



c/o Hon. Secretary

Three Corners

La Rue de la Blanche Pierre

Captain William Sadler

Harbour Master

By email – william.sadler@ports.je

Thursday, 21 December 2023

Dear Captain Sadler

Thank you for your letter of 18 December in response to ours.

We note what you say, but are disappointed that you have chosen to sidestep the main points in our letter:

- PoJ have taken advantage of a statistical anomaly in the inflation numbers to impose an unreasonable fee increase in a time of sharply falling inflation
- PoJ is abusing its market position as berth providers to raise funds for its plans to develop the commercial port and airport, which should not be cross subsidised by the private boat-owners
- Berthing fees will rise 24% in January 2024

You will have seen the news yesterday that UK inflation is down to 3.9% and Jersey underlying inflation is likely to be at similar levels at the year end.

You make reference to the fact that berths on average are considerably more on the south coast, but that is not really relevant because:

- Many of these marinas are owned by private equity investors, who have invested for a profit return on the high initial capital investment they needed to make to buy in at the outset. PoJ was gifted its assets of the harbours and marinas, and should operate as an amenity of the taxpaying community who still own it, albeit now through a company.
- There are many marinas elsewhere in the UK, outside the south coast, whose fees are considerably lower than PoJ marinas after 23% increase since 2022
- Guernsey will still be considerably cheaper, even after rises well in excess of inflation will be imposed for 2024
- Mooring fees at marinas in Normandy and Brittany, which are much nearer than the South coast of the UK, are significantly lower

We recognise that boat moorings in the outlying harbours represent reasonable value and the difference in £ terms between the fee increase you propose (11.1%) and the amount we are offering to pay (5.3%) is negligible. However, many of our members' boats need to be berthed in a marina and the extra cost as a result of your above-inflation rise is substantial.

We note your proposal to put a MoU in place with each BOA, and welcome in principle the idea. We would note some caution, as our historical experience of periodic meetings with PoJ is that although cordial, there has been little evidence of meaningful action being taken by PoJ as a result of these meetings. We would welcome a fresh start in this regard.

We did hope that our reasonable request for the increase to be deferred to 1 March (the anniversary of the last increase), and to be limited to 5.3% (the true underlying inflation rate) would on balance, seem a fair approach and you would reconsider.

As that does not appear to be the case, we are now raising a formal complaint and referral to the Jersey Competition Regulatory Authority, requesting that they investigate a number of breaches of the PoJ licence conditions:

1. The imposition of two increases in fees in one year, resulting in a 23% increase in fees in January 2024 compared with January 2023
2. Abuse of dominant position on a group of customers by unfairly increasing prices for boat owners to cross-subsidise the redevelopment of the commercial port and airport
3. Under reporting of complaints from customers

In our letter of December 8th to Matt Thomas where we lodged our complaint about the fee increase, we noted our concern about the short notice of this increase. As part of the referral we are asking the JCRA to order you to defer the increase in fees until they have completed their investigation.

In addition, we are making contact with The Yacht Harbour Association (TYHA) regarding the levels of berth-holder dissatisfaction across a number of aspects (currently fees, but the car parking situation is another source of widespread discontent and there have been others over the last couple of years) to call into question the validity of the five gold anchor rating.

Yours Sincerely

St Helier Boat Owners Association

Cc Matt Thomas CEO PoJ matt.thomas@poj.je

Cc JCRA

Appendix 1

Jersey inflation

Figures for Jersey inflation are produced quarterly by Statistics Jersey. Because of the significant distorting effect of housing costs on the index, and the fact the measure is used across such a breadth of different purposes, Statistics Jersey produce three different RPIs relevant to this subject:

- all-items RPI (the 'headline' rate)
- RPI (X), which excludes the effect of changes in housing costs (a composite of mortgage and rent inflationary factors)
- RPI (Y), which excludes both housing costs and indirect taxes

Statistics Jersey describe RPI(Y) as 'underlying inflation'.

