

STATES OF JERSEY

Corporate Services Scrutiny Panel

TUESDAY, 15th APRIL 2008

Panel:

Deputy C.H. Egré of St. Peter (Chairman)
Connétable D.J. Murphy of Grouville
Connétable J.L.S. Gallichan of Trinity
Deputy J.G. Reed of St. Ouen
Mr. R. Law (Adviser)

Witnesses:

Senator F.H. Walker (Chief Minister)
Mr. B. Ogley (Chief Executive to the Chief Minister and the Council of Ministers)
Mr. J. Morris (Policy and Research Manager, Chief Minister's department)

The Deputy of St. Peter:

Welcome to the J.E.B. sub-panel. I do not think we have to make any introductions from our side of the fence apart from saying welcome to Richard Law who is our advisor and proving very helpful as his C.V. (Curriculum Vitae) is impeccable. Just for the record if you would like to introduce yourself and your position, please, for the sake of the tape.

Senator F.H. Walker (The Chief Minister):

Frank Walker, Chief Minister.

Mr. B. Ogley:

Bill Ogley, Chief Executive to the Chief Minister and the Council of Ministers.

Mr. J. Morris:

Julian Morris, Policy and Research Manager, Chief Minister's department.

The Deputy of St. Peter:

Welcome, gentlemen. We are, as you appreciate, constrained for time today and you will have seen the question list that you have in front of you noting that there are 23 questions to be dealt with in an hour and a quarter. You can judge from that we are not going to win; there are far too many. So, we will be selecting various questions from that list with the odd addition. I will be leading those questions and we

will be looking for supplementaries from the rest of the team. If I may start you off with one from the hip, if you like, which is would you please explain the role of the Regeneration Task Force in relation to W.E.B., the formation of J.E.B. and property holdings?

Senator F.H. Walker:

Yes. One of the concerns I think expressed by States' Members since W.E.B. came into being was some lack of political policy direction and the Regeneration Task Force is, as we have seen the makeup of it, and its role is to provide overall policy and assuming J.E.B. does indeed come into being, is to provide overall policy advice to J.E.B. and the other various aspects of the structure and copy of the issue you have got.

The Deputy of St. Peter:

In respect to the Regeneration Task Force, it goes under 2 guises. Sometimes you hear people refer to it as the "St. Helier Regeneration Task Force" as opposed to Regeneration Task Force. I see it, and we have explained to date, it is the task force that covers and oversees the whole of what will be going on if the group was established.

Senator F.H. Walker:

Absolutely. That would principally be, but not exclusively be, St. Helier in one guise or another, be it the West of Albert, be it East of Albert, be it the existing town. It would obviously primarily focus around St. Helier but you are absolutely right, Chairman, not exclusively.

The Deputy of St. Peter:

Moving on, the proposition states that part of the remit of the company would involve purchasing and development of non-States property assets. Would you please explain what are classed as "non-States property assets"?

Senator F.H. Walker:

That is basically property not owned by the States and as we have seen already with W.E.B. and so on, it is possible and indeed it is very advantageous at times to be able to acquire where possible non-States-owned properties so that a complete development package can be put together which would not otherwise be possible. It is clearly not always possible to put forward the development packages that one would like and purely using States owned property so non-States owned property really is what it says on the tin: that it is property not owned by the States.

The Deputy of St. Peter:

So, if there were a requirement to establish a fairly large development where an element of that jigsaw

was out of place the facility would be there for the States to buy in to that part of the jigsaw?

Senator F.H. Walker:

Absolutely.

The Deputy of St. Peter:

Add-ons, gentlemen, from what we want so far?

The Connétable of Grouville:

I assume that you are going to restrict the non-States property part of it to site assembly when you would need another site to make up a part of a whole? In other words you are not going to go out and buy something and develop it ad-lib?

Senator F.H. Walker:

Just for the sake of developing one particular site, that is not the plan, no.

The Connétable of Grouville:

No, okay, fine, because I was wondering what the -- you might have a private developers course in that situation. That would not happen?

Senator F.H. Walker:

This is to put together a package.

The Connétable of Grouville:

Thank you.

The Deputy of St. Ouen:

What purpose -- is the aim of Jersey Enterprise Board to physically develop sites and obviously take on the risks involved with doing that?

Senator F.H. Walker:

It could be but the States -- that would only be subject to States approval. It is very clear in the business plan and indeed the property plan that on the back of decisions taken by the States that the States have a considerable amount of sway and final say over this type of issue and I think that is as it should be. If there is any risk involved, the States basically have a choice: either if it is a States owned property, for example, then the States could decide to develop it at no risk at all; to sell it basically at no risk at all; develop it themselves or put together some sort of package with a developer. That is a choice that we would have. There are no -- I think one of the beauties of the proposal is that there are no restrictions on

any one of those 3 possibilities.

The Deputy of St. Ouen:

Just sticking with that point for a bit, there are obviously different levels of risk involved in those processes and I can understand you wanting to enable as broad a remit as possible, but obviously there are quite a few consequences to the different forms that --

Senator F.H. Walker:

But what the actual controls that the States wish to exercise over J.E.B. would be the States' decision. There will possibly be times when the board of J.E.B. will feel that it is in the public interest to take a risk of a particular site in order to gain a much higher return, but that is a decision that can be taken basically at the time on a particular site. There is no hard and fast rule here, which says that will necessarily happen soon if there is no hard and fast rule that says the States would look to sell off a property. There are the 3 options which are outlined in the written answers to the question and in the report and proposition and over which the States rule on the outcome.

The Deputy of St. Ouen:

Just picking up a point that you made earlier that whether that already be involved in that sort of purchase, to my knowledge no decision was made by the States regarding any particular purchase that W.E.B. made and one would accept that if W.E.B. has assets of its own and it has a certain autonomy that they would be able legitimately to carry out those sort of purchases without actual permission.

