



**Public Accounts Committee
Grants to Canbedone Productions Review Hearing
with the Chief Executive Officer for EDD
MONDAY, 11th FEBRUARY 2013
Public Hearing**

Panel:

Deputy T.A. Vallois of St. Saviour (Chairman)
Senator S.C. Ferguson (Vice-Chairman)
Deputy R.J. Rondel of St. Helier
Deputy G.C.L. Baudains of St. Clement
Mr. I. Ridgway (Independent Member)
Mr. J. Mills (Independent Member)

Witnesses:

Mr. M. King (Chief Executive, Economic Development Department)
Ms. S. Macdonald (Scrutiny Liaison Officer)

[14:05]

Deputy T.A. Vallois of St. Saviour (Chairman):

Good afternoon and welcome to the Public Accounts Committee. We have a public hearing on a grant of taxpayers' money for a film production. Due to possible areas of commercial confidentiality, we may be required to go into private at the end of this public session. I am sure the public will be understanding in terms of any contractual information that we have to discuss. Firstly, I am required to carry out some housekeeping, so I would like ask members of the public to observe and respect our agreed code while attending this hearing. Next, could I ask all people around the table to please provide their name and title for the purposes of recording?

Deputy T.A. Vallois:

Okay, thank you very much. Before we begin the questions, I believe it appropriate for the members of the Public Accounts Committee to declare any perceived or actual conflict of interest. I myself would like to declare that as an Assistant Minister at Education during 2011, I did attend one ministerial meeting at Economic Development, whereby discussions in relation to this film production took place to assess whether students could play a part in the production in Jersey. I will make it clear that I had no part in making a decision to provide a grant at that time. Also, it has been suggested that Deputy Rondel has a conflict. However, upon my assessment and discussions with the Chief Officer of Economic Development, who raised the concern with me, I believe that in this case the aid that this States Member is providing to a person who has provided evidence to the Committee on this particular subject has no link to this grant and is being dealt with by a separate department and therefore separate accounting officer. I would just like to ask for the purposes of public record that, Mike, you can clarify you are in fact satisfied with that position?

Chief Executive Officer, Economic Development Department:

Yes, I am happy to clarify that.

Deputy T.A. Vallois:

Thank you very much. As lead member of this review, I would like to pass to my colleague, Deputy Rondel, to begin the questions.

Deputy R.J. Rondel:

Thank you, Chair. I would also like to extend my welcome to you, thank you, and the public. Could we perhaps start by if you would not mind giving us a little bit of background on the initial approaches you had about Canbedone Productions Limited?

Chief Executive Officer, Economic Development Department:

Yes. First off, I think the background to support for production and creative industries in Jersey is really related to the requirement that we are firmly behind, and that is to diversify our economy. We were approached - and there is a record of a meeting, I think, which you have in the pack that we provided to you on 15th November 2010 - by individuals,

including 2 people from Canbedone Productions, that is the director and writer of Knights of Impossingworth, which is the proposed title of the film, Keith Cavele, and the producer, Noel Castley-Wright, who were accompanied by others from Canbedone Productions. They put to us a proposal for a very significant amount of funding in exchange for equity in the Knights of Impossingworth film. That sum was £2 million and they were offering in exchange for that an equity in the film. That effectively was the first time that we had contact and that introduction was made to us by a Jersey resident. There was subsequent involvement from a Jersey legal company, and I think again the papers from them are featured in the pack. Also there was involvement from one of the local companies that performs audits, which again there are further details in the pack that has been provided to you. So that was the nature of the initial approach and it was taken on consideration based on the information provided at the time. As you will see subsequently, the nature of the assistance that was given to Canbedone Productions and the magnitude of the support was significantly different to the original proposal.

Deputy R.J. Rondel:

How were those decisions arrived at?

Chief Executive Officer, Economic Development Department:

There are 2 things I think that govern that. One is that under the public finance law, as you know, the E.D.D. (Economic Development Department) or indeed any other department is unable to take equity positions in companies in exchange for contributions. Indeed, this has come up in the Economic Affairs Scrutiny Panel review of the Innovation Fund, whereby in the initial stages the Innovation Fund can advance grants and loans, but not take equity positions. In addition, the advice that we had received in terms of the nature of support that would be the most effective in Jersey for this type of activity suggested grant funding, being as our fiscal system does not provide opportunities for the type of incentives, for instance, that are provided in the U.K. (United Kingdom). The most effective form of support would be in the form of grant funding.

Deputy R.J. Rondel:

Where was that advice from, Mike?

Chief Executive Officer, Economic Development Department:

That was advice that we received I believe from KPMG. We had a report done on support for creative industries and clearly the conclusion of that, as it is for many other sectors, is that the most effective way of supporting them is through grant funding.

Deputy R.J. Rondel:

Was that specifically relating to this fund or ...

Chief Executive Officer, Economic Development Department:

No, no, that is a general position.

Deputy R.J. Rondel:

General?

Chief Executive Officer, Economic Development Department:

Yes. What you will see - and I am sure you have got it - is research into the way that film production is supported financially in the U.K. and other larger jurisdictions. They use very significant elements of their fiscal system to provide incentives. That is not something that is possible in Jersey at the moment.

Deputy R.J. Rondel:

Okay, so the decision came about to issue £200,000?

Chief Executive Officer, Economic Development Department:

Ultimately the decision through ... as you can see, we did quite a lot of analysis of the film and independent due diligence was undertaken. We also relied on due diligence from Tesco, who are a co-investor and remain a co-investor in the film, but ...

Deputy R.J. Rondel:

Sorry to interrupt. Could you just explain Tesco acted on behalf of us or ...?

Chief Executive Officer, Economic Development Department:

No, no. When the proposal was brought to us in November 2010, at that time Tesco had already been secured as an investor and had undertaken due diligence and we had subsequent sight of the contract that exists between Canbedone and Tesco, and indeed had conversations, both telephone conversations and direct meetings, with the Director of

Entertainment at Tesco, who could obviously confirm the level of examination they had done.

Deputy R.J. Rondel:

So really you are saying you relied on Tesco to do the due diligence?

Chief Executive Officer, Economic Development Department:

No, let us be absolutely clear, that is not what I am saying. What I am saying is that we undertook an element of due diligence ourselves based on information presented to us in terms of a business plan for the film and I think you certainly have everything that we have had. In addition to that, we were aware that Tesco had undertaken a complete due diligence exercise themselves, and on the basis of that had made the decision to enter into a contract with Canbedone. I think it was fair on that basis of those 2 things to assume that both from our own work and indeed the work done by other parties that ...

Deputy R.J. Rondel:

So could you explain what due diligence you did over here, rather than Tesco?

Chief Executive Officer, Economic Development Department:

We were presented with a very significant amount of information, I think the majority of which you have, which related to the film, the underlying costs, underlying revenues that would be generated, and obviously the potential indirect benefits to Jersey of having film production, again which are not necessarily directly quantifiable in financial terms, but were outlined in the proposal. We asked that BDO undertake an element of due diligence for us, which they did, produced a number of documents I think which you have copies of and that have been provided to you. On that basis and on the information presented to us, and on the basis that there were significant co-investors whose participation in the film was confirmed by the presence of contracts, and on the basis that we understood and we still believe that the rights to the film rest with Canbedone Productions on the basis of contracts that have been made available to us and have been checked out by a partner in one of the major law firms in the Island, we believe that from a contractual perspective, the rights to produce the film rest with Canbedone Productions (UK) Limited.

[14:15]

Deputy R.J. Rondel:

Obviously there is a lot of information here.

Chief Executive Officer, Economic Development Department:

There is.

Deputy R.J. Rondel:

It is quite confusing at times, but could you just be clear on the grant, when the grant was given, agreed and was it to Canbedone Productions; was it to Canbedone Productions (Jersey) Limited or Canbedone Productions (UK) Limited?

Chief Executive Officer, Economic Development Department:

The initial approach to us was through Canbedone Productions (Jersey) Limited that is owned by a Jersey resident. At the time that the grant was being given, the rights to the film transferred through a contractual agreement, which I have just referred to. It would be right to say that there has been issues around whether or not the contractual arrangement is valid, but we have taken a view from a partner in one of the major legal firms in Jersey, who has confirmed that under Jersey contract law, that contract is watertight. On that basis, the grant monies were ultimately advanced, or at least the initial element of the grant monies were advanced to Canbedone (UK) Limited.

Deputy R.J. Rondel:

The initial £50,000 was given to Canbedone (Jersey)?

Chief Executive Officer, Economic Development Department:

To Canbedone (Jersey), but that was returned at the time that the rights for the film were transferred through contract from Canbedone (Jersey) to Canbedone (UK).

Deputy T.A. Vallois:

Can I ask, Mike, you stated that this is particularly a grant to be provided and understandably E.D.D. have quite a large discretionary spend compared to other departments.

Chief Executive Officer, Economic Development Department:

We do, yes.

Deputy T.A. Vallois:

You have also stated that you have had a report by KPMG on creative industries and obviously looking to diversify the economy. So I have to ask, in terms of providing grants into creative industries such as this, is there a particular governance structure that you in E.D. apply?

Chief Executive Officer, Economic Development Department:

We put in place - and I think again you obviously have a copy of this - a grant agreement that is compliant with financial direction 5.4, which was the financial direction that applied at the time. That is what governs the grant and that is what governs the deliverables that we expect to flow from that expenditure. However, I think if we had been grant aiding to the tune of £2 million, it is rather a different prospect. This grant effectively was to secure as much of the pre-production and ultimately production filming in Jersey as possible. If you take it in that context, it is probably akin to some of the marketing activity we undertake, in that we are securing activity in Jersey that ultimately will result in benefits both direct and indirect flowing back into the Jersey economy, firstly because there will be activity undertaken in the Island in terms of film production, but secondly because if the film is produced and is successful, then obviously the profile of Jersey ... I think you have got documentation that indicates the extent to which one of the co-investors, Tesco, would have been prepared to support that would have been really quite significant.

