

## URGENT ORAL QUESTION CONCERNING FERRY SERVICES TO FRANCE

13th December 2005

**1. The Bailiff:**

“We come to Question Time, and I have allowed, under Standing Order 15 relating to Urgent Oral Questions, the following question for the Minister for Economic Development by Deputy Le Hérissier.”

**Deputy R.G. Le Hérissier of St. Saviour:**

“What steps is the Minister taking to ensure continuity of ferry services to France?”

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

“Could I just confirm that there are going to be supplementaries of a wide discretion able to be answered on this matter, Sir?”

**The Bailiff:**

“You are in the firing line, Minister, yes.”

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

“That is fine, I will do my best, Sir. Members will be aware that Emeraude has recently announced that it would not be operating its ferry service until at least the end of February next year, but there is uncertainty over the longer-term future of Emeraude 2. The Chief Minister and myself were invited to a meeting with Emeraude local management on Friday and they were at that stage unable to confirm when services would recommence. I have had a telephone call this morning from a senior representative of Sogestran France and have arranged for a meeting with him on Friday. We hope at that time to get a better understanding of what Emeraude company’s plans are. Obviously we are aware that passengers booked with Emeraude will now need to make alternative travel arrangements for at least until the end of February. For that reason, senior officials from Economic Development and the Harbours Department met with the existing operator, Condor, last Friday. I understand that more capacity has already been added to the route over the Christmas and New Year period. I am meeting with Condor later this afternoon to establish what options there are for passengers booked with Emeraude. We will be attempting to work closely with Condor to ensure that there is sufficient capacity for the travelling public. Sir, the previous Committee at their last meeting approved a Draft Sea and Transport Policy for approval by the new Minister. This Policy, I am advised, moved away from their previous position of an ‘open seas policy’ to a managed service level agreement (SLA) arrangement. I will be reviewing this document and intend to make a decision on the medium and long-term future Seas Policy within the first 2 months of next year. Decisions will need to be made by the latest 1st March, as the current ramp permits expire at the end of next year for both operators, in addition to the operator on the northern bound route. I will be keeping the Chief Minister and Council of Ministers informed as the situation develops.”

**1.1 Deputy A. Breckon of St. Saviour:**

“I would like to ask the Minister - he mentioned there SLA, which, for people who don't know, means service level agreement - what service level agreements are in place with the ferry operators and who monitors them?”

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

“I am advised that there are 2 service level agreements in operation for both of the current operators and I am advised that they are monitored by the Harbours Department. Clearly, in respect of the Emeraude situation, that SLA would no longer be working, because they are not providing the service.”

**1.2 Deputy A. Breckon:**

“Could I follow that up because the Minister has suggested that it is done by the Harbours Department. Are these figures in fact published, because I have never seen any regarding sailings and timings, what is late, numbers carried and the rest of it?”

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

“I am not aware of the precise monitoring of the SLA agreements. My own view is that there needs to be a great deal of work done on the whole concept of a service level agreement. Clearly, the previous position, which has been allowed to develop where we have had 2 competing operators, has not, it appears, achieved the objectives that were set. I have been reviewing volume information this morning and I am not exactly clear yet what has happened on the volumes of passengers and cars over the last few months. Certainly there was a suggestion that the market has been grown, but I can't see that from the figures that I have seen so far.”

**1.3 Deputy R.G. Le Hérissier:**

“Would the Minister acknowledge that he is involved in a lot of activity which simply amounts to crisis management and that both he and the Chief Minister, in statements they made to the media, clearly seem to have no idea that this crisis was developing and that, therefore, we have very little faith in their ability to put in place long-term policy to deal with it?”

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

“A pretty interesting opening question from Deputy Le Hérissier there. Frankly, I took over from this position last Thursday and, immediately upon being appointed as Minister for Economic Development, set about establishing what the facts were and set in place meetings with not only Emeraude but indeed Condor, and that is exactly what we have been doing over the last few days. I would suggest that the Deputy is entirely incorrect to suggest that the Chief Minister and myself have no competence to deal with this. We have been given a situation and we are managing as best as we can, with the availability of persuasive discussions with Condor, to see what we can do for the travelling public. What I will say is I am determined to make sensible decisions for the long-term interests of the travelling

public early in the course of next year; and I won't be rushed into making decisions."

**1.4 Deputy G.P. Southern of St. Helier:**

"Does the Minister agree that the current lamentable situation is a direct result of the previous Committee's 'open seas' policy?"

