

STATES OF JERSEY

Economic Affairs Scrutiny Panel Ports of Jersey Incorporation

WEDNESDAY, 22nd APRIL 2015

Panel:

Connétable J.E. Le Maistre of Grouville (Chairman)

Deputy S.M. Brée of St. Clement

Deputy D. Johnson of St. Mary

Connétable M.J. Paddock of St. Ouen

Witnesses:

Mr. J. Mills (Deputy Chairman of the Ports of Jersey shadow board)

Mr. F. Walker (Non-executive director of the Ports of Jersey shadow board)

Mr A. Smith (Non-executive director of the Ports of Jersey shadow board)

Other:

Ms. L. Congdon, adviser

[09:30]

Connétable J.E. Le Maistre of Grouville (Chairman):

Good morning, gentlemen. If I could ask everybody to turn off their mobile devices and put them on silent? Welcome to the Economic Affairs Scrutiny Panel hearing concerning the ports. The meeting is being taped so if we could, for the record, go around and introduce ourselves? I am John Le Maistre, Chairman of the Economic Affairs Scrutiny Panel.

The Connétable of Grouville:

Thank you. I would like to introduce Louise Congdon, who has been advising us over the Ports' incorporation and just ask your permission that if she thinks of a question, if you do not mind if she asks one?

Deputy Chairman:

Not at all.

The Connétable of Grouville:

Thank you. We have got quite a long day so I have asked Deputy Brée to lead the questions on this session, so over to you, Deputy.

Deputy S.M. Brée:

Thank you. Good morning, gentlemen. Thank you very much for attending this hearing. The questions I have got for you are ranged across a number of areas so if we start by understanding the intention of the shadow board members post-incorporation. Is it your intention to become board members rather than shadow board members, for all of you?

Deputy Chairman:

I think that is the case.

Deputy S.M. Brée:

That is the case? Okay. So under the incorporated body, who will actually be appointing the board of directors?

Deputy Chairman:

Under the way the law is drafted the first Chairman has to be appointed by the Minister. There is a schedule to the draft law.

Deputy S.M. Brée:

Yes. We understand that. The question was the actual board directors.

Deputy Chairman:

The board directors ... the intention, as we understand, it is that our current appointments as shadow board members carries through to 2016. Under the current terms, we would carry over as, become board members but that would be a matter for the company, under companies law as to how the directors were appointed.

Deputy S.M. Brée:

It has been suggested to us that for the first board of directors, a good move would be to put it to the States Assembly for approval of the first board of directors. Would you have any objection to that?

Deputy Chairman:

I think not.

Mr. F. Walker:

I do not see why we should. It would not be the first time that board of States-owned companies have been appointed by the States or voted on by the States. Why could we object, indeed?

Deputy S.M. Brée:

Okay. That was just to make sure that you would not object. Obviously, one of the areas that are looked at when selecting a board of directors is the relevant experience and skill sets in the area that company is operating in. Looking at the C.V.s (Curriculum Vitae) that are provided for all of you gentlemen, I do not really see the relevant experience in commercial airport or commercial harbour activities. How can you allay our fears that you do not actually have the relevant experience?

Deputy Chairman:

Okay. I think that a board needs to comprise a mix of skills and experience and those range from the purely commercial, and I have already looked to Alan Smith as perhaps our most strongest exponent of that, through to people with a different range of experience, a mixture of business experience and what I would call "small p" political experience, and even some "large p" political experience and also the experience of dealing with a regulatory environment. When I take my own case, as well as experience with, on the "small p" political side, and on the regulatory side I have been quite involved in that through my career. I have just finished a six-year term as Vice Chairman of the board of the Port of London Authority where I have been deeply involved in a commercial port, but which also had what I would call a very significant regulatory burden and the trick was to marry those two. One was dependent upon the revenues of the port, which were very significant, not only for the company but also for the national economy, but one also had to manage one's affairs in a political environment as a statutory body and it is that mix, I think, which is actually quite important in the environment we have here.

Mr. F. Walker:

This is not a privatised business. This is, as we know, a States-owned body and it works within a political arena and I think events over the last few years have shown this to be the case. I think we have a very effective mix on the board of business and political experience. We do, of course, have Margaret Llewellyn, who has worked in shipping and ports for her entire career and similarly Mike Collett, who has worked in aviation for his entire career. On top of that we have our very capable chief executive, Doug Bannister with massive experience in ports and, of course, of late in aviation as well. I think we have found that we have struck a really good balance and we form a very strong and effective team. Our various ranges of skills complement each other very well in our experience.

Deputy David Johnson

On the face of it, or on paper, you are stronger in ports than aviation. Do you want to comment on that? I mean, aviation experience does not seem to be quite as thick on the ground as that in ports.

Deputy Chairman:

Well, Mike Collett has spent his entire career in aviation. He used to run services from Jersey and he is involved in all sorts of things and he is one of the most knowledgeable men I have ever met on all matters to do with aviation, not only the commercial aspects of getting aeroplanes full of people off the ground but also the technicalities of air traffic control and indeed air safety regulation, which is a crucial part of our responsibilities. Absolutely crucial. Mike impresses us all by his depth of experience and knowledge and contacts in that sphere. It is a fair comment. Margaret certainly has been involved in shipping all her life and she was on the board of the Dover Harbour Authority until fairly recently and also was involved at Milford Haven, whereas I have been in London. So you could argue that there are two dealing with ports and one dealing with airports but the truth is they are both ports and both have, as well as their commercial requirements and commercial obligations, a range of obligations which go right beyond that and the number one is the safety regime. Absolutely number one both at the airport and the harbour and it is the duty of the board to oversee and govern that safety regime. That is not a commercial matter. It has a commercial impact, but if we get things wrong all sorts of bad things will happen. But you have to be alert to the whole range of affairs that crowd in to an infrastructure like a port: regulatory impact, safety impact as well as commercial impact.

Mr. F. Walker:

I think most of us have some fairly wide experience of sitting on various boards, be it in the private sector or the public sector, committees and whatever it may be, and I think we would be the first to put our hands up if we felt there was a lack of expertise, a lack of information on aviation matters. For example, I think we would be the first to say, "Hang on a minute, we are not being well-advised

here” or, “We do not have the right information”. I have no such concerns. We have now been operating, what is it, three years, and I have no such concerns. I am very confident that we are getting the expertise and the information that we need to enable us to take very balanced decisions.

