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États de Jersey
Assemblée des États

Public Accounts Committee

Arm's Length Bodies, Grants and Subsidies Review

Witness: Ports of Jersey

Wednesday, 15th October 2025

Panel:

Deputy I. Gardiner of St. Helier North (Chair)

Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter (Vice-Chair)

Deputy R.S. Kovacs of St. Saviour

Deputy K.M. Wilson of St. Clement

Mr. P. Taylor

Mr. V. Khakhria

Ms. L. Pamment (Comptroller and Auditor General)

Witnesses:

Mr. M. Thomas - Chief Executive Officer, Ports of Jersey

Mr. S. King - Chief Operating Officer, Ports of Jersey

[13:33]

Deputy I. Gardiner of St. Helier North (Chair):

Good afternoon, everyone, and welcome to the public hearing of the Public Accounts Committee. We will question today Chief Executive of Ports of Jersey on governance arrangements, remuneration of senior executives, and relationship with Government and risk management. But before we start we will do the introductions, especially for the transcript. Deputy Inna Gardiner, Chair of the Public Accounts Committee.

Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter:

Deputy Kristina Moore, Vice-Chair.

Deputy R.S. Kovacs of St. Saviour:
Deputy Raluca Kovacs, member of the panel.

Deputy K.M. Wilson of St. Clement:
Deputy Karen Wilson, member of the panel.

Mr. V. Khakhria:
Vijay Khakhria, lay member.

Mr. P. Taylor:
Philip Taylor, lay member.

Deputy I. Gardiner:
Would you please introduce yourselves?

Chief Executive Officer, Ports of Jersey:
Matt Thomas. I am the C.E.O. (Chief Executive Officer) of Ports of Jersey.

Chief Operating Officer, Ports of Jersey:
Stephen King. I am the Chief Operating Officer at Ports of Jersey.

Comptroller and Auditor General:
Lynn Pamment. I am the Comptroller and Auditor General and I attend all of the P.A.C. (Public Accounts Committee) meetings.

Deputy I. Gardiner:
Thank you. We will start with our first questions.

Mr. P. Taylor:
Just a bit of clarification for me as much as anything else, when you were written to by the Chair asking the various questions about the governance arrangements for Ports of Jersey, you questioned whether or not Ports of Jersey fell within the scope of the review. Was that your view or was that the collective view of the board or ...?

Chief Executive Officer, Ports of Jersey:
I think it was also involving the shareholder of whether the ... and please excuse my lack of familiarity with the Accounts Committee, but if the Accounts Committee was looking into the arrangements of

grant-funded bodies, which Ports of Jersey is not, was it still ... were you still looking to incorporate all of the States-owned entities or was it actually no, we do not want all of the entities, it was the arm's length organisations rather than States-owned entities.

Mr. P. Taylor:

You now understand that it is ...

Chief Executive Officer, Ports of Jersey:

Sorry, the clarifications were helpful and it was in co-ordination with the shareholder of how would you like us to respond to this, but fully understand the role.

Mr. P. Taylor:

Okay. Based upon your experience elsewhere and the desire from the Government of Jersey of value for money out of all its investments and its activities, do you think the structure of Ports of Jersey is actually the best way to deliver it? Could it be improved? We are talking about structure here.

Chief Executive Officer, Ports of Jersey:

Yes. If I may, I have spent ... by way of background, I trained in investment banking and have been involved in the aviation sector for 25 years. In that time I have primarily worked with 2 companies that had 30 ... they had portfolios of airports globally around the world. An awful lot of those have involved transitions from public to private ownership and I think the model of everything in between. So in the U.K. (United Kingdom) largely the airports are privately owned. Take the U.S. (United States). They are largely publicly owned, although changing. Throughout Europe there is somewhere in the middle, which will be typically there is a desire for a higher level of service or a significant construction project that may be complex or expensive. Maybe we award a concession agreement for a period of time to allow the private sector to bring its expertise. So I am pretty familiar with every model from pure public ownership ...

Mr. P. Taylor:

So the answer to my question is?

Chief Executive Officer, Ports of Jersey:

So my answer is actually I think it is the right one. In a sweeping generalisation, I think typically what you find with the purely publicly owned and publicly operated airports and harbours, they tend to be quite inefficient. They tend to focus on the operation rather than on the customer and they do not really think forward, plan forward for investments that are required. I think at the other end if you have a pure private ownership model, the decision making can lend itself to 5 to 7-year returns, where in reality the investment horizons are 20 years plus, particularly when you are in a ... in the U.K. it is one of 30-odd airports or one of 20-odd ports. This is the only airport and the only harbour on the Island. So I think the aspiration of incorporation is the right one but we are 10 years old. I think we are a relatively immature company still.

Mr. P. Taylor:

Thank you very much. Now, the memorandum of understanding between Ports of Jersey and the Government has changed.

Chief Executive Officer, Ports of Jersey:

Yes.

Mr. P. Taylor:

September 2025.

Chief Executive Officer, Ports of Jersey:

Yes.

Mr. P. Taylor:

Has it changed significantly from your perspective? What do you think are the major changes?

