

STATES OF JERSEY

SCRUTINY COMMITTEE BLAMPIED ROOM, STATES BUILDING

TRUST PORT REVIEW

Present: Deputy Gerard Baudains (Acting Chairman)
Senator Jean Le Maistre
Senator Vibert
Deputy Phil Rondel
Deputy Rob Duhamel
Deputy Bob Hill

EVIDENCE FROM:

SENATOR FRANK WALKER
(In attendance: Mr Jeremy Harris)

on

Wednesday, 6th October 2004

(14:30:29 - 15:36:20)

(Digital Transcription by Marten Walsh Cherer Limited,
Midway House, 27/29 Cursitor St., London, EC4A 1LT.
Telephone: 020 7405 5010. Fax: 020 7405 5026)

DEPUTY BAUDAINS: As you know, I am required to read you this notice, which is in front of

you.

SENATOR WALKER: It is my rights.

DEPUTY BAUDAINS: That is right, but not many of them. It is important that you fully understand the conditions under which you are appearing at this hearing. You will find a printed copy of the statement I am about to read to you on the table in front of you.

Shadow Scrutiny Panels have been established by the States to create opportunities for training States Members and officers in developing new skills in advance of the proposed changes to government. During the shadow period, the Panel has no statutory powers and the proceedings at public hearings are not covered by Parliamentary privilege. This means that anyone participating, whether a Panel Member or a person giving evidence, is not protected from being sued or prosecuted for anything said during hearings. The Panel would like you to bear this in mind when answering questions and to ensure that you understand that you are fully responsible for any comments you make.

SENATOR WALKER: Thank you, yes, I do.

DEPUTY BAUDAINS: If I could start off with a brief résumé of what is happening, as we understand it, with the trust port or incorporated company that the Harbours are heading towards, the Clothier Report -- it goes back to the Clothier Report or even earlier, we were told this morning -- basically the point there was that Harbours didn't fit into ministerial government. We realised there are commercial aspects as well. Fischers were employed as consultants by your Committee or by the P&R Committee.

SENATOR WALKER: By Harbours & Airport Committee actually.

DEPUTY BAUDAINS: To move the process. Fischers rated several options, finally putting incorporation as first choice, which was apparently rejected outright by the workforce. Then the trust concept became the front runner. Then F&E required a review of all options. Deloitte were chosen and they preferred incorporation as well. The trust port ranked fourth. So we now, apparently having spent, I think it was, 100,000 on the Deloitte Report, it seems the procedure, as far as we can see, is floundering. I don't see a clearly identified focus or driver to this process, which seems to be the worst case scenario. Added to this, moral in the workforce, we

are told, is at an all-time low.

The timetable has slipped so that it would seem that any change is now unlikely to be made before ministerial government, meaning that it is a worse case scenario. Harbours will probably have to be subsumed into EDC, then to be taken out again into another entity later on.

Basically my first question is, is the P&R Committee driving this, because I know that there is P&R, EDC, Harbours & Airport and F&E all involved in this? Are they driving it or is somebody else driving it or is Harbours heading towards taking the status quo option? Where are we and what is the timescale?

SENATOR WALKER: Thank you for that. First of all, just one slight correction. I believe the cost of the Deloitte's Report was £82,000, not £100,000.

DEPUTY BAUDAINS: Right.

SENATOR WALKER: Secondly, I would just make an observation at this stage. I don't believe, from the information I have, that the initiative is actually floundering. My understanding is that the Harbours & Airport Committee, following the last tripartite meeting which discussed this issue, is now in the advanced stages of preparing a further plan, a business plan, based on the requirements of the tripartite meeting, which said (and I am sure you have seen the minutes) that there wasn't enough financial information. There was no cost/benefit analysis, for example. Now, I know Deloitte's said no cost/benefit analysis was achievable and I think I was by no means alone in suggesting that wasn't realistic and a cost/benefit analysis was required. My understanding is that that is exactly part of the overall work that the Harbours & Airport Committee are currently doing.

In answer to your question, Chairman, no, the Policy & Resources Committee was not leading this initiative. This initiative has effectively been led -- and I think the minutes make this abundantly clear -- by the Harbours & Airport Committee from Day One. It was originally their proposal that Harbours should be incorporated. It was then a new committee ... no, actually, it wasn't. It was the same committee at that stage that changed the proposal and then put forward the favoured trust initiative and, of course, it is the new committee that is now putting forward, on the back, it is true, of the jointly commissioned Deloitte's Report, the

incorporation initiative.

DEPUTY BAUDAINS: The reason I used the word “*floundering*” may have been an inappropriate choice, but it is because we appear now, in 2004, to be back where we were in ‘98/99 and that doesn’t seem to me to be a terribly wise use of funds, time and officers’ time and all the rest of it. Information has been gathered, certainly, but the process does not seem to be any further advanced.

SENATOR WALKER: I think I could agree with that. I think that what we have here are issues which arise principally because of our committee system. There is a committee which is charged with management, if you like, and has political responsibility for both the harbour and the airport and that is the Harbours & Airport Committee, of course. The Policy & Resources Committee has no powers, nor does the Finance and Economics Committee, over Harbours & Airport at all. There is a slight caveat on that, in that Finance and Economics clearly have a financial interest and responsibility, but certainly the Policy & Resources Committee have no powers over Harbours & Airport at all.

I think, had we had -- I don’t think, I will say with some confidence that had we had -- a chief executive of the States, as we now do and have had for the last year or so, and had we had a more co-ordinated form of government (and if you want to phrase that as ministerial government), I do not believe we would be in the situation we are in now, where, as you rightly say, we haven’t advanced very far in a very considerable period of time.

DEPUTY BAUDAINS: Again, if I could go back, the reason ... I’m not actually clear in my own mind where the actual focus is. As you say, Harbours are driving this, but, of course, there have been several committees involved.

SENATOR WALKER: Indeed.

DEPUTY BAUDAINS: P&R, F&E and EDC.

SENATOR WALKER: Indeed.

DEPUTY BAUDAINS: I believe it was P&R that asked for the Fischer Report initially. F&E required the Deloitte review. So, to my mind, it is actually difficult to find the focus, the driver, as I put it, of the process. That is possibly why I used the word “*floundering*”. I’m not quite

sure who is actually in charge. It needs to be one body in charge of the entire process. I know Harbours are now undertaking a business review, but -----

SENATOR WALKER: That is not actually, sadly, the way things work in the States at the moment. There is no getting away from the fact that the Harbours & Airport Committee do have political and political managerial responsibility for the harbours and airport. That is why most of the work, as you will have seen, has been done by that committee, and it is that committee that have come forward with draft propositions and it is that committee that has come forward with the various thoughts on which is the right way forward. I think it is an indication of the current committee system, of which, as you know, I am not its necessarily longstanding critic but of which I am convinced it is long past its sell by date and we have these sort of hiatuses (if that is the right word) over a period of time.