Mr. A. Smith:

I think also we do not want ... I think it would be wrong to have everybody on the board that has been involved with harbours and airports. You need a balance because the board is there to create policy and strategy. It is not there as an executive role. I have 28 years of being a chief executive officer and that involved many developments, a lot of property and those skills about how you develop and how you get returns on your property and the rate of return are just as important in retail as they are at the port or at the airport when you are looking at new commercial developments, so you need a range of skills on the board not just directly with maritime and aviation. Those are very important skills. We have got 2 excellent directors there but the range we have on the board. Mine is commercial. John and Frank are very much more commercial but with a huge knowledge of government and administration. It just works very, very well at present and whatever papers we get before us, there is someone on the board that has got in-depth knowledge of that and can ask the right questions because, as you all know, it is the questions you ask that matter. You have got to ask the killer questions of your executive and we have no hesitation that we have got the skills on board to do that.

Deputy Chairman:

But having said that, Sir, once the incorporation proceeds, as we hope it will, the board will have to keep under review, as any board must do, its range of skills and experience and balance and so forth. That, of course, will be done.

The Connétable of Grouville:

One of our concerns on paper is that Mr Collett has experience in running an airline, which is not quite the same as running an airport. Obviously there are strong connections between the two; running an airport, one would assume, has different requirements.

Deputy Chairman:

Yes, it is. Running an airport requires a lot of different skills but Mike is a man of many parts. It is a pity he is not here today but perhaps you ought to meet him because he has run airlines. He has run air cargo operations, he has run private aviation and he has run commercial aviation and he has run it in several countries. He has been involved in air transport from Jersey to the U.K. (United Kingdom) and elsewhere, I understand, for a very long time. He is deeply knowledgeable about that whole sector and, as I have perceived this, the way an airline operates is completely

inseparable from the way an airport operates. So we, at the airport, have very good relations with our main business partners, British Airways, EasyJet, and the ground handling operators and so forth. We are all slightly in the same game.

Deputy S.M. Brée:

One of the areas that obviously we have been looking at is the way in which the airport particularly is going to need to go through a series of changes post-incorporation to turn it into a much more commercially viable operation. Our question to you, gentlemen, is what skills do you believe you particularly have in delivering what are called step changes in commercial operations that we would go, “Yes, we can see there is a very, very important need for somebody of your experience on the board”? Because that is going to be the first area I would imagine you need to look at.

Mr. F. Walker:

Could I kick in there? I think I can quote, in my own personal case, 2 major instances. The first was when, at the age of 29, I took over the *Evening Post*, which was then a successful but, frankly, dying business, had nothing changed. We moved premises. We introduced new technology. We changed the culture. We even changed the shape of the newspaper in a very short time, with massive success. We did not lose the publication of a single edition and profits soared on the back of that. But in the public sector and perhaps even more relevant, much to my surprise, my then senior colleagues in the States, Senators Shenton and Rothwell, bumped me into the job of President of the Postal Committee, which I had no intention of standing for. Nevertheless, I found myself voted in and found, again, it was a much worse case. The Post Office was literally dying. They had an appalling industrial relations record. I went in on the back of probably the worst strike in the history of Jersey. They were losing money. They were inefficient and the whole place was a mess. They were in terrible premises and in a very short time we got a complete new management team in. We moved premises down to Rue Des Prés. We introduced, against initial very strong union reaction, objection, resistance, new technology. We changed the whole ethos of the business, turned it into an efficient and very profitable operation with now, and it is still, I am pleased to say the case, I think, one of the best industrial relations records in Jersey. Now, I think that is, if you like, very relevant experience, both in the private and the public sector.

Mr. A. Smith:

If I could offer a comment that we have not just waited for incorporation because we could see that things needed to be done. Really the first job we did was to recommend to the Minister that both the harbours and airports come together.

[09:45]

We then needed a new chief executive and we appointed Doug Bannister, who had huge experience in the commercial sector. The commercial team we have now is second to none and so that has already been entrained. You know that a board of directors cannot do everything. It has got to have the right executive to drive the business and we have that in place now. If you were to ask, and I am sure you will ask, the progress that has been made in the cultural change within the organisation, this is perhaps the single most important change; moving the organisation from an administrative base, which is the States, to an entrepreneurial base, which is private business. The change has been phenomenal and it has been done with largely the same staff. The potential has been unleashed so it is a matter of we are already on that curve and we have got a long way to go if the States allow it, but we are already on that curve.

Deputy Chairman:

It is also important to say that Alan is absolutely right but the proposed law also creates really quite a strong framework of regulation around the company. The new company will not be operating in a vacuum. The law which is before you creates a range of duties and objectives which are essentially aimed at the public interest so, for example, the company will not have a free hand on its prices. It will be subject to price control and the Minister; the law is constructed so that the Minister has the power to direct the J.C.R.A. (Jersey Competition Regulatory Authority) if that ever needed to happen and so forth. The company will also have a range of public service obligations. For example, the 2 most obvious ones are ... well, the most obvious one is the coastguard but also the historic harbours and other such things. So the company must be commercial. We are trying to achieve that within the constraints we operate at the moment but we also have to position the organisation in the polity of the Island and these are crucial assets for the Island, which have to be stewarded with the greatest possible success. The heart of the matter is that we have to sustain the investment in the infrastructure, and you have seen the substantial figures, and we have to be able to do that without resort to taxpayers, and at the same time we have to ensure that we ... we will be under a duty. The company will be under a duty to meet a range of public interest obligations. It is quite a tricky balance and I look back in my own experience in government in the U.K.. For example, I was very involved with B.T. (British Telecom) when it was first privatised in the 1980s and the Government in those days got it a bit wrong because I do not think they quite appreciated how much the new dynamic telecommunications company needed to remain, as I would put it, within the polity. There were some lessons learnt there. I think there were some lessons to be learnt in Jersey when we incorporated Jersey Telecom, which I was heavily involved in, 10 or 12 years ago. Balance is what it is all about. It is the same in the States.

Mr. F. Walker:

If I could, adding to what Alan said, cite some instances of what has happened since we have been formed as a shadow board? You are all aware of course, that Flybe announced all of a

sudden they were pulling off the Gatwick route. We were able, through our very good executive team, to step in and secure EasyJet. Compared with what we did there, with what happened in Guernsey, where they are now down to a single operator, we have now got real competition on the London route between B.A. (British Airways) and EasyJet to everyone's advantage. We have got a new cargo centre which is currently being built, which was desperately needed. We will shortly have a new corporate aviation centre to add to the competition with Aviation Beauport and 2, I think, things which are really good news; our air traffic people have now got such expertise that they are acting as consultants to other airports around the U.K. and further afield. Also our tug people are currently engaged in a series of contracts on the south coast and further afield in the U.K., very commercial activity generating real revenue. I would argue that none of those things, or certainly not all of those things would have happened were we still just a States department without a board and without a management team, who are only with us because of the prospect of incorporation. We would not have the quality management team we have got now if the ports were just going to stay as States-owned committees, which is right.

