



**STANDING COMMITTEE  
OF  
TYNWALD COURT  
OFFICIAL REPORT**

**RECORTYS OIKOIL  
BING VEAYN TINVAAL**

**PROCEEDINGS  
DAALTYN**

**ENVIRONMENT AND INFRASTRUCTURE  
POLICY REVIEW COMMITTEE**

**HARBOURS STRATEGY**

**HANSARD**

**Douglas, Friday, 9th November 2018**

**PP2018/0164**

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**Members Present:**

*Chairman:* Mrs M M Hendy MLC  
Miss C L Bettison MHK  
Mr C R Robertshaw MHK

*Clerk:*

Mr R I S Phillips

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# Standing Committee of Tynwald on Environment and Infrastructure Policy Review

## Harbours Strategy

*The Committee sat in public at 10.30 a.m.  
in the Legislative Council Chamber,  
Legislative Buildings, Douglas*

[MRS HENDY *in the Chair*]

### Procedural

**The Chairman (Mrs Hendy):** Good morning. Welcome to the public meeting of the Environment and Infrastructure Policy Review Committee. I am Marlene Hendy MLC and with me are Miss Clare Bettison MHK and Mr Chris Robertshaw MHK. I was elected to the Committee as an alternate Member while the Committee investigates the Harbours Strategy. The Chairman, Mr Rob Callister MHK, has recused himself from this inquiry because he is a Member of the Department for Enterprise, one of the sponsoring Departments of the Strategy. The Committee has elected me as its Chair for this inquiry.

Our session today is with the Department for Enterprise. By way of introduction for anyone listening who is not familiar with it, the Harbours Strategy was approved by Tynwald in March of this year. It offers a plan for updating and futureproofing the Island's harbours in several phases, but with particular focus on Douglas. The plans for Douglas notably include a deepwater berth.

Thank you for attending today. Before we begin, could I please ask you to ensure that any mobile phones are off or on silent, so that we do not have any interruptions. For the purpose of *Hansard*, I will also be ensuring that we do not have two people speaking at the same time.

### EVIDENCE OF Hon. L D Skelly MHK, Minister and Mr M Lewin, Chief Executive Officer, Department for Enterprise

**Q1. The Chairman:** For the record, could each of you state your name and the capacity in which you are appearing here today. Thank you.

**The Minister for Enterprise (Mr Skelly):** My name is Laurence Skelly. I am the Minister, Department for Enterprise.

**Mr Lewin:** Good morning. Mark Lewin, the Chief Executive in the Department for Enterprise.

**Q2. The Chairman:** Good morning, and again thank you for attending and giving up your time today.

25 I will lead off on the questions. I am particularly keen to learn about the background and  
development of the Strategy that eventually came to Tynwald. I have read in the reports that  
there is quite a long history to the theory that a deepwater berth and other improvements and  
developments would be recommended, but I am interested to know how that has come  
30 forward, how it fits within the responsibilities of your Department and the vision that you have  
for the future that incorporates this Strategy, and how you actually came to the conclusion that  
the recommendations that went to Tynwald were as they were at that time.

I am happy for either of you to respond to that, as you feel appropriate.

**The Minister:** Thank you, gura mie eu, Lhiass-caairliagh, Oltey Onnoroil. I really appreciate  
35 the opportunity to be before you today to hopefully answer any questions and queries around  
the Harbours Strategy.

I think we are obviously going to focus in on the deepwater berth issue. I can understand that  
entirely and that has been something that, in terms of the economic opportunities, has been  
very much at the forefront of this Department and its predecessor, the Department of Economic  
40 Development.

Recognising the opportunity in this particular area goes back many years. There have been a  
number of reports that have demonstrated value, and whilst there has been some debate  
around the actual value of this particular business, we have always maintained that there is  
economic value for the Isle of Man. Very often I have been quoted as saying that is perhaps the  
45 return of day-trippers on the Isle of Man spending money in our local economy. Without putting  
the value of that figure aside, we as a Department have always maintained that there is  
economic value. Our role and our responsibility have become involved when the deepwater  
berth became a real forefront. The Department of Infrastructure very clearly then looked at this  
more from a holistic point of view to consider a Harbours Strategy for the Island.

50 We have, obviously, eight different harbours around the Island. Some are commercial, some  
are not. Pleasure vessels are also very much of interest to us, particularly in the area of marinas,  
which I hope we do touch on as well at the same time because there is economic value there  
that we have a very keen interest in.

Coming back to Douglas, establishing a strategy for Douglas harbour was very important  
55 because, not just from a cruise visitor point of view, there were so many other uses within the  
Douglas harbour. I think it is well documented with regard to the constraints of Douglas harbour  
when it was built. The fact that we have to have custom-built ferry ships to fit our harbour was  
also a key point and very much of interest, especially where we were with regard to the Sea  
Services Strategy.

60 The resulting Strategy that came forward I think had eight different components within  
Douglas harbour, one of which was the opportunity to expand on the cruise business area in  
particular. As a Department, we have supported the development of this industry for quite some  
time. We have seen growth in this industry somewhat stagnated. It has also been clearly  
identified through the report with regard to the constraints, particularly the fact that you have  
65 to tender here on the Island. That is obviously weather contingent and therefore there is a direct  
economic impact if they cannot tender, and that was identified, I think, in the various reports.

Coming back to the point of our requirement with this Strategy, when it came about that our  
involvement was asked to contribute, we agreed that we should be involved. We then  
commissioned and funded a report – which is the Deloitte report, which I am sure you have  
70 read – to investigate the options for a deepwater berth within the Harbours Strategy, and the  
conclusion of that was reasonably clear, I think, in terms of presenting what could be achieved in  
the short term and what could possibly be achieved in the longer term. So, ultimately, we  
supported the recommendation that came through that and supported, obviously, the  
Department of Infrastructure.

75 That was our involvement. I am not sure if Mark wishes to add any further detail.

**Mr Lewin:** Perhaps just to add that when I arrived in 2017 – as the Minister said, there was quite a long history – there were lots of reports, both from feasibility, plus the technical, plus a number of different stakeholders with different views, and in some cases quite opposing views.

80 Deloitte were specifically commissioned to look at the economic side of it. Regardless of the technicalities of what may or may not work, the first thing is whether the case stacks up and to what extent that case might stack up. So Deloitte, following an open tender process, won. The brief was to look at the trends, look at the industry, look at what the value is, look at the potential and look at a number of those previous reports, rather than commission another  
85 technical assessment, and say broadly what level of growth might we expect and broadly what level of infrastructure might be required to do that, and look at the economics of it. Deloitte were very clear. They did not necessarily come out with a recommended option; they came out with an assessment of what already came before and it particularly focused down towards the end on a 240 m berth on Victoria Pier and a 450 m down at Alexandra Pier.

90 Just to also build on what the Minister said, as a sector we have seen a number of years where it has plateaued, and if we go back to the last season, 2017, it would have been a record year but we saw the loss of five vessels, nearly two and a half thousand people, because of weather, because of their inability to dock and lack of desire to tender in those conditions.

