

STATES OF JERSEY
SCRUTINY COMMITTEE
BLAMPIED ROOM, STATES BUILDING

TRUST PORT REVIEW

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

EVIDENCE FROM:
SENATOR TERRY LE SUEUR

on

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

DEPUTY BAUDAINS: Welcome to this morning's Scrutiny Panel hearing. I have to read you

this notice.

SENATOR LE SUEUR: Right.

DEPUTY BAUDAINS: You are probably getting as fed up of hearing it as I am. 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. Well, as I said, welcome.

SENATOR LE SUEUR: Thank you.

DEPUTY BAUDAINS: The idea to move Harbours from a government department to another entity apparently had its roots way back in Clothier, according to my understanding, mainly because Harbours & Airport don't readily fit into ministerial government.

SENATOR LE SUEUR: I think it probably had its gestation prior to Clothier. Certainly I think, in terms of service reviews, which probably preceded Clothier, there were also comments there that maybe Harbours & Airport weren't run as ---

DEPUTY BAUDAINS: That is as far back as we were looking.

SENATOR LE SUEUR: That is as far back as you want to go.

DEPUTY BAUDAINS: Well, it is as far back as we could trace it. There may be earlier roots that we are not aware of.

SENATOR LE SUEUR: Okay.

DEPUTY BAUDAINS: It seems that quite a lot of time, money and effort has been expended since, according to some of the paperwork we have seen, it is noted with little tangible benefit so far. Could I, first of all, start by asking why it was that the Finance & Economics Committee

asked for a review, which was done by Deloitte, which I believe -- and you may correct me -- cost about £100,000 and where does that leave the process now; and, secondly, who is actually currently driving the process?

SENATOR LE SUEUR: Right. I don't think it was specifically F&E that commissioned the Deloitte's review. I think, without knowing exactly the history of this, Harbours & Airport had brought a couple of propositions to the States and then withdrawn them, perhaps partly because F&E were not satisfied with the content of the propositions and, as a result, I think they felt that this review was necessary by a third party and we supported the need for more and better information.

DEPUTY BAUDAINS: Because originally Fischers had done a report.

SENATOR LE SUEUR: There had been reports, yes.

DEPUTY BAUDAINS: Yes.

SENATOR LE SUEUR: So I think, from our point of view, it was more so a need to work jointly to achieve a result which would be in the interests of the Island.

DEPUTY BAUDAINS: Do you believe now that all the research that is possible and necessary has been completed, such as asset valuation, pension arrangements etc, or are there, in your view, still outstanding issues?

SENATOR LE SUEUR: You will be aware that Deloitte did a review and presented their findings to the Harbours & Airport Committee, to P&R and to F&E. I think it is fair to say that, although they made some recommendations, they weren't sufficiently robust for us, or maybe from a scrutiny point of view they weren't sufficiently robust, to stand up to full scrutiny without further elaboration of their views. So I think it was left to a steering group to pursue Deloitte to put a bit of flesh on their view of the options available, a corporate ... that a move to a corporate status was the preferable way ahead.

DEPUTY BAUDAINS: Now, the present situation is that there is a cost/benefit analysis review being undertaken, as I understand it. Hopefully people will then be able to form a decision.

SENATOR LE SUEUR: Yes. Well, ultimately it will be for the States to form a decision, but based on clear recommendations from Harbours & Airport Committee or EDC and supported by

ourselves.

DEPUTY BAUDAINS: Who exactly has overall control of this process? Is it the Harbours Committee or P&R or yourselves?

SENATOR LE SUEUR: At the moment there is still a Harbours & Airport Committee in existence and they have policy responsibility for the operation of the harbours and ----

DEPUTY BAUDAINS: Yes, but I got the impression that P&R were the driving force behind this change and Harbours & Airport were carrying out that.

SENATOR LE SUEUR: I don't think there is any difference of opinion or any drive one way or the other. I think Harbours are anxious to make sure that their operation runs properly; P&R will be happy if the harbours run in the interest of the Island; and, from my point of view, from F&E's point of view, I want to make sure that it runs providing the services that the Island needs in the most cost effective way.

DEPUTY BAUDAINS: I may have perhaps not asked the question as well as I could have done. I wasn't thinking so much of an accountability issue as a focal point for the driving force.

SENATOR LE SUEUR: I think there is certainly a clear expectation that, following P70, which was the implementation of the Clothier recommendations, the move towards a ministerial system, that the activities of the Harbours & Airport Committee would sooner or later be subsumed into some other sort of commercial organisation as yet unspecified. But there was a clear implication, I think in P70 that, whilst this might not happen overnight and there might need to be some transitional arrangements, that was the longer term objective.

DEPUTY BAUDAINS: Okay. Senator Vibert, you have a question?

SENATOR VIBERT: Yes. I just wondered if I could draw your attention to the tripartite meeting that was held. I know it will test the memory because it was on 25th March.

SENATOR LE SUEUR: I will believe you.

SENATOR VIBERT: Which was Harbours & Airport and Finance meeting on this with Economic Development and Policy & Resources. At that meeting, Senator Walker actually suggested that a detailed cost/benefit analysis would be required so that Members might be clear as to whether the proposed change was worth making. It noted in the Deloitte report, as you

said, that you felt that they had been weak in some of their assessments, but they did in fact suggest that a quantitative cost/benefit analysis was not possible and yet we are going ahead with the cost/benefit analysis. I just wondered what your views were that you have a consultant telling you that it is not going to be possible and somebody decides that it is.

SENATOR LE SUEUR: I think it is sometimes nice to try to strive to achieve what people tell you is impossible and I think certainly, if we are going to go to the States with a proposition, States Members will expect to get at least as much information as they can. I accept that any analysis like this has to have certain assumptions and they are not necessarily as rigorous as saying “I know that is a glass of water and that is two glasses”, which is quantitatively two and not three or any other number. Whereas, with the sort of review we are talking about here, it has to be certain assumptions and certain estimates taken into account. So I think what they may ... I do not know because it is the consultant’s words and not mine, but they may well be saying “We can’t give you absolute spot on figures and there is a risk that if we call this is a fully fledged quantitative analysis it will then come back to bite us when the figures are slightly out of kilter.” Whatever that reason, I don’t know, but I think what was said by Senator Walker and, I think, accepted by people generally was the need for further and fuller details in order to form a proper judgment.

SENATOR VIBERT: That was a decision which was actually made in March. We are now in October and they are still working on a cost/benefit analysis and, in fact, we cannot complete our scrutiny until that is actually done. Do you think that is a reasonable time to take?

SENATOR LE SUEUR: If I were a new States Member, the answer would be “Yes”. Having been in the States for many years now, I know that things always seem to take longer than I anticipate they will, so I am not totally surprised if things take a bit longer than I expect.

