



**TYNWALD COURT
OFFICIAL REPORT**

**RECORTYS OIKOIL
QUAIYL TINVAAL**

PROCEEDINGS

DAALTYN

(HANSARD)

**SELECT COMMITTEE ON THE
MANX ELECTRICITY AUTHORITY**

**BING ER-LHEH TINVAAL MYCHIONE
LUGHT-REILL LECTRAGHYS ELLAN VANNIN**

Douglas, Thursday, 29th May 2008

Members Present:

Chairman: The Speaker of the House of Keys (Hon. S C Rodan)
 Mr D M W Butt, MLC
 Mrs C M Christian, MLC
 Mr D J Quirk, MHK

Clerk:
 Mrs M Cullen

Apologies: Mr David Callister MLC

Business transacted

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The Committee sat in private at 12.40 p.m.

Tynwald Select Committee on the Manx Electricity Authority

*The Committee sat in public at 10.36 a.m.
in the Millennium Room,
Legislative Buildings, Douglas*

[MR SPEAKER *in the Chair*]

Procedural

The Chairman (The Speaker of the House of Keys, the Hon. S. C. Rodan): Good morning everyone. Can I welcome everyone to this meeting which is a sitting of the Select Committee of Tynwald on the Manx Electricity Authority. We are taking evidence today in public session.

This Committee was established by Tynwald in July 2005 and it may be helpful to you if I set out our remit which is as follows:

‘to investigate the true and correct position with regard to the Manx Electricity Authority’s affairs and, noting the PKF Report, to investigate the role of the Authority, the Treasury, the Department of Trade and Industry and other parties deemed appropriate, to ascertain what went wrong and to report to Tynwald with findings and recommendations.’

May I introduce my colleagues on the Committee: Mrs Christian MLC, Mr Quirk MHK, Mr Butt MLC and our Clerk, Mrs Cullen. Mr Clive Alford is our *Hansard* Editor, who is responsible for recording today’s proceedings.

Mr David Callister MLC was elected to this Committee at last week’s sitting of Tynwald but, unfortunately, had a prior commitment off Island today so he cannot be with us.

At this point, could I ask everyone to switch mobile phones off to ensure no interference with the recording equipment. As you will have gathered from our remit, ladies and gentlemen, the investigation is very wide ranging and we have received a considerable quantity of written evidence. The Committee has, therefore, decided to progress its investigation by separating, as far as possible, the various issues and investigate them in sequence and we will be issuing a series of interim reports.

We are, therefore, currently concentrating on the MEA’s compliance or otherwise with financial regulations and the provision of information by the MEA to Treasury and the Department of Trade and Industry. We are conscious that many of the events being investigated took place some years ago. We have, therefore, in fairness to our witnesses, prepared a file of evidence which relates to the subject matter currently under investigation. The witnesses have had the opportunity to view the documentation in order to refresh memories and the file itself has been placed in the Tynwald Library and is available to members of the public.

We commenced our oral evidence sessions on 7th and 8th May. Mr Shimmin and Mrs Williams were unable to attend at that time so we are taking their evidence today.

Administration of the Oath

The Chairman: So, I call forward our first witness, Mr Mark Shimmin.

Good morning, Mr Shimmin. Thank you for attending today’s session. If I could ask our Clerk to invite you to take the Solemn Oath.

Mr Shimmin took the Bible in his right hand and repeated the Oath.

Mr Shimmin: I swear by Almighty God that the evidence I shall give to the Committee at this and at any further hearings shall be the truth, the whole truth and nothing but the truth, so help me God.

EVIDENCE OF MR M SHIMMIN

The Chairman: Thank you very much.

I wonder if you could commence by, for the record, stating your name and your role and responsibilities in Treasury, both at the relevant period and indeed, at the present time?

Mr Shimmin: Mr Chairman, members of the Committee, firstly I would like to express my appreciation to you for granting me leave of absence at short notice in respect of your previous meeting on 8th May, in order for me to attend urgent business off Island. I am grateful for your forbearance on that matter.

My name is Mark Shimmin. I am a member of the Chartered Institute of Public Finance and Accountancy. I qualified in 1986. I am the Chief Financial Officer for the Treasury having taken up that post in November 2002. Prior to that, I held the post of Financial Controller from November 2000. Before that date, I held the post of Assistant Financial Controller (Budget and Financial Management) from 1989.

As Chief Financial Officer, I have responsibility for all nine divisions of the Treasury, including Income Tax, Customs and Excise, Economics, Information Systems and Finance Division.

The Chairman: Thank you, Mr Shimmin.

I would like to give you now the opportunity to make an opening statement before the Committee puts any specific questions to you. So, if there is anything you wish to say to us at this stage.

Mr Shimmin: I have nothing, Chairman. Thank you.

The Chairman: Thank you very much.

In that case, we have some specific questions and I will be making reference to particular documents which I know you have had access to. We would like to draw your attention, first of all, to a document. It is an MEA briefing paper prepared by the then Chief Executive, Mr Michael Proffitt, dated 29th May 2001 and it sets out the capital investment programme of the MEA and it was sent to the Chief Financial Officer at the time. In it it states that – I am making reference to paragraph 6, final paragraph:

‘Work undertaken by the MEA and Deloitte and Touche has confirmed

Procedural

Administration of the Oath

that the above investment programme's debt can be financed by current tariff levels and indeed a cut in tariff in April 2003 is probable.'

Can I ask you – you were Financial Controller at the time – what was Treasury's understanding of Deloitte and Touche's financial modelling for the finance and repayment of the monies to be borrowed?

Mr Shimmin: Sorry, Chairman. What was Treasury's understanding of –

The Chairman: This document was informing that Deloitte and Touche had confirmed that the investment programme's debt could be financed by current and future tariff levels. What was Treasury's understanding of the financial modelling that had taken place or was Treasury, put it another way, given to understand that Deloitte and Touche had provided a financial model?

Mr Shimmin: Yes, Chairman. I think Treasury understood that the work had been undertaken by Deloitte and Touche at the request of the MEA. Treasury understood that it was a financial modelling exercise that they had undertaken, based on assumptions which they had drawn from the MEA.

The Chairman: Right.

Did Treasury take any action to verify the figures in the capital investment programme and MEA's stated ability to finance it?

Mr Shimmin: Yes. If I can put it into the context of the time, Chairman. The paper you refer to was dated 29th May. There was a subsequent additional piece of evidence provided to the Treasury by fax from the MEA on 1st June, plus a further letter providing details from the MEA to Treasury on Friday 15th June to which was attached a business case in support of the bond issue.

These were all reported to the Treasury by the then Chief Financial Officer on Wednesday 20th June at which point Treasury agreed to the motion for the £185 million borrowing. So, in that period between 29th May and 20th June, Treasury officials were looking to review the information that had been supplied and was continuing to be supplied.

The Chairman: Okay. As far as verifying the figures in the programme, did Treasury conduct any independent evaluation?

Mr Shimmin: The answer would be no. Deloitte and Touche is a major firm of international accountants. They have the resources necessary to undertake such a review of the financial and operational information in relation to the MEA's proposals. The Treasury was not, nor ever could be, resourced to verify the figures, particularly within the time constraints I have just already identified.

One would effectively be asking the Treasury to have sufficient detailed financial and operational knowledge of the operation of an electrical undertaking to assess the validity or otherwise of the information supplied by the MEA. The Treasury was not, nor ever could be, resourced to have that level of specific technical knowledge of every Department of Government. The only possible way that figures might have been independently verified would have been for the

Treasury to appoint a separate firm of accountants with sufficient technical expertise in electrical undertakings to undertake an equivalent exercise to that undertaken by Deloitte and Touche. Clearly, the time constraints precluded that.

I consider that Treasury was and remains justified in placing some reliance on the professional expertise of an independent firm of accountants with the necessary skills and experience in the report it produced. I am aware the Deloitte and Touche Report has a cautionary caveat and would say that any report produced by an external firm of consultants is likely to carry such a caveat. I do not believe that to be abnormal. I would also make the general point that the Treasury did, over time and at this point, also seek to engage the DTI in the financial assessment of the information provided by the MEA; the purpose being in a very short timescale to have a further set of eyes reviewing the MEA submissions.

The Chairman: What we are really driving at: on the letter of 29th May to the Chief Financial Officer, the MEA made reference to the five-year business plan which formed the basis of Deloitte and Touche's review relative to their financing and the letter, from Mr Proffitt, does say:

'While capital spend sums were indicative at that time'

– that was when the five-year plan was produced at the end of 2000 –

'I believe it is still a reasonable sketch of our next four years.'

What we are asking is, the figures that the MEA produced to Treasury in the run up to seeking the Tynwald approval, were they, in Treasury's eyes, indicative figures or were they robust figures that Treasury were able to be satisfied gave a proper picture of the MEA's ability to finance this borrowing?

Mr Shimmin: Our view, I think, is that they were put forward as more than simply indicative figures; they were the most robust figures that we could see at that stage of the process.

The Chairman: But, for the reasons you have stated, Treasury did not carry out an independent verification exercise?

Mr Shimmin: No and as the point I have made; you have given both the timescale and voluminous nature of the information provided. That would have required a separate set of accountants to be employed simply to go over the work that Deloitte and Touche had already done.

The Chairman: Okay.

Was there any difference in approach in relation to other capital projects of Government Departments or Statutory Boards at that time? We are aware, of course, that the MEA and this particular capital project, the way it was worked up, was not the usual manner for various reasons.

