



**STANDING COMMITTEE  
OF  
TYNWALD COURT  
OFFICIAL REPORT**

**RECORTYS OIKOIL  
BING VEAYN TINVAAL**

**PROCEEDINGS  
DAALTYN**

**PUBLIC ACCOUNTS COMMITTEE**

**MEDIA DEVELOPMENT FUND**

**HANSARD**

**Douglas, Tuesday, 14th January 2020**

**PP2020/0004**

**PAC-MDF, No. 6/19-20**

*All published Official Reports can be found on the Tynwald website:*

[www.tynwald.org.im/business/hansard](http://www.tynwald.org.im/business/hansard)

**Members Present:**

*Chairman:* Mrs C L Barber MHK  
Mrs C A Corlett MHK  
Mrs K A Lord-Brennan MLC

*Clerk:*  
Mrs J Corkish

**Contents**

Procedural.....	151
EVIDENCE OF Hon. Alfred L Cannan MHK, Minister and Mr Caldric Randall, Chief Financial Officer, Treasury .....	151
<i>The Committee sat in private at 11.18 a.m.</i> .....	161

# Standing Committee of Tynwald on Public Accounts

## Media Development Fund

*The Committee sat in public at 10.30 a.m.  
in the Legislative Council Chamber,  
Legislative Buildings, Douglas*

[MRS BARBER *in the Chair*]

### Procedural

**The Chairman (Mrs Barber):** Good morning and welcome to this meeting of the Public Accounts Committee. I am Clare Barber MHK and I am chairing the Committee for this Inquiry. With me are Mrs Ann Corlett MHK and Mrs Kate Lord-Brennan MLC.

5 If we could all ensure our mobile phones are on silent, or off, that will hopefully ensure we do not have any interruptions. For the purposes of *Hansard*, I will be ensuring we do not have two people speaking at once.

This is the sixth public evidence session in the Public Accounts Committee Inquiry into the Media Development Fund.

10 As you all know, the Committee has resolved to look into the matter, in particular governance procedures from the time of the 2007 decision to use CinemaNX through the switch to Pinewood Fund Advisors in 2012 with the associated investment in Pinewood shares to the present day. The focus of the session today is the present day

### EVIDENCE OF

**Hon. Alfred L Cannan MHK, Minister and  
Mr Caldric Randall, Chief Financial Officer,  
Treasury**

15 **Q323. The Chairman:** Minister Cannan and Mr Randall, welcome. Today we would like to talk to you about the governance in relation to both funding by way of grant schemes and also in relation to investment.

Before we start, could you please introduce yourselves and let us know how long you have been in your current positions?

20 **The Minister for the Treasury (Mr Cannan):** Alfred Cannan, Treasury Minister; three and a half years.

**Mr Randall:** Caldric Randall, Chief Financial Officer; one year.

25 **Q324. The Chairman:** Thank you very much.

Minister, before we focus in on governance specifically we would like to begin by asking you to set the scene more broadly.

‘It is a challenge to budget to fund public service delivery and also to support funding for business growth and development’. That is something that you have said yourself and is in the Pink Book. We just wondered: how do you approach recognising that challenge?

30

**The Minister:** Government has a number of priorities in terms of this administration and we have set a number of those out in the Programme for Government; the priorities have been clearly set out within that. And of course alongside that there is the provision of day-to-day services. So we will adjust the funding as necessary. There is clearly a number of established set funding criteria already in place for the delivery of public services and we will adjust accordingly in those figures depending on, as I said, either the priorities facing Government or the challenges that are facing Government in terms of what sectors might need specific support.

35

**Q325. The Chairman:** So you are looking at both proactive and reactive?

40

**The Minister:** Yes.

**Q326. The Chairman:** How much of the annual budget is allocated to funding for business growth and development?

45

**The Minister:** Almost £4 million is allocated to the Department for Enterprise for their various schemes – the Financial Assistance Scheme gets £3.5 million; there is a Micro Business Grant Scheme, a Business Improvement Scheme and one or two other small schemes *in situ* at present. But it is the Financial Assistance Scheme which gets the most, that is £3.5 million, and that money is delivered directly to support new businesses being established, and established businesses who are wanting to seek funds to help them sustain and grow and develop on the Island.

