FINANCE COMMITTEE

Forty-sixth Meeting

Geneva - 11 September, 1962

WORKING PARTY ON THE CERN PROGRAMME AND BUDGET

FINANCE COMMITTEE PROCEDURE

(by Directorate Member for Administration)

The Chairman of the Finance Committee, Dr. G.W. Funke, has asked to have this administrative paper circulated as a working document for the meeting of 11 September and subsequent meetings.
1. During the three months after 11 September, the Finance Committee has to prepare its recommendations on the Bannier Report for the December Council, it has also to put itself in a position to be able to report that a majority of the Member States, commanding a majority of the subscriptions, will be prepared to vote for a certain budget. The two questions are, of course, intimately linked. In dealing with them the Committee will have to consider, among other things, the following points:

   a) The appropriate amount of inflation, from 1961 to 1962, which will be subsumed, to an extent to be determined later, in the 1963 budget, and also in the estimate for 1964. As a result of this exercise the Committee may or may not wish to lay down some general rules for the calculation of an inflation index in future years. One of the largest factors determining the amount of inflation this year will be:

      - a claim for an increase in pay and allowances.

   b) Whether the base figure for discussing budgets and their increases should be expenditure or contributions.

c) They may also wish to consider what should be the procedure and time-table in future years of working to the four-year programme, if this is approved. It should be considered, for instance, whether the whole consideration of the figures of the whole four years should be concentrated during the budget period. It may also be desirable to give some thought as to how such a procedure should be modified during the introductory period. In particular should estimates for 1965 and 1966 be "determined" this December?

d) A point of some importance under the same general heading would be voting procedure. This is already laid down for the budget in terms of the Resolution CERN/408.

   "CONSIDERING the importance of securing the greatest possible degree of agreement in any Council decision on the budget of the Organization,

   THE COUNCIL asks the Finance Committee to ensure that any draft budget recommended to the Council by the Finance Committee is supported by a majority of the Member States so composed that the sum of the contributions of these Member States exceeds the sum of the contributions of the Member States who would oppose the budget."
It is not clear whether the same procedure should be applied to the voting on the figures for the 2nd, 3rd and 4th years. Nor is it clear whether the figures for all four years should be voted on together or separately.

e) Attention should be drawn also to the recommendation in the Bannier Report (CERN/442, page 39, last paragraph):

"The Working Party further recommends that the firm estimate for the second year can only be adjusted, for other reasons than wage and price variations, without dissent in the Council."

2. At its meeting of 11 September, the Finance Committee will have before it various papers dealing with some of the above points and will be given an oral exposé of the probable shape of the 1963 budget. It will not be possible at this stage to put any figures down on paper since work will still be going on on the drafting of the budget and, in particular, on its relationship to the estimate for 1964. But it is hoped to be able to indicate at least its approximate size and any peculiar features, so that the Committee will have a background for a first discussion of the Bannier Report and of any points of procedure and principle which may arise.

At this meeting, therefore, the Committee would be asked to:

a) Give a first consideration to the papers on inflation and the increase in pay and allowances as also to that on the basis of percentage calculations. They will probably not wish to take final decisions on any of those papers since such decisions can only be taken sensibly in the context of decisions on the budget.

b) Have a first discussion on any procedural points implied by the Bannier Report and to give the Administration any instructions which may be necessary for the production of further papers, e.g. on time-table and voting procedures.

3. Draft budget figures for 1963 and draft firm estimate for 1964 will be presented to the meeting of 11 October. At the same time, the Chairman of the Scientific Policy Committee should be in a position to give at least an oral report on the work which his Committee and its Working Parties have done on the programme of CERN as reflected in CERN/443. At
this meeting it will be most desirable that, if possible, any important criticisms of the 1963 budget are made and discussed, and the Administration should be able to receive, if possible, a first general indication as to the probable attitude of the Member States to the budget so that, if necessary, an amended or alternative budget can be presented to the meeting arranged for 15 November. If, as a result of the October discussion it looks as though serious programme cuts will be necessary to secure an agreed budget, it may be necessary to get the Scientific Policy Committee to express a preference, from the point of view of physics, as between various possible cuts.

4. The meeting of 15 November will be the last effective occasion on which, without some sort of emergency procedure, the Finance Committee will have to reach a majority agreement on the general shape and size of the budget. If this can be done then the final documents will simply have to be tidied up, and then checked and approved at the December meeting of the Finance Committee and presented to the Council the day after. If it cannot, then presumably there will have to be emergency meetings between 15 November and 18 December. At the November meeting therefore the Administration will have to present documents, containing possible alternatives, on the basis of which it may be possible for the Finance Committee to reach broad agreement. These may have to include Scientific Policy Committee comments on the effects of possible alternative cuts in the programme.

5. In the course of the process of the discussion and the decision about the budget, which is described above, the Finance Committee is likely to learn a good deal about the implications of the Bannier Report and about its attitude towards them. It seems unlikely that the Committee will be able to take a final view of the Report until it has gone through the laborious process of doing a first exercise on a budget which, according to the instructions of the Council, has been established "in the spirit of the Working Party's conclusions". They may therefore wish to leave their recommendations on the Report for discussion at the November meeting and for final approval at the December meeting immediately before Council. They may also at the same time then be in a position to make, in detail, recommendations about future procedure and timetable.
6. At this meeting therefore the Committee will be asked to give instructions for the preparation of:

   a) A final draft budget which the Committee will be prepared to recommend to the Council.

   b) A related comment on the estimate for 1964.

   c) A recommendation on the inflation index applicable to the 1963 budget.

   d) A report and recommendation on the Bannier Report which may deal specifically with:

       i) a general method of calculating inflation index, if this is thought to be desirable;

       ii) a note on the basis of calculation of percentage increases;

       iii) a note on future time-table and procedure under the Bannier Report;

       iv) a note on voting procedure.