STATES OF JERSEY

Economic Affairs Scrutiny Panel
Jersey Finance Limited Review

WEDNESDAY, 5th MARCH 2008

Panel:
Deputy G.P. Southern of St. Helier (Chairman)
Deputy J.A. Martin of St. Helier
Deputy A. Breckon of St. Saviour
Connétable M.K. Jackson of St. Brelade

Witnesses:
Mr. C. Clarke (Accountant)

Deputy G.P. Southern of St. Helier (Chairman):

Welcome once again to the Economic Affairs Scrutiny Panel's review into the role and funding of Jersey Finance Limited. I have to draw your attention to the notice in front of you, which talks about the terms under which you appear. It could not be more appropriate, you having just conducted an internal review of the Jersey Finance. But before we start on what you have found, you have been involved in Jersey Finance since its very inception, I believe?

Mr. C. Clarke (Accountant):

Pretty much, yes.

Deputy G.P. Southern:

Could you start us off with what you recall of the setting up? Were you involved in the working group?

Mr. C. Clarke:

Yes, I had some role in some of the committees that were discussing Promoco, as it was called at that point.

Deputy G.P. Southern:

Sorry, could I just ask you to introduce yourself first up and then if you start on your understanding of the start up and the development.

Mr. C. Clarke:

Sure. My name is Charles Clarke, I made a submission to the panel and also offered to come and give evidence, I am doing that really as a private individual. I am a chartered accountant, I have lived and worked in Jersey for 12 years but, as I said I think in my letter, my work here has enabled me to interact with Jersey Finance on a commercial basis. So I must declare the fact that I have had a fee earning relationship with them over the years. But I like to think that I can put that to one side and try and comment and give evidence objectively in the way that, hopefully, my professional training has taught me. Would you like me to sort of expand about my links with Jersey Finance over the years? Would that be helpful?

Deputy G.P. Southern:

Yes.

Mr. C. Clarke:

Okay. I was one of the people interviewed by Andrew Edwards when he came to the Island to undertake the *Edwards Review* and it was clear to me when I read his conclusions that there was a lot of sense in what he was suggesting, which was that promotion was separated from the other activities, particularly regulation. I guess that led on to me through the trade bodies I had involvement with, particularly the Institute of Directors, being happy to volunteer for work that involved looking at establishing some sort of finance sector promotional body. That led on really from that. The firm I was working for at that stage, KPMG, one of the big 4 accounting firms, I offered our services as auditor to Jersey Finance Limited. We were appointed, I was the engagement partner for that work so that gave me more or less unrestricted access to Jersey Finance's records and activities. That role clearly involved an element of challenge. I was required to be independent so it was not just having seen a little bit of their formation that I was completely sold on the idea and backed them to the hilt whatever happened. I like to think that our audit, which was primarily focused on their financial records nevertheless provided some challenge about their activities and their direction. My firm, KPMG, also seconded a member of our staff for a period when there was a gap at technical manager level within Jersey Finance. The position of Technical Director was only established when Rob Kirkby's predecessor joined them. They had a gap at technical manager level and we seconded somebody for a period and that was on the basis of it being remunerated. So, you know, we earned fees from that. I then also became involved with Jersey Finance again when I was asked to join the market strategy group, which is one of the 3 standing committees that the previous speakers referred to. When that was first established I chaired it but I quickly realised that its role was so complex, and particularly in relation to tax information exchange agreements that a part timer, as I was, could in no way handle that role adequately. I spoke to Geoff Cook and we agreed that while I would stay on that working group, that committee, really he should chair it, it was so important I felt that it needed a full time executive from Jersey Finance to run with it. He has done that and, you know, I think he has done that very effectively. I was also involved in -- the firm I now spend part of my time working for -- I retired from KPMG 2 years ago and I am now a non-executive director, I have a small number of non executive directorships, and I am also a consultant. I offer consulting services in relation to corporate governance. The firm from which I do that, Thomas and Dessain, who also do executive search and selection, were recruited to advertise and find somebody to take on the Technical Director role and Rob Kirkby's predecessor had resigned from that. So I was instrumental in selecting a short list that included Rob and I attended the interviews where the board spoke to Rob and chose him. Obviously we earned a fee for that. Then most recently Jersey Finance asked me to undertake a board effectiveness review. The corporate governance codes in the U.K. (United Kingdom) suggest that it is good practice, it is more or less a requirement for listed companies but it is good practice for any company, for the board periodically to consider whether they are operating effectively. That is really looking at the board collectively. It is not necessarily trying to start from a point of view of evaluating individual board members. It is useful to have somebody independent to help with that so the board asked me to do that. I completed that work towards the end of last year. So, again, that gave me very good access, but did entail quite a degree of challenge. I was there to try and spot areas within their corporate governance that were effective but also to try and spot those in particular that could be done better. I earned a fee for that also. I think that summarises kind of the main interaction I have had with Jersey Finance.

