

STATEMENTS ON A MATTER OF OFFICIAL RESPONSIBILITY

Senator L.J. Farnham:

Can I make a proposition or suggest a further proposition to the one I made earlier? The Minister for Treasury and Resources is going to make his statement on the very important issue of a vote of censure and in an effort to be fair to the Minister, and to Members, it may be worth taking this as a first item after lunch. I would also propose or ask if you would...

The Deputy Bailiff:

Senator, the reason that I thought it ought to be taken first is that this matter is a stressful matter for the Minister for Treasury and Resources and I do not think it is right to keep him waiting, hanging around over lunchtime while he has to worry about it. That is the reason.

Senator L.J. Farnham:

Absolutely, but I was going to ask if you would allow a suspension of Standing Order 68 to allow more than 10 minutes for questions. I believe it is fair to the Minister for Treasury and Resources and to Members that this is given a proper airing and Members can ask all their questions and I do not believe 10 minutes will be enough time to achieve that.

The Deputy Bailiff:

The reason I am hesitating, Senator, is that it would require under previous decisions from the Chair, the suspension of the entirety of that Standing Order and I just wish to read it again to be sure that it would make sense to do so. The difficulty with suspending the entirety of the Standing Order is that under paragraph 4 of Standing Order 68: "The question period shall not be made a pretext for debate." It means that there would be the possibility of a debate on the matter and I do not think that is appropriate.

Senator L.J. Farnham:

I was specific, to allow more time for Members to ask questions not for a debate but I think it is an important issue and it is only fair on Members and the Minister.

The Deputy Bailiff:

The established practice is that you cannot suspend only part of a Standing Order. You must suspend the entirety of it and the consequences of suspending the entirety of Standing Order 68 would be that there would be nothing inhibiting the question period becoming a debate.

Deputy G.P. Southern:

Notwithstanding your comment about stress, I believe this has just appeared on our desks behind 3 other statements. I believe we should properly do those 3 statements first and do this one after lunch.

The Deputy Bailiff:

I think that is a matter for the Chair, Deputy.

Deputy M. Tadier:

Can I just ask a question? I am mindful of the fact that procedure will be very difficult and it probably something that P.P.C. need to look at but I know other jurisdictions do suspend Standing Orders to try and achieve what their Assemblies wish to achieve. If we did suspend Standing Orders but then also have a subsequent proposition which would recognise the fact that a question period will take place for perhaps 20 minutes and that it would not be a debating period. If that were voted on, that would give us very clear parameters in which to be able to question the Minister for Treasury and Resources and perhaps also ask supplementary questions which, in a 10-minute period is, obviously, a very tricky thing to do if one wants to allow all Members to ask questions.

The Deputy Bailiff:

That will be a matter no doubt that the Privileges and Procedures Committee can consider in the future.

5. Statement by the Minister for Treasury and Resources regarding the vote of censure

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

A censure motion is one of the most serious sanctions that the Assembly has at its disposal. Allegations concerning conduct form part of a vote of censure, which has been withdrawn at short notice, and I am grateful that the allegations have been withdrawn and that was confirmed by you, Sir, and the Senator.

[12:30]