95 It does not mean that we have stopped still. This last season we did have a record of over 9,300 passengers and next year I am really pleased to say we have double the number of vessels currently booked in, 51 visits, and we have over 13,000 passengers and over 7,000 crew expected to visit us.

100 So the industry still grows and the sector, as the Minister said, is still really important to us; but notwithstanding that, we do have an inherent risk from a weather perspective and just our ability to market to some of the clear cruise liners that would be really interested. We have got a fantastic proposition – everyone gets that. The experience and the satisfaction that the passengers rate is phenomenal. What we have in a relatively small package that they can do in a single day is great, but that lack of being able to dock does cause concern and does cause us loss.

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**Q3. The Chairman:** Thank you very much.

110 Just as a supplementary to that, the Deloitte report: can you tell me how long that study took? I know that they said it was just a desktop study. When they make comments like it is not specifically advising on technical aspects but they are looking at value for money, spend, predictions and trends, I am wondering how long their operation took before it came back to report to you.

115 **Mr Lewin:** It was commissioned in the early part of 2017, about February, and the final report was July 2017. During that process there were a number of iterations and even post then there were further clarifications. One of the challenges on this is there are multiple scenarios and multiple options, there are different constructions, there are different costs and even beyond July we continued to look at other variations and scenarios, but the core of the work was between February and July last year.

120 **Q4. The Chairman:** And finally – then I will let someone else have a go – the options that were looked at in more depth, the 240 m option Victoria Pier, then up to 450 m, and previous reports had also looked at 350 m – that was a floating berth ... I am still a bit mystified as to why the 350 m option was not looked at in more depth. I think even your report at one point says there are omissions and one of the omissions was that they had not looked at the 350 m berth in  
125 more depth, although there are little addendums but I wonder if that was looked at in enough depth to consider fully the options and the benefits. When every port that I can see around the Irish Sea is also looking to extend their operations in terms of that size berth, I wonder why we might be excluding ourselves from potential business by not looking at that in more depth.

130 **Mr Lewin:** You are absolutely right that the 350 m at the start of that process in February last  
year was an option – a floating berth. It had been put forward by industry, the Isle of Man  
Shipping Association in particular, and the Department had been party to supporting a piece of  
work around what that might look like. During that process in early 2017 it became apparent, so  
you got other experts – Royal Haskoning; Dol are obviously expert as well – and a conclusion  
backed by the Isle of Man Shipping Association that the floating 350 m was not actually  
135 technically the right thing in those waters. So, rather than spend time and effort assessing it,  
Deloitte – who at that point had not been told that directly by the Shipping Association, plus, as I  
say, based on Royal Haskoning – stopped analysing that.

When I refer in the later report, that says we do not ... The 450 m looks at concrete and  
caisson, two different construction types, but from a fixed berth what we had not done is gone  
140 back and look at what the 350 m in a permanent construction might be –

**The Chairman:** That is exactly what I am asking.

145 **Mr Lewin:** – and as we narrowed and looked through the options, we ended up saying ...  
There are so many different scenarios here. One is tactically do we do something to continue to  
support the market, continue to evidence the case, continue to take perhaps a more balanced  
and responsible approach to doing something – because, as you say, it has been talked about for  
a long time.

If we are going down to a completely new piece of infrastructure up at Alexandra Pier,  
150 whether it is 350 m or 450 m, there is a huge amount of technical work required, there is a huge  
amount of infrastructure, not just in the pier itself but all the land infrastructure around that,  
and therefore it was determined that the two assessments we need to be doing are either  
building a new one – and we need to cost it out for the full thing, including all of that  
infrastructure at 450 m – or look at the 240 m as certainly phase 1, and there is nothing to  
155 preclude coming back. A lot of the work needs to be done to the Victoria Pier anyway, and to  
therefore allow the ships to be able to dock as part of that made sense.

That is why the 350 m floating was taken out. The 350 m concrete came in, not by Deloitte  
but after that, but was then discounted based on all the technical requirements that are needed  
in any event and we went back to what Deloitte said on 240 m and 450 m.  
160

**Q5. The Chairman:** And are you satisfied that, not having looked at the 350 m berth, we are  
not actually building in obsolescence now, that we should be looking at a 350 m because of  
course the Victoria Pier has a limited capability, which is in all the reports, both in terms of its  
length and access and the restricted manoeuvrability within the basin itself? Are you satisfied  
165 that we have looked at that aspect in enough depth?

**The Minister:** I think it is a good question, Caairliagh, and I think what will be very telling for  
us, as highlighted here by Mark, is why we did not look at the fiscal detail or commission Deloitte  
on the 350 m option. That was put aside because of the technical issues that were raised by the  
170 Shipping Association and the recommendation not to go further with that. But what will be very  
telling and I think very helpful is that the Department of Infrastructure had committed to  
conduct surveys not just on where the Victoria Pier will be – because clearly there is dredging  
and various works that would need to be taken on there to pursue that particular route – but  
also the Alexandra Pier at the same time. So those survey works I think will be very helpful to  
175 understand should we go back and revisit the fiscal option for the 350 m.

**Q6. The Chairman:** Thank you. My question specifically really relates to a 350 m fixed berth,  
not a floating berth.

180 **Mr Lewin:** Yes, and there has not been a technical assessment, so we did not do an economic  
assessment. Most of the cost of the 450 m is still borne from a 350 m but you do not get all the  
benefits. In the studies, in Deloitte's in particular, around three quarters of the existing vessels  
and three quarters of potential vessels can dock at a 240 m, so to try and draw something that  
185 has been on for many years at the same time as doing a harbour refurbishment ... And that is an  
important point again. When the Deloitte report looks coldly – well, it is not coldly, but in  
isolation – at doing a 240 m versus a 450 m, what happened as part of the broader Harbours  
Strategy that Dol brought forward was a real cost avoidance. If you do the Victoria Pier at the  
same time as a broader harbours, then there is significant discount, and that, from a financial  
perspective, makes a lot of sense. So your construction costs radically come down to £11 million.  
190 The contingency number came down, so if you look at them alongside each other it is a much  
more reasoned business case.

**The Chairman:** Thank you.  
Mr Robertshaw.

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**Q7. Mr Robertshaw:** Thanks, Chairman. I have got so many questions.

I am pleased that the Minister indicates that there is a determination now to do more  
analysis on the deepwater version. Why is it then that Tynwald was presented with one option  
which was more or less costed and not fully compared to another one which was not analysed  
200 or considered to the fullest extent necessary to decide whether it was or will be the right  
option? Do you not think that the whole process was premature and that we should wait to see  
what the analysis options of a deepwater harbour concept would be compared to refurbishing a  
harbour which it is admitted has a narrow access, is shallower than perhaps we want it to be and  
has limited turning circles?

205 Can you answer that one first: why is it that you came to Tynwald at this stage rather than  
looking at the two options more fully before asking politicians to consider where we should go  
next strategically?

**The Minister:** Well, I think what we had before us was a Harbours Strategy for the Isle of Man  
210 that actually included that option, and I think it was quite clear in the Strategy that there was an  
option to do this in a progressive manner.