Deputy G.P. Southern:

You were involved in some way in the very formation of what was Promoco then, it became Jersey Finance, what is your recollection of the provisions of financing Promoco or Jersey Finance and its terms of reference. Because we have a hole in the information from the States in the 2 appendices. Appendix B says: "Finance Board terms of reference" and Appendix C: "On a particular document provisional 4 year budget" are missing.

Mr. C. Clarke:

Clearly it was some years ago but my key recollections were that the objectives for Jersey Finance were pretty much as they are stated now and I think it is the promotion of Jersey as an international finance centre and the general representation of the finance industry in both local and international matters. While the activities within that have probably rebalanced themselves over the years, I still think that is a fairly good summary of what I understood the mission was for Jersey Finance. In terms of the funding I always understood that it would be some kind of balance between public sector funding and the industry funding. As I said in my letter, I think, my submission, I was not ever aware that there was an objective for it to become 100 per cent industry funded and certainly it was never the intention for it to be 100 per cent government funded. So really I regard Jersey Finance as operating currently within what I thought the original parameters were. But I agree with you that probably it could have been better specified at the outset.

Deputy G.P. Southern:

You do not recall mention of the 50/50 arrangement?

Mr. C. Clarke:

Not really, no. Maybe initially. With any joint venture 50/50 is probably a pretty good starting point so in that context it could well have come up.

Deputy G.P. Southern:

You have recently conducted a review. Can you tell us about your terms of reference for your review and can you lead us into some of the conclusions?

Mr. C. Clarke:

Okay. This is not something I think I referred to in my submission but I am happy to talk about it. As I say it is good practice in corporate governance terms to have a board effectiveness review periodically where the board just looks at its own performance. I have developed a process for doing this that essentially involves my inquiry and observation of how a board works and I submit questionnaires to each board member, get them to complete those and return them to me individually in confidence. I then synthesise what I have seen, what I have read from documentation and what the individual board members have told me. I turn that into a series of recommendations. Now I have not brought the document with me because I did not quite realise I was going to be quizzed on it but I can recall the main conclusions from it. Martin can correct me because he obviously, as a board member, was part of it so if his recollection is different from mine then I would suggest he is invited to chip in. But overall I was happy that the board was operating effectively and it was clear to me that I had not been brought in because there was some kind of crisis of governance that needed resolving. I think it was just recognised it would be good to undertake this process. So the board, I concluded, was operating effectively. I did not see any major areas of weakness. Most of my suggestions related more to matters of efficiency. The board is quite widely drawn, I think it has 12 or 13 members, something like that, and for an organisation of the size of Jersey Finance it seemed to me that was potentially quite cumbersome. Because these people gave their time free of charge there was no sort of cost implication but I suggested they consider trimming down the board and it seemed to me you could maintain the balance between the different stakeholder representation on the board by having a board of probably half that size.

Deputy G.P. Southern:

That balance you are referring to is between …?

