

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:

MR DAVID CLIFFORD

on

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DEPUTY BAUDAINS: Good morning.

MR CLIFFORD: Good morning, good morning.

DEPUTY BAUDAINS: Welcome to the Scrutiny Panel hearing. I have to read you this notice.

As I have said before, I will be glad when this is no longer shadow and we will no longer have to go through this procedure. 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 of 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.

Having said that, welcome to this Panel hearing. It appears from your submission which we have that you consider the trust port status the preferred option for Jersey out of the many that were investigated.

MR CLIFFORD: Or something similar.

DEPUTY BAUDAINS: As I said earlier this morning, there would appear to be basically three options for Jersey, the status quo, trust port or a company of some sort. We also noted that in the UK apparently only one in seven ports are trust ports and only one major one at that. There were, I believe -- I use the word "were" -- concerns about solvency, accountability and matters of that sort and also that few trust ports compare favourably to accepted commercial and government benchmarks of good practice. Other problems highlighted were vested interests, difficult to correct things when they go wrong and, in 1992, five major trust port authorities, including the Port of London and Tilbury, used powers granted under the 1991 Ports Act to sell to the private sector, claiming that accountability of their ports would be improved by a move to the private sector. Now, I appreciate things have moved on and government intervention has

improved the quality of governance, or the process was set in motion anyway -- whether it is completed or not obviously we are not sure -- but in the light of those concerns, could you elaborate on what you view as the merits of a trust port over and above other alternatives?

MR CLIFFORD: A trust port or something similar is a port which is run by an independent body. As far as I am concerned now, it is run as a plc -- the port I ran was run as a plc -- and we had a great deal of input into the post-modernisation process. The important thing is that you have an independent board which is totally independent from anyone, although the government is the back stop, for want of a better thing, or the person of last resort. We accounted as a plc. We paid tax as a plc. But any surpluses -- and we ran it as a plc and highly efficiently -- were used, ploughed back, into the river and into the port for the benefit of the stakeholders. The stakeholders would be port users, the region, i.e., the regional industry and economy who were your customers, your staff and the local authorities. In this case it would be the States of Jersey. On that basis, you have got a port which was set up to cope with and generate economic activity -- not regenerate but generate economic activity.

On that basis, taking ... I will give you the experience I had with the Port of Tyne. In the last 10 years, we have generated and ploughed back £80 million into the port and the number of people employed on the port directly has gone up. The direct employment has gone from 190 to 500 in the last seven years and the total number of people employed in the port has gone from something like 900 to 2,500. The governance, as far as I am concerned, is exactly the same as a plc and if you saw a copy of the accounts from the Port of Tyne it is as a plc.

DEPUTY BAUDAINS: So what do you ... as I understand it -- correct me if I am wrong -- what you are describing is really a hybrid, because what we have been ... what has been suggested to us here is that the model that has been suggested to us would not pay taxes or rates, but if I heard you correctly ----

MR CLIFFORD: Pay tax and rates.

DEPUTY BAUDAINS: You do both.

MR CLIFFORD: The only thing we don't do is pay a dividend, but we pay tax and rates.

DEPUTY BAUDAINS: The model that was being proposed to us for a trust port would not have

paid tax or rates.

MR CLIFFORD: I also note, if you don't mind me interrupting, that it is said that a trust is a non-profit ... you know, a not for profit organisation. Not for profit does not mean that you don't make a profit. It means that you don't distribute it.

SENATOR LE MAISTRE: Yes.

DEPUTY BAUDAINS: Certainly. The only other matter I would like to explore is that, as you have said, it is a completely independent board. Is there any possibility of having political input of one sort or another?

MR CLIFFORD: No.

DEPUTY BAUDAINS: It is a matter I have raised before because, being that St Helier is clearly our only commercial port, it may be that the States would like to direct whoever is running the port to perhaps run it at a loss for the benefit of a particular industry. How would we be able to achieve that?