Deputy R.J. Rondel:

Just going back to that, just to be clear on the original £50,000 that was granted in August, I believe, 2011 ...

Chief Executive Officer, Economic Development Department:

Yes, I think you are right.

Deputy R.J. Rondel:

... to Canbedone (Jersey), and correct me if I am wrong, did you say that that was then handed back and ...

Chief Executive Officer, Economic Development Department:

That was returned, because at the time Canbedone (Jersey) Limited transferred the rights to produce the film to Canbedone (UK) Limited, okay?

Deputy R.J. Rondel:

Did you then reissue ...

Chief Executive Officer, Economic Development Department:

We reissued it, exactly, to Canbedone (UK) Limited, so what it was is the proposal or the film development proposal which would result in the outcomes and outputs that we were seeking to deliver in exchange for the grant remain the same. The ownership of the rights changed from Canbedone (Jersey) to Canbedone (UK).

Deputy R.J. Rondel:

Thank you for clearing that up. I have got a copy of a receipt of the invoice to Canbedone (Jersey) Limited, but not the one that was sent subsequently. Was that a few days later or ...

Chief Executive Officer, Economic Development Department:

It was shortly after. I am not sure exactly what the timeframe was, but shortly after, yes.

Deputy R.J. Rondel:

Would it be possible to have a copy of that?

Chief Executive Officer, Economic Development Department:

Yes.

Deputy R.J. Rondel:

Thank you.

Deputy T.A. Vallois:

Can I just ask, in terms of the grant making, is it usual for E.D.D. to have a ministerial decision to sign off a grant or this a particularly special case, because ...

Chief Executive Officer, Economic Development Department:

In almost all cases where the grant is not covered by one of our, let us call it, umbrella schemes like single area payment, for instance, it is subject to a ministerial decision, yes,

and particularly if there is any reallocation or reprioritisation within the E.D. budget. I think we have had this discussion with the previous P.A.C. (Public Accounts Committee) about our year-end accounts for 2009. All of those changes are captured by a ministerial decision and that is what we do. We do not move money around randomly.

Deputy R.J. Rondel:

Just before I pass on to Mr. Mills, could you just say in relation to that how much at that time did E.D.D. have within their budget for grant allocation such as this?

Chief Executive Officer, Economic Development Department:

I mean, our total grant allocation on an annual basis is in excess of £7 or £8 million.

Deputy R.J. Rondel:

Yes, but in terms of at your own discretion.

Chief Executive Officer, Economic Development Department:

At that time? Oh, at our own discretion. I think we were looking at a sum ... because part of this is related to income that we receive from Ofcom on an annual basis, and the amount of that is uncertain until we receive it, but it is in the order of £300,000 per annum. Now, I think we had accumulated - if my memory serves me correctly, and I will have to confirm this to you - £734,000 that we had at our disposal at that time.

Deputy R.J. Rondel:

Okay, for making your own discretionary ...

Chief Executive Officer, Economic Development Department:

Yes. It is the department, so discretionary allocation subject to ministerial decision.

Deputy R.J. Rondel:

Is that an annual figure or ...

Chief Executive Officer, Economic Development Department:

No, it is not an annual figure. No, no. There is a slight anomaly, because the money that we get from Ofcom is paid in by U.K. tax year, so April to April, which is not the same as

our annual budgeting cycle, which is January to January, as you know. So in this particular instance, there were 2 payments that came in in that one budget year.

Deputy R.J. Rondel:

Okay. Why do you receive that from Ofcom?

Chief Executive Officer, Economic Development Department:

That is because Ofcom deliver certain services on behalf of Jersey, particularly related to T.V. (television) licensing and spectrum allocation, and where there are excess funds over and above the cost of providing the services that are gathered from Jersey, they remit that back to the Treasury, then back to us.

Deputy R.J. Rondel:

Okay, thank you. I had not realised that. John, would you like to ...

Mr. J. Mills:

Thank you. Can I just ask a few questions of you, Mike?

Chief Executive Officer, Economic Development Department:

Please do.

Mr. J. Mills:

Firstly, you referred 5 minutes ago or so to discussions with Tesco, and then you said a moment or so later that you were simply aware of the diligence that they had done apropos their agreement. Can you just confirm, did you have - or your department have - discussions and exchanges with Tesco?

Chief Executive Officer, Economic Development Department:

Yes, we did. Absolutely.

Mr. J. Mills:

Could you just outline what they comprised?

Chief Executive Officer, Economic Development Department:

I think again there is an email trail that refers to this. We spoke to Rob Salter, Mr. Rob Salter, who was at the time I think the Director of Entertainment for Tesco, and was a direct report to a board member in Tesco. We spoke to him by phone, and I think there is a record of that meeting in the pack, and part of that discussion centred obviously around the due diligence that they had performed. We were assured at that meeting and at a subsequent meeting with him - which I did not attend, but other officers did - that obviously they had undertaken a significant level of due diligence and I think there is a direct quote in there from Mr. Salter that is in one of the BDO reports, which summarises the fact that they look at a great number of proposals of this nature. This one, on the basis of the work that they had done, they felt was worthy of their support.

Mr. J. Mills:

In those discussions, were you at that point overtly aware of the financial arrangements that Tesco was proposing to enter into with the film people?

Chief Executive Officer, Economic Development Department:

Overtly aware in that very shortly, between the verbal conversation and the meeting, we were provided with a copy of the contract that exists between Tesco and Canbedone.

Mr. J. Mills:

Have you any comment to make on that contract or the main point of the contract and the actual financial arrangements in it?

Chief Executive Officer, Economic Development Department:

In that the money flows in after the production had been fully bonded. That is the nature of the contract, as we understand it.

Mr. J. Mills:

Did that cause you any alarm signals or any rethinking about your approach?

Chief Executive Officer, Economic Development Department:

No, it did not, because all of the information that we have about investments of this nature indicates that the majority of the funding flows in after the film has been bonded. Now, as I said earlier, if we had of been making the £2 million investment in exchange for an equity position in the film, then the conditions attached to our contract would have been exactly

the same as those attached to the Tesco contract. That was not the purpose of ultimately the grant aid that was provided. It was not provided on the same basis as Tesco. The discussions with Tesco around due diligence related to the amount of work that obviously they had done in order for them to make that investment. Now, obviously the nature of that investment is slightly different to the nature of grant funding. They would have an equity position, they would have had an involvement in the marketing and promotion of the ... well, they still are, because they are still involved in it, but that is rather different to what we were doing. But they had certainly undertaken a significant level of due diligence.

Deputy R.J. Rondel:

So Tesco themselves were not risking any money until the film was delivered?

Chief Executive Officer, Economic Development Department:

Until the film was bonded, but again, just to reiterate the point, if we had approved the nature of the investment that Canbedone originally came to Government, and I think it is outlined in the papers exactly what they asked for, then neither would we have done that. We have put this money in on a different basis. This was to make sure we worked with the producers to secure as much of the production in the Island as we possibly could, because of the direct and indirect benefits. We would have no direct equity interest and nothing would flow from the revenues of the film directly. That is not the situation that prevails with Tesco, or any other investor in the film, for that matter.

Deputy R.J. Rondel:

Nevertheless, Jersey was probably exposed to a much higher risk.

Chief Executive Officer, Economic Development Department:

There is a risk, and it cannot be avoided - I will touch on this, I am sure, later - that the film will not ultimately go ahead. Yes, that risk does exist. It would be wrong to suggest that it does not. As far as our grant funding is concerned, E.D.D. deals with a very broad spectrum of risk at one end with our grant funding. We have things like the single area payment, which quite frankly there is very little risk associated with that, but very little return, some would argue. At the other end, we undertake expenditure and investment in things that in some instances do not work. We remain confident on the basis of information provided to us, and copies of which have been provided to you as recently as this morning, I believe, that the production will go ahead.

Deputy R.J. Rondel:

Okay, thank you. We will come back to that later.

Mr. J. Mills:

Can I just ask you one more question about what you have just been talking about earlier?

Chief Executive Officer, Economic Development Department:

Of course.

Mr. J. Mills:

You made the point about the money, the £50,000 given to the Jersey company was returned because of the transfer of the rights and you have provided a copy of the agreement between the Jersey company and the U.K. company on that score. Before they sent the cheque back and you reissued it, before you sent it off to the U.K. company, did you take steps to assure yourself that the terms of the agreement between the 2 companies had been fulfilled vis the payment of money from the U.K. company to the Jersey company?

Chief Executive Officer, Economic Development Department:

The answer to that would be no. We were presented with a contract signed by both parties ...

Mr. J. Mills:

Yes, which I have got in front of me.

Chief Executive Officer, Economic Development Department:

... which effectively transferred the rights. We understand that subsequently payments have been made consistent with that contract.

Mr. J. Mills:

Perhaps I could just, with your permission, Chairman, just quote the relevant bit of the contract, because the transfer of the rights was dependent upon the payment of money from the U.K. company to the Jersey company. It was upon payment of £167,000 plus interest to Canbedone (Jersey), and only when that has been paid will the Jersey company release the rights et cetera to the U.K. company and then the Jersey company

would be wound up: “These funds will be paid from the first drawdown of production funds for the film” et cetera. So I think what you are saying is that the monies, having been taken back from the Jersey company, were paid to the U.K. company without your department having had assurance that the rights had in fact been transferred through this payment.