50

**Q327. The Chairman:** How do you prioritise budget bids for competing areas of focus related to growing the economy and business growth?

55

**The Minister:** We give that funding to DfE. They will come to us with their budget bids, as all the Departments do, and we will review their requests in line with the benefits that they are proposing to bring.

60

I think what we have in this particular circumstance, though, are more one-off investments that are brought to Treasury; or people who come perhaps often alongside, or perhaps even outside the normal budget criteria, with proposals either for direct business support or for more broader funding that may be needed to help benefit the economy and economic growth on the Island, and potentially at times bring some social benefits as well.

65

**Q328. The Chairman:** What tools do you use to assess those opportunities?

**The Minister:** I think there are no set criteria. One has to look, particularly if it is economically focused, which most of the investments tend to be, what is the overriding purpose of the request for and what are the benefits that are likely to come to the Island.

70

Now, those benefits could be jobs, they could be diversification, supporting diversification in the economy; they could be provision of opportunities for start-ups or for entrepreneurs; it could be about sustainability, i.e. bringing investment into a specific area or to a specific business to sustain their presence on the Island, and to help them sustain and potentially create jobs. There may be environmental criteria around that investment request and there may be social benefits around that request.

75

Generally speaking, when we look at specific investments for economic growth, we are looking at the jobs that are either being created or sustained and the revenue that will be either created or sustained as a result of that investment.

80

**The Chairman:** Thank you.

**Q329. Mrs Corlett:** How do you measure success in relation to supporting businesses?

85

**The Minister:** Well, again, when we receive an application for business support or for project support, there will be attached to that an evaluation about the numbers of jobs that will either be created or sustained, and the attached revenue expectation that we will receive alongside that. So, both Income Tax and National Insurance.

90

**Q330. Mrs Corlett:** And how does Treasury measure positive economic effect where it is not a straightforward, direct return on investment, where the other things come into play, as you have already said – your environmental and your social benefits?

95

**The Minister:** If we were looking at environmental or social elements then we would attach that to specific objectives set out in the Programme for Government. So clearly, if it was environmental then one would see that in terms of reduction perhaps in carbon that would be brought alongside that particular investment, and clearly that is going to take on more importance as we move forward. Or, if there was a direct social benefit, then we would be expecting some form of measurement alongside that.

100

**Q331. Mrs Corlett:** So you do give guidance on how you would expect the effect to be measured?

105

**The Minister:** I think we always seek to establish what the benefit of the request is for funding.

So do we give specific guidance? I am not sure that we give specific guidance but we as the Treasury, when we come to review these requests, will always look at what benefits are being brought, particularly if it is one for economic investment, i.e. into business, then we predominantly will look at jobs, job creation and sustainability into the longer term. And clearly around that then we will be doing other due diligence about who is involved and what potential risks may be present.

110

**Q332. Mrs Corlett:** The Executive Agency Model, Minister: what is your view of the Executive Agency Model?

115

**The Minister:** We have supported the establishment of the Executive Agencies.

Personally, I think it is a good thing; the right way forward. I think it is important that you engage with the businesses and the industries that you are trying to support and where public money is actually being focused; and I hope that we will see the resultant benefits of that starting to come through.

120

It is probably too early at this stage to have a credible set of results or deliverable objectives from the Executive Agencies. I think they are still work in progress and they are still developing in some respects in terms of formulating their plans and strategies. But I am conscious that there have already been a few successes and we look forward to seeing that develop.

125

**Q333. Mrs Corlett:** I was going to ask, how do you track and assess whether the agency model is working, but I am getting from your answer there that actually we have not given it long enough perhaps to get that information?

130 **The Minister:** Well, we have not put any direct investment *per se* into the agency model itself. I mean, this has been a proposal that has come through from DfE, it has been within their budgets and they have put it together. And as I said, we have had very little in the way of direct requests for specific funding, although I am conscious that there may be some on its way in the not-too-distant future.

135 **Mr Randall:** We have some funding requests which we have funded through the Marketing Initiatives Fund.

