

STATES OF JERSEY

Corporate Services Scrutiny Panel Jersey Development Company Sub Panel

THURSDAY, 15th JULY 2010

Panel:

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

Witnesses:

Deputy J.A.N. Le Fondré of St. Lawrence (Assistant Minister for Treasury and Resources)
Deputy Chief Executive and Chief Officer Resources
Director, Jersey Property Holdings

In attendance:

Ms. K. Boydens (Scrutiny Officer)

[15:30]

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

Good afternoon, gentlemen, welcome to the panel reviewing the setting up of the Jersey Enterprise Board.

Senator S.C. Ferguson:

No, Development Company.

The Deputy of St. Peter:

Well, it is J.E.B. (Jersey Enterprise Board) times 3, is it not. Jersey Development Company. Just for the sake of the tape, so we all know who is talking, can I ask you to go through giving your name and position, please.

Deputy Chief Executive and Chief Officer Resources:

John Richardson, Deputy Chief Executive and Chief Officer Resources that covers Jersey Property Holdings.

Assistant Minister for Treasury and Resources:

Deputy John Le Fondré, Assistant Minister for Treasury and Resources and I have political responsibility for Property Holdings.

Director, Jersey Property Holdings:

David Flowers, Director, Jersey Property Holdings.

Senator S.C. Ferguson:

Senator Ferguson, member of the panel.

The Deputy of St. Peter:

Deputy Collin Egré, Chairman of the panel.

Mr. R. Law (Panel Adviser)

Richard Law, Adviser.

Deputy D.J. De Sousa of St. Helier (Vice Chairman):

Deputy Debbie De Sousa, Vice Chair of the panel.

The Deputy of St. Peter:

Just before we start, John, I received your email via Kellie. I would have appreciated obviously being cc'd in as a courtesy, as we were courteous in giving the Minister for Treasury and Resources all the information we needed to about how our meeting was progressing. I appreciate that your role here is, absolutely as you entitled, as the Chief Officer and accounting officer but I just wanted to express that it would have been useful or nice, as a courtesy, to let me know that you were coming today.

Deputy Chief Executive and Chief Officer Resources:

Chairman, the whole point of me emailing your Scrutiny Panel clerk was to ensure that you were advised. So I was following a formal process that ...

The Deputy of St. Peter:

I appreciate that. As I said the formal process ... but when I did it the other way I signed off the letter ... anyway it is just my own view.

Deputy Chief Executive and Chief Officer Resources:

Okay.

The Deputy of St. Peter:

Because this panel, I chair it, and we would like to keep control of where we are and what we are doing. Before we start if I could just outline the way the proceedings are run. I know you have seen us before but, again, it is useful to remind ourselves of it. The proceedings of the panel are covered by parliamentary privilege through Article 34 of the States of Jersey Law 2005 and the States of Jersey (Powers, Privileges and Immunities) (Scrutiny Panels, P.A.C. (Public Accounts Committee), and P.P.C. (Privileges and Procedures Committee)) (Jersey) Regulation 2006. Witnesses are protected from being sued or prosecuted for anything said during hearings unless they say something that they know to be untrue. This protection is given to witnesses to ensure that they can speak freely and openly to the panel when giving evidence without fear of legal action, although the immunity should obviously not be abused by making unsubstantiated statements about third parties who have no right of reply. The panel would like you to bear this in mind in answering questions. Do we have that clear in everybody's minds? Thank you. I believe you have been circulated with questions. Questions 1 and 2 are very closely tied in together. John, you may not be aware but when we had the meeting with the Chief Minister, at his invitation, which my officer was present, we were concerned about the delay that had gone on in not bringing this forward. The Chief Minister indicated quite clearly at that particular point that this delay had been caused by a problem

with the original DTZ report, which was challenged by W.E.B. (Waterfront Enterprise Board). We are concerned in this area, can you confirm whether or not that the first draft still exists.

Deputy Chief Executive and Chief Officer Resources:

I am sure if there is a first draft, that is a formal draft from DTZ, one will exist.

The Deputy of St. Peter:

Would it be possible for us to view that draft, please, on the basis that what we searched for initially was an independent, a totally independent review, of the role of W.E.B.

Deputy Chief Executive and Chief Officer Resources:

The normal protocol is that original drafts are sent for factual checking as opposed to any form of editorial, but if one exists then I do not see why you cannot have a copy of it. I will check for you.

The Deputy of St. Peter:

Thank you very much for that. Again, the second question really sits around that. How was the DTZ report originally received by W.E.B. and were there any disputes about the findings? If I could direct that to you, John.

Assistant Minister for Treasury and Resources:

Well, to an extent we did not get involved. We basically do not know because we did not get involved in the sort of communications between DTZ and W.E.B. on the report - obviously J.P.H. (Jersey Property Holdings) received a copy, I believe - but obviously any communication between W.E.B. and DTZ are a matter for W.E.B. and DTZ so we do not were there any disputes about the findings or how it was received, I am afraid.

The Deputy of St. Peter:

Coming from the Chief Minister office, it would appear there were problems because he indicated that quite clearly. So if I could just direct that you?

Deputy Chief Executive and Chief Officer Resources:

Sorry?

The Deputy of St. Peter:

Could I direct that in your direction because the Assistant Minister with responsibility for Property Holdings was not directly involved apparently with any concerns that may have sat between the DTZ report and W.E.B. but I understand that as the Chief Minister's office set that report in motion and that the Chief Minister gave them the information that he did, that the Chief Minister's office may have some information in that regard.

Deputy Chief Executive and Chief Officer Resources:

I am really here to work with Property Holdings' submission this afternoon, because as a representative of the Chief Minister's Department I have not been closely involved with the DTZ W.E.B. issue because I have been involved in some other ... as I am sure you are aware, there have been major issues of significance recently. So my knowledge of what has been going on in the Chief Minister's Department in relation to this review is very, very limited. So if there is a query I will certainly take it back and get some clarification for you.

The Deputy of St. Peter:

If you would be kind enough to do that, please. So we would seek clarification of what problems were perceived between the initial report produced by DTZ and W.E.B.'s concern relating to that report.

Senator S.C. Ferguson:

Did the Chief Minister's Department pay for the report?

Deputy Chief Executive and Chief Officer Resources:

As far as I know, yes.

The Deputy of St. Peter:

Could that be confirmed?

Deputy Chief Executive and Chief Officer Resources:

I will check, yes.

The Deputy of St. Peter:

Debbie, anything further on that?

Deputy D.J. De Sousa:

Yes, I am just a little bit puzzled because we have just been told that Mr. Richardson has not been involved in this side of the Chief Minister's Department but notice was given to those that were called in for this hearing - 5 days, a week - of the questions that we were going to ask so there has been time for you, knowing what questions we were going to ask, to find out these answers for us so that you could give them today.

Deputy Chief Executive and Chief Officer Resources:

Sorry, I disagree with that. In the letter we received from you very clearly laid out the interview process you wished to conduct, the interview process that I am here to represent this afternoon is the one you have asked to conduct with Jersey Property Holdings, not the Chief Minister's Department. If there is a question that revolves around the Chief Minister's Department, that should be addressed to the Chief Minister and his representatives when they arrive for your meeting that has been scheduled with them.

The Deputy of St. Peter:

Can we just confirm what stage that letter was sent to ...

Ms. K. Boydens (Scrutiny Officer):

Yes, I sent Jean Marc the question plan last week.

Deputy Chief Executive and Chief Officer Resources:

With that I distinctly recall there is a set down timetable of a meeting with Jersey Property Holdings' representatives which was David Flowers and the Assistant Minister, there is one with the Chief Minister's Department and now clearly the questions that you are asking ...

The Deputy of St. Peter:

Without getting too involved in the process, one of the roles of Scrutiny, as I am sure you are aware, is to test information between various agencies and obviously we have set out a plan which involves questions being asked specifically about the role of the DTZ report and concerns with the role of W.E.B. we would have hoped that some effort would have been put in

place to answer those questions as far as the Treasury is concerned. As you and I are aware, and all the panel here are aware, we are in the process of changing over the position of roles, although this is the Chief Minister's proposition it would appear that it is being led, very clearly, by Treasury. So all I would say in emphasis now is that we would like some of that information to come both from Treasury and from the Chief Minister's office so that we can make comparisons.

Deputy Chief Executive and Chief Officer Resources:

Yes, that is fine.

Mr. R. Law:

You made it clear that this has been commissioned ... DTZ have been commissioned by the Chief Minister's office to produce an independent report of W.E.B. Now, some comments have been made about the piece of work that was, a first draft I think was the term being used, and that W.E.B. were consulted or communicated with. I am trying to understand that because if it is an independent report it would be for DTZ to determine how they carry that out, in other words the instruction they were given. It seems to me that if there is an element - this is what I need to clear on - of discussion that goes that: "Our view is that it should be so and so" in other words, W.E.B.'s view, that is not how I see an independent report would evolve. It would merely evolve, if it is independent, on the DTZ forming their views of observations made. Because by definition, if it is independent, it may well be very supportive in one extreme and it may be very critical, and I am only postulating, at another extreme. Can you help me understand that because I think, middle John - if I can put it that way **[Laughter]** - I did not quite pick up clarity as to how it was carried out and then left-hand John may well have a comment to make.

Assistant Minister for Treasury and Resources:

I might bounce the response to David, if that is okay, who I think can shed some light.

Director, Jersey Property Holdings:

All I can say is that Property Holdings received a draft copy, or a copy of the draft. We did not send that to W.E.B. and we can only assume that a copy was sent either by DTZ or by the Chief Minister's office. So as far as Property Holdings is concerned, we received a copy, we did not comment on that copy because, as you say, it is meant to be an independent report, so we made no comment.