Chief Executive Officer, Ports of Jersey:

No, not really. From a ... I have been in Jersey since just before the pandemic, so 5 or 6 years. I understand that ports was one of the last of the States-owned entities to be incorporated, whereas some of the other States-owned entities, they were incorporated many years ago and their memorandum of understanding may be more dated. The Ports of Jersey one was relatively recently put in place. I would describe it more as tweaks rather than anything strategic, which was more about ensuring the right lines of accountability within government, the right harmonising governance arrangements rather than more at the strategic end. So no, it was a very easy process for us.

Mr. P. Taylor:

Who was it driven by? Was it driven by Government or ...?

Chief Executive Officer, Ports of Jersey:

The shareholder team, yes.

Mr. P. Taylor:

Okay. So as far as we know they were happy but there were just some tweaks they wanted to make?

Chief Executive Officer, Ports of Jersey:
Yes.

Deputy I. Gardiner:
Can you give some specifics, a couple of examples?

Chief Executive Officer, Ports of Jersey:
Apologies, I cannot to hand but I would be more than happy to give a tracked change. But it was ... sorry, very minor technical changes, but more than happy to submit a tracked change version if it would be helpful.

Mr. P. Taylor:
Now, there is a desire to develop the property assets that the Ports of Jersey owns. How is that going to be structured or how is it structured and how is it led?

Chief Executive Officer, Ports of Jersey:
I think if I can just take you on a little bit of a journey, and I will answer the question ...

Mr. P. Taylor:
Please do, yes.

Chief Executive Officer, Ports of Jersey:
So I think the purpose of incorporation really leads on your previous question. I think the acts of incorporation and the objectives of incorporation, which obviously I was not here for, but they really laid out an objective for the Ports of Jersey to provide essential lifeline public service to the Island in a commercial and sustainable manner, improving ...

Mr. P. Taylor:
Yes.

Chief Executive Officer, Ports of Jersey:
The key consequences at that time were rather than being 2 departments within government that operates the airport and operates the harbour, we would like you to have accountability for setting direction for the strategy of how we are going to grow connectivity, how we are going to ensure this infrastructure is resilient not just today but into the future as well. I think critically a piece of work

was done at the time that said ... I think hopefully we can all agree that there has been significant underinvestment in the airport and the harbour for a significant period of time. So the Government at the time undertook a piece of work to say, okay, Ports of Jersey is generating this much cash from its operations, and the investment requirement over the next 20 years identified a £300 million funding gap. So the driver was we do not really want the taxpayer to be on the hook for investment in critical infrastructure, but it is really important to the Island that this critical infrastructure is in place, not just today but in the future. So one could say giving Ports of Jersey a commercial mandate was to in some way from your operations grow this business, act in a more commercial manner, look for economies of scale to mitigate any call that is going to come on the taxpayer. We will allow you to start taking on debt so you can leverage your balance sheet in a way that a private sector ... or more akin to a private sector business, but rather than any cash transfer to capitalise the business, we will transfer some land assets. I will try and stay on point, so please do just give me a nudge if it goes too far off. When we look at our ...

Mr. P. Taylor:

It is interesting. Thank you.

Chief Executive Officer, Ports of Jersey:

If we look at our accountabilities for Ports of Jersey, the safe and secure operation in a compliant way of the airport and the harbour is always going to be the number one thing. So the investment in the critical infrastructure that is going to provide the resilience to the airport and the harbour will always be number one. I think within that there are assets that we need to replace. We have changing regulatory demands from time to time. Sometimes as we expand we need to invest in capacity, but also there are commercial investments that will help us to borrow more money and leverage our balance sheet. Now, if we look at our property portfolio today, it is about 10 per cent of our overall income. As I say, of that 10 per cent, 80 or 90 per cent relates to business partners at the airport and business partners at the harbour. So we do have a small portfolio of real estate that I think is a quirk of incorporation, so typically in and around the historic harbours, whether that is Rozel or Gorey, St. Brelade ... St. Aubin, rather. The development opportunity ...

Mr. P. Taylor:

It is about commercialising the assets you have or making better commercial use of them, both to sustain the activities of the port and the airport, at the same time generating additional commercial entrepreneurial activities from that land as well?

Chief Executive Officer, Ports of Jersey:

You have it. I think the ...

Mr. P. Taylor:

That is built into your business plans? Or will be built into your business plans?

Chief Executive Officer, Ports of Jersey:

That is probably a better way of putting it. So the portfolio of real estate agreements we have today is one thing. One of the things that attracted me to the role but maybe surprised me a little bit is on arrival there were no master plans for the development of the airport and the harbour, which typically look forward 20 years or so.

[13:45]

Going through the process of building the master plans, you always start with what are the demands on land for operational purposes and then, when we have exhausted that - we have optimised space as best as we can; we are using it as efficiently as we can - this space either is available for development today or when we have ... take the harbour master plan. If we are able to consolidate the port activities on Elizabeth, both the L.O./L.O. (lift on/lift off) and the R.O./R.O. (roll on/roll off), potentially it could free up New North Quay. New North Quay for developments could be quite lucrative as a mixed use development, but equally that would be more of a conversation with our shareholder and wider Government about what is the best use.

Mr. P. Taylor:

I am just going to segue nicely into the approval of strategies and business plans with the Government. How does that work?

Chief Executive Officer, Ports of Jersey:

So within our memorandum of understanding, and I believe it is the same for all the States-owned entities, we have an obligation to produce a strategic business plan on an annual basis that looks forward 5 years. That business plan will go through the board of Ports of Jersey for its approval, into the shareholder for its approval, and then it is discussed in our case with the Ports Policy Ministerial Group.

