



STATES OF JERSEY

Corporate Services Scrutiny Panel Jersey Development Company Sub-Panel

TUESDAY, 25th 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 P.F.C. Ozouf (The Minister for Treasury and Resources)
Mr. D. Flowers (Director, Jersey Property Holdings)
Mr. I. Black (Treasurer of the States)

Present:

Mr. W. Millow (Scrutiny Officer)

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

Again, just for the record, I am sure you are familiar with the piece of paper that sits in front of you. You are happy with its statement as read.

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

Know it off by heart, yes.

The Deputy of St. Peter:

Again, so that we have the recording duly tied to names and individuals, could I ask you just to go through your names, please, and your positions.

Senator P.F.C. Ozouf:

Philip Ozouf, Minister for Treasury and Resources.

Mr. I. Black (Treasurer of the States):

Ian Black, Treasurer of the States.

Mr. D. Flowers (Director, Jersey Property Holdings)

David Flowers, Director, Jersey Property Holdings.

Connétable S.A. Yates of St. Martin:

Silva Yates, Constable of St. Martin.

Deputy D.J. De Sousa of St. Helier (Vice-Chairman):

Deputy Debbie De Sousa, St. Helier and Vice-Chair.

Mr. R. Law (Panel Advisor)

Richard Law, advisor

The Deputy of St. Peter:

Deputy Collin Egré, Chairman.

Deputy T.A. Vallois of St. Saviour:

Tracey Vallois, Deputy of St. Saviour.

Senator S.C. Ferguson:

Senator Sarah Ferguson.

The Deputy of St. Peter:

Gentlemen, as you are aware, we are here reviewing the establishment of the Jersey Development Company and we will not slow down, we will take you straight into the first question which will be: how will the remit and work of the Jersey Development Company differ to that of W.E.B. (Waterfront Enterprise Board) in your own perception?

Senator P.F.C. Ozouf:

Are you going through a series of questions that I have been sent?

The Deputy of St. Peter:

Basically we are covering general topics but what I am doing, I am going through a question list which I will start you off with, and then you can follow through and then supplementaries will be asked as required by my panel.

Senator P.F.C. Ozouf:

Let me just clarify, just before we start because I have obviously got some information which is pre-prepared and briefed. Is that the list of questions that has been sent? That is not the common list?

The Deputy of St. Peter:

It is not the common list, it is a list that we have developed as we have gone through this morning, and we have added the odd question relating ...

Senator P.F.C. Ozouf:

I just did not know where you were going.

The Deputy of St. Peter:

If I can just go through that again. How, in your view, would the remit and work of the Jersey Development Company differ to that of current W.E.B.?

Senator P.F.C. Ozouf:

I think what is probably firstly important to say is what we think the benefits of the proposed new company is going to be, which are clearly designed to be an improvement over the situation of W.E.B. I think it is important for us to have the opportunity of

reflecting about what has gone right and what has gone wrong in 20 years of W.E.B., which has had obviously a patchy history to some people's mind. I think what this structure does is it creates a much more clear role and responsibility for politicians and people who are responsible for implementing political decisions. I think it also improves the transparency of the decision-making in terms of W.E.B. W.E.B. I think, in the past, and W.E.B. was conceived in a world in which, I think at the same time, London was continuing with Docklands' development. I think it was never particularly clear that W.E.B. should have been a delivery agent and should not have been, if we learn from the lessons of the past, responsible, for example, master planning. What this clearly does is to put the role of master planning within the role of the Planning Department and clearly separates other responsibilities.

The Deputy of St. Peter:

Accepting that is one term, what other differences do you see between the 2?

Senator P.F.C. Ozouf:

I think clearly the scope and remit of the development company will be wider than just the waterfront. I am wanting to see us enhance public assets in terms of property owned by the States of Jersey. I also think that there has to be a concentration of regeneration of St. Helier, and effectively this delivery company, which is what it is going to be, is going to enable us to be able to deliver and achieve some of the objectives we wish for at St. Helier.

The Deputy of St. Peter:

Accepting that; some of the objectives you talk about there were the same objectives empowering W.E.B., so what differences do you see now between W.E.B. and J.D.C. (Jersey Development Company)?

Senator P.F.C. Ozouf:

There is a clarity of roles as far as the political interface is concerned. The Steering Group is political and the company will become delivery. It is not a policy making body, it is a delivery agent, and that, for the avoidance of any doubt, I think is a clear difference between where W.E.B. might have thought its role was and what we see the role of the new or the renamed company going forward. It puts a very clear set of responsibilities on individual Ministers. The Planning Minister is responsible for planning. He sits apart from the Regeneration Board, rightly so, but clearly there are other ministerial positions that require input into a regeneration strategy, hence almost ... and I am not saying that the Regeneration Board is an Oversight Committee like almost a German Oversight Committee of a company but it is effectively putting politicians in the driving seat behind regeneration as opposed to the company itself.

The Deputy of St. Peter:

There was a belief that the States of Jersey were giving that sort of direction to W.E.B. via a different group, not via a Regeneration Steering Group. So, how has that changed now? How do we see the Jersey Development Company being a safer pair of hands compared to W.E.B.?

Senator P.F.C. Ozouf:

I would not want to use the word "safe". I think it is a clearer set of responsibilities. Policy formulation is for the Steering Group. Implementation is for the company, and I do not think that that was particularly clear in the situation of W.E.B. if we look back at the history of W.E.B. over the last 15 to 20 years. I am speaking to you today as Treasury Minister; I have had experience, before being Treasury Minister, of being Planning and Environment

President, I sat on the board of W.E.B., I have sat on Policy and Resources, and so I have seen the political interface with W.E.B. from a number of different positions. I think it is unclear. What this structure does is it clarifies that. It puts the Planning Minister clearly in charge of planning and master planning ...

The Deputy of St. Peter:

It is very clearly laid out in the somatic diagram that is in the ...

Senator P.F.C. Ozouf:

The other interesting position, I suppose, from the Treasury and the Chief Minister's position is the Chief Minister has the power of direction of W.E.B. I think W.E.B. is the only company that the Chief Minister is responsible for, all other corporate entities wholly owned and partly owned subsidiaries owned by the public of Jersey are the responsibility of the Treasury, so it puts clearly the responsibility of the States of Jersey Development Company where it ought to be, which is in the Treasury and Resources Department.

The Deputy of St. Peter:

Any further questions on the differences?

Mr. R. Law:

You spoke of the scope and remit when comparing J.D.C. with W.E.B. and you spoke of there being a wider remit, and therefore a scope, as I understand it; now that, I think in the context you put it, was very much about physical. In addition to that, what about the role, in other words, the tasks it performs as W.E.B., of which there are many. They differ, for example, management, lettings business, they behave as owners of property, managing property, et cetera. How do you see that because is that a wider remit or the same remit or a lesser remit?

Senator P.F.C. Ozouf:

As far as individual development projects for the future, obviously W.E.B. will be subsumed into the activities and the new scope of the new company. W.E.B. acts as developer, it acts as landlord, it retains ownership of parcels of land on the waterfront and I envisage that while we need to have a fortified ... and we are getting a fortified Property Services Department under the Treasury going forward, the new company will continue to act in a number of different capacities, but mainly they are a delivery company, they are not a property development agency, as perhaps W.E.B. would have thought of themselves in the past.

Mr. R. Law:

You used the word "subsumed", are you now narrowing the distinction in the roles by saying it would be passed into the new company? When you say "subsumed" ...

Senator P.F.C. Ozouf:

It is the same company with a revised terms of reference and a revised political interface.

Mr. R. Law:

So it is much closer to W.E.B. as it currently is then, as may have been apparent from earlier hearings? In other words, what it is doing. At the moment you have got work in progress, if I can call it that, within W.E.B. Those tasks will be finished, completed, under the rules that were applied, and there were the terms that were negotiated for those entering into W.E.B.

Senator P.F.C. Ozouf:
Nothing changes on that.

Mr. R. Law:
New work, J.D.C. will follow in accordance with what is the product of this exercise.

Senator P.F.C. Ozouf:
Correct.

Mr. R. Law:
In addition to physical boundaries being much wider, that is clearly understood. There is still confusion in my mind about whether the remit, if I can use that term loosely, is narrower; in other words it is more focused, it is more clearly defined as the future way in what J.D.C. is going to do. Is that correct?