[14:30]

Chief Executive Officer, Economic Development Department:

In essence I think that is correct, yes. As I said, we looked at the fact that the contract had been signed, and again, our understanding is that those payments have subsequently been made and that rights rest with Canbedone (UK) Limited.

Mr. J. Mills:

Are you certain that those payments have been made?

Chief Executive Officer, Economic Development Department:

It has been confirmed to us by the receiving parties that the payments have been made, consistent with the contract.

Mr. J. Mills:

Okay. From Canbedone (UK)?

Chief Executive Officer, Economic Development Department:

Yes, from Canbedone (UK).

Mr. J. Mills:

Okay, I will leave it at that point. I might come back to that point in a while.

Deputy R.J. Rondel:

From the £50,000 being handed over to the next tranche, could you explain what happened in between them?

Chief Executive Officer, Economic Development Department:

Each of the payments was associated with particular outcomes and outputs. I think you will see the 3-stage payments and it was only when the first series of outputs was confirmed to us by Canbedone that the second and third payments were made. Indeed, in some instances, we took advice from the law officers, from Jersey law officers, to confirm that the conditions that would trigger the second and third stages of payments had been met.

Deputy R.J. Rondel:

What was the first tranche of £50,000 used for?

Chief Executive Officer, Economic Development Department:

That was used to cover expenditure that was related to research work and other work that was done in the Island largely to secure the greatest level of production of the film in the Island.

Deputy R.J. Rondel:

Have you got any detail of what was done?

Chief Executive Officer, Economic Development Department:

I think the original expenditure has been listed in the paperwork.

Deputy R.J. Rondel:

We have got some, but not exactly what the £50,000 was broken down in invoices, or is that in ...

Chief Executive Officer, Economic Development Department:

I think it equates to ... I cannot remember the exact figure off the top of my head I was talking about earlier, but there is a list of expenditure that we were provided from Canbedone of what had been undertaken based on the initial grant award of £50,000.

Deputy R.J. Rondel:

Ian, would you like to ...

Mr. I. Ridgway:

Yes, just one very quick question on what John was saying. We have got a copy of a conditions of grant between Economic Development and Canbedone (UK) Limited. What we have been given is unsigned. I am just wondering if you can confirm was the agreement executed and when it was executed.

Chief Executive Officer, Economic Development Department:

Yes, I will dig it out now. Here is the copy of the signed contract, which was signed by E.D.D. on 24th November and by Canbedone on 23rd November.

Mr. I. Ridgway:

So that was signed after the first £50,000 was paid?

Chief Executive Officer, Economic Development Department:

Yes. What happened was that we - if I get this right - receipted the payment prior to the contract. There was obviously a lot of negotiation going around about closing out the contractual negotiations. There was a requirement for the funds to be provided quickly, and as some of you may know, sometimes it takes quite a long time for the States to process. So we receipted it, but we did not give approval for the Treasury to pay those funds until after the contract was signed.

Mr. I. Ridgway:

You receipted it, so was the money paid to Canbedone (Jersey) Limited before 20th November?

Chief Executive Officer, Economic Development Department:

I do not believe it was paid to them at that time, although I will check on that.

Deputy R.J. Rondel:

John, sorry. John, do you want to ...

Mr. J. Mills:

Yes, just on the same point, Mike, how did you seek to assure yourself at that point that the monies that were now to be paid to the U.K. company were not simply to be utilised for purchasing the rights as per the agreement with Canbedone (Jersey)?

Chief Executive Officer, Economic Development Department:

Because we asked for details and we were provided with details of exactly what expenditure had been undertaken following the receipt of that money.

Mr. J. Mills:

Have we got that information of what had been spent as opposed to what they were thinking they would spend?

Chief Executive Officer, Economic Development Department:

You have got a list in the files.

Mr. J. Mills:

Yes, but it does not look to me as if it is a list of expenditures made. It looks like a list of expenditures proposed.

Chief Executive Officer, Economic Development Department:

It was ...

Mr. J. Mills:

It is a very impressive list. It is enormous.

Chief Executive Officer, Economic Development Department:

Yes. It was ...

Mr. J. Mills:

But it is not monies that have been spent, surely. It was monies that they were thinking they would spend once they were ready to roll.

Mr. J. Mills:

No, no. I think you are confusing what was in the original business plan with information provided to us subsequently about what expenditure had been undertaken. For instance, I will find the appropriate pages in a minute, but it goes through in some detail individual sums paid to individuals in the form of wages et cetera.

Mr. J. Mills:

Can we just find that?

Deputy R.J. Rondel:

This is the forecast and I think really something similar to ...

Mr. J. Mills:

There was a forecast.

Deputy R.J. Rondel:

I have got cash flow forecast just behind that. There: "Jersey budget notes." I cannot find any receipt for money spent.

Chief Executive Officer, Economic Development Department:

I do not think we received individual receipts for every line of expenditure and it would not be normal for us so to do. We normally ask for the company, the grant-aided company, to warrant to us what has been spent against the monies advanced to them and whether that is consistent with the purpose for which that grant was awarded.

Mr. J. Mills:

We do not seem to have any evidence of any expenditure at all. There is evidence of a forecast or proposed expenditure, a very impressive list, very elaborate, but there is no evidence of actual expenditure of those monies for those particular purposes, whereas there is evidence that the rights did not transfer unless the owner of the Jersey company received £167,000.

Chief Executive Officer, Economic Development Department:

Yes, that is certainly true.

Deputy R.J. Rondel:

A lot of it initially seems to be travel, hotel and accommodation.

Mr. J. Mills:

Yes. It is forecast, not actual, is it not?

Deputy R.J. Rondel:

Yes, that is forecast, not actual.

Deputy R.J. Rondel:

Would it perhaps be possible to let us have the information?

Chief Executive Officer, Economic Development Department:

Yes, absolutely. We will clarify, because as you say, there is a lot of documentation in here.

Deputy R.J. Rondel:

Would you normally ask for receipts for a £50,000 grant like this?

Chief Executive Officer, Economic Development Department:

Not for individual line items, no. What the company is warranted to do under the grant here is to warrant to us - and we have rights of audit over this - that the monies have been spent for the purpose for which they were intended.

Deputy T.A. Vallois:

You have a copy of their accounts as well?

Chief Executive Officer, Economic Development Department:

We would have a copy of the accounts from the company.

Deputy T.A. Vallois:

Jersey and the U.K. or just the U.K.?

Chief Executive Officer, Economic Development Department:

That would be the company to whom we advanced the grant, so it would be the U.K. company.

Mr. I. Ridgway:

If it is helpful, and one of your members of staff could request the information of what the £50,000 was spent on in October, so I assume the payment was made before, on 19th October, and an email was sent from your department asking for an account of the expenditure activity, but looking at the subsequent email after that, because there is no ...

Chief Executive Officer, Economic Development Department:

Yes. There may be something missing from the file, but we will get that to you.

Mr. I. Ridgway:

So clearly the payment was made prior to that.

Chief Executive Officer, Economic Development Department:

Yes.

Mr. J. Mills:

Sorry to press you on this ...

Chief Executive Officer, Economic Development Department:

Yes, of course.

Mr. J. Mills:

... you said that you would have copies of the accounts of the company, the U.K. company.

Chief Executive Officer, Economic Development Department:

Any company to whom we advance a grant, thanks to Deputy Ferguson's letter, is obliged to provide us with audited accounts..

Mr. J. Mills:

Audited accounts. Is Canbedone Productions (UK) obliged to submit audited accounts or is it under the small company exemption?

Chief Executive Officer, Economic Development Department:

We would ask them to supply to us audited accounts.

Mr. J. Mills:

Has that been supplied?

Chief Executive Officer, Economic Development Department:

Not as yet, no.

Deputy R.J. Rondel:

For any year that you have been involved in?

Chief Executive Officer, Economic Development Department:

Not for 2012, when the monies were ...

Deputy R.J. Rondel:

Have you had them for 2011?

Chief Executive Officer, Economic Development Department:

We have not had them for 2011.

Mr. J. Mills:

What is its accounting year?

Chief Executive Officer, Economic Development Department:

It is April to April. That is my understanding.

Mr. J. Mills:

I thought it was 31st August to ...

Chief Executive Officer, Economic Development Department:

Sorry, that may be.

Mr. J. Mills:

So in other words, the accounts for 19th November to 31st August 2012 are the relevant ones, if that is ...

Chief Executive Officer, Economic Development Department:

Yes, absolutely.

Mr. J. Mills:

You have not had them?

Chief Executive Officer, Economic Development Department:

We have not received those yet.

Mr. J. Mills:

Have you requested them?

Chief Executive Officer, Economic Development Department:

They are requested as part of the grant agreement, yes.

Deputy T.A. Vallois:

You are required under the financial directions to have those audited signed accounts within 6 months of the organisation's year end, and for those accounts to be published by the Treasury, is that not correct?

Chief Executive Officer, Economic Development Department:

Yes, unless there is an exemption. Yes

Deputy T.A. Vallois:

There is an exemption in this case?

Chief Executive Officer, Economic Development Department:

I do not believe there is an exemption, no, but we have found in many cases - not just with this one - that sometimes organisations find it difficult to meet those requirements, and so we do give them a little bit of latitude.

Deputy T.A. Vallois:

Okay. How do Treasury feel about that little bit of latitude?

Chief Executive Officer, Economic Development Department:

I think in an ideal world they would ensure that that latitude did not exist, but I think it is fair to say that ...

Deputy T.A. Vallois:

I am sure they would.

Chief Executive Officer, Economic Development Department:

... in this instance and in other instances, the important thing is to make sure that we get properly audited accounts, and if they come a little bit later, I would rather have them late than in an unaudited form, for instance.

