

2.4 Deputy G.C.L. Baudains of the Minister for Economic Development regarding pricing on the northbound and southbound ferry routes:

Will the Minister undertake to carry out a full review of pricing on both the northbound and southbound ferry routes with a view to ensuring that equity between inboard and outboard fares is achieved?

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

Firstly, I want to say that I fully appreciate the concerns expressed about ferry pricing for Islanders and particularly the issue of equity between non-Islanders and Islanders. I previously explained to Members that I am prepared to request that the Jersey Competition Regulatory Authority (J.C.R.A.) assist us in this matter. We have commenced discussions with the J.C.R.A. and they are to revert to me with some draft terms of reference for an up-to-date review on this market. I can advise Members that I intend to issue a formal request under powers of the J.C.R.A. law. This will enable the J.C.R.A. to use their powers to carry out a proper assessment of this market. I would, however, want to sound a note of caution. It could be argued, for example, that ferry services provided to Jersey residents are different to those compared to services provided for incoming tourists. For example, service requirements on the northern route include a weather back-up in the form of a conventional vessel, a requirement for 2 fast-ferry backup services. These are additional costs which are, it could be argued, imposed on the domestic market as opposed to the tourism sector. Members also will no doubt want to fully appreciate that this ferry market is competitive and we would not want to restrict any operator's ability to offer reduced fares in markets which are seeking to improve particularly volumes in the tourism sector. However, this is complicated and this is a matter for an expert body such as the J.C.R.A. to review. The J.C.R.A.'s understanding of the Jersey economy is growing and I have no doubt that they are the right body to examine this important issue.

2.4.1 Deputy G.C.L. Baudains:

Yes, as the Minister will no doubt be aware, there is a problem with the reciprocity of pricing. It would seem to me that the problem lies in the Service Level Agreement requiring that pricing equity, but unfortunately that applies to printed, declared prices and does not apply to special offers. Would the Minister agree, firstly, that special offers appear to outnumber bookings made at the quoted price, therefore making a nonsense of the terms of the Service Level Agreement, and, referring to the second part of his previous answer, how does he justify the situation where a fare from the U.K. to St. Malo is cheaper than a fare from Jersey to St. Malo on the same boat?

Senator P.F.C. Ozouf:

I would not accept much of what the Deputy says. The Service Level Agreement, which was no doubt discussed by this Assembly and took a great deal of time by the previous Harbours and Airport Committee, and the J.T.A. (Jersey Transport Authority) at the time dealt with maximum fares. It does not deal with the whole pricing structure. If that is what the States wanted, if they wanted to put in place a whole root and branch price regulation - a huge step from where we are - then no doubt that is what would have been done at the time. I can advise the Deputy that in

2001 when the former operator, Emeraude, had an exclusive operating situation on the route, at the maximum fare that peak fare was £340 for a car and 2 adults. Now that maximum fare plus fuel surcharges is only £275 on the route at the moment. So, one must be very careful to put these figures of pricing into context. I do completely understand this issue of U.K.-originating fares being different from Jersey-originating fares. That, I am afraid, is a function of the market where Condor is having to compete with other ferry operators, whether that be U.K. to Cherbourg or U.K. to St. Malo. This is a competitive market and prices will be set in order to maximise the amount of travelling public. However, I do not believe that it is the States and my department that should look into this matter in any great detail. This should be outside of direct political control and it should be a matter if the States wishes at some point in the future to put into the hands of the properly independent expert authority of the J.C.R.A. It is much more complicated than I think some Members believe.

2.4.2 Deputy R.G. Le Hérisier:

A few weeks ago the Minister gave us a lengthy soliloquy on the partnership he was building with Condor. Would he tell us what the concrete and tangible results are of this ongoing partnership?