Senator F.H. Walker:

It depends on where the States want to place the control. It is up to the States where they place the -- draw the line and place the control; it is entirely their decision for States Members.

The Deputy of St. Ouen:

The control as explained in the proposition and a creation of Jersey Enterprise Board basically mirrors the W.E.B. terms and conditions for want of a better description. So, in other words, what you are saying is that if you created Jersey Enterprise Board and Jersey Enterprise Board wanted to go out and purchase property, non-States property - property from other individuals they then develop - then would not necessarily have to come to the States or anybody else for that matter to determine --

Senator F.H. Walker:

I repeat, James, that would be a matter for the States, and the States will set the policy parameters and the boundaries within which J.E.B. will operate. But we should not --

The Deputy of St. Ouen:

As currently proposed?

Senator F.H. Walker:

Yes, but we should not -- in my view at least - we should not rule out that possibility because it could very well be very much in the best interests of the Island or J.E.B. to do that and how much control is exercised, how J.E.B. have to proceed in a particular circumstance, how much freedom they have got is entirely a matter for the States.

Mr. B. Ogley:

I think, back to the Chairman's first question about the work of the Regeneration Task Force, we are talking about a company which will potentially be developing States' assets or, in a wider regeneration, be acting within the regeneration strategy approved by the States. That makes it clear that if a States asset is to be transferred, then the States, through the annual property plan and Regeneration Task Force, would place on that asset expectations about what will be delivered and the nature of the delivery. To that extent, although you have a company which mirrors to a large extent the current web structure, it will be working on new assets and those assets on transfer or sale to J.E.B. will carry requirements with them. So, the States will be exerting more control over J.E.B. than it has done hitherto over W.E.B. That was one of the functions of the Regeneration Task Force.

Senator F.H. Walker:

Let us take an example. If it is decided ultimately to develop the East of Albert proposal, that requires to be delivered in full the acquisition of most of the commercial buildings but it would be the States decision in the first instance that says: "We want to proceed with the East of Albert development" and the States would then, I am sure, on those parameters, through the Regeneration Task Force which the board of J.E.B. and the executives of J.E.B. would be required to work within.

The Deputy of St. Peter:

The Regeneration Task Force seems to have quite a wide remit and also be quite a powerful body. How does that power sit comfortably within the States? Who is the task force answerable to?

Senator F.H. Walker:

The States; no question. The States via the Council of Ministers but my own view is that the Chief Minister of the day, the Council of Ministers, call it what you will, should be reporting to the States at least twice annually on the workings of the Regeneration Task Force and through that give the States an update on J.E.B.'s latest movements; latest developments.

The Deputy of St. Peter:

Richard, you --

Mr. R. Law:

Sorry, I think that my question was really to get totally clear, but I think it has been partly answered now as to who is simply calling the shots. The States I take it would mean Jersey Property Holdings on the one hand, and planning and environment because they control the parameters of what can be done and cannot be done. It has been clear from this morning's comments that there are questions of, if you like, the ability of planning and environment to impose control over what might be obtained in the final form, whether it is a qualitative comment or otherwise. But an impression has been built to lead me to make that observation, and it is only an observation. It would be helpful to really understand that when you speak of "States" it is through the various responsibilities that there are within, for example, planning and environment and Property Holdings that are feeding to the States as opposed to another body which is the regional task force who are then, if you like, imposing an overarching view to those bodies and is, therefore, forming their policy.

Senator F.H. Walker:

Yes, there is obviously a considerable difference between the Planning Minister's responsibilities and that of the property board. Nothing in the proposal dilutes the Planning Minister's legal responsibilities nor his final accountability and responsibility for planning decisions. Nothing dilutes that at all. So, his relationship with the States as currently defined is not changed at all by these proposals.

Mr. R. Law:

Not improved?

Senator F.H. Walker:

It is improved in terms of the advice I think that is open to him and the expertise that is open to him, but at the end of the day, he is the Planning Minister. He has legal responsibility and so it remains.

Mr. R. Law:

Yes. I mean, my observation is more about responsibilities that one finds elsewhere. Planning and development control it may be described as in the U.K. (United Kingdom) carries to the community and the local authorities and it would appear that in part those responsibilities are differently held here and I am needing to understand; I need help to understand that.

Mr. B. Ogley:

First of all, if we can go back to is it the States or is it not? It is the States because if you look at the legal structure within which property would be transferred to the Jersey Enterprise Board the decision, if it is a redundant States property, would be made by the Treasury and Resources Minister but the Treasury and Resources Minister can only make that decision once the States has approved, which it has

to each year, the property plan. That property plan identifies those assets which are redundant and the intention is that within that plan you have identified that this is a property of larger scale which could be subject to redevelopment and, therefore, should be transferred to J.E.B. and it would have an outline of that because that is the way a property plan works. So, to that extent it is the States on that side. In terms of what we might call larger regeneration sites, whether it is development or whether it is sites that are set out within the E.D.A.W. master plan, then the intention is that those -- this is where the States is different to a national government in that it fulfils some local government functions as well, the States would be approving that regeneration strategy. So, the E.D.A.W. master plan, the intention is to take that to the States as it is worked up into a delivery schedule. It is only when the States has agreed it that there is a policy for the Council of Ministers to deliver and then that is delivered through this Regeneration Task Force. It can apply conditions to the transfer or it can oversee the work of J.E.B. in a larger regeneration role and which is why the Chief Minister, as President of that Task Force, has the powers of direction to Jersey Enterprise Board to ensure that the board can deliver. So, that means you bring together all of the interests, whether that be transport, wider supplementary planning issues, resource issues, regeneration issues, through the Task Force. Then at the specific level, the Planning Minister, as the Chief Minister says, retains as a corporation sole responsibility. So, you have got very significant layers of control that do step back to the States.