MR CLIFFORD: You wouldn't, not as a trust port. If I was the chairman or I was a board member and you wanted to do that, I would say "Well, carry on and run the lot." If you want a professional board, I think you have got to take an act of faith and say "These are the guys who are running it. They have the power to run it and their decision is final", unless they are making an absolute pig's ear of it and, in that case, then you come down on them like a ton of bricks. But the port itself has to make a decision as to whether they subsidise a particular industry or not, and we did. If the shipbuilding industry, for instance, was in trouble, we would reduce the dues for them and we would reduce the dues, say, for ferries if they were taking a lot of stick with, say, foot and mouth disease, which caused a lot of problems. We reduced the dues slightly or, if air fares are causing them a problem, which they do from time to time, you reduce the dues slightly, but you act in a manner which is commercial.

DEPUTY BAUDAINS: I am getting the impression that the situation in Jersey is somewhat unique, especially in comparison the United Kingdom, where you have apparently about 600 ports. This is our only port, and I can see that there could be a conflict here because the trust would surely be seeking to run the harbours to the advantage of all the interested parties, the

users and all that, but it would also have to have sight of running it in the interests of the Island.

MR CLIFFORD: Correct. That is what ---

DEPUTY BAUDAINS: And there may be a conflict.

MR CLIFFORD: No, not at all. That is exactly what we did.

DEPUTY BAUDAINS: Senator Le Maistre?

SENATOR LE MAISTRE: Yes, just to elaborate on that, because I think it is a very important point, what you are suggesting in terms of the experience you had more recently is that the terms of reference or whatever one calls it in terms of the trust, the body that is set up, clearly has the interest not only of the immediate users at heart but actually the wider community that it is serving.

MR CLIFFORD: Correct. We even had a pool for sponsorships, so we did a lot with education programmes and a lot with art on the river. It wasn't a fantastic amount, but what we found was that if we could put, say, £50,000 a year into the community, into schools, it would generate back perhaps twice that. So we had art programmes going; we had children's programmes going; we produced public art; and we did windows and things, all done by children, but financed outside and ours was the feed corn which produced extra money from coming in from outside. It is a matter of what you want to set up. It doesn't have to be Jersey Trust Ports, it could be Jersey Ports Authority set up by the Jersey Ports Act. It doesn't matter what you call it, but you have got to settle, in my opinion, a statutory body which is totally independent except when it hits the buffers. And when it hits the buffers, the Jersey States becomes the person of last resort.

SENATOR VIBERT: Can I just ask on this same question of hitting the buffers, the inevitability would be of course a clash between the board and the government. In other words, if the board decided to put up its fees and the government felt that was affecting the Island and said to the board "We are not happy with this, we wish you to do something about it", although they were the matter of last resort, what can they actually do about it?

MR CLIFFORD: Nothing.

SENATOR VIBERT: That is what I mean. That is the dilemma that Jersey faces at the moment.

MR CLIFFORD: But if you had the right board, if you had the right board of professional people with the commercial aptitude, if you put your rates up too high you have killed the traffic, so what is the point in putting your rates up too high?

SENATOR VIBERT: Well, unfortunately, I put to you that you wouldn't in Jersey kill the traffic because we need to have them. We need it. We need the goods. We are an island.

MR CLIFFORD: Yes, but if you have the right board in position and the board are appreciative of the problems which the Island has and the port is essential to the Island, the board in its wisdom ought to know that and they ought to do it properly.

DEPUTY BAUDAINS: Could I come in there? I think the fundamental problem we have here, going back to a comment I made earlier that we are unique, is we only have the one port and therefore there is no competition, apart from exterior competition, in order to keep the trust even focused or to encourage it to keep low fares. It doesn't have that necessary pressure on it.

MR CLIFFORD: But it doesn't matter. To be honest, it doesn't matter what structure you take, that applies.

SENATOR LE MAISTRE: Yes.

MR CLIFFORD: You have got a port which is a monopoly.

DEPUTY BAUDAINS: Yes, but what we are getting at here, of course, is we have no political input. If we have a company and we do have political input, we could direct people to keep their charges down.

MR CLIFFORD: Well, if you want that, why change it, because if I was a board member, if I was a board member or a chairman of whatever you are likely to call it, I'm running the show and if someone comes along and says "You can't do that", I would say "Well, what's the point in me being here? You may as well do it yourself." You have got to take an act of faith and say "There's the board." As far as the Tyne was concerned, the minister had powers of appointment of the chairman. Then the criteria was fit for purpose. It wasn't that he could be anyone, but the strict criteria was fitness for purpose.

