

STATES OF JERSEY

r

SALE OF PROPERTIES (P.52/2004): AMENDMENTS

Lodged au Greffe on 11th May 2004
by Deputy P.N. Troy of St. Brelade

STATES GREFFE

SALE OF PROPERTIES (P.52/2004): AMENDMENT

For paragraph (b) substitute the following paragraph –

“(b) to agree that the proceeds of the sale of the above premises should be remitted to the Treasurer of the States and returned to the general revenues of the States;”.

DEPUTY P.N. TROY OF ST. BRELADE

REPORT

There should in my opinion be a clear government policy regarding property sales and property transfers. I expressed this in the debate on the sale of Amy's House (P.68/2003) as did other members.

When properties held by the Public are sold the question arises: "should the sale proceeds be utilised by the committee in control of the asset or should the funds be credited to the Treasury to be held on behalf of the Public?".

The States Assembly rejected the sale of Amy's House (P.68/2003) on 1st July 2003 for 2 reasons. Firstly, some members were of the opinion that the property could be transferred to the Health and Social Services Committee to be utilised for the accommodation of health staff (as that Committee had stated that it would be prepared to refurbish the property), and secondly, that members were also concerned that the States policy on sale of assets should be clarified so as to resolve the issue of whether public funds from the sale of property should be returned to central funding or retained by the Committee in possession of the asset. Amy's House is again listed in P.52/2004 as one of the 6 properties to be sold with the sale proceeds being passed to the Housing Committee for the refurbishment of Le Clos de Roncier.

In P.52/2004 we are advised that the cost of refurbishing Le Clos de Roncier will be in the region of £2,250,000. The sale proceeds of the properties listed in P.52/2004 can only be estimated, however, members must consider whether as a matter of principle, proceeds of property sales should be returned to the Treasury or immediately passed back to Housing. The Housing Committee States in P.52/2004 that it is allocating £275,000 from its budget to Le Clos de Roncier, which will leave £1,975,000 to be funded from other sources. In the event that the sale proceeds of the 6 units exceed that amount, the Housing Committee should not retain the excess funds, which would be the case if all sale proceeds were utilised in accordance with part (b) of the proposition.

Should all of the sale proceeds of the 6 units listed in P.52/2004 be returned to the Housing Committee, bearing in mind that Housing has within its budget a figure for maintenance of States properties? (£4,076,700 per Budget Report 2004, page 51). In my opinion there should be a general policy that the sale proceeds of all real estate should be returned to the centre to be utilised in accordance with general States policy. If members support the general concept, the Housing Committee would have to supply full detailed information (not an estimate) in support of an application for additional funding for its maintenance budget for the refurbishment of Le Clos de Roncier. I am also of the opinion that the Housing Committee should explain why it could only input £275,000 (12.2% of Le Clos de Roncier refurbishment costs) from its existing maintenance budget.

It is interesting to note that all 6 properties being sold are in need of major refurbishment or repair. In addition why is it that Le Clos de Roncier also has not been properly maintained by prior Housing Committees? (P.52/2004 explains that it too is in need of major refurbishment). How many other States properties are being inadequately maintained and is there a solution to the problem other than selling off public assets? I question why sufficient funds from rental incomes are not allocated to an adequate refurbishment programme prior to any other expenditure requirements (Estimated Housing Rental Income 2004 per Budget Report, page 51– £31,597,800). Does it make sense to renovate without identifying and ensuring adequate future funding for a maintenance programme? In my opinion there seems to be a general problem that needs to be addressed. Housing should in the future set aside sufficient funds from annual rental income to provide for property maintenance, an act that it is currently failing to do.

I am disappointed that public funds will not significantly benefit from the sale of the 6 properties and am concerned that the sale proceeds are to disappear to renovate properties, which should have been kept in good order under a rolling maintenance programme.

If for example Fort Regent were sold for £100 million, I would suggest that the sale proceeds would not immediately be handed to the Education, Sport and Culture Committee to provide new sporting facilities. The sale proceeds would be added to public funds and an assessment made as to how it should be spent in accordance with overall States budgets and States Policy. With a projected £70 – £100 million gap in public finances, any funds that can be retained at the centre are of significant importance. I would point out that the Parishes can apply for loans from the States for capital programmes and repay such loans over a number of years; perhaps that should be

considered as an option for Housing to adopt. I encourage members to vote in favour of my amendment so as to ensure that it is general policy that public funds benefit from the receipt of property sales (Public Assets).

Conclusion

My amendment requires that sale proceeds of real estate in Public ownership be returned to the general revenues of the States. This ensures the general principle that sale proceeds are utilised in accordance with general States policy and not committee policy. If for example the States desired to build a new wing at the hospital, one might allocate funds to that project in preference to Housing projects. Members will recognise that it is in the interest of the Public to allocate sale proceeds to the centre as a policy, thereby ensuring that spending allocation is directed to the areas of need after full and proper consideration of detailed applications from Committees (or Ministers once the new system is created).

Financial and manpower statement

In the event that this amendment was adopted, Public funds would increase by the sale proceeds received from the sale of the 6 properties listed in P.52/2004. An assessment would then have to be made as to future allocation of that funding in accordance with States Policy. There are no manpower implications.