



# Corporate Services Scrutiny Panel

## Jersey International Finance Centre

**MONDAY, 15th JUNE 2015**

**Panel:**

Deputy J.A.N. Le Fondré of St. Lawrence (Chairman)

Deputy S.M. Brée of St. Clement

Deputy K.C. Lewis of St. Saviour

Connétable C.H. Taylor of St. John

**Witnesses:**

The Minister for Treasury and Resources

Director, Corporate Policy

Director of Estates, Jersey Property Holdings

[16:06]

**Deputy J.A.N. Le Fondré of St. Lawrence (Chairman):**

Right, shall we kick off while we are having photographs done. Welcome to the hearing with the Minister for Treasury and Resources for the review into the Jersey International Finance Centre. A little bit of a preamble before we properly kick off. Minister, as you are aware, we try to operate in a public manner where possible but, as you are also aware, we do accept information on a confidential basis and we are sensitive to that and will continue to do so and be so. As a public hearing, we will expect transparency from you in recognition that the company structure in the S.o.J.D.C. (States of Jersey Development Company) places responsibilities on you in this regard beyond those of privately-owned businesses. However, the expectation of transparency and co-operation does not mean that we expect you to disclose particularly sensitive commercial information to us in a public forum. Should the need arise, we will allow you to provide that information to us separately but, please, expeditiously. All such information received will be

handled by us in confidence in accordance with the procedures that all scrutiny panels are expected to adhere to and the undertakings agreed with you as regards the receipt of the BNP Paribas real estate valuation of the J.I.F.C. (Jersey International Finance Centre) development. Right, so that is part of the main formal aspect. Obviously, Minister, can I draw your attention to the notice I am sure you are familiar with that is in front of you and there is also a notice that I draw members of the public to, which is around the room, which is obviously that we do expect members of the public and the media in the public seating to remain quiet at all times while the hearing carries on. That is most of the formal matters. We have got quite a lot to go through today. We may stop you if we feel that you have answered the questions sufficiently because we need to try and be as concise as possible. So, for the benefit of the tape, we can start going round and do the voices. I am Deputy John Le Fondré, Chairman of the Corporate Services Scrutiny Panel.

**Deputy S.M. Brée:**

Just some general questions to start with, if I may, Minister. Firstly, do you fully support and encourage the role and process of scrutiny at all levels and in all areas of Government?

**The Minister for Treasury and Resources:**

Yes.

**Deputy S.M. Brée:**

Minister, can you confirm that you are the shareholder representative of the entire shareholding in the States of Jersey Development Company?

**The Minister for Treasury and Resources:**

Yes.

**Deputy S.M. Brée:**

Can you confirm, who are the shareholders you represent?

**The Minister for Treasury and Resources:**

The public.

**Deputy S.M. Brée:**

That is the public of the Island of Jersey?

**The Minister for Treasury and Resources:**

Correct.

**Deputy S.M. Brée:**

Thank you. On 8th June 2015, in a public hearing, the board of S.o.J.D.C. were requested to provide copies of the HSBC, UBS and Cameron's agreements to this panel. The board advised that they would need to request permission from each of these parties prior to providing such copies. Can you confirm that the board have done so and, if so, when?

**The Minister for Treasury and Resources:**

Can I confirm that they have requested that information from the parties that you have stated?

**Deputy S.M. Brée:**

Yes.

**The Minister for Treasury and Resources:**

Is that what you are asking?

**Deputy S.M. Brée:**

Yes, I am.

**The Minister for Treasury and Resources:**

I am not certain whether they have got agreement. My understanding is that they have asked but all of the parties that you have referred to are not prepared to release that information.

**Deputy S.M. Brée:**

Okay. Can you then please provide copies to this panel of the various correspondence that has been sent by S.o.J.D.C. to these parties and from those parties to S.o.J.D.C.?

**The Minister for Treasury and Resources:**

In relation to that topic?

**Deputy S.M. Brée:**

In relation to exactly that topic, yes.

**The Minister for Treasury and Resources:**

I will endeavour to do so. If I am able to do so I shall do so.

**Deputy S.M. Brée:**

May there be a reason why you cannot do so?

**The Minister for Treasury and Resources:**

If there were anything commercially sensitive within those letters, which I cannot imagine there would be, then that might require a further discussions with yourselves as a panel.

**Deputy S.M. Brée:**

As previously quoted by the Chairman, we are willing to accept information or correspondence under a confidential agreement exactly identical to that in which we received the BNP Paribas real estate valuation. Therefore, I will request you now formally to provide such copies of the correspondence to us, under a confidential agreement should it be so desired, by the close of business on Wednesday, 17th June.

**The Minister for Treasury and Resources:**

Just for clarity's sake, are you referring to the exchange of information between S.o.J.D.C. and those entities as opposed to the actual information that you have requested from them?

**Deputy S.M. Brée:**

I am requesting from you, firstly, the correspondence going from S.o.J.D.C. to each of those entities requesting their permission to release the agreements to us and, secondly, correspondence received by S.o.J.D.C. from those entities refusing such permission.

**The Minister for Treasury and Resources:**

Right. Okay, clear.

**Deputy S.M. Brée:**

If that is the case.

**The Minister for Treasury and Resources:**

Yes, that is fine.

**Deputy S.M. Brée:**

It is highly concerning that S.o.J.D.C., being a publicly-owned body, do not feel it appropriate to press this issue but obviously that is down to them and you as the shareholder representative. I would ask also that you speak to S.o.J.D.C. to see whether or not there is any solution to this situation that we are not allowed to view these documents.

**The Minister for Treasury and Resources:**

Would you just clarify the point you have made about being disappointed that S.o.J.D.C. have not pressed the matter? In what way?

**Deputy S.M. Brée:**

Well, it would appear to me that obviously S.o.J.D.C., while requesting permission to release the information, seem to be quite happy that permission is denied. We have had no correspondence whatsoever from the board of S.o.J.D.C. since the public meeting on 8 June. I am very disappointed in that.

**The Minister for Treasury and Resources:**

Well, I am certainly more than happy to clarify the position as to why that is not the case. The exchange of letters, if indeed it was letters that were exchanged, providing there is no commercially-sensitive data within those letters, which I would not imagine, then I am very happy for that to be shared as requested by the panel.

**Deputy S.M. Brée:**

Whether it be letters or any other form of communication, electronic or otherwise, we class that as correspondence.

**The Minister for Treasury and Resources:**

That is fine; very happy to do that.

**Deputy S.M. Brée:**

All right, thank you.

**Deputy J.A.N. Le Fondré:**

I would like to ask a question. As the Minister for Treasury and Resources, would you be supportive of those individual bodies providing information to us on a confidential basis to assist us with the review?

**The Minister for Treasury and Resources:**

Well, first of all, I am very supportive of the necessary information for the panel to be able to undertake its review correctly. I have sympathy, of course, for private companies. We are talking about the building contractor here. We are talking about a private bank that has provided facilities. More than one bank, sorry; 2 banks. There may well be reasons why they do not want data to go into the public domain or indeed to be passed on to third parties. Now, that is another matter altogether. That does not mean I am not supportive. Of course I am supportive of the scrutiny process.

**Deputy J.A.N. Le Fondré:**

As a principle, you would be supportive of the information being provided to us with the caveats on the confidential nature?

**The Minister for Treasury and Resources:**

Yes, but I do, of course, understand the reluctance that third parties may have in this area. It is not normal for a third party to pass such information on to others when there is commercially-sensitive information.

**Deputy S.M. Brée:**

With regards to your support of scrutiny and your relationship with the board of S.o.J.D.C., what level of involvement do you have in decisions made by the board?

[16:15]

**The Minister for Treasury and Resources:**

Well, I think it is contained within the M.O.U. (Memorandum of Understanding) that exists. That is the document that manages the relationship between the Minister discharging the shareholder responsibility and S.o.J.D.C. and, within that M.O.U., you will see that where there are material issues then those would be brought to the attention of the shareholder representative, in other words the Minister, for approval. Outside of that, of course, on an everyday basis there are quarterly meetings where the executive and the board bring the Minister up-to-date with progress in whatever fields they are pursuing at that particular time. Of course, the Minister would take decisions based on that updated information to ensure that S.o.J.D.C. is carrying out its remit following the establishment in 2010 by the States. That was clearly laid out in proposition P.73.

**Deputy S.M. Brée:**

Do you believe that the current M.O.U. between S.o.J.D.C. and the Minister for Treasury and Resources is a robust and fit-for-purpose document?

**The Minister for Treasury and Resources:**

I think all of these M.O.U.s that exist - and I have said this in the public domain - need to be reviewed from time to time. I think that is quite appropriate to make sure that they remain fit for purpose and I have also said publicly that we are in the process of looking at all our M.O.U.s to ensure we do that. Indeed, Deputy, you will be aware that you played a very important role when we recently incorporated the ports in helping us develop a more robust M.O.U. for that particular relationship. I think that is somewhat of a template that can be used. The only caveat I would say is that, of course, each entity has its own individual intricacies that have to be taken into

consideration. But I think this M.O.U., like all of them should, on an ongoing basis be assessed for appropriateness.

**Deputy S.M. Brée:**

When was the last time your department undertook a review of the M.O.U. with the States of Jersey Development Company?

**The Minister for Treasury and Resources:**

Well, this particular M.O.U. was put in place as a result of P.73 when S.o.J.D.C. was set up. So that is not that long ago.

**Deputy S.M. Brée:**

So not since 2010 has your department undertaken a review of that M.O.U.? Is that correct?

**The Minister for Treasury and Resources:**

That is my understanding, which is the reason why I have said that I have instigated a review of all our M.O.U.s for all the entities we have responsibilities for.

**Deputy S.M. Brée:**

Okay, thank you.

**The Minister for Treasury and Resources:**

Having only been in post since November, of course.

**Deputy J.A.N. Le Fondré:**

Would such a review possibly cover the ability of scrutiny panels to have access to commercially-confidential information?

**The Minister for Treasury and Resources:**

Well, Chairman, I am delighted you have raised that because that is something, as you will probably recall, I have mentioned in the States.

**Deputy J.A.N. Le Fondré:**

Just answer the general question rather than the ...

**The Minister for Treasury and Resources:**

No, it is an important point. I think this is a matter that does need to be reviewed because it is not satisfactory, the position that we have been through. I know that you are not satisfied with the

difficulties and the time in getting access to the BNP Paribas report. What has not been reported is the fact that I am not particularly satisfied with the process that we have been through because I have found myself in an extraordinarily difficult position trying to balance the interests of the various parties and remain, as I am, supportive of the scrutiny process. It is not satisfactory and it does need to be sorted out and I would say part of that is the code of practice that is in the stage between the executive and scrutiny. That, I believe, is currently with the scrutiny side but I think it is critically important that that is resolved quickly because I have no doubt there will be further cases as we are touching only this afternoon where confidential information does need to get into the hands of the panel to do its work properly and yet it is difficult to do if we have not got the right framework in place to manage that.

**Deputy K.C. Lewis:**

Minister, is it your intention to ensure that the States of Jersey Development Company deliver the Esplanade Quarter Masterplan?

**The Minister for Treasury and Resources:**

Nothing has changed since the masterplan was established outside of 2011 when the then Minister for Planning changed the sequencing and that is to say that phase one, which is the current car park, the 6 buildings, is commencing. I would suggest that a masterplan needs to be flexible. That is a point that I raised with your expert, Ian Wye, when they were over recently and they agreed that a masterplan is something that evolves over the passage of time. It is certainly not a straightjacket but, as I say, it is being dealt with in phases. The first phase is progressing and I see no reason at this stage for that to change.

**Deputy K.C. Lewis:**

So everything in the masterplan stays; it is just the sequencing that is changed?

**The Minister for Treasury and Resources:**

The point I have made is that the masterplan needs to be flexible. It needs to evolve and it is being delivered as envisaged at this stage, concentrating on phase one, which is the car park, which involves the 6 office buildings. That was the change in the sequencing that was put in place by the Minister before last, I think it was, in 2011.

**Deputy K.C. Lewis:**

What guarantee is there that what was established by the masterplan to the public, including the winter garden, underground parking and sinking the road, will be delivered?



**The Minister for Treasury and Resources:**

I do not think there is any guarantee in life of anything specifically, but you mentioned the winter garden and the sinking of the road. That is in phase 2 in any event and, as I have said, the sequencing was changed in 2011. So phase one is just the car park side, the 6 office buildings and the community space. Fifty per cent or so of that car parking site is going to be community space and that is what is being focused on at the moment. I should also point out that the winter gardens, phase 2 that you have just mentioned, are to the south. That is an area of land which is currently under review as a potential new hospital site. So there are other factors which perhaps one might bring into mind when considering the need to be flexible in our masterplan. As I have said, a masterplan is a vision which will, over the passage of time, evolve.