Mr. A. Smith:

I think very importantly, we have the decision ... heard the Minister say the difficulties which the Island is facing with revenue. In the very short time that we have been a board, with the new chief executive, and bringing together the harbour and airports, £1 million was taken out of the senior management; £1 million a year by integrating them, re-looking at the management structure and making it effective. That is already being done so I think it shows that the expertise is there within the executive, which is being driven by the board.

Deputy S.M. Brée:

One last question, if I may, with regards to the structure of the board post-incorporation. Concern has been raised to me about the fact that one person should not sit on more than one board of a States wholly owned incorporated body. I believe, Mr. Walker, that you are a director of Andium Homes.

Mr. F. Walker:

Correct.

Deputy S.M. Brée:

How would you argue against that? I.e. the influence of one person on the activities of States incorporated bodies should be limited to just one incorporated body?

Mr. F. Walker:

I do not know why they should be limited to one.

Deputy S.M. Brée:

I am merely ... a concern has been raised to me.

Mr. F. Walker:

I have no idea why they should be limited to one. I would like to think that I have been selected, and we went through a proper selection process in both cases. I would like to think that I was selected for both boards because of the combination of my business and political experience and I hope I am able to add to the deliberations and decision-taking of both boards. Personally, I can see absolutely no reason why, in principle, that should not continue. It could only continue with the wishes of the States, of course, but that is okay and if it was decided that I should only be on one board or indeed no boards, well, that is a decision I would have to live with but I cannot for the life of me see why that should be the case.

Deputy S.M. Brée:

Okay. No, I just wanted to raise that with you because obviously if concerns are raised with members of the panel then it is only fair that we give you the opportunity to discuss them.

Mr. F. Walker:

Absolutely. Yes. I appreciate that.

Deputy S.M. Brée:

If I can move on now just to a number of issues really looking at post-incorporation. Fundamentally the strategic business plan is what is going to be driving the activity of Ports of Jersey Incorporated. Now, obviously incorporation is hopefully not that far away. Have you already prepared your first strategic business plan? May we have sight of it?

Mr. F. Walker:

Well, you already have sight of the strategic direction that the company is planning to take. That is ...

Deputy S.M. Brée:

We have been given certain commercial projects.

Mr. F. Walker:

Indeed. Yes. I mean, that is ...

Deputy S.M. Brée:

But that is not a strategic business plan.

Mr. F. Walker:

No, but it very much forms the strategic direction for the port post-incorporation. We would, of course, be working within that overall umbrella. That is being approved or has been in principle already approved by the States.

Deputy Chairman:

The business case that we have developed, which is the basis for our strategy, which is submitted to the States with the draft law, is the key document. I understand you will be interviewing Mr. Bannister later and I am sure he will give you rather more detail than we will on that. But that is the heart of the matter. It is fair to say that given the challenge of the process of incorporation we have put quite a lot of focus on that in the last period, not only the work on getting the law ready and so forth but at the same time, we have to keep the operations going. For example, our strategic capital programme is continuing to roll and you will see that is all set out in the documents, and you have the plans before you.

Deputy S.M. Brée:

Yes. No, I specifically am referring to the memorandum of understanding, clause 8.1, which is the proposed M.O.U. (Memorandum of Understanding), where it says that: "Boards shall cause to be prepared an initial strategic business plan which will be sent to the Minister for his or her consent at such time as may be reasonably required."

Deputy Chairman:

Yes.

Deputy S.M. Brée:

Obviously we were hoping, because obviously I appreciate incorporation is something that you are very keen to see go through as quickly as possible, that we would be able to have sight of that strategic business plan. The information that is provided to us so far is not a strategic business plan.

Deputy Chairman:

No. I accept that. The document referred to in that draft 8.1 is not yet in a final form and I think it is fair to say that the moment we learn that the States have passed the law, and if we then presume that it will receive Royal assent, that is when that begins to kick in because there will be quite a long process to do that. We have focused at the moment on setting out the strategic business case for the future but we have plenty ... we have a lot of ... our plans to take the

business forward in the short and medium term are in place. I know Mr. Bannister will enlarge on that to you if you wish to ask him.

Deputy S.M. Brée:

So just to confirm, as yet, you have not finalised your strategic business plan?

Deputy Chairman:

Correct. The plan referred to in that draft paragraph, yes.

Mr. F. Walker:

If I can cite the instance of Andium, and here maybe there is a bit of an advantage of being on both, the first thing that the newly appointed board of Andium did when appointed was draw up their strategic business plan. Then that went straight to the relevant Ministers and you will see that very shortly because in the annual report, basically a six-monthly report in this case, that will be out very shortly. But that was the first thing the board did and that, my view, I think shared by all my colleagues, is that would be the first thing that the board of Ports would do.

Mr. A. Smith:

I think if we had done it the opposite way, because we had already submitted the document that we have, it could rather be presumptuous. After we know the result of the States deliberation, there will be sufficient time to create the strategic business plan because we know where we are going now and put that in a form which would be acceptable to the Minister before we actually start as an incorporated body.

Mr. F. Walker:

What we have done is focus on the basic facts of moving into incorporation. For example, protecting the States with its £420 million worth of capital expenditure, formulating policies which will see the States benefit to the tune of £35 million in dividends and taxes, ensuring the ports ... we accept that the ports, of course, are lifelines for Jersey, ensuring that they are open and secure, ensuring that we never have to come back to the States for funding. We focused on those principle objectives. The actual detailed strategic business plan will, whoever is on the board, assuming incorporation goes ahead, I am sure, follow very quickly thereafter.

Deputy S.M. Brée:

Okay. On that front, obviously being a board of directors, you will be concentrating on maximising profit from assets, looking to return dividends to the shareholders but also because of the unique position particularly the port side of things plays, there is a high level of social responsibility. Now you may or may not be aware that we had a public hearing with various clubs and societies who

raised a number of concerns. As potential board members, I would like to just address a number of them.

Deputy Chairman:

Indeed.