Notwithstanding this, there has been a great deal of media coverage on this issue and my reputation, effectively, maligned. The withdrawal of the proposition has, unfortunately, denied me the opportunity to answer those points in public. I am making this statement to give Members an opportunity to question and to do just that. It might be helpful if I briefly rehearse the background to this whole issue because it relates to actions taken in Property Holdings which started over 2 years ago. An offer of £8.75 million was made by Property Holdings to buy Lime Grove House. This was made without my knowledge or that of the Acting Chief Executive or, properly, the Deputy Chief Executive, in March 2010. This was likely to be the biggest single property purchase in the history of the States. I maintained that it was wrong and unwise that an offer should be made without the knowledge of the Minister responsible. A formal valuation of Lime Grove House was carried out by external valuers some 2 months after the offer had been made. This problem was compounded by the fact that the vendors accepted the sum of money in writing but on the basis that the States would be meeting the snagging and dilapidation costs. A letter from the vendor was not acknowledged by Property Holdings. This work would have cost £1.5 million or more. A valuation of these works was only ordered more than 2 months after the offer had been made. There then followed a difference of understanding between the vendor and the States which was still not resolved a year later. The former Director of Property Holdings was not aware that a counteroffer proposal had been submitted by the vendor and expressed himself his displeasure in writing to his staff when he was made aware of this confusion. I believe that he was correct to do so. It is wrong to give the impression that there was a done deal on the table which was lost because I delayed the process. There was a price but not a deal and it was not made clear what works were being included in the price. What then happened is that the States were, effectively, gazumped by a tenant in exceptional circumstances. As frustrating as this may be, it happens in the world of property transactions. In any event, we would not, in my view, compete with a potential tenant on whom jobs and economic activity depend. Concerning part A of the proposition and the meeting held on 14th July 2010, this has been linked to other allegations in another report and the media has naturally made a link to this. As the Chief Minister has said, bullying is wrong and has no place in the States of Jersey workplace or elsewhere. Being clear and direct after a series of broken promises, having received a forward business case and asking questions about it after a series of other concerns, is not bullying. The Comptroller and Auditor General himself concluded that there is no object evidence that there could be adduced to settle the conflict between the recollections of the individuals present at that meeting. I questioned that I would be censured on the basis of inconclusive evidence. Part B of the proposition alleges that I requested the former Interim Treasurer to commission a review to malign the reputation of a senior civil servant with a predetermined outcome. This is untrue, unfair, unsubstantiated and inaccurate. Most importantly, I did not commission the review. The intention of the Deputy Chief Executive who commissioned it was that the review should advise him on the adequacy of the business case. The evidence to support this extremely serious

allegation was set out in 4 points on page 148 of the report. The accuracy of these points has been directly challenged by the former Interim Treasurer on whose evidence they were based. The Interim Treasurer has also challenged the process used for this review. I did not ask the former Interim Treasurer to smear the reputation of a senior civil servant. The Interim Treasurer has written refuting this allegation. Part C is the part that suggested that I sought alternative views of value and, specifically, the notion that I did not subject those valuations to the same degree of analysis as produced by Property Holdings. It is important to emphasise that the informal values provided to me were informal. I have been open about the fact that a number of people were confirming my suspicions that the price that was offered for Lime Grove House was too high. The implication is that I gave more weight to these than those views of Property Holdings is overstated. I had other evidence to draw on. A property valuation is not a mathematical or accounting formula. A property valuation is based upon assumptions; yield, market rentals, quality of tenant, together with adjustments to get the property to a certain standard are all taken into account. A buyer then makes an assessment and offers a price he is prepared to pay. I could not understand why the valuations and offer were being based on the building being let. It was an empty building and had been so for 11 years. It had never been occupied and was only a shell and core. I stand by the judgment that it was a too high a price that was offered for this building. I have also established that the yield for unlet buildings is not the yield assumed by Property Holdings, which would have led to a higher value for Lime Grove. The last part of the proposition suggested that I did not pursue vigorously the ministerial decision. I did make my reservations on the price clear from the beginning. It is wrong to suggest that I should have been censured for trying to achieve best value when I had serious, legitimate concerns about the offer price given for this building. I am sure that many Members have questions and I am prepared to answer all of them to draw this matter to a conclusion once and for all. For nearly 11 months, I have been subjected to a number of allegations which has undermined my position and not enabled me to carry out the job which I have been elected to do. I believe this is unfair. A vote of censure is the most serious parliamentary sanction falling short of a vote of no confidence. It should be properly founded and there should be a fair process. There were many positive things carried out by Property Holdings but there were issues with Lime Grove which I had to deal with. This should not be interpreted as maligning somebody. Similarly, Ministers should be held to account but no Member should be treated in the way that I have over the last 11 months. The Chief Minister has made it clear that he wanted a new type of politics in the Island. I agree. These issues have consumed me and others for nearly 11 months. Hundreds of hours have been spent investigating this issue. I express the hope that in giving this statement and in answering questions, as briefly as I can, I will draw a line under this issue and we can move on, work together constructively and positively to concentrate on the real issues facing this Island. [Approbation]

The Deputy Bailiff:

There are 10 minutes allowed for questions.

5.1.1 Senator S.C. Ferguson:

The Minister for Treasury and Resources has relied on the curiously opportune email from the Interim Treasurer and in this email, *inter alia*, the gentleman says that his report was not inflammatory. Now, if one reads from that report evidence on file of: “Unhelpfully close relationships between J.P.H. (Jersey Property Holdings) and the agents; inappropriate reference to the Minister for Planning and Environment; the relationship between J.P.H. and the valuer appears questionable.” Can the Minister for Treasury and Resources rely on that report and say it was not inflammatory?