**Deputy K.C. Lewis:**

Touching on that, when is it planned to ensure that the States of Jersey Development Company sink the road and build the underground car park?

**The Minister for Treasury and Resources:**

Well, as I have said, the whole project has been phased. Phase one is the office buildings. That is approximately a 10-year estimated build process and we will have to deal with the rest of it in due course.

**Deputy K.C. Lewis:**

Just sort of touching on that, you mentioned the underground car park. Surely the road would have to be sunk before the underground car park is built otherwise it would make it extremely difficult, if not impossible, to sink the road. Would you agree with that?

**The Minister for Treasury and Resources:**

That is not my understanding. I do not know, Ray, if you want to comment on that.

**Director of Estates, Jersey Property Holdings:**

I am not sure I can add to that. From an engineering perspective it is not my area, but I assume proposals would need to be considered.

**Deputy K.C. Lewis:**

I thought the idea was to build a temporary bypass road while the main road is being sunk, which can later be taken up and put to other use.

**The Minister for Treasury and Resources:**

Right. Well, as I have said, it is certainly not my understanding that that would be necessary and I say that because one of the advantages of the phasing is ... we talk about phase one and phase 2, phase one being the 6 office buildings on the current car-parking site. Each office building is a sub-phase - so there are 6 of them in total - and, of course, the first one that has planning permission and now has a pre-let in place is building 4, which you are aware of. Once that and the second building, which is building number 5, are developed one could indeed then build the underground car park and landscape the rest of the site if there was not demand. There is a great deal of interest in the level of demand that exists. The beauty of this site and the phasing process is that there is an even greater degree of control and, therefore, risk mitigation than would have been the case under Harcourt. The previous Harcourt proposal was to do the entire development in one go and that was risky and that was why there was a requirement at that time for a bond to be put in place and also for 200,000 square feet of pre-lets.

**Deputy J.A.N. Le Fondré:**

You talked about the flexibility of the masterplan. I think there are a couple of areas that come out of that. Certainly the Planning Department have talked about the flexibility from a planning perspective but the site's complication with the masterplan that we are dealing with is that it was the landowner that endorsed it. Do you understand the distinction I am making between the planning process and the landowner side?

**The Minister for Treasury and Resources:**

Yes.

**Deputy J.A.N. Le Fondré:**

In other words, how does the landowner ensure that they are kept informed in advance of any changes over the project that it approved?

**The Minister for Treasury and Resources:**

So you are referring to any changes or potential changes to the masterplan should those be affected?

**Deputy J.A.N. Le Fondré:**

It is all very well people saying it has got planning permission but, from a practical point of view, how does the landowner ensure that what they signed up to is what they get and if there are any significant changes, how are they kept informed?

**The Minister for Treasury and Resources:**

Well, it is a public process. Clearly under the law, which I am sure you are familiar with, the Planning Department and Minister for Planning specifically ...

**Deputy J.A.N. Le Fondré:**

No, that is the planning process. I am talking about the landowner, which is the States Assembly on behalf of the public.

**The Minister for Treasury and Resources:**

At this stage, as I have said, the masterplan is being delivered on. If that were to be changed and there would be a view to change the masterplan, that would be a matter, I suspect, that the landowner, through the responsibility of the Minister for Treasury and Resources and ultimately the States Assembly, would choose to have their input into.

**Deputy J.A.N. Le Fondré:**

So significant changes to the masterplan effectively would probably have to come back to the Assembly?

**The Minister for Treasury and Resources:**

That would be a matter of interpretation but I would imagine that if it was significant then that is probable.

**Deputy J.A.N. Le Fondré:**

Okay. You as Minister, and other Ministers have said that the Jersey International Finance Centre is basically important for economic growth. Do you agree with that statement?

**The Minister for Treasury and Resources:**

Yes, absolutely.

**Deputy J.A.N. Le Fondré:**

Okay. What happens if we only build one building?

**The Minister for Treasury and Resources:**

If we only build one building you will get 67,000 square feet of grade A office space, of which a quarter already has a pre-let legally-binding agreement.

**Deputy J.A.N. Le Fondré:**

Could you legitimately call that the Jersey International Finance Centre?

**The Minister for Treasury and Resources:**

We are playing on names now. No, it would not be the development as envisaged. As I have said, phase one of that is the Jersey International Finance Centre which is the business area of 6 office buildings totalling 470,000 square feet.

**Deputy J.A.N. Le Fondré:**

What is your criteria for success of the delivery of the Jersey International Finance Centre?

**The Minister for Treasury and Resources:**

I would take it as it has been tendered, broken down into phases, and I would suggest that when the first building is complete that is success of phase one(a) of a sub-phase of the overall. I think it is important that we provide the supply that is needed for the economy. There is no doubt there is demand at the moment for grade A office space. Only last week it was brought to my attention that there was an inward investment business that has looked at all the available supply of office space and there was nothing suitable that met the necessary standards and they have had to go into temporary space. That is the second recent inward investor that has been unsatisfied by available space within the Island. So there is, without doubt, demand. How that demand will play out of the coming years ... as I have said, phase one, the 6 buildings is going to be built out over approximately a 10-year period. Clearly there will be changes with regard to demand ebbs and flows over that period.

**Deputy J.A.N. Le Fondré:**

So how do you ensure that, looking after the interests of the landowners, the public, that you do not end up with piecemeal development?

**The Minister for Treasury and Resources:**

As I have said, phase one has been broken into sub-phases. It is important that, when doing that, starting, as S.o.J.D.C. are so doing at the moment, from the eastern end of the site, number 4, then number 5, and working your way across towards the west you can ensure that you are not going to have a building site for the entire period and it can be done in an ... I cannot get the word out.

**Director of Estates, Jersey Property Holdings:**

Acceptable.

**The Minister for Treasury and Resources:**

Thank you. It is not the word I was after, but never mind. That the development can be managed in a way that will be acceptable.

**Deputy J.A.N. Le Fondré:**

Okay. So, to clarify though, if development stopped at one or 2 buildings, that would not be criteria of success that you delivered the Jersey International Finance Centre?

**The Minister for Treasury and Resources:**

Well, the Jersey International Finance Centre is the delivery of 6 buildings. That is what that has been described as.

**Deputy J.A.N. Le Fondré:**

Yes.

**The Minister for Treasury and Resources:**

But, through this whole process and when the States of Jersey agreed the establishment of S.o.J.D.C. in 2010 under P.73, risk mitigation was a key element of that and that is where the pre-lets came from. Each building, before construction commenced, had to be able to cover its costs.

**Deputy J.A.N. Le Fondré:**

Sorry, was that P.73 you just quoted?

**The Minister for Treasury and Resources:**

P.73/2010.

**Deputy J.A.N. Le Fondré:**

That is not quite the correct quote, Minister. The exact quote, which we will come back to at some point, is that S.o.J.D.C. must secure a sufficient level of legally-binding pre-sales or pre-lets to fund the cost of constructing the first phase of a scheme. It does not say the first building of a scheme.

**The Minister for Treasury and Resources:**

Well, that is just because the first phase is the one I have described.

**Deputy J.A.N. Le Fondré:**

That is ...

**The Minister for Treasury and Resources:**

No, it is correct what I have said because the first phase is 6 buildings, but that first phase is broken down into sub-phases. So that is correct; phase one(a) is building 4.

**Deputy J.A.N. Le Fondré:**

Phase one(a) is more than building 4 because it includes the temporary car park and the public ramp and that is confirmed by the S.o.J.D.C.

[16:30]

**The Minister for Treasury and Resources:**

There are some other bits around it but, as I have said, phase one is broken into sub-phases. So technically that is still correct, but anyway that is by the by. The point that I am making is that, if building 4 is constructed and building 5 is constructed and there was no more demand for whatever reason, then, because the whole phasing can be broken down into modules, there could be a decision taken, for example - and that would be a matter for the shareholder and perhaps the States to consider - as to whether the profit from those 2 buildings were invested in creating an underground car park, so you no longer have a surface car park, and you build on the top an area of park or public community space. There is flexibility and this is the key to any masterplan, in my view. There needs to be plenty of flexibility so you can adapt and adjust to circumstances.

**Deputy J.A.N. Le Fondré:**

Would that, in your view, be a good use of a public asset?

**The Minister for Treasury and Resources:**

I am not venturing an opinion. I am just saying that you would not be left with a building site. Secondly, you would have money to invest in improving the area. It may well be that the public, the landowner that you have been referring to, decides that there are other uses for that piece of land that could be helpful.

**Deputy J.A.N. Le Fondré:**

But you are the Minister for Treasury and Resources. You are custodian for the public assets. Therefore, if you have got a site that presently is empty and can be used for all sorts of purposes which you then start constructing on, if you only achieve one or 2 buildings, is that a good use of a public asset? Do you not run the risk of compromising the site?

**The Minister for Treasury and Resources:**

What I am fully expecting to happen is that all 6 buildings will be built. I see no reason why that should not happen. I am just saying that there are options available and flexibility and, depending on circumstances ... this is 10-year build and you cannot possibly predict where you will be in 3, 5, 7 or 9 years, for example. So you have to have necessary flexibility to be able to adapt your plans

if necessary, but at the moment there is no reason why, in my view, we should not be able to deliver the 6 buildings that are required because there seems to be plenty of demand.

**Deputy J.A.N. Le Fondré:**

Okay. We will no doubt come back to that subject. I have got my next question. Does anybody want to interject before I go for my next question?

**Deputy S.M. Brée:**

Just one question, if I may, to clarify something that the Minister did say just now about a new inward investment business looking for office space in the Island and they had to go into ... I think the words he used were "substandard".

**The Minister for Treasury and Resources:**

No I did not say substandard.

**Deputy S.M. Brée:**

Did you not?

**The Minister for Treasury and Resources:**

It was not satisfactory for their purposes.

**Deputy S.M. Brée:**

It was not satisfactory, sorry, for their requirements. How much square footage did they take?

**The Minister for Treasury and Resources:**

Sorry, just for clarification, they have not gone in yet. They are in the process of moving a business to the Island and setting up. They are going through the approval process.

**Deputy S.M. Brée:**

Yes. How much square footage will they be taking?

**The Minister for Treasury and Resources:**

What they were looking for was between 4,000 and 6,000 square feet.

**Deputy S.M. Brée:**

Right, okay. Thank you.

**Deputy J.A.N. Le Fondré:**

Chris, are you happy with that? I have got some of my questions but is there anything you want to cover at this point?

**The Connétable of St. John:**

No, not at this point.

**Deputy J.A.N. Le Fondré:**

Okay. Can you confirm, Minister, that the financial implications of the Esplanade Quarter Masterplan as set out in the proposition in June 2008 was £75 million including potential overage payments?

**The Minister for Treasury and Resources:**

£75 million included the overage payments, yes. It was £50 million plus £25 million.

**Deputy J.A.N. Le Fondré:**

Yes, that is what I said: including the overage payments.

**The Minister for Treasury and Resources:**

Yes.

**Deputy J.A.N. Le Fondré:**

Right, thank you. Will you just acknowledge the quotes that I am about to read out to you?

**The Minister for Treasury and Resources:**

Depends who they are from.

**Deputy J.A.N. Le Fondré:**

They are from one of your predecessors, Senator Terry Le Sueur, on 2nd July 2008. This is an extract: "The Minister for Treasury will only give consent once the Treasury officers have satisfied the Minister of these financial safeguards and, equally, those Treasury officers, professional officers, are not going to advise me until they are satisfied with the proposals put forward by the board, including the legal advice. ... Given the magnitude of the deal, the Treasury will commission an independent external valuer to give a view on the contract itself, on its financial appraisal, on its commercial appraisal and its building appraisal, and I will make that advice given to me available to States Members before I authorise the contract to be signed. ... The board makes a decision on the basis of what is best for the company. I am taking separate independent



advice because I want to ensure that I do what is best for the States and the Island.” Can you just effectively nod and acknowledge the comment?

**The Minister for Treasury and Resources:**

I assume that is a direct quote.

**Deputy J.A.N. Le Fondré:**

Yes. So the thing that arises out of that is: will the Minister confirm that the independent valuer promised by Senator Le Sueur resulted in the report dated 18th November 2008 by Trowers & Hamlins and sometimes also referred to as the *King Sturge Report*, which is a report contained within it?

**The Minister for Treasury and Resources:**

I assume that is the case.

**Deputy J.A.N. Le Fondré:**

Okay. Will the Minister note the following comments that are on page 32 of the King Sturge section, which are: “The outcome of the appraisal is dramatically different to the CNW position in April 2007. It indicated a negative acquisition cost or residual land value of minus £50,124,117, say minus £50 million.” Can you confirm that is your understanding of that part of that report?

**The Minister for Treasury and Resources:**

Chairman, I am ...

**Deputy J.A.N. Le Fondré:**

It is in the public domain. It has been questioned outside previously.