Senator P.F.C. Ozouf:

The Minister explained that a partnership is required to understand what we can do for any operators, whether that be Manche Iles Express or whether that be Condor. I say to this Assembly today I regret Emeraude's departure. We did try very hard in order to secure the fact that they would return on the route and, indeed, only in the last few days we have released budgetary amounts in order to help them in the event of them starting with their service. A partnership means understanding, for example, route traffic and I can tell Members that there have been, as a result of our discussions with Condor, 40 additional southbound sailings put at peak times through the summer to ensure that there is - so far as it is possible - the maximum amount of seats available on the southern-bound route. I am also advised that the amount of rotations that are going to be happening over the next few months are greater than the amount that was in place when Emeraude was the sole operator on the route, too. So, that is what partnership means: it means dialogue and discussion, and I think that discussion has yielded quite a significant increase in the amount of volume available.

2.4.3 Deputy K.C. Lewis of St. Saviour:

Whilst I applaud the Minister for Economic Development in his desire to forge greater links between Jersey and Guernsey, what guarantee can the Minister give the House that when in 2 years' time the present agreement expires Guernsey will not yet again sign another long-term contract with the present ferry operator without consulting their Jersey counterparts?

Senator P.F.C. Ozouf:

Other Members of this Assembly are better placed to comment on the situation that has happened on sea licensing last time. I have spent some time trying to understand exactly the situation that occurred last time and I would repeat something that I have said previously, that I think on this occasion there is a case for both the States of

Jersey and Guernsey appointing one commission of individuals in order to make that decision so that there is not a playoff between 2 operators and we do not have a situation where one island may be favouring something else. But that will have to be a matter of trust that is placed in a Channel Islands commission that is authorised by this Assembly and the Assembly to the north of us, in Guernsey. That is what we will try to do. I understand completely the importance of recognising that ferry travel as far as the northern-bound is a single market and a single market approach in terms of licensing should flow from that.

2.4.4 Deputy J.B. Fox:

I am seeking assurance from the Minister. He promised at a previous occasion in question time, I believe, that hard copies would be available of the pricing on the southern route that would be available to the Channel Islands population. Every time I have been on Condor 10 - which is the vessel that travels between the Island and France - I look at the display console where these timetables are available. The only one that I ever get is the one that says: "France Timetables and Fares" which inside refers to the U.K. market and not the Channel Islands market. This last one on Saturday night's boat you see is very entertaining for young people but has no relevance whatsoever and there was no other information. The question to the Minister is when can this House and the Island be assured that there will be relevant published information available to local residents regarding the timetables and fare structures in relation to the southern route by the sole company that operates at this time?

Senator P.F.C. Ozouf:

Deputy Fox is one of these Members in this Assembly that has real expert views because, of course, he has a house in France and he travels to St. Malo very regularly. He constantly questions me on the issue of timetables. In his question just a moment ago, he extended the information to pricing routes. My understanding is that timetables are available; however, because of the work that is being carried out in increasing the amount of circulations - those 40 additional south-bound sailings that I spoke about - the timetable has moved on because of pressure and that is understandable. In relation to fares, the Deputy knows probably better than I do about the new situation that arrived with pricing structures last year. Emeraude put in place a fluid pricing model. Condor then followed, and that is a much more complicated pricing route - the same as exists on airlines around the world - than existed in the past where we do not simply have a simple system of fares. Companies are entitled to do that. We regulate. The answer to Deputy Baudains' question: we regulated and we approved the maximum fare. We do not at this time regulate any of the other fares, and it is a huge leap to move to that. So, the pricing structure, it is simply not possible to have a piece of paper which simply outlines exactly what the pricing structure on the route is. That is the inevitable consequence of moving to the kind of fluid pricing structure that we are seeing Condor use and, indeed, the pricing structure that is now used and Members will be aware that FlyBE, B.A. and every other airline around the piece uses that. It is much more complicated and I am afraid the Deputy cannot get the answer that it can be written down on a simple piece of paper.

2.4.5 Deputy S. Power:

The Minister will be aware of a family living in Grouville who paid £1,060 to get 2 conventional cars to St. Malo recently. One vehicle was £580 and one vehicle was £480, I think. Is he comfortable with that fare structure?