Then there were a number of other appointments. We wanted someone from marketing and we wanted someone from personnel, an HR type, so the board members were chosen --

engineers, marketing -- so the board members were chosen for their individual skills as being fit for the purpose. Once the chairman was appointed, he, the Department of Transport and an independent assessor appointed the board members. They, the board, then appointed the single executives, i.e., the executive directors and they had the power over the lot. The chairman ... well, he never overrode any of my decisions, let's put it that way. But we had a lot of discussions, you know.

But we had to be efficient. We had to produce a service and, if we were going to reduce rates, we took it to the board and told them why we were doing it and what the consequences of that would be and they all had to be properly costed out and budgeted. We produced profit and loss accounts, balance sheets, individual cost centre forecasts and individual profit centre forecasts every month and they worked their way through to the final years accounting, which were audited by outside auditors.

DEPUTY BAUDAINS: So what you are saying, in effect, is the safety valve is the fact that certainly in the major ports of the UK -- I think Dover, if I remember correctly -- is that the minister appoints the chairman and then that filters down from there.

MR CLIFFORD: It is Nolan. It is all transparent and it is all done on people applying for the job and when there is a board vacancy there is a specification of the person that they want really. If it is a bias towards marketing or management or HR, then that person who is coming off the board does that. Generally you are allowed ... a board member is allowed three twos or two three year appointments and normally after that they have got to come off. This is the Nolan transparency. The chairman is the same but if during his period, if he does happen to become chairman after being a board member, he is allowed three threes, so he could in fact serve two threes and then three threes, the chairman could, but that gives a great deal of continuity.

SENATOR VIBERT: Could I ask, are board members actually remunerated?

MR CLIFFORD: Yes.

SENATOR VIBERT: And who sets that remuneration? Is it the board who sets it?

MR CLIFFORD: I don't honestly know. As far as we were concerned, it was something that rolled on. Some of the boards aren't remunerated because they consisted of port users, which I thought was wrong, because it was interested parties. But the Tyne, I think a board member got

nine thousand or nine and a half thousand a year. The vice chairman was about 15 or 16 and the chairman was on about 30, but the chairman did quite a lot of work.

DEPUTY BAUDAINS: Deputy Rondel?

MR CLIFFORD: There was also -- sorry -- there was the monthly board meeting. There was an audit committee, a remuneration committee, an information committee and the pensions committee, etc and non-executives were involved in all of that.

SENATOR VIBERT: Basically you are talking nominal amounts really rather than large amounts of money.

MR CLIFFORD: Nominal, nominal. They were not really remunerated like a City board member, for want of a better word.

DEPUTY VIBERT: The next question I wanted to ask you is if you could explain to us how assets can be transferred. For instances, the States own, the public of Jersey own, everything to do with the harbours, property, plant, equipment. How would you advise that that is handled in terms of transferring it?

MR CLIFFORD: Well, first of all, I am not an accountant nor a lawyer, but you can either just say "Transfer the lot for a pound", because they can't buy it because they've got nothing. So you either transfer the lot for a pound or you lease it for a pound and you say "It's yours for", I don't know, "150 years for a pound a year" and you have the power to use those assets to finance projects if you so need them. I mean, at the Tyne, although we had competition, we never borrowed money in the last 10 years, so technically the port should actually have taken money out irrespective of ... it is a very high cost industry. It doesn't matter what you build or what you buy, you are talking about large amounts of money, so it should produce a lot of cash in order to continually renew its assets and expand where necessary. That expansion does not have to be taking something in and out of a ship. I mean, when I arrived at the Tyne, all we were doing was unloading ships. We had passenger ferries and we had a car terminal. Now, they unload the ship, particularly containers, it goes to a container terminal, comes out of the container terminal to warehouses, where it is specialist warehousing in our 54,000 pallet slot, which is Tetley Tea, Alba Electronics, it all goes in there and they have their own transport fleet

and they deliver it.

SENATOR VIBERT: That is all within the port structure?

MR CLIFFORD: All within the port, within the port structure. There are certain areas of the port which weren't suitable for port operations, so we built office blocks and we leased the office blocks. We are currently building ... there is another area and it is not suitable for high rise warehousing, so we built low rise factory units, which hopefully could be port related, but not necessarily port related, so, in that sense, we are generating employment.