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

"It is a very interesting and very complex set of situations. The previous Harbours and Airport Committee gave, as I understand it, a permit to Condor Ferries. It has to be remembered that Condor Ferries had been operating on the route for a very substantial period of time. Moves in technology and the replacement of vessels meant effectively the same vessels were being used for passengers as well as for cars. I think that, if you look back through the history, it would have been pretty difficult for the Harbours and Airport Committee at the time to have made any other decision but to allow Condor to compete on the routes. What I can say is that I am not entirely persuaded by the previous Committee's general view that there should be 'open seas.' In fact, the document that I have been guided most by in my research over the last few days has been the OXERA report, which says that it does not recommend a year-round pure open seas policy be pursued. It goes on to say that, in the long-term, effectively there would be periods of price competition followed by companies going out of business. Now, it seems to me, from my preliminary analysis of this, that is exactly what has happened, underlining the point that sensible, far-sighted decisions need to be made in the early part of next year."

**1.5 Deputy R.G. Le Hérissier:**

"Notwithstanding the Minister's attempt to abdicate responsibility prior to Thursday, would he not agree that there was a considerable amount of material from the likes of the then Mr Sean Power and the Emeraude Group, for example, as well as the OXERA report, which indicated that the arrangement was likely, almost inexorably, going to lead to trouble and he was very involved with the Competition Policy and he and Senator Walker, as then President of Policy and Resources, had ample - ample - advance notice that the situation was worsening and, to suggest that it was only since Thursday he has been able to turn his attention to it, seems to me a clear example of Houdini politics?"

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

"I realise that Deputy Le Hérissier is perhaps sharpening his teeth for his new world of direct Scrutiny, but I am afraid I am just simply not going to accept for one moment any responsibility for decisions that have been taken by previous Committees. I would remind the good Deputy that I have not been on anything to do with Economic Development for the previous 3 years, and I would urge the Deputy to start reviewing accurate involvement of various different politicians before he starts throwing around suggestions of responsibility in this Assembly."

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

“I am extremely relieved this morning to hear Minister Ozouf refer to the OXERA report. It is the first time that this report has, I think, been mentioned in any serious context in this House since it was published in July 2004. Can I point out to the Minister that, in my understanding of the situation on the southern route, there is no service level agreement? My understanding is that there is a service level agreement on the northern route, which is supposed to regulate fares linked to the cost of living. But my interaction with the public in the last 4 days has been that the fares on the southern route ----”

**The Bailiff:**

“You must come to the question, Deputy.”

**Deputy S. Power:**

“Sorry, Sir. Could the Minister confirm that there is no service level agreement on the southern route, that there is a service level agreement on the northern route that is supposed to regulate fares and what is his understanding of that situation?”

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

“The Deputy is, I think, right. There is a service level agreement which does describe the whole set of responsibilities of the operator on the northern bound route. There is some sort of agreement on the southbound route. Now, whether or not those are conditions of the licence permit or whether or not there is a service level agreement, there is some form of relationship between the former Harbours and Airport Committee and the southern operator, which basically says ‘You will be doing various different things and running it.’ The service level agreement covers issues such as safety, frequency of service and price. I do understand that there is not the same level of service level agreement on the southern bound route that there is on the northern bound route. Now, clearly we have to decide what is going to be the relationship between the States and an operator on the southbound route. Of course, it is a trade off of frequency of service, price and reliability of service. These are trade offs which must be very clearly understood. At the most extreme example of the economic model is open seas. Open seas will give you in the summer months low priced fares, which of course many people in Jersey have been enjoying over the last 2 years. But there is a trade off which needs to be properly understood, and I will be examining all the available information and discussing with Condor Ferries - discussing with any other operators - what the options are for the southern bound route. There are difficult decisions to be made, but there are clearly lessons to be learnt from the past.”

**1.7 Deputy F.J. Hill of St. Martin:**

“The Minister gave reference to the fact that he has only made a start since Thursday as a new Minister. Could I ask, Sir, as a point of clarification, I understood that bodies or ministries, etc, are continuous bodies and, therefore, a decision made by a former Committee is now beholden upon the new Committee. Will that same ruling apply now we are into ministries? In other words, any actions taken by a former Committee is no longer the responsibility of the new Minister? Maybe the Solicitor General could advise on that? I don’t know.”

**The Bailiff:**

“Is that a Point of Order?”

**The Deputy of St. Martin:**

“It seems to be an easy escape route to say ‘Well, all those decisions were made before I came in, so therefore I start from blank’, so I would just like to seek clarification, Sir.”

**The Bailiff:**

“It is a matter for individual Ministers, I think, to decide. So far as the legal position is concerned, the Minister and a previous Committee have a continuous legal existence, but whether, politically speaking, a Minister chooses to accept responsibility for the acts of a previous Committee, I think, is a matter for him. Now, I cannot allow a debate to develop on this. Since I am going to abridge questions, I saw Deputy Ryan.”

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

“Can I just answer the question, because the fact is that, of course, there is a perpetual existence and now the Economic Development Minister has responsibilities for all of the policies which are in force from the Harbours and Airport Committee and Economic Development. Nothing moves away from that, but I understood the question from Deputy Le Hérissier to be a personal view of what I would be doing as Minister for Economic Development concerning sea routes. It would be entirely presumptive to have started to interfere. Yes, my name was going forward for Economic Development Minister, but, until appointed, it would have been entirely inappropriate for myself or the Chief Minister to get involved in any sort of policy development. That would have been quite, quite wrong. As soon as appointed, yes, we have been getting on with it.”