What you talk about there is obviously the larger scale, the deeper analysis of a larger  
deepwater berth on Alexandra, and I come back to the fact now that the Department of  
Infrastructure had committed to the survey both for the Victoria and the Alexandra Piers, which  
215 was really a technical survey to understand what is capable in either of those particular piers.  
Based on that, I would suspect we will see the business case actually come forward, which is  
what the Department of Infrastructure have committed to do in each particular case – to come  
forward with the business case for each of these different components.

220 So, within Douglas harbour, as we know, there are eight different components totalling an  
£80 million spend for all those different improvements for our harbour, but the deepwater berth  
is one of those components, so the survey I think will tell us more from a technical aspect what  
is capable or not. And bear in mind again the Shipping Association were the ones that  
contributed to the Deloitte report to say do not pursue this further.

225 **Q8. Mr Robertshaw:** No, the ... Okay, well, I will not argue the point on that one, but you talk  
about the eight components: within the proposal that was brought – I would argue, prematurely  
– to Tynwald, is it not the case that pursuing the assessments that you now indicate are going to  
go forward might very well change the whole makeup of those components and leave us with a  
completely, or significantly, changed set of options? Perhaps you could answer that first before  
230 we move on to the next point.

**Mr Lewin:** I think I do recognise the point. It came out from different parties during the whole process that there are some views that perhaps Douglas harbour needs a broader rethink in terms of its capabilities and scalability.

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**Q9. Mr Robertshaw:** But isn't that what strategy does?

**Mr Lewin:** Well, I would just clarify that we are not, in this Department, experts on harbour engineering. That is very much one for the Department of Infrastructure, and the view at the moment is the works were proposed to Tynwald and Tynwald have approved those as a broad Strategy.

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As to taking it the other way round and whether if you were to build a deepwater berth out as a new pier, that would radically change what you might do in the inner harbour, I think it comes back to being clear that the case in itself stacks up, and when we are looking at significant expenditure primarily for the visitor and for the cruise industry in particular – you have seen the Deloitte report – we are talking significant decades of payback and a significant assumption of 200,000-plus passengers coming through these vessels by the end of 50 years, a large proportion getting off. We just felt at the moment that that is a big assumption to make such a sizeable investment in, so the Department were uncomfortable saying that this is something we really have to get behind and just go straight to that.

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**Q10. Mr Robertshaw:** Talking about the size of investment, the size of the proposed investment, as we have been told – that is for the existing harbour – is in totality in the region of £80 million, although would you agree that we cannot be certain about that because the assessment for the rock structure that has to be removed and the dredging that has to take place has not yet been established, so we cannot be sure about the £80 million at this stage? Is that a fair comment?

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**The Minister:** Yes, I agree.

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**Q11. Mr Robertshaw:** Fine, okay. So is it also a fair comment to suggest that if you are looking at pure maintenance issues on the existing harbour – I do not mean strategic issues, I mean maintenance issues – the Royal Haskoning report suggests it is in the region of £5 million? Would you agree that? So what we are talking about essentially is to take a small harbour with a narrow access and spend £75 million on it, when in fact actually looking at another option, which is recreating or introducing a deepwater harbour elsewhere, would negate the necessity to spend that £75 million. Isn't that the case?

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**Mr Lewin:** I think again it is not for our Department to understand the broader harbour infrastructure and engineering around that. I do recall the Infrastructure Minister saying in the Tynwald presentation that it was not a direct replacement; if you were to build an Alexandra Pier you would still need to do a vast proportion of what was also still in the Harbours Strategy for other services on the inner harbour. So that is probably not one for our Department, but I do recall it is not simply spend the money inside the harbour or spend it out; there are still significant services inside that need to be dealt with.

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**Mr Robertshaw:** Are you clear –?

**Q12. The Clerk:** Sorry to break in, but that is actually quite an interesting point, isn't it: who has got a view of the whole landscape, a cross-Department –?

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**Mr Lewin:** The Department of Infrastructure own the harbour and own the –



285 **Q13. The Clerk:** What I mean is in terms of strategic thinking, not the physical ... We know  
who owns them, the physical stuff; what I mean is the conceptual points. Your comment that it  
is not a matter for your Department is fair enough, but I think one of the interesting things is  
about the structure for making the decisions and the strategic planning that underlines these  
sort of decisions, which are always difficult. What I was asking was: who gets to see the whole  
picture across departmental responsibilities?

290 **The Minister:** I would suggest that rests with the Environment and Infrastructure Committee,  
of which we are members along with other Departments.

295 **Q14. The Clerk:** But even though you are members of that Committee, you still think in  
departmental terms about a big subject like this, because –

300 **The Minister:** Well, we were invited to participate and I think it goes back to the very first  
question: where do we start here? As Mr Robertshaw knows, the question has been asked about  
the deepwater berth for many years and we were very keen and determined here to provide  
support, to give evidence and data analysis from the appropriate sources to come to that  
conclusion – should we or should we not build a deepwater berth – and the question now is how  
big are the deepwater berths, should we actually build. Our focus was to respond to the  
industry, effectively, because they have been saying it for quite a number of years and it was up  
to Government to actually make that decision on what we are doing.

305 The Department of Infrastructure, and I think very rightly, said rather than look at one  
particular project in isolation we need a Harbours Strategy for the Isle of Man. I think that is  
appropriate on a national level because it needs to be considered. So for the deepwater  
element, for example, one of the considerations is where else could it be, and one of them was  
Port Erin. That has been highlighted in previous reports too, I think.

310 In terms of the landscape, I would say the Environment and Infrastructure Committee  
because that is appropriate. If it is led by one Department it does affect other Departments with  
the economic side of things, but you have also got the environmental side of things that need to  
be considered – they are obviously members of that as well at the same time. Treasury are very  
clearly part of that Committee too. So you do have the appropriate, I think, Departments feeding  
315 into what should be that high-level vision of that Strategy.

320 **Q15. Mr Robertshaw:** Okay, so you are saying, effectively, you are content with the way the  
Harbours Strategy is being structured and the systems behind it that have arrived at the  
decision, despite the fact that you are saying, when we are making very relevant questions to  
you today, that actually you are referring to another Department. Are you comfortable with  
that?

**The Minister:** Sorry, comfortable with ...?

325 **Q16. Mr Robertshaw:** Are you comfortable, when you are as a Department fully supportive  
of a Strategy ...? When we ask you questions about that Strategy you have to refer us to the lead  
Department. Is that right, when in fact you are part of the Environment and Infrastructure  
Committee anyway and should know these things before you are in a position to be able to  
support the Strategy?

330 **The Minister:** I do not know whether we have been clear enough here, but to understand the  
difference in terms of the input here, if it is infrastructure, very clearly there are infrastructure  
components that are very technical issues around this – and remember, there have been a  
number of technical reports on this particular project over the years. Our input was to say what  
335 is the economic value, and that is why we commissioned a professional report to try and arrive

at that. Yes, we have been part of the process – absolutely we have been part of it and been a part of that Committee, which is why we obviously came and supported the Strategy – but it is a high-level Strategy and I would point out again that the opportunity for the business case to ... Well, the business cases have to come before Tynwald and there is still more work to be done to actually determine which is the right –

**Q17. Mr Robertshaw:** So you are saying you commissioned the Deloitte report and the argument is that ... Clearly the position is that the Department of Infrastructure commissioned the Royal Haskoning report. You say that the Deloitte report – let's start looking now at the Victoria Pier issue – recommends the position you have taken, and yet, if I can address this comment to Mark, the return on investment profile suggests that Deloitte would be more comfortable with a deepwater berth than Victoria Pier. Is that right or wrong? Have I misinterpreted their report? You suggested that they were supporting your position and I am asking you: did they?

