



**TYNWALD COURT
OFFICIAL REPORT**

**RECORTYS OIKOIL
QUAIYL TINVAAL**

PROCEEDINGS

DAALTYN

(HANSARD)

**SELECT COMMITTEE ON THE
ISLE OF MAN STEAM PACKET COMPANY**

**BING ER-LHEH TINVAAL MYCHIONE
SHESHAGHT PHAGGAD BREE ELLAN VANNIN**

Douglas, Friday, 23rd November 2007

Members Present:

Chairman: The Speaker of the House of Keys (Hon. S C Rodan)

Mr G D Cregeen, MHK

Mr W M Malarkey, MHK

Mr J R Turner, MLC

Mr G H Waft, MLC

Clerk:

Mr L Crellin

In attendance:

Prof. A Baird

Business transacted

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The Committee sat in private at 1.05 p.m.

Tynwald Select Committee on the Isle of Man Steam Packet Company

*The Committee sat in public at 11.00 a.m.
in the Millennium Conference Room,
Legislative Buildings, Douglas*

[MR SPEAKER *in the Chair*]

Procedural

The Chairman (The Speaker of the House of Keys, the Hon. S C Rodan): Good morning, ladies and gentlemen.

Can I welcome everyone to this meeting, which is a public sitting of a Select Committee of Tynwald – the Select Committee on the Isle of Man Steam Packet Company.

This Committee was established in June this year by Tynwald with the following remit, which I shall just read out for the public record:

‘...to examine the Isle of Man Steam Packet Company’s fare structures over the past 12 months and increases to fares in that period and the reasons why; to make a comparison of prices when booking on and off the Island; to consider whether the prices charged throughout this period are fair and equitable and represent best value for money for Isle of Man customers and off-Island customers; and to examine whether any excessive charging has taken place.’

That was the original remit in June.

At the July 2007 sitting, Tynwald approved amendments to that remit, which appointed two additional Members to serve on the Committee, but also to extend the remit, with the words:

‘...to consider the standard of service offered to both passengers and freight users by the Company and the extent to which it is in accordance with the Company’s agreements with the Government.’

So that is what this Committee is all about.

I shall now introduce my colleagues on the Committee: at the end of the table, Mr Graham Cregeen, Member of the House of Keys for Malew and Santon; Mr Bill Malarkey, Member of the House of Keys for South Douglas; Mr Juan Turner, who is a Member of the Legislative Council, as is my colleague on my right, Mr George Waft. At the end of the table is Mr Les Crellin, who is the Clerk to this Committee, and we have Mr Clive Alford, who is the Hansard Editor responsible for recording today’s proceedings. At this point, I would ask everyone to make sure that mobile phones are switched off to avoid any interference with Mr Alford’s recording.

The other gentleman at the table... We also have with us today Prof. Alf Baird, who is the Head of the Maritime Transport Research Group at Napier University in Edinburgh. Prof. Baird has a vast amount of experience in the maritime transport field. He has acted as a specialist

adviser to parliamentary committees in the United Kingdom and we are delighted that he has agreed to act as adviser to this Committee. We welcome him here today.

Ladies and gentlemen, we had invited representatives of the Isle of Man Steam Packet here today to give oral evidence to the Committee. However, I understand that Mr Jeremy Callin, of the Company’s advocates, Quinn Kneale, is to appear to present a statement on the Company’s behalf, so may I, at this point, ask Mr Callin to please step forward.

Thank you, sir. Good morning to you. I invite you to make the statement on behalf of the Steam Packet Company to the Committee, please.

STATEMENT BY MR JEREMY CALLIN ON BEHALF OF THE ISLE OF MAN STEAM PACKET COMPANY

Mr Callin: Thank you, Chairman. Thank you, members of the Committee.

As the Chairman indicated, I am the advocate representing the Isle of Man Steam Packet Company Ltd.

I would like to say, in opening, that it is the intention of the Steam Packet, its directors, executives and officers, to co-operate fully with this Select Committee, and I believe it is the case that this has occurred so far and will continue in the future.

That having been said, the Steam Packet is now a party to proceedings which have recently been commenced before the Chancery Division of the High Court of Justice of the Isle of Man. Those High Court proceedings are in their infancy and were commenced after this Select Committee was established by Tynwald.

At this early stage of the High Court proceedings, it is the Steam Packet’s concern that it might – and I stress ‘might’ – constitute contempt of the High Court to answer questions which are directly or indirectly relevant to the High Court proceedings. In short, the subject matter of the Select Committee inquiry may now be *sub judice*, as far as the High Court is concerned.

As the High Court proceedings are only in their early stages, it has not been possible for the Steam Packet, or indeed – and without wishing to speak for him – the Clerk of Tynwald or the Committee to fully consider the question of *sub judice* with the benefit of all the relevant documents and evidence.

In the circumstances, therefore, the Steam Packet proposes to respectfully request an adjournment of the oral evidence of the Steam Packet into the new year, by which time both the Steam Packet and the Select Committee should be in a better position to appreciate the potential impact of the High Court proceedings.

I understand 30th January 2008 has been proposed for the Steam Packet to provide oral evidence and by then it should have been possible to more accurately assess the relationship between the scope of the Committee’s inquiry and the High Court proceedings.

It is, hopefully, clear from this statement – and as I said in opening – that the Steam Packet looks forward to continuing to co-operate with the Select Committee in relation to this inquiry.

Thank you, Mr Chairman.

Procedural

Tynwald Select Committee on the Isle of Man Steam Packet Company –
Statement by Mr Jeremy Callin on behalf of the Isle of Man Steam Packet Company

The Chairman: Thank you, Mr Callin.

The Committee hear what you have had to say – of which your colleague, Mr Wild, had indeed given notice – and are pleased – I am sure I speak on behalf of colleagues – to note that your clients are anxious to assist our investigation to whatever extent they can.

It would not be right that the Committee's investigation should put the Steam Packet Company's witnesses in the position of being, as you say, in contempt of the High Court in the proceedings to which you refer, and we will certainly take care that there is no conflict between the proceedings of this Committee and those of the Court.

That said, however, it will be necessary for us, as a Committee, to be quite satisfied that these impediments do exist, and we will expect, on 30th January, either that your clients will be in a position to give oral evidence to the Committee, or that we will have been very fully acquainted with any reasons or circumstances which prevent such a course.

To that end, we would request that your clients make application to the High Court, if they have not already done so, for leave to disclose to the Clerk of Tynwald any pleadings or affidavits which bear upon the matter of your clients giving oral evidence to the Committee, so that he can advise us appropriately. It certainly would not be satisfactory – either for the Committee or for Tynwald Court, to whom we must report – to find that the Committee had been impeded from discharging its remit, unless it became clear, beyond doubt, that there had been no other course.

I am sure you will take these comments back to those instructing you, and emphasise to them the very considerable importance the Committee attaches to completing its inquiry without delay and as thoroughly as possible.

So thank you, Mr Callin.

Mr Callin: Certainly, Chairman, I will take on board all your words. I am very grateful to you for that, and I am sure matters can proceed smoothly in due course.

The Chairman: Thank you, sir. Please step down.

Mr Callin: Thank you very much.

Mr Clague and Mr O'Friel were called at 11.11 a.m.

Procedural

The Chairman: May I now ask Mr Clague and Mr O'Friel to step forward, please, on behalf of the TravelWatch organisation, and can I bid you gentlemen good morning. Thank you for coming to give evidence in public before the Committee. We are grateful to you.

Perhaps I could ask you, first, to set the scene by introducing yourselves individually and then, if one or other could give an overview of TravelWatch as an organisation – how it is organised, its purpose and its remit, when it was formed – that would be very helpful, and then, perhaps, to go on to give your views on the matters identified in the Tynwald remit. It might be particularly helpful if you were to give an outline or a summary of the written evidence you have already given to the Committee – for which we are most grateful – very detailed evidence. It has a helpful

executive summary and some recommendations that perhaps you would just like to cover for the public record.

But before we start, could I ask you to bear in mind, as I indicated, that the proceedings are being recorded by *Hansard* and it is quite important to avoid speaking over each other, so that there is no interference and it is quite clear in the recording who is actually speaking at any particular time. I think the Committee is aware the same applies to us.

So perhaps Mr Clague, or Mr O'Friel, would you like to start?

EVIDENCE OF MR J R CLAGUE AND MR B O'FRIEL

Mr O'Friel: Thank you, Chairman, and thank you for the invitation to talk to you about our evidence and about TravelWatch.

My name is Brendan O'Friel. I am Chairman of TravelWatch. My background is that I have about nine years' experience of working with passenger representative organisations in the UK. I was Chairman of the Northwest Rail Passengers' Committee. I was also Chairman of TravelWatch Northwest. So I bring to the table some useful experience, which I believe is helpful to the Island.

My colleague, Dick Clague, will speak for himself, but he is our specialist in seagoing matters.

Mr Clague: Good morning, Chairman, and thank you for the opportunity, again, to be here.

I spent most of my business life in ICI, the last 10 or 12 years of which were involved in organising the company's exports all round the world, so I had a lot to do with the shipping industry, particularly at the time when quality assurance was being brought in, so we did a lot of negotiating of service standards, albeit in the freight area.

I have also had a long-term interest in the ferry business, partly as a passenger since I was knee-high to a grasshopper, coming backwards and forwards to the Island, and probably over about the last 12 years I have been writing fairly extensively for a number of journals on the ferry industry.

I first became involved in TravelWatch in Liverpool when I was asked to give them a presentation on the joined-up – or lack of joined-up – transport opportunities from the northwest of England to various Irish Sea destinations.

The Chairman: Thank you.