Deputy T.A. Vallois:

Have they provided accounts to Tesco?

Chief Executive Officer, Economic Development Department:

I am not aware that they have.

Mr. J. Mills:

May I just follow on that? Could you confirm, Mike, that in the conditions of grant of the contract between E.D.D. and the U.K. company that a requirement for audited accounts is stated? Can you just describe to the Committee exactly what is in that condition of grant, please, in this regard?

Chief Executive Officer, Economic Development Department:

It is under point 11, just above my signature: "The States of Jersey require all grant-aided bodies to submit their year-end accounts no later than 3 months after the end of the calendar year. The grant and all related expenditure must be clearly and separately identified in the Canbedone accounts."

Mr. J. Mills:

Okay. Then what does “the calendar year” refer to?

Chief Executive Officer, Economic Development Department:

That is our calendar year, so that is 2012 calendar year.

Mr. J. Mills:

Not 2011? The first grant was made in 2011.

Chief Executive Officer, Economic Development Department:

Yes.

Mr. J. Mills:

So you have not received anything under that heading in 2012?

Chief Executive Officer, Economic Development Department:

To the best of my knowledge, no, we have not.

Mr. J. Mills:

Okay. The rest you would expect by March this year?

Chief Executive Officer, Economic Development Department:

This year, absolutely.

Mr. J. Mills:

You are readily expecting that, are you?

Chief Executive Officer, Economic Development Department:

We are readily expecting it, and as you know from the email contact, we are in regular contact with Canbedone Productions on that and other issues.

Mr. J. Mills:

But does it say in this “audited accounts” or just “accounts”? What does it say? Can you just remind me?

Chief Executive Officer, Economic Development Department:

It says "year-end accounts".

Mr. J. Mills:

So not necessarily audited accounts?

Chief Executive Officer, Economic Development Department:

No, but the requirement that they are aware of is that those accounts must be audited, because that is the decision of the States.

Mr. J. Mills:

They have been told that, have they, in this document?

Chief Executive Officer, Economic Development Department:

It does not use the word "audited" in this document, but all accounts that we receive are not accepted by us unless they are audited.

Deputy T.A. Vallois:

That is only if it is greater than £100,000.

Chief Executive Officer, Economic Development Department:

Yes, but it is cumulative. The total grant is £200,000, so it is cumulative.

Deputy R.J. Rondel:

So really perhaps it should have said: "States audited accounts."

Chief Executive Officer, Economic Development Department:

Yes, yes.

Mr. J. Mills:

Sorry, can I ask, are you now then confirming that given where we are now, the new version of the financial direction applies, not the old one? Because you said to start with that the original grant was done under the original one.

Chief Executive Officer, Economic Development Department:

This was written under 5.4.

Mr. J. Mills:

We have now got 5.5.

Chief Executive Officer, Economic Development Department:

5.5 has been in place and we are in the process of doing this with all of our grant-funded bodies at the moment, a revision to all grant agreements to comply with 5.5. It has to be said that the substance, the difference of substance between 5.4 and 5.5 is not that great. It is about alignment of the States strategic objectives and the provision of a grant assurance document.

Mr. J. Mills:

Under 5.5 where there is an amount of grant greater than £100,000, which is the case here, the 5.5 says: "Audited signed accounts must be provided within 6 months of the organisation's year end." That is in the case of all the grants paid to the U.K. company, that would be within 6 months of 31st August 2012, which is 2 weeks on Friday, so are you expecting to have those audited signed accounts per this direction in that timespan?

Chief Executive Officer, Economic Development Department:

We have not completed revising the agreement to comply with 5.5, so the agreement that is in place at the moment is consistent with 5.4.

Mr. J. Mills:

The Treasury are content that you are applying the old financial direction in such things?

Chief Executive Officer, Economic Development Department:

The Treasury are content with the process that has been undertaken within E.D.D., which is whereby we are working through each of our grant agreements, of which there are many, as you know, to make them compliant from 5.4 to 5.5.

[14:45]

The vast majority of them have been completed. There are a few that are outstanding.

Deputy R.J. Rondel:

Okay. Anybody else, questions? So just to reiterate, there are no accounts been received for any year at all? Okay. Thank you, that is fine. So we are at the stage now which you are ready to give a further £75,000 grant. What did you base your decision on giving? That was in January 2012.

Chief Executive Officer, Economic Development Department:

Yes.

Deputy R.J. Rondel:

How did you base your decision to release that next stage payment of £75,000? Were you content at that stage with the way things were progressing?

Chief Executive Officer, Economic Development Department:

All of the information we had at that time suggested to us that events were progressing as per the agreement. There had been work undertaken, a significant amount of work undertaken. There had been people employed; there had been dialogue with E.S.C. (Education, Sport and Culture) around locations for using Fort Regent; there had been dialogue with Jersey Heritage and others in the Island and we were confident that the purpose of the original £50,000 had been fulfilled and that the terms of the ...

Deputy R.J. Rondel:

How many days filming or photographing work had been done?

Chief Executive Officer, Economic Development Department:

No, I think this is the important distinction. This is pre-production. I think if you look at the detail that is in here, there had been extensive work done in the Island on location selection, filming schedules, such that when the film went into production, the framework for that had been established.

Deputy R.J. Rondel:

So the £50,000 was spent on them coming over, meeting with various department ...

Chief Executive Officer, Economic Development Department:

Coming over or being resident in the Island. This is the nature of film production. This £200,000 does not guarantee absolutely that the film will be made.

Deputy R.J. Rondel:

No, I accept that.

Chief Executive Officer, Economic Development Department:

What it does is it maximises the probability that an element of that film production will be undertaken in the Island, so there was activity related to the film production, but obviously not filming itself.

Deputy R.J. Rondel:

By that stage, did you have any concerns or did other people raise concerns to you about the film?

Chief Executive Officer, Economic Development Department:

Yes. Obviously other people have raised concerns regarding whether or not the film will go ahead, and had done at that time. We received assurances on numerous occasions, both by email and in meetings.

Deputy R.J. Rondel:

From who?

Chief Executive Officer, Economic Development Department:

From Canbedone that the production was going ahead, and I think there is evidence in here about significant levels of activity that were undertaken to establish production schedules, to establish filming schedules. There were discussions undertaken regarding the utilisation of Fort Regent, so we had no grounds at that point to suggest that ultimately the film would not be shot.

Deputy R.J. Rondel:

You mentioned Fort Regent, but was it not correct that they were not able to film at Fort Regent due to a tax incentive from the U.K., a tax break?

Chief Executive Officer, Economic Development Department:

That is certainly not ... the situation was that some of the filming that was originally intended to be undertaken in Jersey had been transferred; that is some of the indoor filming had been transferred back to the U.K. because it was tax advantageous so to do, but the point I was making, Deputy Rondel, was that there had been work undertaken which investigated the use of Fort Regent as a significant space as part of the overall film production. A decision was subsequently made or has subsequently been made to move elements of the film production, the indoor elements of the film production, back to the U.K. because of the tax incentives for retaining elements of the outside, for want of a better word, shooting in Jersey.

Deputy T.A. Vallois:

How many times has this been delayed?

Chief Executive Officer, Economic Development Department:

It has been delayed a number of times, but that again is not unusual. I think that I sent you a copy of a response to an email that was sent to me whereby I quoted the experiences that our neighbours in Guernsey have had with the Potato Peel Company, which is a Universal Studio film, which was due to start production in the early part of last year, now is unlikely to start production this year, so there have been significant delays. It is not unusual for that to happen. I do not know if any of you listened to the film awards last night, but there are films there that have taken 10 or 12 years in the making. Now, we hope and we have been assured that that is not the case as far as this is concerned.

Deputy R.J. Rondel:

It seems to me that the assurances that you have received are from the director of Canbedone ...

Chief Executive Officer, Economic Development Department:

Yes, from Canbedone, absolutely.

Deputy R.J. Rondel:

... themselves. Do you not seek independent assurances or confirmation, do you not ask for proof that they have the money, that there is spending on ...

Chief Executive Officer, Economic Development Department:

There is proof that funds have been raised from other parties, there is documented proof from attorneys at law in the U.S. (United States) and other documentation in here that would suggest that the money is coming together to allow the film to be produced.

Deputy R.J. Rondel:

But I have not seen any evidence of any other money being handed over. Is there evidence of that?

Chief Executive Officer, Economic Development Department:

No. There is a difference between the money being committed subject to bonding for the film production, and again I will reiterate that the purpose of our grant funding is not for that.

Deputy R.J. Rondel:

So Jersey really are the only ones giving an upfront risk to the money?

Chief Executive Officer, Economic Development Department:

We have given a grant in order to secure an element of the filming in Jersey because we believe that there are both direct and indirect benefits for that happening, so the answer is yes.

Deputy R.J. Rondel:

Okay. So we are now at the stage where suddenly some of the film locations have to be taken back to the U.K.

Chief Executive Officer, Economic Development Department:

Indoor elements of it, yes.

Deputy R.J. Rondel:

Right, so is going to have less impact. Given the concerns when you were about to issue the first lot of £75,000, what action did you take to seek further independent advice on the company itself?

Chief Executive Officer, Economic Development Department:

We sought assurances from the principals of Canbedone Productions that the film production was going ahead. The direct answer to your question, did we seek independent assurance to that at the time? No, we did not.

Deputy R.J. Rondel:

No, right. Okay. John.

Mr. J. Mills:

Did you investigate the finances of the U.K. company before any of these arrangements were entered into?

Chief Executive Officer, Economic Development Department:

We did not do any deep financial due diligence on the company, no, because the company was set up for the purposes of producing the film, so by definition, it would not have had any significant ...

