

4.13 Deputy S. Power of the Minister for Economic Development regarding the benefit of outlying harbours and piers:

Given the tourism benefit that outlying harbours and piers provide to both visitors to the Island and to locals, how does the Minister justify his comments made in the Assembly last week on 29th March 2011 that these outlying harbours are uneconomical and are subsidised by his department?

Senator A.J.H. Maclean (The Minister for Economic Development):

The annual cost of maintaining outlying harbours and piers in 2009 was £1.5 million. However, income only contributed £240,000. There is no visitor income from the outlying harbours. All income is from local boat owners. From a Jersey Harbour's commercial perspective outlying harbours are loss-making, which was the point that I was making on 29th March.

4.13.1 Deputy S. Power:

The Minister said last week that it would take 37 years to amortise the repairs to the pier at St. Aubin. Given the fact that one of the piers was built in 1812 and is now coming up to its 200th birthday, would the Minister not agree with me that any money spent on the outlying harbours is money well spent and saying that any of these heritage harbours are uneconomic is like saying the Forth Bridge is uneconomic or Balmoral Castle is uneconomic or anything else, will you not agree?

Senator A.J.H. Maclean:

I was not giving the impression that there was not value in the outlying harbours or structures such as St. Aubin's, but although the Deputy mentions the date of which it was constructed, unfortunately in those days there was not G.A.A.P. (Generally Accepted Accounting Principles) accounting in place and indeed G.A.A.P. accounting has not been used until the last few years. There was no depreciation of assets, no provision made by the States for repairs and replacement of assets. That is the key problem that we have to deal with and that, I am afraid, is a fact of life. Moving forward we must maintain these structures. They are essential to the Island; I do not dispute that at all.

4.13.2 Senator S.C. Ferguson:

The Minister has given a cost of, I think, £1.5 million; what is the split on that? Perhaps the Minister would tell us what the split is between capital and revenue expenditure.

Senator A.J.H. Maclean:

For the year 2011 contained in the business plan for Jersey Harbours, the depreciation element of historic harbours is £645,000. The balance is £845,000, which arrives at just a small amount below £1.5 million that I referred to earlier.

4.13.3 Senator S.C. Ferguson:

Sorry, supplementary? The £845,000; is that purely painting rails and so on or are there capital repairs included in that?

Senator A.J.H. Maclean:

There are other costs included. If the Senator would like breakdowns we can clearly provide those but that does include all costs associated.

4.13.4 Deputy of St. John:

Given tourism and the benefits is a hidden cost to the Island and funds are given to the E.D.D. to manage these annually, because he is responsible for harbours and airport, tourism, et cetera, within his overall budget, should he not be looking at working more closely with the various associations and the like that operate out of these various harbours and see if you could not move some of the responsibility for things like very large mooring chains, which are very expensive to replace every 10 or 15 years and the like to the associations who use this equipment?

Senator A.J.H. Maclean:

The Deputy makes a very valid point and I am sure he is aware that the Harbour Department work very closely with the various boat owners groups, the yacht clubs, the marine leisure growth group, and indeed there are a number of smaller associations at various harbours. We continue to work with those groups to find solutions but the fact of the matter is that mooring charges are so woefully inadequate in the outlying harbours, and that is in comparison to benchmarking that we have undertaken in Guernsey and Poole, Chichester and indeed in France in Cherbourg but we cannot do anything other than a measured approach. We are looking at 20 per cent increases per annum over a 5-year period. That is a significant increase and we have to have a measured approach. We would need to increase charges by over 500 per cent for cost recovery. We are moving towards that and I hope the approach we have taken is seen as reasonable.

4.13.5 Deputy P.V.F. Le Claire:

Increases of 500 per cent in terms of catch-up are quite alarming. Boats and moorings in these outlying harbours do, I understand, pay dues and there is more value in the harbours themselves than just providing facilities for vessels. I am a bit nervous about the approach States departments are taking on this. Will the Minister undertake to circulate as a matter of course the minutes from the Shadow Board at every meeting that they sit so that we can all see which direction they are heading in, please?

Senator A.J.H. Maclean:

I think there are 2 separate questions here. As far as the strategy undertaken with regard to the outlying harbours, I believe it is a measured approach that we have undertaken with the recovery. We are not seeking to recover 500 per cent. We are doing 20 per cent per year over 5 years. There is still going to be a shortfall. That shortfall will have to be met as it currently is by the harbours trading account. As far as the Shadow Board is concerned I have no objections to minutes being available for Members to see. There is no reason why that cannot be circulated.

4.13.6 Connétable P.F.M. Hanning of St. Saviour:

In some ways this has been raised before but only peripherally. Would the Minister agree that to put all the costs on to boat users when a major part of the value of our harbours is in tourism is just going for an easy option because they are the easy ones to charge? Surely he should be allocating a large part of the costs to tourism and not just to the boat users.

Senator A.J.H. Maclean:

I am afraid I missed part of that question. The Senator on my right was coughing in my ear and I missed part of it, but I hope I have got the general gist about splitting the various costs between other agencies. Indeed, there is a value of course to tourism of

the outlying harbours and, in fact, we will be coming on to debate later today another matter which is of significant importance to tourism which is our green lanes.

[12:15]

There are many areas which are valuable to the industry that contributes more than £250 million to the Island's economy and we have to continue to work all together to find the right solutions. Nevertheless it is out of the Harbours' budget that these matters are currently dealt with. If other funding mechanisms are more appropriate they would perhaps follow the U.K. model, which is local governments and councils who deal with the funding of heritage items.

4.13.7 Deputy S. Power:

If I am allowed, if the Minister will indulge me? Would the Minister not agree that to apply G.A.A.P. accounting to a working commercial wharf like the New North Quay and to apply the same principle to Rozel Pier or to the North Quay in St. Aubin is entirely inappropriate, and would he not agree with me that outlying harbours, like in the Highlands and Islands that are shared by Scottish Heritage and the various authorities, are treated differently for accounting purposes because they have a life span of 300 and 400 years?

Senator A.J.H. Maclean:

I do not entirely agree with the Deputy, I am afraid. I think it is absolutely appropriate that we make provision for the replacement and repair of capital items and that is one of the problems one could argue that the finances of the States are in the position that they are currently in. If we had made provisions in the past in that way we would not have the position that we have now. So, I am afraid we have to make appropriate provisions. The Minister for Treasury and Resources expects Harbours to pay. He is determined to inflict those costs upon the department and in many respects he is right.