

STATES OF JERSEY

Jersey Development Company Public Hearing

WEDNESDAY, 25th AUGUST 2010

Panel:

Deputy C.H. Egré of St. Peter (Chairman)
Deputy D.J. de Sousa of St. Helier (Vice-Chairman)
Senator S.C. Ferguson
Mr. R. Law (Panel Adviser)

Witnesses:

Senator P.F.C. Ozouf (The Minister for Treasury and Resources)
Mr. J. Turner (Deputy Treasurer)
Mr. D. Flowers (Director of Property Holdings)

In Attendance:

Mr. G. Richardson (Work Shadow to the Minister)
Ms. K. Boydens (Scrutiny Officer)

[11:34]

Deputy C.H. Egré of St. Peter (Chairman):

Good morning, gentlemen. Welcome yet again. Before we start the proceedings, as per usual a few administrative exercises to carry out. Firstly, do you think you could go around in either anti-clockwise or clockwise, depending on what you decide over there, say who you are and what your position is so we can do a radio check or mic check.

Director of Property Holdings:

David Flowers, Director, Jersey Property Holdings.

Deputy Treasurer:

Jason Turner, Deputy Treasurer of the States.

The Minister for Treasury and Resources:

Senator Philip Ozouf, Minister for Treasury and Resources.

Mr. G. Richardson:

Guy Richardson, work shadow.

Senator S.C. Ferguson:

Senator Sarah Ferguson.

Mr. R. Law:

Richard Law, adviser.

The Deputy of St. Peter:
Deputy Colin Egré, Chair.

Ms. K. Boydens:
Kellie Boydens, Scrutiny Officer.

Deputy D.J. de Sousa of St. Helier:
Deputy Debbie de Sousa, Vice-Chair.

The Deputy of St. Peter:
Right, and the final administrative act just to remind you all, you will see on the table there the written way that we do business. Are you all happy that we follow that?

The Minister for Treasury and Resources:
Yes.

The Deputy of St. Peter:
Okay. Right. So, starting off, what is the actual current remit of W.E.B. (Waterfront Enterprise Board), because this is all an integral part of where we are going. So, what is the current remit of W.E.B.?

The Minister for Treasury and Resources:
Well, I think I am going to say something that is known to you. As far as I understand it, W.E.B. has a mandate with specific responsibility for development in the geographical area of the waterfront. Perhaps with the benefit of hindsight, when W.E.B. was set up its roles and responsibilities were too loosely defined, and I think it is fair to say that the world has moved on significantly from the world when W.E.B. was created. I have perhaps got the advantage or maybe the disadvantage of having interacted with W.E.B. holding a number of different capacities. I am sitting here as Minister for Treasury and Resources and obviously some of the things that I am trying to achieve in reforming and changing W.E.B. are instructed by the experience I had both as Planning President, as a member of W.E.B., a member of P. and R.(?) and a member of ... and being on Treasury. But I think we are clear that W.E.B.'s remit is loose in terms of its responsibilities except for the geographical definition, and certainly that loose ... that loose interpretation, that looseness in terms of what it is supposed to achieve and whether or not it is a planning authority and its interrelationship with government has been open to significant interpretation and has caused I think quite a lot of the difficulties that we have seen with W.E.B.

The Deputy of St. Peter:
Now, we are aware of the geographical or the perceived geographical limitations that were made on W.E.B. We are also aware as a result of this review to date that W.E.B.'s remit has expanded beyond those physical limits. We hear that W.E.B. is now involved in a working group around extra land, rezoned land, at the airport and also we are aware of the amount of work they were doing on the East of Albert. How do you think that has come about?

The Minister for Treasury and Resources:
I mean, I am very frustrated that we have not made the necessary changes to W.E.B. that we should have done. W.E.B. has been in limbo for ... with the effluxion of time it is difficult to think just how long, but we have been talking about changing W.E.B. for 2 years and I do not think that W.E.B. has been sufficiently clear on projects that do have political support. Obviously the financial slowdown has had difficulty ... has caused difficulties, but certainly there is expertise within W.E.B. which as I understand it ... I am not directly involved in all of these things but I am aware that W.E.B.'s expertise has been used in order to assist the airport, as I understand it. This has been done, as I understand it, in collaboration with other

States departments and probably Property Holdings, too, and indeed at the East of Albert as well. But no decisions are made. It is more that we are just using ...

The Deputy of St. Peter:

Yes, but do you understand that concerns can develop from the fact that W.E.B. would appear to be going outside its remit as understood by the States and the general public without already having formulated a new company?

The Minister for Treasury and Resources:

Well, I think it is easy to criticise but how ... I am quite frustrated. We have been talking about reforming W.E.B. for how long? Three years? We all know that there are issues and I hear that there is some criticisms and some raised eyebrows around about W.E.B. advising in relation to some property matters at the harbour and the airport, but are we really thinking that this is a big issue? There is no decisions have been made, there are no assets that have been transferred.

The Deputy of St. Peter:

The difficulty here is not what you think or what I think, it is actually what States Members think and what the general public think. So what are your views on the effect that that may have had in the way this is progressing?

The Minister for Treasury and Resources:

Well, I think it is silly. I think it is ... I think it is completely ... I think it is completely unrealistic to think that we have an expert body of professionals that can advise the States in terms of maximising value in terms of certain areas of land and if their expertise can be used in assisting in drawing up plans - no decisions have been made - then that is a good thing.

The Deputy of St. Peter:

You have used the term "expert body". Who do you perceive is the expert body that operates within W.E.B. that is giving this sound advice?

The Minister for Treasury and Resources:

Well, there is a management there of people that are experienced in property matters and they also have the ability, which we do not have in other areas, in order to put some resource behind analysing and working up potential projects. No decisions are made but I know in my previous capacity at Economic Development that both the harbour and the airport have very significant property assets which need to be better managed and commercially driven and exploited for the benefit of both the harbours and the airports department.

The Deputy of St. Peter:

As you will be aware, I am equally as frustrated as you in that department having served both on the Harbours and Airport Committee and seen the failure to develop those assets which have been there for a significant amount of time.

The Minister for Treasury and Resources:

But this is a bit of a wild goose chase in terms of where we are going. Is this the latest view of some States Members or public about another sort of problem associated with ... you cannot hold me to account for that because I am not, I am just a sort of an interesting bystander in it. I have not got a problem with it providing it has been properly politically approved and providing it is actually achieving an outcome. I am ...

The Deputy of St. Peter:

But do you see that it has been positively politically approved?

The Minister for Treasury and Resources:

I am not responsible for that, so you would have to ask the Ministers that are responsible. I am not responsible for W.E.B.

The Deputy of St. Peter:

One of the difficulties that we have which you might wish to comment on is that sometimes going through this review and the previous review we are a bit confused as to who we are dealing with. Are we dealing with the Treasury Office or are we dealing with the Chief Minister's Office? The Chief Minister, as you are aware, is putting forward this proposition.