Was Treasury's approach to the figures of this capital programme – there was no independent verification for the reasons you have given – was that then different from how Treasury would have approached other Departments of

Government coming forward with capital schemes?

Mr Shimmin: Yes.

The Chairman: Can I ask colleagues if they have any questions at this stage? Mrs Christian.

Mrs Christian: Yes. Could I ask, from a professional point of view, would you have expected Deloitte and Touche to analyse the figures in that Report?

Mr Shimmin: Yes. Deloitte and Touche, one would have expected and still do, that Deloitte and Touche would assess any information provided by the MEA and were they to have specific concerns relating to the validity or otherwise of that information, for them to make comment to that effect.

Mrs Christian: So, notwithstanding the caveat in the Report, you would have expected them to have done that?

Mr Shimmin: To have flagged up, if there were significant concerns that they had as to the reasonableness of the assumptions or the figures that were being put forward, yes.

The Chairman: Mr Quirk.

Mr Quirk: Thank you, Mr Speaker.

Mr Shimmin, can I just ask? You were indicating there the short time period. I am just wondering whether you could expand on that and also indicate – this particular project was £185 million – what other capital schemes were round about the same time? Can you just give us that view of value?

Mr Shimmin: I am afraid I do not have that information to hand in terms of which capital schemes were starting particularly at that time. I would anticipate that the Hospital scheme was still under way; there was work being done on the Energy from Waste Plant; a variety of educational schemes were under way. There was a significant capital programme for Government under way at that time generally.

Mr Quirk: Can I just bring you back. You indicated the short time period you were indicating. Were you under pressure?

Mr Shimmin: There was a distinct time constraint driven by the requirement to ensure that the bond was in place in order for the MEA to start work and, as you have received in previous evidence, yes, there was a lot of pressure to undertake the work quickly. Words like ‘the lights would be going out’ were regularly being used.

Mr Quirk: Sorry, Mr Speaker. Can I just expand on the pressure side, then? So, the direction was coming from your higher officers, political members?

Mr Shimmin: In order to fully understand the position at that time, I think you have to take into account what the political climate was at the time. And the political climate at the time was very strongly for the MEA to crack on and deliver its schemes as quickly as possible.

The Chairman: Thank you.

Mr Butt.

Mr Butt: Thank you, Mr Chairman.

You referred to the business plan. Can you say what date that was submitted? I think you said...

Mr Shimmin: 15th June. I have copies of the letter in case. I think it is in your evidence, but I have copies if you would like.

The Chairman: We will come onto that in the next line of questions.

Mr Butt: Can I just ask, at that period, you were the Financial Controller. Who were you reporting to at that stage?

Mr Shimmin: I was reporting... Do you mean the individual rather than the post?

Mr Butt: Yes.

Mr Shimmin: That would be to Mr Cashen, who was Chief Financial Officer at that time.

Mr Butt: Okay.

The business plan, I believe, in Mr Proffitt’s letter says it was a copy of one that was submitted the year before that. Was that right?

Mr Shimmin: That is my understanding, yes. To the DTI.

Mr Butt: To the DTI. So, until then the Treasury had not actually had the business plan until June of 2001?

Mr Shimmin: Not to the best of my knowledge, no.

Mr Butt: Had you read that report?

Mr Shimmin: The business plan?

Mr Butt: The business plan.

Mr Shimmin: When it came in on 15th, my officers reviewed it.

Mr Butt: Did you personally read it?

Mr Shimmin: No. If you look at the business plan that was submitted on 15th, you will see that it is effectively a large amount of spreadsheets. So, I am aware that I did look through that document and then hand it on to officers to review in more detail.

Mr Butt: Okay.

The Chairman: Can I ask, Mr Shimmin, the status of the Deloitte and Touche Report, what was your understanding of the role of the Deloitte and Touche? Was it to verify the MEA’s approach, the requirement for borrowing through a bond issue? Was it the fact that the borrowing was to be through a bond that was the reason Deloitte and Touche were brought in or was it to make the business case for the project

as a whole, irrespective of how it was to be financed?

Mr Shimmin: I think it is probably – It is difficult for me to... This is a subjective judgement. I do not know the answer to that.

I think it would be more to provide additional comfort that the MEA's financial projections had been considered and tested by an independent, outside body. Now, that would be useful in relation to any further questions that might be raised by people looking to take up the bond issue, but I do not think it was purely driven by that purpose.

The Chairman: You see, the disclaimer that Deloitte and Touche attached to their Report, regarding the veracity of the figures, would suggest that they absolved themselves of any responsibility that the figures were simply other than what the MEA had presented to them and, on that basis, had made a case for the bond market.

Mr Shimmin: I can understand how the caveat that they included may be read in that way. I do not believe that is the purpose or intent of the caveat. As I said previously, any report that you get from a consultant is going to carry some form of caveat to that effect. It would seem to me that, as I say, it would not be an unusual caveat for that to be carried. To read through into that, that it was giving some subtext as to be read into the information that the report provided, I would not go that far.

The Chairman: Right.

Just turning now to your report to Treasury of 15th June 2001. This was produced following the completion of the tendering exercise in May 2001 and it resulted in the successful... there were three tenders and the successful one was General Electric/Metco or Enron. Your paper invited Treasury to concur with the request of the MEA for approval to accept that tender in the sum of £85,600,000 for the supply of the gas turbine electricity generator. Treasury was further invited to note that capital procedures had not been followed at any stage by the MEA during the pre-tender, tender, and devaluation process. We have had a lot of evidence from previous witnesses to that effect. Also, Treasury was invited to note that, following persistent requests for information and assurances that best practice, due diligence and established protocols had been followed, the MEA were unable or reluctant to fulfil this requirement.

So, the question is, what steps did you or did Treasury officers take to be satisfied that the price quoted by Enron for the construction of the power station was reasonable, prior to your recommendation to Treasury that they accept it with these various caveats about non-adherence to the capital procedures?

Mr Shimmin: Before responding to that specific question, Chairman, I think I should make a general point. There is a longstanding convention within Treasury that all papers submitted to the Treasury are submitted under the name of the head of the relevant division. There is an identification on the paper as to the source of that paper and as that paper shows, this paper was prepared by the Capital Projects Unit.

I think in the evidence given previously by Mr Thompson, he has testified the Treasury was already aware of the officers' concerns and the paper was effectively setting out the action

that had already been taken by the MEA. As Mr Thompson said, it was a *fait accompli* at that point. As he indicated in his evidence, he was content that there had been quite a resilient and robust thoroughness in what the MEA were trying to do, but that he said he could not vouch for the detail because he and the Chief Internal Auditor had only been given a synopsis of the appraisal process. So, they had sought, through their discussions with the MEA, to understand the process that the MEA had gone through in assessing the tenders, but they had not been part of that process. Therefore, I think they expressed the view that they were content that it was quite a resilient and robust thoroughness to that process but they could not vouch for the detail of that work.

The Chairman: Yes.

You recommended, to Treasury, that they should give concurrence to the Metco contract. Why was that recommendation made? As you just said, there were serious concerns concerning the MEA's failure to comply with the Capital Procedure Unit's procedures.

Mr Shimmin: There are two or three issues running at the same time. One is the ongoing issue of concern about their adherence, which evidence has been given previously to that effect. The second was the pressure to ensure that the work for the production of at least the issue of the bond was put in place in time to allow the MEA to fulfil its programme, so this was one step of getting the details that the MEA required in terms of the work programme that was going to be undertaken as a result of the bond issue and the borrowing.

Therefore, at that time, we knew that they had to go out and seek a contract for the power station effectively and this was the process that they had gone through. Whilst it was not ideal – our involvement – we were satisfied that they had gone through, as far as we could tell, a robust process to arrive at the decision as to which contractor would be most appropriate for their purposes.

The Chairman: On the basis of the information available to you, the MEA had gone through in the way other Government Departments would be required to go through, satisfying Treasury as to the figures to enable a recommendation to be made?

Mr Shimmin: My understanding is that there was sufficient awareness of the process and they had looked at the issues that one would have expected them to consider in undertaking a review of the tender documents, so, yes.

The Chairman: Thank you.
Mr Butt?

Mr Butt: Thank you.

I have got two specific questions, Mr Shimmin. At the foot of that confidential document, it says,

'Three tenders were received and opened on 7th May 2001.'

Then it issues the results. How do you know that actually happened? What involvement did Treasury have in the opening of the tenders?

Mr Shimmin: None. I think that was on the basis of the

evidence given by Mr Thompson; that Treasury did not have a representative present at the opening of those tenders.

Mr Butt: So, we know that, in effect, is hearsay. We do not know when they were opened or how they were opened, from your point of view?

Mr Shimmin: Well, there was no Treasury officer there. This was a Department putting forward the process that had taken place.

There are other tenders that are opened without Treasury being present. Yes. It is not an essential element: that Treasury be present for those opening. It is a responsibility of any Department to ensure that an appropriate process is undertaken.

Mr Butt: So, when you say that the correct procedures were followed, you are taking that on somebody else's word that they were followed?

Mr Shimmin: Sorry. Can I just clarify the subject of which paper you are referring to?

Mr Butt: It is the report that you submitted to the Minister and Treasury members on 15th June 2001. You make a statement saying, 'Tenders were received and opened.' I wondered what involvement Treasury had in that process?

Mr Shimmin: The Treasury were not present for the opening of those tenders. Therefore, this is a report received by the Treasury from the MEA as to how they undertook it and it is informing Treasury of the process that we understood they took forward. We had, at that time, no suggestion that they had undertaken it in any other way than they put forward.

Mr Butt: So this report to the Minister is a report quoting what you have been told, in effect, by the MEA?

