



# Policy Framework for the Ports Sector

DECEMBER 2023

R.4/2024



Government of  
**JERSEY**



# Contents

<b>Ministerial Foreword</b>	4
<b>Introduction</b>	5
Purpose of the Policy Framework	5
The Ports Sector	6
Vision and Goals	7
Our Strategic Priorities	8
<b>Our Strategic Priorities</b>	
1. Safety and security	10
2. Sustainability	12
3. Strategic air connectivity	16
4. Strategic maritime connectivity and supply chain resilience	20
5. Investment in critical infrastructure	24
6. Development of our harbour and airport estates	28
7. Economic regulation and governance	32
8. Public Service Obligations	34



## Foreword

Deputy Kirsten Morel  
Minister for Sustainable Economic Development

As an Island nation, we depend on the resilience and efficiency of our Ports Sector. The Ports Sector plays a crucial role in facilitating economic development and prosperity as well as maintaining connectivity which is vital to our well-being and our Island way of life.

The Ports Sector is an important enabler of economic development and all that it can provide for Islanders. This policy, the first of its kind in Jersey, establishes the priorities for the Ports Sector:

- Safety and security
- Sustainability
- Strategic air connectivity
- Strategic maritime connectivity and supply chain resilience
- Investment in critical infrastructure
- Development of our harbour and airport estates
- Economic regulation and governance
- Public service obligations

This policy framework, instigated by the Ports Policy Ministerial Group, is intended to help all stakeholders better understand the outputs Government is seeking from the Ports Sector. This framework, outlines the Government's policy direction and priorities for the sector. The Government is seeking a safe, secure and sustainable Ports Sector that is efficient, accessible and resilient to support the development of Jersey's economy, in order to deliver greater prosperity, security and opportunities for Islanders. The Ports Sector enables economic activity - by moving people and goods and connecting Jersey as a trading nation to our overseas markets - as well as significant social value.

The Government is committed to giving Islanders the Ports Sector they need. Therefore, we have identified our policy direction for the sector and will support the investment decisions required. Looking to the decade ahead, there are exciting opportunities before us – sustainable travel by air and sea, the opportunity to transform and regenerate St. Helier Harbour, the creation of a new and future proofed airport. We need to grasp these opportunities to maximise the vital contribution of the Ports Sector, to enable economic development for our Island.

**Deputy Kirsten Morel**  
Deputy Chief Minister and Minister for Sustainable Economic Development

## Introduction

### Purpose of the Policy Framework

To provide the policy guidance, with safety and sustainability at its core, required to:

1. support the continued development of a resilient, reliable and efficient Ports Sector;
2. deliver generational investment in critical ports infrastructure;
3. safeguard life-line services and the growth in connectivity.

Connectivity underpins Jersey's economy and the lives of all Islanders. We depend on aviation for our links with the rest of the world both socially and economically, and our maritime supply chain for the resilient, reliable and efficient movement of freight.

At the heart of the Government Programme is a commitment to create a sustainable and vibrant economy. Supporting economic development and productivity improvements, managing the cost of living, delivering on Jersey's environmental commitments and ensuring that Jersey's infrastructure is fit for the future, are all vital components of that commitment.

As part of the incorporation of Ports of Jersey in 2015, the Government of Jersey set out a number of objectives for the then newly incorporated Ports of Jersey, to enable it to continue the provision of essential public services to the Island in a sustainable manner.

However, no explicit or specific forward-looking sectoral policy was developed at the time that reflected the objectives of incorporation or Government's wider strategic goals and vision for this vital sector.

In November 2022, the Minister for Sustainable Economic Development reconstituted the Ports Policy Ministerial Group ('PPMG'). The PPMG provides ministerial direction and support to enable the effective and efficient implementation of key strategic priorities in the Ports Sector.

Given the economic importance of the sector, and the imperative to both meet the challenges and seize the opportunities of Jersey's future economy, the PPMG determined that this Strategic Policy Framework for the Ports Sector be developed.