Mr. P. Taylor:

Then you will then report back saying: “This is what we have achieved. These were the outcomes we were looking for”?

Chief Executive Officer, Ports of Jersey:

Absolutely.

Mr. P. Taylor:

How often does that happen?

Chief Executive Officer, Ports of Jersey:

Well, internally obviously with the board meetings, we have roughly 8 board meetings a year. We also have quarterly shareholder meetings, which are primarily focused on finance, governance and risk. Then one of the more recent evolutions, actually in Deputy Moore's time, was to create a clearing house or ensuring alignment with wider government, which as part of the ... if I may, we have the act of incorporation, which is quite abstract in terms of its goals. We were producing 5-year business plans to deliver them, but there were a few areas that: "Well, what is the policy position on this?" So at the start of 2024 but through 2023, in collaboration with the Government and wider stakeholders, we developed the port sectoral policy, which really provides, okay, that is Government's vision, expectation, aspiration for the sector. So part of the creation of the port sectoral framework was also a Ports Policy Ministerial Group, which is 4 Ministers: the Chief Minister, the Minister for Sustainable Economic Development, the Minister for Treasury and Resources, and the Minister for Infrastructure, to really consider the wider ...

Mr. P. Taylor:

Policy implications.

Chief Executive Officer, Ports of Jersey:

Yes, beyond just the shareholder.

Mr. P. Taylor:

Then you have the strategic activities in delivering those policy objectives?

Chief Executive Officer, Ports of Jersey:

Yes.

Mr. P. Taylor:

Yes. I am taking far too much time, Chair.

Deputy I. Gardiner:

No, no, no, I think it is ...

Mr. P. Taylor:

I think it is really over to the next people ...

Deputy I. Gardiner:

No, there are a couple of things I would like to pick up before we go on. First of all, you mentioned the strategic business plan.

Chief Executive Officer, Ports of Jersey:

Yes.

Deputy I. Gardiner:

Is it published?

Chief Executive Officer, Ports of Jersey:

I do not believe it is. It would be highly commercially sensitive.

Deputy I. Gardiner:

But there are other entities, States-owned entities, that do publish their business plan.

Chief Executive Officer, Ports of Jersey:

Sorry, that is probably not a decision for me in terms of publishing it. So we submit it to the shareholder. It certainly contains ...

Deputy I. Gardiner:

But have the port considered to share with the public what are your plans going forward as a ... it might be redacted, I do not know. We will request it as the P.A.C. If it needs to be shared with the P.A.C. on a confidential basis if it is not published ... but is it something you would consider to ... because the public who owns, ultimately the owner of the company, can see what are your plans for the next 5 years and be reassured that you are ...

Chief Executive Officer, Ports of Jersey:

Sorry, to the extent I am empowered to, so with the shareholder's view on it, we could certainly ... there is nothing ... there are things that are commercially sensitive in there, but there is not ...

Deputy I. Gardiner:

No, no, there is a commercial sensitivity but there are strategic plans how the ports will be developed and I think the public would be happy to know.

Chief Executive Officer, Ports of Jersey:

What I was going to say is we would be very happy to share.

Deputy I. Gardiner:

Okay, it is one thing. Second very quickly: can you please state what your current statutory function as an organisation, regulatory function? Because you said that there is a change in regulatory demand. So what currently do you have as ... you as a regulator, and you said what are the changing regulatory demands because ... as per your answer?

Chief Executive Officer, Ports of Jersey:

If I may, there is probably 2 sides to that. One is we have a multifaceted relationship with Government, which is ... parts of it are very common for airports and harbours and I think parts are unique to Jersey and the fact that we are an Island community. So our relationship would straddle the typical shareholder relationship you would expect. We have compliance obligations on us, so whether that is from a pricing competition or an airport regulator that directs through civil aviation that side. We have P.S.O.s, so public service obligation responsibilities. They include looking after airspace above a certain height on behalf of the French and U.K. Governments. One of them is to co-ordinate the search and rescue responsibilities of the Island. In that regard, we have more of a regulatory, so we are the regulator as opposed to being the regulated body. Then also there are times when we will work with Government to develop policy or work in partnership. The comment that I was making just now about the changing regulatory demands, that is more associated with the process of building investment plans on a 20-year horizon. So if I may, if I went back 5 years to 2020, it was known in the industry that a different sort of security equipment was mandated for all airports in Europe to use. Okay, that equipment is actually bigger than our previous equipment, so for some airports that meant the whole building had to be expanded to be able to fit it in. The comment I was making about changing regulatory demands, it is that 20-year look-forward to try and anticipate changes that are coming. In recent times have there been any material changes to the regulatory structure in which we operate? Not really. The biggest one is post-Brexit. The Civil Aviation Authority, which is the U.K.'s aviation regulator ...

Deputy I. Gardiner:

My question probably, if I may, you are acting as a regulator and you have enforcement powers. For example, how many enforcement actions have you carried out over the past 5 years?

Chief Executive Officer, Ports of Jersey:

Would it be possible to supply that to you?

Deputy I. Gardiner:

Absolutely.

