

**STATEMENT TO BE MADE BY THE MINISTER FOR ECONOMIC
DEVELOPMENT
ON TUESDAY 15th FEBRUARY 2011**

Regulation of Channel Island Ferry Services

The Green Paper consultation on competition, licensing and regulation in the car and passenger ferry services closed on 2nd September 2010. A total of 373 responses were received to the online consultation and out of these 196 respondents submitted additional comments. The Economic Development Department published full details of the public responses and a summary analysis on 5 November 2010.

Analysis of the research undertaken in developing the Green paper and the public response to the consultation process confirm that the current Channel Island Sea Transport Policy is fit for purpose and will not benefit from amendment. In addition, there does not appear to be any good grounds for new legislation, a regulated monopoly or external oversight by the Jersey Competition Regulatory Authority.

However, the consultation responses revealed some strong local views.

The reliability of the service on the St Malo route is of particular interest to Islanders and it would be wrong not to recognise that Condor has had some operational difficulties during 2010 which caused significant disruption to the travelling public.

To address the issues raised by the public, officers from Jersey and Guernsey have held detailed discussions with Condor Ferries. Condor have now formally responded and in doing so have recognised that parts of their service have scope for improvement.

Condor have gone to some effort to improve schedules for 2011 and have particularly considered frequencies, departure and arrival times, adequate maintenance periods and the introduction of special fares for Jersey and Guernsey residents which are accessible on their website. In particular, I am pleased to be able to say that one-off promotions are now being offered with proportionately more of these fares being available to Islanders than to UK or French residents. I have also had assurances from Condor that fares from the UK to France are not cheaper than for travel on the same day from the UK to the Channel Islands. On the one hand, attracting more UK to France passengers directly supports the profitability of the service to the Islands but on the other, Condor have recognised that this has been a sensitive issue and have not offered lower fares since 2009.

Furthermore, Condor plan to improve customer liaison and intend to publish operational performance data and summaries of customer surveys on a regular basis.

To ensure the improvements promised by Condor Ferries are delivered I have agreed the following specific actions:

1. A minimum of two formal meetings each year between Jersey and Guernsey Ministers and Condor, to review the performance and future plans for sea routes served by Condor.
2. As part of the reform of consumer representation in the Island, to request the Jersey Consumer Council to establish a consumer user group to give individual consumers a stronger voice; this group will be an early beneficiary of the approval the Assembly has

just given to establishing a stronger and more independent Council. A consumer user group will nevertheless take some time to establish. In the meantime I will be glad to continue to receive comments from members of the public on issues that they have with ferry services;

3. To instruct EDD officials to work in close liaison with the United Kingdom's Department of Transport to make sure that Jersey residents can benefit from new EU Sea Passenger rights and complaints procedures. These procedures are due to come into force on 18 December 2012 and it will be important to see how effective they are before looking at more substantive changes.
4. To hold Condor to account to maintain the best standards and to review its 2011 operational performance before any final decision is made about the future after permits and agreements expire at the end of 2013.
5. To make better use of intermediate sanctions against any operator in the event of repeated poor operational performance. These could include the setting of new service standards and warnings that poor performance could jeopardise permit renewal. Sanctions must offer the ability to take affirmative action before the extreme step of rescinding the ramp permit through which ferry services operate.

8. Statement by the Minister for Economic Development regarding the regulation of Channel Islands ferry services:

8.1 Senator A.J.H. Maclean (The Minister for Economic Development):

The Green Paper consultation on competition, licensing and regulation in the car and passenger ferry services closed on 2nd September 2010. A total of 373 responses were received to the online consultation and out of these 196 respondents submitted additional comments. The Economic Development Department published full details of the public responses and a summary analysis on 5th November 2010. Analysis of the research undertaken in developing the Green Paper and the public response to the consultation process confirmed that the current Channel Island Sea Transport Policy is fit for purpose and will not benefit from amendment. In addition, there does not appear to be any good grounds for new legislation, a regulated monopoly or external oversight by the Jersey Competition and Regulatory Authority. However, the consultation responses revealed some strong local views. The reliability of the service on the St. Malo route is of particular interest to Islanders and it would be wrong not to recognise that Condor has had some operational difficulties during 2010 which caused significant disruption to the travelling public. To address the issues raised by the public, officers from Jersey and Guernsey have held detailed discussions with Condor Ferries. Condor have now formally responded and in doing so have recognised that parts of their service have scope for improvement.