Deputy S.M. Brée:

Particularly the issue of commercial rents on properties. Many of the clubs and societies felt that once the ports were incorporated, their long-term viability, and I am not talking necessarily in the next 3 to 5 years but longer than that, was highly questionable because of the pressure on the new incorporated body to increase rents to a commercial level. I would like to know what comments you could make that could maybe allay the fears of the clubs and societies in that respect?

Deputy Chairman:

The first point to make is that we have already confirmed to the clubs and societies and associations that the support that we provide to them at the moment through the various concessions and arrangements will form part of our strategic business plan. That has been committed to them. This will obviously have to be agreed on an annual basis in the form that you outlined a few moments ago. We have also already committed resources to producing a corporate social responsibility programme and our support for clubs and associations and societies will form a key part of that so we are on the case and we are in pretty good dialogue with them, as I think was acknowledged in your previous hearing.

[10:00]

Mr. F. Walker:

We are currently giving in terms of grants or subsidies, £550,000 a year to the clubs and associations, Sailing, Aviation, Canoeing, whatever it may be. I have personally, together with our commercial director, Myra Shacklady, now met with virtually all the ... not the aviation so much, the boating, yachting, canoeing, whatever it may be, rowing clubs and we have had a series of very constructive meetings. Take St. Catherine's, for example. I am not sure it came out in the discussion you had with representatives from St. Catherine's. We actually had a signed agreement with St. Catherine's Sailing Club, which is built around so many hours of training that they will put in, to encourage young people to come into marine leisure, which is absolutely what we want, in return for subsidies that we continue to give them. We know that the majority of the committee at least are very happy with that. But to answer your specific point there is no problem, you are right, over the next 5 years or so. What happens long-term? They have no guarantees long-term as things stand. We all know the pressure that States finances are under right now, so

5 years hence, 10 years time, what would happen, what could happen if the States continued to own or, sorry, if we were not incorporated and we remained as we are? There is absolutely no guarantee today any more than there would be under incorporation. I would say that under incorporation they have far more safeguards than they would if we stayed where we are. We are committed to developing marine leisure. Absolutely committed to it. Another example recently is we are buying a boat for the rowing club, for example, because they have come to a deal with a school to bring pupils from that school into rowing. Terrific. That is the sort of philosophy that we are bringing and this is developing all the time. That is the sort of philosophy we are bringing to the clubs and will continue to bring to the clubs. They should have no fears at all about their rents or other charges that we may levy on them, be it mooring fees or whatever. They should have no concern at all about the longer term. Can we give them a cast iron guarantee? No. But then nor could the States and nor would the States give cast iron guarantees along those lines either. Can we give them promises of support, development, continued financial backing? Yes, we can, and they should have no fears that if we ... we need to make a return to the States. Of course we do. But you are quite right, Deputy Brée, our social responsibility is a huge and integral part of the way forward for the ports and these clubs and associations are an integral part of that social responsibility. That is why we are currently giving them, as I have already said, over £500,000 a year in support of one form or another.

The Connétable of Grouville:

The feedback we had from the clubs was that they are quite secure for the next few years. They trust the C.E.O. (Chief Operating Officer) and they trust the people they have been dealing with but personalities change so what will happen in 5 to 7 years' time? The difference, and you said it would be insecure if it was left in States ownership, but then of course, the clubs have the ability to lobby States Members, whereas they would not be able to lobby ...

Mr. F. Walker:

No, Connétable, they would and I have made this point to most of the clubs that we have said to them their first port of call if there is an issue is, of course, the executives. Obviously. Second port of call is a board member. Third port of call, because you are still our shareholder after incorporation is, of course, States Members, and they have equal ability to lobby States Members post-incorporation as they do now.

Mr. A. Smith:

Could I perhaps make a point you may not be aware of? I do want to say a few other things but on your point, Connétable, I am chair of a marine development group and we have all the sailing clubs, the chandlers, the executive come. We have got board members on that. On that group, we have got all different issues from the cost of moorings to redeveloping the harbours. We put

before them all our plans and we have developed over this last 3 years, a very, very good working relationship. A splendid working relationship. Completely turned it around from what it was. That is a very important group. You are saying, "Where do they go?" If they have really got concerns, they can also come to that marine development group and say that: "We have got this concern. This is affecting our membership. This is affecting our training. What can we do about it?" and we would hear that and we would look to see what we could do. But we are not being privatised. We get very annoyed when everybody uses this word "privatisation". We are not. We are being incorporated and 100 per cent of the shares are owned by the States. We have been instructed, because we have a Memorandum of Understanding, and within that it says that we have a duty of stewardship of the Island's ports. That is very important because that lays down that what we have got now must be there into the future and we have got to keep the ports open, safe and secure. We are not to make large return on capital employed on those public assets. It has been made very clear to us because if we do it is just going to put prices up. It is going to affect the consumers and everybody in these Islands. What we must do is not come back to the States for any capital. That is what we must do and we have undertaken that. Now, £90 million of that capital will come from our new commercial projects and that is where we will get our return. We are not going to get it out of St. Catherine's Sailing Club. We are going to get it out of very able commercial organisations so that is where we will get our return on capital employed. That is my background and where I look at it. When we had grave concerns about a social return on capital employed and now the States have said, "It is a stewardship" and that really does help us a great deal. Prices. There is so much more control when we are under incorporation than there is under the States control. Any increases in prices have to be essential and have to go through the regulator. We do not have to now. We just have to go through the Minister in the States. We have proved through the financial model we have produced that we can produce this £420 million required by having increases not exceeding cost of living. So I think those help to put in context the concerns, and I can understand the concerns but Frank just said the States cannot guarantee it and the States are looking to create additional income they would be looking at the terms and conditions of their property just as we will have to but we perhaps have more sympathy because we want to grow the maritime industry. We will give them a subsidy for continually training. Not sure the States would do that but we will do it because it is within our overall remit with being responsible for the ports.

Deputy Chairman:

It is in our business interest to encourage young people to get into sailing because they will be the boat owners of the future.

Deputy S.M. Brée:

If I may just pick up on a couple of points that you raise? Mr. Walker, you cited the example of St. Catherine's Sailing Club. I have been in correspondence with certain committee members of St. Catherine's. They do not have a lease.

Mr. F. Walker:

No, they do not but they have heads of terms.

Deputy S.M. Brée:

The latest negotiations with them are asking them to sign a lease at £15,800 a year up from £3,900, I think, a year. This is the information I am getting from the committee members and that is why I am giving you the opportunity to counter it.