Senator P.F.C. Ozouf:

I have not said whether or not it is inflammatory or not. I am concentrating on the issues. The Senator has been leading the charge to investigate this matter for 11 months. The issues of my

mis-performance or otherwise or bad behaviour are not related to the issues that she questions me on and I do not think they are relevant. We need to move on. Whether or not that report was right or not, the Interim Treasurer has made his position clear on the serious allegation that I asked him to malign a senior civil servant. That is the issue that matters, and I did not.

5.1.2 Senator S.C. Ferguson:

Supplementary. But if the Minister for Treasury is relying on the word of the Interim Treasurer, why did he not take authorise his officers to take the appropriate management actions after receiving this report?

Senator P.F.C. Ozouf:

I am not going to stand in this Assembly and make references that could be quite understandably but inappropriately made to cast doubt on senior civil servants. That is absolutely wrong. We should not deal with performance issues in this Assembly and I have stated that there were not serious performance issues in relation to people in Property Holdings. There were structural issues and I agree with the Comptroller and Auditor General there were structural issues which needed to be sorted out. H.R. (human resources) and Property and Treasury all had issues, structural issues, and they have had to be dealt with and we are well on to the way of solving them.

5.1.3 Deputy M. Tadier:

Regarding point 45 and point 2 of the Minister's statement, does he not accept that it is both presumptuous and unrealistic to think that a few questions and answers now will draw this matter to a conclusion once and for all? Does he also accept that it is simply the vote of censure which is being withdrawn, the allegations, if one reads Senator Ferguson and the co-signatories, remain and that is why they are asking for P.A.C. to have a full and thorough investigation? Does the Minister for Treasury and Resources welcome this full and thorough investigation from P.A.C. and will he co-operate?

Senator P.F.C. Ozouf:

I have co-operated on investigations over 11 months. I was subjected, quite understandably, to a Corporate Services investigation. There then have been numerous issues raised by the Comptroller and Auditor General. At some point, and in both of those reports, there was not concrete evidence of, effectively, misconduct by myself. I do not understand why the media has seized upon it. Well, I do understand but it is wrong that the media has seized upon these and cast doubt on my own ability as a Minister. I need to move on. This Assembly needs to move on in dealing with this issue. We have consumed hundreds of hours of my time, of other people's hours on this issue. Do Members not know enough about this issue now in order to move on? We have important issues to deal with in this Island. That is what we should be concentrating on, not on this backward looking navel-gazing and continuing personal attacks of which I, unfortunately, have been subjected to quite a few.

The Deputy Bailiff:

Deputy, can I make it plain from the Chair that the position in this Assembly is that the proposition has been withdrawn and, therefore, the allegations have been withdrawn with it.

5.1.4 Deputy J.A.N. Le Fondré:

This is in relation to paragraphs 39 and 40 in the statement which is about: "I stand by my judgment that too high a price was offered for the building and that is still the case today, apparently." (1) If the Minister's judgment has been demonstrated to be wrong by the Comptroller and Auditor General, does the Minister accept that? (2) Even if his judgment was correct, why did he sign a Ministerial Decision in May 2011 to buy the building for up to £8.75 million, which was the original price recommended by Property Holdings, in which case

according to that, his judgment says that the price was too high but he has signed a Ministerial Decision to commit the States to buying that building.

Senator P.F.C. Ozouf:

I am well aware that the Deputy feels very strongly about this.

Deputy J.A.N. Le Fondré:

Please answer the question.

The Deputy Bailiff:

He is just trying to.

Senator P.F.C. Ozouf:

This is a matter of political judgment. One is elected to make political decisions. It was my political view, and I made it clear in the signing of the Ministerial Decision, that it was up to £8.75 million. I would remind the Deputy that the vendors accepted a price of £500,000 lower and it was only due to the issue of an exceptional tenant in exceptional circumstances that they chose to do probably what they really wanted to do, which was rent the building. This is a matter of political judgment and I stand by that judgment and the Deputy and I both need to move on from this issue. We cannot continue to...

Deputy J.A.N. Le Fondré:

Supplementary.