**1.8 Deputy P.J.D. Ryan of St. Helier:**

“Just following on that last brief statement very quickly, of course the officers within Economic Development are exactly the same and their advice presumably hasn’t changed either. But let me just ask the Senator a question with regard to what may have changed recently. My understanding is that the difficulty ongoing and always has been with this problem is the question of Guernsey. Anything that we do cannot be done separately from Guernsey because the same boats go to Guernsey as they do to Jersey. Generally speaking, can he tell me if there has been a change in attitude from Guernsey? Have there been any developments on this? Does he foresee any changes in attitude? My understanding is that the Guernsey situation was a somewhat intractable one in the past.”

**The Bailiff:**

“No speeches, please, Deputy.”

**Deputy P.J.D. Ryan:**

“Could he agree with me and does he know if there has been a change of attitude in Guernsey which might help the situation?”

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

“My understanding is that there are ramp permits which are basically due to expire at the end of 2006 for not only the southbound routes but also the northern bound routes. I think the point that the Deputy is making is that there is a similar arrangement with the northbound and, I think, southbound routes from Guernsey which expire at the end of 2008. Probably the question underlying his question is that, in view of the fact that one of the operators, Condor Ferries, represents that they operate a network of routes, a decision must be taken in the issuing of a permit which covers the whole of the Channel Island area both in terms of northbound and southbound routes. Now, the issue there is that we need to have discussions with Guernsey. One option would be if we were prepared to effectively have some form of tender operation for both the northern bound and southern bound routes together, we would need to discuss with our Guernsey colleagues whether or not a decision made by the Channel Islands would extend further out than the 2008 period, because clearly one would be in an uncomfortable position, having granted a Jersey base licence for, say, a 5 or a 10-year period, if there were a different timing. We will talk with Guernsey, and that is one good reason for involving the Chief Minister in these discussions, in order to find the best set of options for the setting up of a service level agreement across the Channel Islands.”

**1.9 Deputy J.A. Hilton of St. Helier:**

“I feel that we have been here before. We had exactly the same situation a few years ago when British Channel Island Ferries (BCIF) were basically knocked out of the market by Condor being allowed on the northern route. The question I would like to ask the Minister is what action he intends to take over allegations that, since Emeraude stopped trading a couple of weeks ago, there has been a huge hike in prices?”

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

“That is a very good question, and that was one of the catalysts which meant that senior officials from Economic Development and Harbours and Airport met with Condor. What Condor have said is that the prices have not changed. What has happened is that a passenger seeking to get a ticket in the short-term - a short-term purchase ticket - within the next few days is of course paying a much higher fare than they would if they had bought an advance purchase ticket. The situation is simply that, that passengers who were previously booked on Emeraude, now having to rebook their tickets, are finding that the short purchase period tickets are extremely more expensive than those long service tickets. I am not sure what, if anything, we should be doing in the event of attempting to regulate the prices or, indeed, persuading Condor what to do. We are meeting with Condor. Condor, I must say, have been extremely helpful in the discussions which have been held with the Harbours and Airport Department. I am grateful for their initial response to putting on additional capacity and we will do what we can to talk to them about the price of fares, but I have to say that I don't believe that we have any legal powers - neither, perhaps, should we have any legal powers - at the present

moment - to influence the price of tickets, but we will do what we can. We understand that there is a problem.”

**1.10 Deputy P.N. Troy of St. Brelade:**

“Has the Minister considered implementing some sort of 5-year plan to address the problem and considered the possibility that one operator could be operating from Jersey to St. Malo and a second operator could go on a different route from Jersey to a different port, which would reduce the competition on one route? Of course, there are not facilities at other ports, at Granville for example, but something could be considered whereby negotiations could be started with Granville or another port to implement a ramp at another location.”

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

“I do agree that there does need to be some medium to long-term far-sighted policy driven by the States to secure sustainable route options. That is absolutely clear. I am not at all sure that simply a pure free market open seas policy is the right policy approach as recommended by OXERA. So clearly we do need to do that, and that is what we will be working on. Frankly, we have a deadline in order to decide what that policy framework is going to be by 1st March. The Deputy mentions a number of other ports. Well, there isn’t a car ramp access at Granville. We know that there is one at Cherbourg.”

**Deputy P.N. Troy:**

“I did say that.”

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

“But I think we have to understand that St. Malo has been the long-term port access into France for a many, many years and I would envisage that it continues to play an enormously vital part of our links to France. What we must do is we must put in place an appropriate licence with an appropriate service level agreement, with operators that have a proven track record that will provide weather-round services, a frequency of service and affordable tickets. That is what we have got to try and do, and we will be working with all of the officials across the States with the appropriate advice to make those proper decisions.”