**Mr Lewin:** Deloitte lay out a series of scenarios and model the net present value, the payback. They do not make a clear recommendation. They lay out the options against each of them.

In the model on Victoria Pier they quite clearly say this could be a phase 1 whilst you develop a further case. Deloitte's did not include cost of funding and Deloitte's was not based on the revised figures that came as a result of the broad Harbours Strategy, which took a significant slice of capital off it.

**Q18. Mr Robertshaw:** Let's talk about cost of funding, then. Why is it that you would say that the measure of the deepwater facility has to be measured against cost of funding, when in fact you do not use that same measure on the £80 million proposed to be spent on the inner harbour? How can you have two different rules applied to two investment profiles? I do not understand that.

**Mr Lewin:** I think from a Government perspective we have limited resource in terms of the capital. There are some things that have to be done, we know we have to provide them; and there are some things that we can choose to do. Where there are things that we can choose to do and where the Department gets involved, we tend to try and look at what it would cost if we were to privately fund it.

**Q19. Mr Robertshaw:** So, effectively you are saying to me you have two separate rules: because this is Government money, the £80 million, we do not have to measure a sound investment; whereas because it is a deepwater berth, we do. Is that a fair comparator in the circumstances, or should you not be approaching it from a much more holistic perspective when I just pointed out before that if you just did inner harbour maintenance you would not spend the £80 million in the first place?

**Mr Lewin:** I think it is a fair comparator for us to try and draw a conversation that has been ongoing for many years as to whether we should or should not support an investment, and on that investment what the returns might be – so from a pure 'Does this make sense to do?'

I think it is also important to say, as the Minister said before, this is an outline Strategy. There are business cases that flow and they will ultimately come back to Tynwald through the Budget process, and at that point Tynwald will have ... in respect of the due process at that point as to both the timing and –

**Q20. Mr Robertshaw:** I think it is fair for me to say, then, that you are not using equal comparators. I take that from what you have replied.

Turning to the Victoria Pier itself, are you aware of the average age of cruise ships that will fit the proposed Victoria Pier?

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**Mr Lewin:** We are aware that there is a general trend to larger cruise ships. We are also aware, though, that a lot of our existing and forecast vessels are more expedition types, smaller. So, on one hand you have the larger ones getting bigger, but there is still a market for the smaller ones. But there is lots of data out there, there are lots of trends. For now, we need to take a measured step in the next phase and that is what we concluded, that is what the E&I Committee concluded and that is what Tynwald supported.

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**Q21. Mr Robertshaw:** So you say that effectively your argument has been – please correct me if I am wrong in my interpretation of what you have said – that this is a stepped process, that you are embracing cruise ship business on the smaller scale, less than 250, but in fact you are open minded to further development later. But if that proved to be the appropriate way forward – in other words, if Government then decides actually to embrace the concept of having a deeper water harbour – would you then consider it appropriate that we spent all that money in the first place on doing a limited harbour up, when in fact ultimately, and possibly within a decade or two, we go to a much bigger version? Would you not think that in those circumstances the placing of that £80 million – or more, depending on how the assessment ultimately goes – was a mistake? And therefore should we not look at the two options fully before we commit to the £80 million?

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**The Minister:** It is a good question, really, but I think what we do need to do is ... and this highlights probably the need for more analysis, particularly around the cruise market because, as we know, the cruise market is not one cruise ship fits all passengers, and one of the questions we have got to ask ourselves is do we want smaller vessels with higher spend. This is part of the analysis. I think the average spend as determined through Economic Affairs is about £44 on the Isle of Man in terms of a cruise passenger. Whilst that can be debated by other sources, the European average is somewhere in the region of about £80. So if you look at the profile of what vessels are already visiting the Isle of Man – and this is what I think is really important about data – this year we had 25 vessels and the average was about 400 per vessel; next year there are 51 and the average is about 250. Admittedly, one of those vessels is coming here multiple times, but these are smaller vessels that appear to be attracted towards us as a market, as a destination, as a visit, and I think that is what we need to consider. Whilst there are much larger ships out there that bring thousands of people, are they really going to fit our particular demographic in terms of attraction as a destination? I would say that there is more analysis that does need to be done in respect of that because the smaller vessel, with regard to looking at the higher spend, has been, I think, a real focus that we need to bring in.

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**Q22. Mr Robertshaw:** Okay. You would accept the fact that the spending of money once with a bigger facility would enable us to take both the smaller vessels that we have now – and perhaps even more because there would be no tendering facilities – and the larger vessels? As a banker, wouldn't you think it is the right thing to do to spend the money once rather than twice expensively?

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**Mr Lewin:** I think if it was as black and white, absolutely, but it is not; it is a speculative case of a significant scale and on the balance of reason, looking at what we have done, I do not think it is wasted. Again, those works need to be done anyway in the Victoria Pier and certainly the works to the rest of the harbour need to be done. That is what the Department of Infrastructure have quite clearly said. So I do think while we are doing the work this ... Where the Department got to and where the E&I Committee got to and what Tynwald has approved is a sensible next step.

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440 **Q23. Miss Bettison:** Has there been any explanation on behalf of your Department into the  
reason why we are attracting the smaller vessels, and is that because our berthing fees are  
actually currently pitched more at smaller vessels; or is it simply because the bigger ones are not  
even considering us, so we do not know that we are missing out on that business because we  
have got no way of identifying that?

445 **Mr Lewin:** We certainly have spoken to some of the bigger cruise liners, who have expressed  
an interest that they would come but they would not consider the tender approach. So we do  
know that some of the larger vessels, some of the larger liners, would come for a bigger one.

450 The smaller ones we have been building up since 2007-08 actively and developed a  
relationship and they are really valued, and for some of those expeditions the tender is part of  
the experience so it is less of a concern for them.

455 We are part of Cruise Britain and part of Cruise Europe. We regularly, through our agents  
Neptumar, reach out and engage. That is why the business is growing, that is why we have got a  
really good forecast year for next year, but undoubtedly those larger cruisers have a different  
type of passenger, different type of spend profile and perhaps a different type of need and we  
have not got to that stage yet.

**The Minister:** I think the Deloitte report also highlighted that our fees are actually quite low  
in comparison.

460 **Q24. Miss Bettison:** Which is why I think that we probably are attracting the smaller vessels,  
because for them that would appear to be more appealing.

465 **The Minister:** It can be, but the smaller vessel, in terms of the cost per passenger, can  
actually be quite a lot more expensive, some of those more select ... particularly the heritage-  
focused ones, which we would clearly attract.

**Mr Robertshaw:** Can I just come in on that one – if I may, Chairman?

470 **The Chairman:** Yes, do. Thank you.