I repeat what I have said. We needed a chief executive to the States a very long time ago, much earlier than we were able to appoint one and, in my view, we need to move to a new system of government to ensure that there is co-ordination, to ensure that there is a clear line of responsibility and to ensure that progress is maintained in a sensible way and in a sensible timescale. But we simply don't have that co-ordination and never have had that co-ordination or coherence in the current system.

DEPUTY BAUDAINS: Do you think that is possibly what has been delaying the process, because it seems to me that the amount of time, effort and money that has gone into this, we should be further advanced than we are. As I say, it appears that we are back where we started and it could almost be suggested that Harbours have been delayed in this. They had a proposition that they were going to move forwards to and then F&E came along and said "Well, we want a review" and now another review has taken place.

SENATOR WALKER: I think there are a couple of aspects. Firstly, we have had a change of Harbours & Airport Committee in the middle of this, which I think has made possibly a material difference. Secondly, there are very big issues at stake. There are the issues of protecting the shareholders' investment, i.e., the public investment. There is the question of having the right financial disciplines and structures, which is where F&E concerns, quite rightly, have been

focussed and I think F&E were absolutely right to say when they did “We don’t have enough information on that, we need more”, but it was back then to Harbours & Airport to provide that information. Then there were massive issues about the assets of Harbours, property most particularly, and of course there have been very considerable assets about the manpower side of things. I think you said in your introductory remarks, with which I would agree, that the original incorporation initiative basically floundered because it wasn’t sold successfully to the staff of Harbours.

DEPUTY BAUDAINS: Can I bring in Deputy Rondel then?

DEPUTY RONDEL: I have several, but if I can pick up something you just said actually, the manpower. Are you aware that there is a letter -- I think there is a copy of it somewhere -- which was ... it is here, if I could read it to you. It was issued on 8th October 2002: “*Jersey Harbours have agreed with staff that any plans to form a public trust port for the administration of the harbours will not affect their current or future employment terms and that all staff will remain States’ employees. Likewise, full membership of their joint councils will be retained with PECRS pension rights. Government reform means that the Harbours & Airport Committee will cease to exist probably within three years. Formation of a trust port and its associated board of trustees remains the chosen strategy for Jersey Harbours.*” That is signed by Deputy Derek Maltwood. Now, in hearings we have received to date, in moving forward, shall we say from a trust port or possibly to some other hybrid Jersey Limited ----

SENATOR WALKER: Or incorporation.

DEPUTY RONDEL: Or whatever, the unions have produced this letter and expect the States of Jersey to stand by it. That being the case, this morning we heard from a witness who believes that it would be nigh on impossible to move forward with a limited liability company, trust port or anything else whilst this is still on the table. Have you any comments to make on that?

SENATOR WALKER: Yes, I have. Firstly, I think that is a classic example of the uncoordinated government that I was referring to in answer to Deputy Baudains. To the best of my knowledge, neither P&R, or I think we still at that point had a Manpower Committee, I think at that point, but I don’t believe anyone else was aware of the contents of that letter. Certainly I

was aware of it after it had been written. Certainly, to the best of my recollection, I was not in any way consulted about it before it was written, and I think it is a very good example of the lack of co-ordination in our current system of government. Clearly that letter cannot be ignored under any circumstances and clearly there can be no move towards trust port status, incorporation or any other change of structure which would involve a change to the employment status of the staff without the negotiations with and the agreement of the staff. Now, my understanding is that Harbours have made some considerable progress in that direction, but, again, I've not been directly involved in that particular area.

DEPUTY RONDEL: Can I come back to where I was going to come and you made the comments a little bit later on in your submissions. I was going to come in early on. Back in 1999, the Policy & Resources and Finance & Economics, in conjunction with Harbours & Airport, agreed in creating (and I will read it), *"The committee recalled that it had received a draft final report and tariff review study from the consultants Fischer Associates at the meeting held on 21st January 1999 at the Royal Yacht Hotel, St Helier. It noted that Dr Debbie King, Corporate Strategies Officer was arranging a tripartite meeting with Policy & Resources and Finance & Economics, Harbours and Airports to discuss the matter further and that, subject to confirmation, this would take place on 23rd March 1999. The Committee approved the determined management structure and the harbour master undertook to prepare job descriptions for the four senior posts and to forward these to the States' Personnel Department in order that they could undergo evaluation."* So four additional posts were being created to go down the road of incorporatisation.

Also, on 12th November that year, it is reported in the Harbour & Airport minutes, and I will read the point in the report: *"The Committee considered a report dated 2nd November 1999 from the harbour master regarding a proposal to employ a planning co-ordinator on a temporary basis to assist the senior management team in bringing forward the year 2000 Business Plan and other strategic documents. The Committee agreed that it would be preferable for a dedicated individual to perform this function, particularly in view of the demands of the ongoing implementation of the Strategic Service Review and preparation of incorporatisation."*

The Committee endorsed the harbour master's recommendation to employ Mr Piers Baker on a consultancy basis for an initial period of six months."

Now, five years later and obviously many consultancy fees later, I presume, that employed person is still within the Department. Given that person was employed to set up an incorporatisation program and, therefore, I presume a job description would have been seen by Policy & Resources and Harbours & Airport or ----

SENATOR WALKER: No, no, let's be clear here ----

DEPUTY RONDEL: Okay. Can I just finish?

SENATOR WALKER: That would not have been seen by the Policy & Resources Committee.

DEPUTY RONDEL: No, okay, if I can finish. It would have been seen then by Harbours & Airport. Would the job description be the same so that you keep the same person in place as a consultant for a trust port status?

SENATOR WALKER: I don't know. I have no idea. That's a question you can only, I think, direct to the Harbours & Airport Committee or the Harbours & Airport Department.

DEPUTY RONDEL: But would you consider then a period of six months' consultancy which has gone on into five years as too long a period to have a consultant?

SENATOR WALKER: I think that depends what your Mr Baker is doing now. I mean, quite clearly, if he was employed originally on a six month consultancy and he is still performing to the same criteria, there are questions which I have no doubt you have asked or will ask of Harbours & Airport Committee. It is quite possible, and I have no information on this, but it is quite possible that he works fulfilling a different function at this date. As I say, I really, I am afraid, Deputy, can't help you on that one.

MR HARRIS: Can I assist? If I can speak, I understand that Mr Baker does have other duties at the department relating to the business of strategic planning and not just purely to do with the trust port incorporation proposals. As Senator Walker says, I am sure Jersey Harbours can give you that information, but that is my knowledge.

SENATOR VIBERT: Can I stay on this issue for a moment? When the Fischer Report was prepared, I take it that all the committees that are involved saw the Fischer Report.

SENATOR WALKER: I assume so.