Chief Executive Officer, Ports of Jersey:

Within the public service obligations I would say that is one of the quirky parts. It is unusual for a company to be responsible for search and rescue. The fact that we are is absolutely fine. I think it begs the question: if we will not do it, who would do it? We have a subcommittee of our board that also reports into the Minister for Sustainable Economic Development, so we also have an M.O.U. (memorandum of understanding) with the Minister for Sustainable Economic Development for the delivery of the public service obligations, completely outwith the shareholder M.O.U.

Deputy I. Gardiner:

Yes. Probably we will drill down a bit and follow up with written questions to understand a bit more because this is the regulatory, you as a regulator, you as enforcement and how does it sit and does actually this function operate ... we will go with more questions in follow-up.

Deputy K.L. Moore:

My area of questioning is more about transport links and joint working with other States-owned entities and arm's length organisations. Firstly, noting that actual passenger figures fell against the estimates in 2024, could we ask, please, what joint work have you done with organisations that also market Jersey externally, such as, of course, Visit Jersey, Jersey Business and Jersey Finance, when considering marketing opportunities to promote the Island?

Chief Executive Officer, Ports of Jersey:

For sure. Again, it sounds like quite a small question but there is an awful lot to that. So in terms of arriving in Jersey in 2019, and this is the 12th airport I have been involved with, you are never quite sure how optimal are the efforts to grow a particular airport's connectivity. I think what became quite clear to me on arrival is, okay, it is quite a young company. The integrated approach to growing connectivity, the role of the wider set of stakeholders, including Government, in growing connectivity maybe was still quite young, maybe not quite understood, if I may. I think the understanding of why do we have connectivity, well, it is so Islanders can travel and tourists can get here, may be missing just how important it is for the efficiency and the productivity of our business sector and our finance sector. So on arriving in 2019, and it certainly was not my plan to move just before a pandemic, I would say a real upside opportunity to grow Jersey's connectivity. You will recall the first few days of the pandemic Flybe collapsed. So Flybe was about a third of Jersey's connectivity. In my industry, we talk about shock events. A shock event may be 9/11 or that volcano in Iceland, but they were shock events that maybe impacted demand 5 or 10 per cent. The industry has never had a pandemic where for 2 or 3 years there was no normal service. So in that time our focus is very much on the supply side of connectivity. So, do we have the commercial agreements in place with airlines which will persuade them to operate to Jersey? So that is half the battle. The other half is how do you fill all the seats and how do you stimulate the demand side? So our role is much more on the supply side. So the kind of things that we have done is we have 5-year agreements in place with all of our airline partners. We were able to bring in Jet2. We got EasyJet to grow on some of the routes that Flybe were operating. If you recall, the rescue of Blue Islands to ensure that we had lifeline connectivity, yada-yada-yada. The foundations I would say for growth, and particularly growth into Europe, are there, but let us not forget that airlines are all privately owned. So they are looking typically for a 14 or 15 per cent return on capital employed. If they get that, they will keep growing until it comes back down again. If they do not get 14 or 15 per cent, they will reduce their services. So I think where Jersey is now and round about the same time as the port sectoral framework was created, the visitor economy strategy was created. Because it was really identifying that, hang on a second, if we are not able to successfully market and attract visitors to the Island, it really does not matter what incentives we are giving the airlines, they are not going to grow. So I think we have a very close working relationship particularly with Visit Jersey. So I will attend many of their board meetings as an observer, but I do not sit on their board, to be clear. We have quite a symbiotic relationship. So typically within an airline contract that we have, it will determine things like what are the fees and charges, what are the passenger landing fees. We will be very focused on where we think the route opportunities are, but there will be provisions for: "And this is how we are going to market together", bringing Visit Jersey into the way the relationship works. So the challenge for Jersey now, bluntly, is how do we attract more people to come to the Island rather than how do we incentivise airlines to fly more to the Island. So that is then moving on to, as you will recall, the visitor economy strategy said how we market the Island is important, but actually reversing the long-term trend for a reduction in visitor accommodation, offering better value for money, the wider events and attractions on the Island all need investment as well. Obviously, you can see the various workstreams, whether that is conversations with Fort Regent or Visit Jersey. So in a very longwinded way but trying to bring it back, we work very closely with Visit Jersey particularly. It is not as much of a day to day relationship with Jersey Finance, but they are very powerful supporters for us, particularly when we are talking about Heathrow or growing into Amsterdam or Charles de Gaulle, those routes that have a real value to the business sector.

Mr. P. Taylor:
How do you assess performance? How do you know if you have had a good year? How do you know?

[14:00]

Chief Executive Officer, Ports of Jersey:
With an airline partner?

Mr. P. Taylor:

I mean visitor numbers, how do you know if that is a good year or a bad year? How do you benchmark yourself? You must do that.

Chief Executive Officer, Ports of Jersey:

You absolutely do, and having worked in companies where we have 15 or 20-plus airports in a portfolio, you are constantly trying to say which ones are working well, which ones are not working well. I think there is a variety of different ways and Stephen, who used to run the route development activities for Gatwick, I will certainly bring him in on this.

Mr. P. Taylor:

I am sorry, I hope I am not holding ...

Deputy I. Gardiner:

I think that there will be more very specific ...

Deputy K.L. Moore:

I am very mindful about your time because you said you had a meeting at 2.30 p.m.

Chief Executive Officer, Ports of Jersey:

Sorry.

Deputy K.L. Moore:

So we probably do need to push on a bit.

Chief Executive Officer, Ports of Jersey:

No problem.

