

Deputy Moz Scott  
Chair  
Economic and International Affairs Scrutiny Panel  
Scrutiny Office  
States Greffe  
Morier House  
St Helier  
Jersey  
JE1 1DD

3 August 2023

**Sent by Email**

Dear Deputy Scott

**Supply Chain Resilience**

Firstly, thank you for requesting our input to this extremely important subject. Before answering your points specifically, I thought it may be useful to take a step back and contextualise our understanding of Jersey's supply chain.

Whilst we are all aware, like all island destinations, more than 90% of supplies will arrive by sea and 90% of exports also depart that way. For Jersey, the last mile of delivery varies to many other islands, due to the traffic legislations and driving times which impacts on infrastructure and new entrant requirements. However, this singular supply chain is in fact many supply chains of international operators whether food, retail, medicine, building merchants etc. each of these are then further broken down, so for example food, will be Waitrose, Co-op, Morrisons etc. Each of these major companies have over the last twenty years, centralised their business and distribution points, many of them supplying the UK and Irish markets, which includes the Channel Islands.

Additionally, competition in any of the areas is dependent on some other factors, so again if we take retail, is there enough retail space, storage space available, for a Lidl or Super U for example, to come on island? This needs to be satisfied before the logistics of the supply chain are considered. Therefore, when looking at supply chains, it is in my view looking at all of these distribution points, how they gather and connect for sea transportation and then delivered from the Ports to the end of the distribution, enabling access to the end customer or user. Knowing that the market size of Jersey is not sufficient for these major labels to have a specific delivery option, so all those in the supply chain, need to adapt to them.

With this in mind, please find the responses to your questions below:-

1. As above, the key elements are those controlled by the major companies off island, whether UK or France, which then are carried by the logistics operators, Ferryspeed, Woodside, Morvan Fils and other smaller players in the UK and France. This then follows to the shipping element, ourselves and Lo-Lo for some, not just in time products, before the logistics operators then take back control to deliver to the outlets as required.
2. The threat for any island's supply chain (for our element) is the changing weather patterns which are forecasting longer spells of bad weather (wind especially for shipping) which means more prolonged periods of no safe access to Ports. The mitigation of this is additional resilience, which is more vessels to play catch-up after the weather subsides, or diversification of supply route, e.g. more French supplies for a quicker reset time. This also has been developed on our side by increasing freight capacity in the south since January 2022 and an additional vessel should allow this to continue, however, only useful if the major customers make use of it to compliment the UK supply chain.
3. This question leads to ourselves and the freight logistics operators. However, there is much competition in the supply chain, again taking Waitrose, Co-op, Morrisons etc. Any retailer can compete but they will look at economies of scale for themselves and therefore use existing, proven supply chains, rather than trying to complete the entire supply chain themselves. As this scale of investment would never hold up for them based on the market size.
4. The largest on island limitation is the transportation requirements on island, meaning the use of non-standard vehicles for delivery. The delivery on the UK and French side does use standard vehicles, therefore this nuance means large multi-nationals requiring a bespoke solution, which is easier to buy in to, than create from scratch.
5. The main disruption element of Condor's services are obviously weather and any technical issues with vessels. That said we are also 100% reliant on the availability of the Berths in the Port and the turnaround times of our vessels have been impacted by Manche Iles' introduction to the main Port and utilising the West Berth when it does, previously considered to be the freight berth. So our contingency is the addition of a vessel to our fleet to improve the resilience greatly and we are working with the Port to ensure berth access in the long term, as a Berth outage means a single point of failure to the supply chain.

The reality is that there is a lot of ambient storage on island, so the individual retailers, hospitals etc., can manage their own stock. However, the short shelf life products will always be the visibly impacted. This is in part the supply chain, but also if we look at say salad leaves, it starts life in the distribution centre of say Morrisons on the M5, it will always take a day longer to get to Jersey than say Penzance, therefore if delayed, a shelf life of three days is already two days.

6. Our key difficulty is that due to the Port size restriction, having a fleet that is small enough to fit in the Port but big enough to supply the island and fast enough to complete a daily circuit, restricts the number of vessels available. In each 24 hour period, our conventional vessels take 6 hours in turnarounds for the three Ports and 17.5 hours sailing. Therefore, only 30 minutes are spare in each day to avoid being delayed. This can only be and has been mitigated by adding additional capacity.
7. This is not really our area to comment on, as we deliver trucks to and from the Island and once they have disembarked, they become the responsibility once again of their companies, Stevedores or Port.
8. Over the years Condor have been engaged with various bodies to help inform on their areas. Obviously throughout Covid that became heightened through that combined challenge. We have also since change of ownership in March 2020, engaged with Government on fleet and Schedule plans, leading to the introduction of Condor Voyager (with freight capacity since January 2022) and now Condor Islander adding that resilience the islands require.
9. The macro-economics of population growth impacting the market size is very much part of our forecasts. The economies of scale are clear to us, maybe a slight bias, but Ro-Ro provides the best and cheapest supply chain to the Island, for multi-nationals and independent traders. However, the simple case exists that the size of vessels, number of Port berths and Port space, dictates the volume of supplies that can be delivered at any one time for onward distribution.
10. Many of the recommendations are related to increasing competition in the freight logistics area, this I cannot comment on directly as they are all our clients, however, I have laid out above the fact that I believe the multi-national organisations will want a tried and tested partner, rather than switching from operator to operator, to potentially save a little money, on this small part of their chain. For the support of the southern route existing and new; I have again laid out that we have evolved our offering and intend to do so further, this has been done on a purely commercial basis without any conversation with Government. A separate subsidy (by the Brittany region) did start up last year and failed within the year as the market is not of sufficient size to warrant a dedicated operator in addition to our services. That said, we would be happy for support to grow further, if that was available.
11. The Elizabeth harbour plans are still in consultation stage which we are now engaged with. We have highlighted concerns that the Port may not support projected population growth and that the key element is the longevity and investment in the Berths themselves and that the Port's new foot print does not allow for, a yet to be defined, fuel of the future.

I hope that this addresses your questions, but as ever, we are happy to discuss further if you so wish.

Kind regards

Yours sincerely



**John Napton**  
Chief Executive Officer