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TO THE COUNCIL AND PARLIAMENT

Financing new buildings for the European Parliament in Brussels and Strasbourg

FINANCING NEW BUILDINGS FOR THE EUROPEAN PARLIAMENT IN BRUSSELS AND STRASBOURG

INTRODUCTION

1. The decision adopted by the governments of the Member States at the European Council in Edinburgh on 12 December 1992 requires the European Parliament to carry on its activities in Strasbourg, Brussels and Luxembourg. Appropriate buildings must therefore be made available in each of these three cities.

For new buildings, Parliament is tending towards long-term leasehold formulas with purchase options:

(a) For Brussels and Strasbourg, the aim is to establish a buildings capacity compatible with a Parliament of around 700 members, which it currently considers its maximum potential size, even in the case of future enlargement of the European Union.

In Brussels, the "Espace Léopold" programme consists of constructing three buildings. Buildings D1 and D2 have been completed and fully paid for from Parliament's budget (for a total of ECU 344.35 million, including ECU 28.55 million in interest). Building D3, the cost of which is currently estimated at ECU 831 million including the land, will be ready for 1 April 1997. Parliament intends to have vacated all other buildings apart from the Espace Léopold, Montoyer and Eastman buildings by the end of 1997, which means that shortly after this date the Belliard I and II, Renard, Remorqueur and Van Maerlant buildings will be given up.

In Strasbourg, the IPE IV building, the cost of which is currently estimated at ECU 460 million including land, should be available to Parliament on 1 October 1997. At that point, Parliament will cease to occupy the Palais and the IPE III building.

(b) For Luxembourg, Parliament does not foresee any new building projects, but is examining the possibilities for purchasing office buildings that it currently leases.

2. Parliament recently drew up new guidelines for the conditions for financing the D3 building in Brussels and the IPE IV building in Strasbourg, with the aim saving money and increasing the transparency of the operations:

- examination of the possibilities of replacing the current financing arrangements, which involve the intermediation of property developers and the conclusion of leasehold contracts with them, by a direct financing allowing for the purchase of the buildings as soon as they are available, or shortly afterwards;

- reduction of the period for financing from the current 20 years (Bureau decision of 24 January 1996) to 10 years. This shorter period was assumed by Parliament in the figures it put forward for the 1997 preliminary draft budget.

Parliament would also like to introduce a strict alignment, as far as possible, between the financing formulas in Strasbourg and Brussels.

3. The European Parliament asked the Commission, as the competent body for proposing, regulating and managing the budget, to present a communication to the budgetary authority on these guidelines.

This communication is the response to the request. First of all, it notes the main features of the current financing system, on the basis of information provided by Parliament. It then states what, according to the Commission, would be the legal, accounting, financial and budgetary implications of the new guidelines envisaged by Parliament.

4. The budgetary authority is asked to take a position:

- on the principle of direct financing contracted by the European Community for these buildings operations, the repayment of which would be charged to Parliament's budget;

- on the length of the financing period, either in the case of direct financing or within the framework of the current financing system (without prejudice to the improvements which could be made to it, depending on the possibilities of the financial markets).

I - THE CURRENT FINANCING SYSTEM

1. The D3 building in the "Espace Léopold" complex in Brussels

The building work undertaken by Parliament in Brussels will bring the total area used by it to around 406 000 m^2 (above and below ground), compared with 175 000 m^2 now.

A leasehold contract with purchase option was concluded for the construction of the complex, for a period of 27 years from the delivery date for each building and with a repayment period of 20 years, signed on 8 January 1992 between Parliament and the SEL (Société Espace Léopold).

With regard to long-term financing, this contract allows Parliament, in close collaboration with the SEL, to modify, if it is considered more beneficial, the financing terms stated at the outset.

The contract gives Parliament the possibility of making one or several capital payments, deducted from the amount still outstanding. These payments lead to the reduction of either the amount or the number, as Parliament decides, of future instalments. In this way, the investment costs of the D1 and D2 buildings were fully repaid on 31 July 1995 and 1 March 1996 respectively. For the D3 building, the financing conditions currently remain those set out at the beginning: credit provided by a bank consortium, over 20 years, in BFR (BIBOR+0.15%) or in ecus (LIBOR+0.275%).

Parliament can, at any time, buy the buildings for the sum of the outstanding capital or for one ecu if it has been fully repaid. However, the purchase option for the land on which the D3 building stands may only be exercised until 31 May 1998, and in this case Parliament is bound also to exercise the purchase option on the rest of the complex.