SENATOR VIBERT: Also at that meeting it was stated that the meeting recognised that the present proposals appeared to return the status of the matter to the point that had been reached in 1998. So, in 2004, the Committee, the tripartite meeting, recognised that in fact you were back where you started.

SENATOR LE SUEUR: Yes.

SENATOR VIBERT: Do you have any comment to make about the fact that an enormous amount of public money had been spent to put you back where you started?

SENATOR LE SUEUR: I think I would comment, firstly, that Harbours did produce a report and proposition back in 1999, which suggested incorporation. For various reasons, and I think perhaps the reality of trying to implement it at that stage and with, I think, certain perceived difficulties from an employer relations point of view, that proposition was withdrawn. Now, I can't specifically say why Harbours & Airport withdrew that proposition. It is my supposition that they didn't feel confident that they could deliver at that time what they believed to be the best possible route, which was incorporation. There was still, I think, a need to improve the existing operational arrangements of the harbours and airport -- well, I think, we are talking primarily about the harbours here, aren't we?

SENATOR VIBERT: Hmm.

SENATOR LE SUEUR: There was a need to improve the way in which the harbours operated and were run and if it seems that incorporation at the time was not a feasible option, I think they looked around for other possibilities which might be feasible, which would deliver that improved level of service. That led them to a revised proposition regarding trust port status, which may or may not have been more easily achieved than incorporation, but about which the F&E Committee of the day had certain reservations. Again, for reasons which you would have to ask the Harbours & Airport Committee to explain, they withdrew that proposition also.

SENATOR VIBERT: We have done.

SENATOR LE SUEUR: Right.

DEPUTY BAUDAINS: Could I ask for Senator Le Maistre to come in there?

SENATOR LE MAISTRE: No, let him just finish.

SENATOR LE SUEUR: Yes. Clearly what we have is the two propositions, both of which have been withdrawn, and no solution to a problem which needs solving. So you don't simply say "Well, in that case, let's just let the problem disappear", because problems just don't go away. So a solution is still needed to be found and I think that was the catalyst to employing Deloitte to do this research, as a result of which, perhaps not unsurprisingly, they came up with the

answer that Harbours & Airport first thought of back in 1999. Now, is it any more deliverable now than it was back in 1999? That, I think, is a matter of political conjecture which we won't know until it goes on to the floor of the House. But if you are going to debate and accept it, then I think Harbours & Airport will want to ensure that they are fully briefed, as far as they can be, on the implications of such a move.

SENATOR VIBERT: The latest consultant's report that the Committee has actually puts trust ports down in fifth place as the preferred option. I just wondered whether that was a surprising result to your Committee, bearing in mind it was so strongly favoured previously and the major reason, the two major reasons were, (1) the problems with the workforce and (2) the problems with arriving at asset transfers. They were the two reasons given by the reports as to why the trust port option was going to be more difficult than the plc option.

SENATOR LE SUEUR: I would say that the ranking of trust ports to incorporation must be a matter for the consultants. It does not entirely surprise me from an F&E point of view, because the F&E point of view was that, as I say, we had reservations about the trust port status when that was proposed in 2002.

SENATOR VIBERT: I understand the reservations were about the staff.

SENATOR LE SUEUR: I think certainly there were reservations about the staff. There were reservations about the pension funding issues which obviously related to staff. There were questions about whether a trust port, which may work well in the UK competitive environment, necessarily is so appropriate in a Jersey context. I think there were a variety of reasons why F&E chose to be luke warm or didn't support trust port status. I wasn't on the Committee at the time so I can't give you a flavour of that, but I think it was probably a variety of reasons rather than one single matter.

SENATOR VIBERT: On the question of staff relations, are you aware of a letter that is held by the unions, by the president at that time, which suggests that, whatever way it goes, particularly a trust port, the workers will remain employees of the States of Jersey?

SENATOR LE SUEUR: I'm not ... I am aware that a letter exists. I am not aware of what the wording of the letter is or the actual content.

SENATOR VIBERT: But, to take my word for it ----

SENATOR LE SUEUR: I am happy to take your word.

SENATOR VIBERT: I just wondered if you could explain to the Panel how that could be possible.

SENATOR LE SUEUR: I think, if one moved to incorporation, that letter would need to be revised, and presumably with the consent of the unions concerned.

SENATOR VIBERT: That they could remain employees of the States of Jersey?

SENATOR LE SUEUR: And I believe that if the union insisted on retaining or using that letter, then the States would be in a very difficult moral position to backtrack on that and to pursue incorporation.

SENATOR VIBERT: We have had evidence this morning from a trust expert, a port trust expert, that would make it almost impossible for it to function.

SENATOR LE SUEUR: Yes. I think what that implies to me is if there is a will to move into a trust port status or incorporation or whatever, it has to be done in conjunction with the workforce and the workforce has to sign up and go along and be involved with it.

SENATOR VIBERT: But the letter specifically says that they will remain employees of the States of Jersey.

SENATOR LE SUEUR: Yes, and that was there, I am sure, to give reassurance to the workforce.

SENATOR VIBERT: But is it achievable?

SENATOR LE SUEUR: Now, I think that probably is ... the question is what is one trying to achieve? If one is trying to achieve the best outcome for the harbour and its workforce, then it may be that the workforce themselves will say "Well, that letter should be superseded by something which is better." I think the fact that a letter is there does not necessarily mean that that is the end of the line. If something different ... if that can be improved on to the workers' benefit as well as to the States' benefit, then let us try and pursue it. If, at the end of the day, the solution does not appear to work so as to be in their benefit, they will no doubt want to retain the status quo.

SENATOR VIBERT: But if that would be the case, the evidence is that it would be impossible to run either a plc or a trust port.

SENATOR LE SUEUR: It would certainly be very difficult. I am no lawyer and I wouldn't know how much reliance one can put on that one letter from ----

SENATOR VIBERT: Well, the evidence of the unions is that they regard it as sacrosanct.

SENATOR LE SUEUR: I think I would say to what extent does that really relate to the terms of reference that we are talking about this morning?

SENATOR VIBERT: Very much so.

SENATOR LE SUEUR: In what context?

SENATOR VIBERT: Because it is to see whether a port trust or a company is actually capable of being achieved.

SENATOR LE SUEUR: Feasible. I think it can be capable of being achieved if the workforce go along with your idea. The impression I get, rightly or wrongly, is that the workforce are now more sympathetic than they were five years ago.

DEPUTY RONDEL: Could the letter be read to the Senator, please?

