STATES OF JERSEY

FERRY SERVICE CONCESSION AGREEMENT – INTERIM REPORT (S.R.6/2026) – RESPONSE OF THE MINISTER FOR SUSTAINABLE ECONOMIC DEVELOPMENT

Presented to the States on 16th April 2026
by the Minister for Sustainable Economic Development

STATES GREFFE

Ministerial Response: S.R.6/2026 Response (re-issue) **Ministerial Response to be presented to States by: 16th April 2026**

Review title: Ferry Service Concession Agreement Interim Report

Scrutiny Panel: Economic and International Affairs

Minister's Introduction:
I am grateful to the EIA Scrutiny Panel for the work it has put into this report, I am encouraged that the report was largely positive and constructive. Following a very brief mobilisation period, we have seen DFDS stand up its operations in Jersey during 2025 which has very much been a transitional year. This process has involved a number of learnings and it's validating to see that a number of the Panel's recommendations call for actions which were either already underway or completed. For these reasons there are necessarily a number of recommendations marked as "reject" which nevertheless reflect practices that are already in place.

As the Panel Chair noted in his foreword, this review has been an initial and interim assessment, and it will be necessary for future Governments and future Scrutiny Panels to continue to monitor the performance of the operator during this twenty-year concession agreement. I know that Government, Scrutiny and DFDS are united in their objective of ensuring that Islanders have the ferry service that we all want.

Findings:

	Findings	Comments
1	The contractual choice of a Concession Agreement transfers commercial and financial risk to the ferry operator. However, this approach also reduces the level of direct control the government can exercise over the service.	This form of contract was the conscious choice of several Ministers and followed a comprehensive options analysis by a 'big 4' professional advisory firm, transport consultancy and ship brokerage. Greater control of schedules, operations etc by government would require taxpayer investment and expose government to a higher level of financial risk. This was considered undesirable given the distressed financial state of the then incumbent operator, Condor Ferries.
2	Within the Concession Agreement, the Monitoring Committee is the primary governance mechanism of oversight of elements such as the review of performance KPI's and financial monitoring. However, the scope of the Monitoring Committee remains insufficiently defined and reporting does not appear to be publicly available thus limiting transparency.	This is not the case. The Monitoring Committee and its sub-committees work to an agreed Terms of Reference, this was not requested by the Panel but I have directed that it be published on the gov.je website.
3	In respect of scheduling, timetables, journey times, and delays or cancellations, the operator is meeting the	The Concession Agreement already carries a higher minimum requirement than the previous Operating Agreement and significantly more sailings per week than the agreement that our neighbouring island entered into with Condor.

	contractual requirements of the Concession Agreement. However, many Islanders expected a higher level of service than has been delivered to date. While the Agreement includes KPIs for delays, cancellations and customer satisfaction, it does not set minimum sailing times which remains a key concern raised to the Panel by users. These gaps indicate where governance and monitoring arrangements could be strengthened to better align performance with user expectations.	Over-specifying schedules brings additional cost that would need to be met through the fare structure and is therefore undesirable. Neither the Panel's report nor the submissions provided offer a tangible marker for what would qualify as a 'higher level of service' and is entirely subjective to individual experiences.
4	The continued absence of inter-island connectivity has significant social, cultural, and economic impacts, as evidenced by sports clubs, associations, businesses, and individuals who rely on travel between the islands. Both the Minister for Sustainable Economic Development and the Chief Minister have acknowledged that this gap in provision requires urgent resolution. The underlying issue appears to relate less to the structure of the Concession Agreement and more to the practical challenges arising from the two islands selecting different operators.	This was recognised by Government of Jersey Ministers when it became clear that the States of Guernsey wished to appoint Condor Ferries and Government of Jersey was objectively unable to appoint either operator. The States of Guernsey chose to press on and whilst they should be credited for the once-weekly service that Condor Ferries has provided, there is a shared responsibility for the current level of inter-island connectivity. Separately, inter-island travel is likely to have been severely impacted even if a joint Channel-Islands contract was awarded as States of Guernsey, quite understandably, stipulated a wish for a direct connection with St Malo therefore removing the significant inter-island volume created by Guernsey passengers routing to or from St Malo through Jersey. Other carriers such as Aurigny, Islands Unlimited, the Manche Isles Express and Loganair have also operated on the Inter-Island route over the past 12-months. Additionally, historic inter-island numbers were artificially inflated by the requirement for all Guernsey passengers returning from St Malo to disembark in Jersey, to re-enter the Common Travel Area, before continuing their journey and were therefore captured within the inter-island numbers.
5	Visitor numbers to Jersey declined during the transition to the new ferry operator, with Visit Jersey reporting 17,200 fewer visits in June 2025 compared with June 2024. High travel prices, slower vessel speeds, and operational challenges associated with the transition may further constrain tourism demand and create wider economic risks for the Island.	There is no evidence pointing to price or vessel speed as causal factors behind the decline in visitor numbers. It is important to recognise that like many destinations reliant on UK travellers, Jersey saw a decline in both air (47,700 fewer) and sea (54,300 fewer) visitors during 2025 – this reflects low UK consumer confidence which was also mirrored in jurisdictions such as Ireland. Strong forward bookings for 2026 and the best arrivals numbers since 2019 are showing that 2025 was a transitional year for the new service.