475 **Q25. Mr Robertshaw:** You will obviously be aware that Dublin is investing a very significant  
amount of money to ensure that it becomes what they call, I understand, a turnaround port,  
which means that it is going to compete directly with Southampton in the future. Their  
particular USP is that they can fly Americans in with a particularly fluid and fast customs access  
system, which gives them an advantage over Southampton. That will inject a whole new level of  
significant higher-spend business into the Irish Sea. Do you think that, at this stage, in this area  
of development, we should shut ourselves out of this market for the foreseeable future?

480 **The Minister:** No, I do not, and again I guess it comes back to what we have before us is a  
Strategy that allows for a progressive opportunity, whereas we need to potentially prove that  
we can grow. We are demonstrating at the moment we are relatively static in terms of our  
numbers, and we have talked about the constraints of that, but if we do as proposed in this  
Strategy it does allow an opportunity to not rule out a larger option in the future and we can  
485 actually grow into that. Bear in mind, in terms of numbers, the costings I think are somewhere in  
the region of £11 million plus. They have talked of up to £15 million on the Victoria Pier and it  
obviously is a significant investment to do the other option, but if you do that and you look at  
the growth and the opportunity, that could go from where we are right now – 6,000, 9,000,  
13,000 – quite easily up to 30,000-plus visitors. The other option, of course, would be going to  
490 the many thousands on the outer side, but this Harbours Strategy before us allows us to grow  
progressively into that option.

495 **Q26. Mr Robertshaw:** Forgive me: this idea that the external deepwater concept is much more expensive than the inner harbour baffles me, because if we did an additional full appraisal of a deepwater harbour, including a cruise ship facility – not exclusively for that, but ... We are talking here about a Harbours Strategy, therefore we should presumably consider the full options in front of us. If we did that, do you accept that we would not need to spend even anything remotely close to £80 million on the existing harbour? Do you accept that principle that if we looked at another option and that option proved viable ...? Are you agreeing with me that we would not need to spend £80 million on the inner harbour, or the existing harbour now? Do you accept that point, that if –? You do not? Please explain why.

505 **Mr Lewin:** I echo what was said at Tynwald, that much of ... We are talking about £11 million for the Victoria Pier, not the £80 million, but much of that £80 million that is in the Harbours Strategy, which includes a lot on Douglas, would need to be spent. That is the Department of Infrastructure's competence area and that is their stated position.

510 **Q27. Mr Robertshaw:** No, Haskoning say that the maintenance issue is £5 million. Do you disagree with that? It is not £80 million; it is £5 million to maintain the existing facilities as is. Do you accept that?

515 **Mr Lewin:** I accept that on Victoria Pier. I have seen it. I have not seen that on the broader one. The inner harbour needs a lot of work. That is what is in the Strategy that came to Tynwald and much of that would still need to be done even if you had a new Alexandra Pier developed. That is what the experts say.

**Q28. Mr Robertshaw:** Are you sure?

**Mr Lewin:** Yes. Well, I am sure that is what I have been told and that is what we have heard.

520 **Q29. Mr Robertshaw:** That is what you have heard, okay. Well, you can understand as a Committee we will examine that matter in great detail.  
I would like to turn now, if I may, Chair –

**The Chairman:** Could I have a turn?

525

**Mr Robertshaw:** You can, sorry.

**Q30. The Chairman:** Thank you.

530 The Minister mentioned that other possible locations for a deepwater berth have been looked at, and when I looked at the report I was quite surprised to see that Port Erin was only given one paragraph and in fact no further investigation seems to have happened on the option there, given that it has considerable infrastructure links – the historic railways – and you do not have this very difficult situation of a restricted harbour and the infrastructure such as the electricity cable coming in and the gas and oil storage there. So, without those restrictions, would you agree that it possibly is an omission, that other options such as Port Erin and maybe other locations need to be looked at in more depth and that should be part of a further investigation that reports back to Tynwald?

540 **The Minister:** I presume, Caairliagh, you are talking about the deepwater berth option?

**The Chairman:** Indeed, yes.

**The Minister:** It was considered and I know, in terms of sitting down and looking at a number of development opportunities in Port Erin ... Most recently, of course, the Department of Infrastructure have actually agreed and sold the former Marine Biological Station, and the prospectus, if you look at that, actually highlighted the opportunity of a marina sitting behind a potential deepwater berth. The reason for that was if there was to be an investment in a deepwater berth – in other words a reinstatement of the outer breakwater, which is in natural deep water already – and what would happen in respect of that ... The result from that expressions of interest was nil in terms of anyone wanting to pursue a marina opportunity in that area because I think that was part of the potential business case that could actually support the expenditure of that reinstatement of the outer breakwater. When you look at marinas – and I stay with that at the moment because there have been past reviews and costings, albeit fairly historic at this stage, that a deepwater marina is highly desirable for the Isle of Man, and we know all the problems with the tidal ones we currently have – Port St Mary and Port Erin were equally being reviewed in the past and the Port Erin option was always much more expensive because of the reinstatement of that breakwater. Those were previous reports of quite some historic data at this particular stage.

In addition to that – whilst that property has now been sold and there is not to be a marina pursued there – the infrastructure is a key component there, and it may not have come out too clearly in the report but I can tell you that the Department of Infrastructure again will tell you that they cannot get coaches on to that lower prom as a result of constraints of road access. So that was a key restriction with regard to why that was discounted.

**Q31. The Chairman:** Thank you. I would have been interested to see a comparison, really, broken down when you look at the cost of what has been recommended and approved so far. It would have been interesting to validate that discounting Port Erin and other areas in terms of, as you have said, you have got to look at the value for money and the return depending on future demands but developing the tourism aspects for the Isle of Man. I would have been more content, I think, to see a more in-depth comparison, even if it was to be discounted. I think again that would be a really helpful report that could help inform a better view.

Thank you.

**Mr Lewin:** I take it on board as well. What is currently in the Strategy at this stage is to prove the market further, to grow it, and that assumes building on what we have already got – what we have got by way of passenger facilities, what we have got already by infrastructure in terms of Douglas. As we have said before, if there was a longer term in that, the business case proven and we see more and more vessels and more and more passengers and the case for going to a much more significant investment with a much more significant number of passengers is made, then we might well come back to that as a future ... but the costs for doing something completely fresh are clearly significant.

**Q32. The Chairman:** I would just add on to that I went to a presentation by the cruise director of Dublin port – I am sure maybe you were there as well – and, having discussed this with him afterwards, he agreed the Isle of Man is an absolutely unique venue, a fantastic opportunity on ships making their passage through the Irish Sea. It offers an amazing package to visitors that, if we could accommodate vessels up to 340-350, then it would open the door to a much wider market. Smaller than that, he felt really we were losing a valuable opportunity. I would just make that as an observation, really. I hope you would agree.

**The Minister:** Thank you. I do appreciate that, absolutely, and it is great to see the investment that is happening in Dublin and equally Liverpool too. Those are both going to be competing destinations for home port options for cruises to start and finish. Their investment

clearly is much bigger as a result of that, because they see more additional economic benefit as a home port, starting and finishing. We welcome that and we look forward to that realising.

