

STATES OF JERSEY

Corporate Services Scrutiny Panel

TUESDAY, 15th APRIL 2008

Panel:

Deputy C.H. Egré of St. Peter (Chairman)
Connétable D.J. Murphy of Grouville
Connétable J.L.S. Gallichan of Trinity
Deputy J.G. Reed of St. Ouen
Mr. R. Law (Adviser)

Witnesses:

Mr. G. Voisin (Chairman, Waterfront Enterprise Board)
Mr. S. Izatt (Managing Director, Waterfront Enterprise Board)
Mr. L. Henry (Finance Director, Waterfront Enterprise Board)

Deputy C.H. Egré of St. Peter (Chairman):

Right, gentlemen, we are at the start of a very busy day; I am sure you are aware. If I can just draw your attention before we start to this piece of information, which I think you are aware of. It basically outlines the way that Scrutiny Panels work from a legal perspective. We will be recording, as you know, this session. It will be transcribed and put on the States website -- not on the States website, on the Scrutiny website. Before we start, as a point of record if we could just introduce ourselves to the panel. I am Deputy Colin Egré, who chairs this panel.

Connétable D.J. Murphy of Grouville:

Dan Murphy, who vice-chairs it.

Deputy J.G. Reed of St. Ouen:

Deputy James Reed.

Connétable J.L.S. Gallichan of Trinity:

John Gallichan.

Mr. R. Law:

Richard Law, described as adviser.

The Deputy of St. Peter:

We have 2 officers here, one guest who has just arrived as a new Scrutiny Officer, so this is his first real idea of how the work is done in a public hearing. Gentlemen, again for the record, if you would care to introduce yourselves, please, and your role?

Mr. G. Voisin:

Gerald Voisin, Chairman of W.E.B. (Waterfront Enterprise Board).

Mr. S. Izatt:

Steve Izatt, Managing Director of W.E.B.

Mr. L. Henry:

Lee Henry, Finance Director of W.E.B.

The Deputy of St. Peter:

Thank you, gentlemen. You have been given, I understand, a set of questions. There were not very many of them. We will deviate slightly from that question plan because obviously there are a few more things that have come to the fore since we put this together. I would ask that both my team on this side put forward their questions succinctly and I hope that from your side you will be answering succinctly, and we had the discussion outside, not necessarily yes or no. Right, so we start, if I may, with a question which basically is what do you consider as the current role for W.E.B.?

Mr. G. Voisin:

Well, the current role for W.E.B. is very clearly set out in States decisions, which is to develop the waterfront, and the area is prescribed in -- I think it was set out in P.156 of 1995. But it is quite specific inasmuch as it is the waterfront area and predominantly West of Albert.

Mr. S. Izatt:

I think we should add to that it is West of Albert, the Island site and the weighbridge.

The Deputy of St. Peter:

Now, if I can move on again, will the formation of the Jersey Enterprise Board create any benefits for the Waterfront Enterprise Board?

Mr. S. Izatt:

Well, I do not know that -- I think J.E.B. (Jersey Enterprise Board) is aimed to fulfil a slightly different function. W.E.B. was created to provide a commercial entity to develop the waterfront area, whereas J.E.B.'s role is to develop those properties owned by the States or formerly owned by the States that the

States decide they no longer have a use for. So the remit of J.E.B. is going to be considerably wider than the remit originally given to W.E.B.

The Deputy of St. Peter:

How do you see the 2 interacting now, J.E.B. and W.E.B.?

Mr. S. Izatt:

Well, J.E.B. will assume responsibility currently held by W.E.B. W.E.B. will be a wholly owned subsidiary of J.E.B.

The Deputy of St. Peter:

Where would you see your roles take up in a new position should J.E.B. be established?

Mr. G. Voisin:

They would transfer in the sense that all of the staff would be moved into J.E.B. and would undertake the activities through J.E.B. they are currently undertaking in W.E.B. and that the boards of both would act together, albeit that obviously because W.E.B. is a wholly owned subsidiary of J.E.B. any board of W.E.B. would take its instructions from the board of J.E.B., although it is intended the 2 would be the same.

Mr. R. Law:

So they carry out the same function? Their functions are going to be identical?

Mr. S. Izatt:

Yes, save for remit is much larger.

Mr. R. Law:

Except that the -- yes.

Mr. S. Izatt:

Exactly.

Mr. R. Law:

But identical function?

Mr. S. Izatt:

Where we are talking about waterfront land, land that was specifically ceded to W.E.B., then yes, the role will be the same, but, of course, the whole point of J.E.B. is that J.E.B. will receive properties that

the States decide that they no longer have a use for and that that is where the wider remit comes in.

Mr. R. Law:

Yes, but the function is identical? I understand the footprints are going to be different, the actual product is going to be different because it will fit into the Island plan, but the actual functions are going to be identical?

Mr. G. Voisin:

Yes.

Mr. S. Izatt:

Exactly.

The Connétable of Grouville:

Initially you said -- I think you said that W.E.B. would, in fact, be a subsidiary of J.E.B.?

Mr. G. Voisin:

Yes.

The Connétable of Grouville:

But you then say that staff and various other functions will be transferred over from W.E.B. to J.E.B. so, in fact, W.E.B. would no longer be an independent operation, would it?

Mr. G. Voisin:

That is correct. It would be part of -- in the same way that in actual fact W.E.B. at the moment owns a number of S.P.V.s (special purpose vehicles), basically W.E.B. would be an S.P.V. of J.E.B. You know, I hope that the analogy is not ...