DEPUTY BAUDAINS: Yes, if it is helpful. *“Statement by Harbours & Airport Committee. Jersey Harbours have agreed with staff that any plans to form a public trust port for the administration of the harbours will not affect their current or future employment terms and that all staff will remain States' employees. Likewise, full membership of their joint councils will be retained with PECRS pension rights. Government reform means that the Harbours & Airport Committee will cease to exist probably within three years. Formation of a trust port and its associated board of trustees remains the chosen strategy for Jersey Harbours.”* It is signed Derek Maltwood, President.

SENATOR LE SUEUR: Right oh. I have got a copy of it now. I mean, I would just comment that that letter makes no reference to incorporation or even having a company status because at that stage incorporation was not the favoured option of the Harbours & Airport Committee. So to what extent that statement can be relied on in terms of incorporation as opposed to a trust port status, I would have to bow to someone more versed in employment negotiations ----

DEPUTY BAUDAINS: I understand.

SENATOR LE SUEUR: ---- or legal matters than I am.

DEPUTY BAUDAINS: Can I bring in Senator Le Maistre here?

SENATOR LE MAISTRE: Yes.

DEPUTY BAUDAINS: You have been waiting for some time.

SENATOR LE MAISTRE: I need to roll it back, I am afraid.

SENATOR LE SUEUR: That is fine.

SENATOR LE MAISTRE: We have seen the changes which have taken place as far as Telecoms and Postal were concerned.

SENATOR LE SUEUR: Right.

SENATOR LE MAISTRE: And we see this process going back four, five, six years or whatever it is.

SENATOR LE SUEUR: Yes.

SENATOR LE MAISTRE: And it is from a public finance use of resources/spending of money aspect which is what obviously responsibility F&E has.

SENATOR LE SUEUR: Right.

SENATOR LE MAISTRE: Would you feel able to comment as to the apparent lack of progress and high cost so far? We may get some resolution at the end of it, but it seems to me that F&E must have a view on the way we have gone in circles and had to bring in people at a very high cost and additional staff at the department specifically recruited for this purpose way back in 1999. What scrutiny has Finance undertaken in terms of the process and the cost of the process so far?

SENATOR LE SUEUR: Hmm. That is a question which, as you say, goes back some time and certainly goes back prior to my involvement with F&E. As far as the tender process for this present operation is concerned, I would have said that the price charged by Deloitte was a reflection of the expertise and the time that they took. It may be an additional expense which we could have done without had the information already been available. My limited knowledge of the Fischer review suggested that that perhaps didn't focus very greatly on incorporation and it

would have needed some elaboration in order to make a worthwhile document and to convince States Members who had previously been led down one direction and then another and both of those were withdrawn that this was now a justifiable way forward.

DEPUTY BAUDAINS: Could I just come in there? I think what is not clear in my mind is were the Finance & Economics Committee actually making sure that the process was efficient, because there seems to be work that has been commissioned here that may not have been necessary, because we already have the previous Telecom and Postal formats as a guideline. Was anybody actually overlooking the process as a whole, because there are three committees involved here, P&R, F&E and Harbours? It seems to be slipping down between the cracks.

SENATOR LE SUEUR: I think it is very dangerous to suggest that what you have done with either Telecoms or Jersey Post you can necessarily replicate with Harbours. I mean, each of these are very different animals and I think you have to have a solution. Even if ultimately incorporation is the right answer to all three situations, they are still three very different situations which may require a different approach to incorporation and certainly a different approach to the legislation which sets the thing into motion and ensures governance.

SENATOR VIBERT: I think the point the Panel would be making would be in terms of staff relations. Is that it?

SENATOR LE MAISTRE: Well, there are two. There is resources that have been used in the process, which seems to have gone round in circles at least once maybe twice, and the second is the cost of the employment of external expertise at the same time as having incurred costs of employment within, and one can refer to acts of November 1999, for example, where somebody was employed specifically to perform the function, particularly in view of the demands of the ongoing implementation of the strategic service review of the preparations for incorporation, which was subsequently added to by a further team which sort of enhanced the capability from within, which obviously had an effect on costs.

SENATOR LE SUEUR: Yes.

SENATOR LE MAISTRE: But then also called on reviews at different times, which have so far got us nowhere.

SENATOR LE SUEUR: Right. I am not sure at all about why these people were appointed, on what basis they were appointed, on what grades and what sort of work they were doing. I think one employs consultants generally because they deliver a level of expertise and overview and perhaps external experience which people working within a department don't necessarily have.

SENATOR LE MAISTRE: So that is what you would have expected would have happened.

SENATOR LE SUEUR: So I would have expected that Deloitte would have brought some different perspective and different skills to what skills were already available within the Harbours & Airport Committee.

DEPUTY BAUDAINS: Could I ----

SENATOR VIBERT: Could I just ask on this what sort of expertise a consultant would have required to implement a change program?

SENATOR LE SUEUR: We are not at the moment implementing a change program, we are deciding what is the best way to go forward.

SENATOR VIBERT: No. At the time in 1999, when the consultants were employed ----

SENATOR LE SUEUR: Right.

SENATOR VIBERT: ---- it was to implement the change program to incorporation, and I am reading from the minutes of 12th February ----

SENATOR LE SUEUR: These are minutes of?

SENATOR VIBERT: These are minutes of the Harbours & Airport Committee.

SENATOR LE SUEUR: Right.

SENATOR VIBERT: Where it says very clearly that the Committee were employing four extra people purely for the purpose of preparing for incorporation.

SENATOR LE SUEUR: Yes.

SENATOR VIBERT: And that was prior to engaging a consultant. Now, really the question I was asking you is, in your experience, what sort of experience would you expect a consultant brought in specifically to handle a change program for incorporation to have, what area would you expect his expertise to sort of lie in?

SENATOR LE SUEUR: I am sorry, I maybe misunderstood the question. I wasn't suggesting

that a change consultant would bring in ... you would need a change consultant to carry out work in addition to the people currently employed by Harbours & Airport Committee to implement change.

SENATOR VIBERT: So you would be looking for a specific person experienced in changing corporations into companies, companies into whatever? In other words, there is a specific expertise of people. In fact, we did employ a lady called Debbie King, who was a corporate strategy officer. I think she was actually engaged at the airport specifically to change the structure or advise on how to handle the whole change of the structure. I was just really asking, in your experience, what kind of expertise people like that have.

SENATOR LE SUEUR: In my experience, you either employ general practitioners or you employ consultants or specialists and, where you have a particular issue which requires specialist knowledge, you tend to employ the specialist. Where you have matters which require general work, you employ a day to day operator. Now, I have no idea what those four people who the Harbours & Airport Committee employed in 1999 were going to be doing, how long they were employed for ----

SENATOR VIBERT: Well, they are still there actually, which was the purpose of the question.