SENATOR VIBERT: So you are looking for different profit streams from basically different areas.

MR CLIFFORD: Yes, the states, containers, car terminals, ferries, stevedoring and you look so you have got a mixture of profit streams coming in all the time.

DEPUTY BAUDAINS: Deputy Rondel, you had a question?

DEPUTY RONDEL: Yes. I noticed you stated in your last report that you cannot see a difference between a trust port and a limited liability company, and further down ----

MR CLIFFORD: Apart from the fact that they limit ... Not quite.

DEPUTY RONDEL: I am just reading: "*I cannot see a difference between the trust port and a JLC operation.*"

SENATOR VIBERT: "*Other than ...*"

DEPUTY RONDEL: Yes, then further down it goes on "*It is an asset essential to the Island and should never ever be allowed to become publicly owned.*" I am quoting.

MR CLIFFORD: Correct.

DEPUTY RONDEL: Okay. That being the case, unfortunately we have seen it in the United Kingdom, where privatisation has come about within, you say, all industries except gold and shares it is sold on and government being what governments are, if they see their back is to the wall, they sell on.

MR CLIFFORD: Correct.

DEPUTY RONDEL: And then it does get out into the bigger sphere.

MR CLIFFORD: That would be a tragedy for Jersey.

DEPUTY RONDEL: Ah, that is the answer I required without going any further, because that is of concern to me, that we would actually see our ports being sold on some time in the future.

MR CLIFFORD: You would then be Welsh Group.

DEPUTY RONDEL: Right, okay. You have answered the question twice now. Thank you.

DEPUTY BAUDAINS: Deputy Hill?

SENATOR VIBERT: I mean, that answer couldn't be more clear in my head, I have to say -- thank you for that -- but it does lead us into the situation of having to make a decision between one thing and the other.

MR CLIFFORD: Correct.

SENATOR VIBERT: Now, it seems to me that what you are saying is that with the trust port, that could never happen, because of the trust port status.

MR CLIFFORD: It could only happen ... I mean, let's be absolutely honest about it. The UK decided that they were going to privatise trust ports, so there is the 1991 Trust Ports Privatisation Act.

SENATOR VIBERT: Yes.

MR CLIFFORD: So you would have to produce an Act.

SENATOR VIBERT: That would be a government decision.

MR CLIFFORD: It would have to be a government decision.

SENATOR VIBERT: Yes.

MR CLIFFORD: If it was a plc and somebody wanted some money in a hurry, oh boy, it's easy, isn't it?

SENATOR VIBERT: So really the trust port offers us that protection in terms of this.

MR CLIFFORD: It offers you the protection, but it also means that you have got to make it an independent body. You can't have one without the other.

SENATOR VIBERT: Well, that message comes home very clear, I think.

DEPUTY BAUDAINS: Deputy Hill?

DEPUTY HILL: Yes. Could I get back to the question that you said earlier on, which basically is down to cross subsidy? You said that you thought that if it was an area that needed a boost by

lowering their fees you have got to take that as a commercial decision.

MR CLIFFORD: Yes.

DEPUTY HILL: You are fairly familiar with the Jersey set-up.

MR CLIFFORD: Yes.

DEPUTY HILL: And we have not just a cross subsidy within the port itself, but we also have the other infrastructure around the Island, like Bouley Bay, Rozel, Gorey, St Aubins.

MR CLIFFORD: The small harbours?

DEPUTY HILL: The small harbours which, in reality, are not going to bring a lot of money, probably the odd bit of charging for tying up boats etc. How do you see that working within Jersey if you compare that to other jurisdictions that you may have been involved in?

MR CLIFFORD: I would suggest that they are all lumped into one and that the harbour authority looked after them all. If they would work as individual cost centres, if they were losing money, it may be the States would have to give some money to look after them, or there was a balance off on tax, or on the taxation or it was part of the Act.

DEPUTY HILL: Or they could be separated.

MR CLIFFORD: Somebody has got to pay for it. I mean the money has to come from somewhere, so it would either come from the operation of Jersey Harbours as a profitable organisation that can put money into a small harbour, or, if it can't do that because of commercial reasons, because it would make the rates too high, then you have got to give them the money to do it. It is as easy as that.

