excellent premises, as well as furniture and some equipment for our International Secretariat, has been the largest contribution of any country to the Parliamentary Assembly. They are wonderful hosts, not only to our Secretariat, but also to the regular meeting of the Expanded Bureau each Spring in Copenhagen, an event which all of the leadership look forward to attending. I should also point out that the Austrian Government also assists with the Parliamentary Assembly by paying half the cost of the rent of our new premises in Vienna.

When you look at the complete picture, we are indeed in very good shape and have received great support from a variety of sources which help to make our Assembly not only the most efficient, but also the least expensive of any international organisation of its kind. The Secretary General has done a very good job of maximizing the cost effectiveness of the work of the International Secretariat and getting the most possible benefit and return from our resources.

These figures show that we are on target. I have asked the Secretariat to continue their vigilance with respect to controlling our costs. As the Parliamentary Assembly's schedule of meetings becomes increasingly busy, then additional costs are incurred. I do not want this to be interpreted, however, as a request to stop working, particularly when I see the reports on how successful such additional meetings are, for example, the Trans Asian Parliamentary Forum which was held in Kazakhstan last month and the Conference on Sub-Regional Economic Cooperation which took place in Bern in May. These meetings are very important and very productive. Most of the costs were actually borne by the Host Parliaments in those two countries. Our International Secretariat, of course, was mainly responsible for organising these meetings.

As I pointed out in my report to the Expanded Bureau last April, an examination of the budget of the OSCE governmental side showed that our permanent staff, nearly all of whom have served longer than their counterparts in the OSCE Headquarters in Vienna, have been paid considerably lower salaries than individuals occupying similar positions in the other OSCE Institutions. We did our best to alleviate that situation with raises to most of the permanent staff during the second half of the present fiscal year,

using funds saved from other parts of the budget. Those increases are reflected in the proposed budget for the next fiscal year. The staff continue to work efficiently and effectively for our benefit and we are grateful for their dedication.

The rise in the category entitled “Capital Expenditure” is mainly due to additional technical requirements. The Secretariat has been in contact with several internet companies in Copenhagen with a view to creating our own webpage rather than relying on the goodwill of the Information Office in the OSCE Secretariat. By having our own webpage we will be able to prioritize and make information available in a timely fashion and, most importantly, we will have complete editorial control on its contents. I believe that having our own webpage will be of great benefit to the Assembly as today’s society becomes increasingly reliant on “virtual” information.

As you will have heard during the Remarks made by our President and Secretary General, our Liaison Office in Vienna has been operating since the end of last year. I would like to take this opportunity to thank both the German Bundestag, who seconded Ambassador Andreas Nothelle to head the office, and the Austrian Foreign Ministry who contribute to the renting of our wonderful premises there. I have been informed that several OSCE PA delegations have visited the Liaison Office and are pleased with the work being carried out there although I understand that more work needs to be done in order to reap the maximum benefits of having an office in Vienna.

I think that all of the documents that I have distributed are self-explanatory and will give you a full and accurate picture of our financial affairs. We continue to operate within our very modest budget in a highly effective and efficient manner and, as KPMG stated in their report to me, the financial procedures followed are of a high standard. I would like to thank the Secretary General Spencer Oliver, Deputy Secretary General Pentti Väänänen and particularly the Financial Assistant Per-Henrik Dürr for the good job they continue to do in managing our finances.

In my report to you last year, I stated that we would continue to follow the principles of frugality, proven need, effectiveness, measurable results, and always of course, on transparency and accountability. This has been the case and will certainly continue under my stewardship. The KPMG Auditors are strongly in agreement with these principles and approach, and agree with this assessment. If you have any questions, either myself or a member of the International Secretariat would be happy to answer them.

May I again thank the Secretariat for their openness, prompt assistance and efforts to keep our finances in excellent shape in a cost effective fashion. Finally, I would also like to express my gratitude to the Dutch hosts who have worked so hard to make this Twelfth Annual Session a successful and memorable meeting.

Approved Budget 2003/2004
Account Analysis

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Approved
2002/2003
BUDGET
(in EUROS)

Approved
2003/2004
BUDGET
(in EUROS)

SALARIES AND STAFF EXPENSES

642,800 SALARIES	759,784
29,000 INSURANCE: HEALTH AND ACCIDENT	29,000
117,500 POST ALLOWANCES	123,669
8,400 TEMPORARY HELP	8,400
96,300 SEVERANCE BENEFIT FUND	113,968
13,700 STAFF CONTINGENCY FUND	13,700
907,700 TOTAL	1,048,521

