

**2.5 Deputy K.C. Lewis of St. Saviour of the Minister for Economic Development regarding agreement with Condor Limited:**

Would the Minister confirm that the agreement with Condor Limited for the period 1st January 2002 to 31st December 2006 states at paragraph 5.3 that the company will offer equivalent standard car ferry fares and charges to all passengers whether they originate in the Channel Islands or the United Kingdom? If so, would he inform Members whether this agreement is still in force?

**Senator P.F.C. Ozouf (The Minister for Economic Development):**

I will try and do as well as the Minister for Planning but I am not sure I will. The wording of paragraph 5.3 of the Service Level Agreement in respect of passenger car ferry services between Jersey and the UK is still in force and will remain so until the end of the year. A new Service Level Agreement is to be agreed with Condor and I wrote to them to that effect last week for the period 2007/2008. Now, some people (and I understand this) have queried whether Condor is honouring the provision of paragraph 5.3. It is the standard car ferry charges that need to be offered to all the Channel Islands in the same way as they are in the UK. There is an additional paragraph in the Service Level Agreement which also requires Condor to respond to market conditions and this does result in different fares being offered to passengers originating in the Channel Islands and the UK. Effectively, standard fares only represent probably - according to estimates I have made with Condor - about 25 per cent of the total tickets. Of course, all the offer fares are by their very nature lower than that. I think that is at the heart of this issue. Yes, standard fares are going to be reciprocated under 5.3 but that is not the whole picture.

**2.5.1 Deputy G.C.L. Baudains of St. Clement:**

Clearly the fare structure is a bit of a nonsense if the standard fare hardly ever applies. Was it 25 per cent of the time I think I just heard? When the Minister comes to renewing the Service Level Agreement, will he address this matter? Because there are many members of the public in Jersey who are quite upset by the fact that there are extremely reasonable fare structures from the United Kingdom to here, below £40 return, and the same is not offered to us.

**Senator P.F.C. Ozouf:**

This is, of course, a very difficult area. The standard fare arrangement is not nonsense. It is there to protect for the maximum cost of getting to the UK. It is the ceiling price and that is something which I think was regarded as being important, certainly as a protection. So, it is not nonsense but I am afraid that we are dealing with commercial markets here and Condor themselves, when they are operating in the UK, are basically trying to compete with other destinations. Maybe that is France; maybe that is northern France or southern or some of the other services that they operate. Condor must respond to those market conditions and that is why we see special offers. Those market conditions are often different in Jersey. I understand the concern of the general public in respect of fares and it is something that I am trying to understand. I am certainly trying to understand what the implication of the new fluid pricing model is in respect of Condor's arrangements.

**2.5.2 Deputy R.G. Le Hérissier:**

Would the Minister confirm by his analysis so far that the application of standard fares - predominantly on Channel Islands-originating traffic - has led to a continual decline and that there is a relationship between the 2 facts?

**Senator P.F.C. Ozouf:**

I do not know that that conclusion can be reached at all. I think we have seen a contraction in our traditional tourist market. We all know the stories of the heyday of tourism where British Rail employees got free passage on their services to Jersey. We are in a competitive market and I would need evidence to persuade me to say that it is the standard fare relationship which has seen the decline in the number of passengers. I do not think one could make that analysis. I am happy if the Scrutiny Panel wants to see whether that is true. What is important is to recognise that Condor do give offers. They make offers in order to attract more people to Jersey and they do that by price. That is not unusual in any other sea crossing or any other travel business around the world.

**2.5.3 Deputy G.C.L. Baudains:**

In answer to a written question, Sir, I see that printed versions are available for the northern route. I hope that the Minister will ensure that they are actually widely available because I have had complaints from a number of people that they cannot obtain one. When he does that - hopefully ensuring that that situation continues under the new Service Level Agreement - would he try to arrange some mechanism whereby these other special offer prices which seem to be more frequent than the standard fare are actually printed in the brochure as well?