The Minister for Treasury and Resources:

Yes, but this is exactly the problem. There is a fogginess, there is a lack of clarity. I am not responsible for W.E.B. If the States passes S.O.J.D.C. (States of Jersey Development Company) I will be responsible for it and I will stand before any Scrutiny Panel and be properly responsible, but I am not responsible for it. I am certainly planning and have been part of the improvement plan to clarify what W.E.B.'s role should be and what should happen to it because clearly we have a problem. People seem to be thinking, and I am increasingly concerned by this, is that we are going to get ... sometimes in life you need to get 80 per cent of it right and make a decision rather than spend 5 years getting 100 per cent of it right. We will not get everything right, but by goodness me we have a body which has an overhead, which has been saddled with all sorts of political controversy, which is not clear in its remit, and we have to sort it out. The decision ... I am going to be as forthright as I can in saying to colleagues: "We have to make a decision to sort this W.E.B. out. There is a problem."

The Deputy of St. Peter:

So what problem do you perceive? You said there is a problem. What do you perceive ...

The Minister for Treasury and Resources:

Well, I have already said it.

The Deputy of St. Peter:

What do you perceive is that problem?

The Minister for Treasury and Resources:

I have already said it.

The Deputy of St. Peter:

Just closely define it for us now. What do you see as the problem?

The Minister for Treasury and Resources:

I mean, we have already rehearsed all this, Chairman. We have already said that it is not clear what the actual role and responsibility is, and this is just a gander through the last 10 years of experience. W.E.B. was set up by ... and some people thought that it was almost a kind of a Jersey Docklands agency with planning powers. That was certainly a relevant structure at the time when the Conservative Government in the 1980s ... and your expert is far better versed than I am and David has much more experience in these things ... was set up with planning powers. We just were not clear with W.E.B. When I arrived at planning, W.E.B. was doing master planning. That is not ideal. I brought master planning back into the Planning Department, but we have to put this on to a proper, firm, clear footing.

The Deputy of St. Peter:

Okay.

The Minister for Treasury and Resources:

If we carry on working in fog we are going to have problems.

The Deputy of St. Peter:

While understanding what you are saying when you talked about working within fog, we move on really to compare the 2 positions that we are in here. What is, in relation to what we are talking about, the current position of Property Holdings in this function?

[11:45]

The Minister for Treasury and Resources:

Well, Property Holdings was set up to be the default landlord of all States property with the exception of housing and harbours and airports which we have just been speaking about. Property Holdings is the landlord of all States property. I regard W.E.B. and the future W.E.B. in its very different format to be the development arm of the States of Jersey property and ...

The Deputy of St. Peter:

Just to cover that, because we have understood in previous reviews that W.E.B./S.O.J.D.C. were going to be very much facilitators, but now we have moved from facilitator to developer. Could you just expand on that?

The Minister for Treasury and Resources:

I do not understand the question.

The Deputy of St. Peter:

There is a difference between facilitator and being the developer.

The Minister for Treasury and Resources:

W.E.B. is the developer. S.O.J.D.C. should be clearly the developer and clearly there are going to be some grey areas between Property Holdings in relation to S.O.J.D.C. and much better to deal with those issues if you are dealing with one ministerial department. One of the ... we have 2 responsibilities but they are complementary. The Treasury is a shareholder of States entities. We know how to deal and we are improving the way we deal with owned entities. The Chief Minister's Department, and it is no criticism to them, they are not used to dealing with a governance arrangement between an owned entity and a shareholding entity. They are just not equipped to do it. We are equipped to do it, we are experienced in doing it, and we are going to do it properly if the States asks us to take responsibility for S.O.J.D.C.

The Deputy of St. Peter:

So what problems, if any, have you had in the current operation ...?

The Minister for Treasury and Resources:

Well, it is not my problem, Chairman. I am not going to ... I can talk to you about what we will do if we will take it, but I cannot stand accountable for what ...

The Deputy of St. Peter:

I am not asking you to be accountable, I am asking you what problems have you seen which you now will become accountable for if you take over S.O.J.D.C.? What problems exist currently which you would have to resolve?

The Minister for Treasury and Resources:

We just need to put an appropriate ... there needs to be a memorandum of understanding. I would direct you to the Deloitte review which sets out very clearly what the shareholding structure that the Treasury is going to put in place for all States owned entities, which has a whole range of interventions and appropriate decision and reporting. It starts with a memorandum of understanding. There is a very clear understanding between sort of a "no surprises" policy between the board and the Treasury. There is the decisions required at the annual general meeting in terms of remuneration of directors.

The Deputy of St. Peter:

So accepting the fact that Deloitte's has highlighted issues which you are going to resolve in any new development, it has highlighted problems that existed in the past with States owned entities, I assume?

The Minister for Treasury and Resources:

Improvement does not necessarily say that there have been problems. We are further strengthening ... I said very clearly when I stood for Minister for Treasury and Resources that I was going to ... that public ownership had to mean something, that Jersey Telecom and Jersey Post were not trusts, that they actually were ... that public ownership had to mean something, that the shareholder mattered. We are putting in place an appropriate arrangement that the shareholder does matter and has a say in the construction of the board.

The Deputy of St. Peter:

So what we are saying is we have learnt, the Deloitte's review emphasised what we have learnt, and that will be put into practice with any new company?

The Minister for Treasury and Resources:

We have certainly upped and are upping our game in relation to the way we look after States shareholding responsibilities. I think it is a very important responsibility of the Treasury and because we are prepared and we are preparing to take other shareholding responsibilities that the States may well create in the comprehensive spending review. I imagine that there would be a move, for example, to incorporate the harbours and the airports department into standalone entities. If that happens, we have to be ready to take these responsibilities and discharge those functions properly.

The Deputy of St. Peter:

Yes, fine. Now, can I just go to my colleagues and see whether at this particular stage you have any other things to add?

Senator S.C. Ferguson:

Yes, because following on from the Deloitte's review we have discussed with the W.E.B. board how they were going to manage the change, how they were going to review their resources before the change, because as they understood it they were changing from facilitators to developers which is a very much more complex set-up. So both the acting chairman and the managing director said they were in fact ... they had an ongoing review of their internal resources, particularly obviously staffing, and they were having a go at that. Now, it seems to us that you need to sort out these resources before you actually make the change in function. So, what are you going to do about that?

The Minister for Treasury and Resources:

I very much understand your dilemma and I have that dilemma, too, because it is chicken and egg. Because we are not creating a new entity in S.O.J.D.C. We are effectively setting out the guidance and the parameters of S.O.J.D.C. and we are reversing W.E.B. into it and we are going to achieve the end result. It will not be a silver bullet overnight. There will be a transition where we will be equipping this organisation to discharge these ... as you absolutely quite rightly say, the facilitator is the regeneration steering group and assisted and advised by Property Holdings and S.O.J.D.C. is going to be the developer. Now ...

Senator S.C. Ferguson:

But surely we need to be more businesslike. You know, you do not go into something like this and then just sort of say: "Oh, we will solve things as we go along." We need to have ... to take from the review that they are doing and we need to do our own and as shareholder,

which you will be, it is surely incumbent upon you to have that review of resources and personnel, all of them, before we actually go into this.

The Minister for Treasury and Resources:

You will, I hope, understand if I am guarded in what I say about the existing entity because there are contractual commitments and people in post that will be issues that will need to be dealt with because the structure of the organisation is changing. But this really is chicken and egg ...

Senator S.C. Ferguson:

No ...