Senator P.F.C. Ozouf:

Deputy Power has on various occasions in the last few months made a number of quite outlandish suggestions about exactly what was going on with the previous operator. He clearly has a view about one operator versus the other. I am not aware of a fee and, of course, it is conveniently put into £1,000 and there is no doubt it must be a pretty big car because that is well over the maximum regulated price, which is £275 I think plus the petrol duties. I would need to examine that to see that. Every time that Deputy Power gives me a piece of information, I have it examined and it needs some interpretation in terms of being taken away from the simple headline. I am still waiting for Deputy Power's promises of the so-called "6 thick inches of complaints" that he had against Condor. Four months on, I have asked him for a summary of that situation of what the complaints are so that I can go to Condor and work through individually and I am still waiting. Perhaps he would like to tell me when he is coming forward with the complaints so that I can properly look into them.

The Bailiff:

I think I must draw this questioning to a close now. One final supplementary; I have seen Deputy Baudains and I ask the Deputy to ask the final supplementary.

2.4.6 Deputy G.C.L. Baudains:

We seem to be going on a completely different route than the one to St. Malo. **[Laughter]** I think we need some G.P.S. assistance here. Is it not the case that if the cost of a fare from Jersey to St. Malo is greater than the fare from the U.K. to St. Malo via Jersey on the same boat, then surely Islanders are subsidising U.K. travellers. That and the unhelpful time which ships sail from Jersey surely requires a full review politically of the current service, notwithstanding the pricing issue. Will the Minister agree to do this and would he perhaps consider that a more detailed, completely revised Service Level Agreement may go some way towards achieving that?

Senator P.F.C. Ozouf:

I am certainly not interested in having sound byte politics about our sea routes and I am certainly wanting to make decisions and I am certainly wanting to put in place policies which are sustainable, well thought through and which are evidence-based. That is why I am going to be asking the J.C.R.A., which is the expert independent body, to assess whether or not there is a case for putting in place some sort of greater level of price regulation which would not be in the Service Level Agreement. The kind of price regulation, if we were to go there, would be the kind of price regulation that exists, for example, in Jersey Telecom. This is not something informal. It needs to be properly constructed, properly put through, and this Assembly would need to approve that. That would inevitably be a situation that would arise in the situation of the new licence that would be awarded across the Channel Islands from the beginning of 2009. The J.C.R.A. is the right body to deal with that. The Service Level

Agreement currently is not but that does not mean to say that we will not continue to work with Condor to try and understand what the issues are. Concerning this issue of U.K. originating passengers, I do understand the concerns that are issued there. I do understand that on a case by case basis you could be seeing that there are higher charges originating from the U.K. versus Jersey, but I am afraid that this is a function of a competitive market. Condor's figures for U.K.-originating traffic has been falling and they are trying and they are doing their best and we are trying to support them to maximise the amount of travelling public that is coming from the U.K. This is a market dynamic. We need expert proper evidence base before we jump to any conclusions.

2.4.7 Deputy J.B. Fox:

Sir, can I appeal to your good office? Normally we are allowed a question time of 90 minutes. We are very short on oral questions today. I would just like to have one point of clarification on the question that I asked.

The Bailiff:

The difficulty, Deputy, is that the chair is obliged to allow what is a reasonable time for the questioning of a Minister in relation to any particular matter without allowing a debate to arise in relation to that particular matter. We have now had 15 minutes on this particular question and it seems to me that we have reached the end of the road and that it is time to move on to another questioner.

Deputy J.B. Fox:

Can I seek your support to just see if I could have this as a point of clarification? Because what the Minister has said is because of the various pricing structures, et cetera, that a document in effect cannot be produced. Yet I have one that is available from the U.K. Why can we not have a similar one here?

The Bailiff:

Perhaps you could raise that with him over a cup of coffee.

Deputy J.B. Fox:

Well, I think I will bring it as a States projet where it might be a way of ironing all of this out.

The Bailiff:

I think that would be a sensible proposal.

Deputy J.B. Fox:

I intend to do that and I will promise the public to do so. Thank you.

Senator P.F.C. Ozouf:

I am always available for Deputy Fox, for him to come and talk to me and my department about issues rather than basically dealing with this every other Tuesday in the States. He has not called me once, I do not think, on this matter since we last spoke.