**Senator P.F.C. Ozouf:**

I would remind the Deputy, of course, that there is no Service Level Agreement - the subject of the next question - in respect of the southern route and I will ask Condor about that particular issue. I would say that I have announced recently that we are going to set up a consumer group for Condor. I want my department to be properly informed about consumer views. I have attended public meetings; I have heard a lot of issues about concerns of passengers of Condor. Deputy Power has made some suggestions that there are hundreds of complaints concerning Condor. I want to see those complaints. I want to understand them. I met with Condor last week and went through their complaints procedures. I will hold them to account for their complaints procedures and the resolution of it. At the moment, my conclusions are that it is a number of specific issues that are causing people concern. Caravans over 4½ tons is one example; oyster farmers is another. But I cannot at the moment reconcile the suggestions of huge numbers of complaints from what I have seen, from feedback I get and from the general public, but the consumer group will help.

**2.5.4 Deputy R.G. Le Hérissier:**

Would the Minister acknowledge that his suggestion that it is the decline in tourism which has injured the northern route is possibly fallacious in the sense that the decline in tourism has impacted quite differently on the southern route where there was until recently a seamless transition to a much more Jersey-based traffic?

**Senator P.F.C. Ozouf:**

Of course the northern and southern routes are completely different by their very nature and I am sure the Deputy has statistics to show that. I want to work with

Condor to understand what the States can do for Condor in terms of helping them reduce some of their costs. The issue, for example, of costs is immediately linked to this issue of the second back-up vessel and I want to understand why that back-up vessel is needed. If we need to in the longer term provide more container space so that Condor does not have to send a second ship down to the Channel Islands to pick up the containers that it dropped off in the morning and we can help Condor reduce its own costs, that is the kind of partnership we are talking about. I am determined, with my Assistant Ministers of Harbours and Airport and Economic Development, to understand the issues of Condor and work together in partnership. It is only by understanding issues and attempting to resolve them that we get to the flesh and understanding rather than just this constant sort of positioning between the States and Condor. It is partnership that matters.

**2.5.5 Deputy S. Power of St. Brelade:**

In relation to what the Minister said a few minutes ago about complaints that have been made to me personally about Condor service on the southern route and on the northern route, I would like to confirm to the House that I had a meeting last week with Condor.

**The Bailiff:**

This does not sound like a supplementary question to me. You are coming to it, I hope?

**Deputy S. Power:**

I am, yes. I just want to confirm to the House that Condor asked me for the personal details of those complainants. I have contacted those complainants and I will be reverting to the Minister and Condor soon if they give permission to disclose.

**The Bailiff:**

What is the supplementary question, Deputy?

**Deputy S. Power:**

Does he agree? [Laughter]

**Senator P.F.C. Ozouf:**

I am very happy to agree. If another Member of the States is reported in the media saying he has inches high of complaints against Condor, I want to understand that. I understand that there are data protection issues, but I want to understand the nature and the type of those complaints because when I understand them I can hold Condor to account for them. I can ensure that their complaints procedure works and that we understand those issues. I do not want names and addresses, but I want type and details of complaint. It is only by that way that I can help to improve the relationship between Condor and the States and I am determined to do so.

**2.5.6 Deputy G.P. Southern:**

Does the Minister not agree that his recent answer shows some confusion about how the market works? He surely cannot hold that the market says that the company has to offer low discount fares and at the same time that the high standard fare does not put people off coming to Jersey. Surely he shows some confusion therein about how the market works.

**Senator P.F.C. Ozouf:**

Maybe the Deputy and I can have a conversation about how markets work. The fact is, of course, he is right in saying - and I agree with him - that it is not the standard fare which is going to be the attractive offer which spurs more people to come to Jersey. Of course not, and that is why companies operating in savagely commercial markets must suit and offer special deals in conjunction with tour operators and hotels and all the rest of it. That is what actually drives business growth and I want to make sure that our tourism budget is closely aligned with those service providers, whether they be airlines or ferry operators, so that we encourage as many people as possible to come to our beautiful Island. I think we have made a turning point in both the relationship between Harbours and Airport and tourism.