[15:00]

Condor have gone to some effort to improve schedules for 2011 and have particularly considered frequencies, departure and arrival times, adequate maintenance periods and the introduction of special fares for Jersey and Guernsey residents which are accessible on their website. In particular, I am pleased to be able to say that one-off promotions are now being offered with proportionately more of these fares being available to Islanders than to the U.K. or French residents. I have also had assurances from Condor that fares from the U.K. to France are not cheaper than for travel on the same day from the U.K. to the Channel Islands. On the one hand attracting more U.K. to France passengers directly supports the profitability of the service to the Islands but on the other Condor have recognised that this has been a sensitive issue and have not offered lower fares since 2009. Furthermore, Condor plan to improve customer liaison and intend to publish operational performance data and summaries of customer surveys on a regular basis. To ensure the improvements promised by Condor are delivered I have agreed the following specific actions: (1) a minimum of 2 formal meetings each year between Jersey and Guernsey Ministers and Condor to review the performance and future plans for sea routes served by Condor; (2) as part of the reform of consumer representation in the Island to request the Jersey Consumer Council to establish a consumer user group to give individual consumers a stronger voice. This group will be an early beneficiary of the approval by this Assembly, which was given to establish a stronger and more independent council. A consumer user group will nevertheless take time to establish. In the meantime I will be glad to continue to receive comments from members of the public on issues they have with ferry services. (3) To instruct Economic Development officials to work in close liaison with the United Kingdom's Department of Transport to make sure that Jersey residents can benefit from new E.U. sea passenger rights and complaints procedures. These procedures are due to come into force on 18th December 2012 and it will be important to see how effective they are before looking at more substantive changes. (4) To hold Condor to account to maintain the best standards and to review its 2011 operational performance before any final decision is made about the future after permits and agreements expire at the end of 2011. (5) To make better use of intermediate sanctions against any operator in the event of repeated poor operational performance. These could include the setting of new service standards and warnings that poor performance could jeopardise permit renewal.

Sanctions must offer the ability to take affirmative action before the extreme step of rescinding the ramp permit through which ferry services operate.

The Bailiff:

Questions? Deputy Martin.

8.1.1 Deputy J.A. Martin:

On point 4, to hold account to the end of the permit agreements, the whole statement seems like a sticking plaster but when we will be going out to tender because this is only a few years away, or are we saying we are not going to bother as long as Condor are good boys in the next 2 years and abide by all that is on this paper.

Senator A.J.H. Maclean:

What we are saying is that we will review at the end of the 2011 season, if you like, at the end of the year of 2011, the performance of Condor based on these new undertakings that they have given. We are not making any undertaking at this stage about future permit renewals in 2013 or indeed whether we may well choose to go to tender. We are, however, working closely with Guernsey, we see the routes not just as a southern route but as a network of routes and we are working closely with our colleagues in Guernsey as indeed this was a joint consultation to ensure that we have the best as possible joined-up approach that suits both the residents of Guernsey but equally the residents of Jersey in all these regards.

8.2 Deputy J.B. Fox of St. Helier:

I refer to “ensure improvements to promises by Condor are delivered” but specifically to (4): “To hold Condor to account to maintain the best standards” and, (5): “To make intermediate sanctions against any operator in the event of repeated poor operational performance.” Last Friday morning there were 3 Condors moored at Weymouth Harbour. I arrived at 9.00 a.m., an hour before departure, to be told that the vessel was going to be running slow and was going to be an hour late; 22 minutes later they advised me of this fact on my mobile, which normally they do the day before. In fact the vessel continued to Guernsey and Jersey and arrived one hour 15 minutes late. I thought: “Well, it is probably the same vessel with engine trouble.” But I hear today again that the same vessel was again going to be running late. I wonder if the Minister could ascertain whether this is engine trouble or, in fact, they are just running slow but they are not the telling public until just before they are due to depart. When people are on the boat they expect a schedule, except in emergency circumstances, and there were people on that boat that were late for work because of limited sailings at this time of year. So it does affect the travelling public and upfront information, as stated in this statement here, would greatly help. I wonder if the Minister would act on it, please.

Senator A.J.H. Maclean:

I clearly do not know the detailed operational intricacies of individual sailings but I am more than happy to ensure that the Deputy has further details on that particular case. What I would say is what I have noted with Condor over the last 18 months or so, notwithstanding the operation difficulties they had with their vessels last year, which I have already referred to, the overall level of service has improved considerably and I think we can see the ways in which they have assisted the public of Jersey around the volcanic ash incident demonstrates that they are prepared to put considerably more into serving the Island than perhaps might have been the case previously. I do accept that there are areas that need improvement. I think the Deputy has probably referred to one. Any commercial operation is going to have difficulties on a day-to-day basis.

8.3 Deputy P.V.F. Le Claire:

I raised the issue with the Minister previously, last year, about the fact that when a plane is delayed people are entitled to certain remuneration from the international community for whatever their flight is delayed. In the statement today the Minister is outlining the fact that from 18th December 2012 new procedures will come in to benefit sea passengers from the E.U. Would the Minister please circulate those so that we can have sight of what it is going to happen and whether it will be available to Jersey residents from that date? At the moment we are paying for a fast service, we are experiencing a slow service and there is no remuneration whatsoever. You pay the fast fare and you get the slow ride.