Mr O'Friel: Chairman, if I could then take you to TravelWatch itself and our origins and background. I wrote an article in the periodical *Manx Tails* a year or so ago, outlining the case for having a passenger watchdog on the Island. That was followed up by a public meeting in Douglas in January this year, attended by at least 70 people, which unanimously decided that such a watchdog would be a valuable thing to proceed with. From then on, we have been busy trying to deliver some benefit for Manx passengers.

We have got, at the moment, about 60 registered supporters. I say 'about' because we had a public meeting, as some of you will know, last Saturday, and it is clear that we have acquired a number of others. We have not got round to identifying and tabulating everybody yet, but we have at least 60 registered supporters. We have an inner core of activists of

something between 10 and 15 people, and a wider core who give us other sorts of support, and over the last period we have managed to have about a dozen meetings with operators and authorities, largely introductory meetings, at which we have been taking forward the cause of passengers.

That is primarily what we are about. You will notice, in the evidence that we have given in appendix 1, we have set many of these things out. Of course, we have set out in particular that we are representing and promoting the interests of Isle of Man passengers, and we have given a number of key objectives. I do not think I need to go through those, because I think they are probably well known to the Committee. That is the business that we are in.

The Chairman: Thank you very much.

Mr O’Friel: I wondered whether it would be helpful, Chairman, if I just said a word or two about our views on the previous Committee, which we covered in appendix 2 to our report, the 1999 Select Committee –

The Chairman: Yes, the previous Select Committee on the Steam Packet.

Mr O’Friel: – because there is a certain logic in looking at those points first, before I ask my colleague to look at the specifics for this morning.

I think what we would say about the 1999 Select Committee – which is appendix 6, for the benefit of those of you who have got the evidence in front of you – what is, in a sense, disappointing is that quite a number of issues that were identified, and recommendations that were made, do not appear to have been taken forward. We would stress, in particular, the transparency of information.

A very good example is passenger surveys. There is no doubt about it that that was recommended. There is also no doubt about it that the Steam Packet have, I think, moved in that direction – as I think other transport operators are doing – but what we are not seeing is the publication of the results of that, so that the public can see what are the results of such surveys.

There was a specific recommendation about setting up a Manx transport users’ consultative committee, which was partly based upon the then Scottish model, because a Scottish committee which dealt with both the railways and the ferries in Scotland seemed to some of us who gave written evidence to that Committee to be something worth at least considering for the Island. It was recommended that something was done about that. Nothing that I am aware of happened, so we got on with it and the present state of play is that TravelWatch is trying to fill that gap to some degree, but on a completely non-statutory basis and, as I said in the evidence, with very limited resources.

So I think that takes us over some of the ground of the 1999 Committee, and we can now turn, perhaps, to the matters really that you are concerned with at the present time.

The Chairman: Thank you, Mr O’Friel.

Mr Clague: If I could cover the various aspects involving fares and charges. First of all – and this is paragraph (a) of our executive summary – we have looked at the User Agreement in some detail and we have looked at the pricing policies

pursued by the Company, and we cannot see that in any way there could be a suggestion that the Company have actually breached the Agreement in their pricing policies.

We have discussed this, since we made our submission, with the Steam Packet in some detail and they were a little concerned that our definition of the User Agreement was not completely clear, or the formula in it over pricing. In paragraph 3.1 that sets it out fairly clearly, the formula we understand to be linked to Manx RPI less 0.5 per cent currently. So the reference in section 1, ‘Overview’, where it says, ‘in line with inflation’ seems to have been slightly misleading to some, although we understood what we meant.

The second thing is the question of the transparency of the pricing policies. We have spent a great deal of time, both talking to the Steam Packet Company in a meeting and also in some subsequent conversation, on trying to understand the model of pricing for special offers which they are working on. Let us say we, who perhaps might be expected to have a slightly better understanding than the general public, have taken some time to understand it. So I think our comment that there is confusion about it is still very valid.

However, even this week the Steam Packet are in the process of putting a new page onto their website which does explain to people how to get best fares, and we welcome that. I do not think it is going to answer all the problems, but it is definitely a step forward, which we would recognise.

On the question of standard fares, again there has been a little confusion, which I would like to clarify. We have never suggested that standard fares should be highlighted or promoted. What we have suggested is that they should be made readily available, and it is good to see that, for next year, they are already on the Steam Packet’s website. So that is certainly progress. What we do think is that people need to be aware of the maximum fare that they might have to pay.

We also think that there would be mileage sometimes in pointing out to people the wonderful discounts that special offer fares actually show, and that way, perhaps, people would not feel as aggrieved when they have to pay the full fare, because quite clearly, if somebody has to pay a full fare, they are going to feel unhappy about it.

Point (c) of the executive summary: what this means is that, at the moment, the people who are unable to benefit from the special offer fares are the ones who are actually feeling aggrieved. Those are people who will have to travel at peak times, maybe at short notice, and they have not got any real alternative. If you are an Island resident who has to go across, and because you are working you can only go at a weekend and you have got a problem with, perhaps, a sick relative, there is a very real problem then, with people who can only book at short notice having to pay what do seem to be very high fares. Statistically, this is probably a relatively small number, but nevertheless it is a vulnerable part of the community, and I think one of the things that we would ask you, as a Select Committee, is to discuss this further with the Steam Packet Company.

I think Prof. Baird has some fairly wide experience of different pricing models and he will be aware, for example, that it is very common for there to be preferential rates available to residents of islands, and that is not restricted merely to when services are subsidised, although obviously it does happen in those circumstances as well. Residents of the Isle of Wight, where there are no subsidies, for example,

do benefit from residents' fares.

There are other approaches as well, such as carnet-type systems, where people could buy a number of tickets, perhaps not at the very lowest rate, but by purchasing in advance they could buy perhaps five tickets, which they would be able to use on any sailing, providing there was physically space, at a known rate. Obviously, that complicates their pricing model, but I think really if we are going to get public confidence, that is one of the sort of areas we would suggest that you pursue with the Company further.

The other point we would make is that the formula for fares which was established in 1995 probably cannot be appropriate for a long-term agreement. The Steam Packet have told us in no uncertain terms that that formula is actually one of the key attractions of the User Agreement to them. It does have to be said, though, of course, that this is only talking in terms of the top-line, standard fares, and it does not really apply at all to the special offer fares which, if you can get them, in our view would actually represent good value for money on a comparative basis.

When it comes to the question of booking on and off the Island, the remit appears to assume that fares should, in fact, be the same and, as I have mentioned, in other places, that assumption is not necessarily the starting point, and again we would invite you perhaps to discuss that with Prof. Baird to get a better view on that one.

Our experience of looking at the model, as we have illustrated in our submission, is that it is as much a function of when you book and the traffic flow at the time, so that if you book early enough, yes, you stand a very good chance of getting the best fare, but obviously in one direction or the other the demand may be such that it is easier to get a better fare on one sailing on the same day in either direction. That is primarily a function of demand, but it is also – and again, this is something you may wish to explore further with the Company – a matter of how they manage the system.

I think we have a better appreciation of that than when we made our submission, but there is quite a degree of management input into the system on a flexible basis to decide how many cheap fares will be made available on any given sailing, and that can be adjusted after booking has opened.

The Steam Packet have indicated to us that they did not like the particular examples we quoted in example 2.4. These were the cost of booking – this is page 7 in our report – when we actually made some trial bookings on 29th July, which were only about a week ahead. At the time we made the submission, we were unable to find out, if we had booked three months earlier, what the figures would have been, but in appendix 3 we have tried to put in some comparative figures, which perhaps give a better indication, both in terms of comparison with other operators on other routes, and also the effects of booking further ahead. But the fact is, of course, that there are people who do still have to pay these rates, particularly at the TT time, so yes, we believe that those examples are valid, but do please read both, not just take the one on its own.

Is there anything on that so far you would like to question?

The Chairman: No, carry on.

Mr Clague: In terms of the question about is there any excessive charging, we have addressed that in section 4 of

our report and, as I indicated in my preamble, we have found no examples of charges which are in excess of those allowed by the User Agreement.

Of course, life is not always quite as simple as that. It is a matter of how you might define excessive charging, and that again must be a function of the profitability of the operation, and even the User Agreement does have certain caveats. If the Steam Packet can demonstrate that its profitability has dropped, certain safeguard clauses come in, and we believe that, although probably the public would not be expected to see these figures, you, as a Select Committee, might well wish, under privilege and confidentiality, to take a view on whether the profit levels are reasonable or excessive. That is something we cannot make a judgement on.

I think there are a number of other spin-off issues, and again we have discussed this at some length with the Company now, about the bottom-line rates on a lifeline service only being available to those who book on line.

There are various ways round this, of course, because you can actually go into the sea terminal, or the Liverpool terminal, and I think Heysham as well, and actually use the terminal provided, rather than going to the counter but, of course, not everybody is computer literate.

Therefore there may be people who still need to go to the counter because they actually need assistance, and to find that they are actually penalised for that... obviously, if everybody then goes to the counter and says they want the bottom rate, there would be a problem, because quite clearly there is a cost saving in on-line booking which carriers all round the world have recognised – not just sea carriers, air carriers and everybody else – so whether there could be some sort of compromise for those who genuinely... whether we are talking about pensioners, the disabled, a category of people that way who could be treated more sympathetically than they are by the systems now, again we would ask you perhaps to pursue that further with the Company.

The other question which concerns us is the matter of fuel surcharges. We all know, of course, that the cost of fuel is extremely high. It has been mitigated to some extent by the fact that fuel is normally bought in US dollars and, of course, currency exchange rates have mitigated that to some extent.

The question, I think, is how far a fuel surcharge should be regarded as a temporary surcharge or, if we are actually in a regime of permanent high prices, whether they should actually be considered in the pricing formula.

The difficulty we have at the moment is that there is actually, again, no transparency in this issue. We understand that this is monitored by the DoT and if the formula were published and, if there were any change, a notice in the paper was posted to say this had been looked at, I think people would feel rather more reassured.

