



STATES OF JERSEY

Corporate Services Scrutiny Panel Quarterly Hearing with the Chief Minister

WEDNESDAY, 8th JULY 2009

Panel:

Senator S.C. Ferguson (Chairman)
Connétable D.J. Murphy of Grouville
Deputy T.A. Vallois of St. Saviour

Witnesses:

Senator T.A. Le Sueur (Chief Minister)
Mr. W.D. Ogley (Chief Executive – States of Jersey)
Mr. J. Richardson (Deputy Chief Executive and Chief Officer – Resources)

Present:

Mr. W. Millow (Scrutiny Officer)
Mr. M. Robbins (Scrutiny Officer)

Senator S.C. Ferguson (Chairman):

Good morning, gentlemen. Welcome to this quarterly hearing of the Corporate Affairs Scrutiny Panel. As our officer explained outside, we thought perhaps this should be partly an A agenda discussion and then we would have time at the end for a B agenda for things which perhaps you wanted to discuss which are not perhaps yet appropriate for the public arena.

Senator T.A. Le Sueur (Chief Minister):

Okay.

Senator S.C. Ferguson:

So if there is anything in any of the questions you prefer to leave until the B agenda then ...

Senator T.A. Le Sueur:

Not particularly immediately. I think most of the questions on the agenda look very publicly worth discussing today but we will see as we go along.

Senator S.C. Ferguson:

Super. Great. I wonder if, gentlemen, if you could say your name, rank and serial number for the benefit of the lady who is recording this.

Senator T.A. Le Sueur:

I have forgotten my serial number but I am Senator Terry Le Sueur, the Chief Minister.

Mr. B. Ogley (Chief Executive, Chief Minister's Department):

I am Bill Ogley, his Chief Executive.

Mr. J. Richardson (Deputy Chief Executive and Chief Officer – Resources):

John Richardson, Deputy Chief Executive and Chief Officer Resources.

Deputy T.A. Vallois of St. Saviour:

Deputy Tracey Vallois of St. Saviour.

Connétable D.J. Murphy of Grouville:

Constable Dan Murphy of Grouville.

Senator S.C. Ferguson:

Myself, Sarah Ferguson, chairman of the panel.

Mr. M. Robbins (Scrutiny Officer):

Mick Robbins, Scrutiny Officer.

Mr. W. Millow (Scrutiny Officer):

William Millow, Scrutiny Officer.

Senator S.C. Ferguson:

It helps the transcribers to tell who is what. We have now had a month's reflection since the Strategic Plan was debated.

Senator T.A. Le Sueur:

Got our breath back.

Senator S.C. Ferguson:

Looking back on it, what are your views on how it was developed and subsequently approved and what improvements would you look for?

Senator T.A. Le Sueur:

I think we talk about the debate on the Strategic Plan maybe as a separate issue in the context of this question but, firstly, in terms of the preparation for the plan and the way it was built up. I think it began quite well in that there was a good degree of discussion and shaping and identification of priorities and so on and a good input from Ministers, States Members, discussion groups and others in the time of December, January or February. That enabled us to put quite a decent shape to our thinking on the Strategic Plan which we then translated into a discussion document. I think thereafter probably the process was not so good in that having got a discussion document, people almost took it as a final version and did not bother to think so much thereafter. I think the time between February and April or maybe even February and June was not used quite as well as it might have been by States Members generally, as a result of which we ended up in the debate with something like 70 amendments or sub-amendments to the plan whereas I would have hoped that maybe 30 or 40 or 50 of those could have been dealt with in the discussion stages, Green Paper or even White Paper stage. In identifying those issues at an earlier time, honing them up and discussing them with the Council of Ministers, I know that at the end of the day we would probably have accepted 30 or 40 of the amendments without discussion. But it is a lot more tedious having to do that at the last minute. Some of the things perhaps on reflection were not really amendments to the Strategic Plan. They were just matters of detail which could have been dealt with in a business plan. So I think the second part of the process did not go as well as I might have liked. There was not that much dialogue and change between the first draft and the final version. I believe the first version was perfect. If that was the case then you probably would not want 70 amendments to it. It was just I think maybe people got bored after a while or felt that the discussion was not going to get anywhere very far. I think this may be something which is

true not just of the Strategic Plan but of Green and White Papers generally. I do not think that States Members yet have a clear appreciation of Green and White Papers. We have not been using them maybe as rigorously and got into a framework of how we should deal with them. I am not saying that is the fault of the Council of Ministers or anyone's fault particularly but I think if we could treat Green and White Papers as pretty much a norm just like an Order Paper coming to the States every couple of weeks ... maybe we do not want Green Papers every couple of weeks but as a normal procedure activity and we just deal with them on that basis and we pay, as States Members, a lot more attention to those papers rather than as we do now waiting until the day of the debate and suddenly thinking: "I should have lodged an amendment to that" or "Oh, dear, why did I not think of that at the time?" I know we are all under pressure and we all tend to leave the things that can be done tomorrow until tomorrow while we cope with what has to be done today. But maybe at the expense is a lot of rambling on, that is more a general issue than just the Strategic Plan. I have not yet spoken about the second part of the States debate but maybe the less about that, the better.