Deputy K.L. Moore:

Perhaps I could help by reminding you that recently the Comptroller and Auditor General made a recommendation in her report about critical infrastructure resilience and transport links. That recommendation stated: "Develop a formal process for post-implementation review of new air route trials involving Government, Ports of Jersey and Visit Jersey, to commence with a detailed review of the impact of the new Paris route served by Blue Islands." So I guess the question there is: how do you evaluate air routes? Do you agree with the Comptroller's recommendation there and how will you be implementing it?

Chief Executive Officer, Ports of Jersey:

It is something that we do constantly. So we have certain mature routes that ... within the industry, when you start a route, typically it takes 3 years to mature. If after 3 years it has not matured, it probably means it is not going to be successful. So there are certain routes that we are constantly watching because they are vulnerable, either to capacity reduction or growth.

Deputy K.L. Moore:
But commercial reality is such that does an airline give that route 3 years? We saw a new route commence to Amsterdam, for example, and I do not believe that that lasted for 3 years.

Chief Executive Officer, Ports of Jersey:
Sorry, no, it is a rule of thumb. You are absolutely right. I think particularly post-pandemic ... again, it is a whole other subject matter, but you will have seen the challenges that Boeing and to a lesser extent Airbus are having. There is not as many new aircraft coming to the market as the market requires. So what is happening at the moment is the airlines are being quite brutal in terms of moving aircraft to the routes that are most profitable. So I think there were a number of extenuating circumstances with Amsterdam and EasyJet, but you are exactly right. I think the wider ... to where the Comptroller and Auditor General was coming from, the route with Blue Islands to Charles de Gaulle is a route that ... the objective within the port sectoral framework was understanding the value of connectivity, connectivity to a hub, a second hub airport in Europe, would be incredibly valuable. A pure privately owned airline would say: "We are going to lose money on that even with your incentives, so potentially this route requires some form of Government support". As part of the Better Business Support package money, the Government said: "That is one of the routes that we would like to look at supporting". So it is twice a week for 4 or 5 months, so summer season.

Deputy K.L. Moore:
However, forgive me for being a bit of a bore on this but I do seem to recall that the terms of the loan that was provided to them during COVID was ... one of those was that they pursue southern routes, which naturally Paris would be one of them. So it could be argued that that is an expectation of contractual terms that they already have.

Chief Executive Officer, Ports of Jersey:
I think the expectation was ... sorry, with one caveat, not to do it at a loss. So I do not think it was expected that ... what we would not want to do is to jeopardise the resilience of the mature routes by chasing an unprofitable route, but the point is right ...

Deputy K.L. Moore:
But chasing such a large population as that of Paris and the surrounding area that it should not really be a loss-making route.

Chief Executive Officer, Ports of Jersey:

One would hope. I think the market would say if it is a profitable route EasyJet would already be doing it. So you are right and the mechanic that has been put in place with Blue Islands in this route is a risk share that really says, look, the hypothesis is that there is going to be sufficient demand and there is broader economic and social value for the Island. We do not know how many people will buy tickets and how much they will pay for the tickets, but we will provide an underwrite that if enough tickets are not sold at enough price, if the revenue is not there, then you can be assured that you are not going to lose money on this. Now, there is a lot of detailed work about, well, what is the route profitability expectation so you can cap the amount of support that is provided there. At the end of the season we will be undertaking a detailed review of did this work, is this on the right trajectory. It was agreed as a 2-year trial for exactly the reasons you said about Amsterdam, that you do not want a false negative that, well, actually that is something that can be served but awareness was not there or whatever other extenuating circumstances. So we do agree and are fully supportive of the recommendation. It would happen with us and with Government as a matter of course, and I think there is always a little bit of context or there are certain dynamics with different routes. So it is not a one-size-fits-all. It depends on what incentive was provided and then did that incentive work.

Deputy K.L. Moore:

Okay. Thank you. How do you think that ports could work more effectively with other arm's length organisations and States-owned entities? Would you have any of your own recommendations for our review?

Chief Executive Officer, Ports of Jersey:

I generally think there are opportunities to work closer together and to become more aligned. It is reconciling that with the individual responsibilities that each of us has. So the Minister for Treasury and Resources, who is the shareholder Minister for the States-owned entities, over the last 2 years she has introduced 6-monthly get-togethers for the 6 States-owned entities' C.E.O.s. - I think it is 6 - to look at areas of common interest or how do we ensure that as we look forward ... for example, if we invest very significantly in the harbour, it is a good chance that with the introduction of electric ferries at some point in the future the power requirements are going to be significantly different than they are today. We cannot find out 5 minutes before it opens that we need another cable to France, for instance. So bringing forward ... I think there is a process that is happening and evolving anyway and there is a lot of ad hoc. So at the moment the cargo centre at the airport, J.E.C. (Jersey Electricity Company) have put solar panels all over the top. It is moving the ad hoc into more structured engagements is where the opportunity is.

Deputy K.L. Moore:

You mentioned earlier your property portfolio and the potential within that. So would you potentially partner with the regeneration and development aspects of the States?

Chief Executive Officer, Ports of Jersey:

Absolutely. I think at the moment the bulk of our investment ... so we have invested over £100 million since incorporation. It has been primarily in the critical infrastructure. The big opportunity, if we free up space at the harbour ... absolutely, we are not a ... we are a port operator.

