

PUBLIC ACCOUNTS COMMITTEE

(37th Meeting)

1st September 2008

NOTES OF A MEETING OF THE CHAIRMAN AND MEMBERS

Members present -

Deputy S.C. Ferguson, Chairman
 Deputy A. Breckon
 Deputy J.G. Reed
 R. Bignell
 Advocate A. Ohlsson

Apologies received from -

Senator L. Norman
 Connétable D.J. Murphy of Grouville
 M. Magee

In attendance -

C. Swinson, O.B.E., Comptroller and Auditor General
 P. Monamy, Acting Clerk to the Public Accounts Committee

Public
 Accounts
 Committee:
 appointment of
 non-States
 members - to
 continue to be
 made by the
 States
 Assembly.
 512/1(23)

1. The Meeting noted a paper, dated 27th August 2008, from Mr. T. Le Feuvre, Research and Project Officer, Chief Minister's Department concerning the previous invitation of the Privileges and Procedures Committee to the Council of Ministers to review the list of appointments made by the States and, in each case, to form a view on whether the involvement of the States remained appropriate.

The Meeting noted that the Public Accounts Committee was being asked to consider the appropriateness of continued States involvement in the appointments process relating to its area of responsibility and whether such debates should be held in camera, in respect of the non-States members appointed to the Committee on the recommendation of the Chairman (as required under the Standing Orders of the States of Jersey).

The Meeting agreed that there was a need to avoid the potential alienation of such volunteers through the possible airing in open session of adverse comments. It was considered that the Public Accounts Committee had rather more standing than some other bodies to which appointments were made and that, as such, it was entirely appropriate that non-States members appointment should continue to be made by the States, especially as an important consideration was that such appointments should not in any way be perceived to be influenced by the Executive.

The Chairman was requested to write to the Chief Minister's Department to indicate that the Public Accounts Committee was firmly of the view that, as a

States Committee, appointment to the Committee should indeed be made by the States Assembly. Further, given that the Committee's primary function was defined in Standing Orders, the Committee would prefer the *status quo* to be maintained in the matter of the appointment to it of non-States members, whereby vacancies would continue to be advertised and potential candidates assessed in conjunction with the Appointments Commission.

Draft Public
Accounts
Committee
Report on the
2007 States of
Jersey
Accounts.
512/2(13)

2. The Meeting considered the draft report of the Public Accounts Committee on the 2007 States of Jersey Accounts.

It was noted that the layout of the draft Report was to be rearranged and a number of the points raised therein strengthened. The Meeting noted that there appeared to be no rationale provided in the Accounts for the holding of "Strategic Investments." Concern was expressed that of the utilities in which the States maintained a financial interest, only Jersey Telecom did not presently publish annual accounts. Questions were also raised as to why Jersey Post - although publicly owned - was not a public company. It was noted that the Comptroller and Auditor General (CAG) was shortly to commission a review of such publicly-owned entities, with the recommendation arising therefrom likely to be that all such strategic investments should be required to report to the States. It was suggested that all States' Trading Funds should be commercially managed and/or accounted for and, preferably, incorporated. In the event of cases arising where there was any perception of a monopoly situation, it was recognised that control of such a situation would be exercised by the Jersey Financial Services Commission.

The Meeting, having noted the summary of recommendations in the present version of the report, agreed that the Public Accounts Committee should be asked to approve the revised version once available in due course.

States of
Jersey Budget:
length of time
for preparation
and publishing.
512/1(22)

3. The Meeting considered how the length of time presently taken for the States' Annual Budget to be prepared and published could be shortened.

It was recognised that there was a need to avoid the present situation whereby the summer months represented a 'void' during which little progress appeared to be made on the draft Budget. One possibility was that significant departmental detail could be omitted (or perhaps included in a later 'Annex'), thus reducing the preparation time required. The Meeting considered that some difficulties arose from the late publication of the Budget and it was agreed that consideration should be given to including this matter as part of a review of the Public Finances (Jersey) Law 2005 in due course.

Comptroller
and Auditor
General:
report.
512/1(8)

4. The Meeting received an oral report from Comptroller and Auditor General regarding the under-mentioned work currently in hand and noted that -

- (a) a review of the Public Finances (Jersey) Law 2005 was progressing and would be published by the end of September 2008;
- (b) a review of the Waterfront Enterprise Board (WEB) Corporate Governance matter remained unfinished. The outcome to date was that a series of issues had been identified in the constitution, but had not yet been addressed in detail. It was considered that the claims made by WEB regarding accountability were inappropriate. As regards accountability generally, it was suggested that notes on all conflicts of interest should be produced and published, and included in the States' Annual Business Plan. The CAG was to commission a London firm in order to examine the relevant issues of 'corporate governance.' Thereafter, the CAG would publish his annual report

and issue a consultation paper. Subsequently, a forum of non-States members would be established in order to consider the matter;

- (c) a review was to be undertaken of the incorporation of Jersey Post and the States' trading entities generally;
- (d) a review was being undertaken of the current liabilities of the Social Security Funds. The Meeting noted that from the work carried out so far it was apparent that the Social Security funds were not managed on a funded basis (i.e. the fund was not planned so as to hold sufficient funds to cover all future liabilities when future contributions were taken into account): the fund was essentially managed on a 'pay-as-you-go' basis - but over a period of years (i.e. the contributions were set at a level which, with income from accumulated funds, would meet expected outgoings for number of years. It was further noted that the period for which outgoings were covered at existing contribution levels depended crucially upon the level of future migration. Higher immigration would increase the size of the working population at a time when the average age of the population was expected to rise. At existing contribution levels, assuming no net immigration, the fund would be exhausted by 2033. Assuming net immigration of 200 per annum, the fund would be exhausted by 2037. The Meeting noted that in order to ensure that the funds were not exhausted for 60 years (which would be nearer the life expectancy of people currently contributing) would require contributions to be increased to 17.5 per cent (assuming no net immigration);
- (e) other activity included ongoing discussion with the Law Officers' Department regarding potential improvements to that department. The outcome of these discussions would be published in due course. It was noted that a further review would be needed in due course of the handling of certain management issues prior to the engagement of any additional staff. It was noted, for example, that there appeared to be no rational prioritisation of work within the department;
- (f) following Mr. Swinson's recent reappointment for a period of 5 years, it was noted that consideration would be given in due course to how that time might be utilised;
- (g) following brief consideration of the CAG's review of the Planning and Environment, and Education, Sport and Culture departments, the Meeting noted that work was underway in conjunction with the Chairman on arrangements for the initial induction briefing of the new Public Accounts Committee to be appointed in December 2008 onwards.