

NETWORK OF THE PRESIDENTS OF THE
SUPREME JUDICIAL COURTS OF THE
EUROPEAN UNION

**THE BUDGET OF THE SUPREME COURTS OF THE
EUROPEAN UNION**

**Answers to the questionnaire submitted by the
Supreme Court of Estonia¹**
Sofia, 13-14 October 2011

Part I. Financial management of the Supreme Courts of the European Union

1. What is the origin of the Court's budgetary resources? As regards the public funds assigned to the Court, are they allocated by the Ministry of Justice, by another ministry or by some other entity?

The Supreme Court is financed directly from the state budget; the volume and division of the Supreme Court expenditure must be approved by the Government of the Republic. The drafting of state budget is organised and co-ordinated by the Ministry of Finances in conformity with the requirements set out in the State Budget Act. The Supreme Court itself drafts the preliminary draft project and submits it to the Ministry of Finance. The Chief Justice of the Supreme Court must ensure, with the assistance of the Director of the court, the timely submission of the court's budget and, if necessary, the draft amendments to the budget, to the ministry. Negotiations are held between representatives of the Ministry of Finance and the Supreme Court concerning a budget project and the justification for and feasibility of the expenditure included therein. After the negotiations and resolution of disagreements at the level of government the Ministry of Finance compiles a draft state budget and submits it, through the government, to the parliament. In negotiations concerning a budget project with the Ministry of Finance the Supreme Court is represented by the Director of the court; in negotiations with the members of the government and the parliament the Supreme Court is represented by the Chief Justice.

The implementation of the Supreme Court budget, approved by the parliament, and the purposeful use of budget funds is monitored by the Supreme Court Director.

2. What is the procedure for adopting the amount of the budget allocated to the Court? Is it a unilateral process? Is it through dialogue with the decision-making power? Or by some other means?

See answer to previous question.

3. Who makes the final decision to grant the funds?

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The Supreme Court's budget is approved in the parliament as a part of the state budget. The Constitution of Estonia provides that the *Riigikogu* shall pass as a law the budget of all state revenue and expenditure for each year.

4. What is the total amount of your Supreme Court's budget? (Salaries, costs and operation)

The allocations from the state budget for the Supreme Court expenditure have constantly increased since 2005. For 2009 and 2010 the expenditure and thus, also, the budget volume was reduced. The budget increase was related to the change in the principles of remuneration of court officials. Also, every year the judges' salaries have been recalculated in accordance with the changes of the average annual wages of the state. The average annual wages in Estonia have increased every year from 2005 to 2008.

The volume of the budget's expenditure for 2011 approved by the parliament was **4,526,280 euros, out of which** the majority is comprised of the institution's personnel expenditure in the amount of 3,587,908 euros, including the salaries of judges' and court officials (26.4% of the personnel expenditure is spent on the judges' salary and 52.4% on the officials). Management expenditure constitutes 10.6%, i.e. 479,785 euros of the operational expenditure. Further, the state budget specifically sets out appropriations to international organisations, whose member the higher court is, for membership fees and for paying the judge's pension. The pensions of the Supreme Court's justices in the amount of 441,776 euros have been calculated for 11 pensionable persons.²

5. Indicate the main areas of the Court's budgetary management.

See previous answer.

6. Does the court, or can the Court if need be, have any other resources besides public funds?

The 2011 budget reflects revenue from economic activities (sale of publications), securities and sale of tangible assets. The planned total volume of revenue for 2011 is 115,552 euros.

7. What are the legal bases permitting the use of funds other than public ones?

The State Budget Act enables to regard as revenue also the revenue received from sale of goods and services or from leasing state property governed by an institution. In Estonia it is not prohibited for a state authority to finance its activities from the revenue earned by the state authority by providing various services. The Supreme Court has leased e.g. the rooms in the cellar unnecessary for its activity to a catering establishment.

8. What is the role assigned to the president of the court with respect to its financial management?

See answer to question 1.

² Pursuant to the Courts Act, a person who has been employed as a judge for at least 15 years has the right to receive a judge's old-age pension when he or she attains the pensionable age (§ 78(1) of the CA). The right to retire on a superannuated pension arises for a judge who has been employed as judge for at least 30 years (§ 79 of the CA). The amount of a judge's pension shall be 75% of his or her last salary; the pension shall be recalculated upon a change in the amount of the salary payable for the position according to which the pension has been calculated.

Part II. Organisation and operation of the budget department

1. Is the department run by a judge, an official or a contract agent?

The Supreme Court's accounting department is run by a head of department (the official is appointed by the Chief Justice, his or her work is organised by the Court Director) whose responsibility is to organise the Supreme Court's accounting and reporting. In addition to the head of the department acting as the head accountant, the department employs one other accountant.

2. What categories of staff members make up the Court's budget department? Judges, officials, contract agents? How many are there?

See answer to previous question.

