

# **STATES OF JERSEY**



## **PROPERTY SOLD BY THE PUBLIC: RESTRICTION ON RENTING BACK (P.7/2009) – COMMENTS**

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**Presented to the States on 9th March 2009  
by the Minister for Treasury and Resources**

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**STATES GREFFE**

## COMMENTS

We fully endorse the Deputy's sentiments that best value must be achieved in any property transaction and would go further to say that any disposal should be at market value unless the States approves a lower sum for non-commercial 'social benefit' reasons. These principles have already been encapsulated in a Ministerial Decision (MD-PH-2006-0094 "Statement on Land Valuation"). However, the proposal P.7/2009 withdraws a valid strategic approach to property management that is used rationally by many large scale organisations to good effect to generate value for both parties.

We consider that the Deputy's proposition would limit the ability of the States to act in the best interests of the taxpayer when considering the most appropriate use of their property assets, and would be yet another inhibitor to the States approved policy to dispose of surplus assets.

We employ property professionals who are responsible and accountable for best value to the Public and are bound by Law to ensure that the States' covenant strength is used to best effect should a sale and lease back transaction be considered the most appropriate way forward.

Whilst there are no plans to enter into wholesale disposal and lease back of States property assets, the proposition would prevent this legitimate approach being taken on an individual building basis.

**Under the terms of the proposition, the States would be unable to enter into agreements that are essential in delivering the approved Property Plan. For example, the proposition would eliminate the potential to pre-sell a site but maintain occupation until relocation is complete.**

The proposition would also prevent the States from transferring their land to a joint venture company to assemble a viable site and lease back part of the land holding, no matter how attractive the public benefits may be.

Depending on the interpretation of the proposition, if approved the proposition would prevent the following types of arrangements –

- Arrangements such as those in place at Morier House, Maritime House and the Airport Departure Building.
- Housing department nomination rights for Housing Trust properties already built on former States land.
- Esplanade - forthcoming lease of buildings such as the Move on Café.
- Temporary lease or rental of space that has been in public ownership in the last 10 years, for short term requirements - e.g. for police investigations; emergency housing etc.

Standing Order 168 requires the approval of the Minister for Treasury and Resources to any sale and lease back proposal and provides States Members with the opportunity to review and challenge any proposed property transaction.

We fully support the principles of transparency and openness in property transactions and accountability to States Members (particularly through the Public Accounts Committee / Corporate Services Scrutiny Panel) however, we consider that the further restrictions proposed by this proposition are unnecessary.