Senator P.F.C. Ozouf:
J.D.C., as far as new projects are concerned, will only do new projects that will be filtering through from the Steering Group. So, in that sense, W.E.B. will take instructions to a far greater extent than perhaps the board of W.E.B. ever thought that they ...

Mr. R. Law:
Sorry, I have taught you a bad habit. It is J.D.C. at this point. I made the slip.

Senator P.F.C. Ozouf:
Yes, I know, I am sorry. I am going to get my acronyms clear in a minute.

Mr. R. Law:
We are on J.D.C. and that is the point that we are looking forward now, and what I am seeking to do is be very clear that following on from earlier remarks that have been made to the panel there is a narrowing of the remit in the broadest sense and it is much more focused as to what it will be required to do.

Senator P.F.C. Ozouf:
I completely concur with that. That is the whole purpose of the creation of ...

Mr. R. Law:
To follow on, and just to tidy up around that, then there are issues of skills and services that W.E.B. has previously supplied or provided at a fee, at a cost, to various departments or developers or those projects. In other words, they have added value, which may be in the form of planning, master planning, carrying out work to add value to that potential return, as a project, because they carry skills within themselves. Is that correct?

Senator P.F.C. Ozouf:
Yes.

Mr. R. Law:
Will they be doing that in the same way in the future?

Senator P.F.C. Ozouf:
They certainly will not be doing any master planning. I am not sure if you want to take case by case examples of what they could be doing.

The Deputy of St. Peter:

If I could just give one example, just to clarify it in my own mind. At the moment W.E.B. are, say, responsible for the car park on the waterfront; will J.D.C. continue to do that particular job gaining revenue from the car park into their own revenue stream?

Senator P.F.C. Ozouf:

No, but I would not rule it out. In principle, no, but for example if you take ... which is I think a current project ...

The Deputy of St. Peter:

Can I just interrupt you for a second, Minister? The point we are trying to narrow down is the strategic issue here. W.E.B. comes as a package. It would appear that we are moving that package into J.D.C. With the development element under far more control, as you have suggested, via the Regeneration Steering Group, but does it still maintain that package of work over and above the direction it is getting from planning perspectives?

Mr. D. Flowers:

If I could just try and answer that. The intention is that J.D.C. would not hold property for the purpose of obtaining an income from it. How that is actually phased in is yet to be determined. Obviously as you transfer one company into another you are not going to do it overnight. But the intention of the proposition is that J.D.C. will be an implementation vehicle and not a property holding company, and that this, we discussed the other day, the exit strategy, and that will be done through development agreements on an individual project by project basis.

The Deputy of St. Peter:

Thank you both. Any more questions on this topic from the team, please, before we move on to the next question?

Deputy D.J. De Sousa:

Just clarification really for me: from what I can gather from reading the proposition and the hearings that we have already had, it appears to me that what we are looking at is an extension of W.E.B. changing the name to J.D.C. from W.E.B. but extending their remit to the whole Island instead of just the waterfront; am I right in that?

Senator P.F.C. Ozouf:

That would be a too simplistic approach to what is happening here, with respect. It is much more complicated than simply a physical extension. Effectively, W.E.B. is being completely recharged, its responsibility completely clarified, some responsibilities that W.E.B. has had previously are being effectively removed and put into the Regeneration Steering Group. To say that it is moving from A to B within that is a whole series of fundamental changes. The new company will have a very different outlook, a very different remit and a very different way of operations. It is true that it will be the single development delivery company that the States has to achieve any number of projects. For example, you would never conceive at the moment, and I am not sure that it is within the terms of reference of the original W.E.B., for W.E.B. to deliver a town park. It is perfectly possible that this company could be used to deliver a town park but on a very, very different scope, responsibility, accountability.

Deputy T.A. Vallois:

Would it be fair to say it is not really an extension then?

Senator P.F.C. Ozouf:

It extends ... no, I am pulling back from saying that. The only word "extension" that is relevant is in the physical ability for the States of Jersey to, say, develop that bit of north of the town.

Deputy T.A. Vallois:

That is the only extension?

Senator P.F.C. Ozouf:

Yes. Everything else is limiting it, I think.

Mr. D. Flowers:

I think the remit for the Regeneration Steering Group is Island-wide and J.D.C. takes direction from the Regeneration Steering Group, so they have the ability to operate anywhere within the Island, so it is not really ... their remit is not expanded in that extent. It is, in fact, more restricted because they take direction from the Regeneration Steering Group.

The Deputy of St. Peter:

Just moving on now. Relationships have been discussed over the last 2 sessions. What direct or indirect relationship will the Minister for Treasury and Resources have with regard to the new company?

Senator P.F.C. Ozouf:

I mean these are clearly set out, as the Treasurer has pointed out, under paragraph 11 of page 15 of the report and proposition. The Treasury and Resources Minister takes responsibility, as with other incorporated entities, of issuing directions. It is designed to clarify. At the moment W.E.B. has potentially 2 masters, certainly. Perhaps more in some people's minds. J.D.C. will report into the Treasury and Resources Department. The Treasury and Resources Minister will approve the business plan, has obviously a ministerial appointee, and that is set out clearly in the report and proposition about what that appointee's role is going to be, particularly in relation to individual transactions between Property Holdings and Treasury and Resources Property Holdings and J.D.C., they will be published by normal ministerial decisions with the normal ability for States Members to question them and to have them debated by the Assembly or otherwise. So it is going to be arm's length as far as property transactions are concerned.

The Deputy of St. Peter:

Now the interaction between your role as Minister and the role within the Regeneration Steering Group, how do you see that developing?

Senator P.F.C. Ozouf:

That is something I have given quite a lot of careful thought to because the Planning and Environment Minister, who has a statutory planning role, is obviously not in the Steering Group, whereas I, with a statutory responsibility for property, am part of the Steering Group. I am quite clear that as far as individual property transactions are concerned, the Steering Group is not acting as a committee. I have to sign off on individual development agreements and the individual transactions, and I alone am accountable for those individual transactions which, of course, can be called in by States Members. It is right that the Minister for Treasury and Resources is on the Steering Group. It is right that he or she does not chair it. But it is appropriate that I sit on the Regeneration Steering Group, which needs obviously to consult with other Ministers who have other objectives in terms of public realm improvements, et cetera, and, importantly, economic considerations

for the Island generally. I have to ultimately balance some of those decisions. I cannot be bound by a decision of the Regeneration Steering Group, and I think that is really important to point out.

Mr. R. Law:

May you have done yourself, however in saying that, a disservice in that do you not have an overarching responsibility for money, finance?

Senator P.F.C. Ozouf:

Yes.

Mr. R. Law:

Would you not have an important role to play in R.S.G. (Regeneration Steering Group), which I suggest even overrides the one that you very properly endorsed; namely, it may be that the amount of, if I can put it, cash in the bucket is not what you would like it to be.

Senator P.F.C. Ozouf:

Absolutely and I am exactly, as you say, responsible for all of those things. I would say that I cannot be bound. I can have my say and I can explain my particular issues with an individual potential regeneration project, but at the end of the day the actual transaction between the States and the company must be signed off by me and I, without prejudice to any discussions that I have at the board, I must have that ability to amend them or ultimately not agree with what the board is saying. The introduction of ministerial government meant that Ministers individually are responsible. I regard the work of the board as being very important. It is a co-ordination body. It is a communication body. It is a clearing house of different political priorities but ultimately the finance responsibilities I have stand alone and ...

Mr. R. Law:

What I am trying to get at is there will be in, whatever the market conditions are, in good times or bad, it brings out tension in this regard; namely, the enthusiasm for maybe the likes of David Flowers with his Property Holdings to stir new things, and on the other hand you have the purse strings going elsewhere, and that is the issue that I am ...

Mr. I. Black:

You are quite correct in your point and the Minister, I think, is going to have 2 overlapping roles on the Regeneration Steering Group; he is going to be sitting there at a strategic level as the Island's Finance Minister, having some interesting political discussions about the trade-off between social benefits and taxpayer cost. It cannot be dumped to the north parks and social rented housing you have, the bigger the bill to the taxpayer, the more hardnosed and commercial the development, the lower the building gives a profit to the taxpayer, somebody has got to do that political trade-off, the Minister will be having that on the Regeneration Steering Group. Below that, he is going to be looking ... once that debate has been had and decided he will be trying to maximise the individual deal on a single development.