Senator S.C. Ferguson:

Yes. But do you not see any sort of split in that the States is there for 3 years but the Strategic Plan is allegedly there for 5 years? Is this a bit out of kilter?

Senator T.A. Le Sueur:

No, I do not think so. In fact the Strategic Plan very often sets a shape which could be there for 15 or even 50 years because it is a general sense of direction. Ideally the more long term you can make it, the better. The strategic preparation for an aging society is not a 3-year issue or a 5-year issue. It is probably 50 or 100 years. Maybe not for me personally but for us as a whole. There will be other things which are more short term perhaps but at a strategic level we ought to be thinking in terms of a much longer plan. I am not saying we should only have a debate once every 50 years because times change. Even over the last 3 years there have been different priorities. But I do not see any great difficulty in having a 5-year plan, if you like, which we debate every 3 years. I think perhaps we have got too hung up over this 5-year timescale but it allows an existing Strategic Plan to carry on into a new Assembly until the subsequent Strategic Plan is debated and agreed.

Senator S.C. Ferguson:

Yes, because we almost have 2 strands of thought in the States at the moment where one is thinking of big business, big tax, big spend, big government and there is the other part which is low tax, restrained spending, small government. That is a dichotomy that will take a bit of getting over.

Senator T.A. Le Sueur:

It is a dichotomy but I think that was one of the better parts of the Strategic Plan debate and that related to a few of Deputy Southern's amendments because they did highlight a different philosophy. It was the nearest we got, if you like, to an alternative strategic plan. He is right. There is scope for looking at an alternative strategic approach. I think in that respect, yes, if we can have more of those high level discussions the better, because that then sets a much easier framework to build the rest of your strategy. If you say, yes, I want a high spend policy and that will have to be matched by high taxation then you can adjust all your strategies accordingly.

Senator S.C. Ferguson:

Yes, now we just need the forecasting to support it, but I think that is a story for another day.

Senator T.A. Le Sueur:

That is for another day, certainly.

Deputy T.A. Vallois:

I was just going to ask what do you, yourself, see that came out of the Strategic Plan debate that did not come out of the discussions that you would have had in December time with the States Members?

Senator T.A. Le Sueur:

Nothing very fundamental, I do not think. I think even though we had 70 amendments, the general shape of the Strategic Plan did not change all that much. A lot of the amendments were to do with detail and maybe implementation. I suppose it was either a vindication that things were going along in the right direction or that there was no really coherent alternative.

Deputy T.A. Vallois:

Do you believe that it should continue to come to the House as a proposition?

Senator T.A. Le Sueur:

Now that is something which I think we need to consider. Certainly the way the debate went on over so many days probably needs improvement. I think a Strategic Plan has to come to the States for debate so that there is general acknowledgment that the direction the States is adopting is the correct one. I think what I would probably prefer personally would be to have a Strategic Plan, which I think can still be condensed further, presented to the States as a package; as a take it or leave it package. Now that has its drawbacks as well because it can put a gun to States Members heads. We are all 53 individual States Members and we all like to think that we can have an influence in what goes on. But I think if you are going to give an Executive an authority to do a job then realistically they set out their stall and if you do not like the stall they set out then the answer is probably to change the stallholder. But I think that is something which we need to debate in far more detail because there are alternative points of view to that one. I think to say we do not need to debate it - we just present it - does not give the Council of Ministers the confidence that people understand and accept what they are putting forward. The danger of that is that we present a Strategic Plan, it does not get debated, you then bring in some proposals underneath that plan which you want to implement and they say: "We do not like that idea at all. We want you to go in a completely different direction." You have probably wasted 12 months' activity because you did not get a direction from the States at the start of where you should be going. I think you have got to have that States acceptance of a general direction.

Senator S.C. Ferguson:

Yes, and as you know we are intending to scrutinise the way the Strategic Plan is produced and works so I have no doubt we shall be discussing this again with you.

Senator T.A. Le Sueur:

If you like, it raises the philosophical issue if you had a political party or political party system where you had manifestos, you might say that manifesto is blue, that manifesto is green, that manifesto is yellow and I would prefer the yellow one. But at the moment with 53 different manifestos it is not very easy.

Senator S.C. Ferguson:

Yes. You have previously indicated that you wish to involve all States Members in developing common views. How do you think this has progressed to date?