Whilst Government, Ports of Jersey and the Jersey Competition Regulatory Authority ('JCRA') are most able to implement the strategic priorities and policy objectives of this Policy Framework, it is directed at the entire ports ecosystem — including the network of airlines, shipping companies, freight companies, stevedores, marine engineers, leisure users and others. The Policy Framework is intended to provide clarity and ensure alignment for all stakeholders.

## The Ports Sector

For the purposes of this Policy Framework, the Ports Sector includes:

**Government** - Supported by standalone departments including Economy; Treasury and Resources; External Relations; and Justice and Home Affairs.

**Ports of Jersey** - Owner and operator of critical harbour and airport infrastructure. They are also responsible for various public service obligations including: co-ordinating, or providing resources for co-ordinating, maritime search and rescue within the Jersey Search and Rescue Region; maintenance of aids to navigation in territorial waters; acting as custodian of Jersey harbours; enforcement of shipping legislation in territorial waters; carrying out certain Port State Control functions; and, management of the Channel Islands Control Area.

**Airlines** - Scheduled airlines operating regular services to many UK destinations as well as a number of European destinations on a more infrequent basis. There are also several charter airlines that serve Jersey’s tourism industry.

**Private aviation** – Private charter, business charter, and fixed-based operations based at Jersey Airport’s private aviation terminal and light aircraft services, general aviation and training at the Aero Club.

**Shipping operators** – Shipping companies providing services to UK and Europe. These include roll-on roll-off freight and passenger ferry services on the northern and southern routes, a further passenger ferry operator providing seasonal services inter-island and to France, and several specialist lift-on lift-off containerised freight, bulk freight and fuel services operators.

**Freight operators** – Providing storage and transport of goods from point of offload (ferry / plane) to businesses and customers. Most require warehousing within or close to the harbour estate.

**Leisure users and supporting businesses** – Aviation services provided through the private aviation terminal and the Aero Club. Marine leisure services across Jersey’s multiple marinas (predominantly in St Helier) which support maritime leisure and hospitality businesses.

**The Blue Economy** – Includes Jersey’s fishing fleet and maritime and marine specialists including engineers and ecologists.

**Wider stakeholders** – Customs, Coastguard, Air Traffic Control, air and sea search and rescue operations, ground handlers, stevedores and ancillary ports’ services.

## Vision and Goals

**Our vision is:**

*To build a more resilient, efficient, smart and sustainable Ports Sector that creates economic, environmental and social value for the whole of Jersey, helping make our beautiful Island an even greater place to live, work and visit.*

**The overarching policy goals are:**

- To further enhance Jersey’s connectivity by ensuring safe, secure and competitive services, responsive to the needs of business, tourism and consumers;
- To ensure the resilience of Jersey’s life-line air and sea links, by investing in critical gateway infrastructure;
- To maximise the contribution of the Ports Sector to Jersey’s economic development and development in accordance with the Future Economy Programme; and
- To ensure all actions are guided by our environmental objectives.