**The Minister for Treasury and Resources:**

No, that is fine, but you are talking about a previous appraisal done for the Harcourt development.

**Deputy J.A.N. Le Fondré:**

Can you just confirm that that report at that time stated there was a £50 million loss?

**The Minister for Treasury and Resources:**

Relevant to the Harcourt ...

**Deputy J.A.N. Le Fondré:**

Yes, of that appraisal of the masterplan.

**The Minister for Treasury and Resources:**

Yes, but no what we were discussing just a moment ago.

**Deputy J.A.N. Le Fondré:**

Not what we are talking about at the moment. This is from 2008.

**The Minister for Treasury and Resources:**

Yes, okay.

**Deputy J.A.N. Le Fondré:**

So, just to put it into context, in June 2008 the financial implications for the proposition was £70 million positive and in November 2008 they were £50 million negative. You agree? Can you just say for the record because the microphone cannot see you nodding?

**The Minister for Treasury and Resources:**

Yes.

**Deputy J.A.N. Le Fondré:**

Could the Minister confirm, since the 2008 appraisals were done, what independent Red Book valuations have been commissioned by Treasury prior to the date of UBS signing on 22nd May in relation to any appraisal of the whole of the Jersey International Finance Centre?

**The Minister for Treasury and Resources:**

There has been no Red Book valuation of the whole of the Jersey International Finance Centre. We have relied upon the valuation for building 4, which was carried out by the bank providing the funding to S.o.J.D.C.

**Deputy J.A.N. Le Fondré:**

So, just again to be clear, obviously we had a negative appraisal that came out from the Harcourt scheme and accepting that is in the past, but there was a significant variation between what was given to the Assembly and what was the reality. There has not been any appraisal since then of the whole of the J.I.F.C. on a Red Book basis by Treasury?

**The Minister for Treasury and Resources:**

There has not but, again, you are not comparing apples with apples exactly here. You are talking about the Harcourt scheme which was delivery in one lump where there was an appraisal undertaking.

**Director, Corporate Policy:**

Obviously it is an old report and it is on the old deal and it takes some digesting, but 7.33 of the same report says: "It is noteworthy that the negative outcome is not because the scheme is innately inviolable." It goes on to talk about that being due to the civil works and the sinking of the road and taking it in one go rather than in a phased approach.

**Deputy J.A.N. Le Fondré:**

No, I think we are accepting that. I think what we are trying to say is that you have ... I mean there are all sorts of things in here because they talk about it as a good deal, which ultimately it is if you are going to get the guarantees that they are asking for given the residual land value that came out of it. If you are going to get £50 million for something that is not worth £50 million, it is going to be a good deal. The point I was trying to make is that we have got a position several months apart of something that given to the Assembly versus what seemed to be the appraisal that comes out of this. I am not trying to go back to the history. What we are then trying to say is bring that forward to, from the role of Treasury as custodian of States' interests, what appraisals have been done subsequently on the J.I.F.C. scheme. So what you are confirming, Minister, is that from a Treasury perspective, there have not been any that have been done and reported back before the announcement that construction could commence as a result of the UBS deal?

**The Minister for Treasury and Resources:**

Correct.

**The Connétable of St. John:**

If I could just come in there.

**Deputy J.A.N. Le Fondré:**

You can while I am just finding myself.

**The Connétable of St. John:**

Why is that report produced in 2008 still highly confidential and not available to States Members?

**The Minister for Treasury and Resources:**

Well, it is out of date for a start. So it is not relevant, because it was produced specifically for the whole scheme as opposed to the phased approach that has been adopted since and is now current. So it is irrelevant.

**The Connétable of St. John:**

Well, I would disagree with you, but certainly at the time it was relevant why was it not issued at the time?

**The Minister for Treasury and Resources:**

I think it was the former Senator Le Sueur who said that it would be issued at the time the development was agreed and signed off, but it never was agreed and signed off with Harcourt because it never progressed. His undertaking was that it would be issued at the time that the development agreement was signed. The development agreement was never signed because it was never put in place.

**The Connétable of St. John:**

Do you not think it is important information that States Members should have?

**The Minister for Treasury and Resources:**

I think it would be nothing more than misinformation because it was relevant to an entirely different scheme. It is not relevant to the phasing that we are undertaking now.

**The Connétable of St. John:**

I would disagree because it talks about the entire scheme. So if the entire scheme is going to be developed that is the likely cost. This report is only 7 years old. You are talking of 10 years just to develop the finance centre and possibly another 10 years after that to develop the rest of the masterplan. If we are looking at such long scales ahead, then 7 years is certainly relatively not out of date.

**The Minister for Treasury and Resources:**

Well, in terms of what it was specifically looking at, the view is that it was out of date but, as I said, the undertaking to release it was attached specifically to the development agreement with Harcourt. The development agreement, of course, was never signed. It never proceeded, for a number of different reasons, and consequently that undertaking fell away.

**Deputy J.A.N. Le Fondré:**

You had a point, Simon?

**Deputy S.M. Brée:**

No, I was merely thinking that if, as you say, Minister, the *King Sturge Report* is irrelevant and out of date, which it may well be, then what harm would it do to release it into the public domain?

**The Minister for Treasury and Resources:**

I think it possibly could just add to further confusion and misinterpretation on the basis that it is looking at a totally different scheme as opposed to what is on the table now.

**The Connétable of St. John:**

Are you saying the masterplan has changed?

**The Minister for Treasury and Resources:**

It is not about the masterplan.

**The Connétable of St. John:**

You said in reply to the first question that you were going to ...

**The Minister for Treasury and Resources:**

We were talking specifically about the *King Sturge* appraisal.

**The Connétable of St. John:**

Your first question was: "Do you still propose to deliver the masterplan?" and your answer was, "Yes." So the masterplan is the masterplan. That has not changed. This is a report that was done on the masterplan

**The Minister for Treasury and Resources:**

It was a development appraisal valuation based on what was going to be delivered. What I said after that was that it is being phased and I made the point that in 2011 the then Minister for Planning re-phased the process. So phase one, which is the buildings, is going to be the first part and it is a 10--year delivery, approximately, of that particularly element of the phasing and then I made the point that the masterplan is a living document that needs to be flexible. It needs to evolve over the passage of time and may well do so, but that is a matter that would need to be addressed in due course.

**The Connétable of St. John:**

But phasing is not going to alter, drastically, the financial returns. That whole scheme, as standing in the *King Sturge Report*, shows an enormous negative: £50 million. Now, regardless of what order you develop it in, it is going to end up with a similar figure.

**The Minister for Treasury and Resources:**

Not necessarily, because - and this is half of the problem - when you get somebody to do an assessment and they are looking so far out into the future, they build in significant contingencies,

as you would expect, and that is what you have got in part with the negative response from the *King Sturge Report*. It looks way out into the future and, therefore, builds in contingencies.

**The Connétable of St. John:**

So you know better than the experts who wrote that report, in other words?

**The Minister for Treasury and Resources:**

I am not saying that at all. I am just saying that the interpretation of the report is the relevant point and the fact that that report was commissioned at a particular time when a third party developer was going to be utilised to carry out the development and that is no longer relevant to what we are doing today.

**Deputy J.A.N. Le Fondré:**

In your opinion, is it likely that the road is going to be road is going to be buried, from a financial perspective?

**The Minister for Treasury and Resources:**

Well, you asked for an opinion and then a financial perspective. I am not sure ...

**Deputy J.A.N. Le Fondré:**

Well ...

**The Minister for Treasury and Resources:**

It is too early to say, in my view. That is part of the masterplan. As I have already said, we are working towards the masterplan. That is what the S.o.J.D.C. have been commissioned to do and that is exactly what they are doing. It is broken into phases. The first phase is being undertaken. The second phase is where you would see the other parts that the Deputy was referring to with regard to the winter garden, the sinking of roads and all the rest of it, but that is years ahead. We have, first of all, got to deal with phase one.

**Deputy J.A.N. Le Fondré:**

The reason I ask the question is because obviously when this whole thing was promulgated as a scheme one of the big issues was the connectivity between the waterfront to the south of the road and the rest of town. It was made very, very clear at the time, and is indeed referred to in the present Island Plan, that the connectivity is crucial and if you do not get that connectivity you could end up with effectively a substandard product that does not create regeneration and stuff. It damages matters for St. Helier.

[16:45]

If, at this stage, there is a risk that the road is not going to be buried because either the financial returns are uncertain or we have not got any up-to-date estimations of what the likely financial returns are in the future, how do you act with your landowner or representative of the landowner to account for public assets to ensure that those concerns are addressed?

**The Minister for Treasury and Resources:**

Well, I think you have got to continue to reappraise the situation as you move forward and as the development is undertaken. I mean I remember at the time that, okay, the solution of the sinking of the road was the one that was progressed, but there was at the time consideration for a number of other ways to address the connectivity. You are absolutely right, Chairman. Connectivity is important. Sinking the road was not the only way of doing it. That was the chosen one at the time. I have little doubt in my mind that the assessments of the cost of all elements of the scheme are changing all the time and you would expect that. Where you have got a plan that is over, certainly phase one, a 10-year period approximately (that is not fixed in stone either) there will be changes to the cost. We have talked about the £50 million, by the way, and that is at today's prices. Of course, it could be very different in the future.

**Deputy J.A.N. Le Fondré:**

We will come back to that I am sure. I think we need to move on.

**Deputy S.M. Brée:**

We need to move on.

**Deputy J.A.N. Le Fondré:**

Simon, do you want to ...

**Deputy S.M. Brée:**

Moving on to another area, if I may, Minister, you have made a number of statements about there being no risk to the public purse with this development.

**The Minister for Treasury and Resources:**

Can I comment on that?

**Deputy S.M. Brée:**

Certainly.

**The Minister for Treasury and Resources:**

I have not said “no risk”. I have talked about risk mitigation and I have said in the public domain there is no such thing as no risk, but what the States set out to do in the adoption of P.73/2010 was to mitigate the risk to the public purse. Getting involved in ...

**Deputy S.M. Brée:**

Thank you for that clarification, if we can just move on.

**The Minister for Treasury and Resources:**

Okay.

**Deputy S.M. Brée:**

A question. If, for whatsoever reason, S.o.J.D.C. fail to be able to service the funding of any loans or credit facilities, would you as Minister for Treasury and Resources allow S.o.J.D.C. to fail or would the States of Jersey provide bail-out monies to ensure that S.o.J.D.C. remains solvent?

**The Minister for Treasury and Resources:**

This is a purely hypothetical question.

**Deputy S.M. Brée:**

Yes, it is, but I am asking it.

**The Minister for Treasury and Resources:**

Well, I do not think it is likely that S.o.J.D.C., with the assets that it has, voted to it by the States of Jersey, would fail, but ultimately those assets would be at risk in part, I would suspect, should that unlikely scenario that you have just painted come to fruition. If you want to take it as a specific example around building 4, which is the most relevant one at the moment, where funding has been approved by the bank, the bank is comfortable with the significant uplift in value based on purely one pre-let, the UBS one. But if that were to go, for some reason, horribly wrong, then the bank would technically have the right to the asset that it has secured; in other words, the site for building 4.

**Deputy S.M. Brée:**

So in that instance you as Minister for Treasury and Resources would allow the bank to apply for repossession of the site and not bail out the company?

**The Minister for Treasury and Resources:**

Let us be practical about this. If that were to be the case, which I have said is just ...



**Deputy S.M. Brée:**

It is.

**The Minister for Treasury and Resources:**

... a hypothetical ...

**Deputy S.M. Brée:**

Yes, but it is still trying to understand. In that situation, what action would you take?

**The Minister for Treasury and Resources:**

In reality what would happen, which would happen in other similar cases of that type, the bank would be seeking to find a solution in order to satisfy the debts that were outstanding and that, I would suggest, would be the sale of the asset. If there was a shortfall in the funding of that asset, then there is security that the bank has with regard to S.o.J.D.C. which is comfortably covering any shortfall. So I think it is not a realistic question.

**Deputy S.M. Brée:**

So you would be happy for the bank to repossess the asset, sell that asset to cover its costs and any outstanding monies owed? You would not seek to bail out S.o.J.D.C. and, therefore, retain the asset?

**The Minister for Treasury and Resources:**

It is, if I may say, a ridiculous example because, in reality, that is not going to be the case, is it?

**Deputy S.M. Brée:**

Neither I nor you have a crystal ball. There is a percentage chance that could happen. I am merely asking the question. What would you do in that instance?

**The Minister for Treasury and Resources:**

I think I would look at all the prevailing factors at that time and make a decision based on the facts, which is what I like to do, and on professional advice that I would seek at that time as to the options that might be available.

**Deputy S.M. Brée:**

You do not seem to be prepared to provide a clear answer on that question.