So, again, there do seem to be a lot of things in this area which the DoT are monitoring to an extent that we have not appreciated. We have not appreciated it, of course, because it is all done behind closed doors, and if there is going to be confidence in that monitoring process, we believe that that ought to be brought out into the open.

There are one or two other things, as well, which have charge implications.

Mark Woodward, on his latest blog – and I would commend him for that, because I think it is actually putting a more friendly face to the public, although I think some of the more substantial issues probably cannot be dealt with

in that manner – one of the things that he has indicated is that there will be more reserved seating provided next year. At the moment, the Steam Packet charge a quite small fee, but if you look at it as a cost for a family, it is adding to the cost of transport and travel. If the number of reserved seats on the ships is going to be increased, if there is actually no beneficial seating, like it is more comfortable or anything like that, which, of course, the first-class provision provides, I think we would really question whether reserved seating ought to be charged for at all.

Of course, you can find airlines who are doing this, but interestingly enough, the rail companies in the UK dropped charging for reserved seats many years ago.

So I think at this stage that is what I would like to say to you.

The Chairman: Thank you very much indeed. Mr O’Friel, have you anything to add at this point?

Mr O’Friel: I was going to have a word about the standards of service, because that is obviously another part of what we have to say, but my colleague mentioned the fact that we had had quite a detailed follow-up meeting with the Steam Packet after they had had a chance to look at our evidence.

I think it would be worth saying to the Committee that it was heartening – although we disagreed about a number of things – the extent to which the Steam Packet are showing signs of engaging with us. I believe the Steam Packet are recognising that there are some areas at least where improvements can be made, and the fact that they have published the timetable in very good time for next year is a good sign, and the fact that they are putting on line some assistance to those of us who are trying to find a low fare on line... they are putting a device on, which should help people do so.

It is moves like this – we are talking about standard of service – where I believe TravelWatch can be quite helpful to, not just the Steam Packet, but to other travel operators by bringing to their attention some of the issues, which are not always big issues in themselves, but they are often big issues for passengers. I would like the Committee to know that I am mildly encouraged by the approach of the Steam Packet although, as you would expect, they do not like us, perhaps, not treating them as kindly as they might like.

So if we could just move to standards of service, we have really said two things. One is that there were shortcomings in standards of service identified, as I previously said, in the 1999 Committee, and it is a matter of concern to us that, as the User Agreement does not really cover standards of service to the degree that we would have expected, we hope that there will be, in due course, a move towards agreed and published service standards. Without wishing to bore the Committee with too much detail, if I could take two very simple examples, and we are not just saying this to the Steam Packet, but to other operators...

The first one is statistics about punctuality and reliability. It is very helpful if, periodically, statistics on punctuality and reliability are published so that the public can see these, so that they are readily available. It is good practice and that currently is not done in a timely way which is obvious to the public.

The second one is complaints. We hear, inevitably, of a number of people who are dissatisfied with the way they are

treated by operators, and in some cases by the Steam Packet. It is important that the complaints procedure for any operator – and particularly at the Steam Packet, as a major operator – it is clear what the complaints procedure is, so that people know how to complain and what is likely to happen when they complain.

It is also important that the statistics about complaints are published from time to time – I would have said at least once a year – so that again the public can look and see what are the subjects that people complain about; were there many complaints? That at least gives them some idea of what is going on.

So we have itemised a whole series of other things, of which the only other one I will mention is the need for information for through journeys, and we believe that providing more information about the onward journey is a duty of both operators and, to some extent, the authorities, and not enough of this is done.

On our way to this meeting, we have just dropped off at the sea terminal a number of copies of the buses that operate from the Pier Head at Liverpool into the city and it seems to be very strange that TravelWatch Isle of Man should be delivering these to the Travel Shop, that the Steam Packet are not doing that themselves. But, fine, if they will learn from this and hopefully do it even better than we are trying to do, that will be for the benefit of passengers.

So in these ways we believe that identifying and improving the standard of service should be taken forward and we hope the Committee will look at that carefully and hopefully will recommend that improvement should be made in this area.

The Chairman: Thank you both very much indeed.

Just to be absolutely clear, as an organisation, TravelWatch is concerned with promoting the interests of passengers. The freight side of the Company’s operation is not something that you get involved with. That is fine.

Mr O’Friel: We have enough to do with passengers.

The Chairman: Yes, indeed. Thank you very much for your presentation, and also for the detailed written evidence that you gave us. It was very substantial and we found it very helpful in the way it was set out in a number of areas and you have covered the broad areas within that written evidence.

If I could start by perhaps setting the scene more generally. Over the last 10-12 years, of course, we have operated in the environment of a formal User Agreement. Of course, during that time there have been – and it is very plain that there have been – substantial increases both in the frequency of sailing and the service capacity, to the extent that it is now twice as high as 10 years ago, or 12 years ago, a time when all passengers paid standard fares – no special offers to be discussed, they were all standard fares. You accept that scenario?

Mr O’Friel: Indeed.

The Chairman: Yes, and this is, of course, at a time when, by contrast, volumes and capacity have been declining generally in the ferry market. We understand UK and Ireland and cross-Channel ferry services have seen substantial declines in volume. We understand over the last 10 years or so the Channel Islands have decreased from 500,000 to

about 300,000 in that period. We would also note that, by marked contrast with other ferry services, the Isle of Man Steam Packet operates without taxpayer subsidy, no direct subvention from the public purse. Therefore, do you accept this broad backdrop to the more detailed comments that we want to make about fare structures and pricing policies?

Mr O’Friel: I think we certainly recognise that, over the last 10 years and more, there have been huge changes to the services and the frequency and the number of sailings, of course, has gone up a great deal. Those of us with long histories of the Steam Packet would, of course, also say that, because of the reduction in the number of vessels, it is no longer possible to cope from within the fleet with the sort of peaks that we used to see 10, 20 or 30 years ago at weekends and so forth.

So there are changes, and a lot of those changes are beneficial to passengers, but there will be some that certainly some passengers will not regard quite so favourably, but overall the number of sailings that are currently operated, particularly in the winter, is a huge improvement on what there were years ago.

The Chairman: Yes, indeed, and as I say, in contrast to what has happened elsewhere over the period where there has been a decline in volumes, in the face of airline competition as much as anything else.

Mr O’Friel: I am glad you mentioned that, Chairman, because I think we have got to be very careful when looking at a scenario like that, at the total market and whether or not the relative success of the Steam Packet owes something to the pricing policies of airlines on the Island and may also be a factor. I just do not know, but the fact of the matter is you would have to look at the total travel market before being too enthusiastic about it.

The Steam Packet may have exploited an opportunity – and well done, them, because that is the commercial world – but part of the reason they may have been able to do that was because they did not face the sort of competition that there is across the Irish Sea from Ireland to England, for example, with easyJet, Ryanair and operators of that sort.

The Chairman: To that extent, having a User Agreement with the Isle of Man Government, which was seen as mutually beneficial from the point of Government for the strategic interests of the Island, and from the Company having an ability, a protection, in a way, from commercial competition that might have otherwise thwarted or hindered investment proposals, it has been a mutually beneficial situation. Would that be fair?

Mr Clague: I have reservations about that scenario, having been involved in a business which never had any protection and knowing that if you did not invest, you actually ended up going into oblivion over a period of time. So I think that, given the fact that the Manx economy has done pretty well over the period of the User Agreement, the Company would have found, even if it did not have a User Agreement, that it was necessary to invest.

Obviously, they have had an environment which has made it easier for them to invest, easier to attract people to invest through them and in them, but I would question the exact amount of benefit that the User Agreement has in

investment terms. Clearly, in terms of current ownership – change of ownership of the Company – the User Agreement has been absolutely invaluable to them, because it is talking about guaranteeing forward cashflows.

The Chairman: Yes. I would emphasise it is not within the remit of this Committee to specifically examine the User Agreement. However, as it sets the framework for charging and everything else, we must have regard to it.

I would propose to go on to the specifics of the remit, but I would like to ask if any colleagues – on the more general points that we have discussed at the moment, the history, the last 10 years, the User Agreement and so on – have any particular points?

Mr Waft.

Mr Waft: Just to point out that many years ago they used to have 11 vessels, at least, going backwards and forwards, and there was a need at that time, and the passenger figures were tremendous. Over the years, there was a steady decline, until we came to the years when the Isle of Man Government thought that they must have some agreement to get the necessary sailings on a daily basis, and that is where the User Agreement started to come into being.

The practicalities are that now we have increased certainly the amount of freight coming onto the Island and the number of passengers. Nevertheless, there has to be an equilibrium of adjusting that User Agreement to accommodate the present situation.

Whether you are happy with the changes that have taken place is academic, to a degree, because the Department of Transport have the Agreement with the Isle of Man Steam Packet, by which there is an understanding on the charging, and you said yourselves there is no overcharging by way of the Agreement.

So that was the situation we arrived at over a number of years.

The Chairman: And the response, Mr Clague, is?

Mr Clague: I think the problem is that... Obviously what you are saying is correct, in terms of the background to it all, but at the end of it, the public clearly are not satisfied with what is the case. How far they are justified in that may be another matter but, year after year, these matters flare up. If this Select Committee is going to do anything to benefit the Island, if it can come up with what perhaps is a voluntary agreement, which does not conflict with the existing Agreement but fills in some of the gaps in that Agreement, that might well be taking things a long way forward.

The Chairman: Thank you very much.
Mr Cregeen.

Mr Cregeen: Would you consider the growth in the Isle of Man economy may have driven down the prices as well as the steady increase that the Agreement brought in? With the growth of passengers and freight, would you have thought it would have driven down and...

Mr Clague: I cannot comment on freight, but from what I hear on the grapevine, I do not think that is happening at all.