**Alignment to critical Island interests:**

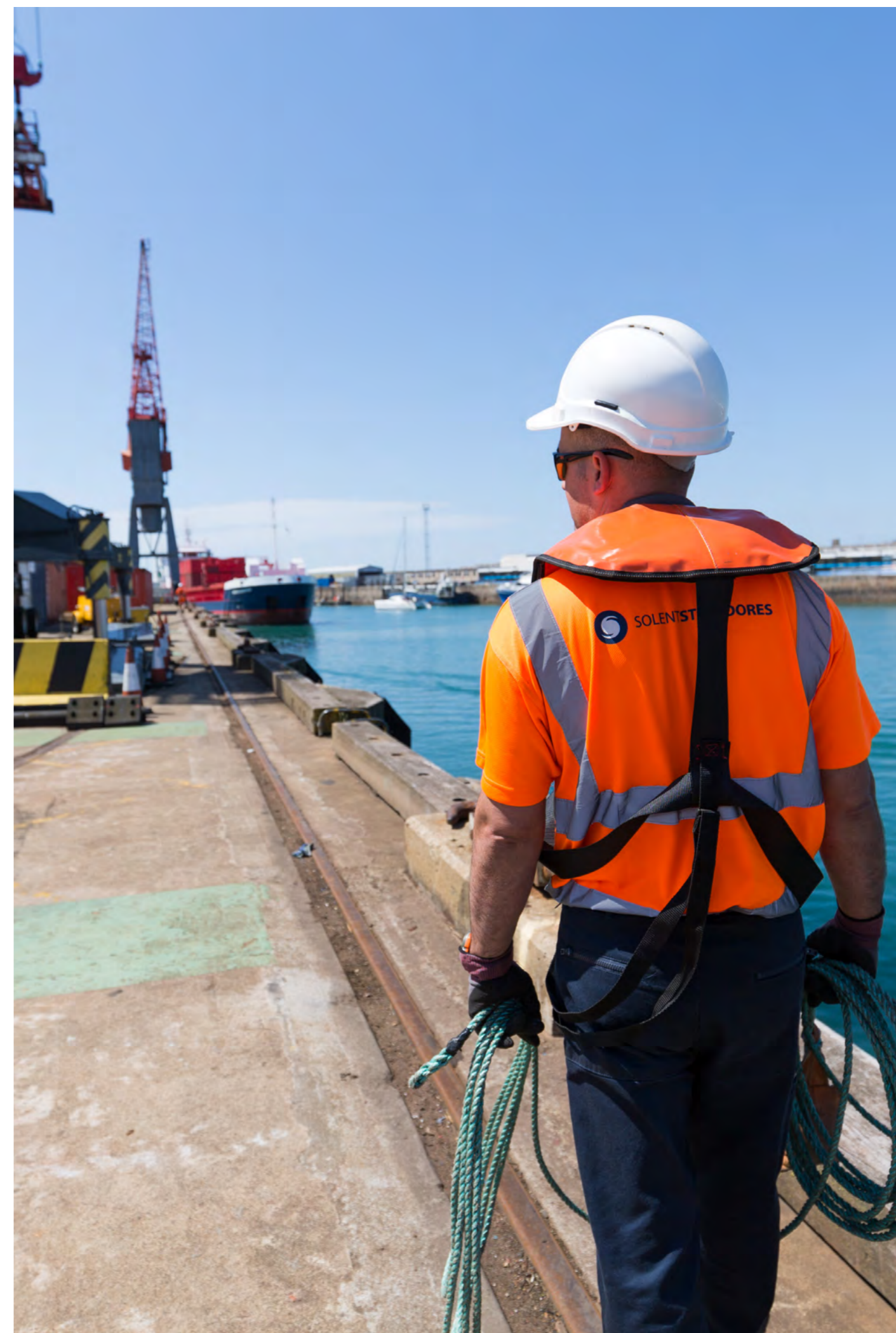




## Our Strategic Priorities

The Policy Framework for the Ports Sector will be framed around the following eight strategic priorities. Each of these strategic priorities is outlined and explored over the following pages.

- 1 Safety and security**  
We will ensure that safe and secure operations are the priority for the Ports Sector, and that safety regulation is robust, effective and efficient.
- 2 Sustainability**  
We will ensure that the Ports Sector is sustainable in respect to our economy, our environment and our community.
- 3 Strategic air connectivity**  
We will nurture our existing route network and create the conditions to develop sustainable development in high-value air connectivity (in particular into Europe) and in aviation services.
- 4 Strategic maritime connectivity and supply chain resilience**  
We will ensure Jersey's life-line ferry services are resilient, reliable, customer-focused and deliver growth in passenger volumes. We will develop the conditions to drive competition and efficiency across the maritime supply chain.
- 5 Investment in critical infrastructure**  
We will enable investment in critical gateway infrastructure to ensure its long-term resilience and deliver visitor experiences that Islanders are proud of.
- 6 Development of our harbour and airport estates**  
We will support the development of the Harbour and Airport estates, creating opportunities for economic development, enhancing the public realm and supporting wider Government priorities in the visitor and blue economies.
- 7 Economic regulation and governance**  
We will maintain a regulatory framework for the Ports Sector that reflects international best practise, with economic regulation that protects consumers and facilitates critical investment.
- 8 Public Service Obligations**  
We will monitor and review the Public Service Obligations of Ports of Jersey to ensure they continue to be discharged in accordance with best practice.