Senator T.A. Le Sueur:

Again it is pretty much a similar answer to the first question, I think, where initially we had quite a lot of input there but, I think, at the end of the day States Members often focus too much in the detail rather than on the key strategic issues. I think even the Council of Ministers might be guilty of that to some extent. This Strategic Plan was much tighter than last year's but I think it could be improved further and refined to a very much smaller amount of detail. One of the criticisms we got this year was that this Strategic Plan was not detailed enough. I recall that 3 years' ago your

predecessor Panel said the last plan was too detailed. So it is a no win situation because different people have different objectives, I think, of what they would like to do. Some people would like to ensure that a bus stop on the inner road at St. Clement is within the Strategic Plan. That, to me, is not a strategic issue but other people think differently.

Senator S.C. Ferguson:

I guess we do. Perhaps we need to educate States Members in what is a Strategic Plan and what is ... is there a case for more business training; general business/financial training for States Members?

Senator T.A. Le Sueur:

There is a case for all sorts of training for the States Members and all sorts of planning. It is also how many hours are there in a day or days in a week. I think what we have had and you have got a new member on ... a new States Member is one of your Panel Members who went through quite a detailed induction process in December and January. What I saw of that process, I thought was very sound and helpful but maybe she can give a better opinion than me because I know that when I started in the States 21 years ago, the induction process lasted half an hour.

The Connétable of Grouville:

A chat with the Greffier.

Senator T.A. Le Sueur:

Yes.

Senator S.C. Ferguson:

What new funding pressures are facing your department?

Senator T.A. Le Sueur:

I do not know if they are particularly new ones because the pressures have generally been there for some time now. I think I am seeing a much greater focus on our need for international recognition, international development, enhancement certainly in terms of some of the finance industry measures that are being looked at. But generally I think in terms of the way that the Island is perceived by the outside world, both fiscally and commercially, and in the sense of being an entity in its own right rather than an adjunct of the U.K. (United Kingdom), I think we are going to have to devote more time and resources to that area if Jersey is going to maintain its position in a world economy, which is coming under increasing scrutiny and maybe where a lot of small Island jurisdictions are going to feel considerable pressure.

The Connétable of Grouville:

I was at a C.P.A. (Commonwealth Parliamentary Association) conference in Guernsey 2 weeks ago and talking with some of the smaller jurisdictions, as you have already highlighted. There seems to be an underlying ... I will not say distrust but an underlying resentment against teams of various people being sent down from London to tell us how to run our affairs. I think you are going to find that in the future a lot of them are not just going to accept it any more. They are going to say: "If you have got better ideas then you go and sort out your expenses before you come down and talk to us."

Senator T.A. Le Sueur:

I do not see it that way. I do not see teams from London coming to tell us how to run our affairs. In fact I see it as very positive because I think when they come and see what Jersey is doing they can go back and say: "Yes, Jersey is a mature, responsible jurisdiction with good regulation, good standards. We do not need to concern ourselves with Britain's reputation in respect of Jersey. Jersey is mature enough and capable enough to look after itself." But that is a view which needs reinforcing at a British level but is perhaps not understood by some of the other players on the world stage. We are seeing France and Germany and other European countries having a much

greater influence I think on world political direction. It is not just in the context of Britain or the U.S. (United States) versus Russia or U.S., Britain and Russia. I see Europe as being a far more important player in years to come. Our image in Europe is virtually nonexistent and I suppose not unreasonably. We are a small Island in a larger continent.

The Connétable of Grouville:

Do you think that perhaps because we are seen to be so closely allied with the U.K. that any unpopularity which the U.K. gathers then passes on to us? I am talking European-wise now because they seem to be battling on their own against Europe.

Senator T.A. Le Sueur:

I do not know if that is necessarily true but I think it does mean that Jersey has to demonstrate its own independent personality far more.

Senator S.C. Ferguson:

Yes, with the Europeans pushing for the changes in regulation and, from what I read, possibly undermining the position of the city of London and U.K., how is that going to affect us?

Senator T.A. Le Sueur:

I think certainly to date Jersey has managed to not merely comply with but support the direction being taken by the E.U. (European Union) and will happily continue that way, provided there is a uniform approach by all territories involved. What we do not like is being singled out and made either to go to the front of the queue or the back of the queue. We like to be treated equally. We began talking about this in terms of financial pressures. In order to achieve some of that we do need to have resource. Certainly in the last 6 months we have strengthened our international team. Yet we need to do still more on that front just in order to maintain and maybe enhance our position. But, Bill, go into that while I get my throat back.

