

3.14 Deputy J.A.N. Le Fondré of the Minister for Treasury and Resources regarding the principles and policies laid down in P.73/2010 - “Property and Infrastructure Regeneration: the States of Jersey Development Company Limited”:

Does the Minister continue to support the principles and policies laid down in P.73/2010, which is “Property and Infrastructure Regeneration: the States of Jersey Development Company Limited”?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

Yes. It is quite difficult to know where this particular question is going, but the answer is, of course, yes.

3.14.1 Deputy J.A.N. Le Fondré:

That is exactly the answer I wanted to hear. Basically, from a brief analysis of P.73/2010 and the recent accounts of S.o.J.D.C., it is clear that despite the commitment of P.73/2010 as approved by this Assembly the S.o.J.D Company continues to retain certain properties which should have been transferred to the States nearly 4 years ago and that as a result the coffers of the public purse are down by some £300,000 a year as a result, i.e. in the order of nearly £1 million. When is the Minister going to rectify that? That would pay for something like 30-odd nurses for a year.

[11:15]

Senator P.F.C. Ozouf:

Most of that was completely garbled and I have no idea what the former Assistant Minister is talking about. Could he just restate it because I have no idea what he was referring to? I think he might be in the micro detail.

3.14.2 Deputy J.A.N. Le Fondré:

Sorry, I am losing my voice is the problem. Part of the proposition clearly states that there are 4 sites that should be transferred to the States. They are the bus station, the Radisson Hotel, the J.E.C. (Jersey Electricity Company) substation and the Weighbridge Square. Those generate over £300,000 a year rental income to the company. The proposition clearly states that these recommendations will be progressed by the company, in other words to transfer them to the States. The Minister for Treasury and Resources as the shareholder responsible is the Member responsible for that company. What actions has he taken to ensure that those actions have been carried out because they have not been done yet?

Senator P.F.C. Ozouf:

When an entity is owned either directly by Property Holdings or a wholly-owned subsidiary of this Assembly and the people of Jersey, then ultimately any value - short-term or long-term value - is identical. I think Deputy Le Fondré has never got that view accepted and we will have to agree to disagree on that. Whatever happens, I am interested in medium and long-term value added to the economy and to shareholders, and on these issues I will ask exactly what the updated position has been, but if they have been held by S.o.J.D.C. for the short term and there is a commitment to move them in the longer term, then that will happen. But effectively taxpayers are in an identical position because they own both ways and everything is owned by taxpayers all the time, so it makes no difference.

3.14.3 Deputy J.H. Young:

While the Minister for Treasury and Resources was replying, I was looking up appendix 5 and appendix 7 to this proposition, which does set down some principles about what property

remains within S.o.J.D.C. and what goes to Property Holdings. Does the Minister still regard the principles of that policy statement as important or is he saying that it does not matter because it is all a kind of slush fund or pot and it does not matter? I would like him to clarify that.

Senator P.F.C. Ozouf:

The Deputy used the words “slush fund” or “pot”. Neither words are relevant words in my discussions with anybody concerned. It is important that Ministers do come prepared so fortunately I have appendix 5, and this is the DTZ review which has a number of properties. Now, of course, there are a number of properties cited in there and, of course, I am sure that there will be commitments made. Nothing changes to those commitments but, of course, the world does change and S.o.J.D.C. has been focusing on securing competition in the office market, making sure that they have been getting on with J.C.G. (Jersey College for Girls) and other important sites. These are, no doubt, important issues but I remain of the view that ultimately S.o.J.D.C. is owned 100 per cent by taxpayers. It would be transferred to Property Holdings and ultimately taxpayers’ interests are no different in the longer term.

Deputy J.H. Young:

Can I withdraw the words “slush fund” with apologies to the Minister? I meant the pot.

3.14.4 Senator S.C. Ferguson:

The Minister for Treasury and Resources has stated that ownership of a property through S.o.J.D.C. and direct ownership are the same; it makes no difference to the owner. Now, if I held shares in a company which receives income but has to pay its running expenses, that is not the same as my holding the property in my own name and receiving the income directly into my bank account. There will be a difference. Does the Minister not agree with me?