DEPUTY HILL: So there could well be a separation of, say, a heritage ... I am using Heritage Trust as an example, but Heritage Trust would run the small ... that would be state controlled, running the small non-commercial harbours, the likes of Rozel and Bouley Bay etc, running the breakwater and those sort of things which is really to say why should the person coming into the port of St Helier be paying for the upkeep of the breakwater or ----

MR CLIFFORD: Well, that is the decision that you make, but in overall control, if you have a harbours authority, it should control all the harbours authority, because the harbour master, you must have a harbour master controlling it and the harbour master carries the can. So the harbour

master has to be responsible to the board and the board has to be responsible to the government and, on that basis, it is quite easily done on the basis that you have got a costing centre for Jersey Harbours and you have got a costing centre for the associated harbours and that can be done on the basis that they go back and talk to your Treasury or talk to the Ports Committee on the Government or whoever.

DEPUTY HILL: But the port trust could run both?

MR CLIFFORD: Yes.

DEPUTY HILL: Under one jurisdiction.

MR CLIFFORD: I think the port trust must run both because the harbour master would be responsible to the trust or whatever you are going to call it board and the harbour master will be responsible for all the waters around Jersey, I assume. He will be responsible for all movements of shipping throughout or around the Island.

DEPUTY BAUDAINS: There is one matter which does trouble me on this particular issue, and we have asked it of previous people we have interviewed, and that is by having all the harbours in that one entity, all the small harbours -- Rozel, Le Rocque, Bouley Bay, whatever -- it does seem to me that the small chap, the guy who is just paying for a mooring for a small boat, is going to have a problem because he will be a very small voice when he approaches the trust with a problem compared with the big boys at the main harbour. It could be quite easy to put up his mooring fees out of all proportion. At the moment, he would be able to go to a politician and say "Hey, this is not right." With the trust port as you say, this would not be possible. Would he not be disadvantaged?

MR CLIFFORD: Well, we had 500 or 600 small boats on the river. At the Tyne, we charged them about £30 or £40 a year just for the cost of invoicing. It wasn't actually worth invoicing them. It would have been cheaper not to have invoiced them.

DEPUTY BAUDAINS: So it is not a problem?

MR CLIFFORD: No.

DEPUTY BAUDAINS: Deputy Rondel?

DEPUTY RONDEL: In the event of a new harbour being created somewhere else in the Island,

a commercial harbour, would you envisage that ... well, if it was created on private land, would you envisage that falling under the trust port status or would that be permitted to be ... because it is privately owned it would be administered by a private company?

MR CLIFFORD: I think that is your decision. I don't think that matters. It puts competition into the system and it is whether or not the Island could sustain two harbours. It is as simple as that.

SENATOR VIBERT: Yes. I wonder if I could just ask one more question. We have actually been pointed towards the "*Modernising Trust Ports: Guide to Good Governance*" document.

MR CLIFFORD: Yes. We have to rate it.

SENATOR VIBERT: I was just going to ask you, is there anything in there which we should not do?

MR CLIFFORD: No.

SENATOR VIBERT: So if we were to go for a trust port, you would recommend that we follow the advice in that document?

MR CLIFFORD: Yes.

SENATOR VIBERT: Thank you.

DEPUTY BAUDAINS: Any Panel Member?

MR CLIFFORD: I would also recommend that you talk to some other trust ports.

DEPUTY BAUDAINS: Senator Le Maistre?

SENATOR LE MAISTRE: What is clearly coming across to me is that you have a firm belief that the trust port route gives an element of protection to the community that it is serving.

MR CLIFFORD: That is correct.

SENATOR LE MAISTRE: Compared to the full commercial route.

MR CLIFFORD: Correct.

SENATOR LE MAISTRE: Which does not need to have those same considerations.

MR CLIFFORD: I think ----

SENATOR LE MAISTRE: What I want to ask is, is it possible, on the corporatisation route, to build in, in the way you set it up, the same constraints? I mean, the only risk presumably is the sale of assets, which is different, you know, the selling of shares and so on, which is different.