Mr. B. Ogle:

In fact I think at both points in ... and I think the reaction you are seeing from a lot of other small jurisdictions, certainly within the Commonwealth, reflects the very significant difference in 2 ways; one is the Overseas Territories where the U.K. has a much more active involvement in the administration and believes it has and constitutionally it has that right. I am well aware that certainly for a number of those small territories around the tax agreements - the D.T.A.s (Double Tax Agreements), T.I.E.A.s (Tax Information Exchange Agreements) - the U.K. are, if not imposing, very actively encouraging those jurisdictions to move forward. We saw the huge change that Cayman made that was very U.K. inspired. No doubt that is the case. We do not have that same ability to influence in that direct way and we do not see that. I think there is also the issue about the quality of the jurisdiction and the type of business the jurisdiction is doing. As the Chief Minister said, the recognition about the nature of Jersey as an international finance centre and the quality are very different to some of those other small jurisdictions that are under a lot of pressure. The U.K. is the international world's leader on a lot of those certainly U.K. related, small jurisdictions. I certainly pick up that very significant difference. When you talk about Europe and the U.K., I think the big issue for us is Europe, is about securing equivalence, recognition of that equivalence, both at an E.U. level and at member States level. That is very important for the future growth and indeed maintenance of a number of our finance industry institution and product. That is an area where we will need to do a lot more work. We have got the I.M.F. (International Monetary Fund) report we are waiting for which will help, but there are certainly a lot of European directives and discussions where the equivalence of the industry becomes the gateway to doing business. If we are to continue to be actively engaged with the U.K. and the city of London, because that is a major market for us, but to move to a number of European centres because there is a swing in the weight of the finance industry into some of those centres, we will need to engage a lot more. I think that is what the Chief Minister was meaning.

The Connétable of Grouville:

Can we assume now then that level playing field has been superseded by an international regulatory agreement?

Senator T.A. Le Sueur:

I do not think so, no.

The Connétable of Grouville:

I remember at the start up a few years ago we had a level playing field with Switzerland, Hong Kong and loads of other places. Those seem to have just gone out the window now. We are now subject to those international regulatory bodies which come down and tell us what we can and cannot do and how we qualify to belong to certain things. We seem to have left level playing field way behind.

Senator T.A. Le Sueur:

No, I do not think so. I think in fact maybe the level playing field is being achieved in a different way in that we are seeing far more push for uniformity of approach from the top downwards. We have in the past pushed for a level playing field from our direction of being the terms that we require. But certainly, for example, the creation of black, white and grey lists has given a lot of impetus to those on the black and grey lists to become white and achieve that level playing field, if you like. I think in fact that objective is just being delivered in a different way. I think that will continue. What we are seeing philosophically I think in Europe is a standardisation of approach and maybe a more regulatory approach. That is something which maybe is a bit burdensome for us but, on the other hand, our standard of regulation and the amount we already have I think will put us in good stead.

Senator S.C. Ferguson:

Yes, at our hearing in February you advised us that you had asked Jersey Finance to look at Jersey's economy. I think probably we meant the finance industry. What has resulted from this work?

Senator T.A. Le Sueur:

As usual what happens is that it spawns a variety of additional work which could be done. One of the difficulties that we have is recognising the importance of the finance industry in terms of the revenue it generates for the Island. We need to spend additional revenue in pursuing policy matters for the finance industry in conjunction with the industry itself, and that requires additional funding. Certainly there is a funding pressure there which we recognise and which we will endeavour to supply within the constraints of the Business Plan which we will be discussing in due course. I think one of the key things there from our point of view is a greater awareness and analysis of the different risks of different possible approaches. One of the difficulties that I see now is that of uncertainty. I have always tried to have a political philosophy of giving people certainty whether they like the outcome or not. Business tends to respond favourably to knowing what the rules are even if they do not like the rules. The situation internationally, both fiscally and economically, is very uncertain at the moment and there are a whole variety of risks. Some of those risks can be quite low in nature but, if they did occur, would have catastrophic consequences. Others could be more likely to happen but would not really make a great deal of difference. We would just change direction slightly. What we need is a more rigorous analysis of those risks by an external source. That is one of the things which I think I would like to see done so that Jersey will know better how to cope with whatever is potentially around the corner.

Senator S.C. Ferguson:

Yes, I presume you have had a report from Jersey Finance.

Senator T.A. Le Sueur:

I do not have a report as such. We have an ongoing dialogue with them and we have regular meetings with them. In terms of reports, I think the difficulty with a report is that as soon as it is printed it is out of date.

Senator S.C. Ferguson:

Yes, perhaps we could have a briefing on that at some stage.

Senator T.A. Le Sueur:

I think we might well do, maybe later in the morning.

Senator S.C. Ferguson:

In April you spoke to us of the work of the Social Policy Group. Indeed when you were elected, you said one of your top priorities would be social policy. How is this going to be reflected in the Annual Business Plan?