595

**Q33. Mr Robertshaw:** But that degree of investment is not limited to those who wish to consider themselves as turnaround home ports, because we have seen very significant investments in much smaller places that recognise the value of that investment. So you are not suggesting that significant investment with regard to cruise ships can only apply to those looking at turnaround ports – you are not saying that, are you?

600

**The Minister:** No, I am not. I am just saying that their return on investment will probably be greater and have more potential opportunity there.

**Q34. Mr Robertshaw:** Okay, well, before we leave Victoria Pier and wave goodbye and move on to some other area, I just want to check a few other points with you on it.

605

Have you done an analysis of the age of the vessels that both currently would visit it for certain and those that might, and therefore the potential for inbuilt obsolescence of that market at that size, or at least progressive diminution? In other words – I think we have used the word already – are we not heading for investment obsolescence, if we are not careful, on that particular size?

610

**Mr Lewin:** Certainly Deloitte did look at that on our behalf. They looked at not just the ships that are currently coming but the ones that are being built at the moment, and, as I said before, the average, certainly for the larger liners, is getting bigger, but there are still some of the smaller expedition-type vessels being built. I am going backward to say that this is something we support as the next stage, because there have been counterviews. For us to progress something, now seems the time to do it when other works are happening, but I would not discount in the future we come back and say that we want to do something more substantial.

615

620

**Q35. Mr Robertshaw:** You keep referring to £11 million – you do accept that the £11 million cost is subject to the work to do with dredging and deepening the facility to the tune of a number of millions of pounds, given that the other work is done? You would accept that point?

625

**The Minister:** Yes, absolutely, and there is still a detailed business case to be drawn up, which will be done, obviously, by the Department of Infrastructure.

**Mr Lewin:** And then the technical assessments, which will take us to the next level.

**Q36. Mr Robertshaw:** Okay, and do you accept that the clarity around some revenue costs on an operational basis for Victoria Pier, like cost of dredging and use of tugs, has not yet been fully articulated? Do you accept that?

630

**Mr Lewin:** I think there are estimates for us to get through at a strategic level in the next phase. We would like to see the surveys progressed, and again there has been a commitment to not only do the technical assessments at Victoria Pier but also, at the same time, do some of the survey works off Alexandra Pier in case there are technical concerns that come to light as part of the Victoria Pier next stage. That is what we would like to see progress.

635

**Q37. Mr Robertshaw:** Okay, fine. Well, let's say goodbye to Victoria Pier and let's talk more purely about tourism now and its interface with everything that is going on.

640

Do you accept that the fundamental principle that should drive tourism in all its component parts is yield management, Mark?

645 **The Minister:** If I may, Mark is almost fed up of me talking about yield management, but I do fully accept that – we have had these discussions too about occupancy and return of investment. Yield management is very much on the tip of my priority, especially with what we have got also with regard to reviewing the Steam Packet and the User Agreement at the moment.

650 **Q38. Mr Robertshaw:** Great. What I want to compare and contrast, if I may, is the bounding enthusiasm of your Department to pursue TT – which I respect – and its determination to ever increase and concentrate an enormous number of people into a very limited part of the year. That is what you constantly argue for and one respects that, and yet here we have a situation where there are a number of people arguing for an element of new business to come in, growth  
655 of cruise ships, which spreads out the arrivals – shall we say in a number of years, if we did it right, it could be around about 100,000 – right over the season, and yet the intimation from your Department is that somehow you fear our capacity to deal with that.

Can you explain why it is that we can deal with a huge number of people in a seven-to-ten-day period but actually we cannot deal with a few thousand or build ourselves up to dealing with  
660 a few thousand each week right over the season? That absolutely baffles me. It comes back to the issue of yield management.

**Mr Lewin:** I certainly do not recognise that. We in the Department work hard all year round. We work on events that are not just within the season but out of season as well. One of the  
665 reasons the Department has been fully behind developing the cruise industry – we have gone from nothing to 13,000 next year – is because of exactly what you say there: it is another market for us. But it is not the only one. TT is not the only one. We work on all of them.

And we have not said that our ability to suffer 100,000 people across the season is an issue. There have been some comments and we have had some stakeholders who are concerned with  
670 the idea of three or four thousand persons getting off in a single day, or indeed two of those big ships, and how we would deal with that within a space of a few hours, but certainly the idea of another 100,000 growing our tourist sector is absolutely music to our ears. That is one of the things we focus on.

675 **Q39. Mr Robertshaw:** So why do we concern ourselves with the idea of going to 200,000, when in fact even the Deloitte forecast pushes that really out a significant number of years and creates a serious opportunity for economic development, which is your area of interest as well as tourism, to grow against the increased business on a progressive basis? I am at a loss to understand the fear here when we work so hard to squash so many people into the Island for  
680 such a short time. Please give me some comfort here.

**Mr Lewin:** It is absolutely not a fear of the number; it is a fear of the faith you put in a 50-year business case to go from 6,000 as was to over 200,000. There are clearly some big assumptions in that and there clearly are some risks in those assumptions. It is not about can we cope with it.  
685

**Q40. Mr Robertshaw:** Okay, and how do those risk in long forecasting compare to the real risk that exists at the moment in terms of finding new funds to reinvest in our Manx National Heritage produce, which enjoyed a very significant investment – what was it, 20-odd years ago? – that is now coming to the point where it needs new investment? You are also seeing  
690 other parts of our tourism product, like the electric trams and steam trains, that require significant input of funds, and major concerns right across northern Europe, certainly the UK and definitely here, in terms of concerns about our retail sector.

Is it not fair to say that significant growth in the cruise market business would enable new streams of revenue to come into all those areas and enable new investment to come in? Would  
695 you accept that as a rational and reasonable comment?



**Mr Lewin:** Absolutely, and that is why we support and have supported and have grown it.

700 **The Minister:** I think it is worth noting, though, the difference in terms of the economic benefit. We talk about analysis here. You touched on the TT there. The TT obviously benefits hotels, it benefits campsites, it benefits churches, it benefits right across the Isle of Man, and whilst it is an event that happens over two events over the course of the year, it also brings other business as well at the same time; whereas the day-trippers, if we come back to that particular concept and come back to that particular benefit around the £44, where does that  
705 £44 actually land? I know a lot of it definitely goes into the heritage sites and it goes on the railways. This is all benefit, and if you increased the number of those we would need to ensure that part of that analysis would be: if you put more thousands of people, would it be to the detriment of other tourist visitors on the Island at the same time? In other words, if they cannot get on a train ... and I have heard it on a personal level, that they cannot get on a train because it  
710 is full of cruise passengers. A full train is great news, but when another tourist says, 'I cannot get on there with my family because it is full of cruise passengers', that is the sort of analysis I think we do need to take into consideration as we move forward.

We have not said no to this growth at all. We believe that there is in this Strategy an opportunity for progressive and sustainable growth.

715

**Q41. Mr Robertshaw:** Have you discussed with Manx National Heritage what their investment programme is and to what degree they are a sustainable operation as it stands?