Mr. J. Mills:

So you did not do any due diligence? You did not look at its previous accounts, for example, did you?

Chief Executive Officer, Economic Development Department:

No, because Canbedone (UK) Limited was established for the purposes of producing the film, so no, we did not undertake any previous ...

Mr. J. Mills:

Because its accounts for the year ending 31st August 2011 are available at Companies House.

Chief Executive Officer, Economic Development Department:

Yes.

Mr. J. Mills:

You have looked at those, have you? I do not mean you personally, but your team.

Chief Executive Officer, Economic Development Department:

I would have to confirm that to you, but I have not seen them personally.

Mr. J. Mills:

The position those accounts, 31st August 2011, reveal is rather worrying, because it shows that assets are zero and liabilities of over £200,000. This was the company to which you then paid the grant money without assurance that the rights had been bought from the Jersey company, as per the agreement between the 2.

Chief Executive Officer, Economic Development Department:

It is not unusual for a company that has been established for film production purposes to have significant excess of liabilities over assets in its early stages. The revenues that ...

Mr. J. Mills:

Yes, but the £200,000 from the States would take the Canbedone (UK) position back to zero, other things being equal ...

Chief Executive Officer, Economic Development Department:

Other things being equal, yes.

Mr. J. Mills:

... without any expenditure in Jersey, because there is no evidence in any of these papers of actual expenditure in Jersey to date, none whatsoever. There are a lot of forecasts, there is pages and pages and pages of budgets and pro formas, but there is no evidence of expenditure, and that is the tricky bit.

Chief Executive Officer, Economic Development Department:

Well, we will hand that out in this pile of paper, but there is ...

Mr. J. Mills:

It is not in this pile of paper.

Chief Executive Officer, Economic Development Department:

There is in what we have here. I was looking earlier today, there is evidence of expenditure that was undertaken, including salaries and wages to people who are Jersey residents who are working on the project.

Mr. J. Mills:

Okay. It would be useful to see those.

Deputy R.J. Rondel:

Gerard.

Deputy G.C.L. Baudains:

Yes, thank you. I appreciate obviously film-making carries a number of intangible aspects, but one thing that bothers me slightly, if one Googles the information on what is known, apparently the owner of Canbedone Limited is the film director and apparently has no experience in this matter. I am concerned that the actors were subject to contract in 2010 and presumably will not be available now, and there are a number of other issues surrounding this. It seems to me that the film is unlikely to be made, so I ask, would it not have been more prudent to guarantee the money payable perhaps when filming started?

Chief Executive Officer, Economic Development Department:

I am not sure I agree with you that it seems unlikely that the film is going to be made. I do not know how you derive that.

Deputy G.C.L. Baudains:

It has been off a number of times and, as I say, the issues have been cropping up.

Chief Executive Officer, Economic Development Department:

As I have said earlier, it is not unusual for delays of this nature to occur in film production. Financing a film, particularly one with a budget of this nature, is a complex issue and funding is coming in from multiple sources. Again, you have to discriminate between the money that we put in and the money that will be put in in terms of equity, and it is only when all of that is brought together that the film is then bonded and the production moves ahead, but that process is still ongoing. I mean, we all wish it would have happened rather faster, but it has not, but I think it is wrong at this point to assume that the film production will not occur. As I quoted earlier, there are examples in Guernsey where a significant amount of work has been done in the Island only to have a significant delay in the start-up of the film production.

Deputy G.C.L. Baudains:

The point I was making is that it does seem less likely, perhaps I should say, to go ahead than one might previously have thought, and I come back to the point, would it not have been possible to guarantee the sum tied into something happening rather than putting money ... I mean, how much of this grant has been paid out to date?

Chief Executive Officer, Economic Development Department:

The grant has been out in full.

Deputy G.C.L. Baudains:

Paid in full?

Chief Executive Officer, Economic Development Department:

Yes.

Deputy G.C.L. Baudains:

With no guarantee that it will produce anything?

Chief Executive Officer, Economic Development Department:

No. As I said earlier, there is no absolute guarantee that the film production will go ahead, so this money has been expended to maximise the probability that when the film does go ahead that the activity is undertaken in the Island, which has direct and indirect benefits. This is why I made the analogy with marketing expenditure. We undertake a significant amount of market expenditure on the basis that we hope that that will have direct and indirect benefits, but there is no absolute guarantee that it will. Our marketing expenditure is many, many times this on an annual basis.

Deputy T.A. Vallois:

In terms of when this was initially approached to you, you mentioned earlier on about an independent audit being looked at and I am assuming that this is the document that I am looking at here, where a conclusion came back in terms of it was recommended that you explored prior to any further negotiations taking place the reasons for the previous delays in making the film. Now, what explorations did you or your department carry out that gave you the assurance, as accounting officer, to provide that money?

Chief Executive Officer, Economic Development Department:

I think that at the time, and there are records of numerous discussions here with Mr. Cavele, who is the producer and director of the film, we explored in some detail with him what had happened up to that point and we were assured by him and others, including our conversations with Tesco, for instance, that the film would now move ahead, because it was far closer to having all of the funding required to bond it to let it move on. So again, I think that this point has come out a number of times: we relied upon assurances provided to us by Mr. Cavele, and I think it is fair to say that the initial approach to us was not just made by Mr. Cavele, he was brought to us by a Jersey resident, accompanied by their lawyers. As you can see in here, there was documentation from those lawyers as to the financing of the film that has been put together and we relied upon that.

Deputy R.J. Rondel:

Did you carry out any due diligence on the film director himself?

[15:00]

Chief Executive Officer, Economic Development Department:

We researched his track record, his history of film, which is documented on the MD and other sources. Other than that, no, we did not. What we did do is we did due diligence obviously on the business plan presented to us, which showed the revenues and the potential advantages to Jersey that would flow.

Deputy R.J. Rondel:

Were you made aware that this was an extremely high-risk grant, as opposed to a blue chip type investment?

Chief Executive Officer, Economic Development Department:

As in ...

Deputy R.J. Rondel:

Well, public funds, with the use of public funds, these were high risk.

Chief Executive Officer, Economic Development Department:

Yes, absolutely, the use of public funds. Absolutely, but the returns on that, should it be successful, are potentially very great. Not every ...

Deputy T.A. Vallois:

Not if the film does not go ahead though.

Chief Executive Officer, Economic Development Department:

No, of course not, if the film does not go ahead, but on the basis that if we had not invested the money, if the film did go ahead, there would not be any element of it shot in Jersey. If the film does go ahead on the basis of this funding and the work that has subsequently been done with Canbedone, an element of the filming undertaken in Jersey, the direct and indirect benefits of that are very significant, and the Island has had experience of that previously, as we all know.

Deputy R.J. Rondel:

Are you referring to Bergerac?

Chief Executive Officer, Economic Development Department:

To Bergerac, exactly.

Deputy R.J. Rondel:

Yes, but is it not a totally different situation, where Jersey is mentioned virtually every other word in the Bergerac series, people know it? This, the script does not mention Jersey.

Chief Executive Officer, Economic Development Department:

It does not, and the script of the Lord of the Rings, to the best of my knowledge, does not mention New Zealand, but I think it has had a phenomenal benefit from that.

Deputy R.J. Rondel:

What percentage would have been filmed in Jersey then? I mean ...

Chief Executive Officer, Economic Development Department:

All of the external, and you have got that in here, the production schedule is in here that shows the number of filming days in Jersey as a proportion of the total filming, so all of the external filming would have been undertaken in the Island.

Deputy R.J. Rondel:

All the external filming, but not the internal filming?

Chief Executive Officer, Economic Development Department:

We do not have film production facilities of any mode.

Deputy R.J. Rondel:

Yes, but from that list you have given us, that has since been reduced because they are moving some of the filming back to Pinewood Studios.

Chief Executive Officer, Economic Development Department:

They are moving the studio element back to Pinewood Studios, yes.

Deputy R.J. Rondel:

Back to the U.K.

Chief Executive Officer, Economic Development Department:

There are a number of reasons for that. One is that there was an issue of availability as far as Fort Regent was concerned, because it is heavily booked and they needed it for a significant period of time, and the other issue is I think that from a tax planning perspective, it became more tax efficient for them to undertake that filming in Pinewood. But what we really wanted to capture as a consequence of this grant was the external filming, which is consistent with the way we promote the Island. That is where New Zealand has benefited tremendously from, for instance, the Lord of the Rings.

Deputy R.J. Rondel:

Sarah, sorry.

Senator S.C. Ferguson:

Yes, I am just curious that given the fact that the book, the whatever it is, the Knights of Impossingworth, has not really taken off with the youth of the world ...

Chief Executive Officer, Economic Development Department:

I do not think it has been published yet.

Senator S.C. Ferguson:

I do not know. There is a contract in here for the second book in the series.

Chief Executive Officer, Economic Development Department:

There is a contract with Hachette, and that book is currently, our understanding ... and our grant, by the way, does not relate in any way, shape or form to the book or any of the associated rights. It is purely related to the film production in Jersey, so ...

Senator S.C. Ferguson:

Yes, but given the way that Harry Potter had taken off before the film rights were ...

Chief Executive Officer, Economic Development Department:

No, absolutely. There is a ...

Senator S.C. Ferguson:

... is this just another: "Me too" and is Government really any good at assessing these things?