Mr Shimmin: Yes.

Mr Butt: Can I just go back to the business case which relates to this? You say you did not read the business case and it was reviewed by other people? Is that right?

Mr Shimmin: I said that there was a letter received, also dated 15th, which – and if I may, I can refer to that to quote directly.

Mr Butt: I think the letter said they were enclosing a copy of the business case.

Mr Shimmin: Yes, that was effectively a business case for the wider programme of the MEA, not simply this particular project.

Mr Butt: My question is, on this date you recommend that... in your conclusion that the tender be accepted – or the tender as expressed to you, be accepted. At the same time you expressed concerns about the failure to comply with capital procedures –

Mr Shimmin: Yes.

Mr Butt: – but at that time you made the recommendation without actually having examined the business case that had been put forward.

Mr Shimmin: This is for the power station project. I think I would refer you with respect back to Mr Thompson's evidence where he went through in detail the process that was happening at that time. The paper that went to Treasury on 15th set out the position effectively.

At that time the choice would have been either to say we are not going to concur to the project or that element of the programme going forward and that would have effectively then killed the bond issue, achieving the timescale for a July Tynwald and subsequent bond issue in the later part of the summer. Therefore it was a *fait accompli* – they had identified the appropriate provider for that power station and that part of the project.

Mr Butt: So are you saying, then, that because of the time constraints, you did not do a thorough examination of the business case in Treasury? You relied on the Deloitte and Touche Report?

Mr Shimmin: No, I would not say that at all. Sorry, you are mixing up a number of issues there.

The point you are talking about on 15th June paper was one specific element of their overall programme which was the... opt for the power station. There were other parts of the capital programme which were concluded in the review that Deloitte and Touche undertook.

The Chairman: Turning now, Mr Shimmin, following that preparation of that briefing paper, 15th June, you attended a meeting on 18th June with the MEA and the DTI to discuss gas project and bond finance. That meeting was attended by Mr Mike Proffitt. You requested a paper explaining the increase in the proposed financing from £100 million to £185 million. Did you receive that paper and was any explanation in it satisfactory?

Mr Shimmin: That meeting took place on the Monday, 18th. I think the basis of it was that Treasury had received what was accepted as a voluminous amount of financial information on 29th May, 1st June and 15th June and the issue of the bond and the borrowing was having to be considered by the Treasury on Wednesday, 20th June.

So on Monday, 18th June, at that meeting, I think what was being requested was a summarising of that voluminous information previously supplied, in order to help the Treasury officers who were seeking to absorb that amount of information, to have a simpler summary that could identify the difference. I have no evidence that any such information was received in time for that meeting of Treasury on 20th, so I am going from the evidence on the file: I have no recollection of that being received.

The Chairman: Thank you.

At the same meeting you requested – we are looking at paragraph 10 of that meeting – you requested details of Deloitte's position at the MEA and the extent to which they had independently verified the figures for the bond in view of their disclaimer – that is the issue we talked about a few moments ago – to which Mr Proffitt stated that Deloitte's had spent some weeks interviewing members of staff over

the model and he felt that they would not have proposed the bond issue if it were not satisfied that the Authority was in a position to fund it, but that they had not been appointed to independently verify the figures.

He went on to state that he, Mr Proffitt, was confident that the MEA would be able to meet the figures in the projections. So again I would ask, if Deloitte's were not appointed to verify the figures, what action did Treasury take to verify the figures?

Mr Shimmin: I would have to repeat the evidence I gave previously, Chairman.

The Chairman: Okay, thank you.

A Treasury meeting took place, then, on 20th June. During the discussions leading up to the approval of the bond, was any consideration given to imposing conditions on the MEA regarding the supply of information and compliance to capital procedure notes before approval to the bond could be given?

Mr Shimmin: No, I do not think so, Chairman.

With hindsight and subsequent knowledge of the behaviour of the MEA, clearly that is a lesson to be learnt for the future but whilst I – the comment I am about to make, I cannot substantiate with evidence – think it is fair to suggest that we would understand that the MEA would have resisted such an action and that, in the political climate of the time, Treasury would have received very little support for any such action, but to answer your... I mean, the prevailing political view as we regularly heard was, they are the A-team, let them get on with the job.

The Treasury was always seen as simply the conduit for providing the money in order to reduce the financing cost of that borrowing, so the simple answer to your question is no, that was not given consideration at the time. The longer answer I think gives the background as to why that was the case.

The Chairman: Thank you.
Mr Butt.

Mr Butt: Yes, can I just ask another question about the timescale, Mr Shimmin? There seems to be one week here in June 2001. 15th June: you get the tender documents... report which you submit to the Minister, 18th June you go and meet Mr Proffitt to try to get some more detail and clarification and then on 20th June the Treasury minute shows that the Chief Financial Officer advised that they should put a motion before Tynwald in July of that year, so everything seems to have happened in one week, to some extent. Is that a correct interpretation?

Mr Shimmin: No, I think the interpretation would be that there was a tremendous amount of time pressure generally. I do not think it would be fair to say everything happened in one week, but it was a short timescale, so there was work being done prior to that, but you can see from the evidence submitted, a lot of that information was simply coming together in that last week.

Mr Butt: How comfortable were you with that process?

Mr Shimmin: I do not think anyone was particularly

comfortable with it.

The Chairman: We are talking about a period, of course, in June. This was the lead-up to the placing of the motion for July Tynwald and it had to reach July Tynwald, otherwise the project would have been delayed, the financing would not have been approved and so on.

Given the previous difficulties that you have clearly explained and we have had from Mr Thompson regarding non-compliance by the MEA and the failure to provide financial information, was any consideration given at that Treasury meeting of 20th June to releasing the bond monies in tranches, making that subject to satisfactory conduct by the MEA, the provision of information rather than go for £185 million borrowing power in July? Was a thought given to releasing it in tranches subject to condition?

Mr Shimmin: There was no discussion of that, to the best of my knowledge, within the Treasury board. I think it would be fair to say the answer is probably no.

At the time the Treasury was seen, and I think probably saw itself, as essentially the conduit to ensure that... the bond issue could have been done in the name of the MEA, it was done in the name of the Treasury to ensure that there was... to take advantage of the Government's status and that would mean that there would be lower financing costs for that borrowing.

There was no question at the time that Treasury was doing anything other than facilitating the raising of that money for the MEA and it is therefore making that link which, with hindsight, one accepts as a valid consideration was not on the agenda at the time.

The Chairman: How comfortable were the political Members at the Treasury, do you think, that gave the approval or recommended that the matter go to Tynwald for approval, given the history that was well documented and reported to them of non-compliance?

Mr Shimmin: That is a difficult question for me. I will certainly give you the best answer I can to that, Chairman, but I would be speaking on behalf of other Members.

I would say that, at the time, the Members of the Treasury themselves well understood the political environment in which this was happening and that the issue of non-compliance was an ongoing one that we were seeking to resolve with the MEA, the principle being that any Department or Statutory Board ought to be covered and act within financial regulations. That was a matter of principle that the Treasury was looking to ensure.

At that stage I do not think there was any question as to the financial acumen of the MEA, nor was there any... I think it would be fair to say, I did not detect any political desire to be seen to be holding up the delivery of the proposals by the MEA on an issue such as that.

The Chairman: So was there an element of being prepared to overlook the technicalities of non-compliance because of the political requirement to deliver this power station?

Mr Shimmin: I am not actually saying... going that far, I am saying that the two elements were not brought together in the thinking as you are now doing: they were seen as separate issues.

The Chairman: Hindsight is certainly a great thing, yes, we accept that. Thank you for that.

Just moving on; Treasury meeting of 12th June 2002 – that was a year later. Just stating a minute from that meeting:

‘Treasury considered it apparent that the MEA was not complying with financial regulations. It decided that its only option was to issue a Treasury direction that the MEA will in future comply with all aspects of the financial regulations. A letter should also be sent to remind the Department of Trade and Industry that the MEA has a duty to comply with financial regulations.’

Simply to ask, are you aware of any action which was taken by the DTI in response to those concerns?

Mr Shimmin: Well, firstly, my understanding is that the letter from the Chief Financial Officer to the MEA which was dated then 25th June, of which the Committee has copies, was actually copied to the Minister and Chief Executive of the DTI – to both separately.

I am satisfied that, at officer level, the DTI was well aware of the issues and frictions between the Treasury at that time. I am not aware of any specific action taken by the DTI and I think it is fair to say I never detected any strong support for the Treasury’s position in relation to this matter from the DTI.

Mr Quirk: I must just ask it, anyway, in the same vein regarding the DTI, what was the relationship like with Treasury and DTI?

Mr Shimmin: In a general sense –

Mr Quirk: Officer level, political level?

Mr Shimmin: In a general sense the relationship was broadly satisfactory in relation to this issue. It was very clear that, in my view, the DTI did not see itself standing alongside Treasury in any of the issues that Treasury was facing with the MEA.

The Chairman: You see in the letter of 16th August 2002 from the DTI to Mrs Williams, Chief Financial Officer, the DTI Chief Executive is saying, in relation to the letter of 25th June that you refer to about compliance with financial regulations and the issue of the direction... He is saying:

‘Your letter of 25th June which was copied to my Minister and me’

– that is the one you referred to –

‘took the form of a direction and resulted in this Department receiving representations and comments from Board members and politicians. Since then we have been told by the Authority’s Chief Executive that the letter was withdrawn and that there has been subsequent correspondence. However we have received no notification or further information whatsoever from the Treasury and accordingly the matter is still extant in this Department’s files.’