**The Minister for Treasury and Resources:**

Well, if I may say so, Deputy, you are not giving me a clear question.

**Deputy S.M. Brée:**

I am giving you a very clear question, I am afraid, Minister. In the event S.o.J.D.C. fail to be able to provide servicing on the funds that it has borrowed, the bank may apply for repossession or it may seek to look through S.o.J.D.C. to the ultimate shareholder and seek compensation from the ultimate shareholder. That is what normally happens in proper transactions of this type. In that situation would you allow the asset to be repossessed by the bank or would you bail out S.o.J.D.C.? That is a very clear question.

**The Minister for Treasury and Resources:**

Well, in the doomsday scenario that you have just sought to paint, I would look at all the options, seek advice and make a decision based on all the facts that were available at that time. With the greatest respect, it is a generalisation, the question that you have given. You cannot expect me to give you a detailed answer to something where there are so many unanswered questions in terms of the scenario that you are painting.

**Deputy S.M. Brée:**

I am afraid I disagree with you that there are many, many different solutions. There are not, but let us move on because obviously you do not feel comfortable with that question.

**The Minister for Treasury and Resources:**

Using that as an example with this particular building - and we have talked already about Red Book valuations - the bank have had a Red Book valuation undertaken of the value of that building with just the UBS, one tenant, in place, and it substantially exceeds the borrowings. So there is plenty of headroom in there. It is not as if it is 100 per cent mortgaged and, as you are well aware, in a commercial sphere that type of lending is not feasible anyway, or very rarely.

**Deputy S.M. Brée:**

I was going to say, it is highly feasible depending on the situation. Let us move on and just look solely at building 4, as you raise it. Again, I am trying to look at what will happen, because we need to look at a worst-case scenario to understand what Treasury and Resources will do in such an event. In the event that S.o.J.D.C. fail to secure 100 per cent tenancy by the end of the lending facility term, thus meaning that it becomes more difficult to sell that asset and repay the capital, what contingency provisions have been put in place to repay the capital sum borrowed? At the moment S.o.J.D.C. have confirmed to us the facility is an interest-only repayment scheme, so at the end of the term capital will be required to be repaid. All I am asking is: what contingency provisions have been put in place?

**The Minister for Treasury and Resources:**

As I have already said, there has been an independent valuation which has assessed the value of the building when constructed with just UBS as the tenant, bearing in mind that unlet space has value as well which far exceeds the borrowing. Consequently, if it was necessary to do so, it could be sold straight away. However, the plan is that you would go to the first review stage, which is more normal, 3 years after construction. So you are looking at approximately 2 years to build, 3 years to the first review stage when you get an uplift in value normally as a result of any incentives or anything else dropping out and so on, and seek to sell then. If, at that particular stage, in the highly unlikely event that there is nobody else apart from UBS, as I have said, the value would be significantly above the amount of funding that had been borrowed and so the building could be sold at that stage.

**Deputy S.M. Brée:**

Have you seen the HSBC Red Book valuation?

**The Minister for Treasury and Resources:**

No.

**Deputy S.M. Brée:**

So what are you basing your comments on, that that Red Book valuation states certain things, if you have not seen it?

**The Minister for Treasury and Resources:**

I have seen a summary of the conclusions that the report makes, which is ...

**Deputy S.M. Brée:**

Who provided you with that summary?

**The Minister for Treasury and Resources:**

S.o.J.D.C.

**Deputy S.M. Brée:**

So you have not independently asked to see, as the shareholder representative, the basis on which HSBC have valued the building? You are merely accepting a summary provided by the board, who obviously are incentivised for this development to go ahead?

**The Minister for Treasury and Resources:**

If that were shown to be misleading, you can imagine the scenario. Now, it is not very likely that you set up an organisation and you resource it with an executive and a highly-experienced board with reputation ...

**Deputy S.M. Brée:**

I was merely asking the question whether you had seen it, because you put great store on it.

**The Minister for Treasury and Resources:**

I do put great store on it.

**Deputy S.M. Brée:**

You have not seen it.

**The Minister for Treasury and Resources:**

I have not seen the actual original report. I have seen a summary of the conclusions of the report, which I have outlined to you this afternoon.

**Deputy J.A.N. Le Fondré:**

Can I just clarify, just while Simon is gathering his thoughts as it were, does the valuation that you have referred to, just for clarity, include the value of any unlet space?

**The Minister for Treasury and Resources:**

There is unlet space value included, yes.

**Deputy J.A.N. Le Fondré:**

Yes, okay.

**The Minister for Treasury and Resources:**

I made the point, I think, a moment ago to Deputy Brée that there is value in the unlet space.

**Deputy J.A.N. Le Fondré:**

Yes, you said there was value in unlet space. I was just asking ...

**The Minister for Treasury and Resources:**

Oh yes, for clarity.

**Deputy J.A.N. Le Fondré:**

... does the Red Book valuation that you are referring to include unlet space?

**The Minister for Treasury and Resources:**

The valuation includes both the let space, the UBS pre-let, and the other space within the building.

**Deputy J.A.N. Le Fondré:**

Presumably there is the land value in there as well?

**The Minister for Treasury and Resources:**

Yes, there would be value there.

**Deputy J.A.N. Le Fondré:**

Okay. Just also to clarify, that is the valuation that Treasury are relying upon to satisfy themselves that the transaction is okay?

**The Minister for Treasury and Resources:**

Mm hmm.

**Deputy J.A.N. Le Fondré:**

That is a yes, sorry?

**The Minister for Treasury and Resources:**

Sorry, yes.

**Deputy J.A.N. Le Fondré:**

"Mm hmm" does not work with the mics either.

**The Minister for Treasury and Resources:**

Yes, sorry, I am nodding, but I will make sure that ...

**Deputy S.M. Brée:**

No, sorry, just to confirm, the document that you are relying on to ensure that the financing arrangement is correct is the summary provided to you by the board of S.o.J.D.C. of the HSBC valuation, which you have not seen?

**The Minister for Treasury and Resources:**

Which I have not seen but I have had a summary of it, that is correct. The bank ...

**Deputy S.M. Brée:**

Just I am trying to clarify what documents you have seen and what you have not. That is all.

**Deputy J.A.N. Le Fondré:**

Sorry, the "you" means yourself and/or members of your department.

**Deputy S.M. Brée:**

Yes, and/or members of your department.

**The Minister for Treasury and Resources:**

I am speaking on behalf of Treasury.

**Deputy J.A.N. Le Fondré:**

Good, thank you.

**Deputy S.M. Brée:**

Thank you. Again, I think we need to keep going. You have publicly stated an estimated - and, agreed, it is estimated - profit of £55 million, plus or minus 10 per cent, from the development of the Jersey International Finance Centre. Do you still stand by this figure?

**The Minister for Treasury and Resources:**

That is a figure that has been previously stated as likely, in the region of £50 million, give or take, at today's values.

**Deputy S.M. Brée:**

At today's values?

**The Minister for Treasury and Resources:**

Yes.

**Deputy S.M. Brée:**

Okay. What have you been advised, or could you advise us, is the projected completion date of the Jersey International Finance Centre?

**The Minister for Treasury and Resources:**

I think I have already mentioned that the estimated timeframe for the 6 buildings, phase one, which is the International Finance Centre effectively, is approximately 10 years.

**Deputy S.M. Brée:**

Okay.

**The Minister for Treasury and Resources:**

Currently. That is the current estimate.

**Deputy S.M. Brée:**

That is the current estimate of the full completion date, about 10 years?

**The Minister for Treasury and Resources:**

Yes, but I must emphasise the point that I have made several times this afternoon about the need to be flexible. Things will, I am sure, change over the period of time. It could go slightly quicker or it could take slightly longer, but that is the current estimate.

**Deputy S.M. Brée:**

Indeed. No, I understand. Yes, it is current view.

**The Minister for Treasury and Resources:**

Yes.

**Deputy S.M. Brée:**

Will you confirm that you have stated that the land on which the Jersey International Finance Centre will sit is worth, at present, £15 million?

**The Minister for Treasury and Resources:**

The car park site that we are referring to?

**Deputy S.M. Brée:**

Yes.

**The Minister for Treasury and Resources:**

I have said that, yes.

**Deputy S.M. Brée:**

Will you also please confirm that on 4th June 2015, on the media, you stated that the public would get 150 per cent more value from the site than if we simply went ahead and sold that site?

**The Minister for Treasury and Resources:**

I have said that in public. I could not say it was on 4th June, but I have said that there would be value in excess of 150 per cent as a rough estimate.

**Deputy S.M. Brée:**

You still stand by that statement today?

**The Minister for Treasury and Resources:**

I have no reason to not stand by it any longer.

**Deputy S.M. Brée:**

Thank you. Will you confirm that £10 million of that projected £50 million to £55 million sum at the end of completion is not cash?

**The Minister for Treasury and Resources:**

In terms of the car park value?

**Deputy S.M. Brée:**

Yes.

**The Minister for Treasury and Resources:**

That is what you are referring to?

**Deputy S.M. Brée:**

You confirm that is correct?

**The Minister for Treasury and Resources:**

That is correct.

**Deputy S.M. Brée:**

So, of the projected £50 million to £55 million projected return, £10 million of it represents the value of a particular asset, as opposed to cash in the bank?

[17:00]

**The Minister for Treasury and Resources:**

Do not forget, of course, that it also generates a revenue of around £1 million.



**Deputy S.M. Brée:**

No, I am just trying to confirm some figures at the moment; that is all.

**The Minister for Treasury and Resources:**

Yes. You can choose to do what you wish with the car park. You could sell it and just keep the revenue, but there is £10 million of value.

**Deputy S.M. Brée:**

There is £10 million of that that is not cash.

**The Minister for Treasury and Resources:**

Yes, okay, if you want.

**Deputy S.M. Brée:**

Okay? No?

**The Minister for Treasury and Resources:**

If you want to put it in that way.

**Deputy S.M. Brée:**

Thank you.

**The Minister for Treasury and Resources:**

Yes, that is correct.

**Deputy J.A.N. Le Fondré:**

Chris, are you okay at the moment? I have got the next question.

**The Connétable of St. John:**

I am all right at the moment, yes.

**Deputy J.A.N. Le Fondré:**

Okay, right. Can you just confirm that S.o.J.D.C. are working on the principle that all cash receipts are used to fund subsequent constructions?

**The Minister for Treasury and Resources:**

I can confirm that.

**Deputy J.A.N. Le Fondré:**

Thank you. Kevin?

**Deputy K.C. Lewis:**

Will you confirm that at present the Treasury received £759,000 from S.o.J.D.C. in respect of the revenue from the Esplanade car park?

**The Minister for Treasury and Resources:**

The surface car park, that is correct.

**Deputy K.C. Lewis:**

Will the Minister confirm that this revenue stream is due to cease in accordance with the publicly-disclosed assumptions included in the BNP appraisal?

**The Minister for Treasury and Resources:**

I can.

**Deputy J.A.N. Le Fondré:**

So just to clarify, at the moment Treasury receives £759,000 a year, give or take?

**The Minister for Treasury and Resources:**

Correct.

**Deputy J.A.N. Le Fondré:**

Is this going to be when the project commences, that revenue stream will cease?

**The Minister for Treasury and Resources:**

Approximately, yes.

**Deputy J.A.N. Le Fondré:**

So basically when building 4 ... possibly the end of this financial year?

**The Minister for Treasury and Resources:**

I think in reality it is the end of the financial year. I do not know if you are cited on that. I would need to confirm the exact date, but ...

**Deputy J.A.N. Le Fondré:**

If we say for the sake of this today it is, broadly speaking, the end of this year, 2015, that revenue stream in its entirety will stop?

**The Minister for Treasury and Resources:**

Within a 12-month period, if you put it like that. We can clarify the exact details in due course.

**Deputy J.A.N. Le Fondré:**

I have got the next one, but everybody happy at this stage?

**Deputy S.M. Brée:**

Happy.

**Deputy J.A.N. Le Fondré:**

Right, so on the basis of what you have said about all cash receipts being used to fund subsequent constructions, when, in your opinion, is the States of Jersey to expect receipt of the project profit figure of £55 million?

**The Minister for Treasury and Resources:**

That is depending on a choice that I think both the shareholder and the States would need to make. Clearly it is going to be from the point of starting construction for the first building, building 4, as I have said; 2 years to construct; 3 years to first review; so the plan would be you would not seek to sell. So there will be a 5-year period until the first sale and then you would roll out from there. So you will not get £55 million obviously - and I am sure, as Chairman, you do not expect it in one hit - but the option for the taking the larger dividends from sales from that period from S.o.J.D.C. would exist and be available to the States. Alternatively, there may be a decision taken to reinvest some of that money in the short term and then take it towards the end of the 10-year programme.

**Deputy J.A.N. Le Fondré:**

Hang on a moment. Question 1 is: could you just clarify what do you mean by "reinvest"?

