

2.7 Senator J.L. Perchard of the Minister for Economic Development regarding the integrity of the Annual Business Plan process:

I notice the Minister's absence. I assume the Assistant Minister will answer in his absence. Has the integrity of the States' Business Plan process not been brought into question by the Minister's request for an additional £5.1 million for runway refurbishments just 4 months after the States approved the airport's 2008 capital expenditure programme which included £13.54 million for runway construction and A.G.L. (Aeronautical Ground Lighting) systems?

Deputy A.J.H. Maclean of St. Helier (Assistant Minister for Economic Development - rapporteur)

No, the integrity of the States' Business Plan process has not been brought into question. The question posed by Senator Perchard suggests that he may not fully appreciate the States' Business Plan process. As Members will appreciate the airport had to submit its 2008 Business Plan by May 2007. The replacement runway project was not due to commence until September 2008, some 16 months later. At the point of the Business Plan submission the estimate cost was fair on reflection of replacing the existing runway on a like for like basis, however a C.A.A (Civil Aviation Authority) audit of the aerodrome carried out in August 2007 identified the regulatory risk of not upgrading the runway and the need to meet the changing profile of modern aircraft. Following further work on the project an independent peer review was commissioned which delivered its report in January 2008. This report from J.E. Jacobs made a clear recommendation that the runway should be upgraded to ensure Jersey Airport is not only able to meet regulatory and safety standards but that it will be able to continue to accommodate existing airlines and not be restricted in future development of air routes. A risk to our airport's operational viability is a risk to the economic and social success of the Island.

2.7.1 Senator J.E. Perchard:

Just as an aside, Sir, I do under the States' Business Plan process. We, the States of Jersey, agreed the Business Plan on 18th December 2007. I am unable to accept the excuses provided by the Assistant Minister, particularly when he claims that the extra £5.1 million, Sir, is required for a project upgrade to a 4C specification. Will the Assistant Minister explain why, when the requirement for extensive runway works have been identified for many years, budgeted for, agreed and approved, did he only then consider the specification that needed work? Why was the requirement for the work to obtain 4C specification not recognised during the budget planning process?

Deputy A.J.H. Maclean:

Over many years the airport has received audit reports from esteemed organisations such as the C.A.A. It has been a policy in the past to cherry pick recommendations made with regard to regulatory compliance. It is the decision of this administration and this airport authority that, in fact, taking matters of safety into consideration and regulatory considerations that we should not be cherry picking such recommendations, and it was absolutely clear when the audit was carried out in August this year, or the results came through in August this year, that there was a risk to the future viability of the airport. We considered that a peer review of those recommendations should be carried out, a completely independent review. That was done and from that report which was received only in January last month, the decision was taken to upgrade the runway, which is absolutely the right decision to make for Jersey Airport and for the Island.

2.7.2 Senator S. Syvret:

In 17 years in the States I have rarely heard such a lot of rubbish being spoken in answer to a question. Why was the C.A.A. audit only undertaken in August last year? What was going through the minds of your senior officers of that department? Why was there no foresight? Why were these things not built into the Business Plan? It is frankly utter nonsense to suggest that it is

compliant with the Business Plan and represents competent management by the airport that we today suddenly find ourselves with another £5.1 million expenditure from taxpayers' resources.

Deputy A.J.H. Maclean:

I am afraid I completely reject, Sir, the comments made by Senator Syvret. The C.A.A. audit was first of all not an audit of just the runway, it was an audit of the entire aerodrome. It was good practice to invite the C.A.A. to come to Jersey to look at our airfield and to give us advice on a wide range of issues relating to the safe operation of the airport. That is exactly what they did. In the past they have only been invited on limited occasions to give advice to the airport. This was a wide ranging review, something that the airports took the decision to ask them to do and that was absolutely correct. The process has been properly followed and I am thoroughly satisfied that the airport management has acted in a most appropriate manner with regard to this matter.

Senator S. Syvret:

The Deputy has not answered my question. My question was: why was the C.A.A. not invited to give a full examination and audit of all of the runway requirements at a far earlier stage?

Deputy A.J.H. Maclean:

The invite of the C.A.A. was done at an appropriate time as far as we are concerned.

