



# STATES OF JERSEY

## Corporate Services Scrutiny Panel

### Jersey Development Company Sub-Panel

**THURSDAY, 20th AUGUST 2009**

**Panel:**

Deputy C.H. Egré of St. Peter (Chairman)  
Deputy D.J. De Sousa of St. Helier (Vice-Chairman)  
Senator S.C. Ferguson  
Connétable S.A. Yates of St. Martin  
Deputy T.A. Vallois of St. Saviour  
Mr. R. Law (Panel Advisor)

**Witnesses:**

Senator T.A. Le Sueur (The Chief Minister)  
Mr. W. Ogley (Chief Executive)

**Present:**

Mr. W. Millow (Scrutiny Officer)

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

Welcome, Chief Minister, Mr. Ogley. Just for the record, I think we will go through the normal formalities of introducing each other to let the transcribers have a clue who we are. Starting from my right, from our side.

**Deputy D.J. De Sousa of St. Helier:**

I am Deputy Deborah De Sousa and I am Vice-Chair.

**Deputy T.A. Vallois of St. Saviour:**

I am Deputy Tracey Vallois of St. Saviour.

**The Deputy of St. Peter:**

Deputy Collin Egré, Chairman.

**Mr. R. Law (Panel Advisor):**

Richard Law, Advisor.

**Connétable S.A. Yates of St. Martin:**

Silva Yates, Constable of St. Martin.

**Senator S.C. Ferguson:**

Senator Sarah Ferguson.

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

I am Senator Terry Le Sueur, the Chief Minister.

**Mr. W. Ogley (Chief Executive):**

I am Bill Ogley, the Chief Minister's Chief Executive.

**The Deputy of St. Peter:**

Again, just to keep the record straight, can you just confirm that you are happy with the organisation, the piece of paper that you see in front of you?

**Senator T.A. Le Sueur:**

We can understand that.

**The Deputy of St. Peter:**

Right. Gentlemen, as you are aware we are here to review the proposal for the setting up of the Jersey Development Company. We have already spoken with the Chamber of Commerce this morning which proved to be very interesting and we now move on to the hearing with yourself. We will go straight into the questioning rather than prevaricate so if I can start with saying what effect, if any, will the establishment of the Jersey Development Company have on the primacy of the States?

**Senator T.A. Le Sueur:**

I suppose the short answer is it does not have any direct effect. The primacy of the States is already there. The primacy of the States is set through the fact that the States as a body approves the Island Plan and approves those policies relating to particular areas of the Island. I think there are additional benefits to this new company but I do not think that ensuring primacy of the States is a particularly high feature.

**The Deputy of St. Peter:**

What do you see as those additional benefits?

**Senator T.A. Le Sueur:**

The additional benefits I see as greater clarity, firstly for the company itself in the role that the company should occupy but also clarity in respect of other parties. I hope that the way in which the support for the proposition has been raised sets out the different relationships of the different bodies in a way which makes it far clearer for all parties to understand exactly what each one should be doing. I think if we look back at some of the past experience of W.E.B. (Waterfront Enterprise Board) there was uncertainty about the whole of W.E.B. versus the Planning Minister and there may well have been other areas of uncertainty as well.

**The Deputy of St. Peter:**

In this structure how has that effectively changed?

**Senator T.A. Le Sueur:**

I think what this structure seeks to do is to have absolute clarity about what each particular person is responsible for, department is responsible for. It makes it quite clear that it is the States that has the primacy in approving the Island Plan. But the Planning Minister's responsibilities are very clearly set out in terms of masterplanning and development briefs and to that extent it identifies clearly what the role of the company should be or would be and what it also does and it is one of the new bits is to bring in this Regeneration Steering Group into the process and I think that acts as an interface between the company and the Minister. The Planning Minister will set the overall arrangement and the steering group will see how those objectives could be met. The Regeneration Steering Group is simply a theoretical body, the States of Jersey Development Company is the practical vehicle by which that activity will be carried out, either directly or indirectly.

**The Deputy of St. Peter:**

Just a point of clarification within this diagram that you find on page 6 of the proposition, I note that the arrow control between the Minister for Planning and Environment and the Regeneration Steering Group is one way. I assume that is 2-way.

**Senator T.A. Le Sueur:**

I think what it is meant to indicate is the supremacy, if you like, of the Minister for Planning and Environment. The Minister for Planning and Environment says what will happen. He is not told what he should be thinking by the Regeneration Steering Group.

**The Deputy of St. Peter:**

Fine. That was a good point to clarify.

**Mr. W. Ogley:**

The proposition makes it clear that the return from the Steering Group to the Minister for Planning Group is as part of the consultation around planning decisions which many people will be involved in. So in that sense this is a control arrow which says ...

**The Deputy of St. Peter:**

That is good. Thank you.

**Mr. W. Ogley:**

Can I just add on the S.o.J.D.C. (States of Jersey Development Company), what is different between now and W.E.B. is that S.o.J.D.C. within this structure is very clearly an implementation and delivery vehicle which does what it is required to, either through the planning process or from the States through the Regeneration Steering Group; as opposed to in the past, we have very much seen lots of ideas and development proposals coming the other way that has had to be responded to. So in that sense it is clearly implementation and delivery.

**The Deputy of St. Peter:**

Ladies and gentlemen, do you have any further questions on this particular topic?

**Deputy D.J. De Sousa:**

I have one. Chief Minister, you briefly touched on that there were several additional benefits to having this rather than W.E.B. but you have only really elaborated on one, which was greater clarity. What other benefits can you see from setting up this as opposed to W.E.B.?

**Senator T.A. Le Sueur:**

I think there are, hopefully, commercial benefits in that a properly resourced and properly run company, with all due respect to the current company, ought to provide a better return to the taxpayer; you know, to the States. I think at the moment - this is may be focusing on a different part and touching on the Comptroller and Auditor General's recommendations - we have a board of directors of the present company which is not fully commercially focused, I think, and also not with a clear enough remit. Given a clearer remit and given the right expertise on that body, I believe that it ought to provide a better outcome for the Islanders or shareholders.

**Deputy D.J. De Sousa:**

Any other benefits?

**Mr. W. Ogley:**

I think it is worth saying section 13 of the report sets out very clearly the benefits that I have seen of the proposed structure.

**Deputy D.J. De Sousa:**

Sorry, what page?

**Mr. W. Ogley:**

On page 17 of the report, section 13. We have sought to set out ...

**Senator T.A. Le Sueur:**

Page 18.

**Mr. W. Ogley:**

Perhaps it is 17 on yours, 18 on mine.

**Senator T.A. Le Sueur:**

It is section 13 either way.

**Mr. W. Ogley:**

We have sought to set out there very clearly the benefits which, if you like, wrap up as well the benefits that W.E.B. currently offers as a development vehicle of accessing alternative means of planning, et cetera; but showing the changes and the overall structure of benefits. Hopefully that captures ...

**Deputy D.J. De Sousa:**

Just one other thing that you touched on. You touched on revenue returns. How do you see a greater increase coming back to the States?

**Senator T.A. Le Sueur:**

Although that might not be its primary objective I would have thought that a well-run, tightly-focused company ought to provide a better return than one which is currently, as I say, rather loose and more fragmented. I also think that one has to look at this company very much like any other building and development company and say: "What return would you expect to get from it?" If it is run on a commercial basis then presumably we should be able to get a return as good as or better than a commercial developer but that return would come back to the taxpayer rather than to the pockets of the building company's shareholders.

**Deputy T.A. Vallois:**

Would it be fair to say this proposition is just an amendment to W.E.B. rather than a new structure?

**Senator T.A. Le Sueur:**

Yes. But it is a fairly significant amendment to W.E.B. There are a number of important variations. We did toy with the idea of starting from scratch with a new structure. Effectively, by adopting a new set of Memorandum and Articles of Association, you are doing the next best thing to creating a new structure. But, of course, there are existing arrangements, legal arrangements, in place carried out between W.E.B. and third parties and you would have to unravel all of those and put them back into a new vehicle if you did it that way. So, from a practical point of view, it was simply easier to radically amend the existing company.

