

2014.12.09

8.11 Deputy J.A. Hilton of the Minister for Treasury and Resources regarding the pre-letting of buildings on the Esplanade car park site:

In light of the indications by the previous Minister that the States of Jersey Development Company had to have substantial interest by companies in pre-letting the majority of the gross areas in the proposed Buildings 1 or 4 that were approved by the previous Minister for Planning and Environment, before proceeding to construction on the Esplanade car park site, can the Minister confirm that this is still the case?

Senator A.J.H. Maclean (The Minister for Treasury and Resources):

I am delighted to be able to say on this occasion to the Deputy, yes, I can.

8.11.1 Deputy J.A. Hilton:

The objective of the States of Jersey Development Company is to deliver projects in the most beneficial and risk-adverse manner. It was proposed, before committing to construction costs, the States of Jersey Development Company will have to secure a sufficient level of legally binding pre-lets to fund the cost of construction in the first phase of this scheme. Are there any in place and, if so, are they as per assurances given by the Minister for Treasury and Resources on 4th February 2014 in answer to a question to Deputy John Le Fondré where he spoke about pre-lets totalling 180,000 square feet?

Senator A.J.H. Maclean:

There are a number of interested parties for the building to which the Deputy is referring. I can say that of the total of 470,000 square feet that are available across the entire Esplanade Square development that there are expressions of interest - early stage some of them, I accept - of around about 370,000 square feet. There is significant interest in development on Esplanade Quarter and the Deputy would be, I am sure, interested - as indeed Members will be - to know that in the first quarter of next year we hope that the States of Jersey Development Company will be in a position to secure enough pre-lets, as per the undertaking contained within the M.O.U. (Memorandum of Understanding) that will allow development to progress.

The Bailiff:

Final question?

Deputy J.A. Hilton:

Final, Sir?

The Bailiff:

Yes, this will be your third. The Minister answered yes to your first question.

8.11.2 Deputy J.A. Hilton:

I deduce from that answer to the question that there is not any pre-lets in place, legally binding pre-lets, at the moment. So the question I would like to ask the Minister is: can he tell Members how much money has been spent starting construction of the temporary car park adjacent to the Radisson Hotel to date? That is part of the construction element and from what he has just said there are no legally binding pre-lets in place but, despite that, public money is being spent delivering the temporary car park.

Senator A.J.H. Maclean:

I cannot give the Deputy, as I am sure she would appreciate, a figure off the top of my head on that specific item. What I can say is that approximately £4 million has been spent so far on this project in design and planning applications and such like. As Members would expect, it is an expensive

business getting involved in developments; £4 million of which approximately £1 million went to our own Planning Department. I can tell Members further that - and this has been put in the public domain before - this development is estimated to generate in excess of £50 million of profit for the taxpayer. This is our land. This is the land belonging to the Islanders of Jersey and to extract value that would not otherwise be possible by developing it to support our economy, a desperate need for Grade A office space. Some may disagree with that. The facts are very clear, there is a desperate need for Grade A office space. There is only about 15,000 square feet available and I can tell Members as an example that a very recent inward investment company, a high value company, looked at all those 15,000 square feet of so-called available Grade A office space, none of which was suitable and the only way that they were able to find suitable space was the States of Jersey Development Company gave up their own offices in order to secure that opportunity for the Island.

8.11.3 Deputy J.A. Hilton:

I need to come back there because the Minister spoke about the £50 million worth of profit that this development is going to deliver. But that profit is not going to be delivered until 2035 and the people of St. Helier do not want to wait until 2035 before the profits of this development are delivered in infrastructure benefits for the Parish.

The Bailiff:

So the question is?

Deputy J.A. Hilton:

So the question is: my belief is that private industry can deliver the Grade A office space that is required and is the Minister for Treasury and Resources certain that there is not some Grade A office development being built right at this moment that will be available?

Senator A.J.H. Maclean:

I can go further. I can tell the Deputy that aside from the 15,000 square feet that is currently available - and in the example I have just given was for different reasons not suitable for the inward investment company that I referred to - there are hundreds of thousands of square feet that have been approved but not built. Some, for example, have been available for some time. The bottom line is they are not being built for different reasons, the design might not be suitable, the location might not be suitable. The fact of the matter is, very fortunately for the people of Jersey, this particular site that the States of Jersey Development Company has is a top site. It is the International Finance Centre, it is going to be a stimulant to our financial services sector and economy generally. The site is needed, the value is there, it has been assessed and reassessed, the States of Jersey Development Company was approved by this Assembly. The terms under which it operates was approved by this Assembly, it is trying to get on with its job, it is being hampered at every turn and that is one of the reasons why it has become increasingly difficult to get this first building away. I have little doubt that once this first building starts and comes out of the ground some of the significant additional expressions of interest will start to materialise and it will all be to the benefit of the Island. I can finally, if I may, just say that there has been, as Members would be aware, a considerable amount of disquiet from certain sectors of the industry. Members will be aware of the letter that was written the Chief Minister signed by, I believe, 10 professional surveyors and such like within industry. There were inaccuracies in that letter and it is going to be responded to. The fact of the matter is there were 7, 8, 10 professionals who were the authors, there are in fact more than 60 professionals who were not party to that particular view, and those that did write the letter have interests in competing businesses and competing organisations that they represent. It is a competitive world, that is why that letter has been written. We have to look after the best interests of this Island. I believe Esplanade Quarter will demonstrate considerable gain for the Island and Islanders.