

**QUESTION TO BE ASKED OF THE PRESIDENT OF THE HARBOURS AND AIRPORT  
COMMITTEE ON TUESDAY 21st OCTOBER 2003, BY SENATOR E.P. VIBERT**

**Question**

Would the President inform members -

- (a) of the exact amount of dues due to the Island by Emeraude Lines when the ordre provisoire was served, how long the various amounts making up the whole amount had been outstanding, and the normal trading terms applying to commercial operators at the Harbour?
- (b) of the total amount of outstanding dues beyond normal credit terms due to the States by other commercial operators at the time of the serving of the ordre provisoire, the names of those debtors and the amounts concerned, as well as the length of time each amount was overdue beyond normal credit terms?
- (c) of the total amount of outstanding dues beyond normal credit terms due to the States by Airport commercial operators as at the end of the last monthly accounting period, the names of those debtors and the amounts concerned, as well as the length of time each amount was overdue beyond normal credit terms?
- (d) whether the reason for granting Condor a licence on the Jersey St. Malo route was because the Committee feared that Emeraude might be in financial difficulties and it wanted to ensure that the St. Malo-Jersey run was not left without a service; if so, would the President explain how that could have been possible, considering the presence of Condor on the Channel Island routes; if the answer is in the negative, would the President inform members why a licence was granted to Condor when it was known that Emeraude's position was financially unsound and that the granting of such licence would further weaken that company's position?

**Answer**

- (a) The total amount of dues owed to the Island by Emeraude when the ordre provisoire was served was £319,640.11, excluding the movements declared for the period 28th September to 6th October 2003.

This had been reduced by a cheque in the sum of £20,000, but unfortunately we were notified last Thursday that this cheque had been returned unpaid.

Of the above mentioned sum £85,639.33 relates to July 2003, £151,029.67 relates to August 2003, and £80,917.11 relates to September 2003.

Normal trading terms applying to shipping operators at the harbour is 60 days from date of invoice.

- (b) This question requests commercially sensitive information which I hope members will understand that I am not at liberty to disclose.

However, at 30th September 2003, the largest other overdue debt was less than £27,000 and was cleared on 6th October 2003.

- (c) This question also seeks commercially sensitive information. However, I can say that at 30th September 2003, less than £50,000 was overdue in total, most of which was cleared within five days.
- (d) The Committee did not grant Condor a licence on the Jersey/St Malo route as Condor were already in possession of a ramp permit, and indeed have been operating the route since 1964.

Condor's ramp permit simply precluded them from carrying accompanied private vehicles on the direct route to St Malo. Members may be aware that Condor were, quite properly, carrying accompanied private vehicles from St Helier to St Malo via St Peter Port.

In the autumn of 2002, an application was received from Condor requesting that the permit be varied to allow them to provide a direct service.

The Committee was advised that it could not refuse to give proper consideration to the application.

A public hearing was held to hear Condor's application on 17th October 2002.

Representatives of Emeraude were present at that hearing and were given the opportunity to raise objections.

After the hearing, the Harbours and Airport Committee decided to defer a decision on the application in an attempt to acquire additional information.

The Committee agreed that it required additional information in order to make a reasoned and valued judgement. Mindful that the Fisher Associates' Sea Access Strategy remained incomplete due to the fact that Emeraude had not provided data as requested, the Committee agreed that it would wish for further in-depth analysis to be undertaken to determine whether the route could sustain competition and if this would prove advantageous to users in the long term.

The Committee decided to ask the Jersey Competition Regulatory Authority, (JCRA), under the auspices of the Industries Committee, to undertake further research in order to establish whether or not a variation of Condor's ramp permit would have adverse long term implications for the Island. It was agreed that Emeraude's full co-operation with the JCRA in this research would be conditional.

The Committee considered the matter again on 18th March 2003, and I quote from the relevant Act:

*"The Committee, with reference to its Act No. B7 of 5th March 2003, discussed the background to the report, dated 10th March 2003, which had been prepared by the Commercial Director and the Director of Strategic Development, Economic Development Department, designated Committee Paper HAC/6/03 regarding the application by Condor Ferries Limited to vary the terms of its current ramp licence.*

*The Committee recalled that the licence held by the company permitted the carriage of vehicles between Jersey and St. Malo but was restricted to the carriage of bona fide freight and did not permit the carriage of cars accompanied by their drivers. It further recalled that, following a public hearing on 17th October 2002, a study had been prepared by the Jersey Competition Regulatory Authority (JCRA), on behalf of the former Industries Committee, in order to establish whether a variation of Condor's ramp permit to operate a car ferry service would have adverse long-term implications for the Island, bearing in mind that Emeraude Lines operated a service on the route, on the back of which it had invested heavily.*

*The Committee recognised that the JCRA report had failed to address the terms of reference "to make clear recommendations to the Harbours and Airport and Economic Development Committees concerning the granting of permits to car ferry operators" and also "to ensure that the interests of users of the service were best served". However, whilst the recommendations were inconclusive, the JCRA was of the view that the presumption should be in favour of competition on the route and had stated that it was for the incumbent operator, both north and south, to present compelling evidence to defend the status quo of protected routes. The Committee was mindful that Emeraude Ferries had breached a number of terms of its Service Level Agreement, particularly with regard to making regular payments in respect of harbour dues. The Committee noted that, based on Condor's proposed schedule for 2003, there was only the potential for an increase of some 20 per cent on the overall number of passenger/cars which Condor would be able to carry without alteration to its schedules. In reality, it was anticipated that this would arise from a growth in the current market and should not be expected to harm competition between the two companies. The Committee was also conscious that increased opportunities for the tourist sector*

*could be provided by an increase in capacity on the route and was mindful that a decision on the Condor application last autumn was still outstanding.*

*The Committee, having noted that the recommendations proposed in the report, dated 10th March 2003, had been supported by the Economic Development Committee at its meeting on 12th March 2003, accordingly agreed to vary the conditions of the ramp permit held by Condor Ferries Limited to allow formally the carriage of accompanied cars between Jersey and St. Malo for 2003 and 2004, on the existing route and schedules agreed with the Harbour Master for 2003. It was further agreed that the schedules would be renegotiated at the end of 2003 and that discussions should be held with the Economic Development Committee with regard to the award of ramp permits for all ferry operators and ferry routes after 2004.”*

I am unable to state whether or not Emeraude was financially unsound. However, the issue, which is self-evident, is that its financial management was.