

STATEMENT TO BE MADE BY THE MINISTER FOR ECONOMIC DEVELOPMENT

ON TUESDAY 14 JUNE 2011

Regulation of Channel Island Ferry Services

Car and passenger ferry services operated by Condor Ferries provide a vital component of Jersey's transport infrastructure. These services are critical to residents, visitors and the Island's economy.

In recent weeks mechanical problems with two high-speed craft run by Condor Ferries have resulted in disruption to ferry services to France and the UK. These on going delays are clearly unacceptable to residents and visitors.

In February 2011, following schedule disruption during 2010, I provided an update for Members in which I detailed actions taken by Condor Ferries to improve operational performance. In my statement, I made clear to the Assembly that, as Economic Development Minister, I expected the company to improve and maintain operational performance. I also stated that, as the current permit granted to Condor Ferries expires at the end of 2013, operational performance would be a major factor taken into consideration before making any final decision on the process through which a permit to operate car and passenger ferry services to the Island beyond 2013 is awarded.

Condor Ferries operate a network of routes between Jersey, the UK, France, Jersey and Guernsey. As a consequence, efficient car and passenger ferry services are a Channel Islands issue. To facilitate effective monitoring of performance across the ferry route network I announced that, in future, we would hold a minimum of two formal meetings each year with Guernsey Ministers and Condor Ferries, to review performance and if appropriate, put in place any actions to ensure safe and efficient operations. The first of these meetings is being held in Guernsey today and it is unfortunate that due to this States sitting I am unable to attend personally.

I accept that Condor Ferries has taken action to improve performance, but it is clear that matters are not resolved and performance of the fast ferry fleet remains well below acceptable standards. I want the Assembly to know that I have conveyed, in the strongest terms, the message that I am not satisfied with Condor's current performance or the time it is taking to effect repairs to the fast ferries that have suffered engine failure.

I also accept that Condor Ferries have, through their recent media release, apologised for delays, made all efforts to minimise disruption and kept their customers informed. In accepting the efforts the Company has made, Members should be aware that I share the public's evident frustration and that I have told the Board and management of the company that their clear and unambiguous focus must be on prevention of further disruption and that they must provide solutions to the current problems without delay.

If, despite their best efforts, sustainable solutions are not forthcoming, it brings into question the viability of the current fast ferry fleet. If Condor Ferries wishes to continue to provide car and passenger services to the Islands, the company must consider whether the time has come to invest in a fleet of vessels that can deliver acceptable levels of operational performance.

I consider the issue of securing long term, reliable car and passenger ferry services to be of the highest priority. Members can be assured that my department including Jersey Harbours are working with Condor and our colleagues in Guernsey to deliver a sustainable solution without delay.

Following the outcome of the meeting in Guernsey today and as progress is made I will make a further statements to keep members informed.

2. Statement by the Minister for Economic Development regarding the regulation of Channel Island ferry services.

The Deputy Bailiff:

Now I call on the Minister for Economic Development. Minister, you have a statement to make and there is also your proposition, which is P.47. It does appear to me that the statement and questions could very conveniently be dealt with today but I am not sure where that leaves you with P.47. Is it a matter that you are prepared to leave over to another meeting?

Senator A.J.H. Maclean:

Shall I perhaps make the statement, Sir, and then we will deal with it.

The Deputy Bailiff:

Very well.

2.1 Senator A.J.H. Maclean:

Car and passenger ferry services operated by Condor Ferries provide a vital component of Jersey's transport infrastructure. These services are critical to residents, visitors and the Island's economy. In recent weeks mechanical problems with 2 high-speed craft run by Condor Ferries have resulted in disruption to ferry services to France and the U.K. These ongoing delays are clearly unacceptable to residents and visitors. In February 2011, following schedule disruption during 2010, I provided an update for Members in which I detailed actions taken by Condor Ferries to improve operational performance. In my statement I made clear to the Assembly that as Minister for Economic Development I expected the company to improve and maintain operational performance. I also stated that as the current permit granted to Condor Ferries expires at the end of 2013 operational performance would be a major factor taken into consideration before making any final decision on the process through which a permit to operate car and passenger ferry services to the Island beyond 2013 is awarded. Condor Ferries operate a network of routes between Jersey, the U.K., France, Jersey and Guernsey. As a consequence efficient car and passenger ferry services are a Channel Islands issue. To facilitate effective monitoring of performance across the ferry route network I announced that in future we would hold a minimum of 2 formal meetings each year with Guernsey Ministers and Condor Ferries to review performance and, if appropriate, put in place any actions to ensure safe and efficient operations. The first of these meetings was held today in Guernsey and it was unfortunate that due to this States sitting I was unable to attend personally. However, Senator Routier did attend the meeting. I accept that Condor Ferries have taken action to improve performance but it is clear that matters are not resolved and performance of the fast ferry fleet remains well below acceptable standards. I want the Assembly to know that I have conveyed in the strongest terms the message that I am not satisfied with Condor's current performance or the time it is taking to effect repairs to the fast ferries that have suffered engine failure. I also accept that Condor Ferries have, through a recent media release, apologised for delays and made all efforts to minimise disruption and kept their customers informed. In accepting the efforts the company has made Members should be aware that I share the public's evident frustration and I have told the board and management of the company that their clear and unambiguous focus must be on prevention of further disruption and that they must provide solutions to the current problems without delay. If, despite their efforts, sustainable solutions are not forthcoming it brings into question the viability of the current fast ferry fleet. If Condor Ferries wishes to continue to provide car and passenger services to the Islands the company must consider whether the time has come to invest in a fleet of vessels that can deliver acceptable levels of operational performance. I consider the issue of securing long-term reliable passenger ferry services to be of the highest priority. Members can be assured that my department, including Jersey Harbours, are working with Condor and our colleagues in Guernsey to deliver a sustainable solution without delay. Following the outcome of the meeting in Guernsey today and as progress is made I will make further statements to keep Members fully informed.