**Q334. Mrs Corlett:** What would you do if you thought it was not working?

140 **The Minister:** Well, if we think an investment is not working ... That is a strategic decision that has been taken with the support of Council of Ministers. DfE have put a very strong business case as to why this is a sensible way forward. If we get a request for funding, as I said, we will look at the return in benefits that it is bringing and if we think and believe that a case or an Agency is not delivering on the expectations that have been set out, then that would clearly flag a level of concern. We would want reassurances from the Department about their proposals as to whether the agency was operating efficiently and effectively, and whether it was meeting its criteria, and/or whether those criteria needed to be reviewed or changed in terms of the objectives that it was setting out to achieve.

145  
150 So, as the Chief Financial Officer says, obviously we have had some requests for funding which has come from Marketing Initiatives, so where we have given very specific and relatively small amounts at the moment for that, we have accepted a set of benefits that will be brought to us. Indeed, we regularly ask a Department to come back and update us as to the progress on those criteria that have been brought to us as benefits effectively for job creation and for income streams. And so we do look to see how that is progressing.

155 **Mrs Corlett:** Thank you.

**Q335. Mrs Lord-Brennan:** You mentioned the Marketing Initiatives Fund. Is that part of the Financial Assistance Scheme or is that separate?

160 **Mr Randall:** That is a separate internal fund.

**Q336. Mrs Lord-Brennan:** And is that something – this is based on our previous evidence-taking – that will get approval effectively from DfE or one of the Agencies, and then come to Treasury for concurrence?

165 **Mr Randall:** No, it is an internal fund that is held by Treasury. The terms of reference for the fund are set out in the back of the Pink Book. (**Mrs Lord-Brennan:** Right.)

170 So, effectively, if a Department has a request for funding over and above what it has got in its existing budget it will come up with a business case and it will put that through to Treasury. Treasury officers will look at it and make sure that the criteria and the business case are there, and then it will be considered by Treasury, and then that funding would be made available if it was approved.

175 **Q337. Mrs Lord-Brennan:** Okay. And do you have any recent examples of cases in the past few years where you have said no to a request that has come through?

**The Minister:** Loads; all the time.

180 **Mr Randall:** Yes, absolutely. Just to say there is a lot of scrutiny that goes into it beforehand. So if there was a business case that does not stack up, it would not always get to Treasury anyway because the officers would have made sure that the case was there to be described before it gets to the political level. Sometimes they go through with it and it is a judgement call and the politicians make those judgement calls.

185 **The Minister:** I think it is important to distinguish between our externally managed funds – £1.6 billion, to which we set the criteria for that investment, but it is managed on a discretionary basis by the investment managers; and the internally managed funds which are set out in the Pink Book, and those funds will all have a set of criteria for what they have been established, the terms of reference effectively.

190 And, yes, we would distribute money from those funds which are very transparent, and approved by Tynwald in the Budget, and Departments can apply to those for various projects. They do not all have to be economically related; but as we said we have set those funds up for a very specific purpose, to deliver broader outcomes for society.

195 **Q338. Mrs Lord-Brennan:** Okay. Thank you.

If we can just look a little bit more on the investment side of things, then, but first of all related to Tynwald oversight.

200 At a previous evidence session, the point of the acquisition of the Steam Packet was mentioned to the Committee by way of making a point about Members getting sufficient information. So I would be interested if you could just talk us through Treasury's approach to dealing with such significant investments; for example, just to really illustrate what sort of due diligence, what procedures, what professional advice and how you dealt with that in terms of ensuring that Tynwald Members had the information they felt they would need in order to have sufficient scrutiny over it.

205 Thank you.

**The Minister:** That is a really big question!

210 I think we set out, when we delivered the proposals to Tynwald, the clear rationale behind our belief that the Isle of Man Government should purchase the Steam Packet Company. This was not for investment management purposes or investment returns purposes. We purchased that because it was our belief that it was the right thing to do to protect our strategic sea services, and therefore the critical economic and social benefits that came from having a protected monopoly route, effectively.