Senator T.A. Le Sueur:

In the Annual Business Plan as a Social Policy Group, not directly. But if you think in terms of the individual components of social policy in terms of things like income support, in terms of skills development, in terms of a lot of the emphasis on residential care and the Williamson health issues - we hear of new ones each month in that respect - there is considerable pressure in individual areas. I think the Social Policy Group was there to look at a more co-ordinated approach rather than new spending ideas. I think the one thing which I say has been achieved in the last 3 months - and remember the Social Policy Group is just an informal group of Ministers, Assistant Ministers and officers; it does not have a department or a budget - is in terms of the difficulties which the third sector, the charitable sector, has in terms of getting information. One of the impediments which we are seeing in things like the charities' Christmas appeal is data protection issues and possible difficulties there. We have been looking at what we call pathways; just how you can get linkages between one department and another, recognising that many people with one social issue have a variety of those issues. I think what we have appreciated now is that the Data Protection Commissioner and the law is quite helpful in this respect. Far from being an impediment, it can be a tool to be used positively. We are working with the Data Protection Commissioner to see how that can be developed so that, firstly, there is better awareness of individual difficulties and we do not have this ... but also we can use that positive effect and have an early warning system going across departments. This is not something that requires additional funding. It just requires an understanding of the position, talking about it and it may mean a slight tweak to the legislation. I do not even know if it needs that. I think it can be just done by protocols. But certainly something which I think can achieve greater benefit - I will not call it efficiency - to the people in need at no additional cost and may even by doing things at an earlier stage, avoid further cost later on down the line.

Senator S.C. Ferguson:

Yes, because I know that there was the problem with the food parcels at Christmas.

Senator T.A. Le Sueur:

Yes.

Senator S.C. Ferguson:

I believe also the running of income support might be more efficient if there was better communication between the Connétables and the Income Support Department.

Senator T.A. Le Sueur:

Yes.

Senator S.C. Ferguson:

It is areas where, do you think, perhaps the Data Protection Law is being used as an excuse not to do things rather than a means of getting things done?

Senator T.A. Le Sueur:

I think it is our natural instinct now to be careful and cautious and avoid breaking the law rather than maybe what ought to be a human instinct of what can we do to help. But we do have, I am afraid, a culture of suspicion within the States. I think States Members can be as guilty of this as anyone else in distrusting officers who are carrying out their duties properly and conscientiously. I think if we have a clearly set out protocol which has been endorsed by the Data Protection Commissioner, which staff could understand, then they can feel a sense of relief that what they would like to do is not going to be breaking the law. They are not going to be told off. That they can follow their natural instincts. It is a matter of awareness perhaps. I do not know to what extent that is a problem. Certainly by having a clearly identified protocol, I am sure that can only benefit all of us.

The Connétable of Grouville:

I have to say the Constables did meet with the Data Protection Commissioner and try and move forward. But we found that we were a little bit stuck by the law in fact. She is right. She has a law to uphold and that is quite right and it is proper. But at the same time we were left with the situation where we had various consolidated charities coming to us and saying: "Right, who in your Parish needs a food parcel?" We could not tell them because Social Security is not allowed to tell us who in our Parish is receiving income support. We found that that was a little bit harsh, to say the least. I think we are trying to find a way around it now. I think Ian Gorst has got that on his plate. I can see that it would be perfectly simple to do if one of our staff members in each Parish Hall was sworn in as a data protection ... as a member of Social Security as well. That way it would not pass outside the department. It would enable us to get the information we need in order to distribute this charitable work which is done by lots of very, very nice people. We find that we are stuck because we do not know who is getting it anymore.

Senator T.A. Le Sueur:

All I can say is that at the present time, a solution is being worked on. I have got every confidence that it will have a positive outcome.

Senator S.C. Ferguson:

Yes, going on with the third sector. We have spoken about the possibility of services being outsourced. Has there been any further development in that area?

Senator T.A. Le Sueur:

I do not think so. I think there is a danger here that we have tried to link the services the third sector do provide with the thought of outsourcing. There will be cases where outsourcing can be done and can be done using a third sector. A clear example for that is on Family Nursing and Home Care. But I would not necessarily say that a third sector is a vehicle to be used for outsourcing or that outsourcing needs to be done by the third sector. I think the 2 are independent. If we need to look at outsourcing or different ways of delivering a service, it needs to be done on a much broader basis than simply is there a third sector doing the job? You would have to say is the third sector right to do the job? Should the job be done at all in the first place? What are we trying to get out of it? There is often the danger an existing third sector operation will have its own objectives which do not necessarily quite align to the objectives that government wants. Unless you are quite careful ... it can have positive benefits. It can also have disadvantages. It is a case where, in my case, each case on its merits. I think when we look in terms of the way the States goes about its business then we should not ignore the third sector. But what I would prefer to do is to support the third sector in their existing activities to the extent that those activities mirror States objectives.

The Connétable of Grouville:

Can I just come in and talk about the fiscal policy review? When this money was released this committee - as you know we were given the job of scrutinising the applications - I was extremely disappointed to see there was only one charitable type application. All the rest were in States departments. I just wonder if we had not given a little more time for charities to have made applications ... I think they were caught a bit short. Whereas a States department can react pretty quickly when they want to, these guys were caught a bit short. You can probably have a committee meeting once a month for such a charity and they do not get round to it. I am on the board of one where I know that we desperately need new premises and things like that. We could have put that in but of course I could not take part in that because I was on the Scrutiny side of it. But they could not get their act together in time. I just wonder if it is worth a second round and aiming it towards charitable purposes.

Senator T.A. Le Sueur:

Yes. I do not see the door as ever being closed on further applications.