Clearly, the fact that the special offer prices have not

gone up to the same extent that the standard brochure prices have, so that in real terms they have gone down... But again, this is a matter of commercial judgement for the Company, because clearly if they put all the prices up, the number of people travelling would go down, so their revenue would go down: there is always a balance here.

The Chairman: Thank you.

Can I just ask a final question on this broad front: do you believe there is a relationship between ferry prices and the high price that was paid to acquire the Steam Packet Company?

Mr Clague: I understand that Macquarie's investment objective, in the particular fund through which they acquired the Steam Packet, was to look for infrastructure projects with guaranteed cashflow looking forward. So, to that extent, that was why a long Agreement was attractive. I do not think that it actually had a bearing on the day-to-day rates that are actually being charged. Whether that will become a pressure over time remains to be seen.

The Chairman: Okay, thank you very much.

Mr O'Friel: I think, Chairman, it might just be worth saying that, from TravelWatch's general perspective, certainly the guidance that I have been giving to colleagues is that some of these very large strategic issues are ones on which we have probably all got our individual views. They tend to be very largely, though, these big issues, in the political and economic sphere, rather than TravelWatch's sphere.

We are much more interested, I think, in focusing on the more detailed areas where what is going on impacts directly on passengers, and where we see ways in which the Company, or an operator of any sort, is able to make life a little better for passengers, often without a great deal of expense.

The Chairman: Thank you very much.

Turning, then, to the specifics of our remit, if I could start with the fares structure over the past 12 months, of course this will include changes to previous timetables which identified discounted fares and the availability of discounted fares: you touched on that in your presentation.

In your written evidence – and you referred to it under the section on pricing and paragraph (v) – you say:

'A formula for fares which was established in 1995 can hardly be expected to be appropriate until 2026.'

As I referred to, in 1995, everyone was travelling on standard fares, but since 2005 there has been an obligation under the Agreement and negotiation with the Department of Transport, to make a guaranteed number of special offer fares available. I understand the great majority of fares sold – some 80 per cent – are special offer fares now, and there is a requirement to offer a minimum number under the Agreement and the figures that we have had from the Company, for example, show in 2007 the minimum requirement was 290,000 seats, but the Company has offered 226,000 foot passenger fares, to which is added 143,000 special vehicle and occupant fares.

So, indeed, the minimum is being very comfortably

exceeded and only a minority of customers now pay the standard fares. Would this not indicate that... your statement... the fare formula of 1995 maybe in broad terms is still there, but in practice many more people are getting cheaper, discounted fares than they were in 1995?

Mr Clague: That is undoubtedly the case but, of course, what we have to address is people's perception of what they have to pay now and the service they get now. Frankly, they are not that interested in history, although, yes, I happen to be, and you happen to be, perhaps, but in the end, the issue is what does today's customer feel is right and fair. There is a proportion of people who, quite clearly, are unhappy with the situation. If you can get the lowest level of fare, which obviously a large number of people can... They are not the ones who are concerned.

The Chairman: Is it that people have forgotten just how high fares used to be? They have got used to a certain pattern of fares in this age of lower airline tickets against which to judge and –

Mr Clague: I think we all have selective memories of history, yes.

The Chairman: Yes, that is fine, and therefore, when you advocate, as you do quite strongly, that the brochures should indicate... not promote, because I think you were accused by the Company of advocating the higher fares would be promoted, but it is simply to give a frame of reference to the passenger to judge for themselves the value of a particular decision to travel on that particular crossing.

Mr Clague: Yes, and it is particularly helpful to people, for example, who are booking for the TT next year to know that the likely fare is going to be that, and they can make the decision accordingly. I am not suggesting that they would like that fare.

Mr Waft: We have not got a set of accounts, of course, but I just wondered if you had done any comparison with regard to the salaries from any time previous and to the salaries nowadays, compared to the fare structure at that time and now.

Mr Clague: In one word: no.

The Chairman: Just sticking with the question of the special offer fares and fare increases over the last 12 months and discounts and so on, Mr Turner.

Mr Turner: Yes, for Mr Clague or Mr O'Friel: what is your definition of a special offer? Could it be £5 off the standard fare, 20 per cent off, 50 per cent off?

Mr O'Friel: I think it is for the Company to define what they mean by special offers. It is something I do not think we have ever discussed, actually.

Mr Clague: I believe there is a definition actually tucked away somewhere in the User Agreement that it is... I think the word 'promotional' is used in it, but I do not think it actually defines the level. What is apparent, and was not apparent to us at the time when we wrote this, is that there does seem

to be a lot more detailed agreement with the Department of Transport in setting these fares. So again, I come back to the thing that we need the transparency about this.

Mr Turner: An add-on from that, then: would you say it is fair to say that, when booking, you actually do not know what you are going to get? It is not clear at all. In your experience of testing these, which you have done in your submission, once you have put your travel dates in, you do not actually know what that fare is going to be. It could be the top fare, or it could be a special offer. There is no clear indication at the time of booking.

Mr Clague: If you go to make a booking, in advance of making that booking you probably have not got... You have a hope, of course, that you will get the lowest fare. You may not have much idea, but the moment you actually put in your dates of travel on the screen, the range of options available for when you want to travel is displayed.

It can give you wonderful things, like you can do a day trip to Heysham in the morning and go back three hours later from Liverpool without any means of getting there, but that sort of information is there, yes.

But, of course, you may not always get what you are hoping for, and I think that is where people get unhappy.

The Chairman: Mr Malarkey.

Mr Malarkey: A point of clarity on the brochures I have got, the 2006 and the 2007. From my own point of view, prior to the 2007, if I wanted to travel, I opened to a page like this, and I knew, depending on which boat I picked, whether I was going to be on an A sailing, B sailing, D sailing. So you knew you were going to pay less money going down through the scales. From my point of view, in the brochure they have put out this year, there is no way in the brochure that you would know, unless you go on line or go into the office, which particular sailing... So you are totally reliant upon them, or online, to find out. What is your view on the clarity of this year's brochure?

Mr Clague: We much prefer the 2006 brochure, but it would have to be said that if you look at whether a sailing is A, B, C, D or E, that is not going to tell you anything about the availability of special offers, but it does indicate to you what the highest might be. In the timetable that has this week gone onto the Steam Packet website, it does actually give you the information of what those grades are for the sailings. I have no idea whether the Steam Packet are going to put it into their printed brochure for next year. We would hope and recommend that they would and they would go back to something like that one.

Mr Malarkey: Yes, because you knew well in advance here – whether it was A, B, C or D – what your price schedule was going to be, and unfortunately, this year's brochure, which I think caused an awful lot of the problem, does not make that clear.

Mr Clague: Yes, correct.

Mr O'Friel: Our impression is that quite a lot of passengers – quite a lot of the travelling public – were very concerned that this information was not in the 2007 brochure.

That is why we are hoping that the Steam Packet will return to something more like the 2006 brochure, because I think, by not doing so, they have slightly shot themselves in the foot.

Mr Malarkey: It was extremely late this year coming out, as well, which really did not help the situation, I think.

The Chairman: If I could just add to that, the Company have said that it is common with the usual trade practice not to highlight standard fares in the 2007 brochure. What is your understanding of what usual trade practice would be?

Mr O'Friel: I am glad that you mentioned the word 'highlight' then because, highlight and underline, the Company seems to have really got this from somewhere. We have nowhere said 'highlight' or 'underline'. We just want the fare published so that people can see what it is.

I think, on the wider point of how this compares with what goes on and how other operators display fares, there is a sense in which the Steam Packet cannot have it both ways. If the Steam Packet is the only ferry company in the UK – or one of the only ones – that actually is growing the market and appears to be doing it relatively successfully, then perhaps they have to recognise that they are in a different situation from some of the other companies and they may have to operate in a different way.

Also, everybody says the Steam Packet is in a very unique situation with the Island, with its particular size and population, the length of the sea voyage, all this sort of thing. I think we have got to be a bit careful about people saying, 'This is what they do across the Channel' or whatever. We have got to look at what works for the Manx. I suspect publishing the 2006-style brochure for the Manx, including standard fares, is much more what Isle of Man passengers want.

The Chairman: Thank you very much. Mr Cregeen.

Mr Cregeen: I think Mr Malarkey covered a few of the areas: I was going to touch on the publicising of the lower fares. Do you think when they publish future programmes of fare-pricing, they should identify more clearly that there could be a lower fare for a sailing which is not as busy as the eight o'clock or the six o'clock in the evening – it would be advisable to do something like that?

Mr Clague: I think they could do something in the short term – perhaps even in their advertising – to say that, on particular sailings, there is availability of cheap fares at a fairly late stage.

P & O, for example, were advertising across the Channel at the beginning of August that, even in August, cheap fares were available, if you got up early enough in the morning or you travelled late enough at night.

So I think there is a marketing angle there that could be explored.

The Chairman: Thank you. Mr Turner.

Mr Turner: Yes, in one of your recommendations, you say the Steam Packet website literature should be required to show the standard fares as well as special offers, as in previous years. The Steam Packet's response to that was:

this is against the interests of the Isle of Man. Why do you think that is?

Mr O’Friel: I think you have got to ask the Steam Packet why they think it is... (*Interjection by Mr Turner*) We do not!

We have had quite a lengthy discussion with them about this, and I think it is for the Steam Packet to make their own points.

We are simply saying that, in terms of transparency, if they will get out of their heads that we have neither said ‘underline’ nor ‘highlight’, but simply ‘make the information available’, certainly our view is that is actually what the passengers want. Our remit is to convey to you and to the Steam Packet what we understand passengers want.

The Chairman: The Company has said that their own customer feedback shows that approach is confusing to customers.

Mr O’Friel: Well, I would be delighted if they would publish their feedback from passengers: that is what we would love.

The Chairman: Since so few actually have to pay that – the vast majority pay the special offers – mentioning it will serve to confuse the situation. That is what they say was the reason for dropping it.