Senator F.H. Walker:

I think you can always -- in a way I am shooting from the hip here but I think in a way you could almost define it in 2 ways: that the States retains overall development control; the Planning Minister retains legal planning control. You can define it in those 2 links but slightly distinctive terms and that probably gives the picture.

Mr. B. Ogley:

That is very important because if it -- just to draw a distinction with where it is now, what you have with W.E.B. is a States decision many years ago about a general structure around the waterfront. Assets were transferred to W.E.B. and then the board of W.E.B. were effectively given the remit to design and develop the scheme, only with the Planning Minister sitting there to operate planning controls. This is intended so that the political decision about what constitutes the scheme, what is the nature and development as you saw today was being unfolded, is led I think at a political level and is delivered then to J.E.B. who are the developers and deliverers. So, it separates quite clearly into the picture that we have now.

Mr. R. Law:

But W.E.B., who owns W.E.B.?

Senator F.H. Walker:

The States.

Mr. R. Law:

But taking your point that they have been doing their own thing. Sorry, it is not strictly that way but I am exaggerating. In the sense that the way they have operated, it has demonstrated the need for better controls, to put it more carefully and having said that, it is the States. One of our concerns is that by having another vehicle, and this is where I am challenging myself, there is more proliferation in using J.E.B. or unless J.E.B. and W.E.B. are one and the same, and there are certain roles that W.E.B. conducts at the present time in providing professional services to support the States in various forms because there is provision mentioned in the accounts to that effect, certainly for 2006, that one is then saying as a matter of detail what are those services and would they not be better directly under the control of the States? Whether it is through Property Holdings or whatever.

Senator F.H. Walker:

You lose -- well, first of all what -- something else. What are you referring to in terms of W.E.B. not conforming to States decisions or whatever hitherto?

Mr. R. Law:

Well, it is only an impression because what I was seeking to do is get clear in my own mind if there are distinctions because I am led to believe that there have been issues historically where there have been concerns about quality of build, for example. Now, I am aware also that those are being addressed.

Senator F.H. Walker:

Yes, but let us be clear, the biggest criticisms that people make of the waterfront to date is the architecture essentially. We all look at the buildings and we do not get terrible excited by what we see. Nothing to do with W.E.B. at all. Those were decisions of the planning committee of the day and I can tell you that in the 2 most visible cases, i.e. the hotel and the cinema complex, the planning committee of the day considerably diluted, and indeed the housing on the -- what we call the Albert Pier to the west of the harbour, the planning committee of the day considerably diluted and changed the proposals put forward, not by W.E.B. because W.E.B. do not submit planning proposals. Planning proposals are submitted by architects on behalf of developers and then it is a development discussion between them and the planning authority of the day. My personal view: we could have done an awful lot better but it is not something that you can say W.E.B. were directly responsible for.

Mr. R. Law:

I was not giving that impression.

Senator F.H. Walker:

W.E.B. do not -- have not certainly so far themselves been involved in the design. I think you would have found perhaps some changes had they been.

Mr. B. Ogley:

I think it is quite useful because what you have got through the genesis with the changes in W.E.B. is what you had with W.E.B. is that W.E.B. were making proposals for development structures: uses, mix, densities, the rest of it; type and those issues. Then there would be a debate in the States who might change things and then you would have planning coming along. This is intended to turn it onto its head so that it is the States that makes the overall strategy as you would expect with any planning structure. Then you have, through the Regeneration Task Force using the expertise of the private sector, J.E.B., our own people, business interests, that come up with the detailed development which is much more akin to where we are now, and then J.E.B. are a delivery vehicle. To some extent, that is what you have. You have got today you heard a new scheme that has been developed through political process so the scheme carries political commitment at the outset. It is entirely justified as a very sensible, feasible scheme, and then you have a delivery company to do it. That is what we are trying to structure here, and J.E.B. and W.E.B. are effectively one and the same; W.E.B. being a wholly owned subsidiary, effectively a special purpose vehicle within the J.E.B. structure of which there would be others to deliver specific schemes.

The Deputy of St. Peter:

From the information we picked up this morning, the main reason why -- it would appear that the main reason why W.E.B. is not going to disappear into the ether is a simple one in that there would have to be a legal change in ownership of those contracts that have already been signed off by W.E.B. that had these risk constraints not been put there, then W.E.B. would have just disappeared and J.E.B. would establish itself.

Senator F.H. Walker:

Not entirely. That is absolutely right but the remit of W.E.B., as agreed by the States, is currently confined to the waterfront; to the West of Albert scheme. So, under the current terms of reference of W.E.B. they could not take an interest in the East of Albert scheme for example. They could not take an interest --

The Deputy of St. Peter:

That I appreciate. The point being made was by expanding into J.E.B. the whole thing would be, had it not been for the competency(?) site, W.E.B. would have disappeared because J.E.B. would incorporate what is going on.

Senator F.H. Walker:

Yes, but in reality it makes, I would suggest, little difference. It makes little difference if W.E.B. retains -- if W.E.B. is retained as a legal entity, you are right; control -- or is the name on the contract with the various developers but in reality the decisions are taken by the board of J.E.B. because W.E.B. is, in operational terms, completely subsumed into J.E.B.

The Deputy of St. Peter:

Just to finalise one point which we covered earlier, again is to do with the Regeneration Task Force, who or how/what that task force established?

Senator F.H. Walker:

Generally it has not been established. You mean the task force as put forward in a report of proposition?

The Deputy of St. Peter:

Yes.

Senator F.H. Walker:

Let us not confuse the 2. There is a St. Helier Regeneration Task Force; E.D.A.W. in other words which is currently operational. That is not what --

The Deputy of St. Peter:

This is a new proposal as outlined in the proposition?

