

2018.12.03

1 Deputy R.E. Huelin of St. Peter of the Minister for Treasury and Resources regarding the sale of Building I.F.C.1: [OQ.226/2018]

Further to the recent announcement of the sale of Building IFC1 for £43.7 million, generating a net return of £10.9 million, will the Minister kindly provide the land value or value of the 150-year lease that was attributed to these figures and will she state how much the States of Jersey Development Company originally paid the States of Jersey for the land?

Deputy S.J. Pinel of St. Clement:

Deputy Ash will be answering these questions as he has delegated responsibility as Assistant Minister.

Deputy L.B.E. Ash of St. Clement (Assistant Minister for Treasury and Resources - rapporteur):

All of the undeveloped Waterfront sites were transferred into S.o.J.D.C. (States of Jersey Development Company), formerly W.E.B. (Waterfront Enterprise Board), in 2004. At the point of transfer, these sites were the subject of an independent Red Book valuation. The combined value of the sites transferred in 2004 was £20.196 million and this value is reflected as shareholder equity in S.o.J.D.C.'s accounts. The entire site of the former Esplanade surface car park was valued at £5 million at the point of transfer.

[15:00]

The Deputy of St. Peter:

I am going to think on that for a second, if there are any other questions.

3.1.1 Deputy S.G. Luce of St. Martin:

It was always expected that this property, this structure or building, would be sold. It is really good that it has been. It is even better that it has been sold for a large profit, a profit almost £4 million larger than the profit that was expected. Does the Assistant Minister agree with me that this additional profit should be given immediately to the Future St. Helier project for the benefit of those who live, work and visit our capital?

Deputy L.B.E. Ash:

I do definitely agree with the Deputy that it is excellent that it sold for more than was expected. There were many people who doubted the whole project, but it appears to have been fairly successful. In regard to the sale proceeds of the International Finance Centre, they have always been identified as providing the funding for the construction of the underground car park. That is identified in the Esplanade Quarter Master Plan. While it is not fully scoped, the cost of the car park is expected to be between £20 million and £25 million, which means that S.o.J.D.C. need to retain all the return in order to progress this project. I would, however, say that they are intending to have discussions with Constable Crowcroft as to putting something into St. Helier.

3.1.2 Deputy M. Tadier of St. Brelade:

I am sorry to interrupt the self-congratulations that are taking part in that part of the Assembly, but does the Assistant Minister for Treasury and Resources believe that there has ever been any public support, or indeed mandate, for the taking of what was premium and prime public land to be sold on to the private sector?

Deputy L.B.E. Ash:

It is sold as a leasehold so it is not disappearing completely. It is on a lease. I also feel that we have made some great profit. I know that certain people would love to stand there and go: "I told you this was going to be a mess" but it has not been. We already have a fully occupied second building. We are looking at tenants for the third building. We have people interested in buying the second building. As I say, at times we are very down on ourselves in this Island, but this is something where we should look and say we have done something right.

3.1.3 Deputy M. Tadier:

This is not a question about being down or up, it is a question about realism. One hundred and fifty years probably represents 4 or 5 generations for whom it will effectively be sold. I know from my own constituency that leasehold properties which were on a 99-year lease have now been sold anyway to freehold, so it does not give much comfort. The underlying question was: does the Minister think, given the amount of public protests that happened at the time and the development at the time, that it should have been sold or leased for a 150-year period when it could have been kept in S.o.J.D.C. ownership with the rents accumulating over a period of time?

Deputy L.B.E. Ash:

The S.o.J.D.C. are not a property holding company. They are a property development company. Their job is not to hold things and rent them out. It is to develop things for the good of the States of Jersey, and that is what they have done in this case.

The Deputy Bailiff:

I have Deputy Higgins, Senator Ferguson and Deputy Morel, and then a final supplementary. Members will understand I have to be fairly prescribed in the number of questions I can allow as supplementals because there is an enormous number to get through. We will do as many as we can.

3.1.4 Deputy M.R. Higgins of St. Helier:

I would just like the Assistant Minister to confirm the occupancy of the second building. On memory, I was talking to a person who was considering buying the second building and it was 87 per cent occupancy. Will he confirm 100 per cent is the correct figure?

Deputy L.B.E. Ash:

I thank the Deputy for his accuracy there. I believe it is not yet at 100 per cent but will be very shortly.

3.1.5 Senator S.C. Ferguson:

The Deputy got through the figures rather fast. Would he confirm the cost of the portion on which this building stands and will he confirm that that cost is in equity in the shares in S.o.J.D.C.?

Deputy L.B.E. Ash:

All I am able to confirm is that it stands on the entire site or part of the site of the Esplanade surface car park, which as I stated was valued at £5 million. The net return on this which is calculated is the net development value less the development costs less any tenant incentives that are given less financing costs.

Senator S.C. Ferguson:

A supplementary?

The Deputy Bailiff:

Yes.

3.1.6 Senator S.C. Ferguson:

So how much cash did S.o.J.D.C. relinquish in exchange for this piece of land?

Deputy L.B.E. Ash:

As I said earlier, the combined value of the sales in 2004 was £20.196 million and that value is reflected as shareholder equity. As to the amount of cash they relinquished, I do not know.

3.1.7 Deputy K.F. Morel of St. Lawrence:

Could the Assistant Minister inform the Assembly as to the nature of the car park that is being built for £20 million? Is it going to be for private parking or is it for public parking as was originally intended?

Deputy L.B.E. Ash:

I believe it will be a straight swap for the car parking that is already there, the temporary car park, which will be land that will be developed once the underground car park is complete.

3.1.8 The Deputy of St. Peter:

I am still somewhat concerned. The land was owned by the States of Jersey and was transferred to what was the Waterfront/Esplanade development area. I cannot remember, way before my time. That was owned by the people of Jersey. How much money was returned to the people of Jersey during this transaction? The other question is the land value. I think you have mentioned £5 million as the land value. I believe in a scrutiny meeting in 2015 that land was valued at £7.63 million. Could we quantify exactly what net profit has been returned based on the land value today? Otherwise we are using land as an investment when we could have sold it 10 years ago for about 50 million quid, I believe. A summary of that: how much money did the States of Jersey, the people of Jersey, receive during this and what was the actual valuation of the property against which these numbers were ... you are looking confused.

Deputy L.B.E. Ash:

I often look confused but doubly so there. I do not believe that the people of Jersey received any money back at the time. It was a transfer into S.o.J.D.C. to set them up for development of properties. As to whether they get anything back now, yes, they do because obviously the S.o.J.D.C. provide dividends back to the States of Jersey. I do not have the exact figures of what we are putting back into the Treasury at the moment, but that is how the people of Jersey will benefit from such transactions.