720 **The Minister:** We are their sponsoring Department, we have a Member, obviously, on the trustees and we work very closely with Manx National Heritage. We believe they are a very keen integral asset to our tourism offering – but not just tourism, I would also say our quality of life.

I would absolutely recognise that they do need investment. We are working with them to see how do we expand the season as well as working with the Department of Infrastructure with the railways side of it. We have seen some of that actually happen over the last few years, where  
725 that season has been expanded. It does not just help the railways; it helps the retail and the hospitality sectors as well at the same time.

**Q42. Mr Robertshaw:** So you are not saying for a second that Manx National Heritage are telling you that they are at capacity in terms of visitors? You are not saying that, are you?

730

**The Minister:** They have not reported to us that there are capacity issues. I am not aware of that.

735 **Mr Lewin:** No. We work closely with them, we have regular meetings, we work together on campaigns, the new agency is working with them, so the future investment thing, when it comes through, I would like to think we would support that.

**Q43. Mr Robertshaw:** But you seem to be saying that the railway facilities are at capacity and cannot provide additional capacity. Are you saying that – yes or no?

740

**The Minister:** I have had personal feedback on that particular –

**Q44. Mr Robertshaw:** No, I do not mean feedback; I mean analysis of potential capacity.

745 **The Minister:** No, but my qualifying statement originally was that we need more analysis, before we move to those levels, to understand impact.

750 **Q45. Mr Robertshaw:** Okay, so it is perhaps more sensible to suggest that that analysis needs to happen before you, as a Minister, make a statement that anecdotally steam trains are on capacity – because they are two different issues, or whatever.

**The Minister:** They are. As I said, more analysis is needed to understand.

755 **Q46. The Chairman:** I am wondering how much more in-depth studying and reporting will happen now. I am hearing from you that you are carrying out further study, as is DoI and we will be able to ask them about that.

760 From what is being exchanged today, it seems as though there is a lot more information that would be helpful to inform this matter, and I wonder what we might expect coming forward in the future with regard to not just Douglas but other aspects such as capacity of historic railways, our other infrastructure, buses, and the capacity to cope with what might be deemed to be an optimum number of visitors arriving on our shores from cruise ships.

765 **The Minister:** I do agree with that analysis. We were ready and able to assist with that, and again the appropriate area ... I think you highlighted how it is that Environment and Infrastructure Committee where we can contribute before business cases come forward.

770 **Q47. The Chairman:** So, if you are looking at more in-depth studies with regard to the dredging, or maybe claiming of rock in the area of the Victoria Pier – because we do not know what ... I suspect that might be rock when you look at the strata around the bay and as it approaches the harbour. I think that kind of information is vital to inform the costings and also matters such as the User Agreement and how that might be impacted by the development of the Victoria Pier and its environs with regard to the roll-on roll-off links.

775 I really think it would be very helpful if more in-depth information is to come forward as this matter tries to progress. Would you agree with that?

**The Minister:** Entirely, absolutely, I think that is the next stage. What you have before you is really a high-level Strategy and there is a lot more work to be done. You highlight technical surveys, which are absolutely critical because they are going to affect the fiscal and the business case. So yes, that work is to be done and we will be ready and able to assist at that appropriate time.

**Mr Robertshaw:** Okay, we can move on to another subject now.

785 **Q48. Miss Bettison:** Just picking up on the paper that the Department for Enterprise put before the E&I Committee, in the conclusions it was talked through about how the Alexandra Pier option was bold and future proof; the Victoria Pier was obviously a lower-risk option. I am just trying to get my head around the comment in there that the disadvantage of the Victoria Pier option, the 240 m, is that in 10 years' time substantial vessels may wish to visit and not wish to tender, so it is not futureproof, and yet in 10 years we would not have paid back the initial investment on that. It does say, though, that we could then still consider the Alexandra option at that point, but actually if we look at the payback costs I think we would be looking way further into the future before we seriously considered a new scheme. So I just worry that it is almost like ... It felt to me like the Department for Enterprise is having an argument with itself in its head in the conclusions and then having to nail its colours to the wall on one or the other. I just wondered if you had any feelings on that.

**Mr Lewin:** Perhaps it could have been worded more clearly. What I meant was new ones may wish to come, or not. It does not mean other ones stop. In the Deloitte model, which is the one we have based it on, you are up at about 33,000-34,000. They still come and you still get it

800 through the rest of the payback period, out to 18 years. It means that by that point, from 6,000  
at the start, we are up at 33,000-34,000. At some point between now and that 10 years we can  
clearly see there is much less risk to a much bigger case, and I imagine we would want to have a  
further conversation around that. And, depending on affordability, depending on all sorts of  
things, it certainly does not mean in 10 years it becomes redundant; it just means that we can  
805 clearly see there is an opportunity we cannot quite reach at that point – we are proving it.

**Q49. Mr Robertshaw:** The typical payback on the Victoria Pier that Clare has just mentioned,  
is that based on the £11 million or the higher figure if it was done in isolation?

810 **Mr Lewin:** It is done on the £11 million.

**Q50. Mr Robertshaw:** So that payback, albeit longer than other options, is dependent upon  
significant funds being spent elsewhere?

815 **Mr Lewin:** It is actually the least payback period out of them all by the time the £5 million  
cost avoidance ... not cost avoidance, but doing it at the same time as the harbours and  
discounting it. So if you look at the numbers in the final paper that went to Tynwald – not  
Deloitte's because the capital costs were reduced – it is by far the least payback time, 18 years.

820 **Q51. Mr Robertshaw:** Does that fully embrace that present value issue with regard to the  
matters we discussed – sorry, going back to Victoria Pier; I cannot stay away from it – the tugs  
and the dredging costs?

825 **Mr Lewin:** That assumes figures for that and the next stage, the technical assessment and  
surveys, will validate those figures.

**Mr Robertshaw:** Can I move on to something else?

**The Chairman:** Yes, do, Mr Robertshaw.

830 **Q52. Mr Robertshaw:** Just a short examination of the interplay explained to us between your  
deliberations on progression towards a new User Agreement and the Harbours Strategy: how do  
they, from your perspective, interplay? You did touch upon it earlier. We would be interested in  
hearing your broader thoughts.

835 **The Minister:** Very clearly important, just as much as I think the Liverpool landing stage is.  
The ownership here of the Isle of Man Government owning both sides and now the service itself  
in between is very key and critical. So this Harbours Strategy is very integral to that and clearly  
the link span option, as highlighted in that Strategy, is part of that ongoing infrastructure  
840 investment that is necessary as they look at future tonnage.

**Q53. Mr Robertshaw:** Well, let's just recognise the difference – as I am sure you do,  
absolutely – between the position with regard to the Steam Packet prior to the purchase and  
afterwards, in the sense that the User Agreement prior to our purchase put the Isle of Man in a  
845 position where it had one ferry company working into Douglas harbour. Now we own the ferry  
company and we move towards negotiations with the company we own with regard to the User  
Agreement, does it not open up opportunities for us to have other, side user agreements with  
other ferry companies from other places that we may not want our ferry company to travel to?  
So, for example, supposing we decided that we wanted the User Agreement to embrace  
850 Liverpool and Heysham – which it will, presumably – but we did not want to complicate it by a  
possible engagement with a ferry company to do a two- or three-times-per-week visit from say

855 an Irish harbour on the way through to the UK in order to facilitate new opportunities ...Has that sort of thought occurred to you, because if we pursue an expensive redevelopment of a limited port we inhibit the opportunity for bigger ferries from elsewhere coming to us – has that cross your minds?