Deputy K.L. Moore:

So you are not going to start running hotels, for example?

Chief Executive Officer, Ports of Jersey:

We have no intention of running hotels. The hotels I think are an interesting one, as you will remember from the Ports Policy Group. Actually, we have got skin in the game with hotels because the lack of hotels is impacting on connectivity. So would we use our land for others to develop hotels? Absolutely. But would we be the operator of a hotel? No. Or if with a much wider set of stakeholders we said: "On your land, undertake a housing development", well, there would be a conversation with J.D.C. (Jersey Development Company) or with Andium, for instance. But we have not quite got to that stage. We have got to the stage of when the port redevelopment is complete in 3, 4, 5 years' time, land will be freed. Between now and then there will be a conversation with wider Government: what do we do with this land and then who are the right partners?

Deputy K.L. Moore:

But once that land becomes available, you will have a plan in place to engage it?

Chief Executive Officer, Ports of Jersey:

Absolutely.

Deputy K.L. Moore:

Yes. Good.

Chief Executive Officer, Ports of Jersey:

Probably the best way of putting it is all of our capital and our debt capacity will need to go into investment in the critical infrastructure. So we will be waiting 10 or 15 years if it is for us to have the money, so the land that is not required for the airport or the harbour, it should be used to social and economic gain for the Island.

Deputy K.L. Moore:

Thank you. That is very clear.

Deputy I. Gardiner:

One quick question: can you please outline the process the board goes through to agree remuneration and bonuses? How do they liaise with the Government?

Chief Executive Officer, Ports of Jersey:

I can give you the generic answer first. So within our memorandum of understanding with the Government there is an expectation that we will operate in accordance with the principles of the U.K. Corporate Governance Code. So that kind of sets out ... that is primarily aimed at listed companies but what does good governance look like? So applying that, that would say, okay, board is meeting this many times, board responsibilities, this kind of thing. Within Ports of Jersey we have 6 subcommittees to the board. We have investment, audit, risk, remuneration, nomination and a harbour and airport authority ...

Deputy I. Gardiner:

In this case I will ask, because of the time, a very specific question. For example, when I looked, we have remuneration agreed with the Government and we have the bonus system. What was the delivery, for example, in 2024 - we are looking at whatever was published that is in the public domain - that led to the bonuses that were paid? So what was delivered above and beyond what was expected?

Chief Executive Officer, Ports of Jersey:

So, I understand the question ...

Deputy I. Gardiner:

I am talking about the delivery. What has ports delivered that ... what was delivery before the expectations that have gone back to the board and the board said actually delivered XYZ that we can understand?

Chief Executive Officer, Ports of Jersey:

So, process first and then I will try and remember what the ...

Deputy I. Gardiner:

Because we have very little time, the deliveries if possible.

Chief Executive Officer, Ports of Jersey:

The 5-year business plans that we have will have milestones and expectations.

Deputy I. Gardiner:

Specific for 2024.

Chief Executive Officer, Ports of Jersey:

So we have 4 strategic priorities for the business that relate to connectivity and our customer, to investment activities, to people and to our environmental transitions. So that is at the heart of our business plan, which the shareholder and the board set for us as the executive to deliver. Within that, the construct of the incentive programme for executives, roughly half of it is to do with financial performance and roughly half of it ... last year it was related to particular milestones relating to either connectivity, investment appraisals ... sorry, investment activities, employee experience, customer experience and environmental transitions. So, for example, securing planning approval for the harbour master plan development, that was a goal that I recollect was part of the non-financial side. So 50 per cent is financial, 50 per cent is defined objectives that we would like to see delivered.

Deputy I. Gardiner:

So maybe we need to write to the board to understand the criteria.

Chief Executive Officer, Ports of Jersey:

The reason the process is important, sorry, is obviously I have no say in either my pay ...

Deputy I. Gardiner:

We know. That is what I am asking, what ports delivered. I am not asking you how the number was determined. I am asking for an understanding of the public what we received above then business as usual.

Chief Executive Officer, Ports of Jersey:

Sorry, and that is it. So the process is then very typical against the business plan. The business plan goes up to the shareholder. The shareholder and the board agree what the business plan is. They then make a proposal to the shareholder.

Deputy I. Gardiner:

Yes, I understand.

Mr. P. Taylor:

A simple question. I have not looked; I should know. Is the remuneration report in the annual report?

Chief Executive Officer, Ports of Jersey:
Yes.

Mr. P. Taylor:
So that sets out from the remuneration committee the basis ...

Chief Executive Officer, Ports of Jersey:
The process.

Mr. P. Taylor:
... of employment and the reason ... and the justification in their view for the money that has been paid?

Chief Executive Officer, Ports of Jersey:
Yes.

Mr. P. Taylor:
Thank you.

Mr. V. Khakhria:
You have mentioned ... you have touched on the fundamental tension between the States of Jersey as a shareholder and your own role as a director of a States-owned entity. This is alluded to in the M.O.U., the set of objectives for the States of Jersey ownership of shares, which include encouraging sustainable growth in the economy and wider policy objectives.

[14:15]

There are a separate set of Ports of Jersey objectives, principally as you would expect to carry out your fundamental obligations and your public service obligations. But in addition to support the Government of Jersey's wider policy objectives by prioritising and fully engaging with the activities agreed with the relevant policy leads and ultimately the shareholder through the strategic business plan. So what I am interested in is how do you reconcile that tension where there may be an activity that could be in the wider interest of the Island as a whole but may commercially not be the ... I will not say harm Ports of Jersey but may not necessarily be the optimum outcome for Ports of Jersey? How do you navigate that?