SENATOR VIBERT: Now, in the Fischer Report it dealt with the various stages that you had to go through to get up to creating the trust port and it outlined what was called a “*year term structure*”. That year term structure included employing four extra officers specifically for doing that particular job. Now, in the report it said that would take about 18 to 24 months to conclude. In fact that was in April 1999.

SENATOR WALKER: Hmm hmm.

SENATOR VIBERT: We are now 2004 and those officers are still working there and still employed.

SENATOR WALKER: Those four, all four officers. Are you certain of that fact?

SENATOR VIBERT: That is the evidence that we have been given.

SENATOR WALKER: Okay.

SENATOR VIBERT: So the situation that appears to have happened is that all this work and all this extra expense was running so that everything was going to be operating in an 18 to 24 months to conclusion, but in fact they missed their date and still had missed their date, but all those costs and everything are still on running. So the point I wanted to put to you is, whilst I accept the fact that this is the way the Committee works and it is a weakness in the system (and I don't think I will get any disagreement around the table about that), the position is really whose responsibility was it? Did Policy & Resources feel that they had any responsibility to make sure that this system was actually running properly and economically?

SENATOR WALKER: I don't think it would be fair to say that P&R didn't feel they had any responsibility, but the responsibility really was to ensure that the Harbours & Airport Committee, so far as it was able, the Harbours & Airport Committee were undertaking the work in the way in which it was charged to do. Now, again, I have no information on the recruitment and continued employment of those four people. That is not the sort of detail that the Policy & Resources Committee goes into and nor, I would submit, is it the sort of detail that the Policy & Resources Committee should go into.

SENATOR VIBERT: Except it was the second phase of the Fischer Report, which really your

Committee was to some degree overseeing.

SENATOR WALKER: Overseeing only in part. I go back to my point, the prime responsibility here -- and I don't think there would be any argument from them in this respect at all -- is without question with the Harbours & Airport Committee.

SENATOR VIBERT: Were you never uneasy about the time it has been taking, bearing in mind all these people have been employed?

SENATOR WALKER: I was uneasy about the time that was being taken. I remain uneasy about the time that has been taken, but I think you have obviously studied the records quite clearly and you will see that Finance and Economics at one stage in the process said "Well, we haven't got enough financial information here to support your proposition" and then, at the tripartite meeting -- I believe it is minuted -- I personally said "Sorry, we haven't got enough information here on the actual benefits attached to this."

SENATOR VIBERT: If I can just hold you there ----

SENATOR WALKER: Sorry, if I could just add ----

SENATOR VIBERT: Okay.

SENATOR WALKER: I think you would be the first, the Scrutiny Panel would quite rightly be the first, to say "Hang on a minute", had we not said "Sorry, this can't progress any further until we have got the requisite information", bearing in mind we are dealing with millions of pounds of public asset here, I think you would quite rightly be the first to criticise us for saying "how on earth did you nod that through?" when quite clearly the information then was, and as we speak today the information still is, not fully available.

SENATOR VIBERT: The question I wish to ask on that is, in view of the fact that there was indeed no cost/benefit analysis on the incorporation, surely the same applied to the trust port situation?

SENATOR WALKER: Hmm hmm.

SENATOR VIBERT: So we should have had that information almost back at the start of the trust port.

SENATOR WALKER: I wouldn't disagree and I think the whole process shows very clearly that

where the centre, in the form of either P&R or F&E or both, has become involved, quite consistently it has said "Case not proven".

SENATOR VIBERT: Try and jerk them back into ----

SENATOR WALKER: Yes, "Case not proven, please can we have the information we need to progress it?" Can I make a contrast here? There are two former States committees -- well, one is still a current States committee -- utility committees, Telecoms and Postal, who in Telecoms' case has been incorporated and, in Postal's case, it is about to be incorporated. I know from personal experience as President of Postal, and I know from indirect experience that the same is true at Telecoms, that a quite enormous amount of detailed work was done in both cases involving the staff and the unions at every step, every stage in the process, before they moved on, and that is why the process, the structure, of Telecoms and Postal is so fully outlined in the law, is so fully explained, why it has the support of the unions and the support of the workforce. My view is that not enough work was done by some margin in the earlier stages of this process to move it forward in a cohesive way.

SENATOR VIBERT: We were actually going to ask you about that, because we were going to say to you that we have got the records of the Postal administration mainly because it is included in the minutes of Harbours & Airport, that they were actually instructed to go and have a look to see how it was done.

SENATOR WALKER: Yes.

SENATOR VIBERT: And there was one thing that you were President of Postal when this happened ----

SENATOR WALKER: Indeed.

SENATOR VIBERT: Which is that you in fact brought in specialist people who were involved in the transfer of responsibilities and employment at a considerable cost, but nevertheless that was done and it has obviously been very successful.

SENATOR WALKER: Yes.

SENATOR VIBERT: We are fascinated to know why this never happened with the Harbours & Airport Committee.

SENATOR WALKER: I can't answer that question either.

SENATOR VIBERT: Well, I can only ask this of you, that you were actually on Finance & Economics and Policy & Resources.

SENATOR WALKER: I was indeed.

SENATOR VIBERT: And yet, having had that experience of knowing that it had been successful and having instructed them to do it, which is what appears in the minutes, that nothing was done and then it was never followed up by anybody.

SENATOR WALKER: It was followed up. Neither Finance & Economics nor Policy & Resources have the power -- they didn't then and they don't now -- to instruct the Harbours & Airport Committee to do things in a certain way. The Harbours & Airport Committee are a fully fledged States committee. Yes, they are a trading committee, so they are slightly different to health or education, but nevertheless they are a fully fledged States committee with their own remit and their own area of responsibility.

SENATOR VIBERT: But you do have the power to say "We don't like the trust port concept."

SENATOR WALKER: We can say we don't like it, but we didn't say to Harbours & Airport -- we couldn't say to Harbours & Airport -- "You must withdraw this proposal". It was Harbours & Airport's own decision to voluntarily withdraw the proposal because it didn't have the support of P&R and F&E. There is a very real difference here. We couldn't say to them "You must withdraw". We don't have that power.

SENATOR VIBERT: No.

SENATOR WALKER: And we did not have the power, and we still don't have the power, to say to them "You will do things in a certain way."

SENATOR VIBERT: Not even a suggestion?

SENATOR WALKER: Absolutely, and those suggestions, which I think you have seen from the minutes, were absolutely made, and I recall -- it may not be in the minutes, it may have been in the paperwork that you have got -- but I recall (and it may well have even been a verbal exchange as opposed to written) certainly talking to Deputy Maltwood, the President of Harbours & Airport of the day and saying "If you are going to have any chance of this

succeeding, your first stage is to win the confidence of your staff. Without that you have got no chance at all". That is why Postal and Telecoms too spent an unbelievable amount of time and no little money on ensuring that we had the support and trust ----

SENATOR VIBERT: 536,000.

SENATOR WALKER: Sorry?