Mr. C. Clarke:

Between industry and government principally. But I felt also you needed to have, at the very least, the Chief Executive of Jersey Finance on the board. In other words having a board that did not include the Chief Executive to me would have been inefficient probably.

Deputy A. Breckon of St. Saviour:

Can I just ask a question, Charles, what I want to do is put this into context of an organisation starting up and then an organisation operating? When you set the original terms of reference you think you are going to do something which you have to do to get into being, and when you are operating it becomes a different beast, if you know what I am saying. Do you see that with Jersey Finance or has it sort of got up and ran and it is still going and still got the momentum and it is still within the original intent really?

Mr. C. Clarke:

You know, I think it is true to its original purpose. As it has gone along I think it has realised that the finance sector has many material sort of strands within it and therefore, because people were happy to give their time free of charge, it meant that you could introduce not just one industry representative, you could maybe have a banking representative, a funds' representative, a trust representative and so the board has grown in that way to reflect, perhaps the complexity of the different stakeholders. But certainly the board is larger now than it was at the outset and it is properly larger now than it ever has been, I suspect.

Deputy A. Breckon:

Is there room, do you think, for subgroups to operate as they do anyway and feed in, rather like sub boards if you like, or panels or is that …?

Mr. C. Clarke:

I would be reluctant to overcomplicate it really. We are looking at an organisation which has an income of £1 million or so, whatever it is, and if you looked at that in commercial terms then you would certainly have a much smaller board, particularly if you had to pay fair remuneration to the board members, you would have a much smaller board.

Deputy A. Breckon:

From your experience, would you like to comment on maybe a service level agreement that existed for funding, was it in place, was it robust, was it complied with, are we more advanced now than in the days of governance and ticking boxes, have we moved on substantially, would you say?

Mr. C. Clarke:

I think the people involved in the governance of Jersey Finance have always been aware of the need to be transparent. It is interesting, you were talking earlier about contrasting it with other jurisdictions and their financial services promotion bodies. I did a bit of research on this and I cannot find anywhere how much Guernsey or the Isle of Man spend on financial sector promotion. That is because their promotional bodies are divisions of some part of their government function. Whereas Jersey Finance has been very transparent and has produced audited accounts that are available to all the members right from the outset. So I think the type of people who have been involved in governance have been well aware of the need for transparency and have also recognised that because it is a private/public partnership there is an even greater pressure to be clear about exactly what they have been doing and account for how they used those resources.

Deputy G.P. Southern:

That accountability was really established in 2005, when I think people came to look at it and said: "Oops, we have not got a service level agreement." Does that surprise you?

Mr. C. Clarke:

If I could just go back to the service level agreement, just remind what your perception of the service level agreement is?

Deputy A. Breckon:

Generally somebody gives somebody some money and for that they say: "We will work within these sort of guidelines" if you like and it could have deliverables in there and the corporate governance issues and things like that generally just to say that when we get the money this is what we will do with it.

Deputy G.P. Southern:

Can I just take you through Financial Direction 5.5 and Article 6.1 of that: "The following are minimum suggested contents of a service agreement for a grant recipient. The States aims and objectives are supported; the recipient's corporate governance framework; clear explanations of what each party is expected to provide; criteria for measurement of whether the grant conditions have been fulfilled; terms and payment of the grant; rights of access to departmental officers and Comptroller, Auditor General; reports on the activity from the grant." So it is that sort of, we are giving the grant what are we getting for it? It is that accountability.

Mr. C. Clarke:

Okay. You are describing the service level agreement between Jersey Finance and the government as one of its stakeholders.

Deputy G.P. Southern:

Yes.

Mr. C. Clarke:

Okay. I do not recall the introduction of that as resulting in any sort of change in the activities of Jersey Finance. It may have introduced perhaps the requirement for some more reporting to Economic Development or whatever the relevant interface point was with government. But I believe it was probably just codifying what was happening in substance anyway.

Deputy A. Breckon:

Would you say it was because there was an appointee, States appointee, be it a States Member or States appointment that that was then the safeguard and the reporting back structure was there, in effect, although it was not produced in that format?