## STRATEGIC PRIORITY 1:

# Safety and Security

We will ensure that safe and secure operations are the priority for the Ports Sector, and that safety regulation is robust, effective and efficient.

## Background

Safe and secure port operations, specifically related to passengers and those employed in the sector, is the primary sectoral focus of Government. Maintaining the highest standards in safety and security, regulatory compliance and industry best practice, underpins all other objectives and principles within this policy framework.

The Harbours (Administration) (Jersey) Law 1961 and The Aerodromes (Administration) (Jersey) Law 1952 contain various provisions in respect to the operational policing of safety and security matters in both its airspace and harbours.

Such provisions require the appointment, by the Minister for Sustainable Economic Development, of a Harbour Authority and an Airport Authority together with a Harbour Master and Airport Director to perform various functions on behalf of the Minister.

These operational safety and security provisions are separate to the wider non-operational public service obligations (considered separately under this Policy Framework) which are integral to the legal establishment and incorporation of Ports of Jersey.

## Issues

Government's primary role is to ensure operational safety, security and regulatory compliance through the legislative and organisational arrangements and structures it has established for this purpose.

The Minister has appointed Ports of Jersey as both the Jersey Harbour Authority and the Jersey Airport Authority and has appointed officers of Ports of Jersey as Harbour Master and Airport Director.

Ports of Jersey was established by Government with the primary objective "to provide, or ensure the provision of, safe, secure and efficient port operations for Jersey, whether by itself or by any other person acting as its subsidiary, agent, employee or sub-contractor."

Its establishment also determined that Ports of Jersey is required to exercise its powers so as not to conflict with the interests of aviation and maritime safety and security.

Ports of Jersey is required to maintain the high levels of sector specific knowledge and expertise required to discharge these functions.

## Policy position

- Operational safety and security of the Sector shall remain the first priority of the Ports Sector.
- Ports of Jersey, and the wider sector, must:
  - seek both the continuous improvement of operational safety and security standards and compliance with regulatory requirements and industry best practise;
  - ensure that identified safety and security risks are consistently, continuously and thoroughly addressed; and
  - maintain robust systems for reporting occurrences that may affect safety.



## STRATEGIC PRIORITY 2:

# Sustainability

We will ensure that the Ports Sector is sustainable in respect to our economy, our environment and our community.

## Economic sustainability

### Background

The Covid-19 pandemic had an unprecedented impact on much of the Ports Sector, in particular those companies delivering passenger services, marine and fishing services.

Passenger volumes are recovering and are projected to reach pre-pandemic levels in 2025. Nevertheless, the residual financial impacts of the pandemic continue to impact many of the companies in the Ports Sector. The economic sustainability of the sector requires careful nurturing in the coming years.

### Issues

Our just-in-time supply chains and Island living place significant reliance on the continuity of our critical aviation and maritime supply chains and the financial resilience of key operators.

Long-term economic potential is typically determined by people and skills, capital investment, and the business environment.

Sector participants are often reliant not only on their own investments in these areas, but also on the investment by other sector participants. Positive decisions and actions by one sector participant can benefit the rest of the sector and vice-versa.

Some of these considerations are covered elsewhere within this Policy Framework, including investment into critical infrastructure, development of the harbour and airport estates and regulation. Government must also

ensure that long term operator partnerships are financially resilient, to ensure delivery of the Island's strategic priorities.

The JCRA's 2022 Freight Logistics Market Study made various recommendations from a competition perspective aimed at supporting competition in the freight sector (which has strong participant cross-over with the Ports Sector). Implementation of the recommendations should help support the economic sustainability of both sectors.

From a taxpayer's perspective, Ports of Jersey was established to be financially independent from Government. Ports of Jersey is funded from income (charges and fees) from delivering its services. Its commercial success and economic sustainability are not only vital from a taxpayer perspective but also in ensuring the wider economic success of the sector.

## Policy position

- The Ports Sector should seek to appropriately invest and innovate in respect to their people, skills, and infrastructure, and seek to positively collaborate to generate mutual Sectoral benefits.
- Long-term operator partnerships must be financially resilient and help deliver the Island's strategic priorities.