SENATOR VIBERT: 536,000.

SENATOR WALKER: Well, whatever, but ----

SENATOR VIBERT: Money well spent.

SENATOR WALKER: A considerable sum of money, but money very well spent. We engaged in the biggest exercise of its kind I think possibly ever undertaken in the States of Jersey, certainly very costly, but certainly very fruitful and achieving the right outcome at the end of the day in a relatively, it wasn't short, but a relatively short period of time. I think ---

DEPUTY BAUDAINS: Can I ----

SENATOR WALKER: I think Harbours & Airport ----

DEPUTY BAUDAINS: Can I come in there because first Deputy Hill and then myself were on the Telecom Board at the time during ----

DEPUTY DUHAMEL: And me.

DEPUTY BAUDAINS: Sorry, and Deputy Duhamel as well during the changeover period and we have been somewhat amazed that the Harbours do not appear to have plugged into that process and learned.

SENATOR WALKER: Absolutely.

DEPUTY BAUDAINS: It is almost as if they are reinventing the wheel at public expense.

SENATOR WALKER: I would agree. I would agree, but ----

DEPUTY BAUDAINS: It doesn't seem to me to be satisfactory from what we have seen so far.

SENATOR WALKER: I would agree, and this is obviously an area for you to scrutinise and no doubt comment on, but that was an issue for the committee, the Harbours & Airport Committee of the day. There was a lot of expertise by this stage, a lot of experience, available from both Telecoms and Postal in this all critical area of man management which, for one reason or

another, was not taken up, at least not fully taken up.

SENATOR VIBERT: Can I just ask you on the timescale, according to the minutes, the suggestion came from you that the detailed cost/benefit analysis should be done.

SENATOR WALKER: Correct.

SENATOR VIBERT: Now, we have actually been told that that has now been done.

SENATOR WALKER: Yes.

SENATOR VIBERT: Now, this was actually agreed on 25th March. It is now October and we still don't have a cost/benefit analysis.

SENATOR WALKER: Correct.

SENATOR VIBERT: And we are not likely to get it for at least another four to six weeks. I am just asking whether you really think that is satisfactory in the light of the urgency of this particular issue? That seems to be a long time.

SENATOR WALKER: I think it would be difficult to comment one way or the other on that, because, without knowing how complex the cost/benefit analysis is in terms of harbours -- and I don't have that detail -- I can't say whether the timescale, the time it has taken, is reasonable or not. I think it would be jumping to conclusions to suggest that it isn't without having further information.

DEPUTY BAUDAINS: Is it not inevitable, talking about timescale, referring back to what I opened with, is it not now inevitable that Harbours will have to be subsumed into EDC because there will be insufficient time now to create a separate entity before ministerial government comes in? Have we not lost the chance?

SENATOR WALKER: Well, I don't think we have lost the chance at all. I don't think it is necessarily inevitable that Harbours will have to be subsumed into EDC, but it is probable. But I don't think that means we have lost the chance at all, but if Harbours temporarily remained ----

DEPUTY BAUDAINS: Could they exist separately still as the Harbours on a temporary basis in ministerial government? Would that be possible?

SENATOR WALKER: Yes, oh yes absolutely. I see no problem with that at all. I don't think it is ideal, but I see no problem with it.

DEPUTY BAUDAINS: It would be preferable to putting it in EDC and then taking it out again.

SENATOR WALKER: Yes, but, again, that is an administrative issue. I don't think that is a very expensive issue. I don't think it is a major issue.

DEPUTY BAUDAINS: Thank you.

DEPUTY RONDEL: Do you believe, like your colleague did this morning, that the committees of the day when they were discussing the trust port status were -- I don't think the words were -- cool, although they were very, very cold towards going down that particular road and they wished, when they decided at the end that incorporatisation was dead, that in fact trust port status was basically dead in the water from Day One?

SENATOR WALKER: No. I don't think it was necessarily dead in the water from Day One. Had it been, then it would not have been included in the terms of reference for the Deloitte review. It was certainly one of the possibilities that the Deloitte review looked at and they looked at, as you have seen, a range of (I think it is) eight different possible structures ranging from keeping the harbours (or even if you like returning the harbours) to full States' ownership and ignoring the trading status all the way through to totally independent structure. So I don't think it was ever dead in the water, but there were serious concerns expressed about it. I have no doubt you have a copy of the paper to the Policy & Resources Committee dated 30 September 2002, written by the then acting chief officer, Deputy Chief Executive Andrew Mallow, and that raises a considerable number of questions about whether trust port status is the right way forward. I think those questions, having read the report again today, are genuine and viable questions. There are real issues relating to it and it is quite possibly because of some of those concerns that Deloitte at the end of the day turned the clock back basically and said "Well, no, we think after all incorporation is the right way forward." I mean, trust port status is not a panacea, as I think this document makes clear and as I think other concerns raised in the process made clear as well. It is not a panacea and it is no surprise to me that the Deloitte report came out in favour of incorporation.

SENATOR VIBERT: Could I just ask whether you would have thought that Deloitte might have had a copy of a report called "*Modernising Trust Ports: A Guide to Good Governance*" and

whether they took that into account? You probably might not know that.

SENATOR WALKER: I have no idea.

SENATOR VIBERT: Because in fact the evidence we have heard this morning, clearly from a trust port supporter, running a huge trust port at Newcastle, is that in fact if it is done properly it is the only way basically to go and providing you follow this report. But if you don't follow this report there are all sorts of weaknesses. I suspect that what may have happened with the way Deloittes did their report was that they were not aware of this modernisation that has been going on in trust ports.

SENATOR WALKER: Well, if they weren't, then serious questions should be asked, or should have been asked, of Deloittes because the ----

SENATOR VIBERT: Unfortunately we don't have Deloittes.

SENATOR WALKER: The consultants working for Deloittes were put forward as the team, particularly as I recall the senior person, with considerable experience in how ports were administered, run, owned in the United Kingdom. Now, I would find it frankly unbelievable that they would be unaware of a structure in such a major port as Newcastle.

SENATOR VIBERT: Well ----

SENATOR WALKER: I would be very surprised if that was the case.

SENATOR VIBERT: I suppose the situation we find ourselves in is that we have had the chairman of the trust in Newcastle appear before us, who will probably know as much as anybody -- in fact he helped to write this report -- but we were not aware of that. We asked should we follow the recommendations here and he said "Well, you better, because I helped to write it".

SENATOR WALKER: In which case he does have a vested interest.

SENATOR VIBERT: In which case he has a vested interest in that respect, but nevertheless we are looking at somebody here who has got not only years of experience of running it but knows all the pitfalls of it.

SENATOR WALKER: Agreed.

SENATOR VIBERT: Whether one puts that experience against that of a consultant working for

a company who is not likely to have anything like that kind of experience.

SENATOR WALKER: No, indeed, but I don't think at the same time you can say that the model that fits Newcastle necessarily fits Jersey.