**Mr Lewin:** Certainly the Department for Enterprise are working with the Department of Infrastructure arounds aspects like the User Agreement. We have been through the stakeholder work groups, we are looking at the public consultation and we are now at the stage of bringing  
860 some of that back, and obviously Tynwald will get, in due course, to see that.

Ireland, as an example, is definitely part of that mix; it is part of all the ingredients that have come forward as to what people would like to see in the current User Agreement and what should be in the new one. So it is certainly part of the mixing pot and we are looking at various different aspects of that.  
865

**Q54. Mr Robertshaw:** But you do accept, though, don't you, that redeveloping a shallow, narrow-access harbour will, to some significant extent, inhibit us from engaging in side user agreements with companies that have got bigger ferries? Do you accept that?

870 **The Minister:** Yes.

**Q55. Mr Robertshaw:** Okay, thanks.

I am going to be a bit unfair, if I may, Madam Chair, in terms of ... It is sort of unfair, because it moves out of tourism, but it certainly stays within economic development. To what extent do  
875 you think a bigger deepwater harbour providing access for bigger ferries and bigger cruise ships would also enhance the Isle of Man's capacity to become a major player in the Irish Sea with regard to working vessels of a whole range? What analysis has been done about that?

**Mr Lewin:** We certainly do recognise that opportunity; DoI do too. We already get some of  
880 those vessels on a small scale, but we have people who come and will anchor up and moor up in terms of the wind farm. So it is definitely part of the thinking that some of the refurbishments that are in the Harbours Strategy ... One of the components in there relates specifically to that aspect, making it more appealing, more accessible to the vessels that are out there servicing the Irish Sea.  
885

**Q56. Mr Robertshaw:** Okay. It is a bit left-field this, but if there is a determination to put more and more bigger vessels of all sorts, shapes and sizes – ferries, working vessels, cruise ships and the like – into a small harbour, do you not think, from an insurance and risk issue, that the possibility could occur where we could have a collision, or whatever, in this ever-busier smaller  
890 harbour, resulting in a closure of everything, in terms that we cannot get ferries in, we cannot get working ships in, we cannot get cruise ships in because we have tried to put three pints into a pint pot, effectively? Has that crossed anybody's mind, do you think? That would be disastrous for the Isle of Man, wouldn't it?

895 **Mr Lewin:** It absolutely would, and that is a risk that we are aware of. But again, we talked before about competence: it is not our area of competency and no doubt there are other people better placed to answer that.

**Q57. Mr Robertshaw:** Okay. Moving over to tendering, I am sorry to be so dismissive but I  
900 was much amused by the proposals about the tendering boat. I smiled to myself when I read that, but you do accept that investing a number of millions of pounds in a facility which you know by definition is not attractive to bigger cruise ships ...? Why would we want to invest in that sort of arrangement? The only economic justification that can be presented and that was

presented, as I recall, in the Royal Haskoning report, was effectively, ‘Well, actually we could use  
905 that tender vessel to take people on round-Island trips,’ and I thought that is a bit shallow.

What is your view on spending a number of millions of pounds on a tendering facility quay  
and the boat itself? What do you think the losses would be on that on an annual basis?

**Mr Lewin:** I have not looked at that. I think from our perspective it was put in as a measure of  
910 completeness, to have a full, rich Strategy that would still cater for recognising that there are  
large vessels that may still want to come and we need to improve our facilities. But it is not part  
of the key driver from our perspective in terms of driving the visitor numbers up, which we have  
done through the proposals on Victoria Pier. It is the final part of that proposal. It is probably  
915 way in the future and the business case needs to follow on that. It has just been put in for  
completeness.

**Mr Robertshaw:** Okay, I think I understand what you are saying to me there.  
Thank you very much.

920 **Q58. The Chairman:** I think we are getting to the exhaustion state now!

I wonder if you envisage the future as being able to link in with other ports around the Irish  
Sea which are already developing their own facilities. Cruise line operators are acquiring and will  
be acquiring bigger vessels. Would you agree that we should be aspiring to attract the optimum  
length, rather than limiting our ability to the smaller vessels when we think that the length of  
925 time that a passenger may spend ashore, compared with a ship at anchor, might be three or four  
hours, whereas coming alongside it can be a whole full day – and who knows, maybe overnight  
and be picked up elsewhere on the Island if that was a part of a vision?

Can you describe to me what the vision is and the strategy for the future that you think the  
present plan is addressing?

930

**The Minister:** Thank you. I do think that there is a vision here within the Strategy, albeit very  
high level. There is an opportunity here for us to expand on where we are right now and I think  
we should take a moment to just once more reflect that. We have committed to develop this  
particular sector over a number of years and it is fair to say it has somewhat stagnated, yet we  
935 are seeing growth here with 25 vessels last year and nearly 9,000 schedules here next year, 51,  
13,000. With this progressive – what I regard as progressive – and sustainable vision, albeit that  
there is plenty of work still to be done to get to that particular point, it allows us to potentially  
grow here to a point of what would have been, a few short years ago, 10 times what we had.  
Currently that is six or seven times more, in terms of the number of visitors that we have.

940 So, in terms of going forward, if this case is proven and we are very much going to see this  
larger ship in the Isle of Man being attractive and we can cope with these large numbers, then  
yes, it can do that progressive move. But I do believe that the Strategy set before us is a vision  
that is progressive, and it is sustainable.

945 **Q59. The Chairman:** Thank you.

Do the other Members have any more questions? No.

Is there anything you would like to say in summing up the information you want to impart to  
us today?

950 **Mr Lewin:** Certainly for me, first, there are a number of times where, just to be really clear,  
we are hugely enthusiastic about this sector. We are ambitious, we have supported it and we  
really do appreciate what it brings to our visitor economy. There are some mixed views – there  
have been for a number of years – on the way forward. What we have tried to find and what we  
believe we have here is a balanced way forward, a staged approach, responsible, to take it to the  
955 next stage, to deal with and give a better experience to those who already come and those who

960 want to come, and ultimately to prove the case in a much more acceptable, evidential form if we are going to commit a significant and much more scalable investment going forward. We are all on the same page in terms of this being an important sector and we have done well to grow it. As you said before, we have got a fantastic proposition – we know that and we would like to continue to see that growth; we are just trying to find a balanced way through that.

965 **The Minister:** Just to add, last of all, that each one of these will be a business case that will come back to Tynwald, so there is still a considerable amount of work to be done, we fully accept that, and we want to play our part in that in the economic analysis, and I appreciate your questioning as a result of that. We look forward to working with the relevant Departments to bring forward a business case that is robust and does stand up, so thank you very much for your questions this morning.

970 **The Chairman:** Thank you for taking the time to come and speak to us this morning. It has been very interesting, thank you.

*The Committee adjourned at 11.50 a.m.*