Mr. C. Clarke:

Clearly having government representation on the board has to be a good thing. The States are the other major joint venturer, so that had to help. But I think -- I get the impression that probably information about Jersey Finance's activities was fairly widely available anyway so that was not the only means by which its activities could be monitored. I think there is a lot of data coming out.

Deputy G.P. Southern:

Okay, we have seen the growth of funding over the years from approximately -- it started out approximately 50/50 with £250,000 from each side. We have now got to a position where the States funds to the order of £1 million and the individual membership funds to the order of £400,000 or thereabouts. Looking at what it is delivering, do you believe that is the right sort of balance?

Mr. C. Clarke:

It is quite a delicate balance, I think. Because the important thing is to make sure that the industry remains engaged and continues to give the level of support that is given, so I think industry has to contribute a worthwhile proportion because once industry perceives it is completely government run then I suspect the industry contribution towards it may be less. So I am pleased there is a good proportion given by industry. Whether it should be closer to 50/50 it is hard to say. If we look at it from the other end, and this is what the correspondents before were saying, it is maybe worth analysing, if you have a promotional body for the finance sector, what you want it to achieve and you probably draw up a list of activities that you would like it to achieve, the list will be longer than you can probably achieve in practice so you then prioritise those activities. You say the top 5 of those are really important, they are really worth doing, how do we do them? When you have quantified the resources you need, that then tells you how much you really can justify spending immediately on those things. You then try and work out how you attract the funding to enable you to achieve that. Again, that should lead back to the same answer, a split between the 2 but the precise division is very hard to define. You can spot when you have got it wrong because one or other party loses interest and does not contribute in the same way. At the moment it seems right and I would say that the fact that the government funding has perhaps increased has enabled Jersey Finance probably to react more quickly and undertake more activities than might have been possible had it tried to ramp up the industry membership charges in the short term.

Deputy G.P. Southern:

If we could explore the argument that says, for example, in a free market system the people with most interest in making sure service is delivered are probably the industry itself. The members of the industry. The individual members. Because they could go and promote themselves easily, and they do, but in order that they are joined together to promote jointly they have got to be able to see - and they are hard headed businessmen - that there is a return. So the accountability -- sharing the accountability somehow you lose something. Could you explore that?

Mr. C. Clarke:

Again I think my response would probably echo some of the things that were said before. It is very difficult when an activity is clearly for the mutual benefit of both Jersey as a jurisdiction and the firms that come from within Jersey. It is very difficult to then say how one party would react if the other one was not involved. To me it is working together towards a mutually beneficial goal that has been agreed. I am not sure either party is necessarily looking to analyse what the scenario might be if the other party withdrew. So I think it is hard to be certain, without testing it - in other words without withdrawing some part of the funding - quite what the consequence would be.

Connétable M.K. Jackson of St. Brelade:

Looking to the future we had a £75,000 contribution in 2006, £1 million in 2007, 2008 we have not heard yet. Would you envisage that there perhaps ought to be an increase once again from government to another 25 per cent as has happened before or do you think it should remain the same?

Mr. C. Clarke:

I would not presume any automatic level of funding or change in the funding. To me the key thing is that Jersey Finance makes its business case for the activities it feels are appropriate for promoting the finance sector, and then gets the agreement of its stakeholders that those are the activities that are relevant and then, you know, funding is sought for those particular activities.

The Connétable of St. Brelade:

Do you think there has been the growth demonstrated in the past year to warrant an increase in government funding?

Mr. C. Clarke:

I think so, yes. I mean certainly Jersey Finance, they spend the money they raise, they do not sort of put it to one side and leave it. They spend it on promotional activities and other activities that they describe and account for. The way I see them do that, they do that very carefully and with quite a lot of precision. It would be very easy to just have a marketing heading and you could put all sorts of expenditure into that. But they segment it into different types of activity, country visits, publications, website things, specific initiatives, dealing with the press. Even under those broad headings they segment it even further so they can identify costs of particular activities within one of those broad headings.

