

9. Statement by the Minister for Economic Development regarding Jersey Airport

9.1 Senator A.J.H. Maclean:

I wish to make a statement regarding Jersey Airport. I wish to inform Members that Julian Green, the Airport Director, has tendered his resignation with effect from 1st October. I would like to take this opportunity to thank Mr. Green for his leadership and management of Jersey Airport over the past 4 years. During his time as Airport Director, Mr. Green has delivered a significant improvement to airport operations and infrastructure and I wish him well in his future. Clearly, in the current environment, where cost reduction and efficiency gains are an absolute prerequisite of sustainable future for all States departments and trading bodies, Mr. Green's departure provides an opportunity to review the current governance and operational activity at Jersey Airport and, by extension, Jersey Harbour. Jersey Airport and Jersey Harbours are both performing well. They are operationally efficient and suffer little or no operational downtime. In this way they provide gateways to the Island to bring in goods and visitors on which the Island's economy depends while providing vital transport links for all Island residents. That being said, I believe that Jersey Airport and Jersey Harbours must evolve. I see 2 areas that I feel must be addressed immediately. Firstly, during 2009 and 2010, Jersey Airport and Jersey Harbours have increased the level of private sector involvement in the oversight of operations through the formation of 2 separate advisory groups. In the coming months I plan to formalise this arrangement within a revised government structure by the appointment of a single shadow board with a chair and non-executive members drawn from the private sector to provide additional governance to both airport and harbour operations. Expressions of interest will be sought for membership of the shadow board in the immediate future. Secondly, integration, in recent months Economic Development has delivered the integration of harbour and airport human resources functions. Following consultation with colleagues in the Treasury, I have instructed officers to investigate options for further integration and to deliver a proposal to me, in early course. I have specifically asked that no stone is left unturned and no option should be ruled out, including the full integration of Airport and Harbours into a combined trading entity, subject to States approval.

The Deputy Bailiff:

Does any Member wish to ask questions of the Minister in relation to this statement?

9.1.1 Deputy P.V.F. Le Claire:

The Minister speaks about far ranging integration in relation to this recent announcement of the resignation of Mr. Green. While I acknowledge, as do other people, no doubt, the significant improvements, there is a suggestion that operationally efficient may not necessarily mean economically efficient. Will he be undertaking to investigate whether integration, within these departments, Harbours and Airports, and also integration within the department itself, because I have not had answers to questions in relation to the structures, but I certainly believe there is duplication, if not triplication, occurring in the Minister's portfolio?

Senator A.J.H. Maclean:

I am not entirely sure I follow that question completely. I will attempt to answer it and I am sure the Deputy will tell me if I do have it quite right. As far as integration is concerned, I think, I made the point in my statement that we have already moved, recognising that there was a human resources function carried out at the airport, there is a human resources function at the harbour and there is a human resources function within Economic Development. We are consolidating, we have consolidated that. I think that recognises, clearly, we see opportunities for removing duplication, and yes, there will be further moves towards that and that could well lead to full integration of a Harbour and an Airport Department as one entity with better governance under a shadow board, which I have also announced this afternoon.

9.1.2 The Deputy of St. John:

Could the Minister tell us when he was notified of the resignation and whether or not it was expected, given the changes which have been put in place for October?

Senator A.J.H. Maclean:

The notification came through last week and it was not expected. I think it is a great shame. I think Mr. Green has carried out his duties in an extremely proficient and professional manner. I think the airport is a far better place now than it was when he took over, in all respects, both operationally, financially and so on. I believe that moving forwards there is a very good and sound foundation to work from.

9.1.3 Deputy R.G. Le Hérissier:

Building on Deputy Le Claire's question, again I would like to express our appreciation of Mr. Green's work. Will the Minister be immediately seeking integration at the senior management level in the workings of the 2 departments?

Senator A.J.H. Maclean:

There is nothing counted in and nothing counted out, I think is probably the best way of putting it. We are looking at all options for integration which could well lead ... and I have a feeling that there is significant advantage in creating a one port authority, if you like, which would operate under the shadow board that I have referred to, for good and better governance. Indeed, that would, in itself, lead to integration of other functions at all levels. I do not think we can count out anything at all. There are, without doubt, areas of duplication. I think we must ensure that we remove those and make the entity, whatever it happens to be, both ports, far more efficient, more cost effective and better value for money, as far as the taxpayer is concerned. That is the aim.