The Connétable of Grouville:

Not at all.

Mr. G. Voisin:

You know, there is really no point -- when this proposal was put to the then board of W.E.B. I think originally it was proposed that assets and property and leases and contracts should be transferred to J.E.B. and it was soon felt, soon noticed, that to do that would be an absolute nightmare. You would create a very big role and tremendous cost in transferring all these assets and there is no need to transfer them, just leave them where they were and if you, you know, want to create a new organisation, an umbrella organisation, over W.E.B. then it would be better to transfer the shares of W.E.B. into J.E.B.

and then the States holding is owned by J.E.B.

The Connétable of Grouville:

Okay, I understand that. What did confuse me was when you said that you were going to transfer various functions and staff from W.E.B. to J.E.B. Then that becomes more of a merger than a takeover or a subsidiary situation, does it not?

Mr. G. Voisin:

Ultimately, we are talking about 2 entities that are owned and ultimately controlled by the States of Jersey being --

The Connétable of Grouville:

I understand what you are saying about the transfer of leases, that would be terribly expensive and would not be obviously logical, but I see now you are saying that even though W.E.B. will be a subsidiary, it will still act independently or semi-independently? As an independent body, I mean?

Mr. G. Voisin:

All of the officers will be the same. I envisage that the board meetings of J.E.B. will also include any business that needs to be carried out on a legal basis by W.E.B.

The Connétable of Grouville:

It might be a simplistic question. What is the point, therefore, in the establishment of J.E.B. of having W.E.B.?

Mr. G. Voisin:

Well, you have to have W.E.B. because W.E.B. owns property, owns leases, there are a number of contracts that remain in operation and, indeed, we are negotiating contracts as we speak. Also, it is easier, as we have just been describing, to leave those assets --

The Deputy of St. Peter:

What are your views on the legal facility of moving those legal contracts into J.E.B.?

Mr. G. Voisin:

It would be very expensive. It would be extremely complex. I think, Steve, you have some experience?

Mr. S. Izatt:

And you also have to have the agreement of all the parties that you have entered into, whereas if you leave those contracts and the liabilities within W.E.B. there is no change.

Mr. R. Law:

As long as those commitments -- I mean, you mention the transfer of people and they are the most important of all to deal with, but property in a commercial transaction usually follows the people or the people follow the property. In other words, it is perfectly commonplace to find properties transfer providing, of course -- through novation, providing, of course, that all the contractual responsibilities are met by wherever they pass, and that is normal practice. I do not see that it is different here. I need help to understand.

The Deputy of St. Peter:

What is the difference, if any, here in relation to what has just been said?

Mr. S. Izatt:

It is easier to leave them where they are. It is quite simple. And financially.

The Connétable of Grouville:

I think financially I agree with you. I mean, I can understand the management moving but the properties themselves, given the contracts you have in place, would be very, very expensive to move on to another -- fall into another area, even if it was, you know, a takeover company situation. So I am happy with ...

The Deputy of St. Ouen:

Just touching on the liabilities, if any, that obviously W.E.B. would have, how do you see those being dealt with if W.E.B. integrated into Jersey Enterprise Board?

Mr. S. Izatt:

Well, I think -- I mean, we should go back and say: "If we leave it in W.E.B. then the liabilities remain in W.E.B." and the structure that we are envisaging for the future is that each development is undertaken under some S.P.V. Now, it is much easier to ring fence activities as we are talking about, leaving those in there, and not cross collateralise from J.E.B. So what we are doing is effectively you create a box around W.E.B. with its liabilities.

The Deputy of St. Ouen:

But ultimately I presume the liabilities rest with the States?

Mr. S. Izatt:

It is a very moot point --

The Deputy of St. Ouen:

Because W.E.B. is a vehicle created by the States and owned wholly by the States.

Mr. S. Izatt:

Yes, but it is also a public limited liability company.

The Deputy of St. Ouen:

Yes, sorry.

Mr. S. Izatt:

So it has that protection, and whilst it is owned by the States via the Chief Minister, its liabilities are obviously ring fenced corporately and also when we look at banking liabilities, the intent obviously is to keep each of the liabilities restricted to the vehicle that is undertaking it.

The Deputy of St. Ouen:

But linked to your liabilities you have -- obviously on your portfolio you have got a large area of land?

Mr. S. Izatt:

Yes.

The Deputy of St. Ouen:

So a substantial asset base. So there is a relationship with that and obviously the asset base belongs to the government?

Mr. S. Izatt:

Yes.

The Deputy of St. Ouen:

That has been transferred to W.E.B. for you to make use of, am I right?

Mr. S. Izatt:

But the banking liabilities or any other liabilities do not revert back to the States because they are ring fenced within that corporate vehicle.

The Deputy of St. Ouen:

Right, they are linked to the asset?

Mr. S. Izatt:

Yes.

Mr. G. Voisin:

Furthermore, do not forget that W.E.B. hold -- W.E.B. do not hold all of the land; they merely hold a 150-year lease on much of the land. It is a rather complex patchwork. There are some properties that we own and some land that we hold a 150-year lease on.

Mr. S. Izatt:

And some we administer.

The Connétable of Grouville:

But that land is -- you say it is ring fenced within each particular deal or S.P.V. or whatever you have got going, with the land being used as security, collateral to the banks?

