

7. Statement by the Chairman of the Corporate Services Scrutiny Panel regarding the Jersey Development Company proposals:

7.1 Deputy C.H. Egré of St. Peter:

Following that miracle [**Laughter**], the sub-panel has issued an interim report in preparation for the debate on P.73/2010. The proposition presents proposals for structuring the planning, development and implementation of major property and associated infrastructure regeneration projects throughout Jersey. The proposition was lodged by the Council of Ministers on 7th June 2010 and has been deferred by the Chief Minister twice in order for the review to be carried out and completed, for which the sub-panel are very grateful. It is with great frustration that the sub-panel has issued an interim report as opposed to a final report which would have presented its full key findings and recommendations. As Members will see from the interim report the sub-panel identifies a chronological order of events between it and the Chief Minister's office. During the sub-panel's evidence gathering stage, it was heard at a public hearing with the Minister for Treasury and Resources that existing contractual relations make a clear separation between the Waterfront Board and the new States of Jersey Development Company impossible. Bearing this in mind, the previous sub-panel recommended - in its report S.R.9 of 2009 - that prior to the debate the Chief Minister would ensure that the proposition is amended to show without any room for doubt that the Jersey Development Company would not be the same as the current Waterfront Enterprise Board. One of our terms of reference was to assess whether the accepted recommendations made in S.R.9 of 2009 had been followed and implemented by the Council of Ministers. The sub-panel asked the Chief Minister on 5 separate occasions for the contracts of the executive directors of W.E.B. (Waterfront Enterprise Board) in order to assess the exact reasons why a separation cannot be made between the 2 companies. Scrutiny is an objective factual process. The sub-panel has not singled-out any one member of W.E.B. In order for an informal debate to take place and to present its key findings and recommendations, the sub-panel remains of the view that access to the contracts is required. The sub-panel received an email from the Chief Minister on 29th September inviting its members to meet with the board of W.E.B. to view the contracts. It was with great surprise then that during the meeting W.E.B. presented the sub-panel with a single paragraph from one contract in particular. The questions remained unanswered. The sub-panel looks forward to working with the Chief Minister and the department to overcome this issue.

The Deputy Bailiff:

Are there any questions of the Chairman?

7.1.1 Senator A. Breckon:

In his statement the Chairman has said existing contracted relations make a clear separation between the Waterfront Enterprise Board and the new States of Jersey Development Company impossible. Also, some Members will have received a statement from the 3 States directors; the Constable of Grouville, the Constable of St. Peter and Deputy Noel. In there they say: "The staff have been contracted on the basis that W.E.B.'s role will be geographically broadened - geographically broadened, I am not sure where they are going there - to become the development agency for the States of

Jersey.” Would the Chairman like to comment on whether he thinks that is wise considering we have not debated this yet?

[12:30]

The Deputy of St. Peter:

The simple answer to that is, no, I do not think it is wise and that is one of the reasons why, as a Scrutiny Panel, we wish to investigate this to the full and complete a full report before a proper debate takes place.

7.1.2 The Deputy of St. John:

Can I ask the chairman of the sub-panel whether he agrees with me that it is inappropriate to debate something until scrutiny have finished all their work?

The Deputy of St. Peter:

Yes, I am of that opinion.

7.1.3 Deputy J.A. Martin:

I was at the presentation yesterday. Could the chairman of the Scrutiny Panel show any light on to it and say ... if we have to debate this today, have we expanded W.E.B. into a bigger company or, as we were explained yesterday, has W.E.B. less powers that will be subsumed into a bigger company called the States of Jersey Development Company, in fact they will only be a developer? So, I think what I am trying to ascertain from the Chairman of the sub-panel is, is he clear exactly where we are going with W.E.B. and the States of Jersey Development Company and if he has not already had sight of many of the papers, should we ... the same question is should we even be proceeding with this debate later on today?

The Deputy Bailiff:

Are you any clearer than the Deputy, Chairman?

