

2024.11.12

**3.16 Deputy T.A. Coles of St. Helier South of the Minister for Sustainable Economic Development regarding the costs incurred by the Government in extending the provision of a ferry service: (OQ.208/2024)**

Will the Minister state the costs, including the cost of any standby vessel, that will be incurred by the Government in extending the provision of a ferry service from Condor for 7 months?

**Deputy K.F. Morel of St. John, St. Lawrence and Trinity (The Minister for Sustainable Economic Development):**

As I mentioned earlier, Condor have declined that offer of 7 months, but had they agreed in itself there is no funding involved in supporting the delivery of the operating agreement. What we were suggesting was just an extension of the existing operating agreement so there would not have been any direct cost implications in that respect. With regard to the existing contingency arrangements, we would have had to make a call. The existing contingency arrangements for freight are in place until the end of December this year, and certainly we have to, and we would have had to, had the 7month agreement been taken up, decide then as to whether or not to continue to maintain that freight contingency. No decision had been made around that at this point.

[11:30]

**3.16.1 Deputy T.A. Coles:**

Is the Minister able to confirm that as part of the procurement of any future ferry service that this standby vessel will no longer be funded by Government?

**Deputy K.F. Morel:**

My entire stance in this matter, certainly since I was informed of a decision by Guernsey, has been to ensure that Jersey is in a position where it does not have to fork out money - that is poor language - does not have to spend money on either contingency vessels or on future bailouts or be denied the opportunity to have fleet investment, which gives us a fleet that we can be proud of for the Island in the future. There is no question in my mind that any future contract that we enter into would deliver us a service whereby we do not need to maintain contingency vessels. If we did need to maintain contingency vessels, then I would suggest it was not a contract that we should enter into.

**3.16.2 Deputy I. Gardiner of St. Helier North:**

Can the Minister explain what led to the decision to set up that arrangement? What was the trigger?

**Deputy K.F. Morel:**

I believe this has been reported in the media. Last December, I received a request from, I believe it was, shareholders of the ferry company concerned, quite simply for £40 million to ensure that they could continue operating the services and of that £40 million, £10 million was apparently urgent. This followed a previous request for a guarantee of £80 million to underwrite the services. These requests led me to believe that, number one, I did not think that a £40 million investment in a company that effectively was telling us it was on the edge, would have been an effective way to secure our ferry services. As a result, I took the decision that we should look for a contingency arrangement to ensure that, should the demise of that ferry company occur, we had contingency to ensure that food and medicines could be delivered to this Island on an ongoing and continual basis. Because those lifeline freight services are, as I have said before, the very food that we eat. It was those requests that sent myself off. I have to say I am very grateful, it was not just I who went out looking for contingency arrangements. I was accompanied by - I will say he was not in Government at the time - Deputy Luce, because I knew he had a large understanding of maritime matters, *et cetera*. I also felt that it was appropriate - Deputy Luce was in Scrutiny at the time but not on the Panel that scrutinised me - that the Assembly could be afforded the comfort of knowing that it was not I just acting alone in that matter,

that there were other eyes saying: “No, this is the right thing to do.” So, that is a very brief explanation of what happened last December.

**3.16.3 Deputy I. Gardiner:**

Just to make sure that I understand it correctly, these measures were put in place to protect the Island in case Condor went bust and the Island would be protected. Is my understanding correct?

**Deputy K.F. Morel:**

That is correct.

**3.16.4 Deputy J. Renouf of St. Brelade:**

The Minister said that the arrangement runs out at the end of December. The current contract with Condor runs until the end of March. Will the contract to provide standby vessels be continued until the end of March? If he is looking to do that, will he be looking to share it with Guernsey, as he has currently been doing?

**Deputy K.F. Morel:**

The Deputy does put his finger on an important point. The current costs of those contingency arrangements are shared on a 50-50 basis with Guernsey. Because we have not made a decision and we have not yet discussed the continuation of those contingency services, I do not know Guernsey's position on that, because quite simply we have not yet asked. I think it is really important that the Assembly understands that one of the things of going through this ferry procurement process was that it is quite possible that Condor may not win the contract. So, I did write to the company, the board of the company, as recently as 23rd September on precisely this point, asking for certainty around their ability to continue the contract up to the end of March as their contract currently says ... the operating agreement currently says. I was asking, in the event that they do not win the contract, are they able to continue providing those services. The response at the time effectively asked for money to guarantee the continuation of those services and effectively asked for a sum of many millions of pounds to continue those services until the end of March. That is another matter in my mind because they are currently contracted to continue those services, yet I was being told that they would require payment, or may require payment, in order to do so.

**3.16.5 Deputy J. Renouf:**

The Minister has talked about the Condor contract. He has a contract with a provider of lifeline service on standby. Is he able to say whether he has opened negotiations with that company about continuing to provide that service, given the extreme vulnerability that he seems to be hinting at in terms of the service from Condor? Can he say who that contract is with and if he has explored other options in case that contract might not be able to be extended with the current provider of that backup service?

**Deputy K.F. Morel:**

I am happy to say that the DFDS are the provider of those contingency services through a contractual basis. They have chartered 2 vessels which remain on 48-hour cool-down standby to the Island in the event that they are needed. So far, we have had to extend this, I believe, 3 times. Please forgive me if I have not got that exactly right, but about 3 times we have had to extend it so far. There has been no problem in maintaining the continuation of those services and should we desire to continue the contingency arrangements I have no reason to doubt that we would be able to do so as long as we give appropriate notice of our desire to continue that. The market for chartering vessels is constant and so if we choose not to continue with the contingency arrangement those vessels will, I am sure, be chartered by other companies or jurisdictions or other parties. As long as we give the notice, the appropriate amount of time, I have no reason to believe that there will be any difficulty in securing those chartered vessels for a longer period.

**3.16.6 Deputy T.A. Coles:**

I am sure the Minister will be glad that this is probably the last question he is going to have to answer on ferries today. The Minister made reference to investment in vessels within the answers to one of

these questions. Can the Minister just confirm that this will be investment by the companies alone, or whether Government will be involved in investment in new vessels?

**Deputy K.F. Morel:**

That is a very interesting question. It has been my opinion that absolutely this is about the companies investing in vessels themselves. In fact, I was disappointed at one point in the past where it was suggested that Government should be investing in those vessels as well. I have made it very clear that, no, the routes themselves enable profit to be made and that profit should be reinvested in vessels. It is Islanders who pay through their ticket prices, who pay through logistics firms, that book freight on to boats, that pay for that investment into the future. The idea that Government should in some way pay for that investment, I think, is unnecessary. The models I have seen about future fleet investment show that it is unnecessary.