Mr. R. Law:

Now that you have brought that into play; can we look at the scenario that where the public good maps the public infrastructure, the public realm that is so put forward, is of such an extent within the project that no commercial developer will take it forward. In those circumstances, do you contemplate that part of your role in taking those balances that you would seek to suggest a contribution from your left hand side to support the

objectives of the Property Holdings proposition that it has been approved? Do you see you doing that?

Senator P.F.C. Ozouf:

I suppose that is the characteristic of a chief executive of a profit making company versus the role of a Finance Minister of a State. That is what we do constantly. We are constantly in the trading off of public benefits against individual financial returns and it is no different, I guess, from the discussions that we have with wholly-owned subsidiaries such as Jersey Telecom.

The Deputy of St. Peter:

In effect, do you see yourself as the arbiter?

Senator P.F.C. Ozouf:

The financial arbiter; that is what Finance Ministers do.

Mr. R. Law:

What I am now saying is, is that not only do they do that, but in this particular instance you would be allocating part of your cash to input into the scheme directly.

Mr. I. Black:

It could even be that there is a negative return. It could be it requires pump-priming in order to take ...

The Deputy of St. Peter:

Absolutely.

Senator P.F.C. Ozouf:

Take the example of the town park. I regard the delivery of the town park as a key political objective, a key driver of regeneration of St. Helier, which will improve the lives of the tens of thousands of people that live in the vicinity of it, will improve and catalyse regeneration, and I know that it may well ... there are onward discussions going on with the Council of Ministers that it may require an amount of money to be injected in the project to get it to happen. I can only put that amount of money in. The States ultimately agree that in their Annual Business Plan setting arrangements, so I am not doing it behind closed doors. It has got to be done transparently, but I have to certainly propose that.

The Deputy of St. Peter:

But that is accepted now.

Deputy D.J. De Sousa:

I have a question; as your role on the board of R.S.G. and as your role as Treasury Minister, do you not feel there is a potential for a conflict of interest in those roles?

Senator P.F.C. Ozouf:

I start answering it by the other way, I think that the lessons that we have learned from W.E.B. is that you need a political committee which does discuss political priorities between the Transport Minister on roads and Economic Development Minister on the economy and certainly the Constable of St. Helier for St. Helier matters; you need to have the Steering Group. The Steering Group is going to work, notwithstanding the individual ministerial responsibilities of the different Ministers. The Minister for Transport and Technical Services in roads, if you take an example of the regeneration of the north of town and the reorganisation of the road network in order to deliver a car park, the Minister

for Transport and Technical Services is not suddenly going to compromise on his safety standards in relation to the building of a new road or a car park. He is going to sit there and require whatever development agreement to deliver the town park adheres to the safety and practical arrangements for a new car park or road, and the same thing, is that each one of us are at the Steering Group with our individual statutory responsibilities.

Deputy D.J. De Sousa:

I understand that, but do you see the potential for a conflict of interest; yes or no?

Senator P.F.C. Ozouf:

No.

The Deputy of St. Peter:

Can I just interject; going back when we were doing the review on the establishment of J.E.B. (Jersey Enterprise Board), one of the things we picked up on was that the Planning Minister of the day, who was part of the Regeneration Steering Group, quite clearly stated that he had the power of veto. Is the Treasury Minister in a position when he is on the Regeneration Steering Group that he can say no to something?

Senator P.F.C. Ozouf:

If you are going to get an individual project delivered by the delivery vehicle of J.D.C. you need the Treasury Minister to agree it on the entry price, the arrangement with the company, and the exit strategy.

The Deputy of St. Peter:

In the unlikelihood - and I use that word advisedly - your colleagues on the Regeneration Steering Group are saying: "Minister, we do not like what you are doing, we do not want you to do it", are you in a position still to stamp your authority on that position?

Senator P.F.C. Ozouf:

I would want to row back from the use of the word "stamping authority" and all the rest of it because you attempt at all times, and certainly with a co-operative group of Ministers, which is a sub-group of the Council of Ministers, you always attempt to reach consensus. Of course I am no different to any other of the Ministers, the Economic Development Minister is responsible for the Regulations of Undertaking and for, for example, the regeneration plan for the north of town, let us take the town park, and let us say Ann Court is going to be redeveloped ...

The Deputy of St. Peter:

I did use "in the unlikelihood".

Senator P.F.C. Ozouf:

If you take Ann Court with an opportunity to redevelop a mixed housing use and car park, he needs to issue a Regulations of Undertakings licence for the redevelopment of that and the staffing requirement to do it. So you could say he has got a veto because if he is not happy with the plan under the Regulations of Undertakings he needs to sign off on part 2 Regulations of Undertakings consent. So, in a sense ...

The Deputy of St. Peter:

There has to be a consensus?

Senator P.F.C. Ozouf:

Yes, exactly. That is what is politics is about and that is how the Council of Ministers always works on the basis of consensus.

The Deputy of St. Peter:

Any other comments from the panel members against the question we have just had? That was a no. Okay, thank you. We move on. How should the decision-making process of the new company operate? How do you see it operating? The decision-making process.

Senator P.F.C. Ozouf:

Okay, that is a pretty wide question. The decision ... what level of decision-making. If you are talking about the decision-making of the transfer of a parcel of land with a development agreement to the company then I think that we have had a useful discussion about the roles and responsibilities of the individual Ministers, the role of the Regeneration Steering Group, but then the importance of the Treasury Minister being advised by his property service professionals and the head of Property Holdings in terms of agreeing an individual project to the company and back again.

The Deputy of St. Peter:

I am just trying to understand, what information, if any, or what exchange of views, if any, come from J.D.C. in respect of that decision-making process?

Senator P.F.C. Ozouf:

The decision-making process of transferring a parcel of land from ...

The Deputy of St. Peter:

In this development.

Senator P.F.C. Ozouf:

I see the drafting of the agreement to being Property Holdings.

Mr. D. Flowers:

I think there would be a period of consultation on any project, any proposal and I think that when I talked to you before I talked about the principle of bringing your implementation vehicle to the table at the design stage in order to ensure the buildability factor is built in. So consultation with J.D.C. is extremely important in producing any development agreement, as it would be with any external developer.

The Deputy of St. Peter:

Any further questions on that aspect? Right. A matter dear to your heart, I am sure, Minister, certainly from the conversations we have had with other Members that have sat in your seat, we talk about financing. What financing arrangements, if any, have been made for the establishment of this company and the way it will operate?

Senator P.F.C. Ozouf:

Do you mean by that the resources within the Treasury to sufficiently ...

The Deputy of St. Peter:

To support the proposition, in effect.

Mr. I. Black:

The simple answer is the way the thing has been set up. Where it is subsumed into this new vehicle with the same share capital, so the money available in that would be available. When it comes to individual developments under the new vehicle there will be arrangements and it will have to be looked at on a case by case basis.

The Deputy of St. Peter:

Certainly when we talked to the Planning Minister obviously the way this will be developing, the workload placed on Planning would increase. Equally the workload would increase in the Property Services Department. How will that be financed?

Senator P.F.C. Ozouf:

Well, let me be clear about that. Planning is going to increase because we are going to have planning work done on master plans ...

The Deputy of St. Peter:

If I can just focus you now, these are words of the Planning Minister. They will require resources. There will be financial resources required in Property Services. How will those resources be met?

Senator P.F.C. Ozouf:

Well, Planning have a budget and within their budget they have some scope for dealing with planning issues, currently the development of the Island Plan which will be published in the next few weeks, development of master plans. If we take, for example, the North of Town Master Plan that has been ...

The Deputy of St. Peter:

Minister, that is accepted. What we have heard is that there will be extra workload over and above that that is already in place in what you have just described. How will those ... we are looking at a proposition which is going cause extra financial loading on both Property Services and Planning.

Mr. I. Black:

Can I help? First of all, why are you doing this? You are doing this because it brings massive benefits to it ...

The Deputy of St. Peter:

Accepted, but there are stages to achieve that.

Mr. I. Black:

Okay, and there are limited costs. The direct cost that I am aware of is there will be some work for ...