Senator F.H. Walker:

Indeed, absolutely. Can I just say, basically to talk about the W.E.B./J.E.B./States Property Holdings issue, what we have are I think 3 choices: (1) we can either do nothing in terms of structural change which means that W.E.B. would continue to be responsible for the West of Albert and West of Albert only, and Property Holdings would be responsible for States property; (2) or we could put the whole shooting match into States Property Holdings and then abandon W.E.B.; (3) or we can set up J.E.B. alongside States Property Holdings. They are the 3 options that we have. Now, I do not see any sense in staying with what we have got because who is then responsible? Who has got the expertise and the financial ability, the development ability, to work with the private sector on, for example, the East of Albert harbour or the airport or river? W.E.B. cannot do it as it stands. It would have to go back to the States to have its remit extended. I really do not see that that gains us anywhere near as much as the J.E.B. proposal. States Property Holdings are not in a position to, no matter how much expertise there may be currently within that department, we are not in a position to enter into the sort of development contracts that we have just seen this very lunchtime on, for example, the high point development on the waterfront. Property Holdings cannot do that. So, if we do not form J.E.B. we are going to miss out on one opportunity or another and primarily we will almost certainly miss out on some outstanding

opportunities East of Albert which are possibly even greater for the public good than West of Albert and, for example, the unfulfilled commercial land around the airport. There is a real opportunity here which does not in any way dilute States control. In fact, because of the regeneration board, I would argue it enhances States control over our current situation and I cannot see a downside. There is no great additional cost. The executive -- the cost of W.E.B. and the executive of W.E.B. would effectively be transferred to J.E.B. We are not going to duplicate the officers, the chief executive or whoever it may be. I really cannot see the downside currently to what is being proposed. I can see an awful lot of upside in terms of public opportunity. I cannot really see the downside.

Mr. R. Law:

Of course, W.E.B. has got skills; valuable skills.

Senator F.H. Walker:

Yes.

Mr. R. Law:

It has also demonstrated the ability to put together commercial bargains to deliver and those are very valuable assets to the States. I am having difficulty in seeing why you need J.E.B. whereas you could reconfigure W.E.B. by merely adding to its terms of reference - in other words, the tasks it is to perform - and enlarging its footprint at the appropriate time when the States has made the decision to transfer what is no longer property that is operational and the States has worked up, if you like, value-added through the process of consultation the regional task force inputs, et cetera, and then transferring it from the States into W.E.B..

Mr. B. Ogley:

I think that is effectively what we are doing.

Mr. R. Law:

I am just saying why do we have another company? That is the simple question: why have another company?

Mr. B. Ogley:

Well, W.E.B. stands for Waterfront Enterprise Board which is restrictive in its own way. Now, okay, you could change the name and you could expand on the articles of association which would be necessary in the States remit.

Mr. R. Law:

Sorry, I am just seeing that first of all, perceived in my mind - and I say "perceived" because until I have

got a clear picture, that is how I express it - but there appears to be certain overlaps of responsibility but that I think is getting clearer as time has moved on. But if you have then got W.E.B. empowered in the way that I may be suggesting, it does seem that by having one less legal entity, because whatever one says about controlling, because the States is, if you like, in control of the voting and the share capital, one structure should be better than 2.

Mr. B. Ogley:

The reality of that, even if you expand W.E.B.'s remit, the inevitability will be that W.E.B. will create special purpose vehicles within the W.E.B. structure which will, under our law, be subsidiary companies. So, that is all we have created. Jersey Enterprise Board is a company; W.E.B. is a subsidiary company within J.E.B. The executive and all of the infrastructure is one. W.E.B. is a special purpose vehicle. So, you have not created another company. It is not as if you have got J.E.B. and W.E.B. and you have 2 sets of infrastructures and 2 sets of controls; no. You have got Jersey Enterprise Board, which has the full wide remit that you are looking for, for an expanded W.E.B. Within it you retain W.E.B. as a company entity and you are absolutely right. The reason you do not just retain W.E.B. is you would have to move a heck of a lot of contracts; there would be a huge overhead in costs; you would have to go through corporate and finance restructuring because of all the deals that exist with developers and the way the money flow is happening. So, W.E.B. is a special purpose vehicle --

The Deputy of St. Peter:

I think all that is accepted. If I can go back to again one of the earlier comments made this morning when we were talking to the Treasury Minister. Sadly David Flowers could not be with us because he was ill. We will have to go back to that but one point that Terry made was that he was still waiting for the strategic property plan which is yet to come out of David Flowers' office because he is still building up to it. What is your view as to how important that strategic plan is in the development of where we are going?

Senator F.H. Walker:

Well, it is very important but it only deals with States owned property and that is the difference. Mr Law (?) was present at lunchtime when we had a presentation from the various people involved led by the Planning Minister of the proposal to develop Esplanade Square which involves -- it is States owned land but it involves very much private sector development overseen by -- promoted by is perhaps a better description, W.E.B. Now, David Flowers will be entirely related to States owned property. It would not and probably could not do what W.E.B. are doing with the Esplanade Square scheme, so there is a real difference.

The Deputy of St. Ouen:

The point is that that is one of the foundations that is required to identify the surplus property and so on

and so forth that then you can go off and make use of.

Senator F.H. Walker:

That was not my understanding I have to say of what the purpose of this inquiry is to look into the structure of the proposal to set up J.E.B. and States surplus property and so on is very much going to be dealt with by David Flowers in his States owned property plan.

Mr. B. Ogley:

I think you are right in the sense that the Property Holdings strategic plan looked at the whole of the States property portfolio and will be identifying the changes that can be made; either development for States use or redundant and disposable sites. And it is those redundant and to be disposed of sites that once that is agreed could be transferred to J.E.B. for development. So, to that extent it is important but I think as the Chief Minister said it is not the only important issue. The whole regeneration --

The Deputy of St. Peter:

I was not suggesting from the comments that I made that it was the only but it is a very important aspect.

