

5.1 Deputy T.M. Pitman of the Minister for Economic Development regarding the rates paid to the Harbours and Airport Shadow Board:

I thank the Greffier's office for making my question suitable for broadcasting. With many public sector workers facing redundancy due to the savings target of £65 million, how does the Minister justify his statement that £125,000 per annum for the chairman and 6 members of the Harbours and Airport shadow board is a competitive rate? Does he not concede that in reality payments between £450 and £650 per day are both excessive and unjustifiable?

Senator A.J.H. Maclean (Minister for Economic Development):

I do not agree with the Deputy that the cost of the shadow board is either excessive or unjustifiable. Jersey Harbours and Jersey Airport are the Island's strategic transport assets, which are operated as commercial enterprises for the benefit of Jersey residents and the Island economy. Given their importance to the Island and the significant strategic challenges that lie ahead it is beyond doubt that both organisations must have access to commercial and technical expertise of the highest calibre and that is what the shadow board offers. The payments to members of the shadow board are below private sector market rates and are comparable with similar bodies and reflect the level required to attract such expertise. The Deputy concentrates on cost and ignores a vital element of the equation, and that is value. I am confident the shadow board appointment will result in savings and efficiencies that far exceed the cost of their employment.

5.1.1 Deputy T.M. Pitman:

Supplementary, Sir. It is often said that the Council of Ministers know the cost of everything but the value of nothing; 40 days a year to be paid twice what some hardworking people on minimum wage will be paid in a year. Could the Minister tell the Assembly and the listening public who exactly evaluated this role and how they reached this conclusion?

Senator A.J.H. Maclean:

The department assessed and evaluated the need for the appointment of a shadow board, which I fully endorse, and followed therein an Appointments Commission process, which confirmed the process was absolutely appropriate and those that applied for it - and we had a large number of applicants - were also highly suitable for the role that they were appointed to undertake and that the pay was also commensurate with similar bodies.

5.1.2 Deputy T.M. Pitman:

With due respect, that was not really an answer. What assessment was done to reach that someone should be paid £650 a day to sit in a room for a day 40 times a year? Please could the Minister be a bit more specific.

Senator A.J.H. Maclean:

There is an assessment made of other similar bodies that exist both within the Island and also in the private sector in the U.K. and, as I have already stated in my answer, the pay rates associated to members of the board are below that which are available in the private sector. I consider what we have here is exceptional value and I think the Deputy would be advised to consider the value aspect of this equation, not purely the cost. We will deliver great value by the appointment of this board in the future operation of both the airport and the harbour.

5.1.3 Deputy A.E. Jeune:

I appreciate the answer that the Minister has given insomuch as he has outlined the skills of the shadow board, but I do believe that Deputy Pitman does have a point. Why do we need both directors in all areas plus a shadow board? Perhaps he can give me some assurance here.

[11:15]

Senator A.J.H. Maclean:

Yes, in fact the Deputy raises a very valid point. We are indeed looking at the structure of the harbours and airport, and it is a point that I have raised in this Assembly in the past. We are moving towards consolidating the management structure across both entities. It will, in our opinion, lead to efficiency savings and a more streamlined management structure overseen by a shadow board and that is a very strong model in terms of managing these 2 very important commercial entities.

5.1.4 Deputy M.R. Higgins:

The Minister said that Deputy Pitman did not address the value of the board and he mentioned, in particular, finding increased savings and efficiencies. Despite what he has just said about the merging of the 2 bodies - obviously savings in human resources and so on - he did not address the question of growth and we have to remember that the airport and the harbours are strategic assets, as he also said, and they have a major funding gap and no efficiencies and savings are going to deal with that funding gap. So, can he tell me first of all what they are going to do about growth and how he is going to manage the funding gap?

Senator A.J.H. Maclean:

The Deputy is right about the funding gap. I have made no secret of the fact that both the ports and, in particular, the airport face significant challenges as we move forward. A great deal of work has been done on financial modelling of both ports. The airport, for example, has an identified funding gap of £100 million, or just over £100 million, between now and 2023. A lot of work has been done in order to mitigate those particular costs by working with redefining, for example, the capital programme and, as such, that has been reduced down to around about £65 million. It was lower but of course the below ground work funding was withdrawn from the airport. So, the airport has to find its own way of funding that, quite simply by growing passenger numbers or increasing revenues through various means and reducing costs. Those are the 2 options available and the airport is working towards achieving those particular objectives.

5.1.5 Deputy M.R. Higgins:

Supplementary, Sir. In terms of growth, and you say that the airport is working towards that, how can the harbours and the airport themselves generate the growth when really it is other parts of your department, let us say ...

The Bailiff:

The Minister's Department. It is not too difficult; through the Chair please.

Deputy M.R. Higgins:

Yes, sorry, I keep forgetting to use third person. So, in other words, can the Minister tell us who else is going to assist the airport to fill this gap because they are not going to be able to do it themselves?

Senator A.J.H. Maclean:

The Deputy is right in the respect that Economic Development is a broad portfolio and, indeed, elements of the department, including tourism, the marketing - the significant amount of money we put into marketing the Island - helps drive passengers through the airport. He is right, that revenue is essential to the future sustainability of the airport; in fact we are targeting a growth rate of our forward projections and what I believe is possibly, on the longer term, a modest growth rate of 1 per cent, but that is only part of the equation. Other elements of revenue generation at the airport have to be considered and that is why a land management scheme is being looked at at the moment, looking at potential development of private aviation, hangarage and so on. Other revenue sources, we have seen the successful development of the retail area at the airport, which is now paying dividends there and helping to offset the costs of running the airport. There is a great deal of work to do and it is for that reason that the oversight of a shadow board is a step in the right direction and I wholly endorse that particular appointment.