Mr Clague: Clearly, Mr Chairman, if they were to promote the headline fares, I guess what they are really saying is that would actually deter people from even thinking of coming to the Isle of Man.

The corollary of that is that people thought that they could get to the Isle of Man a lot cheaper than they did. Sometimes they might be deterred, if they find that they actually have to pay it.

It is how to get a balance there, so that people appreciate the environment in which they are making a booking. Quite clearly, there are a huge number of people who travel in the TT period, for example, and quite a large number in peak summer weekends, and perhaps even over Christmas, New Year and Easter, who do have to pay these high fares. All we are saying is that people ought to know that is a possibility.

The Chairman: Mr Waft.

Mr Waft: You did mention the position with regard to people on low fixed incomes and the disabled etc. Do you think there should be particular discounts for them?

Mr O’Friel: I think we have said we wanted to identify that there were vulnerable groups: the people who cannot use the on-line booking system. We have got still, regrettably, a significant number of people whose literacy levels are very low and have not got computer skills. Part of our job, certainly while I am Chairman of TravelWatch, will be to try and protect the vulnerable, and certainly to bring to your attention the need to protect the vulnerable.

We have then got these groups of people: people who have to travel at short notice for medical appointments across. I have certainly heard a number of cases which have been very difficult for people in that respect – not

just involving the Steam Packet, I have to say, but also the airlines. Of course, there are people who have to go for domestic distress or whatever – relatives ill or who have died or something across. It is these short-notice journeys, that often have to be made with no ability to be flexible, which people then get caught by.

I think we are simply saying to the Select Committee that there is a problem there. You are probably aware of it, as politicians, because people talk to you about it. What we are looking for is any way that the Company possibly can have to, in any way, alleviate that problem, because there is a genuine problem there.

It is not easy. We are not saying there is an easy answer – they should all be given the cheapest fares or anything – but there may be ways in which the Company can be a little more flexible. It is something of that sort that we are looking for the Select Committee perhaps to suggest to the operator.

Mr Waft: Did you say it is in common with a lot of other companies that the on-line ticketing or pricing is often reduced, if you are prepared to go on-line?

Mr O’Friel and Mr Clague: Oh yes, indeed.

Mr Waft: Did you say it is common practice? It is not particular to –

Mr O’Friel: Absolutely. This is common across the whole travel experience but the arrival of the on-line booking has left a new vulnerable group. That is very often not recognised. It is worse than that, because when people get into trouble, they are very often the people who cannot complain because they cannot write, frankly. So much of our complaints systems depend upon people writing. That, frankly, is a real problem for our society and much broader than just the Steam Packet.

Mr Waft: Do you think that the changes could be made within a legally binding Agreement that we have, to accommodate the concerns that you have in that direction?

Mr O’Friel: We have suggested that there is no reason at all why service standards could not be agreed, why there could not be involvement of TravelWatch with the Company, and indeed other operators, to try and improve service standards – first of all, to make them clear and, if necessary, so that there is some enforcement mechanism. That might be for the Department of Transport.

It is not rocket science, a lot of this stuff, but it could make quite a difference to passengers.

The Chairman: Thank you.

Mr Clague: Could I add something there? I think that within the context of the Agreement, there are obviously a number of working practices, should we say, which are agreed through the Department of Transport – for example, the switch from Liverpool to Birkenhead this winter. I would have thought that sort of thing could be agreed at that sort of level and not be a fundamental breach of the Agreement or anything like that. I am sure in that sort of liaison meeting, these issues could come up and a solution could be suggested.

The Chairman: Mr Turner.

Mr Turner: An observation. We keep hearing about things that are common in the travel industry. Of course, we must bear in mind that where this is slightly different is that there is a form of protection and exclusive arrangement here which is not common in the travel industry. I think we have to make sure we look at the whole issue here, with regard to some of these matters.

The Chairman: Mr Cregeen.

Mr Cregeen: I think most people will be aware that, in the past, you used to be able to, across the travel industry, turn up on the day and you would get a very low price because they would be taking the last availability. Are you aware whether this still happens across the industry or is it the position now that it is the highest price, if you turn up?

Mr O’Friel: That is an interesting question. I know that the train companies – and I am trying remember which one, but some of the... Virgin in fact, I am sure it was Virgin – were starting to cut prices for last-minute bookings to fill seats, but that is a relatively recent development.

You are quite right: years ago, there were sort of standby-style tickets, when you could get on various operators at quite low cost.

Of course, generally it is ‘book ahead’: book ahead and you can get good tickets. The corollary of that is, of course, it does hurt the people who cannot book ahead for perfectly valid and good reasons.

The Chairman: Right, thank you. Just developing this a bit more, you made reference to on-line booking and Mr Waft made reference: part of our remit is to compare prices when booking on and off the Island.

Mr Turner, you have, I think, some points you wish to make.

Mr Turner: Yes, in your investigations, part of what we are looking at is on-line internet booking and booking at the Sea Terminal. You have covered quite a few of my questions, actually, in your initial opening remarks.

Do you think it is acceptable that passengers have to pay a higher price for going into the ticket office in this day and age, when effectively it may be their only form of transport? There is not the competition element, which could be argued with the airlines.

Mr O’Friel: I think I come back to the point I made earlier that we have got some people who are in a vulnerable position as a result of that. I do not think it is reasonable to suggest that they should automatically get the lowest possible fare, but I do think there is a middle position where, in certain circumstances – and the Company would have to make judgements about this – they could be treated in a rather more favourable way than they currently are.

I think a bit more flexibility there would create a great deal of goodwill that the Steam Packet would benefit from – and, indeed, other operators who did the same thing. I think perhaps you might try and encourage them in that direction.

Mr Turner: Much play has been put on being competitive, but competitive with whom? Not all of these passengers will say the airlines are competitor because sea

travel may be their only option: car drivers.

Mr O’Friel: Yes, indeed.

Mr Cregeen: You touched earlier on, as well, on the fuel surcharge and the seat reservation. From observations, what can happen is that you can reserve a seat and then go and sit somewhere else. Do you think that is an acceptable situation?

Also, would you say that the fuel surcharge and the seat reservation is another increase in fares?

Mr O’Friel: I think we have said very clearly that when people are making decisions about journeys they tend to be interested in ‘What is the total cost of getting from my front door to wherever I am going to?’. Clearly, things like fuel charges, insurance, extra costs of seats, getting to the boat – all these are things that people will recognise as being part of the total cost.

My view is that the Company should be a bit careful about charging for reserved seats, unless those reserved seats, as my colleague said earlier on, are in an area where there is a higher standard, a better service – in other words, they are getting something for their money.

Otherwise, I do not really understand why people have to pay for reserving a seat.

Mr Cregeen: The other thing is: in the fare structure that they do have, it is RPI minus 0.5 per cent. On the fuel surcharge, in July 2007 fuel prices actually fell by 3.5 per cent. Did you note any decrease in the fuel surcharges from the introduction?

Mr Clague: Basically, it is done over an average over a period, so a one-month downward glitch would not be reflected in anything other than the average for the review for the next period. I think I am right in saying they are doing it on a six-month period?

Mr O’Friel: Six months, yes. Twice a year.

Mr Malarkey: In their own submission book, on the final page, over the last 12 months’ charges, when they are itemising everything from food, at the bottom of the page, by their own admission, fuel during that period came down 3.5 per cent, and yet we still seem to have the fuel surcharge.

Mr Clague: I think you are going to have to ask them the details of how it is calculated. We would dearly... We understand in general, but the specific calculation we have not seen. We believe it would be helpful if it was in the public area, so that people, just as you have expressed, are actually reassured that it is a genuine reflection of the level.

The Chairman: You say in your evidence that the way the fuel surcharge is applied across the industry is inconsistent.

Mr Clague: Yes. One of the difficulties, of course, in the industry is most of them are involved in an organisation called the EU, which gets very excited if they start talking to each other about how to levy it. Indeed, some operators do it and some do not.

Obviously, the cost of fuel as a proportion of a particular

operator's costs will vary. It is always a substantial one, but it will vary a little bit –

The Chairman: And you accept that the Department of Transport require the Company to absorb most of the cost and only then pass on any extra costs to the passenger?

Mr Clague: We are told this, Mr Chairman, but we have not actually seen any formula and I think it would be helpful to everybody's understanding, if it was a bit more open.

The Chairman: Thank you, Mr Turner.

Mr Turner: Can I come back to the subject of reserved seating. I was quite concerned to hear that there is planned to be more reserved seating. The experience I have had on board the vessel is that when you have a block of reserved seating, there is less seating for passengers. Therefore, if you increase that, it only means that as there is less seating, people feel inclined that they are going to have to have a reserved seat. The problem Mr Cregeen pointed out – and I have seen this on board myself – is that people have their reserved seat, but then go and sit in the bar and the cafeteria for an hour. Therefore, the passengers who have not got reserved seating have fewer places to sit.

Do you feel that more reserved seating actually may be just another way of charging more money, because passengers are then going to feel inclined that they have to reserve a seat, otherwise their party is going to be scattered all over the vessel?

Mr O'Friel: That is exactly, I think, the point we were making. We understand entirely charging for a better standard of service, like first class; but to charge for a reserved seat in the body of the craft does seem to us a bit much. But you must ask the Company. They may have some very good reasons for doing it.

I think it is one that we certainly would want to watch. We have only just picked this up from Mark Woodward's blog, so we have not certainly discussed it with the Company or anything. We are just putting up... This does not look in passengers' interests!

The Chairman: Just on that point, do you think it is unreasonable to include, in the sailing capacity, occupancy of the restaurant and bar areas in the number of seats available? That is the point we are making.

Mr Clague: Mr Chairman, my understanding is that a ship is certified according to the number of seats that there are, so that if there are 1,000 seats, including the ones in the restaurant and everything else... Obviously, if people are moving for a very good reason, to go and sit in the bar, the ship is never going to be comfortable, if it is full. I think that is true with any operator anywhere.