**Mr. R. Law:**

May I ask, is it something that was contemplated when put to DTZ in their report; you know, looking at a new structure? They looked at many structures as the way forward.

**Senator T.A. Le Sueur:**

Yes.

**Mr. R. Law:**

But in the way that you have articulated?

**Senator T.A. Le Sueur:**

I do not think it would have made any difference but had we put a new structure to them it would have had the same Articles of Association as this would have done. It would have had the same composition of the board of directors and the same remit. So I would have hoped that their advice would have been the same either way.

**Mr. R. Law:**

No, my apologies for not putting it plainly. The point I was making was assuming you start with a clean sheet of paper.

**Senator T.A. Le Sueur:**

Right.

**Mr. R. Law:**

That is the way I had interpreted you were looking at a new structure; another way forward, in other words.

**Senator T.A. Le Sueur:**

Right. There are different ways forward and I think that is what DTZ did in fact look at.

**The Deputy of St. Peter:**

Sorry, can I just interject? Was DTZ given the option of a clean sheet of paper?

**Senator T.A. Le Sueur:**

I believe they were.

**Mr. W. Ogley:**

I hesitate to quote pages from my printed version. On the DTZ report they set out the scope of the work and methodology.

**Senator T.A. Le Sueur:**

It is on page 47.

**Mr. W. Ogley:**

We asked them, first of all, to review the report and proposition, S.o.J.D.C.

**The Deputy of St. Peter:**

Yes.

**Mr. W. Ogley:**

Then to identify alternative structures and look at the strengths ...

**The Deputy of St. Peter:**

Without constraint.

**Mr. W. Ogley:**

Without constraint and then provide and then provide an analysis of the strengths and weaknesses of those compared to S.o.J.D.C.

**The Deputy of St. Peter:**

The emphasis there is I was just confirming ... just to confirm it was without constraint.

**Mr. W. Ogley:**

Yes. Without constraints placed on them. We actually said to them: "Please look at all the alternatives, advise us what they might be and then do us a comparative analysis against the option which we gave to them."

**Senator T.A. Le Sueur:**

If we were going to get any value out of working with DTZ it had to be on an unconstrained basis, otherwise ...

**The Deputy of St. Peter:**

Having said: "No constraint" ... you have already spoken of the constraint associated around W.E.B. and the legal remits that W.E.B. have. Was that deemed as a constraint?

**Senator T.A. Le Sueur:**

I would not call it a constraint. I would call that an efficiency. We could have untangled the legal technicality. It would have just been additional cost for no additional benefit. I do not think that that would be particularly sensible. That is the only reason I would say why we chose to stay with a variation of W.E.B. rather than start from scratch again. Had there been no contractual arrangements in place with third parties, then we almost certainly would have started with a new company.

**Mr. W. Ogley:**

Indeed you can see point 3 in "Scope and Methodology"; we asked them to look at the implications of extending the role and remit of the Waterfront Enterprise Board as an alternative to consolidating it within S.o.J.D.C.

**The Deputy of St. Peter:**

I appreciate that. I was back-peddalling from that. In other words W.E.B. was the baseline entity against which to build. So you said: "No," to that, W.E.B. was not the baseline against which to build?

**Mr. W. Ogley:**

No, W.E.B. was in this to the extent that W.E.B. could have remained a free-standing separate development organisation. It could have been disbanded and its functions transferred into a new entity or its functions could have been moved into the entity as we have finally proposed. So those options were there. It was not a constraint in that sense.

**The Deputy of St. Peter:**

Okay, fine. Yes.

**Deputy D.J. De Sousa:**

You just briefly touched on cost. What cost would there be to the States to set up the development company?

**Senator T.A. Le Sueur:**

To set up the development company, relatively small. It is just the costs of drafting the Memorandum and Articles. This has already been done. There is no real additional cost. There would be a cost, pretty certainly, ongoing in terms of having a properly constituted and properly remunerated board of directors.

**The Deputy of St. Peter:**

Which is outlined.

**Senator T.A. Le Sueur:**

That, I think, is the only additional cost that I can see.

**The Deputy of St. Peter:**

Right, if we can move on. My next question is posed in how will the company manage the potential conflict between its own need to achieve a return and incentivising private sector partners?

**Senator T.A. Le Sueur:**

I do not think there is a conflict there. Really they ought to be all working to the same objective. The point is that this company is a development company, not a development agency. If it was an agency then I can see that there would be scope in trying to incentivise the private sector. But this is a straightforward operation with a clear remit set by Planning in terms of what can and cannot take place on the site and it would be up to the company to see how that can be achieved on a clear open-market basis. If it turned out that XYZ Builders Limited can do a job at a better rate than S.o.J.D.C. then S.o.J.D.C. would, no doubt, ask XYZ Builders to deliver it. So I think in a way what you have got is far from a conflict. You have got a validation of a true cost of doing an operation.

**The Deputy of St. Peter:**

So you are looking at it as the development company being a developer or a facilitator for other people to develop?

**Senator T.A. Le Sueur:**

In most cases, I think, yes, you would expect other people to do the development work. But there is the option there that S.o.J.D.C. could do it themselves if they could demonstrate that they could do it more effectively.

**Mr. R. Law:**

In looking at the development company in that broad description, you are saying it could be the developer with a third party and that would then create the opportunity of managing risk.

**Senator T.A. Le Sueur:**

Yes.

**Mr. R. Law:**

In other words, offloading risk or sharing risk to whatever is defined and approved by the States in the mechanism that is put forward.

**Senator T.A. Le Sueur:**

Yes.

**Mr. R. Law:**

Looking at that a little more carefully and deeply, one is very clear about development and carrying and delivering what has been prescribed and defined and would, of course, carry the benefit of a planning consent; so that the whole cost plan and all that is necessary to take that project forward can be carried out with the company appointing, as necessary, a contractor or contractors. But in addition, as I understand it - and this is for clarification please - it also provides services as a company. It sells its services to others, the States through Property Holdings, and carries out professional services for them as it currently is and also, as I understand it, supports Planning and Environment in assisting with the evolution of masterplanning detail.

**Senator T.A. Le Sueur:**

I think you are talking about the current situation rather than the proposed ...

**Mr. R. Law:**

Yes. It is just that earlier today ... I am seeking clarity on this point. I am asking the question because one was somewhat ... I will not say confused. It looked as though they were going to continue to give those services.

**Senator T.A. Le Sueur:**

No. I think there is a danger there that that could happen. That is why I think this importance of clarity of roles is pretty fundamental to this proposition. Clarity of role for S.o.J.D.C. has to be clearly understood by the directors and the management of that company and, equally, by the

officers and Minister for Planning. They need, of course, to understand where their remit begins and ends.

**Mr. R. Law:**

Well, does that mean - to get total clarity in my mind on this - that they will no longer be carrying out that function as J.D.C. (Jersey Development Company); that is to say, as a consultant providing technical advice to Planning and Environment?

**Senator T.A. Le Sueur:**

If they did it would be on an arm's-length and tactical basis and not as a normal activity really. It would be up to Planning ...

**The Deputy of St. Peter:**

A single contract for a bespoke of work.

**Senator T.A. Le Sueur:**

Yes. If Planning decided there was a bespoke piece of work they wanted doing and they tendered that and S.o.J.D.C. was successful, then that would be an arm's-length contract. But I think it is very difficult to envisage a situation like that where they might be able to do that without a conflict of interest if it were something relating to a particular site. So I think you would have to say if Planning had a particular activity ... I cannot think of one immediately but suppose they wanted to build an Energy from Waste plant at Sorel on the north of the Island. It was not something that S.o.J.D.C. wanted to do but they wanted to get some technical expertise ...

**Mr. R. Law:**

As soon as the word "conflict of interest" was mentioned I became much more relaxed.

**Senator T.A. Le Sueur:**

Right.

**Mr. R. Law:**

The point being that I was maybe incorrectly interpreting, as things would be or will be, that you could have a scenario where the masterplanning that is a requirement of Planning and Development within the Island Plan ...

**Senator T.A. Le Sueur:**

That could be influenced by it, yes.

