

2014.11.25

4.11 Deputy M.R. Higgins of the Chief Minister regarding the proposed International Finance Centre:

In the light of the concerns outlined in a letter from industry professionals about the proposed International Finance Centre, will the Chief Minister state whether he shares those concerns and whether a full review will be carried out before any further development proceeds?

Senator I.J. Gorst (The Chief Minister):

I do not share the concerns expressed to which the Deputy refers and therefore I do not believe a review needs to be carried out. There is a need for modern Grade A office accommodation and the Council of Ministers has always believed that it is healthy to have competition in the marketplace. Prospective tenants will decide which office schemes best suit their needs. The Jersey Development Company's objectives as prescribed by the States of Jersey is to deliver the Esplanade Quarter in accordance with the Masterplan and the Esplanade Quarter Design Code.

4.11.1 Deputy M.R. Higgins:

A supplementary? Does the Chief Minister reject all their concerns or does he have sympathy with any? Will he explain to Members which concerns he agrees with and which concerns he does not agree with?

Senator I.J. Gorst:

As I said, I do not share the concerns expressed. This Assembly has made its position clear when it comes to the Masterplan. The proper process of planning applications has been approved and the S.o.J.D.C. (States of Jersey Development Company), if I may refer to them as that, is in the process of finding tenants. Once tenants have been found, then they can start to build. There is a shortage of Grade A office space and we need new offices.

4.11.2 The Connétable of St. Helier:

Would the Chief Minister agree with me that the industry professionals that the Deputy refers to are in fact competing developers? Would he further agree with me that the new Assembly in 2012 had the opportunity to debate the future of the Esplanade Quarter when I brought a proposition P.175/2011 to the Assembly that they endorse the Masterplan and now it is time for St. Helier-elected representatives to get behind the development of the scheme which will of course include replacement parking?

Senator I.J. Gorst:

I thank the Connétable of St. Helier for his intervention because I believe that if we are going to have a strong and vibrant future for Jersey we need to have a strong and vibrant St. Helier. If we want inward investment, if we want jobs, if we want economic growth, we need offices of a suitable quality in St. Helier. The Connétable is right. Those individuals who appeared to write to the media before they wrote to me - but that is my life - of course did not communicate to the public which particular land owners, developers, builders, tenants were their clients. That of course is their prerogative. They do not have to do that but Members should be under no illusion about that. Some Members in this Assembly do not want to see building on the Waterfront by the States of Jersey Development Company. That again is their prerogative but with that belief they have to accept that they will be taking developer profit from that site, putting it into the pockets of private developers and therefore that means that that profit will not be regenerated into parts of St. Helier that we know need to be regenerated. Those individuals in those parts of St. Helier deserve better. That is why I support building on the Waterfront.

4.11.3 Deputy M. Tadier:

The question is not about building on the Waterfront, it is about what is built on the Waterfront for whom. The Chief Minister is no doubt correct that there is a need for Grade A office space but there is also a need for a new hospital. There is also a need for social housing in Jersey, for a new Les Quennevais school which I suggest does not get built on the Waterfront. There is also a desire, if not a need, for a cultural centre, a university, a gallery which could also go on the Waterfront on the Esplanade Quarter. The difference is there may be a need for office space but there is not a need for the States of Jersey to build that office space when the private sector can do it. Does the Chief Minister agree that the private sector are quite capable of building and sourcing their own land and building their own offices on that land but when it comes to things like hospitals and social provision that can only be done by a government and it can only be done on States-owned land? He should be taking into account the fact that the voices, not just from these lobbyists who I think have the right idea, but voices across Jersey are telling the Government: "You need to consider your plan for the Waterfront." Will the Chief Minister undertake to do that?

The Bailiff:

Do what? I am not quite sure; that was a very long question.

[11:00]

Senator I.J. Gorst:

Answer the question. What a fantastic opportunity the Deputy has given me and I thank him for it. I reiterate what I have just said. The Deputy is one of those who believes that the profit from building on the Waterfront should go into the pockets of private developers. That is his prerogative; I do not believe that. I believe that the reason we set up the company that we did is so that we can generate profit and we can re-invest it into the parts of St. Helier which have been under-invested in, that have problems with social housing, that need greater social provision. That is why the Waterfront is so important. Of course, the Deputy belongs to a party that believes we can just simply tax and spend and deal with every issue in that regard. I do not accept that approach. I believe that we have a prime site on the Waterfront. We have a need for inward investment, we have a need for Grade A office space on that site. It can be delivered and that profit can be ploughed back into the social provision that I think the Deputy was really trying to ask about.