The Deputy Bailiff:

Very well, questions. The Deputy of St. John.

2.1.1 The Deputy of St. John:

Given the S.L.A. was extended several years ago by Guernsey, and Jersey followed, were any break clauses added to the S.L.A. and if so will he be acting on this and putting in place a full tender process? If not what action will he be taking to see what proper services can be supplied by Condor and will it include the leasing of new fast ferries or conventional ferries, and what happened at the meeting this morning?

The Deputy Bailiff:

Deputy, I am going to give you an extra 30 seconds. Would you like to start again and ask only 3 of those questions?

The Deputy of St. John:

Given that this cuts right through the question I put in writing to the Minister, which was put in the proper manner and in the proper time last week, I did ask you this morning if this was a correct way for the Minister to cut to the chase ...

The Deputy Bailiff:

I told you it was perfectly acceptable in accordance with Standing Orders. You can put 3 questions to the Minister.

The Deputy of St. John:

I put the question, Sir. It is probably easier for the Minister to answer it in its entirety than to try and break it down, because that will be wasting more Members' time.

The Deputy Bailiff:

Minister, you may answer any 3 of those questions.

Senator A.J.H. Maclean:

I will try and cover the points raised by the Deputy. With regard to the Service Level Agreement that the Deputy refers to, terms of Service Level Agreements are contained in the Harbour Regulations 1962, which are issued by permit and the permit is issued by the Harbourmaster and the terms of the permit is guided by the Sea Transport Policy, which is the Joint Channel Islands Sea Transport Policy. It contains the terms and the requirements that the company has to meet, most specifically in terms of a reliable, year-round service. With regard to a full tender process, I have stated before that it was the intention to see Condor produce during 2011 an efficient and effective service and that we would make decisions at the end of this particular season in discussions with Guernsey. We have had the first meeting today with Guernsey. Because I was not there I have not had the detail but I will be reporting back to Members when that information is available.

2.1.2 Deputy K.C. Lewis:

Regarding the agreement for 2013 onwards, contrary to a previous agreement, will the Minister assure Members that it will be a pan-Island agreement and will be signed simultaneously by both Governments in both Islands as opposed to one following the other?

Senator A.J.H. Maclean:

I hope I have made it clear that it is important in my view that the Islands do work together on this matter. It is a network of routes. However, we do have separate laws and that of course does provide a complication. We issue access to the harbour, we issue a permit for operation through the harbour, but as far as I am concerned, as far as the Sea Transport Policy is concerned it is a Channel Islands policy and we will continue to work with Guernsey in ensuring that we have a joined-up approach to the future operation of the sea routes. It is important and it is a very relevant question.

2.1.3 Deputy G.P. Southern:

Given 2 years now of lamentable performance is it not time that he negotiated a Service Level Agreement with teeth which will enable him or the J.C.R.A. to impose fines when standards fall below a certain level?

Senator A.J.H. Maclean:

The Deputy raises an interesting point and indeed it is on the agenda for discussion that at the current time the permit that exists does not have the necessary ability to issue sanctions and, as such, it is my belief that in the future, and certainly from 2013, that is an option that needs to be seriously considered. You cannot have an effective management of a monopoly position, although it is not a monopoly, if you do not have appropriate ability to sanction an operator.

2.1.4 Deputy D.J. De Sousa:

Along similar lines, is the Minister going to see that the ferry company makes some sort of compensatory payment to travellers that have had all this upheaval for around 2 seasons now?

Senator A.J.H. Maclean:

First of all under the law that is not a power that I have currently. That runs into the question that was just asked by Deputy Southern. In future we do need to consider the ability for sanctions but I would add that Condor Ferries have in fact made payments to passengers who were inconvenienced. They have their own terms and conditions and a certain level of delays and so on will get repayment, and that has been happening I believe.