Senator P.F.C. Ozouf:

The Deputy is standing, Sir.

5.1.5 Deputy J.A.N. Le Fondré:

May I ask a supplementary which was also about how things have been presented to Assembly in the past? When the Minister made the statement in the Assembly in June 2011, he referred to buying a modern, I think it was a modern, open-plan office building. However, something like 2 months later he started referring to it as a decaying building. Which was it?

Senator P.F.C. Ozouf:

There were issues about the offer which I have been clear about and...

Deputy J.A.N. Le Fondré:

Is the Minister denying it?

Senator P.F.C. Ozouf:

I do not think that I can be interrupted constantly, Sir. I know the Deputy feels strongly on this. He and I will not agree on the political judgments that were made about this. I have been clear about it. The circumstances were exceptional for the States, effectively, being gazumped. That is the situation and we lost it. We need to move on and we have found a better solution and Property Holdings has also been reorganised in order to deliver what is really needed, which I know the Deputy wants to do, which is efficient matters. If the Deputy still has an issue about my conduct, then he needs to bring a proposition to the Assembly and we will deal with it. It cannot go on, month after month, of effectively maligning my reputation, asking questions and undermining me in this way. It cannot continue.

Deputy J.A.N. Le Fondré:

Just to say, I have not maligned his reputation. I would just like an answer to the question.

5.1.6 Deputy G.P. Southern:

Does the Minister seriously believe that a collection of 52 assertions followed by 10 minutes of questions will draw a line under this matter?

[12:45]

Senator P.F.C. Ozouf:

Fifty-two points after 2 investigations which did not conclude any wrongdoing should be an end to the matter, I would have hoped.

5.1.7 Connétable J.M. Refault of St. Peter:

Just a simple question of the Minister for Treasury and Resources; does he agree with the C.A.G.'s findings?

Senator P.F.C. Ozouf:

I agree with many of the C.A.G. findings about the structure of Property Holdings and the issues that needed to be dealt with and, if I may say, the Constable himself started the reorganisation of Property Holdings and that has been continued by the current Minister. We are now reforming. We are changing and we are doing better and that should be welcomed.

5.1.8 Deputy R.G. Le Hérissier:

The point that the Minister states that it was wrong and unwise that an offer should be made without the knowledge of the Minister responsible. When did he make that decision?

Senator P.F.C. Ozouf:

The offer was made, as I have made in my statement, and I knew probably some couple of months or 6 weeks... I do not know exactly when but I did not know about it before it had been made. That is something that, while the Assistant Minister was able to do that, that is surely unwise. As the single biggest property transaction, surely the Minister should have made it and I objected to that. I was the Minister and I think that I am entitled to do that.

5.1.9 Deputy R.G. Le Hérissier:

A supplementary. Could the Minister outline the reporting relationship and communication processes that were in place to keep him informed of what his Assistants were up to?

Senator P.F.C. Ozouf:

Happily, Sir. I was one of the first Ministers to appoint Assistant Ministers, organising weekly meetings, a clearing house where ministerial decisions were discussed and debated among the ministerial team. It is a matter of regret that the former Assistant Minister did not always take part in those discussions. I have been proud of teamwork. Teamwork is the way you make good decisions. That is what I did under the previous position of Minister for Treasury and Resources up until the time that situations deteriorated and I did it as Minister for Economic Development but it did not happen. I also remind the Assembly, most respectfully, that I was also faced with the position that the Assistant Minister, after having been part of a whole preparation of the C.S.R. and F.S.R. (Financial Services Review), also voted against the Ministerial Decision. That is not good communication to only know about that a few days before. I do not criticise the Deputy. I just make the point; teamwork goes both ways.

5.1.10 The Connétable of St. Lawrence

Yet again my question follows on from what the Minister has just said because I would like to ask him how a Minister can be doing their job properly if their department makes an offer for the single biggest property purchase by the States and they are not told about it?

Senator P.F.C. Ozouf:

I agree with the Connétable that was an issue and needed to be dealt with and communication is important. I am pleased to say that the Council of Ministers, on a range of issues, and my Assistant Minister are communicating. I know what goes on. He knows what goes on with me. There are no surprises. He can stand in for me at almost any moment because good communication is there. That is how a ministerial team should operate not, as I am afraid, as it was in the past. I am sorry to be making these statements but communication goes both ways.