The Minister for Treasury and Resources:

If I am asked to do ...

Senator S.C. Ferguson:

We have to be businesslike. I would not go into a business and expect to just sort of buy it and then sort everything out. I would want to have a proper review before I went in so that I could say ... and we did originally, with respect, Minister, in our previous report we recommended that you did have the break period between the 2.

The Minister for Treasury and Resources:

But that is not possible, I am afraid. I had lunch yesterday with a very senior chief executive of one of our local banks and I was talking about an acquisition that they are going to be making. Now, they have not got all of the solutions. They are going to make this acquisition and they are going to make some big changes in the organisation, but they know what they are going to do. Knowing what they are going to do but they have not got all the management lined up and all of the cost savings and the mergers of the activities lined up on day one. They know which direction they are going, and the States is setting out a very clear direction and I am going to be instructed to shape this organisation. From a Treasury point of view we are going to be taking it over and we are going to be taking it over and then putting in place all of the things that I am asked to do. But it is not going to be done on day one. There is going to be a transition, but what do we do? The Chief Minister's Department cannot sort all this stuff out within the current structure, the remit, the mem and arts, nothing is sorted. The most important thing with this entity which is what we need to do is we need ... we have a chairman who I have the greatest of respect for and other non-execs that have been in limbo waiting for the States to make a decision for ages, and I need to see a chairman appointed with the ... against the criteria which has been set out, a chairman appointed and then it is for the board and particularly the non-executive directors to implement the wishes of the shareholder which are set out in the States proposition. We are not going to just appoint these people and say: "It is business as usual." It is most certainly not business as usual, but how do we get there?

Senator S.C. Ferguson:

Would it be helpful, in our transcript the managing director and the acting chairman did talk about the ongoing review, so perhaps this is something you ought to call for beforehand?

The Minister for Treasury and Resources:

Yes, but the thing is I am in a very difficult position because I have no ...

Senator S.C. Ferguson:

You can ask for a copy of the review, come on.

The Minister for Treasury and Resources:

Well, I can but I have no ... I have no locus. I have no reason to start discharging the functions as the shareholder. I am the shareholder for Jersey Post and Jersey Telecom.

The Deputy of St. Peter:

But surely as responsible States Members we actually have 3 States Members on the board including one of your own Treasury Assistant Ministers. There must be some way in a statesmanlike way of actually finding out what this review is doing.

The Minister for Treasury and Resources:

But you are asking them to do things which have not been decided upon. When the States decides ... I mean, the States is brilliant at just simply putting off a decision until they want more information. This is the classic decision-making territory that is corrosive in terms of making decisions.

Senator S.C. Ferguson:

No, with respect ...

The Minister for Treasury and Resources:

I am sorry, but you need to set the direction. You cannot ask the non-executive directors and an interim chairman that has been hanging on for ... how long has Jurat Tibbo been sitting there and been promised ...

The Deputy of St. Peter:

1996.

The Minister for Treasury and Resources:

Well, yes, and he has been discharging the functions of chairman because we have lost 3 chairmen along the way and what is he trying to do? We need to appoint a chairman to get on and to reform the board and to do what the States is asking, but the States needs to be clear about what direction they need to go in.

The Deputy of St. Peter:

You alluded earlier to an area of tension which is to do with the contractual arrangements that currently exist with all staff members of W.E.B. What we would like to do under the role of confidentiality is actually have a copy of those contracts.

The Minister for Treasury and Resources:

I am not briefed on that. I have no idea whether or not that is possible. That is a matter which you are going to have to deal with the Chief Minister's Department and the board themselves. I have no reason to be able to comment authoritatively on that arrangement. The fact is that appointments in terms of the executive are not a matter for the Chief Minister's Department - and I am talking about the executive - they are a matter for the company. Once you have put in ... I mean, governance structures ...

The Deputy of St. Peter:

Just to remind again for the benefit of the transcript, the company that you are talking about, albeit an independent company, the whole ownership sits within the States of Jersey. We are the total shareholders. Now, shareholders, whoever represents it, whether it be yourself or the Chief Minister, must have some control over what goes on within that company.

The Minister for Treasury and Resources:

But it is not a States Department.

The Deputy of St. Peter:

Senator, I am aware of that, but what I have just said was quite plain. We are the ... not 99 per cent, we are the 100 per cent shareholders within a company. Are you suggesting to me that as a result of that we actually cannot get involved and ask questions?

The Minister for Treasury and Resources:

No, but you are asking me a set of different questions there.

The Deputy of St. Peter:

Can I just ...

The Minister for Treasury and Resources:

Whether or not you want ...

The Deputy of St. Peter:

Senator, just ... when we deal with scrutiny, you get a basic run of questions. What comes out of that question plan, certain things fall out, and we have a legitimate position to ask those questions within this environment.

The Minister for Treasury and Resources:

Well, I cannot answer that. I am not responsible for W.E.B. I do not know what the arrangements are and you need to talk to the Chief Minister's Department about that.

The Deputy of St. Peter:

So it is the Chief Minister's Department that will deal with that?

The Minister for Treasury and Resources:

I happen to be the acting Chief Minister at the moment but I am here as Treasury Minister, but you ... [Laughter]

The Deputy of St. Peter:

We will not push you on that one.

The Minister for Treasury and Resources:

Exactly, but I am not ... you do need to be aware, and I am sure that your very expert adviser is versed in these matters, is that there is company law and governance around what shareholders versus what boards can do. I am sorry to say but I think that you are trying to suggest powers that exist ... informal powers that the shareholder has which would be inappropriate to use. That is my view, is that yes, there are ultimately ... the Chief Minister's Department could in extremis call extraordinary general meetings and do all sorts of things to the company, fire the board and do all sorts of things.

[12:00]

That, of course, means that there is ultimate public ownership and ownership means something and it means something because you can effect decisions at extraordinary general meetings, at A.G.M. (annual general meeting). What you cannot do is you cannot be inappropriate and treat it as though and be almost shadow directors. There is a problem that I think that Ministers have been to some extent exposed on being potentially shadow directors. It is the directors that run the company. If you do not like what the company is doing, you replace the directors, and I am not responsible for that.

The Deputy of St. Peter:

We are talking about executive directors as opposed to non-exec directors?

The Minister for Treasury and Resources:

I am talking about all directors.

The Deputy of St. Peter:

Yes, because again just to clarify a point, what is a shadow director?

The Minister for Treasury and Resources:

Well, somebody ... you I expect will explain it better than me.

The Deputy of St. Peter:

What I am saying is are the 3 States Members shadow directors?

The Minister for Treasury and Resources:

No, they are full directors but ...

The Deputy of St. Peter:

They are directors. That was just to clarify ...

The Minister for Treasury and Resources:

But it is barmy that these individuals are facing both ways. We have removed for very good reason States Members from boards of other entities because they did not know which way they were facing. They have legal obligations ...

The Deputy of St. Peter:

I think we are in total agreement here.

The Minister for Treasury and Resources:

Please chip in, David, if I ...

Mr. R. Law:

I was going to say the shadow directors in the way that you have expressed it, there has been concern articulated about how R.S.G. (Regeneration Steering Group) fits in this because there are ... sorry, there are issues of overlap because of the lack of clarity or the lack of distance between the 2. That has already been picked up in the reports that have been already published and that has been addressed.