The Chairman: Those that want to consume meals, I think this is the point, can often not find a table because they are occupied by people who are sitting there for the whole voyage.

Mr Clague: Yes, but I think one of the problems the Company have actually had is: since they have got into a position that, effectively, they have a three-class system on

board – because they have a Blue Riband Lounge, they have a First Class Lounge and they have the rest of the passenger area, which includes the reserved seating – actually, if only 25 people out of 100 seats in First Class are full and only half the seats in Blue Riband are full, and yet the ship has got 1,000 passengers wanting to travel on it, they have to start moving people round into premium areas – at which point, you say, 'Well, why did I pay a premium?'

I think they need to have ways in their booking system, whereby you can say, 'Sorry, all the tourist seats have gone', as you might on an aeroplane – 'The only way you book on this particular sailing is you can either go on a different sailing or we can offer you a First Class seat, which would have a premium but would be a better seat.'

Mr Turner: By effectively booking a reserved seat, a great number of passengers are taking up two seats: that is the experience I have found, because they are, as Mr Chairman said, sitting in the cafeteria and bar areas and then, once they have finished there, drifting slowly back to their reserved seating, knowing it is available. I would consider that as an unfair situation. What would you think?

Mr O'Friel: I would not disagree with you at all; but I think it is a technical problem that the Company has got to grapple with, and I do not envy them in that!

Mr Malarkey: On that point, because I was going to come to it on standards of service, would you say that the *Ben my Chree* is suited for purpose, in the way the seats are laid out? There is a marked difference between the fast craft, where you are sitting in aircraft-style seats, and the *Ben*, which has now got First Class areas; Blue Riband areas; a bar area; a cafeteria area; and the seats, for the passengers they carry, are scattered round all of that area.

So, as TravelWatch, do you consider that the vessel is... I will not say fit for purpose, but certainly, designed in a way that is helpful when the vessel is travelling with a full payload?

Mr O'Friel: I think we can say that the 1999 Committee which, of course, really came into existence because of considerable disquiet about the *Ben*, and the difference between the *Ben* and the craft that had been available previously, the improvements that the Company have made over the years to the *Ben* have made her a better vessel from the point of view of the passenger experience.

I would say that as a sort of preliminary, but Dick might care to comment on –

Mr Clague: My understanding is that all the reserved seating on the *Ben* is in the quiet lounge aft and the seating in there is probably better than in some of the other parts of the ship.

Now, I am not completely up-to-date: there might have been changes. I have not travelled on her since the summer and I will be on her tonight.

The Chairman: Mr Malarkey, finish your point.

Mr Malarkey: Taking you up on that point: when the vessel was first put into service, yes, it was a great advantage; but by their own success story and the amount of passengers they are now carrying, do you consider that the vessel is now

designed in a way to take the extra passengers, basically?

Mr Clague: Well, they have increased the amount of accommodation on the ship. The fact is that on any ship when it is full, you can never get people sitting comfortably in every seat, because people want to sit together. So you will have people sitting on the floor, people who actually want to sleep will actually try and stretch out somewhere, whether there is a facility to do it or not.

Mr Malarkey: What I am doing... I think you are missing the point. My comparison is with the fast craft, where you have the individual seat, you are sitting like this... on the *Ben* in the lounge area, you have seats that go round in very unusual shapes and lounge-style seats. As you say, when people do lounge over or whatever, it is taking up an awful lot of the seating. At least, on a fast craft you have a seat like on an aircraft, you know where you are sitting, end of story...

Mr Clague: Yes, on conventional ferries, it is quite usual to have the sort of mix of seating types that you have actually got on the *Ben*. On fast craft, there is much more tendency towards individual-style seats.

Mr Cregeen: You mentioned three virtual classes of passengers. Would you not consider there to be a fourth, with the cabins being involved on the vessels, as well, and that on a particularly busy day, where the main lounge areas are very full, the advertising of cabins, First Class and Blue Riband are actually an increase in fares for the travelling public, again on top of the standard fare that they have already paid, because they have actually increased the First Class and the Blue Riband, taking out areas for the general fare-paying...?

Mr Clague: I would suspect that with cabins, particularly on night sailings, the demand exceeds the supply. Obviously, if the ship were full and you had only got one person in a cabin which could take four, that is effectively reducing the capacity. But I think that has been the case for a long time.

The Chairman: Okay. Just reverting back to the issue of price comparisons when booking on and off-Island, because we have gone on to standards of service now. Mr Turner.

Mr Turner: Forward booking – TT 2008 – I know we have had considerable submissions from interested parties that have tried to book. One of the complaints we have heard – it would be interesting to know whether you as a travel group have had the same – is that passengers do not know quite when they are going to travel; they have to pay a deposit; they are not quite sure what they are going to pay; it is very unclear. Is this common through your experiences that this happens?

Mr O’Friel: We certainly heard exactly those points being made in various conversations and meetings that we have had with people. It is always difficult with this to know how far it is a major problem and how far it is a limited number of people – I do not honestly think we have got a feel for that. But we can confirm that we, too, have heard just those points.

Mr Turner: But the concern from the people who have been travelling is that they know that they are effectively tied to this, because if they do not travel, somebody else will because of the demand at the time of TT. Do you think it is fair that the deposits are non-refundable on that basis? It is almost like having your cake and eating it – ‘we will take your money, but we will not tell you how much.’

Mr Clague: I think the difficulty with the whole logistics of the TT is that it is a totally unique Isle of Man experience. I do not think any other shipping company has to actually deal with such a surge in demand over a relatively short period. It is unique in that way. It has always... sorry –

Mr Turner: But the format of the TT is well-known.

Mr Clague: Oh yes, yes.

Mr Turner: It has been around...

Mr Clague: Now quite clearly, when the Company had a much bigger fleet, 20 years ago or 30 years ago, it was easier to manage because the ships just went backwards and forwards rather more. The whole question of knowing what other vessels can be obtained is a key challenge to the management of the Company.

I think a lot of the information about this in the last TT came out far too late. If people had been better informed about the whole procedure and the challenges... The statements were made ultimately, but they were made really far too late. I think one could have made a statement at the beginning of the year, for example, that ‘From our experience, we know that actually getting these ships is going to be a problem’, but it was only very much at the last moment that was stated, and it all stemmed from there.

The alternative of course is to say, ‘We have got an outline schedule, which we are sure we can honour. Yes, you will all pay A-tariff rates. Do you wish to book on that basis?’ Even then, it is not as simple as that, because if you are then actually trying to bring extra tonnage in, there are physical limitations on which port a particular ship you can get can be handled at and how. You do not even know the size of the ship to actually apply the booking system.

So, I think there is a huge communication challenge, which does need to be looked at much more. I think you need to ask the Company why they feel the need to take a deposit. I have got a pretty good idea of why they will tell you, but I think it is for them to tell you that.

Mr Turner: But these people are paying the premium rates for getting here, and there is no certainty that they are going to get here on the day they are booking. The argument could be that if you are paying the premium, you should have better service. If it was a cheap ticket, you should be able to, fair enough, turn up at the docks and not know whether you are going to go at five o’clock or at midnight. But these people are paying for a premium ticket.

Mr Clague: I think there is possibly an argument that says you set out a standard of service which you know you can meet. You take bookings for that at known prices and they are firm bookings – okay, plus or minus the odd hour, perhaps, as adjustments do need to be made – and hopefully they would be made with rather more notice than previously.

Other people whose bookings are taken on a fluid basis are perhaps told, 'Three months in advance, we will be able to tell you more precisely what the position is', and maybe at that point their deposit either is confirmed or refundable, if they do not go on with it.

Mr Turner: The knock-on effect, of course, is that these people cannot then confirm their accommodation, so this affects hoteliers, car hire or whatever – hoteliers in particular. (**Mr Clague:** Absolutely.) That is one of the complaints, because they could have no-shows, because the sailing could have been on a different day.

Mr Clague: I think variations of that are happening already. Certainly, it is something which you, as a Select Committee, could perhaps explore further with the company.

The Chairman: Let us move on. Mr Cregeen.

Mr Cregeen: Just one thing on the TT. Would you think it would be practical for the Company to have a basic sailing timetable for the TT and be able to fill that, and then anybody after the filling of the basic service could then be put onto another system?

Mr O'Friel: I think you would have to ask the Company that, because that is an operational matter.

Our concern would be, as my colleague said, that the more you can give passengers certainty about when they are going to travel and what price – the more transparency there can be about that – the better. But we do recognise that the TT is a unique event and the transport challenges are substantial.

Mr Clague: But the communication challenge arising out of that is also huge. I think that perhaps the Company have underestimated that, in the sense that the time to communicate, if there has been a change... really, it is almost impossible to communicate in less than two weeks. Some people, of course, yes, but other people will be locked into other arrangements; they will be on their way. So, in the TT, that is a real difficulty.

The Chairman: Can I just ask you to make a comment on the issue of price differentials, depending whether you book on-Island or off-Island for the same journey? Do you get much comment from your members or passengers about this?

Mr Clague: There has been quite a lot of comment over quite a long period about this. I do not think we have picked up a huge amount, but it is there.

As I say, the tariffs are the same from both ends, whether it is the top price or the special offers. It is the number of them that are available and the relative demand which affects it, so that on a particular day, it will be cheaper to pick up a ticket two weeks in advance in one direction than in the other. But the situation can be either way round.

The Chairman: What would you think about somebody who inadvertently makes a booking – they are an Isle of Man resident – as if they are a resident of Liverpool, travelling; immediately realises the mistake and rebooks, only to find

that there is quite a considerable difference in the fare?

Mr Clague: My wife had that particular problem when she booked on-line on one of the airlines actually.

One would hope that it will be dealt with sympathetically and that people would not be asked for amendment charges and everything else. There probably needs to be a better procedure for dealing with issues like that.

