

2015.04.28

3.10 Deputy M.R. Higgins of the Minister for Treasury and Resources regarding the States of Jersey Development Company's 2014 accounts:

In light of the forecast deficit, will the Minister, as shareholder representative, advise Members when the States of Jersey Development Company's 2014 accounts and the evidence showing that the International Finance Centre will generate a return of £50 million to the States will be made available to Members?

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

I start by congratulating the Deputy for rightly linking the projected shortfall in States revenues with the need for the Jersey International Finance Centre to progress and generate profit and opportunity for the Island and its economy. The S.o.J.D.C. (States of Jersey Development Company) accounts for 2014 will be published in the next few weeks. With regard to the projected return, this has been independently verified by BNP Paribas and although this is being supplied to the Corporate Services Scrutiny Panel as part of their current review it will not be made public due to highly sensitive commercial data.

3.10.1 Deputy M.R. Higgins:

I note the Minister chose to spin it in saying that I support the International Finance Centre; I do not. The reason quite simply is, I do not believe that we can afford it.

The Deputy Bailiff:

Deputy, could you make it a question please?

Deputy M.R. Higgins:

Yes. The question is: the Minister has said that some evidence has been provided to the Scrutiny Panel but I believe the King Sturge report said we would not make a £50 million return and in fact the £50 million was originally based on Harcourt Developments' position. Will the Minister make the King Sturge report available to Members as well so we can see the evidence and any other evidence that he may have on it?

Senator A.J.H. Maclean:

There have been a number of reviews of this development. I think we should go back to, very briefly if I may, the history of this Assembly establishing the States of Jersey Development Company giving it a specific remit, ensuring that it was properly resourced with the right personnel, giving it the governance overview of a professional, highly professional, board of individuals who are property professionals, all of which reviewed a number of pieces of data from a variety of different organisations. Of course there are those critics for different reasons and many have got reasons which are related to profit here within the Island and the potential loss of profit through this competing project. All I can say to the Deputy is, clearly if you are going to be impacted you are going to have a different view on valuation. The input numbers can be changed to a very small amount and as a result the outcome can be very different. I am satisfied with what the board are telling me and the independent reviews that the S.o.J.D.C. board have undertaken that the project is not only viable but will return a profit for the States and for Islanders. After all this development is owned by the taxpayer of Jersey.

3.10.2 Deputy A.D. Lewis:

Would the Minister confirm that BNP Real Estate are not independent as they are the letting agent as well? I do not see that they are independent. Can the Minister also confirm if the J.D.C. (Jersey Development Company) and its team have a track record in the development of such huge projects?

Senator A.J.H. Maclean

The first point is correct. The Deputy is correct insofar as BNP Paribas are involved as advisers and letting agents but they are a massive international organisation and it is not unusual, therefore, that their U.K. (United Kingdom) London part of the organisation has carried out a completely independent review and valuation of the site. The board of directors of S.o.J.D.C. are perfectly satisfied with that and therefore I see no reason to question it. The second point the Deputy raised was about the expertise, I think, of the board in particular. I can tell Members this has been in the public domain before but they are a highly skilled group of individuals. We have a member of the property investment board of the City of London. One of the board members is a senior executive at Barclay Group. Members may be aware the Barclay Group are the U.K.'s leading urban developer and indeed he is a specialist in waterfront developments. We also have on the board a chief executive of one of the U.K.'s largest housing associations, building thousands of properties. There is, as well, a local developer. Somebody locally, one of the few who have been involved in the development of one of the largest Grade A office developments in Jersey. That is a balanced mix of experts. S.o.J.D.C. is an independent company, set up and owned wholly by the States of Jersey and by Islanders that is a professional developer. This is not government doing a development thinking it is a good idea. This is a professional development company that this Assembly decided to set up through a democratic process and give a clear remit to.

[10:45]

They are now carrying out that remit and I believe they are doing a good job.

Deputy A.D. Lewis:

Point of order. Can the Minister confirm that the J.D.C. has developed a similar size project ever?

The Deputy Bailiff:

That is not a point of order, Deputy. It is a question.