The UK equivalent, called CPI (consumer price index), is widely used in indexing adjustments.

	2023	2022	2021	2020	2019	2018	2017
	%	%	%	%	%	%	%
RPI September	10.1	10.4	2.9	0.9	2.7	4.3	3.1
RPI (X) September	5.4	8.0	2.7	1.3	2.6	3.8	3.4
RPI (Y) September	5.3	8.2	2.7	1.0	2.5	3.8	3.3

Source - Statistics Jersey web page

As the table shows, these indices are very closely aligned for the period 2017 through 2021. Sometimes RPI is slightly higher than RPI(Y), sometimes slightly lower. Indeed this alignment continues as you go back further. At the time of the pricing review and direction with JRCA, it is apparent that they were considered almost interchangeable. There were discussions (evidenced in the Pricing Review on the JRCA website) about whether RPI or RPI (Y) should form the basis for pricing framework. The planning work for the pricing framework assumed inflation of 3% pa over the 5 year period of the framework.

It is somewhat ironic that PoJ proposed to the JCRA in 2018 was that RPI(Y) should be used, and only at the last moment switched to supporting RPI.

As all will be aware, inflation rose sharply in 2022 due to the Ukraine war, and then the increases in interest rates in 2023 to tackle this inflation worked through sharply into housing costs, although falling across non-interest rate linked categories. Inflation and interest continues to fall in Q4 2023 and are forecast to fall further into 2024.

UK CPI stood at 6.7% at the end of September 2023 (c.f. Jersey RPI(Y) of 5.3%) and is forecast to fall to 4.5% at the end of 2023 (source – Jersey Fiscal Policy Panel report November 2023). Jersey RPI(Y) should follow similar trends.

Cumulative increases in fees of 25% in the light of the underlying rate of inflation and the direction of travel of the rate of inflation is inappropriate. Fee increases of 11.1% on 1 January 2024 when the actual underlying rate of inflation is likely to be 4-4.5% is simply an abuse of power. It will add to inflationary pressures on the island when the Government, and its agencies and corporate bodies, should be acting to reduce inflationary pressures.

Appendix 2

Ports of Jersey financial reports

	2023	2022	2021	2020	2019	2018
	£m	£m	£m	£m	£m	£m
Marina revenues	n/a	4.3	3.9	3.8	4.0	3.5
Total PoJ revenues	n/a	45.5	36.2	36.2	48.7	47.6
Net Profit/(loss)	n/a	3.4	(5.0)	(5.9)	5.3	5.6

Source PoJ annual report

Whilst 2023 figures are not available to the public, they will be known to management given we are 11 months into the year. We anticipate that marina revenues will be around £5.0m based on 2022 numbers, fee uplift and increased numbers of visitors.

We are not in a position to project total PoJ revenues or net profit, but would expect them to exceed 2018 and 2019 figures.

It is clear that marinas contributes less than 10% of PoJ revenues, and the impact of the difference between the proposed 11.1% increase and a more reasonable increase of say 5%, would reflect about £250,000. This is pretty immaterial in the overall impact on PoJ overall revenue terms, indeed it is less than the salary of the CEO.

The headline we draw is that is simply not true to say it is necessary to increase berthing and mooring fees to recover to pre-pandemic levels. The provision of berthing and mooring to the local boat owning population has continued to grow its revenue, it has already recovered to be ahead of pre-pandemic levels, and is likely to be well ahead of that for 2023. It is completely inappropriate to try to use this customer group to cross- subsidise the commercial business of the airport and harbour.

Assuming total marinas revenue is around £5m for 2023, which figure includes the hoist, boat park, visiting yachts fees, and fishing boats, the core annual berthing fees are likely to be in the range £3.5-4m. This means the revenue generated by the 11.1% uplift is likely to be in the range £390k to £445k. Assume a midpoint of say £425k. Limiting the fee increase to 5% would have an adverse impact of revenue of around £235k.