

2017.01.17

9 Deputy S.Y. Mézec of the Chief Minister regarding the Chief Minister's awareness of circumstances surrounding the Jersey Innovation Fund: [1(49)]

Following the presentation of R.3/2017 in respect of the Jersey Innovation Fund, will the Chief Minister explain whether or not he was aware of the circumstances described in the third to sixth bullet points of paragraph 2.8 of that report where arrangements were only partially complied with, or where the requirements were contested by key players, and what action, if any, will he take as a result?

Senator P.F.C. Ozouf (Assistant Chief Minister - rapporteur):

There is a requirement to be very clear about what happened, when, which I have asked myself, for the Chief Minister, to undertake a review, which he has agreed to do. That is in everybody's and in my interest for the truth to come out. I became aware of issues in relation to the Innovation Fund in a partial and bitty way right the way through 2015. I was not aware of the matters highlighted in the section referred to in paragraph 2.8 of the Comptroller and Auditor General's report. It is a matter of principle that any board constituted to administer public funds must operate to the highest standards. For board members to participate in discussions where they have financial interests, as outlined in the report, is unacceptable and is a very regrettable mark of the failure of the governance of this board, and was not envisaged as set out in the terms of the reference and the Nolan principles, which are clearly set out in the report. The allocation of staff with requisite levels of experience is, of course, not a matter for politicians, only advisory. It is a matter for the accounting officer and their respective departments. What I can say to the Deputy and to the Assembly is that I made my views absolutely crystal clear in relation to what I thought of the staff and the level and requisite skills, and I finally made a decision, an unprecedented decision, to ask the accounting officer, for his own best interests, to stand aside and to ask the chief executive of the States to take over accounting responsibilities, because my express requests were not being listened to and not being implemented.

[12:00]

3.9.1 Deputy S.Y. Mézec:

For the third bullet point in that list, the one that Senator Ozouf referred to about members of the board with direct financial interests in the borrowers not recusing themselves from those discussions, could the Assistant Minister be absolutely crystal clear when was the first time he got an inkling that this was something that was happening? Was it at the time the Comptroller and Auditor General report came out, or did he know about this previous to that and, if so, when was it?

Senator P.F.C. Ozouf:

I did not know that, to the best of my knowledge and belief, and I am putting to the P.A.C. and to the reviewers full disposition of all of my emails and everything that I have in relation to the requests that I asked, but I did not know that. The issue that I have is that there were repeated requests by me to get facts and to get information. I had apparently been delegated the issue of Innovation, but I did not have the necessary requisite delegation to sign loans until the middle of 2015. I then did not have other information, despite repeated requests, and I mean repeated requests. Members will know that I am not a shrinking violet. I am in the department for which I am responsible. In fact, it was not even in a department I was responsible for, because part of them were in another building. It was not an acceptable state of affairs, I agree with the Deputy. He is shaking his head. An unacceptable state of affairs that a Minister is not given the full information. When did I know

about it? I did not know at all that there was effectively ... at all, as far as, to the best of my knowledge and belief, that there was this unacceptable situation with ... Sir, he keeps on asking me: "When?" I did not know. End of story. I am shocked and I am angry and this is an unacceptable waste of public money.

3.9.2 Deputy G.P. Southern:

The Assistant Minister has just said that he did not know about particular loans or he received information in part from the middle of 2015. Who then signed off the application from Applicant E, which started on 26th March and was drawn down on 9th June; or Applicant B, 1st June, second application, drawdown in December 2015; or Applicant F, who drew down on 31st July 2015? Who signed off those particular loans?

Senator P.F.C. Ozouf:

I do not think I can go into detail on everything. All this will come out. Everything. You cannot ...

The Bailiff:

Senator, you have been asked a question. How you deal with it is up to you.

Senator P.F.C. Ozouf:

There are numerous questions and there are numerous bits of information.

The Bailiff:

You were asked 3 particular questions in relation to 3 particular loans.

Senator P.F.C. Ozouf:

Particular loans. I have that information. That information can be published immediately. There was absolutely clarity that my colleague, the former Minister for Economic Development was responsible for loans up until the end of his term of office, being advised by his accounting officer. There was a rather strange situation whereby I was given the responsibilities of Innovation but the actual delegation was not signed for me to sign loans. There are all sorts of questions that arise in relation to this, and the Minister for Economic Development sometimes with my awareness, sometimes I do not think I was aware ... I am not criticising him either. There is a fundamental issue of accountability and actually knowing who is in charge. You cannot have 2 bosses. I know how to be an Assistant Minister, and I know how to be a Minister, but what I do know is that the transfers of functions which were designed to give me the ability to be able to do the things was not carried out by this Assembly for 12 months; an impossible position, for not only this portfolio but all the others. Where were the staff to report to? Who were their bosses? They did not know, and this is why we have had the chaos. Members need to think themselves about some of their own roles in delaying matters, which perhaps would have been better dealt with earlier, so that there could be clarity for what this Assembly appointed Ministers to do, and I clearly was not able to do. However, I still am responsible, and I will still be accountable, just as I always have.