Mr. R. Law:

So in receiving the report you were not asked to make any observations upon the report? That was not clear to me.

The Deputy of St. Peter:

Just to clarify, do you still have that copy of the original draft?

Director, Jersey Property Holdings:

Yes.

Deputy Chief Executive and Chief Officer Resources:

I think, just for clarity, if you look at the DTZ report which you have, paragraph 1, 1.1, Scope for Work, it is clear that the Chief Executive of the States of Jersey has instructed DTZ to carry out an independent external review, and that is what was undertaken.

The Deputy of St. Peter:

That is accepted.

Deputy Chief Executive and Chief Officer Resources:

The copies of that independent review would clearly come into any organisation for comment, it was then for DTZ to determine whether or not they take those comments on board, and any final report - as with any consultant's report - is for them to put their name to and take on board comments or not.

Mr. R. Law:

That is exactly why I raised the question, because the answers that I had previously heard did not give the clarity that you now apply. So you just read it out, but I was just picking it up in the way that I have.

The Deputy of St. Peter:

Any further questions regarding the DTZ report?

Senator S.C. Ferguson:

Have you been party to the first and second report by DTZ?

Deputy Chief Executive and Chief Officer Resources:

No. No, as I say, my direct involvement has been very limited. There is one area which I can comment further on, which is covered in further questions, but in terms of managing the process, I have not been involved in managing the DTZ process at all.

Senator S.C. Ferguson:

You are not aware of the type of alterations or amendments to the report?

Deputy Chief Executive and Chief Officer Resources:

No, other than one area where I have been involved.

The Deputy of St. Peter:

As we are aware ... we were a little unsure as to where that report might exist but it would appear that it does exist in Property Holdings so we would want to do is compare the draft that is held by Property Holdings with the actual current plan that was put out. Just to put our minds at rest as to what changes, if any, were made.

Deputy Chief Executive and Chief Officer Resources:

Sorry, Chairman, the normal protocol is that if the Chief Minister's Department is the one who has commissioned it, certainly if you have a question about the validity and accuracy of report 1 to report 2 to final report, then that is a matter the Chief Minister's Department has to account for.

[15:45]

The Deputy of St. Peter:

Just to clarify, it concerns me and we have to get this clear at this particular point, all right, I am fully aware that there are huge transitions that are going on within Chief Minister's Department and the Resources element. I do not want to get caught in the middle of a who is doing what

exercise. I know it is the Chief Minister's report. Judging by the conversation I had with the Minister for Treasury and Resources, it seems very much being led by Treasury because it is resources. Now, like I say, I do not want to get caught it a "it is them, it is us" because at the moment who is it?

Deputy Chief Executive and Chief Officer Resources:

All right, can I be absolutely clear for the record so that you as a panel are clear and the record is clear? The report was commissioned by the Chief Minister's Department, an officer in the Chief Minister's Department, not the Treasury, has been responsible for co-ordinating this report prepared by DTZ. That officer has a reporting line to the Chief Executive and the Chief Executive only for the context of this report. Any reports that will have been published by DTZ will have gone to that officer within the Chief Minister's Department and, in normal protocol in dealing with consultant's report, you will have a draft, you will have a process of alliteration and comments and then the company - in this case DTZ - will have decided whether or not to take on board those comments and will have then issued a final report. That is the report that has been issued. Now, all of that remains the responsibility of the Chief Minister's Department. So I just want to be clear for the record, it is the Chief Minister's Department that has commissioned it and an officer within the Chief Minister's Department has been responsible for all of the collation of the report and of any alliterations that have taken place.

The Deputy of St. Peter:

To meet equal clarity, what is the way forward with regard to the positioning of the Jersey Development Company? Will it be under Treasury or will be under the Chief Minister's office.

Deputy Chief Executive and Chief Officer Resources:

In terms of the future for States of Jersey Development Company, I understand it will be under the Minister for Treasury and Resources.

The Deputy of St. Peter:

Thank you for that clarification.

Deputy Chief Executive and Chief Officer Resources:

But not the DTZ report. Not yet.

The Deputy of St. Peter:

Not yet, okay.

Mr. R. Law:

That is very clear and most helpful to explain exactly that the Chief Minister has had total control of the process to arrive ...

Deputy Chief Executive and Chief Officer Resources:

Yes, in terms of the DTZ report.

Mr. R. Law:

... at a completed report. That would ... at any point - if I can understand how it would work - the Chief Minister, through his officer, would decide whether or who it should be copied to for observation and comment?

Deputy Chief Executive and Chief Officer Resources:

Yes, that is right.

Mr. R. Law:

That comment would go back to the Chief Minister?

Deputy Chief Executive and Chief Officer Resources:

No, the process is it would not go to the Chief Minister, it would go to the officer responsible for the managing the process.

Mr. R. Law:

Sorry, to the officer. It would go back to the Chief Minister's officer, so appointed, it would not go outside that, for example, straight to DTZ or whatever?

Deputy Chief Executive and Chief Officer Resources:

No, any comment would go back to the officer appointed to manage that process, unless there was agreement that if it was a technical matter it would go via ... maybe if Property Holdings had a technical matter, Property Holdings would have been asked by that officer to make a comment and send it back. But it would have been copied into the officer responsible.

The Deputy of St. Peter:

Again, we are trying to narrow down responsibility because it is important at this juncture so to do. At the meeting I attended at the invitation of the Chief Minister, the people who were around the table were the Chief Minister, the Minister for Treasury and Resources, Mr. Heald and the Chief Executive. Who now is responsible for amending or changing the proposition itself?

Deputy Chief Executive and Chief Officer Resources:

The proposition is in the name of the Chief Minister so it will be the Chief Minister. Sorry, yes, it is in the name of the Council of Ministers so it will be the Council of Ministers ...

The Deputy of St. Peter:

If I can go back to who is the officer responsible? Because I know that the Chief Minister does not write his own propositions, who at the moment is the officer responsible for writing that proposition?

Deputy Chief Executive and Chief Officer Resources:

The officer responsible is the officer who has collated all of this work, who is the Assistant to the Chief Executive who is in the Chief Minister's Department.

The Deputy of St. Peter:

That being?

Deputy Chief Executive and Chief Officer Resources:

Mr. Heald.

The Deputy of St. Peter:

Mr. Heald. One of the concerns that we highlighted very early on, again you may not be aware of it because you were not at that meeting, I was asked by the Minister for Treasury and Resources what concerns I had with P.79 for re-issue. Having been reassured that all the recommendations that were being put forward - that had been accepted by the Chief Minister's

office, and we have copies of them here - one of them was very clearly stated that prior to the debate the Chief Minister should ensure the proposition is amended to show - and is underlined - without any room for doubt that Jersey Development Company would not be the same as the current Waterfront Enterprise Board. How is it, therefore, that I had to point out at that meeting that the actual proposition itself, in paragraph 4, stated that purely the name would be changed from W.E.B. to Jersey Development Company? How does that ...

Deputy Chief Executive and Chief Officer Resources:

I am sorry, Chairman, I cannot answer that question because I have not been involved that level of detail.

The Deputy of St. Peter:

Would you regard that, in your position as Deputy Chief Executive, as strange?

Deputy Chief Executive and Chief Officer Resources:

I can make no comment on information I have not been involved with. It is not appropriate.

The Deputy of St. Peter:

I accept the fact that you regard it as not appropriate.

Deputy Chief Executive and Chief Officer Resources:

No, Chairman, for the record, that is not correct. What I said is it is not appropriate for me to make comment on that. Please do not say you consider it appropriate. I have said it is not appropriate for me to make comment on a matter which I have not dealt with.

The Deputy of St. Peter:

I find it difficult sitting here as the Chair, we are dealing here with a broad issue to do with setting up of the Jersey Development Company and reports that had been clearly laid in front of both the Treasury and Chief Minister's office, because as you rightly pointed out earlier it is the Treasury that are holding a great interest in what happened to the Jersey Development Company, that they are not in a position to answer that particular question. But I accept what you have said.

Deputy Chief Executive and Chief Officer Resources:

I think for the record we ought to be very clear - sorry to labour this point - I do not have a copy here but I am sure you will have a copy available, the letter that was received by the Treasury and Resources Department and the Chief Minister's Department very clearly set out the sequence of interviews that you as a panel wished to conduct. I am here this afternoon as part of the first interview which is Jersey Property Holdings.

The Deputy of St. Peter:

I quite accept what you have just said, you have talked about a sequence of interviews. A sequence is exactly what it is. It is a sequence of interviews. The subject matter is broad and covers everything, so, as I said earlier, the idea is to interview people to get a broad picture of what everybody thinks about the subject, not the sequence, all right? We are talking at the moment about the subject not the sequence.

Mr. R. Law:

May I just ... I think it would be more attractive to say John right as opposed to John left. John, you have been most helpful in clarifying for me the process with the engagement of DTZ. I

fully understood the way in which it all flows back to the appointed person within the Chief Minister's office. Then a decision is taken as to what course of action should then follow having received that information. It would be distributed, as I understood it, as to where the appropriate person would consider it fit. Whether it in some instances goes to Property Holdings or whether it went to others; it went to W.E.B. which is a logical place for some of these matters to go to. Now, if that is the case then I did not quite get clarity in my mind as to what happens with the product from these various consultees because, as I understood it, we automatically go back to the Chief Minister's office, but did I understand you were say: "A copy could have gone straight to DTZ" which means there was, if you like, no overview taken by the commissioning agent, i.e. the Chief Minister. Is that the way ...