OFFICE MAINTENANCE AND SUPPLIES

15,100 CLEANING	15,100
6,200 ELECTRICITY	6,200
300 SECURITY	300
43,300 MAINTENANCE/LEASING OF OFFICE EQUIPMENT	43,300
25,600 INFORMATION TECHNOLOGY & EQUIPMENT	25,600
4,000 SMALL FIXED ASSETS	4,000
14,200 POSTAGE/FREIGHT	14,200
47,000 TELEPHONE	40,000
12,800 FAX	10,000
8,000 STATIONERY/SUPPLIES	8,000
11,300 PRINTING	11,300
4,200 PERIODICALS, SUBSCRIPTIONS	4,200
10,000 USE AND MAINTENANCE OF CAR	10,000
4,100 MISCELLANEOUS OFFICE SUPPLIES	4,100
206,100 TOTAL	196,300

TRAVEL EXPENSES

37,500 GENERAL TRAVEL EXPENSES	37,500
57,000 ELECTION MONITORING	57,000
86,300 MISSIONS	86,300
49,400 PRESIDENTIAL SUPPORT	49,400
8,500 SPECIAL MEETINGS	6,000
238,700 TOTAL	236,200

MISCELLANEOUS EXPENSES

10,700 AUDIT FEES	10,700
3,600 LEGAL FEES/BANK CHARGES	3,600
400 STAFF RECRUITMENT	400
1,500 REMOVAL EXPENSES	1,500
16,200 TOTAL	16,200

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ANNUAL SESSION

31,300 TRANSLATION	31,300
85,500 INTERPRETATION	85,500
14,400 REVISORS	14,400
12,400 TYPISTS	12,400
3,100 EXTRA STAFF	3,100
27,100 TEMPORARY STAFF	27,100
37,100 STAFF TRAVEL AND LODGING	37,100
3,600 EQUIPMENT/OFFICE EXPENSE	3,600
3,600 REPRODUCTION	3,600
4,200 PRESIDENT'S RECEPTION	6,800
1,900 GENERAL ENTERTAINMENT	1,900
2,200 LOCAL TRANSPORTATION	2,200
4,200 SPECIAL GUESTS/VIP EXPENSES	4,200
2,200 COMMUNICATIONS COSTS	2,200
4,200 MISCELLANEOUS EXPENSES	4,200
237,000 TOTAL	239,600

WINTER MEETING, STANDING COMMITTEE,
BUREAU AND OTHER MEETING COSTS

71,000 STAFF TRAVEL AND ACCOMMODATION	71,000
64,400 TRANSLATION/INTERPRETATION	64,400
3,600 ENTERTAINMENT/REPRESENTATION	3,600
2,900 LOCAL TRANSPORTATION	2,900
9,200 MISCELLANEOUS	9,200
151,100 TOTAL	151,100

BACK-UP COSTS

11,800 TRANSLATION OF DOCUMENTS	11,800
9,400 PUBLICATION OF DOCUMENTS	9,400
5,200 CONTACTS WITH DELEGATIONS	5,200
1,500 LIBRARY - DOCUMENTATION	1,500
4,100 REPRESENTATION	4,100
32,000 TOTAL	32,000

PUBLICITY EXPENSES

12,800 PRESS RELEASE/BROCHURES	12,800
2,900 P.R. COSTS	2,900
15,700 TOTAL	15,700

CONTINGENCY

49,900 CONTINGENCY	23,500
49,900 TOTAL	23,500

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RESEARCH ASSISTANT PROGRAM

84,800 SUBSISTENCE/LODGING	84,800
37,000 TRAVEL	37,000
900 INSURANCE	900
900 DOCUMENTATION/RESEARCH	900
4,200 EQUIPMENT/OFFICE COSTS	4,200
127,800 TOTAL	127,800

CAPITAL EXPENDITURE

8,200 COMPUTERS, WORD PROCESSORS	8,200
3,600 AUTOMOBILE	3,600
7,800 FURNITURE AND EQUIPMENT	7,800
2,900 RENOVATION	2,900
4,200 MISCELLANEOUS CAPITAL EXPENDIT.	4,200
26,700 TOTAL	26,700

2,008,900 Existing Financial Requirements

2,113,621

VIENNA LIASON OFFICE

25,000 SALARIES	25,000
12,000 INSURANCE: HEALTH AND ACCIDENT	12,000
5,000 POST ALLOWANCES	5,000
3,625 SEVERANCE BENEFIT FUND	3,625
13,000 REMOVAL EXPENSES	13,000
12,500 RENT	12,500
4,000 DEPOSIT/FEE	0
2,000 ELECTRICITY	2,000
5,000 CLEANING	5,000
15,000 FURNITURE/EQUIPMENT	15,000
2,000 SMALL FIXED ASSETS	2,000
2,000 POSTAGE/FREIGHT	2,000
4,000 TELEPHONE	4,000
1,500 FAX	1,500
2,000 STATIONERY/SUPPLIES	2,000
2,000 TRAVEL	2,000
500 MISCELLANEOUS OFFICE SUPPLIES	500
111,125 TOTAL	107,125

2,120,025 Existing Financial Requirements

2,220,746

4.75