

**STATEMENT TO BE MADE BY THE PRESIDENT OF THE HARBOURS AND AIRPORT  
COMMITTEE ON TUESDAY 11th MAY 2004**

Members will recall that on 19th November 2002, the States adopted a proposition of the Harbours and Airport Committee, (P.198/2002), on Jersey Airport: Future Funding.

In adopting the proposition the States agreed, in principle, *‘that additional funds from general revenues should be made available for use in encouraging the provision of new air services and/or the offer of low fares on existing and/or new air services, and requested the proposed Economic Development Committee, together with the Harbours and Airport Committee, to bring forward for approval by the States proposals for implementation in 2004.’*

For 2003 short term measures recommended by the Airport Funding Task Force were put in place. Grants of £500,000 from General Revenues and £500,000 from the Tourism Development Fund were made available and these funds were used to –

- (a) reduce the passenger service charge in respect of every passenger arrival in 2003;
- (b) provide marketing support aimed at increasing passenger numbers and retaining existing passengers; and,
- (c) also during 2003, the Harbours and Airport Committee agreed to repay passenger service charges, (excluding the security charge), paid by individual airlines providing year round, scheduled services in respect of passengers carried in 2003 additional to those carried in 2002; over £200,000 was rebated to airlines.

During 2003 the Economic Development Committee and the Harbours and Airport Committee met with the main air carriers to consider what action might be taken over the longer term, in response to the States request, to encourage the provision of new air services and low fares. The actions considered included –

- (a) changes in the structure of airport charges;
- (b) discounting airport charges for new/enhanced services; and,
- (c) reducing airport charges across the board.

I would like to advise members that the Harbours and Airport Committee has already acted to alter the structure of airport charges. 40 per cent of the fixed landing cost has been transferred to the variable passenger service charge and the passenger service charge has been split equally between arriving and departing passengers. This has been welcomed by the airlines who see the changes as helping to improve the viability of their services and therefore to encourage future investment in routes serving Jersey.

With regard to the reduction of airport charges more generally the transfer of the Meteorological Service to the Environment and Public Services Committee has resulted in a direct reduction of £1.50 per passenger with effect from 1st January 2004.

Consideration has also been given to the potential for further general reductions in airport charges and to discounting charges for new and enhanced services. Options that have been discussed with the airlines include –

- (a) asking the States to make an ongoing contribution from General Revenues towards discounting charges for new services and to stimulate the growth of existing routes; and,
- (b) meeting the cost of security at the Airport from the General Revenues of the States. The effect of this would be to immediately reduce airport charges by an estimated £2.45 per passenger.

The Harbours and Airport Committee is aware that improving the overall commercial performance of the Airport

will also have a beneficial impact on airport charges. The Committee has already taken action to reduce expenditure and generate additional rental and other income and is mindful of the need to monitor continuously the Airport's business performance.

In considering how best to comply with the States request the Economic Development Committee has met with the Policy and Resources and Finance and Economics Committees and it was agreed that proposals on airport charges should be delayed so that they could be considered within the framework of the Strategic Plan. The Island's air transport links are vital to the health of the economy and are also of great importance for the social services and for the overall quality of life of Island residents. The Harbours and Airport Committee trust this will be recognised within the draft States Strategic Plan. In addition, the Economic Development Committee has been asked to develop an economic strategy for the Island by the end of the year. The maintenance and enhancement of the Island's air transport links must be considered as part of this strategy and it is entirely appropriate, therefore, that any proposals to encourage the provision of new air services and/or the offer of low fares on existing and/or new services should be considered as part of this strategy.

The Harbours and Airport Committee remain committed to the further reduction of Airport charges to achieve this aim and continue to believe that removing the cost of anti-terrorism security from the charges borne by the airlines would be the best way of securing that reduction. The Harbours and Airport Committee would have preferred not to have delayed this matter and will, therefore, continue to work with the Economic Development Committee to bring forward proposals, in response to the States decision in November 2002, without further unreasonable delay.