Senator A.J.H. Maclean:

The Deputy is referring to the E.U. sea passenger rights and complaints procedures, which I made reference to, which come into force in December 2012. What I said in the statement was that we would be having discussions to see if indeed that could be carried over and would be applicable to Jersey. There is no guarantee indeed that it will be, but what I have said is that we will be looking at that as a possibility to see if we can indeed carry it over. The full details of that particular receipt and complaints process need to be assessed.

8.3.1 Deputy P.V.F. Le Claire:

A supplementary? Seeing as there does not seem to be any protection other than some tacit agreement to sit down once or twice a year with Guernsey, is there a memorandum of understanding that is annually updated and adhered to, and is he able to circulate that?

Senator A.J.H. Maclean:

I think what is contained within the statement are a number measures which will help to improve and protect consumers - particularly local consumers here in Jersey - one of which is the establishment through the Jersey Consumer Council of a consumer user group. I think one of the issues is ensuring that consumers have their issues raised and are properly heard and properly acted upon, and I think that is a significant step forward.

8.3.2 Deputy P.V.F. Le Claire:

With respect, the users no matter who they are, and the consumers no matter who they are, have to seek redress for the public through the Minister and the Minister is the one that is empowered. I am asking if the Minister has a memorandum of understanding on the performance of the company and if it is not in place will he undertake to investigate to get one in please?

Senator A.J.H. Maclean:

Yes, sorry, the Deputy did ask that question. There are details contained within the permit arrangements and I am more than happy to give the broad details of those, they are available, and I am happy for the Deputy to have those details so he can see what is covered.

8.4 Deputy R.G. Le Hérissier:

Has the Minister caught sight of the economic data which says whether or not, under any operator, this route is likely to be profitable? If he has, does he believe that there is a chance of another competitor coming on the route or are basically stuck with a monopoly of one kind or another. Thank you.

Senator A.J.H. Maclean:

The Deputy refers to "this route", I am assuming he is talking about the network not just the southern route. There has been some work done. Oxera did some work previously. The network is believed to be profitable and the difficulty, I think, in the current economic climate of having

additional operators... we have no approaches, we are open to approaches if an operator was to come forward and present a case that was going to be in the interests of the Island. In this climate there are none coming forward, which is probably not surprising.

8.5 Senator A. Breckon:

The Minister has mentioned the Green Paper and the responses in his statement, I wonder if the Minister could confirm that the Consumer Council made a submission that suggested the establishment of a Channel Islands Ferry Consumer Group and if he can also confirm that there was some detail that Deputy Le Claire has referred to underneath that, and would he also confirm... and could he offer some officer time and effort so that I could perhaps assist to make this happen and put it into place.

Senator A.J.H. Maclean:

The quick answer is yes, yes, yes and yes, I think it is. I think that answers all his questions.

8.6 The Deputy of St. John:

Given Condor in the past have a chequered history, including the Islands having to put the route out to tender when P&O were the successful tendering company and this was turned on its head by Guernsey reneging on its dealings with Jersey, my question to the Minister is can you trust Guernsey, given their history, and given that Guernsey are only one third of the passengers route numbers and Jersey two-thirds? Should the Minister not get off his backside, get over to Guernsey and tell them that we want far more rotations north bound that we are getting at the moment directly from Jersey where passengers many times have to wait for a Condor on the berth to move before they can get in. I want to see our people in Jersey, that the Minister is supposed to represent, get a far better service than what we have been getting over the last several years. I am talking for the people of Jersey; I am not concerned what happens about our neighbours north. Yes, if they can get on board, all well and good. I want the Minister to say he is going to get off his backside.

The Bailiff:

Deputy, I allowed it the first time but that is not a parliamentary expression.

The Deputy of St. John:

Yes, Sir, off his buttocks.

The Bailiff:

No, nor is that.

The Deputy of St. John:

I will withdraw that word but will leave the rest of it in.

Senator A.J.H. Maclean:

I have noticed that the Deputy of St. John has been in a bad mood all day. I would say in his suggestion that I go over to Guernsey, I am sure he would be the first to complain that I was wasting public money going on jollies talking to our Guernsey colleagues. In some respects one can hardly win with the Deputy of St. John. Nevertheless what I will say to him is I think it is absolutely right, whether it is a third or two-thirds that as the sea routes are part of a network the economic viability is as a network, I am afraid, Deputy, that we conduct the consultation and consideration of permits on future sea routes together with Guernsey, but my primary aim, clearly is the interests of the Jersey consumer and Jersey residents and that will always be the case when

we consider what the future arrangements are going to be for future permits and also performance of the operator which, as I have already said has improved considerably in recent times.

The Deputy of St. John:

A supplementary. Given the Minister's comments ...

The Bailiff:

I am sorry, Deputy, but in fact time has expired.

The Deputy of St. John:

Once again, Sir, I was just going to ask if he suffers from seasickness and we might have got a response that he does not go on boats.