**The Minister for Treasury and Resources:**

Continuing to do the development without perhaps taking the same level of borrowing. You might want to reinvest in utilising the money for development.

**Deputy J.A.N. Le Fondré:**

But at the moment, the appraisal you have in place, the only appraisal you have for the whole scheme, which is the BNP one that has been done internally ...

**The Minister for Treasury and Resources:**

Correct.

**Deputy J.A.N. Le Fondré:**

... relies on the fact that the scheme will be completed using those internal funds.

**The Minister for Treasury and Resources:**

Correct.

**Deputy J.A.N. Le Fondré:**

Therefore, it will not include any additional finance costs if a dividend gets paid to the States for the disposal value of the building and the S.o.J.D.C. then need to borrow the money.

**The Minister for Treasury and Resources:**

Yes, that is right.

**Deputy J.A.N. Le Fondré:**

Does that then not impact upon the financial viability and the return of the £55 million?

**The Minister for Treasury and Resources:**

The point I was trying to make was it is a matter of choice, is it not?

**Deputy J.A.N. Le Fondré:**

Is the risk not if the States, for short-term financial measures, take the money you are then increasing the downside risk of continuing the financing?

**The Minister for Treasury and Resources:**

I think we ought to be absolutely clear here about the fact that any profits generated from the Jersey International Finance Centre are not intended in any shape or form for revenue expenditure and that the stated aim, absolutely clearly, is that money should be invested in the regeneration of St. Helier.

**Deputy J.A.N. Le Fondré:**

Yes.

**The Minister for Treasury and Resources:**

How and when and from a timing point of view, that is a matter of choice as to how that rolls out, which will be consistent with the pace of the development itself.

**Deputy J.A.N. Le Fondré:**

My next question is: could you just reconfirm the £55 million. You used the expression it is in "today's money".

**The Minister for Treasury and Resources:**

Yes.

**Deputy J.A.N. Le Fondré:**

Yes. You are sure of that statement?

**The Minister for Treasury and Resources:**

I am happy to clarify it at a later point, but my understanding is it is today's value.

**Deputy J.A.N. Le Fondré:**

Okay. I think we would require clarification because we were informed by S.o.J.D.C. that it was the actual figure that we received at the time of the final future payment; so, if you like, £55 million in 10 years ...

**The Minister for Treasury and Resources:**

Okay, happy to clarify that.

**Deputy J.A.N. Le Fondré:**

... not £80 million in 10 years, which is worth £55 million today.

**The Minister for Treasury and Resources:**

My understanding is that the £55 million refers to today's values. We will clarify that for you.

**Deputy J.A.N. Le Fondré:**

Okay, if you could clarify that and come back to us because that is not what S.o.J.D.C. have said to us, at least not our understanding of what S.o.J.D.C. have said to us. Question: what costs have been incurred to date between W.E.B. (Waterfront Enterprise Board) and/or S.o.J.D.C. and the States as a whole - and perhaps you might want to come back to us on this on a future date - on the Esplanade project as a whole? In other words, if you take account of there has been at

least 2 master plans, I think, all the various planning fees, you name it. Can you give us an opinion, Minister, or a comment?

**The Minister for Treasury and Resources:**

Ever wise to give an opinion.

**Deputy J.A.N. Le Fondré:**

Factual comment.

**The Minister for Treasury and Resources:**

The Jersey Development Company have expended in the region of £5 million to date themselves. I cannot at this point give you a figure for costs incurred by W.E.B., their predecessor, and I certainly cannot, off the top of my head, give you costs incurred by the States of Jersey, but if you would like some figures in those areas ...

**Deputy J.A.N. Le Fondré:**

If your department could come back to us, that would be quite helpful.

**The Minister for Treasury and Resources:**

Yes.

**Deputy J.A.N. Le Fondré:**

I would just ask, the £5 million you referred to in relation to that being incurred by S.o.J.D.C., does that also include the development of the original 2008 masterplan or had those costs been incurred in W.E.B.?

**The Minister for Treasury and Resources:**

I would imagine they would have occurred in W.E.B., but to be absolutely accurate, I will confirm that point as well.

**Deputy J.A.N. Le Fondré:**

So the £5 million does not include the costs of the masterplan?

**The Minister for Treasury and Resources:**

I will clarify that point. I do not believe it does. I believe that the £5 million refers to costs incurred by S.o.J.D.C. since their inception.

**Deputy J.A.N. Le Fondré:**

Right. One extra question on the return of the £55 million, which you, Minister, and lots of other people have said is the likely profit that is going to come out from the scheme. However, in the States Assembly on 2nd June, Minister, you made reference to this was the best value. Given that the best value therefore was the figure that has been put out in the public domain, could you comment? I would not have thought it was a confidential matter and I genuinely do not know the answer to this one in terms of what is the other figure. What is the midpoint, or was it an unfortunate use of the word "best"?

**The Minister for Treasury and Resources:**

I am not sure of the context out of which you have taken it - so, in other words, I am not sure what else I was saying at that particular point - but £50 million has been the figure that has been estimated previously as the likely return and that would be what I was referring to. I would, I suspect, have been perhaps saying that I have not heard of any greater returns beyond that. Other than that, I do not know.

**Deputy J.A.N. Le Fondré:**

Just to clarify, the £55 million ... so let us put that down as an erroneous comment or a ...

**The Minister for Treasury and Resources:**

Well, I do not understand the context.

**Deputy J.A.N. Le Fondré:**

... comment taken out of context or whatever it is ...

**The Minister for Treasury and Resources:**

Possibly. I cannot recall without seeing that.

**Deputy J.A.N. Le Fondré:**

From your perspective at this stage, the £55 million is the reasonable expectation that is going to be delivered by the Jersey International Finance Centre?

**The Minister for Treasury and Resources:**

Yes. This is a minor point. I had always worked on £50 million. I think the £55 million was a submission to ...

**Deputy J.A.N. Le Fondré:**

Plus or minus 10 per cent, yes.

**The Minister for Treasury and Resources:**

Yes, but I think that was part of a submission that S.o.J.D.C. made. I think they used a slightly larger ...

**Deputy J.A.N. Le Fondré:**

£55 million is the number they used from the BNP appraisal, but that is, broadly speaking, the number that you would anticipate being received?

**The Minister for Treasury and Resources:**

Yes. There are 2 points here, perhaps. You have rightly, Deputy Brée, picked up on the £10 million value of the car park, revenue from it and so on, but of course above and beyond the £50 million is also the significant community space and area, which has value to it as well.

**Deputy J.A.N. Le Fondré:**

I think we are just trying to look at the monetary values ...

**The Minister for Treasury and Resources:**

I am sure you are.

**Deputy J.A.N. Le Fondré:**

... rather than the esoteric values of greater trees, but yes.

**The Minister for Treasury and Resources:**

You say that, Chairman, but, of course, if a commercial developer was doing this scheme you would not get 52 per cent of the site utilised for community space or ...

**Deputy J.A.N. Le Fondré:**

Can we just pause there because I think we are going off into hypothetical scenarios, because surely that is a matter for planning departments and planning gains, but anyway ...

**The Minister for Treasury and Resources:**

Chairman, your own panel was using hypothetical examples a moment ago. Surely I can have one.

**Deputy J.A.N. Le Fondré:**

Yes, we were using financially sound hypotheticals, Minister. Right, Simon, do you want to ...



**Deputy S.M. Brée:**

Yes. I just want to clarify something. Obviously the £50 million or £55 million - we will say £50 million - projected return, profit, if you want to call it, from the Jersey International Finance Centre ... can you confirm that that projected profit figure is based on the BNP Paribas real estate appraisal as commissioned by the States of Jersey Development Company?

**The Minister for Treasury and Resources:**

It certainly is contained within that particular report, an estimate of that level.

**Deputy S.M. Brée:**

Okay. Just again to clarify the situation so there is no room for doubt, can you confirm that the BNP Paribas appraisal does not amount to a valuation undertaken in accordance with RICS Valuation Standards, otherwise known as the Red Book?

**The Minister for Treasury and Resources:**

It is not. It is a development appraisal which was commissioned by the board of S.o.J.D.C.

**Deputy S.M. Brée:**

Fine. No, I am merely trying to clarify the situation so there is no confusion.

**Deputy J.A.N. Le Fondré:**

Right, Kevin, are you okay at the moment?

**Deputy K.C. Lewis:**

I am fine.

**Deputy J.A.N. Le Fondré:**

Are you okay?

**Deputy S.M. Brée:**

Yes.

**Deputy J.A.N. Le Fondré:**

I will hand over to Chris.

**The Connétable of St. John:**

Okay. If we can come on to demand and the first question there, what up-to-date assessments have you commissioned in respect of whether the potential external market has changed and has thus affected any assessments of demand versus supply?

**The Minister for Treasury and Resources:**

The demand data is collated from a number of sources. S.o.J.D.C. clearly conduct their own demand metrics, which they update on a regular basis because they are, as you will appreciate, speaking to potential tenants. That is corroborated with agencies within the States of Jersey like Locate Jersey, who are involved in inward investment to assess the demand from an inward investment perspective. You have also got other sources that collate information like J.F.L. (Jersey Finance Limited) talking to their members, membership surveys. To give you an indication, first of all a point of fact, over the last year alone there have been 400 new jobs created in the financial services industry, demonstrating a return of some confidence, which is encouraging. A survey undertaken within and among the financial services business has identified demand over the next 3 years or so for a further 1,000 jobs to be created in financial services. So all these factors are part of the matrix that builds the picture of demand for space.

**Deputy J.A.N. Le Fondré:**

Just to clarify - sorry, Chris - I think the question is ... you made reference to S.o.J.D.C. and you have made reference to Locate Jersey, et cetera, and the likely new jobs being created. The question was really about what assessments have you commissioned specifically to bring that data together and translate that into a requirement for office space, and that is from external demand.

**The Minister for Treasury and Resources:**

When you say "you", you are referring to Treasury, presumably?

**Deputy J.A.N. Le Fondré:**

The Treasury Department.

**The Minister for Treasury and Resources:**

The Treasury Department have not specifically done that themselves and I would not expect them to do so. Part of the reason is that, as I have said, there are various sources that data is collated from, from a States perspective, to corroborate the demand element but we have set up a business, S.o.J.D.C., to undertake this particular function, to look at demand and to report back accordingly. As part of their remit, they have been doing exactly that. That is why we have regular meetings with them and assess and review the data that they collect.

**The Connétable of St. John:**

Do you review that data they collect? Do you personally, as Treasurer, review that data they collect, as to what the inward office requirements might be?

**The Minister for Treasury and Resources:**

I do not review it on a daily basis, if that is what you are asking, but we have quarterly meetings and that data is reviewed. You can have a copy of it later today. Yes, but in answer: yes, I do. I have a copy.

[17:15]

**The Connétable of St. John:**

If you could forward us a copy of that, I would be grateful.

**The Minister for Treasury and Resources:**

Yes, there we go. You have had this submitted to you. This latest one ...

**Deputy J.A.N. Le Fondré:**

Is that the colour version that is on the back of the public submission? That is likely supply, I believe.

**The Minister for Treasury and Resources:**

Sorry?

**Deputy J.A.N. Le Fondré:**

That is supply of office space, if I recall correctly, if I am looking at the right page.

**The Minister for Treasury and Resources:**

There is demand, February 2015.

**Director, Corporate Policy:**

You are right.

**Deputy J.A.N. Le Fondré:**

That is supply.

**Director, Corporate Policy:**

That is supply. That is the monitoring of the supply that is coming along.

**The Minister for Treasury and Resources:**

Yes, there is another one though. But, in any event ...

**The Connétable of St. John:**

If you have access to the demand one, we would be grateful if we could have a copy.

**Deputy J.A.N. Le Fondré:**

On a confidential basis.

**The Connétable of St. John:**

Yes, very much so. Would the Minister ...

**The Minister for Treasury and Resources:**

Can I just ... sorry, I am just thinking through the question you just asked. You would therefore be requesting details presumably not of names of businesses, but sectors and demand for space?

Yes, okay. That is fine.

**The Connétable of St. John:**

Would the Minister advise how many of the 13 businesses that both yourself and S.o.J.D.C. are publicly quoted as saying are in discussions with S.o.J.D.C. are new businesses to the Island?

**The Minister for Treasury and Resources:**

That list refers to existing businesses within Jersey. It does not refer to potential new businesses, one of which I mentioned earlier on in this hearing that was looking for some space, but that particular list is referring to on-Island ...

**The Connétable of St. John:**

On-Island businesses?

**The Minister for Treasury and Resources:**

... demand, where businesses are seeking to expand, on the whole, which is of course very good news for the economy.

**The Connétable of St. John:**

Was the purpose of the Jersey International Finance Centre not to attract inward investment?