MR CLIFFORD: I think you can do whatever you want, because once it is a private ... if you make it into a plc with a shareholding and if the government wants to interfere -- and it can do because it owns 100% of the equity -- the board can't go in to run it properly, because as soon as you are going to interfere, the board are going to say "We're away". They are not going to put up with this. Then you have got the added complication of it can be sold very quickly and very easily and produce quite a lot of money. Someone coming in would say "Oh, a monopoly, this is great lads, let's have a go." If it is a trust or a Jersey Ports Authority -- if you don't like the name trust, just call it Jersey Ports Authority and set it up with a Jersey Ports Act or whatever -- you have to take that act of faith in giving the board the power to run the port.

SENATOR LE MAISTRE: Yes.

MR CLIFFORD: And specify who the board members will be and specify what type of people you want on the board and let them get on and run it and, under those circumstances, you have got long term, very long term, protection for both the Island and the assets and the management can plan 25 years ahead if they want because they know it is going to be a trust port or the Jersey Ports Authority for ever. But the Government has to take that act of faith and give it its total independence.

DEPUTY BAUDAINS: Would the trust be accountable to a body such as the JCRA, the Jersey Competition Regulatory Authority, or would it be accountable to no one or to the Government?

MR CLIFFORD: It would be accountable to any types of regulations that a normal plc would be accountable to.

DEPUTY BAUDAINS: But basically it is accountable to itself for management.

MR CLIFFORD: It would be accountable to itself for management, for rates setting, for efficiency, for management of labour and everything else and personally, if I was working for the authority, I would feel much safer if it was a trust port than I would if it was a plc. The other thing I think is a problem is the longer you are going playing with it -- and forgive me the word "playing" with it -- the harder you are going to have, the harder problem you are going to have, in selling it because, as I see it, you have been working on this since 1999 and you are going to have a lot of resistance from the staff because they say "What is going on?" There is an

instability there and there is an insecurity there. The longer it goes on, the harder it is going to be to sort it out.

DEPUTY BAUDAINS: Yes.

SENATOR VIBERT: On the question of staff, do you see any problems arising by the fact that the staff have actually been guaranteed that, whatever happens, whether it be a trust port or a plc, they will remain employees of the States of Jersey?

MR CLIFFORD: **(Pause)** Wow, that is a difficult one. **(Pause)** That is a problem.

SENATOR LE MAISTRE: Actually they have been given a letter of assurance in 2002, I think it was, that has that contained. Now, what legal status that letter has, of course, is another matter, but ----

MR CLIFFORD: It puts a big constraint on management.

SENATOR VIBERT: Doesn't it ever?

MR CLIFFORD: Phew. Wow.

SENATOR VIBERT: And in fact it has been regarded by them as an act of faith and that will be upheld by the States.

DEPUTY RONDEL: I think this all actually springs out of a comment you made earlier about insecurity. It has been going on for so long nobody ... there is almost a lack of direction and people don't really know what's happening and the workforce really needed some sort of security, but maybe this is now going to be another problem.

SENATOR VIBERT: They have been clinging on to that as a security blanket, as it were.

MR CLIFFORD: Well, in my opinion, they might be employees at this stage, but they will have to be responsible and answer to the board. You can't work for two masters.

SENATOR VIBERT: Correct.

MR CLIFFORD: That is just the same as in the report you have got where the harbour master has a dotted line to the Department of Transport. No way José. The harbour master reports to the board and the Department of Transport gives directions to the board.

SENATOR VIBERT: Hmm.

MR CLIFFORD: You can't have a man working for two people. It does not work.

DEPUTY BAUDAINS: Deputy Hill?

DEPUTY HILL: Could I just come in on a couple of points actually, efficiency and accountability? If I could look at efficiency first? You are familiar with the Jersey set-up. How efficient do you think we are? I mean, how would we compare to ----

MR CLIFFORD: I'm not ... I'm not ... I couldn't ... I don't know enough about it to comment on it.

DEPUTY HILL: I see. Fair enough. Okay, that sorts that one out. And can I ----

MR CLIFFORD: Efficiency is as good as the management.