5.1.6 The Deputy of St. Mary:

I want to return to the question of the assessment of these rates of pay, which is really what the question is about. Can the Minister clarify the different rates, or how things have been evaluated with respect to the difference between the chairman and other members of the board because obviously the chairman has a greater responsibility? Can he also clarify the advice and research support that will be available to the members of this board?

Senator A.J.H. Maclean:

Sorry, could the Deputy repeat the second part of the question.

The Deputy of St. Mary:

Can you clarify the administrative and research support that will be available to members of the board in their 40 meetings.

Senator A.J.H. Maclean:

The first part of the question with regard to the appointment of the particular members of the board and the different pay structures, it quite simply is down to an assessment of similar bodies, as I pointed out, and the Deputy is right, a chairman would typically, with the responsibility that a chairman has, be paid more than members of the board and that is exactly the case in this instance. As far as available information to board members, yes, they will have availability of data and research and other information required in order to carry out their duties and to be able to advise and I should stress again that in fact the role of this board is in an advisory capacity, not supervisory, but they will have all the necessary tools available in order to be able to carry out that particular function.

5.1.7 The Deputy of St. John:

Given when I joined this Chamber some 16 or 17 years ago there were 5 senior members of staff within Harbours, will the Minister with the responsibility explain how any new board are going to be able to reduce the umpteen numbers of senior

executives within that department and what kind of funding are we expected to save given that the Chief Executive/Harbour Master I presume will not be dismissed but be moved to one side, and therefore he will still be on the same wages because I am sure he will not take a drop in wages? Will he please explain that when this comes to the board?

Senator A.J.H. Maclean:

First of all, the Deputy raises the point about just the harbour, in fact the board covers the harbours and the airport and it is very clear that the aim of the board is not from a supervisory basis but an advisory basis, so they themselves are not directly making any reductions. What they will be doing is advising both the Ministers or the Ministers in the department of future policy and strategy with regard to the operation of the ports. Now, as far as personnel is concerned, we are looking closely at the structure of both the ports and it is my expectation that this will result in a streamlining. For example, the Airport Director, as the Deputy will be aware, has resigned last year. That post will be replaced but in a different function; it will not be an Airport Director, the intention is to replace with a Chief Operating Officer, which is a lower grade position. So, the restructuring of the board and the removal of duplication of functions will reduce costs over the period of time and deliver far better value in my view.

5.1.8 The Deputy of St. John:

Supplementary, Sir. Given that the Minister has just explained that this board will be doing his job, does that mean that the Minister is not capable of running the harbours and airport himself?

Senator A.J.H. Maclean:

That question barely warrants an answer. The shadow board is an advisory group with specific expertise, maritime, aviation and business and the Deputy may be turning his nose up at that, but nevertheless there is significant expertise in the board. I believe the board delivers value, they are an advisory capacity and I think will add significantly to the future commercial operations of the harbour, and I welcome the appointment.

5.1.9 Deputy P.V.F. Le Claire:

Can the Minister confirm that the Appointments Commission set the salaries of the shadow board? Also that reports commissioned by the shadow board will come out of the Minister's budget so that it will not appear that they are creating expense?

Senator A.J.H. Maclean:

Any reports that may be driven as a result of proposals by the shadow board will be funded from the budgets of the respective operations, whether it be the harbours or the airport. The shadow board themselves will not be driving cost outside of the cost associated with the employment and the amount of time that they will spend fulfilling that role. With regard to the first part of the question the Appointments Commission were fully involved in the process with regard to the appointment of the members of the shadow board and they are satisfied, as I understand it, with the process that was followed in that regard.

Deputy P.V.F. Le Claire:

That was not my question. Did they set the remuneration, or did the Minister?

Senator A.J.H. Maclean:

The Appointments Commission do not set the remuneration, although they are aware clearly of the amounts being proposed. As I have said in a previous answer to a question, the pay structure for the board was as a direct result of comparables within the Island and indeed externally.

Deputy P.V.F. Le Claire:

The question still has not been answered.

The Bailiff:

Final question.

Deputy P.V.F. Le Claire:

He has not answered the question.

The Bailiff:

This has gone on now for 15 minutes on this question. Deputy Pitman.

5.1.10 Deputy T.M. Pitman

If only we were being paid £650 a day. Over the past year or so the Council of Ministers has consistently told us that some public sector wages are out of kilter and necessitate a pay freeze. Given this view, what message does the Minister assess that these high payments - which are twice what some people would earn in a year - will do for industrial relations over the next few months?

Senator A.J.H. Maclean:

There is no connection between the appointment and the pay scales of the shadow board and what the Deputy is seeking to attach as a relevant argument. I accept that there are redundancies occurring both in the public sector potentially and also in the private sector, and for all those people affected by redundancy it is obviously a very distressing and difficult time; one of the reasons we put stimulus funding into skills and training is in order to get people back into work as quickly as we can and ensure they have the necessary skills to do so. That is the area that I think we need to concentrate on. We also need to concentrate on the fact that the public sector and the taxpayer are funding the airport and the harbours and they expect value for money. All Islanders expect an efficient operation and value for money and that is what we are aiming to achieve.