Chief Executive Officer, Ports of Jersey:

I think the starting point and again one of the attractions to the role and coming here is obviously we have the ability to touch every Islander's life in a variety of different ways. Anyone that wants to travel to or from the Island or goods that come to or from the Island, we will be involved in the process. I am not sure if tension is the right word because shareholder relationships I have been managing for most of my career. In many ways, the shareholder aspect regarding finance, governance and risk is very similar to private sector roles that I have had. I think the point that you are driving at is more how do you ensure that the wider ability to deliver social, economic and environmental impacts are incorporated into our decision making and the way we run the business. The way I reconciled that at the outset was we as an Island do not have a Department for Transport. So we are an Island of 105,000 people. A lot of the detailed understanding of the way aviation and maritime matters work at an international level ... because particularly on the aviation side, we work in an international market. It is acquired knowledge that maybe the Island is not going to have. So my way of interpreting this was I will write the strategic business plan as if I am the Minister responsible for Ports of Jersey. There is a commercial dimension to that which says effectively we want you to ensure the critical infrastructure. We want that first and last impression of the Island but we do not want you to be a burden on the taxpayer. So we want you to be commercial but maybe not everything ... we do not want you to start charging people to drop off passengers at the front of the terminal. So there is this. How do we unlock value through our commercial activities, but the wider sense of we have the ability to be a catalyst for economic and social development on the Island. I think that is very laudable. It is very motivating for us and our teams. It just requires very, very close dialogue for what does that actually mean at a nuts and bolts level, which is really why the sectoral policy framework was so important because that then starts to drill into the shareholder relationship, finance, governance and risk. Shoot me if I get those things wrong because they are very similar to other private entities. Whereas these wider considerations of using ports land to develop a hotel, that definitely would not be the most lucrative use of a piece of land. It would be probably more akin to developing of housing. Okay, how do we say this parcel of land, what is the right thing to do with it? Ultimately, the Ports Policy Group said: "We would like you to explore developing visitor accommodation." Having things like net zero transitions, I would say that is phenomenally important and it is more akin to our licence to operate, that you are a good social citizen, but it comes at a price. So then to try and work out, well, given the dynamics of the Island and arguably our electricity is already clean, transport is disproportionately important. Do you want us to prioritise this as part of the decarbonisation road map or do you want to say do not worry about that, just concentrate on the growth? I think it is balance and it requires trust. It requires very open and mature conversations to then try and constantly strike a balance.

Mr. V. Khakhria:

Understood. So presumably the takeaway from all of that is that in these circumstances you would require shareholder approval to undertake something ... to take a route or an activity that would be not necessarily financially the optimum route?

Chief Executive Officer, Ports of Jersey:

Sorry, so our 5-year business plans take policy into a road map. The shareholder has the ability to approve everything that is in our business plan. Then we operate a no surprises culture. So if something comes out of left field we would interact with our shareholder to say. If it was in this kind of area of ... there are different ways you could interpret what the right thing to do would be. I think, and certainly in recruiting Stephen, if in doubt you do what is in the Island's best interests.

Mr. V. Khakhria:

Okay. The process for meeting with Government and establishing these authorisations and the business plan, you mentioned it is a 5-year business plan. How often is that updated? Every 5 years or is it flexed annually?

Chief Executive Officer, Ports of Jersey:

It is flexed annually and that is a requirement of the M.O.U. that we have with the Government.

Mr. V. Khakhria:

Thank you. Looking at Ministers from a wider perspective who may not necessarily be directly involved in your activities and perhaps the ports sectoral framework or the Minister relationship, how do you manage the relationship between policy directives from other parts of Government?

Chief Executive Officer, Ports of Jersey:

I think that is really interesting. In many ways, that was the driver for the sectoral policy framework to be created. It said nowhere in any policy document that connectivity is a good thing. We know it is a good thing, but then what role should the state play? So in the pandemic when we had the opportunity to move B.A. (British Airways) from Gatwick to Heathrow, we said: "Look, this is a no-brainer. Trust me, it is a no-brainer because of the amount of connectivity at Heathrow." B.A. said: "Look, we will be okay with you moving but you are going to have to pay for the additional fuel burn and the higher landing charges at Heathrow." So there is a delta for landing at Heathrow rather than Gatwick, to which we said: "Okay, let us go and get an economic impact analysis of what is the value in terms of productivity for the finance sector". Oxford Economics, who I am sure you are all aware of, they said it is probably about £123 million a year. It absolutely dwarfed the delta in the landing charge. So at that point you say in the Island's best interests, maybe not in the best interests of Ports of Jersey's P. and L. (profit and loss). So we do the right thing but you then say, well, there is only so many times we can play that card. So if we had an opportunity with airline 2, 3 or 4, on a case by case basis is there a role that goes beyond Ports of Jersey where we say we do not want the Island to miss out on this opportunity? So that is a kind of real life example of just how close, but I would say evolving, the relationship is with Government. But I think where you were going is the number of different departments that we interact with, it is achieved within our business plan. We have a shareholder relationship with Treasury. The Minister for Sustainable Economic Development is responsible for aviation and maritime; Justice and Home Affairs for the Coastguard. External Relations are the aviation regulator. We may well develop housing, and it goes on.

