

2015.06.16

**5.10 Deputy M. Tadier of the Minister for Treasury and Resources regarding the States of Jersey Development Company:**

Further to a response on a question on 4th February 2014 by his predecessor that he had met with the States of Jersey Development Company the day before and was: "... absolutely clear with the S.o.J.D.C. (States of Jersey Development Company) that their buildings are to be progressed on a fully let basis", can the Minister confirm that the minutes of that meeting reflect this and state exactly what the minutes record, if anything, in this regard?

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

The minutes of the meeting do not mention the level of pre-let for any office buildings in the Jersey International Finance Centre.

**5.10.1 Deputy M. Tadier:**

Has the Minister seen that, if he could confirm that?

**Senator A.J.H. Maclean:**

Yes.

**5.10.2 Deputy J.A. Martin:**

This Minister was asked a question on the Waterfront by Deputy Hilton with supplementaries from Deputy Higgins and myself this February, and with every opportunity to tell us that the goalposts have been moved. He did not. I have read the Hansard twice now and he has 3 opportunities when he stands up and says about pre-lets and it is under the conditions where this Assembly approved. Why did the Minister not take the opportunity to bring this Assembly up to date and tell us the goalposts have not been moved, they have disappeared?

**Senator A.J.H. Maclean:**

The goalposts had not moved. In fact I was unaware of what Senator Ozouf had said previously. When I was answering a question to Deputy Hilton it was to confirm whether what had previously been said was the case. My understanding was that when this Assembly approved P.73/2010 that was when - if I can use the terminology of the Deputy - the goalposts moved. That was when this Assembly moved from the original Harcourt arrangements, which was the whole of the development by one third party developer. That is why the condition of 200,000 square feet was put in place. When P.73 was approved by this Assembly it was on the basis of a phased approach and the 200,000 square feet had gone. When Deputy Hilton asked me the question I assumed it was referring to comments made in relation to that, not the 200,000 square feet, which has since arisen and I have since corrected.

**5.10.3 Deputy J.A. Martin:**

The Minister was not asked a question about that. The question of Deputy Hilton was about who was going to occupy the building. Was it a quango? Was it the States? It went into the amount of the Minister confirming it would be on previous agreements from the States. The Minister says he did not know.

[10:45]

It is terrible he did not know. If he did not know it is bad and if he did know it is even worse that he did not inform this Assembly. Which is right? Is he negligent, because he is negligent both ways and I would like to think he did not know but if he did not know it is very, very bad?

**Senator A.J.H. Maclean:**

I am not entirely sure what the Deputy is suggesting I did not know. Perhaps you could clarify. I think I have made the point clear from my perspective but if she could clarify what she means.

**Deputy J.A. Martin:**

There was no mention in the answer on Hansard of the 200,000 square feet. The Minister replied to myself, Deputy Hilton and Deputy Higgins that the pre-lets will be on what was agreed in this House. If he knew that it had moved he should have informed this House then. He did not. If he did not know somebody is doing the wrong job.

**Senator A.J.H. Maclean:**

The pre-lets are on the arrangement of what was agreed in this House and that is quite simply what was agreed by the Assembly in 2010 under P.73. That is when the arrangements changed. Prior to that was the arrangements with Harcourt and that was when 200,000 square feet was put in place specifically to protect the Island and that was perfectly reasonable bearing in mind the position Harcourt had internationally with a development in Las Vegas that left that area with a hole in the ground, which clearly we did not want to have occurring in Jersey or the associated financial risk.

**5.10.4 Deputy G.P. Southern:**

The issue is that the previous Minister used the words “a fully let basis”. He did not mention the 200,000. He said “fully let” and that does indeed reflect what was in P.73 of 2010. If it proposed that a specific development is undertaken directly by S.o.J.D.C. before committing to construction costs, S.o.J.D.C. will have to secure a sufficient level of legally binding presales or pre-lets to fund the costs of constructing the first phase of the scheme. Not to get a loan, which is what the Minister is now saying, but to fund the cost of constructing the first phase of a scheme. That is the reality. It is very generous of the current Minister to say the previous Minister made a mistake but I think what was committed to in P.73 was to engage in legally binding presales or pre-lets from the total cost of the development. Does he not agree?

**Deputy G.P. Southern:**

I am not sure what the question was there. The Deputy is right. He is reading and quoting from the memorandum of understanding that was approved as part of P.73/2010 and he is correct insofar as it talks about covering the cost of construction. Indeed, that is exactly what the process here is with regard to the borrowing for building number 4, which is the first one. The Deputy also mentioned fully let and 200,000 square feet. In fact, previously in Hansard there were 2 references by my predecessor to both 200,000 square feet and indeed fully let, which was the basis of the question I have answered this morning. I hope I have clarified both of those, that they are historic, certainly the 200,000 square feet is.

**5.10.5 Deputy M. Tadier:**

If no one else has a question I will ask a final supplementary. I think the point is - and it has been elucidated and will no doubt come out more thoroughly in the debate - that it seems the Council of Ministers has sunk to a new low at a point where we have learned this morning that Senator Ozouf has not only been away on States business but has been taken ill, and our thoughts are with him because it is never nice to be ill, especially when travelling. But this Council of Ministers has sought fit to say that he made a mistake when all the previous Minister for Treasury and Resources was doing was abiding by the States decision that was made, which said we must commit, we must secure sufficient level of legally binding presales or pre-lets to fund the cost of constructing the first phase of the scheme. We have not done that. We secured enough to secure a bank loan and it does not cover the costs of the scheme. Therefore something has changed and will he Minister admit now that we have and met that test and then Senator Ozouf was correct and that he is the one that is wrong and has potentially inadvertently been misleading this Assembly.

**Senator A.J.H. Maclean:**

That is a new and interesting angle coming from Deputy Tadier. First of all, I have not said anything other than I assume that Senator Ozouf has made a mistake. It is a matter for him to correct when he is back in the Island and in a position to do so and I am sure he will be more than happy to do so. What I can confirm is, and I have said it already this morning, that in P.73/2010 it made it absolutely clear the way in which this development was going to be managed and, in particular, the M.o.U. (Memorandum of Understanding), which Deputy Southern a moment ago quoted from, made it clear about the level of costs, as far as covering construction that was necessary per building. Phase 1 of 6 buildings, each one of those buildings is a sub-phase and Building 4, which is the first one to be constructed, is sub-phase 1A. There is enough value in that building, as a result of the lease, to cover the cost of construction. That has been verified independently by the bank providing the funding and that is why it is in a position to be able to go ahead and that is where we are.