SENATOR VIBERT: Nobody has suggested that.

SENATOR WALKER: And there are other models which work equally successfully, as I understand it, in the UK.

SENATOR VIBERT: That is why this is here.

SENATOR WALKER: Yes.

SENATOR VIBERT: This is the bible, the modern bible, of how to set up a trust port.

SENATOR WALKER: Indeed, but then not every successful port in the UK is a trust port.

SENATOR VIBERT: No, no. I agree with that.

SENATOR WALKER: And there are different models that suit different areas and different types of port. We certainly, in my view, couldn't make the assumption, as I have said, that what is right for Newcastle is right for Jersey. But I would find it astonishing and I would be extremely surprised if the Deloitte consultants were not fully aware of the Newcastle model. I can't believe that was not the case.

SENATOR VIBERT: Staying on the trust or the incorporation aspects of the trust situation ... no, staying on the trust situation again, again, we have been given evidence here that one of the dangers of a company is that, in the event of the States being strapped for cash, it would not be difficult for them to sell the company that owned the port.

SENATOR WALKER: True.

SENATOR VIBERT: As it could in fact sell Telecoms or sell the Postal Services; whereas it would be much harder, although not impossible, to do that with a trust port. I wondered whether the Committee had considered that when they were making their decision?

SENATOR WALKER: No. It is certainly not impossible, as you have said, to sell or privatise, which is what we are talking about, a trust port. The only thing I would say to that is nothing in that respect can happen without the full approval of the States.

SENATOR VIBERT: That is a given.

SENATOR WALKER: I do not believe, therefore, that is currently an issue, that the States would either approve such a move or they wouldn't. But certainly from my own personal perspective and that of the Policy & Resources Committee, I can say that didn't feature in our thinking. I would say -- let's be clear here -- that the Policy & Resources Committee haven't hitched their wagon yet to the incorporation vehicle. What we have said is "We hear what you are saying. We recognise ----

SENATOR VIBERT: The trust port is dead in the water.

SENATOR WALKER: I wouldn't say it is necessarily dead in the water.

SENATOR VIBERT: Well, Senator Le Sueur told us this morning -- those were the exact words he used -- that it is "*dead in the water*".

SENATOR WALKER: Well, he has his view. I have my own personal view. I wouldn't say it is necessarily dead in the water. I think it would take some pretty powerful information to now turn back yet again to a trust port status, but Policy & Resources are not committed at this point to the incorporation of the harbours. What we have said to Deloitte & Touche and the Harbours & Airport Committee, not for the first time, is "Case not proven, come back", which is exactly what they are doing, "Come back with all the information we require in order to take a fully informed decision, involving millions of pounds worth of public asset, come back with that information and then we will take a decision."

SENATOR VIBERT: Can I put this position to you? Supposing the cost/benefit analysis -- it is a hypothetical situation -- but the cost/benefit analysis comes up and shows that it is really not worth, in the light of the modernisation that has been taking place in the harbours, when it has changed dramatically from five years ago/six years ago, but in fact that is considered to be quite satisfactory in terms of an operation, we would have a situation where we have spent six years and a lot of money and really we are back where we started.

SENATOR WALKER: Yes, you would, but that doesn't necessarily ... life is like that, isn't it? Sometimes you have to investigate new opportunities and angles even if at the end of the day you decide that you are better off where you are, so I wouldn't necessarily say that means that the money has been wasted. I would also be surprised, frankly, if we found at the end of the day

that the ports are so much more efficient and so much better organised to suggest than the current structure is the right way forward. I would be very surprised if that were the case.

SENATOR VIBERT: Well, they are two-thirds of the way through doing what was recommended to do.

SENATOR WALKER: Indeed.

SENATOR VIBERT: So really it doesn't add much to add the second and final stage to it because the structure is already there.

SENATOR WALKER: Well, I don't dissent from that at all.

DEPUTY HILL: Could I just come in on something you said actually?

DEPUTY BAUDAINS: Okay, Deputy Hill?

DEPUTY HILL: This takes us back to the agri-environment debate. With no disrespect to you personally, but who is P&R to say that Harbours are wrong? Who is P&R to say that Ag & Fish is wrong? I just ask that because yet at the same time you are saying "P&R can't direct anybody, we can't tell someone to do something", yet at the same time P&R can say "We are not happy with it, so we are not going to give you our support".

SENATOR WALKER: Hmm hmm.

DEPUTY HILL: And, therefore, that is enough for Harbours & Airport. I know it is a question we are going to have to ask the President of Harbours when he comes here, but, you know, Ag & Fish went ahead with theirs, even though it didn't have all the support of P&R. It is just a question of who are P&R to say "You are wrong"?

SENATOR WALKER: P&R are a committee that has the right to express a view and we have expressed the view. We have no power, as I said earlier on, as I said to Senator Vibert earlier, and we have no power to say to the Harbours & Airport Committee "Go back and do the job again." Harbours & Airport felt that they would not wish to go forward with a proposition to the States without the support of P&R and F&E. Now, that is their decision. I think it is a wise decision because I think had P&R and F&E both opposed what they were proposing, I think it would have made life very difficult for them on the floor of the House. But we were asked for an opinion and we gave it and that is all we can do.

DEPUTY HILL: But the question would be then how is the information you have got so much better than the information and all the reports that have come up from Harbours & Airport? How would that be? Why would you give such an opinion that what Harbours & Airport had been and brought forward is not acceptable?

SENATOR WALKER: We have no more information than Harbours & Airport have and the final decision we took was based on the content of the Deloitte's Report. It was very clear, and it wasn't just the Policy & Resources and it certainly wasn't just me, at the tripartite meeting when Deloitte presented their report, it was very clear that there was a significant amount of dissatisfaction with some or, if you like, a lack of information. Now, we expressed that dissatisfaction and Harbours & Airport on the back of that agreed to go back to fill in the gaps, again to refer to what Senator Vibert said, the line of questioning that he was following earlier, to come forward with the business plan and to come forward with a cost/benefit analysis. Now, you can imagine, I think, had such a proposition gone to the States without a cost/benefit analysis, if no one could stand up and say "Well, the cost is X and the benefits are X plus whatever", it would have been destroyed on the floor of the House.

SENATOR VIBERT: Absolutely.

SENATOR WALKER: And quite rightly so.

DEPUTY HILL: Yes. You put it back again and said that Harbours & Airport hadn't done their homework and it was a bit daft coming forward with a proposition without having the cost/benefit analysis, which we are still waiting for.