Mr. G. Voisin:

Yes. Largely that is correct, yes.

The Connétable of Grouville:

Okay. So what you have got is they have given you some land, you hock that to the bank in exchange for facilities which you need to carry on your development situation, is that right?

Mr. G. Voisin:

Well, not at the moment because at the moment W.E.B. are not actually acting as developer for any of the plots of land. What we do is we contract with a third party developer and share the profit.

The Deputy of St. Peter:

What advantage, if any, do you see in moving to the J.E.B. concept?

Mr. S. Izatt:

I think if we address the waterfront first, clearly as Gerald said at the beginning, the administration that we have on the waterfront is limited to West of Albert, Island and weighbridge. The great advantage is that we can -- should have the ability to implement and co-ordinate the development of the whole of the St. Helier waterfront, including the harbours areas and La Collette. That is the first one. So it actually marries up the requirements for the area. Presently we are only dealing with West of Albert. And then **[Interruption]** benefits is that it takes control of areas that are outside presently W.E.B.'s geographical remit, namely those assets of the States that are not needed for its future requirements.

The Deputy of St. Peter:

Those are the perceived advantages. What disadvantages, if any, do you possibly foresee in this

amalgamation?

Mr. G. Voisin:

Disadvantages for W.E.B.?

The Deputy of St. Peter:

As a whole for the Island. We are looking at the Island here. I mean, obviously --

Mr. G. Voisin:

Well, to take W.E.B. first, we see no disadvantages for W.E.B. We see advantages, in actual fact, for providing -- you know, advantages to the States of Jersey because the expertise that we have within W.E.B. will continue to be used for the benefit of the Island. We certainly do not see any disadvantages for the Island of Jersey. The purpose of J.E.B. is to receive property that the States decide they no longer need for their own purposes and J.E.B.'s role is to try and maximise the return to the States on those assets.

The Deputy of St. Peter:

So again, in simplistic terms, what it would appear to be is that W.E.B., we are not having sort of "son of W.E.B." which then has a far broader remit. The same staff, same directorate, but seemingly a far bigger remit and, therefore, allowing you more flexibility, if you like.

Mr. G. Voisin:

Yes.

Mr. S. Izatt:

But with a slightly different influence, I think, Colin, in the sense that it is envisaging that we can look at the socio-economic benefits for the Island, and particularly with this you are looking at, say, public realm. The weighbridge is a classic case for us where that is something that we were required to deliver: significant cost and very little return to the company but a very significant return to the Island. So that is something for J.E.B. particularly, it can widen its remit in allowing that benefit just as a case in point.

The Deputy of St. Peter:

Bearing in mind, as I said in my summary, it would appear that we are expanding W.E.B. to fill what some people would regard as a vacuum that needs to be filled, what lessons do you feel W.E.B. have learnt historically over the period of its existence? Because it has not appeared always to have had a smooth ride and always had benefit for Island return. So what lessons has W.E.B. learnt in history that they would take on into this new role?

Mr. S. Izatt:

Can I pick up one while Gerald is thinking? It is a very valid comment that you make and something that we have very much learnt over the period, perhaps the last year or so, perhaps a little longer, and that is it is the maintenance of the commitment of any development that you are working with to deliver quality and continuing quality throughout the development. We know with a lot of these public/private partnerships that there is a significant change over the period of the development either as the economy changes or as the developer decides he wants a higher return out of that development, and one of the roles that W.E.B. particularly has learnt and I think would take forward is to make sure that we have the ability to deliver that quality throughout the development period.

Mr. G. Voisin:

You asked me also about the history of W.E.B. and I think the lesson that we have learnt is to work more closely with various States departments. I know that previous chairmen of W.E.B. have rather been on a collision course with other States departments. I know that one of the first chairmen of W.E.B. felt that the planning authority should not have governance over the area that W.E.B. was developing, and I think that got the company off to an unfortunate start. You know, I think we have got over all of that now and I think we certainly have an excellent working relationship with States departments. After all, we are a States-owned organisation. We are very clear on that and we are here to provide what our shareholder wants.

The Deputy of St. Peter:

Which particular States departments do you feel are essential to ongoing development?

Mr. G. Voisin:

Yes, seeing as you are the operations side of things ...

Mr. S. Izatt:

It is a number.

The Deputy of St. Peter:

Well, it would be, yes.

Mr. S. Izatt:

First, obviously Planning and Environment; second, T.T.S. (Transport and Technical Services); third, Economic Development; of course, fourth, Property Holdings; and they are the principal ones. What we have managed to do over the last year is actually create an integrated team, which comprises representatives generally at the very highest level of that, of those departments, to work together. What that allows us all to do obviously is if one was having an independent development company you would

have to employ a large number of either people within the company or other consultants to do that, but by working with each of these departments what we are able to do is work and utilise their resources and their expertise. What it does is allow a delivery to take place so that there are not any issues between each of the departments. Because with significant development schemes, there are always points of conflict. What we have managed to do is create this seamless team where if there are issues we discuss them at the very earliest level and we find solutions to them.

The Deputy of St. Ouen:

But is it not the case that when the States quite recently made a decision to create Jersey Property Holdings, that that was part of the remit and role of Jersey Property Holdings? I am interested when you speak about quality of development and socio-economic benefits, I wonder how that fits with the original remit that you have just spoken about, P.156, which basically required W.E.B. to deliver a States-approved plan.