This situation is clearly unsatisfactory and he wanted clarification, so why was the DTI not kept informed of the dialogue between the Treasury and the MEA. The issue of a direction and then its withdrawal took DTI by surprise evidently.

Mr Shimmin: I think the... I am in a difficult position to

be able to answer that, in the sense that I am not fully... not fully being aware of the... whether there were discussions that took place elsewhere at either ministerial or officer level. From where I was... I am satisfied that the DTI was aware of what the frictions were and this was very much a letter to ensure that the paper trail in this instance was concluded.

The Chairman: Okay.
Mr Butt.

Mr Butt: Yes, can I just follow up on the DTI situation, Mr Shimmin. Some time after the direction was issued and withdrawn, on 16th October 2002 you put a report to the Minister and the Treasury Members and basically the report is saying that the reports received from the MEA are of little value etc and not compliant. Near the end you make two comments, bottom of the page, at (1) you say,

‘Under current circumstances any comment will be unwelcome and treated as criticism’

and at (2) you say,

‘If comment is not offered, the Authority and the Department of Trade and Industry representatives (who should be equally interested in the reports) will take it as an endorsement of the reports.’

So you seem to be putting together the MEA and the DTI as being people who are, shall we say, not supportive of the Treasury?

Mr Shimmin: I will restate what I said previously. I never detected any strong support for the Treasury’s position from the DTI in relation to the MEA.

Mr Butt: Your comments in brackets about the DTI representatives, who should be equally interested in the reports: are you inferring that they were not?

Mr Shimmin: I am making the point that it would seem to me reasonable that they should be... have equivalent concerns to ourselves.

Mr Butt: Okay, thank you.

The Chairman: Okay.

We are aware that liaison meetings were taking place between the DTI and the MEA on a periodic basis and we are looking at the notes of two meetings, 8th November 2002 at Iliam Dhone House and 14th February 2003, three months later. In the meeting of 8th November it stated that Mike Proffitt was shortly to meet with yourself to discuss matters relating to compliance with the requirements of the capital procedure notes and again in February 2003 it is reported at the liaison meeting, which was attended by Mike Proffitt,

‘Mike Proffitt has initiated quarterly liaison meetings with the Chief Financial Officer to improve co-ordination and mutual understanding between the MEA and the Treasury.’

So the question is, did the quarterly liaison meetings between MEA and Treasury actually take place? Can you advise what dates they were held, who attended and whether notes or minutes were taken and, indeed, whether the meetings were satisfactory?

Mr Shimmin: My recollection is that there were, I think, two meetings with Mr Proffitt and myself. I think the first would be on or around 8th November. No minutes or notes of the meeting were taken – Mr Proffitt wished the meetings to be informal without such minutes or notes taken. The intention on our part, at least the Treasury, was to try and develop a better working relationship than had happened previously.

I think I would say I did not find those meetings particularly satisfactory. They seemed to provide general information only, not any greater level of detail and it seemed no real change in the nature of the relationship between the two bodies. A change has to have change on both sides and to me they did not provide a useful purpose and discontinued.

The Chairman: Was this part of what was called ‘Operation Fresh Start’?

Mr Shimmin: That sounds wonderful when you look at it now! Yes.

The Chairman: Was a consequence of the withdrawal of the Treasury direction which was accepting legal advice, an attempt to get a more productive level of dialogue going with Treasury? Then it really fizzled out, did it not?

Mr Shimmin: Operation Fresh Start was not a success.

The Chairman: No, okay.

Just looking now at the Treasury meeting of 12th November 2002, which you attended, along with Mr Bell and Mr Gelling, there is a minute here:

‘The importance was stressed of the meetings being set up between the MEA and the Treasury Operation Fresh Start’

which we just talked about. Also it states:

‘Treasury felt that any investigations to be carried should be done under the auspices of the Public Accounts Committee’

Was there any referral to the Public Accounts Committee and if not, why not?

Mr Shimmin: My understanding is, though, there was not. I do not think the Minister nor the Treasury at the time required a referral of the matter to the PAC. I think that minute was an expression of the political feeling at the time that the Treasury had taken the matter as far as it felt it could and if there was to be... so I think it was an expression of the political view there.

I would suggest, at this time, if there had been a requirement from the Treasury for it to be formally referred to the PAC it would have been but –

The Chairman: Yes.

Can I ask, has Treasury considered whether a submission should be made to the Financial Services Commission... Financial Supervision Commission, regarding the conduct of any of the former MEA board members?

Mr Shimmin: This is a matter that the Treasury keeps in mind and under review at all times. It has also been subject

to a number of parliamentary Questions, which set out the Treasury thinking. I can refer and have copies of the answers that were provided, if it would help the Committee on there, but there were examples of Questions on 25th June, 25th October and 29th October 2005 in the Keys and a further one to Tynwald in July.

Basically, Treasury set out its position there, which was that it would keep these matters in mind, but at that stage had made no judgement as to whether to refer to it and it also set out the nature of the powers and responsibilities of the Financial Supervision Commission.

The Chairman: Can I take you now to... we have been talking about former MEA board members, we have had a submission from one of them and if we look at paragraph 21 of Mr Taylor’s statement, where he is recounting the history of the project, what went on in relation to the need for the power station project, paragraph 21 says:

‘Treasury now came up with a new request. Can the turbines and as much of the generation equipment as possible be bought and imported directly from outside the UK? Because of a VAT rule, the Treasury could then claim back the whole of the VAT, whereas if it was bought direct from the UK the VAT was lost to the Island.’

So 17½ per cent possible savings and the significance of that was being flagged up. Was, in fact, the MEA board encouraged to purchase as much of the generation equipment from outside the UK as possible, in order to get these VAT benefits?

Mr Shimmin: I would not express it in those terms, Chairman, in February 2004, which is after the date the Treasury formalised its procurement policy in this area, but I think it is fair to say, though, in doing so in February 2004 it codified existing practice which would have been a situation when that comment was made.

So there were ten procurement criteria for purchasing items from EU member states, excluding the UK. I am happy to run through the detail of those criteria with the Committee. I think the point that... I think we would have at that stage sought to ensure that the MEA was aware of those issues for them to be taken into account.

The Chairman: Okay. Thank you very much, that is fine.

If I could just turn now to the Treasury and MEA board meeting of 25th November 2004 and, of course, that is very... towards the latter stages when all this had come out effectively. Was any explanation given to Treasury by any of the board members as to why they were of the opinion that Treasury had been informed of the additional borrowings?

Mr Shimmin: Not to the best of my knowledge. The MEA has made a number of suggestions to this effect or that the Treasury ‘should have known’ they required the additional borrowings.

I would make the following points. The Treasury has always been of the view that the MEA would have to seek Treasury consent for any further borrowing. That would be seen as a formal process to be minuted, but Treasury had also made the point that it did not expect there to be any further borrowing and that point was made clear by the then Treasury Minister in moving the motion in July 2001.

Prior to the situation that we are talking about, the

Treasury had always worked with Departments and Statutory Boards to resolve problems or issues and had not previously had to deal with a body whose approach to it was so oppositional and one of deliberate avoidance of the requirement for Treasury consent.

In support of that comment, I would refer the Committee again to papers I understand you have and again I could provide them for ease of the Committee at this point, which is a letter dated 13th June 2005 from Mark Maroney Advocates on behalf of the MEA to KPMG regarding its letter before action.

As I say, I believe you have got a copy of that, but I can provide that. If I can quote from that, it is a short quote, Chairman. This was on behalf of the MEA, it said:

‘The purpose of the MEA in entering into such transactions was not to evade but to avoid the statutory constraints upon MEA borrowing by choosing MCC [Manx Cable Company] which was not subject to such constraints as the borrower. We draw the same distinction as is drawn in another context between lawful tax avoidance and unlawful tax evasion.’

By that statement, I think the MEA acknowledges that their actions were deliberately taken to avoid having to seek Treasury concurrence to further borrowing, and I think it illustrates the relationship which was not one of openness and transparency in dealing with the Treasury.

The Chairman: Thank you.

The meeting of 6th December 2004 which was held in the MEA boardroom: you attended that, along with the Treasury Minister and Mr Kniveton, and met with the Chairman of the MEA and the members of the board. I am just looking at... you may not have that minute to hand, but it clearly records the Financial Controller – that was Mr Kniveton – stated that:

‘When the MEA made application for the £185 million, it would not be necessary to return for any additional funding’,

to which the Director of Corporate Services of the MEA, Mr Wilcox, advised that:

‘At the time, a financial model had been prepared with indicative costs. However, when the quotes for tender were received, they were considerably more and therefore the overall costs were not fully realised until the project was actually proceeding.’

Does that sum up the reality of what actually happened, in your view?

Mr Shimmin: I think it reflects... Yes, I think that is a reasonable summary.

The Chairman: So the financial model that has been referred to, in his view, was indicative costs?

Mr Shimmin: I think you would have to put it into the context of the difference between what was being said in 2001 and what was being said in 2004.

The Chairman: Thank you, Mr Shimmin.
Are there any further questions? Mr Quirk, Mr Butt?

Mr Butt: Could I ask some questions about the direction again, please. The direction was issued on 25th June 2002

by Mrs Williams. A response from Mr Proffitt in a letter from him basically indicated that the direction was based on invalid assumptions. I just wonder what part you had in preparing the information that was put in that letter which went in the direction.

Mr Shimmin: I do not recall having any direct involvement in drafting the letter or the content.

Mr Butt: How aware were you of the concerns of Mr Thompson and Mr McGreal, etc, and the e-mails that passed between themselves and the reports?