**Mr. R. Law:**

One, through a competitive process, has selected a tender from J.D.C., if I can call it that, and then, on the other hand, Holdings decides that this is one to move forward with. So the States have said: "This is one to take forward and where does it go to? Oh, S.o.J.D.C."

**Senator T.A. Le Sueur:**

Yes. No, I am perfectly clear that the normal role of S.o.J.D.C. would be no different from a commercial building company in the private sector.

**The Deputy of St. Peter:**

So the idea that the Jersey Development Company will take over completely the current roles of W.E.B. ...

**Senator T.A. Le Sueur:**

Right. No.

**The Deputy of St. Peter:**

That is not going to happen?



**Senator T.A. Le Sueur:**

No. I think the current roles of W.E.B. have become blurred over the years.

**The Deputy of St. Peter:**

I think that is fair.

**Senator T.A. Le Sueur:**

I think in the new regime part of the taking over of the activities of W.E.B. at the same time requires that that blurring of roles ceases and that W.E.B. are quite clear that their remit, both in the existing activities and the new activities, is limited to that of a development company.

**The Deputy of St. Peter:**

Who is going to control that element?

**Senator T.A. Le Sueur:**

Effectively, I think, having approved this lot, there are safeguards built in, in terms of the Treasury Minister's control, his nomination of the chairman and a Memorandum of Understanding between the Minister and the company. So, at the end of the day, it is the Minister who, in turn, is accountable to the States. He is ultimately, I suppose, the place where accountability ends.

**Mr. W. Ogley:**

Can I just respond to the point about advising ... 2 things; one, submitting competitive tenders for specific areas of work and/or advising Planning. I think the important thing to direct your attention to is the Memorandum and Articles of Association, section 25(b) under "Powers of Directors." Under (b) it sets out very clearly what the objectives of the company are and the objectives of the company do not provide for W.E.B. tendering for competitive service provisions to Planning or others. So I think that is really quite important. Those are very tightly and specifically drawn; which supports very much the point which the Chief Minister has made, that this is a much more constrained company. It is an implementation and development vehicle, delivering what the States and Regeneration Steering Group ... the States through the Island Plan, the Planning Minister, the Regeneration Steering Group, as the ex-holder of assets, and delivering those, as you can see. So it not envisaged that if Planning want a piece of advice that W.E.B. would tender for it. That is not provided for in here.

**The Deputy of St. Peter:**

No, we are talking about Jersey Development Company.

**Mr. W. Ogley:**

That is Jersey Development Company.

**The Deputy of St. Peter:**

We have been doing it all day, between W.E.B. and ...

**Mr. W. Ogley:**

The M. and A. (Memorandum and Articles) for S.o.J.C.D. to be very clear, does not provide for that company to provide services to Planning nor to competitively tender for the provision ...

**The Deputy of St. Peter:**

Which historically it did in the case of W.E.B. but under the new regime will not?

**Mr. W. Ogley:**

Will not, exactly.

**The Deputy of St. Peter:**

Fine.

**Mr. W. Ogley:**

That is why we have introduced the concept of a Regeneration Steering Group which becomes the States Executive Directing Group for the company and it becomes the interface with Planning. So, merely a point, if there is a consultation to be had by Planning then S.o.J.D.C. may well respond to that, as would any developer; as would the Regeneration Steering Group. I think that is really quite important to delineate because otherwise you do hook into the world of conflict of interest. That is why this is constrained and very clearly defined.

**Mr. R. Law:**

Thank you for that clarification. I think the origin of the issue goes back to page 9 where it refers to: "In addition to continuing activities."

**Mr. W. Ogley:**

Of W.E.B. and it is the ...

**Mr. R. Law:**

It is under the heading of ...

**Senator T.A. Le Sueur:**

Yes, I understand that. That might need some explanation.

**Mr. R. Law:**

It is an assumption that others may perhaps interpret it and that is really how it has come about. It is not ...

**Senator T.A. Le Sueur:**

I understand that.

**The Deputy of St. Peter:**

It is in the text rather than ...

**Mr. W. Ogley:**

Yes. The amendments are to control of the company's activities and I think you have been very clear. So apologies.

**Senator S.C. Ferguson:**

So forgive me if I am being a little dumb on this. When you get to where W.E.B. is actively consulting on the harbour development and the East of Albert site, are you going to pull that back through the Regeneration Steering Group? Because Harbours and Airports ...

**Senator T.A. Le Sueur:**

The answer is yes. I am not quite sure to what extent W.E.B. had that remit to the present time.

**Senator S.C. Ferguson:**

Well, they may not have had the remit but they have been in it up to their eyeballs.

**Senator T.A. Le Sueur:**

They have been doing it, certainly. No, in future that is clearly a job to be done by the Regeneration Steering Group, subject to the constraints of the Island Plan and Planning and Policies.

**Senator S.C. Ferguson:**

You would see that for the airport as well?

**Senator T.A. Le Sueur:**

I see that for the airport as well and indeed any area which the Island Plan identifies as an area suitable for regeneration in which the Regeneration Steering Group gets involved. So, yes, there is a complete refocusing, if you like, of the activities of W.E.B.

**Mr. W. Ogley:**

I think it might just be helpful to say that the work that W.E.B. are currently doing on the potential harbour development area was done at the behest of the previous Chief Minister and was done on behalf of the Chief Minister; acting on his behalf to bring together a group of officers from T.T.S. (Transport and Technical Services), Property Services and Harbours. So to that extent the Chief Minister was effectively fulfilling the functions of the Regeneration Steering Group and using W.E.B. as his agent. That may be the sort of lack of clarity. They were not doing it on their own behalf or in their own right. They were doing it for the Chief Minister.

**The Connétable of St. Martin:**

Just following on from the previous question, I am looking at the structure plan and I am looking desperately to find where is the bright ideas group. I mean who comes up with the ideas and what department? Because it would seem to me that the way it is drawn out it is the Minister for Planning and Environment. But, in fact, is that the right place for a bright idea to start? Because it goes around in a circle. The Minister for Planning and Environment, Regeneration Steering Group, Development Advice, Property Holdings, Property, Jersey Development Company; around in a clockwise circle. Now, you were mentioning about the current development which was instigated by the previous Chief Minister and I am a bit confused about where future ideas are going to come from and how they are going to be handled. I mean who is going to be in charge? Who is going to be saying to the Minister for Planning: "We do not want that"? In fact you cannot talk to him because there is a one-way arrow. Planning and Environment, you cannot talk through that way. It has got to come around in that clockwise circle. Where are the bright ideas coming from? Who is going to be in charge of the bright idea and how is that going to be developed?

**Senator T.A. Le Sueur:**

The bright ideas would normally arise at the time of the Island Plan review and they would come primarily from the Planning Minister. But then the Island Plan is then set out for general public consultation and planning policies will be set then within that Island Plan and any subsequent amendments to it. I think, having got that, the Regeneration Steering Group can then use their bright ideas and imagination to the full to exploit how that can be best achieved within the constraints of the Island Plan. What I think you do not want to do is have the Regeneration Steering Group acting as a quasi-Planning Minister or rewriting the Island Plan because then you get this blurring of roles again.

**The Deputy of St. Peter:**

Which is how we moved out from the Jersey Enterprise Board establishment, where Planning was part of that board.

**Senator T.A. Le Sueur:**

Yes.

**The Connétable of St. Martin:**

Is that going to work? What I am saying is you have got the Island Plan review to the Minister for Planning, the Regeneration Steering Group and you kick it around for a while and then you take it to Property Holdings and then it comes back to the company.

**Mr. W. Ogley:**

Yes, but the company's job is to deliver what it is required to deliver.

**The Connétable of St. Martin:**

So what you are saying is that if the bright idea starts off in the Regeneration Steering Group it has got to go right round the circle before it comes back to Planning. Is it going to work? I totally

agree that the spheres of operation in the various bodies should be separate. Do they all understand that? I mean will they all understand that and not interfere with each other?

**Senator T.A. Le Sueur:**

I think that is what we are trying to do in these propositions; make sure that there is absolute clarity and that each body does understand what its role is and what the other person's role is. Now, take a far-flung idea. A suggestion that you might want to build a new airport runway between La Roque and Les Minquiers would be something which a Planning Minister would normally want to take a view on first as an extension of the Island Plan.