What, of course, is completely unpredictable is that was the fare that they booked at actually available in the direction that they booked it at the time? Now, if they got a £35 fare and they found going the other way was a £100 fare, when they realised their mistake, if there was not a £35 fare available in the direction they meant to go, well, to some extent, I do not think they should benefit by their mistake. But, again, it is how people see the system is handling them justly.

The Chairman: Okay, that is helpful. Thank you very much. I would like to move to Mr Waft now.

Mr Waft: Would you agree that an island such as the Isle of Man has to have a reliable daily service to the United Kingdom?

Mr O'Friel: Yes.

Mr Waft: Inasmuch as competition and the introduction of a vessel, perhaps with no ties whatsoever, they would tend to go for, perhaps, the busy times of the year; or do you think they would have to have a daily basis as well? How would you go about...? You are thinking about competition, when you introduce that.

Mr O'Friel: Sorry, I think I should deal with this one. We are trying to avoid, and I think quite properly... I do not think it is TravelWatch's brief to discuss competition where it does not currently exist, because those of us who have been around for a while remember the whole Manx Line/Steam Packet saga and a fairly sorry tale that was in many ways.

Our job is to represent the interests of passengers. The sort of question that you have asked there would require a great deal of examination. It would be, at any rate, an issue which would largely be determined, I am sure, by the commercial operators and by the Government, the politicians.

TravelWatch's concern would be, if any changes of that sort were being even considered, what impact would it have on passengers? Would there be any benefits; would there be disbenefits?

We are certainly not in a position to say anything about that, because we would need to consult very widely.

Mr Waft: You would still, perhaps, think that there would need to be some form of agreement with regard to the service to the Isle of Man?

Mr O'Friel: With respect, I think you are trying to pull me into a position of discussing the possibility of two operators. I am not prepared to do so on behalf of TravelWatch.

What we are saying is that whatever arrangements are made for passengers, they must not be disadvantaged. If a new situation were to be proposed or to be considered, then our job would be to ask lots of questions about what the impact of such new arrangements would be on passengers.

Mr Waft: We have talked around the pricing aspect: how the increases work out; how the discounts work out; the fuel charges and all the rest. There must be a basic idea that you might have with regard to a basic charge for a foot passenger and a basic charge for, perhaps, a car with two passengers. Have you had any thoughts on that matter at all?

Mr O’Friel: I do not think so, because that again is a commercial decision for the Company.

From our perspective, what we are looking at is that passengers have got... You come back to the basics of passenger representation. What passengers are concerned with, with fares, is affordability. Is it affordable? What we have tried to push in the evidence that we have put before you is that, while there are lots of affordable fares – we give full credit to the Steam Packet for that and lots of people say to us, ‘We have got a very good fare with the Steam Packet’ – nonetheless, there are still problems with some groups who are unable to take advantage and are pushed to the very high fares.

That is exactly what people say: ‘These fares seem very high.’ I have heard that from numbers of people.

Mr Waft: You have no thoughts on a basic fare, then?

Mr O’Friel: No.

The Chairman: So, if you were to be asked, what would be a reasonable fare for a car and two passengers to cross to Heysham or to Liverpool, would you venture what might be reasonable?

Mr O’Friel: I certainly would not know.

Mr Clague: I think a lot of this is a political decision. For example, you are no doubt aware that there is an exercise going on in Scotland at the moment on whether the islands should benefit from what is called a ‘road equivalent tariff’. Now, if that produces what you might describe as a fair fare, it will require subsidy but, of course, the particular services that are being looked at are already subsidised services.

If you say the basis for a reasonable... is that the operator must be able to make a living out of operating the service, in any environment, that has to be the case. We saw in the case of Northlink that, under their original contract, they could not actually make money out of it and it all had to be renegotiated.

There has to be a balance of interests and appropriate arrangements.

The Chairman: Thank you. Just moving, finally, to the standard of service aspect of our remit, Mr Malarkey might have some questions, but I wonder, Mr Malarkey, if I could just, perhaps, ask a question to Mr Clague, so I can let you have free rein?

As a shipping writer, Mr Clague, you frequently contribute to magazines and trade articles and so on. What would be your comment as to the present level of fleet technology used by the Steam Packet? Could it be improved, in terms of the sorts of vessels that they use: monohull vessels, catamaran-type vessels? How do you see, if at all, the Steam Packet improving in the sort of ship technology that it is using?

Mr Clague: Well, we would obviously like to see a

more modern, all-weather suitable vessel coming into the fleet to replace the current fast craft. Hopefully, that would give, because of its size and technology, a more comfortable ride.

There are still problems with fast craft because of the wave height stipulations which are imposed by the Marine and Coastguard Agencies. So, I do not think you are going to get one which will go out in more than 3.5 metres, significant wave height – which does not mean you may not meet waves that are a bit bigger, but it is an average figure. We would very much like to see progress on that.

I think part of the difficulty we have got is that, at the time the User Agreement was extended, there was an expectation, mentioned by the then Minister of Transport in Tynwald, that there would be an early replacement by an improved vessel to cover both the *SeaCat Isle of Man* and the *Lady of Mann*. That investment has not happened.

The Company tell us the money is available. The market for fast craft at the moment is fairly tight, but there have been craft available which have gone to other operators.

You would have to ask the Company for more detail on that.

The Chairman: Is the issue not moving on to the next generation of craft: catamaran type?

Mr Clague: When I say fast craft, I think monohulls have almost disappeared, in terms of current building. Virtually everything that is being built now is catamarans. There have been some attempts to build trimarans. There is one operating out in the Canaries, which would be far too big for this particular route.

I think we do need to be into the next stage of technology. We are in mark 1 generation fast craft here at the moment. Virtually all the other routes are further forward than that.

The Chairman: That is a helpful comment. Mr Malarkey.

Mr Malarkey: Before I go onto the standard of service, I am beginning to wonder, from some of the answers we have had, whether we might be moving outside your brief. Our remit, as a Committee: we have taken standard of service from the stage from when we book, to we turn up, actually get on the vessel, to the quality of the food, drinks, etc, pricing on the vessel, to the standard and cleanliness of the vessel. Do you find all this to be a little bit outside...?

I say this because of the comments you have made. Nowhere in your comments have you referred to onboard services. You have said, by your own standards, that you have not actually been on the vessels for a while. You are on tonight, or something?

Mr Clague: I am on tonight. I travel at least a dozen times a year. I feel like a yo-yo at times. I cannot remember which side of the Irish Sea I am on, and I find I am in the middle!

Basically, I have been on virtually all the Irish Sea operators. I think, in terms of fast craft, the fast craft operated by everybody else on the Irish Sea are of a better standard than the ones the Steam Packet have got. Some are significantly better, others not a huge difference.

The feedback I get is that onboard food on the Steam Packet now is actually quite a lot better than on some of the other operators.

You have a mix, of course, of operators now who are heavily involved in freight. If you go on Norfolk Line, for example, from Birkenhead to Belfast or Dublin, you are actually travelling on a freight ship and the whole running of the ship is dictated round that. If you go on the P & O conventional ships between Larne and Cairnryan, they really are an excellent standard of ship and a pleasure to sail on. The *Ben my Chree* comes a little behind those, I would say. I am not implying that as a criticism. I think that is just a fact.

The Irish Ferries fleet – particularly now they have just invested in a new one for the southern Irish Sea, which is to be called *Oscar Wilde* – that operation is very good in terms of onboard standards.

Mr Malarkey: Thank you. How do you view the port facilities at both Heysham and Liverpool, which are obviously the first thing we greet when we come to the vessels?

Mr Clague: Well, Heysham has improved immensely in the last 12 months and the work that has been done there. There is still more work that needs to be done: for example, round the railway station area and the access that way; questions about cost of car parking, that sort of thing.

Liverpool, of course, has been a building site in the last couple of years, and we cannot in any way blame the Steam Packet for that. I would say that I believe the Steam Packet's intentions to improve things at Liverpool go back at least ten years. They have been extremely frustrated by planning considerations, by various protest groups who have held things up. Of course, now work is underway and I understand there is a hope that there will be a new terminal on the landing stage and the new facilities there will be operating by some time next summer, should we say.

Again, do please ask the Steam Packet for more detail on that.

Mr Malarkey: Yes. Do you consider the standard of cleanliness, etc, out of Liverpool being a very good impression for the Isle of Man?

Mr Clague: No, but I do not think the Steam Packet would believe it, either. While all this is going on, it is very difficult to see what the point is in investing too much money in what are agreed to be inferior facilities.

Mr Malarkey: Are we aware what facilities there are now with the Birkenhead side of the landing, with the winter timetable?

Mr Clague: The passenger terminal is quite modern and pleasant. It is not really designed for large numbers of foot passengers, because most of their passenger traffic is car borne.

If it were going to be used on a permanent basis, I would say probably you would need rather bigger but, for the winter, at the moment, I think that terminal probably illustrates something rather better, although, again, there are access problems to it.

Mr Malarkey: Well, that is the next question, because, obviously, you do not just deal with boats or planes; you are concerned about trains and buses. Do you consider there are enough facilities in the Birkenhead area to allow foot

passengers to get to where they want to go: to the trains or to the other side of the Mersey, etc?

Mr Clague: The Steam Packet are running coaches from Twelve Quays when the *Ben* arrives, both to the Pier Head – their own terminal there – and also up to Lime Street Station.

We would like to see them offer a facility whereby people could drop off onto the Mersey Rail network at Hamilton Square in Birkenhead, which does not really seem to be a major diversion, which would facilitate people picking up the public transport network either by buses at Woodside or the Mersey Rail network, right across the Wirral and onto Chester.

I did ask them about this and they said not many people have asked for it. I do not know whether it would be right to suggest that, perhaps, if the question was asked the other way round, they might find that there is some demand, because that would be a convenience.