Mr Shimmin: I was very aware of the concerns and they were shared right through the Treasury offices. We shared information very regularly and shared our concerns very regularly. We would not be sharing e-mails as such, but I was very aware and shared the views that have subsequently been expressed to you by Mr Thompson and Mr McGreal.

Mr Butt: So what, following all those conversations, e-mails, etc, prompted Mrs Williams to actually write that direction?

Mr Shimmin: My understanding is that we had been seeking to resolve the issue by discussion for a period and the matter needed to be brought to a head.

Mr Butt: Thank you.

Just finally, the members of the former board have said in various forums that the Treasury either knew or should have known about the over costs, the over expenditure and the loans etc. They either knew or should have known because of the financial information provided. What is your comment on that?

Mr Shimmin: Right, I believe that the Treasury officers involved with the MEA have always sought to act in a professional manner, often in a very difficult and politically highly charged situation. The argument had been put forward that the Treasury did know what was happening; they also put forward the argument that ‘the Treasury did not need to know because we did not need to tell you’; or an argument that ‘you should have known’. So, Treasury has sought substantiation from the MEA, from the PKF Report, as to what substantiates those views. I am not aware that anything has been produced.

For my part, I state clearly that the Treasury was not aware of the need for additional borrowings until November 2004. The Treasury was always of the view that any additional borrowings should require its consent and that the MEA would have to approach it for such consent at the earliest opportunity. The Treasury was also of the clear view that, in such circumstances, Tynwald approval to any further borrowing would need to be sought. That is how all other parts of Government have and would behave. Therefore, it could never have been in Treasury’s interests to collude in any way in masking any additional borrowings. The Treasury did not, nor would it, support the use of a device such as the Manx Cable Company Limited to avoid the requirement for Treasury consent.

In relation to whether the Treasury should have known, I reiterate the point made by Mr Kniveton in his evidence, namely that:

‘we have not had any evidence presented that the Treasury was able to make to that deduction. Indeed, all the information that we had to hand indicates that that could not be deduced from the information that we had available.’

As stated previously in evidence, a statement made on behalf of the MEA by its advocate illustrates the relationship that existed. The relationship was not one of openness and transparency.

The Chairman: Thank you very much.
Final questions?

Mr Quirk: Could I just ask Mr Shimmin, what has gone on in the past now, just as a Division, Treasury itself: how satisfied are you now that things could not happen again in the future or have you put in place anything?

Mr Shimmin: In terms of the MEA or generally?

Mr Quirk: In terms of financial regulations, capital procedures or whatever.

Mr Shimmin: I am satisfied that, currently, all Departments and Statutory Boards fully understand and accept and act as best they can within financial regulations.

The Chairman: Thank you very much.

Well, thank you, Mr Shimmin, that concludes the Committee’s questions. If you have anything further to add, please take the opportunity.

Mr Shimmin: No, thank you, Chairman.

The Chairman: Thank you very much. Thank you for your assistance to the Committee this morning. Thank you for that.

There will be further evidence sessions with other witnesses and these sessions may raise further points that require clarification. If that is the case, it may be necessary to, in fact, contact you for further information or recall you for further evidence, should that then be necessary.

So thank you, Mr Shimmin. You may stand down.

Mrs Williams was called at 11.43 a.m.

Administration of the Oath

The Chairman: Could I now call forward our next witness, Mrs Williams.

Good morning, Mrs Williams, thank you for attending today and if I could ask our Clerk to invite you to take the Solemn Oath.

Mrs Williams took the Bible in her right hand and repeated the Oath.

Mrs Williams: I swear by Almighty God, that the evidence that I shall give to the Committee, at this and any further hearing, shall be the truth, the whole truth and nothing but the truth, so help me God.

EVIDENCE OF MRS M WILLIAMS

The Chairman: Thank you, Mrs Williams.

Could you please commence by, for the record, stating your name and your role and responsibilities in Treasury at the relevant period, please.

Mrs Williams: Firstly, Chairman, I would like to reiterate what Mr Shimmin said and thank the Committee for allowing me leave of absence at such short notice for the previous meeting. As you are aware, that was to enable us to attend a meeting.

My name is Mary Williams and I am a chartered public finance accountant, having qualified in 1979. I am currently Chief Secretary, a position I have held since November 2002. Prior to that, I was Chief Financial Officer from August 2001 to October 2002. In July 2001, I was Chief Financial Officer Designate.

During my period as Chief Financial Officer, I had responsibility for the seven Divisions of the Treasury, comprising Customs and Excise, Commercial Development, which is now known as Isle of Man Finance, Economic Affairs, Finance Division, Income Tax, Information Systems and Administration Divisions.

The Chairman: I would like to give you the information, if you wish, to make an opening statement before the Committee in fact puts any questions to you. So if there is anything you wish to say at this stage?

Mrs Williams: No, thank you, Chairman.

The Chairman: Thank you.

In that case, some specific questions. Just starting with a letter by the Secretary to the Council of Ministers as he then was, Mr Craine, to Mr Bawden, Chief Executive of the DTI. In it, concerns about the difficulty of obtaining information from the MEA and the possibility of issuing a direction were first raised in CoMin: that was February 1999. It was CoMin’s concern that triggered this letter to the Chief Executive of the DTI.

Appreciating that that was before you were in office at Treasury, but the difficulties were known at that time, early 1999, so the question is why was a direction not issued finally until 2002?

Mrs Williams: Clearly, Chairman, I can really only give you an opinion as to what happened since I was Chief Financial Officer.

The Capital Projects Unit brought to my attention in August 2001 their attempts to work with the MEA and the frustrations that they were feeling, so in September 2001, the Chief Executive of the MEA was invited to a Treasury meeting and the importance of compliance with financial regulations was emphasised.

Again, I would reiterate what previous witnesses have said, that the political emphasis at that time was that the MEA must get on with the job as a matter of urgency, so that Treasury officers and I think the Minister and Members were seeking to work with the MEA.

It was made clear at that Treasury meeting that if flexibility were needed, then it would be forthcoming within reason. But we had to know what flexibility was required, in order to achieve that sort of change. Treasury could not

simply allow the MEA to do as it pleased. We needed to assess what it was that they wanted and give permission for any variation from existing regulations. It was as a consequence of that meeting that it was decided that the Chief Internal Auditor would work with the MEA to establish precisely what controls they had in place and the extent to which they complied with financial regulations.

I think it is fair to say Chairman, that the Chief Internal Auditor encountered exactly the same frustrations as the Capital Projects Unit and that was the reason that that piece of work was not completed and delivered until July 2002, at which point a direction was made.

The Chairman: Thank you. We are just trying to understand the background.

At the Treasury meeting of 19th December 2001, we note that Mr Thompson suggested... made two suggestions: first, that the role of the Treasury in capital schemes should be redefined, with which the Minister agreed. He also suggested that the role of the Department of Trade and Industry in its relationship with the MEA should be redefined. Was any action taken on that suggestion?

Mrs Williams: No, Chairman, I think in order to redefine the relationship of the DTI with the MEA, it would have required the promotion of that by the DTI and then the approval of the Council of Ministers.

I think what you have to bear in mind is that at that time, December 2001, a new Government had just been formed. That was only the second meeting of the new Treasury and there was no indication at that time of what the relationship between the new DTI and the MEA was likely to be. So it was not followed up, I believe, for those reasons.

The Chairman: You say, clearly, the need to redefine that relationship was being driven by the non-co-operation of the MEA with Government, Treasury and indeed with DTI. You, in your current role as Chief Secretary... has any action been taken or mooted as of now for the redefinition of the role with DTI and the MEA?

Mrs Williams: No, Chairman.

The Chairman: No. Thank you.
Mr Butt.

Mr Butt: Can I just ask about that suggestion by the Minister that maybe there could be a redefinition in the relationship. Would those thoughts have been passed on to DTI? In other words, would anybody, because of what was being said, think they maybe need to be less compliant than they should have been? This was a Treasury discussion, obviously.

Mrs Williams: It was a Treasury discussion, it was –

Mr Butt: Were the DTI aware of that suggestion?

Mrs Williams: I am not aware that they were. That is all I can say, really. I am not aware that they were.

The Chairman: Thank you.

At a Treasury meeting in June 2002, we note from the minute that Treasury expressed concern at the degree of

control over the project, the paucity of information. What action did Treasury take, and yourself in particular as Chief Financial Officer, and what was the Council of Ministers actually informed as a result of that concern by Treasury at that time?

Mrs Williams: I certainly cannot find any evidence to suggest that Council was informed, Chairman. Treasury was made aware that the Report from the Internal Audit as to the degree of compliance was almost complete and was due to come before Treasury and I think that was the reason that they waited for that Report.

The Chairman: Right. Just moving on, at a Treasury meeting a week later, 12th June 2002 – again, a similar question to that posed to Mr Shimmin – it was stated that a letter should be sent to remind the DTI that the MEA has a duty to comply with financial regulations. Was CoMin informed then that Treasury was so concerned about the non-compliance with financial regulations that they proposed to issue a direction to the MEA? Were the Minister and the Attorney General also notified about the intended course of action?

Mrs Williams: The short answer is no, but I would like to expand on that.

The letter to the MEA was copied both to the DTI Minister and to the Chief Executive, so the 25th June letter was copied to them. I am totally satisfied that the DTI were aware, through the various levels of officers' meetings that were going on, of the frustrations within Treasury.

Treasury was still trying to resolve this issue between itself and the MEA. To notify Council would have escalated the problem and, although I accept, with hindsight, that the problem did escalate in any event, that was not the intention of the Treasury at the time.