Mr. G. Voisin:

I think that the reference to the establishment of Property Holdings, that may be a question to ask of the people that proposed that.

The Deputy of St. Ouen:

True.

Mr. G. Voisin:

Our understanding there is that Property Holdings is looking after States-owned buildings, properties, and those properties that the States need to run States business, like hospitals, schools, offices, et cetera. Our understanding is that in the future if Property Holdings -- well, Property Holdings proposed to the States that a building is no longer needed for States business and the States agree, then that property may be transferred to J.E.B. and we will be asked to do something with it to return --

The Deputy of St. Ouen:

I appreciate that it is a bit more than that. I think -- just I would like you to touch on why you think that W.E.B. should be responsible and take responsibility for quality of development and economic and social benefits when we have got obviously departments that have been given the authority to control those areas?

Mr. G. Voisin:

I think that -- when you say departments that have been given authority to control those areas, you mean quality of a particular --

The Deputy of St. Ouen:

Well, I mean the Planning Department --

Mr. G. Voisin:

Yes, and we work very closely with the Planning Department. I think the Planning Department, they certainly have a role to play in achieving quality but their key role is approving the form and size and scale of a development and also the ultimate usage, but we have seen in a number of our own developments where finishes to buildings have not been of the quality that I think Islanders would have wanted and what Stephen is alluding to is the fact that in our development agreements we are tightening up very significantly the scope that a developer has to change the finish of a particular building.

The Deputy of St. Ouen:

I go back to -- I mean, I am struggling to understand why do you feel that that is your responsibility and not the Planning Department's responsibility?

Mr. S. Izatt:

Well, it does not happen is the short answer because the Planning Department will give a planning permission subject to conditions. Generally, the Planning Department is under quite significant problems in terms of handling its business, and what happens with those conditions, they may or may not be monitored particularly closely. What we are doing is making sure that within the development agreements we have such things as design codes that make sure these things are delivered and those are delivered under that contractual relationship. We will monitor those and have step-in rights if they are not actually provided by the developer. That is not normally a process that the Planning Department is able to undertake right the way through.

The Deputy of St. Ouen:

Are you suggesting possibly that we have a defect within our planning system that we do not actually guarantee delivery of the required quality of design and building that we approve?

Mr. S. Izatt:

Yes, I would not say it is a defect of our Planning Department; it is a defect of virtually every planning department. It is a process issue because generally what tends to happen is it splits. Once the permission is there with those conditions, it then passes over to building control. Building control will deliver you a building that is fit for purpose under the Building Regulations but it may not actually deliver you a building that is of great beauty or delivers in public realm all the things you want of an integrated development.

The Deputy of St. Ouen:

No, but it is not just something -- just one last question on this subject. I mean, W.E.B. are responsible for a certain part of the Island development. We have obviously a number of private developers equally developing parts of this Island, some more than most. What I do not understand is why you are promoting W.E.B. as a vehicle that can deliver quality but you are obviously only responsible for a small area, whereas obviously we have private developers out there that are equally developing the Island. Can you perhaps explain the difference between W.E.B. as you described and the large private developer who is --

Mr. G. Voisin:

I think, Deputy, you are raising a political issue here, which is the scope of the planning laws and the powers of the Planning Department and how they can use those powers. I think as far as W.E.B. is concerned there is a lot of pride in W.E.B. and we feel the criticism of the public that has been levelled at various buildings built within the area that W.E.B. is responsible for and we want to do better.

Mr. R. Law:

May I just -- to clarify the role that you are in part fulfilling that would normally be found with the planning and enforcement departments as found elsewhere, design codes are normally the planner's part of their brief and as you contract to provide services to the States, is this not a service that should be provided to the Planning and Environment Department so that those codes are enshrined within the remit of Planning and Environment, where they perhaps should be. The question of enforcement and your role, would that not be normally one that a facilitator would actually ensure monitoring of the development process backed and supported by those codes because you have something to benchmark against, to monitor against in terms of quality, design, et cetera? So the creep to profit of the developer is actually very readily maintained without any blurring of responsibilities of planning on the one hand, facilitator on the other, which would be the W.E.B. role, and the developer delivering the product? Would that be a reasonable way to --

Mr. S. Izatt:

It is a reasonable way to look at it but you do have to look at the differences of Jersey planning law and the way contract works here to the U.K. (United Kingdom). You are quite right, the design codes should be agreed with the Planning Department and can be adopted by the Planning Department as supplementary planning guidances. Their ability to enforce vests very much under that planning law. We do not have section 106s or section 54 agreements in this Island. So the way we see the enforcement of that is 2-fold. It is, yes, of course, within the design codes and the S.P.G. (Supplementary Planning Guidance), but it is also using the contractual ability that we have through the development agreement and the design codes as part of that development agreement with all the necessary step-in rights that we have and enforcement rights to ensure that those can be implemented properly. So it is a 2-pronged attack but it is really because the way the Jersey planning law is written it

is a necessity, in our view, of undertaking it with that 2-pronged approach.

The Deputy of St. Peter:

Going back to the actual formation of J.E.B., you mentioned earlier on that the proposal was put to the board of W.E.B. that we should establish the new Jersey Enterprise Board. When was that proposal put in front of the board?

Mr. G. Voisin:

This would have been put to the board last year. At that time, of course, the proposition was still in draft. We have not put it to the board more recently but at the end of the day, of course, if the States decide to create a new J.E.B. then there is little that the W.E.B. board can do about it if it did not agree with it. There is certainly no element of disagreement among the board; if that is what the States want, then that is absolutely fine.