Mr. F. Walker:

I can say that is wrong.

Deputy S.M. Brée:

The latest negotiations have removed the training grant and there is instead talk about a subsidy to encourage the club's activities. They are highly concerned that, as are other clubs who have spoken to us, that in 3 to 5 years' time, there is no guarantee that subsidy will continue. That is the information we are receiving from the club. That is not your understanding of the situation?

Mr. F. Walker:

Absolutely not. As I said before, we have heads of terms of agreement with St. Catherine's Sailing Club. They do not have a lease yet. The lease is in the course of being prepared and there is no question of their lease being bumped up by, what, a factor of 4, I think, pretty well.

Deputy S.M. Brée:

That was the figure that was quoted to me.

Mr. F. Walker:

No, no. Absolutely not. They would not have signed any heads of terms of agreement with us along those lines. I have now attended 2 meetings with committee members of St. Catherine's. They have both been constructive and the last one particularly we left as, I could almost describe it as great buddies. There was a lot of handshaking and thank yous to Myra Shacklady and I as we left because of the deal that we proposed to them so I am not ... I think there must be some misunderstanding within the club.

Deputy S.M. Brée:

So the actual amount of the lease per annum is what then?

Mr. F. Walker:

I cannot remember the actual amount of the lease per annum but it is nowhere near the figure you have quoted.

The Connétable of Grouville:

That figure was originally proposed though, was it not?

Mr. F. Walker:

Sorry?

The Connétable of Grouville:

That figure was originally proposed, the £15,000 whatever?

Mr. F. Walker:

Not in my presence. No. Not in my presence. There was an issue and I think the club raised a very fair point that they had extended their premises and they paid for the extension themselves and then they were in danger, they thought, of their rent being assessed on the extended premises, half of which they had paid for, as I say, by their own money. That would be grossly unfair and we dealt with that. I think ... I cannot say that this is factual. I will need to check. I think there may have been a proposal some time ago from the property department of the States about paying a more commercial rent on the entire property but that certainly is not the case under our jurisdiction, and nor will it be.

Deputy Chairman:

Perhaps it would be a good idea if we undertook to write to you later today or by tomorrow morning to give you the exact facts?

Mr. F. Walker:

Yes.

Deputy S.M. Brée:

That would be very good of you.

Deputy Chairman:

We will do that.

Deputy S.M. Brée:

You also mentioned, sorry, you ...?

The Connétable of Grouville:

I just want to stay on the clubs because there is a whole range of clubs and they seem to get a very varied deal. Sea Cadets pay very little rent. I know it is not all Ports' property. The Rowing Club we understand pay full commercial rent for theirs and I am not quite sure how you come to that. I know that they are all historic and that is why they are there.

Deputy Chairman:

I think the truth is we have inherited an historic situation and with a lot of variation and one of our ... our aim is to bring some order and reason to this. The clubs and associations are strategically important to the business for all the reasons that we know. If you can train youngsters to be safe at sea then the coastguard will be called out less. If you train people to enjoy boating and sailing they will be the customers in the marina in the future, and so on and so forth. This is crucial. I think what is important to me is that the way the law has been constructed creates, if you like, the balance of responsibility for the first time to enable us and the Minister, and indeed you, the States, to weigh these factors in the round. Now, at the moment it is all on, or not; if the Minister says this, the Minister says that. A lease at the moment is a matter for you, the States, not for us. We can make recommendations but a lease comes to the States under the rules so we are constrained. It is difficult. It has always been difficult. We think or I certainly do think that the way the law is put together with balance creates a new playing field with greater transparency and greater accountability. That is the heart of it.

Mr. F. Walker:

But I think, just to pick up what John Mills offered, which I think is absolutely right. We will send you details of the St. Catherine's deal and I cannot see any reason why we should not send you a copy of the signed agreement that we have with all of them.

Deputy S.M. Brée:

The more information you can provide us with, that would be much appreciated.

Mr. F. Walker:

Accepted. Yes.

Deputy Chairman:

No problem.

The Deputy of St. Mary:

Sorry, before we leave clubs, I mean, can you just back up what you said? I mean, a lot of the clubs are grateful for the interest you have shown in them and they are happy ... some are happy with what they have at the moment and appreciate that but their concern is when you depart your role or worse, what will happen then? I can understand that. Somewhere amongst all the wording I have seen there is a provisional suggestion that the board should nominate one director with specific responsibility for clubs, associations. Has that been ...?

Mr. F. Walker:

It has pretty well happened by default.

The Deputy of St. Mary:

Do you not submit to that? I mean ...

Mr. F. Walker:

Sorry, I do not think we did it formally but I have ended up as the ...

The Deputy of St. Mary:

I wondered if that was the case, yes.

Mr. F. Walker:

We each have different areas of informal currently responsibility, if you like, and mine and Alan Smith has mentioned that he chairs the marina development group. John has been very heavily involved in the incorporation process itself, the law side of it and so on. Mine is clubs and I am surprised, to say the least, that there should be any concerns from any of the clubs that we have met with. I think I have yet to meet with the Bonne Nuit boat owners and that happens next week. I met with Rozel earlier this week. I am surprised that there would be any short-term concerns. I think what you are saying there probably are not. The concerns are longer term.

Deputy S.M. Brée:

Lots of them are.

Mr. F. Walker:

But I would go back to the point; would the States want themselves or want us as a States-owned body to give commitments 20 or 25 years hence? I think that is quite unlikely. Would we sign a 21-year lease? Yes, we would but what we have found in most cases is that because 15 or 21-year leases have to go through the Royal Court, and attract stamp duty and so on that the clubs themselves prefer to be on 9-year leases or have so far.

[10:15]

But they have the capability of having longer term leases, no problem with us, should they wish to do so.

The Deputy of St. Mary:

The final bit on this point really is that the memorandum of understanding, in my view, could be stronger in certain areas, should I say? My wish would be that specific reference was made to that in the memorandum of understanding. I do not think it is quite as well documented as it might be.

Deputy Chairman:

Sorry, could you just speak ...

The Deputy of St. Mary:

What I am saying is that a memorandum of understanding should state more clearly more or less what you are now committing today. I do not think that is well covered at the moment.

Deputy Chairman:

Yes. No, we can certainly look at that. It is just a draft. There is room to develop it.

The Deputy of St. Mary:

Yes. I am just saying ...