9.1.4 Deputy A.E. Jeune:

I hear what the Minister has said and I welcome it all. But, what I would like is, could he give us a timescale on the looking at, to be?

Senator A.J.H. Maclean:

Well, the looking at ... first of all I should say that we have already started with regard to human resources. There are other activities within the 2 areas that we are currently assessing at the moment. Expressions of interest for the shadow board will be going out in a matter of the next few weeks, so this is not something that is a wish list that we are hoping to deliver in the next year or 2. It is something that I want to see moving relatively quickly. I see no reason why we cannot be in a position to progress this in months, not anything longer than that.

9.1.5 Connétable J.M. Refault of St. Peter:

I was just slightly concerned how this may impact on the C.S.R. process and whether the Minister could make any comment to that please?

Senator A.J.H. Maclean:

Well, not really. I mean, quite frankly, the C.S.R. process of both the harbour and the airport is proceeding, both ports have their commitments and they are fulfilling those. In fact, I would point out that both ports, and in particular the airport, were well ahead of the States of Jersey C.S.R. programme. There has been financial modelling going on for about 18 months at Jersey Airport, which gives us a very clear picture of the financial difficulties the airport faces. The very clear choices we have in terms of reducing costs and increasing revenues, to ensure that the taxpayer does not have to bear the cost with the airport in the future. A liability identified of over £100 million through to 2023, through the good work of the management of the airport, has already been reduced down as a future commitment to something like £44 million. To achieve that is going to be difficult. It is tough decisions and it is not going to be an easy thing to

progress. This, I see, is an extension of that particular programme and, I think, will ultimately lead to a much more efficient and streamlined and effective ports entity.

[14:30]

9.1.6 The Deputy of St. John:

Can I press the Minister as to when last week he was notified; prior to receiving questions or after?

Senator A.J.H. Maclean:

I cannot give the Deputy, I am afraid, the exact minute and the date. I am happy to supply it, if it is relevant. The reason that I cannot is because I was out of the Island on holiday last week and I was notified - yes, Deputy, I am permitted a holiday - he is looking shocked. But if he feels strongly about it, I am sure we can get it down to the latest, or nearest minute.

9.1.7 Deputy J.B. Fox:

The Minister refers to a new shadow board. Has it been outlined yet of who are, potentially, the people that you would be seeking on that board? Is it directly related to harbours and airport or does it have a wider portfolio? Who decides at the end who is able to be on it, if you have a large number?

Senator A.J.H. Maclean:

Yes, the board is designed to be a shadow board to cover both the airport and the harbour, specifically and nothing outside of that particular remit. It is going to be advertised and we will be seeking applications from members of the private sector. I would anticipate that an expert in aviation matters, that does not necessarily limit it to Jersey, of course, and an expert in maritime matters as well, to give good balance to it. Outside of that, professionals with business, accounting and so on, experience will clearly be sought. I certainly hope that we get a very high calibre of individual to form the basis of this board.

9.1.8 The Connétable of St. John:

My question is really linked to the last question. My question to the Minister is will people with direct interests in businesses operating within the airport be excluded from the board?

Senator A.J.H. Maclean:

I can certainly say that anybody who is conflicted should not be a board member. Obviously, the recruitment process will go through the appropriate channels. The Appointments Commission will be involved and I, certainly, would not expect to see anybody who has a direct interest in trading with the airport or the harbour, for that matter, to be a part of that board.

9.1.9 Deputy J.M. Maçon:

How would the board be remunerated? Who would be responsible for ... to sign that level and if Ministers have that information to hand at the moment, will he circulate that to all Members?

Senator A.J.H. Maclean:

No, I do have the exact details to hand, other than to say: "Yes, the Deputy is correct." Members, to attract the calibre of board member that we would require for such an entity, there will be a remuneration, as you would expect, and it will meet the levels of other similar bodies that exist and will be a matter for the Appointments Commission and others to make due discussion and deliberation on the exact levels that are appropriate.