Mr. D. Flowers:

Resource. Yes, there will some resource requirements for the production of development agreements and it may well be that we would seek to obtain some funding from the transfer value, let us be clear, associated with the development of production of benefit and you would do that ... you would charge that if you were a private company. That would be the way you would adopt it.

Senator P.F.C. Ozouf:

The principle is that any increased costs, which is what the report and proposition says, resulting in the need to do more work from the States of Jersey should be borne by the Jersey Development Company. That is the trade off that we were talking about

previously. If we have got to spend £200,000 on doing the next stage of bringing this and say - and I am not saying there is - there is going to be the North of Town Master Plan and that should be a cost ... that should be a factor of the cost of the development. It should be zero cost to the taxpayers, it should be paid out of the regeneration benefits that we are getting. Albeit this is the classic trade-off, are we going to get benefit for St. Helier in regenerating the north of town?

Mr. R. Law:

But you can only have it once. There is a need ...

Senator P.F.C. Ozouf:

As we say to people very often.

Mr. R. Law:

But you do try and get it twice with the 2 people sitting alongside you at the moment. But in dealing with that issue and taking it forward, that is the one part of the equation and that is the answer. The other point was it was a different song, if you like, and that was from the very part that is put aside now and kept in its appropriate role as independent of the structure we have been speaking of in detail, Planning and Environment. I got a distinct feeling that we were being encouraged to be a lobbyist for their shortfall in resource **[Laughter]** but I temper that comment with a serious observation that I know not of any planning authority that has the responsibility for planning and master plans in development in the wider sense. I do not know of any authority that has sufficient resource to deliver its responsibilities in full. In other words, they often are recruiting resource, which means more money.

Senator P.F.C. Ozouf:

Of course it depends entirely on what you are asking them to do. I think the projects that I envisage the States of Jersey Development Company undertaking - if you had asked me what I consider them to be in the next 5 years - I would say certainly the North of Town Master Plan and some aspects of that, including the development of Ann Court, the development of the town park, some associated other projects which will be in the North of Town Master Plan. Certainly the regeneration of the port area and the projects that are currently known as East of Albert.

The Deputy of St. Peter:

So you see all that done by the J.D.C.?

Senator P.F.C. Ozouf:

Well, on a case by case basis, either us looking ... and there is a further need to clarify and to further fortify the Property Services Department. You have been quite clear, and I do not disagree with your assessment of maybe Planning being lobbyist for more resources. All ministerial departments are asking for more resources, that is what they do and that is what I would expect them to do. In respect of Planning ...

The Deputy of St. Peter:

But having said that, there would appear to have been, or there will be, and extra loading on Planning and the idea will be to finance it from the resources within J.D.C. as you have described it.

Senator P.F.C. Ozouf:

If one takes the development of the Waterfront Master Plan, then Planning do incur costs in that master plan but they will also recover them in the planning fees that will then

accrue to them when applications are individually made. So there may be some cash flow funding but certainly I would expect out of the North of Town Master Plan there to be a whole wave of very exciting developments in and around the North of Town, whether that be the sites next to the Odeon sites or other brown sites that are going to be developed. So Planning will recover some of those master plan costs as some of those developments move through. So it is an investment of Planning and clearly we will talk to Planning on a case by case basis to ensure that they have got ...

The Deputy of St. Peter:

Just to understand J.D.C.'s role, it is limited under whatever the terms of the agreement with them from Property Holdings, negotiating that or dealing with that on your behalf. Then we have the question about who does it. Now, it will not be Jersey Development Company who will be doing any of the work, will it?

Senator P.F.C. Ozouf:

Certainly not the master planning. I think that is absolutely vital and that is the key learning point, if you ask me what lessons have we learnt from W.E.B., W.E.B. should never have been the master planning body. They should never have been regarded, knowing what we do now, as the development agency and I think that what the new Planning Minister has done - and I started this when I was at Planning and Environment - is put the job of master planning firmly within the Planning Department not within the development agency which was called W.E.B., which most certainly this is not.

The Deputy of St. Peter:

Good, thank you.

Senator P.F.C. Ozouf:

Because there has got to be a clear segregation of duties.

The Deputy of St. Peter:

Yes. Any further questions based on that? No, okay we will move forward then. The whole point of this exercise is to establish some form of financial return to the States; both financial and social. What is your view on how profits should be returned to the States?

Senator P.F.C. Ozouf:

Do you want to cover this, Iain?

Mr. I. Black:

Okay. They can return to the States in 3 ways. Either on the basis of individual agreements which will have an expected return, including something like overage payments; profits generated by a States of Jersey development company can be kept within their own use for regeneration activities, so that way the States gets a return in terms of infrastructure in the public realm; and the third way could be through obtaining a dividend from the company. So it could be, depending on the circumstances, any or all of those 3 ways.

Mr. D. Flowers:

That might have been included in your first point but also when land is transferred initially to J.D.C. it may be transferred at full open market value.

Senator P.F.C. Ozouf:

That is that the tension that we had at the start of the conversation of what will be the ... if we are transferring a site for housing, what will be the percentage of affordable homes

versus open market homes and there will be a commensurate difference in return. If Ann Court is to be delivered as a 100 per cent senior citizen social housing site then the transfer value will be zero or maybe negative. If it is going to be open market housing then it will be more than that.

Senator S.C. Ferguson:

There would perhaps, presumably, be circumstances in which you would claw back the property, any developed property. For instance, if it was going to be used for a States purpose.

Senator P.F.C. Ozouf:

That is exactly the point that David made earlier. I would not entirely rule out the holding by the company of property but I envisage the default position will be that the company is effectively the delivery agent, the holding of property is the States of Jersey and that is done under Property Holdings. But I do not want to rule it out in all circumstances because there may be a funding requirement, there may be a financing operation that has been carried out on an individual property with a bank loan which has delivered a particular project which may well be that it makes sense to hold it in the company as opposed to Property Holdings. But what I envisage is that the company will itself create special purpose vehicles for the delivery of individual projects underneath the company.

The Deputy of St. Peter:

Any further questions on that topic?

Senator S.C. Ferguson:

If they use special purpose vehicles, presumably the decisions on them will still come back to the Treasury Minister?

Senator P.F.C. Ozouf:

Completely, yes.

The Deputy of St. Peter:

Okay. Again, moving forward, with all major development comes an element of risk. There is a perception the States of Jersey may be in a position that is accepting a greater risk than that that is traditional in the U.K. (United Kingdom). What is your view on this? It is a DTZ report, it is one of their conclusions.

Senator P.F.C. Ozouf:

Over the last 2 years the failure of most of public sector and private partnership has caused, I think, a number of U.K. bodies ... and your expert to the panel is obviously more versed in these things than perhaps we are, it has meant that public bodies are reassessing their approach to British transfer. In the past private sector development partners have been heavily backed, obviously, by banking institutions and have borne perhaps the greater share of any risks. That has perhaps worked well in a rising market but with the prospect of reduced yields and the scarcity of funding that we are seeing, perhaps not for the States of Jersey, means that public realm elements of U.K. projects have been cut. This has led, I think, to a realisation that without government guarantees provided by significant bonds, the government body ultimately carries the project risk. In Jersey where regeneration projects we are seeking to progress are vital to the future of the environment, we simply cannot afford not to allow a significant project to remain part finished and we are going to have to ensure that the appropriate risks ... which is the very discussion I am having with W.E.B. about the delivery of the waterfront is very relevant to this particular discussion. Of course the individual matter of risk is going to be taken on a

case by case project and our appetite for risk on an individual project will be different. The default position is the States is risk adverse.

Mr. R. Law:

Which is the position that the public sector take elsewhere. In fact, as you will also appreciate, it is interesting to note that private developers, and other developers, also seek to be risk adverse. It is a question of striking a balance that is acceptable to both sides of the equation. But I note that in your language used to describe returns you have consistently used the word "overage". I am versed with the scenario of underage, which is certainly within ... I have looked at a number of scenarios ...

Senator P.F.C. Ozouf:

I do not much like the sound of that. [Laughter]

Mr. R. Law:

In all seriousness, it is interesting that in looking at that because the public sector never anticipated finding themselves in looking at the flipside of the equation, and many of the contracts have not considered it. But putting that to one side, the point that DTZ put to the States was that you are in the business, in their assessment, of taking more risk. It is clear from your answer, I am suggesting to you, that it was not you who put that suggestion forward, that you would be taking more risk.