Deputy G.P. Southern:

So in terms of their accountability you say it is fine?

Mr. C. Clarke:

Yes, I think it is pretty good. That is not to say that it could not be improved and, again, my board effectiveness review suggested one of the areas it could be improved is that for a non-executive board to retain in their mind from meeting to meeting all of these classifications of marketing expenditure and what they meant in terms of activity was quite difficult. So I think I suggested that maybe there was some refinement of the descriptions and definitions of marketing activities. So everybody instinctively knew that expenditure under a particular heading meant the same thing. I perceived at the board meeting there as often a discussion about quite what was that we spent money on, which is a perfectly legitimate inquiry, but if everybody had taken the trouble to understand a matrix first of all then they would not need to ask that. They could focus on thinking: “Is that the right figure, does that vary from what we thought before. If it varies, why has it varied? Am I happy with that explanation?”

Deputy G.P. Southern:

You refer there to one of our terms of reference, does J.F.L. (Jersey Finance Limited) provide value for money. As you say, the question correctly focuses on the value, but just considering J.F.L.'s costs is oversimplistic. Would you like to expand on that a little? How do we measure value for money?

Mr. C. Clarke:

Yes. Clearly it is difficult and it is imprecise. One also has to bear in mind that trying to measure something to a high degree of precision may involve a cost that is disproportionate to the benefit of finding out what the answer is. But at any given level of expenditure, you can have bad value or you can have good value. Jersey Finance is subject to quite a lot of scrutiny by the stakeholders. I think as you said yourself, you know, the members are quite hardnosed and commercial and if they did not feel it was worthwhile participating then (1) they vote with their feet and not renew their subscription and (2) they would not allow their employees to spend time supporting Jersey Finance. I think similarly if government felt that that money really was not being used productively or were not happy with the activities it was being spent on then, you know, rightly that would be questioned. So Jersey Finance seems to me to be pretty constantly accountable to its stakeholders and the evidence I have seen suggests that it has balanced all of that well and is doing an effective job. I think I also mentioned that my perception is it is the envy of some of the competitor jurisdictions. I think here particularly of Guernsey and the Isle of Man. Guernsey is, I think, 100 per cent government funded, Guernsey Finance, and I talk to their director general fairly frequently. He, I think, laments the fact that he does not have industry funding because it means that he, perhaps, does not have the same level of interaction from the industry that we enjoy here in Jersey. The Isle of Man Finance, the lady who ran that, came down to Jersey to meet me and I set up some meetings for her, specifically to understand better what Jersey Finance did because they regarded it as the model of financial sector promotion for off shore centres. I see they are still government funded, they are still a subsidiary of the Treasury division and the fact that our competitor jurisdictions are quite open in acknowledging that Jersey Finance is something of a model, I think, is encouraging really.

Deputy J.A. Martin of St. Helier:

Obviously, as you say, you looked at it independently and I can see the advantages and the disadvantages of purely government and private partnership. The question is, and obviously there is no reason to disagree, I cannot remember how many hours Mr. Kirkby said but --

Deputy A. Breckon:
One thousand.

Deputy J.A. Martin:
Yes, so basically the industry, with the expertise, is also giving, he said, about £2 million in free time if they were costing it out, and obviously the Government of Guernsey or Isle of Man would not have that expertise. It is out in our industry and it would still be out in theirs. You have worked, as you say -- so my question is, you bear this out. You say when he says £2 million -- it is hard to quantify, is it not?

Mr. C. Clarke:
Yes, it sounds reasonable. He was basing it on a number of hours and presumably he had looked at the membership of the working parties and committees and estimated how long the meetings last and he has taken a typical charge out rate for professional services for the seniority of the people who were involved. So I would think that he has done that scientifically and it sounded not unreasonable.