The Minister for Treasury and Resources:

Yes, but in clarifying what the responsibilities of R.S.G., what the responsibilities of the Minister for Planning and Environment, what the responsibilities of the Minister for Treasury and Resources, and giving a very tight and a much tighter definition of what S.O.J.D.C. is going to do is going to clarify that position, but there always will be some ... there will be always some margin of interpretation. David, do you want to ...

Mr. R. Law:

But the ultimate sanction you have also articulated, which is the shareholders can at a given point say: "Enough is enough."

The Minister for Treasury and Resources:

Yes.

Director of Property Holdings:

No, I do not really have anything to add. I think what you said, Minister, is quite correct. It is not appropriate for companies to be micromanaged by their shareholders and so you reach a point where you have an ultimate sanction but you do not have the stages in between.

The Minister for Treasury and Resources:

That is the problem that we are at the moment. If I am asked to do S.O.J.D.C. I will discharge the functions as I do firmly, appropriately, lawfully with this entity, which include involvement in the appointment of non-executive directors, involvement in the appointment of chairmen, and

appropriate interchange of information. Jason has been advising me in relation to what I can and cannot do in relation to other owned entities.

Deputy Treasurer:

I was going to say it may well help the panel to refer to the Deloitte report. There is a reasonably good executive summary which sets out the, if you like, levers, to use the jargon, that the shareholder should exercise over these entities.

Senator S.C. Ferguson:

I was just going to say you will require the new directors to do their due diligence with the ongoing internal review in the light of the Deloitte's review and sort of due diligence on the whole setup of the new company and the various resources available to it?

The Minister for Treasury and Resources:

S.O.J.D.C., if ...

Senator S.C. Ferguson:

No, I am just asking a simple question.

The Minister for Treasury and Resources:

Yes, it will look dramatically ... I imagine that there are some very significant changes that will occur in relation to the S.O.J.D.C.'s operation, its management and the relationship between the shareholder and the company. It will be very different.

Senator S.C. Ferguson:

Yes, but I asked a specific question. You will require the new chairman and board of non-executives to do the required due diligence and sorting out of all the resources at the very onset of the change rather than fiddling along as they go along?

The Minister for Treasury and Resources:

I am not known for fiddling. I want this sorted out as quickly as possible. The answer is yes.

Senator S.C. Ferguson:

Thank you.

Mr. R. Law:

You mentioned when describing role to be, that is the J.D.C. (Jersey Development Company) role, you referred to reviewing in the present tense, carrying out reviewing the future, considering carefully how things should be. Because in timeliness you are giving a clear indication to me that ... hitting the ground running and, therefore, one is not waiting and sitting on one's hands, but you are actually doing and considering those carefully and, therefore, have been making input, and this is the question. Have you made input into what is published for the mem and arts and the M.O.U. (memorandum of understanding), terms that you used? Have you had any input in those at all?

The Minister for Treasury and Resources:

I have been involved absolutely in the construction of the report and proposition and it has been through ... we have had discussions at the Treasury about what is in it and I benefit from the advice from Property Holdings in terms of the responsibilities of Property Holdings in future, because we are joint obviously, Treasury and Resources, and ... yes.

Mr. R. Law:

When one looks at those, there has to be - taking on board the Deloitte review because you have mentioned that - reference to remuneration and appointments of directors, and that includes, of course, the directors who are executive and non-executive, and defining the

extent to which the company will determine the outcome of those individual items. It is set out in what may be more depth than usual, so that you are saying that that ... you are having an ongoing and no doubt giving further thoughts in response to some of the issues that are being articulated within the estates of which scrutiny is part and you are responding to those and considering how it should be?

The Minister for Treasury and Resources:

It was a bit of a surprise, really, that people did not realise that with the existing memorandum of understanding that we have with Jersey Post and Jersey Telecom we sign off annually the remuneration. Now, that is just what we do and we will do it, and for the avoidance of doubt there have been occasions ... there has been one occasion where I have refused to sign off the remuneration of one of the owned entities in some aspect. Or I was not prepared to sign it and something happened. So, you know, I am not going to disclose in public what the circumstances are, but we take gritty decisions as necessary and I do so upon advice.

Mr. R. Law:

But when looking at the future, one is putting that in the context of the economic circumstances that are anticipated both short term and, to some degree, further down the road, and it is bringing out the point you made that things are evolving, it is not stop/start, and bringing about change. Has that caused you and are the economic drivers causing you to look again at what was done recently as to how you go forward? I am going to pose that when you spoke of speaking to a bank and a commercial transaction that a bank is dealing with in the way that you said they are going to sort it out ...

The Minister for Treasury and Resources:

So, are you asking am I not confident about ... am I less confident than I was in the construction of the report and proposition about the economic vibrancy of the commercial property market to change my ... to change what I would ask S.O.J.D.C. to be doing? Is that what you are asking?

Mr. R. Law:

Yes.

The Minister for Treasury and Resources:

Right. I am a confident individual with evidence about Jersey's future. I believe that it is not the future that was envisaged when we passed the master plan in the States in terms of its full 440,000 square feet in terms of Esplanade Square, but I certainly think that we need to provide capacity for growth in financial services and I regard Esplanade Square as an incredibly important element of our future financial services capability. It will not be delivered in the timeframe that was originally envisaged; it will be slower and it will be piecemeal and it will take a longer time to get there, but I am absolutely clear and I have clear evidence which I am not going to disclose in a public forum of a requirement for officers in some part which will deliver part of Esplanade Square. I want to see that happen and I want to see the States taking a slice of that action as opposed to other developers with other sites. I also am looking to W.E.B. in its future situation as S.O.J.D.C. to be the well managed, well run, efficient, commercial driver of getting value for the States for land that we have decided will be surplus to requirements and not having our development arm, S.O.J.D.C., will compromise the States' ability to maximise the return on some of those disposals. That is going to be ... and David and John Richardson are going to be I am sure asking for ... we will make a decision. If we have a piece of land that is surplus to requirements, we will be asking the question: "Can we maximise the return from that by getting Property Holdings to dispose of it or by putting it into S.O.J.D.C. and enhancing the value and getting a better value?"

Mr. R. Law:

But the real issue we have, though, is how you manage risk in that equation, or it is not an equation, in these circumstances. Just to articulate when you talk about the bank doing a deal, you did use ... the word "due diligence" appeared. Now, if you think of a certain bank that acquired another bank, it was not very successful in the form of Lloyds TSB, and the extent to which they carried out and completed due diligence was a question that was properly asked. If one, therefore, says, as you were: "We will sort it all out afterwards" I think that it is a question of what work is done beforehand to clarify in detail the risk issues for the future company. That is the point that I ...

The Minister for Treasury and Resources:

The first thing to say is that we are risk averse.

Mr. R. Law:

Indeed.

The Minister for Treasury and Resources:

We are not a venture capital fund. We are not private equity. We are risk averse.

Mr. R. Law:

That is fully understood and it is articulated and repeated many times and it is one that has a very ... has had an excellent, if you like, commentary on how contracts manage risk. In the real world, however, risk is often unexpected from its direction and its quantum and the risks that are arising currently are not, if you like, caught with recovery within terms of contracts.

