

24 June 2018

Watchdog calls for public involvement in Steam Packet's future

TravelWatch considers that the purchase of the Steam Packet by the Manx Government offers a once in a lifetime opportunity to improve the Island's vital sea services. After the commercially sensitive secret negotiations between the Government and the Steam Packet's owner banks, it is disappointing that there was no public consultation and surprisingly little debate in Tynwald before approval to buy the Company. Just to carry on as usual behind closed doors with the existing "User Agreement" would be a fundamental error, and TravelWatch suggests that there should be island-wide discussions on how the new arrangements should work. To encourage public debate, TravelWatch suggests the following.

An overall "**Framework Agreement**" is needed, to define the Government's role in the Steam Packet, including the degree of being "hands off," the appointment of Directors to the Steam Packet's Management Board, funding and regulatory arrangements, frequency of formal reviews of the Framework Agreement, and arrangements for a "Customer Service Contract."

The Framework Agreement should minimise the opportunity for unnecessary future political interference. To ensure clear lines of responsibility, and to avoid any perception of conflicts of interest within the Department of Infrastructure, who are the harbour authority, TravelWatch suggests that the new agreement should be under the supervision of a different regulatory body, such as the Treasury. The need to differentiate between the financial implications of commercial and social objectives strengthens the case for the Treasury having overall responsibility for the Steam Packet.

The Framework Agreement must ensure the right balance between the Government's obligation to regulate the activities of this ferry service monopoly to satisfy the wider overall social and economic needs of the island, and the company's basic duty to provide a fair financial return to its shareholders. To allow the Steam Packet to effectively plan strategically, the new agreement needs to be long-term with provision for regular reviews, and not "set in stone."

The "**Customer Service Contract**" would include services, fares, other terms of service, etc, together with complaints procedures, and commitments how the new organisation will be more transparent, with arrangements for consulting with users. Ferry users must have the opportunity to be involved in influencing the preparation, ongoing operation, and reviewing of the Contract. To this end, and as a matter of priority, it is suggested that Tynwald establishes an official User Body, with representation from freight users, business organisations including the Chamber of Commerce, and passengers representatives such as TravelWatch. The regulating body (Treasury) will benefit from input from users who have valuable wider knowledge of modern ferry operations. (Calmac, the ferries owned by the Scottish government already has such arrangements,)

In planning the future of the island's lifeline, together we must learn from experience of the pioneering User Agreement, which has served the island well, by taking on board the best features and by improving where expectations may not have not been fulfilled. TravelWatch believes there is scope to increase passenger numbers, and to improve communications regarding service disruption, compliments and complaints, performance indicators, etc.

TravelWatch suggests that matters which require the government's urgent attention include:----

--in the programme for the replacement of vessels, should the Manannan fast-craft be replaced by a fast conventional all-weather vessel, to provide reliable year-round availability, and eliminate the need for the Arrow stand-by freight vessel?

--is it best value to spend at least £30 million on a new terminal at Liverpool, with a legally enforced almost

total ban on freight vehicles? With the vital freight (plus cars and passengers) service having to travel via Heysham, does it make long-term economic sense to also provide a seasonal twice-daily Liverpool service for passengers and cars only?

---the User Agreement specifies that Special Offer fares are "intended to generate extra traffic and increase the overall passenger market." Are other incentives for growth needed?

--a review of Terms and Conditions in the light of modern improved consumer rights, such as contentious terms that penalise customers needing to make or change their plans at short notice.