



ANNUAL MEETING 2009

Tony Hales, Chairman, British Waterways

Good morning and how are you all? It's a tough life out there at the moment. Just the fire orders first of all. There is no fire drill planned today so if the alarm starts ringing, head for those doors please and assemble in the car park. The other very important early notice that I have to say is that its Clive Henderson's birthday today – where are you Clive? How old are you? Anyway, you still look as fresh as a daisy don't you!

Ok, well lets get cracking. I know some of you have had difficult journeys and maybe we might have the odd straggler coming in, some of the trains have had problems and the traffic out there is very difficult, but a very very warm welcome to everybody.

Lets just start with a few pictures that demonstrate that the waterway network today is bigger and busier than it has ever been. In the last year, we have seen the Leeds & Liverpool Canal reconnect with the city's historic dock, through the Liverpool Link passing those magnificent 3 Graces. We have seen the Three Mills Lock open up, providing access for freight and leisure to the Olympic Park area in East London and the first phase of the Manchester Bolton & Bury Canal restoration was completed and the volunteer led restoration of the Droitwich Canals is making good progress.

As planned, we spent just over £100m on waterway maintenance. That included the major works on the Mon & Brec, completed on time and on budget. That work never stops, the emergencies never stop coming and we have already this year been involved with breaches on the Grindley Brook on the Llangollen Canal, the Shebdon embankment on the Shropshire Union and Ramsden Lock on the Huddersfield Narrow Canal, more unplanned works. But with 33,000 boats on the system, that was a new record ever on the system of boat users.

Visits and visitor numbers are also up and in May of this year for a single month, we had 5 million people visit the waterways, which is again a record for the number of visitors in a month.

Our heritage work gained public acclaim with the restoration of the Stourport Basin voted by the public in a TV poll as the best Heritage Lottery scheme of the year. If any of you voted, well done, thank you very much and that's what we want. If any of you didn't, I am sorry you don't watch these important lottery TV shows on a Saturday that I sit down regularly with my wife to watch. Anyway, it all helps in the positive publicity of the waterways.

Our latest environment initiative to generate green power from micro energy plants using the water was launched with good encouragement, as was our initiative to use small plots of land for food production. These little projects, they all add to the overall public value of our network and using Treasury Green Book consistent measurements, the total value of all the activity around the waterways now adds up to £1/2 bn a year in public value.

In an extraordinary difficult year for the economy, our overall income held up and so therefore did our overall expenditure on the waterway network. The value of our property holdings in both British Waterways and in our joint ventures fell and that cancelled out the previous two years' gains. Now the Board did consider following the example of these policemen, but gained some small comfort and I make a serious point as well, they did gain some small comfort that our property performance did actually out-perform the overall market index when measured against a one, three or a five year period. The short term movements in our balance sheet are not cash items and they do not impact on the short term expenditure that we make on the waterways. We do regard property as part of our long dowry, something of our capital base which we continually seek to build up to provide the income for the long term future of the waterways. So we are absolutely committed to building back that value over time in the property assets that we have seen diminished in this one year.

In our drive to deliver public value, we were helped enormously by a growing army of volunteers, with volunteer days doubling compared to the previous 12 months and I can tell you that the trajectory continues to go upwards and that is very popular with all political parties. So a huge thanks to them all and particularly to the co-ordinators who manage considerable programmes of activity.

One of the greatest highlights of the year was the decision by UNESCO to award World Heritage Status to the Pontcysyllte Aqueduct and I would just like to use that as an opportunity to reflect on some of the history of the aqueduct and some of the themes that perhaps came out of it. Now the Ponty was originally built by Telford under the direction of Jessop and it was part of the Ellesmere Canal intended to link the Mersey, the Dee and the Severn Rivers all together. It was completed by the Ellesmere Canal Company in 1805 but by then, the vision of connecting with the Severn had already been dropped as uneconomic. The Ellesmere Canal Company was owned by wealthy individuals, well represented by the Earl and Countess of Bridgewater who were very prominent guests in the first boats to cross at the opening ceremony. The canal was of course built for freight. It originally charged 1 1/2p per tonne mile for coal, limestone and salt and 2p per tonne mile for slate, timber and iron ore. Those boats were built to carry freight with people, really not much more important than the horses, they were merely a method of driving the boat and driving the trade from A to B at the lowest possible cost.

So what has changed at this beautiful heritage site? The industries for which it was built to serve have all gone and new industries transport their output through pipes, power lines and containers. The Ellesmere Canal Company disappeared very quickly and its successor canal companies were absorbed soon after by London and Northern Railways. They in turn, as with all the railways, were subsumed by the State in 1948. The rich private shareholders have been replaced by the Government and boats are no longer built for goods, but they are now built for people and all the latest contraptions that make life comfortable for people.

Charges are no longer generally per tonne mile but through annual licence. Horse power has been replaced by coal, then diesel, now increasingly electricity and the canal never reached its objective of connecting the Mersey, the Dee and the Severn. In the fact the only things that have remained constant are the physical structure of the bridge and the dimensions of the boats, the latter because of the physical construction of the bridge and its locks. The Canary Wharf is perhaps not so different as the use of water has changed. The old commercial buildings have been replaced by new commercial ones, but under the water, there remain many listed aspects of heritage that are still faithfully preserved today. Now you may think I stretch a point to compare the Ponty with Canary Wharf but my point is this, that we have seen incredible change since 1795 when the Ponty was originally conceived. We have seen, in just my lifetime, the waterways nationalised by the 1947 Transport Act which was given royal assent in 1948. We have seen the waterways given a new raison d'etre in Barbara Castle's Transport Act of 1968. We have seen the waterways given new commercial freedom to raise money from alternative sources by John Gummer and backed as a powerful regeneration driver by John Prescott.