SENATOR WALKER: No, but in fairness, Harbours & Airport managed, engineered, created the system -- the situation rather -- for Deloitte to present to the three committees. Now, there is nothing wrong with that. That, in my view, is good communication and good consultation. If you want to look at it as a consultation exercise, fair enough. I see nothing wrong with that. Harbours & Airport at that stage, at the Deloitte's stage, weren't saying "We are going hell for leather forward with a report and proposition for incorporation." They were consulting and quite rightly so and, on the back of that consultation, they agreed that more work, according to the comments made at the meeting, they agreed that more work needed to be done and that is exactly

what they are doing. I see nothing wrong with that part of the process at all.

DEPUTY HILL: No, it is just the fact that they didn't present a cost/benefit analysis to P&R.

SENATOR WALKER: I think Deloitte's -- and I made this clear at the meeting -- I think that the Deloitte's Report was deficient in that respect and I wasn't alone.

SENATOR VIBERT: Deficient?

SENATOR WALKER: Deficient, yes.

DEPUTY BAUDAINS: I wonder if you could just expand on that because, as I understand it, the Deloitte's Report came to the same conclusion that Fischers had come to, that incorporation was the best option. I would not have thought that the report was deficient.

SENATOR WALKER: Deficient?

DEPUTY BAUDAINS: Deficient.

SENATOR WALKER: I said that it was deficient because it didn't provide enough information, supportive information, to support incorporation. Now, I can't imagine that any committee -- and of course it would be Harbours & Airport -- going to the States with a proposition of the magnitude of incorporating our ports which didn't cover in full all the financial aspects, all the property and other asset scenarios, all the manpower issues (and, incidentally, including in that or adding to that the pension issues as well, because that has been a massive issue for both Telecoms and Postal), I can't imagine any such proposition would get anything other than shredded on the floor of the House, and quite rightly. Now, the information that the three committees were presented with by Deloitte's fell-- and in fairness it wasn't Deloitte's brief to come up with a report and proposition -- but the information we had available to us at that time, principally but not exclusively from Deloitte's fell well short of the sort of standards I would expect in terms of information provision to the States if any such proposition was going to go forward.

SENATOR VIBERT: So what you are saying then ----

DEPUTY BAUDAINS: Isn't there a danger here that we are in a Catch 22 situation, because one gets the feeling that everybody is working on the detail, the sort of detail that you have just referred to -- the pensions, the transfer of assets and all that sort of thing -- without having first

chosen where they are going to go? That would appear to be the trouble. People were working on detail and they are buying their holiday clothes without knowing where they are going to go on holiday.

SENATOR WALKER: Chicken and egg, I would think.

DEPUTY BAUDAINS: Yes. It does seem to me that this has actually been the cause of the mess, as I would call it at the moment, where there is a lot of work. As Senator Vibert said, a lot of work and money has been expended only to go full circle back to where it was at the beginning.

SENATOR WALKER: I think had the Harbours & Airport Committee of the day followed the same principles and procedures that both the Telecommunications Board and the Postal Committee of the day did, I don't think we would be where we are today. I also go back to a view I expressed right at the beginning, that had we had a chief executive of the States earlier ----

SENATOR VIBERT: He wouldn't have allowed it to happen.

SENATOR WALKER: Sorry?

SENATOR VIBERT: He wouldn't have allowed it to happen.

SENATOR WALKER: Absolutely not. He has no powers either in this context, but he has tremendous powers of influence and persuasion over chief officers generally. There is every evidence that that is very successful in terms of team work at that level which hasn't existed previously.

DEPUTY BAUDAINS: Deputy Rondel?

DEPUTY RONDEL: We were told this morning by a port user ----

SENATOR WALKER: A port user?

DEPUTY RONDEL: A port user, who was a witness, that Jersey is operating in the 1960s in certain areas.

SENATOR WALKER: Yes.

DEPUTY RONDEL: But our costs over the quay are similar -- now, he didn't say this, but this is what we found out -- are similar to other ports in the area. We have got the figures. The costs are similar. In fact, in places we are fractionally better.

SENATOR VIBERT: In fact, the witness did say that.

DEPUTY RONDEL: Yes. We are a fraction less. That being the case, if it ain't broke, do we need to fix it?

SENATOR WALKER: Possibly not, but that doesn't prevent you -- it should never prevent you - asking questions. Now, I have to say I don't have detailed information on port charges. The understanding I have always had from port users is that our charges are substantially higher than they would expect. Now, that is the information I have received informally over a period of years, that our charges are high, and there have been some very significant questions asked, I think, in that context about two things. One is the monopoly of stevedoring etc that we have always had in the docks, a private sector monopoly. The other is you mention the 1960s and quite a number of the labour practices on the docks do indeed go back to the 1960s and this is, I think, one of the crucial issues. But it just adds to the point that you don't make any change along the lines that are being advocated without a tremendous amount of work with your workforce, who would have to embrace the need for change as the workforce and, remember, the Postal workforce in particular -- and you, Deputy, were on the Postal Committee for a while -- the Postal workforce in particular was one of the most militant organised workforces Jersey has ever known. Yet they fully support the incorporation move.

I go back to the point that significant change would be required, consultation over a long period of time and winning the support of your workforce is critical to the changes that are necessary. So I don't, with the information I have, subscribe to the view that it ain't broke. I believe it is very definitely possible for Jersey's harbours to be operated considerably more competitively and more effectively than they are today. But that I have to ----

DEPUTY RONDEL: Can I ----

SENATOR WALKER: Let me qualify that by saying that that is not on the basis of any detailed, official information. This is on the basis of gleaning aspects from the various reports that have been presented and informal discussion with port users over a long period of time.

DEPUTY RONDEL: Can I just pass you **that**? Could you just have a quick glance at it and if you could return it, please?

DEPUTY BAUDAINS: I think actually there is a danger in comparing these prices when overall they do appear to be similar. The actual charges are constructed in a variety of different ways and, without spending some time studying it, it is not easy to form a picture.

SENATOR VIBERT: But it is important, I think, to the questioning to establish that the evidence that we had this morning was from a non-member of the Port Users Association who has actually been denied membership of the Port Users Association for reasons we were not able to find out, who in fact uses English ports and Jersey ports and he actually says that the charges in Jersey are very comparative with prices in the United Kingdom.

SENATOR WALKER: That is surprising.

SENATOR VIBERT: He is a non-member of the Port Users Association.

SENATOR WALKER: Okay.

SENATOR VIBERT: Perhaps that is why he is not being invited to be a member, because he has that view.

SENATOR WALKER: Well, I do not know. I can't comment. I obviously haven't got time to study this in detail.

DEPUTY RONDEL: No.

SENATOR WALKER: But I merely repeat my surprise that Jersey charges are considered competitive.

DEPUTY BAUDAINS: We were surprised as well. You are not alone. We had always been under the understanding that we were outrageously expensive here.

SENATOR WALKER: Yes.

DEPUTY RONDEL: That being the case, given that the Island, through Harbours & Airports, have expended an awful lot of money getting to where we are to date, I just wonder if Policy & Resources hopefully when they see these Scrutiny reports will say "Right, do we from here draw a line on the going forward into some other hybrid, or do we keep it within the States?"