Senator P.F.C. Ozouf:

This is this classic trade-off of the economic value versus the risk. We are risk adverse but we do want to see the delivery of projects. I know I have mentioned the town park on a number of occasions. Our appetite to deliver the town park ...

Mr. R. Law:

Sorry, I think to help you that is not the point I am getting at.

Senator P.F.C. Ozouf:

All right, okay.

Mr. R. Law:

I think let us look at a situation where it stacks up in terms of the appraisal and the review that has been carried out independently that it is a viable, sustainable and profitable project. The temptation, if the word profit occurs, is to see how you can, if you like, extract as much of that profit in addition to whatever the value of the asset you would be putting in. It is that scenario which one is having to really re-address against a difficult climate. In other words, the economic fallout. To look at that you mentioned the word "stepping" yourself earlier, which of course can arise in a number of circumstances which are defined at the outset within the contract. In other words, a failure to hit a certain point in timeliness or whether the conditions precedent have all been met, it will result in a stop situation and then the default position arises, of course, in failure to complete the contract, whether running out of money or whatever it may be. It is in that scenario that again whatever you say about risk, you are faced with a situation where - and I think you have accepted the buck stops with you - it means cash will have to be introduced potentially. You could say it is covered off or whatever but potentially you will have to find the cash. How do you see that being protected?

Mr. I. Black:

The issue here is that there are certain times when we have discovered you just cannot transfer the risk. I do not want to go into particular schemes but we have recent

experiences of seeking to get a private sector to develop something for the States and just knowing that you cannot walk away from the risk, at the end of the day you were going to be picking up the risk. What this does is it maintains a level of control by doing the thing yourself. So you are reducing the risks, particularly when we are looking at - as we have been doing - major public infrastructure. You just cannot afford to take that risk of getting something half done and the developer walking away and you having to step in and pick up the reins somehow. So I think this reduces those sort of risks, that is why we are doing this in a place like Jersey.

Mr. D. Flowers:

On a major project, if you tried to cover off the whole of the risk with a bond, the project will never go ahead.

Mr. R. Law:

Thank you.

Mr. R. Law:

The whole of the project with a bond.

Mr. D. Flowers:

Yes, and that is true ...

Mr. R. Law:

Or are you suggesting by emphasising "whole" that if you take it in bite sizes you can cover it off with a bond? Is that what you are saying?

Senator P.F.C. Ozouf:

Potentially yes. It all depends. If the risk is on a housing site, if you have got 3 blocks of 20 flats, then if you are going to go and ...

Mr. R. Law:

So the level of risk is site dependent?

Senator P.F.C. Ozouf:

Yes. You would go in with pre-sale agreements and it would be different. You may decide to deliver those 3 blocks over a period of 10 years as opposed to going in and building it on spec. For example on office spaces, that is exactly the dilemma that we are facing in relation to the waterfront.

Mr. R. Law:

Except that it is site by site, use by use, consideration that goes into the pot to determine which way you consider in the best interest of protecting the position?

Senator P.F.C. Ozouf:

Yes.

Mr. R. Law:

I understand.

Mr. I. Black:

Also you maintain overall control because it is your development.

Senator P.F.C. Ozouf:

I think I would just like to say that as far as underages are concerned the point there is that the contingent liability that the States has should be known about and should be, in the event that it is necessary, budgeted for as opposed to a contingent liability popping up 2 or 3 years later when you find yourself with a half developed site and having to find £50 million.

The Deputy of St. Peter:

Sarah, you want to make a point?

Senator S.C. Ferguson:

I was just waiting until Philip had finished.

The Deputy of St. Peter:

Sorry to stop you.

Senator S.C. Ferguson:

I was just going to say that in normal circumstances if there was any variation, for example, on a stepping clause you would expect, as Treasury Minister, to be informed of this?

Senator P.F.C. Ozouf:

I think we would have to be.

Mr. I. Black:

Our lawyers say we get these things done up front, you do not wait until you get there.

Mr. D. Flowers:

These are the sort of issues that would be covered in the development agreement.

Senator S.C. Ferguson:

Yes, which might not well be covered in the old W.E.B. style operation?

Mr. D. Flowers:

No, no. That is what we are moving towards. Certainly there are a number of tactics that can be used in terms of breaking up a large project into smaller sections to minimise the risk. Also in ensuring that you are not risking the site value because you might bring the value in at the beginning so that is then not in the risk vehicle. But that would need to be decided, as we have already discussed, on a case by case basis depending on the level of infrastructure required.

Senator P.F.C. Ozouf:

Up front.

Mr. R. Law:

Sorry, that is the point that I was going to raise because quite often you can have a very clear view or a settled view, that will be the R.S.G. in this case, as to what is required over a given defined area. You would then look at it and say: "Now, we are going to break this down in phases" and usually that is an operational issue. That is how the contractor who will build decides is the best way to achieve a result. That has to be tempered with your commercial view of the market conditions that prevail. But the other thing that I am experiencing elsewhere, and it is likely to be the same for you, is that if you start phase one you then have to say: "Well, if we cannot go beyond phase one, should we start

phase one?" That is the most interesting situation because in many instances it is a no start. Whereas you would get your bond for phase one, because it might be the one bit of the whole equation that has a positive return.

Mr. D. Flowers:

Yes, and I think that is ...

Mr. R. Law:

So, I just share that.

Mr. D. Flowers:

We are certainly looking at schemes at the moment as to how can we split them up so that they would wash their face on each stage. That minimises the risk to the States.

Mr. R. Law:

Could cost more but it may be a better way forward.

The Deputy of St. Peter:

We have been talking about market values to date, as to how you gain a return, and a lot of it will depend on market value at any particular time. What is your current view on the position of the local economy and the current market?

Senator P.F.C. Ozouf:

A lot has happened in the last 12 months. **[Laughter]** Interestingly I have just done the briefing which will be embargoed at midnight about the earnings index for the last 12 months. My view of where Jersey is economically is I think the same as it was at the turn of the year, which was that if we got through the international pressure by getting ourselves appropriately recognised in terms of our tax transparency and our standard of regulation code for getting on the White List; we deliver and get published the I.M.F. (International Monetary Fund) assessment which I am very confident is going to be recognising Jersey standard in terms of regulation; we continue to deliver innovative products; we continue to have political stability; and we continue to have a functioning Council of Ministers as we have had in the last few months, I am very confident about Jersey's future. I am confident that there is good quality business in our key markets of banking, trust and fiduciary. I believe that there is a future in the funds industry, which is about 1,000 jobs of the 13,000 people in financial services, and that over time confidence will be restored in our market.

The Deputy of St. Peter:

So as a consequence how do you think that will affect the establishment of the J.D.C.?

Senator P.F.C. Ozouf:

Well, if you believe that Jersey has a strong future in providing services, financial services and intellectual property, and that we are going to continue to be able to the air links which are going to support a strong tourism industry and a strong domestic economy, then you need a continued supply of quality office space and importantly new residential accommodation. Of which I believe a significant proportion of it should be delivered in St. Helier to make St. Helier the town that many people want and dream of having, which is a great place to live and a great place to work and a great place for recreation purposes. We do need, for a given standard number of people ... and a number of the panel members, I know, have been on various different migration working parties. You need even with a stable population, with changing lifestyles, with people living longer, you need more units of accommodation. That can be effectively delivered by St. Helier without

compromising to any greater extent than has been done on green field land. So we need, which is at the heart of this development company proposal, a delivery company that is going to deliver our regeneration objectives: North of Town, East of Albert, other areas of St. Helier.

The Deputy of St. Peter:

I think, again in summary, that is accepted by all of us around this table.

Senator P.F.C. Ozouf:

So if you are confident about Jersey's economic future, which I am and I hope you are, and we are part of that in terms of we are not responsible for building business but we are certainly responsible for setting the legislative and political framework, then you need this company in order to deliver that objective. That objective will be delivered by delivering homes, good homes, quality homes, with good urban space, in town as opposed to delivering them on green fields across the rest of the Island, which should be preserved for the Island's whole enjoyment because, of course, St. Helier dwellers enjoy the countryside just as much as Trinity residents enjoy the countryside.

The Deputy of St. Peter:

And St. Peter's. Before we move, any further comments from the panel on this topic?