		As stated above, the direct service of Guernsey from St Malo was a criteria in the joint-Channel Islands tender and would have provided competition for the day-trip market whatever outcome was reached. The need to fairly and equitably conduct a second tender process because neither bidder could be safely appointed meant that DFDS, once appointed, had to take whatever slots were left at network ports and this did have an adverse effect on sailing times and, consequently day trip visitors. DFDS slots for 2026 are significantly better and this is being reflected in positive forward booking numbers. It should also be noted that an unsuccessful judicial review by the second place tender applicant during December 2024 and January 2025 significantly delayed the ability of DFDS to market its new routes causing disruption to early bookings and tour operators in 2025.

6	The vessels currently serving Jersey are ageing and concerns have been raised about comfort, condition and cabin availability. While the ferry operator is contractually required to maintain the fleet and invest in replacement vessels, the Concession Agreement lacks firm delivery deadlines, creating a risk of delayed investment and continued service issues. The age of the vessels plays a role in the speed they travel at, due to engine capability and fuel-efficiency.	The primary vessels serving Jersey's passenger market are younger than those vessels previously operated by Condor Ferries to / from Jersey and also younger than those currently operated by Condor Ferries in the service of Guernsey's needs.
		• RoPax
		    ○ Stena Vinga and Condor Islander were both built in 2005. They serve Jersey and Guernsey respectively.
		• High Speed Craft (HSC)
		    ○ Levante Jet was built in 2015 whilst Condor Voyager was built in 2000. These are the primary HSC vessels service Jersey and Guernsey respectively.
		• Additional High Speed Craft
		    ○ Tarifa Jet was built in 1997, serves the Jersey / St Malo route only and is the first vessel due for replacement. There is no additional HSC for Guernsey.
		• Dedicated RoRo service for freight
		    ○ Caesarea Trader was built in 1996 and provides freight-only services. There is no dedicated freight vessel for Guernsey.
		
		DFDS has responded to professionally compiled customer feedback and made significant investment into the Levante Jet during the winter season. Further investment capacity generated within the contract will see continued investment and fleet replacements.

