



Finances – Activity report 2006 - 2007 - 2008

As during the previous three years' period, ETUCE's accounts were submitted to internal and external audits, both taking place on a yearly basis. The financial statements were judged to give a true and fair view of the financial position of ETUCE and both the Auditors and the Scrutineers appreciated the clarity and organisation of the accounts. However, Scrutineers expressed their concern in relation to the excess of expenditures over income.

A. Income :

The total income of ETUCE consists of three parts, the main one coming from the membership dues. Additional income is generated through Projects funded by the European Commission and, of minor importance, by bank interests. The total income shows a slight decrease from €899,535 in 2006 to €879,729 in 2007 (cf. item 1 below), followed by a slight increase to €891,470 in 2008 (cf. item 2 below).

- 1) The increase in income coming from membership dues from €704,975 in 2006 to €794,908 (or +12.2%) in 2007, reflected the increase of the rates per capita decided by the General Assembly of November 2006 from €0.27 in 2006 to € 0.302 (or +11.9 %) in 2007 and the small increase in number of members paid for from 2,754,144 in 2006 to 2,795,370 (or +1.5%) in 2007. That increase in membership dues income was more than offset by a decrease of income coming from the Projects funded by the European Commission from €185,685 in 2006 to €75,510 in 2007. The 2006 income included indeed a profitable re-adjustment of accounts resulting from projects ran over the previous years, for which delayed administrative procedures had prevented the secretariat to finalise accounts. This has not been the case in 2007. The combination of the increase in income from dues and the decrease in income from projects resulted in the slight decrease of total income mentioned above.
- 2) The increase in income coming from membership dues from €794,908 in 2007 to €808,991 (or +1.8 %) in 2008 was far of reflecting the increase of the rates per capita decided by the General Assembly of November 2006 from €0.302 in 2007 to € 0.313 (or +3.6%) in 2008, because the number of member paid for decreased in this period from 2,795,370 in 2007 to 2,744,905 (or -1.8%) in 2008. That increase in membership dues income was very little affected by the income coming from the Projects funded by the European Commission staying practically equal (€ 75,510 in 2007 and €74,716 in 2008). The combination of the disappointing increase in dues and the stabilized income from projects resulted in the slight increase mentioned above.

Different studies and analysis of the shortage in membership dues payments were carried out and conclusions were presented during the EI Pan-European Committee/ETUCE Executive Board of 11-12 November, 2008 in Luxembourg : with the financial crisis beginning to hit union membership, a knock-on effect on dues being paid could be recorded. There had been occasions when some organisations had deliberately under-declared the number of members in order to pay less dues. Organisations that were facing payment difficulties were urged to follow the guidelines for requesting a special agreement. Organisations that had not requested a special agreement and did not pay their dues for three consecutive years were deleted from membership of EI.

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Treasurer
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Walter Dresscher

B. Expenditures :

Total expenditure, after increasing from €945,120 in 2006 to €982,387 in 2007, decreased to €925,111 in 2008.

Expenditure generally remained in accordance with the budget allocations as established by the General Assembly, which, in the case of unforeseen developments, were redirected by the Executive Board where necessary.

- Main significant unforeseen developments resulting in additional expenditure have been : €7,226 spent for the Euro-Demonstration in Strasbourg in February 13-14, 2006; €15,000 in 2006 and €18,500 in 2008 spent for a joint study with ETUI and EI on Teacher's pay; €19,664 spent for ETUCE Questionnaire on Teacher Education in August 2006; €23,928 spent to organize a "Europe Needs Teachers" Conference in Brussels in June 2006; the publication of the book "History of the ETUCE" cost €3,741 in 2006, €31,193 in 2007 and €1,405 in 2008; and €7,779 were spent to participate in the Euro Demonstration in Ljubljana in April 2008.
- Main significant underspendings on various budget headings have been: in 2007 the budget for Networks of €9,700 was saved by linking those activities to EU-funded project activities; during the 3 years, costs relating to the Bureau meetings were significantly lower than budgeted, representing an economy of €9,762 in 2006, €7,977 in 2007 and €8,248 in 2008; budget foreseen for training of staff, €16,500 over the 3 years, was used for 86% mainly for languages and IT skills;
- The total staff cost evolved *1)* from € 611,795 in 2006 to €709,909 in 2007 (cf. item 1 below) and to €684,147 in 2008 (cf. item 2 below) due to various reasons.
 - 1) The increase of staff costs in 2007 is mainly due to a 2% compulsory indexation and to salary revisions achieved by pension and health insurance benefits. In addition, late 2006, a full time accountant was hired to carry out all tasks related to ETUCE accounts, where these tasks were previously shared by colleagues in the EI Financial department and the staff cost for a part-time position invoiced to ETUCE.
 - 2) The decrease in 2008, despite 3 index-linked staff increases of 2% each due to high inflation created by the financial crisis, is mainly due to a reduction in full time equivalent headcount from an average of 10.1 employees in 2007 to an average of 9.4 employees in 2008. Indeed, to face up to reality that the disappointing increase of income from dues did not cover the high inflation of the last three years which - because of the compulsory indexation law - had a drastic impact on the total salary costs, the distribution of tasks in the Secretariat was reorganized during 2008. Staff recruitment was first frozen and successively positions left vacant by former colleagues were no longer filled in.

C. Result :

All above variances in income and expenditure ended up in a deficit of €43,197 in 2006 (being close to the budgeted deficit of €41,034), growing to a deficit of €102,658 in 2007 and decreasing again to a deficit of €33,641 in 2008. The reserves built up during the previous years were used to cover those repetitive deficits. In addition, €100,000 were transferred from the same reserves to the ETUCE Foundation as starting capital. As at end of 2008, reserve funds still amount to €131,100 after deduction of the 2008 deficit.

On an overall basis, the control, follow-up and reporting of the Projects funded by the European Commission has considerably improved over the years. Internal provisional finance reports discussed with all staff involved provided the opportunity to submit, if necessary, requests for amendments to the original budgets, allowing ETUCE to obtain an optimal benefit of the funding allocated by the Commission by presenting expenditures more in line with the project budgets.

In view of complying with new administrative requirement of the European Commission, a Foundation was set up in order to ensure the eligibility of ETUCE as beneficiary of Commission funding for projects. As from 2006 on, all Projects Agreements funded by the European Commission were signed by the Foundation which, through a Service Agreement, requests the Secretariat of ETUCE to carry out all activities. Those activities bring nor profit nor loss to the Foundation which only supports recurrent not material expenditures such as audit costs, publication costs and bank charges, and can benefit from some bank interests. At the end of 2008, the Foundation showed a cumulated profit of €235. Its Balance Sheet registered in the Belgian Registrar's Office consulted by the European Commission to assess the financial stability of its partners, shows Assets for a total of €491,444.

The process of preparing budgets has improved over the years: budgeted figures are currently based on historical figures, resulting in more accuracy and effectiveness. Thanks to careful cost management and a full year advantage of the headcount reduction, the deficit for 2009 is expected to drop to €17,209.