The land on which the D3 building stands is currently leased by the Belgian railways (SNCB), which owns it, to the SEL, under a 93-year lease, which has already been paid in full. On the condition that Parliament exercises its option on this land before 31 May 1988, and, therefore, on the whole complex, the Belgian government has undertaken to subsidize this purchase (valued, at the end of 1995, at BFR 4 138 million, or ECU 107 million), on the basis of the terms of payment currently being negotiated with Parliament.

Independently of the question of whether the land will be purchased or not, the terms of the Belgian government's acceptance of the costs of development (BFR 2 600 million excluding VAT) still have to be agreed.

2. The IPE IV building in Strasbourg

This building will consist of a new assembly chamber seating 750, a press centre and 1133 offices. The building work undertaken by Parliament in Strasbourg will bring the total area occupied there to around 255 000 m^2 (above and below ground), compared with 120 000 m^2 now.

The IPE IV building has been leased for 27 years from the date of delivery and with a repayment period of 20 years. The lease was signed on 31 March 1994 by Parliament and the SERS (Sociètè d'Aménagement et d'Equipement de la Région de Strasbourg). Construction is being financed by a FF 340 million loan (PIBOR+0.125%) and a loan in ecus equivalent to FF 2 214 million (LIBOR+0.18%). The French government and the various local authorities concerned have underwritten a guarantee of up to FF 2 000 million.

As in the case of the D3 building in Brussels, the contract for the IPE IV building leaves Parliament the possibility:

- of asking for the initial financing conditions to be renegotiated;
- of making capital payments reducing the total of the instalments or the repayment period,
- of announcing its intention to buy at any moment between the lease taking effect and its expiry. However, the question remains of what, depending on the length of time before this purchase option is exercised, the fiscal treatment of this operation would be in terms of VAT. An answer to this is awaited from the French government.

The SERS has already paid half of the contract price of the land (contract price: FF 130 million) to the City of Strasbourg. The balance of FF 65 million must be paid 10 years after the building is completed. However, the City of Strasbourg will forgo this second payment if Parliament has already exercised its purchase option.

3. Budgetary effect of the current financing system

The foreseeable budgetary implications of keeping the current financing conditions are presented in <u>Annex A</u>:

1 - Financial and budgetary data on the D3 building in Brussels

2 - Financial and budgetary data on the IPE IV building in Strasbourg

3 - Budgetary costs relating to the other buildings occupied by Parliament (1997-99)

II - THE IMPLICATIONS OF THE NEW GUIDELINES ADOPTED BY THE EUROPEAN PARLIAMENT

The question of whether direct financing can and should be used to purchase new buildings for Parliament in Brussels and Strasbourg must be considered mainly on the basis of legal and accounting considerations, as well as from the point of view of the benefits which could accrue from it, in particular financial benefits. However, the question of shortening the financing period, either within the framework of direct financing or within that of the current system, essentially revolves around the compatibility of the scheduling of the resulting annual charges with the budgetary constraint.

1. Legal and accounting aspects

Up to now, borrowing (directly on the capital markets or from financial institutions) has been used by the European Community as a means of obtaining the necessary funds to be able to grant loans for policy operations. The provisions of the Financial Regulation (Article 20(5)) correspond to this borrowing/lending link.

(a) Legal aspects

Even if, in the past, direct financing by banks was never used for purchasing buildings, this formula, in the Commission's view, is possible from a legal point of view.

Using direct financing (instead, for example, of indirect borrowing through a developer with a lease-purchase contract or a long-term lease) for the purchase of a building is not incompatible with the provisions of the Treaty. The principle of a balanced budget set out in Article 199 of the EC Treaty and in the decision on the own resources system would not be breached if the Community borrowed for a specific operation leading to the formation of assets (in this case, real assets, as opposed to a financial asset as in lending/borrowing operations) justified by its activities and requiring a considerable lump-sum expenditure. It is own resources that will be used to cover the annual budgetary expenditure for the repayment of the loan, while the capital operations (loan and purchase of the building) do not appear in the budget, but are recorded in the assets accounts.

Incidentally, this financing formula was already proposed by the Commission in 1992 for the "Maison d'Europe" building project in Geneva.

The implementation of borrowing/lending operations within the framework of Community operational policies is based on specific legal instruments adopted on the basis of Article 235 of the Treaty.

