

STATES OF JERSEY



COMMITTEE OF INQUIRY: SALE OF BROAD STREET POST OFFICE BUILDING (P.61/2014) – ADDENDUM

Presented to the States on 8th September 2014
by Senator A. Breckon

STATES GREFFE

ADDENDUM TO REPORT

I believe it would be really helpful and inform Members for this debate if the Minister for Treasury and Resources were to place on their desks a copy of the e-mail he sent to the Chief Executive Officer of the States and others on 2nd/3rd/4th February 2009.

Having had time to study the comments of the Minister for Treasury and Resources, I am even more convinced of the need for a Committee of Inquiry.

There is no written evidence that is conclusive as to what exactly was going on, Jersey Post seem to be confused, even frustrated!

On 19th June 2008 they say in the summary attached to the comments –

“The Board discussed the political and PR risks around the sale and in particular the consequences of a change in Treasury & Resources Minister after the elections. The Board agreed to discuss the process for obtaining political consent with the Treasury & Resources Minister following the AGM. Whilst informal discussions had taken place between the Board and the Minister there is currently nothing in writing to confirm this support.”

(The Minister was then Senator T.A. Le Sueur.)

This discussion was held following the AGM, at which it was noted that the Minister for Treasury and Resources confirmed his support “in principle”, and also at that meeting –

“it was agreed that there would be no Ministerial decision or public announcement on the future of the Broad Street site until January at the earliest.”

I am not aware of any Ministerial Decision being made about the sale of the Broad Street Post Office, either then or since.

There seem to be 2 issues –

- (1) Whether Jersey Post could retain the money from the sale of Broad Street to re-invest in the business.
- (2) The present Minister for Treasury and Resources’ “preference” for the prospective purchaser to move to the Esplanade scheme.

In his e-mail to the Minister for Treasury and Resources (and Senator Le Sueur) of 4th February 2009 the CEO writes –

“If you were to block the deal you would be seen to be unsupportive or even blocking the actions of a major employer. It’s hardly a message of encouragement. You would need to have a very good reason, provided of course that the deal is commercially sound and I expect you will require the Board to assure themselves of that. So what could your reason be, only that you think (bank) should be on the Esplanade and that you are more intent on making the Esplanade happen than you are on securing a major business. You

would be backing your judgement against that of (bank). That's the sort of planning that Russia pioneered and that eventually failed them."

This above was in response to an e-mail from Senator P.F.C. Ozouf, the content of which seeks to promote the Esplanade scheme.

This is consistent with the content of an extract from an e-mail from the Chairman of Jersey Post to the Minister for Treasury and Resources, sent as recently as 23rd January 2014, when he says –

"I did say to (journalist) that I sensed your preference at the time was for [bank] to move into new premises."

So what exactly does that mean and what are the implications?

The following flows from Meetings of the Board of Jersey Post –

On 16th December 2008

"Subsequently, a formal "investor briefing" meeting had also been requested with the T & R Minister, to be attended by the Chairman, early in the New Year and this meeting should be used to, amongst other things, consult the Minister on the Board's plans for Broad Street and the Retail Strategy. The Board needed to decide what it wanted to do with regard to the site and future strategy prior to any meeting with the Minister. The Chairman agreed to telephone the T & R Minister to emphasise Jersey Post's urgent request for an investor briefing as soon as possible"

On 30th January 2009

"The Board agreed that it wished to pursue the sale of Broad Street site. The Chairman stated that this would be communicated to and discussed with the T&R Minister in the meeting he was to attend on 2 February."

No mention is made about the telephone contact between the Chairman and the Minister for Treasury and Resources following the Board meeting of 16th December 2008 some 6 weeks earlier.

I have not seen reference to, or been given any idea of, what happened at the meeting with the Minister for Treasury and Resources on 2nd February 2009. However, it was shortly after that that he e-mailed the CEO and others. He wrote (3rd February 2009) –

"The urgency is I am being pressed by JP to sanction the sale of Broad Street to [bank]. Once Post Office site is sold to [bank] the option for the States consolidation on Broad Street is lost and [bank] move to Waterfront."