## Environmental sustainability

### Background

In 2019 the States Assembly declared a climate emergency. The climate emergency and the loss of biodiversity are the critical challenges of our time.

To confront the climate emergency, the States Assembly voted unanimously to approve the Carbon Neutral Strategy 2019 and later, the Carbon Neutral Roadmap (approved April 2022) which sets a clear emissions reduction trajectory towards net zero.

The Carbon Neutral Roadmap and extension of the Paris Agreement to Jersey creates a commitment to reach net zero emissions by 2050, with interim targets set for reducing emissions.

### Issues

The nature of Jersey's economy is a major driver of its global environmental impact. Our air and sea transport links are essential to our Island life. Our economy and the way we live our lives relies on these links, but we must acknowledge and deal with their environmental impact.

The Ports Sector exists predominantly to serve our community and wider Island economy. However, the Carbon Neutral Strategy 2019 noted that in 2017 transport (all forms) accounted for 51% of Scope 1 and 2 emissions in Jersey, with road transport responsible for approximately 63% of those transport related emissions and air and sea 37% (19% of total emissions).

Low-carbon technologies for air and sea transport are still in the relatively early stages of development and implementation but are receiving global attention and importantly investment.

## Policy position

- Government commits to delivering the Carbon Neutral Roadmap as part of this policy framework.
- Government will work with Ports of Jersey to reduce emissions from aviation and marine transport, in line with the Jet Zero scenario 2 emissions targets and obligations under the MARPOL treaty.
- Government will coordinate closely with the UK aviation industry and government, to support its leading role in the work of the International Civil Aviation Organisation (ICAO) to reduce emissions from international aviation.
- Government will work with Ports of Jersey to explore improvements in modal interfaces at the port and airport, and include medium-term investment plans for walking and cycling infrastructure.
- The Ports Sector must play its part to ensure Jersey reaches net-zero. To do so the sector should invest in collaborative and innovate processes, technologies and infrastructure.
- Ports of Jersey should explore using tariff structures, to support the transition to cleaner technologies for ferry and aviation services.
- The Ports Sector should seek to contribute to biodiversity net gain and to preserving our land and marine environments.
- Where the Ports Sector undertakes construction, it should be undertaken sustainably, adopting circular design principles.



## Community sustainability

### Background

Community sustainability comprises many factors, including: employment and workforce; economy and skills; our local environment; the safety, inclusivity and vibrancy of communities; impacts on children and families; our ageing population; health and wellbeing; and cost of living and housing. These are not exclusive.

### Issues

Almost all of these factors are influenced and impacted by our connectivity. Operational efficiency and competition directly impact Islanders' cost of living. We rely on the Ports Sector for virtually all the goods we consume, the transport of construction materials, our ability to connect with off-island friends and relatives, access to education and specialist medical care, as well as to go on holiday. The Sector is both a major employer and indirectly responsible for employment opportunities across the Island.

The built environment of our harbour and airport estates directly impacts the communities that either form part of those estates or that work and live alongside them.

We should seek to make our harbours and airport welcoming and accessible to all Islanders and to ensure that they are places that we, as a community, are proud of.

There is a moral duty on all Sector participants to positively contribute to our Social Sustainability and make our Island an even better place to live, work and play.

