

4.17 Deputy K.C. Lewis of the Minister for Economic Development regarding the rental value of the warehouse currently occupied by the Maritime Museum:

Will the Minister consider leasing the warehouse currently occupied by the Maritime Museum to Jersey Heritage on a peppercorn rent to enable the Tapestry and Maritime Museum to remain open?

Senator P.F. Routier (Assistant Minister for Economic Development - rapporteur):

I recognise that the Jersey Heritage Trust is facing difficult times and that I should also point out that the Economic Development Department have offered to fund a review of its future operations. Jersey Heritage Trust rents the warehouse in question from Jersey Harbours who administer the property on behalf of Property Holdings. The rent paid for the Maritime Museum was set at the current level at the request of the Jersey Heritage Trust in its letter dated 12th March 2009. At that time the trustees were seeking security of tenure in order to clarify responsibilities for the maintenance of the building and to achieve accreditation under a U.K. national standard. As with all property rentals across the States portfolio, the rent to be paid was independently assessed and defined by Property Holdings. In line with the property plan and G.A.A.P. (Generally Accepted Accounting Practices) Property Holdings are responsible for ensuring that we recover the true cost to the States of holding individual properties. If the rent were to be reduced even further this would have the effects of Jersey Harbours subsidising the activity of a body already in receipt of a grant from Education, Sport and Culture. One would expect Jersey Heritage Trust to reflect the cost of the rental in its Annual Business Plan that demonstrates commercial sustainability submitted to the Minister for Education, Sport and Culture during the process of approving the annual grant.

4.17.1 Deputy K.C. Lewis:

While I appreciate the Assistant Minister's wish to balance the books, does he not find it ludicrous that we have one subsidiary of a States Department paying another subsidiary of a States Department in excess of £85,000? I am sure the Assistant Minister is aware of the great distress this subject is causing the people of Jersey at present and we need some more cross-subsidisation, does the Minister not agree?

Senator P.F. Routier:

I am afraid I cannot agree with the Deputy because there are accounting practices which need to be followed. Any department which has an asset needs to account for it effectively. I recognise, as I said in my opening comments, that the Heritage Trust is finding it difficult. The Deputy quoted a figure of over £85,000. That is not the fact of the matter. The current rental is at a reduced level of £75,000 but it is at a rental of just £5.50 per square foot which, on the market rental for what was previously used in those buildings, was £23 a square foot so it is already at a reduced level. It has to be recognised that when the Trust originally took over the property the Education, Sport and Culture Department did increase the grant to cover that rental of the initial rental when they first moved into the property so we would need to do some work. We know the gallery has to remain open but we have just got to find a way of achieving it.

4.17.2 The Deputy of St. John:

I notice the Assistant Minister is referring to G.A.A.P. accounting, yet could he tell us when his department went into accounting, as we know it in the business world, into G.A.A.P. accounting because I was under the impression that your department did not use that?

Senator P.F. Routier:

The process started in 2006 and we are obviously working towards that. This year, you will see from the Business Plan, that because of the process of G.A.A.P. accounting we have a very large amount for ...

The Deputy of St. John:

Can we have a yes or no?

The Bailiff:

Well, I think he says it is on the way.

The Deputy of St. John:

Exactly, Sir, it has been on the way for about 5 years. Can we have a yes or no? Does the department use G.A.A.P. accounting at the moment?

Senator P.F. Routier:

Yes, we use the principles.

The Bailiff:

Deputy Lewis, do you wish to ask the final question?

4.17.3 Deputy K.C. Lewis:

Yes, thank you, Sir. I thank the Assistant Minister for his correction but surely this was all set up in the heyday of Jersey Tourism and it has been suggested in recent months that because of the economic downturn that landlords should reduce their rents to enable businesses to continue, should that not be the case in this one?

Senator P.F. Routier:

I recognise that it is difficult times but I was quite heartened by the comments recently by the Heritage Trust to say that their numbers have increased this year and they are seeing a far better position with regard to their facilities. With regards to reducing the rent, it is already a reduced rent. If it was £23 a square foot, which it should be, and not the £5 a square foot, they would be in more difficulty. We all want to see the Heritage Trust to prosper and to have their facilities remain open and it is our duty, as a States body, to achieve this and I will do everything I can to do that.