Mr. V. Khakhria:

So housing is an interesting one. My last question on it is: how do housing and the hotel development interact? So there is clearly a shortage of high quality hotel accommodation over here and there is a shortage of housing. How did you balance those 2 interests?

Chief Executive Officer, Ports of Jersey:

It is interesting. Most of these are very longwinded, apologies. The Bridging Island Plan, which I was in the Island when it was created, it provides the macro view, does it not, of the requirements for the Island looking forward in terms of all its critical infrastructure. It then identified locations where things like housing could be developed.

Deputy I. Gardiner:

We know, yes.

Chief Executive Officer, Ports of Jersey:

Some of those are on our land. I think the visitor accommodation of La Folie, for instance, that was actually a request from the Ports Policy Ministerial Group to say: "We would like you to explore developing visitor accommodation there."

Mr. V. Khakhria:

Okay. Thank you. That answers my question.

Deputy R.S. Kovacs:

To continue, how does Ports of Jersey ensure transparency and accountability in its interactions with the stakeholders, especially in the governance area and performance assessments?

Chief Executive Officer, Ports of Jersey:

We try and be as transparent as we can possibly be. I know ...

Deputy R.S. Kovacs:

In the matter of communication, yes.

Chief Executive Officer, Ports of Jersey:

Sorry. We would respond to any request that comes to us. We act as though we are bound by freedom of information requests, even though I think that the legislation is in implementation or something. Our annual report is full disclosure. We take very seriously that we are accountable to the public. I do not know if there are any specific areas ...

Deputy R.S. Kovacs:

So was the strategic business plan, which is not regularly published, mentioned within the 2024 report and accounts?

Chief Executive Officer, Ports of Jersey:

The annual report is progress that we make on a year to year basis, as you would expect. Some of the information in the business plan, financial performance or incentives to airlines or whatever, I think probably the point is a briefing relating to the business plan maybe than the detail that is contained within the business plan.

Deputy R.S. Kovacs:

Okay. Within the new lounge development, based on your values of capturing the spirit of Jersey, how will you also assess the best value for money to ... what was decided for the existing operating contractor versus to a local contractor?

Chief Executive Officer, Ports of Jersey:

That one I will bring Stephen in.

Deputy R.S. Kovacs:

Yes, actually.

Chief Executive Officer, Ports of Jersey:

He can talk about the tender process.

Chief Operating Officer, Ports of Jersey:

We followed a very rigorous procurement process using ... we have a portal that everybody had access to. We were very keen to encourage local businesses as well as international businesses to apply. Then we went through a rigorous procurement evaluation. We were really keen to be able to bring Jersey to life and really try as much as possible to use ... in this case the end winner of that process can bring some really strong international expertise. I think they run the most lounges within the U.K., but really working locally with local staff, lots of local products. We think that really gives the right balance to create hopefully a lounge that people will be proud of.

Deputy R.S. Kovacs:

How many local contractors did apply?

Chief Operating Officer, Ports of Jersey:

I would have to go back and look through ...

Chief Executive Officer, Ports of Jersey:

Sorry, almost all of them were local design, local construction contracts. It is only the operator, if you like, that is the international one. Maybe just touching on Stephen's point, all of our procurement processes would include clauses around most economically advantageous terms. So it is not just lowest price or highest percentages, what is in Jersey's best interests.

Deputy I. Gardiner:

Have you followed the Public Finance Manual and the procurement toolkit issued by the Government?

Chief Executive Officer, Ports of Jersey:

Could I respond to that separately because I would not want to respond incorrectly?

Deputy I. Gardiner:

Absolutely. I am minded we have a meeting with the Chief Minister, but there is one question from the public that has come to us and I would like to ask before we close and then we will follow up with everything else.

Deputy R.S. Kovacs:

We will send it in writing.

Deputy I. Gardiner:

Yes. Do you have any post or present liabilities related to the P.F.A.S. (per- and polyfluoroalkyl substances) contamination?

Chief Executive Officer, Ports of Jersey:

So again it is probably one to get a very clear written answer, but on incorporation of Ports of Jersey ... so bear in mind all of the P.F.A.S. was pre ports' incorporation, so it was in the 1990s. The way in which it was captured at incorporation is the liability to Ports of Jersey is for provision of water rates for affected properties, related to. So we do have a liability there that we meet each year. So if somebody had a borehole that they used that became contaminated, the obligation over time on Ports of Jersey has been to provide mains connection and then ... I will provide a written answer to it as well, is to then ... not to provide the cost of the water rates to the affected household.

Deputy I. Gardiner:
So there are some liabilities we will follow up. So has Ports of Jersey's liability been disclosed to the insurers, auditors, lenders?

Chief Executive Officer, Ports of Jersey:
Yes. Yes, yes, yes.

Deputy I. Gardiner:
It has. Good. Okay. Thank you very much for your time.

Chief Executive Officer, Ports of Jersey:
You are very welcome.

Deputy I. Gardiner:
Thank you very much for all your questions and we will follow up with more details.

Chief Executive Officer, Ports of Jersey:
Please do.

Deputy I. Gardiner:
The public hearing is closed.

Chief Executive Officer, Ports of Jersey:
Thank you.

[14:29]