The Deputy of St. Peter:

I feel as though I ought to be. As the panel understand the situation at the moment, if this proposal were to go through, the board of W.E.B., in its current form, would become the directors of the new company, S.O.J.D.C. (States of Jersey Development Company). As has already been pointed out, one of our original recommendations is that there should be an absolutely clear division between the setting up of the new company and that of the old company, W.E.B. It is obvious to me, and I would think to most Members, that if the board of W.E.B. moves in to take over the S.O.J.D.C.... but that clear break does not appear to have taken place.

7.1.4 Connétable D.J. Murphy of Grouville:

I understood that the Deputy was going to ask for a deferred debate on this. Is this correct to defer this debate?

The Deputy of St. Peter:

That is a decision for Members of this Assembly. All I have done is made a statement at the moment of where we stand.

The Deputy Bailiff:

The further question would be whether you are going to ask for one.

The Connétable of Grouville:

No, he did not.

The Deputy of St. Peter:

I think I have already said that I do feel, and I think the panel feel, that we should not go ahead with this debate until the review is complete.

7.1.5 Deputy R.G. Le Hérissier:

In the last sentence or 2, the Chairman mentions how he hopes to resolve the issue. Can he tell us, in some detail, how precisely he does intend to resolve the issue?

The Deputy of St. Peter:

I would hope that the Chief Minister will be true to his word in the letter he sent to us, whereby he said that the contracts will be made available to the panel to review in order that they can make that decision - that objective decision - as to whether those contracts interfere with the setting up of the S.O.J.D.C.

7.1.6 Deputy P.V.F. Le Claire:

Part of the elements of W.E.B. at the moment are in contest ... for the public of Jersey, which we own the shares of, are in relation in some aspects to the remuneration of the directors of W.E.B. Given that the Scrutiny Panel has been unable to look at the contracts, therefore, is it the case now, then, that the same bonuses and remuneration might be augmented, or multiplied, by a significant factor if this is just subsumed into a new company rather than merged with, or *vice versa*? Also has the President of the sub-panel considered subpoenaing the information that he requires?

The Deputy of St. Peter:

Firstly, it is not the role, or within our terms of reference, to discuss the actual remuneration of the executive directors of W.E.B. Our role is to see if there is anything within the contract that would stop the separation between W.E.B. and that of S.O.J.D.C. With regard to subpoenaing, I would hope we would not have to take that level. I would hope now that the Chief Minister would take heed of what has been said and re-emphasise to W.E.B. the need for us to see those documents.

7.1.7 Senator P.F.C. Ozouf:

Does the panel Chairman not accept that there is some considerable frustration, indeed sadness, that this issue has taken so very, very, very long in order to resolve? Does he accept that from the Ministerial side, all of which scrutiny wanted in terms of the proposition has been met by the new proposition? Does he not agree that the issues that he says that are to be resolved can, will and, indeed, must be dealt with during the transitional phase before the new company comes into life with the adoption of the articles of association and States decisions in terms of appointment of new directors? If not, why not?

The Deputy of St. Peter:

In answer to the Minister for Treasury and Resources' first question, I would remind him of the fact that the Ministerial side were awaiting the DTZ report. If one looks at the chronology which has now been made available to all States Members, that started in January. I was not invited to meet the Chief Minister until July. Therefore, the initial delay had been caused by a problem which the Chief Minister alluded to in that meeting. We had made every effort, as a panel, to attempt to get our report out early. If one looks at the chronology within the report, one can note that the delays have been caused in a failure of the Executive to provide us with the required information in good time.

Senator P.F.C. Ozouf:

He did not answer the second question that I asked about dealing with the issues in the transitional phase before the new company is actually brought into life.

The Deputy of St. Peter:

I believe the view of the panel, which may come out in the final report if we can get it out, would be that if you start a new company, you start it on the proper foundation with everything put in place, not set a ship sailing with known deficiencies.