**The Minister for Treasury and Resources:**

It is for both. It is to attract inward investment, yes, of course, but it is also to sustain businesses that we have got. We have businesses within Jersey that are looking to expand. This is some of the data that has been collated, not just from S.o.J.D.C., but certainly by them as well, which demonstrates there are a number of businesses locally in the Island that are frustrated because they cannot find space to expand into and they have expansion plans now that they are factoring in over the next few years. That, as I have said, is feeding into data that we have picked up from other sources around finance businesses expecting to create 1,000 jobs over the next 3 years. All of it comes together to begin to paint a picture of an improving economic situation.

**Deputy J.A.N. Le Fondré:**

That data, did you say, was coming from Economic Development, for example?

**The Minister for Treasury and Resources:**

Some data has come from Economic Development. Locate Jersey are part of the inward investment; some from J.F.L.; some from other stats, surveys that are undertaken. There is a range of different places that data is collected from and S.o.J.D.C., importantly, as the development company, is going face-to-face, talking directly to on-Island business. They do not do the inward investment side generally, so they deal with the on-Island demand and requests for new space and expansion.

**The Connétable of St. John:**

Can you confirm the rationale behind the original concept that the Jersey International Finance Centre would attract inward investment to create economic growth?

**The Minister for Treasury and Resources:**

Can I confirm that that is the case?

**The Connétable of St. John:**

Yes.

**The Minister for Treasury and Resources:**

Yes, that is certainly one of the drivers behind the International Finance Centre. It is for that and also to satisfy the requirements of local businesses in inadequate offices, often spread across 2 or 3 sites. They want to get into one place, which is more productive, but also drive inward investment and if we look, as an example ...

**The Connétable of St. John:**

Yes. You have answered the question, thank you.

**The Minister for Treasury and Resources:**

I had a very good example to give you.

**The Connétable of St. John:**

Yes, but one needs to look at it in proportion. Has the Minister instructed any up-to-date assessments of the availability or otherwise of the private sector to deliver grade A office space to meet the current demand?

**The Minister for Treasury and Resources:**

A particular review, did you say, of the private sector? We have not reviewed the private sector. The private sector are operating and they are providing some supply, as is evidenced by the current build adjacent to the Grand Hotel, for example.

**Deputy J.A.N. Le Fondré:**

So, for example, on the basis that you have got the Director of Property Holdings next to you, Property Holdings have not been asked to give their opinion as to developments in the private sector and how that might impinge on the supply and demand on the finance centre?

**Director of Estates, Jersey Property Holdings:**

I can answer that. Not specifically, no. The Minister has already referred to information he is supplied with on a regular basis.

**Deputy J.A.N. Le Fondré:**

By S.o.J.D.C. or by Property Holdings?

**Director of Estates, Jersey Property Holdings:**

By S.o.J.D.C. and other agencies that the Minister has referred to.

**The Minister for Treasury and Resources:**

Connétable, if I may, just on the earlier points you were asking about the potential and rationale behind creating an international finance centre, the example I wanted to give was Dubai. In 2004, they had 75 people working in financial services. Currently, 10 years later approximately, they have 13,600 people working in financial services. That was a government-funded finance centre and stimulus which paid dividends.

**The Connétable of St. John:**

I could quote you other finance centres which have gone the other way, so yes.

**The Minister for Treasury and Resources:**

That is why we need to do it properly, Connétable.

**The Connétable of St. John:**

That is why we need the proper information and that is why I am asking you if you have carried out the reviews, and the answer is: no, you have not. Thank you.

**The Minister for Treasury and Resources:**

That was not exactly the answer. The answer was we have looked at the demand and supply issue, but not in a formal review in the way you were asking.

**The Connétable of St. John:**

Not in a formal review now, no.

**Deputy J.A.N. Le Fondré:**

Okay. Chris, are you good on that, because I think ...

**The Connétable of St. John:**

I think I have more or less completed.

**Deputy S.M. Brée:**

We have probably covered that.

**Deputy J.A.N. Le Fondré:**

I think we are covered on that one. Right, Kevin, are you okay? Okay, Simon, do you want to go?

**Deputy S.M. Brée:**

Yes. We would like to move on to the subject of pre-lets, if we may. You have stated that the previous Minister for Treasury and Resources made an error in his reference to a requirement for 200,000 square foot of pre-let agreement before construction could be undertaken. Do you stand by that statement?

**The Minister for Treasury and Resources:**

I have not spoken directly to him about what appeared in Hansard. I have said - and just for clarity, I will repeat exactly what I said - I can only assume that it was a mistake, because it was

not factually correct. The 200,000 square feet referred clearly to Harcourt and that particular development where a third-party developer was going to deliver the scheme. It did not refer to what was agreed from P.73/2010 onwards.

**Deputy S.M. Brée:**

You are still of the opinion that the previous Minister made an error when making that statement?

**The Minister for Treasury and Resources:**

That is my assumption and, as I have also said, I think it is for the former Minister to clarify himself when he is back in the Island, which he is not currently, and I am sure he will be happy to do so at that point.

**Deputy S.M. Brée:**

Let us move away from that area, and I would like to just ask you some questions about the board meeting of S.o.J.D.C. that took place on 3rd February 2014 when it was agreed that the development of Jersey International Finance Centre buildings would only progress on a fully-let basis. The then Minister for Treasury and Resources was present. The then Minister made a statement to the States Assembly on 4th February 2014, namely, and I will quote here: "I am absolutely clear with S.o.J.D.C., who I had a board meeting with, with my Assistant Minister and the Treasurer of the States yesterday, is that their buildings are to be progressed on a fully-let basis in order to reduce the risk." Did the previous Minister also make an error in making that statement, in your opinion?

**The Minister for Treasury and Resources:**

The points that you have just raised in relation to the board meeting are not reflected in the minutes.

**Deputy S.M. Brée:**

Are you saying that the previous Minister unknowingly misled the Assembly?

**The Minister for Treasury and Resources:**

I think that is a matter for the previous Minister to perhaps clarify, but as I have said, the comments that you have just read out are not reflected in any of the minutes that I have seen. So I have not been able to, in other words, clarify that that was or was not said, because clearly I was not at the meeting. I have to rely upon the minutes that I have available and I cannot see from those minutes where that terminology was used or those points were recorded.



**Deputy S.M. Brée:**

At the previous public hearing we held with the board of S.o.J.D.C., we requested that they provide those minutes to us. To date, we have not received anything from the board of S.o.J.D.C. I would therefore request that you, as the shareholder representative, request the board to release those minutes to this panel so that we can assess the situation for ourselves. Do you undertake to do so?

**The Minister for Treasury and Resources:**

I am prepared to do that. There is only one caveat that I would put in, which you would expect me to do. There may well be other data of a commercially-sensitive nature within those minutes which are not relevant necessarily to the point that you are specifically asking, so can I just clarify that you would be happy with a redacted version relevant ...

**Deputy S.M. Brée:**

No, we will not be happy with any redacted versions. We are willing to accept documents from you and your department and S.o.J.D.C. under the same confidentiality agreement as we have previously agreed to with regards to the BNP Paribas real estate valuation. We have said that all along and I am ...

**The Minister for Treasury and Resources:**

Yes, that should be ...

**Deputy S.M. Brée:**

... confused by your view that we should be only receiving redacted versions, bearing in mind the statements that the Chairman made at the beginning of this hearing.

**The Minister for Treasury and Resources:**

I was trying to clarify as to whether the redacted version ... you were after a specific point from those minutes and I was trying to clarify as to whether that was satisfactory for what you were requiring. If it is going to be under the confidential agreement then you can have the rest of that detail, as far as I am concerned. I see no reason why that is not the case.

**Deputy J.A.N. Le Fondré:**

Good. Thank you, Minister.

**Deputy S.M. Brée:**

Thank you.

**Deputy K.C. Lewis:**

When did the policy change?

**The Minister for Treasury and Resources:**

What policy are you referring to?

**Deputy K.C. Lewis:**

In relation to the pre-lets.

**The Minister for Treasury and Resources:**

Are you referring from the 200,000 square feet debate to where we are today?

**Deputy K.C. Lewis:**

No.

**The Minister for Treasury and Resources:**

Effectively P.73/2010, if you want to describe that as a policy change.

**Deputy J.A.N. Le Fondré:**

Minister, I think we are looking at it. We have obviously tried to move away from the 200,000 square feet. We obviously have the statement in Hansard, which needs to be clarified, as to the fully let or significantly let basis, I think it was. But also on 24th February this year - that is not that long ago - the Minister for Treasury, yourself, in answer to a States Member, said: "It is absolutely clear that pre-lets were being undertaken before, if I can put it this way, a shovel goes into the ground. I might add that in an attempt to de-risk this development, we have hamstrung, if I can put it that way, S.o.J.D.C. into undertaking its duties by putting conditions on it such as these pre-lets, which no normal commercial developer would undertake." Now, do you stand by that answer?

**The Minister for Treasury and Resources:**

The fact that pre-lets are ...

**Deputy J.A.N. Le Fondré:**

Hamstringing S.o.J.D.C.

**The Minister for Treasury and Resources:**

I think my comment was broader than that. It is not a question of just pre-lets. You would expect, in most cases, a commercial developer would have some sort of pre-let, although not all cases.

There are developments underway at the moment in St. Helier which do not have pre-lets, for example the ...

**Deputy J.A.N. Le Fondré:**

With public money?

**The Minister for Treasury and Resources:**

No, but I am just making the point about it was a point comparing commercial private sector to what we were seeking to do with an entity that we established to operate in a commercial manner, in other words, S.o.J.D.C. We are not operating in a level playing field because, for reasons that public money is involved, we put conditions there which makes it more difficult for them to operate. We are asking them to operate commercially, but we are making that conditional.

**Deputy J.A.N. Le Fondré:**

Do you consider then, in your view, that 25 per cent pre-lets are hamstringing S.o.J.D.C.?

**The Minister for Treasury and Resources:**

I was not specifically referring to a level or a particular tenant. It was a broader context. In fact, I was talking also about other finance centres that are being developed elsewhere, like Dubai.

**Deputy J.A.N. Le Fondré:**

I appreciate I do not have the full comment here. I do not see reference to Dubai in the bit I have read out, but you do say: "I might add that in an attempt to de-risk the developer, we have hamstrung S.o.J.D.C.," and you do say: "in undertaking its duties by putting conditions on it such as these pre-lets." But the pre-lets are the main condition, are they not, in terms of assuring that the risk to the public is mitigated?

**The Minister for Treasury and Resources:**

The pre-lets were a part of the agreement of P.73/2010. That has not been the issue. The way in which of course the relationship is managed and the way we allow S.o.J.D.C. to operate, we are not allowing them to operate on a like-for-like basis as commercial developers would do and there is probably very good ... well, not probably, there is a very reason for that.

**Deputy J.A.N. Le Fondré:**

In your view, just to go back to the point, do you consider that 25 per cent of pre-lets alone are hamstringing S.o.J.D.C. and that is an onerous condition?

**The Minister for Treasury and Resources:**

The quote that you have read out was not in relation to UBS or the 25 per cent of building 4.

**Deputy J.A.N. Le Fondré:**

You have just said we are hamstringing S.o.J.D.C. in the way it carries out its duties.

**The Minister for Treasury and Resources:**

But I was not specifically talking about building 4, I do not believe.

**Deputy J.A.N. Le Fondré:**

Okay. It is this development, so it is something to do with the Jersey International Finance Centre.

[17:30]

**The Minister for Treasury and Resources:**

Regardless of taking a quote perhaps a little bit of out context but, putting that aside, if you are asking me whether I think 25 per cent is acceptable, it is not the per cent that is relevant, from my point of view. It is about the value and the important thing, as is reflected within P.73/2010, is that the cost of construction is covered and an independent valuation, Red Book, has confirmed that that is the case, comfortably covered.

**Deputy J.A.N. Le Fondré:**

I think we will move on from the point of view that is the phraseology you have used and it obviously gives an impression that the conditions that have been imposed on S.o.J.D.C. are onerous or more onerous than the private sector would require.

**The Minister for Treasury and Resources:**

I think the environment as a whole is more onerous for S.o.J.D.C. and makes it much more difficult for it to operate in terms of securing tenants and suchlike, simply because of the public layer under which it has to operate.

**Deputy J.A.N. Le Fondré:**

Can I just pick up on where you were going on your earlier comment, which was about pre-lets and I think the value of the pre-let? In your understanding - and I think it was a comment you made on the radio as well - how does the equation work in terms of the value of the pre-let? What does that mean to you?

**The Minister for Treasury and Resources:**

The value of the pre-let?

**Deputy J.A.N. Le Fondré:**

How would you assess the value of the pre-let?

**The Minister for Treasury and Resources:**

I am not a valuer. It is not for me to assess it. I was saying ...