DEPUTY HILL: That is the point we are going to come to now, the accountability, because when one looks at a trust or some other operation it is to ensure that it is properly managed, that the people running it are efficient or the people who are running it underneath them are efficient. On the accountability side of it when you have your port trust, where does your level of negotiation or discussion or consultation go? Do you have another board under you? Do you have the trust who would run it and then how about the port users and everybody else? Is there generally some form of method whereby ----

MR CLIFFORD: Consultation

DEPUTY HILL: ---- whereby there is some actual statutory ... well, not statutory body, but some organised body.

MR CLIFFORD: Well you usually have a port users' body who you talk to, but what you find is that your big customers don't want to talk to you in a public forum.

DEPUTY HILL: Sorry?

MR CLIFFORD: You find that you have a port users' body, but if you have a very large customer, he is not going to talk to you through a public body such as a port users' association. He will go to it, but he won't talk to you through it. He will talk to you direct. He won't talk to you through it.

SENATOR LE MAISTRE: It could be a small user as well.

MR CLIFFORD: If he is a small user, he might make a noise to be heard in the port users.

SENATOR LE MAISTRE: Yes.

MR CLIFFORD: But, generally speaking, the port users are there to be informed of what is generally happening, but when it comes to commercial matters they don't like talking in public, and it is not right to talk in public because if you are subsidising someone and he might be a small guy and you are giving him some better rates and the big boy finds out about it, he comes along with a baseball bat and, before you know where you are, you are working everything at marginal cost and you are not making any money.

SENATOR LE MAISTRE: No.

MR CLIFFORD: So when it comes to commerciality ----

SENATOR VIBERT: It is not different to a plc.

MR CLIFFORD: None whatsoever, absolutely. You run it as a plc. Having said that, you are a compassionate plc if you want to use the word.

SENATOR VIBERT: I think perhaps the difference is ... I will put this to you. Do you think this is the difference, that you have to be business-like but not run it like a business?

MR CLIFFORD: Correct. You have got it. As I say, a compassionate plc. You have got to accept the terms, but, at the same time, you have got to accept that some people are going to come along and whinge whatever.

SENATOR LE MAISTRE: Yes.

MR CLIFFORD: And you don't take that lying down.

DEPUTY BAUDAINS: Do we have any further questions from the Panel?

SENATOR VIBERT: Except to say thank you and how grateful we are to you for coming to talk to us.

MR CLIFFORD: Pleasure.

DEPUTY BAUDAINS: Do you have any further comments, any closing comments, you would like to make?

MR CLIFFORD: Not really. You know, I'm a passionate ... I'm feeling passionate about it, that this for a utility, that the trust port status is the best, in my opinion, providing you put the same management in. The management of the trust port should be the same as the management of a plc and the plc will only be as good as its management.

DEPUTY HILL: There is just a closing line here, “*So what is a trust port going to be?*” and it says “*Instead of having some amateur politician without any real knowledge or expertise running this essential strategic asset, a board or trust will do this instead.*”

MR CLIFFORD: Correct. It is like saying “He is a good bricklayer, send him down to the hospital and he will make a good brain surgeon.” It doesn’t work. He might be a good politician, but he is not necessarily a good port operator.

SENATOR VIBERT: You are right.

DEPUTY RONDEL: Sorry, could I just put a final question? Some of the names I have heard, i.e., existing management, existing States Members, to make up any new board, is that feasible or would you look at bringing in people, a whole new structure?

MR CLIFFORD: I would suggest that ... no, I wouldn’t bring in new management. The management, if you take all the management out you create even more instability than you have got now and the management, if it is doing a good job, leave it alone and if it needs encouragement, give it encouragement and if it needs training, give it training. On the board, perhaps you should have one States Senator only, no more, and perhaps he should have accountancy knowledge or something like that. The board should consist of at least one-third of executives, perhaps more.

SENATOR VIBERT: We have got your document, of course. We have your structure. That is carefully laid out.

MR CLIFFORD: I am sure the Tyne would give you their structure as well.

SENATOR VIBERT: I think we have the one that you sent to us. We have the Tyne structure.

MR CLIFFORD: I did give a presentation.

DEPUTY BAUDAINS: Well, could I thank you for attending.

MR CLIFFORD: Thank you.

DEPUTY BAUDAINS: It has been enlightening.

MR CLIFFORD: Thank you.
