

**2.7 Deputy S. Power of St. Brelade of the Minister for Economic Development regarding the number of Service Level Agreements in force at the airport:**

The Assistant Minister recently stressed the importance of service level agreements at the harbour. Can the Assistant Minister confirm the number of service level agreements in force at the airport?

**Deputy A.J.H. Maclean (Assistant Minister for Economic Development):**

The dynamics of the airport are entirely different to the harbour. The airport is competing in a highly competitive market where 11 airlines served 35 scheduled destinations during 2007. A total of 60 destinations were served in total during 2007 if we include tour operator services. In such a competitive market government intervention by regulating operators with instruments such as service level agreement would undoubtedly lead to a loss of airlines and routes and ultimately see airfares rise. I can therefore confirm to the Deputy that there are no service level agreements between the airport and airlines currently in operation.

**2.7.1 Deputy S. Power:**

If I may be allowed to ask a supplementary question? Is the Assistant Minister aware that in October 2006 the Industry Sub-Committee of the Institute of Directors issued a small paper saying that the history of service level agreements insofar as they benefit competition and economic growth is not good? That is because they are driven by conflicting interests, vested interests and vocal minorities. Is the Minister also aware that they say that service level agreements are both anti-competitive and focused on passengers and that they have failed to encourage growth due to the need to subsidise weatherproofing and winter services? Can the Assistant...

**Deputy A.J.H. Maclean:**

I think, Sir, that is the reason why we do not have service level agreements at the airport.

**Deputy S. Power:**

My question was related to the harbour.

**Deputy A.J.H. Maclean:**

I was under the impression I was answering a question relating to service level agreements at the airport.

**Deputy S. Power:**

My supplementary question was related to service level agreement insofar as they exist at the harbour.

**The Bailiff:**

The Deputy is entitled to ask about the harbour even if he has been talking about the airport before that.

**Deputy A.J.H. Maclean:**

That is fine, Sir. I am very happy to move from planes to boats. Sir, with regard to service level agreements at the harbour, as I mentioned at the beginning, the market is entirely different, the dynamics of the market are entirely different. We have large numbers of aircraft and routes flying out of the Island at the airport, however at the harbour we do not have that luxury. We have 2 primary routes, we have one operator on the northern route and 2 operators on the southern route. It is not only important, it is essential that the Island is able to protect these vital lifelines and as such we believe that the use of service level agreements are appropriate.

**The Bailiff:**

Final supplementary, Deputy, please.

**2.7.2 Deputy S. Power:**

Is the Assistant Minister aware that service level agreements originated in the U.K. armed forces to cover internal standards and conditions between 2 sections of the armed forces, for example, in supplies? Is he also aware that service level agreements were used when the 2 parties do not have recourse to compete or to sue each other? So my question is that service level agreements, whether at the airport or the harbour, are not appropriate in Jersey.

**Deputy A.J.H. Maclean:**

That is a fascinating piece of information that the Deputy has given us. Frankly, Sir, the use of service level agreements has to be proportional. I have stated previously that service level agreements or the use of them as far as the Island is concerned are somewhat limited. We have limited powers in terms of enforcing the service level agreements. They are intended to provide protection to consumers and they are intended to provide some degree of protection to our lifeline routes. There are limitations for service level agreements and that is one of the reasons that we are bringing in December to this Assembly a Harbours (Administration) (Jersey) Law which seeks to improve that situation.