Deputy Chief Executive and Chief Officer Resources:

No, can I ask David to describe how he managed any comments that he wanted to make from Jersey Property Holdings and the process that evolved from receiving to returning any response.

Director, Jersey Property Holdings:

Well, as I said earlier, we made no comment. As I recall we received the first draft but I cannot absolutely say whether it came directly from DTZ or whether it came from Mr. Heald. I cannot recall.

Mr. R. Law:

No, I was not putting into question the process. What I was trying to understand was whether at the point of receipt by third parties, that is other than the agent and the commissioning element of the States, that where questions arose and then somebody said: "I think that ought to go to so and so, and that ought to go to so and so, or it all ought to go to so and so" as to how that was dealt with. Was it a cherry pick, for example of a draft, or was it in its entirety and the scope of it, it was how that was dealt with to arrive at the final answer?

Deputy Chief Executive and Chief Officer Resources:

I think the only answer I can give you is you will need to address that directly to the Chief Minister and Mr. Heald if you are inviting them in for discussion.

Mr. R. Law:

Thank you.

Deputy D.J. De Sousa:

Can I just ask, have any of you 3 gentlemen seen the original DTZ report when it came out?

Assistant Minister for Treasury and Resources:

Do you mean the first draft?

Deputy D.J. De Sousa:

The first draft.

Assistant Minister for Treasury and Resources:

Personally, no.

Director, Jersey Property Holdings:

Yes, I have seen it.

Deputy Chief Executive and Chief Officer Resources:

I think I have seen it but I did not read it in its entirety, I read certain sections.

Mr. R. Law:

Then the next question, what did you think of it?

Deputy Chief Executive and Chief Officer Resources:

As I said, I have been involved in another very major case ...

Mr. R. Law:

No, it is all right.

Deputy Chief Executive and Chief Officer Resources:

Well, I think you asked the question, it is fair to comment. There was only one section which was brought to my attention that required some assistance and I think we will cover that further on in the questions today.

The Deputy of St. Peter:

Okay, moving on to question 4. What are the identified benefits of the Jersey Development Company from the original W.E.B. position as facilitator to a more exposed role as that of property developer, either in their own right or in a joint venture situation?

Assistant Minister for Treasury and Resources:

I will give my very simplistic high view and then I will pass it on on the technical side, I think. I have always taken the view it is all about effectively segregation of duties or clarification of roles, it is about enabling the States to achieve a developer's profit. There is a greater transparency in how we deal with things and defining the roles between I suppose implementing the project and bringing it separately to the various stages up to that point. I will bounce that David. As a layman's or a politician's view, I would say.

Director, Jersey Property Holdings:

I think that John has covered some of the key points. If I can describe the current situation with W.E.B. It engages in a number of activities which overlap with other States bodies, for example masterplanning and Estates management. The proposition clearly defines the role of J.D.C. (Jersey Development Company) and while it increases the geographical remit to that of W.E.B., it restricts the role to that of developer, ie development implementation. So the structure of the proposition is that the Regeneration Steering Group is clearly the client and the specifier. The Planning Authority sets the masterplanning framework and S.o.J.D.C. (States of Jersey Development Company) prepares proposals for approval under the direction of the Regeneration Steering Group within the context of the masterplan. So that is different from the current role of W.E.B.

The Deputy of St. Peter:

How well are W.E.B. suited to take on this role? I mean we are talking about, I think, a technical issue. John, are you in a position to answer or do you want to leave that to David?

Deputy Chief Executive and Chief Officer Resources:

David can comment and I can ...

Director, Jersey Property Holdings:

Do you want to go first?

Deputy Chief Executive and Chief Officer Resources:

I think the role of any organisation that is going to take on a development company needs to be properly established, in terms of the establishment through the proposition and through the Memorandum of Association that will be established, and we will need to make sure that that company is properly structured and properly established to undertake that role. That is clearly set out, I think, in the Memorandum of Association that goes with it.

The Deputy of St. Peter:

It appeared ... in area that you had told me a bit earlier that you were unaware of, about the fact that the original P.79 indicated that the name was to be changed and that the staff of W.E.B. would be subsumed into the role of the S.O.J.D.C., how happy are you with that situation?

Deputy Chief Executive and Chief Officer Resources:

It will be a matter for the new board of S.O.J.D.C. to establish and to ensure that they can fulfil their responsibilities.

The Deputy of St. Peter:

What would that board consist of?

Deputy Chief Executive and Chief Officer Resources:

Sorry?

The Deputy of St. Peter:

What would that board consist of?

Deputy Chief Executive and Chief Officer Resources:

I can make no comment on that, that has got to be considered. I am not going to comment on the establishment of the board, that is ...

[16:00]

The Deputy of St. Peter:

Looking at the ... there was a proposition within the report, it would appear that it subsumes the managing director of W.E.B. to continue in his role along with the financial director, with some more non-executive directors taking over positions within the board.

Deputy Chief Executive and Chief Officer Resources:

That is a matter for the board to determine who their employees are, not for me. I am sorry I cannot comment on it.

The Deputy of St. Peter:

That is in the report rather than a matter for somebody else.

Deputy Chief Executive and Chief Officer Resources:

I am looking through the report now. I am looking to see if the Memorandum of Association can ... certainly the establishment and the employment of staff within the company would be a matter for the board to determine.

Senator S.C. Ferguson:

What do you see as the changes in the role of Property Holdings in all this?

Assistant Minister for Treasury and Resources:

I suppose that falls into 2 issues because the transfer of assets or sites basically seems to be tied into the identification of the regeneration zone by the Minister for Planning and Environment. After that there are, I suppose, 2 roles and I think David and John perhaps can elaborate. After that there is the negotiations of the value of the transfer but if it is in a regeneration zone effectively it identifies, I think ... the protocols identify a particular method of valuation in there. Other than that the role of Property Holdings for those 4 regeneration zones will be to provide advice to the R.S.G. (Regeneration Steering Group).

Senator S.C. Ferguson:

Yes, you would presumably almost be, not quite taking the marketing angle but you would be looking at the suitability of sites for certain kinds of development, will that come into your remit?

Director, Jersey Property Holdings:

There is the role of looking at the overall property strategy, but I think that John has covered the prime issue, which is if a regeneration zone is established by a masterplan then properties which are to be developed within that zone will fall to S.O.J.D.C. and the transfer value of that property will be determined by an independent valuation which will have input from both W.E.B. and Property Holdings. Property Holdings will also obtain valuations for alternative use rather than going into the project, in order that the Regeneration Steering Group can be properly informed about the foregone value of going with that project or going with an alternative use. This is as a project generally in a regeneration zone may have a large amount of infrastructure or public realm. So that is probably the major input from Property Holdings, although we would act as advisers to the Regeneration Steering Group on general property matters.

Senator S.C. Ferguson:

Yes, so in other words there would be ... under the proposed system, the Regeneration Group with advice from Property Holdings would come up with the outline or a reasonably detailed outline of a project which S.O.J.D.C. was then instructed to bring to fruition.

Director, Jersey Property Holdings:

Probably not. It will probably be that S.O.J.D.C. will develop proposals under direction from the Regeneration Steering Group and that would then be reviewed, and once it is in the format to initiate a project then there will be a need to create a development agreement between the public and S.O.J.D.C., which is basically the normal way in which you would deal with any at arm's length developer.

Mr. R. Law:

Can I just be reminded of ... my understanding is that the starting point is before the comments that you made and it is a rather fundamental one, as I understand it. It is really making a statement because I want to be corrected if I have got this unclear. Very simply it is a matter

for Treasury and Resources and Property Holdings to determine what is to come out of the portfolio in the first instance.

Assistant Minister for Treasury and Resources:

Yes, I think there are 2 step on that, are there not?

Director, Jersey Property Holdings:

I think there are two steps, and it is to do with inward and outward investment. Basically inward investment is where we are looking to replace our existing assets which have a continued States use, and outward investment is where we have surplus property which we have no future use for and which could go out to S.O.J.D.C., and within the context of a planning masterplan we have no real concern as to what that might be. So those are, to my mind, two distinct aspects.

Mr. R. Law:

So that starts the process?

Director, Jersey Property Holdings:

It does. Clearly we have a lot of planning around how we reconfigure our estate to make it more efficient and out of that we have property that we know we no longer need.

Mr. R. Law:

Is the term “best value” known to you?

Director, Jersey Property Holdings:

Yes.

Mr. R. Law:

On the basis of that, of course, and I have used it in the widest possible sense because it is not just about money, is it? It is about a balance of public good, and there are many ways of expressing public realm, infrastructure, et cetera, and cash. The question that was put there ... I had not interpreted this question the same way that it was approached, which was really about the process of getting the roles defined and the board, and I fully understand that and that is the fundamental. It was really more about a transition over 3 years from the role as a facilitator and I think this picture builds ... and the word “risk” is in my mind as I say that, because as a facilitator there is not the commercial risks involved in that role whereas, quite rightly, as things have evolved, one is now looking at the developer role being part of it, which is wholly different to that we were speaking about 3 years ago. It is against that observation that one is saying: “Is this following the pattern that one is experiencing generally and elsewhere in relation with public assets and regeneration of them to achieve best value in this trade off?” The answer is that there is a sea change afoot as a question, and I was really wanting or hoping for a comment on the very point I have raised. I find I am much more comfortable with the politician’s answer because being a property person it is a much better way of giving an answer than a property person. But you understand the point that I am getting at, we are all constantly aware of risk of financial matters generally and how one is addressing that and protecting the opportunities that you are looking at against that statement, of the shift in 3 years from facilitator to developer.