Deputy G.P. Southern:
My question then would be, and I put it hypothetically, if the government funded involvement was not there, would the representative organisation be doing exactly the same on behalf of its members, doing that work and developing new areas and entrepreneurial development areas of trusts or funds in the same way as it does now? A representative body would be doing that anyway, is my question, I think. Is that the case?

Mr. C. Clarke:
I think without government support and government funding it might revert to the more dissipated promotional activity that existed before. In other words the smaller common interest groups within finance, the funds sector, maybe the private bankers,

the trust people, they would perhaps centre their activities around their narrower interests and that, therefore, would not attract the level of government support. I do not necessarily mean money here. The fact that senior politicians, the regulators, so on and so forth, go along on these Jersey Finance marketing visits is very powerful because, you know, it shows a co-ordinated high level support for stepping into those target markets. I do not think you get anything like that impact if you had just a dozen people from Jersey Fund Manager's Association going off to a country. In fact, a point that Geoff did not make is that in some of these emerging markets it can be illegal for an individual or a firm to go into the country with the intention of marketing promotional services, because it is a regulated activity. Clearly if you are going more or less as a government backed delegation then you overcome that, under certain diplomatic protocols there is an acknowledgement that that is a legitimate activity. I think therefore, in practical terms, it might be very, very difficult for some of the individual firms to get access to these markets.

Deputy G.P. Southern:

Again, I would just like your opinion on what I was putting forward, that whether the funding that goes in from the States is going in to what I call a lobbying activity or should we be paying a group whose interest is in promoting the interests of their members in lobbying government, for example, to enact a new foundations law in order that they can better develop their market and that lobbying pressure that appears to be going -- what might said to appear to be going on is being funded by the government itself. How do you feel about that?

Mr. C. Clarke:

Again I see a mutuality of benefit and interest between government and the industry. In other words if we are going to have a successful finance industry then it is important that its products and services are internationally competitive. To the extent that Jersey Finance's influence is assisting achieving that, then I think it benefits everybody. I would also support what Martin said, that I have not seen overt lobbying, in other words the industry going off to one side and saying: "Right, it is absolutely vital we have an XYZ law, Jersey Finance you go and kick government until we get it." I see it much more as Martin said that once there is a common acceptance that we can justify having a particular kind of law then Jersey Finance pulls together industry views to help shape that law so that it is efficient.

Deputy G.P. Southern:
I can agree entirely with your wording of what goes on, my question is is it appropriate that financing -- that activity is totally logical and acceptable on behalf of that industry, it gets its act together and says: "This is where we want to go, let us try and make sure it happens." But not with government funding. By all means do that, it is legitimate, but you fund it yourself.

Mr. C. Clarke:
But if the government wants to promote the finance industry then I cannot see how it can do it without engaging with members of that industry so … I guess one could take examples from other sectors of the economy. You know, maybe within tourism, if there was government funding there, as I am sure there is, and some of that may directly or indirectly support pressure for perhaps the planning law to be changed to make it more favourable for the growth of the tourism industry. So you could equally say that maybe government funding is supporting activities that are seeking to change the legal and regulatory environment in tourism.

Deputy G.P. Southern:
That is in fact being proposed, something we are looking at, a very similar model for tourism as we got for the P.P.P. (Private Pubic Partnership) with finance.

The Connétable of St. Brelade:
Just go back to comparable experiences with other jurisdictions, I know you indicated earlier that it is very difficult to establish what others are doing in that our situation is particularly transparent. Do you think we seem to be restricting ourselves, maybe necessarily, to purely English speaking jurisdictions? It strikes me that the world is a very big place but we are perhaps looking towards India, largely English speaking, ought we, in your view, to be looking at other areas?

Mr. C. Clarke:

I think my answer to that is that the language of business and commerce is universal and this is English. Generally the target market that you are seeking to engage with in foreign countries is the higher net worth and therefore they tend to be English speaking anyway. So I do not see us missing big opportunities by not engaging in selective native dialects. The one exception to that may be China where it is moving so quickly if you are trying to interact with the emerging wealth, maybe you need to have a Cantonese speaker or something like that, but I think if you established a Chinese representative office you would probably make sure you had that capacity within it.