Deputy Chairman:

But I think it would be ... I do not think it would be good practice for a director to have a specific nominated role in that sense. All the directors of any company are subject to the standard company law duty. It is a better course of action for the board to take a view on where spheres of interest and responsibility should lie, as has happened.

The Deputy of St. Mary:

Again, I am probably repeating something which I have seen amongst the advice but I understand your point.

Mr. A. Smith:

I think also we are a board of directors and we are there predominantly for policy and strategy. There is the commercial director, Myra Shacklady, is responsible for liaison with clubs and that is where it really should lie is with the executive and a member of the board, and it is Frank, will

really supervise that. It is not a director's job to get involved in the executive negotiations. We have got a very fine line. We must not become executive. We have got a very good Group chief executive. We have got a very good team. They are well able to do the job and they report to us and we comment on it.

The Deputy of St. Mary:

As long as it is covered, I am not ... I am just picking up ...

Mr. A. Smith:

Yes. I think it will be. Yes.

Deputy S.M. Brée:

If I may pick up on something that you said with regards to stewardship, obviously one of the areas of concern is the maintenance of the historic harbours. A large amount of money has been spent in the past particularly on St. Catherine's and Gorey. This has cost a lot of money. In the future, there may be requirements to spend similar amounts of money on maintenance of historic harbours. If Ports of Jersey Incorporated is being pressurised from a commercial viewpoint, then the board of directors have to make a decision as to where investment is made. What are your views on should that occurrence occur because it can cost many millions of pounds?

Deputy Chairman:

We cannot predict the future but we have ...

Deputy S.M. Brée:

No, I was asking what your opinion was. Your objective opinion.

Deputy Chairman:

No, but we have attempted to analyse this and to analyse the likely capital requirements for the historic harbours in the business case, which you have before you. Over the life of the financial model, the 25-year life, we have estimated, and it is an estimate but it is well-founded, that to fully cover our public service obligations, which is mainly the coastguard and the historic harbours will cost in the region of £49 million over the life of the model.

Deputy S.M. Brée:

No. I am not talking about maintenance here. That is separate.

Deputy Chairman:

No, no. This is capital. There is not a huge amount of maintenance. A lot of capital is likely or possible at the historic harbours. The heart of the matter is that we believe, through the analysis and the model that we have created that we can generate the returns which would enable us to sustain that investment. It is not just a historic harbour. There is the ordinary, the main harbour too and the main airport. You have seen the results in the business case document and the historic harbours and the coastguard are key elements of that. We have had to prepare this on the basis that we as a company will have public service obligations. That is the deal. That is the deal. The aim is, and I very strongly believe this from all the work we have done, that in the new arrangements we will be much, much better placed to deliver these outcomes than if there was no change. Of course you know the no change situation is a disaster because if this does not happen, that liability, which we have costed at £420 million over 25 years will come back onto the States balance sheet. That is where ... there is nowhere else for it to go. That would be pretty difficult, would it not? So we are determined to make this work. You have got to trust us. I hope you do. I hope the people do. I hope our customers and users do. If you can trust us to deliver this our measure of success will be delivering it and not coming back to this room to ask for money.

Mr. F. Walker:

You are quite right. You say these things may happen. I think I would take a slightly stronger view and say these things will happen. From time to time you are going to get a bad thing that will happen in this sort of context and, as John has said, we would be, as an incorporated entity, much better equipped to deal with them than we could be today. But having said that, you mentioned St. Catherine's, Deputy. St. Catherine's was funded by the States but that is going back now quite a number of years.

Deputy S.M. Brée:

Yes.

Mr. F. Walker:

However, we have recently funded Gorey, which is virtually complete now. We have also funded St. Aubins, and interestingly, the original deal was that the States would fund St. Aubins. That was the original understanding, then the Treasury of the day withdrew the funds and we had to step in and fund the St. Aubins works ourselves. No adverse effect on boat owners whatsoever. You are aware that we had a deal with mud berth owners to bring their prices up over a period of time. That has finished. Since then it has only been RPI and the guarantee we have given them is there will not be more than RPI going forward, irrespective of walls falling down or whatever. We have to find other ways of dealing with that.

Deputy Chairman:

The heart of it is generating the returns from the commercialisation that we have talked about.

Mr. F. Walker:

Indeed it is.

Mr. A. Smith:

Just as a matter of interest, the mooring fees only cover the operational costs.

Deputy S.M. Brée:

Yes.

Mr. A. Smith:

That is all we expect it to do so when ... we can understand it. I can fully understand people being concerned about it, boat owners being concerned and then quoting emotive ... figures have gone up 20 per cent a year for 5 years. They have doubled them but the base, some of the mud moorings I think it was £61 a year or so. When you double it over 5 years, it is just over £1 a week over 5 years so I think it needs putting in perspective. The money we get is only going to operational. If there are serious capital works then we hope to ... our measure of success is that we will be able to handle it. If it is catastrophic we have to talk to our shareholder, which is 100 per cent the States. But what we have managed to do and we did not have any choice in this, the States Treasurer of the time just said, "You have got it but I am withdrawing the subsidy we were going to give you anyway". We funded it. We got on with it.

Deputy S.M. Brée:

With regards to the funding in the future, we obviously had a close look at the business case being put forward and particularly the commercial projects that have been listed. I think I can say we as a panel have concerns that the commercial projects as listed are not going to return the amounts that you say they are. We would like to know, on top of these, what other projects have you been discussing, particularly looking at development of the assets, i.e. the land that the States are going to give to the incorporated body? I am thinking obviously of the La Folie site. You also mention in some of your commercial projects creation of new marinas. Are we talking about creation of a new marina within the existing harbour structure or outside the harbour structure? We just need to know a little bit more from the board as to what your thoughts are on development.

Deputy Chairman:

The starting point is the list that we have been working on. Some of those are proceeding at pace, like the cargo centre and so at the moment. Others have got some further way to go. But those

are firm in our plans and we have costed those and we have prepared, if you like, the indicative business cases for those on the capital investment required and the return we expect to receive over the lifetime of the plan. There is some risk. Of course there is risk but we are fairly confident about those. We are fairly confident about those over that lifetime. Those are very, very achievable projects.

The Connétable of Grouville:

Can I just interrupt? The Guernsey Waste one is certainly in the balance.

Deputy Chairman:

No. I accept the Guernsey Waste one is in the balance. Absolutely right. But Guernsey has got to something with its waste. We need to be ready. We need to be ready at the port to deal with that if it happens, okay. So ...