SENATOR LE SUEUR: Well, I'm afraid in that respect I don't come prepared, on the basis of the terms of reference, for knowing what employees were employed in 1999 and may still be there. They may or may not still be in place.

SENATOR VIBERT: But it is a question we have put to the Harbours & Airport Committee.

SENATOR LE SUEUR: But it does appear on the surface that staff employed for a job for which they are no longer required would appear to be surplus to requirements, but that is a purely superficial view on which ----

SENATOR VIBERT: Or redirected.

SENATOR LE SUEUR: ---- on which I have no evidence other than supposition.

DEPUTY BAUDAINS: Could I bring in Deputy Rondel here? He has been waiting to come in for some time.

DEPUTY RONDEL: Yes. As the Finance & Economics Committee are responsible for the

budget of this Island and in the last several budgets no funding has been sent to the Exchequer from Harbours & Airport and this has been sanctioned as okay by the Finance & Economics Committee, can the President please explain how tight a rein his Committee keep on the affairs of Harbours & Airport given, as has already been explained, consultants have been employed on six month periods at the harbours and are still there five years later?

SENATOR LE SUEUR: I don't think it is F&E's job to look into the day to day administration of committees. It is there to ensure that the funds voted to any committee for the year are justified and that they are spent in accordance with the vote that was earmarked in a budget for those purposes.

DEPUTY RONDEL: You would expect, therefore, that a consultant would produce a report on a regular basis and a copy would be go, would be circulated, to your department.

SENATOR LE SUEUR: Not necessarily. If these are internal staff producing internal reports, I am sure my department would get sick and tired of seeing piles of paper from every different department on every different report.

DEPUTY RONDEL: But we are talking about consultants' reports.

SENATOR LE SUEUR: No. I am not sure what we are talking about here.

DEPUTY RONDEL: Well, can I refer to an Act of the Harbours & Airport Committee of the 12th November 1999?

SENATOR LE SUEUR: Right.

DEPUTY RONDEL: Okay. *"The Committee agreed that it would be preferable for a dedicated individual to perform this function, particularly in view of ----"*

SENATOR LE SUEUR: What is this function?

DEPUTY RONDEL: Well, I will start from the beginning, okay.

SENATOR LE SUEUR: You had better.

DEPUTY RONDEL: *"The Committee considered a report dated 2nd November 1999 from the Harbour Master regarding the proposal to employ a planning co-ordinator on a temporary basis"* -- a temporary basis.

SENATOR LE SUEUR: Yes.

DEPUTY RONDEL: “... to assist the senior management team in bringing forward the year 2000 Business Plan and other strategic documents. The Committee agreed ----”

SENATOR LE SUEUR: Sorry, that was the 2000 Business Plan?

DEPUTY RONDEL: Yes. “The Committee agreed that it would be preferable that a dedicated individual perform this function, particularly in view of the demands of the ongoing implementation of the Strategic Service Review and preparation for incorporatisation. The Committee endorsed the Harbour Master’s recommendation to employ Mr Piers Baker on a consultancy basis for an initial period of six months.”

SENATOR LE SUEUR: Yes.

DEPUTY RONDEL: Now, that was the Act. Now, given that we are now five years down the road, that consultant is still there.

SENATOR LE SUEUR: Yes.

DEPUTY RONDEL: And I am concerned that your department are allowing -- are allowing -- on an annual basis, with no funds to be returned to the centre, i.e., from within your budget on an annual basis, knowing full well that things are actually happening where we are employing consultants basically on a full-time basis.

SENATOR LE SUEUR: I think, reading that Act, two things strike me. Firstly, he was appointed on a six month contract. Was it a six month contract, did you say?

DEPUTY RONDEL: “Six months consultancy basis”, it states.

SENATOR LE SUEUR: “Six months consultancy basis”. Presumably that was extended at some stage six months or so thereafter. That would be a matter ... well, the initial appointment on the six month basis would still no doubt have required Human Resources Department approval. If it were to be converted into a permanent post, I think it would certainly have required HR Department approval. I would have imagined that an extension to that contract or that service would have been the subject of a further Committee Act. If there is not, well, I am quite surprised.

DEPUTY RONDEL: But given that that person was employed for incorporatisation ----

SENATOR LE SUEUR: No, he was employed to produce the annual Business Plan.

DEPUTY RONDEL: Hold on: "... *ongoing presentation of the Strategic Service Review and preparation for incorporatisation.*" That is what it says.

SENATOR VIBERT: It is one of the aspects of it.

SENATOR LE SUEUR: Sorry, I thought that the terms under which he was appointed was to produce the ... I am sorry, that is the first I have seen of that Act and so maybe if I could have a copy of it.

DEPUTY RONDEL: Yes.

SENATOR LE MAISTRE: I think, if I could just come in there because it is part of a question I was going to ask?

SENATOR LE SUEUR: Right.

SENATOR LE MAISTRE: I think that the impact of decisions, be they staff related in terms of the staff that are employed, or specialist consultants in terms of reports produced, what I am trying to understand is who actually -- and it may be nobody -- has been taking an overview of what has been going on for the last six years in relation to a very specific task, which seems to have not been brought to a conclusion and has been going round in circles, or at least that is the impression that one has gained?

SENATOR LE SUEUR: Yes.

SENATOR LE MAISTRE: And certainly it has proved to be unsettling for the staff. We have documentation which actually confirms and reinforces that. Clearly all this activity has a financial impact on the operation of the harbour.

SENATOR LE SUEUR: Yes.

SENATOR LE MAISTRE: And, by virtue of the fact, whether it is the granting of additional resources or the impact is of returning less resources to the centre, it seems to me that F&E should have a view on whether this is acceptable or not acceptable or whether in fact they were not involved and concerned.

SENATOR LE SUEUR: Yes. In broad terms, F&E would expect a trading operation to make a return to the centre and, if there were reasons why that return was being reduced or wiped out completely, then that Committee, I am sure, would need to justify why that was taking place.

Now ----

SENATOR LE MAISTRE: Are you aware of whether such justification took place?

SENATOR LE SUEUR: I am not aware whether such a justification took place, but I do know that when any committee's budgets currently come to my Committee and in fact get scrutinised not just by my Committee but indirectly by other committees through the FSR process, every budget will be considered, but probably at a level of ... probably at a high level rather than at an individual members of staff and what they are doing level. I think one has to have a certain degree of trust in individual committees and their management boards to make sure that those committees are carrying out the wishes of the States. It is not, I think, for F&E or P&R to interfere unnecessarily in the day to day administration of departments.

