

## **9.1 The Chief Minister regarding the outcome of the complaint made by Senator B.E. Shenton against Senator P.F.C. Ozouf, Minister for Economic Development**

### **The Bailiff:**

That concludes the second question period and we now come to statements on a matter of official responsibility. The first statement of which I have notice is a statement to be made by the Chief Minister.

### **9.1.1 Senator F.H. Walker (The Chief Minister):**

I would like to inform States' Members of the outcome of the Council of Minister's review of the complaint by Senator Shenton against the Minister for Economic Development. Senator Shenton made his complaint in an email dated 12th October 2006, which was sent to the Deputy Chief Minister and copied to all States' Members. The complaint centred on the awarding of £95,000 in grants to the Battle of Flowers Association. At the Council meeting last Thursday Ministers reviewed the actions of the Minister of Economic Development and his department. The Council's deliberations were informed by the report of the Comptroller and Auditor General and a further internal audit report commissioned by the Chief Executive of the States. The Council concluded that a number of procedural errors had been made in relation to the awarding of a second part of the additional grant. The Council confirms that, as a result, the financial direction in obtaining value for money from grants was breached. In addition, while the Minister made a verbal offer to the Association, he should have ensured that the Accounting Officer gave him written guidance on conditions to apply to such a grant. If he did not agree with this advice he should have issued a letter of instruction. The Council has treated this as a serious matter and I have written to the Minister to inform him of the Council's view to formally notify him of his errors and seek his assurance that corrective action will be taken to revise procedures within his departments. The Council noted that the Minister had himself acted by asking the Comptroller and Auditor General to review the circumstances surrounding the 2006 Battle of Flowers. The Council believed this demonstrated the Minister's own concern about how to obtain best value from public money and the importance of following proper procedures. In relation to any breach of the Ministerial code, the Council concluded there was no such breach. The Council decided that the Minister had acted in good faith and in what he believed were the best interests of the Island. The Council also noted that all the recommendations of the Comptroller and Auditor General had been accepted by the relevant parties, including the Minister, and were in the process of being implemented. The Council of Ministers reaffirms the importance of proper procedures in taking and documenting ministerial decisions. These errors, while regrettable, were made in the early days of Ministerial government and it is clear lessons have been learnt. In order to strengthen procedures, the Council will issue new guidelines to clarify the role of Ministers and Accounting Officers. These are designed to ensure that clear governance and procedural arrangements are in place, understood and followed. A preliminary draft has been circulated and it is intended that this will be finalised at the Council's next meeting which is next week. In relation to the role of the officers involved, the Chief Executive and the Corporate Management Board are taking the appropriate action. The Chief Executive is also updating all senior officers on the new rules and financial guidelines - financial directions. As soon as the Council has finalised the new additional guidelines all senior officers will be appropriately briefed.

### **9.1.2 Deputy P.V.F. Le Claire:**

May I ask a question in relation to the review of the decisions that were undertaken? It was interesting to listen to the statement inasmuch as the words that were being used were: "The Council decided" and: "The Council concluded". In instances of this nature, although there may be a Ministerial breach of a code in relation to financial expenditure, does not the Chief Minister believe that in order for everything to have been seen to have been reviewed properly that these sorts of procedures should be referred to the P.A.C. (Public Accounts Committee) for comment

as well? Would the Chief Minister not consider, further, that would probably be a more robust method of deliberating upon one of his own members of his Council?

**Senator F.H. Walker:**

I do not necessarily have a problem with that in the future. It is something I think that could be looked at. But this complaint was referred to the Council of Ministers and the Council of Ministers have properly dealt with it.

**9.1.3 Senator J.L. Perchard:**

It is now clear that at the end of 2005, the old Economics Development Department had serious concerns over the quality of the Battle of Flowers Association's management. It is also clear that the Senator, after his appointment as Minister, was warned of these serious concerns by his officers. Is the Chief Minister concerned that his Minister did not take into account the serious concerns before deciding to make further funds available?

**Senator F.H. Walker:**

I think I have made it clear in my statement that the Council of Ministers has been concerned and is concerned. But equally, we are utterly convinced that the Minister acted absolutely in what he saw as being the best interests of Jersey. The Battle of Flowers is Jersey's premier visitor attraction. It has suffered over many years now from a gradual decline in standards and the Minister was seeking, quite rightly, to boost what I have said is a major economic earner for the Island. He made a genuine error. Who of us in this House has not done the same? The important thing, and it is very clear this is the case here, is that one learns from one's mistakes. That is exactly what is happening here, not just for the Economic Development Minister, but for the Council of Ministers as a whole.

