

5.9 Deputy J.M. Maçon of the Minister for Treasury and Resources regarding the extension of the loan repayment period by the States of Jersey Development Company: [1(521)]

Given that the States of Jersey Development Company has requested an extension of the period for its repayment of £2.5 million, is it the Minister's assessment that this indicates a lack of desire and need by businesses for the type of office space being developed in Jersey by the company? If it is not, will he explain why not?

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

I.F.C.1 (International Finance Centre 1), the first completed building on the International Finance Centre, is already 70 per cent let. Furthermore, around a further 20 per cent is either in legal hands or subject to final negotiations. Of the next building, I.F.C.5, which is currently under construction, more than half of the space is already let with negotiations continuing for the letting of the remainder of the building. This demonstrates to me that there is significant demand for such high-quality office space and is consistent with Jersey's improving economic performance over the last year or so. This particular borrowing facility will be repaid from the sale of I.F.C.1. The company have said that they hope to go to the market in quarter 1, 2018.

5.9.1 Deputy J.M. Maçon:

Can the Minister explain why this extension was sought?

Senator A.J.H. Maclean:

Yes. This is not unusual. Development companies typically have revolving credit and, therefore, S.o.J.D.C. (States of Jersey Development Company) is no different in this regard. Originally, this revolving credit was in relation to College Gardens and it was going to be repaid there through one of the housing trusts, but it turned out that that was not a feasible route so an alternative was to repay it from the sale of I.F.C.1 and that is where the extension agreement was put in place.

5.9.2 Deputy M.R. Higgins:

Can the Minister confirm to Members that on the second building, the building that is currently under construction and he says is 50 per cent let, the people concerned are not related to the States of Jersey Development Company like the existing tenants of building 1?

Senator A.J.H. Maclean:

I am not entirely sure of the Deputy's question. There are tenants in place. There are no improper - if that is what he is suggesting - connections between the developer and prospective tenants and those buildings are let on a commercial basis. So, I am not really sure what the Deputy is getting at.

5.9.3 Deputy M.R. Higgins:

What I am getting at is various companies have been assisting the States of Jersey Development Company, such as I think it is BNP who have been doing the property, who are involved. Others have been involved. All the companies who are currently, I believe, in building 1 have had some form of relationship, whether direct or indirect, with the States of Jersey Development Company. All I am asking is the new building, which is claimed will be 50 per cent let, do they involve the same companies or are they totally fresh companies who have no connection whatsoever with the States of Jersey Development Company?

Senator A.J.H. Maclean:

First and foremost, I would like to correct the Deputy with regard to I.F.C.1 and that is that there is, in fact, I think about 5 per cent of the building let now to inward investors, in fact, which was an original aspiration of the building. It was never likely to be achieved until it was completed or close to completion. So just to put that on record. With regard to occupiers, tenants of that building, this is a small Island and clearly some of these businesses will in some shape or form have provided services I am sure to S.o.J.D.C., but that does not get away from the fact that the relationships in terms of the tenancies are commercially constructed tenancies. I cannot really add very much more than that.

5.9.4 Deputy M.R. Higgins:

The question was building 2. Can he confirm that none of them have any relationship with the S.o.J.D.C.?

Senator A.J.H. Maclean:

It would depend what the Deputy means by relationship. I cannot confirm that, no, but if he would like to give me more detail as to exactly what he is asking I am happy to get back to the Deputy.

5.9.5 Deputy J.M. Maçon:

I believe - I am sure the Minister will correct me if I am wrong - that he said building 3 is looking to be sold off. If this is public land, can the Minister explain why the building is being looked to be sold off and not be under leases like the other buildings? If I have misunderstood, I am sure the Minister will correct me.

Senator A.J.H. Maclean:

I did not, I hope, mention I.F.C.3. That has not even got planning permission yet. It is some way into the future. I.F.C.1 is the first building, which is 70 per cent let. The board have said that once it reaches 90 per cent or more then they will consider going to the market. The intention, therefore, is to go to the market in the first quarter of next year, 2018. So, that is I.F.C.1. The plan was always to seek to sell the buildings and the profits from the buildings to be reinvested in regeneration projects principally in St. Helier, and that is still the objective.