Assistant Minister for Treasury and Resources:

Interesting question. In terms of how one is protecting ... I hate to say this, I think I understand what you are trying to ask but I think I need you to elaborate a little bit further because you have gone from the point of saying what W.E.B. presently does to what we are hoping to achieve under S.O.J.D.C., and obviously in theory on a risk reward basis we want more reward in terms of developers' profit, therefore in theory there is a greater risk, there must be. Otherwise ...

Mr. R. Law:

It is as simple as that, yes.

Assistant Minister for Treasury and Resources:

Yes. But in terms of how ... I think if you take the next step of your question ... can you repeat the next part of your question, I guess.

Mr. R. Law:

Well, it was really how that squares up in that clear understanding with what is going on elsewhere. I was going to say in the real world but I am talking about commercial world.

Assistant Minister for Treasury and Resources:

For example what is happening in the U.K. (United Kingdom) you mean in terms of ...

Mr. R. Law:

Everywhere. It is everywhere, is it not? In different ways it manifests itself.

Assistant Minister for Treasury and Resources:

In respect of the economic conditions? Sorry, right.

Mr. R. Law:

That is really ... it is as simple as that and I am saying in the real world and I do not mean that impertinently. What I mean by that is the difference between public sector behaviour and corporate commercial behaviour. Because there has been a sea change of shift and it is increasingly so in most recent times, hence my care not to be speaking of you on the left as opposed to on the right.

Assistant Minister for Treasury and Resources:

I think, to be honest, that is going to be ... it is, I think, a question for David from the perspective of ... sorry. Well, it is from someone with a much wider experience of the property world and the wider world.

Mr. R. Law:

I was not putting it in a way so as to make it uncomfortable for you and of course you are in a position to decide who answers it.

Assistant Minister for Treasury and Resources:

No, I understand but it is one I would refer to the person who has got the greatest experience in that area because I am happy to talk accountancy until the cows come home because that is my world, if you like, but ...

Mr. R. Law:

So you understand the implication of figures?

Assistant Minister for Treasury and Resources:

Yes, and what the implication is is you are saying obviously we have gone for or we are going for a risk reward vehicle, if you want, or a slightly more risky vehicle compared to where we are, in theory.

Mr. R. Law:

It is fascinating that all the papers that refer to the future rewards and returns refer to profit not risk. That is very interesting because I am used to seeing development agreements that refer to profit and profit-sharing and this wonderful term of overage. I have not seen many documents that have managed to deal with underage and losses. I am finding that documents that are being prepared today are very much driven by the likes of people who are numerate ...

Assistant Minister for Treasury and Resources:

They are focusing more on the risk than the reward.

Mr. R. Law:

... and they are now saying we perhaps would be unwise to think of profit and how can we mitigate our risk of loss. That is the nub of this question and that is why I thought it was fair to put it to you.

Assistant Minister for Treasury and Resources:

I think in a theoretical conversation I can see why you are putting it. I will just say the difficulty I slightly have is that obviously my responsibility is for the Property Holdings role and obviously the proposition itself has been generated through Council of Ministers and, to an extent a bit like John, I have not been involved in that process. So the policy has been set at the Council of Ministers level and the operational side, the limited operational side from the J.P.H. point of view has been sorted out ...

Mr. R. Law:

Do you find as an experienced politician of the ways of Jersey that when one establishes a process and follows your protocols of the States ... but of course you have, some considerable years ago, had a very clear objective at the time that the company was established as W.E.B. That objective has evolved but the core, if you like, cusp of the proposition has not changed. I suppose what I am leading to is that in the world we are currently in surely it has to be a stepping back?

Assistant Minister for Treasury and Resources:

Are you effectively asking, the proposition has not changed but the world has? Is that a summary of your question/comment?

The Deputy of St. Peter:

I think, in effect, that is exactly it.

Mr. R. Law:

It has not come through in the process, we are not criticising anyone's inputs or otherwise, it has not come through.

Assistant Minister for Treasury and Resources:

I cannot comment specifically on this because ...

Mr. R. Law:

Whereas I am seeing it is now coming through loud and clear and a lot of the process that was put in place ... sorry, a lot of implementation that has been put in place on very sound principles 3 years ago is now being stepped back from, pulled back from, and where there has unfortunately a number of them been implemented ...

Assistant Minister for Treasury and Resources:

I cannot comment specifically on the process involved in here because I have not been involved in it. I would accept the point, I think, on a personal level that in the past where there has been a risk reward set up that occasionally there has been a perception that there has been more focus on the reward ... on the upside than the downside. I think John may or may not agree but the key role has then been to make sure that the proper protection has been put in place to cover the downside. I do not know if John has got any comment on it.

[16:15]

The Deputy of St. Peter:

I just want to pitch in if I could. You mentioned a bit earlier on that you were not involved in the discussions in setting out the proposition as it currently is. Obviously we are expressing some concerns about where we are now as opposed to where we were 3 years ago. Who has been involved in advising the way this has been put together for the current proposition? Do you know that?

Assistant Minister for Treasury and Resources:

Speaking personally I could not name any particular individual, I would have to say. John?

Deputy Chief Executive and Chief Officer Resources:

I think it comes back to what we were talking about earlier, the Chief Minister's Department has been collating and bringing all this together.

The Deputy of St. Peter:

It is very important that we know who has been involved in putting this together to get their current thinking.

Deputy Chief Executive and Chief Officer Resources:

Have you got anything to add to that?

Director, Jersey Property Holdings:

The only thing I would say is that clearly this is an asset-based vehicle and the issue then comes down to what are the controls through the shareholder and through the Regeneration Steering Group as to the risk that is taken by the company in borrowing against those assets and developing schemes. I think that this is something that you should address to the shareholder, because the shareholder is of the belief that he has sufficient controls in place through the Memorandum of Association.

Deputy Chief Executive and Chief Officer Resources:

If I can, I think, just to pick up on what you were saying about risk and profit, I think in the last 3 years everyone recognises that the world has changed very significantly and where we were 3 years ago in terms of reward, in terms of overages, all that, life has changed significantly in the

property and development market, and in my previous role I was very much involved with one of the other big infrastructure projects that was all associated with much of this and clearly life in the world has moved significantly from that. So any agreements that are reached in the future between the Regeneration Steering Group and the States of Jersey Development Company must address the risks, the costs, the returns that have been made and the costs for the public realm. That will be looked at before agreements are made and that needs to be very clearly documented in development agreements that exist between the States of Jersey, Jersey Property Holdings in this case and Treasury and Resources, and the States of Jersey Development Company. But I think you will see in the Memorandum of Association that it is the Treasury Minister who has to be satisfied that all the financial viability and risk are adequately covered and protected.

Mr. R. Law:

Sorry, you mentioned that you had a knowledge of an earlier scheme, that is one that has not gone ahead is it? Which scheme as that?

Deputy Chief Executive and Chief Officer Resources:

This was the Esplanade Quarter scheme.

Deputy D.J. De Sousa:

Deputy Le Fondré, I wonder if you could just make it very clear for me, as Property Holdings are going to have quite a lot of the property base that possibly could be developed within the new S.O.J.D.C., you do not fully seem to be involved in the process of the proposition to bring the S.O.J.D.C. to the States?

Assistant Minister for Treasury and Resources:

I think the distinction has been that this policy has been put together by the Council of Ministers and Assistant Ministers do not always get as fully involved in that process. It depends on the circumstances. But in fact to an extent, as we said previously, the concept of S.O.J.D.C. in terms of segregation of duties - and to the extent that John has said about absolute clarification roles and making sure development contracts are tight basically - are all, as far as I am concerned perfectly sensible policies. There is normally a line that one does try and draw between policy and operational. The operational side is obviously, I would say, the actual mechanics of how assets are transferred into it, so in terms of the valuation side, and also David to an extent has been I think asked for his opinion on that but I think the matter has been again resolved within the Chief Minister's Department. Would that be a fair comment?

Director, Jersey Property Holdings:

Yes.

The Deputy of St. Peter:

But, again, we will be asking the Chief Minister who advises them.

Assistant Minister for Treasury and Resources:

So it is a slightly interesting thing because you are at ... on individual projects that come out of Property Holdings, obviously if they are coming under my remit politically, if that makes sense, then obviously I take a great deal of involvement in them because if I am signing them off it is my name that is going on the things. But this is a Council of Ministers policy and obviously there are interactions from, I would assume, the Minister for Planning and Environment, and

possibly even the Minister for Housing. But obviously the Council of Ministers as a whole each have a view on the matter.

Deputy D.J. De Sousa:

Who do you perceive will be the person where the buck stops? The person if something was to go wrong.

Assistant Minister for Treasury and Resources:

There are 2 or 3 issues there, I suppose. One is, I think it would be reasonable to say, and hopefully John will nod at this point, that ultimately the Minister for Treasury and Resources has been identified as being ultimately responsible in the proposition. There are already protocols in place for the transfer of assets. So to an extent if the Regeneration Steering Group identify ... sorry, there is a regeneration zone identified which is the role of the Minister for Planning and Environment - I think that is the interpretation - if a regeneration zone is identified then there are very specific protocols for identifying the value of assets being transferred. So to an extent there is a limited political role there. However, it is whether there are any other assets or individual projects that may not be part of a regeneration zone that may be part of the property portfolio. That will then be, I would suggest, whoever is the Assistant Minister for Treasury and Resources responsible for Property Holdings, that will be a very direct role they will have if they are signing off on those.

