

3.7 The Connétable of St. John of the Minister for Economic Development regarding the implications of the expiry of the lease for the Airport Fuel Farm:

Given that the lease for the Airport Fuel Farm is due to expire, what action, if any, is being taken to ensure that there is no travel disruption to passengers and plane operators and can the Minister advise whether the Airport Fire Service could be used as crew to fuel aircraft in the event of industrial action by existing staff?

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

As I have already explained to the Connétable and was subsequently made public on Monday, 7th July, the Ports of Jersey have already implemented their contingency plan; this includes providing a short-term licence for the provision of fuel at the airport to ATF Overseas Holdings Limited. The company involved is ASIG, a division of BBA Aviation who is among the largest independent aviation supply companies in the world. While fire service crews at other airports perform a fuelling function, the Ports of Jersey's contingency plan centres on professional aviation fuel suppliers. As announced by the company, they intend to be fully operational by the end of September which is when Rubis have announced to customers and staff their intention to withdraw from the aviation market in Jersey. The contingency plan has been specifically designed and implemented to ensure continuity of supply at competitive prices.

3.7.1 The Connétable of St. John:

Could the Minister explain why he misled me in saying ...

The Bailiff:

Connétable, you cannot accuse another Member of deceiving you. Could you rephrase it?

The Connétable of St. John:

I will try and rephrase it. Could the Minister explain when he was explaining to me what was possibly being put into place for the airport that he mentioned the Fire Service were being considered, knowing full well at that time that advice was being put in place or things were being put in place for that not to be the case? To me I believe it was a misleading statement he made at that time and it was to send me off on a wild goose chase to look for additional evidence. Will the Minister accept that he was trying to divert my attention from the staff who may be going to be made redundant and, therefore, may take action over the next few weeks prior to this all being settled? Will he accept that he cannot pull the wool over my eyes all of the time?

Senator A.J.H. Maclean:

I very rarely would try to pull the wool over the Connétable's eyes. All I can say to Members is that I shared in confidence with the Connétable some information when he inquired about this matter, which is an important matter. I did explain to him, in confidence, that we had considered all options which of course included, as I mentioned in my earlier remarks, the fact that airports globally used typically fire service staff to provide fuelling and that is a fact; it happens around the world. The solution, however, that has been put in place here in Jersey is not seeking to use staff from the Fire Service to provide that service, so I hope that clarity today is clear and I hope the Connétable appreciated my earlier confidential discussion with him which was intended to be helpful.

[15:15]

3.7.2 Deputy S. Power of St. Brelade:

Could the Minister indicate whether the installation that is known as the Fuel Farm, the tanking reservoir system that is at the airport, in all considerations will have to be replaced in the next few years? Is it fit for purpose as it stands at the moment or does major work have to be done at the airport?

Senator A.J.H. Maclean:

At some point, yes, it will need to be updated and upgraded. The facility there is of a certain age now where reinvestment is required and we have been having discussions for about 2 years with Rubis about the fact that the leases were coming up for renewal. We have extended the leases now, the 2 leases, because Members may well remember that in fact there were 2 fuel operators, Esso and Shell originally, hence the reason why there are 2 leases in place. One has been extended until the end of October; the other one currently runs until the end of December. Part of the future arrangement for supply at the airport is going to include necessary investment in infrastructure.

3.7.3 Deputy S.Y. Mézec of St. Helier:

The original question refers to the possibility of industrial action. Will the Minister make a pledge here to make it a priority to maintain at all times a constructive dialogue with the workers at the airport to ensure that no party feels aggrieved with an end settlement and no party feels the need to go on strike?

Senator A.J.H. Maclean:

Yes, that is a very good question. Of course, we always undertake to ensure that staff in circumstances such as this are looked after in the best possible way. I can tell Members that in fact the company that has undertaken the temporary facility had already made an open offer to staff that many of whom will be taken on board by the new temporary facility and obviously with the expertise they have they would have every opportunity to find work in any new entity that gets a permanent lease arrangement over the Fuel Farm at the airport.

3.7.4 Deputy G.C.L. Baudains:

I wonder if the Minister could advise whether the forthcoming cost of renovation of the facilities there was part of Rubis' decision not to proceed and will the upcoming cost create a potential problem for a new firm coming in later on?

Senator A.J.H. Maclean:

No, that was not the trigger. I have mentioned that we have been in discussion with Rubis for some time and that was largely around the fact that we did some work in the aviation and maritime fuel supply chain. We had some independent analysis done of the fuel chain and that was done independently by an organisation called Arup. That suggested that there were some monopolistic pricing arrangements at the airport that seemed to be at a level that was not in the interests of the Island, from a competitive point of view, or, indeed, driving more business, and that has really been at the heart of the discussions. There was some unexplained margin that we feel needs to be addressed and that is where the discussion started some 2 years ago.

3.7.5 Deputy S. Power:

It is a supplementary question in relation to the Minister's previous answer to me. Is the Airport Fuel Farm, for want of a better phrase, regarded as a strategic asset and should it be in public ownership or is the Minister content that the problem lies with the fact that it is not in public ownership?

Senator A.J.H. Maclean:

It is effectively in public ownership. There is a lease arrangement where the facilities are, I accept, owned by the operator currently. In due course the model most effective, in my view, would be probably a partnership arrangement between the airport - or the Ports of Jersey, as is the case - and whoever the supplier/operator of the facility happens to be. That again is part of the commercial negotiations that would need to be undertaken to ensure a long-term and sustainable facility at the airport. What we are most concerned about obviously is the security of supply but also the fact that the aviation fuel that is supplied is at a competitive rate. Currently that does not appear to be the case.

3.7.6 The Connétable of St. John:

As Rubis and others have control of the Island fuel supplies, does the Minister believe that a new operator at the airport will bring down the price of fuel if they have to purchase it via the existing Fuel Farm consortium?

Senator A.J.H. Maclean:

I think it is a step in the right direction. Yes, we need to be very conscious of the arrangements for the import, storage and distribution of fuel within the Island and to ensure that the whole market, not just the aviation fuel we are discussing in relation to this particular question, is competitive and in the interests of the Island, not just consumers but businesses as well. That is a matter that the Competition Authority are attending to at the moment and, indeed, in due course I am sure there will be an appropriate moment to make further notice of what the outcome of that review is. It may well be that some form of much closer regulation of the market is going to be required to ensure that we get that outcome in the event that competition is not available.