Deputy S.M. Brée:

I believe our advisor ...

Ms. L. Congdon:

Can I just ask a question about how the shadow board looked at these commercial projects and how much examination as a board, and I have been on boards myself, you have given to the financial appraisal and the business case?

Deputy Chairman:

At the moment these are all indicative because they are quite long-term, some of them. But we have worked in the event that some of ... like the cargo centre project, for example, is now well advanced. That is, the new one is almost done. The old one will come down and that is proceeding. That has been subject to detailed appraisal. One or two of the others are at a prior stage to that. We have taken the view across the whole estate, across the whole business, that these are the ones that we need to focus on at the moment. A few years down the line we will be focusing on some new ones. There is a lot of opportunity. We are conscious of that but we can only ... we should walk before we run.

Louise Congdon:

Yes. The reason I ask the question about how much scrutiny you have given is because one thing we spotted, and it will not be any surprise to your management team, that they have been double-counting the income in the appraisal of the cargo centre project. Double-counting of income. And I was a bit surprised that that went to a board process, that that had not been spotted in the meantime.

Deputy Chairman:

Well, I think I will ask the chief executive to comment on that. I am not sure. I am not sure I follow you but we will ask the chief executive.

Mr. F. Walker:

But also I would say that our capital programme has been independently validated to the satisfaction of the board. I do not know if you have seen that.

Louise Congdon:

I am not talking about the capital programme. I am talking about the commercial projects.

Deputy Chairman:

Again, I think it would be wrong to try and attempt to answer that question here because I do not think I have quite recognised the question. But we will have an answer on paper for you by the end of today. It is not a problem. We have the information.

Ms. L. Congdon:

I think it is just the confidence Mr. Walker described in light of the ...

Deputy Chairman:

We will have an answer for you by the end of the day if you need to have one.

Mr. F. Walker:

I cannot see that your concerns will be borne out, that there has been double-counting. I do not believe that is the case at all but we will give you as much information as we can obviously.

Mr. A. Smith:

The major capital projects are for the first 9 years so the intensity of the analysis is in the ones that are within the next 2 or 3 years not the ones towards the end of that period, as is quite normal in business practice.

Ms. L. Congdon:

I am talking about the cargo centre.

Mr. A. Smith:

Yes, I know. There will be other capital projects not identified but anticipated during the further life of the 25 years. They cannot be absolutely specific because they are so far ahead. But this is

what is important about the board of directors is it has got to drive this commercial development on behalf of the shareholder to keep prices down and to enable us to have the right capital ready for when we need to do future capital investment.

Mr. F. Walker:

I think in fairness you would not have expected the board to subject longer ... really building on what Alan has said, and to subject longer-term capital projects to absolute detailed analysis. Those are, if you like, works in progress with certainly, as you I think accepted, subjected the cargo centre to detailed analysis. We have certainly subjected the hanger 8 corporate aviation structure to detailed analysis and as these projects develop, the plan, of course, is that the executives will bring the business case to the board and the board will then do all the detailed analysis that is required before agreeing or not as the case may be and that seems to me to be normal business practice.

Ms. L. Congdon:

Yes. I am asking about the process on the ones that you have appraised on your own side to understand a little bit of the board's approach in appraising projects.

Mr. F. Walker:

Right. Okay. Thank you.

The Connétable of Grouville:

Yes. Going back to the projects, there are a couple of them like the La Folie site. When you see what happened to the Port Galots, how difficult it is to get planning permission, you are not really sure what you will make out of that site and what the site will cost you and what you will end up there. So the £60 million is a best guesstimate.

Deputy Chairman:

No. That is a great site and it needs work. It needs work with the consent of the community and with the consent of the people, of the citizenry, and it needs to be, like any major planning issue, approached on that way. That site presents a fantastic opportunity, done correctly, and we will do that. We must do that. We cannot leave it like it is.

Mr. F. Walker:

Frankly the La Folie site is a disgrace. It has been left lying fallow, if that is a reasonable description, for way too long and now the executives are undertaking a harbour Master Plan which, of course, includes La Folie; it includes the whole of the harbour area. We wait for that.

We will have that in the fairly near future. We wait for that and then we will be looking at specific projects within that.

The Connétable of Grouville:

I think what we are trying to establish is, the £60 million is a target but we know some of those projects are not going to achieve their full potential. I use the Guernsey Waste because that might never happen, so £60 million ...

[10:30]

Mr. F. Walker:

It will if T.T.S. (Transport and Technical Services) do their jobs properly.

The Connétable of Grouville:

It may never happen. I think one of the projects is extending the apron at the airport and it is ... I am not sure how ... I think that is going onto the football pitch. I think that would be very difficult get through planning so that might not happen. So I think the point we are making is there is a risk to assigning too much importance to that £60 million because it could be £50 or it could be £40. It could be £70, of course.

Deputy Chairman:

Exactly. These are estimates. It is a 25-year financial model and there is a range of outcomes that one must accept but by the same token the outcomes on the other indicators, both on the income side and so forth will change as well. This is our best estimate based on the substantial reappraisal of the capital programme that we inherited 3 years ago. We have done a lot of work on that and we have refined it and changed it substantially and the figures are that you have. We know that we must make a substantial contribution to that requirement from commercial projects. That has not happened in the past. Over the last 2 decades since the States first approved incorporation of the airport, only 2 commercial projects have happened, the marina and the extension to the airport retail. That is all. That is not a good record. We are going to step that up. We have got plans. Some obviously are more advanced and more short-term than others. We must make a large contribution to that huge figure to keep the airport and port going from these commercial projects.

Mr. F. Walker:

I think the one thing we can say with confidence is that these will not all be delivered with the expense or the revenue that is in here. These are, as John has said, forecasts over a 25-year period. We have yet, picking up the point, to subject these to individual careful analysis. What we

can also say with confidence there are a number of projects which are not on this list, which will come forward. The opportunities are considerable and our objective has got to be not these specific projects but our objective has got to be to generate the income that we are putting forward here, the return that we are putting forward here from projects such as these. Will these all happen in the way that they are ... you have already said, Connétable. Will these all happen in the way that is projected here? No, they will not. We are looking 25 years ahead. No one has got certainty over that length of time.

The Connétable of Grouville:

I am not sure. Are you ... the list is the list of 9 projects costed in the book? Because we have seen the other proposals which are not costed from which a further £30 million is hoping to be delivered.

Mr. F. Walker:

Yes. And there will be still others.