The Chairman: Just following up, the new winter timetable this year has given rise to a lot of public concern. Do you see that as being the inevitable consequence of not having the *Lady of Mann* on that particular route and the uncertainty of having a fast craft in the winter? Is it something we simply have to put up with, until the Company gets a replacement vessel?

Mr O'Friel: I think our initial reaction to the decisions that were taken about going to Birkenhead were that at least there will be a service to Merseyside that should run without the reliability problems that were experienced last year, because of the weather and because of the accident to *Sea Express*. Of course, it is a reduced service and it has eliminated, virtually, the possibility of what I would define as a day trip. Although I think the Steam Packet are trying to look creatively at ways of improving things, they have got, in my view, quite a bit to do.

One of the difficulties we have got about all this is that we are back to our old friend, transparency. We have actually asked the Steam Packet if we could have the figures for the day-trip passengers to Liverpool over the last 10 years. Last year, quite clearly, there were very few because the fast craft was cancelled a lot of the time and then it ran into some difficulties with another vessel. Last year's figures are neither here nor there. We really need to look at them over 10 years.

I think we have then got to ask the question that, even if there is an established demand for people wanting to go to Merseyside, it is quite difficult for the Steam Packet to actually meet that with the current fleet and with the problems of fast craft in the winter weather.

We have not got any clever ideas about that, particularly, as my colleague said, it does not look as if new fast craft will be able to operate above the 3.5-metre average. So, it is a very real problem.

At the end of the day, the Steam Packet are the operators and it is for them to try and solve it.

The Chairman: Thank you for that.

Mr Turner: Much talk has been about 'fast craft' services and there seems to be this expectation, yet so often we hear people saying, 'Bring back the *Lady of Mann*' – which we

know is not going to happen. Do you think passengers would prefer a cheaper, slower service than a more expensive, fast craft service which may or may not go?

Mr Clague: I think if we are talking about winter –

Mr Turner: I am talking about: they have not yet invested in a new vessel and, maybe now is the time for your passengers, passengers in general, to make representations of what they actually want out of the service. It may be that they do not necessarily want a fast craft.

Mr Clague: Well, the User Agreement, as I understand it, requires the Company to operate a fast craft. The Company, I think, would wish to operate a fast craft because they take the view that the fast craft equals reduced journey times and that has actually been an important element in the gross that they have achieved.

It is also equally true to say that the Orkneys' and Shetlands' carrier, since they invested in rather nice new ships, with dubious economics, have also experienced a growth in their travel trade.

Mr Turner: What kind of ships?

Mr Clague: These are ships which were built in Finland. They carry freight. They are much more 'passenger' than something like the *Ben my Chree*, but they have an ability to carry freight as well.

Mr Turner: Fast craft or...?

Mr Clague: No, sorry. They are conventional ships, but they will run up to about 25 knots, I think, albeit at a cost with fuel. They are about 125 metres long, so they would actually fit into Douglas harbour. The economics of their carrying, because they are relatively narrow ships, means that the amount of freight they can carry would not be very helpful.

We have seen a number of faster conventional ferries, which are nicely fitted out, which have enabled operators to attract more business. If psychologically the message that gets over is: 'We are getting rid of fast craft; it is going to take longer to get to the Isle of Man', there is a very clear marketing problem. One or two people have actually said, 'Well, yes, it's fine going to Birkenhead, but it don't half take a long time!'

So, if they could have a ship that would do 25 knots or something of that ilk, which would do Liverpool in three hours and it was a nice enough travel experience while you were at it, I actually think that is a marketable proposition. But it would have to be done carefully.

The Steam Packet, I think, would take a different view and they would see a significant loss of passengers.

Mr Turner: Surely it is better to have a three-hour trip than no trip!

Mr Clague: Yes.

The Chairman: Thank you. I will ask colleagues if there are any final points. Then I want to ask Prof. Baird, perhaps, if he has any.

Mr Clague: Might I just say one more thing, Mr Chairman.

As people will have heard on the radio this morning, one of our politicians has now looked at the new timetable, which has just appeared, and seen that the timetable for November and December next year is showing the same sailing times as this year, but it is actually showing to Liverpool. Now, obviously, if the Steam Packet are able to take the ship to Liverpool landing stage, that gives them some flexibility over time slots.

The other constraint, which I understand now occur but did not at the time the *Lady of Mann* was in operation, is that the rest hours regulation has changed, so that to operate that same sort of schedule might be difficult.

I actually think this is a challenge which we would hope the management might rise to. They might have to put some extra crew on board to maintain within the Regulations, but, of course, they are saving some money in not having a second craft, fully crewed up and in commission.

We think that, perhaps, they could invest some more back and, maybe, next winter, if they have the flexibility of using the landing stage, they could work out some rather more satisfactory timings and actually bring back proper day trips. We would hope they might do that, but we have not had an opportunity to discuss that in any detail with them yet.

The Chairman: Thank you for that comment, Mr Clague.

Mr Cregeen: You said earlier that it is part of the User Agreement to supply a new fast craft. What would be the definition of a fast craft, speed-wise, compared with other vessels?

Mr Clague: May I correct your assumption. The requirement is for further investment up to certain amounts of money. The statement that they have made is that they intend to provide a newer fast craft. The only requirement is that they have a fast craft within the fleet, currently.

I suspect, if they came along with a good enough alternative proposition, that could be renegotiated. If you would like a definition of a fast craft, can I suggest you ask Prof. Baird that point because I think that is one of his pet subjects.

The Chairman: We will come onto that. I am sorry, but I have to move on. One question, Mr Malarkey.

Mr Malarkey: At your TravelWatch meeting on Saturday, if I am not mistaken, you did refer... Do you have another meeting coming up with the Steam Packet Company in the near future? Did I hear that right?

Mr O'Friel: We certainly hope to, because there are other things we want to talk about. We have had two meetings with the Steam Packet Company already, including the one I referred to where, I thought, although in some respects it was quite a robust exchange, nonetheless we are engaging with them; they are engaging with us and that can only be for the benefit of passengers.

Mr Clague: That was a few days before the public meeting.

The Chairman: No further questions? No. Prof. Baird, a final word, sir.

Prof. Baird: Thank you, Mr Chairman.

With regard to the question on fast craft, I think there is still a lot of doubt, even amongst navel architects, when trying to define fast craft, but they usually use the term 'Froude number' to consider the displacement and, as I am an economist, I really cannot elaborate further! (*Laughter*) The *Fast Ferry* magazine usually talks about 24 knots and above.

It does seem, though, there is a new family of ships coming into service now called medium-speed catamarans. This a function of the very high fuel costs, the problems that fast craft have with the wave height restrictions and the ability of catamarans, of course, to carry much bigger payload than monohulls for a given length.

I have one question, Mr Chairman, that is to do with... well, I have three actually, but I can condense it into one!

It is to do with timetables and, also, mainland UK ports. Historically, my understanding is that Isle of Man Steam Packet services predominantly went to Liverpool. The change to Heysham has been relatively recent. I am wondering, looking at route analysis and so on, as I do, whether in future these issues, in your view, need to be considered from the passenger aspect, to do with integration and also market hinterland and so on – whether or not the optimal solution is to split a route like this into two mainland United Kingdom ports and the implications that has for critical mass, for route economics, for pricing.

It all comes back to pricing. That kind of fragmentation: in your view, could it be adjusted in future, and in what ways might that take place, with the aim to improve frequency and, also, to reduce pricing and so on? Is that an issue that the Committee should, perhaps, consider in terms of ports and timetabling?

Mr O’Friel: I think access to the ports is crucial from the passenger point of view. We have emphasised all along, it is the joined-up journey. I think part of the test, if there was a suggestion of centralising to one UK port, we would want to look very carefully at facilities. We have already described how difficult it has been at Liverpool recently.

Liverpool, of course, offers on the whole, a greater selection of joined-up journeys beyond Liverpool, once you get through this building site on the Pier Head. That would obviously be one of the tests.

We would look at it, all the way, as what advantages would there be for passengers? Of course, there would be

some disadvantages: there is no doubt about it. We have been approached by people we did not really know existed who were very put out, I think, at the fact that the *Ben* was not going to Heysham at weekends, because there obviously is at least a small market there.

So, that is a few thoughts from me.

Mr Clague: Yes, if I could come in. The problem with the Mersey is that neither the right vessel nor the right facilities are available ashore to run a Ro-Pax operation. There are slots which are being occupied by the *Ben my Chree* on the Norfolk Line terminal at certain times of day, but the Company would need its own terminal.

There are possibilities still that further facilities may be built on the river. They would be further away from the city centre, so there would be a transport access question to be raised; not insuperable, I do not think.

The other major problem is that the speed of the *Ben my Chree* is such that, if she had a full load of freight on, it does take her longer to get to the Mersey. It would take her longer to turn round than she does at the moment. So I do not think she could sensibly do two round trips a day to the Mersey on an ongoing basis. If you had a sliding timetable, you might be able to fit it in.

So, the answer is you would not start from here; but if you started with a blank piece of paper, because of access, larger number of passengers and everything else, it would suggest that running a Ro-Pax operation... which, again, you could not do from the Pier Head because of access for vehicles. There is no marshalling areas. The planners would never allow it.

As a long-term strategy, I would hope that the Company might like to have a look at that.

The Chairman: Thank you. Have you any follow-up, Prof. Baird?

No? Well, it just remains, then, to thank you, Mr Clague and Mr O’Friel, very much for your attendance this morning and for giving evidence to the Committee. We have certainly found it, I think, an extremely useful exercise. It may well be that we will correspond further with you, if we require clarification. With that, thank you very much indeed.

Ladies and gentleman, that brings to an end this session of the Select Committee on the Steam Packet in public session. I, therefore, declare the meeting closed.

Thank you.

The Committee sat in private at 1.05 p.m.