Deputy A.D. Lewis:

Well, he is suggesting that they have but they have not because this is the biggest scheme they have ever produced.

Senator A.J.H. Maclean:

The company, S.o.J.D.C., as I have said, was set up by this Assembly in 2010. The point I was making in answer to the Deputy's question is that the board of directors have extensive experience in significant developments in the United Kingdom and on that basis I believe we can have a great deal of confidence in what they are doing and the tasks they are undertaking in developing commercial property here in Jersey.

3.10.3 Deputy M. Tadier:

I would like to invite the Senator to our Parish where we have got a very successful park. In the middle of the park is a pachyderm with pink skin but I suspect that we might find one being built in St. Helier which has white skin. It is the Elephant Park; as it is called colloquially. Will the Minister give us an update on how long Liquid Nightclub has been standing there vacant which is also part of the States of Jersey Development Company estate? That is the first question.

Senator A.J.H. Maclean:

That is one of the very good reasons why we changed to the S.o.J.D.C. There were, though I should say, some issues, as I understand it, from a legal perspective with that particular property and that particular company that was operating in there. That is a much more complex issue. I am very happy to give Members an update on that particular issue in due course if that would be of interest.

3.10.4 Deputy M. Tadier:

It would be of interest. It is still vacant. I was there this morning and the reason I ask the question is presumably the £50 million return to the States is only a return if it is a successful project. It is not a return if it is an unsuccessful project and we get derelict buildings there, vacant buildings such as Liquid Nightclub on prime real estate in Jersey's centre which are not filled. Does the Minister accept that there is a risk in these economically uncertain times; that we do not know the future, the Minister had been saying that on the radio himself, and that there is a downside rather than just an optimistic upside when it comes to this risk?

Senator A.J.H. Maclean:

Of course there is risk and that is what this Assembly was perfectly aware of when they set up S.o.J.D.C. That is why various mitigating factors were put in place in terms of getting pre-lets in place before development started. We have handcuffed, effectively, this development company that we set up in order to extract value from our assets for the benefit of Islanders. That is why we did it. That was why the decision was taken in the first place, to get better value from the assets that this Island owns. It was made clear at the time that S.o.J.D.C. was set up that there was risk but we sought to try and mitigate those risks in the way that I have described. What I would like to also focus on with the Deputy; he talks about one particular building. Now property development is a long-term activity. Talk to any property development company. It is not something that happens, first of all, overnight. I would point out that there are many successes that the States of Jersey Development Company already is beginning to preside over. College Gardens, which had waited for a long time. They have managed to get that approved for 187 apartments, that is including ... and it is a point that the ...

The Deputy Bailiff:

Succinct answer please, Minister.

Senator A.J.H. Maclean:

Yes, of course. I thought it was quite succinct but I get carried away because there is a lot in the question unfortunately. Yes, College Gardens, 187 apartments; 80 of those are for affordable housing. That is benefitting the local community. S.o.J.D.C. are delivering a lot of benefit.

3.10.5 Deputy M.R. Higgins:

The Minister is not going to convince doubters, such as myself, on the viability of the scheme without providing the evidence. His assurances are not good enough. Will he publish the King Sturge report and other evidence to show that this scheme is going to be as successful as he states because we all know the Council of Ministers' forecasts and their record on the economy have been dismal in the past?

Senator A.J.H. Maclean:

With regard to that report I am not sure I am in a position to give an undertaking to publish that or not. I would need to check whether indeed it is feasibly possible to publish that based on commercial data that may or may not be contained within it or any other undertakings at the time that it was commissioned. I was not involved in the commissioning of the report but I am happy to get back to the Deputy and give him an update on what I am able to undertake to do. What I would say is that, as the Deputy will know, the Corporate Services Scrutiny Panel are yet again reviewing this particular development so the Deputy and Members should have some reassurance that that panel, I am sure, will be able to look at confidential data that cannot be published for the reasons that I have already stated of a confidential nature.

The Deputy Bailiff:

No, that was the final supplementary. **[Interruption]** Please.