

JEB Proposals

As you are no doubt aware the JEB launch proposals come forward at a similar time to the Waterfront Proposals and it is appropriate I relay to you first impressions on those proposals, for the reservations expressed about WEB's current approach above to development proposals are in need of assessment in light on new JEB proposals, for assuming the establishment of JEB, that is where the current WEB approach will establish itself in the absence of parameters to say otherwise in future States property dealings.

Firstly to reiterate comment above, WEB is purist in its approach to property development which is fine in the private sector, where the sole consideration is that of an independent commercial shareholder. As also stated above however I believe that approach is inconsistent for a state owned body where the wider public interest is part of the "raison de etre" behind its establishment in the first place. Such a structure needs to have checks and balances to ensure the public interest, which includes local business has paramount consideration. I do not think this has been evidential in WEB proposals to date and has needed the intercession of the Planning Minister to maintain some equilibrium at least on the retail content of The Esplanade Square proposal.

Regrettably in addition to the above, outside of our specific comment on the WEB led Esplanade Square proposals I am reminded by members that the perceived purpose of WEB is to support government policy. The current Waterfront proposal is very finance sector centric outside anything the States have agreed before and whilst I fully accept that we, Chamber, have supporting members in one sector and detracting members in others we have a single highly evolved proposition before the States for acceptance that is new in its concept. I cannot help thinking that for such a change of tack from multi sector use to virtual single sector purpose, albeit the scheme might have particularly attractive sector facets, the principle of change of sector use from diverse to single should have been debated some time ago, rather than the big bang approach of a nigh completed plan for acceptance or denial as a next step.

I am suggesting that notwithstanding the possible benefits the manner in which the proposal has been bought forward will clearly make anyone outside the finance sector feel nervous, constrained or disappointed.

I do not doubt there are exciting possibilities in this project but the feelings of the wider business community and the public have not been managed along the way, which exposes the project to the inevitable disappointment of many. It is not for me to say which is a better scheme for our membership has common interests on both sides but to present as a "fait accompli" clearly lacks management of expectation across the board.

I have discussed the above at length for I believe the problems outlined are principally derived from a position of what WEB is meant to be all about and what JEB might very well become under current proposals that lack stricture and run the risk of the same censure as outlined above.

More specifically JEB proposals are deficient in the following respects:

- There is no States defined investment policy to take account of what elected government want. In the absence of this we will see purist behaviour that is open to contentious public debate. The body needs a carefully defined investment policy and Terms of Reference with a fully transparent memorandum of understanding to govern operations between government and JEB. None of these vital governance procedures are evident in proposals.
- Given this will be the largest public asset holder and manager in Jersey in conjunction with Property Holdings there is no recommended Auditor General oversight or accounting terms of reference.
- I have no issue with optimising government expertise and asset management, but there is nothing to stop JEB competing head on in the property sector, where its real role is that of doing a good job with States owned assets. No boundaries are drawn in proposals to make it clear the purpose is optimisation and not direct competition for it is clearly the purpose of government to look after its assets, but not to venture over that line for that is simply not the role of government to be fully active in a non state essential business in the private sector.

- The board appointment proposals for JEB are pro government rather than balanced in influence, meaning that government proposals can be forced through if desired, with the non executive influence being advisory, rather than real corporate oversight as Higgs would warrant.
- I am concerned that the CEO of Property Holdings would be a direct holder of director post in JEB. Clearly a decision to take a PH property into JEB control must have independence, for a clear conflict can arise over social use vs. investment value, therefore whilst PH representation at a director level is reasonable to have the CEO of PH and JEB in one place clouds governance lines.

In short the JEB proposals, although in principle for the right reasons are supportable, are too widely drawn and lack full transparency and accountability and really need a rethink at least in my opinion.

Clearly I have dwelt at length on a number of issues, both WEB and JEB related which I feel have yet to see the full light of day. I thank you for your patience in reading this wide reaching letter. I hope however you will agree we are still somewhat short of getting all the issues on the table and examined to an extent that a States Member can make an informed decision on both on the Waterfront and the impending JEB proposals both of which in their way are closely interlinked. Obviously I look forward to receiving your observations in due course and whilst your first response was much appreciated I believe there is a fair way to go yet in completing the debate on these issues. Finally in closing you will appreciate that as I have been directed towards Scrutiny on many of these issues I have copied Deputy Egge into this letter so all aware of our concerns as part of the governance process.

Kind Regards

Yours Sincerely

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