The Deputy of St. Peter:

John, just to clarify though, if the S.O.J.D.C. comes to fruition then surely the responsibility then becomes with the board of the S.O.J.D.C. as being accountable?

Assistant Minister for Treasury and Resources:

Sorry, once it has gone across I would imagine that the board would be, provided the development contracts are suitably assessed by it, et cetera, that they are then responsible for implementing and achieving the specifications, et cetera in that development contract.

The Deputy of St. Peter:

When it comes to risk, who bails out the board if things go wrong?

Deputy Chief Executive and Chief Officer Resources:

Well, the States is the shareholder so ultimately ... but I think it comes back to what we were talking about before, in this world it is about managing that risk and it is absolutely essential to ensure that before any assets are transferred the scheme has been properly evaluated, the finance has been properly looked at and there is certainly a scheme that is then developed and can be implemented within the confines of which it has been originally designed. Any issues surrounding public realm, infrastructure, as David has already said, must be properly costed at the outset and responsibility for those costs for their long-term future funding needs to be established at the point of creation rather than at the point of deliver.

The Deputy of St. Peter:

Hopefully, as you have said, everything goes according to plan. But the point I wanted to make was at the end of the day if there is a problem, who bails out the board? I think we all reacted in the same way saying it is the States. So the final responsibility still rests with Jersey?

Deputy Chief Executive and Chief Officer Resources:

The States of Jersey are the shareholder in the States of Jersey Development Company.

Director, Jersey Property Holdings:

With a government organisation it always does.

Senator S.C. Ferguson:

Yes, but bearing in mind this sort of set up has been being reorganised and reorganised over the last 3 years, and bearing in mind the States ability for ending up holding the can - can I ask for a simple reply, please, for a sort of simple politician - are we ending up with an organisation under the plans as proposed in the proposition where the States are being left holding all the risk? Is it going to be a very much riskier situation for the States?

Director, Jersey Property Holdings:

I think it depends on the development agreement and the transfer of bonds, suitable bonds, to cover that risk and the level of that security that is provided. That is all part and parcel of the advice given to the Regeneration Steering Group at the time of setting up any proposition. The objective should be not to leave the public at risk in that process, to ensure that sufficient value is obtained from the implementer of that project.

Senator S.C. Ferguson:

So under this current scheme are there holes in it where we shall be left ... you know, are there areas we should be tightening up, otherwise we shall be left holding the risk?

Director, Jersey Property Holdings:

I think it comes down to how the development agreements are couched. It is in the proposition that there will be development agreements and that they will be between the public and S.O.J.D.C. It is necessary to do exactly what John has said, which is to make sure that that risk is understood and that the Regeneration Steering Group is properly advised before it enters into any agreement.

Mr. R. Law:

Not losing the point that you have got to, one of the key issues that is becoming fundamental to success or governance is transparency and you are articulating that loud and clear, whether it is as you wish it to be through your press - and I was thinking of a certain ... because I would not confuse it with the J.D.C., but *J.E.P. (Jersey Evening Post)* but with the press as an example. But it seems that there is a clear mission of transparency meaning that everyone should know and have an understanding of issues because one of the findings that I think ... at the very first occasion here was that there are some 90,000 experts in the Island. That is the cause for a greater demand of transparency, and you are saying we must do that. Now, of course, these matters are most complex that we are dealing with because we have ratcheted up over ... it has been ratcheted up over a period of 3 years and longer prior to that, into something that does require expertise not of one discipline but a number of disciplines to really understand this. So you might say grey hairs are helpful, but I am looking around it is ... but in all seriousness it is like that, and you would perhaps follow that, yes? So it is a common purpose that everyone has to understand it. Therefore it has to be put over in a way of very simple terms by way of explanation. Surely one of the critical things is to ensure that people understand the downsides because coming back to the point that has come out - and you are absolutely right if I can say as a professional dealing with these sort of matters, that the documentation has got to address the particular risks of each set of circumstances. In other words, each project should be in little bite sizes perhaps and not perhaps as you are

proposing. But that is not the point. You are predicating these decisions on valuation and you are predicating them on costs, estimated costs. The valuation, David is going to explain, is an art form, it is not like accountants who can go Q.E.D. (*quod erat demonstrandum*) at the bottom of the page ...

Assistant Minister for Treasury and Resources:

I am glad you think accountancy is a science. [Laughter]

[16:30]

Mr. R. Law:

Well, I am putting to you that my observation is most serious because neither of those points that I have put to you, which are fundamental to the decision, are backed by real pound notes because it is the deal that will crystallise the figure and risk in the sort of times we are in, and that is why I wanted to put that to you in the context of the question you answered before, do we really think this is a sensible way of going forward in this sort of climate?

Deputy Chief Executive and Chief Officer Resources:

I suppose the question has got to be what are the alternatives?

Mr. R. Law:

Well, there are, but ...

Deputy Chief Executive and Chief Officer Resources:

Managing risk has got to be the most important for any partnership and any relationship, certainly in this case, between States of Jersey, Jersey Property Holdings and the Regeneration Steering Group and the developer, effectively S.O.J.D.C. That is where I think the risk has got to be identified, clearly understood and looking forward in terms of the timescale for delivery of a scheme where you have to apportion a significant amount of risk on to that to make sure that you can manage it.

Mr. R. Law:

How important do you see the people in this, because we have got the process; you have gone to an abundance of care in evolving the process and structure. It seems that in this time of turbulence that risk worry, you know about valuers and valuations ...

Assistant Minister for Treasury and Resources:

I will make, I suppose, a simplistic comment, that in whatever their comments, this is not about specific individuals and specific vehicles or wherever we are, but as a general principle, you want to make sure you have got the right expertise in the right job. All I can say is that I know we have said there are 90,000 experts on the Island. I know there are 53 - if I include myself - in the room not too far away from us.

Senator S.C. Ferguson:

They are just planning experts.

Assistant Minister for Treasury and Resources:

If I look at it from a property perspective, I mean, I am 4 and a half years into the job, if you like, and most of that time my main responsibility has been in property. You can start off with certain preconceptions here. I tell you, 4 and a half years later, they are significantly different,

but you still get people who will stand up in the Assembly with a particular view, because they have got a different expertise or whatever it is. So if you apply that in a very wide example, if you are making informed decisions, you have got to make sure that you are being given the right information I think is the simplistic answer to that. Is that reasonable?

Mr. R. Law:

Does that mean that when you say you seek to get it, but does it not put you, on receipt of the information, to be more challenging than perhaps you would have been 5 years ago? The market conditions are ...

Assistant Minister for Treasury and Resources:

Yes.

Mr. R. Law:

I am sorry to put it to you rather than ask you, but is that not the case?

Assistant Minister for Treasury and Resources:

I think yes.

Mr. R. Law:

I think that is something that I consider to be most important when you are now looking. When market conditions are rising, it is rather like inflation. It is very helpful if you are a bad employer and give people too much money at the beginning of the year, if you have got plenty of inflation it is all right at the end, and vice versa it is very painful if there is no inflation. But in all seriousness, it is like that, is it not, so that if you have got rising markets, you are covered off - the risk is, for you - by no action.

Assistant Minister for Treasury and Resources:

It is probably easier to quantify ... not easier to quantify, easier to justify.

Mr. R. Law:

So you now sort of give those humble valuers ... I am not one of them, by the way.

The Deputy of St. Peter:

In a roundabout way, we appear to have very clearly given voice to question 5, which is starting off with: "In the current depressed market." I think we have covered most of it. Is there anything else we would want to add to that as part of question 5? I think that is what we have been talking in the most part.

Mr. R. Law:

Yes, we have. What I have noticed, Chairman, is that when the Chief Minister came along on each occasion with his team to deal with the panel, he handed out typed up questions with answers to the questions; I noticed that you have been very helpfully prepared for this occasion by having some of them typed out. I found that very helpful when I was writing my notes, that as I had the answers already written down it helped me not having to write so many notes. I was just reflecting on the fact that if I were able to read those, it might be helpful.

Assistant Minister for Treasury and Resources:

You would like a copy.

Mr. R. Law:

Yes, indeed, because writing and thinking is not one of the arts that I have.

Senator S.C. Ferguson:

The only part of question 5 we have not had an answer to is really is a proposal based on a model developed for a single project in 1998 still appropriate?

Director, Jersey Property Holdings:

I think you would have to say it has moved on from that model. I think the question which we have to think about is “is an asset-based company appropriate versus a facilitation model”, where risk goes directly from the client to the contractor? That is the issue and I know that Jersey developers have benefited from significant profits of development, but nobody has a crystal ball as to whether or not that is going to continue.

The Deputy of St. Peter:

I am conscious of time as we move on. If we cover question 6: who will initiate the section of property for transfer to the Jersey Development Company? What process will be in place for reconciling points of conflict?

Director, Jersey Property Holdings:

Shall I cover that off? Well, the procedure is set out in the proposition, and basically the conflict must be resolved by the Regeneration Steering Group. That is the prime body upon advice ...

The Deputy of St. Peter:

As stated in the proposition. Question 7 I think we have already covered, which is: “Describe Property Holdings’ involvement in the review of W.E.B. carried out by DTZ.” We covered that earlier on, unless there is anything you wish to add.

Director, Jersey Property Holdings:

Only that we did set up the terms of references in Property Holdings following the first Scrutiny report, but after that, we had no further involvement.

Mr. R. Law:

I mean, I raised it as a question. If they are happy to hand it over, it would be helpful to us.

The Deputy of St. Peter:

Again, the point being made, you have your own notes there, we obviously would be comfortable with a copy of those notes, if you are happy with that. That is good, yes. It just saves us going through that again. Yes. Number 8, any wry smiles: “What is your view of the current property market in Jersey?”