Senator P.F.C. Ozouf:

Not really in the longer term because effectively if S.o.J.D.C. are holding assets that have a return and we agree with S.o.J.D.C. that they are going to use those returns in order to invest in their activities which are in the public interest, to, for example, progress Esplanade Square, improve public realm, invest in social housing, progress J.C.G., then that is right. Companies’ funds are ultimately shareholders’ funds and there is another question about the issue of shareholder funds for sales of receipts from buildings from another States-owned entity. Ultimately, it is shareholder funds. We have a business plan with S.o.J.D.C. That is approved on an annual basis and we hold the company to account in it, but 100 per cent is 100 per cent either way.

3.14.5 Senator S.C. Ferguson:

A supplementary: it is not 100 per cent because a proportion of the income going to S.o.J.D.C. pays S.o.J.D.C.’s expenditure so that S.o.J.D.C. may invest for the good of the population as a whole. I can invest the income in my hypothetical example for my benefit but I do not lose the costs of running a company because they do not exist. I do not quite see how the Minister does not see that. There is always a proportion ...

The Bailiff:

I think you must pose your question. Is there a question?

Senator S.C. Ferguson:

Does the Minister not understand that?

Senator P.F.C. Ozouf:

I think the Minister understands that extremely well. Where the Senator asked the question is that somehow the investment of those returns disappear. They do not disappear. They are invested and S.o.J.D.C. is investing in effectively public realm, the economy, social housing and preparing and securing our economic future. That is in full agreement in accordance with the business plan that is signed-off by the Treasury, so I am afraid I do not agree and I do not agree with the theoretical example.

3.14.6 The Connétable of St. John:

Can the Minister answer the question? The question was when will S.o.J.D.C. transfer the 4 sites mentioned, which started off with the Radisson, I believe it was. When will this happen?

Senator P.F.C. Ozouf:

I am more than happy to update myself from S.o.J.D.C. and answer that question when I have the information from S.o.J.D.C. If a commitment was made, it will happen. It is the timing of it that we are just saying and I am saying really in the short term is not material to taxpayers' interests.

3.14.7 Deputy J.A.N. Le Fondré:

It is all about sticking with what was agreed by this Assembly and also about perceptions that if revenue is in a company when it should not be there, are we absolutely subsidising that company over and above what was being proposed when we made the approval to establish it? Again, equally, how do you judge, therefore, the performance of the company ...

The Bailiff:

Are you coming to your question?

Deputy J.A.N. Le Fondré:

I am, because it is hiding income over expenditure. The proposition clearly states that there will be an exit strategy. Where is it? Will the Minister try to undertake as soon as possible but before the summer recess to inform the Assembly of when the assets I have mentioned will be returned to the States, to Property Holdings, and the exit strategy as well that is mentioned in P.73/2010? I would also like him to ...

The Bailiff:

Well, sorry, that is your question, Deputy.

Senator P.F.C. Ozouf:

The background to this is that I am afraid that nothing that I ever will answer I think will convince Deputy Le Fondré about this issue.

The Bailiff:

A concise answer, please, Minister.

Senator P.F.C. Ozouf:

Well, I have had a complex question.

The Bailiff:

No, it was a concise question which was: will you come back before the summer recess?

Senator P.F.C. Ozouf:

I have just said that but there were a number of other questions and aspersions being made.

The Bailiff:

No, that was his question. Will you come back before the summer recess?

Senator P.F.C. Ozouf:

I have already said yes, and he also asked me whether or not I am effectively not agreeing with what was agreed by this Assembly and the emphatic answer ... that was the first part of the question and the answer is, of course, no, nothing has changed. Nothing will change. S.o.J.D.C. will do what the Assembly wishes and what they agreed with the Treasury.

Deputy G.P. Southern:

A point of order. Is it appropriate or is it in order to address the Deputy of St. Lawrence, Deputy Le Fondré, by referring to him as “former Assistant Minister to the Treasury”? Surely he should be called Deputy.

The Bailiff:

Yes, that is correct.