Chief Executive Officer, Economic Development Department:

I think the proof of the pudding will be in the eating, and if the film production goes ahead and it is successful - and film production is not without risk - then we will realise the benefits. But this is not Harry Potter, and for that matter, neither is it Lord of the Rings. Not all films ... the timings of films and books and other published material does not necessarily flow in that direction. I mean, if you saw the awards last night, there were adapted screenplays which were undertaken on the basis of books, and there are original screenplays which are written as films and then are subsequently sometimes developed into much broader franchises, and that is one of these. That is the issue. There are numerous examples of that where films are produced, shot, and games, books, other forms of merchandise are built around that and that is really where the value of the film is. Interesting, if you look - I think this is true of Harry Potter - the vast majority of revenue that has flowed to the author does not come from the books, it comes from the film and the subsequent merchandising.

Senator S.C. Ferguson:

Yes, exactly. There was a considerable amount of publicity from that. So do you happen to know what the connection is between this Jersey company that represents the books with an address in Jersey in one of the parishes and the actual filming.

Chief Executive Officer, Economic Development Department:

Well, the contract with Hachette, which is the French ...

Senator S.C. Ferguson:

Well, it is with Hodders.

Chief Executive Officer, Economic Development Department:

No, there is a subsequent ... there is a contract ...

Senator S.C. Ferguson:

I am looking at the contract here that is with Hodder & Stoughton.

Chief Executive Officer, Economic Development Department:

Where are you ... I am sorry, the latest ...

Senator S.C. Ferguson:

I am looking at the memorandum of agreement of 10th of May 2012, and I am just trying to work out why we have this and how it all fits into the picture.

Chief Executive Officer, Economic Development Department:

Okay, it fits into the picture ... I think this is where you have to discriminate between the film production and the rights to the any published material. There are existing contracts for published material, the most recent of which is ... and there is, I believe, the second book that is in production at the moment with Hachette. We have a copy of the contract that relates to that here as well, but that is not directly related, from our perspective, to the film production. So those are associated products that flow and alongside the film.

Senator S.C. Ferguson:

So the fact that the joint authors appear to be living in Jersey, as Jersey residents ...

Chief Executive Officer, Economic Development Department:

Yes, as far as we understand it, Mr. Cavele has been living in Jersey as an unqualified resident for some considerable time. When we first met Mr. Cavele, he was introduced to us by a Jersey resident, I believe that they were providing accommodation for him.

Deputy R.J. Rondel:

Was it correct that they were ... or did it happen, and I am reading from email from Keith Cavele: "I am praying we shall be far enough along to announce Knights at a festival on 25th of October, opening night, which will be held as usual on Sunset Boulevard, Los Angeles."

Chief Executive Officer, Economic Development Department:

Yes, that is the China-American Film Institute.

Deputy R.J. Rondel:

"I shall of course arrange for the official invitations to be sent to you to attend as James' special guest." Did that go ahead?

Chief Executive Officer, Economic Development Department:

No, and I would not have accepted it.

Deputy R.J. Rondel:

I was not going to ask that point.

Senator S.C. Ferguson:

Why have they got a U.K. company if they are living in Jersey?

Chief Executive Officer, Economic Development Department:

Because I think they have to have a U.K. company in order to qualify for the tax incentives that are made available by the U.K. Government for film production, which are very significant. Just to clarify that previous point - sorry, Sarah has just reminded me - Hodder & Stoughton are a division of Hachette.

Senator S.C. Ferguson:

Yes, I know, the contract is ...

Chief Executive Officer, Economic Development Department:

So the contract is with Hodder & Stoughton. But, if you see the correspondence that is in here - if you do not have it we can certainly make it available to you - we have a copy of the contract with Hachette and email correspondence between Mr. Cavele and Hachette, which I think fairly convincingly shows that there is significant activity going on from that perspective.

Deputy T.A. Vallois:

Sorry, can I just ask, if you have information that has not been provided to us then why is that?

Chief Executive Officer, Economic Development Department:

The information that has been provided to you directly relates to the grant, there is no link between the grant and the publishing of the book.

Senator S.C. Ferguson:

Except the gentleman who is the centre of the grant is also the author of the book?

Chief Executive Officer, Economic Development Department:

He is but we did not provide the grant in order for him to write a book. We provided a grant in order to maximise the element of film production in Jersey for the film. The book, if published, would represent added value but that is not the purpose of the ... we did not advance the grant on the basis there would be a book or any other merchandise for that matter associated with it.

Deputy R.J. Rondel:

Should we not have any material evidence relating to him as ...

Chief Executive Officer, Economic Development Department:

I think the Hachette contract, you have that. I do not think there is anything you have not got, I think you probably have emails ... if you do not have them we can make the available to you.

Mr. J. Mills:

Yes, could I just come back to the point you made a few minutes ago about where this all started off, with the introduction by a Jersey resident. Were you aware or did you take steps to find out, or otherwise, of links between that Jersey resident and the U.K. company, and what the nature of any transaction might be between them as a result of this? Why did the Jersey resident bring him to you, who is ostensibly is not in Jersey ...

Chief Executive Officer, Economic Development Department:

Yes, yes ...

Mr. J. Mills:

... but who you now say has been living as an unqualified resident.

Chief Executive Officer, Economic Development Department:

Yes, the Jersey resident brought them to us because they saw us as a potential source of £2 million worth of funding.

Mr. J. Mills:

But did you immediately ask the question about the linkage between the Jersey resident and the ...

Chief Executive Officer, Economic Development Department:

Absolutely, because at the time the Jersey resident, who owned Candedone (Jersey) Limited, who had the rights at the time, was bringing Mr. Cavele and others because they were providing the capacity and capability to produce the film. We see in many instances people come to us with a mixture of people from in the Island and off the Island in order to deliver things in the Island.

Mr. J. Mills:

You investigated and understood the nature of the financial relationship that either was pertaining between them at that time or would arise upon this being sorted?

Chief Executive Officer, Economic Development Department:

We were aware that there were certain benefits in kind being provided by the Jersey resident to Mr. Cavele in exchange for continued development work on the film of which the Jersey resident at the time owned the rights.

Mr. J. Mills:

I am thinking more of the financial relationship.

Chief Executive Officer, Economic Development Department:

We were not aware at the time that there was going to be a transfer of the rights as part of the film production from the Jersey company to the U.K. company, because, as I said, the original grant was advanced to the Jersey company. Whether it is a Jersey company or a U.K. company the act of film production ...

Mr. J. Mills:

Is the Jersey company still in being, to the best of your knowledge?

Chief Executive Officer, Economic Development Department:

To the best of my knowledge it is but certainly the principal is still in the Island.

Mr. J. Mills:

So the agreement between the Jersey company and the U.K. company has not been fulfilled because one provision of it is that upon payment of all these monies to the Jersey resident the Jersey company would then be extinguished?

Chief Executive Officer, Economic Development Department:

As I said, it may very well be extinguished, to the best of my knowledge we do not know that it has been extinguished, but we do understand from the principal of the Jersey company that payments consistent with the contract that exists between them have been made.

Senator S.C. Ferguson:

Yes, but there were terms in the contract which were benefits in kind rather than payments and obviously those particular terms of the agreement have not yet been fulfilled?

Chief Executive Officer, Economic Development Department:

The terms of the agreement ... sorry?

Senator S.C. Ferguson:

Yes, in the terms of the agreement there are a number of things, there is on involving personnel, and that has obviously not been fulfilled yet. So you cannot say that the terms of the agreement have been fulfilled.

Chief Executive Officer, Economic Development Department:

We have been advised by the principal of Canbedone (Jersey) Limited, that payments have been made that are consistent with the agreement. We have not been advised that any of the “in kind” elements have not been fulfilled.

Deputy R.J. Rondel:

You made a payment, a second payment, of £75,000 in January 2012, on 1st February 2012 also issued the final £75,000. That was not sent out until towards the end of March, could you explain why?

Chief Executive Officer, Economic Development Department:

Absolutely, that is because we were seeking confirmation of the additional funding that the third payment was contingent upon.

Deputy R.J. Rondel:

Did you receive ...

[15:15]

Chief Executive Officer, Economic Development Department:

It is in a letter from the US Attorney and we had a teleconference with all of the principals and the US Attorney in our tourism office, which was then subsequently backed up in writing by a letter to them, of which I think you have copies.

Deputy R.J. Rondel:

Did you seek local legal advice on that?

Chief Executive Officer, Economic Development Department:

That element of it was the Law Officers, yes, we did.

Deputy R.J. Rondel:

The Law Officers confirmed that?

Mr. J. Mills:

But it was still proposed expenditure at that point, it was not actual?

Chief Executive Officer, Economic Development Department:

No, not actual, no. It was proposed expenditure. I come back to this point where the film production funding all comes together and it is almost the last man that jumped and that was not the plan.

Deputy R.J. Rondel:

So the second lot of £75,000, and the other £75,000, what was ... have you had confirmation on how that was spent as well?

Chief Executive Officer, Economic Development Department:

Yes.

Deputy R.J. Rondel:

Because the first £50,000 was in Jersey, as you say.

Chief Executive Officer, Economic Development Department:

Activity that has been undertaken, to the best of our knowledge, on the information that we have, the majority of the activity that pertains to this expenditure has been undertaken in Jersey.

Deputy R.J. Rondel:

£200,000?

Chief Executive Officer, Economic Development Department:

Yes, or if it has not been undertaken in Jersey it has been done to benefit the fact that ultimately the film production, if it goes ahead, will be undertaken in Jersey, the outside shots.

Mr. J. Mills:

Those 2 are quite different.

Chief Executive Officer, Economic Development Department:

They are, absolutely. They have either been undertaken in Jersey by somebody who is resident in Jersey and has employed people in Jersey who we have had regular meetings with, or it has been undertaken outside Jersey to advance the production of the film, elements of which will be shot in Jersey.

Senator S.C. Ferguson:

Are you able to give us the evidence for that?