SENATOR VIBERT: If I could just come in on this particular issue, following on what Senator Le Maistre was dealing with. We have actually been given a list of 71 different pieces of work that have gone towards the strategy for sustainable future on the harbour. We have currently asked for an estimate of the cost of that, which we haven't yet been able to get and hopefully ... have we got any indication of when? We have asked for how much does this cost, including executive time, because it is an enormous list of work that has been done, and that does not include the consultant's report. It would appear to us that, at this stage, a lot of money has so far been spent and we are no further down the track than we were in 1998. I just wondered whether that is of a concern. If that is a fact, would that be of great concern to the Committee?

SENATOR LE SUEUR: I mean, it is a concern to my Committee that a service review of the harbours some years ago suggested that it was running at less than total efficiency and the comments you have made in the last quarter of an hour or so have done little to dispel that notion. Therefore, my objective would be to make sure something does happen to make sure that that department will run, you know, in a better way, in a more fitting way. It is likely that that will be better achieved by having the sort of approach which something like incorporation would bring to the operation rather than a continuation of the existing structure. So from my point of view, my overriding objective would be to have a resolution of this incorporation issue and then, once that has resolved, go on to implementation of that decision in order that we can

drive out what inefficiencies there may well need to be. Now, you mentioned there being 71 reports generated ----

SENATOR VIBERT: No, 71 activities.

SENATOR LE SUEUR: Right, 71 activities. Well, okay, on the one hand we said that we need more information in order to put forward a proper case for incorporation. It may well be that some of those activities have a bearing on that. I have no idea what ----

SENATOR VIBERT: I am sure they do.

SENATOR LE SUEUR: Yes.

SENATOR VIBERT: I am sure they do, but until we get a handle on the cost, at the moment we cannot say.

SENATOR LE SUEUR: As the saying goes, “You can’t make an omelette without cracking a few eggs”.

SENATOR VIBERT: Right.

SENATOR LE SUEUR: But you want to make sure you don’t drop too many on the floor.

DEPUTY BAUDAINS: Could I just interject there for a moment? Talking about costs, I believe we are still trying to find out how much of the Fischer costs could be apportioned to this business of sorting out with harbours whether incorporation or trust port or whether a hybrid would be most appropriate. Is your Committee able to apportion the amount of the Fischer costs to the Harbours? Is that possible? I presume you don’t have the figures on you, but would it be possible?

SENATOR LE SUEUR: I doubt if you would get a particularly meaningful figure. You can take a stab at it and, having done so, what benefit would it be?

DEPUTY BAUDAINS: It is just that part of our remit is to establish the overall costs to the taxpayer of this exercise.

SENATOR LE SUEUR: The overall cost, right.

SENATOR VIBERT: You see, Oxera or Fischers have done a report which includes other things and they happened to include the harbours and we are being told that “We can’t give you the costs of that because it was done by Finance & Economics and somebody else”, but there must

be a way of getting even an approximate cost.

SENATOR LE SUEUR: I think so, but you could turn it on its head and say “That Deloitte Report had some comments on trust port status, so is that a report all the costs of which should be ascribed to incorporation or should some of the costs of the Deloitte Report be ascribed to the trust port?” I mean, at the end of the day, it is money that has been spent on finding the best solution.

SENATOR VIBERT: Yes, but we have to try and make an assessment of the total amount that has been spent on this project so far. That is part of our remit.

SENATOR LE SUEUR: Yes. I mean your remit is to “*establish the overall cost to the taxpayer of the research undertaken for both the trust port and the Jersey limited company options*”. Now, whether you need to segregate what was spent on trust port and what was spent on a Jersey limited company options would say that the total spent between the two and ----

DEPUTY BAUDAINS: The two together would be ----

SENATOR VIBERT: We have to take the two together.

SENATOR LE SUEUR: And at a rough guess, it might be 50/50 or it might be 70/30.

SENATOR VIBERT: We will be happy to take the two together.

SENATOR LE SUEUR: I think you are going to have to take the two together.

SENATOR VIBERT: Oh yes, we are happy to take the two together.

SENATOR LE SUEUR: And we said in the Deloitte Report that there were more than just those two options.

SENATOR VIBERT: Yes.

SENATOR LE SUEUR: So maybe it should be the overall cost to the taxpayer researching all the options.

SENATOR VIBERT: Yes.

DEPUTY BAUDAINS: I think basically we are looking at the exercise of moving the ----

SENATOR VIBERT: The general exercise.

DEPUTY BAUDAINS: ---- Harbours away from a government department into whatever entity, a trust port or whatever.

SENATOR LE SUEUR: On that basis, if it is the total cost you want or whatever else, rather than trying to analyse ----

DEPUTY BAUDAINS: But, as I understand it, the Fischer Report covered other issues as well, so what we were looking for was an approximate apportionment of that cost, if that is possible.

SENATOR VIBERT: One of the other difficulties we are having, Senator, is there is likely to be, according to the evidence we have been given, a conflict over the property that is held on the harbours, because at the moment Property Services are doing a review of all States' properties and Property Services' position is that they would in fact be putting forward that they wished to have control over the majority of States' properties. Whereas, if this is incorporated or it is made into a company, if we go for incorporation rather than a trust ... sorry, if we go for the trust or if we go for the company, something has to be done about transferring the properties owned by the States to either party. We can see a likely conflict over the property issue. I just wondered whether you had any thoughts on that.

SENATOR LE SUEUR: A few thoughts, but not necessarily coherent or connected. Firstly, whether the ... let us assume for the moment that we are going to have a company. That company may well require to either own assets for the purpose of running its business or to have them leased to it on a pretty secure basis. Bearing in mind that the States is likely to be the shareholder of the company and the owner of the land, either of those methods should be achievable. Now, it is then a question of accounting and what is better for a company and what is better for the management of the company and what is better for the States whether those assets which the company requires to run its operation are owned by the company itself, which may well be a good thing to do, or owned by the States. Frankly, if the company needs those assets in order to run its strategic operations, then it may well be that they would acquire them in the same way, broadening the discussions, as Jersey Post Limited would acquire the property at Broad Street and Rue de Pres for the purpose of its core operations. But I think one has to distinguish between what is needed by, say, Jersey Harbours Limited (for want of a better name) for the purpose of its operations and what assets it may hold, for example, to house staff or to house equipment or something which is not necessarily central to its strategic operation.

SENATOR VIBERT: Well, on the evidence that we have heard this morning, one of the ways in which the trust ports have been able to operate and reduce their costs in terms of charges to the port users is to actually become property developers and develop their property for other than harbour use, such as warehousing, factories or whatever.

SENATOR LE SUEUR: Yes.

SENATOR VIBERT: And that enabled them to actually gain the necessary rentals or whatever to fund the operation of the harbours.

SENATOR LE SUEUR: Yes.

