

# TravelWatch – ISLE OF MAN

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Notes from Public Meeting on 18 March 2017

### UPDATE ON SEA SERVICES

#### The Proposed New Liverpool Berth and Terminal

As explained at previous TravelWatch (TWIOM) meetings, Liverpool authorities intend that the Steam Packet will be evicted from Liverpool Pier Head, to Waterloo/ Princes Half-Tide Dock, a half mile further from City Centre, with only indirect road access. The significant foot-passenger market will find this less convenient for the city centre, and for bus and rail connections. TWIOM has questioned whether the IoM authorities could have negotiated in a more informed or robust way against eviction, or sought a shared cruise and ferry facility.

TWIOM has had success in that the IoM government and Liverpool authorities now agree that a dedicated bus service must be provided between the new terminal and city centre. However, there remains concern regarding the adequacy of the bus service when several hundred foot passengers arrive on the boat. It would be ridiculous to have a fast-ferry crossing followed by long wait for a bus. Also, there must be a sheltered waiting room situated at the terminal building for bus and taxi users, and not across a footbridge at Princes Parade.

Further questions include the prohibition or severe restrictions on freight, and the resulting economic impact on future operations. Is the berth flexible to cater for future vessels, and how practical is a berth close to the dock wall? (All other berths are in the deeper river channel.) Early plans showed architectural items such as a turf roof to the terminal, but included an impractical embarkation layout for passengers. It is vital that the government engages independent professional engineering advice to assess condition of land, dock wall, river conditions, in order to check the feasibility of the proposals, before committing to spend £20 million plus.

#### Lessons From the Steam Packet User Agreement (UA)

Any future exercise in going out to competitive tender on the basis of quality and cost for future sea services would be a very complex exercise and could have unpredictable outcome. For this reason there appears considerable merit in negotiating an updated agreement with the Steam Packet. Although the UA has provided significant benefits, there are lessons to be learned from it.

Indexing of Fare Increases: The Steam Packet's Offer suggests that standard fares should continue to be capped (ie rise) in line with the Manx RPI. Oxera consultants report notes that this index is rising faster than others and suggests this may not benefit customers. There has been recent public uproar over water rate rises in line with Manx RPI, rather than the lower Consumer Prices Index (CPI.) **TWIOM believes the RPI is no longer appropriate and alternatives must be investigated.**

Standard Fares: are the only fares with defined regulation in the UA, but it is difficult to scrutinise increases in fares as they are no longer printed in the brochure, and are on the website only for the current year. Comparison with the brochure of 2005 has found that indexing "baskets" of fares, rather than individual fares, has resulted in uneven increases, with some child fares rising even faster than Manx RPI. **TWIOM advocates that if standard fares are to continue, they must all be reassessed and published, with annual reviews subject to independent public scrutiny, and not reduced to a tick box exercise.**

Special Offer Fares: were introduced in the 2002 Supplemental Agreement to the UA., and are specified as "fares intended to generate extra traffic and increase the overall passenger market." The Steam Packet publishes only the lowest (ie from...) fares, and these also appear to have risen with the Manx RPI. There appears to be no effective safeguard to prevent future management of the Steam Packet from increasing the cost of special Offer fares to just below the cost of standard fares. **TWOM has urged the Infrastructure Minister that a new watertight, contractually enforceable redefinition of Special Offer fares is used.**

2016 Offer of Revenue Sharing: As linking standard fares to the Manx RPI would be a very limited safeguard, the Steam Packet's Offer that "the Company will share 50% of all revenue growth above a pre-agreed level" requires scrutiny. **This Offer is most unclear, with apparent loop-holes open to exploitation.** Even if resolved before any agreement is signed, it would be no consolation to passengers who believe (rightly or wrongly) that they are being overcharged to learn that the rebated "share" was being spent on additional advertising rather than for the direct benefit of passengers. **This whole topic must be readdressed.**

Other Charges, Terms and Conditions: The UA and Offer makes no reference to other charges, which have been increasing steadily. The only exception is in the Extension of UA of December 2004, which requires a system of reserving seats "for which a reasonable charge may be made." These charges have doubled from £2.50 in 2008, to £5 in 2017, so that reserved seats for a family of four now cost £40 return. This highlights how **all terms and conditions must be reviewed and stronger safeguards introduced.**

To Conclude: The UK government is facing significant unexpected financial burdens, as a result of being tied into inadequate or flawed contracts. Such mistakes must not be made here. Any agreement for the long-term future of strategic sea services must take heed of experience of the UA, so as to ensure that users of the island's lifeline will not be subjected to unreasonable or unexpected fares and charges.