### Policy position

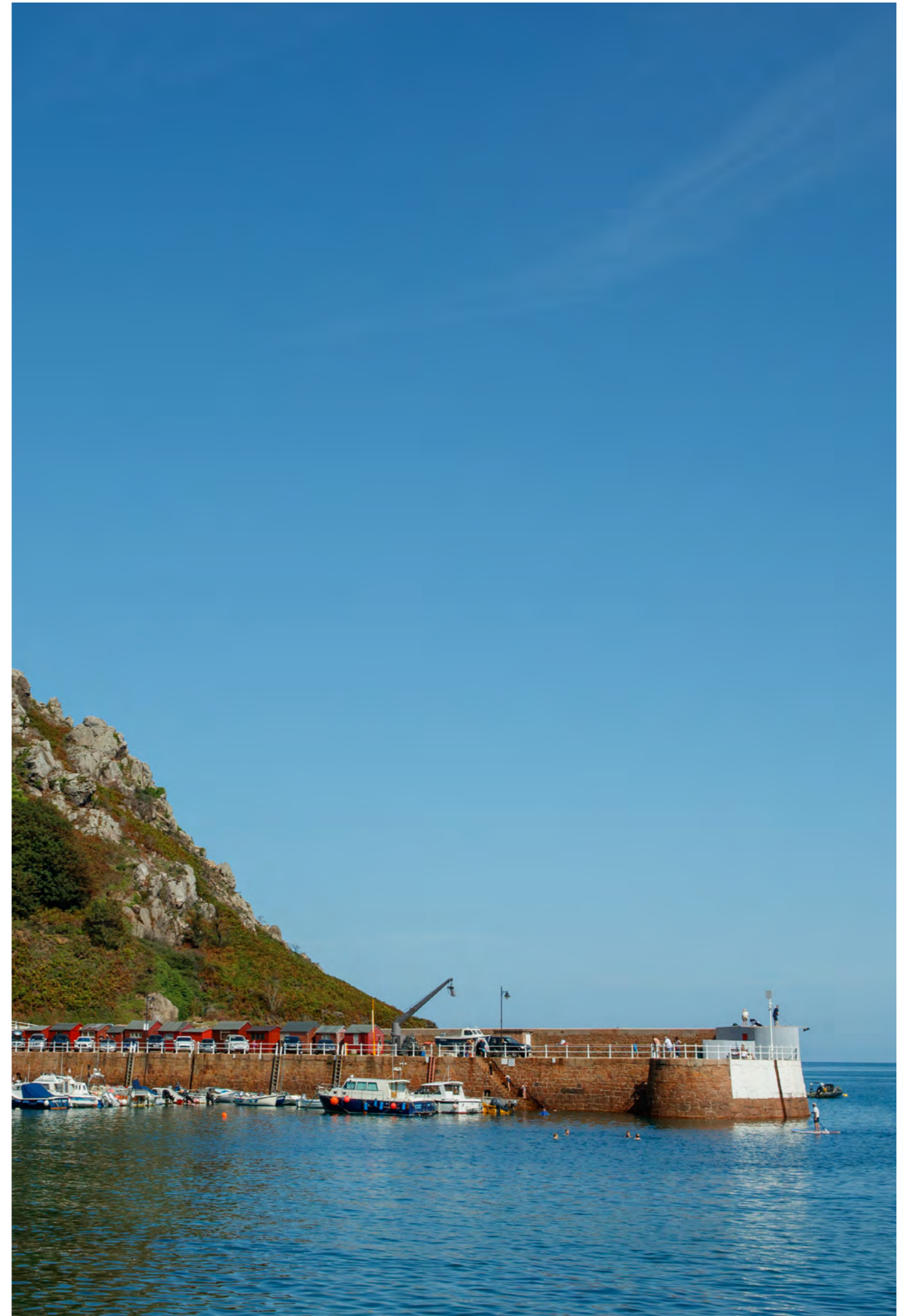
- The Ports Sector should seek to embed community sustainability into strategic planning and commercial decision making.

## Jersey's Performance Framework

The vision for Jersey set out in the Future Jersey Strategy is:

“An Island loved for its beautiful coast and countryside, rich heritage, diverse wildlife and clean air, land and water. An Island where a sense of community really matters – a safe place to grow up and enjoy life. An Island that offers everyone the opportunity to contribute to, and share in, the success of a strong, sustainable economy.”

The Ports Sector can seek to deliver this vision through ensuring its contribution to environmental, economic and community sustainability.





## STRATEGIC PRIORITY 3:

# Strategic air connectivity

We will nurture our existing route network and create the conditions to develop sustainable development in high-value connectivity (in particular into Europe) and in aviation services.

## Background

Air connectivity is the life-blood of our Island. It is a key driver of our Island's economy. It enables corporate travel, enhances the attractiveness of Jersey as a business hub and feeds our visitor economy.