We are surrounded today by change - technological, economic, political and environmental and we have a choice - we either float with the tide which normally means drifting and losing our chance to steer the waterways on a safe course, or we must take the initiative and question, argue, constructively debate and use our collective knowledge and innovation to seek out new ways to go forward and that is why we have launched the 2020 vision. There are many aspects to consider - legal, financial, technical, environmental and human and I know some of the guys, you know, in our team who are here today, have expressed their concern about some of the human aspects, just as many of you from the waterway movement have expressed concern about the physical aspects and that's great, because this is a genuine debate. This is an all embracing debate and everybody is welcome to take part in it and we are at the very very early days and all those changes have got to be taken, weighed, debated and considered. It is important how we built support from the widest community of people whose lives we can affect or we effect. We should do this with a sense

of urgency, momentum and purpose but not in haste, desperation or thoughtlessness. We should be prepared to tackle the big strategic issues such as the balance of financing between central government, local communities, users, commercial activity, the most appropriate government structure, who is on the Board, the regulatory framework, as well as tactical issues that flow from the strategic issues, like pay and rations.

Having launched the debate on the long term future at the waterways at last year's Annual General Meeting, we have had an encouraging response to the proposal to move towards the Third Sector. There are many questions to be answered and much flesh needed on the bones of the concept, but overall, the proposal has been welcomed as innovative and relevant to the issues of the day. For me personally, there are two drivers about this - the first is philosophical and the second is financial and they are both intertwined. I am not perhaps such a good student of history as many of you who are here today, but I do study history and I seek to learn from it as to how it can effect our present and our future. Our waterways had a very short blaze of glory in the private sector. They were built and exploited to make money and to make money fast, but once the return on capital from commerce declined, so did the waterways with no care for the impact on the local community, the environment and the people who worked the water. The decline, dereliction, destruction and ultimately closure of many of our waterways in the private section clearly demonstrated a bust model for anyone who loved the waterways. However, while avoiding that model, we must preserve the commercial income that now pays for over half our expenditure on the waterways. The early days of state ownership were no better and it was only through the campaigning of ordinary people led by the IWA influencing politicians nationally and locally by their words and their actions, that brought increased moral and financial support from government.

However, today Government faces huge deficits as we know, whoever comes into power and escalating costs for health, pensions and social benefits. We all want more, we want more. We want more to maintain our network in a steady state and stop its creeping decline. We

want more to cope with the effects of climate change. We want more to add to the network and the benefits that it delivers. We want more, but we are going to have to do it for less. Unless we make changes, that challenge is an impossibility. The task of deciding how to tackle that challenge must be made with all the communities that are effective like the national users that are represented here today, but at least as importantly by the Local Authorities and the communities who are not represented in any great numbers here today, if at all. The great issues of the day are health, education, environmental future and re-engaging a swathe of young people back into society, disillusioned by unemployment and deprivation of one sort or another and we have an enormous part to play in all those areas and an opportunity to win resources, human and financial by the right local engagement. We cannot expect to win those resources unless people feel a greater sense of control and ownership and that must be effected at a local level and not just through remote national bodies. Volunteers who feel a sense of ownership must be at the heart of our future, volunteers like the Waterway Recovery Group do have a very special part to play, but volunteer artists, naturalists, fishermen, carers, retired craftsmen, also have a massive part to play in attracting stewarding, teaching the disenfranchised young, enriching the lives of the neglected often older and less able members of our society, as well as providing a more healthy, enjoyable and social experience for ordinary folk. So its about widening and attracting more people. Its not just about cutting up a smaller cake.

So I am passionate about a change that makes people feel a much greater sense of ownership and responsibility for our waterways and a feeling that is not just up to them, up to them meaning the likes of me, Chairman, not up to them front row, Board and Executive Committee. Not up to them, the IWA, but up to all sorts of small communities at a local level to engage in their own waterways. Financially, we must also find a new model or face dwindling resources and declining standards.

So we have a lot to do today, both in this the formal part of the meeting and informally over lunch or a cup of tea. We have some experts on the third sector here, most of you are in the

audience are that, but coming up to join me on the stage in a minute will be Mike Hudson, from the Compass Partnership who advises many third sector bodies on strategy and governance, and Stephen Lloyd from Bates, Wells and Braithwaite, leading lawyers specialising in the third sector. Along with Robin Evans, they are going to give you a few thoughts on the debate about 2020 and BW's possible move to the third sector. Then its over to you for both your questions and your comments on all of this.

Of course, we do also want your questions and feedback on any other issues that are important to you and it's my job to make sure we have the time for that as well as to talk about the 2020 Strategy.

So my concluding remarks are that I have had the great privilege to work with the military for several years now and I have the greatest admiration for our service people. So I thought I might paraphrase General Sir Hugh Stockwell, who commanded the British Army in Suez and then retired to campaign ceaselessly on behalf of Britain's canals. Well he famously once said "I lost one canal for the British people and I am damned if I am going to lose another!" Well I haven't lost one yet and I am damned if I am going to lose any of them!

So now to continue the meeting, could I ask Robin, Mike and Stephen to come up on stage and Robin will begin with a few thoughts on 2020.

Thank you very much.