Director, Jersey Property Holdings:

All over to me. Well, I think that it is fair to say that it is less volatile than on the mainland. In the past, when there has been a recession on the mainland and in Jersey, property values have plateaued and then when the market picks up again, they rise again. I think the only concern is that Jersey has a number of U.K. based companies, or more U.K. based companies, and you saw the example with Woolworths. Although the Woolworths store in Jersey was doing fine, because its parent company went to the wall, then you lose that business and therefore that affects the market. So the only thing I would say is I think the

property market in the future in Jersey would be more dependent on the mainland and less insular. I mean, I have got some details of the current situation with the market, and these are the Jersey house price index, and they quite clearly demonstrate the time lag between the U.K. and Jersey, because the U.K. house prices - although they may drop again - in the first quarter of 2010 rose by 8 per cent, whereas in Jersey, on the mixed adjusted average, they dropped by 5 per cent. So it is a 13 per cent gap between the U.K. and Jersey. We are seeing that in the commercial market, commercial space is generally flat and you are seeing people waiting to see what is happening. The advice from the local property agents appears to be that there is limited demand for first-time buyer homes, and this is generally - not unsurprisingly - dictated by the conditions which the banks are applying on loans. But there is some strength in the £700,000 plus market, where people do not need to borrow and they are buying because they believe that the market is in a good condition. So most property housing types have recorded decreases in mean average and the spread is anywhere between minus 3 per cent on one-bedroom flats to minus 10 per cent on 2-bedroom flats and 4-bedroom homes. But that is all published information.

Mr. R. Law:

So that is something that we can ...

Director, Jersey Property Holdings:

You can take that, yes.

Mr. R. Law:

Do you subscribe, does Jersey subscribe to the - well, I am going to call it - 40 per cent of economist balance view that we are going into a double dip? In other words, there has been, for example, taking the reference to residential property, an enormous shift in 2 directions, properties coming on to the market since just before and after the election and inquiries falling away. That is just a general observation.

Director, Jersey Property Holdings:

I mean, again, we are lagging.

Mr. R. Law:

It will not be in the first quarter, but it has been articulated and I think there will be something in the *F.T. (Financial Times)* next week on property which will be bringing this out.

Director, Jersey Property Holdings:

Well, turnover is certainly down here significantly.

Mr. R. Law:

But do you feel that ... because it has always been argued when we touched on the direction of development in Jersey that: "Oh, it is a special case and it will not affect us" but what do you feel now? The economists are most concerned about the ability to continue what looked like an improving economic forecast.

Deputy Chief Executive and Chief Officer Resources:

I think then you would have to talk to the Treasury and the economist team about this. I think you are going beyond the property. It certainly affects property, absolutely.

Mr. R. Law:

Yes, it is, but it is property is the function of ...

Deputy Chief Executive and Chief Officer Resources:

Property function, but I think we are drifting into the more general economy which needs to be addressed.

Mr. R. Law:

Sorry, I apologise, Chairman. I did not want us to drift off the point at this time.

Director, Jersey Property Holdings:

It would be nice to have a crystal ball; we could all be rich.

Mr. R. Law:

I was just looking for a few tips, really.

The Deputy of St. Peter:

Any others? Yes, please.

Deputy D.J. De Sousa:

Can I just ask one around that area? You said that turnover on the property market is down.

Director, Jersey Property Holdings:

Yes. That is on residential.

Deputy D.J. De Sousa:

Do you perceive that in the current climate there is scope for changing from W.E.B. as a facilitator to S.O.J.D.C., which is the developer, and the risk that is involved there?

Director, Jersey Property Holdings:

Well, I can see where you are trying to draw the link. You were saying if the market is down then the risks go up, and I think if we can just go back to the previous answer, it is all how you handle that risk. With regeneration zones and particularly those that are prominent locations within Jersey, the government will always carry the risk at the end, because you will not leave the waterfront or any other regeneration zone unfinished, it just will not happen. So even if you set up an at arm's length relationship, the government will always step in and recover. You were looking puzzled there.

Mr. R. Law:

Well, no, I was not looking puzzled. I was just going to say that I agree entirely with that answer. However, it is the concept of stepping in, because it is a present action, in other words, if the wheel comes off, the government would step in. The answer in practice is surely different to that, because you would only step in if delivering the project produced a positive answer, or a managed, affordable answer if the greater good to the wider community allowed you to make that decision, because the words "mothballs" were in my mind for many projects.

Director, Jersey Property Holdings:

Yes. I think that you would not necessarily complete the original development but if it is a prominent location, then most governments will do something.

[16:45]

Mr. R. Law:

But that could be more expensive.

Director, Jersey Property Holdings:

It could be.

Deputy Chief Executive and Chief Officer Resources:

Yes, that is absolutely right, if you have not taken precautions at the very outset to make sure that your risks are properly covered by appropriate measures...

The Deputy of St. Peter:

I think fundamentally what we are looking at are how those are precautions going to be validated.

Deputy Chief Executive and Chief Officer Resources:

Managed.

The Deputy of St. Peter:

Well, managed and validated.

Deputy Chief Executive and Chief Officer Resources:

I do not think there is any disagreement where you are looking at and what we are saying, but I think the key which I just want to be very careful about and make sure that you understand where certainly we will coming from a property perspective, and being advisers to the Regenerative Steering Group, is that going into any significant development, then the risks have to be properly identified, costed and before the development agreement is signed off there has to be absolute clarity in terms of how that risk is managed in terms, bonds, securities, whatever, so you do not end up leaving the shareholder exposed. That is the critical point.

Senator S.C. Ferguson:

I think you are talking about the step in.

Mr. R. Law:

Step-in rights in development.

Senator S.C. Ferguson:

Yes, if step-in rights have been changed during a project, surely one would expect that to be reported back to the shareholder?

Director, Jersey Property Holdings:

One would not normally expect step-in rights to change at all, they being enshrined in the development agreement. The only circumstances I can think of where the original deliverer or a developer comes back and asks to rebase the contract and that is an option, so the developer would say: "Well, rather than me walking away, if you rebase it, I will complete it."

Mr. R. Law:

"Change the terms and I will carry on."

Director, Jersey Property Holdings:

Yes, that is right.

Senator S.C. Ferguson:

But if that has already happened in good times, then you do wonder what is going to happen in bad times, surely? I mean, to my knowledge, it has already happened down on the waterfront in good times.

Deputy Chief Executive and Chief Officer Resources:

But surely the test for any of those schemes to go forward is funding arrangements have to be put in place. Not only is there a professional team advising the Regeneration Steering Group, but any funders will equally be having their oversight and money will not be available without the bonds.

Senator S.C. Ferguson:

I am just questioning the degree of oversight though when, as I say, I understand that step-in rights have already been changed down there 2 or 3 years ago and nobody knew about it.

Deputy Chief Executive and Chief Officer Resources:

I cannot comment. I do not know.

Senator S.C. Ferguson:

No, I just throw it in.

The Deputy of St. Peter:

I do not know the detail so I am not in a position to comment on that either, from my perspective. Certainly if we just sort of tail off at the moment, because there is still an awful lot of conversation that sits around where W.E.B. are involved in this changeover process. What do you think the remit of W.E.B. should be, going back to the earlier part, of course?

Deputy Chief Executive and Chief Officer Resources:

We assumed that you meant S.O.J.D.C. as opposed to W.E.B.

The Deputy of St. Peter:

As you saw, the comment I made, which John ducked quite nicely, saying: "Let us speak to the Chief Minister's office" because very clearly in the P.79, which was a live matter of 3 and half weeks ago, it was very clear that W.E.B. was going to be renamed as the Jersey Development Company, so therefore what W.E.B. is doing at the moment was of consequence, in our view.

Director, Jersey Property Holdings:

I do not know.

Deputy Chief Executive and Chief Officer Resources:

Well, we can both answer it, but I would have thought that any existing work that W.E.B. have which is live, subject to the States of Jersey Development Company being established and formulated properly, would transfer across into ...

The Deputy of St. Peter:

So what is live at the moment?

Deputy Chief Executive and Chief Officer Resources:

I do not know which projects they have got, but I am assuming there is a period of time between where we are today and States' approval, if it takes place, and then the formal establishment of the States of Jersey Development Company. There will be a period of time. Any projects that W.E.B. have had live at that stage, I assume, but I ...

The Deputy of St. Peter:

I think if you look to question 9, the question was asked: "What current projects are Property Holdings involved with with W.E.B. at the moment?"

Deputy Chief Executive and Chief Officer Resources:

Can I just finish the first question off ...

The Deputy of St. Peter:

Yes.

Deputy Chief Executive and Chief Officer Resources:

... so we can cover question 9. So my understanding of how it would work is that any projects that W.E.B. currently have live would transfer into the States of Jersey Development Company. The role of States of Jersey Development Company and how they operate, I think, are set out - that is what I was looking for before - in here in the Memorandum of Association.

Mr. R. Law:

Chairman, I was just going to say that my understanding of where we were at the close of the 2009 sub-panel was that there was a conscious process of reviewing what was work in progress within W.E.B. and determining whether that would go forward or not. This was in response to - and this is my recollection, so I am not putting it to you as fact - a number of challenges about whether certain things should be done by W.E.B. The confusion originally arose because of the lack of clarity between planning, which was tidied up after 2008, and delivery of masterplans which W.E.B. was ... I am using this to illustrate the point. Now, you will note that to say: "Oh, well, we shall transfer it" it was to give the States an opportunity of saying: "We do not think that J.D.C. should be doing that job. It ought to come back to the States or be disposed of or whatever." In other words, there was a very clear process of review which would tidy up, if you like, loose ends, the fear being that going into transition ... and the worst descriptor of that was: "Change the name and then we will sort it out" was considered to be unacceptable, because it is so easy if you just change the name, and it was really calling for a full review prior to establishing J.D.C. That is the distinction.