3.9.3 Deputy J.A.N. Le Fondré:

Hopefully, a very simple question: did the Assistant Minister, when he was Assistant Minister for Economic Development, sign or recommend for signing any decisions relating to the approval of loans prior to 1st June 2015?

Senator P.F.C. Ozouf:

The first thing is I should have had responsibility from the start, clearly. That is the first thing that is inexplicable. The second thing is that, yes, I did sign some loans, upon advice. Upon proper advice from a board with an advocate, with an accounting officer who I required to put an indication, an initial, something which I have done to ensure that Ministers act upon advice. They do not simply dream up Ministerial Decisions. They are presented with documentation and documentation which complies with the policy. There is a debate to be had, not today, about roles of accounting responsibility and Ministers, and there needs to be clarity about this, because, frankly, at the moment, there is some sort of Salem witch hunt going on where sorcery is being ... and judge, jury and executioner is always being put out on social media, and I regret that. I hope that the facts and the truth can be found out, and that is why I am taking the actions that I am.

The Bailiff:

Can I inform Members that I have 5 Members wanting to ask questions here? There are no doubt other Members who want to ask questions later on in this session, and if we are to have any chance at all of making progress with a number of other questions, frankly, I have to cut this short. Deputy Tadier, final supplementary?

Deputy M. Tadier:

It is not my question, Sir.

The Bailiff:

Sorry, I beg your pardon. Then you are lucky; you are next.

Deputy M. Tadier:

All right, thank you.

The Bailiff:

Deputy Tadier, and then it will be the final supplementary.

3.9.4 Deputy M. Tadier:

Honesty is the best policy, I think. The Assistant Minister stands up with vigorous indignation about the failure of the fund as if he is a casual observer, a third party, but he is the Assistant Minister with delegated responsibility for that fund. He cannot shout at the TV when his football team is not doing well when he is one of the players in that. Does the Assistant Minister agree that an apposite quote for this moment is that: "Success has many fathers; failure is an orphan" and if the fund had been very successful and set up to achieve what it had achieved to do, the Council of Ministers and him would be saying: "Have we not done a great job? We knew this was the right thing to do and it is a great success for us?" Similarly, when it fails, somebody needs to take responsibility. Presumably it is the captain, it is manager of the team, when the team does not succeed as planned. Resignation is surely in order.

Senator P.F.C. Ozouf:

The football analogy is an interesting one because I was not a player on the pitch; I was sitting on the side lines. I was trying to find out exactly what was going on. I am angry, dissatisfied, dismayed, at what has happened. We have been let down. I feel let down, and I have to take responsibility for this Assembly being let down, and the public. The public are rightly angry. There has been mismanagement, maladministration, a failure of governance. I promised the Chief Minister that I would get to the bottom of it, and I have tried, and I can say to Members that I have taken action which largely already has implemented, without the Comptroller and Auditor General's report, most

of the actions. The fund was mothballed. I have signed one loan. One additional loan, not a new loan, in 2016, and even then when I was given the responsibilities, I can say to the Assembly that my accounting officer in my own department refused to take the fund because it was a shambles. I do not mind being held accountable and I am going to be making a statement, which has already been tweeted by Reform Jersey. I regret that; I wanted to answer questions properly and then in proper sequence make this Assembly, which is the supreme Parliament of Jersey, aware of my decisions. I accept in full the Comptroller and Auditor General's report. I have tried my best, and I will be judged on to account. Innovation is going well, by the way. That is why we have record employment and fantastic growth in many areas. It is not just about the fund, and it is not only the fund that I have been working on. I was not able to work on the fund and be doing other things.

3.9.5 Deputy S.Y. Mézec:

My first supplementary to this was an incredibly clear question, but Senator Ozouf chose to give a very ambiguous answer, so I am asking for a very clear answer to this. I do not know why I am bothering when he is not even facing to listen. Yes, thank you very much. The question is: the third bullet point talks about private sector members declaring financial interests and not recusing themselves from the work of the board. He has said he did not know about this. I want to know when he became aware of this. I became aware, as a casual observer, at 11.30 on Wednesday morning last week when I read the report. When did he become aware? Was it when he read this report, or did he know beforehand, and if he did know beforehand, when? Days? Weeks? Months? Years? What was it?

Senator P.F.C. Ozouf:

There is going to be a full timeline of everything about it, because there is a lot of detail. I know I did not know. I have been the Minister for Treasury and Resources of this Assembly, at this Assembly's pleasure, on Government. I am an ex-internal auditor. I have been a fraud investigator. What do Members think that I think of somebody not declaring an interest? It is an absolute disgrace and I will not stand for it and I will not stand for other people doing it. I will publish a full timeline, but I want that independently done. The Deputy still gesticulates. I have been absolutely clear. I would never tolerate such a matter, to the best of my knowledge and belief, and that is all I have to say at the moment on this issue. A full timeline. I have no further comments to make. I would never, ever, allow such a thing to happen if I knew about it. I did not even see ... I am being asked: "When, when, when, when?" There is a whole detailed set of issues. Is the Deputy and is this Assembly not now aware that I was not told things, that I was excluded from decisions that I was supposed to be doing? There is no huffing. That is the facts, and I stand here saying the truth to this Assembly, which is the Parliament of Jersey.