You will appreciate, I know, Chairman, that a Council of Ministers direction is considered to be a very serious thing. I think Treasury were trying to resolve the issue without having to go to that.

The Chairman: Right, nonetheless, on 25th June, you wrote to Mr Proffitt, in fact giving the direction under the Treasury Act 1985, part 1, section 3(1) – the long awaited direction, something that had been talked about previously. Did you consult the Attorney General's Chambers over the wording of the direction? We are wondering why the incorrect section of the Act was referred to in the direction.

Mrs Williams: I did not consult the Attorney General's Chambers and that was for a number of reasons. Firstly, we were writing to a Statutory Board of Tynwald which was already covered by financial regulations. In that respect, there was nothing new being stated.

If I can refer you, Chairman, to a letter from the former Attorney General, Mr Kerruish, which is dated 3rd February 1997, where he states that financial regulations which comprise both directions and guidelines are made under section 3(1)(c) of the Treasury Act 1985 but specific directions are made under paragraphs 3(1)(e) or (f).

My letter of 25th June actually states:

'Treasury has affirmed that under the auspices of the Treasury Act 1985, part 1, section 3(1), the following direction shall apply'.

I did not specify a subsection. Later on, the letter says:

‘The MEA, being a designated body within the meaning of the Treasury Act 1985 and which is subject to the financial regulations made under section 3(1)(c) of that Act’,

that is a correct statement. The regulations are made under section 3(1)(c). If there was a technical fault in the letter, it was the absence of a specific reference to 3(1)(f), but in actual fact, it only made reference to 3(1).

The Chairman: But, nonetheless, on the strength of the legal advice, it was felt necessary to withdraw the direction.

Mrs Williams: Not... I can go into that. But can I add, I considered I was reiterating an existing direction; I was not making a new one. I know that is a technical point, but I understood that was the position at the time and I considered I was acting on the advice of the previous Attorney General. I did not expect to get any different advice from the current Attorney General.

I would add that previously, as Chief Internal Auditor, I had done a significant amount of work in separating financial directions and guidelines, working with the previous Financial Controller, Mr Briercliffe, under the guidance of Mr Kerruish. That work was specifically undertaken to ensure that Statutory Boards could be held accountable, if they failed to comply with financial directions and that resulted in the production in 1996 of the first set of financial regulations. It was split between directions and guidelines.

The Chairman: Can I ask colleagues if there are any questions up to this point?

Mrs Christian.

Mrs Christian: Can I just ask, what was your reaction when you got the advice from the Attorney General’s Chambers?

Mrs Williams: The initial advice I got from the Attorney General’s Chambers was entirely supportive of my decision. There is a letter from the Government Advocate dated 29th July, prior to the one of 31st July and in actual fact, we are going on to a further question.

I first consulted Mr Harding at lunchtime on 26th July 2002 and then I forwarded to him a whole series of information. I think you have got a copy of my letter dated 26th July, where in particular item 5 in that letter shows that Mr Harding was given copies of all correspondence in discussions dating back two and half years.

His letter to me dated 29th July states:

‘It is also clear that FD17 relating to capital projects applies to the Manx Electricity Authority and as a designated body, when it undertakes capital projects or schemes, it must comply with the procedure notes for capital schemes issued by the Treasury and for the time being in force. The procedure notes for capital schemes form part of the financial regulations issued by Treasury under section 3 of the Treasury Act 1985.’

He said technically the direction should have been given under 3(1)(f) but that was a pure technical fault which could be put right in my discussions. He did not seem to think it was a big issue.

Two days later he wrote to me:

‘Having briefly discussed matters with the Attorney General, I would also add that I am somewhat cautious over Treasury attempting to assert that all financial regulations set out in part 1 of the Financial Regulations dated January 1999 can be generally regarded as standing directions.’

Mr Harding wrote the second letter after, and again I quote:

‘The Attorney General has had a lengthy meeting with Mr Proffitt, the Chief Executive of the MEA and Mr Bawden.’

Now it is a complete about-face in the advice I received from Mr Harding in two days.

The Chairman: Thank you. That is an important point.

As a result of the Attorney General’s discussion with Mr Proffitt, it would appear that the direction mechanism was to be withdrawn and, instead, there was to be an attempt at dialogue and that the best way forward was to negotiate with the MEA. Did you point out to him that that is exactly what Treasury had been attempting to do for the past two or three years?

Mrs Williams: I did, Chairman, and effectively, henceforward can I say, I was ignored.

The Chairman: Yes, you may say that, and that will be put on the record.

Mrs Williams: I was trying to have conversations pointing it out. In fact, I pointed it out in writing, that we had had been having these discussions and I was simply told, ‘You must talk. The MEA cannot commercially comply.’

The Chairman: Cannot commercially comply.

Mrs Christian: Chairman, could I ask who made that statement?

Mrs Williams: I believe it was Mr Harding, but that was a verbal statement and you are counting on my memory, I would stress that – and I was under considerable stress at that time.

The Chairman: Mr Butt.

Mr Butt: Can I come in on two issues, Mrs Williams.

I think you are saying that because you did a general term of section 3(1), without referring to (f) or (e) particularly, that your advice was that that was sufficient at the time, until there was a change of mind by the Attorney General’s Chambers.

Mrs Williams: Well, to be fair to Mr Harding, he always said that it should have been issued under 3(1)(f). When they were asserting that I had made that under 3(1)(c), I do not think my letter actually says that –

Mr Butt: Just said 3(1).

Mrs Williams: It just said 3(1), so we never actually got as far as discussing that point.

Mr Butt: And also, when you sent your letter to the

MEA, Mr Proffitt wrote back to you – I think it was on 26th July – he wrote back to you, quite a long letter, where he basically says the directive was based on inaccurate assumptions. So can I ask you the question, where did you get your information from which you put into that letter and what is your view of their accuracy?

Mrs Williams: I believe it was accurate and I do not know if you have – and, in fact, I do not have with me but I can send to you – my response which I was prepared to send to Mr Proffitt refuting that, on a point by point basis, which I shared with the Government Advocate. I shared that with the Government Advocate between 29th and 31st and he further wrote to me and said that would merely inflame the situation and advised I did not send it.

Mr Butt: When you say the Government Advocate, do you mean the Attorney General or Mr Harding?

Mrs Williams: I mean Mr Harding.

Mr Butt: Mr Harding. And was Mr Harding or the Attorney General given a copy of Mr Proffitt's response to you? Were they aware of that?

Mrs Williams: Yes.

Mr Butt: They were.

Mrs Christian: Can I ask, Chairman: what was your sense of the approach of the Attorney General's Chambers? Was it an approach of not looking at the legal position, but looking at the political environment?

Mrs Williams: That would be speculation, Mrs Christian.

I was shocked, I have to say. I think that having sought the Government Advocate's advice and he was quite firm in our initial discussions that the MEA thought they had a degree of autonomy which they simply did not have, and for the sudden about-turn based, I am assuming, on the conversation between Mr Proffitt and the Attorney General, I was completely taken aback.

Mr Butt: How much information would the Attorney have had of all the e-mails and reports that you have put in to the Treasury Minister, the e-mails between members of your department in Treasury? Would he have known about all those circumstances?

Mrs Williams: I would have thought Mr Harding could have brought those to his attention, because he had them from me. So I really do not know, Mr Butt. I would have thought that, having spoken to Mr Proffitt, the Attorney General would have spoken to me; but he did not.

The Chairman: So the reason for the direction and the associated correspondence being withdrawn, what we have just been talking about, was that the reason... because negotiation was advised by the Attorney General as the preferred way forward rather than a legal direction?

Mrs Williams: It was one of the reasons. The other reason was, I think it is fair to say, that the Treasury Minister –

The Chairman: Could you speak up a little bit, Mrs Williams.

Mrs Williams: Sorry. The Treasury Minister was being put under vast amounts of political pressure, in particular from the Minister of the DTI. I was certainly aware of notes being passed in Council, saying – and I am paraphrasing, so please do not take this as literal – 'If you do not back off, the board are going to walk. We cannot afford to lose good people like this. These are the A-Team: let them get on with the job, they know what they are about. They are all millionaires in their own right, they know how to make money, leave them alone.'

The Chairman: And that was paraphrasing the Minister of DTI, who would be Mr Downie.

Mrs Williams: That is right.

The Chairman: Thank you.

Why were the recipients of the correspondence advised to retract it? Why was it destroyed, the letter from Mr Bell to Mr McCallion, the MEA Chairman? This was destroyed, it was not –

Mrs Williams: No, it was not that one. Well, I am not sure, Chairman, if it was that one. It was the former... The letter from myself: it lists, I think, the letters which are to be destroyed, the letters to be withdrawn.

The Chairman: Yes, I am sorry. The letter by Mr Bell to Mr McCallion set out the correspondence to be retracted on both sides: the letter from yourself to the Chief Executive of the MEA on 25th June; the letter from yourself of 29th July to the Chairman of the MEA; a letter dated 25th July from the Chairman of the MEA to you, and so on. They were to be retracted, and in fact were they destroyed then?

Mrs Williams: All I can say is that the sequence of events... and, I think, because I have strayed out of the questions into other areas... The sequence of events were that we got the correspondence from the Government Advocate, and then the subsequent correspondence from the Government Advocate. Treasury were very concerned about the implications of that, because not only did it put the direction with the MEA under doubt, but it put the whole of the system of financial governance for Government under doubt, if financial regulations were not made on a legal basis.

