

# STATES OF JERSEY



## ESPLANADE QUARTER DEVELOPMENTS: APPROVAL BY THE STATES (P.15/2014) – COMMENTS

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Presented to the States on 18th February 2014  
by the Minister for Treasury and Resources

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STATES GREFFE

## COMMENTS

The Minister's comments on this proposition should be read in conjunction with his Statement on a Matter of Official Responsibility: "The proposed development of the Esplanade Quarter", delivered to the States Assembly on 18th February 2014. That statement addresses why delays to progress of the Esplanade Quarter, specifically the Jersey International Finance Centre (JIFC), could be critical to States' finances and the future of the Esplanade development in general.

Senator A. Breckon's proposition lists a number of reasons why he believes that any further progress on JIFC should be brought back to the States for approval. However, the essential points are that –

- The States have already endorsed the adoption of the Masterplan for the Esplanade Quarter (in P.60/2008).
- The States have already approved the establishment of the States of Jersey Development Company (SoJDC) as an arm's-length vehicle for carrying out property development activity on behalf of the States (in P.73/2010).
- P.73/2010 included a draft Memorandum of Understanding (MoU) between SoJDC and the Minister for Treasury and Resources, acting on behalf of the States.
- SoJDC have acted in accordance with the MoU; they have sourced funding; they have submitted planning applications for JIFC which have been approved by the Minister for Planning and Environment as being in accordance with the States-approved Masterplan.
- The MoU contains risk-mitigation measures which have been followed by SoJDC. JIFC can deliver significant financial rewards to the taxpayer – at no cost or financial risk to the taxpayer.

The Minister would urge Members to reject this proposition and allow SoJDC to make progress with a Grade 1 office building which is sorely needed by our finance industry.

Turning to P.15/2014 in more detail, Senator Breckon lists a number of factors that have changed since approval of the Masterplan in 2008. Things do change in the course of 5 years. But the essential elements of the Masterplan remain valid – and many of the changes are beneficial for the States and taxpayers. For example –

- All profits will now accrue to SoJDC, and ultimately the taxpayer. This is surely a good thing.
- Yes, £13 million is being invested – it is repayable and it is earning a higher rate of interest for the Currency Fund than the Fund may otherwise achieve.
- The development is only to go ahead with guaranteed pre-lets in place. The Minister is not clear why any Member would not endorse such an approach.

- In terms of the demand for office space, retail, restaurants, etc. in the next 10/20 years, JIFC 1 and 4 are clearly about office accommodation and there is a documented, evidenced need for Grade A office accommodation in Jersey.

Senator Breckon has also suggested that “we need to be told the whole truth”. Such a statement is unhelpful, and implies that information is somehow being withheld from States Members and the public. SoJDC cannot be expected to operate in a competitive environment and yet publish every element of their business plans and financial analysis. If they were to do so, their competitors would be at a significant advantage, because they would be under no obligation to do the same. This type of political questioning being displayed plays into private developers’ hands.

Senator Breckon also refers to “piecemeal” planning applications. JIFC is a stepping stone to the full development, but it delivers Grade A accommodation, a large public car park and public amenity space. By halting JIFC in some way, the development of the Esplanade Quarter as a whole is compromised.

The Senator believes that the States should be made aware of the risks, but detailed publication would benefit competitors. The States have approved risk mitigation measures via the MoU in P.73/2010. These measures have been followed. SoJDC, via the Minister, have already given assurances around pre-lets. Yet they are still being asked on a regular basis to publish more. This pressing for increasingly sensitive information cannot continue if SoJDC are to succeed.

In the case of the Esplanade Quarter and SoJDC, the States have already made decisions, approved processes and put safeguards in place. These processes have been followed and the safeguards are there in auditable form. The Minister requests States Members to reject P.15/2014 and allow SoJDC to do their job, following the rules laid down for them and overseen by the Minister for Treasury and Resources as shareholder.

Whilst States companies act on an arm’s-length basis, the development of States land through SoJDC are legitimate matters that require Treasury approval.

Developers and landowners are competing for the future space requirements of various tenants. Numerous sites are assessed in these processes. Such deals could be worth millions of pounds of value to the public, and similar amounts are likely to be at stake for the parties involved in competing schemes.

It is appropriate for questions to be asked and to hold SoJDC to account on such important matters. At the same time, it would be inappropriate for the Treasury to comment publically on commercial discussions relating to schemes and matters which affect third parties.

States entities should be permitted to discharge their functions without inappropriate political interference, and in a way which prevents them from acting in the interests of their shareholder, ultimately the Public of the Island. Attempts to inappropriately delay decisions cost the Public money. Whilst the economic situation is now improving, there is a need for the States to continue to work as never before in a manner which maximises the Island’s economic potential in an ever fast-moving and competitive world, for the benefit of our community.