**Deputy J.A.N. Le Fondré:**

No, no, I am not saying that. Sorry, what does it mean to you? Is it we are covering the interest on the loan we are using to build it or is it the capital value of that pre-let compared against the cost of the building?

**The Minister for Treasury and Resources:**

Essentially the capital value.

**Deputy J.A.N. Le Fondré:**

Okay, that is helpful. I can stop there. Anybody else at this stage? Kevin, happy? Go on to Chris.

**The Connétable of St. John:**

We are now moving on to the process and the signing off of agreements. Can you confirm that the financing arrangements for building 4 were agreed by Treasury and Resources on 14th October 2014?

**The Minister for Treasury and Resources:**

I believe that is correct.

**The Connétable of St. John:**

Can you confirm that it was signed off by Deputy Noel in his capacity as Assistant Minister for Treasury and Resources?

**The Minister for Treasury and Resources:**

That is correct, I believe. In fact, I know it is correct. Sorry, I should not have said "believe."

**The Connétable of St. John:**

You know it is correct?

**The Minister for Treasury and Resources:**

I know that is correct. I have seen the document.

**The Connétable of St. John:**

Can you confirm that Deputy Noel was a former non-executive director of W.E.B. and S.o.J.D.C.?

**The Minister for Treasury and Resources:**

I can. He was certainly W.E.B.; I am not sure if he was S.o.J.D.C. Anyway, yes, for the purposes, I am sure, of your question he has certainly acted as an officer of the company in its former or current state.

**The Connétable of St. John:**

What evaluation process did Treasury and Resources go through to validate the process of the conditions set out in P.73/2010?

**The Minister for Treasury and Resources:**

An internal process to ensure that the pre-let had met the necessary levels; the valuation was at the level estimated? Is that the point you are asking? I think that was the point.

**The Connétable of St. John:**

Yes, whether you went through an independent valuation as opposed to accepting that which HSBC and S.o.J.D.C. provided you. Did you go through an independent Treasury assessment?

**The Minister for Treasury and Resources:**

We did not seek a separate valuation, if that is what you are referring to, and, as I have said earlier on this afternoon, we relied upon the independent valuation undertaken to satisfy the funding bank.

**The Connétable of St. John:**

Do you accept that there is a difference between what you as the landowner representative would require and what perhaps S.o.J.D.C. and the bank would require?

**The Minister for Treasury and Resources:**

Yes, of course, but it is a question of being satisfied with the information that you have available and assessing whether indeed additional data is required in terms of a separate valuation and bearing in mind, of course, on top of all that, there is significant cost, as I am sure the panel are aware, in procuring Red Book valuations.

**The Connétable of St. John:**

The issue I was trying to get to is that the valuation for S.o.J.D.C. and HSBC, the bank, would be merely to cover their costs, but we need to know that this building is going to provide sufficient additional funding to finance the winter garden, the underground car park and the sinking of the road, because if it does not provide ...

**The Minister for Treasury and Resources:**

Well, hang on a minute ...

**The Connétable of St. John:**

... its share of that, or its share of the £55 million, let me put it that way, this building needs to ...

**The Minister for Treasury and Resources:**

Let us be absolutely clear. The headroom or profit from this building is not in and of itself to fund the winter garden, which is part of phase 2. There has to be sufficient headroom, of course, and P.73 makes it absolutely clear that the pre-lets must cover the cost of construction and that is comfortably done. The figures we have seen demonstrate there is substantial headroom in there.

**The Connétable of St. John:**

If there are 6 buildings and we are going to produce £55 million, that is roughly £9 million a building. Is there £9 million of headroom, as you are putting it, on this building?

**The Minister for Treasury and Resources:**

First of all, it is not an equal sum game because this is a 67,000 square foot building and some of the others are 80,000 square feet. So they are going to deliver different levels, but the headroom in this particular one is very close to the figure that you have just referred to. It is millions of pounds.

**The Connétable of St. John:**

But you have not had that independently assessed?

**The Minister for Treasury and Resources:**

We have not had a Red Book valuation undertaken ourselves following HSBC having their own Red Book valuation.

**The Connétable of St. John:**

But HSBC's will only be to cover their own borrowing. It would not be to cover the interests of the landowner.

**The Minister for Treasury and Resources:**

No, they had the building valued.

**The Connétable of St. John:**

Yes, to ensure it covered the money they were lending.

**The Minister for Treasury and Resources:**

The value is the value.

**The Connétable of St. John:**

No, there are 2 values. There is the value of the borrowing and there is the value of the finished building with the profit.

**The Minister for Treasury and Resources:**

The valuation ...

**The Connétable of St. John:**

The borrowing is covered, because HSBC wants to make sure that the borrowing is covered, but they would not be making sure that the profit was covered. That is your responsibility.

**The Minister for Treasury and Resources:**

Yes, but you are talking about the purpose. Clearly, you are absolutely right. The bank has a purpose for its valuation. It wants to cover its exposure, absolutely agree with you, but they still had and commissioned an independent international firm of valuers to undertake a Red Book valuation of the building with one pre-let, one tenant in place and that valuation came out with a figure. Nothing more than that, just a figure, and that figure had significant headroom in it which covers the cost of construction of the building if it had to be sold straight away on completion.

**Deputy J.A.N. Le Fondré:**

Can we just take you back to basics perhaps and just explore this slightly further? P.73, and it is obviously the conditions which attract a lot of focus, I am reading from page 14 of that and it has ...

**The Minister for Treasury and Resources:**

Can we fetch that out?

**Deputy J.A.N. Le Fondré:**

It actually might be helpful if you have it, then we can look at it, but obviously it is the same phrase that appears in the M.O.U. as well. Obviously, that states under sales: "If it is proposed that a



specific development is undertaken directly by S.o.J.D.C.,” which would seem to be the case here: “before committing to construction costs S.o.J.D.C. will have to secure a sufficient level of legally binding pre-sales or pre-lets to fund the costs of constructing the first phase of the scheme.” Then it talks about that is going to remove part of the risk. Now, I suppose question 1 is: can you assure the panel, Minister, that the conditions of that paragraph, P.73, which forms part of the proposition - and as I believe it forms part of the M.O.U. - have been met?

**The Minister for Treasury and Resources:**

Yes, we were satisfied that they have been met.

**Deputy J.A.N. Le Fondré:**

Okay. Can you assure us that Treasury have properly assessed that themselves?

**The Minister for Treasury and Resources:**

Are you asking the question in relation to the signature in October of 2014, the work done leading up to that?

**Deputy J.A.N. Le Fondré:**

No, all I am asking is that is the condition that the States laid down as land owner - we are not talking about planning; we are not talking about lending; we are talking about as land owner - that needed to be applied before construction could start. So, have Treasury, as our representative, done their own assessment and signed off on the fact that that condition has been met?

**The Minister for Treasury and Resources:**

Treasury previously signed off. Certainly, as far as the valuation is concerned and the value of that building in relation to the pre-let that exists, we are satisfied with the valuation that has been provided by or undertaken by, more to the point, HSBC that that condition is covered.

**Deputy J.A.N. Le Fondré:**

Sorry, did Treasury do their own assessment to satisfy themselves?

**The Minister for Treasury and Resources:**

Treasury did not commission a separate independent Red Book valuation of building 4 before approving.

**Deputy J.A.N. Le Fondré:**

Did they in any other shape or form satisfy themselves that that condition had been met?

**The Minister for Treasury and Resources:**

Yes, we are satisfied that it has been.

**Deputy J.A.N. Le Fondré:**

So Treasury themselves have done their own assessment that they are satisfied that the condition of that paragraph in P.73 has been met?

**The Minister for Treasury and Resources:**

Yes.

**Deputy J.A.N. Le Fondré:**

You are 100 per cent certain of that, Minister?

**The Minister for Treasury and Resources:**

I am satisfied that ...

**Deputy J.A.N. Le Fondré:**

You are 100 per cent certain on that, are you?

**The Minister for Treasury and Resources:**

Yes, but what this does not mean is that ... we did not commission an independent Red Book valuation of that building. Treasury have not also done their own independent valuation. Do you want to add ...?

**Director, Corporate Policy:**

We did 2 things. We asked S.o.J.D.C. to formally confirm that they had met this test and explain how they met this test. We also sought - I think I can say this - legal advice as to whether this test had been met ...

**The Minister for Treasury and Resources:**

Yes, that is correct.

**Director, Corporate Policy:**

... in response to what S.o.J.D.C. have provided. So we did not do the valuation. We sought confirmation of the company as to how they satisfied themselves that they met the test and we sought legal advice that that was aligned with P.73.

**Deputy J.A.N. Le Fondré:**

They provided the details that gave you the confidence to assess that that test had been met?

**Director, Corporate Policy:**

They did not provide the full valuation, going towards the previous discussion. They provided us with a response that outlined the global figures that produced the profit on building 4.

**Deputy J.A.N. Le Fondré:**

So, hang on, I am just trying to go back just to get this clear. Did Treasury satisfy themselves in an appropriate manner ... no, did Treasury satisfy themselves that the conditions of a sufficient level of legally-binding pre-lets funded the costs of construction of the first phase of the scheme?

**Director, Corporate Policy:**

I am not quite sure how to answer this. We did not have the Red Book valuation independently confirmed. S.o.J.D.C. did that. We sought confirmation from S.o.J.D.C. that they believed they met the test and on what basis they believed they met the test and then we sought legal advice that that, indeed, did meet the test in P.73. So, no, we did not go into the underlying valuation if that is the question.

**Deputy J.A.N. Le Fondré:**

You are focusing on the valuation side. What about the assessment of what was being included in the costs of construction of the first phase? There are 2 sides to this equation.

**Director, Corporate Policy:**

Absolutely, and in that submission they dealt with both sides because that is the only way you can deal with a situation that meets that test.

**Deputy J.A.N. Le Fondré:**

So I think the summary is that Treasury did not themselves assess that position. Is that correct?

**The Minister for Treasury and Resources:**

Chairman, could you perhaps clarify exactly what it is you are expecting Treasury to have done in this regard?

**Deputy J.A.N. Le Fondré:**

Well, at the end of the day, this is the proposition that the States approved. These are the rules that the States set down as landowner over which its land can be developed. There is a safeguard

in there which says you cannot start, from the de-risking point of view, until you have - and the phrase is - "a sufficient level of pre-lets."

**The Minister for Treasury and Resources:**

Correct.

**Deputy J.A.N. Le Fondré:**

That is not valuing the unlet part of the building. That is pre-lets. It is not valuing the land.

**The Minister for Treasury and Resources:**

You cannot separate out the 2, though.

**Deputy J.A.N. Le Fondré:**

No, there is a different thing and we asked about the capital value previously. The capital value of a pre-let ... and this refers to pre-lets. It does not say the unlet part of the building. It says: "... a sufficient level of legally-binding pre-lets to fund the costs of construction of the first phase." Okay, that is what the condition says. It does not matter ...

**The Minister for Treasury and Resources:**

Yes, but you do not value a building just on approvals. You value the building on what is ...

**Deputy J.A.N. Le Fondré:**

No, you value the ... it does not talk about the value of the building. You talk about the value of the pre-lets. That is what the rule says.

**Director, Corporate Policy:**

I mean, I think ...

**Deputy J.A.N. Le Fondré:**

That is what is written down here, is it not? Okay, let us just read it again, okay: "... will have to secure a sufficient level of legally-binding pre-sales or pre-lets." Where does it say unlet?

**The Minister for Treasury and Resources:**

Hold on: "... to fund the costs of constructing the first phase of the scheme."

**Deputy J.A.N. Le Fondré:**

Yes.

**The Minister for Treasury and Resources:**

This is phase one(a). So it is a sub-phase but it is a phase.

**Deputy J.A.N. Le Fondré:**

So that is the rule, okay? It is about the capital value of the pre-lets, which is what you touched on earlier, equals the costs of construction of the first phase of the scheme. Fair comment?

**Director, Corporate Policy:**

Yes.

**Deputy J.A.N. Le Fondré:**

Yes?

**Director, Corporate Policy:**

Yes.

**Deputy J.A.N. Le Fondré:**

Right. So, therefore, how has Treasury ensured that that rule has been met before construction can start?

**Director, Corporate Policy:**

This strikes me as a legal question and that is the avenue we pursued. So we sought advice from S.o.J.D.C. as to how they believed it met the test. We sought advice that their outline of how they met the test did, indeed, meet P.73 and that was a positive confirmation. I think ...

**Deputy J.A.N. Le Fondré:**

Sorry, what is the advice? You have made reference to legal advice.

**Director, Corporate Policy:**

Then we get into the issue of Scrutiny Panel ...

[17:45]

**Deputy J.A.N. Le Fondré:**

No, we know the concern. I was just going to ask: did the advice come from S.o.J.D.C.'s legal advisers or from ...

**Director, Corporate Policy:**

No.

