

4.12 Deputy R. Labey of the Minister for Economic Development, Tourism, Sport and Culture regarding the decision not to go it alone with the proposed Jersey-Guernsey passenger-only ferry link: [1(321)]

Is the Minister's decision not to go it alone with the proposed Guernsey Jersey passenger-only ferry link based solely on the business case or financial projections or on a point of principle that Jersey should not be the sole funder of a project which also benefits Guernsey?

Senator L.J. Farnham (The Minister for Economic Development, Tourism, Sport and Culture):

Ultimately, Guernsey's reluctance to provide some underwriting for the scheme was the reason that Jersey declined the opportunity, but this was not as a result of pique on our part but because the core concept would have changed significantly without Guernsey's support. If I can just explain briefly, the proposal on the table was that 2 small boats of about 41 seats each were to ply between the Islands providing a daytrip service during the summer months, and Jersey and Guernsey were asked to underwrite up to a quarter of a million pounds between us. Without Guernsey, that meant the risk to the Jersey taxpayer could have been up to a quarter of a million pounds, which we - my Assistant Ministers and myself - after discussion thought was a bit much. We looked at continuing the service with just one vessel, but we thought that was unviable for a number of different reasons.

4.12.1 Deputy R. Labey:

I thank the Minister for his answer. Let us be clear. Were the Islands being asked to underwrite the scheme; in other words, the cash would only be needed if the ferry service was not profitable or was in trouble? How much of the start-up costs would the Island have contributed percentage wise to the whole? Was there a case for the Islands then becoming a shareholder in this and maybe possibly getting something back eventually?

Senator L.J. Farnham:

There was never a talk about the Islands becoming a shareholder in such a venture. The notion of this came out of the reports that were done with Condor at the end of last year where it was felt that an inter-island daytrip service was badly needed, not just for economic reasons but for cultural and social reasons as well. The monies that the States of Jersey and Guernsey were being asked for was solely an under-write and so if the service had achieved more than a 50 per cent capacity, that underwrite would have started to reduce. I think if the vessels would have run over 70 per cent, then there is a chance that no financial input would have been necessary. But Condor I think were just looking for some insurance to make sure that they did not suffer substantial loss on this trial period. If the trial period had have been successful, Condor would have been minded to invest in the vessels and continue the service moving forward. I can say that Condor have agreed, and my counterparts in Guernsey, to continue. In fact, we remain determined - I remain determined - to get such a service going and we are now looking at possibilities for next year, which would include ... and I think one of the reasons we had, once we had made the decision there was a 3 to 4-week lead time before the vessels could become operational so we were running out of time. On the upside, we have a lot more time to consider it for next year. I would like to see slightly larger vessels used on such a route because I think it might be quite popular.

4.12.2 Deputy A.D. Lewis:

The Minister and his department should be commended for this initiative. I think it was an excellent idea and it is a great pity that Guernsey has not played ball on this particular initiative. That seems to happen all too often and I do not quite know why. The Minister has just alluded to plans for next year. Can he perhaps tell us a little bit more about his aspirations for next

year and what negotiations are now occurring to try and achieve something similar for next year and how much better that will be? What chance is there of Guernsey participating this time fully and really supporting this truly Channel Islands initiative?

Senator L.J. Farnham:

First of all, I am pleased to say that Deputy Ferbrache, who is the president of the Economic Development Committee in Guernsey... we have a very good working relationship and he has undertaken to work closely on this.

[11:30]

The Guernsey Economic Development Committee wanted to support it but they could not get the financial commitment from their Policy and Resources Committee. We will start talking about this in earnest in September with Condor but in the meantime they have undertaken to conduct further research into the availability of suitable vessels. But my aspirations are to create a thriving inter-Island business where Islanders and visitors to each Island can travel freely and regularly by sea between the Islands at a reasonable price. I think if we can achieve that, then we will see a great deal of cultural and social benefit, as well as economic benefit.

4.12.3 Deputy J.M. Maçon:

May I echo the sentiments of Deputy Andrew Lewis of St. Helier? I thought it was a brilliant idea. We know that, for example, in other Island communities - particularly in the Greek ones - they use a lot of small vessels in order to great around and facilitate the same type of things between Islands. I know the Minister has expressed his intention that a bigger vessel should be used but will the Minister also give an undertaking that perhaps smaller but more regular trips might also be an option going forward?

Senator L.J. Farnham:

Yes, I am prepared to consider anything. Of course, with slightly larger ships it becomes a lot more financially viable. One of the problems we have with the smaller vessels, with 40-seaters, running 3 to 4 return journeys a day, while that would create a lot of movement, it would not generate an awful lot of visitor numbers. If we could get perhaps still a small boat, comparatively speaking, but with twice the number of seats, it could potentially be a lot more financially viable and therefore more achievable.

4.12.4 Senator S.C. Ferguson:

The Minister has just mentioned a 70 per cent break-even load factor; this does seem rather high. What sort of load factor are Condor and Guernsey looking for on a break-even basis?

Senator L.J. Farnham:

It was hard to tell. We knew it would have been somewhere between 50 and 100 per cent capacity depending on the yield of the fares and the type of fares. There would be 2 different return fare prices perhaps and singles and it depended on the mix and take-up of that. I felt very positive about it. There was an element of risk but I think even if we utilised half or two-thirds of our under-write, it still would have provided a useful benefit to the Islands but those are the sort of figures we were talking about.

4.12.5 Senator S.C. Ferguson:

A supplementary? A 100 per cent load factor seems excessive. I would have thought that perhaps we should be looking for something like a 50 per cent so that it is realistic. I believe Boeing always worked on a ...

The Deputy Bailiff:

I am sorry, Senator, is there a question there?

Senator S.C. Ferguson:

Yes.

The Deputy Bailiff:

Because at the moment you are expressing views about percentages.

Senator S.C. Ferguson:

Does the Minister not think that a 50 per cent factor is very much more realistic?

Senator L.J. Farnham:

Yes, but we have to remember we are dealing with very small vessels. A 50 per cent load factor would be 20 people going each way. I think with some of the research we did, there seemed to be quite a demand, especially in peak season, so I think we would have achieved a much higher percentage than that in reality of course. We do not have a crystal ball but I hear what the Senator is saying I think. We will estimate those figures very carefully when we look to doing something for next year.

4.12.5 Deputy G.J. Truscott of St. Brelade:

I may have missed the figure but what is the proposed fare going to be for a return from Jersey to Guernsey and back and would children go at a reduced price? Thank you.

Senator L.J. Farnham:

For the financial modelling, the proposed fare was £59 return with children being half price.

4.12.6 Deputy R. Labey:

Yes, I too would like to thank the Minister for his openness on this. There was a hilarious incident where his Guernsey counterpart on the radio refused to answer any questions on the finances and Senator Farnham rang up and spilt the whole beans. **[Laughter]** So we are saying then that more work on the business case will be done with potentially looking at next year, are we?

Senator L.J. Farnham:

I undertake to keep Members fully informed. **[Laughter]** Jersey Members.