**The Connétable of St. Martin:**

I understand.

**Senator T.A. Le Sueur:**

You are talking about using your imagination, you see, and I was using mine. But you would not expect the Regeneration Steering Group to be dictating to the Planning Minister where he should set a new airport or a new transport policy. You would expect that to come from the Planning Minister. When the States have approved an Island Plan which recommends the building of a new airport in the southeast Island, the Regeneration Steering Group can then let their imagination run riot with whether you build that runway on tiles or on a slope or below sea level. It is at that stage that the Regeneration Steering Group comes in. In the proposed implementation the policy is set out and approved by the States.

**The Connétable of St. Martin:**

If I can just try and clarify it in my own mind. The way you have described it is you can take a bright idea from the States Assembly within the Island Plan review. It goes to the Planning Minister. He can say: "That is a load of rubbish," and that is the end of the story because there is no way it can get to the Regeneration Steering Group. I just wonder whether there is a higher point where the Minister for Planning and Environment sits and he will have control about what gets done.

**Senator T.A. Le Sueur:**

I think what we perhaps are forgetting is that all the members of the Regeneration Steering Group will also be in the very top box in the States Assembly. It is not as if the Regeneration Steering Group ...

**The Connétable of St. Martin:**

I am very keen to find out how watertight these compartments are going to be.

**Senator T.A. Le Sueur:**

Right.

**The Connétable of St. Martin:**

Because if all these boxes are watertight, then I think it might work. But if there is interference from other boxes within the remit of left-hand to right-hand boxes it probably will not work.

**Senator T.A. Le Sueur:**

Certainly, it will not work so well if there is obfuscation of roles. I do not say it could not work at all but that is -

**The Connétable of St. Martin:**

The second point, basically, is that I want it to work but I am trying to find holes where it may not work.

**Mr. W. Ogley:**

I think the point to make is that the boxes are watertight. They need to be watertight, in terms of the responsibility of people within those and the power within those. So the Regeneration

Steering Group or S.o.J.D.C. or - to this extent - Jersey Property Holdings, within this watertight structure have no opportunity, if you like, to instruct, to unduly influence the Minister for Planning and Environment or indeed the States, as they form the Island Plan, in terms of their functions. But no planning and development system works without people talking to each other and sharing knowledge and experience. So if you have got a Planning Minister setting a masterplan for an area - let us say, north of town or the harbour - that masterplan does need to be set in the knowledge of what is commercially and possibly deliverable because the Planning Minister could set a masterplan that means that that area will never be developed because it is commercially undeliverable. That is why there are consultation processes, either in masterplanning or in Island Plan, and every element in this - as in a private development - will have the opportunity as part of that consultation to say: "We hear what you are saying but the commercial reality is such with the opportunities, there may be a better opportunity." Then the Planning Minister sits, pulls all of that together and decides. I think this is the point, that watertightness is in terms of the decision-making; the boxes must share their best knowledge, otherwise you do not get it. Your good ideas could come from any single box, but the important thing is: who has the primacy of saying that is the idea that will happen, when it is the States through the Island Plan; it is the Planning Minister through the regeneration of masterplanning and then it is the Regeneration Steering Group, in terms of: "Now these are set, do it."

**The Connétable of St. Martin:**

I just want to be quite clear what I feel; I feel that I want the thing to work. I feel that in order to work the boxes have got to be watertight. So the point is, Chief Minister, if the Planning Minister says: "I do not like this idea. I am not going to support it," would you accept his ...?

**Senator T.A. Le Sueur:**

Yes.

**The Connétable of St. Martin:**

You would have to, would you not?

**Senator T.A. Le Sueur:**

You would have to. I mean that is the kind of situation now in a number of things with the Planning Minister. He has some fairly strong powers of decision-making and this does not seek to water down those powers in any way at all.

**Mr. R. Law:**

To clarify: my understanding of this is that what the boxes do not show - which I think is the cusp of the point - is the fact that the Island Plan, together with masterplans, is an adopted formal document; that once that is done then some of the points that have been raised now are covered off by that point being reached. Where, if I may say, there is some momentum in the comments that have been made is if you do not have an adopted plan in place, but you are anticipating changes to the existing Island Plan, that makes it extremely difficult for the States to cope with the entrepreneur who may be smart guessing what maybe round the corner. So once that Island Plan is in place, which means adopted, together with the broad line of masterplanning then that really keeps the distance and it protects the role of the Minister for Planning and his department. So that, whatever anyone else says, and it could be that bright ideas can come from anyone on the Island.

**Senator T.A. Le Sueur:**

Yes. If you look at page 7 of the document section of the file, the role of the States Assembly is quite clear, and the first of those is certainly the Island Plan and any amendments thereto, on the recommendation of the Planning Minister. So it is the States that approve the Island Plan; it is the States that approve any amendment to the Island Plan on the recommendation of the Planning Minister.

**The Deputy of St. Peter:**

So it is the decision-making that is watertight but the ideas can come in from any angle.

**Senator T.A. Le Sueur:**

It comes back to your first question about the primacy of this case. That is where the primary of this case is clarified.

**The Deputy of St. Peter:**

If I could just move across to Deputy Vallois because I know that when we were talking about ... winding back a little bit to when we were talking about the actual proposition itself. Would you like to just talk to that one, please?

**Deputy T.A. Vallois:**

Yes, with regards to the actual proposition itself and hearing what we have heard so far, maybe you could clarify some slight confusion I have now.

**Senator T.A. Le Sueur:**

Okay.

**Deputy T.A. Vallois:**

Paragraph 8, of the actual proposition on page 2, sets out the process with regards to paragraphs 2 to 11 of the report; we were talking about paragraph 9 which apparently is not the case now.

**Senator T.A. Le Sueur:**

Paragraph 9 ...?

**Deputy T.A. Vallois:**

With regards to extension of roles of W.E.B. So the States of Jersey Development Company; the revision will be the extension of the role of W.E.B., basically, and it also states again in paragraph (b) point ...

**Mr. W. Ogley:**

Sorry, could you direct me, it is not in 9. Sorry, where is it?

**The Deputy of St. Peter:**

It is item 7 but I think it is a point that we have already referred to.

**Senator T.A. Le Sueur:**

Item 7, the words "in addition to"?

**The Deputy of St. Peter:**

Yes, it is that.

**Senator T.A. Le Sueur:**

Yes, that needs clarifying but I mean we have picked up that point.

**The Deputy of St. Peter:**

Yes.

**Deputy T.A. Vallois:**

But it conflicts itself. What you are saying is, where you are referring to the States of Jersey Development Company with regards to the revised Memorandum of Articles, which is fine, however we are also proposing paragraphs 2 to 11.

**Senator T.A. Le Sueur:**

Yes.

**Deputy T.A. Vallois:**

So if we agree on both of those they are conflicting themselves. They are an actual contradiction.

**The Deputy of St. Peter:**

So is it your intention to amend?

**Senator T.A. Le Sueur:**

I think it might be necessary to amend the wording of paragraph 7 of the report in order to make it absolutely clear. I accept the fact that there is a potential misunderstanding or potential for conflict. I probably would want to speak to the Greffier about whether this is done by rewording that paragraph or by a statement in the House which simply says: "This paragraph should be interpreted in the following way," and the States Members in approving paragraph part (a) of the proposition understand that, and really how this is done procedurally. It is a matter of how it is best done procedurally, but there is no difference between us as to the way it is being interpreted.

**The Deputy of St. Peter:**

No, I appreciate that.

**Deputy D.J. De Sousa:**

Yes. It continues in (b) because it talks about an extension: "Agreed a role in remit of the company should be extended."

**Senator T.A. Le Sueur:**

Yes, but I think there I am on much happier ground because what we are doing is withdrawing the original Memorandum and Articles of Association and replacing them with the new ones. The new Articles of Association are perfectly clear as to the extent of the company's remit, going back to Article 25(b) what the objectives of the company now are. If I could understand - and I do not want to put words in your mouth - you seem to be concerned that there could be a conflict, in that the existing activities of W.E.B. might continue in the future?

**Deputy T.A. Vallois:**

Yes.

