

STATEMENT TO BE MADE BY THE MINISTER FOR ECONOMIC DEVELOPMENT ON WEDNESDAY 24TH SEPTEMBER 2014

Incorporation of the Ports of Jersey

In October 2012 the Assembly approved P.70/2012, which proposed that the Ports of Jersey be incorporated into a single limited entity, the 'Ports of Jersey Limited' to be wholly owned by the States of Jersey. This followed on from the successful integration of the former Jersey Harbours and Jersey Airport into the Ports of Jersey within government.

The primary objective of this incorporation is to enable the Ports to continue to provide essential public services to the Island in a sustainable manner, in the face of historic declining business volumes and costs that are rising faster than revenue.

The core business of the Ports of Jersey is the management and maintenance of our vital transport assets. This means that when facing a structural deficit it cannot simply offer reduced services to lower costs, nor can it charge the public higher prices to increase revenue. Either course would have unwelcome effects on individuals and on the economy. Conversely, the States cannot passively accept the significant cash shortfall, that, unless the situation changes, is likely to occur. Independently verified analysis has indicated that by 2038 this shortfall is likely to be in the region of £90 million, and could even be as high as £193 million¹. To meet this cost from government revenues would mean finding the money through some additional taxation, or making further cuts in other areas of government spending.

At the time of the States debate in 2012, it was assumed that incorporation would be the best option to meet this challenge. Now, just over 18 months later, the work towards incorporation has been completed, and that assumption has been borne out. A detailed examination of the case for incorporation, together with details of the work undertaken and the legal framework surrounding the incorporation was published for consultation on 29th May 2014.

Of all the responses received only two, received from the unions Prospect and Unite, were inherently against incorporation. These and other responses are addressed in full in my summary of the consultation which will be published later this week

The significant work towards incorporation is therefore completed, subject to some minor polishing of the legislation to be done by officers to address minor points. In my opinion, and in those of the vast majority of respondents to the consultation, the case for incorporation has been made.

Initially I had hoped to bring the legislation forward for the consideration of this Assembly, but after consultation with my fellow Ministers and the Economic Affairs Scrutiny Panel earlier this year I decided that, given the need to publicly consult on the matter and to ensure that the appropriate time is provided for a full Scrutiny review, I would instead complete the public consultation and commend the matter to my successor with the recommendation that they will bring the legislation and associated work to Scrutiny for consideration as a matter of priority.

¹ Impact of maintaining performance levels that have occurred over the past 5 years, extrapolated forward with no growth in passenger numbers - cash shortfall of £193 million. If projected growth rate of 0.8% is realised - cash shortfall of £90 million.

I expect that given the level and transparency of the work conducted so far, Scrutiny will be able to conduct its review quite rapidly, and I am certain that officers of EDD and the new Minister will offer any assistance they can to the Panel in doing so. I am confident that with continued hard work and goodwill the incorporation of the Ports of Jersey will take place by the target date of 1st July 2015.