Senator S.C. Ferguson:

Yes, because I think we all agree that the future is bright but there are a few problems in the present where we have empty shops on the abattoir site, allegedly because the rents are significant. We have plans apparently for apartments which are 500 square feet, which is not really very big. It is the sort of marketing angle or the ... it is partly marketing and partly forecasting to have the right sort of development. You know, as I say, we are hearing about 500 square foot flats, which are not really quality accommodation. These are the problems we are having to wrestle with, I think.

Senator P.F.C. Ozouf:

The first thing I would say is the Regeneration Steering Group will be a far better position to discuss the trade-offs and the land use allocation of how much should be going through residential, how much should be going for offices, how much should be going for public open space and amenity space, how much additional activity should be put into the economy in jobs as we are doing in the fiscal stimulus package. The Regeneration Steering Group is going to be a far better co-ordinating body than ever one existed before. That should certainly deal with if there are inexplicable decisions made in terms of land use and the Planning Minister, who obviously has as statutory responsibility but who is a key consultee ... the Economic Development Minister, T.T.S. (Transport and Technical Services) Minister, Finance Minister, Chief Minister will be able to have a vehicle with the Regeneration Steering Group to talk to the Planning Minister about master planning and about land use. Obviously those matters are principally for the States in deciding the Island Plan and we are going to be going through an iterative process going forward in the next 12 months on that.

Senator S.C. Ferguson:

So are you going to rein in at the moment with some of the new projects while the J.D.C. gets sorted out?

Senator P.F.C. Ozouf:

I want to be clear, W.E.B. have, in the last 12 to 18 months, I think, done their job extremely well. I think that they have accepted the Planning Minister's tough but excellent

master planning, whether or not we will see the delivery of the waterfront as was envisaged in our report and proposition that we, to a large extent, agreed a number of months ago is still remaining to be seen. I hope so, in general measure. It may well be delivered slightly differently but I think that W.E.B. have done a good job in the last 18 months.

Senator S.C. Ferguson:

Yes, I am not denying that. I am just saying that some of the ideas that have sort of percolated out in the hearings really have concerned me in this whole set up, where we are obviously going to be looking to the regeneration board to assess the social and commercial aspects of any project that comes up. It is closing the gap perhaps between ...

Senator P.F.C. Ozouf:

Political policy is a matter for the Regeneration Steering Group. Delivery is a matter for the company. That is very important that we have at last clarified the fact that the company, W.E.B., is not the property development agency, it is not the unitary planning authority, it is a delivery company and nothing more. So at the moment with all of the things that we have done in recent years of clarifying and improving accountability in the States of Jersey, which I think ministerial government has improved dramatically, there is going to be a clarity of responsibility with the appropriate arrangements for oversight and scrutiny that perhaps did not exist with W.E.B.

Senator S.C. Ferguson:

Yes, but I am sure you will agree with me that we do not really want to be building apartments for buy-to-let from overseas. These are for the locals, or the bulk of them should be, certainly.

Senator P.F.C. Ozouf:

I want to see a plurality of supply in terms of our residential accommodation market. I want to see all types of tenure of accommodation affordable for all sorts of categories of people. My first flat, as a student, as a young person, that I rented was a small flat. As I have improved in my means I have obviously rented different types of accommodation. If I was asked as 21 year-old student that was doing my finance degree in Jersey to be given the opportunity of renting a 500 square foot, extremely well designed, studio flat, I would rent it as opposed to perhaps living in shared accommodation elsewhere. I think it is wrong to condemn, if I may say, a 500 square foot flat because there are ... as young person getting into a property as a first home, that might be better than a shared property.

The Deputy of St. Peter:

Is it not accepted that Planning, in their role, will have a handle on this to make sure that there is the right level of development for the right number of people. If we were all developing 500 square feet units that would be totally wrong. So there is a responsibility within the Planning Department to make sure that that does not happen.

Senator P.F.C. Ozouf:

That is absolutely right, it is the job of the Planning Department.

The Deputy of St. Peter:

We had a nice link that you put in early on because you started talking about W.E.B., if I can move on now, what is your view on the output of W.E.B. to date in its entirety? Because we have a problem here which I am sure you have been made aware of, about

public perception about W.E.B.'s performance. Not over the last 18 months but over a long period of time.

Senator P.F.C. Ozouf:

I think, and this is the first time I have publicly said this, the problems at W.E.B. started ... happened by the States decision to drive a 2-lane highway, which was alien to any other road structure of Jersey, through the heart of St. Helier. An underpass, which is totally different from anything else that we have had before. It was a U.K. motorway through our Island heart and condemned W.E.B. and the waterfront that we all had aspirations for a fantastic integrated development with town, with marina, effectively ...

The Deputy of St. Peter:

Minister, I do not think there would be one person sitting around this room, or anywhere on the Island, that would disagree with what you have just said.

Senator P.F.C. Ozouf:

Unfortunately, that is why the Planning Minister has been absolutely right ... I understand all of the concerns of the costs of dealing with the road and dealing the underpass and dealing with all of that. That is why Senator Cohen has been absolutely right to undo that. That is where the rot started.

The Deputy of St. Peter:

The rot has started but the perception ...

Senator P.F.C. Ozouf:

Then W.E.B. has been saddled with a piece of land which could not be developed, which was integrated with St. Helier for the next 20 years. I was away from Jersey at the time that the underpass and that whole road was put in place. I did not recognise my Jersey when I came back. W.E.B., sadly, has been dogged with problems ever since it has been given this parcel of land to deliver. There was a lack of clarity in terms of W.E.B., in terms of what they were. They should not have been the master planner or the development agency, they should have been what we are creating today which is a delivery company with the policy and the strategy to politically deliver ...

The Deputy of St. Peter:

The difficulty is, Minister, which we all have to accept, I believe, is that there is a perception among some of our fellow States Members and the general public that W.E.B., despite your point of the dual highway running straight through and separating the waterfront area from the rest of the St. Helier area, the delivery of what has appeared within that area, albeit restricted by that, is of a very low standard. It has been described as driving along the M6. The Radisson, which is the most recent effort, has been received - not the internal look of it but the external view of it - as something that is not perhaps what we would have liked. In the questions we have put forward to other agencies here, everyone has gone very much shrugging shoulders saying: "It was not me, it was somebody else." The ultimate responsibility, possibly, in the public view and some of our States Members is that W.E.B. did have some control over what has happened. Now, if we are to take this forward, this Jersey Development Company, one of the issues that certainly has come to the fore with a lot of the people that we have spoken to is that W.E.B. is being shoehorned into becoming the States of Jersey Development Company. Now, as right as that is that we should have this new company, for all the reasons that you have explained, there is a perception that W.E.B. is now going to be called the Jersey Development Company. The reason why I say that is that the directors, the executive directors of W.E.B. are the same people who it would appear are going to

be the executive directors in the new company. How are you, how are we, going to try and change that perception so that this delivery vehicle, which is all important, can be accepted? Sorry for that long speech but ...

Senator P.F.C. Ozouf:

There are a number of issues there and I am going to go through them. I am not going to talk about personnel because to do so would compromise any abilities I have going forward to influence the company that I am going to be responsible for. Clearly the new company is going to act very differently and there is going to be a whole series of changes. I do not really want to comment on any of the issues concerning the directors because there are going to be some changes. I think it would be wrong to embark upon that process of change until the States has opined on whether or not they want this thing created. I understand and share the disappointment of every Islander about the standards of development on the waterfront. I have had to search my soul with the different hats of responsibility I have had when I walk down and I see the result of the political decisions that have been made, of which in part I had been responsible for some. Not as a Minister but as a committee and thereby lies a whole series of issues of accountability of who did what when, because you cannot point a finger at anybody. It is not fair to say that everything on the waterfront is bad. What I would characterise as bad are ...

The Deputy of St. Peter:

Can I just endorse my statement, there is a perception. There is a huge difference between what is and what a perception is.