The Deputy of St. Peter:

But trying to be a little bit more definitive, you said the proposition came in front of the board some time last year. Can you give us some idea when --

Mr. G. Voisin:

There is a draft that we received.

The Deputy of St. Peter:

Roughly when?

Mr. G. Voisin:

I think in actual fact it may have been February or March of last year.

The Deputy of St. Peter:

So, early last year?

Mr. G. Voisin:

Early last year, yes.

The Deputy of St. Peter:

How important do you feel it is to get this J.E.B. up and running? How expedient must it be if -- should it be passed by the States?

Mr. G. Voisin:

I think that is a political matter, I have to say. W.E.B. and J.E.B. will do what the States want of them, and we will receive properties that the States decide to transfer to us. There is no urgency on W.E.B.'s behalf to do this. We are continuing to work hard on the West of Albert project. We have also started to look at East of Albert, though, although that does not fit strictly within our remit. I think that we are going to get to a point where W.E.B. will need to know what its long-term future is because if it is just going to address the West of Albert area then frankly there is not enough work there to keep everyone gainfully employed --

The Deputy of St. Peter:

See, I have to say I have a fundamental problem sitting on this side of the table because I feel I am looking at W.E.B. but actually I am also looking at J.E.B. when it comes to fruition.

Mr. S. Izatt:

Can I point you to one part of the original proposition which I think perhaps addresses some of this issue, and Gerald has raised this on the integrated development of the whole waterfront area. As part of that proposition, it read: "Request the relevant committees to agree with the Waterfront Enterprise Board limit any development, undertaking or any other material activity to be carried out on any land in the waterfront area remaining under the administration of a committee of the States." However, the maps within that proposition restricted us to West of Albert, so it had the ability to move forward but to deliver an integrated development of East of Albert and the harbour areas there are obviously other lands that are in private ownership that, to make a more integrated development, may be better to be incorporated in that whole.

The Deputy of St. Peter:

Just for clarification again for the record, the proposition we are reading from there is the original proposition, I assume, for establishment of W.E.B.?

Mr. S. Izatt:

It is 156/95.

The Connétable of Grouville:

Yes, fine. I thought it might be J.E.B. I just wanted to make sure that was clear. In view of your expansionary ideas, do you see perhaps W.E.B. taking over as the contractual arm of J.E.B.? In other words, doing things outside of the waterfront area, east or west?

Mr. S. Izatt:

If the States decide there are other assets that they want J.E.B. to do.

The Deputy of St. Peter:

I have a fundamental problem here. As I said, I am looking at W.E.B. and if it comes to life I am also looking at J.E.B. Now, are you wearing 2 hats because J.E.B., as I see it, is going to take over the role of W.E.B. It is going to be part of it, and the reason why you have kept W.E.B. is for contractual reasons to make sure that where we are currently will be maintained.

Mr. S. Izatt:

What I think on this is that there is still, as Gerald made the point, there is still a great deal of work to be done to deliver West of Albert under W.E.B. So while you may be looking at 2 organisations, that J.E.B. may or may not come to pass, there is still a great deal of activity to be undertaken under W.E.B. The delivery of the Esplanade Quarter, the completion of Castle Quays, all of these are a number of years -- we are talking about 10 years' future development.

The Deputy of St. Ouen:

Going back to P.156, it is quite clear there was a process that was clear from the word go regarding what was required and how it would be delivered. Obviously a plan was adopted and planning brief and so on and so forth, an overall plan for the area, and W.E.B. were required to deal with it. One of the main areas was obviously quite a large amount of housing. In the meantime and over the last 10 years we have seen that plan change quite dramatically. So I suppose the question is do you believe that W.E.B. has been successful and, if so, how do you measure that success and would you measure it against the requirements given to you by the States back in 1997 or 1999?

Mr. G. Voisin:

1995, yes. I think that the -- as far as the overall plan is concerned, a great deal of time was put into drawing up a master plan and, indeed, Waterfront 2000 came up with the plan which is pretty largely still in place. You know, you said it has been changed greatly, but I think that some of the elements of what are within the plan have changed and I think that there is -- at the moment there is a lesser extent of leisure development, but I think largely we still have the residential area on the waterfront, we still have the office area on Liberation -- on the Liberation ... what is it called? Esplanade Square, and also we have the transportation centre and the weighbridge area, which is being returned back into public use. So much of the plan that -- which also has been approved by the States in the Island Plan on 2 occasions, I think. I think it pretty much is being delivered.

The Deputy of St. Ouen:

So you believe that that is your success, that you are delivering the plan as agreed by the States?

Mr. G. Voisin:

I think we are delivering a plan that has been approved by the States, and also as far as the success of the

development is concerned, will it be able to return -- make a financial return to the States, the answer is yes, which is also why it is important to be able to get on with these things because the longer we spend talking about the development without actually getting on with it means, of course, that any profit, any dividend flowing from W.E.B. or J.E.B. to the States, of course, will be delayed.

The Deputy of St. Ouen:

So going on to the measurement of success, I mean, are you basically saying that it is focused on the financial return rather than --

Mr. G. Voisin:

Well, it is focused on both the financial and the social.

The Deputy of St. Ouen:

Going back to the comment you made, economic and social benefit type area?