		Customer feedback has also been positive about the new facilities available on DFDS' vessels including its dedicated pet lounges, larger family suites, improved outdoor decks and charging points.
7	There is a strong perception for many leisure users that ferry prices have increased since the new ferry operator began operating, and a consistent concern raised was the removal of the Frequent Traveller discount previously available.	Since the Panel first began its review DFDS has launched a 15% discount scheme which is available to all Islanders, regardless of the frequency of their travel. This is in addition to other discounted fares available such as the new 24-hour day trip fare which DFDS offers and comes ahead of a wider discount programme being prepared by the DFDS across their wider network. It should also be recognised that both tenders included increased prices, this reflected the rise in inflation and the actual cost of serving the routes. The Concession Agreement includes clear price monitoring, including minimum, maximum and mean average fares, something which did not exist in the previous contract.
8	The flat-rate freight pricing model was introduced to provide greater transparency and predictability for freight users; however, evidence received indicates that the overall cost of freight has increased since its implementation in March 2025. The exclusion of port dues from the initial freight charges has also created considerable uncertainty and concern among businesses importing and exporting goods to and from Jersey.	Noted.
9	There is evidence that the move to the new freight model has had a direct inflationary impact on the cost of goods on the shelves. Evidence received from retailers suggests that the new model has increased food prices by 2% not the 0.4% suggested by government.	This finding appears to rely on the submission of just one retailer. It also ignores the increased pricing – over the outgoing operator - tabled by both bidders in both tender processes. Lack of transparency in the previous rate card and freight arrangements create ambiguity over this finding. Similarly the Office of National Statistics reports that UK food inflation rose by 4.5% during the twelve months to December 2025. Given there is an ongoing JCRA investigation into the historic supply chain it would be inappropriate for the Government to comment further at this stage.
10	Jersey is heavily reliant on maritime freight (with 98% of consumer goods arriving by sea), there have been	Delays and cancellations are reported and monitored. For the first time, this data is also published online at gov.je

	several instances of delays, cancellations and rescheduling by the ferry operator in the first year which have caused significant disruption for retailers in the Island. This has also contributed to increased costs and reduced product shelf life.	Delays and cancellations in recent months have been weather or sea-state related: this has always been a supply chain challenge and will remain so. The Panel will also be aware that unlike many other ports, St Helier harbour is exposed to strong south-westerly and westerly winds. Jersey has the benefit of a dedicated harbour tug vessel which is available 365 days a year 24/7 and is typically utilised when wind speeds exceed 30 knots. There are also other factors such as tidal height and range which can make berthing unsafe even when wind speeds are below 30 knots. When wind speeds exceed 35 knots, berthing is generally not considered safe, even with tug assistance.
11	There are benefits and disadvantages that arise from the ferry operator serving only one Island. In terms of freight this means that there is more capacity on sailings however, there are unlikely to be the same economies of scale which may have a pricing and operational consequence.	Noted.

Recommendations:

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
1	The Minister for Sustainable Economic Development should publish formal Monitoring Committee Terms of Reference.	MSED	Accept - Completed	This has been published on gov.je.	N/A
2	The Minister for Sustainable Economic Development should explicitly broaden monitoring scope through reporting to cover service quality, resilience, fleet investment and stakeholder feedback.	MSED	Reject – not applicable	As the Panel will note from the published Terms of Reference this has been included within the scope of the Monitoring Committee's work since its inception.	N/A
3	The Minister for Sustainable Economic Development should align the Monitoring Committee meetings with quarterly reporting cycles.	MSED	Reject – not applicable	This is already the case.	N/A

4	The Minister for Sustainable Economic Development should introduce formal escalation and tracking log.	MSED	Reject – not applicable	This already takes place and was confirmed in the explanatory note published alongside the Concession Agreement.	N/A
5	The Minister for Sustainable Economic Development should publish high-level Monitoring Committee summaries.	MSED	Reject	In keeping with the procedure for other internal groups, minutes are not published in order to maintain a confidential safe space that provides for frank, candid and open discussions, including considering sensitive matters around economic policy and the development of fiscal policy. Participants must be at liberty to express their views, without being unduly influenced by the publication of minutes, and introducing an observed element to the decision-making process could have an impact on the content and nature of discussions. This is the same treatment applied to Part B Council of Minister's minutes.	N/A
6	As part of the KPI review due within one month of the first anniversary of the Operational Commencement Date, the Minister for Sustainable Economic Development should strengthen the underlying service level agreement by introducing enhanced KPIs on timetabling, journey times, and service convenience. This should include clearer expectations on crossing times, sailing frequency and reasonable windows for day trips.	MSED	Partially accept	The Concession Agreement contains a clear mechanism to review KPIs in line with operational, commercial, and financial performance. Adaptions could be too subjective, but this will be raised with DFDS as part of the KPI review.	N/A
7	The Minister for Sustainable Economic Development should request that the ferry operator reduce crossing times on the southern route and the options explored are shared with the Panel during the next government term.	MSED	Partially accept - ongoing	This is already an active discussion point between the Minister and DFDS.	N/A
8	The Minister for Sustainable Economic Development should monitor the economic impact of the service level agreement on the Visitor Economy (including timetabling, crossing times and	MSED	Reject	Government receives monthly connectivity reporting from Ports of Jersey across all transport modes.	

