

**STATEMENT TO BE MADE BY THE PRESIDENT OF THE ECONOMIC DEVELOPMENT  
COMMITTEE ON TUESDAY, 29th JUNE 2004**

Members will be aware that the confidential Internal Audit Report relating to the financial controls of the JCRA was prematurely released to the local evening newspaper last week. My Committee and I believe that it is not correct for this report to be the subject of a newspaper article and yet unavailable to States members. Therefore those who are responsible for the report, including myself, have agreed to release it to States members so that they can be better informed.

The Committee has been dealing with the report in the usual way and will respond to the Chief Internal Auditor on the recommendations made.

The final report has clearly revealed serious weaknesses and it is now vital that the Shadow Public Accounts Committee be allowed to conduct their investigations in a proper and orderly manner as had been the intention.

Members should note that, since receiving the report at the end of May, my Committee has taken significant and decisive steps to respond to the issues raised. In many cases, action had already been taken before the report was presented to the Committee. For example, work had already started on drawing up a service level agreement and governance principles, quarterly meetings have been instigated and the Authority has been instructed to improve the information provided against fee invoices for members of the Authority and consultants.

However, perhaps the most serious issue raised in the report is the Authority's failure to refer matters of members' remuneration to the Committee. The Authority's attention has again been drawn to Article 5 of the Competition Regulatory Authority Law, which contains the statutory provisions concerning remuneration.

The Authority has, to date, consisted of a part time Chairman, an Executive Director and a part time non-executive Director. The audit report influenced the decision of the Committee to withdraw the proposition to reappoint the former Chairman. The Executive Director of the JCRA had already given notice that he did not wish to seek renewal of his contract when it expires in September 2004 and the non-executive Director has also given notice that he will not seek renewal of his appointment.

This provides the Economic Development Committee with an important opportunity to re-establish the JCRA as the credible and competent Authority that it must be in order to administer the new Competition Law as well as regulate telecommunication and postal services. To this end, and as already communicated to the Assembly, the Economic Development Committee is currently engaged in a process (approved by the Appointments Commission) to recruit a new Chairman, a new Executive Director and, two additional non-executive Directors by the end of July 2004. Clearly, the governance issues will be high on the new Board's agenda.