Mr. G. Voisin:

You know, you just have to look at the transportation centre. That is something that the States said that they wanted and W.E.B. has delivered that at no cost to the Island. The weighbridge as well, we have been able to take over the weighbridge. We have -- we are repaving it and creating what I think will be a wonderful public space, which has already been booked up by several organisations to use in the summer. I think that the public of Jersey will be able to enjoy the weighbridge as they have not been able to enjoy it for generations.

The Deputy of St. Ouen:

I hear what you are saying and I am not disagreeing, I just want to know how W.E.B. measure their success.

Mr. G. Voisin:

We measure it on both counts, both the social benefit, the social development, and also the financial side of it as well. There has to be a balance between the 2, I think, or else we will not actually be able to afford to provide the good things.

The Deputy of St. Ouen:

How do you record that success, the measurements for success?

Mr. G. Voisin:

Well, we provide an annual report every year with our accounts.

The Connétable of Trinity:

Should the report not actually come from the general public of the Island? I think, if anything, the Islanders are the most critical of everything that goes on down there and the obvious praise you would get is really if it is well used by the general public and they appreciate what has been put down there. The other thing I would like to say to you is surely since 1995 these plans must evolve? Times are changing all the time. I always get very concerned when you say: "We have a blueprint plan here that is set in stone" because nothing should be set in stone. Things are moving all the time. Just because we planned something 10 years ago, if we look back in Jersey 10 years ago things have changed dramatically since then.

Mr. G. Voisin:

I think it has changed, actually. I think the -- it is the areas and the usages of those areas that has remained surprisingly resilient. Obviously the design that goes into that has changed considerably. You know, at this time last year I think we were just -- we had just got over the issue of how tall the buildings should be on the front.

Mr. S. Izatt:

But I think, picking your point up, it is the use of a vehicle such as W.E.B. to deliver the requirement throughout whatever the economic cycles are, and that is the important thing. Because you can be the cleverest developer in the world, if you deliver a product into the wrong cycle, wrong phase of the cycle, you will not have a successful development. That is why the continuity of a vehicle such as W.E.B. is so important.

The Connétable of Trinity:

Right, okay. I would have bet a thing like squash clubs -- now, if you remember 15 years ago everybody wanted a squash club. Now one or 2 would suffice. How on earth long term can you plan? This is where you obviously -- because you are supplying the land to a developer who has a very good idea what is there now but it takes a very clever person to know what is going to be there in 10 years' time or 15 years' time.

Mr. S. Izatt:

Well, and again it very much comes down as to how you do that because it all comes down to market information and how you read that market information. Developers are different. You have the merchant developers who will produce a product, get it let and sell it. They do not have the same objectives as a developer that will produce the product and own and manage it. They will tend to put in a higher quality of that product because obviously they want to see the longer-term benefits.

The Connétable of Trinity:

I agree.

The Deputy of St. Peter:

One of the difficulties again I think we are touching on is public perception about what has happened historically with W.E.B. I know that I described a certain area of development as the 5 great walls of failure, and you will know which bit that is. That is the bit when you are driving down by the underpass, it looks like going by the M6. That is your picture, if you like, the public perception of one of the problems that W.E.B. has created. There are the other little complaints. How are you going to get over that sort of public perception if you are developing into a bigger environment like J.E.B.?

Mr. S. Izatt:

You do better.

The Deputy of St. Peter:

That is a lovely statement to make, but how do you achieve that?

Mr. S. Izatt:

It is easier to look back, 20/20 hindsight is fine and I think your comments are very well taken on some of those areas. But it was delivering a product into a particular and very slow marketplace at that time, but then you actually also have to look at the things that are a success. Les Jardins, the top of the car park, these are all areas that are well used, so it is easy to be negative but we do need to actually -- and also, you look at Route du Port Elizabeth, it is one of the best landscaped areas you can find. So you learn from those mistakes.

The Deputy of St. Peter:

Please do not feel I am being totally negative about what is going on; I am trying not to be. What you have is a public perception. How are you going to get over that public perception? What are you going to do or say to make that pill easier to swallow in the establishment of J.E.B.?

Mr. G. Voisin:

I think it also comes down, as has been said, about people actually using and enjoying the facilities. We have had a lot of good feedback about the transportation centre and I also believe that the weighbridge is going to be enjoyed by many, many Islanders. Not only that, but I know that it is not flavour of the month with many people but the cinema on the waterfront and the fast-food restaurants are very, very busy, and the nightclubs down there, it is a very, very busy area and anybody with young families will almost on a weekly basis make a -- take a trip down to the waterfront there to drop children off or pick them up. So it is very well used and what we need to do now, though, I think - and this is what Stephen alluded to earlier on - is that we need to make sure that the aesthetic appearance of the developments

also I think finds a place in Islanders' hearts as well. I do not think we have done as well as perhaps we could have with the hotel. I think there were problems there with the development agreement which allowed the developers to make arrangements with the planners without reference to W.E.B. and this is precisely why Stephen has put a great deal of effort into making sure that the development agreements tie the contractor in to abiding by these design codes.

Mr. R. Law:

Can I just take that a stage further or step back? Communication. Now, we have mentioned the structures that you communicate with the States, but what about getting the buy-in of the wider community? That is the whole Island. You know, they are, if I dare to use this term, the customer. What is your strategy to deliver that?

Mr. G. Voisin:

Our strategy more recently has been to work closely with the Planning and Environment.

Mr. R. Law:

But, you see, that was not my question, was it?