SENATOR WALKER: That will depend entirely on the information we get, obviously. Look, if I could just make an observation. You talk, quite rightly, I think, about the amount of money that has been spent and that is very much a part of the Scrutiny Committee's function, but,

compared with the value of the assets we are dealing with here and compared with the part that the ports of Jersey play in the essential fabric of the Island, the money that has been spent so far is not, in my view, out of proportion. Now, we can all say -- and you have not heard me support the process that has been going on for the last five or six years -- we can all say that there is a lot of money been spent and some of it may well be regarded as wasteful, but I think in terms of ensuring that millions of pounds worth of public asset is secured for the future and in seeking to ensure that we have an efficient and effective port which doesn't in itself contribute to the cost of living in Jersey, it seems to me that some of the money at least has been well spent. I am not saying that all of it has, but some of it has been well spent and I would defend very vigorously decisions taken to seek to get all the information that is required before the overall future of the port is decided.

DEPUTY BAUDAINS: Senator Vibert?

SENATOR VIBERT: Yes, I just want to deal with property, if I may. It would appear from the evidence that we had this morning that the Newcastle port is able to keep its charges substantially down, which would include being sensitive to industries that were having a hard time. For instance, they don't have a price list, as it were. Well, they have a price list, but it is flexible. If, for instance, the ship building industry shows a decline, then they will reduce the dues for that sector. So they are very sensitive.

SENATOR WALKER: Just like a business in effect.

SENATOR VIBERT: Yes. Well, that is what he said actually, that they run it like a business.

SENATOR WALKER: Yes.

SENATOR VIBERT: And one of the big areas of their income has come from the use of their property. So they are not just a port authority who run the port, they get rents and they build offices, warehouses and they get rents for that.

SENATOR WALKER: Yes.

SENATOR VIBERT: They do all the dock work, all the crane work and they get all the money from that.

SENATOR WALKER: Yes.

SENATOR VIBERT: Now, it would appear that Jersey could well have a problem in that area because Property Services take the view that there are some properties on the Harbour that really they should have control of, and I am just wondering how that is ever going to be sorted out as to whether it is going to be a Harbour issue or a Property Services issue.

SENATOR WALKER: Hmm.

SENATOR VIBERT: And I am just wondering what you think the process will be for making the decisions as to how much goes into Harbours as part of their project, whichever way we decide to do it.

SENATOR WALKER: Yes.

SENATOR VIBERT: You know, if we go in a different way, what sort of process could be used to sort that matter out?

SENATOR WALKER: Well, I think the process is already actually in place. As you are aware, there is a States wide property review underway at this point, and I am also aware that Mr Margeson, who is running that has been asked to look at the property side of the harbours as well. So no decisions have been taken. It seems to me absolutely essential that if incorporation or indeed trust port status is agreed as the way forward, that Harbours must have a -- what is the word -- a sensible ----

SENATOR VIBERT: Priority?

SENATOR WALKER: An appropriate level of property from which they can generate funds. If their only source of income is the harbour charges, for example, then those harbour charges are not going to be competitive because Newcastle, of course, is only one of many ports in the UK that derive considerable income from property and all the main successful ones do exactly that. I can't see any possibility that Jersey's port, in whatever form it does move forward, will be any different. So it is vital ... it will of course be for the States to decide and nobody else, but it is vital that if the ports are incorporated or move into trust status, it is vital that there is a sensible agreement on the amount of property that is included in their portfolio and on their ability to manage that property. That is absolutely vital. The whole process would fail without such an agreement.

DEPUTY BAUDAINS: Can I ask you two questions? According to our information, only about one in seven ports in the UK is a trust port. About 20 have a turnover exceeding one million and only one of the trust ports is in the top 10 of ports. Do you believe that trust ports are probably more appropriate for small or medium sized ports as opposed to large ports because of that, bearing in mind the fact that Jersey's port may not be a large port, but it is our only commercial port and, therefore, vitally essential to the Island's economy?

SENATOR WALKER: I absolutely agree with those sentiments.

DEPUTY BAUDAINS: And there is no competition either, which is another aspect, apart from eternal.

SENATOR WALKER: I agree with those last sentiments. I don't necessarily agree that that necessarily suggests that a port model -- sorry a trust model -- is the right model for Jersey. I think there are ... I have been this afternoon and previously slightly critical of the Deloitte's Report, in terms of detail and cost/benefit and what-have-you, but I think there are some pretty powerful arguments that notwithstanding in it. There are some pretty powerful arguments in their report to support their view that incorporation is the best way forward for Jersey.

DEPUTY BAUDAINS: I thought their comparison between the various options was fairly clear, which is why I was surprised when you were saying that you found it rather deficient. Could I come on to the second ----

SENATOR WALKER: No, no, let me be clear, if I may. It is not a decision because we don't have the requisite information. Had the Committees not thought that there was justification to do more work in support of the incorporation model, then of course we would not have suggested that that was the way forward, but we were partly persuaded by the Deloitte's Report, if you like, that incorporation looks after all like the best way forward, but we need proof, or as close to proof as you can get in these circumstances.

DEPUTY BAUDAINS: Right. The second question I have is do you believe that we should retain some degree of political influence over Harbours once it is transferred into another form, bearing in mind, of course, that if it was a trust we would have virtually nil?

SENATOR WALKER: I think that is a factor. The principal control under the proposed model

will be regulatory. Again, we come back to the JCRA, of course. The principal control would be regulatory, but at the end of the day I don't know what the political ability would be to dismantle the trust. That would depend on how it is set up in the first place, I would guess, but it would be difficult. If it is a trust, it would be difficult.

DEPUTY BAUDAINS: I think, as you so rightly say, the way that it is set up is all important to the amount of control that one has.

SENATOR WALKER: Yes.

DEPUTY BAUDAINS: When in fact there is, what it is, five ports in the United Kingdom which were actually privatised that were originally trust ports, but that was only enabled by Government intervention obviously in relation to the way they were set up.

SENATOR WALKER: Indeed.

DEPUTY BAUDAINS: Indeed, we could possibly have a hybrid between various different options.

SENATOR WALKER: I am not wild about hybrids normally.

DEPUTY BAUDAINS: Well, something unique to suit Jersey's unique circumstances.

SENATOR WALKER: Well, I don't dissent from that, but I think it is quite an important point that you raise, because the ability of the states ultimately to control an incorporated body which it owns completely is greater than its ability, and easier certainly to exercise than its ability is for the trust port.

SENATOR VIBERT: I think that came out pretty clearly from the evidence this morning. In fact, the chairman of the board said "If we had government interference, we would all resign".

SENATOR WALKER: Yes, but, again, we have seen and are not going to debate, I imagine, Telecoms here, but we have seen this issue arise with the recent Telecoms situation and of course we have a report and proposition coming before the States on Tuesday which says that the shareholders should exercise their influence. Now, you couldn't do that easily -- in fact you probably couldn't do that at all -- in a trust port.

