

2024.06.11

3.12 Deputy I. Gardiner of the Minister for Sustainable Economic Development regarding a compensation scheme for delayed or cancelled flights (OQ.109/2024)

Will the Minister advise what consideration, if any, is being given to introducing a Jersey passenger compensation scheme for delayed or cancelled flights, similar to those that exist in the U.K. (UK261) and Europe (EU261/2004)?

Deputy K.F. Morel (The Minister for Sustainable Economic Development):

Currently no consideration is being given to introducing a Jersey passenger compensation scheme. The U.K. and E.U. legislation already provide cover to Jersey passengers travelling on inbound flights to Jersey from jurisdictions within the U.K. and the E.U. and also they benefit from outbound flights on U.K. and E.U.-based carriers such as easyJet and BA. Blue Islands outbound flights are not covered by these compensation schemes but are absolutely insurable by travel insurance and it is my view that Islanders should use travel insurance when they are travelling.

3.12.1 Deputy I. Gardiner:

I thank the Minister for his clarification. I am sure that the Minister was aware of extended public comments and situations that happened over the last week. Jersey Government has invested almost £1 million of public money, and probably more, into Blue Islands, how would the Minister ensure that the passengers who are departing from Jersey will not be discriminated and will receive the same level of protection as the passengers departing from the U.K. and Europe?

Deputy K.F. Morel:

I think all Members in this Assembly who have ever experienced travel disruption and cancelled flights or cancelled sailings will, like me, appreciate the immense frustration and difficulty that it can cause. I know that in the moment frustration is absolutely what people feel and they can feel quite angry about sudden cancellations, especially where compensation is perhaps not directly available. I think it is important that we understand that, yes, we could regulate to bring in compensation, that is possible. That will very likely have an impact on the price of fares run by small airlines such as Blue Islands or Aurigny, so such a compensation scheme would likely increase fares, in my view. We also need to look at how many passengers would be affected by this. Currently we believe that about 13.4 per cent of all passengers departing Jersey Airport would be in scope. Obviously that 13.4 per cent would not all have their flights cancelled so we are talking about a very small subset of a small subset of passengers travelling from the Island. I would question the possible increase in prices such a scheme would cause, the regulation that it would cause, and therefore possibly Blue Islands or Aurigny may seek not to serve Jersey anymore as a result for a subset of 13 per cent of passengers, whether that would be the right move for us to go. As best I can, I am not seeking to bring in much more regulation around the way our businesses operate in this Island; I am trying to do the opposite. Obviously I do have to bring in some regulations over the coming next couple of years but this is not an area where I am seeking to bring regulations in.

3.12.2 Deputy J. Renouf:

The arguments the Minister deploys against regulating in this area are very familiar in the sense that they were the ones also used by airlines like Ryanair to oppose the E.U. compensation

scheme but we inevitably ended up with a compensation scheme for airlines in the U.K. that had been resisted. Does the Minister not feel that he is simply holding back an inevitable tide here?

Deputy K.F. Morel:

I do not believe it is a tide, it is perhaps a stream rather than a tide, because we are talking about one very small airline operating out of Jersey. I was unaware of arguments that Ryanair had used, I was not paying much attention when the E.U. was bringing in these regulations in the first place many years ago. At the moment this is not an area that I am seeking to change. I do absolutely advise all Islanders who are travelling to take travel insurance, it is really important that we do so regardless of the airline we are flying on. In the meantime I share the frustration, and I do not wish anyone to have flights cancelled, et cetera, et cetera, but when we do have small airlines such as Blue Islands who provide us with an excellent service, there is no question, but they have a very small fleet and I think we have to also take into account the fact that any such regulation would likely have a large impact on a very small airline. I believe they only have 5 aircraft in their fleet, so certainly recently where they had 2 technical issues on 2 separate aircraft, that is 40 per cent of their fleet that is impacted. I think we just have to be realistic that sometimes in Jersey it is not the best thing to do to make sure everybody is protected but that there are risks and that is what enables us to be enterprising, that is what enables some people to set up a small airline like Blue Islands. The danger is if we were to bring in such regulation, such airlines may choose not to operate in this Island anymore.

3.12.3 Deputy J. Renouf:

I do accept that there is a balance to be struck here but does the Minister not accept that it could be a bad look for the Island? There is an airline that is being supported by the Island's taxpayer, we are essentially saying that we are prepared to accept a lower standard of service because the price of them meeting compensation standards that are standard elsewhere is simply too much for them to bear despite Government support for the airline?

Deputy K.F. Morel:

I think it is important that when we talk about Government support it was in the form of a loan, so that is being as I understand it. Again, questions to the Minister for Treasury and Resources, please, rather to myself. I understand that that is going to be repaid in full. I think it is important to put that in that sense, in the sense Government has invested, it was not purely support. Obviously Islanders benefit enormously from Blue Islands in many, many different ways and they provide a service which, most of the time, certainly, works very well. I believe in 2023 they won an airward for the best punctuality in the United Kingdom; I believe. I think we do need to put this into perspective and at the moment, given the Ministerial Plan that I have, the work that we are trying to do, this is not somewhere that I plan to regulate in the next 2 years.

3.12.4 Deputy I. Gardiner:

I thank the Minister for his answer, mentioning also the insurance. The Consumer Council raised the challenges that passengers are having to claim from the insurance companies, the way about regulations for the U.K. and E.U., and there is a percentage that fall in between the gaps where the insurance company does not recognise the unique situation in Jersey. Would the Minister engage with the Consumer Council and with Blue Islands to make sure that the guidance, to make sure that our Jersey residents and passengers departing from Jersey will be covered by all insurance companies or by Blue Islands? Because despite the situation that we are not part of the U.K., we are not part of the E.U., the insurance companies do not necessarily accept this situation.

Deputy K.F. Morel:

I think I understand that the Deputy is saying that some insurance companies do not cover Islanders or flights from Jersey. I think that is what the Deputy is saying, in which case I would be incredibly disappointed because if they do not cover flights from Jersey they should not be selling their insurance to people in Jersey. I think that is a matter for the Consumer Council - I am happy to speak to the Consumer Council about that - because if Islanders are buying travel insurance the least they can expect is that they are covered. I do think it is worth also highlighting that, just through reading the U.K. national media over the last few years, I have noticed that, while there is a U.K. compensation scheme and while there is a E.U. compensation scheme, there are very often disputes between travellers and the airlines not paying out in accordance with their compensation schemes. Just because there is a compensation scheme it does not mean that travellers automatically get reimbursed. Similarly to insurance, often the provider of the service will point to particular stipulations which mean they do not have to pay out, so it is not the case that just because your flight was cancelled you automatically get paid out every time.