In the case of direct financing for the acquisition of a building to be used for carrying on the institutions' activities, the operation comes under the administrative management of these institutions, which make their own autonomous decisions in this respect. The Commission therefore believes that a specific legal instrument is not necessary and that direct financing for the purchase of buildings could be done with the backing of the two arms of the budgetary authority.

The budgetary authority would authorize the Commission to charge the necessary financing to the European Community, pursuant to Article 211 of the Treaty, according to the methods and amounts shown.

The contracts relating to the purchase of buildings could be passed by Parliament, on a mandate from the Commission, the European Community then becoming the owner of these buildings.

(b) Accounting aspects

As the proceeds of the financing contracted do not constitute budget revenue, they would be treated as an extra-budgetary operation and would be included in an annex to part B of the Commission budget, in accordance with the arrangements laid down in Article 20(5) of the Financial Regulation. The building and the corresponding borrowing would be included in the balance sheet accounts among the institution's assets.

The amounts of the repayment instalments for the finance contracted would be entered each year under expenditure in Chapter 20 (investments in immovable property, rental of buildings and associated costs) of the Parliament section of the budget, with the appropriate remarks.

There would be no need to make a guarantee entry in the budget, because the risk of default could only come from the budget itself.

2. Financial aspects

In the case of direct financing contracted by the Community for the acquisition of buildings, the best terms and most appropriate techniques will first have to be sought by asking for tenders from financial institutions interested. In the choice of financing arrangements, and therefore the other parties to the contract, it will be necessary to take into account not just the comparative cost of the various formulas proposed, but also the possibilities of making partial early repayments, should funds be available in the budget, and the possibilities of limiting the risks of variability in the periodic payments, which might jeopardize the orderly long-term development of the administrative expenditure of all the institutions.

The amounts of the annual instalments for repayment of financing of this type, based on the cost of the buildings to be acquired and the assumptions corresponding to the current market conditions, are indicated in Annex B, for various repayment periods. This same annex also includes a comparison with the current financial arrangement.

This information shows that, over the same period, the annual budget expenditure which would result from direct financing would be only marginally less than that which can be anticipated under the current system of financing. This result is not surprising in that the savings that can be expected from direct financing involve only a reduction in the intermediation margins and perhaps the possibility of obtaining slightly better terms from the financial institutions by direct negotiation.

However, in view of past commitments, this formula would facilitate the exercise of purchase options on the buildings within the time limits necessary to obtain the benefit of free acquisition of the land:

- by means of a subsidy corresponding to the price of the land on which the D3 building stands (ECU 107 million), the methods of payment for which are currently being negotiated between the Belgian government and Parliament;

- by the undertaking given by the French authorities concerned that under these conditions they would forgo the half payment, in the 10th year after delivery of the building, of the land on which the IPE IV building stands, by which time it would mean a saving of around ECU 10 million.

The Parliament sees the main advantage of the use of direct financing as being a considerable simplification of the current legal arrangements. Apart from the immediate acquisition of ownership of the buildings, this formula would mean that contractual relations could be limited to those established between the Community and the group of banks providing the finance, so that there would no longer be any intermediation by property developers. This would lead to greater transparency in managing the operations, notably for the public.

3. The question of the financing period: compatibility with the budget constraint

Parliament's wish to shorten the time period initially envisaged for the financing is not in fact connected to the formula which would be adopted for this financing: a shorter period is possible both in the case of the current arrangements and in the case of direct financing; earlier repayments than on the normal schedule would also be possible in the two cases.

(a) Financial considerations

It is certain that repayment over a shorter period costs less in total, at current prices, than repayment over a longer period, the cumulative interest being less, assuming the rate stays the same. However, two elements must be taken into account in the financial calculation:

- Given the strict budgetary constraint, account should be taken of the alternative uses for the additional resources which are needed in the first few years to make a repayment over a shorter period. The shortening of the financing period may lead to other expenditure being supplanted and therefore to constraints which are difficult to sustain in certain areas of activity, or to less economical choices for other projects and other institutions.

- If the comparison is made in present values, all other things being equal, and since the rate of discount is equal to the interest rate[1], the period of the financing has no effect on its cost.

(b) The budgetary constraint

The ceiling of heading 5 of the financial perspective is set up to 1999, and it is difficult to envisage a revision to raise this ceiling before then. It is also not very likely that the allocation for the administrative expenditure of the institutions will increase appreciably in real terms in the new framework which will have to be defined in the medium-term period to come. Furthermore, within this allocation, expenditure on pensions should increase considerably.

The past and future development of the various categories of administrative expenditure of the institutions covered by heading 5 over the period 1995-99 is presented in Annex C.