All heads of departments and fields of the administration of justice support structures (8 heads of department and the adviser of the Chief Justice acting as the head of foreign relations) are engaged in budget planning, their work is coordinated by the Director. The responsibilities of the head of the accounting department are preparation of the figures necessary for drafting the Supreme Court's budget project, monitoring of rational use of the budget funds allocated to the Supreme Court and filing of payment documents with the State Treasury, organisation of asset accounting, reporting. Consequently, 9 officials are engaged in budget planning, and the implementation of the budget is monitored by 2 officials in the accounting department and by the Chief Justice, the Chairmen of the Chambers and the Director on the management level. Budget issues are discussed and decisions of principle are confirmed by the management, or by the Supreme Court *en banc* if the justices so request.

3. What are the provisions that apply to the Supreme Court's accounting and financial management?

- 1) basic law of the state budget which provides in general the procedure for the drafting, passage and implementation of the state budget,
- 2) annual State Budget Act,
- 3) State Assets Act,
- 4) Public Procurement Act,
- 5) regulations of the Government and the Minister of Finance adopted for drafting the state budget.

4. What budgetary control system is the Court subject to?

According to the State Budget Act, in Estonia the State Audit Office shall give an assessment on the accuracy of the annual report of a constitutional institution and on the legality of the transactions. The objective of the audit conducted each year concerning the previous year is to express an opinion on the accuracy of the annual report of the Supreme Court and on the legality of the transactions.

5. Do the managers carry responsibility for their work? Indicate the type and nature of any sanctions that may be applicable.

The general liability of a public servant applies to the Court Director and head accountant: the official is liable by way of disciplinary punishment if

- 1) he or she fails to wrongfully perform his or her duties or does not perform them correctly;
- 2) he or she wrongfully causes damage to the property of the administrative agency or causes danger of such damage.

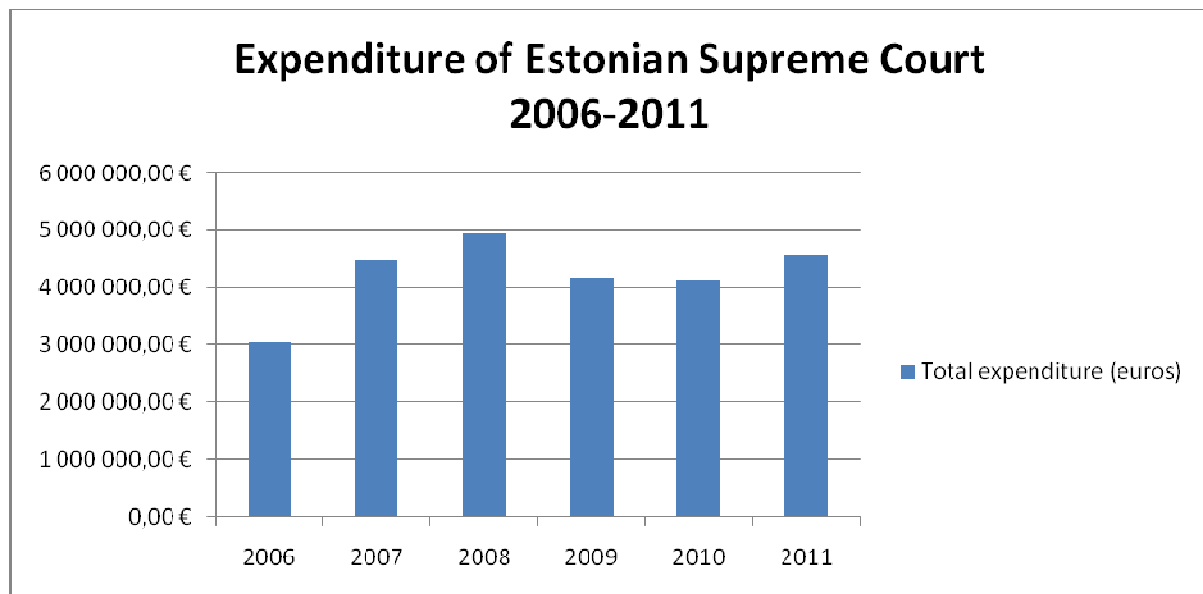
Disciplinary charges for wrongfully failing to perform official duties can be filed against the Chief Justice of the Supreme Court by the Supreme Court *en banc*. For the hearing of disciplinary matters of judges, the Supreme Court comprises a Disciplinary Chamber which is comprised of 5 justices of three instances. For hearing a disciplinary matter, the Chairman of the Chamber shall form a 5-member panel.

Part III. Effects of the general economic situation on the financial management of the Supreme Courts' budgets

1. Does the general context of the current economic crisis in Europe have any perceptible impact on the Court?

In autumn 2008 Estonia began to reduce the expenditure of the public sector which concerned directly also the higher court's budget. Both the personnel and management expenditure decreased, investments were limited. In 2009 the salaries of judges, including justices of the Supreme Court, were frozen at the level of year 2007 which meant that the actual salary decreased up to 8%.

The dynamics of the Supreme Court's expenditure approved by the State Budget Act during 2006–2011



2. If so, indicate the areas in which the Court is affected by the crisis and what responses have been found to cope with it.

The smaller budget has not affected directly the activity of the Supreme Court, the saving has been achieved on the account of internal resources: the management expenditure of the buildings has been decreased and the expenditure of public and media relations has been limited. The smaller budget has not resulted in making officials redundant.

3. Has there been any change in the equipment judges are provided with for their work?

No, there has been no change.