SENATOR VIBERT: In the event of having a problem and a conflict over property, who would be the decision maker as to what was required by the harbour and what would happen if the States were to say "No, that is not an essential part of the harbour operation, therefore you can't have it"? Who would make that decision?

SENATOR LE SUEUR: I'd like to think it would be made jointly by the Harbours Department, the F&E Committee and any other committees responsible and ultimately by the States. It is the sort of issue that you need to resolve upfront before you go too far down that route. But whilst I can well imagine that there is a need for Jersey Harbours Limited to own and run the Albert Pier, the Victoria Pier and so on, does it necessarily need to own Bonne Nuit Harbour -- just to cheer up my colleague over there -- or, conversely, is the ownership of that within a trading company actually ultimately a liability to maintain.

SENATOR VIBERT: It could be a Heritage issue.

SENATOR LE SUEUR: Or it could be a Heritage issue. These are issues which ultimately need to be resolved by the States as to what is the purpose of incorporating Jersey Harbours.

SENATOR VIBERT: Unfortunately, on the evidence we have had so far, nobody seems to have given that any thought at all.

SENATOR LE SUEUR: I think probably because it is in many ways a peripheral issue when the ownership will still be owned by the States in one form or another.

SENATOR VIBERT: But you would agree, wouldn't you, that there is a pretty crucial issue about the property because that is the major asset really of the harbour? Unless that is sorted out

in the early days when they are discussing the States incorporation or whatever decision is made, that really should be right up front, as you said before, in their discussions and at an early stage. Yet we have had no evidence to show that it has even been considered.

SENATOR LE SUEUR: Well, I think certainly it has been considered in so far as I have thought about whether Jersey Harbours Limited should necessarily acquire the entire property, if it were incorporated. Should it acquire the entire property portfolio presently administered by the Harbours & Airport Committee or whether some of it would not be better owned by, say, Heritage Trust or the States as Property Services or whatever, because, in my view, what Harbours & Airport need to do is to have a focus on what they are supposed to be doing.

SENATOR VIBERT: Which is really the port of St Helier.

SENATOR LE SUEUR: That is the sort of question which the States need to address: what should Harbours & Airport be doing? In my view, and I think in your view too, yes, running the port of St Helier. What is the Port of St Helier? Is it the commercial port of St Helier? Is it the commercial port plus the yacht marinas? Is it that lot plus Fuel Farm? Is it that lot plus the warehouse as well? These are strategic issues, if you like, which really are for Harbours & Airport or F&E to recommend.

DEPUTY RONDEL: Can I come in on something that you have said?

SENATOR VIBERT: Are you not surprised that that has not actually already been determined, because whichever way you go, trust port or company, that has to be determined?

SENATOR LE SUEUR: I think it may well be determined in a very different way, because I think, if you are talking about a trust port, you are probably focusing purely on the St Helier Harbour operation, which still leaves then the other properties to be owned by somebody. Frankly, I have not given much consideration to trust port status because, as far as I am concerned, that is dead in the water.

DEPUTY BAUDAINS: I am mindful of the fact that we have only 10 minutes left of this interview.

SENATOR LE MAISTRE: Could I pick up on ----

DEPUTY BAUDAINS: Could I bring in Deputy Rondel?

SENATOR LE MAISTRE: Could I pick up on that last point.

DEPUTY RONDEL: I want to pick up on something that has been said by the President.

DEPUTY BAUDAINS: Deputy Rondel?

DEPUTY RONDEL: You said that you want to resolve issues upfront.

SENATOR LE SUEUR: Yes.

DEPUTY RONDEL: Given that you have said that, can you explain then why we have still not signed the Fuel Farm lease, which comes under the auspices of the Harbours & Airport Committee?

SENATOR LE SUEUR: I expect because there is a States' decision to have a review of that lease and that review is currently underway and when that review has reported back to the States, then no doubt a decision can be taken.

DEPUTY RONDEL: How long would you expect reviews to take, because I am going back ... well, this has been on the table now for many years and it has still not been resolved. Given your statement that you want to resolve issues upfront, this should have been on the top of your calendar.

SENATOR LE SUEUR: In factual terms, the Fuel Farm lease review will be completed by December this year. So we should then get the findings of that and, to the extent that they will be relevant to this, that will be known early next year.

SENATOR VIBERT: Would you expect that in fact until that finding is out, it is almost impossible to make a decision about the future of the harbours?

SENATOR LE SUEUR: No. I think you will need to say is the Fuel Farm in some form of another crucial to the harbour operation? If the answer to that question is "Yes", then you will take that as a given and you still carry on working towards incorporation knowing that ultimately the wording of that Fuel Farm lease and other operational issues at Fuel Farm will be resolved.

SENATOR VIBERT: It has to fit in with that decision.

SENATOR LE SUEUR: But it has to fit in with that decision. But I see the two of them virtually going along in parallel rather one needing to wait for the other.

DEPUTY BAUDAINS: Senator Le Maistre was indicating he wanted to come back?

SENATOR LE MAISTRE: Well, I was quite interested in your comment that, as far as you are concerned, the trust port is “*dead in the water*” or sunk without trace -- I am not too sure which.

SENATOR LE SUEUR: Yes.

SENATOR LE MAISTRE: Could you help us to understand that, because that is quite an important statement to make really? Could you explain ----

SENATOR LE SUEUR: I make that statement as a person, as an individual, rather than the committee view.

SENATOR LE MAISTRE: But it must be based on ----

SENATOR LE SUEUR: It is based on the fact that when Harbours & Airport Committee brought forward their trust port proposals in 2002, the F&E Committee of the day were pretty luke warm or negative about them.

SENATOR LE MAISTRE: For what reason?

SENATOR LE SUEUR: I think I have already explained that there were a variety of reasons for that. I think, having subsequently commissioned or read the results of the Deloitte's review, that seems to reinforce the view that trust port status would not be the appropriate way for Jersey to go forward. Now, all I'm saying is I think both of those stand up and, on that basis, would I want to go for second best or third best or fifth best? Not really.

SENATOR VIBERT: It is interesting that the Harbours & Airport don't accept your position. They say it is still open. They have not made a decision.

SENATOR LE SUEUR: Well, that may well be and they are entitled to their point of view. My point of view is that I think that the trust port concept is dead in the water. It is not a mixed metaphor in the harbours context.

SENATOR LE MAISTRE: Can I put to you another question, which was resulting from your comment about the other ports in the Island?

SENATOR LE SUEUR: Right.

SENATOR LE MAISTRE: The view was expressed to us this morning by another submission that whichever structure exists or is constructed, the operation of other ports, whether profit making or loss making, requires the expertise of a harbour master because they have an impact

on legislative requirements.