Senator F.H. Walker:

I do think it is very important that we all understand the difference between the 2 and indeed the compatibility between the 2. These are not rival agencies. The plan is that the States property executives should be a member of the board of J.E.B. These are not competing agencies. These should be working absolutely side-by-side and working in support of each other and very much in a complementary way.

Mr. B. Ogley:

The other function which W.E.B. could not undertake now -- and J.E.B. can, is to become the commercial managing developer of the harbour property and land. That is really very important from the commercial activities of the harbour but also from the ability then to marry up the whole of the waterfront site --

The Deputy of St. Peter:

As you are aware the history of the harbour as a whole does not lend itself well to an overused word "scrutiny". Having been on harbour committee myself for 3 years I am aware of some of the shortcomings.

Senator F.H. Walker:

Well, I think again another strong reason why we should be introducing a considerable measure of property expertise into the future of the harbour which has not been --

The Deputy of St. Peter:

As I understand that has already been commented on by property services.

Senator F.H. Walker:

Yes, but property services would not necessarily -- Property Holdings would not necessarily be in a position to develop the harbour asset to the extent that and with the success that J.E.B. would be.

The Deputy of St. Peter:

I think we understand that Property Holdings are there just to define those areas which could be developed.

The Connétable of Grouville:

This is what I was going to ask. I understand the amalgamation or the takeover of W.E.B. and J.E.B. That is commonsense and it does not end you up with a load of horrible bills for transfer of properties. However, I do not see the reason then for having Property Holdings. I understand the function of Property Holdings will be to hold non-revenue property; in other words, hospitals, police stations; that sort of thing. They will have their ordinary charges attached to that and maintenance and things like that. Why cannot Property Holdings come into the whole equation and you then have a property company which is holding properties which are some non-fee paying or non-earning and others which will be earning which will then cross-fertilise each other; prop each other up?

Mr. B. Ogley:

Well, there is a question of focus of expertise and the intention is that J.E.B. -- it is a very commercially focused operation to either develop property value as it is run and managed as in the harbour, or as it is developed, sold on or leased on. So, it is very much a commercial focus. Property Holdings' aim is to own, but more importantly to manage the States' asset; this building for example. If we start putting a very significant management overhead on what is a publicly owned asset into a private company which has very much a development brief, you really do start to create a bit of a camel in company terms. In the longer term, if everything is working well, you may look at that and say: "That makes sense" but do it now when you are trying to create something new that is really there to maximise the value of what are currently owned public assets but could become major commercial private based assets and is it going to be the only way to support the St. Helier regeneration and, indeed, the Island's economic growth? You run the risk of swamping one activity with another and diluting professionalism --

The Connétable of Grouville:

If I just go on from there: if I were in that position and I wanted to eventually sell off by dealing or trading side to a private developer either on a part-ownership basis or a complete sale basis, that is how I

would set it up. There is no --

Senator F.H. Walker:

There is no basic reason why, if you wanted to, Property Holdings could not be a division within J.E.B. I will accept that. But we -- I agree with Bill Ogley entirely, that would be creating a bit of a camel in our view. They have different priorities; they have different objectives; different functions. Now, yes, you could -- you would be out creating huge complications if you put Property Holdings under the umbrella of J.E.B.

The Connétable of Grouville:

No, I am not suggesting that at all. I think you miss me. What I said was that if you separate the 2 - you have Property Holdings on one side which is States' assets, schools; everything that is non-commercial - then you set up a commercial side which is the trading side using States' assets. If I were going to eventually sell off part of that into the private sector, that is how I would want it set up.

Mr. R. Law:

The States' objectives, of course, are to really deliver public services on the one hand, public around those features that are important to the States and what the community can afford within the defined budgets the States set. There are also major employers on here on the Island as well. Having said that, property, of course, is fundamental to the function both in supporting its capital base, its revenue base, as well as -- so it is how to deliver the -- most effectively achieve those objectives that everyone should be striving as one. You made some observations on that. I am posing the question rather bluntly but I -- to save time. Do you find that there is silo-mentality when those within the States -- for those accountable bodies?

Senator F.H. Walker:

Yes.

Mr. R. Law:

Because that is my experience elsewhere and I am going to say the art form is how to turn that into people behaving as one.

Senator F.H. Walker:

Absolutely. Let us be quite clear: we have a new level of experience in our property services holdings. You have yet to meet David Flowers. As I say, he has a new level of expertise. I have not in my experience before seen the approach that he is bringing to States owned property to the table. I have seen his -- you cannot say it is his interim property plan. You could describe it as his jigsaw puzzle basically which is how he will be recommending -- and it is not finalised as yet - how he will be

recommending we make much better use of States owned property than we currently are. We are wasteful at the moment in terms of the use we make of States owned property and David Flowers has some very - for Jersey but not necessarily for other places - revolutionary ideas in how we can reduce the amount of square footage we occupy and make much better use of our assets and so on. I would argue that he needs to continue to focus on that. W.E.B./J.E.B. needs to continue to focus on that sorts of development that we have put to us this afternoon because the opportunities for further such developments are considerable and I think if you start -- and I am not saying this is what you are suggesting by any means - but if you do start to merge the 2 and fudge the edges between the 2, then the clarity will go and there will be some obscurity of purpose and some duplication and ultimately some difficulties. But as Bill says, when we have a much better grip of States owned property which will be - - it will take a while yet obviously and when we have finally got rid of the silo mentality and we are all pulling in the same direction in terms of property then possibly with the basic job done, the real hard job of realigning States property done, then maybe it will be a different picture. But in the short term I think we need to keep that clarity and that focus on 2 linked, obviously, but quite specifically different objectives.