It emerges from this that, even in the current situation of financing the new Parliament buildings over 20 years, there will be tight constraints between now and 1999, and particularly in 1998, on the growth of the other institutions' administrative expenditure. This situation will make it very difficult to implement recruitment programmes as planned after the last enlargement, and adapt building capacity correspondingly. These constraints will very probably continue beyond 1999.

Shortening the period of financing of Parliament's buildings to 10 years would therefore severely handicap the running of the other institutions.

Still assuming a 10-year financing of Parliament's buildings and taking as a basis the most recent scheduling of its other administrative expenditure, as established by its Secretariat, Parliament's share of expenditure in the heading 5 total would rise from 19.9% in 1996[2] to 21.8% in 1998 and to 21.3% in 1999 (in relation to the heading 5 ceiling excluding pensions, this share would rise from 22.0% in 1996 to 24.2% in 1998 and 23.7% in 1999).

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1 An entirely valid assumption in this case.

2 Including the effect of the supplementary and amending budget 1/1996.

CONCLUSIONS

The Commission is of the opinion:

(1) That using a direct financing formula for Parliament's new buildings, replacing the current system, is legally possible and compatible with the principles of sound financial management:

- it would result in a significant simplification of the current system and much greater transparency in contractual relations;
- using this formula would make it possible to obtain subsidies related to the acquisition of land on which the buildings stand;
- the new financing arrangement would make it possible to become owner of the buildings as soon as, or shortly after, they are delivered:
- savings, albeit small, can be expected from this new financial package, if the market possibilities are properly exploited.

(2) That shortening the period of financing these buildings could force the other institutions into restrictive measures which would hamper their smooth operation.

Any shortening of the financing period envisaged by Parliament should not lead to an increase in its share in the heading 5 total beyond 20%, which roughly corresponds to the current situation. This proportion is what the chairmen of the political groups in Parliament recommended in November 1988 as a financial package for establishing its future budgets. It would already impose tight constraints on the other institutions, if account is taken of the expected increase in expenditure on pensions, which involves an inevitable reduction in resources for the other institutions when Parliament's share in the total of the heading reaches a given level.

ANNEX A: BUDGETARY IMPACT OF THE CURRENT FINANCING SYSTEM

1 - D3 building in Brussels

Anticipated date of availability: 1 April 1997

Estimated cost of the building at the date of availability: ECU 831 million (BFR 32 070 million)

Calculation of the annual lease payment:

- Period: 20 years

- Payment: six-monthly, the assumption here being that there would be no early payments

- Basic interest rate: 6% (ECU LIBOR) including margin. The assumption here is that the rate remains unchanged over the whole period.

Exchange rate used: 1 ECU = BFR 38.6974, assumed to remain unchanged over the whole period

Anticipated amount of the annual payment:

- 1997: ECU 53.9 million

- subsequent years up to 2017: ECU 71.9 million (per full year)

Other revenue or expenditure:

- Subsidy from the Belgian government for the purchase of the land: not taken into account in this case (the condition that the ground be purchased, with the whole complex, before the deadline of 1998 could not be fulfilled)

- Possible subsidy of the cost of developing the land: not taken into account (independent of the financing formula)

2 - IPE IV building in Strasbourg

Anticipated date of availability: 1 October 1997

Estimated cost of the building at the date of availability: ECU 460 million (FF 3 000 million)

Calculation of the annual lease payment:

- Period: 20 years

- Payment: six-monthly, at the end of the period, no early payments

- Basic interest rate: 6% (ECU LIBOR) for ECU 410 million, over a period of 20 years; 6% (ECU LIBOR) for ECU 50 million, over a period of 6 years

The assumption here is that the rate remains unchanged over the whole period.

Exchange rate used: 1 ECU = FF 6.518, assumed to remain unchanged over the whole period

Anticipated amount of the annual payment:

ECU (million)	1997	up to 2003 (per full year)	up to 2017 (per full year)
Building	8.8	-	35.474
Fitting out	2.5	10.068	-

Other revenue or expenditure:

Half payment of the ground in 2007 if the building is not purchased before that date: FF 65 million, i.e. ECU 9.9 million. Effect on the sum of annual payments to be made to the SERS from this date: ECU 1.3 million

ANNEX A: BUDGETARY IMPACT ON THE CURRENT SYSTEM OF FINANCING

3- Budgetary charges relating to the other buildings occupied by Parliament (1997-99) in ECU million