215 So this was not an investment decision *per se*. The fact that the company was generally a strong performing business, in terms of its profit and loss and its revenues, was obviously part of the factor of considering that, yes, we should make the decision to purchase the Steam Packet rather than look at an alternative decision such as to buy our own ships, for example. Clearly, though, having made that decision then one has to go and obtain the relevant serious professional advice needed to ensure that the company is represented properly, both on its balance sheet and on its profit and loss account, and is trading efficiently and effectively.

220 Alongside that, one has to set out the longer-term forecasts as well for the future of the business, and bear in mind and make a full assessment of the risks associated with it and the challenges that the business was facing, for example, with new ships.

225 In terms of what we presented to Tynwald I think we presented as much as we could to be transparent in the circumstances, bearing in mind of course that there was always the risk that, in this particular case, Tynwald could have said no. There was certain information therefore that was held back but would have potentially jeopardised the company's future commercial value if Tynwald rejected the decision. So I think we went forward and presented as much reasonable and relevant information as to enable Tynwald to make the decision at the time. But of course,

230 critically, Tynwald did have exposure to the company accounts; and of course we had  
undertaken ourselves the relevant due diligence.

I think in all these circumstances there has to be an element of trust and an element of  
responsibility by the Minister and the teams that are coming to Tynwald with this type of  
information. I appreciate that everybody always wants potentially huge amounts of detail. It is  
235 not always available, not just with investments, but other decisions that Government may be  
making. It is not always available at that specific time to Members and so therefore one has to  
make a judgement call as to how much can be released. And of course in making these decisions  
the Minister responsible obviously carries considerable political responsibility for doing that and  
for presenting the information as well.

240 So in this particular case I was confident that we had engaged with the relevant professional  
advisers, and that those professional advisers had undertaken a thorough and full assessment of  
the due diligence. Of course, in engaging the professional advisers such as the accountants and  
the lawyers, for example, we obviously had to have our own corporate finance consultants as  
well; and I was satisfied with the levels of communication and information that was being  
245 provided to us.

As I said, we then packaged that up and gave as much information to Tynwald as we  
reasonably could, I believe, for them to make as informed a decision as possible.

**Q339. Mrs Lord-Brennan:** Thank you.

250 Do you have anything to add?

**Mr Randall:** No.

**Q340. Mrs Lord-Brennan:** In looking at the latest Government's Dark Blue Book, I noticed  
255 that there is a section to do with internal controls and I was actually comparing it to a few years  
ago. I went back as early as was publicly available, I think, to 2013-14 and noticed that in the  
current Government audited accounts there seems to be a little bit more detail in terms of  
planned areas for review – that would be under paragraph 4.8 of Statement of Internal Control.

260 So there seems to be a bit more extra stuff in the Blue Book in terms of internal control  
compared to perhaps a few years ago, when I am looking in this case just at the 2013-14. So it  
has prompted me to ask: are there certain things that have been brought into Treasury about  
managing internal controls, internal governance – a different way of doing things that has been  
brought in since 2016, or even since you have taken up your post, Mr Randall?

265 **Mr Randall:** I think the short answer is no, there is nothing. Obviously with the Dark Blue  
Book we are always looking to improve the level of information we have got in there, and the  
usefulness of the statement on internal control. It picks up major issues that we are looking to  
address related to governance in the future. Obviously you can see from some of the things  
listed there that there are a number of things that we want to look at and improve. We are  
270 always looking to improve and we have got a number of improvement projects ongoing.

The general approach to the preparation of the statement itself has not changed and there  
are things that we need to, as I say, keep improving and that is what we are aiming to do.

**Q341. Mrs Lord-Brennan:** And in terms of guidance that Treasury might give to other  
275 Departments in relation to allocation of their budgets, perhaps, to do with how they fund  
business growth or that sort of development activity, is there particular guidance in place or  
would that really happen by way of the processes of the things that you have explained about  
simply putting a bid in?

280 What sort of guidance or input does Treasury give to other Departments, essentially, is what I  
am asking?

**Mr Randall:** In terms of business growth, Treasury, when it looks at the setting of the Budget, looks at things at a high strategic level and obviously has the Programme for Government to refer to, to see what those specific actions are that are available to them, and then we will make allocations to the Departments on that basis. In terms of specifically going in and telling the  
285 Departments how to deliver everything, I am not sure that is Treasury's role.