The Connétable of Grouville:

No.

Senator T.A. Le Sueur:

I think if an application came in this month, next month or even September/October time, it would still receive consideration and be checked out. Clearly the sooner any fiscal stimulus is given, the better. We may be moving on to the Treasury Minister's job now. But the sooner it is done, the better. Yes, if an application can come in, it will be looked at perfectly reasonably. I think one of the difficulties with any operation is ensuring that the money is used for a temporary purpose and it is targeted in the right direction. It may well be that a number of charities have looked at this and said: "That is okay but what we need is a permanent source of funding. We are under-funded in this respect and we need to ..." I am not going to suggest that there should be obstacles put in the fiscal stimulus package but it really has to be focused on those which are timely, temporary and targeted.

The Connétable of Grouville:

It was not criticism. It was really just to point out in fact that they just did not get their acts together in time. It was a bit of a rush.

Senator T.A. Le Sueur:

No, and they are not unique in that respect. The applications are still coming in and still being looked at.

The Connétable of Grouville:

Okay.

Senator S.C. Ferguson:

We have now signed a number of T.I.E.A.s. Beyond improving our reputation, what tangible impact has been had by the T.I.E.A.s we have signed?

Senator T.A. Le Sueur:

I think that in itself is quite a useful step forward. I think what is probably demonstrated is Jersey's individual personality. It is Jersey that has signed those 14 T.I.E.A.s, not the U.K. on Jersey's behalf. I think the more we can get that sort of message out that, yes, I can sign on equal terms with the French Minister of Finance or the New Zealand Minister or Frank¹ signed with the German Minister, that it is a development of Jersey's increasing maturity in its international personality. I think it is again emphasising that direction in which I want to see us going of Jersey

¹ Former Senator Frank Walker, Chief Minister 2005 – 2008

developing an international personality. Yes, the more T.I.E.A.s we can sign, and I think we may well be developing to a situation where T.I.E.A.s will not just be with the European countries but with other third world countries, I think there again we can demonstrate perhaps a greater flexibility and a greater awareness and understanding of some of their concerns; that we have got a part to play in an international arena. I think T.I.E.A.s are going to be beneficial in 2 ways. Firstly, obviously in the fiscal climate but also in terms of our international personality. Yes, if we can carry on developing them, I am more than happy to do so. I think also although there is discussion in some quarters about Jersey needing double tax agreements, I think that is an area which one has to treat with a considerable amount of caution. But equally in terms of a risk assessment, you might want to say, well, what is the effect to Jersey if we had more double tax agreements in terms of our existing and future businesses?

The Connétable of Grouville:

Has there been any downside from signing these T.I.E.A.s?

Senator T.A. Le Sueur:

Not tangibly that I am aware of. There may be some clients who previously had done business in Jersey and moved elsewhere. Whether that was down to the T.I.E.A. or down to costs or whims of individuals or head office decisions or centralisation of location or economic circumstances, I have not a clue. But I think in terms of general direction, no, we have not. They only serve to enhance Jersey's reputation rather than detract.

Mr. B. Ogley:

I think that needs to be put in context as well because the majority of T.I.E.A.s we signed were either very close to or after the G20 process which introduced the white, grey and black test. When you talked earlier about level playing fields, the whole level playing field process was that you either created a level playing field in which everybody participated or else the major countries introduce significant penalties or incentives into the system to bring people into it. The fact that they have introduced the grey and the black list and clients, as it is reported to us, could see the downside of doing business moving from a very strong white list jurisdiction to somebody who is potentially in the sights of the international community for penalties or some action deterred any of that. It was very much the timing and we were very conscious about the timing. You remember pre-that, we were negotiating, and we still do, economic benefit and recognition packages as an incentive. We still move in that direction now but there is the penalty. That was very important to us and, if you like, was the culmination of that level playing field process. We are now into a different arena.

Senator S.C. Ferguson:

I think next, please, can you update us on the work being overseen by the Deputy Chief Executive?

Senator T.A. Le Sueur:

Probably better to ask the Deputy Chief Executive to answer that one for you himself. But I think as the Chief Executive pointed out, he is also the Chief Executive in charge of resources. I think it is in terms of resources and the co-ordination of resources and the better use of States resources that has been the main focus of his ... I do not know, how long have you been in the post?

Mr. J. Richardson:

Eight weeks.

Senator T.A. Le Sueur:

Eight weeks. The 8 weeks that he has been in post. Do not expect miracles in 8 weeks but I think that over the time a lot of it is just bringing things together and understanding the scope and size of the problem and seeing how it can best be addressed.

The Connétable of Grouville:

I assume that resources, you take property out of that because that has gone to Property Services, has it not?

Mr. J. Richardson:

No.

Senator T.A. Le Sueur:

No.

The Connétable of Grouville:

So also you are overseeing the property portfolio as well?

Mr. J. Richardson:

I will explain that.