[17:30]

2.1.5 Deputy S. Power:

The Minister will be aware that I wrote to him last week. Is the Minister aware that a senior executive of Condor was quoted in a U.K. newspaper last week saying that many of the issues were caused by stress-related wear and tear and we know that the youngest ship is 16 years old? Does the Minister feel that Condor should address the issue of the age of the ships and replace the ships, given that they are at least 16 years old?

Senator A.J.H. Maclean:

Yes, I am aware of the issues. I think we are in an interesting position because of course the current permit arrangements run until December 2013. A major investment by an operator with uncertainty for the future is difficult and I can accept that. What I do expect though, is that the current fleet is properly maintained. We are assured it is. In fact Condor spend, they tell us, in the region of £1 million per vessel per year in terms of maintenance, that is a requirement. But they are an ageing fleet and fast ferries do take a lot of wear and tear and as such we are seeing the results of that. But this is a matter the company needs to address and I expect them to do so to ensure that we do have an uninterrupted season and rest of the year.

2.1.6 Deputy P.V.F. Le Claire:

Many of the questions that have been asked today I asked in a roundabout way the last time this was mentioned. To cover what seems to be coming forwards, it seems obvious from the statement that the contract and the fleet are going to hang in balance with vessels changing now their form of fuel in their construction, they are looking away from oil. Will the Minister be looking to undertake studies as to what the new vessels are going to be able to do in terms of fuel, because I am certain that is a factor in the speed these vessels are travelling, and helping us to come to an understanding of the situation on an ongoing basis will he specifically please supply Members monthly with the statistics as to the delays that are occurring on these services?

Senator A.J.H. Maclean:

Taking it in reverse order. With regard to performance both customer surveys and the performance of the vessels in terms of punctuality and so on, this is a matter that I have recently raised with the company. I believe it is in the public interest that this information is in fact published and we are progressing discussions along those lines. In the future I think, not necessarily monthly but perhaps quarterly, information of that nature would be useful. With regard to different fuel types and so on, I think the solution that we are looking for is one for a long-term, sustainable ferry service at acceptable prices. We need to make the decision after this summer in discussions with Guernsey how we are going to progress the process of ensuring that we have a ferry service that meets those standards. We have to realise that matters such as fast ferries are highly susceptible to maintenance charges and costs, the running costs are expensive, the fuel costs are expensive, it

is no surprise that Dover no longer has a fast ferry service at all and a number of other companies are taking fast ferries out of service. I think the whole structure of the service that we currently enjoy needs to be considered by whoever the future operator is going to be and that, in discussions with Guernsey, is an important debate to have.

2.1.7 Deputy A.E. Jeune:

I think the Minister was quite right when he mentioned ferry service, because right now “fast” is not in there. But I do not believe this can be good for Condor’s business, for them themselves, and it certainly cannot be good for what tourism we have left if people are going to be subjected to these delays. If they know it is going to take them ages to get here then they accept that, but when they expect to get here at a reasonable hour and do not it makes us look bad. I also find having to wait to 2013 to do something about it ...

The Deputy Bailiff:

Is this a question?

Deputy A.E. Jeune:

Yes, Sir. So, coming to the point, are we having to wait until 2013 and why is the Minister not able, with the technology available today, to give us an idea of what went on at the meeting in Guernsey?

Senator A.J.H. Maclean:

First of all I do not share the Deputy’s view on our tourism industry. Members will not find that a surprise. She described it as “what is left of the tourism industry”. I think we have a very strong and vibrant tourism industry with figures outperforming last year compared to the previous one. I might add also that ferry arrivals have been very strong, both from the Continent and the U.K. What I do not find acceptable is the delays to which she referred and we are working hard to ensure that the operator realises the obligations of providing a reliable service and that is absolutely key. As far as ensuring the period up to 2013 and beyond, there are mechanisms and we are having discussions with Guernsey about redefining the terms of the permit. That could be done prior to 2013 and indeed there may well be additions included into the permit before the 2013 deadline. However, one final point, I think it is important that we deliver certainty on this route and certainty in this matter both for Condor and, indeed, for the Island as a whole and that is what I believe needs to be clarified at the end of this particular season.

Deputy A.E. Jeune:

And today’s meeting?

Senator A.J.H. Maclean:

I missed that point.

The Deputy Bailiff:

Today’s meeting, you were asked why you were not able to report to the States what happened at today’s meeting.

Senator A.J.H. Maclean:

Quite simply, Sir, that I have been here and I have not heard the full details. I have had some feedback on the meeting but it would be thoroughly inappropriate to give half the story. I will of course, as I have said, report back to Members in due course.

The Deputy Bailiff:

Very well, that brings an end to the 10 minutes questions. There are 5 Members who had questions yet to ask and because of the length of some of the questions and the speeches made by some of the questioners we have not been able to get to them.