Deputy Chief Executive and Chief Officer Resources:

Most of the comments made and the issues that you have highlighted I think have been addressed in the process to get to where we are today in terms of being very clear in defining the role of masterplanning, which clearly sits with the Minister for Planning and Environment.

Mr. R. Law:

The planning side has been carried out?

Deputy Chief Executive and Chief Officer Resources:

Absolutely, yes, so that there is an absolute distinction that any masterplanning is the responsibility of the Minister for Planning and Environment and the Planning and Environment

Department, and clearly any further roles will need to be defined as you get down into the stage of feasibility and delivery.

Mr. R. Law:

It is the other elements. I used it to illustrate the point, because that is one that has been addressed. I am just saying the others, I am not clear that they have been, was the point.

Deputy Chief Executive and Chief Officer Resources:

I think they are, because the model is here, which I am just referring to the diagram in the proposition. It is effectively providing the Minister for Planning and Environment at arm's length to make sure there is no conflict going in there, and the Regeneration Steering Group who will be the body that undertakes that decision-making process to determine which projects are in and out.

Mr. R. Law:

Those remarks, if I understood you correctly, relate solely to the planning process.

Deputy Chief Executive and Chief Officer Resources:

Including masterplanning.

Mr. R. Law:

Yes, masterplanning, the planning process. Master plans are part of the planning process. My point was just looking at what W.E.B. are doing in work in progress in another year just gone by, and it is understood from the comments that have been made that additional work has been taken on in the period since 2009, they are doing other things, and that it still does not take from the need for there to be a full review of what the work in progress is and whether the States determine they should continue to do that, the shareholders.

Deputy Chief Executive and Chief Officer Resources:

The shareholder will, I think, if I recall ...

Mr. R. Law:

Because this is not the point where we have got the thing set up. It is the point before, and therefore we are saying that as a condition to going to the next stage, these things must be done first, not when you have done it.

Deputy Chief Executive and Chief Officer Resources:

But I think the current arrangements are that the Minister for Treasury and Resources has to approve any schemes that come forward where there are financial implications, because obviously the Treasury look after the balance sheets for W.E.B.'s assets, the overall balance sheet, so clearly any ...

The Deputy of St. Peter:

I think the point being is who then advises the Minister for Treasury and Resources as to the viability of what he is being given?

Deputy Chief Executive and Chief Officer Resources:

He would certainly look to Property Holdings and independent experts.

The Deputy of St. Peter:

External experts?

Deputy Chief Executive and Chief Officer Resources:

Yes, in terms of some schemes. I know of one which I do not think it is appropriate to comment because it is not my area of remit, but I know of one where the Minister for Treasury and Resources asked for an independent validation, which he received before giving any form of approval.

Mr. R. Law:

But you are mentioning it from the States' side, but in practice - and you really must correct me if I am wrong - it would appear that W.E.B. are proactive in these matters.

The Deputy of St. Peter:

I mean, there are 2 areas. We have sort of talked around in a circle. There are 2 areas: one is the airport development; the other one is East of Albert. Now, there is W.E.B. involvement in both those areas.

Deputy Chief Executive and Chief Officer Resources:

Perhaps those 2 I can comment on with some authority, because I am chairman of both the boards.

The Deputy of St. Peter:

A starter for 10.

Deputy Chief Executive and Chief Officer Resources:

I can give you a bit of insight into those. If I deal with East of Albert first, that was originally set up because W.E.B. went to the shareholder, the Chief Minister, 2 years ago, I think, and put a suggestion forward that there were a number of schemes that overlapped between W.E.B.'s involvement with the waterfront, Harbours' involvement with Jersey Harbours' development, a lot of the work was being undertaken at the time with Esplanade Quarter and all the infrastructure that was being looked at as part of that overall scheme, and as a result of that, the shareholder agreed that W.E.B. should undertake a very high-level feasibility study of that area, which started at effectively the steam clock and worked its way down, including the ports, down to East of Albert. I know some Members were present at a briefing I gave them probably 15 months ago, or some time, which was at very early stages of what we were looking at. In terms of taking that forward, obviously, as you can imagine, because of the size of that, it is a very, very big scheme, and it has been very clearly broken into 2 distinct phases, to the point where one phase has been identified as being feasible, subject to all the tests that needed to be undertaken on it; the second phase is a much, much longer term which has not been worked up to any degree yet, but there is a concept. So I think at this stage, in terms of W.E.B.'s involvement, they have been part of the team with planning, myself, Property Holdings, Technical Services, Jersey Harbours. There has been a major team approach to look at the concepts, the land that is available, and clearly the highest priority and over-arching requirement is you have to preserve the operational function of a commercial port for the Island, because that is a service, and the economics say you have to make sure that you provide that viable port and everything else that goes round it has to be secondary and dovetail into it. Effectively, it has got to a stage where that is as far as we have got with it. It is clearly not going to proceed now until decisions are taken as to future roles, responsibilities, which is what we were talking about today. In terms of the airport, very, very much its infancy. I think it has only been running for 3 months, David, maybe 4?

Director, Jersey Property Holdings:

Yes, I think so.

Deputy Chief Executive and Chief Officer Resources:

About 3 months, effectively just trying to understand; again, very much a team approach between Jersey Property Holdings, the airport as the operators, W.E.B. - because obviously they have got commercial experience and market experience there, looking at it as a team - and planning, to look at it to see what concepts could be developed into any form of workable scheme. But it really is a very, very early stage at this stage.

Mr. R. Law:

How do you commission W.E.B.? For example, you have commissioned DTZ to do a piece of work, and that was defined. W.E.B., do they get the job spec and say: "Will you please do this, and can we agree the following terms" like the fee charge or how it is done?

Deputy Chief Executive and Chief Officer Resources:

No, not at this stage. It is a very open, very loose arrangement where because there are no contractual responsibilities or liabilities at this stage, then it is very loose, but they are not charging us for their time. It is a very open arrangement between the 2 parties.

Mr. R. Law:

So they are contributing their expertise free of charge, but it is the same club anyway, because you are paying for it one way or the other, already paying for it. I mean, I understand the point as to why you might do it that way. But on the other hand, they are a separate legal entity, they have a duty to account annually, do the report and deliver what is required of them.

[17:00]

So they will be looking after their corner, surely, will they not, unless you have confined their role specifically and narrowed it down? Will they not be sort of looking for their penny?

Deputy Chief Executive and Chief Officer Resources:

Absolutely, and that is exactly the relationship it has to build, that there is clearly a role for one party, but equally, there is a challenge from another side, be it from Property Holdings, looking after the assets of Harbours as a port operator, and planning as to what they will or not permit. So there is already, without a legal contract in place, a healthy tension between the respective parties.

Mr. R. Law:

So described, but the challenge perhaps should be coming from the States or Property Holdings or wherever. It is not a one-sided show, which is the picture I am getting from you, is that that is what they are there for.

Deputy Chief Executive and Chief Officer Resources:

Sorry, no, you misunderstand. Not at all, sorry. It is not a one-sided show. It is very much the opposite of a one-sided show. It is a multi-sided show with a lot of people having input. Clearly there will be - inevitably there are, and I would expect there to be - tensions because, as you have described, one party might be wanting to maximise profit, which you would expect; another party wants to maximise operational efficiency, operations which would

diminish the opportunity for the other party. So it creates that tension and that is what my role as chairman has been, to manage that throughout that initial process. Very high level, certainly no detail as yet.

Mr. R. Law:

So then looking at Treasury and Resources' responsibility and how that is carried out through Property Holdings, the whole process of determining what assets, subject to the comments that have all been made earlier, as to how one arrives at the decision that: "This is one that we are going to put forward in the pot" it seems that it is not as clear, surely, in the light of the work that has been done in the way of outline. But that is not straightforward for Property Holdings to do that, is it, in the background of this, or does it not worry you? Sorry, worry is the wrong word. Does it make it more difficult or is it straightforward operating in the way that it currently is?

Director, Jersey Property Holdings:

I think that we do need to get to a situation where we have a structure and if it is going to be as proposed, an asset-based development company, then we would have more formal arrangements, because as you said, it is a limited company. At the moment we have an informal arrangement that John has described. But as John is chairing those boards, and I suppose what we are looking at is the chair or the decision-maker, the client becomes the Regeneration Steering Group.

Deputy Chief Executive and Chief Officer Resources:

Yes, that is correct. I think that is a good point to make. That is fair enough. Although these have been very informal, they have provided a very good learning platform as to how to develop that relationship between all the parties, and certainly in assuming the States of Jersey Development Company does go ahead in the format that is proposed, is that the role that I have been fulfilling would no longer exist and should not exist, because that should and must be the role of the Regeneration Steering Group, who are then supported by the appropriate professionals.

Mr. R. Law:

Sorry, I put it that this is really emphasising the quality of the individuals, because that is all about the high-level thinking, is the quality of the individuals that are at the table, is it not?

Deputy Chief Executive and Chief Officer Resources:

Absolutely.

Mr. R. Law:

Because it is clearly very important, this role, is it not, that you are explaining here, because you are getting the tension in an environment that you could say it is a clear field, it is an open field.

Deputy Chief Executive and Chief Officer Resources:

Yes, absolutely.