	1997	1998	1999
BAK	10.3	10.5	10.8
Chamber	0.3	0.3	0.3
Schuman	3.8	3.9	4.0
Senningerberg	0.4	0.4	0.5
Tour	1.7	1.8	1.9
Total Luxembourg	**16.5**	**16.9**	**17.5**
Palais	0.9		
IPE	5.3	5.4	5.5
IPE I	0.5	0.5	0.6
IPE II	2.8	2.9	3.0
IPE III	5.0		
Parking	0.04	0.04	0.04
Total Strasbourg	**14.5**	**8.8**	**9.1**
Belliard I and II	7.1		
Montoyer	5.2	5.3	5.4
Renard	1.3		
Van Maerlant	2.0		
Eastman	0.3	0.3	0.4
Remorqueur	0.3		
D1	0	0	0
D2	0	0	0
Total Brussels	**16.2**	**5.6**	**5.8**
TOTAL	**47.2**	**31.3**	**32,4**

ANNEX B: PURCHASE OF BUILDINGS BY DIRECT FINANCING CONTRACTED BY THE EC

1 - D3 building in Brussels

Amount of financing to be contracted: ECU 831 million

Calculation of the constant repayment instalments:

- Interest rate: 5.9%, assumed to remain constant over the repayment period

- Frequency of payments: June and December

- Payments made at the end of the period

Amounts of constant repayment instalments, in million ecus:

	1997	Subsequent years
Over 10 years	83.4	111.257
Over 15 years	63.2	84.292
Over 20 years	53.5	71.360

Other revenue and expenditure:

- Subsidy from the Belgian government for the land, if the purchase option is exercised. The assumption used here is that the subsidy is staggered over 10 years, discounted at a rate of 5.8%, i.e. an annual payment of ECU 13.6 million.

- Possible subsidy of the cost of developing the land: not taken into account (independent of the financing formula)

2- IPE IV Building in Strasbourg

Amount of financing to be contracted: ECU 460 million, including ECU 50 million over 6 years

Calculation of the constant repayment instalments:

- Interest rate: 5.9%, assumed to remain constant over the repayment period

- Frequency of payments: June and December

- Payments made at the end of the period

Amounts of constant repayment instalments, in million ecus:

	1997	6 first years (full years)	Subsequent years
Over 10 years	16.2	64.8	54.8
Over 15 years	12.8	51.5	41.5
Over 20 years	11.3	45.2	35.2

Other revenue and expenditure:

Non payment of the second half (FF 65 million, i.e. ECU 9.9 million) of the price of the ground, the 10th year following delivery, as a result of prior acquisition of the building

ANNEX B: PURCHASE OF THE BUILDINGS BY DIRECT FINANCING CONTRACTED BY THE EC (CONTD.)

3- Costs compared with use of direct financing and with the current system of financing

Cumulative total over a financing period of 20 years, in million ecus

	Current prices			Present values, 1997 (1)		
	D3	IPE IV	Total	D3	IPE IV	Total
Difference: total lease payments *minus* total of repayment instalments	10.8	6.0	16.8	6.5	3.5	10.0
Subsidy D3 land	136.0	-	136.0	107.0	-	107.0
Subsidy IPE IV land	-	9.9	9.9	-	5.5	5.5
Total	146.8	15.9	162.7	113.5	9.0	122.5

(1) Discounted at a rate of 6% per year

ANNEX C: EXPENDITURE UNDER HEADING 5 OF THE FINANCIAL PERSPECTIVE, 1995-99

Method

Table 1 below presents a multi-stage breakdown of the heading between the various categories of expenditure to be covered by the ceiling:

- Pensions (all institutions)

- Buildings (purchases/leases): Parliament, Commission (except the Publications Office), other institutions

- Other Parliament expenditure (members and staff, administration)

- Administrative expenditure related to the occupation of the buildings of the institutions other than Parliament

- The balance beneath the ceiling of the heading shows the amounts available for expenditure, other than on buildings, for the institutions other than Parliament

Table 2 shows the development of the institutions' share in the total of the heading (including or excluding pensions). For the years 1997 to 1999, only Parliament's share is shown, according to the forecast supplied for this institution, as the respective shares of the other institutions will depend on decisions made by the budgetary authority for dividing resources between the needs shown.

Data sources and assumptions

1. Heading 5 ceiling at current prices: current financial perspective, inflation rate of 2% in 1998 and 1999. This last assumption is also applied for estimating the foreseeable needs for the various categories of expenditure for the last two years.

