

4.10 Deputy R.G. Le Hérissier of the Minister for Treasury and Resources regarding allocated to implement the recommendations of the McKinsey Report:

What sum, if any, has been allocated by the Council of Ministers for implementation of the recommendations of the McKinsey Report?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

The Medium-Term Financial Plan provided a number of growth items for Financial Services. Many of the issues that were detailed and documented in the McKinsey Report were fortunately anticipated as becoming issues. Therefore, bids were brought forward by Jersey Finance and E.D. (Economic Development) as part of the M.T.F.P. (Medium-Term Financial Plan) process. Those included increasing funding to J.F.L. (Jersey Finance Limited) for further market development of £800,000 by 2015, additional funding to J.F.L. to fully fund the growth proposals related to the previously mentioned market development of a further £730,000, Saudi and G.C.C. (Gulf Co-operation Council) Financial Services activities for £350,000 and also a further provision of £200,000 for legislative fast-tracking and development. These are set out in pages 70 and 71 of the M.T.F.P. So the outcome of the McKinsey Report is now informing the exact nature and scale of the expenditure required. As a result, a proposed implementation plan has been considered by the Council of Ministers who was supportive of the proposals made. Consideration is currently being given to the level and timing of further overall funding and the source of that. Any Treasury and Resources ministerial decisions, together with Chief Minister's and Economic Development for finding additional funding over and above that I have already mentioned will of course be published.

4.10.1 Deputy R.G. Le Hérissier:

Those are very considerable sums but, as the Minister said, some have already been indented. However, I want to say, could he inform the House whether an approach has been made to McKinsey to oversee implementation of their plan and, if so, what sum of money have they requested for overseeing this?

Senator P.F.C. Ozouf:

I can confirm that the Minister for Economic Development and Chief Minister have made no attempt to bid for money for implementation for McKinsey. The McKinsey Report, as the Deputy will be aware - I think he attended the presentation by a senior partner - McKinsey were there to do the research and to investigate effectively the current state of the financial services industry and indeed the global trends. Implementation is absolutely down to the respective departments within the States, and indeed there is joint work which is going on between J.F.L. and there are changes with the Financial Services Commission, and that is now being overseen by the Director of Financial Services. Certainly, McKinsey is of course a management consultancy and I am sure that he would be the first to criticise spending more money on, in fact, overseeing the implementation.

4.10.2 Deputy R.G. Le Hérissier:

For the avoidance of doubt, the Minister can therefore assure us that those sums he mentioned are essentially the sums and that there is no intention whatsoever of employing McKinsey or an equivalent company to oversee implementation and this is the rightful work of his senior staff in the various departments he has cited?

Senator P.F.C. Ozouf:

That is correct in relation to McKinsey but let us be clear that there is going to be some strengthening and some fortifying of the actual government side which was one of the key conclusions of McKinsey: that indeed if we were to assist in taking through the transition for what is effectively some new opportunities and some threats in relation to Financial Services, then government was going to have to up its game. Indeed, I can tell the Deputy that the Council

of Ministers, when considering the funding requests, did, for example, consider the strengthening of the Director of Financial Service's office to include project managers, but they would be of short-term contracts employed by the States, not by any management consultancy directly doing the work. Obviously, strengthening that arrangement could run into £200,000, £300,000 or £400,000 but that is short-term and designed to achieve specific targets for a growth within the sector.