We will look at things, take advice from them about how they propose to do things and then make a decision about prioritisation of funding on that basis. Obviously when you have got limited funds you have to have some form of prioritisation about where you put those funds. The majority of funding for business development elements is through the Department for  
290 Enterprise.

**Q342. Mrs Lord-Brennan:** Okay, so is there any specific guidance around risk appetite or is it really just around that judgement call for whatever the goals of that particular project might be?

**Mr Randall:** We do have a standard business-place template that gets used for capital projects and for bids that come in each year.

Below that there is a template, an expectation of things that we would want to be in there – a risk analysis of different benefits that might be accruing, and of needs to do things from a legal point of view. So at that kind of level there is, but not in terms of a detailed manual – there is  
300 not that, but there is –

**Q343. Mrs Lord-Brennan:** But there is a standardised process and it would be in that template?

**Mr Randall:** Yes.

**Q344. Mrs Lord-Brennan:** In terms of the role that Treasury plays in approving funding, you have differentiated between things like the Marketing Initiatives Fund and also concurrence that might be given where there have been more processes taking place through Departments.

310 Can you just outline for us what the present process for sign-off is at a Treasury level for whether to provide funding?

**Mr Randall:** Okay. The requirement for Treasury concurrency is normally in an Act, in a piece of legislation, whether it is in the primary or a secondary piece of legislation, we will expect ...

315 So what will happen is the Department will go through and make its own decision. It will get ministerial sign-off and Chief Officer sign-off, and it will then come into Treasury and it will set out the criteria. For example, in the case of the Financial Assistance Scheme we have a checklist that we run through to satisfy ourselves that the Department has undertaken the checks and balances that we would expect.

320 The officers will do an overview, provide a covering paper for the politicians setting out the advice and giving advice to the politicians on what is in there, what the case is and a recommendation on the basis of that, and then it will go into Treasury for political consideration.

That is really the same kind of process for the internal funds as well, where a case is made by the Department and it is backed by that Department and put into Treasury, and then Treasury  
325 will consider it on the basis of need and affordability.

**Q345. Mrs Lord-Brennan:** Obviously, the main concern of this Committee is looking into the losses of over £26 million from the Media Development Fund, which of course are historic losses. But would you feel confident now that there are processes in place? Or what processes,  
330 in place, do you think would ensure that such losses would not occur again?

I accept that this is not current and the same arrangement is not in place, but in terms of the processes that might stop something like that happening again.

**The Minister:** Well, it depends what you actually set out to do with your money, effectively, and what the vision is and what the purpose for such funding is. And until you have actually  
335 established that and understood that, then you will not understand necessarily what type of risk  
you are applying to the money that you are spending.

So at present, for example, I think we have taken the view that we want to create jobs, we  
want sustainability and we do not want it for short term, we want it for longer term; and we  
want to see at least some evidence that these jobs are here to stay, rather than necessarily be  
340 created for very short-term, one-off projects. So that is really around the general vision that we  
have for job creation for providing support to specific projects at the moment.

But if we were going to create a new fund of this type of nature, then we would be wanting  
to see the stickability of the business and its *raison d'être* for being on the Island, and the  
benefits that are going to be brought in the longer term to the Island. So you have to be mindful  
345 that that is our priority: job creation, rebalancing some of the demographic challenges that we  
have on the Island and making us a more sustainable Island in the longer term.

**Q346. Mrs Lord-Brennan:** Thank you.

In light of that then, what is your view of the role of Treasury in the stewardship of public  
350 funds, particularly in respect of economic development?

**The Minister:** I think it is right, generally speaking, that Treasury has the final sign-off for a lot  
of these one-off projects that come to us, or where funds are being applied for that have already  
being created, that Treasury reviews and accepts the criteria that has been applied by the  
355 relevant Departments. But it is also right to say that Treasury must go into any investments with  
its eyes wide open and it is clear on the criteria around which public money is being spent.

So Treasury does still have a very central role to play in investments and I think acts very  
much as the safeguard when it comes to managing, perhaps, Departments' expectations as to  
how public money should be spent. And I think it acts as a safeguard and perhaps a challenging  
360 board to the process that has been adopted, the findings that have been put before Treasury  
and a critique of the benefits that are being outlined within the documentation that is being  
brought before us.