2. Expenditure on pensions (all institutions): financial forecast by the Commission, updated for 1997 in the light of the last estimates made under the current budgetary procedure.

3. Parliament expenditure:

(a) Buildings programmes:

- 1997: financing of new buildings over 10 years: PDB
  financing of new buildings over 20 years: estimates by Parliament's Secretariat

- 1998-99: estimates given by Parliament's Secretariat, based on the assumption of direct financing of the new buildings, over 10 or 20 years.

- The payment, staggered over the first 10 years, of the Belgian government's subsidy for the purchase of the land on which the D3 building stands, is deducted from the total of repayment instalments.

(b) Other expenditure: updated programme established by Parliament's secretariat

4. Buildings expenditure (rental/purchases) of the institutions other than Parliament

(a) 1997: PDB

(b) 1998-99: forecasts by the institutions concerned, established for the 1997 PDB. These schedules correspond, on the whole, with those adopted in February 1996 by the interinstitutional technical group on "building programmes and financing terms" (GRIM), assuming that preference will be given to lease-purchase formulas.

5. Other expenditure related to buildings (other than that of Parliament)

This refers to expenditure on maintenance, security guards, insurance, network and utility connections, etc. Forecasts by the institutions concerned.

6. Other expenditure not already mentioned (staff expenditure and routine administrative costs, except property, of the institutions other than Parliament)

This is determined as the balance in relation to the heading 5 ceiling.

Table 1: EXPENDITURE UNDER HEADING 5, MILLION ECUS, CURRENT PRICES

	1995	1996	1997	1998	1999
1. Heading ceiling	4022	4191	4352	4504	4663
% p.a.		4.2%	3.8%	3.5%	3.5%
2. Pensions	349.8	396.5	421.3	450.2	475.5
3. (1-2) Ceiling minus pensions	3672.2	3794.5	3930.7	4053.8	4187.5
% p.a.		3.3%	3.6%	3.1%	3.3%
4. Expenditure on buildings					
Parliament	184.9	99.7			
(a) over 10 years			137.0	193.8	194.9
(b) over 20 years			98.8	134.3	135.4
Commission	181.8	183.3	207.1	248.7	263.7
Other institutions	37.9	82.5	33.5	37.3	38.8
Total	404.6	365.5			
(a)			377.6	479.8	497.4
(b)			339.4	420.3	437.9
5. Parliament: expenditure other than rental/purchase of buildings	658.4	733.9	750.2	788.0	799.1
% p.a.		11.5%	2.2%	5.0%	1.4%
6. Parliament: total expenditure	843.3	833.6			
(a) Over 10 years			887.2	981.8	994.0
(b) Over 20 years			849.0	922.3	934.5

Table 1 (contd.): **EXPENDITURE UNDER HEADING 5**

	1995	1996	1997	1998	1999
7. (3-4-5) Other institutions: margin available for expenditure other than buildings	2609.2	2695.1			
% p.a		3.3%			
(a)			2802.9	2786.0	2891.0
% p.a			4.0%	-0.6%	3.8%
(b)			2841.1	2845.5	2950.5
% p.a.			5.4%	0:2%	3.7%
8. Other institutions: routine expenditure connected with buildings	105.4	109.9	118.2	126.6	130.3
9. (7-8) Other institutions: margin available for staff costs and running costs except property	2503.8	2585.2			
% p.a.		3.3%			
(a)			2684.7	2659.4	2760.7[1]
% p.a.			3.8%	-0.9%	3.8%
(b)			2722.9	2718.9	2820.2[2]
% p.a.			5.3%	-0.1%	3.7%

1 i.e. an average annual growth rate in real terms of 0.2% from 1996 to 1999

2 i.e. an average annual growth rate in real terms of 0.9% from 1996 to 1999

Table 2: STRUCTURE OF EXPENDITURE BY INSTITUTION UNDER HEADING 5, IN %

	1995	1996	1997	1998	1999
1. Shares in the total ceiling of heading 5					
Pensions	8.7%	9.5%	9.7%	10.0%	10.2%
Parliament	21.0%	19.9%			
(a)			20.4%	21.8%	21.3%
(b)			19.5%	20.5%	20.0%
Commission	54.3%	53.6%			
Other institutions	15.5%	16.3%			
2. Shares in the heading 5 ceiling, excluding pensions					
Parliament	23.0%	22.0%			
(a)			22.6%	24.2%	23.7%
(b)			21.6%	22.8%	22.3%
Commission	59.4%	59.2%			
Other institutions	17.0%	18.0%			

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