Mr. G. Voisin:

Yes. I think --

Mr. R. Law:

My question was how do you communicate directly to the community? Because practice shows that there is a tremendous amount of time and, therefore, cost in developing a communication strategy right from concept to delivery and keeping everyone informed so there are no surprises when someone finds there is a swimming pool and: "I thought it was going to be a cinema." That is where I am coming from because it seems that there is -- you have shared very openly to someone who is from outside that you have history that you had to learn from. There have been issues and obviously you are striving to ensure that such does not happen again, but there are going to be problems and difficulties that any development will face wherever it is. But it seems to carry the wider community with one you have to have a very clear strategy.

Mr. S. Izatt:

Can we take you through what has been happening with the Esplanade Quarter as a part of the communication, because we have worked with Planning and Environment on the evolution of the master plan which is been presented to States Members at 12.30 p.m. today. We were part of manning the consultation area so that we were listening to what was being said by the general public and we have had input back into the Planning Department of what we believe should happen in that master plan. Those

consultation comments obviously are the responsibility of planning to bring together, but we are party of that. With the weighbridge, we have a meeting with the press on Thursday to explain to them what we have done, what the delays are going to do and what we are producing for them. So yes, it is a part of proper communication strategy and, as we all know in this Island, we have nearly 90,000 experts on everything and that is something that we have to --

Mr. R. Law:

Actually, there are a few more the other side of the ...

Mr. S. Izatt:

Probably, but we have to engage and make sure that we listen to people. You do not necessarily agree, but if you do not agree you tell people why you do not agree.

Mr. R. Law:

But you have listened and that is really, it seems, the only way perhaps from experience that one can cause people to look forward, which is what is necessary.

Mr. S. Izatt:

Plus the fact we have a press where you have daily comment on anything, so you have to make sure you engage with that.

Mr. G. Voisin:

I think just to add, we have just recently set up a new website for the company so people can submit comments, can write blogs, so we have -- you know, in order to explain to people the history behind the company and the projects it has undertaken thus far and projects that are proposed for the future.

Mr. R. Law:

You very kindly mentioned that you have supplied a copy of the 2006 accounts and you mentioned that they contain the annual report. Do I take it that in addition to what is the statutory bundle that you have produced a report outside that?

Mr. G. Voisin:

We normally produce a report that is attached to that that goes to the Chief Minister's office.

Mr. R. Law:

So this is the accounts as opposed to the report?

Mr. G. Voisin:

Those are the accounts, yes.

Mr. R. Law:

Can I just -- noted that they were signed on 1st March last year. Have you signed off this year's accounts?

Mr. G. Voisin:

It is on the agenda for today.

Mr. R. Law:

So we are a little early with this meeting. **[Laughter]**

The Deputy of St. Peter:

I think obviously we would appreciate those accounts as well if we could have them once they are signed off.

Mr. G. Voisin:

Yes, certainly, yes.

The Connétable of Grouville:

I must admit, they only ended up with us this morning so I have not really had a chance to read them or look through them so we really cannot question you on them.

The Connétable of Trinity:

Well, these are 2006 then.

The Connétable of Grouville:

Sorry?

The Connétable of Trinity:

They are 2006, those accounts.

The Connétable of Grouville:

Yes, I know, yes. They only arrived on my desk this morning.

The Deputy of St. Peter:

Yes, but again we wanted to try and put this particular review to bed as quickly as we can but doing a thorough job in the process, so I would be looking for at least another month and a bit to get it all done.

So obviously it would be useful to us because the best information gives the best results.

Mr. S. Izatt:

Subject to approval, we will get them to you tomorrow.

The Deputy of St. Peter:

That would be very good indeed.

Mr. R. Law:

What is helpful, though, within them is, of course, the fact that you are selling services to others - professional services I take that to be - and the States is one of your largest customers in that.

Mr. S. Izatt:

That happened in that year but will not in this year because that was work undertaken on behalf of a number of departments on East of Albert. Now, we have moved on from that and have taken responsibility to co-ordinate it subject to being allowed to do that in the future.

Mr. R. Law:

What skills do you employ of the States? Because you have also done that. You have not only sold services to the States, but you have engaged them to help you.

Mr. G. Voisin:

Yes. Mainly the Planning Department, but perhaps you could ...

Mr. S. Izatt:

Yes. I mean, we do not actually formally require any skills of the States in the sense that --

Mr. R. Law:

You just like to send them money?

Mr. S. Izatt:

Yes, I mean, but it is -- going back to what we are saying, now that we have established this relationship of -- it is almost a delivery team from each of the departments.

Mr. L. Henry:

Sorry, Stephen, it is just obviously we are obligated to -- I am presuming you are referring to related parties?

Mr. R. Law:

Well, yes, you have a schedule of them there. Now, there are the subsidiaries, of which there are a number and that is understood; related parties because it is the States, they have to put their hand up and point out, but I may be misunderstanding what was there because I thought that you had engaged the services and I was thinking perhaps Property Holdings team or something to carry out work to support your own objectives.

Mr. G. Voisin:

In 2006 I think it -- was that not the year that we paid planning to do some work for us?

Mr. S. Izatt:

Yes, when we were going through the review of the area that Hopkins had been working on.

The Deputy of St. Peter:

We are coming towards the end of time with 5 minutes to run. Can I just go through our panel, please, and see if there are any outstanding big questions they would wish to ask?

