

4.12 Deputy J.A.N. Le Fondré of the Minister for Treasury and Resources regarding the repayment of public monies advanced in relation to the creation of underground parking in the Esplanade Quarter:

To an extent, we have already had an answer, so I will read the question as lodged, but there has already been a change. The question lodged is: does the Minister still maintain that the public monies advanced in relation to the creation of underground parking in the Esplanade Quarter will be repaid on completion of Building 1 and, if not, why not? That was the original ...

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

I do not think I can add anything that I have not previously said. The £13 million investment from the Currency Fund will be repaid in full on the completion of the sales of Buildings 1 and 4.

4.12.1 Deputy J.A.N. Le Fondré:

As we have heard, the return will be made on the completion of the 2 buildings. If one applies a reasonably standard square footage and yield rates and things like that, that seems to indicate possible values of around £70 million for the 2 buildings. To put it backwards, that seems to indicate a return of north of 30 per cent in order to get the payments that the Minister for Treasury and Resources is requiring. Could he please explain simply how this financial miracle is to be achieved?

Senator P.F.C. Ozouf:

The Deputy is seeming to get a reputation for number obfuscation on a scale that I have never seen. The fact is that Buildings 1 and 4 will deliver the planning obligation to deliver a public car park and it will be repaid. I do not know what magiciary, or anything else, needs explaining. If I may follow up on the previous question that he made where I need to correct his statement that the scheme overall does not deliver benefit, I would refer him to the letter that has been sent by S.o.J.D.C. on 18th December to Planning, which sets out the financial arrangements for the scheme. It sets out very clearly those arrangements between 1 and 4, it explains quite clearly that the rest of the phased development of plots 7, 8, 9, 14 and 13 have an estimated value of £15 million for the taxpayers' purposes in relation to S.o.J.D.C. That will mean that there is a contribution to the road. The letter, which I will not go on and explain in absolute detail also says (and this is the important point): "It is envisaged that phase 2 will take 10 years to complete. On completion of phase 2, it is estimated that the financial quarter will deliver net receipts of £50 million to the States of Jersey based on today's costs and values, and that takes account of, indexed-up, the cost of the lowering of the road at £45 million", which was, of course, in 2007, and now £54 million. So I ask him to withdraw his suggestion that the scheme will lose £50 million; in fact, it will make £50 million, and that has been set out in letters from S.o.J.D.C.

4.12.2 Deputy J.A.N. Le Fondré:

All I can say is what I have quoted is what the independent expert said, which included the cost of repairing the road at the time. So we obviously have a difference of opinion. The way to resolve that opinion is for some independent figures to be done to back up the figures that the Minister for Treasury and Resources has just produced. By "independent", without casting aspersions on the directors of S.o.J.D.C. "independent" means external to that company. Sorry, that was the comment in response to the Minister's questions. I was waiting for anybody else, if they have got any supplementaries, if not, I have ...

The Deputy Bailiff:

These exchanges really show that maybe one of the matters Members might consider is whether it is not an appropriate Scrutiny subject rather than questions to the Minister in the Assembly, because this is a very complicated subject and is not quite the sort of question ...

Deputy J.A.N. Le Fondré:

Sorry, Sir, I thought you were asking me to respond to the Minister's comment.

The Deputy Bailiff:

I was not, no. Deputy Young?

4.12.2 Deputy J.H. Young:

Mine is a relatively simple question, I hope; since I was in the queue to get in a supplementary before, I will have another go. The Minister has told us that he is advancing £30 million from the Currency Fund for the car park which I do recall him saying at some stage was half the cost of the car park.

[12:30]

I think that was said in the Budget debate. Could he clarify for us what his financial plans are for the repayment of that cost? Does that involve, for example, transferring the car park to the T.T.S. (Transport and Technical Services) Car Park Trading account and will that mean that the entire cost will have to be paid for by public car park charges or what proportion of it by the yield from the development? So I would like that clarification and just to remind you, I think the financial plans are not part of the planning process. I just want the financial plan for the car park.

Senator P.F.C. Ozouf:

I do not know how many times I have to say this. The public car park is an obligation on S.o.J.D.C. which must be delivered and must be paid by the S.o.J.D.C. S.o.J.D.C. has to deliver a public car park of 520 spaces back as a result of the scheme and what they have currently said is that they will deliver that car park as a result of the development and the completion of Buildings 1 and 4 at zero cost to the taxpayer. All the Treasury is doing is providing the cash flow for that because it is suggested that the car park can be delivered earlier which was previously going to be over the whole of the development of the scheme and it has been brought forward. So the repayment will happen and the monies are being advanced with a return to the Currency Fund and will be repaid.

4.12.3 The Connétable of St. Helier:

The Minister will remember that when the Esplanade Quarter scheme was sold to the States several years ago by a previous Minister for Planning and Environment, one of the criteria was that approximately £70 million would be generated in receipts for urban regeneration. Could the Minister clarify that this is still his expectation and agree to look at the mechanism by which the receipts of development can be applied to urban regeneration in this way?

Senator P.F.C. Ozouf:

I welcome the Constable's question. Indeed, I do not recall what the original return for the scheme was. It may well have been £70 million. The figure that I have mentioned is now £50 million. I hope that S.o.J.D.C. over time, who are very prudent in their budgeting, would improve upon that and I look forward in the event of the Buildings 1 and 4 starting and the buildings commencing that we would enter constructive discussions with the Constable in order to see how we can use that very valuable contribution - I do not think it will be all of that money - for urban regeneration and the point that also is related to that is that the other

opportunities that will be for St. Helier for vacated office space for urban regeneration, for making residential accommodation and other available opportunities, is also something that we must have dialogue with Planning and the Constable on.

4.12.4 Deputy J.A.N. Le Fondré:

The Minister has, in fact, referred to a level playing field. Obviously land has been transferred into the S.o.J.D.C. for zero value. The Minister is frowning. The land obviously that S.o.J.D.C. have and own is for free. They have never had to buy it. Has the States been required to provide any security or guarantees or any other support in respect of any loans of S.o.J.D.C. or in relation to this project? If so, how much? What assets are being used as security which obviously means they are at risk now, either within S.o.J.D.C. or within the wider state of the portfolio?

Senator P.F.C. Ozouf:

The Treasury is briefed regularly by S.o.J.D.C. on the arrangements that they are putting in place for letting buildings and pre-lets. The requirements of the Treasury are that development only goes ahead if there has been a majority of pre-lets for the buildings although there is an argument to be had in a growing market for there to be at least some speculative unlet space on a building and as far as my principles are concerned, S.o.J.D.C. has to operate as an arm's length entity and I repeat that no financial assistance has been given to the office part of the development which is an important issue of the level playing field argument. But I would ask the Deputy and others who are persistent detractors and opponents of the scheme to consider whether or not it is in taxpayers' interests, given the level playing field, that we somehow forego the valuable net contribution for taxpayers' land which they have invested in as opposed to others because that is what it appears to be happening. There is a suggestion that the States should not get a return, taxpayers should not get a return, for its land whereas private developers should be and I just wonder and I ask Members to consider that the persistent questions on this issue is that that is also a weighty consideration. Yes, level playing field but return for taxpayers on a fair and equal basis is what I think those Members of this Assembly should be asking for.

Deputy J.A.N. Le Fondré:

The Minister did not answer the question. For example, the question of security and whether his or the States have provided any security for S.o.J.D.C. was not answered.

The Deputy Bailiff:

I understood the Minister to say it.