Senator P.F.C. Ozouf:

The reason why I am being completely honest and open about my views on W.E.B. is because I think the public must know that those people who are putting forward the proposal for this new company do recognise the need to change what has been in place. I say from my position this is not a rebranded W.E.B. The cinema complex, again completely alien, you know the back side of a concrete wall overlooking a motorway. This is not St. Helier. Ultimately these are planning decisions and the rot started with a States requirement to drive that motorway through St. Helier and then planning decisions that went back ... it is coming up to 10 years I have been the States and I think one of my first things I went to in the States is I went to the opening of the Cineworld complex. People forget, and I stand charged with all the failures of the planning, but that is not right and there is an interesting also lesson to be learnt about the Radisson Hotel which is a good business, which has delivered good business visitors and tourism visitors ...

The Deputy of St. Peter:

Again, you note that this was not on the business element, it was on the design.

Senator P.F.C. Ozouf:

Yes, and that has to be a planning issue. I think that on the positive side what is going up currently in the decisions of the current Planning Minister in relation to Castle Quay, I think that those are good decisions. We must not forget the bus station has been delivered and that is widely regarded as a success and could have been an absolute banana skin in terms of buses not working and people not liking their bus station and all the rest of it. It has been a huge success. Weighbridge Square has been a success, so all that W.E.B. has delivered, and particularly what W.E.B. has delivered since this Planning Minister has been place ... I would say certainly we tried to turn the table when I was at Planning in terms of taking control of master planning. Remember I refused, as Planning President in the committee that I stood, the development that would have meant

that we had had all sorts of carbuncles on the waterfront. I stand by the decision I made there.

The Deputy of St. Peter:

I have to say I am reassured by your basic statement, your summary statement, that the Jersey Development Company is not a duplication of W.E.B., and I think you made that absolutely clear.

Senator P.F.C. Ozouf:

No. Baring my soul in relation to my view of some aspects of what is on the waterfront should go some way to make it absolutely clear that I share everybody's view of some of the aspects of the delivery of the waterfront. But I think we have got to get it right. We have got to get this right. Moreover, we have got to put in place an entity which is capable of delivering regeneration, not only on the waterfront but dealing with East of Albert, dealing with North of Town and other areas of regeneration that we want to deliver which are going to be good for our community and good for Jersey going forward.

The Deputy of St. Peter:

Thank you for that.

Mr. R. Law:

You spoke of the R.S.G. role and explained it very clearly. That, of course, is made up of Ministers. How do you see getting the support of your executives, I am speaking of Ministers and executives. In other words, those who support you. You have the joy of 2 senior persons in the role. How do you see that being fed into the process because it does not show so on page 6, which is that chart, as such. You have got many boxes there that the very crucial responsibility that R.S.G. has, you have articulated, if I may say so, very well and it highlights the discussion that you are going to have in that box. It is going to require what I may call significant executive support because the views that you will be expressing will be very much those that have been, if you like, provided for you from those that have been involved in the detailed work.

Senator P.F.C. Ozouf:

Yes, there is an officer group which is going to need to be put in place in order to serve the Regeneration Steering Group. The Chief Minister acts as Chairman of the Steering Group and it is the Chief Minister's Department that needs to provide the executive function for the operation of the Regeneration Steering Group. Unlike what we have done in the past, we have got to ensure that when we say we are going to do something there are also the resources, and appropriate high level resources. The Chairman of Corporate Affairs is smiling wryly and so is a member of Corporate Affairs because I think we have had this on a number of occasions. We have got to make sure that there is the necessary executive support to serve this. There is no point in just setting up a steering group unless it is properly served. That has got to come from the Chief Minister's Department as the co-ordinating body. As far as I am concerned, I am going to be supported by ... and I am currently undertaking a consultation on a restructuring of our Treasury operations and properly putting in place a Treasury and Resources function. I need obviously to be served individually by my own Treasury and Resources Department.

Mr. R. Law:

That is the umbrella. But beneath the umbrella, of course, are the ingredients or the panels of the umbrella and those you could suggest, or may I suggest, are the projects. When you are looking at the juxtaposition of one against another, this balancing act, it seems that the Ministers will require either a sifting carried out by your executive ... I

suppose I am envisaging in the short term the 2 people sitting on the other side of you sitting together to see how far they can balance the scales on the one hand. In other words, doing it by consensus, that is what I mean by balancing them, rather than tipping them in one direction or the other. On the other hand, that will apply to all the other Ministers because they have differing responsibilities.

Mr. I. Black:

Yes. [Laughter] You are quite right.

Mr. R. Law:

It does not exactly show clearly how that is going to happen.

Mr. I. Black:

No, because this went through a lot of iterations and it is trying to simplify a very complicated picture so this is ... because if you add anything on here it does get a very complicated diagram. Yes, this will require officer support. Yes, you are quite right, you will be looking at a lot of significant projects to make the decisions and to understand you will need quite a lot of officer support. I think the inference behind what was said about Regeneration Steering Group are there are some pretty hard trade-offs between things like social benefits and the finance at times. We do that all the time. The Council of Ministers, on almost everything, are meeting and doing these trade-offs between social benefits and tax implications and cost. Yes, it will have to be done on this and, yes, we will have to acknowledge the proper input is required in order to inform those decisions. So the short answer is, yes, I agree with you.

Deputy D.J. De Sousa:

While we are on the structure of how this will be set out, we previously had a meeting with the President of the Chamber of Commerce and the Chairperson of the Building and Development Committee and they felt as stakeholders they should be formalised into this plan. Can you see a way or a box where they would fit into that?

Senator P.F.C. Ozouf:

I am just checking because I have received a letter from the President of the Chamber of Commerce and I have discussed my response to them because they see themselves as having a continuing role in the steering group. I am happy to confirm that I continue to see a role for the Chamber of Commerce. It is set out clearly in the relationships there at page 8, and I am obliged to the Treasurer for pointing it out. It is set out on the relationship stakeholder groups: "Including other commercial associations, planning bodies as appropriate." I am just looking at the text of the letter that I am to send the Chamber of Commerce confirming that that is exactly what our understanding is and will look forward to them ...

Deputy D.J. De Sousa:

So do you see them being put into the box of the Regeneration Steering Group?

Senator P.F.C. Ozouf:

I think, Deputy, that the Regeneration Steering Group is political and it is elected Members that are sitting on there. I think we need to reflect the fact that politicians are elected to make political policy decisions. That is not at all understating the importance of consulting with the Chamber of Commerce. I cannot find the email but I am going to communicate with the Chamber of Commerce and say that we look forward to an active and ongoing relationship with them in relation to this.

Deputy D.J. De Sousa:

But what box do you see them fitting into?

Mr. D. Flowers:

I think the Chamber of Commerce would need to interface with the Planning Minister on master planning as well as with the Regeneration Steering Group. They would not sit on either but they would be consulted by both.

The Deputy of St. Peter:

So they would get their route via the planning?

Mr. D. Flowers:

Via planning and ... planning at the master planning stage and with the Regeneration Steering Group at the project definition stage.

The Deputy of St. Peter:

Would that be defined in the letter that the Minister is sending to the Chamber of Commerce?

Senator P.F.C. Ozouf:

I will tell you the draft of the letter, President: "I am pleased you support the proposals for creating the streamline regeneration process. I hope that you will be pleased to hear that I concur with your comments on the urban taskforce which is subsumed within the new structure. This does mean that there will need to be a consultative group, including the Chamber, which will be an integral of the regeneration process. I cannot believe that any regeneration activity will be as successful as it could be if it does not take account of the well informed views of groups and particularly the Chamber of Commerce. I am very happy to give you my undertaking that assuming the States agree to the proposals, there will be a consultative group formed as we move into the implementation process."

The Deputy of St. Peter:

Now, if we can move on. Looking through W.E.B.'s accounts, we note that they formed a number of subsidiary companies. How and why were these companies formed and how will they interact with the movement into the J.D.C.?

Senator P.F.C. Ozouf:

As I mentioned to Senator Ferguson, first of all any companies that are created - and I envisage that special purpose vehicles for individual projects could be created for all sorts of liability and other financing operations - will continue to be in place. I cannot remember how many companies that W.E.B. had, I probably should know.

The Deputy of St. Peter:

Currently 3.

Senator P.F.C. Ozouf:

Three.

Deputy D.J. De Sousa:

Currently 3, some of have been disposed of.

Senator S.C. Ferguson:

Five.

Senator P.F.C. Ozouf:

Yes, there is no ...

The Deputy of St. Peter:

Bidding is going up.

Senator P.F.C. Ozouf:

It is just an administrative arrangement to deal with the ...