SENATOR LE SUEUR: Absolutely, yes.

SENATOR LE MAISTRE: So is it realistic then to expect a harbour master employed to run the port of St Helier to then be employed by a separate body to run the other ports, or do you see that being entirely run as a separate operation?

SENATOR LE SUEUR: I think you have to separate the regulatory requirements of harbour operation from the operational requirements of harbours.

SENATOR LE MAISTRE: Well, I'm dealing with the operational in a sense which has ----

SENATOR LE SUEUR: I think the operation of external harbours -- Gorey, Bonne Nuit or Rozel or anything like that -- is largely a regulatory function, but those harbours, as you say, could be operated by anybody ----

SENATOR LE MAISTRE: No, I don't think so. I think that perhaps you can qualify that, but my understanding is that running a harbour is running a harbour and it has movement of ships in and out. Some of them are leisure ships and some of them are other forms.

SENATOR LE SUEUR: Right.

SENATOR LE MAISTRE: But is it possible in a community like Jersey to have two harbour masters really working to different bodies?

SENATOR LE SUEUR: No. I think you need to have one harbour regulator regulating all harbour operations and all shipping operations throughout the Island.

SENATOR LE MAISTRE: A harbour regulator?

SENATOR LE SUEUR: Yes. That is not necessarily to say that the person who operates the port of St Helier needs to operate also Bonne Nuit Harbour or Gorey. It may well be desirable and it may well be that he is the only person interested in doing the job, but I would have thought that, from a strategic point of view, we need to make sure that St Helier Harbour is very much, very firmly under States' control. If I draw a parallel, say, with Guernsey, where Guernsey, St Peter Port Harbour is very much down to, or would be down to, say, Guernsey Harbours Limited. Bozeat Marina, as far as I am concerned, could be run by the Guernsey Harbour Department or it could be run by a third party. But Bozeat Marina would need to comply with

Marine Regulations and it would be the Guernsey Harbour Master who would have to ensure, or the Guernsey regulatory authority would have to ensure, that Bozeat Marina complied with any maritime regulations in force in Guernsey. Now, we do not have the equivalent of Bozeat Marina, I accept, but the principle I think is still what I was trying to get across.

DEPUTY BAUDAINS: Senator Vibert?

SENATOR VIBERT: Can I just ask you on a question of control, whether it be a trust port situation or a company situation, we were told this morning that the benefit of a trust port situation is that they really have no government control over them at all.

SENATOR LE SUEUR: Yes.

SENATOR VIBERT: And it is run without political interference, other than in the United Kingdom where the Minister for Transport is able to intervene, but the chances of that happening is almost remote because, if they did, the board would resign and say “We are running this place.”

SENATOR LE SUEUR: Yes.

SENATOR VIBERT: So there is no real effective control. In addition to that, it couldn't be sold. Do you see a danger in it being a company, that at a time when maybe the States is short of some money, a good opportunity would be to actually sell shares in the company and actually raise capital as a result and we could actually lose control of the harbour.

SENATOR LE SUEUR: I think that the ownership and control of all the States strategic assets is a matter for the States Assembly to decide. Whereas F&E may well act as investors and decide that it would like to raise some money, I think there are clear strategic objectives. It is not like owning shares in Marks & Spencers or BP, which you can buy and sell and they have no effect on the community; we are talking about States owned utilities which may be crucial to the Island.

SENATOR VIBERT: Let us assume that the States does decide to sell. It is possible for them, as with Telecoms, for instance, that we could sell Telecoms.

SENATOR LE SUEUR: Absolutely, if the States so decided.

SENATOR VIBERT: If the States so decided. But if you have a trust port and the States so

decide, sorry, but you can't do that.

SENATOR LE SUEUR: Why?

SENATOR VIBERT: Because they won't be able to sell it. The only way you would be able to do it is by an Act of the States to actually privatise it.

SENATOR LE SUEUR: Frankly, if the States can decide that it wants to sell Jersey Harbours Limited, it can decide it wants to wind up Jersey Trust Port and get shot of it. I don't see ... in fact, my view is that a trust port status would give the States less control than it has as shareholder in a limited company.

SENATOR VIBERT: That is agreed, yes.

DEPUTY BAUDAINS: Can I bring in Deputy Rondel here, as we have just about run out of time?

DEPUTY RONDEL: Yes. The value of the portfolio that we were given several years ago now of all the harbour properties, I presume (and I have not heard to the contrary) that your Committee were happy with the valuations of some of the properties.

SENATOR LE SUEUR: I think ... I'm not a property valuer, but I can value those properties on several different bases. Now, you can value it on its bricks and mortar basis; you can value it on its replacement basis; you can value it on the commercial benefit it generates to you; and you also need to value it, I think, over its lifecycle. It may well be that, you know, if you want to put a value on Alderney Breakwater, its rebuilding costs are probably a couple of hundred million pounds. Its value, if you ask me, is probably minus about 20 million because of what it costs to maintain the damn thing. Now, both of those figures are right, but both of those figures are wrong. So, in terms of are those figures there right, yes, they are right, but there are also different figures that you can also justify on different bases.

DEPUTY RONDEL: So, therefore, that being the case, why weren't the public, as this went out in the public domain, shown the alternative figures that you have already quoted, because you have mentioned three or four ways of valuing property and the public need to know -- they need to know -- that whatever we are doing -- we are supposed to be transparent -- how we are coming to certain figures when we see figures of, shall we say, a house owned by the States of Jersey in

their administration of the Harbours & Airport Committee at X, shall we say £45,000 for a house on Gorey Pier, when the house next door has been sold for a quarter of a million pounds or whatever, the public have difficulty in seeing that something wrong is actually happening within the States department. Should those figures not be shown in a different way?

SENATOR LE SUEUR: I think I would ask why does one need to look at those figures and why might they be relevant? Let us assume that ... I don't know what that has Bonne Nuit Harbour in as?

DEPUTY RONDEL: No, not Bonne Nuit, Gorey Harbour.

SENATOR LE SUEUR: I do not know what figure it has for Gorey Harbour in there, but if the company, if Jersey Harbours were incorporated and the asset were owned by the company, would that change the value? If it were a trust port status, would it change the value? It is still there and the key question to ask, I think, is what are you going to do with these harbours and what is their purpose?

DEPUTY RONDEL: But surely would it not have been better to show a nil value transfer on a 99 year lease or a 200 year lease of all the States assets that would go across with harbours than put certain figures that send out the wrong message to the public?

