

# Economic Affairs Scrutiny Panel

## Record of Meeting

21st April 2015

Present	Connétable J.E. Le Maistre, Chairman Deputy S.M. Brée, Vice-Chairman Connétable M.J. Paddock Deputy D. Johnson
Apologies	
Absent	
In attendance	Mr. M. Orbell, Scrutiny Officer

Ref Back	Agenda matter	Action
<p><b>Item 2</b> <b>16.04.15</b>  <b>515/1/1(6)</b></p>	<p><b>1. Ports of Jersey Incorporation</b></p> <p>The Panel met with its adviser, Ms. Louise Congdon of York Aviation, to prepare for public hearings for the review to be held on 22nd April 2015. Discussion focused on the importance of ensuring that a proper Strategic Business Plan was prepared by Ports, and subjected to a very clear process of scrutiny and thorough due diligence. Previous statements that the business plan would be based on the existing Case for Incorporation were considered to be unacceptable, due to the largely illustrative nature and lack of detail in the commercial projects contained in the plan, and the time that had elapsed since it was produced, which would affect key assumptions in the financial model. For example, it was noted that when assumptions about revenue growth at the airport were corrected this had introduced a shortfall into the financial model. However, despite these concerns Incorporation could still be the right way forward, provided a suitably rigorous process was adopted to ensure that simplistic or outdated assumptions from the financial model in the Case for Incorporation were not carried over into the Strategic Business Plan.</p> <p>The Panel noted that the harbour would be needed to subsidise the running of the airport. Members were advised that it was accepted within the European Union that some degree of cross-subsidy was necessary for airports below a certain size. The Panel queried how this might be viewed by the Channel Islands Competition and Regulatory Authorities. Members noted that there were still concerns about the position of the harbour master as both regulator and employee of Ports of Jersey that needed to be resolved.</p> <p>The Panel considered commercial projects that had been identified in the business cases for both the harbour and the airport. Some corrections to the financial model had been identified by the adviser, and it was noted that projects for the airport seemed on the whole somewhat less convincing than those for the harbour, with the exception of the Guernsey Waste project, which was not seen to be</p>	<p><b>MO</b></p>

	<p>realistic at this time.</p> <p>The draft Memorandum and Articles of Association were also discussed. The adviser stated that these were much less detailed than she would have expected, so there would be a need to ensure that more key information was included somewhere in formal documentation.</p>	
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