SENATOR VIBERT: No.

DEPUTY BAUDAINS: Well, depending again, because one might construct it so that the board

has to have reference to current States policies or whatever. Surely it could be constructed so that there is a way and it would just purely be more difficult.

SENATOR WALKER: It would be more difficult and, of course, in the incorporation of Telecoms and it will be the same with Postal, the Economic Development Committee has the power to direct the JCRA on matters of social and environmental consequence. Now, I am assuming that were our ports to be incorporated, that exactly the same powers would be vested in the Economic Development Committee in that context as well. I am not saying it would be impossible -- I think we are following the same line here -- I am not saying it would be impossible in a trust structure, but it would be ----

SENATOR VIBERT: Far more difficult.

SENATOR WALKER: Definitely more difficult, yes.

DEPUTY BAUDAINS: Deputy Rondel?

DEPUTY RONDEL: If I may, whether it is port or authority trust or whatever -- you have mentioned hybrids or whatever -- do you agree that the current responsibilities of the Harbour Department the harbour office would continue as is for the whole Island, or do you see or do you envisage the outlying areas, including Gorey, to be hived off.

SENATOR WALKER: Hived off to what?

DEPUTY RONDEL: Well, to within a Heritage sector, but still coming under Harbours for policing and everything else?

SENATOR WALKER: It is not impossible.

DEPUTY BAUDAINS: I thought this actually arose out of basically the trust port because there was a concern about the smaller person, perhaps just a person with a small boat in one of the harbours, Rozel or somewhere, being virtually unable to influence a trust; whereas he would have no clout in comparison with one of the larger commercial users.

SENATOR WALKER: That may well be true. I think there are serious Heritage issues about our smaller ports, Bonne Nuit principally of course, but I think there are serious Heritage issues and they have indeed been raised and they were looked at by Deloitte themselves and were certainly the subject of some discussion. Whether it makes sense to hive them off into a separate body or

separate bodies I don't know. That would require a great deal of thought, I think, because you still come back down to a management issue at the end of the day. Again, I would have thought ----

SENATOR RONDEL: On that point ----

SENATOR WALKER: Sorry, can I just conclude on that? I would have thought that that is probably -- probably and this is not a fixed view -- probably better managed by a strongly worded Heritage provision in the law that sets up the ports in whatever new structure is agreed.

SENATOR RONDEL: If I can continue, as Gorey is still a commercial harbour, albeit it is only bringing a very limited amount passengers at the moment ----

SENATOR WALKER: It is still a commercial harbour.

DEPUTY RONDEL: Historically it has done a sterling job, where it was bringing 120,000 people a year over the quay.

SENATOR WALKER: Indeed.

DEPUTY RONDEL: And it could quite easily again. Would you envisage that as a commercial harbour per se or would you still wish to see that as part of the Heritage side?

SENATOR WALKER: I can't answer that today, Deputy. That is not a level of detail that I have been involved in, even remotely approaching it, at this point. That is an issue which I think, when the in principle decision is agreed, and that of course is the next step one way or the other, when the in principle decision is agreed, then all those issues of how one treats the other ports other than St Helier and whether one treats them significantly different to St Helier, those are the sort of issues that will need to be thrashed out, but I don't think anyone has got the answer to that question as yet.

DEPUTY BAUDAINS: I am conscious of the fact that we are now running over time. I presume it doesn't affect your schedule unduly if we carry on for a few moments?

SENATOR WALKER: No. I do have to be at Government House by four o'clock, Chairman.

SENATOR VIBERT: I have only got one. My last question on the heritage point, I think you will have seen the obvious evidence that has been given to us by those supporting either a company or a trust, that all of those ports are actually cost. They are cost ports. In other words, they don't make money.

SENATOR WALKER: Hmm.

SENATOR VIBERT: Bonne Nuit and Bouley Bay. So they are not really wanting to become involved in those because there are no profit motives there at all. They see the position that port users who are bringing freight in should not be paying for the Island's heritage. That is why people are leaning towards hiving it off in terms of some form of heritage organisation.

SENATOR WALKER: I have ----

SENATOR VIBERT: It is a possibility.

SENATOR WALKER: I have no view at this point. I repeat what I said earlier, that the heritage issue is of real importance, but, of course, at the end of the day, all those ports require, even the small ones require, a significant amount of maintenance which has got to be funded somehow and that is why I think there are big issues there to be resolved.

DEPUTY BAUDAINS: Any further questions?

DEPUTY RONDEL: I have one on property, if I may go back to the property portfolio. I heard what you said earlier, but, given that the portfolio that we have seen and the valuation of the portfolio -- and I put this question to the President of Finance this morning, but given that you are a predecessor -- the value of the property portfolio in some cases, the value of some of the properties is set very low and there are ways obviously of putting a property portfolio together so that you can, depending on what it is for, put it at X and if it is for something else, if it is just to stay in there, you can put it in as zero and put it across on a 100 year lease or whatever. Would Policy & Resources be requiring the Harbours & Airport Committee or Property Services to put a realistic value on all property whether or not it is going to be transferred across to zero or not, or would they accept a write down value on property, as some of the properties we have seen have been shown?

SENATOR WALKER: The first thing to establish is the correct market value for all States owned property, and that is an exercise that is underway now. Decisions, once you have got that information, decisions can then be taken ultimately, of course, by the States and only by the States as to how much property is transferred or not, as the case maybe, to any new structures for Harbours and at what value. The States then as the owner clearly have the absolute ability to

transfer it at full market price or to transfer it at any other price that they think is appropriate, but that would have to be an informed decision based, I guess, on the overall best interests of the Island. But the essential first step is that we know what the property is worth. At the current moment in time we do not.

DEPUTY BAUDAINS: Is that not fraught with anomalies, because one might look at a breakwater, for example, at its replacement value or cost and put that down as a value, whereas in fact the thing is an enormous liability?

SENATOR WALKER: Indeed, and I answered the Deputy's question more in relation to, if you like, commercial property, viable trading property from which income can be derived rather than, as you say, Chairman, issues such as breakwaters, which are in the main liabilities, yes, I agree. But when we have all the information, then we can start taking informed decisions. Now, what those decisions will be will depend on the information and, indeed, the will of the States to move forward or not. I don't know how matters such as breakwaters etc would be treated at this stage at all.

DEPUTY BAUDAINS: Any further questions? No? Any closing statements you would like to make, Senator?

SENATOR WALKER: I think I would only repeat what I said when I came to Shadow Scrutiny the first time, Chairman, and that is to thank you and your Panel for the way in which the Scrutiny is being conducted and the way in which the questions have been put and my answers have been listened to. I am grateful, thank you.

DEPUTY BAUDAINS: And thank you for attending.

- - - - -