The Deputy of St. Peter:

One of the concerns obviously is that when we spoke to W.E.B. they did suggest to us, when we brought up this comment, that they had several of these companies but now there were only 3. Of course the question that sprung to mind was how were the others disposed of and what return was there to the Island? Because they were quoting that these companies were landowners.

Senator P.F.C. Ozouf:

Well, let us be clear about transparency, the Waterfront Enterprise Board will produce consolidated accounts which will have all of its activities in a consolidated form so you can see whether or not it is held by W.E.B. B or States of Jersey Development Company B, because in taking a parcel of land and developing it you would not necessarily want to expose the full assets and liabilities of the whole company, you may well want to create a separate cell to develop a particular part of land or a particular individual company. I do not think there is anything untoward ...

The Deputy of St. Peter:

There is no suggestion in the question, it poses the question as you have mentioned that, but it was merely to understand clearly what has happened and why, and we understand you mentioned S.P.V.s (special purpose vehicles) and it is not unusual for this to have been the case. There are a number of these subsidiaries that have been transferred. In terms of making that decision to say: "We are going to sell that" because the note 26 of the December 2008 account says that it was sold to, I think, Dandara in that instance. Now, was that a matter that was put to you for decision or was it a matter that because W.E.B. is W.E.B., as it currently is, that is a decision it can take unilaterally without reference?

Senator P.F.C. Ozouf:

Well, at the moment the Treasury Minister does not have oversight of W.E.B.

The Deputy of St. Peter:

No, sorry, you are quite right.

Senator P.F.C. Ozouf:

So, without in any way saying anything inappropriate, that is a question rightly for the Chief Minister. I do not believe that we were consulted on that.

Mr. I. Black:

No, I do not think so.

Senator P.F.C. Ozouf:

It will be, however ...

The Deputy of St. Peter:

So in other words the company does it.

Mr. I. Black:

That will change in the future, of course, because individual transactions, including the exit strategy, will be decided when we transfer them into the company.

The Deputy of St. Peter:

You say that in the annual report and accounts these matters are referred to. It is not, of course, in these accounts. That is the full accounts. You need what falls behind that?

Senator P.F.C. Ozouf:

Well, consolidated accounts should show that. My policy in relation to all States owned entities, and perhaps this highlights the need to put companies into one place in the States of Jersey as opposed to 2 places. I am not in any way suggesting the Chief Minister's Department does not know how to run a company but we in the Treasury run the political interface of a company, we deal with all States of Jersey owned subsidiaries: Jersey Post, Jersey Telecom, majority shareholdings in Jersey Water, other companies. We deal with all of these. We have a memorandum of understanding which exists between those. The States of Jersey is being asked to approve the memorandum of understanding between the Treasury and myself. There may well be other matters that we may well introduce in terms of reporting requirements into the relationship between ourselves and the company. That is what we do and that is what the Treasury ...

Mr. I. Black:

Under current arrangements with, for instance, Jersey Telecom and Jersey Post it is going to be quite similar to this in many ways. We do have arrangements that includes things like approval in general of the business plan, no surprises policies, Minister informed of material transactions. So there is far closer communication and agreement under the new arrangements.

Mr. R. Law:

In the W.E.B. accounts, you are describing these as the consolidated accounts, are you? This annual report?

Mr. I. Black:

These are W.E.B.'s accounts for the company. They are consolidated into the States of Jersey's accounts.

Mr. R. Law:

Yes, you are talking about moving from W.E.B.'s accounts into the States?

Senator P.F.C. Ozouf:

If W.E.B. has 100 per cent owned subsidiaries they would be in there, yes.

Mr. R. Law:

That is what I wanted to just be clear about. There are not any others that are in another pot?

Senator P.F.C. Ozouf:

No. There is one account.

Senator S.C. Ferguson:

At the moment they can retain the proceeds of sale of parcels of land?

Senator P.F.C. Ozouf:

They can, Senator, and that is what is going to change in relation to the new arrangements. Is they are going to be ...

The Deputy of St. Peter:

Or be controlled?

Senator P.F.C. Ozouf:

Yes.

Senator S.C. Ferguson:

Can I ask an awfully dumb question? We have Waterfront 5A to B, Waterfront 6A, Waterfront 6C, Waterfront 6D, Waterfront 6E. What happened to waterfronts one to 4?

Senator P.F.C. Ozouf:

You would have to ask the Managing Director of W.E.B. and the Chief Minister's Department, I have not got a clue.

Senator S.C. Ferguson:

Why was it suddenly changed?

Mr. I. Black:

Ask the company, I think, is the answer to that one.

Deputy D.J. De Sousa:

Senator Ferguson touched on about returns from sales, what about the waterfront car park because we have been told it has been profitable and that money has ploughed back into W.E.B.?

Senator P.F.C. Ozouf:

Taking a couple of steps back, we have in the last few years - not we, the States has decided that there should be no annual subsidy to W.E.B., W.E.B. had to become increasingly responsible for its costs. So all the administration, the salaries of the executive of W.E.B. are now paid for out of W.E.B.'s receivables, so they are having to maximise their return on their own investments. Also W.E.B. are charged now, I think ... there has been a clarification in the relationship between W.E.B. and T.T.S. about car parking. That was the move from pay cards to barrier entry. All sorts of individual decisions have been made. In relation to the future ... your question was about the old car park, yes? I want to see barrier car parking in all our car parks, I think that should have been done a long time ago.

Deputy D.J. De Sousa:

Where would the money go? [Laughter]

Senator P.F.C. Ozouf:

We will, of course, review the assets that are owned by W.E.B. and we will take a view with Property Holdings as to whether or not we will transfer any existing assets that W.E.B. have to Property Holdings in the same way that we are going to be reviewing putting assets, subject to all the conversations we have had, into the company. So we

will conduct a review of W.E.B. as and when it comes to the Treasury in respect of all of its operations.

Mr. I. Black:

I think it would be fair to say that in early discussions it is not intended in future that the company develops assets and holds on to them, they develop them and sell them giving a return to the States.

Senator P.F.C. Ozouf:

But I will be reviewing the cash and the assets that W.E.B. have in the event that the company comes to the responsibility of the Treasury. Just as I am reviewing all of the States owned and controlled entities and getting advice about what we should do with them.

The Deputy of St. Peter:

Now, just before we wind up, are there specific questions that panel members wish to ask?

Deputy T.A. Vallois:

With regards to the phasing over of the company, how long is it anticipated that it will take for the actual change-over from what we see as W.E.B. into this Jersey Development Company?

Senator P.F.C. Ozouf:

I imagine that is going to be a 3 month transitional period. Clearly there are a number of issues that the States needs to be informed of. There are a number of changes in terms of directors, there will be a whole series of changes about the way that W.E.B. operates. I underline the point, this is not W.E.B., there are big changes for W.E.B. that are going to be made.

Deputy T.A. Vallois:

Yes, I understand. What I am talking about is like property management, for example, where moving that over if it was to go into Property Holdings, et cetera, we are looking at a phasing period of how long? I am assuming it is not going to be 3 months.

Senator P.F.C. Ozouf:

The big decision should be taken in respect of 3 months about the process by which everything will be done. It may well be a number of months after that that individual transactions are made which reflect the new order.

Mr. I. Black:

The formal decision is made with the States proposition. I am not a lawyer but I think it is ...

Deputy T.A. Vallois:

I am just trying to understand exactly how long the phasing period is going to take.

Mr. I. Black:

Obviously there will be a period of change when we go from one place to another but, in fact, it happens that the proposition makes the change.

Senator P.F.C. Ozouf:

Yes. David advises anywhere between 3 and 6 months.

Senator S.C. Ferguson:

Will you be using the Appointments Commission for the new directors, independent directors of W.E.B.?

Senator P.F.C. Ozouf:

That would be appropriate. In fact, yes.

The Deputy of St. Peter:

Anybody else? Richard?

Mr. R. Law:

No.

The Deputy of St. Peter:

If I can just draw the afternoon session to a close by thanking you all for being so open and clear in your presentation. It is appreciated. We will now go and deliberate on all the things that we have heard to date. We will obviously keep you in the loop.

Senator P.F.C. Ozouf:

Thank you very much indeed.

The Deputy of St. Peter:

Thank you.