**Q347. The Chairman:** When you talked about job creation, are you are talking about very  
365 simplistic job creation that would not require someone to leave another job to come into it? Are  
you talking about when we are bringing a job and a person, so you are creating a job hopefully  
with new people on the Island as well?

**The Minister:** Ideally; but it is not always that easy to control that specific process. So that is  
370 definitely one element.

As I said before, sometimes we get propositions in front of us that may be about job  
sustainability. So they may be about an established, successful business potentially with high  
turnover and low margins but nevertheless important in terms of the type and diversity of work  
that it brings to the Island. And we may look on occasion to support one-off investments if we  
375 believe it would be in the longer-term benefit of the broader economy and help protect existing  
jobs on the Island.

**Q348. The Chairman:** So do you see that there is probably a mechanism where that needs to  
change depending on the current situation of the Island in terms of whether we are people-  
380 short or job-short, in the bigger economic picture?

**The Minister:** No, I just do not think you can necessarily box all this into just nice, clear-cut  
forms and packages, and say this must be ticked before you can move on to the next stage.  
Because not everything is black and white, and there are various circumstances applied to

385 various investment requests that come to Treasury, and different circumstances that may surround that particular request. And occasionally there are different levels of risk attached to it which really, therefore, need some sort of political input in terms of either approving or rejecting the risk appetite or the risk factors that are being applied to certain propositions.

I think that if you just try and box this into a nice square box, it is just never going to work. As I said before, sometimes there are risks attached to these types of proposals and one has to be willing to politically expose yourself ... As in my role, perhaps as in the role of the DfE Minister and political Members, and perhaps in the role of the DOI Minister and political Members.

I think the important thing is that the evidence that is produced, the methodology that has been applied or the figures that have been put in front of you are realistic, accurate and cover all the factors that are involved. And then, not only *that*, but a fuller assessment has been given around the broader implications that you might find from one of these investments in terms of other impacts on the people that might be impacted or affected, and indeed the political risks that are involved with this decision-making.

These decisions happen, and at times Tynwald does not get to see everything necessarily. Obviously everybody gets the accounts and they see where the money has been spent, they see the funds but they do not necessarily know where every single penny has gone from those funds. You have to put trust in both the officers and the politicians who are involved in signing off the criteria that have been set for that investment have been met, and that it is a benefit to the Island to undertake that investment.

405

**Q349. The Chairman:** One of the criticisms that was levied in the evidence session we held with the previous Ministers was they felt potentially that the current Government was too risk averse and there were opportunities potentially being missed. I am simply putting that challenge to you.

410 Where do you think risk appetite should sit for Government? And do you recognise that it is a difficult challenge in terms of deciding exactly what the risk appetite should be?

**The Minister:** Well, potentially, everybody would have perhaps a different view on that.

415 For us – for me and for the Treasury team – I think we want to see, as I talked about, particularly when we are talking about these economic investments, the value in terms of local spend, jobs created and returns to the Treasury; and then the longer-term benefits that may be associated with that project. For example, does it help regenerate or does it contribute towards regeneration in a town centre? Does it, for example, assist and aid with our environmental challenges? Or does it, for example, help assist some of the social challenges or social objectives that have been laid out in the Programme for Government?

420

I think that there are obviously risks for us. We seek to minimise those risks and we are not necessarily into taking very short-term risks that do not appear to have longer-term sustainability for the Island, in general, in terms of the jobs and economic opportunities that these projects would tend to bring. I do not feel the need for us to unduly take huge risks at the moment with public money. We have met our fiscal targets and indeed exceeded our fiscal targets in terms of revenue growth. We have reduced unemployment significantly in the last three or four years. And in general terms I think that some areas clearly have got problems within the economy, but other areas have proved to be strong, stable and have opportunities that are coming up in front of them.

425

430 So I do not think there has been a need for us to take any, what I would call ‘significant’ risks with public money. But obviously any investment that you take has an element, potentially, of risk attached to it.

