

2.11 Senator J.L. Perchard of the Chief Minister regarding whether the Managing Director of the Waterfront Enterprise Board received a bonus in 2008:

Will the Chief Minister advise the Assembly if the Managing Director of the Waterfront Enterprise Board received a bonus in 2008; if so, how much and why?

Senator T.A. Le Sueur (The Chief Minister):

The 2008 accounts for the Waterfront Enterprise Board were formally presented to the States on 18th March 2009 and are therefore in the public domain and these clearly identify that in 2008 the Managing Director received a bonus of £30,000. The Managing Director's bonus is set by a remuneration committee made up of non executive directors of the company and is determined by reference to the overall performance of the company measured against the company's business plan. I have to say I am somewhat surprised by this question since, as part of Senator Perchard's role as a former director of W.E.B. (Waterfront Enterprise Board) he, along with 2 other States directors, was a member of the remuneration committee that approved the 2008 bonus for the Managing Director of W.E.B. and was present at both of the meetings when this matter was considered. **[Laughter]**

2.11.1 Senator J.L. Perchard:

That is cheap politics. **[Laughter]** Members will know that I resigned from the Waterfront Enterprise Board because I could not stand the inequity or the problems that the board was displaying. At the last sitting of the Assembly, the Chief Minister advised Members that the Waterfront Enterprise Board payroll had tripled in the last 9 years. What with the substantial bonuses being paid to the senior team at W.E.B., does the Chief Minister share my concern that the apparent gravy train will not simply be railroaded through to the proposed Jersey Development Company and what assurances can he give me and Members that the proposed Jersey Development Company will be able to administer control over the levels of staff remuneration?

Senator T.A. Le Sueur:

I can confirm that Senator Perchard did resign from the board on 11th June 2008. The 2 meetings in question were held in January 2008 and May 2008. I understand the concern of the Deputy about the activities of the company and that is why I believe it is important that we do move on later on in this session to debate and approve the setting up of the States of Jersey Development Company which will give the opportunity to have a new and strengthened board of directors which can set clear policy underpinned by a clear memorandum of understanding to be entered into between the company and the Minister for Treasury and Resources, and approved by this Assembly in order that the future activities of such an organisation can be better regulated and controlled. I hope, therefore, that the Senator will give his 100 per cent support to changing the existing arrangements and supporting the new proposals which I am bringing forward later in the session.

2.11.2 Deputy T.M. Pitman:

I welcome Senator Perchard's question. I would just like the Chief Minister to tell the House what message he thinks this sends out, and other fat-cat payouts to Telecom's management, in light of nurses who we could not even vote a living wage for.

Senator T.A. Le Sueur:

The message that this sends out is that we have a commercial organisation responsible for developing millions of pounds worth of public assets and it is up to that company to set appropriate levels of remuneration, which it does after taking professional advice, and so I am not going to second-guess the activities or the thoughts of that company save to say that the remuneration was obviously felt by the directors to be commensurate with the level of activities undertaken by the company.

2.11.3 Deputy P.V.F. Le Claire:

I can understand why Senator Perchard resigned; I would have resigned as well, given that kind of support from Chief Minister. **[Approbation]** Given the overall performances evaluated by a group of individuals and an independent body to have given the chief executive officer this £30,000 for his overall performance, or the overall performance of the company, given that we have a Waterfront car park that cannot pay for the costs of the shrubs surrounding it, a swimming pool that cannot wash its face and an international waterfront development that is frozen in time, is it not now time to freeze these arrangements, given the current climate, and to make sure that they are not carried over, as Senator Perchard has indicated, into this new proposed company which will only continue to manifest unrest and a dissatisfaction in this community for people who are struggling to survive while people are paying for failure? **[Approbation]**

Senator T.A. Le Sueur:

No, I disagree. It was this Assembly which appointed 3 States directors to that company, rightly or wrongly, and it is those directors who agreed as responsible company directors the level of remuneration to be set. If those directors have made a decision which other Members consider inappropriate then the responsibility for that decision rests with that remuneration committee. I believe that it is up to that committee to justify the decision it made, which I think it made on pure and sound commercial principles.

2.11.4 Senator B.E. Shenton:

Could the Chief Minister give the names of the people on that remuneration committee and also the names of the people on the current remuneration committee? **[Approbation]**

Senator T.A. Le Sueur:

Certainly. The Members on the remuneration board in 2008 I think were shown in the States accounts. I said they were the States directors at that time, which would have been Senator Perchard, Senator Routier and Deputy Huet. I do not know the names of the members of the current remuneration committee; I suspect they may still be the 3 States directors, that is the Constable of St. Peter, Deputy Noel and Constable of Grouville; but I cannot confirm that and maybe one of the existing directors would be in a position to answer that question for me.

2.11.5 Deputy D.J. De Sousa:

How can the Minister justify these payments and those of the likes of the hierarchy at Jersey Telecom knowing the current economic outlook and when we are being told as States Members we have to cut back States spending, people are being told they have to take pay cuts, pay freezes and also people are being made redundant? It really is one rule for one and one for another. How can he justify it?