The Minister for Treasury and Resources:

I do not know what ...

Mr. R. Law:

I was speaking development, property development.

The Minister for Treasury and Resources:

I do not know what answer you want me to give you. We are risk averse. We have set out a very clear protocol of the relationship between Treasury and Resources and S.O.J.D.C. in terms of asset transfer. Every transaction, significant commercial transaction, which will be decided to give to S.O.J.D.C. to do is going to be locked up in all sorts of checks and balances and controls and that is why there is a clear segregation of duties between Property Holdings and S.O.J.D.C. in the future.

Mr. R. Law:

I think this is all very well set out in what is said, but the reality is that so often with all of that in place, your risk management, your checks and balances, the way in which the contracts are done, but if the means of transfer is by independent valuation, by independent assessment, those opinions are good of the day that they are given for. If you are looking at schemes, that is regeneration projects or development projects, which are going to span ... and I think you very correctly articulated it is going to take a much longer time to deliver them in full. Time is a huge cost in development terms if funding has been committed, and it is that that whatever the exercise that is done on the day, say something is worth £1 today, what it is going to be worth in 3 years' time, 4 years' time, our use of mechanisms, valuation mechanisms, that are currently in place has been found to be more than wanting. It has been creating serious issues that are such that there have been huge losses manifesting themselves. Those are with very risk averse organisations. Banks were very risk averse.

The Minister for Treasury and Resources:

Mr. Law, I am not a property expert. I am a Minister, so I decide on policy and I am advised by experts. My expert in relation to property matters is David Flowers and he advises me.

The Deputy Treasurer advises me on financial matters and I say: "I am risk averse. I want to understand this particular transaction" and experts advise me.

[12:15]

It is set out very clearly in terms of the framework. That would be a question for the Public Accounts Committee on implementation of political policy. I do not think it is relevant to the ...

Mr. R. Law:

I am dealing much more simplistically than that, and that is really looking at today and how that is addressed.

The Minister for Treasury and Resources:

Yes, I hear what you say. This is what these guys do for me.

Director of Property Holdings:

Can I just make a few comments there? Firstly, we are in the business of ensuring certainty rather than maximising commercial gain. That is what ... that is the difference when governments do development. Because commercial organisations can walk away from their problems a lot of the time but governments cannot. So, the whole area of mitigating risk is quite important and I agree entirely with what you have said, which is most developments are based upon an expectation of market value which may or may not materialise in the future. The way in which ... I am sure you are familiar with the classic development profile which is that in the early years of a project the maximum benefit is achieved as you achieve your planning gain and you remove the uncertainties in the site. Then there is a plateau where risk is quite considerable because you are investing in the construction and that risk is only mitigated at the end of the project when you actually exploit the site and you either lease or sell the properties. Now, what a lot of organisations do is they get out at the beginning of the plateau and they pass the risk on to the developer. Now, what we would propose or what we are proposing with S.O.J.D.C. is that master planning is carried out by the Minister for Planning and Environment and he actually controls the early stages of the project. Really, S.O.J.D.C. does not start incurring risk either in spending any money on infrastructure until there is a degree of certainty which is given by the master plan. When you move into the highest risk area of the project, S.O.J.D.C. will be looking at how it passes the financial risk away from itself on to those that implement the project in the form of bonds or guarantees. To be clear, those bonds and guarantees must be ... the public must be party to those bonds to ensure that if either the third party implementer or S.O.J.D.C. falls away for any reason that the public benefits from those bonds. Now, that is quite critical in managing the financial risk. There is a limit to which anybody can completely remove risk. What you have to do, you remove what you can and then you control or contain within boundaries what you cannot. So that is basically our approach to probably your last question of the plan, which is question 6, which is how we mitigate risk.

Mr. R. Law:

The fixed price contract is one of the ways in which you would seek to do that?

Director of Property Holdings:

Yes.

Mr. R. Law:

It has become such that fixed price contracts are not exactly fixed and there are those because of the narrowing of the actual risks, in other words closing off risk, that contractors have found it, if you like, beneficial to their return by being litigious.

Director of Property Holdings:

Absolutely.

Mr. R. Law:

I think you have had experience of that.

Director of Property Holdings:

Yes, and there is certainly an issue with contractors that seek to rebase a contract partway through. The only way to deal with that is to have a sufficiently large guarantee or bond prior to the contract starting so it is not in the interests of the contractor to do that. But there is a cost to that because basically you are buying an insurance policy.

The Minister for Treasury and Resources:

My job as Minister is to ensure that the right checks and balances are in place to ensure that these issues are properly raised and there is appropriate political alertness to risks. What are the checks and balances that we are putting in place here? We are putting in, I hope, a strong board itself in terms of S.O.J.D.C. with a strong executive testing difficult ... searching non-executive directors under a strong experienced chairman, which the board of W.E.B. at the moment is not what you would describe as a strong property development focused board. That is one control. Second control is an expert body, which we have in Property Holdings in the Treasury and Resources Department. The third control, the twin partner of financial control, is the Treasury, the Treasury signing off on transactions, being very unpopular because we ... Jason asks us very difficult questions all the time about transactions. Expert advice brought in on occasion. That is what I am looking at from a political point of view of how we manage risk. We have set out very clearly what the arrangements are going to be, then putting the right people in in the right places to ensure that that is covered, and then careful decision making. I am not pushed around easily by having my signature on ministerial decisions, you know, doing all sorts of developments easily. I take time upon advice in order to make these decisions, and those decisions are public in terms of the decision making, in terms of a decision made. So there are all sorts of ... there are lots of people watching. At the moment it is unclear. There is not an appropriate segregation of duties in relation to the different players, which is why we may have not exploited the maximum value in relation to some issues in terms of some transactions because it is not all organised correctly.

The Deputy of St. Peter:

One of the difficulties that we have and also the States have and also the people of Jersey have is the comment which I think was in the D.T.Z.(?) report. When we are looking at the actual return that W.E.B. has produced for the States, it is actually zero. Now, that is over a period of 15 years. If you start this as a foundation, what do you think the public perception is going to be?

The Minister for Treasury and Resources:

But it is not zero, is it, Chairman? We have a company ...

The Deputy of St. Peter:

I am only quoting from the report.

The Minister for Treasury and Resources:

Yes, but the facts are the facts. Actually ...

The Deputy of St. Peter:

The facts are the facts that there is not one penny they have contributed to the States estate.

Mr. R. Law:

No dividend.

The Deputy of St. Peter:

No dividend.

The Minister for Treasury and Resources:

No, but one of the things that the Treasury is going to be doing is going to be reviewing the assets of the company and having discussions with the company in relation to a dividend. One of our aspects, set out in the Deloitte review, is dividends and we will make a decision about whether or not we ... and I know the board do not like this when it has been suggested, but we will make the decision about whether or not we take out the cash that is sitting on W.E.B. It is not my decision at the moment, but we will certainly make it in future and we will test as to whether or not we think that that cash should be held within W.E.B. or held centrally. We have difficult decisions about dividend policy with owned entities. We are used to dealing with them. We had one yesterday. We will make decisions of significant commercial transactions. We will decide what happens to that company in terms of its use of assets and its dividend policy. It is not right to say, is it, that W.E.B. has not produced anything. W.E.B. has a very valuable estate in terms of its potential land exploitation. It has delivered things. I am not going to be a defender of W.E.B. but it is not right to say that W.E.B. has ... if it has failed to maximise ...