	day-trip availability) and this should be published before the end of 2026.			It is not possible to isolate the impact of a single travel operator on the wider visitor economy as a number of factors, ranging from the minimum wage to rises in fuel bills influence the economic vitality of the visitor economy.	
9	The Minister for Sustainable Economic Development should strengthen oversight and transparency relating to cancellations by requiring more detailed, route-specific reporting from DFDS and Ports of Jersey. This information should be reviewed as part of the Quarterly Monitoring Meetings that the Panel understands are already in place and the outcomes of these discussions should be shared with the Panel to support continued scrutiny.	MSED	Reject – not applicable	This information is already received and reviewed at Quarterly Monitoring Meetings. Furthermore, the Harbourmaster reviews every cancellation or delay to validate the rationale provided by DFDS.	N/A
10	The Minister for Sustainable Economic Development should work proactively with the Government of Guernsey and key stakeholders to develop a long-term solution for inter-island connectivity especially for freight and vehicles. Proposals such as the ferry operator's limited inter-island schedule using the Stena Vinga should be fully evaluated and progressed where practicable.	MSED	Partially accept - ongoing	This work has been ongoing for most of 2025 and 2026. It is not in the Minister's gift to deliver this given the role of various States of Guernsey Committees and critically, the veto position that Brittany Ferries holds over ramp access at St Peter Port. Furthermore, a credible offer for a combined passenger and vehicle service in 2025 was rejected by Guernsey's Committee for Economic Development.	N/A
11	In accordance with clause 8.2.2, the Government of Jersey should actively monitor the fleet maintenance plan and request any necessary modifications should concerns persist regarding the suitability of the current vessels.	CoM	Reject	Maintenance obligations are set out in the Concession Agreement. In addition, DFDS must comply with all relevant maritime standards (including vessel maintenance) for each of their vessels in accordance with the requirements of their respective flag state. Any technical issues impacting upon service are raised with Government and PoJ as a matter of course.	
12	The Minister for Sustainable Economic Development should strengthen governance of the	MSED	Reject	The operator is already obliged to report on technical issues that impact delivery of the	

	fleet maintenance plan through regular reporting of technical failures causing disruption, maintenance root cause analysis, dry dock adherence, and explicit linkage between maintenance performance and delay/cancellation KPIs.			key performance indicators. DFDS is one of the largest passenger ferry operators globally and demonstrated through the tender process that they are competent fleet managers. Vessels are also inspected by their classification authority, flag state and can be subject to random port state control inspections. All of those inspections carry reporting and remediation requirements.	
13	The Minister for Sustainable Economic Development should convert "expected replacement" language into governed delivery commitments through Monitoring Committee protocols.	MSED	Reject	The Concession Agreement contains a number of moving elements that relate investment to contract performance.	
14	The Minister for Sustainable Economic Development should require transparency on "future value" versus real-terms value with inflation assumptions.	MSED	Reject	The Concession Agreement deliberately front-loads investment to ensure that vessel investment is delivered early and not undermined by long-term inflation trends. This will also mean Islanders have the benefit of brand new vessels for a greater portion of the contract.	
15	The Minister for Sustainable Economic Development should explore strengthening Island Authority influence over vessel specifications through options appraisals before commitment.	MSED	Reject	Whilst there will be extensive consultation around new vessels, Ministers rejected other business model options for sea connectivity where greater influence could have been secured (such as via a Government ownership model) as these would have involved significantly more financial risk to the taxpayer.	
16	The Minister for Sustainable Economic Development should ensure appropriate governance oversight through periodic fleet condition and investment progress reports.	MSED	Accept - complete d	There are clear responsibilities upon the operator to ensure fleet is in an appropriate condition technically and passenger feedback is reviewed by the operator and the Monitoring Committee to ensure ‘soft’ facilities are meeting passenger needs. The Monitoring Committee also incorporates oversight of fleet investment planning and will	N/A

