

2017.01.17

**5 Deputy G.P. Southern of the Chief Minister regarding the quantification of risks relating to the Jersey Innovation Fund: [1(41)]**

Following the presentation of R.3/2017, does the Chief Minister or his Assistant Minister accept the criticism at paragraph 4.5 of the report regarding the Ministerial Response to S.R.4/2013, which quantified risks relating to the Jersey Innovation Fund as 20 per cent of loans not securing their objectives and 10 per cent not being repaid, whereas Financial Directions quantified the risk of the latter as 50 per cent; and, if so, does he personally accept political responsibility for the response's shortcomings?

[11:15]

**Senator I.J. Gorst (The Chief Minister):**

I would like to ask Senator Ozouf to answer this question.

**Senator P.F.C. Ozouf (Assistant Chief Minister - rapporteur):**

For the avoidance of doubt I will be answering questions and making a statement, with your consent, after questions without notice. Following approval of P.124 and the subsequent appointment of the chairman and the board the level of risk of failure of loans was considered by the chairman and the figure of 50 per cent established. The conclusions of the C. and A.G. (Comptroller and Auditor General) report under paragraph 15.2 highlight that the objectives of the fund were not translated into clear objectives and there was an insufficient focus on managing risk for the fund as a whole. I am extremely disappointed that the body this Assembly established to manage what was always going to be a high risk endeavour failed from the outset to establish appropriate levels of governance in terms of the implementation and the roles of officials. Throughout the debate of P.124/2013 Members consistently and rightly referred to the risk involved in this type of venture and the need to have external expertise to ensure it was managed appropriately. It is a matter of deep regret that the risks identified by this Assembly in approving the proposition were not acted upon by the board and officials and, until recently, this Assembly was not able to be completely informed.

**3.5.1 Deputy G.P. Southern:**

Does the Minister accept that the figures of 20 per cent and 10 per cent predated the proposition arriving before this Assembly and therefore the Assembly in effect was misled?

**Senator P.F.C. Ozouf:**

As far as the proposition of P.124/2013 it needs to be recorded of course there was a proposition, which was effectively overseen by my respected predecessor, Senator Maclean, in discharging Economic Development, and effectively then that was handed over to officials to implement. I think the Auditor General's report, which is not particularly new to me, is absolutely clear in 4.5. The sequencing of that is clear. There is a sequencing of the percentage of risk, which is set out in the C. and A.G.'s report, and there is a clear disconnect between the original and then the implementation.

**3.5.2 Deputy A.D. Lewis of St. Helier:**

Does the Assistant Minister believe there was ever sufficient focus given to risk? I would like to draw his attention to the form that was included on page 42 of the original proposition. The risk paragraph is tiny at the top here. I know that there were many documents supplied by applicants but he does believe that there was ever sufficient focus given on the element of risk when this whole idea of the Innovation Fund was first founded and presented to the States under P.124?

**Senator P.F.C. Ozouf:**

I think there are a number of legitimate questions to be asked, and Deputy Andrew Lewis stands as the chairman of the P.A.C. (Public Accounts Committee) who now receives the Comptroller and Auditor General's report, which is of course the report on the actions of officials and accounting officers, and he no doubt will be calling accounting officers and officials before his panel, rightly, to ask those questions. There are matters which need to be debated and discussed properly, of the responsibilities of Ministers and accounting officers, and I stand ready to assist the P.A.C. and Deputy Brée in terms of his responsibilities, who succeeded the Deputy of St. Martin in having done an oversight and scrutiny of that. There are questions that need to be answered. There must be no doubt in any Member's mind that I had significant concerns about this but, as my statements later on indicate, I found it almost impossible to do that. But yes, was I aware of risk? Do I care about risk? As an ex-internal auditor, as a Minister for Treasury and Resources, absolutely. Am I satisfied? Absolutely not. I am dismayed and disgusted and I share the anxiety of many Members of this Assembly and the public.

**3.5.3 Deputy T.A. Vallois of St. John:**

The question refers to Financial Directions. I understand Financial Directions are the responsibility of the Treasurer, so at time of the Assistant Minister being the Minister for Treasury and Resources, was he aware of this change to 50 per cent made in Financial Directions?

**Senator P.F.C. Ozouf:**

No, I was not.

**3.5.4 Deputy G.P. Southern:**

I will come back to my supplementary question, which asked the Minister clearly to identify whether the quantified risk of 20 per cent and 10 per cent predated the proposition concerning the States agreement to it and therefore misled the States.

**Senator P.F.C. Ozouf:**

I do not think the States was misled. There was a substantial good piece of work which, when I was discharging the administrative functions of the Minister for Treasury and Resources, having taken forward this proposition, was worked on by Economic Development and then scrutinised at length by the then chairman of the Economic Affairs Scrutiny Panel. There is clearly a sequencing of an increase in that percentage which happened, and those matters need to be addressed and further timelines need to be made on that issue. The Comptroller and Auditor General is clear in her remarks, and I became increasingly concerned about those issues, as is obviously, I hope, clear to Members. I do not believe the States was misled.

**Deputy M. Tadier:**

Sorry to interrupt. May I ask a question of the Chair? I am not sure if it is a point of order, but would it be sensible, and if the mover of the statement is willing to give that now, because it seems that many of the questions that are being asked may be at least partly answered or helped by what is contained within the statement?

**The Bailiff:**

I think that it would be appropriate to deal with oral questions, which has a time limit to it. It will get very complicated if we do anything else, and I would proceed in that way. Deputy Higgins?