Mr. R. Law:

But the silo mentality does require very clearly defined roles and responsibilities to be absolutely crystal clear. Now, that is the plinth to what I see as being the solution. But because quite often it is the overlaps of -- the merging, the blurring I think is a better way. Blurring on the periphery that is exploited to protect the core.

Senator F.H. Walker:

I cannot argue with that.

Mr. R. Law:

So, it is that that while I am saying you have to have very clearly defined roles and responsibilities and when they are so clear that they are properly understood and then bring in the people element which means the H.R. (Human Resources) element, because they are fundamental to what is change management that you are seeking to -- may I suggest you should not beat yourself up and feel you have got a lot of waste because I can take you places where there is perhaps a lot more per head than is to be found here but seriously it is an issue that is fundamental to achieving the objective, it would appear in my experience.

Senator F.H. Walker:

I agree entirely. What we have done is since the introduction of ministerial government and since the arrival of the chief executive, both which are newish still to Jersey, we have been able to centralise a number of issues. H.R. you mentioned. Now, H.R. previously was scattered all over the States and you

had H.R. departments working one in complete isolation of another; the silo mentality. The same is true of I.T. (Information Technology). The same has been true with property. Now, what we are doing is taking inevitably a certain amount of time in every case in bringing all those things -- I do not mean bring them all together; we are not merging H.R. and I.T. but we are centralising H.R., we are centralising I.T. and now we are in the process of centralising property with exactly the sort of objective you were talking about in mind and very clearly that is what David Flowers was recruited to do and that is exactly what he is in the process of achieving.

Mr. B. Ogley:

Can I just add one other thing: in terms of the clarity we are totally agreeing with you. There is also the need for clarity at the political level. You have got J.E.B. and Property Holdings. That clarity is fundamental and what they are about I think is fairly important but it is again why we are putting in this Regeneration Task Force which is a great delivery and implementation of what the States decides as a strategy and a way forward because our experience is that once you start -- it is a bit like old plan. W.E.B. would make a proposal, it would go the States and you would be trying to argue a detailed proposal amongst -- at a government level. Now, what we are trying to do here is to say government has a function which is to say the way forward; decide what needs to be delivered; where it needs to be delivered in an Island of this size. The executive political structure then takes that remit and does it - and Property Holdings and J.E.B. are 2 delivery vehicles to do that.

The Deputy of St. Peter:

So, the strategy is set by the States, policy development is set by regeneration function and then tactically dealt with on the floor by whatever function put in place?

Mr. B. Ogley:

Exactly, and I think that is really important as well because if we mix it at the different levels as well as vertically or horizontally we will get exactly the same problems and I think that is the problems we have seen in other places.

The Deputy of St. Ouen:

In that case the emphasis placed on the Jersey Enterprise Board seems to be very much on the regeneration aspect. Is that correct?

Senator F.H. Walker:

On the whole I would say certain regeneration aspects and opportunities but I do not think -- were you at the presentation?

The Deputy of St. Ouen:

I was.

Senator F.H. Walker:

Well, you saw the sort of thing that W.E.B. is putting forward. That is of course --

The Deputy of St. Ouen:

That is on States land. Excuse me. That is States owned property.

Senator F.H. Walker:

It is States owned property but either could be the case. I mentioned East of Albert earlier and if the East of Albert scheme as currently envisaged is going to happen it will require the purchase of a significant amount of privately owned property, and that I would argue, can be much better achieved through a company such as has been raised here; the success, if you like, that endeavour to put through a States department.

The Connétable of Grouville:

When we spoke to W.E.B. this morning they assured us that they were in a no risk situation; that the developer was taking on the risk.

Senator F.H. Walker:

They are.

The Connétable of Grouville:

If you went to your proposal for East of Albert where we then have to buy in property belonging to a third party, that would put us surely at a risk of the cost of those properties unless you had a developer who was going to do it for you.

Senator F.H. Walker:

It depends entirely on how the scheme is managed. It is far too early to say. All that East of Albert is at this juncture is a vision and there is no meat on that bone at all.

The Connétable of Grouville:

I am trying to get to the generalisation that W.E.B. is not there to take chances.

Senator F.H. Walker:

Well, with States approval at the end of the day, W.E.B./J.E.B. could take chances but only if the return was considered to be worth it, but that is, as I said in answer to James earlier, is very much something that is within the States ability to control.

Mr. B. Ogley:

There are some forms of development where there is virtually no risk when you get pre-lets on fairly standard property and we know demand for certain types of property is significantly under supply and you could easily envisage areas of commercial development for potentially retail or commercial uses where you say to J.E.B.: "You will have --" or J.E.B. would say: "We have got effectively pre-lets" in which case why pass that land to a third party to develop it to take the development premium out of it. J.E.B. should do it on behalf of the States and pass the whole premium back because effectively it is risk managed.

The Connétable of Grouville:

Nobody is going to argue with that situation. You are right; a pre-let is as good as a pre-sale.

Mr. B. Ogley:

Exactly.

The Connétable of Grouville:

What I am saying is if we are going to go and buy up East of Albert and things like that without having a developer who is willing to take the risk on your behalf then you are going to be in trouble.

Senator F.H. Walker:

What we are not proposing here intrinsically involves any greater risk than the position we have got today with W.E.B. There is no additional risk lying behind this report and proposition in terms of future development.

The Deputy of St. Peter:

The risk lies in the simple fact as whether it is J.E.B. or W.E.B. or any entity, is that if it is totally States owned, albeit as a limited company, the risk still finally sits with the States because we are --

Senator F.H. Walker:

If a risk is given.

The Deputy of St. Peter:

Absolutely, so that is where the risk balance is exactly the same whether it be J.E.B. or W.E.B.