**Q350. Mrs Corlett:** I would just like to ask, when a decision is made, you have already said the evidence and methodology need to be recorded, essentially, *why* a decision has been made especially when there is an element of risk attached to it.

435

Do you feel that these things were recorded suitably at the time that the Media Development Fund was losing this money?

440 **The Minister:** Well, I think it is difficult for me to provide an answer to that.

Obviously at the time of this I was a backbencher, I was not in Treasury; and since becoming Treasury Minister I have adopted the position that we must move forward and that really the focus has been about delivering on the Programme for Government and putting us into what I believe to be a more sustainable financial position with a clear financial plan attached to it over  
445 the next five years.

Personally, and as you will probably see from the records, I did not support the Pinewood investment, I was never a fan of what potential benefits it was alleged to be bringing to the Island; but at the time Tynwald did, and many will argue that they went into it with their eyes open. All I can really talk about is am I confident that today we are providing adequate  
450 challenge, suitable scrutiny around the investment proposals that are coming our way? Are we being transparent with Tynwald in terms of how money is being used and the returns that we are seeking to obtain? I believe the answer to those questions is yes. And, touch wood, I have yet to see anything overly drastic in terms of failure from what we have been choosing to sign off in Treasury, in terms of where the public money has been invested into the local economy  
455 and to local businesses and new businesses.

**Q351. Mrs Corlett:** But would you agree perhaps that the very fact that we are here again today still digging on this, is evidence in itself that actually the evidence, the methodology and the reasons for those decisions being made is really not clear, and that is why we are still having  
460 another Committee to look into this?

**The Minister:** Well, as I said to you at the beginning, I think any investment may have a different *raison d'être* attached to it. As long as you are clear on what you are seeking to achieve with that investment and the benefits that it is bringing, will you then be clear on whether the  
465 spending of that public money has in fact benefited the community as a whole?

So I think in terms of the methodology applied, as I said to you, I just do not think you can necessarily square this all off into nice, neat tick boxes. What you do need to do is to produce your due diligence, make sure that you fully assess the risk and you have set out your criteria for success. And, if that is achieved, then you will be in a position to justify how that money has  
470 been spent and what has happened in terms of the benefits to society.

I believe that we can do that in terms of the investment decisions that Treasury has looked at and signed off, and indeed that Tynwald has decided should be the right way to go in terms of what has been set out in the Programme for Government. In terms of outcomes and results, again, we can from a broader brush perspective point to delivery of our targets set out in our  
475 financial plans as evidence, I think, of successful allocation of monies to DfE for investment in the economic activity on the Island.

**Q352. The Chairman:** Thank you.

One of the other things that came up was around money that has come in from investments being automatically reinvested and almost the feeling that that money, because it had come  
480 from an area, it was not public money. There appeared to be, again, a discrepancy, certainly from the way things I think have operated now, it appears that money comes back in and there is then a prioritisation in terms of where money is spent.

Would that be your take on the current situation?

485 **The Minister:** You are saying that if an investment realises a return then that return should be spent back in that particular specific area?

490 **Q353. The Chairman:** No, I am saying that when we had the previous Ministers in again, one of the things that came up was that the money that was invested in the £50 million fund was perceived as having been a profit from the film anyway and therefore we were just taking a chance on money that was never really there – was almost the perception from some.

I wonder if you had any comment on the importance of putting money back into the general reserves, because that is public money.

495 **The Minister:** Well, whatever the returns, it is all public money – that is the bottom line. It is not money that belongs to individuals or a sector *per se*, it is just that the Government in my view has chosen to invest public money in that particular sector. If there are returns, then that is public money and it is up to the decision-makers as to whether to reinvest that money back into that particular sector or to put it back into the general reserve.

500 But, again, I would suggest that these kinds of decisions should be set out at the beginning in the terms of reference around the funds for these types of investments, and clear identification of the benefits that are being set out to be achieved and what that means I think in terms of sustainability in the longer term. Or, if it is appropriate, just short-term delivery for whatever reasons there may be.

505 But it is absolutely my view that every single penny that Treasury deals with, irrespective of where it has come from, is public funds.

**The Chairman:** Thank you very much.  
With that we will now sit in private.

*The Committee sat in private at 11.18 a.m.*