Senator T.A. Le Sueur:

There seems to be an impression among some Members that I set the levels of remuneration for different employees and directors of private companies. I do not do that, that is the responsibility of the directors of those companies concerned and they do so on the basis that they are appointed to run the company in the best interests of the shareholders, that is to say ourselves.

Connétable D.J. Murphy of Grouville:

I am guilty, I am afraid; I am a member of the remuneration committee. I was asked to take that role on, which I gladly did. We have not had a meeting yet, we shall be having a meeting to discuss it early in the New Year, so we will carry forward then and I am sure that I shall, if I need any advice, be asking Senator Perchard for his assistance in advising us.

The Bailiff:

Was that a question to the Chief Minister?

The Connétable of Grouville:

Sorry, I was following up the Chief Minister who said that he was hoping one of the board members would reply on his behalf and that is what I was trying to do.

2.11.6 Deputy M. Tadier:

I welcome Senator Perchard's question because I think it echoes a lot of the underlying scepticism that much of the general public have in W.E.B. and that I am sure they will have in the mark 2 version, the Jersey Development Company. Would the Minister agree then that it is this duplicity, the fact that sometimes we like to govern as a business would when it perhaps comes to managing public assets, but without the accountability of a business when million pound errors are made or very bad decisions such as have been highlighted with the swimming pool at the Waterfront.

Senator T.A. Le Sueur:

There seems to be an implication in the question that the proposed States of Jersey Development Company will just be a mark 2 version of W.E.B. It is not; it is a very different animal, as I hope that the debate will highlight later on in the week. Certainly, when the Deputy complains about a lack of accountability, part of the principles of the new proposition is to ensure that there is proper accountability. If the Deputy reads the report accompanying proposition 79, he will see that one of the objectives of the new company is to ensure that proper accountability is shown and is available to States Members and that is why I believe it is important that that new company is set up. I accept the concerns that the Deputies and others express about the current arrangements and that is why I wanted to have them changed as soon as possible.

2.11.7 Deputy M. Tadier:

Sir, a supplementary, if I may. Given the Chief Minister's commitment to accountability - and we know that errors certainly were made with the incinerator and with the hedging of the euro - will the Government led by the Chief Minister lead by example and make sure that somebody, be it a Minister or a highly-paid civil servant,

is held to account over these millions of pounds of taxpayers' money that have been squandered?

Senator T.A. Le Sueur:

I think that issue has little to do with W.E.B. and it has already been well aired.

2.11.8 Deputy P.V.F. Le Claire:

Sir, could I try one last supplementary, please? Sticking up for the employees that work for W.E.B. who in many respects do not all have access to benefits of this kind, when the new structure is approved by this Assembly or if it is approved, is the proposition to move the staff from W.E.B. into this new structure and will a seamless transfer of terms and conditions of their employment apply given that the Chief Minister said that it is not the same thing?

Senator T.A. Le Sueur:

I would envisage that while initially the contracts of the staff from the Waterfront Enterprise Board will continue, I would expect and I would certainly earnestly hope that the new board of directors of the States of Jersey Development Company would take a very serious look at the whole operation of that company and review all employment contracts as appropriate. Until that review is carried out then clearly there is an ongoing contractual obligation. But I am sure that part of the requirements of appointing a new and satisfactory board of directors to the States of Jersey Development Company will be to make the message quite clearly stated to that board that we, as States Members, expect a review of the terms and conditions of employment for the employees.

2.11.9 Senator J.L. Perchard:

Given one of the reasons for having a public limited company like the Waterfront Enterprise Board is so that it can operate without the constraints of being in public ownership, does the Chief Minister not agree that it would be prudent to ask the staff at the Waterfront Enterprise Board, should we form the Jersey Development Company, to apply for positions within the new company and does he further agree that there is a fat-cat culture at the Waterfront Enterprise Board?

Senator T.A. Le Sueur:

Before there is any question of inviting staff to apply for new positions, it will be a requirement of the board of directors to define just what those positions might be so, at this stage, it is too early to give a definitive answer to that one. As to whether there is a fat-cat culture, that has to be a matter of opinion and I simply reiterate the fact that it is the remuneration committee of that board of directors which sets the pay policy and, if those directors feel that it is creating a fat-cat culture, then I believe not only should they be resigning but they should be expressing that concern more forcibly at the time to the States and maybe having first expressed that view similarly at the meeting of the board of directors. If directors do not carry out their duties conscientiously during their term as directors they can hardly complain if the company has subsequently followed a policy which they disagree with.

Senator J.L. Perchard:

Just a point of clarification. I did ask the Chief Minister a specific question, he said it was a matter of opinion. I did ask his opinion if he considers there is a fat-cat culture at the Waterfront Enterprise Board.

Senator T.A. Le Sueur:

The short answer is that I have no evidence to suggest that there is a fat-cat culture. If the remuneration committee believe that £250,000 a year is the appropriate salary for that person, recognising the breadth of requirements of that company, then who am I to second-guess them? I think it is easy to conjecture about how little or how much any employees do; it is not, I think, fair on its employees to discuss their remuneration in a public manner like this when, in fact, their remuneration is a matter for normal contractual arrangements with the board of directors of the company and that is, I believe, the place where these discussions should have been held and not here.