The Deputy of St. Peter:

But surely if it is based on valuation of assets, if the States hands over to W.E.B. or anybody an area of land which is fit for development and has also got the development backing from planning, that asset if it is handed over for a token sum, if it is then revalued it will come out as a massive value, so that is almost an instant gain for doing nothing.

The Minister for Treasury and Resources:

But it does not really matter from my point of view as the Treasury ... I want appropriate ... I want asset transfer arrangements ...

The Deputy of St. Peter:

Well, it matters for valuation of a company.

The Minister for Treasury and Resources:

Hold on a minute. The fact is that I cannot ... I am not going to explain what has happened in the past because I have not been ... those are not matters for the Treasury. We have a clear asset transfer protocol of moving assets from A to B of one bit with Property Holdings to S.O.J.D.C. all set out, all discussed ...

The Deputy of St. Peter:

But, Minister, the point you made was from the W.E.B. perspective that they have contributed, that they do have assets. The point I am making there is that those assets are based on valuations on what we have put in from the States of Jersey, what we own, we have put in to ...

The Minister for Treasury and Resources:

We have not given it away.

The Deputy of St. Peter:

Well, if we have not given it away, if we had put it for a small sum, if we hand over an area for a pound, just for legal purposes, and it is then valued at £25 million, the asset gain there is ...

The Minister for Treasury and Resources:

But what is your point?

The Deputy of St. Peter:

We are talking about what W.E.B. has contributed to the States, to us.

The Minister for Treasury and Resources:

But W.E.B. is the States in terms of ownership. I just do not understand this issue about ... we have not given this away. The States own it and when we take S.O.J.D.C. we will decide ...

The Deputy of St. Peter:

As I understand it, W.E.B. own it although we are the shareholders.

The Minister for Treasury and Resources:

But the States own it. I just do not see what the point is. We are putting in a ...

The Deputy of St. Peter:

In that case what I perceive and what others perceive is we have owned a commercial company for 15 years that has not offered one dividend to the States coffers. We can say that they have assets but you are now telling me that we own them, so actually they still have not given us anything.

The Minister for Treasury and Resources:

But that will be one of the things that S.O.J.D.C., if it comes to the Treasury, we will decide what the dividend policy will be, just as we have the dividend policy for Jersey Post and Jersey Telecom and we influence some decisions in relation to, as appropriate, dividends for other owned majority companies.

The Deputy of St. Peter:

No, I was just clarifying the return of asset value from W.E.B. Anyway, I know Debbie has been trying to get a question in.

The Minister for Treasury and Resources:

I do not know what your point is in relation to this proposition. We know that it is fuzzy.

The Deputy of St. Peter:

Well, I am quite happy that ... can I offer Debbie a question.

Deputy D.J. de Sousa:

This might clarify it slightly. In our previous reports on the induction of the S.O.J.D.C. one of our recommendations was before the J.D.C. company begins operation the Minister for Treasury and Resources should set out clear protocols for the transfer of assets between Jersey Property Holdings and the company. It was accepted as a recommendation. It is still not clear from what you have been saying that there will be a complete severance of W.E.B. and moving over into S.O.J.D.C. Surely it is better to receive all assets back, i.e. dividends, from W.E.B. as we have been, receive all assets back and start afresh.

The Minister for Treasury and Resources:

I am afraid it would be nice to think that that would be a clean political solution, but it is just not practical. We are where we are with W.E.B. W.E.B. has assets, it has certain parcels of land with existing responsibilities, with income and rental agreements, and you just cannot shut that ... the costs of shutting this thing down and opening up a new entity is going to be horrific. It is money wasted. A transition is much more required. We have taken on board your comments about an asset protocol agreement for future assets. That has been well discussed, well advised, and we are there in relation to that, I hope. In relation to its existing assets we will take a view when we know we have ... I am not going to start working on ... I am pretty sceptical that in some ways that the States is every going to make a decision with S.O.J.D.C. and I am almost not going to spend time and have my officers spending time on doing work that actually might not actually ever happen. I need to ... I will start doing and I will

instruct my officials to work on S.O.J.D.C. when I know that a decision is going to be made because so much time - so much time - has been spent on all this that actually I really think we have been not good custodians of public assets to allow this thing to just carry on in this limbo land. I am not prepared to spend time on planning for something that actually might not happen. The States has to make a decision on it. I think we are being unfair to the people at W.E.B. in relation to their responsibilities. We have left them in limbo. I do not think we are maximising the returns on the assets that W.E.B. have. I do not think we have an appropriate dividend policy for clarity and I think that we need to sort this out. I will sort it out if it comes to me. I will sort out the asset transfer.

[12:30]

We will use the asset protocol transfer arrangements that have been set out, that is absolutely the way that things will go in future, and we will do a review of existing arrangements.

The Deputy of St. Peter:

So who is responsible for the inadequacies that you have just described?

The Minister for Treasury and Resources:

Chairman, you seem to be wanting me ... you have asked me half a dozen questions which you want me to point a finger. The finger is pointed clearly on the first answer that I gave you that the roles and responsibilities ...

The Deputy of St. Peter:

I am talking about political oversight here. Who politically is responsible for what you have just alluded to?

The Minister for Treasury and Resources:

But it is fuzzy, it is not clear. The shareholding responsibility sits within the Chief Minister's Department. You cannot criticise them for doing it, for the way they have discharged ... they are not equipped to look after the shareholding and the appropriate governance of a company. They do not have a department and individuals who are expert in this matter, who are doing this for other entities. So it just does not happen. This is not a Whitehall department of 10,000 people where there are people doing this stuff. We are small, we are tiny, and we just need to sort this out. It is a function, W.E.B.'s lack of standing in Jersey and suspicion about what way it happens comes because of lack of clarity of what it is and lack of appropriate, clear leadership responsibility in different areas. That is why you end up in this limbo land of just it being neither one thing nor the other but being blamed for everything. It just has to be sorted.

Senator S.C. Ferguson:

Now, the original master plan, as I recall it, required ... on the waterfront required the infrastructure, the ill-fated tunnel, really to be one of the first things done. Now, at the moment ... and I understand actually that with a normal commercial development then the public part of a project is usually well down the road after the income-generating parts have been produced, built. Now, there is a whole load of risk here, it seems to me. Your plans to sort of ... that you have intimated to actually get the S.O.J.D.C. going and get the waterfront going seem to actually be ... get, what was it, 4,000 square feet of office space up and running. It does seem to me that there is going to be a risk that we end up, particularly with the current development climate, we end up with the office space built and the infrastructure, the public part, just disappears into the wild blue yonder. This seems to me to be quite a risk and I wondered if you would like to comment on that.

The Minister for Treasury and Resources:

I have been advised in relation to matters concerning the decisions that have been recently made. We are talking about a speculative issue. I have not come here to talk about Esplanade Square and risks. I can talk about the framework of the way that we will do things. I have not signed off anything to do with Esplanade Square and ...