Chief Executive Officer, Economic Development Department:

We have asked, and I think we have supplied to us a list of expenditure that pertains to the grant funding.

Deputy R.J. Rondel:

Would it be possible to ask for more than a list, but actual evidence from Canbedone?

Chief Executive Officer, Economic Development Department:

Yes, absolutely.

Deputy R.J. Rondel:

Of exactly what they have spent and how they have spent it within the Island?

Chief Executive Officer, Economic Development Department:

You will see, I think, within the email chain here, requests to them that have been satisfied, and which I think has that.

Deputy R.J. Rondel:

So hopefully they should be ... there is no reason why they should not be forthcoming with that quite quickly?

Chief Executive Officer, Economic Development Department:

None at all. No, none at all.

Deputy R.J. Rondel:

Thank you very much.

Mr. J. Mills:

Just one more question about the Jersey resident, which we were talking about, this is the person who, under the agreement with the U.K. company agreed to sell the rights of this film in return for payment?

Chief Executive Officer, Economic Development Department:

Yes.

Mr. J. Mills:

Okay, and there seems to be a degree of uncertainty as to whether all those payments have been made to him by the U.K. company or not. You said you had no assurance of that, although you had no assurance it has not been done.

Chief Executive Officer, Economic Development Department:

No. What we have got is assurance from the Jersey resident that payments consistent with the agreement between them have been made.

Mr. J. Mills:

Once you started paying the grant to the U.K. company, what is your locus with the Jersey resident in regard to this case? How can you have had that conversation with him given that your dealings are with the U.K.?

Chief Executive Officer, Economic Development Department:

Because there have been issues that have come ... there have been ongoing discussions - for want of a better word - between us and the Jersey resident about the production of a film and one of the questions that we asked as part of those discussions was have payments been made that are consistent with the agreement? The answer came back: "Yes, they have." This came down to an issue which I referred to earlier whereby there was some discussion as to whether or not the contract that existed between the Jersey company and the UK company in terms of the transfer or rights was the veracity of that contract. That was looked at by a partner in a leading Jersey law firm who confirmed to us and indeed to the principal of the U.K. company that was indeed the case.

Mr. J. Mills:

But that lawyer could not in addition confirm that money had been paid?

Chief Executive Officer, Economic Development Department:

No, but that has been confirmed to us, as I say, by the principal of the U.K. company.

Deputy R.J. Rondel:

Could you just explain a little bit about the Chinese link and whether or not you have had discussions with the Chinese, through an interpreter perhaps?

Chief Executive Officer, Economic Development Department:

No, you can see some correspondence in there where during a diplomatic visit some time ago we had discussions with the Chinese authorities but, no, we have not had direct discussions with the Chinese co-investors in the film production. I come back to this point - and I am not trying to sound like a stuck record - but our interest is in ensuring that we attract the maximum amount of the film production to the Island. It is Canbedone's job, not ours, to amass the funding for the film to be bonded and to move ahead. They are actively undertaking that work, partially with the Chinese authorities ... sorry, the Chinese businesses.

Deputy R.J. Rondel:

But it is in your interest and the taxpayers' interest that everything possible is done to bring it to fruition.

Chief Executive Officer, Economic Development Department:

Exactly and we have questioned, and as I received an email traffic recently, maybe as recently as the end of the last week, from the principal at one of the Chinese companies that are involved which confirms the ongoing discussions there are about funding of part of the film from China.

Deputy R.J. Rondel:

Have you met with the Chinese?

Chief Executive Officer, Economic Development Department:

Absolutely not, no.

Deputy R.J. Rondel:

Were you not invited to when you were going over there with E.D.D. to look at research in Jersey?

Chief Executive Officer, Economic Development Department:

No, we ... there was going to be a trip to China, which a representative of E.D.D. was going to be invited, that trip subsequently did not go ahead.

Deputy R.J. Rondel:

I thought something was going to be arranged for when E.D.D. went over with Ministers?

Chief Executive Officer, Economic Development Department:

If and when we go over to China ... again, we were supposed to be going now, March, but that trip has subsequently been postponed until later in the year. If and when that trip goes ahead we will take the opportunity to have the discussions directly with the individuals to back up the email correspondence that we received from them.

Deputy R.J. Rondel:

Right, I thought they were aware you were going last year, was it, to China?

Chief Executive Officer, Economic Development Department:

No, there was a trip planned last year, this is not the same as ...

Deputy R.J. Rondel:

This was specifically to ...

Chief Executive Officer, Economic Development Department:

This was specifically to go with Mr. Cavele, an E.D.D. representative was going to go with Mr. Cavele. That trip subsequently did not happen.

Deputy R.J. Rondel:

Why was that?

Chief Executive Officer, Economic Development Department:

It was cancelled, I think, by both parties for scheduling reasons I believe. There are other visits to China, we have been over to China in the course of the last 6 months, but those visits were not in any way related to the Knights of Impossingworth, neither were they in the same Chinese city as them.

Deputy R.J. Rondel:

I thought it was suggested that that was the perfect opportunity for ...

Chief Executive Officer, Economic Development Department:

The perfect opportunity would have been in this March with the now Chief Minister which was due to go ahead, that has been deferred until later in the year. But from the email correspondence we sent you, I think, at the end of last week, from Venture 3D and the principal thereof, I think that continues to confirm ... Venture 3D, by the way, are the company that produced the 3D version of Titanic among others. There are continuing discussions about raising funds for the production from China with a significant Chinese involvement.

Deputy T.A. Vallois:

I have 3 questions, really. More like a tidy up. In terms of these emails that you are classing as evidence in your assurance, can I ask how you know these emails are from the people that they say they are from?

Chief Executive Officer, Economic Development Department:

With absolute certainty, the answer is no. Apart from the emails and the communication with the primary U.K. investor, Tesco, and we have had direct conversations with them and meetings with them so we are fairly assured that that is secure. In terms of the discussions with the U.S. Attorney and the U.S. bodies raising the film funding, we have direct discussions with them and that has subsequently been followed up and I personally checked that they are bona fides because it was upon their assurance that we were relying on paying one of the instalments. Have we had direct confirmation on the bona fides of the Chinese investors? No, we have not. So have we gone down and checked every single individual? The answer is: "No, we have not." We are relying upon the agreement or we are relying on the company. If they do not, and I made this point very clearly in a number of emails when the staged payments were being made, and I made it subsequently in an email last week saying: "If any of this is found out not to be genuine,

and I believe on the basis of assurances we have been given that it is, then we will invoke the clause that exists in the agreement and take all necessary steps to recover the monies.”

Deputy R.J. Rondel:

What security have you got against it?

Chief Executive Officer, Economic Development Department:

There is no security against it.

Deputy R.J. Rondel:

No security?

Chief Executive Officer, Economic Development Department:

No, because that is not the nature ... as I said to Mr. Mills earlier, companies established for film production purposes accumulate very significant debt prior to the film production and the revenues flowing through to them. That is what happens. If it is an independent film that is exactly what happens and this is an independent film, not a studio film.

Deputy T.A. Vallois:

But going back to the discussion that you had with Mr. Mills earlier, what does concern me is that we have a regulation in terms of finance companies where you have to have your Know Your Client basis and areas like that. You stated, you can tell me if I am wrong, that that has not been carried out on the directors of the company or the principals of the company.

Chief Executive Officer, Economic Development Department:

No, we do not perform the same K.Y.C. (Know Your Customer) that is required by the Financial Services Commission of the banks.

Senator S.C. Ferguson:

But if you are lending money to people or granting money then surely you do a bit of investigation?

Chief Executive Officer, Economic Development Department:

We look at the nature of the proposal, we do due diligence on whether or the business plan stacks up, we have a grant agreement that exchanges funds for a particular activity, particular outputs and outcomes, and we receive regular updates from them.

Senator S.C. Ferguson:

Yes, but you do some background investigation of the people to whom you are lending the money, surely?

Chief Executive Officer, Economic Development Department:

The people to whom we are lending the money in this case, we believe based on all the information available to us, are intent on producing this film.

Senator S.C. Ferguson:

What due diligence did you do on them? Because presumably, like us, you do not know anything about the film industry and therefore obviously you have not heard of these people, therefore you do do some background information surely?

Chief Executive Officer, Economic Development Department:

Well, what we ...

Senator S.C. Ferguson:

It is a bit like hiring somebody for a firm. You do do some background information before you take them on. Perhaps I am being a little ...

Chief Executive Officer, Economic Development Department:

We did not ... sorry, the direct answer to your question, Senator, is we did not undertake the type of due diligence that you are suggesting. We manage the relationship through a funding agreement and we receive regular updates from the individuals and we regularly meet with the individuals to ensure that the project for which we have granted funding is on track.

Deputy R.J. Rondel:

When did you last meet with the individuals?

Scrutiny Liaison Officer:

15th January.

Deputy R.J. Rondel:

In Jersey?

Chief Executive Officer, Economic Development Department:

In Jersey, and we have had email communication with them as recently as today, which I think we sent through to you.

Deputy R.J. Rondel:

Yes, thank you.

Senator S.C. Ferguson:

How do you know then that they are genuine? There have been a number of cases over the last few years, Bernie Madoff, the cricketing fellow. The cricketing bloke, whose name escapes me for the moment, looked perfectly genuine and very successful, and even the M.C.C. (Marylebone Cricket Club) allowed him to land his helicopter on Lords, and he turned out to be a right charlatan. I am not implying they are, I am just suggesting that perhaps it behoves us to do a bit more work.