The Deputy of St. Ouen:

I have one. What would you say are the main objectives of W.E.B.?

Mr. G. Voisin:

The main objective of W.E.B. is to oversee the completion of the development that we are currently negotiating.

The Deputy of St. Ouen:

What about -- I mean, so there is no issue about maximisation of shareholder value?

Mr. G. Voisin:

Well, obviously in concluding those agreements we will be able to -- or we will be in a position where we can return some back to the States.

The Deputy of St. Ouen:

As a priority, where would you place maximisation of shareholder value to the development of an aesthetically pleasing site?

Mr. G. Voisin:

Well, it is a high -- maximising shareholder value is obviously high, but we have to always work within the constraints of the Planning Department. We also, as I have already alluded to, we have a very keen

eye on the social aspects of our developments as well and so please do not think that we are an organisation that is going to single-mindedly and in a blinkered way pursue the maximisation of profits because we cannot. Indeed, I think that any scheme would probably fail if we did that. I think the definition perhaps of a successful project is one that the public use, they enjoy and also provides a return for the States.

The Deputy of St. Ouen:

But is it not -- sorry?

The Deputy of St. Peter:

Sorry, we are fairly tight so, John, have you got ...?

The Connétable of Trinity:

No, I am all right.

The Deputy of St. Peter:

Okay. Dan?

The Connétable of Grouville:

I would like to have gone into your current asset investment situation. I do not suppose we really have time to go through the whole thing. I have to assume -- how are you valuing, for instance, leasehold land and buildings now? Are you using a form of valuation type on that?

Mr. G. Voisin:

If you want to make detailed questions it may be better if you came to see our Finance Director.

The Connétable of Grouville:

Okay, yes. I am sure it is perfectly all right.

The Deputy of St. Peter:

I know that Richard will be having a close liaison with W.E.B. and can brief us accordingly.

Mr. G. Voisin:

Certainly the valuations are something that our auditors are very keen to understand as well.

The Connétable of Grouville:

Yes, I can imagine. I can imagine that.

Mr. G. Voisin:

So there is nothing to hide on that.

The Connétable of Grouville:

No, I am sure there is not. I just wanted to know how the valuations were carried out and what criteria you are using.

The Deputy of St. Peter:

James, do you want to finish off?

The Deputy of St. Ouen:

It really is just a follow-up question to the one I made earlier, which is that you say that your primary concern is not maximisation of profit, but one would presume that if you are aiming to develop a site of -- development mix, I mean, as we are seeing a sort of a change, if you like, for office accommodation instead of housing and so on and so forth, must enter your calculations?

Mr. S. Izatt:

It is market need. You look at the market need and you develop to the best for that.

The Deputy of St. Ouen:

How do you determine whether market need is housing or office accommodation? How is that -- how do you come to that conclusion?

Mr. S. Izatt:

My strong market research, looking at information that is available through the States, talking to all of the agents, talking to the marketplace.

Mr. G. Voisin:

I think it is also depending on the site that you are talking about as well. Clearly if you have a development site that is surrounded by other office buildings and there is a demand and a need for more offices, that is going to, you know, end up as an office development site rather than, you know, we tend to locate the residential on the edge of the sea so that they can maximise the views.

The Deputy of St. Ouen:

I mean, just to help me, commercial versus residential, are there differences in value and, if so, which one is the better?

Mr. S. Izatt:

It is not as simple as that because it depends what residential you are providing, what level and grade of commercial you are putting in. Each has its own value.

The Deputy of St. Ouen:

As a rule of thumb? I mean, if you were told to --

Mr. S. Izatt:

You cannot do that because --

The Deputy of St. Ouen:

Let us make it easy. If you were told -- the States said: "We want just housing on the rest of the waterfront area, no office buildings at all", what effect might that have on the return?

Mr. S. Izatt:

Again, it depends what housing. You can either do very high-density apartments or you can do family housing. If you want to do a mix it will have a different value.

The Deputy of St. Ouen:

Based on current parameters.

Mr. S. Izatt:

There is not a current parameter.

The Deputy of St. Ouen:

There is, in planning permissions, and we know where we have planning restrictions, current planning restrictions, on heights of buildings and so on and so forth. So it must be an easy calculation to make and one would expect that you are doing that sort of calculation when you are carrying out your business.

Mr. S. Izatt:

We do it on everything, but in fact it is not quite as easy as that because we have comparable figures and one of the classic things is Castle Quay. We have watched the values of those properties from when it actually was released 4 weeks ago to the second phase and we have seen 20 or 25 per cent increases in values in that period.

The Deputy of St. Ouen:

Good housing demand.

Mr. S. Izatt:

Because of the demand.

The Connétable of Grouville:

Can I just ask, is it true to say that the commercial developments you are doing are mostly at the developer's risk, as opposed to your risk?

Mr. S. Izatt:

Yes.

The Connétable of Grouville:

Whereas residential developments would be not?

Mr. S. Izatt:

No, they are at developer's risk as well.

The Connétable of Grouville:

So it is all at developer's risk, the whole thing.

The Deputy of St. Peter:

On that final note, which I think is a good one, I would draw this meeting to a close because we have to take timeout because we start our next one in quarter of an hour and I think it is essential to get our brains around what we have just done. Gentlemen, I thank you for your time and I know that Richard will be in contact with Steven for a further briefing, with the presence of our officer, and we look forward to the outcome of that. Again, I thank you for your open responses.

(adjournment)