Senator T.A. Le Sueur:

I think maybe I will let John carry on.

Mr. J. Richardson:

The Resources Department comprises of H.R. (Human Resources), I.S. (Information Services), property, procurement and the J.D. Edwards function which is the States main computer system which runs the States financial systems, and a number of other peripherals which we are now looking at how we improve or develop.

Senator S.C. Ferguson:

What do you call peripherals?

Mr. J. Richardson:

Procurement, for instance, so that instead of just producing management accounting information, it can manage our procurement process in terms of purchase orders so you have transparency between creating a purchase order all the way through to costing to a particular department and particular area in a department.

Senator S.C. Ferguson:

So that when a department buys something and they complete the purchase order that will automatically put all the right postings into the system?

Mr. J. Richardson:

When it is fully developed and working as it is designed to, yes, that is right but we have got 2 or 3 more stages to go yet before we get to there.

Senator T.A. Le Sueur:

I think again though, with respect, you are probably falling into the trap of looking at procedures and practical aspects which we all like to do. What we need to do is to make sure we have got a proper policy of making best use of resources and having the systems then which can maintain or support that policy. It is not a question of getting a super-duper computer system which simply gives you loads of useless information. You have got to know first of all which way you want to go and then get the system to give the answers.

Senator S.C. Ferguson:

Absolutely. I suppose I am thinking of the audit I did way back when at a Swiss bank where they put the purchase order in for the stock and everything else just fell out of it. So there were 2 of them running an office which other people would have required 6 or 8 people to run like Guernsey are running for procurement.

Senator T.A. Le Sueur:

From that point of view I am 100 per cent behind you.

Senator S.C. Ferguson:

Yes, because obviously you are trying to centralise procurement.

Mr. J. Richardson:

The procurement function is already centralised and we have a central team but each department is responsible for its own individual procurement. But what we need to have is improved systems and processes that allow them to do it and work through this central system. At the moment there is a degree of fragmentation which we need to improve on and make sure that the system that we have got provides a working tool that allows them to, exactly as you described, create one order which is transparent all the way through the full financial processing.

Senator S.C. Ferguson:

And to get people using the standard system because we have the legendary 600 purchasing cards that are used in health.

Mr. J. Richardson:

Absolutely.

Senator S.C. Ferguson:

Obviously H.R. I.T. (Information Technology), how are you going to centralise that? How are you going to control that because we have just seen that Health want to spend £20 million on an all-singing, all-dancing new project that they have been working on for the last 10 to 15 years, to my knowledge?

Senator T.A. Le Sueur:

I think certainly there are 2 different approaches, both which need to be done in terms of issues like that. Firstly, that our investment in upgrading and maintaining our existing I.T. systems tends to be a bit opaque. We spend a few million pounds each year on I.T. but it is not true that we are still maintaining our systems in a fit state. I think in terms of, for example, property you can see when it needs repainting or when the roof is falling down. With a computer system it tends to carry on drifting along and you do not perhaps realise quite so easily - or I do not because I do not have eyes trained on those sorts of things - to say whether we are investing enough or not enough in our I.T. systems. But I suspect that there is a danger that, just like property, we may well find that we are not investing enough in those systems, that we need to do that in order to just keep them up to scratch. Secondly, of course in terms of new systems, yes, there is a desire to have the new all-singing, all-dancing, state of the art system which you have got to balance against the need for what do you require out of the system and will this deliver what you require or is it just a nice, glossy box? I suppose in trying to balance some competing demands, do we need to spend £20 million on a health system? I do not know whether we need to spend £20 million or £10 million. I do know that we need a new system and it is how that is specified and then how it is procured that is going to be the difference between a wise investment or a foolish investment.

Senator S.C. Ferguson:

Yes, I suppose there have just been so many scalps on the road to bringing in new I.T. systems, particularly in large organisations, that obviously how we control that is going to be important.

Senator T.A. Le Sueur:

Yes, there are pitfalls in bringing forward any new system like that. There are also pitfalls in doing nothing or trying to work with antiquated systems which ultimately fall over. Health information is

a pretty vital part of our lives and I would not want to think that when I go into hospital, they suddenly cannot operate on me because they have not worked out who I am.

Senator S.C. Ferguson:

Or they take the wrong leg off.

The Connétable of Grouville:

Can I just ask a question about J.D. Edwards? If you remember when we were on the P.A.C. (Public Accounts Committee) some time ago, the J.D. Edwards overrun was getting into the 700 figure range or it was quite high anyway. Has that all been sorted out now? Is J.D. Edwards running properly and what was the end result of the costing on it? I think it started off with a budget of £3 million and ended up at £7 million or £8 million.

Senator T.A. Le Sueur:

That is always a danger and that is going back quite a few years now.

The Connétable of Grouville:

No, not that long; 4 years perhaps.

Senator T.A. Le Sueur:

From the start of J.D. Edwards.

The Connétable of Grouville:

Yes, I was not there at the start.