Senator S.C. Ferguson:

No, but you are obviously very keen to get on and build office space because we lack 21st century office space, correct?

The Minister for Treasury and Resources:

Yes.

Senator S.C. Ferguson:

In order to keep supporting the finance industry. I just wondered how the risk in this will be managed.

The Minister for Treasury and Resources:

Very tightly.

Director of Property Holdings:

Property Holdings has not been involved in the Esplanade so I cannot really comment, but clearly the original master plan is not deliverable under the current climate and it is being reviewed in terms of the scope and the scale of office accommodation which is provided. The normal way in which this would be managed is to ensure that before the projects go ahead there is a binding development agreement between all parties and that there are guarantees that are passed through to ensure exactly what you are alluding to, which is that not only do we get the offices but we also get the public realm. Now, it must be clear that the scale of the public realm must also be examined in conjunction with the scale of the offices. We are in a different world now, the world has changed, and that will be done. I am sure it will be done.

The Deputy of St. Peter:

But from the planning perspective, the public realm is always the sop for good development. It is built around good public realm and the public realm element is actually a deficit on the bottom line because it actually costs both during and post event.

Director of Property Holdings:

It does, but then good public realm actually increases the value of your commercial product, so the 2 go hand in hand. It is quite important to ensure that you get a balance between the 2 and that is a source of continual tension between developers and planning authorities to ensure that that is done.

Mr. R. Law:

Sorry, if I may on that point, do you see the need to, if you like, compromise your aspirations for public realm in order to deliver a commercially sustainable project?

Director of Property Holdings:

I think that is inevitable.

The Minister for Treasury and Resources:

That is a political question and the question I would put back respectfully to Senator Ferguson is would you prefer decisions made about the future development of Esplanade Square made by the current structure of W.E.B. with its board limping on into I do not know when, how, but limping on into its current: "Oh, something may change" with States Members being ... the non-execs being States Members, not having a particularly strong board, not having a clear, accountable, responsible shareholder relationship, or would you like to have those important

and difficult decisions potentially about the future of Esplanade Square within the new structure?

Senator S.C. Ferguson:

Well, actually, my question was about how are we going to handle the risks. I used that as an example, but we are going back to the risks which is what ...

The Minister for Treasury and Resources:

Yes, it is a very good example. At the moment you rely upon this arrangement where the Chief Minister's Department is responsible as the shareholder, we sign off on transactions, but we are not the shareholder and we cannot put in place the governance and expert arrangements that we would want to do under Deloitte's. If I was a Back-Bencher, if I was the Scrutiny Panel, I would say that I would have a far higher confidence that these decisions will be made well and properly by the right people at the right time when the new structure is in place.

The Deputy of St. Peter:

You have alluded very clearly, and rightly so, that the right people at the right time are pivotal as to how this goes forward. How are you going to make sure that you get the right people at the right time to make this work?

The Minister for Treasury and Resources:

Because I have absolute confidence in our arrangements in selecting and appointing executives.

The Deputy of St. Peter:

What will those arrangements be?

The Minister for Treasury and Resources:

They are all set out in the report. You know what they are. It is appointments panel involvement, independent oversight, setting out a very clear job description for them which is all set out into the report, having the right people doing the recruitment, and appointing. At the moment, I mean no disrespect to the current board but they are not the board that you would want to be running ... I would want as the Minister for Treasury and Resources to be running our development arm. It is not a criticism of them, it is just that I am going to be asking and the States is asking me to put in place a different kind of entity with a different composition of the board. You asked me to do the job as Minister for Treasury and Resources. I am elected to do it. If I am asked to take responsibilities from S.O.J.D.C. I will ensure that it is done. If not, then the States will sack me.

Mr. R. Law:

I do not see with the circumstances you are in which you have articulated, you know, it is not right and it has changed and that is why the proposition was put forward in the first place, but to actually say you cannot make decisions against this background I do not accept because surely one is not frustrated by the structures you have when a proposition is put to you, you have a particular deal that is put forward ... well, I am talking historically, but if you have a set of circumstances of a proposal for development of part of the ... within the remit of W.E.B. currently, it is not difficult for it to be reviewed using your resources, whether they are internal resources ...

The Minister for Treasury and Resources:

I am not the shareholder, Mr. Law.

Mr. R. Law:

No, I know you are not.

The Minister for Treasury and Resources:

So I have no ...

Mr. R. Law:

Not you, I am talking about the States.

The Deputy of St. Peter:

Just to clarify, we are the shareholder, correct?

The Minister for Treasury and Resources:

No, the Chief Minister's Department is the shareholder.

The Deputy of St. Peter:

Which is acting on behalf of all States Members, for the States, the Island.

Senator S.C. Ferguson:

But actually when the original propositions were sculling(?) around and so on, it was actually the Minister for Treasury and Resources who instigated the review of the whole deal to ensure that the States were protected.

The Minister for Treasury and Resources:

Yes, and that is what we do. We do do the deals wearing our Treasury hat.

Senator S.C. Ferguson:

Well, you were reviewing it, the aspects of it, or the previous incumbent.

The Minister for Treasury and Resources:

But I want not only those Treasury sign-off responsibilities, I want to see appropriate shareholder/board relationship which does not exist at the moment. That is not a criticism again of the Chief Minister's Department but they are just not equipped and not expert in the way that the Treasury is in relation to dealing with shareholders, discharging the shareholder ...

Deputy Treasurer:

I do not mean to keep referring back to the Deloitte report but I think a lot of the answers to questions are there. One of the ways that the Minister gets confidence around how risk will be managed and the process for appointing members to the board and so on is through those governance arrangements and assurances that the roles and responsibilities of the various parties involved are clear and understood and that the board has their responsibilities and knows what they are and knows what the States objectives are and the dividend policy is. The dividend policy will, of course, consider the operations of the whole company, not piece by piece.

Mr. R. Law:

One is going back to what has been very clearly articulated not only in response to questions but also set down in writing. The point that I am making is because I think it is your frustration of wanting to get on the job and the enthusiasm for that when one is rightly equipped is very noticeable. I am merely raising the point that if one is put with a current proposition that relates to a property transaction it goes to the Chief Minister and not you, but what does he do? He will come back to Treasury and Resources, Property Holdings for comment. In practical terms, forget about structures ...

The Minister for Treasury and Resources:

We do a proper job on that.

Mr. R. Law:

You do a proper job on it. So one is not in the position you cannot deal with a potential transaction or an opportunity.

The Minister for Treasury and Resources:

I did not say that. I said to Senator Ferguson: "Would you want all of the decisions in relation to Esplanade Square and all of the risks attendant with that to be under the current arrangement with the board reporting to the Chief Minister's Department, us getting involved in the transactional approval, or would you actually prefer to have the proper arrangements that are set out in S.O.J.D.C.?" Now, Mr. Law, I am very frustrated that I am going to waste time on being enthusiastic about putting in place arrangements for S.O.J.D.C. and the States is going to show it is incapable of actually making a decision and we are going to be back to square one. So I am getting very frustrated because I see this entity not reaching its full potential, I am not sure exposing itself to risk because we manage that, but it is certainly not efficient, it is not harnessed up behind what the States are doing, and it is not getting best value for the assets that it has. It is not liked by the public and there is suspicion about it.