4.11.4 Deputy M. Tadier:

May I respond? This is becoming quite interesting. We seem to have a Council of Ministers which is now espousing state capitalism. It must be all their journeys to China no doubt which is inspiring them to do that. Can I suggest that he does not speak for our party and when we talk about taxation and redistribution we believe that an optimum amount can be obtained for all of Jersey society to be better off and more harmonious even if some people at the top are earning slightly less than they usually do. But if the Chief Minister really has a problem with private developers making profit, then there is an opportunity for him to do that, and his Council of Ministers to do that, through the tax system rather than focusing on one narrow piece of land in Jersey which is in public ownership and could be put to much better social cultural use rather than building office blocks which there are many other areas for them to be built in. Does the Chief Minister accept that this is not an either/or? We can support state capitalism in the building trade if that is the desire of this Assembly and the Council of Ministers. But if we want to tackle the vast profits that private developers are making across the Island, then he needs to look at the land transaction tax, property taxes, land value tax. Do that with his Minister but not use that as a distracting tactic for this very serious issue.

The Bailiff:

So the question, Deputy, is ...?

Deputy M. Tadier:

The question is if he has an issue with private developers making money, will he bring back a joined-up package to make sure that those issues can be dealt with without using this as a political football for a different issue?

Senator I.J. Gorst:

I have no issue with private developers making profit. What I am simply saying is that this site is in States ownership, this Assembly has agreed the method of development that we should deliver. Of course I do not wish to speak on behalf of his party when it comes to taxation. I think he has just done it for them. His answer to all these issues, it appears, is tax. I do not accept that.

4.11.5 Deputy A.D. Lewis:

I do not think it was this Assembly that approved it; this is a whole new Assembly. But does the Minister really believe that Government should be involved in commercial property development? There are better ways of getting involved in this area, lower risk ways that will still benefit the taxpayer. Does the Minister agree that the States of Jersey Development Company was completely out-manoeuvred by the private sector in attaining an anchor tenant for that site?

Senator I.J. Gorst:

When I refer to “this Assembly” I refer to it as a continuum, not just the Members that sit in it from time to time. **[Laughter]** Of course, one of my concerns is that we have a need to deliver economic growth, we have a need to deliver inward investment and we want people to bring their businesses to our community because we want to create jobs and we want to create wealth for all members of our community. If we do not therefore provide those office spaces we are going to be hindered in that aim and we are not going to have the economic growth, we are not going to have the jobs and we are not going to be able to provide socially for members of our community that we want. That has sadly become a political football. There are of course competitor sites, competitor developers, competitor tenants and they are using Members of this Assembly to deliver for themselves. I regret that. I hope that now we can move on. Decisions have been made and we can allow the States of Jersey Development Company to deliver what we have asked it to deliver because ultimately we want to provide for those who are in great need in our community. That is what this development is going to be able to provide for.

4.11.6 Deputy A.D. Lewis:

I am not sure the Minister answered my question. Does he believe that the Government should be competing against the private sector for commercial development?

Senator I.J. Gorst:

I quite clearly answered that question. Tenants should have choice. If tenants want to move into sites which are delivered by the States of Jersey Development Company they should be allowed to do that and we should not use it as a political football for the benefit of other private developers. That is the thing that I find most frustrating about where we are today because I know that if we are going to deliver on the commitments that every Member has given to the electorate during the election, we need those new sites to be developed.

4.11.7 Deputy M.R. Higgins:

I find it strange that the Chief Minister talks about all the benefits of economic growth coming from the public sector when it could equally be delivered by the private sector in this case. However, the question I was going to ask finally is: the Chief Minister has previously stated that there will be further job losses in the finance sector due to rationalisation worldwide due to G20 measures figures, *et cetera*. He is also notified of these job losses in advance of them before they are announced in public. Does he really believe there is a demand for an international finance centre as was originally set out in the Masterplan and that they are pursuing?

Senator I.J. Gorst:

I absolutely do. I speak to businesses; that is part of what my job is. I go promoting Jersey around the world and I see what financial services businesses want and desire in their growth strategies. One of those elements is Grade A office space in a defined centre like we see in other centres around the world. We cannot live in isolation and we cannot believe that we are going to attract these businesses and inward investment and consolidation into Jersey if we are expecting them to live and work in substandard office space. We have a straightforward choice and I am going to choose the future for Jersey that I believe will best deliver for all members of our community.