Senator T.A. Le Sueur:

It is one of those things I was saying about keeping up to date. Whereas your house and my house may be 100 years old or more and still standing.

The Connétable of Grouville:

Even the new patio.

Senator T.A. Le Sueur:

Even the new patio, yes. Some systems get out of date more quickly and fail to be supported. J.D. Edwards is one of those things where clearly it is going to be coming to the end of its useful working life before too long. That is the nature of computers, I am afraid, that their life cycle is not as long as the life cycle of a building. We have got somehow to appreciate that. It may well be that in some cases you can renovate the building and bring it back as new. In other cases it is better to knock the old building down and start again. I use that analogy because I think computer systems are often the same sort of thing with just a different life cycle. Whether J.D. Edwards is one where you want to knock it down and start again or to retread the existing building is a job which the Chief Executive of Resources is going to have to look at in conjunction with the people concerned. Either way, we know that it depends on the payment and the wallet.

Mr. B. Ogley:

Can I just come in? I think however you view ... there are 2 words that are really key to this and are key to the role of the Resources Directorate, which is why we are putting everything together. One is control. That does need to be all internal controls and very clear control of major projects in all of the elements of major projects. That stems into the whole discipline of project management. We have good project management discipline on fixed assets; buildings and the like. We actually have good project management on the basic information technology projects. The question is to get the project management throughout the whole of the project and its implementation and make sure that it does deliver what people expect. I think then to spread that discipline more widely to a whole range of activities that we do. It is those kind of things that I am certainly looking to the Resources Directorate by bringing people, property, technology and

purchasing together and anything else which is frankly about managing the resources of the States and ensuring we have good controls in place rather than a whole set of fragmented controls that I think from your experience on P.A.C. and Corporate Affairs, you know that is the way the States is run at the moment through those sort of structures. They are effective controlled but they are not the same everywhere.

The Connétable of Grouville:

We know the evidence has run away with itself.

Mr. B. Ogley:

The big questions you have to have are exactly those questions. What do we need to manage this organisation? What are the basic controls we are going to have in place? Then there will be a clear decision about are we willing to change the way the organisation works at both management and political level to really make it work as a finely honed corporate organisation. I think that is a discussion that needs to be had at officer, political and certainly at Scrutiny level because the implications of it are very fundamental to the way we work. But that is what the Resources Directorate has got to pull together so we can at least see the issues and then resolve them. At the moment I think we are aware but we do not have the tools to do it.

Mr. J. Richardson:

There have been a number of occasions where a project has been specified but it has not always considered the I.T. implications, the H.R. implications, the financial implications, save partway down the line. The benefit of having the Resources Directorate all in one is that when a project starts, before you get past the starter course, you have made sure that everything has been specified properly and you have done the checks to make sure that as you move forward into the development and delivery of it, you have got the right number of staff and they have been accounted for and funded. You have got the right I.T. systems. You have got the right procurement systems. By having one directorate all working together, doing that provides one central location for all departments to be bringing projects through that section to check to make sure that all its functions are properly accounted for at the beginning.

Deputy T.A. Vallois:

On that note in regards to the Deputy Chief Executive's role, with regards to Senator Ozouf's comment last week in the States Assembly with regards to a fraud office being set up. I understand that is going to be underneath your role.

Mr. J. Richardson:

No, that will not be under my role because it is important that those roles are effectively managed by the departments who have the particular areas of responsibility.

Deputy T.A. Vallois:

But if you are the Resources Directorate and you are going to have control on the way things run, surely you would have an overview under your agreement.

Mr. J. Richardson:

I am not sworn in as an Income Tax Inspector or Social Security Inspector so I cannot have access to their systems. It is important that any office that is set up in future would have to have staff who are appropriately sworn in under those particular pieces of legislation.

Mr. B. Ogley:

I think the issue that Senator Ozouf was referring to was that in order to set up a combined fraud office you do need somebody that is in charge of that project. They will not probably be running it at the end because you think where the major issues rest. They may be about benefits and taxation. There are other areas as well but those would be your 2 main areas. You are probably not going to have a fraud office that sits in a third location. The best thing would be to sit in one of

those and deal with all related issues. The intention was that John as Deputy Chief Executive would take the lead in bringing those people together and setting it up rather than it being in Resources because it would not make a lot of sense in Resources. We would just duplicate time and effort.

Deputy T.A. Vallois:

It was just the case that Senator Ozouf mentioned it. I just wanted to understand exactly what your role was with regard to the fraud office.

Mr. J. Richardson:

It is creating. It is not delivering.

Deputy T.A. Vallois:

Okay.

Senator S.C. Ferguson:

If we could have 5 or 10 minutes on one or 2 questions we would like to ask, which I am afraid we are going to have to eject the gentlemen of the press for. You can come back later. Time for a cigarette. Go and add to the impôts. Thank you very much, gentlemen. I am sorry to throw you out so summarily.