Senator F.H. Walker:

Absolutely. But the way W.E.B. have progressed the Esplanade Square development where there are guarantees all the way down the line is a tremendous model for future developments. Again, I

emphasise the point: there is nothing in this proposition which alters the risk - theoretical risk - that the States may decide to take, but the emphasis and the important words are “which the States may decide to take.” Now, there is no way that J.E.B. could go out and purchase commercial buildings without States approval so the States then would need to have the proposition proposal to purchase commercial buildings in front of them and the States would say: “There is no risk”, “There is a risk. Is it worth taking for the potential rewards? Yes or no?” Yes or no and that would be a States decision.

The Connétable of Grouville:

That is right but I think you will find that there is quite a lot of people out there who still do not believe that the developers are taking all of the risk on W.E.B. That the States are not taking any risk at all. Some of them really do think that we are doing it.

Senator F.H. Walker:

With respect they have not -- and I hope Richard will confirm -- you only got sketchy details on the agreement; it is probably unfair. With respect they have not studied the agreement --

The Connétable of Grouville:

No, they do not.

Mr. R. Law:

Very kindly it has been offered and I shall be and I will be able to give a very clear view.

Senator F.H. Walker:

Good.

Mr. R. Law:

I am confident of that from the conversations I have already had with W.E.B.

Mr. B. Ogley:

I think what is helpful about that was that that negotiation was undertaken by both W.E.B. and States officers together so there was a clear understanding of the risk and return profile and that is the model we are trying to create here. Clearly, you have got to have a commercial leaning in these negotiations.

The Deputy of St. Peter:

We talked this morning about public perception and public perception of the success or the failing of W.E.B. to date. In the development of J.E.B., and it may seem a bit frivolous, there are comments that have come to me saying: “Well, [excuse me using the term] it is Frank Walker and Terry Le Sueur. They are the people who are the directors of the company.” Now, I will shake my head for you. This is

the sort of inaccurate information - I was going to use another word but then realised we were being recorded - that has to be put to bed because it is being looked at by the general public and the general public do not understand what is being proposed. They do not read propositions and all they see possibly is the headline of who is leading who and there is concern. How is that going to be addressed?

Senator F.H. Walker:

Just by repeating the facts I guess. The trouble is if the people will not read the proposition, they will not read the proposition and they will jump to their own conspiracy theories whatever we do, and it would not only relate to property issues or waterfront issues. We have seen more than a few conspiracy theories running in other areas of late. I mean, the bottom line is no individual would have any financial interest in J.E.B. whatsoever unless you want to say that every individual in Jersey has got a financial interest because it is the States. But neither Terry Le Sueur nor I are in any different position other than we are nominated on behalf of the States as the shareholder. We are in no other position to anyone else. Now, how you convince people of that other than just repeating the rather boring truth, I am not sure.

The Connétable of Grouville:

We had this with the housing trust: that Frank Walker, Terry Le Sueur and Terry Le Main all owned these houses and they were all going to make money out of the housing trust because you are all --

Senator F.H. Walker:

According to the theory I own the quarry that is responsible for providing the stones for the --

The Deputy of St. Peter:

The point I was making is -- I think the point should be emphasised - and it will go in the transcript - is that it is not even by name; it is by position. So, it is the Chief Minister and these are the facts that should be emphasised.

Senator F.H. Walker:

But the important point is there: what powers have they got and have they got any financial involvement/interest or could they get any possible personal financial gain out of it. The answer is no. In every case, no.

Mr. R. Law:

One of the discussion questions that are raised this morning was posing the question do you have a communications strategy? I think that one is finding it increasingly difficult within the public sector to get clarity about exactly what the objectives are and how they are being addressed to deliver community benefit. It seems that much can be gained by having someone to speak for the States, but have it properly designed as a communication strategy. One of the weaknesses of the silo system is everyone

wants to be the first to tell somebody and that is very difficult to manage when timing and how things are released is fundamental to success of projects.

Senator F.H. Walker:

I agree with that entirely. We do have a communications unit; a very hard-pressed unit currently because of unrelated issues. I think you saw today in relation to the Esplanade Square development, there is a huge amount of joined-up government going on; you have the Planning Minister; you have the Transport and Technical Services Minister and their teams and you have W.E.B. and of course you have Watkins who are the lead architects. Huge amount of joined-up government but the problem we have is that there is an inherent suspicion amongst some States Members and amongst large sections of the public about anything that has the word “development” associated with it. There is inherent suspicion and trying to get over the facts that this is all working to the benefit of the public is pretty difficult because there are those out there who are convinced otherwise and you can spend a small fortune on communications and they will still come out convinced otherwise. But your point nevertheless I entirely agree with.

Mr. R. Law:

Of course, the other thing is in terms of the challenges and the presentation I thought was first-class is, of course, dealing with the infrastructure and, of course, the wish list of the community as to what they would like to see. It is great to see the prospect of granite in the way that it has been presented in that piece of work. But of course it is the cost because all of that infrastructure as number one on the list has to come in first and that brings the additional challenges. There needs to be a community understanding of cost in these projects because you cannot create that money.

Senator F.H. Walker:

Yes, absolutely.

Mr. R. Law:

It is a big exercise and it is certainly going to be a big challenge for that project.

Senator F.H. Walker:

It is. When you -- and I am not trying to sound the Esplanade Square development; that is not my job. But when you look at the benefits to the public of the financial return which of course will be reinvested, and I do not think those who want to hold alternative views have thought about the fact that there is going to be £70-something million worth of available investment into the regeneration of St. Helier as we know it or other uses that the States may decide. I do not think -- and that is totally public money. Nor have they thought about the fact that we are getting tremendous open spaces, new parks, a winter garden which is not an open space but it is a public space, the gain to the public and of course the

underpass at low cost to the public. The gain to the public as well as creating a considerable number of much needed accommodation units again to the public is enormous. But those who wish to think otherwise fail to take that --

The Deputy of St. Peter:

I think we were all impressed with that presentation we had today. James?