**The Deputy of St. Peter:**

But we are not concerned that we would believe that you believe that.

**Senator T.A. Le Sueur:**

No.

**The Deputy of St. Peter:**

But it needs clarifying so that it is clear, that is all.

**Senator T.A. Le Sueur:**

The way it is worded?

**Deputy T.A. Vallois:**

Yes.

**The Deputy of St. Peter:**

Yes, but if we could have your assurance that that will be looked at?

**Senator T.A. Le Sueur:**

Yes, I cannot assure you how it would be changed.

**The Deputy of St. Peter:**

No.

**Senator T.A. Le Sueur:**

But certainly taking aboard your comments about that and no doubt your report will highlight the fact that that does need to be clarified.

**The Deputy of St. Peter:**

Any more on the point? I will continue with my next question which is: what mechanisms for security and audit will there be for individual transactions during both transfer into and transfer out of the company?

**Senator T.A. Le Sueur:**

Certainly, in terms of any property or land and buildings transferred into or out of the company; that is clearly set out in the way that the approving Minister has to approve those transfers and notify them to the States. That is under Standing Order 168 at the present time and that will continue. That continues in both ways: both for purchases and sales. I think also, in terms of its performance because we have now built in that the controlling Auditor General has the right of access and he will no doubt want to scrutinise that any contractual arrangements are consistent with the decisions made by the Treasury Minister, yes, and lots of challenges under Standing Order 168. Whereas, having said we will sell this land to S.o.J.D.C. for £X million, on the basis that there will be development of a new cinema on this site from which the Island will expect a return in the future, then there is a clear trail there from that decision to what is delivered by S.o.J.D.C. and whether it meets those objectives.

**Senator S.C. Ferguson:**

Thank you.

**The Deputy of St. Peter:**

Sarah?

**Senator S.C. Ferguson:**

Yes, you are saying that there has been provision for the Auditor General to scrutinise these sorts of things. Does that not rather remove the onus from the Treasury Minister?

**Senator T.A. Le Sueur:**

No, the ...

**Senator S.C. Ferguson:**

Sorry, if you will excuse me.

**Senator T.A. Le Sueur:**

Yes.

**Senator S.C. Ferguson:**

Because surely the Treasury Minister will perhaps do as you did with the Treasury Minister with the Harcourt contracts, where you called in an external consultant to advise on the contracts?

**Senator T.A. Le Sueur:**

Yes, there is a difference between taking best advice and making decisions. The Treasury Minister will want to make a good decision, based on best advice, but you take the advice first and then make the decision, rather than make the decision and then get the advice to make it up.

**Senator S.C. Ferguson:**

Well, yes.

**The Deputy of St. Peter:**

The question of transfer of the surplus States' property to the company is fairly well understood and would seem superficially to be quite straightforward, but the actual transfer or the exit strategy, have you got an exit strategy because when you have got expectations of income, or an



income stream or an income profit to be returned to the Treasury, it is more - shall we say - nebulous. Do you have an exit strategy to cope with that side of the company's business, please?

**Senator T.A. Le Sueur:**

Yes. I think what we are in danger of forgetting here is that S.o.J.D.C. would be a development company just like any other commercial developer. The Treasury Minister, on behalf of the States, selling a piece of land to S.o.J.D.C. for a particular purpose will want to know not only what capital value he is getting initially but also what, if any, subsequent yields there will be. If you sell a farm in St. Martin to a developer you may say: "Okay, I will sell that to you for £2 million" end of story, or you might say: "I will sell that to you for £1 million but I will retain an interest in the completed development and I would expect a return on the completed development of a further £1.5 million over a 5 year period." Either way is feasible. The Treasury Minister will make a decision based on straightforward commercial principles.

**The Connétable of St. Martin:**

Fine. I would just like your assurance that such exit strategies have been considered or will be considered?

**Senator T.A. Le Sueur:**

Yes, although I cannot bind the Treasury Minister I am sure if you ask him at a subsequent meeting he would say the same thing.

**The Connétable of St. Martin:**

I do not know whether my colleagues would like to raise any points on that matter.

**Mr. R. Law:**

It is, really, understanding the words: "exit strategy"; when you put it in the context of a development company and that I think to my mind is understood, there is always a question of the number of years because there has to be a finite point, rather than saying: "It is in the development company and it will be developed." So at the point of handover it is one thing to say: "We have been paid for it", but it is securing the after benefits, in terms of maybe public realm or infrastructure. That would be an after benefit, but also in profit. That can come in 2 forms: capital profits and revenue profits. It is how those get back to the States because you could pass the property back, for example. What is really envisaged in this element of the exit strategy because the developer would not necessarily be handing things back, he will control the destiny of what he has developed in normal commercial circumstances. He may decide to keep it in the portfolio; he may decide to sell it. Now, is he going to be in the developer's position that I have articulated or is it such that it is at the States' call when they choose to say: "You have got to hand it back"?

**Senator T.A. Le Sueur:**

I think if there is a decision to see if they will hand it back, that decision must be made at the time of the transfer to the developer. You cannot sell a thing and then say 5 years later: "Oh, by the way, I think we would like it back again." We have to live in the real world.

**Mr. R. Law:**

There is just another point, if I may. If you look at where it currently is, if I could take the analogy of the marketplace in commercial terms, it is more than just a development company, it is a development company in the context of a property company. Because currently, as I understand it, it manages property: for example, car parks or whatever, so it has got a whole family of activities. You may aspire to be a Helical Bar, for example, that might be looked upon as a very good example. Putting it in that rather loose way, is that how you see it being if you had an exemplar that that would be something you would be looking at, or is it still just narrowly defined as a development company that might, in some instances, just be appointing a contractor?

**Senator T.A. Le Sueur:**

I would see its role as pretty narrow. We can learn from experience that if you have a broad and uncertain remit, it causes confusion.

**The Connétable of St. Martin:**

I asked that question basically on question 4, where it says: "And transfer out of the company," and I apologise because the question does occur again in question 7. So I hope I have not upset your question plan.

**The Deputy of St. Peter:**

No, you have not.

**Senator T.A. Le Sueur:**

I am not sure how your questions are numbered, I have to admit.

**The Deputy of St. Peter:**

This is a bit like your numbering.

**Senator T.A. Le Sueur:**

So, you can excuse me if I do not have a clue what the question is.

**Deputy T.A. Vallois:**

Chief Minister, with regards to what you were mentioning before when the Deputy of St. Peter mentioned your definition of the actual Jersey Development Company as a facilitator or an actual developer, you mentioned that it would be developing in certain aspects but otherwise it would be facilitating, helping with the areas.

**Senator T.A. Le Sueur:**

I think it is different from a company; it may develop in its own right or it may develop through a third company but I think if you stop talking about facilitating it, you then start talking more like a procurements department or a department where you are going to get some sort of fairly good return on negotiations. I think that potentially causes dangers and uncertainties. I wanted to try to eliminate that as far as possible and to have certainty and clarity. So I think in the normal course of events you would probably find that the construction work would be done by a third party; that would be the norm. There might be particular cases where the work would be done by S.o.J.D.C. in terms of bricks and mortar, but I do not see it as being a company with a workforce of 100 people looking for jobs and going out. The marketplace just is not that sort of marketplace.

**The Deputy of St. Peter:**

If I can move us on. You refer, rightly so, to S.o.J.D.C. S.O.J., States of Jersey, we are all part of that same unit. We have a rather interesting reputation at the moment, Chief Minister, on the way we have developed various items in Jersey. What lessons are offered by both W.E.B., in say the experiences elsewhere, as the States attempted to develop the Jersey College for Girls?

**Senator T.A. Le Sueur:**

I am sounding a bit like a worn record here, in terms of clarity of roles, but I do not think that is important. I think part of the difficulty that I see in the States as an organisation, is building confidence with third party developers. I think sometimes they are reluctant to engage with us because there is a lack of clarity on our part as to what we want. Conversely if they do engage with that uncertainty, they will price that uncertainty into whatever they charge. So I think the result is we do not always get the best value for money when you have got that uncertainty. If you know exactly what you want, and if the third party knows exactly what you want then: (a) you should get a better price; and (b) you probably risk the use of subsequent litigation or argument about where things have now ended. I think that is to me a lesson we have learnt in the past. Not having sufficient clarity can give us problems.

