

3.3 Deputy S. Power of St. Brelade of the Minister for Economic Development regarding the factors leading to the closure of the café at the Elizabeth Terminal:

Would the Minister confirm that the café at the Elizabeth Terminal has recently closed? Does he consider the rent increases above the rate of inflation, car parking charges, the loss of a bus service and the loss of local business using the café contributed to its closure and, if so, what action, if any, will he be taking to address this situation?

Senator A.J.H. Maclean (The Minister for Economic Development):

I can confirm that the bar and café at Elizabeth Terminal has been closed by the current tenants and it looks unlikely at this stage that it will reopen. The current lease expires on 31st December this year. I will provide clarification on some of the points raised by the Deputy as possible reasons for the closure of the business: I can assure Members that rental charges are in line with R.P.I. (Retail Price Index) figures and not out of line with similar businesses of this size. On the question of parking, as with many car parks in Jersey, a scratch-card system operates with the Elizabeth Terminal Car Park and to assist the company the Ports of Jersey allocated up to 6 dedicated free parking spaces for patrons using the café. Additional support offered by the ports to assist the owners included marketing and social media support as well as ideas for new products and services. The public bus service serving Elizabeth Terminal operated by the previous bus service provider was on a 2-year trial basis in 2011 and 2012 operating, only in the summer. It is not the decision of the Ports of Jersey to suspend this bus service and, in fact, it is something that we are keen to see reinstated. I understand the current public bus provider is, indeed, considering this and Ports of Jersey has also been in discussion with a private operator. It is sad to see any business close, but I do not believe the possible reasons stated by Deputy Power are material factors in the decision and, indeed, my department, Jersey Business and others always stand ready to provide appropriate support and advice to this or indeed any other business.

3.3.1 Deputy S. Power:

Indeed, there is a supplementary. I find it astonishing that the Minister finds that his department comes out of this blemish-free, and blameless. I would suggest to the Minister, and this is a question, that the collective effects of a number of factors relating to trade at the Elizabeth Terminal café and harbour building has contributed to the closure of this café. Would he not concede that the department, or the Port of Jersey, has been too rigid in the number of contacts it has had with the operator of that café over the last 12 months? I know this, because I was a regular user of the Elizabeth Terminal café.

Senator A.J.H. Maclean:

I do not believe that the Ports of Jersey have been too rigid in terms of their relationship with this particular business; in fact, if anything, they were flexible. A new lease was entered into in 2008 and, broadly speaking, in an attempt to bring leases into line, the target is approximately 8 per cent of turnover. A discount was offered to this business for the first few years to allow them to adjust and scale up. 8 per cent rental on a turnover is not challenging for a business and, as I have already pointed out in my earlier answer, additional support has been offered to help the business to try and move it forward. I might add, just as an aside, that passenger numbers through the port during this period have remained stable; indeed, just recently, slightly increased. So the numbers of people going through the port have been solid.

3.3.2 Deputy R.G. Le Hérissier of St. Saviour:

Could the Minister tell us why did the business close?

Senator A.J.H. Maclean:

I do not know the answer to that question. It was a decision by the business to close. Their lease is up at the end of this year. I believe they had suffered during the entire period of the 5 years that they were operating there. I believe they have made losses for 4 of those 5 years, despite the assistance they got in the initial stages. It is difficult to ascertain exactly the reason behind it.

3.3.3 Deputy R.G. Le Hérissier:

A supplementary. Will the Minister or his department be running or arranging for its immediate replacement by a fully-fledged café operation?

Senator A.J.H. Maclean:

That is a good question, of course, from the Deputy. I can say that currently, obviously the café in question has closed, the newsagent which is adjacent is providing a temporary service, that is coffees, teas, sandwiches and so on. In the New Year - of course, it is inappropriate prior to the end of the current lease to make any formal approaches - there will be expressions of interest and a suitably-qualified and experienced provider will be sought. I can say to the Deputy and other Members there have already been quite a number of businesses showing interest who fall into that category of experienced caterers.

3.3.4 The Connétable of St. John:

Given the Minister's comments about 2008 and the annual increase of 8 per cent per year and given that we have had some of the worst trading conditions we have had over the last 4 or 5 years, can it be right that the Minister, year on year, expects companies which are barely keeping their heads above water to be able to renew leases? As the Minister knows, I have been dealing with another café within the area of the docks which has been trying to negotiate a reasonable rental on the return and yet the department is making life very difficult for that café. I presume the same thing must have happened at the docks, because the comments he had been making about the increase between 2008 and to date do not stack up in the real world. Will the Minister please confirm that his comments did not stack up? [Laughter]

Senator A.J.H. Maclean:

I hate to disappoint my good friend, the Connétable of St. John, but I do not agree with him. As I have already stated, we look at a percentage of turnover, so that takes into consideration trading conditions. 8 per cent on turnover is not challenging for a business in terms of rental return and, indeed, the current tenant was offered to continue under a new lease of 3 years at the existing rental, bearing in mind that their turnover had fallen very slightly over the previous years.

3.3.5 The Connétable of St. John:

On an 8 per cent turnover, if it is reducing, the rent should be reduced also, if that is what the agreement was. Would he not agree?

Senator A.J.H. Maclean:

I am not exactly sure what the Connétable is driving at. I have simply made it clear that the assessment for rental in the future is based on turnover.

The Connétable of St. John:

Should have been reduced, that is what I have said.

Senator A.J.H. Maclean:

Clearly, if turnover has reduced then indeed rental would too, and that is why the tenant was offered to continue over the next 3 years at the current rental, which is equivalent to the current turnover.

[15:15]

3.3.6 Deputy J.H. Young:

The Minister has told us that he is seeking to find a new tenant on the basis of the existing rental structure. Would he not be prepared to consider, when he tenders this, being more flexible to ensure that new tenants are able to achieve the parameters of a viable business in that important location?

Senator A.J.H. Maclean:

The Deputy is concluding that, of course, it is difficult to find a tenant for these particular premises. What I can say is we have had a significant number of approaches from experienced caterers who are very keen to take over what is a very lucrative location. The numbers of passengers going through the port has been stable in recent years, in fact, there has been a slight growth, close to three-quarters of a million passengers. That gives the basis of a very good business, I would suggest.

3.3.7 Connétable M.P.S. Le Troquer of St. Martin:

Can the Minister advise whether the department or the Ports of Jersey have renewed the 2014 liquor licence, or is there likely to be a further delay later on when you have got a new tenant?

Senator A.J.H. Maclean:

I am not entirely sure of the relevance of that question in relation to the original one but, as far as I am aware, the licence is and will remain, and the terms of the lease are to be as they are currently.

The Deputy Bailiff:

A final supplementary?

3.3.8 Deputy S. Power:

Yes, I would, indeed, like a final supplementary. The Minister has stated twice, he may have stated it 3 times, that the lessee was offered a new lease of 3 years at an agreed rent. Can the Minister confirm that in actual fact part of the negotiation for a 3-year lease was that the lessee invest a significant amount of money in addition to a new air-handling air-conditioning system, which she is not able to afford?

Senator A.J.H. Maclean:

It is interesting that the Deputy raises that point. In fact, as a term of the existing lease, there was a liability that the tenant had to provide repairs to the air conditioning system, which previously had been met by the landlord. The terms of that lease were clearly known by the tenant when she signed up in 2008 and there is an outstanding liability that is owed from the current lease. I do not believe there is any particular issue there; I accept that there may indeed not be the funds available by the current tenant to meet the liability that she faces as a result of the lease she signed in 2008.