				incorporate progress with such investment when it occurs.	
17	The Minister for Sustainable Economic Development should, upon receipt of the Operator's calculations in accordance with Clause 2.2.4, carry out a comprehensive cost analysis of passenger fares to ensure that pricing caps are set at an appropriate and justifiable level.	MSED	Reject	The Concession Agreement includes a clear mechanism for changes in the Mean Average Passenger and Vehicle Fares and any changes to this fare in future years would need to be in accordance with the relevant clauses within the Concession Agreement.	
18	The Minister for Sustainable Economic Development should work with the ferry operator to ensure that a frequent traveller discount scheme is introduced as soon as practicably possible.	MSED	Complet ed	An Islander discount was introduced in Q1 2026. DFDS are also undertaking work on a company wide frequent traveller programme.	
19	Once sufficient operational data is available—including the one-year reviews required under the Concession Agreement—the Minister for Sustainable Economic Development should commission an independent review of the flat-rate freight pricing structure to assess its impacts and whether it is meeting its intended objectives.	MSED	Reject	There is very limited data available on the rate card under the previous Operating Agreement which makes any form of comparative analysis difficult. Indeed, the business whose submission on which this recommendation appears to have been based, made almost identical challenges in 2018 under the previous Operating Agreement. DFDS has instigated a freight users group and the feedback from this forum will be used to determine, over time, whether changes need to be made to the flat rate.	
20	The Minister for Sustainable Economic Development should require early and structured consultation with freight users prior to any proposed changes to service schedules, pricing models, or operational procedures under the Concession Agreement.	MSED	Accept – Complet ed	A Freight Forum was established by DFDS before publication of this report (as Recommendation 21 infers). The forum involves the logistics companies and major importers and follows feedback from Government that close engagement must be undertaken between DFDS and the freight users.	N/A
21	The Minister for Sustainable Economic Development should ensure that the new Freight User Forum and Monitoring Committee meet	MSED	Accept – Complet ed	Members of the freight forum (the freight forwarding community) & monitoring committee already meet regularly with retailers.	N/A

	regularly with retail representatives to ensure that freight services meet the needs of businesses.			As Minister I also meet regularly with the Chamber of Commerce and am always happy to meet with any interested stakeholder.	

Minister's Conclusion:

Following the transitional period during 2025 I am keen to see DFDS build upon the lessons they have learnt and the feedback from Islanders and visitors to consolidate their operations as they embed service improvements and the EIA Panel's review provides important evidence which will help support this.

The company has already committed to a number of positive changes this year including:

- Many more day-trip opportunities to St Malo and the introduction of a 24-hour stay option, providing greater flexibility for short breaks.
- Earlier publication of schedules to support families, schools, groups and the travel trade.
- A £1.1 million upgrade to public areas on fast ferry, *Levante Jet*, alongside continued enhancements shaped by passenger feedback.
- Improved disabled accessibility guidance and assistance procedures.
- Continued investment in popular services such as great pets facilities and free bicycle carriage.

I am confident that future Governments and Scrutiny Panels will continue to build upon the good work which has gone on during the first 12 months of the new Concession Agreement to ensure that Islanders continue to have a financially resilient ferry services that meets the high standards Jersey deserves.