**Mr. W. Ogley:**

I think it might also be helpful again to refer to the Memorandum of Understanding with the Treasury Minister who will be the sponsoring Minister, page 25, at section 3: Terms of Principles sets out very clearly the requirements on S.o.J.D.C. at each stage of the development process.

We thought that was very important and specific. You talked about development and some of those lessons: "If necessary S.o.J.D.C. will procure development schemes in conjunction with the private sector unless there are specific reasons for direct development, but even where direct development takes place it would be as a tendered contract undertaken by a third party to S.o.J.D.C.'s requirements. [And then] All development proposals would be subject to a transparent open tender process," which is very important.

**The Deputy of St. Peter:**

If I could just focus back in on to lessons learnt. There is a fundamental problem, which I think we all should accept, which is that some developments were done under the auspices of W.E.B. on this Island, have left a lot to be desired. There is a public perception which says: "If you are going to move W.E.B. as an all block into this new Jersey Development Company, how are you going to attempt to try and overcome this perception which does exist?"

**Senator T.A. Le Sueur:**

By making sure of the order of decision-making where the decisions are taken. Some of the buildings on the waterfront are less than ideal ...

**The Deputy of St. Peter:**

Let me start by making my point clear, I am not saying whether it is right, good or bad, but there is a public perception which is Island-wide, that we have a problem.

**Senator T.A. Le Sueur:**

That is because, in my view, there has been a lack of clarity in the roles. What we should be saying is that we have a masterplan for west development. That masterplan has a requirement for a cinema; we can look at where the cinema is best placed and whatever detail there might be and plans will be submitted to the Planning Minister for the design and cost of that building. Now it is, as far as I am concerned, the Planning Minister's decision. Having got to the west development masterplan within the Island Plan approved by the States, it is the Planning Minister who has the decision as to what buildings on that site should or should not apply. That should not be usurped by W.E.B. saying: "No, we want to have this building there because that will make us an extra few thousand pounds," or whatever. Planning decisions must be made by the Planning Minister. How you develop a site - and who develops it and at what price - is a job for the development company, subject to the requirements of the development brief set out by the Planning Minister. I think what we have learnt from the past is perhaps the expediency of getting that site underway and took short term simple decisions, which I must say, aesthetically or even commercially ... well, commercially they may have been the right decision at the time, aesthetically they are hardly a correct decision, but I think there is a danger that could be perpetuated unless you move to much clearer strategies, such as we have here. That is why I am anxious to get that clarity in place.

**The Deputy of St. Peter:**

In accepting exactly what you have just said, some of the players who have been a party to the developments that you describe as being "less than satisfactory," Planning, States of Jersey themselves who give some direction to W.E.B. itself. We are where we are, to use an over worn phrase.

**Senator T.A. Le Sueur:**

Absolutely, yes.

**The Deputy of St. Peter:**

How are we going to put that perception across to the general public and States Members because these are the people that are going to have to be impressed with it? So we are talking around this table, and we are agreeing with you on that way forward, how do you intend to take that forward?

**Senator T.A. Le Sueur:**

I do not think you are going to erase bad memories of W.E.B. over night. I would be pushing my luck to try and think we could. What we have got to do, I think, is to identify why we have got into the difficulties that we have got into. I think one of the reasons we have got into that difficulty is because of lack of clarity in roles, but I think we recognise there have been failures dealing with that mentality.

**The Deputy of St. Peter:**

Sorry, if I can just focus you again, Chief Minister?

**Senator T.A. Le Sueur:**

Sure.

**The Deputy of St. Peter:**

We are all agreeing here. We recognise that you recognise it. How are you going to develop this so that the public know and the States know?

**Senator T.A. Le Sueur:**

I am going to develop the same message to the public, and to my fellow States Members.

**The Deputy of St. Peter:**

How are you going to deliver that?

**Senator T.A. Le Sueur:**

As I have to you. I think the short answer is that the next stage in this process would be for me to have a discussion with all States Members sometime next month, ideally after your report has come out but just depending on the timing of this and the time for debate. Certainly, I have got to have a meeting with States Members in sufficient time for them to lodge any amendments to this if they wanted to, otherwise it would not be fair. But I think certainly if I can explain to States Members and hopefully get them to understand in the way that you have understood, fairly quickly, what we are trying to achieve here; that is the next stage in the process. Convincing the general public of that is going to be more difficult because they will look at that and say: "Oh it is just the same again." The only way we can demonstrate to the general public is by putting words into action, seeing some tangible evidence that things have improved and you can only do that after the event.

**The Connétable of St. Martin:**

I just want to take the Chairman's question and, really, to emphasise that I feel exactly the same. This, Chief Minister, is a big, big problem and a big solution is required. We all want this thing to work and we are seeing it is not going to work if it is just a change of name. So the question is: are you prepared to do it?

**Senator T.A. Le Sueur:**

Yes, but I think I have tried to make it quite clear that it is far more than just a change of name. If it was just a change of name I am wasting my time. If I came forward ... I came forward last year which you reported on there; I am wasting my time. We have had to really go back ... and I had hoped to present this to you 6 months ago but I said no I was not going to do that until I was satisfied that we had the right solution. Quite frankly, I could not afford to have this go wrong again; the Island could not afford to have this go wrong again. I wanted to make sure it was right before I came to talk to you. Now, okay, I might not have got it 100 per cent right. We just picked up this morning the potential confusion about the ...

**The Deputy of St. Peter:**

Roles.

**Senator T.A. Le Sueur:**

Which we need to clarify. But I think I can say quite honestly that this is a far better way forward. It is I think the best way forward and certainly to simply stay where we are with W.E.B. ...

**The Deputy of St. Peter:**

Chief Minister, I think that is accepted, just to cut the conversation down a little bit. The concerns that are being expressed - or the valid ones - are you have a responsibility to sell this to the general public and States Members on the areas that we focused on where they were concerned.

**Senator T.A. Le Sueur:**

Yes.

**The Deputy of St. Peter:**

Can I just move on to Sarah because you had a question?

**Senator S.C. Ferguson:**

Mine is just a quick one, following on from the public perception. We have a public perception with certain properties down on the waterfront. I am sorry to be this specific, but we are locked into contracts that are expensive and how does any of this prevent us getting into the same sort of pickle again?

**Senator T.A. Le Sueur:**

The pickle we got into was a pickle caused by a mixture of planning requirements and commercial requirements, and not having any primacy of purpose. If you remove that, if you do have clarity and you do have primacy of purpose, the possibility of things going wrong is not totally eliminated; it is far reduced. You can still have a Planning Minister making wayward decisions; you can still have a Treasury Minister making wayward decisions, but they do that within much tighter constraints and they do that knowing that they are accountable because their roles are clearly set out and they cannot say: "Oh it was not my fault, it was the Planning Ministry. It was not my fault, W.E.B. told me I had to get a return of ..." If we all know what we are doing. As I said, you can still make a planning decision which some people will not think is the right one, but that is human nature and you cannot eliminate that. What this does is reduce the opportunities for silly decision by a considerable extent.

**Senator S.C. Ferguson:**

My perception is that this is just not a name change. It is a complete change, okay.

**Senator T.A. Le Sueur:**

Yes.

**Deputy D.J. De Sousa:**

Can you just clarify for me what you think are the 2 main delivery vehicles of W.E.B. and what you see will be the 2 main delivery vehicles of S.O.J.D.C.?

**Senator T.A. Le Sueur:**

I am sorry if I look a bit vague. I am not understanding exactly what you are getting at. W.E.B. at the moment has evolved into a combination of a developer and a procurement agency and - at the extremes - a bit of a planning machine as well. Its activity then I think was to stimulate a market on a blank site where none of us had much expertise in how to best regenerate that site and W.E.B. filled that vacuum. It filled the vacuum but not necessarily in the best way. So it assembled plots of land and it assembled developers and it looked for a return to justify the activity down there. I think it was far more as uncertain as to what its absolute objectives were. I suppose, if anything, it was just to maximise the return on that site; almost as an economic vehicle rather than a development or planning vehicle. Looking forward, I see S.o.J.D.C. as being a straightforward commercial developer. On that basis, its delivery vehicle ... either it will deliver through its own activities in clear cases or more likely it will act as a contractor to negotiate with builders how to develop a particular site, but I emphasise it is as a development contractor not as a development agency.

