

2015.02.24

3.4 Deputy J.A. Hilton of St. Helier of the Minister for Treasury and Resources regarding discussions relating to a pre-let agreement for the Esplanade car park site:

Can the Minister as shareholder representative of the States of Jersey Development Company inform Members whether discussions have taken place between any Minister, the States of Jersey Development Company and government departments or quangos with a view to signing a pre-let agreement for the Esplanade car park site and can the Minister confirm that any agreement will be in line with what was agreed by the States Assembly in 2008?

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

In my capacity as shareholder representative of the S.O.J.D.C. (States of Jersey Development Company), I am not aware of any such discussions between the parties mentioned by the Deputy. The States of Jersey established the Jersey development company, S.O.J.D.C., in 2011 to act as a property developer and set down a clear operating mandate for the company in P.73/2010. I am advised that the company is carrying out the delivery of the Jersey International Finance Centre entirely appropriately and in accordance with its remit, including the masterplan approved by the States Assembly in 2008 and I would expect that to continue to be the case.

3.4.1 Deputy J.A. Hilton

Does the Minister agree with me that if the success of the financial quarter depends on a States department or quango occupying the buildings in that development, it rather proves the point made by the former M.D. (Managing Director) of W.E.B. (Waterfront Enterprise Board) in a letter to the Minister for Planning and Environment and copied to the then Chief Minister and Minister for Treasury and Resources expressing concerns on behalf of the directors of W.E.B. over the mismatch of supply and demand? I quote: "We believe that this could have an adverse effect on the economy and will make Jersey an unattractive environment for investors, especially the international investment community. This is because an oversupply of product will lead at best to nil growth in rental rates and also pressure for shorter lease periods. Currently, the institutions are less interested ..."

The Bailiff:

Deputy, the question has gone so long you cannot expect the Minister to answer that. The quotation is just too long for him to answer.

Deputy J.A. Hilton:

Okay, Sir, but would the Minister please answer the point that was made by the former M.D. in that letter to the Minister for Planning and Environment, copied to the Chief Minister and the Minister for Treasury and Resources, about the mismatch of supply and demand, which I understand the Council of Ministers are aware of at this time?

Senator A.J.H. Maclean:

I think the Deputy is referring to a letter, if I recall correctly, that is, first of all, historic. It dates back to 2008 or there or thereabouts. Clearly, the market has changed since then and the Deputy is referring to issues around supply and demand. Clearly, that matter is something that is kept under constant review, as Members would expect. The view is that this scheme will be demand led and, indeed, there have been changes. We are now, as Members will be aware, looking at undertaking the development, S.O.J.D.C., on a building by building basis. That de-risks, first of all, but also it accommodates demand as it presents itself. The second point that the Deputy raised was around States departments, quangos and other entities. I think she was suggesting that there was some arrangement for one of those entities to undertake space within the development of the waterfront. I am not aware of that as an idea. That has not been presented to me, so I cannot comment any further at this stage on that but I am happy to update Members in due course if the matter changes.

3.4.2 Deputy M.R. Higgins:

For the avoidance of doubt, will the Minister confirm that no development will take place in line with the States decision that there should be no development unless the pre-lets are in place? Secondly, will he also confirm the States will not be pre-letting to enable the development to go ahead?

Senator A.J.H. Maclean:

I think I have answered that point about the pre-lets with the States. There have been no discussions whatsoever with States or any associated organisations to take space in the International Finance Centre. If that position were to change, of course, Members would be updated straight away, but that certainly is not the position as we stand at the moment. With regard to the first part of the question the Deputy asked about pre-lets: yes, it is absolutely clear that pre-lets are being undertaken before, if I can put it this way, a shovel goes into the ground. I might add that in an attempt to de-risk this development we have hamstrung, if I can put it that way, S.O.J.D.C. into undertaking its duties by putting conditions on it such as these pre-lets, which no normal commercial developer would undertake. It has made it extraordinarily difficult to get the International Finance Centre started and it is a centre ... for the avoidance of any doubt, we need grade A office space if we are going to help to continue to cement the economic recovery, to stimulate our economy. We need grade A office space for inward investment and for existing businesses within this Island. I am very hopeful that very shortly heads of terms will be signed and the development will, therefore, start.

[10:15]

3.4.3 Deputy M.R. Higgins:

A supplementary: with the Minister's answer he gives the impression that we have hamstrung them. If that condition was not in place, S.O.J.D.C. would become a speculative developer, building on the hope of getting someone coming in, and considering they are supposed to be returning £50 million to the Exchequer over the development, which I do not believe, then again we would be risking even more money. Does the Minister not agree?

Senator A.J.H. Maclean:

The Deputy is being very cynical and miserable this morning. **[Laughter]** I really do not feel in such a depressing mood as he is. I believe this development, as I have said, is needed. It is needed to stimulate the economy. I believe everything I have been told ... do not forget, this development has been reviewed and reviewed by Corporate Services Scrutiny Panels of the past. It is currently being reviewed yet again by the current Scrutiny Panel. It has had independent verification on the financial model. How much more can S.O.J.D.C. be expected to do? They are getting on with their job. They are following their remit. They are doing exactly what this Assembly tasked them to do and I am very hopeful that they have almost got to the line where they can start by getting a heads of terms signed up, the pre-let in place, and the development will start. I think it will stimulate a lot of other activity and boost the economy.

3.4.4 Deputy J.A. Martin:

I do not know if the Minister has managed to confuse anyone else but me, but he started off telling Deputy Hilton that he was unaware of any discussions, anything was going forward, and no discussion had taken place, and he has just sat down and said they are very nearly signing heads of terms of lease. This Minister is accountable to this House to carry out what was decided in this House. Which is the truth?

Senator A.J.H. Maclean:

It would be a very rare day that I could pull the wool over the eyes of the Deputy, but I would just clarify a point if I may. What I was referring to was the fact that the specific question from Deputy

Hilton was as to whether there was any discussions between government bodies about government or quangos or associated organisations occupying space in the International Finance Centre. What I have said is I am not aware of any such discussions and if there were any discussions to come to light in the future, I would clearly make that a matter for this Assembly. To clarify the point, heads of terms that I was referring to, S.O.J.D.C. following the remit of this Assembly has been looking for prospective tenants to occupy space before they can start building. They are close with negotiations with a number of prospective tenants in the commercial sector, nothing to do with government, and they are, I believe, very close to heads of terms being signed and, therefore, pre-lets will be put in place and the development will be able to commence. I hope that clarifies the point.

Deputy J.A. Martin:

Just a supplementary because that is not exactly the answer: you interpreted the question as you wanted to answer it and it does not say that. The Deputy is literally asking did you know of any discussions between you, the quango or any other company.

The Bailiff:

Deputy, that is a comment rather than a question.

Deputy J.A. Martin:

No, the question is ... okay.

3.4.5 Deputy J.A. Hilton:

Will the Minister confirm any finance obtained by the States of Jersey Development Company for the financial quarter will have to be guaranteed by the States of Jersey?

Senator A.J.H. Maclean:

No.

The Bailiff:

Mid-way through that question I thought I heard a machine going off from one of the western Parishes.

Deputy G.J. Truscott of St. Brelade:

Yes, Sir, I confess it was my mobile. I do apologise, Sir.

The Bailiff:

Well, there is a fine payable to the States charity, as you are aware.

Deputy G.J. Truscott:

I would just like to make the point that I am the first to get the fine this year, so it is very much appreciated, thank you. **[Laughter]**

The Bailiff:

Congratulations, Deputy. It is always good to be first, I am sure.