



Andrew Rosindell MP
House of Commons,
London,
SW1A 0AA

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**ANTI-COMPETITIVE, UNFAIR AND RESTRICTIVE MARKET PRACTICES ON
SCHEDULED THAMES PASSENGER BOAT SERVICES (THAMES CLIPPERS)**

Dear Mr Rosindell,

I am writing to you as my Member of Parliament to raise a number of serious, unfair and unsatisfactory practices which have been permitted and encouraged in the award, provision and support for the dominant Thames Clippers passenger boat operations on the River Thames. We have met briefly before when I have attended various local events you have hosted.

This situation is putting long standing local skilled maritime jobs at risk as well as undermining passenger choice on the river. It could lead to a future monopoly river passenger operator as other long-standing Thames businesses are unable to continue due to the absence of a level playing field and fair competition.

I am a Director of Hurlingham Cruises Limited, a British owned and based company which operates party boats and private charters on the River Thames. We operate from Westminster Pier, Festival Pier and Tower Pier. We operate under licence from London River Services (LRS) which is a division of Transport for London (TfL).

My company has invested thousands of pounds in modifying and maintaining our vessels in recent years which in itself indicates our commitment to the Thames but also reflects my association with the river.

EMERGENCE OF ANTI-COMPETITIVE PRACTICES FROM THAMES CLIPPERS – SUPPORTED BY TfL

As you know Transport for London (TfL) has responsibility for river passenger services via its agency, London River Services (LRS). Since its emergence in 1999, the Thames Clippers commuter boat service has grown considerably and has enjoyed a significant number of competitive advantages which have been denied to competitors and it is on this issue that I wish to detail my concerns and request your help, counsel and support in raising this issue with the Government, TfL and the competition authorities.

Thames Clippers operate on license from TfL's London River Services (LRS) but Oyster card accredited competitor services do not enjoy the same commercial and operational benefits as them. This is both

unfair and cannot be justified. This issue has regularly been raised with TfL but we have not received an explanation or justification as to why these anti-competitive practices are supported and maintained.

THAMES PIER FEES/TOLLS – HOW THAMES CLIPPERS ENJOYS A HIDDEN ‘CROSS’ SUBSIDY

A key issue is that the large Thames Clippers fleet do not have to pay tolls/fees when they pick up and put down passengers at piers along the Thames which are operated and maintained by TfL's London River Services (LRS). But competitors have to pay these fees and have a fixed rate. I have repeatedly raised this issue with TfL's London River Services (LRS) and have never received an explanation or the suggestion of a workable and fairer solution. I have asked for the same deal for competitors which Thames Clippers enjoys but have received no answer. I understand that Thames Clippers have been given an arbitrary passenger target which, when reached, will mean they have to start paying fees. What is this target? Is it so high that it can never realistically be met?

Other benefits the Clippers enjoy include longer pier contracts and preferential berths. I calculate that these benefits and de facto public subsidies will have saved Thames Clippers many millions of pounds over recent years. It clearly represents unfair competition and competitors do not enjoy these fee waivers and consequent hidden subsidy. Competitor services are in fact cross-subsidising Thames Clippers because they are paying pier fees which LRS has waived for Thames Clippers – thereby helping negate their fees.

THAMES CLIPPERS IS NOT JUST A COMMUTER SERVICE – THEY ALSO CARRY AND ADVERTISE SERVICES FOR TOURISTS

When Thames Clippers started twenty years ago they were a designated service to encourage commuters to travel by river, but they have won and exploited unfair regulatory and competitive advantages to grow quickly and are now encouraging tourist passengers and private charters to travel with them despite LRS stating they remain a commuter service. Thames Clippers' unfair market advantage is acutely undermining other long-established passenger boat operators which find themselves increasingly unable to compete due to there not being a level playing field. Today, Thames Clippers competes fiercely against competitors for tourist passengers and they benefit hugely from not having to pay pier fees as I have detailed. Any claim that they are solely a commuter service is wrong and is not evidence based. In fact our own research of their passengers shows that 90% are tourists. This situation represents a serious competition distortion in the Thames' scheduled passenger boat market as regulated and licensed by LRS for TfL.

DfT/TfL SUBSIDY FOR THAMES CLIPPERS?

You will appreciate that the COVID crisis and lockdown has had a hugely negative impact on Thames passenger boat businesses as a consequence of a collapse in London's tourist visitors and social distancing guidance. Clippers' main competition (Thames River Services) has not restarted its services and its vessels remain tied up. But on June 15th Thames Clippers restarted their operations running near empty vessels across their extensive service routes. On May 14th it was announced that TfL had secured a £1.6bn COVID funding package from the Government (Department for Transport) to deliver essential transport services particularly with regards to rail and the bus network. River services were not specifically referenced in the Government announcement.

Consequently it is important to know what TfL funds have been allocated to Thames Clippers to run their vessels since June 15th. Without direct subsidy their current operation is arguably not viable. This again raises important market competition issues. Their Oyster card accredited competitors have

written to TfL proposing that they operate an alternative operation to Thames Clippers but this has been rejected and therefore grants Thames Clippers a monopoly on the Thames in the immediate term. If TfL is to subsidise river passenger services then it should do so fairly and be transparent about which companies are in receipt of funds and how much. All river services which are Oyster card accredited should be treated equally in receiving support at this challenging time.

NEW FOCUS AND SOLUTIONS NEEDED TO STOP ANTI-COMPETITIVE ACTIVITIES

I hope I have been able to detail some of the serious and concerted failures to support a fair, transparent and accountable policy with regards scheduled passenger services on the Thames. We have had to endure the lack of a level playing field for far too long and will no longer accept the obfuscations and lack of accountability from TfL's London River Services (LRS) on these key issues and questions. It is also, crucially, in the interests of the taxpayer and TfL's fare paying passengers with regards to where valuable resources are being targeted at this critical time and into the future. We are very conscious that the Competition and Markets Authority is looking to strengthen its role and mandates following withdrawal from the EU so it can tackle market distortion and state aid abuses particularly by bodies in receipt of public money.

I would like to meet with you at a future date after the parliamentary recess but in the meantime would ask that you raise these important issues with the Secretary of State for Transport, Grant Shapps, the Mayor of London, Sadiq Khan and the Minister for Competition (who is also the Minister for London) at the Department for Business, Energy and Industrial Strategy, Paul Scully MP.

I look forward to hearing from you.

Yours Sincerely