The Connétable of Grouville:

There may be but some of those are even less likely to happen.

Deputy Chairman:

There is the opportunity to make much better use of the assets of the two ports. That is obvious. It seems to me that looking back over nearly 20 years that I have observed them, that sufficiently good use of them has not been made. It will be a prime task of the new company to achieve that. The reason we are doing it ... we will be doing it and the board will be doing it on behalf of the shareholder, not on behalf of ourselves.

Mr. F. Walker:

Indeed.

Deputy Chairman:

On behalf of the shareholder. That is what a board does. You, the shareholder, you the States, the tribunes of the people, are those who have to receive the benefit. That is the objective. That has to be a shared endeavour. That is how I think the arrangements are constructed to best enable us to achieve that through shared endeavour.

The Connétable of Grouville:

I am aware of the time now. I think we have got some other subjects we would like to move on to. We have probably exhausted that one but we have, I think, taken on board what you have said.

Deputy S.M. Brée:

Right. Where are we?

The Connétable of Grouville:

I think we still had some concerns about the memorandum of understanding.

Deputy S.M. Brée:

Yes.

The Connétable of Grouville:

In it, it mentions that the board will bring things of ... material decisions to the Minister but is the board that makes up its mind as to what those decisions would be. We are not convinced that is very robust and perhaps that should be better defined so that we know exactly what you do bring to the Minister.

Deputy Chairman:

I think that is a very good idea. Very good idea to create some greater certainty around that. No problem at all. Very sensible.

Mr. A. Smith:

We are aware of that and the chief executive is and they are working so it will be more specific. Yes. We agree.

The Connétable of Grouville:

Because we have got the original M.O.U., which I think you are aware are a carbon copy of the J.T. (Jersey Telecom) ones that were criticised heavily by the C.&A.G. (Comptroller and Auditor General) and so we are pleased to hear that further work is being done on it because we think it is a crucial document.

Mr. F. Walker:

It is nothing like a carbon copy of J.T. now. There is some input from J.P.O. (Jersey Post Office) there is some input from Andium and some input from us so it is a long way away from J.T. now as it stands. But of course it sits with the Minister for Treasury and Resources currently.

Deputy Chairman:

The key is in para 1(6) of the draft, which is about good relations between the Minister on behalf of the States and the company. Absolutely essential.

The Connétable of Grouville:

It is essential but it needs defining as well.

Deputy Chairman:

I accept that, yes, but it is also about ... there is also an element of what you might call political will in that. We have all got to make it work. All of us in Jersey have got a big stake in this. All of us. It matters that we get this right from every perspective. Many hundreds of thousands of people walk through that place every year. We have to get it right. We will. But it has got to be as a shared endeavour. I think that is a very important point to emphasise. I feel that very strongly.

Mr. A. Smith:

Connétable, I know it is a slight deviation but if I could ... something I feel very strongly about. We are non-executive directors. We are appointed by the shareholder. Office responsibility is to the shareholder as non-executive directors, as in any company. We also have responsibility as directors under company law which we have to fulfil. But we are non-executive directors appointed by the shareholder to look after the shareholder's interests. I think that is an important point that has not always come out.

Deputy S.M. Brée:

Sorry, to contradict you there slightly, under the post-incorporation, under the memorandum and articles of association and the M.O.U. the shareholder does not appoint non-executive directors. That is why I asked earlier on whether you would have any objection that that should be brought in? As it stands at the moment, the States of Jersey as an Assembly do not appoint the incorporated bodies' board of directors.

Deputy Chairman:

Perhaps we should clarify that slightly. In any company situation, the shareholder, especially 100 per cent shareholder has the power to remove the board.

Mr. A. Smith:

Yes.

Deputy Chairman:

That is the better way of describing it. The power to construct the board rests with the shareholder however that duty or power is exercised in time to come. You made a good point about the States approval, if you like, for the first board. That is a good idea. We are happy with that. Very happy with that. Then we will have to follow the dictates of company law. But under company law

equally, if the shareholder is unhappy and whether that is pressure from you or wherever, all the shareholder has to do is call an E.G. M. (Extraordinary General Meeting), 7 day's notice, whatever it is, and we are out. But if that happened, it would not happen like that, would it? We would all resign or whatever, because that is how you work.

Mr. F. Walker:

I think that is a fundamental point that post-incorporation the shareholder retains the ultimate power over this company, as the shareholders do over any company. That is a very important point and that is why it is so important to get over, not to you, I know, but to some others the difference between incorporation and privatisation. The States are our shareholder. The States have the ultimate power over the company. As John has said, we can be removed at very short notice.

Deputy Chairman:

Whereas at the moment, as shadow board members, we are on Appointments Commission terms, which is different, and that power to sack is not apparent. It will be under the new structure. It is a rather good move on your part, on the people's part, I think,

The Connétable of Grouville:

Gentlemen, I think we have overrun time but, David, I think, very quickly.

The Deputy of St. Mary:

It is a matter of detail about directors and things. I sense, with a view to strengthening the choice by the States of the board that the memorandum of association does not provide for alternates but does that concern you?

Deputy Chairman:

No. We do not need alternates.

The Deputy of St. Mary:

You have happy with ... you should be able to ...

Deputy Chairman:

No. Our duty will be to serve as directors.

The Deputy of St. Mary:

So it would not ... having a situation where you think an alternative to one of you might be useful?

No. That is fine.

Deputy Chairman:

Would not dream of it.

The Deputy of St. Mary:

That is fine. Okay.

Deputy Chairman:

If we are appointed, one's duty is to do the job.

The Connétable of Grouville:

Mr Paddock, have you got any questions?

The Connétable of St. Ouen:

I am okay, for me.

The Connétable of Grouville:

Gentlemen, thank you very much. It has been very useful.

Deputy S.M. Brée:

Thanks for your time.

Deputy Chairman:

We have two letters to write to you, Sir, which we will be getting on with later in the day.

The Connétable of Grouville:

Thank you. I should have said at the outset, the concept of incorporating the ports was decided in 2012 so we are not really analysing that. What we are trying to do is to make sure that the process by which it happens is correct.

Deputy Chairman:

I understand. Exactly so. Very good.

The Connétable of Grouville:

So thank you for your attendance.

Mr. F. Walker:

Thank you for a very fair hearing.

Mr. A. Smith:

Yes, thank you.

Mr. F. Walker:

Thank you for the tough questions.

The Connétable of Grouville:

Thank you.

[10:40]