

**COMMITTEE OF INQUIRY: BUILDING
COSTS IN JERSEY**

**Lodged au Greffe on 3rd November 1998
by the Finance and Economics Committee**



STATES OF JERSEY

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion -

In accordance with Article 30 of the States of Jersey Law 1966, to approve the appointment of a Committee of Inquiry to investigate fully the costs of building projects in Jersey and to report back to the States with such recommendations (if any) as the Committee considers to be appropriate.

FINANCE AND ECONOMICS COMMITTEE

Report

There has been concern over the high cost of building projects in Jersey for many years. The two most recent attempts by the States to address the problem were in the 1993 Building Materials Prices Working Party: R.C.34/93 and in the 1987 Building Costs: Working Party Report: R.C.6/87. The Finance and Economics Committee believes the time is now right to investigate the subject again and to do so by the setting up of a States Committee of Inquiry rather than through another working party.

This year has seen considerable fluctuations in tender prices for a number of States' sponsored building contracts and an unprecedented proposed growth in States' Capital Spending over the next few years.

For social rented housing alone, it has been stated there will be a need for 900 more units, the estimated cost of which is £92.7 million for construction.

Any recommendations from a Committee of Inquiry which led to even a small percentage reduction in local building costs would result in significant savings, running into millions of pounds of public money. Any reduction in building costs would also particularly assist first-time buyers who currently find entry-level properties set at prices which many simply cannot afford.

Building costs locally are currently estimated to be anything up to fifty per cent above the United Kingdom average. Various reasons for the difference in building costs have been well documented. These include freight costs, higher storage charges, less economies of scale, higher labour costs and higher standards of building regulation.

The Finance and Economics Committee believes an authoritative investigation needs to be undertaken to discover which elements actually make up the higher local building costs and how much each of the different elements contributes to the excess overall cost. This acquired knowledge could then form the base, from which conclusions could be drawn, as to whether it is possible to propose ways in which buildings costs locally could be reduced.

The proposal to set up a States Committee of Inquiry has been generally welcomed by the construction industry, and has the full backing of the Jersey Construction Industry Forum, a composite body which represents all sectors of the local building industry.