Around about that time, Mr Gelling was going to see Mr McCallion, I believe, at his home and acting as a go-between between the Treasury Minister and Mr McCallion. I do not know who asked him to do that, and I do not know what happened – they were clearly private meetings – but Mr Gelling came forward with the suggestion to the Treasury Minister that those letters should be withdrawn, and I was told that that was happening.

I was not consulted on the contents of the Treasury Minister's letter. I do not believe, although I could be wrong... From memory, I do not believe that I actually saw the Treasury Minister's letter before it went.

Subsequent to that, I got a phone call from Mr Proffitt, saying that that was not good enough. He wanted the correspondence destroyed; that was what withdrawal meant.

Frankly, by that stage, there was no purpose in not agreeing to that happening. I had fully intended to keep copies myself in any event, and it did not seem to be worth the additional political row not to ask the DTI to return those letters and/or destroy them.

The Chairman: So the request to withdraw the direction, and the destruction of the associated correspondence leading up to the direction, that was a political requirement. It was a political decision; it was politicians requiring you, as Chief Financial Officer, having done your duty, actually, to... It must have put you in a very difficult position, Mrs Williams.

Mrs Williams: Chairman, it is, and again, I would refer you to the previous Attorney General's letter of 1997, where I specifically asked the question – and I do not know why I asked the question in 1997 – could Treasury vary? So it was the prerogative of the Treasury Minister to say people need not comply, for whatever reason, with Treasury directions. I had to accept that.

I think that, given the legal advice, given the political pressure, the Treasury Minister was putting a very difficult decision, and whilst I cannot say that I was at all happy about the decision, I could understand why he was forced to make that decision.

The Chairman: Mrs Christian.

Mrs Christian: Yes. Can I just clarify this issue? The Treasury have recorded a decision to issue a directive. You took steps to effect that.

Mrs Williams: That's right.

Mrs Christian: There was a reaction from the MEA –

Mrs Williams: That's right.

Mrs Christian: – and discussions between the Attorney General and Mr Proffitt; further correspondence to you about this issue; and, ultimately, the Treasury agreed that the correspondence be withdrawn.

What involvement was there, if any, of CoMin at this time?

Mrs Williams: I do not believe there was any.

Mrs Christian: This was all internal Treasury action.

Mrs Williams: I know that the Chief Minister of the day was aware of it. I am certainly aware that the Chief Minister had a discussion with the Treasury Minister. Again, I am not aware of what form that discussion took, or what was said.

I am only aware of it because at the time... I do not know if you recall, Mrs Christian, the layout of the Treasury offices, but the Chief Financial Officer was on one side of the secretaries' office and there was the Treasury Minister on the other, and subsequent to Mr Corkill leaving the position of Treasury Minister, we swapped offices, so he came into my office by mistake. That is the only reason I am aware that that discussion took place.

Mrs Christian: You said that the Treasury Minister was

under a great deal of pressure. Was that pressure on legal grounds, do you feel? What sort of pressure was it?

Mrs Williams: I think both... The DTI Minister was very firmly of the opinion that... He was supportive of the MEA being allowed to get on with the job, and I think he considered that what we were seeking to impose was bureaucracy and these people were very capable of doing the job without our bureaucracy.

Mrs Christian: Thank you.

The Chairman: Thank you.
Mr Butt.

Mr Butt: Thank you.

The letter was withdrawn, in your view, for a technical reason, because of the difference between 3(1)(c) and 3(1)(f).

Mrs Williams: No. The letter from Mr Harding of 31st July suggested that Treasury financial regulations were basically flawed, because he was suggesting that he did not think we could make standing directions.

Mr Butt: So could you then not consider the option of, later on, reissuing another direction which would be technically compliant?

Mrs Williams: If he was wishing... Yes, we could have done, is the answer, but –

Mr Butt: So why wasn't that done?

Mrs Williams: Because, I think, of the political pressure, and that would have had to have been a specific direction saying, 'Under section 3(1)(f), MEA, you are required to comply with capital procedures FD17.'

Mr Butt: So what was the pressure on you, then, to not reissue a second direction?

Mrs Williams: I cannot issue a direction; Treasury issues directions.

Mr Butt: What was the pressure, then, on you and Treasury not to issue a second direction?

Mrs Williams: The pressure was the political pressure, and yes, it could have been... I think it would have got completely out of hand. The MEA was spoiling for a legal battle. That is clear, I think, from their correspondence, and with all respect, we had had two conflicting opinions from the Attorney General's Chambers within the space of two days. I had subsequently written –

The Speaker: Could you speak up, please.

Mrs Williams: Sorry. I had subsequently written... Because of my concerns about this question of the legal basis of the whole of the financial directions, I had written to the Attorney General, enclosing... I think it was the Attorney General.

I will go back. I had written, enclosing the previous

Attorney General's advice from 1997 to Mr Harding, asking where that left myself and the Treasury Minister, because clearly there had been non-compliance and we were the most senior people who had to deal with that.

I also asked the Secretary of the Value for Money Committee to ensure, because there was, at that time, a review of financial regulations being undertaken, and I gave an instruction that he was to ensure that any new financial regulations were given the specific okay by the Attorney General that they were statutorily enforceable.

The Secretary of the Value for Money Committee wrote immediately to the Attorney General, raised that question, and he got a letter back from the Attorney General, dated 8th August 2002 – i.e. less than a fortnight after 31st July – saying yes, they were statutorily enforceable, subject to certain other conditions being met.

So in the space of a fortnight, Treasury had gone from, 'Yes' – this is the legal advice we have received – 'you are absolutely right; despite a technical flaw, the MEA must comply with financial directions,' to 'The basis of the financial directions are maybe wrong,' to 'Yes, subject to certain further works being carried out, they are statutorily enforceable.'

I do not think the Treasury Minister felt confident, if he was going to go to a court of law, that he was... I do not think he felt confident in the legal advice, but you would have to ask him that.

Mr Butt: So things did not improve on this. There were supposed to be meetings and discussion and dialogue. Things did not improve, from the evidence we have here. Did you have any other options? Could you have, say, unleashed the Internal Audit onto the MEA?

Mrs Williams: We already had.

Mr Butt: I mean after the direction letter.

Mrs Williams: The political decision at the time was that we would go back to negotiation and we would try and open a dialogue with the MEA. I have to say I tried to do that before Operation Fresh Start. Mr Proffitt was never in, to my calls.

Mr Butt: Can I refer you to an e-mail which I think Mr Shimmin passed to Mr Thompson – I think it was dated 10th July 2002, before the direction; no, just after the direction – where there is mention of an unpleasant conversation which you had with Mr Proffitt. You do not have to tell us, I do not think, but can you perhaps explain the background to that?

Mrs Williams: It was when he received the letter. He rang me up, and, to say it was unpleasant... I have never been spoken to like that before or since. It was exceedingly unpleasant. I was accused of personally attacking him, of being vindictive, of all sorts of things, some of which I cannot really remember; it was so unpleasant.

I kept reiterating to him, 'No, Treasury simply wants you to comply with financial directions.' But no, it was an extremely personal, nasty attack, and I just could not reconcile that with my letter of 25th June.

Mr Quirk: Can I follow on from that, and just ask did he make reference to anybody who was supporting him on this

– supporting Mr Proffitt on his endeavours? Did he mention anybody's names – 'We have got such-and-such behind us, we've got the board behind us'?

Mrs Williams: No.

Mr Quirk: No, so it was just singly?

Mrs Williams: Yes.

Mr Quirk: Just finally, too, Mr Chairman. What sort of comfort do you have now for the future in the same situation, and obviously the reporting mechanism... where you go from? If this happened again, should it go somewhere else?

Mrs Williams: Can I say, firstly, that, having had the letter from the Attorney General of August 2002, Treasury, I believe, did that further work and financial regulations were republished in October 2003. So they went and carried out all the additional work that Mr Attorney required, so that from October 2003 I do believe that financial regulations, according to the Attorney General, are statutorily enforceable, and that should be the basis of all of the financial governance throughout the whole of the Government and designated bodies.

The Chairman: So the events of July and August 2002 would have been quite different, had those revised regulations been in place at the time.

Mrs Williams: I do not think they were substantially different. Mr Attorney wanted assurances as to the fact that the directions dealt with matters to do with accounting and economies. He was concerned with the specifics of the law and I think each financial direction had to be gone through to ensure that they complied with that.

The Chairman: The fact is, though, that, whatever the niceties of the legal basis under which the direction was issued, you were carrying out an instruction that had been agreed by Treasury, to issue a direction. Your letter of 25th June did so. I have to say it is expressed in perfectly temperate language, as far as I can see. It was copied to the DTI Minister. Of course, there was a seismic shock reaction, was there not, on the part of the MEA board members and certain politicians, which culminated in a lot of political pressure from the DTI to have that direction withdrawn –

Mrs Williams: That's right.

The Chairman: – to let the MEA get on with its work and without unnecessary bureaucratic interference? That was the essence of it, and you made reference to notes being passed, I think, in CoMin by the DTI Minister, to back off – paraphrasing the –

Mrs Williams: That was the inference. I am not sure he actually said –

The Chairman: Not using those words, the import was to back off.

Then, of course, the letter of 16th August from the Chief Executive of the DTI to yourself, which we asked

Mr Shimmin about, they are expressing that they find the situation very unsatisfactory, the fact that they had not received notification of the withdrawal of the direction. They had been informed about the direction by your letter, but you had not subsequently kept them up to date during this period about its withdrawal. Is that right?

