

2019.04.30

8 Connétable K. Shenton-Stone of St. Martin of the Minister for Treasury and Resources regarding appointments to States-owned, or majority-owned, boards: (OQ.119/2019)

Further to the 2018 Annual Report of the Jersey Appointments Commission, which reported that concerns about the number of board appointments that a single individual holds at one time (particularly in relation to board chair roles) have been raised with the shareholder executive, what action is the Minister, as shareholder representative, taking to address these concerns?

Deputy L.B.E. Ash of St. Clement (Assistant Minister for Treasury and Resources - rapporteur):

It is important to note that the role of the Minister as shareholder representative and, therefore, mine as her delegate, relates only to the States-owned entities and not grant-funded bodies. The position with those States-owned entities is that approval to any appointments of non-executive directors is ultimately given by myself, either through the annual general meeting process, or prior to the initial appointment being made, if it falls outside the A.G.M. (annual general meeting) cycle. The position that we have discussed with boards is that we would not expect to see an individual sit on more than 2 States-owned entity boards at the same time. A review of the governance of the States-owned entities is currently underway; it commences with J.T. (Jersey Telecom) and Jersey Post and should be completed in the next few months. It will then extend to the other States-owned entities in the second half of the year, with expected implementation by the year end. This is reviewing the corporate governance arrangements with each company and the memorandum of understanding that is in place between the company and the Minister. The review will incorporate this issue of board membership, to ensure a consistent and appropriate approach is in place with the governance arrangements.

4.8.1 The Connétable of St. Martin:

I am grateful to the Assistant Minister for his answers. I believe, or know for a fact, that at least one person is chair of 2 boards and for a myriad of reasons this seems to be far from ideal. I would ask that this matter - as you say is in hand - be addressed as a matter of urgency and moving forward the position of chair of a board be limited to one chair per person.

Deputy L.B.E. Ash:

The person concerned is chair of 2 boards, but one is not a States-owned concern, as such. It is not, as I said, under the remit of the entities. I think you are referring to Jersey Digital. When that particular person was appointed, he was going to be on 3 boards, but we asked that he removed himself from one, to keep within our remit, even though, as I say, one of those companies was outwith that remit and he removed himself from the Ports of Jersey, thus keeping himself to 2.

4.8.2 Senator S.C. Ferguson:

Will the revised M.O.U.s (Memoranda of Understanding) make it clear to the wholly-owned States subsidiaries that they are, in fact, wholly-owned subsidiaries of a group holding company, or the equivalent thereof and, therefore, the prerogative for appointing the board should be clawed back and supervised very much more carefully by the Treasury?

Deputy L.B.E. Ash:

Firstly, of course, they are not all wholly-owned subsidiaries, some are only partly-owned. Secondly, at the moment, I am reviewing the M.O.U.s, I do not quite know what they will state. We will wish, though, to give the boards an independent hand, while still monitoring what they do.

4.8.3 Senator S.C. Ferguson:

Supplementary? These boards consider themselves independent but, in fact, they are very much in a position where the risks - I am talking about the wholly-owned subsidiaries here - attached to these companies are in fact taxpayer risks and these companies seem to have forgotten that. With respect, I would ask that the Treasury take a more active part in acting as the group holding company and taking a very much more directive approach to appointment of directors and so forth. Will the Minister, or the Assistant Minister, confirm that he will be looking at this?

Deputy L.B.E. Ash:

We constantly monitor these companies, of course. But, when one refers to the boards of these ... yesterday I met with the board of Jersey Telecom, the Chairman of which was previously the C.E.O. (Chief Executive Officer) of Cable and Wireless. We are talking about top quality people. We have a lady on that board that used to work with Bill Gates. These are not just people we just employ because we think they are going to be great people to go and have a drink with; they are top quality people. That is what they are there for.

4.8.4 Deputy D. Johnson of St. Mary:

The Assistant Minister for Treasury and Resources referred to the review of M.O.U.s, this was something which was raised in a previous Assembly when the then Minister for Treasury and Resources said that was under review. My recollection is that additional funding was provided for that purpose. Could he, therefore, please be more specific as to the state of play, where we are with that review?

Deputy L.B.E. Ash:

Certainly. As I said, they are under review, they take some time. We also have board effectiveness programmes going on. Following the C. and A.G. (Comptroller and Auditor General) report, we are doing a thorough 360 review of all these companies and, as I said, we hope that that will be completed by the end of this year.

4.8.5 The Connétable of St. Martin:

I agree that Jersey has a number of top-quality people, but many who are not being used, as the same people seem to be being used time and time again. I would ask that we spread our net more widely.

Deputy L.B.E. Ash:

I do not believe it is fair to say we keep using the same people. We have considerable diversity on these boards. It should also be pointed out that the boards will seek to ensure they have a range of appropriate skills and experience on the board to diversify as far as possible.

[10:45]

In advertising the board roles, there will often be a clear profile of skills and experiences that is needed, in order to undertake the role effectively. Any successful candidate must meet that criteria.