

# STATES OF JERSEY



## **PUBLIC FINANCES (JERSEY) LAW 2005: PROPOSED CHANGES**

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**Lodged au Greffe on 9th April 2009  
by the Public Accounts Committee**

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**STATES GREFFE**

## **PROPOSITION**

**THE STATES are asked to decide whether they are of opinion –**

to request the Minister for Treasury and Resources to bring forward for approval amendments to the Public Finances (Jersey) Law 2005 to expand the remit of the Comptroller and Auditor General in relation to companies that are wholly or majority-owned by the States of Jersey, with the exception of publicly quoted companies, to enable him to exercise similar functions in relation to these entities as those he exercises in relation to States funded bodies.

PUBLIC ACCOUNTS COMMITTEE

## REPORT

The Public Finances (Jersey) Law 2005 sets out the duties of the Comptroller and Auditor General (C&AG) under Articles 46 to 49. Article 46(3)(c) of the Law requires the C&AG to: ‘consider and report to the States on the general corporate governance arrangements of the States and of States funded bodies, independently audited States bodies and States aided independent bodies’.

Companies owned (either wholly or mainly) by the States of Jersey are ‘independently audited States bodies’. Thus, at present, the C&AG is empowered to examine the corporate governance of such companies that are wholly or majority-owned by the States of Jersey, but cannot carry out any investigations of such entities beyond this. The Committee wishes to request the Minister for Treasury and Resources to amend the Public Finances (Jersey) Law 2005 in order to provide the C&AG with increased powers to examine trading entities such as the Waterfront Enterprise Board (WEB), Jersey Water, Jersey Telecom and Jersey Post.

The Committee has brought this proposition following the presentation to the States on 18th March 2009 of the report of the Corporate Services Scrutiny Panel entitled: ‘Waterfront Enterprise Board (P.12/2009)’ (S.R.1/2009 refers). During its investigations, the Corporate Services Scrutiny Panel was advised that an increase in the rôle of the C&AG in relation to WEB would assist in strengthening arrangements for the accountability and transparency of WEB. This led to recommendation 4.27 of the report, which states: ‘The remit of the C&AG in relation to WEB should be widened’.

The Public Accounts Committee believes the remit of the C&AG should not only be widened in relation to WEB, but in relation to all companies that are wholly or majority-owned by the States of Jersey and are not listed on any stock market or exchange. This will provide the public with an independent oversight of the activities of these professionally audited bodies, which are subject to varying levels of States control.

The Committee recognises that, should the C&AG’s powers be extended to include full investigations of publicly quoted companies that are wholly or majority-owned by the States of Jersey, any report of findings would need to be issued to the relevant stock exchange and could have an impact upon the company’s share price. The Committee therefore considers that the remit of the C&AG should not be extended in this regard.

In conclusion, the Committee would ask members to agree that the Minister for Treasury and Resources be requested to bring forward amendments to the Law to enable the expansion of the rôle of the C&AG in relation to companies that are wholly or majority-owned by the States of Jersey (with the exception of publicly quoted companies).

### **Financial and manpower statement**

Should this proposition be approved, the Minister for Treasury and Resources will be requested to bring forward for approval amendments to the Public Finances (Jersey) Law 2005, which will require Law Drafting time.