Mrs Williams: Because I did not... It was the Treasury Minister who wrote the letter suggesting withdrawal, and as I say, I was not consulted. I did not write that letter. So they are correct that they were not informed, because I do not believe that was copied to the DTI, but they were given the paperwork to finish off their paperwork, can I put it that way.

The Chairman: But clearly, what the DTI wanted to happen did happen: they wanted the direction to be withdrawn. Should somebody not have given the necessary reassurance to the DTI Minister that this had happened and that what they feared, the adverse reaction of the MEA, had been averted?

Mrs Williams: I am sure that they were given it verbally, Chairman.

The Chairman: Thank you.

Just going back to 17th July, minutes of the Treasury meeting of the 17th July 2002 stated that:

‘At present, Treasury feels it would be exposed if this matter were to be referred to the Public Accounts Committee.’

Can you clarify why Treasury would have been exposed?

Mrs Williams: Yes, again... Well, that it would *feel* exposed.

The Chairman: Feel exposed.

Mrs Williams: Yes. Again, I would refer to the letter from Mr Kerruish, the 1997 letter, together with my letter dated 1st August 2002 to Mr Harding, and I think that explains clearly what Treasury and I felt at that time.

Mr Kerruish’s letter makes it clear that anyone who knows there has been a breach of financial directions must do something about it, and the more senior the person, the more that that person is expected to do, in effect. Treasury had clearly known for some two-and-a-half years that the MEA were not complying with financial direction 17 and had been trying to rectify that situation, bearing in mind, as I said, the political climate of the day and the frequently expressed opinion of, I must say, both Ministers for the DTI over that period, that the MEA knew what they were doing and should be left alone to get on with things.

Notwithstanding the efforts that Treasury had been putting in to seeking to resolve the situation, it had in fact been a one-way street, and Treasury was left in the position where, unless the issues were clearly understood and the political context in which Treasury was trying to resolve those issues was made clear, it would appear – and it would wrongly appear – that Treasury had accepted non-compliance. That was one of the reasons that Treasury felt then that the matter had to be brought to a head.

The Chairman: At the same meeting, correspondence between the Capital Projects Unit and Mr Proffitt at the MEA were circulated to Members of Treasury. Was this the first occasion when that documentation had been brought to the attention of the Treasury political Members?

Mrs Williams: Treasury Members were briefed about the situation regularly, without necessarily having all the documentation brought to their attention. Certainly, at that point, all of the documentation was brought to them, but I am certain in my own mind that Treasury Members were aware all of the time of what was going on.

The Chairman: Thank you.
Mr Quirk.

Mr Quirk: Did any of the Treasury Members then say anything? Were there any concerns expressed, or... Because there are a number of them there, aren’t there, so... No?

Mrs Williams: I absolutely cannot recall what happened or what was said at the meeting.

The Chairman: Was any consideration given at this point, or afterwards, as to whether a political member should be placed on the MEA board? Given that you had a very unco-operative MEA board in terms of reporting financially to Treasury, was it not thought, politically, about time we had a politician on here to ensure that there was the necessary reporting?

Mrs Williams: I think my understanding of the situation, Chairman, is that the membership of the MEA board was recommended by the DTI, and clearly the DTI were happy with the membership of the MEA board. They, as I have said previously, felt that they were the A-Team. They referred to them as the A-Team.

The Chairman: They referred to who?

Mrs Williams: The membership of the board as –

The Chairman: The MEA board –

Mrs Williams: Yes.

The Chairman: – as the A-Team, and leave them to get on with it, yes.

On 6th June 2002, you had a paper to the Treasury Minister and the Members of Treasury. Just the very last section of that paper, which was to do with MEA compliance:

‘The extent to which the absence of any direct political representation on the board of the MEA is a significant factor in the circumstances may also be a consideration for Treasury.’

So you were saying to Treasury, not just a matter for the DTI, (**Mrs Williams:** Yes.) but something we really ought to look at.

Mrs Williams: But I would reiterate the system at the time, and in fact the system now is that it is the responsibility of the DTI to recommend the membership of the MEA board to Council and then to Tynwald.

The Chairman: Are you aware of whether the political Members of Treasury took on board your very clear advice and have some dialogue with DTI at political level?

Mrs Williams: I am not aware of it.

The Chairman: No, you are not aware. Thank you.

From this point on, it would appear, until the fact of it happening in July 2003, the additional borrowing was being organised, and as it turned out, it was in place in July 2003, so from this point on, all that was being organised by the MEA. What evidence, if any, did you have, did Treasury have, from the documentation that was being supplied, that there was a need for additional borrowing or that it was actually taking place, irrespective of any identified need?

Mrs Williams: None.

The Chairman: None.

Mrs Williams: I would say, Chairman, that the very idea that a Statutory Board should borrow money without the concurrence of Treasury was unbelievable. It was not something that would naturally occur to anyone to suspect, because it was so outwith the expectation of behaviour in statutory bodies.

The Chairman: With the benefit of hindsight, of course, we know that the MEA board did not see themselves as just another Statutory Board. DTI were saying, 'We'll leave them to get on with it, the A-Team; they know best.'

Was there no suspicion, given the lack of compliance, and indeed a determination not to comply with financial regulations, that they might be up to financial dealings quite outside the recognised procedures? There was evidence that they were not complying with procedures. Why would it have come as a surprise that they had not done any borrowing outside procedures?

Mrs Williams: It was just inconceivable. It was inconceivable that they... I can say no more than that.

The Chairman: Yes, but of course it was only too real a fact, as we now know, that it took place. Colleagues? Mr Butt?

Mr Butt: Yes, one specific question about the MEA's own internal audit. Referring back to that report of yours to the Treasury Minister on 6th June 2002, you say, at the top of the second page... I would be interested to know the answer to this. It is a report, basically, saying there is lack of compliance etc. You say:

'This issue was raised with the MEA auditor earlier last month to determine whether the MEA board itself was being presented with a more informal overview and detailed report.'

So the issue was raised. This is your report. The issue was raised. I wonder was there any response to that? Did you have any knowledge of what the MEA auditor's information was and what they were receiving? That is 6th June 2002, your report to the Treasury Minister about their compliance. Top of the second page. I just want you... You say the issue was with the MEA auditor, and I wonder what the response from the MEA auditor was. Were they being kept informed,

or did they not make any comment?

Mrs Williams: I cannot remember, Mr Butt; I really cannot.

Mr Butt: We have also heard from former board members that the Treasury knew, or should have known, of this financial situation, and I just wonder what your comment on that was.

Mrs Williams: I do not believe that Treasury had any inkling and I do not believe they were furnished with sufficient information for them to be able to have derived that information until it was derived, when the 2002-03 accounts were provided.

Mr Butt: Thank you.

The Chairman: Looking back, when the £185 million borrowing was given the green light in July 2001, it was made clear in Tynwald Court that that was it, there would be no further borrowing, when the question was raised from the floor. How confident were you at the time about that, given what we know of the lack of compliance with regulations, the uncertain role of Deloitte and Touche in having verified the figures, it having been taken on trust – if it is fair to put it that way – by Treasury that the MEA figures were all they were advocated to be?

When we hear from Mr Wilcox in November 2004 at the meeting between Treasury and the MEA board, when he stated that the financial model at the time had been prepared on the basis of indicative costs and that the overall costs would not be fully realised until the project was actually proceeding. That was after the bond. It seems... What is your reaction?

Mrs Williams: I do not wish to seem as if I am trying to avoid the question, Chairman, but I did not take up position until 1st August. I was Chief Financial Officer designate for the period of July.

It was decided, because that work had been done substantially before my taking up office, it would be dealt with by Mr Cashen. So I really was not involved at that stage. I cannot comment.

The Chairman: Thank you.

Mrs Christian, any further questions?

Thank you very much. That concludes the Committee's questions, Mrs Williams, but in fairness, if you wish to add anything that you feel has not been covered, please do so.

Mrs Williams: I would just like to say, Chairman, that during the period from August 2001, both myself and the other officers in Treasury continued the efforts which had been going on previously to reach an accommodation with the MEA which was satisfactory to all parties.

The matrix which was produced to the Treasury by the Chief Internal Auditor in July 2002 set out a position which Treasury, I think, could not continue to tolerate. Not only did that matrix make it clear that the MEA did not comply with financial direction 17, but it also made it clear that they were not willing to justify why there was non-compliance and that there was no intention of compliance going forward.

If Treasury had simply ignored that situation, then

Treasury itself could have been held liable for whatever happened thereafter. Treasury therefore determined to issue an instruction that, going forward, the MEA should comply with financial regulations. Please note that Treasury were not seeking to unpick what the MEA had already done.

The legal opinion emanating from the Attorney General's Chambers on 31st July, combined with the political pressure to allow the MEA to continue, rendered that decision impossible for the Treasury to implement. Treasury therefore went back to seeking compliance by way of negotiation, but effectively they went back to a one-way street.

Treasury was trying, but the MEA was not, as you have heard from previous witnesses. I do not think that I, or my officers, or any officers for the Treasury could have done anything more than they did to get the MEA to comply.

The Chairman: Thank you. That is very clear, Mrs Williams. I would like to thank you for your evidence to us this morning. That concludes the Committee's questions.

As I indicated earlier to Mr Shimmin, it may well be that, in the course of taking evidence from other witnesses, we will wish to contact you further, and we will certainly give you due notice about that. So thank you very much, Mrs Williams.

That, ladies and gentlemen, concludes the public session of the Committee for today. The next public session is due to be held on 1st July, and further details about that will be released publicly in due course.

Thank you very much.

The Committee sat in private at 12.40 p.m.