Chief Executive Officer, Economic Development Department:

We were brought a proposal, and I think the meeting of 15th November 2011 is there, by a number of individuals, all of whom had a track record in film production and direction. That was brought to us by a Jersey resident who held the rights to that film. We gave them 10 per cent of what they asked for in order to secure film production in the Island. To the best of our knowledge, that is going ahead. Has it gone ahead at the pace we would have liked? No, but we are in regular contact with these people and that is how we manage it. We have made it very, very clear, and it is outlined here, that if the monies are not being spent for the purpose of not aiming towards delivering what we are seeking to deliver here, then we will take action.

Deputy R.J. Rondel:

Have they asked you for further funding at all?

Chief Executive Officer, Economic Development Department:

They have asked us to provide further funding and we said that we would make absolutely no commitment whatsoever to further funding and what we wanted to see was the make up for the funding for the film was secured from other sources.

Deputy R.J. Rondel:

Why have they asked for further funding? Are they going to be short on what they need?

Chief Executive Officer, Economic Development Department:

The way they have put it is if it came to down to a sum of whatever to get the film fully funded and bonded, would we make that funding available, and the answer to that was in all probability the answer would be no.

[15:30]

Deputy G.C.L. Baudains:

Could I just pursue that? In the paperwork I think there is something up to the value of £1 million of subsidies, free accommodation, access to Fort Regent and places like that, and also a comment in the email that they are hopeful that another £200,000 might be forthcoming. Is this all wishful thinking on their behalf? There is no commitment to any of that?

Chief Executive Officer, Economic Development Department:

No, absolutely not. Our commitment stops at this grant agreement and no further, because, as I said, the initial request brought to us by the Jersey resident was for 10 times that, which we would not have put 10 times that amount of money on the line on one venture.

Mr. I. Ridgway:

It is more a concern and I just wonder if you can alleviate it. Given what I know about financial services and K.Y.C. and the importance of the Jersey brand, the idea that we will lend the Jersey brand to partners who we have not done K.Y.C. C.D.D. (Customer Due Diligence) on seems somewhat odd to me and somewhat of a risky strategy because you do not know who you are getting in bed with. I am not suggesting these were not those people, but it seems at odds with everything else we are doing in the Island.

Chief Executive Officer, Economic Development Department:

We have very high standards of financial services regulation; there is absolutely no doubt about that. What we saw in this proposal, and it was backed up by statements made by others which you have access to, was that there were significant potential direct and indirect benefits to the brand, positive benefits to the brand. Evidence from elsewhere would suggest, and we have talked about a few of those instances where that positive influence could far outweigh any downside risk.

Mr. I. Ridgway:

You do not know the downside risk without doing the full C.D.D. and K.Y.C.

Chief Executive Officer, Economic Development Department:

No, you do not but neither do you ...

Mr. I. Ridgway:

That is the biggest risk concern.

Chief Executive Officer, Economic Development Department:

Neither will you realise the benefit unless the production goes ahead.

Senator S.C. Ferguson:

But the benefit in kind that we were talking about in the agreement means that the parties to the project are going to see you, it was not a disinterested arm's-length thing.

Chief Executive Officer, Economic Development Department:

No, it was not, absolutely.

Senator S.C. Ferguson:

They were all enthusiastic.

Chief Executive Officer, Economic Development Department:

It had an invested interest to it, absolutely, and quite rightly so. If a Jersey company comes to us with a film production proposal of that nature and provides evidence of the level and nature of co-investment that was potentially going to flow to the production, we

thought that was a very positive thing that could have a great impact on Jersey as a tourism designation, if nothing else.

Senator S.C. Ferguson:

Yes, going on from that, though, there is a bit in this memorandum of agreement between Canbedone (Jersey) and the U.K. where it talks about the U.K. paying Jersey £167,000. Is this payment at the same time that you made the £200,000 to the U.K. company?

Chief Executive Officer, Economic Development Department:

No, that was not ... the purpose of the grant was in no way related to this payment.

Senator S.C. Ferguson:

Yes, but money is fungible, if it goes into the U.K. company, how do you know that it was not immediately used to pay that £167,000.

Chief Executive Officer, Economic Development Department:

The answer to your question is that we do not know that specifically but what we do know is there is expenditure incurred by Canbedone Limited which is directly related to the monies paid to them in the grant, which are directly related to the outputs and outcomes that we have in the grant agreement.

Senator S.C. Ferguson:

So in the evidence you are going to give us we will see the U.K. company's expenditure and the Jersey company's expenditure ...

Chief Executive Officer, Economic Development Department:

The Jersey company I do not think had any expenditure.

Senator S.C. Ferguson:

Then why is it getting £167,000 from the U.K.?

Chief Executive Officer, Economic Development Department:

Because it owned the rights which it transferred to the U.K. company.

Deputy R.J. Rondel:

So in our evidence, you have said you will give us all the receipts and bank statements as well?

Chief Executive Officer, Economic Development Department:

Bank statements?

Deputy R.J. Rondel:

Well, there has been no accounts.

Chief Executive Officer, Economic Development Department:

They will not give you bank statements, we will get the accounts.

Mr. J. Mills:

Senator Ferguson has asked the question I was going to ask. When the first introduction was made by the Jersey resident, were you aware or did you establish that there was a material commercial interest between the Jersey resident and the U.K. company?

Chief Executive Officer, Economic Development Department:

No.

Mr. J. Mills:

Were you aware of that?

Chief Executive Officer, Economic Development Department:

No, because it was presented to us as at the time the rights to the film production were owned by the Jersey company and the other interested parties that came to the meeting were there on the basis of their capability and capacity for use as directors.

Mr. J. Mills:

It is just at document 1.197, which is a document by the Jersey resident, it makes it clear that he was associated in some ownership capacity in the U.K. company before this deal was struck and a transfer was of course to this other man, Mr. Cavele, who was likely in the company of this Jersey resident.

Chief Executive Officer, Economic Development Department:

This is physically?

Mr. J. Mills:

This is quite worrying territory because when you then go to the memorandum, which Senator Ferguson just referred to, the immediate action upon the settling of that memorandum on 3rd November was for a first payment of £70,000 from the U.K. company to the Jersey company. The next paragraph, following on from that point, is that the Jersey company would inform you that this has been done and then the £50,000 grant fund currently held by Jersey, the one we talked about earlier, would therefore be immediately transferred to the U.K. company. The implication of that is that those monies, which were paid to the U.K. company, were paid and then immediately sent back to the Jersey resident. That is the implication, I cannot say for certain but there is an implication there which would leave me nervous, especially when you are not really able to confirm, or you have not confirmed so far, that there has been any actual expenditure apropos the Jersey production operation. There is a sense there is a kind of circularity with this money, as Senator Ferguson highlighted.

Chief Executive Officer, Economic Development Department:

I think that is by way of inference, a lot of it.

Mr. J. Mills:

It is inference.

Chief Executive Officer, Economic Development Department:

We do have evidence of expenditure of monies, line by line evidence of expenditure of monies, in Jersey that relate to the grant. It is in here, I was reading it this morning.

Deputy R.J. Rondel:

It is just a list?

Chief Executive Officer, Economic Development Department:

It is just a list, yes.

Deputy R.J. Rondel:

Just before we wrap it, could you just confirm who makes the decision for these types of grants and ...

Chief Executive Officer, Economic Development Department:

It is a ministerial decision.

Deputy R.J. Rondel:

It is a ministerial decision based on ...

Chief Executive Officer, Economic Development Department:

Based on officer advice.

Deputy R.J. Rondel:

Officer advice from how many people?

Chief Executive Officer, Economic Development Department:

It does not work quite as formal as you might suggest because there were the Minister for Economic Development and probably the Assistant Ministers at the time that were involved in some of the discussions that led up to the decision to award the grant. But ultimately there is a ministerial decision put together which has a report associated with it upon which the Minister makes a decision and that report is drawn together by E.D.D. officers to back up a ministerial decision.

Deputy T.A. Vallois:

So that is supported?

Chief Executive Officer, Economic Development Department:

Yes, we do not reallocate funds in any way, shape or form or allocate funds in any way, shape or form within E.D.D. without a ministerial decision. So we have track report of tracking all of our changes of expenditure back to ministerial decisions.

Deputy R.J. Rondel:

Which is signed by?

Chief Executive Officer, Economic Development Department:

Which are all signed, the majority in E.D.D., by Senator Maclean.

Deputy T.A. Vallois:

At any point if the Minister disagrees with your advice or the information brought forward then what happens?

Chief Executive Officer, Economic Development Department:

He does not sign it.

Deputy T.A. Vallois:

He does not sign it?

Chief Executive Officer, Economic Development Department:

No, it does not go ahead.

Deputy T.A. Vallois:

Then in that case is there a letter of direction agreed?

Chief Executive Officer, Economic Development Department:

Well, there is not a letter of direction, no. When a ministerial decision is not signed and the applicant ...

Deputy T.A. Vallois:

What if he decides to do something else with the money against officer advice, for example?

Chief Executive Officer, Economic Development Department:

Oh sorry, if he decides to do something else with the money against officer advice then, yes, there would have to be a letter of instruction, which effectively, under the Public Finance Law, absolves the advising officer of any responsibility.

Senator S.C. Ferguson:

How many of those have you done?

Chief Executive Officer, Economic Development Department:

None, because it does not tend to work like that within E.D.D. We have a very collaborative and a very strong working relationship with the Minister. I do not think we would ever take anything to a ministerial decision that we did not think had ministerial support. That is not the right thing. I think these things were evolved to the ministerial decision over quite significant periods of time and nothing that ever appears in ministerial decisions ever comes as a surprise to a Minister, certainly not in E.D.D.

Deputy R.J. Rondel:

Thank you. Anybody else want to ask anything?

Deputy T.A. Vallois:

Thank you. Thank you very much for your time.

[15:42]