Senator S. Syvret:

Appropriate? We now have a £5.1 million bill.

Deputy A.J.H. Maclean:

Senator Syvret, Sir, clearly does not understand the process of how one would manage a business of this nature and quite frankly **[Interruption]** the due process was, as far as the airport management is concerned, followed most appropriately. We have requested an additional sum of £5.1 million. We are hoping that through the tender process and through a value engineering process that that sum will be reduced. We do not believe that any earlier recommendations could have come forward to assist with this process at all. We believe it has been done as quickly as it possibly could be, but at the end of the day, as far as we are concerned, safety is of paramount importance and that is what we are concerned about, Sir.

2.7.3 Deputy S.C. Ferguson:

I do feel that the Assistant Minister is stretching credibility to expect us to think that this really crept up on them unexpectedly. However, I am interested in the difference in planes between a 3C and a 4C rating, I think you said, of the airport. Is this perhaps connected with the fact that with new cheap cost airlines there will be larger planes flying in?

Deputy A.J.H. Maclean:

I think the Deputy might well recall a story that involved our sister island of Guernsey where local airline Flybe have a newly upgraded fleet of Embraer 195 aircraft. These are one particular make of aircraft that require a 4C runway. We do not want to leave ourselves in a similar position to Guernsey where we cannot accommodate aircraft of that type. There are, of course, other aircraft, fleets are continually changing, and in order to ensure that the lifespan of the airfield runway can meet the modern and changing aircraft, that is why we are needing to upgrade now. We are at our capacity with 3C and that is another reason why it needs to go to 4C.

2.7.4 Deputy A.D. Lewis of St. John:

I wonder if the Minister could help with some clarity to this by giving us some detail here as to the chronology of what occurred. I mean, how long after the approval of the Business Plan did the need for the upgrade of the runway specification become apparent? Also, could the Assistant

Minister assure the House it would not have been possible to obtain information about such changes to criteria before the Business Plan was agreed?

Deputy A.J.H. Maclean:

I believe I have answered that question. The C.A.A. audit was carried out and the report was received in August. The Business Plan submission had to be in by May 2007, so it was at that point that the issue was first raised. Continued work went on in terms of assessing the need for the 4C upgrade of the runway and a peer review was commissioned at the latter half of the year, the report came in January 2008.

2.7.5 Deputy G.C.L. Baudains:

It is suggested, Sir, that the C.A.A. have suggested this upgrade is necessary and the Minister has said, Sir, that the C.A.A. were invited to look at our runway. Could the Assistant Minister clarify something for me, Sir, and that is: was the runway upgrade initiated by the C.A.A. or by the department, because it would not be the first time, Sir, the department has had a plan and invited consultants to come and approve what they want?

Deputy A.J.H. Maclean:

I think it is perfectly clear that the department did not have a plan otherwise **[Laughter]** it might well have been identified a little bit earlier. However, the C.A.A. were invited in and it was quite correct that they should be to do a full and proper audit of the aerodrome, so Members should also bear in mind that we have, in fact, or will shortly have our own D.C.A. (Director of Civil Aviation), which falls under the administration of the Home Affairs Department, and it is for that reason as well that it is absolutely important that we take regulatory and safety matters of the utmost importance. That is something that we have borne very much in mind because our independent D.C.A. will, of course, have oversight into such matters regarding Jersey Airport.

Deputy G.C.L. Baudains:

I wonder, Sir, if he might consider answering my question by email.

2.7.6 Senator J.E. Perchard:

Did the Minister, Sir, just to inform the Assembly when answering my original question, that the Annual Business Plan process demands that his department had to put their expenditure proposals forward 16 months before the States debate the Annual Business Plan, and this is the norm?

Deputy A.J.H. Maclean:

I think I need to clarify again for Senator Perchard. In fact, the Business Plan process for 2008, which is what we are referring to, needed to be submitted by May 2007. The 16 months to which I was referring was the date when the project was due to commence, September 2008. Sixteen months from the time of submission to the actual project, not the entire Business Plan. The Business Plan relates, the Senator will understand, for the entire year of 2008.