**9.1.4 Senator J.L. Perchard:**

After the 2006 Battle of Flowers the Minister has said: "I am afraid failing to organise the filling of the V.I.P. stand is only one of the problems. Others include the way in which decisions are made, the chaotic nature of their press management, judging problems, timing of announcements, changing minds, accountability, decisions of celebrities, signing of contracts, *et cetera*." We now know that he Minister rewarded the Battle of Flowers Association, in exchange for influence over some of these decisions, with an unauthorised payment of £45,000. My question is, Sir, is it wise for a Minister to become so closely involved in the managerial decisions of the Battle Association, even in decisions as trivial as insisting on celebrities?

**Senator F.H. Walker:**

The Minister was badly let down by the Battle of Flowers Association, of that there is no doubt. But I have already said the Minister has accepted that errors were made; we accept that. Lessons have been learnt and what we have to do now is move forward and ensure 2 things. Firstly, that financial management is absolutely as it needs to be and secondly, under new management as it were, and following all the recommendations of the Comptroller and Auditor General, that the Battle of Flowers resumes its place as Jersey's undisputed leading visitor attraction and something that the Island - as it used to - can once again take great pride in.

**9.1.5 Senator B.E. Shenton:**

In this instance, as has been said, procedures were not followed. We have had backdated Ministerial decisions, we have had waste of taxpayers' money. This is not just about the Minister himself; it is also about his Accounting Officer and, ultimately, the Chief Executive and the Chief Minister. I have 3 questions for the Chief Minister.

**The Bailiff:**

They all relate to the statement, do they?

**Senator B.E. Shenton:**

They all relate to the statement, yes. Firstly, will he publish the report that was prepared by his Chief Executive, in full and completely un-doctored and make it available to all States Members? Secondly, he has mentioned that they are strengthening the guidelines. I have read through the guidelines and they seem fairly straightforward to me. Will he also publish the guidelines and point out where the weaknesses were, because they were written, as I say, before. They are very easy to understand and these were serious breaches. Thirdly, he says that in relation to the role of the officers involved, the Chief Executive and the Corporate Management Board are taking the appropriate action. Could he tell us what the appropriate action is and also confirm that it has been taken in due course?

**Senator F.H. Walker:**

The answer is yes, yes and no. Publish the report from the Chief Executive, yes. The report from the Chief Executive was totally based upon the internal audit report. Publish the guidelines - the new strengthened guidelines - yes, that has always been the intention. Outline what actions have been taken against the officers, disciplinary action or whatever the alternative is. No, Sir, that has never been disclosed in public before and should not be done so again in this instance.

**9.1.6 Senator L. Norman:**

The statement excuses the actions of the Minister because he acted in good faith and what he believed were the best interests of the Island. Does the Chief Minister not accept that all Members of this Assembly act in that way and that if this is to be accepted any action by a Minister, however inappropriate, could be defended and excused by using that excuse?

**Senator F.H. Walker:**

I am not defending or excusing it; I am making a statement - as far as the Council Minister is concerned - of fact. This is an unusual scenario. It is extremely unusual for anyone in the States - previously Presidents of Committees - to stand up and make a statement based on a complaint against one of their Members of the Committee, in this case, of course, a Minister. It demonstrates how seriously the Council of Ministers have taken this issue and how determined we are that such errors will not reoccur, not just in Economic Development, but elsewhere in the future. I ask Senator Norman if he has never made a mistake while acting in the public interest, because I know he has. I do not imagine that he was hauled-up, basically, in front of the States with a public statement on the back of it, which is exactly where we are at for the Minister for Economic Development.

**9.1.7 Deputy J.J. Huet:**

Is there not a saying that a person who never makes a mistake never does any work?

**Senator F.H. Walker:**

Sorry, is that a question?

**Deputy J.J. Huet:**

You could take it as a question.

**Senator F.H. Walker:**

I wholeheartedly agree.

**9.1.8 Deputy C.F. Labey of Grouville:**

Would the Minister not agree that this is not only a tourism event, but it is an even bigger local event and is quite huge in the community diary? It involves many, many local people of all ages and Jersey would be a far worse place without it.

**Senator F.H. Walker:**

I absolutely and completely agree and that is precisely what lay behind the Minister's actions. It is a community event and a tourism event and that is precisely what lay behind his actions in seeking to support it. There is no doubt that his intentions were absolutely right for the people of Jersey in every possible way relating to this event.