**The Deputy of St. Peter:**

That is within the enforced constraints of the M.O.U.?

**Senator T.A. Le Sueur:**

Yes, with the enforced constraints of that and the procedures and the roles and responsibilities set out in this proposition

**Mr. R. Law:**

Just to pick up on the point of accountability and where you were saying where the buck was stopping in various places and stages, in other words through this very clear structure, if we just forget all about the structure and what, as I see it, is the output of this proposal which is to create physical assets in the broadest classification - whether it is for the public benefit, business use, retail, whatever - that is what it is about. But the coalface of this is people as occupiers, and when you were talking of risk of course it is the judgment call at the time that the property is passing out of the States' direct control into the company where one is projecting what that result will be, and it is merely to say, certainly, in other parts of the world - and I was careful not to say: "The real world" - we are now seeing something which causes us all to accept that for economic reasons those best intentions - well made at the time - cannot be delivered and it is that, of course, the word "risk" is now having to be applied right across the board in property. I am merely making that because if my statement - which I should not be doing - this comment, is soundly based it does mean that the activities of the new structure are only possibly delivered if all those players at the end are in place because we are now seeing it is not possible to get people into play.

**Senator T.A. Le Sueur:**

Yes.

**Mr. R. Law:**

The other thing is to protect, perhaps, the movement of assets. Have you considered using the use of priorities; you know, it is not only priorities but also the device that conditions precedent have to be satisfied in the continuing process because that is a device that is very helpful as to how one can transfer the property in a way that will not allow you the sort of situations, perhaps, that have happened in the past?

**Senator T.A. Le Sueur:**

Yes. I think that would be done as part of the operational activities. I think this is much more of a policy document than a procedural document, certainly in terms of implementation of the policies and all those sorts of matters ought to be carried out effectively, if you have got a board of directors who understand the position far more than the current board of directors, with all due respect to them, would do. It is really having the right expertise in the right areas and having the right constraints on what each person should and should not be doing. That will get you the best outcome. I accept that you can plan to start to build 1,000 square feet of offices because you have forecast there is a demand for 2,000 square feet and so this is only going to meet half the demand, and when the office building is topped out you suddenly find the demand has expired and you have now got an empty office block. You tend to overcome that and developers tend to overcome that by not sticking their foot into anything other than a pre-let. S.o.J.D.C. will, I would assume, take exactly the same commercial decisions. Even if you have a pre-let, it is only good as the covenant of the ...

**The Deputy of St. Peter:**

To move on ...

**Mr. R. Law:**

Sorry, just to finish. This may well be helpful, however, addressing these sorts of issues in the minds of those who have perceptions of history because it seems until they either see something that is completed that ticks all their boxes, that is the one point. The other is: how can one

demonstrate that the boxes will be ticked at the front end? In other words, it will be very difficult to implement this point that I am suggesting.

**Senator T.A. Le Sueur:**

Yes.

**Deputy T.A. Vallois:**

Would it be fair to say that this is one way of restructuring the silo mentality that currently stands in the States of Jersey?

**Senator T.A. Le Sueur:**

I do not know that that is necessarily what I would ... I think what we have seen is not a silo mentality but more of a mixture of cross-fertilisation of roles without any clarity of who should be doing what. There are cases I think for a silo mentality, if you like, and this diagram is an example that I have got of silos. Not vertical silos in the sense of grain but in terms of making clear who does what and why. So, I do not think there is any wrong in having a silo mentality in certain cases, so long as all those silos are feeding into an agreed masterplan from the Island Plan. So, having said: "This is our overall vision which does not require a silo mentality, and must not have a silo mentality to it" once you have got that vision the different parts of the implementation process may well be carried out by different people in different ways. What you have to do is make sure that all those silos are working towards the objective of the Island Plan, and the objectives of the Planning Minister.

**Deputy T.A. Vallois:**

Okay, but the actual relationships that are involved in this structure have in history always been a part of developing, et cetera, within the States of Jersey and we know that we have not had a great history of that. How confident are we that the behaviour of these relationships can change to provide a good structure, moving forward, to ensure that this works properly?

**Senator T.A. Le Sueur:**

By having the right people in the right place understanding what they are supposed to be doing.

**The Deputy of St. Peter:**

Just taking that point of the right people in the right places, looking at the structures we know that we have got new blood sitting in Planning and Environment, comparatively new blood; we know there is going to be some structural changes within the Regeneration Steering Group. One of the concerns that have been expressed is the lack of possible structural change in personality that sits next down in the Jersey Development Company because there are concerns that have been voiced about the way the previous company has been run, namely W.E.B. and the fresh blood does not appear to be coming into that area which would help this go forward. Do you see any change within the structures of the people involved in W.E.B?

**Senator T.A. Le Sueur:**

Very much so because the composition we are going on to, page 12, it is proposed in the company ...

**The Deputy of St. Peter:**

Sorry, can I put it sort of in very simplistic terms?

**Senator T.A. Le Sueur:**

Yes.

**The Deputy of St. Peter:**

Do you anticipate moving the board of W.E.B. into the Jersey Development Company without any change in its structure?

**Senator T.A. Le Sueur:**

Absolutely not.

**The Deputy of St. Peter:**

With the individuals concerned?

**Senator T.A. Le Sueur:**

No.

**The Deputy of St. Peter:**

Fine.

**Senator T.A. Le Sueur:**

Indeed, I think it is no secret that many of the existing members of the Board of W.E.B. would like to have seen this change occur a lot earlier and have been continuing to serve the company, but appreciate - just as a more general case - the need for the change. So, in the new structure I see very little scope for existing board members at the non executive level. There are a couple of executive directors there, and what is important is that those executive directors are more than counter balanced by the non executive directors at a good level of working knowledge.

**The Deputy of St. Peter:**

How do you define "more of a counter balance"?

**Senator T.A. Le Sueur:**

In numerical terms, the non executive directors of the company would be in the majority. We are seeing an independent chairman, a non-executive director appointed by the Treasury Minister and 2 ...

**The Deputy of St. Peter:**

Obviously, the concern is more directed at the executive directors.

**Senator T.A. Le Sueur:**

Yes. So there would be effectively 2 executive directors and 4 non-execs on the board.

**Mr. R. Law:**

I did not hear your ...

**Mr. W. Ogley:**

It proposes a board of 6, the expectation, indeed, the intention that 4 of those people will be new people; that they will bring external, independent, property, financial, banking, commercial experience on to the board and that the majority - therefore those 4 non executive directors bringing that experience - will have direct control of the company. So out of 6 directors it is expected that 4 will be new, and will bring totally relevant experience to the board.

**Mr. R. Law:**

Sorry, what I may have missed is in the earlier part of your clarification were you suggesting that the executive directors would be reviewed and changed?

**Senator T.A. Le Sueur:**

No.

**Mr. R. Law:**

No, not at all.

**Senator T.A. Le Sueur:**



I think they would be reviewed in the same way as any executive director would be reviewed from time-to-time, but there is no intention at this current time of changing the executive members, the 2 executive directors.

**Mr. R. Law:**

Their roles may be revised of course.

**Senator T.A. Le Sueur:**

Their roles may well be revised and that will be a matter for the new board, I think, to consider just what remit those 2 managing directors and finance directors should undertake; and yes, it is quite likely that those roles may change.

**The Deputy of St. Peter:**

Just going round the table: are there any other further questions that you wish to put to the Chief Minister?

**Senator S.C. Ferguson:**

Yes, please. In my simple minded way this is primarily an exercise to produce value from State's assets. How are we going to get either a cash stream or an asset retention from this?

**Senator T.A. Le Sueur:**

I do not see this as primarily extracting value for the States, taxpayers ...

**Senator S.C. Ferguson:**

For the taxpayers?

