

2004 discharge: EC general budget, European Parliament

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The committee adopted the second report by Markus FERBER (EPP-ED, DE) on granting discharge for the European Parliament's 2004 budget. When the first report came up before plenary in April 2006, the House decided to postpone the discharge until more information became available into alleged irregularities into the renting of two buildings in Strasbourg. The committee investigated the matter further and drew up a second report in which it decided that the President of Parliament should be granted discharge for the EP's 2004 budget.

The report devoted several paragraphs to Parliament's property policy, focusing on the Winston Churchill (WIC) and Salvador de Madariaga (SDM) buildings. These two properties, which are let to the EP by Strasbourg city council, became the focus of controversy in March 2006 when it emerged that Strasbourg council was to receive payment by the owner, SCI Erasme, under the terms of the sale of the premises agreed with the EP. The purchase of the buildings was suspended by the EP, and the Budgetary Control Committee set up an informal working group to advise the rapporteur on the allegations concerning the existing rental agreements and the possible purchase by Parliament of the two buildings.

On the basis of the facts established by the working group, the report made a number of comments on the whole affair. It said that, although there had not necessarily been "unlawful actions" in the process of concluding and applying the leases and additional agreements, there were nevertheless doubts as to whether the principle of 'sound financial management' enshrined in the Financial Regulation had been fully respected. The report also stressed that "Parliament's Administration never questioned whether the rent payments constituted "fair rent" and never verified whether its lease payments were being passed on in full to the SCI Erasme but nor was it ever informed about this matter by the City of Strasbourg itself". As to whether the profit made by Strasbourg city council in this affair was "illegal", the report stated that "there are no legal provisions prohibiting a state or local or regional authority from making a profit". However, it added that the City of Strasbourg's approach was "discourteous", to say the very least, "since it is contrary to rules on hospitality towards international institutions". The committee deeply regretted the "lack of good faith" demonstrated by both the City of Strasbourg and the private investor, SCI Erasme, in their relationship with Parliament and also expressed regret at "the lack of resolve" on the part of Parliament's administration itself.

Lastly, MEPs pointed out that there was no absolutely reliable basis for setting an appropriate rent for the WIC and SDM buildings and that it was difficult to establish a "fair price" for the rent and hence to assess whether Parliament had paid a truly fair rent over the years. The committee said that it would conduct a fresh examination of Parliament's property policy during the next discharge procedure and thereafter on a regular basis. The EP administration was asked to "take the necessary measures for a regular review, at least every five years, of long-standing contractual obligations towards third parties, e.g. leases or service contracts".