Mr. R. Law:

So it has put a greater emphasis on the individuals and their roles, yes.

The Deputy of St. Peter:

Sarah?

Senator S.C. Ferguson:

There are not any other little projects going on we have not heard about?

Mr. R. Law:

What about big ones?

Director, Jersey Property Holdings:

Not that I am aware, certainly not that I am involved with.

Senator S.C. Ferguson:

Yes, that is it.

The Deputy of St. Peter:

Again, just as a final question, some of the concerns that are being expressed in the public domain as a result of recent publications is the fact that W.E.B., by its reputation over the last 15 years, according to its financial figures, has contributed absolutely nothing, zero back to the States as a dividend. What feelings do you have over the last 15 years that basically in a boom period, where assets have been increasing in value, that we have - as a States body - been paying out money but had no return?

Director, Jersey Property Holdings:

It simply emphasises the need to have development agreements so that you define what you get, for how much, when.

Mr. R. Law:

But they are vulnerable, are they not, to - if I can just reiterate - the valuation and cost?

Director, Jersey Property Holdings:

They are.

Mr. R. Law:

Because they are estimates and they are not real, which is the whole of the risk issue encapsulated.

Director, Jersey Property Holdings:

It is.

Mr. R. Law:

Just on this risk question, because I think very sensibly you had articulated the significance on the drafting of the contracts, and we will not get into the complexity of joint venture, but it is the person who is going to be responsible for delivery of physical outputs. So we will say a developer who will be responsible for a contractor, who will be responsible for ensuring that it is fully let and he has phased the work in a way that delivers an optimum investment value opportunity, because those are the things that a developer in simple language does, yes?

Director, Jersey Property Holdings:

Absolutely.

Mr. R. Law:

Now, with that in mind, those contracts can ensure that on paper all of that risk is transferred to that party, but in the real world, it does not necessarily work out that way. We can have the developer at the top of the tree not able to meet their commitments, we can have the contractor and his subsidiary contractors failing, we can have the funders failing. Now, I know that it would have been unheard of to mention the word a joint stock (inaudible 05:07:40) a failing funder, but of course today we can. But putting that aside, not all funding is by traditional banks that are being propped up elsewhere. All of those can be so, and no matter how good those documents are, that is what is happening today: any one or any number of those sadly are coming together and either leaving a project high and dry, which is half done or not started, but there has been quite a hit of cash, and sadly, seeing documents that have been well drafted, the public sector has taken the hit. That is not to contradict all that you have said in professional terms. I wanted to bring this out, and that was the point, John, that I was really raising with you, and those of us that are in property, we can do all we can with valuations and advice, but we are not covering off these issues. No one can. That is the difficulty, surely, of communicating to your 90,000 experts. So I am really postulating the fact they should be told this, because it applies much more caution, you know, it is less haste in creativity at such time, because the Island has lasted and will last a lot longer than we will.

Deputy Chief Executive and Chief Officer Resources:

But is the word not caution on how you take schemes forward the most important word?

Mr. R. Law:

I mean, although you should take caution, I think the caution goes beyond how but when, and over what period.

Deputy Chief Executive and Chief Officer Resources:

I use the word "caution" before you get to "should" or anything else. You exercise the appropriate degree of caution before you start. As you go in, you evaluate each option and risk and you minimise it by possibly, rather than as you describe, letting one project which exposes the developer, the contractor, the sub-contractor and everyone else to significant risk, you limit it in size and scale so that you minimise the exposure.

Mr. R. Law:

Do not do too many and you prioritise what you do. Now, those things are not apparent, if I can put it to you, because time is such. It is this that is the difference between looking and ticking boxes, because risk management, I mean, there are so many ways of doing it and you have got a standard model. I mean, it has been well crafted by DTZ into the plan, and this is what we are going to do. You can tick all those boxes and you can say to all of this: "It is A-okay." In fact, there was a report pre-2008 that suggested when the company was set up in the first place that it did not need a sub-panel to meet, because the expert looked at it and said: "This is absolutely fine." So why is it that since then there has been all this amusement? That is the rhetorical question that comes back.

Deputy Chief Executive and Chief Officer Resources:

Does that not come to your very first question, the world has moved on in 3 years, so how you look at managing this entity or any other entity, even if it is a project which we managed within the States ourselves, you look at it from a very different perspective.

Mr. R. Law:

I suppose putting the question another way, why is it that you, the States, are wanting to close the burden of this responsibility to ... I think it is more than 53, or whatever the number was. What has happened to one or 2 of them since I last had been given the numbers? But joking apart, it seems the great thing to do is to offload this to make sure everyone understands that there are risks, and then they will understand a number of things. In many instances, it means things will not happen in a timely fashion and then the other thing is where this wish list that you have, you know, the public good: "We want this, we want that" is not going to happen if you want these delivered.

The Deputy of St. Peter:

Yes, and the difficulty is that there is a tendency, the great sort of salesmanship, if you like, if you have a problem with financing the capital projects of the airport and you can find some way of dealing with that by developing assets that exist there, that is very, very, very attractive and the important thing is of making sure that that assessment and attractiveness does not overshadow reality.

Deputy Chief Executive and Chief Officer Resources:

Exactly, and it is that delivery of something which does generate the return that you expect and make sure you get that return.

Mr. R. Law:

That is always the difficulty, is it not, because one knows that perhaps houses give you the best return on any given area, but of course we are now finding that houses are no longer - or residences or apartments - first choice. In fact, if you want to encourage your activities in this direction, I can introduce you to many sites in the U.K. where you can pick them up, some of them, for a £1.

The Deputy of St. Peter:

But one thing, we are not going to do any developing in the U.K., thank God.

Mr. R. Law:

I just thought it might lighten the discussion, but no, more importantly what one is saying is that ...

Assistant Minister for Treasury and Resources:

I think, if I have got the point right, that is an important point in my mind, you are talking about the difference between getting things done in a timely fashion, which you could encapsulate as: "Get the job done" versus making sure you have got the substance of the transaction right, which is: "Get the job done right" rather than ...

Mr. R. Law:

When markets are difficult and you have not got values going consistently, you have got residential doing this in one part of the U.K. or one street in a town and city where values are going down, and a few yards away, values are going up. Markets are very volatile.

The Deputy of St. Peter:

I know Debbie wants to ask another question, but before I move there, you can now see perhaps why some of the concerns were raised as to why we are sitting around this table now, because when we talk about getting things right, when we saw that basic error of judgment, when we asked that there should be a very clear-cut movement between W.E.B. and the

setting up of the Jersey Development Company and then we see in the proposition that it said quite clearly - and I am sure you will see it - what they were going to do. They were going to change the name from W.E.B. to the Jersey Development Company, and you will know that that was changed from P.79 to P.73 2010 within 24 hours. So there are concerns that we need to see that what we are saying around this table - we tend to be in agreement - is going to function. That is one of the concerns. Anyway, Deb.

[17:15]

Deputy D.J. De Sousa:

I was finished, but the number of times through this process that risk exposure has been mentioned is quite alarming. I believe from the original P.79, and we were told at great length when we were doing our previous review, that the actual person that is accountable, if we go to J.D.C., is the Minister for Treasury and Resources, yes? Do you - and you are within that department, at the property side of it - have complete and utter faith in accountability within the Treasury and Resource Department, bearing in mind the euro fiasco moving on into J.D.C.? Do you have complete and utter confidence?

Assistant Minister for Treasury and Resources:

I think we are getting way out of the remit here of J.P.H. Yes, I know the Minister will tell you absolutely yes, and it is a matter for him, to be honest, to make sure that he is absolutely satisfied that the controls are in place.

Deputy D.J. De Sousa:

But do you have faith in that?

Assistant Minister for Treasury and Resources:

Well, the trouble is I do not know what the controls are yet, because that is the process that it is has got to go through. By not saying yes, that does not mean I am saying no, by the way, I hasten to add, but Treasury, I know, will try and make sure that everything is in place. But it is outside my remit from a Property Holdings perspective on the basis that I cannot comment on what I do not know, effectively. I will just reiterate, I think, that the controls will have to be rigorous in place to make sure that the right advice is given to the right individuals who make the decisions, ultimately going up to the Minister for final approval.

Senator S.C. Ferguson:

You are not going to deal in euros?

Deputy Chief Executive and Chief Officer Resources:

I will leave the euro issue aside, but clearly, as the accounting officer for Property Holdings, I have a legal responsibility as well as a professional responsibility, and David equally as a very senior and eminent professional in the property market has that same level of professional accountability through his profession. So there is a level of responsibility, and clearly the Minister for Treasury and Resources will hold us to account for any advice we provide in relation to Jersey Property Holdings' part of this whole organisation. So there is a level, notwithstanding some previous issues ...

The Deputy of St. Peter:

I am trying to be quite clear here, because having attended the States sitting last week, when the Minister for Treasury and Resources made it absolutely clear to the States that he did not

have any faith in the department that you are responsible for, he made that statement in the floor of the Chamber. Now, it makes me wonder how much trust there can be going 2-way when that is said.

Deputy Chief Executive and Chief Officer Resources:

Well, you need to ask him that question.

The Deputy of St. Peter:

Well, I am just making the point, because that is public domain.

Deputy Chief Executive and Chief Officer Resources:

I cannot answer for the Minister for Treasury and Resources.

The Deputy of St. Peter:

He is not here. We thought he was going to be. Any further questions? Gentlemen, thank you very much indeed for your time. The intention is to get this done as soon as we possibly can, in due process, but I think we have learnt a lot and there is a lot we have in common. Thanks.

[17:19]