**Deputy J.A.N. Le Fondré:**

Okay, that is fine.

**Deputy S.M. Bree:**

Can I just ask a question here, and again purely for clarity's sake? You looked to S.o.J.D.C. to prove to you that they had met the condition contained within P.73. You did not seek any independent assessment of that. You did not ask to see the HSBC Red Book valuation on which they had based their assessment that they had met that condition. Then you sought legal advice to see whether or not the wording in P.73 had been met, not the financial hurdle had been met. Now, you or the Assistant Minister for Treasury and Resources then signs off the ministerial decision that the financing arrangement is okay based purely on information provided to you by the entity that was looking to borrow money from a third party bank. At no time did you go out and independently verify those figures or ask to see the HSBC Red Book valuation, is that correct?

**Director, Corporate Policy:**

I believe that is what I just explained.

**Deputy S.M. Bree:**

No, I am purely trying to clarify the process because I am astounded that at no time did you see fit, as custodians of the assets, basically of the shares, to check and ask: "Can I see the HSBC Red Book valuation?" That is called due diligence.

**The Minister for Treasury and Resources:**

Are you suggesting we set up an organisation like S.o.J.D.C., resource them as we have done with a professional board who have reputations to consider and obligations under company laws and all the rest of it ...

**Deputy S.M. Bree:**

I am not questioning the integrity of the board. I am not questioning the integrity or the experience of the board.

**The Minister for Treasury and Resources:**

Not just the board.

**Deputy S.M. Bree:**

I am merely questioning the levels of due diligence that your department go to in assessing whether or not conditions have been met.

**Deputy J.A.N. Le Fondré:**

Because the Treasury Department in this instance is our representative. As we said, you are the custodians of the public assets. Therefore, surely there is a role for Treasury to make sure they are absolutely certain and have properly assessed what is one of the key conditions in the whole proposition to set up the company in the first place.

**The Minister for Treasury and Resources:**

Well, as I said earlier on, there is no doubt that we are satisfied with the summary valuations that we have been provided, which have been carried out independently for HSBC.

**Deputy J.A.N. Le Fondré:**

But there is a slight blurring here because the point Chris was making previously is that there is the issue of whether the debt is going to be covered by any development and it might well be legitimate - that is personal opinion, it is not based on fact, but it does not sound unreasonable - that a value of a building to cover that debt is fine. That is a separate issue. The rule that this landowner, the States Assembly, put down is not about the debt. It is about the value of the legally binding pre-lets - so it is not about options, it is not about unlet parts of the building - equalling the costs of construction of the first phase. Therefore, did Treasury assess that rule and independently check that that rule had been met?

**The Minister for Treasury and Resources:**

So what you are actually asking for is a valuation of a ...

**Deputy J.A.N. Le Fondré:**

Not necessarily a valuation. At the very least, is there a report somewhere that says from within Treasury we are satisfied that this condition laid down in P.73 has been met?

**The Minister for Treasury and Resources:**

But in effect what you are saying is you would not be satisfied with the valuation carried out independently by HSBC because that valued the building as a whole, both the let and unlet space, which is a normal valuation.

**Deputy J.A.N. Le Fondré:**

I am asking about the rule that the States laid down, which is the value of the legally binding pre-lets. It is not the value of the building, it is the value of, in this instance, the UBS pre-let for 16,500 or whatever it is square feet.

**The Minister for Treasury and Resources:**

So you are wanting a separate valuation just to take into consideration the pre-let element only and not the fact that there is value in the rest of the building?

**Deputy J.A.N. Le Fondré:**

I am going by the rule that the States laid down to mitigate risk, on the face of it taking that paragraph as it stands.

**The Minister for Treasury and Resources:**

But the intent of that quite clearly is to ensure that the public are protected and that the company in particular is protected in terms of undertaking funding to construct a building. That building has been valued at a particular level with significant headroom that we have discussed already. So actually, whether they are valuing let or unlet space, normally you would value a building as a whole.

**Deputy J.A.N. Le Fondré:**

That is not what the condition says here.

**The Minister for Treasury and Resources:**

But the condition is to protect ...

**Deputy J.A.N. Le Fondré:**

The condition here I think - not necessarily a finding at this stage - is to mitigate risk and not to be in the situation of speculative development. You are in the position that you want sufficient pre-lets to cover the cost of construction and to fund the cost of construction. That is what this says. Do you want to shed some light, Mr. Foster?

**Director of Estates, Jersey Property Holdings:**

I am trying to interpret. It is difficult to interpret something without being the author. However, if there is a building that has a larger space element than the pre-let sum, then you can have a range of positions. We can have zero pre-lets, which is a fully speculative building, or 100 per cent pre-lets, which is a fully pre-let building.



**Deputy J.A.N. Le Fondré:**

Yes.

**Director of Estates, Jersey Property Holdings:**

That paragraph to me suggests that there is a position at which the level of pre-lets is sufficient to enable the cost of construction to be covered. That is my understanding.

**Deputy J.A.N. Le Fondré:**

Yes.

**Director of Estates, Jersey Property Holdings:**

In which case there is a level of unlet building which contributes to the total value.

**Deputy J.A.N. Le Fondré:**

But no ...

**The Connétable of St. John:**

Not according to that paragraph. That paragraph does not include unlet areas. It is specifically to pre-lets signed off, legally binding pre-lets.

**Director of Estates, Jersey Property Holdings:**

But it does not ... with respect, it does not discount unlet areas.

**Deputy J.A.N. Le Fondré:**

Well, it does not include it. It says: "... will have to secure." So: "Before committing to construction costs, S.o.J.D.C. will have to secure sufficient level of legally binding pre-lets." It does not say unlet.

**Director of Estates, Jersey Property Holdings:**

Because there is a higher value in the pre-let element than the not pre-let element.

**Deputy J.A.N. Le Fondré:**

Yes, and the issue here is about mitigating risk and not getting close to speculative development. So, for the sake of argument, and I have not done the maths, if the pre-let value ... you know, if 50 per cent of the building had been pre-let out, that would equate to a certain sum of money and if your construction costs then equalled that, it is happy days because your unlet bit is your profit element. This is trying to avoid banking on that profit. If you are bringing in the unlet value, you must be speculating on getting some ... you are basically taking in the speculation side.

**The Minister for Treasury and Resources:**

Well, no, because it has value. It is not assuming something will be let.

**Deputy J.A.N. Le Fondré:**

But this particular rule as laid down by the States is to secure a sufficient level of legally binding pre-lets. That is what it says.

**The Minister for Treasury and Resources:**

Yes, but there is value in the rest of the building.

**Deputy J.A.N. Le Fondré:**

I do not care if there is value in it or not. I am going by the ...

**The Minister for Treasury and Resources:**

Well, with the greatest respect, you are grasping at straws trying to prove the value is wrong. It is ridiculous.

**Deputy J.A.N. Le Fondré:**

No, no, I am not going there. I am trying to say that it would seem that the phraseology that is there says legally binding pre-lets. So then it goes back to the point: is there an assessment somewhere within Treasury that takes that condition and assesses it and analyses it, if you like, and concludes from an independent objective perspective ... I mean, actually, having said that, was Property Holdings asked to give any input on the assessment ... as the States expert on property asked to have any input on that assessment process as to whether that condition had been met or not?

**Director of Estates, Jersey Property Holdings:**

Property Holdings was not asked to do that. The Treasury officers responsible act for the shareholder. Property Holdings does not. It provides advice when it is asked.

**Deputy J.A.N. Le Fondré:**

So Property Holdings was not asked, okay. Thank you.

**Director of Estates, Jersey Property Holdings:**

Not at that stage, no.

**Deputy J.A.N. Le Fondré:**

I do not know where else we go on this because I think we are ... I think we have got to the point we understand the position as it is. I understand the point you will accept that you have taken legal advice on whatever documentation you have received, but the big question, as we said, is was there an assessment done. I think the conclusion from this is that there was not an assessment done. I think that is what we have ...

**The Minister for Treasury and Resources:**

What, to try and devalue the building by excluding the fact that there is value in the unlet space?

**Deputy J.A.N. Le Fondré:**

No, not to devalue. No, was there an assessment done as to whether that rule had been complied with?

**Director, Corporate Policy:**

Did we place reliance on S.o.J.D.C.?

**Deputy J.A.N. Le Fondré:**

Yes.

**Director, Corporate Policy:**

Yes, we did.

**Deputy J.A.N. Le Fondré:**

Right.

**Director, Corporate Policy:**

Did they confirm to us the position? Yes, they equally did.

**Deputy J.A.N. Le Fondré:**

Thank you. Okay.

**The Connétable of St. John:**

Right, so we have established that there was no report.

**Deputy J.A.N. Le Fondré:**

Right.

**Deputy S.M. Bree:**

Okay, I think we need to move on from that.

**Deputy J.A.N. Le Fondré:**

Yes. I was going to say I think that is the ... essentially with 5 minutes to go, my line of questioning is concluded, I have to say. Chris, do you have anything at this stage?

**The Connétable of St. John:**

Just ask the others while I think.

**Deputy J.A.N. Le Fondré:**

Okay. Oh, actually, yes, if you want to ask that one you might as well.

**Deputy K.C. Lewis:**

Okay. Minister, you have stated there will be no loss of car parking spaces throughout the development. However, due to the additional people required to work in these office blocks, surely there will be a need to be an increase in spaces. How do you plan to mitigate this?

**The Minister for Treasury and Resources:**

Well, there was some work undertaken. In fact, we commented earlier on about the fact that 13 prospective tenants are on-Island businesses, so we are looking at the fact that office space will be vacated usually from multiple sites elsewhere in St. Helier. Those individuals have parking provision that they are utilising where they currently are and so the calculation, approximately 85 per cent, we believe, therefore, that with the new provision of the extra 250 - I think it is off the top of my head - spaces for the underground ... the underground provision of an extra 250 spaces on top of the existing 525 will provide with existing capacity enough parking. There is also the sustainable transport policy, which I am sure you will be familiar with.

**Deputy J.A.N. Le Fondré:**

We are familiar with.

**The Minister for Treasury and Resources:**

That does limit somewhat the opportunities for creating additional space.

**Deputy J.A.N. Le Fondré:**

Okay. I have one final question. We have asked about appraisals and Red Book valuations initiated by Treasury and reporting back after the date of the sign-off on the ... the go-ahead, if you

like, as a result of the UBS transaction. Are there any other outstanding appraisals to a Red Book valuation initiated by Treasury?

**The Minister for Treasury and Resources:**

For anything specific, specific buildings or ...?

**Deputy J.A.N. Le Fondré:**

Well, just full stop. Are there any outstanding appraisals that are yet to report back?

**The Minister for Treasury and Resources:**

What, that have been commissioned?

**Deputy J.A.N. Le Fondré:**

Yes.

**The Minister for Treasury and Resources:**

Well, as you might expect, Treasury consider options for the development and we have asked Jersey Property Holdings to look at certain aspects of the scheme for further advice. We have also asked them to seek a valuation to be undertaken in, again, certain aspects for our own internal purposes.

**Deputy J.A.N. Le Fondré:**

Is that a Red Book valuation?

**The Minister for Treasury and Resources:**

Mm hmm.

**Director of Estates, Jersey Property Holdings:**

It will be, yes.

**The Minister for Treasury and Resources:**

Yes.

**Deputy J.A.N. Le Fondré:**

Is that of the whole International Finance Centre or one of the buildings or ...? Could you elaborate?

**Director of Estates, Jersey Property Holdings:**

We are looking at a valuation that would cover all 6 buildings.

**Deputy J.A.N. Le Fondré:**

The International Finance Centre as well with the underground parking?

**Director of Estates, Jersey Property Holdings:**

Indeed, the underground parking would be part of the valuation assessment.

**Deputy J.A.N. Le Fondré:**

When is that due to report back?

**Director of Estates, Jersey Property Holdings:**

It is currently under way. I cannot give you a specific date but fairly shortly, within the month.

**Deputy J.A.N. Le Fondré:**

When was it commissioned?

**Director of Estates, Jersey Property Holdings:**

It has been commissioned ... within the last 2 weeks.

**Deputy J.A.N. Le Fondré:**

Within the last 2 weeks?

**Director of Estates, Jersey Property Holdings:**

Yes.

**Deputy J.A.N. Le Fondré:**

Right. I think we are done on that. So you are expecting it by the end of June?

**Director of Estates, Jersey Property Holdings:**

I am indeed.

**Deputy J.A.N. Le Fondré:**

Are we all done?

**Deputy S.M. Bree:**

Mm hmm.

**Deputy J.A.N. Le Fondré:**

Right. Well, we have one minute to go. We started fractionally later. Thank you very much for your time and we will call our hearing to an end. Thank you very much.

**Deputy S.M. Bree:**

Thank you very much indeed, gentlemen.

[17:58]