

**5.3 Senator B.E. Shenton of the Minister for Economic Development regarding the use of the Radisson Hotel by States Departments.**

Does the Minister consider that the use of the Radisson Hotel by departments when there is a financial incentive to the States of Jersey Development Company could create competition issues and be detrimental to other hotels operating in the Island and, if so, will he request the Jersey Competition Regulatory Authority to investigate competition issues arising from this type of arrangement and, if not, why not?

**Senator A.J.H. Maclean (The Minister for Economic Development):**

No, there are very clear guidelines on procurement and I have no reason to believe that these are not adhered to by all States departments. I would add that I hope that other States departments do as we do at Economic Development and use the Jersey.com website to obtain best value for money and ensure that business is spread around the different excellent establishments in the Island.

**5.3.1 Senator B.E. Shenton:**

The Minister will be aware that the Radisson pays a peppercorn rent and is, in fact, subsidised by the taxpayer. This subsidy is anywhere between 7 and 8 figures. It is a substantial subsidy and I know the Minister likes big government and is anti-free market, but does he believe that this could create competition issues and be detrimental to other hotels operating on the Island?

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

First of all, I ought to correct the Senator. I do not like big government and I am very keen on competition, as the Senator well knows. Also, I would point out that the Senator is incorrect, that the hotel in question is not subsidised. There is simply a commercial arrangement in place whereby a percentage of turnover is paid in lieu of rent. It is a commercial arrangement put in place by W.E.B. (Waterfront Enterprise Board) who were there to negotiate what they considered at the time the best deal for the Island.

**Deputy P.J. Rondel of St. John:**

He is talking with forked tongue.

**5.3.2 Deputy M. Tadier:**

First of all, does the Minister acknowledge that it is not the fact that the States of Jersey use the Radisson but the potential peppercorn rent which has been alluded to that is the issue? Does the Minister also agree that it is very sensible for the States to get the best deal they can and even more so if they can get some kind of financial incentive, either as being a shareholder or using a company which they may get some kind of profit back from?

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

There were a string of questions there. In summary, yes, I believe that the States of Jersey should always seek to get best value for money. As far as putting business specifically to one hotel, as the suggestion is in this case, this is simply not the fact. It is not true. I know from my own department's point of view that we pass business to a number of different hotels around town and, indeed, I could add that the Viscount's Department, only the other week, I attended an Insolvency Regulators Conference which was held at the Grand Hotel. There is plenty of evidence of other hotels quite rightly being used.

### **5.3.3 Deputy T.M. Pitman:**

Following on from what Senator Shenton has said, when you look back at the answers to question 7 and you see that £82,000 was spent largely at the Radisson Hotel to put up 6 individuals during the Wiltshire investigation, does this seem a little unfair and that perhaps best practice is not being followed and we should be spreading this out with other departments because my information is that this was arranged from a States department. It could be wrong but that is what I have been told.

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

I have to say that this is nothing short of headline grabbing nonsense. There are no facts to support the suggestion by Senator Shenton that all the business is going to the Radisson. There is plenty of evidence that States departments are using a number of different establishments. My own department, in particular, I have clear evidence that we use all sorts of places and I would add that Members have been invited to the Gambling Law presentation, which is at the Museum coming up shortly, and I would remind Members; I hope as many as possible will come along.

### **5.3.4 Connétable D.J. Murphy of Grouville:**

Could the Minister confirm that in fact the arrangement that W.E.B. have with the Radisson, i.e., a peppercorn rent and a percentage of turnover, is, in fact, the norm throughout the hotel industry around the world?

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

I am not sure that I would confirm it is norm around the world. It is certainly not an unusual commercial arrangement and, indeed, it happens in other areas within the Island. Certainly in the airport in the past some concessions have been operated on a turnover basis and very successfully generating more revenue than a straight rent would have done.

### **5.3.5 Senator B.E. Shenton:**

It is not the norm, that is absolute rubbish, but they may have been told it was the norm. The Minister says that the information is commercially sensitive. There is nothing commercial about this rent agreement. It was either agreed by an idiot or someone was receiving a backhand.

### **Senator P.F. Routier:**

May I object to that last statement? At the time, I was a Director of W.E.B. and I can assure Members that it was a well-negotiated, hard fought negotiated deal to achieve to get a hotel built there in the first place and so it was done at a time when that deal was considered to be appropriate.

### **The Bailiff:**

Senator, it is not appropriate to make an allegation of that nature. Do you withdraw it?

### **Senator B.E. Shenton:**

Okay, was not receiving a backhand, Sir. I asked the written question, the Minister would not give the figures because, if he gave the figures, they would realise that it valued that prime piece of waterfront location at less than £1 million. Can the

Minister give an undertaking to this House to produce the figures that are paid by the Waterfront Hotel to the people of Jersey?

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

In some respects, I am somewhat surprised that the question is directed at my department in the first place. The negotiations, the commercial arrangements, were made by W.E.B. and, indeed, the responsibility should be for them to provide the information that the Senator seeks, and I would suggest that he contacts the new S.o.J.D.C. (States of Jersey Development Company) in that regard.