However, rather than being pressed, it appears that nothing was resolved as the JP Board meeting of 29th May 2009 noted –

"The Board agreed that the issues around the sale of Broad Street would need to be discussed with the Minister at the AGM on 25 June."

This is about one year after discussions with the previous Minister for Treasury and Resources! What were the "issues"?

Still nothing appears conclusive, because the notes contained in the Minister for Treasury and Resources' comments to my Proposition say –

JP Board Meeting 12 August 2009

*“The Board had received a paper prepared by the MD Postal Business in the Board pack, providing an update on the Broad Street sale and Retail Strategy. The Chairman stated that, contrary to what had been written in the paper from the MD of Postal Business, the T&R Minister had not confirmed that JP could keep any proceeds from the sale of Broad Street. The Chairman stated that he had concerns that a sale would forfeit Balance Sheet asset strength and not necessarily assist in the Group’s need to raise new, non-regulated income streams.
Taking these changes circumstances into account*”.

This raises a number of questions for me and the wider public, which to date, remain unanswered; however, a Committee of Inquiry would, I believe, discover the facts, which I believe we all have a right to know!

Why was it that the Managing Director of Postal Business did NOT know what had or had not been agreed – a strange business for those in the communications industry!

Finally, another extract from the Minister for Treasury and Resources' comments on my Proposition, from the notes of the JP Board Meeting of 4th March 2011, it says –

“The Chief Executive informed the Board that the potential purchaser would be moving to the Waterfront”.

These raise a number of questions that need to be answered –

- Where exactly on the Waterfront were they planning to move to?
- Which developer were they negotiating with?
- Who had Planning permission for suitable office accommodation?

I say this because I am not aware of any private developer who was in a position to provide the office accommodation that they were seeking.

The Waterfront Enterprise Board (WEB) were in the process of becoming the States of Jersey Development Company (SoJDC); and on 2nd March 2011 the Minister for Treasury and Resources lodged a Proposition – P.32/2011 – entitled ‘States of Jersey Development Company Limited: appointment of Chairman and Non-Executive Directors’.

This matter became controversial, and 2 of those candidates subsequently withdrew.

The Minister for Treasury and Resources then lodged an amendment to P.32/2011 nominating 2 others, one of whom was the present Chairman of SoJDC, of whose appointment at the time, Members were told by the Minister for Treasury and Resources that: “It should be made clear, however, that it is anticipated that the interim appointment of Mr. Boleat as Chairman will run for a considerably shorter period. It is proposed that his appointment will be offered on a 9 month basis This could be extended to 12 months if required.”.

I highlight to show that it is very unlikely that any prospective tenant would have been in discussion with WEB/SoJDC when they themselves were in some disorder.

So this, I believe, casts considerable doubt on who the prospective purchaser of the Broad Street site from Jersey Post was in discussions with, when Jersey Post's Board had been told they "*would be moving to the Waterfront*".

I am not aware, nor was it in the public domain, that anyone had planning permission for suitable office accommodation for them to move to.

So many questions to be asked and answered; however, it is not rocket science! But it is something I believe a Committee of Inquiry would discover.

If what has been produced as "evidence" within the Comments of the Minister for Treasury and Resources in response to my Proposition is to be taken as such, then it is, in my opinion, pretty inconclusive: indeed it highlights inconsistencies that need closer scrutiny and questions that need to be answered.

Whether or not the Post Office sites in Broad Street and Commercial Street would have been sold and the monies retained by Jersey Post for reinvestment and diversification, or returned to the Treasury, is now a situation that has passed us by – so all has been lost, and/or the prospective purchaser moving to the SoJDC proposed development is now irrelevant; however, I believe the issues behind all this are well worth the time and effort of a Committee of Inquiry.