The Deputy of St. Ouen:

Yes, just to carry on and look at checks and balances which Mr. Ogley spoke about earlier which obviously are very important to States and the general public have confidence in how J.E.B. operate. In the document - the proposition - it speaks about the policy framework of J.E.B. will be determined by the Regeneration Task Force. That task force will be made up on yourself, Chief Minister, and 4 other ministers.

Senator F.H. Walker:

Not the way we are going. I will have retired by the time it --

The Deputy of St. Ouen:

That is obviously 5 Ministers in total. It then goes on to say that the task force -- where it talks of the Council of Ministers. The Council of Ministers are 10 Ministers, 5 of which are going to really be -- are already involved in the Regeneration Task Force, therefore, I am struggling to understand where the accountability would come in if you have got the majority of Ministers which make up the Council of Ministers driving a particular policy forward, how the Council of Ministers allows that balance to develop? Also it seems there is no present requirement for the task force to report not only to the Council of Ministers but to the States on progress and effectiveness. Could you comment on that?

The Deputy of St. Peter:

Yes, absolutely. I mean, first of all you do not have the task force at the moment so you do not have political control of policy direction to the extent that this --

The Deputy of St. Ouen:

It was part of the proposal, sorry.

Senator F.H. Walker:

But it does not exist at the moment. It is an added element of political involvement at policy setting level over that that we have today. We do not have it today so it is an additional element. It is not diluting political control. It is adding to political control. So far as the makeup of it is concerned, it has been proposed this way because it makes obvious sense, in our view anyway, for those Ministers with

adjacent responsibilities to work together as a team. Otherwise if you have a separate makeup to the Regeneration Task Force they would have to strike up their own individual relationships with the Planning Minister, Transport and Technical Services Minister, Treasury and Resources Minister and so on. You are going to create cost and inefficiency, which I know we do not want to. In terms of accountability, the Council of Ministers is as always, since it was established, accountable to the States and I think I said it earlier: I would argue, I would be very happy to see it in any -- if not in the report and proposition, in an amendment or in any report from the sub-panel and I would argue that the Council of Ministers, or probably the Chief Minister on behalf of the Council of Ministers, or on behalf of the Regeneration Task Force, should report to the States on performance twice anyway. I think that is a perfectly legitimate expectation and a necessary expectation indeed of States Members.

Mr. B. Ogley:

Do you think twice annually or is annually -- given the scale of the development.

The Connétable of Trinity:

Well, the speed at which things go I would have thought annually for --

Mr. B. Ogley:

Annually would be.

The Connétable of Trinity:

6 months flies.

Mr. B. Ogley:

I mean, the reason why the Regeneration Task Force is made up of Ministers is that it is under these Ministers that the States is held to account for actual delivery, and the task force is all about delivery.

Mr. R. Law:

Yes. It is rather like the U.R.C.s(?) --

Mr. B. Ogley:

In that sense, yes.

Mr. R. Law:

-- who failed to deliver. Of course, central government said: "You will have one."

The Deputy of St. Peter:

I am conscious of time. It will be a continued busy afternoon. We still have an awful lot of work to do

and we did set ourselves -- in our first meeting this morning looking at the timescale in which we were going to operate within this panel, we were going to attempt to finish by 6th May ready for the 13th May when the debate will take -- was going to take place. We are not going to meet that deadline. We will certainly meet a deadline a fortnight after that and I think it would be useful for all of us if we could work together on that basis and put that back for a fortnight because it will give us time to do the report, discuss that report in detail and then move forward. I do not think a fortnight will cause a lot of problems but it will give us a lot more room to manoeuvre.

Senator F.H. Walker:

You are aware of my concerns about the delay.

The Deputy of St. Peter:

I am.

Senator F.H. Walker:

However, if we can reach an agreement that the debate would be put back -- and it has already been put back on 2 or 3 occasions-- nevertheless, if we could reach agreement that the debate would be put back to what would then be, what, the second debate, second sitting in May?

The Deputy of St. Peter:

Second sitting in May.

Senator F.H. Walker:

27th or something of that ...

Ms. S. Power:

3rd June, I think the next one. I think that is the next one.

Senator F.H. Walker:

3rd June? If you could, in turn, give us some assurance that those dates will be met, then I would be perfectly happy to delay the debate until 3rd June. But if it is going to be -- and we have seen this in other --

The Deputy of St. Peter:

I think you will appreciate the pace that we are moving at now.

Senator F.H. Walker:

I do.

The Deputy of St. Peter:

We have had a problem with illness, we had a problem with our adviser and it has not been of our making. We are now moving forward. It is hugely --

Mr. R. Law:

Not this adviser, by the way. [Laughter]

Senator F.H. Walker:

Your short-lived former adviser, yes.

The Deputy of St. Peter:

I think just to cut the long story, yes, I think we can give you that assurance for that.

Senator F.H. Walker:

In which case I do absolutely agree that it is better by far that we work together rather than in any form of oppositional sense. If you can give us some comfort in that respect I will without any question defer the debate.

The Deputy of St. Peter:

Consider getting that comfort from me now.

Senator F.H. Walker:

Okay, thank you. One just final point from us, we have come up with some reasonably comprehensive answers to all 23 questions. Would you like us to ...?

The Deputy of St. Peter:

Yes, that would be most useful.

Senator F.H. Walker:

[Aside]

The Deputy of St. Peter:

Yes, we will. As you will be aware, when Dan and I sat on the previous panel, which was the J.V. (joint venture) panel, we did discuss in detail the draft of our report with the Treasury Minister of the day. It would be my intention to do a similar thing.

Senator F.H. Walker:

Excellent. Well, I think again that sounds ...

The Deputy of St. Peter:

Thank you, gentlemen. The meeting is now formally closed.