SENATOR LE SUEUR: I think you have overlooked the first question of what should go to Jersey Harbours Limited in order for them to run their operation. I think what I have tried to highlight is that one has to ask the question, does Jersey Harbours Limited need Gorey Harbour? Jersey as an island may want it for its heritage purposes or for something, but is it necessarily strategically a desirable asset? Is it economically a desirable asset? Why are we running these things? I mean, it comes down to the first question of why are we running St Helier Harbour? We are running it presumably because we wanted to ensure that passengers and freight could come in and out of the Island. Does the same argument apply to Gorey Harbour? Does the same argument apply to Bonne Nuit Harbour? I think there are distinctions to be made between different harbours.

DEPUTY RONDEL: The harbour master is responsible for the harbours of this Island. Do you accept that?

SENATOR LE SUEUR: I'm not clear what you mean by "*responsible for*". At the present time, Harbours & Airport Committee's remit covers all the harbours of the Island, I accept that, but I am saying that in the model of the future, of a Jersey Harbours Limited, is that necessarily still the case or should Jersey Harbours Limited, for want of a better phrase, be concentrating on their core business?

DEPUTY RONDEL: Given the letter you were shown earlier signed by Deputy Maltwood, the workforce would be expecting to stay within the harbour trust, corporatisation, whatever harbour it may be in the future. They would expect to stay in that, unless certain negotiations were taken out. But, given that the workforce themselves, the one carries t'other, the work that is done on the crane at Bonne Nuit, the crane at Gorey, St Aubins or wherever it may be, helps to support or keep eight engineers or several engineers in place in the harbour works to maintain the majority of all the harbour structure, engineering structure.

SENATOR LE SUEUR: Hmm hmm.

DEPUTY RONDEL: One supports the other and, likewise, with your maintenance of the smaller harbours, ladders and everything else around the Island.

SENATOR LE SUEUR: Yes.

DEPUTY RONDEL: The carpenters included. Those guys are supported 20% or 30% of their actual work -- maybe even 40% -- of it is done on the outlying area of the Island and the other 60% or 70% is done in the town. It would mean that you would lose, if you break it up as you are suggesting, you would lose possibly expertise.

SENATOR LE SUEUR: Yes. I think you have to weigh up, firstly, to what extent that letter ... I think we have to bear in mind that that letter written in 2002 relates specifically to a trust port status, and I am not sure how much we may be able to move on in terms of perhaps what we were talking about half an hour ago about improved labour relations with the workforce of Jersey Harbours Limited to the extent that they will also see the need to review and rationalise what they are doing. All I am saying is let's keep an open mind on that one. If there is a constraint on the Harbours Department or Jersey Harbours Limited running as efficiently as it would like to do because of some problems of employment contracts or another, that would need to be taken into

account. But I think that does not stop us from trying to ascertain what is the best model, what is the best ideal outcome, if you like, even if ultimately you have to work slightly back from that and say “This is the ideal, but the practical reality is that we would have to settle for 90% of the ideal.” I don’t know, but at this stage I’m more anxious in trying to find what is the ideal and then see what are the constraints to doing that. I think, if you like, this takes us back to where we were in 1999 when the Harbours & Airport Committee probably said “This is the ideal” and they felt then that the constraint of employee relations were so serious as to make it a non-starter. I believe that time has moved on since then and that constraint, although it may still be there to some extent, is not such a serious impediment as it was five years ago.

DEPUTY BAUDAINS: I am conscious of the time -- we have run over by nearly 10 minutes -- and it may be an appropriate time to close. I realise that there are probably more questions that Members have and perhaps we at a later date could decide whether perhaps we might invite you back again if there are important outstanding questions.

DEPUTY HILL: I have just got one quickie, if you like, which I think might sum up something or other.

DEPUTY BAUDAINS: Are there any other questions?

SENATOR VIBERT: I am quite happy to deal with them another day.

DEPUTY BAUDAINS: Okay.

DEPUTY HILL: If I could just ask this one, if I could. It was mentioned this morning or suggested this morning by one of the witnesses that this issue of the ports etc has been kicking around now since 1999 and it is thought possibly that it is about time we really pulled our finger out. He didn’t say that, but I understand that is what he was saying.

SENATOR LE SUEUR: No.

DEPUTY HILL: Given the fact that time is money, this has cost a lot of money on fees, consultancy fees and everything else, and the uncertainty, is there anyway you feel, as the President of F&E, you might be able to put some pressure on the Harbours & Airport to actually get something done, so that at least we will end up with possibly, you know, saving more money really because basically so much money has been spent on fees?

SENATOR LE SUEUR: I share your enthusiasm to get the thing resolved as quickly as possible. If I thought that the Harbours & Airport Committee themselves did not share the enthusiasm, then I would have concerns. But the present indications I have is that Harbours also share the enthusiasm to reach a result.

DEPUTY HILL: Albeit almost five years afterwards?

SENATOR LE SUEUR: Yes, and that may be a drawback to the way committees sometimes change their minds. Hopefully I would like to think that in the future we can resolve these things rather more quickly, but we will have to wait and see.

DEPUTY HILL: Possibly as a result of the exercise we are carrying out here it might be the impetus to get things moving.

SENATOR LE SUEUR: It may well be.

DEPUTY RONDEL: I have one final question. You said "*It is time to move on*" and since 1999 things have moved on. Do you believe that it is right that the States should be going down the trust port status, corporatisation status or limited liability status, or have things been rationalised enough at Harbours, where they have tied all the loose ends together and got rid of a lot and tidied up everything , reduced their workforce in the workforce area -- and I am not talking about the manpower at the top because a little bit of restructuring I think still needs to happen there, given that they have got all these consultants in.

SENATOR LE SUEUR: Yes.

DEPUTY RONDEL: But has sufficient happened that you can just draw a line under the whole thing and just move on, whether it comes under one of the other committees ----

DEPUTY BAUDAINS: It will go to EDC.

DEPUTY RONDEL: EDC or whatever.

SENATOR LE SUEUR: I think you are still stuck then with the same inherent difficulty, that governments are not necessarily the best people to run commercial operations commercially. I still believe that there are merits to be obtained by taking a more commercial approach, recognising that that approach has to be underpinned by the strategic objectives of the Government.

DEPUTY BAUDAINS: Can I close the meeting at that point. We are having an interesting debate here which could go on a lot longer, I fear. Thank you for attending.

SENATOR LE SUEUR: Thank you for receiving us courteously.

SENATOR VIBERT: Well, the problem with being in your position is you are going to spend a lot of time at the Scrutiny Committee.

DEPUTY RONDEL: We hope we are always courteous.

DEPUTY HILL: And you were so enthusiastic for Scrutiny anyway, weren't you, so ...

SENATOR LE SUEUR: Yes, yes. I think this is a learning process and we are all learning from it and hopefully, having learned, we can put what we learned to use.

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