**Senator T.A. Le Sueur:**

Or financial. This vehicle has to work to deliver what the States approve in an Island Plan. The States may well in its wisdom decide it does not want a commercial return; it simply wants something of beauty. It may well set constraints within which S.o.J.D.C. has to operate; I think the danger is in trying to make S.o.J.D.C. simply a commercial vehicle out to maximise return is not necessarily compatible with the objectives of the States in good Island planning.

**Senator S.C. Ferguson:**

Yes, but are we going to allow J.D.C. to roll up cash and assets in the form of completed buildings or are we going to claw back some of that for the taxpayers of the Island? This is what I am getting at.

**Senator T.A. Le Sueur:**

Yes, I think the short answer is, yes, we are going to claw some of it back for the benefit of the taxpayers of the Island. That might be in terms of a cash dividend to the taxpayer. It might be in the form of new properties or new assets for the benefit of the taxpayer because, effectively, if we said that we needed a new hospital building then you could transfer the dividend from S.o.J.D.C. to the States, from which the States then pays a developer to develop a new hospital building or it could be that S.o.J.D.C. - if that was part of its remit, it is not at this stage I hasten to add - could simply use its assets to develop their property. So it may well be a return in the form of cash; it may be a return in the form of properties. It would not be a return to the taxpayer - the shareholder - in terms of capital.

**Mr. W. Ogley:**

To be more specific there are really 3 ways we can get the returns back: one is through the structuring of the transfer in the property to S.o.J.D.C. which might have either an upfront payment or it might have a payment on completion of a development. All of these will have to be specified on the transfer and, as we said, be refunded to the States through the Treasury Minister. So number one is through the transfer of assets; number 2 is through a return on the dividend; and number 3 may well be that the Regeneration Steering Group may be directing S.o.J.D.C. to undertake a public development out of the assets which they have generated out of a

development scheme that otherwise the States might have to undertake, the infrastructure work for example. It would be a significant return to the public.

**The Connétable of St. Martin:**

When I first read the proposition I got to paragraph 7 and I made a little note: "Selling the family silver! Surplus tangible assets converted to useful tangible assets, i.e. bricks and mortar or what?" I think at the time the question was: what are we going to get for our money? With the credit crunch and the recession I think we would like to have a massive income stream to ease the burden on the Jersey taxpayer perhaps. Yes, but I do take your point.

**Senator T.A. Le Sueur:**

Yes, certainly States as a whole may well decide it has a surfeit of properties and should dispose of some. The chances are that when you want to dispose of it, it is never the right time because the market has suddenly gone flat or gone against you. So that is a straightforward commercial decision. You may have to adjust your timing, but this is really far more general. It does not say: "This only works when the market is favourable or only works when the market is plunging." This is something which is supposed to work full stop. So it is a commercial decision, if you like, as to when you dispose of assets and that is accommodation of, yes, economic/commercial/political, but it is not within the remit of the board of S.o.J.D.C. They should not be saying: "It is up to the States to sell that site. It is no longer needed." That is not their role.

**The Deputy of St. Peter:**

Thank you for your answers. Sorry, Richard, do you have anything to add to that?

**Mr. R. Law:**

No.

**The Deputy of St. Peter:**

Okay. My final question would be: the proposition indicates that the overarching objective stated in the brief from DTZ was to ensure that effective regeneration takes place and to encourage provision of low cost and other housing. It may also have a role to play in major infrastructure products. Could you please clarify this emphasis, specifically on housing? It is the DTZ report. It is where they are establishing and prioritising S.o.J.'s objectives, 2.2. It is the only part of this whole section that is in heavy type. So special emphasis has been given to it; 2.2, it is on page 48 or page 79 of 209.

**Senator T.A. Le Sueur:**

Page 48.

**The Deputy of St. Peter:**

It is the second section of their report.

**Senator T.A. Le Sueur:**

I am trying to relate that to 1.1 and the scope of their work. Certainly, provision of low cost housing and other housing is a concern to all States Members. That is one of the key objectives of the States as a whole. I think I have to put this into context: there are some sites on which this can be achieved more easily than others. I think, if anything, what it might do is to indicate we are not simply looking for maximisation of return on a site but you may also want to bring in political and social factors, like the need for low cost housing. It may well be that, for example, on the waterfront when we were first discussing this in the States many years ago, we said we would reclaim that land West of Albert and build low cost housing on it. The pendulum has swung since then and arguably you could describe it as a state where you would say: "Well, to get the maximum benefit out of that site we would build 20 storeys of high quality office accommodation and get the maximum return."

**The Deputy of St. Peter:**

So, in effect ...

**Senator T.A. Le Sueur:**

So those policies should be set by the States. I think what DTZ is saying is that we are not constrained simply by cost pressures. We also have to look at other aspects.

**The Deputy of St. Peter:**

Do you believe that could be a steer that will be given by the Regeneration Steering Group?

**Senator T.A. Le Sueur:**

No, I think the Regeneration Steering Group has to come from the Island Plan, the brief set by the Planning Minister.

**The Deputy of St. Peter:**

Yes, fine.

**Deputy T.A. Vallois:**

So what input will Housing have on this?

**Senator T.A. Le Sueur:**

Housing's input comes from the Island Plan itself.

**Deputy T.A. Vallois:**

Okay.

**Senator T.A. Le Sueur:**

Housing has to say: "We require in a new Island Plan sites zoned for 2000 new(?) accommodation," or ...

**Deputy T.A. Vallois:**

Should they not have input vocational independence assessment the Regeneration Steering Group? Because the Economic Development Department do; Planning and Environment Department give input and the Property Holdings Department give input. Should Housing not be there as well?

**Senator T.A. Le Sueur:**

If the development brief for the area was primarily focused on housing, I would expect a strong input from the Minister but I think it would be unwise to simply say the Housing Minister should be automatically be on every Regeneration Steering Group.

**Deputy T.A. Vallois:**

So that will come under stakeholder?

**Senator T.A. Le Sueur:**

If a particular area had no housing element it would not, whatsoever.

**Deputy T.A. Vallois:**

Okay.

**Mr. W. Ogley:**

Just to clarify the point: this just reflects the way this has developed. What I believe DTZ are saying here - and I will check for you - as I understand it, when they got the first draft of this they asked for some overarching statement, and that appeared to summarise the basic underlying planning content. What then happened is they say in 2.3, 2.4 and 2.5 is that the objectives were developed to those which now exist within the paper and the structure which indicated the primacy of planning was developed and that is what is now effective. So this reflects the fact that they had earlier drafts as had been the case, and this started from the previous draft which the panel said was not clear. On the housing point, the expectation is that Housing feed primarily

through the planning process in terms of defining the range of units, the extent to which low cost would be appropriate or social housing and that the Regeneration Steering Group is not developing social housing provisions. That is the role of the Housing Department.

**The Deputy of St. Peter:**

Thank you. Debbie, have you a final ...?

**Deputy D.J. De Sousa:**

Yes, I am trying to find the bit that I wanted in the DTZ report, but I cannot find it now. But it is mentioned in Risks that there will be a greater risk to Jersey than there would have been in the U.K.

**Mr. W. Ogley:**

This relates to the fact that S.o.J.D.C. are allowed - but within very clear risk management constraints - to undertake, not direct development, to undertake development in their own right. They would still use a contractor after an open tendered process. That is about having sufficient pre-lets and pre-commitment and a guaranteed exit route. In that case, S.o.J.D.C. rather than passing the land to an individual and saying: "Develop that and here is the structure of return," might well develop it in their own right. What DTZ have reflected in their report is that while that would not be perceived as role for such a development company in the U.K. it does reflect the fact that the Jersey property and development market is different to that within the U.K. and if you can constrain and manage those risks in those one or 2 particularly odd cases, it would perhaps be better for the States to take the full developer return rather than share it. It is specifically asking them to address that point, and they looked at the market conditions and came up with the view that in certain specified circumstances it would be acceptable.

**The Deputy of St. Peter:**

Okay. Right, thank you very much indeed, gentlemen. Thank you for your forthright responses. They are appreciated. We now close this meeting, but before you go I just want to make one little point to you both, which has got nothing to do with this, per se, and what I want to do is just stop recording. This is off the record this bit. Okay.