The Connétable of St. Brelade:
I was thinking perhaps towards even areas closer to us such as France where Martin alluded to the fact that it is very difficult to get a dual tax arrangement in place. Do you see Europe as being a market that we ought to be tapping?

Mr. C. Clarke:
I would say there are other markets which must be a higher priority in that they offer the prospect of better business and probably more of it. Particularly the emerging economies, the large developing economies, you mentioned India, China, parts of the Middle East, those where they are not well served by domestic financial service provision, there is an opportunity to offer what Jersey has to a more receptive audience than some of the more protective continental European jurisdictions.

The Connétable of St. Brelade:
You clearly reviewed Jersey Finance from an accounting point of view and you are satisfied, as you have indicated, mostly with that. From the point of view of reviewing their entrepreneurial activity would you consider that needs evaluation?

Mr. C. Clarke:
I think it is well served by the fact that a number of the board members are senior people from within industry. They will only have achieved the seniority within their organisations by virtue of having displayed commercial acumen and entrepreneurship in the past. So I feel there is an adequate stakeholder representation that is commercial in nature.

Deputy G.P. Southern:

I think you have probably indicated it before but I just wanted to check that the aims which you set out to do still correspond to the aims that the current J.F.L. has. Is there any evidence of any mission creep going on? Because I know that with organisations that is a common problem.

Mr. C. Clarke:

I do not think there is any material mission creep. If I had to pick up on a point from my board effectiveness review, there is always another balancing act between external promotion and promotion within Jersey. Now it is clear from the point of view of trying to make sure that there is an adequate supply of labour for the industry, you know, without thwarting the legitimate ambitions of Island children to pursue completely different careers, you can justify the degree of engagement with local education establishments to make them aware of the opportunities within finance. I think, because that is quite an interesting local activity, it will be possible to get dragged into a bit too much engagement with that. But I have not really seen any evidence of that yet. It is more, I think, a need to be mindful of that and that Jersey Finance's mission must always have a significant majority of its component as outwards looking.

Deputy G.P. Southern:

That is one of the major problems on the Island and there always is that danger. It is swings and roundabouts, is it not, because there is I think a perception that Jersey Financial Services Industry sits on the top of everybody else sucking in their labour and competing with them, skewing the market, as it were, in any case. Overt promotion of --

Mr. C. Clarke:

It is very difficult for an economy -- you know, logically one would want to diversify because, to a large extent all our eggs are in the same basket. But if that diversification involves initially taking half the eggs out, breaking them on the ground in the hope that something else will come along in the future, it is a very, very difficult to step to take.

Deputy G.P. Southern:

Your review uniquely concerned the board in terms of the overall actions of J.F.L., have we got a lean, mean, marketing machine, do you think?

Mr. C. Clarke:

Yes, I think we have. Certainly the people in there are very energetic and work very hard. Typically when they are organising and undertaking a trip somewhere someone will be working around the clock. I mean it really is absolutely full on. They seem to me to be very motivated and very enthusiastic about what they are doing. So that combined with people from the industry giving their time free of charge I think means that people stay focused on what they are trying to achieve and if they think it is not being effective they have got plenty of other things they could spend that time on.

Deputy G.P. Southern:

Well, I think in the middle of that you gave some very high praise indeed and I will see if I can use it in our report. Unless there is a point you wish to make that we have not touched on …

Mr. C. Clarke:

No, just thank you for the opportunity to talk. I do believe strongly in Jersey Finance, not from a point of view of blind doctrinaire. I have thought long and hard about it and I think Jersey needs it. Before I came to Jersey I worked extensively in the U.K. and in southeast Asia as well. My work has taken me around a lot of off shore finance centres so I like to think that I have some relevant background knowledge and I can only continue to support Jersey Finance in its endeavours.

Deputy G.P. Southern:

Thank you for your time.