Mr. R. Law:

It may be that because of other evidence which is again with the enthusiasm to get this dealt with quickly and promptly, and all the work that is being done towards that, is that that is, therefore, holding up things we need to do. I am merely observing that you can continue to regenerate and develop if the commercial circumstances permit and you have your socio-economic balance into play that will permit the money to be found and ...

[12:45]

The Minister for Treasury and Resources:

Fair enough, but you are not ...

Mr. R. Law:

That is what I am saying.

The Minister for Treasury and Resources:

But you are not suggesting that it is a good idea to not sort out W.E.B.?

Mr. R. Law:

I am not suggesting that. I am certainly not. I think I have been here on a number of occasions which in itself surprises me in order to achieve this.

The Minister for Treasury and Resources:

Yes.

Mr. R. Law:

So I agree with that entirely but my point is a real one, that there could be the question of more haste, less speed. That is the question.

The Minister for Treasury and Resources:

It is quite difficult for me to accept that when we have been going at this for so long. How long have we been talking about reforming W.E.B.? We have been at this for years. The public should be criticising us for just simply taking so long and being so ponderous in relation to sorting it out, and I think it is up to us now to take responsibility. If there are criticisms of W.E.B. they should not be directed at W.E.B., they should be directed at the States Assembly and the decision makers for not making decisions.

Mr. R. Law:

I am certainly not casting any direction of criticism, but it does seem that the actual issues that came out of last year's report, if those had been, if you like, dealt with satisfactorily - because they were not clearly because we are here - but those issues were very clearly determined as to what they were and it is all that you speak of in terms of review and that was considered to be paramount before getting into a corporate structure where it was clearly thought it would be much more difficult to sort out.

The Minister for Treasury and Resources:

If I can be very candid, we have agreed with lots of things that lots of people have said because we want a decision. We want a decision. I need the panel to come to a view and to put some oomph behind saying: "We need to take this from A to B."

The Deputy of St. Peter:

But in so doing ...

The Minister for Treasury and Resources:

We are dancing around a lot of issues and trying to find ...

The Deputy of St. Peter:

But in so doing if the executive accepted the recommendations, as they did and actually wrote to say that they accepted those recommendations, it is an expectation that those recommendations should be actioned, properly actioned, before we move forward.

The Minister for Treasury and Resources:

But we have no locus. There is no ... we are not going to waste our time. I think we have agreed with everything that the panel has said. We have gone beyond ... we have been violently agreeing on everything and still it is wrong.

The Deputy of St. Peter:

But there is a huge difference between agreement and action.

The Minister for Treasury and Resources:

What action have we not taken?

The Deputy of St. Peter:

Well, I will give you the example, if you like, the example when I attended a meeting where you were there with the Chief Minister when we actually read through P.79. Bear in mind P.79 reissued was the original document that was going in front of the States. At that meeting I pointed out the clear failure to change, to make sure that there was complete separation between W.E.B. and the setting up of S.O.J.D.C. and that was accepted in the letter we received from the Chief Minister's Office. What we saw in front of us, actually in writing within the proposition, is that there should be a name change between ... from W.E.B. to S.O.J.D.C. That was in the proposition. That was highlighted and within 24 hours we had P.73.

The Minister for Treasury and Resources:

Well, look, this proposition is in the name of the Council of Ministers. I have had my part for my bits in Treasury and Resources. If you are asking and if you want to shut down W.E.B. and start up a new company then I am afraid that I am not going to agree with that. It is too expensive. It is too risky. It is going to take too long. We have gone past the stage where that would have been possible 3 or 4 years ago. We have a company which is lacking in clarity, which is not reaching its full potential and we have jolly well got to make a decision. I think it is just ... the panel has been very diligent, been very constructive in a lot of the things that it says, but you cannot ask for things that simply cannot be done, and shutting down W.E.B. and starting S.O.J.D.C. afresh is simply not realistic. I would be ... I am not going to

agree to it because it would be administratively hugely expensive to do so, quite apart from extremely risky in terms of having to deal with the existing contractual relations. My advice to the panel is let us work with what we have and I will work with absolute enthusiasm to get us where we want to as quickly as possible.

The Deputy of St. Peter:

As a point of clarification, the panel has not asked for the shutting down of W.E.B. All it asked for, it was recommended there should be a complete break between the setting up of S.O.J.D.C. and the function of W.E.B.

The Minister for Treasury and Resources:

But legally they cannot, there is no point in us agreeing to something that we cannot do, Chairman.

The Deputy of St. Peter:

Well, I find it ... if I could just say under those circumstances ...

The Minister for Treasury and Resources:

If you tell me how ...

The Deputy of St. Peter:

Under those circumstances, why was that recommendation accepted?

Deputy D.J. de Sousa:

Accepted, yes.

The Minister for Treasury and Resources:

Well, that is a matter that the Chief Minister ... I am not passing the buck, I am not briefed to talk about everything that has gone in the past. Not everything is perfect, but by goodness me we need to make a decision, and I think that this is about as good as you are going to get with the assurances that you are getting in terms of reforming W.E.B.

The Deputy of St. Peter:

Right.

The Minister for Treasury and Resources:

It is becoming decision time.

The Deputy of St. Peter:

I am conscious of time and talking about decision time, is there any further things you wish to add, Sarah? Debbie?

Deputy D.J. de Sousa:

No.

Mr. R. Law:

If it would be helpful, taking your last comment that we could put forward a suggestion that would achieve what the panel and the proposition require to avoid furtherance of frustration to get on with things, that would be helpful?

The Minister for Treasury and Resources:

I am sorry, I do not understand what you are saying.

Mr. R. Law:

Your last point when you said: "And if you could tell me how we could do it" without incurring the hurdles that you quite rightly articulate about cost and implication of, in other words winding it down and starting again, you say we cannot countenance that, but how we can achieve the issues that the panel have been over the hearings raising and deal with that, that would be helpful?

The Minister for Treasury and Resources:

Well, providing it is not going to cost a fortune, providing we are not going to be still here in March of next year dancing around the decision ...

Mr. R. Law:

No, that is what I am getting at, is to close it, to seek to find the way forward.

The Minister for Treasury and Resources:

So you are now saying you want to close W.E.B.?

Mr. R. Law:

No, to close the ongoing frustrations because one does get to the point that frustration is not good for health.

The Minister for Treasury and Resources:

No, it is not, [Laughter] and the level of frustration is high that we are now in the last chance saloon and we have to make a decision.

Mr. R. Law:

Mind you, I think I heard that actually 3 years ago, but that is neither here nor there.

The Minister for Treasury and Resources:

Yes, 3 years. It is not acceptable but I look forward to hopefully agreeing with the panel's conclusions of this I hope final third review. Is it 3 or 4 or how many?

The Deputy of St. Peter:

It is 3.

The Minister for Treasury and Resources:

Three, yes.

The Deputy of St. Peter:

Okay. Well, thank you very much indeed for being so open and helpful.

The Minister for Treasury and Resources:

Okay. Thank you very much.

The Deputy of St. Peter:

We will now consider everything that you have said.

[12:53]