Air connectivity plays a critical social role, providing essential links for Islanders to be able to access health care, education, to connect Islanders with friends and relatives and to enjoy leisure travel.

Jersey's air connectivity ensures Jersey is an attractive place to live and do business, enabling high-quality talent to be secured and existing talent to be retained.

Jersey's connectivity punches well above its weight for a small European island. Jersey is served by an enviable mix of major international and regional airlines, local operators providing dedicated regional services, and respected charter operators.

Connectivity can be divided into:

- Direct connectivity: which refers to the direct air services available from the airport, measured not just in terms of destinations, but also the frequency of flights to those destinations.
- Indirect connectivity: which refers to the number of destinations that can be reached by connecting through a hub airport.

Following a policy change by Government in 2003, and the subsequent repeal of the Air Transport Permits (Jersey) Law 1998, Jersey adopted an 'open skies' policy removing the

need for airlines to be issued permits with associated service level obligations to fly to and from Jersey. This allowed Jersey to take greater advantage of competition.

International studies repeatedly evidence the positive impact of connectivity on the trade of goods and services, inward investment and the development of business locations, as well as the positive impacts connectivity has on employment, economic development and productivity.

Trade in services is particularly important to Jersey's economy. Those business sectors with the highest propensity to fly are of significant economic value to the Island.

- A 2019 report by Oxford Economics estimated that the tourism sector, facilitated by connectivity to the Island, contributes £372m to the Islands economy.
- The 10-year commercial loan negotiated with Blue Islands was estimated by KPMG to provide £620m impact on the Island economy over 10-years.
- A 2022 study by Oxford Economics estimated that the 5-year British Airways deal to London Heathrow has the ability to increase GDP by £123m per annum and support up to 1,200 jobs.

## Issues

The Covid-19 pandemic had an unprecedented impact on the travel sector globally with passengers down 76% in 2020 and 61% in 2021 on 2019 levels. There has been a strong recovery in passenger numbers post

pandemic, and Jersey passenger numbers are projected to reach pre-pandemic levels in 2025.

Jersey's success in rebuilding passenger numbers has been achieved by putting in place framework agreements with key airline partners, creating the conditions for them to deliver profitable growth.

The mix of 'open skies' access to Jersey coupled with the commercial incentives and marketing support provided to airlines has proved successful in growing our connectivity.

The market for airline services is incredibly competitive and Jersey competes with airports across Europe to secure new air routes and services. Airlines operate commercially, shifting capacity to the most profitable routes with increasing frequency.

Ports of Jersey is responsible for route development and negotiating commercial arrangements with airlines. Visit Jersey is responsible for the promotion of Jersey as a visitor destination, to new and existing markets.

Together, all partners recognise the critical importance of our air links and will continue to work across all relevant sectors to nurture our existing network of routes and seek to develop ever-enhancing connectivity. This is also true of Jersey's sea connectivity which is explored in the next chapter.

As Jersey has a comparatively small population, incremental changes in connectivity can have disproportionately beneficial impacts.

The impact and benefit of air connectivity is complex as is the likelihood of a new route's success. Factors such as ease of access, proximity to key locations, concentration of services, catchment, breadth of onward European and wider-international connections (both to leisure and business destinations) inform any benefits generated.

Business travellers, leisure visitors, visitors of friends and relatives, and departing

Islander leisure travellers each have different rationales for travel and desires to be met. Understanding these passenger segments and promoting services which meet their current and future needs, is critical to successful route development.

The key focuses of our approach to sustainably growing Jersey's strategic air connectivity will be:

- To position Jersey Airport as a Regional Hub within the Channel Islands and Northern France.
- Commercialising Jersey's stronger air connectivity to benefit local and nearby passenger segments outside of Jersey.
- To build year-round connectivity to the UK and Ireland, reducing the seasonality of visitors to Jersey.
- To develop a sustainable network of European destinations, with a focus on:
  - Growing scheduled services to key European cities
  - Building routes into Northern France (Normandy and Brittany), strengthening our cultural and economic ties, and offering easy access to the UK for people living in Northern France.
  - Securing hub connectivity to a major European hub airport.

The development of our strategic air connectivity will be critically dependent on:

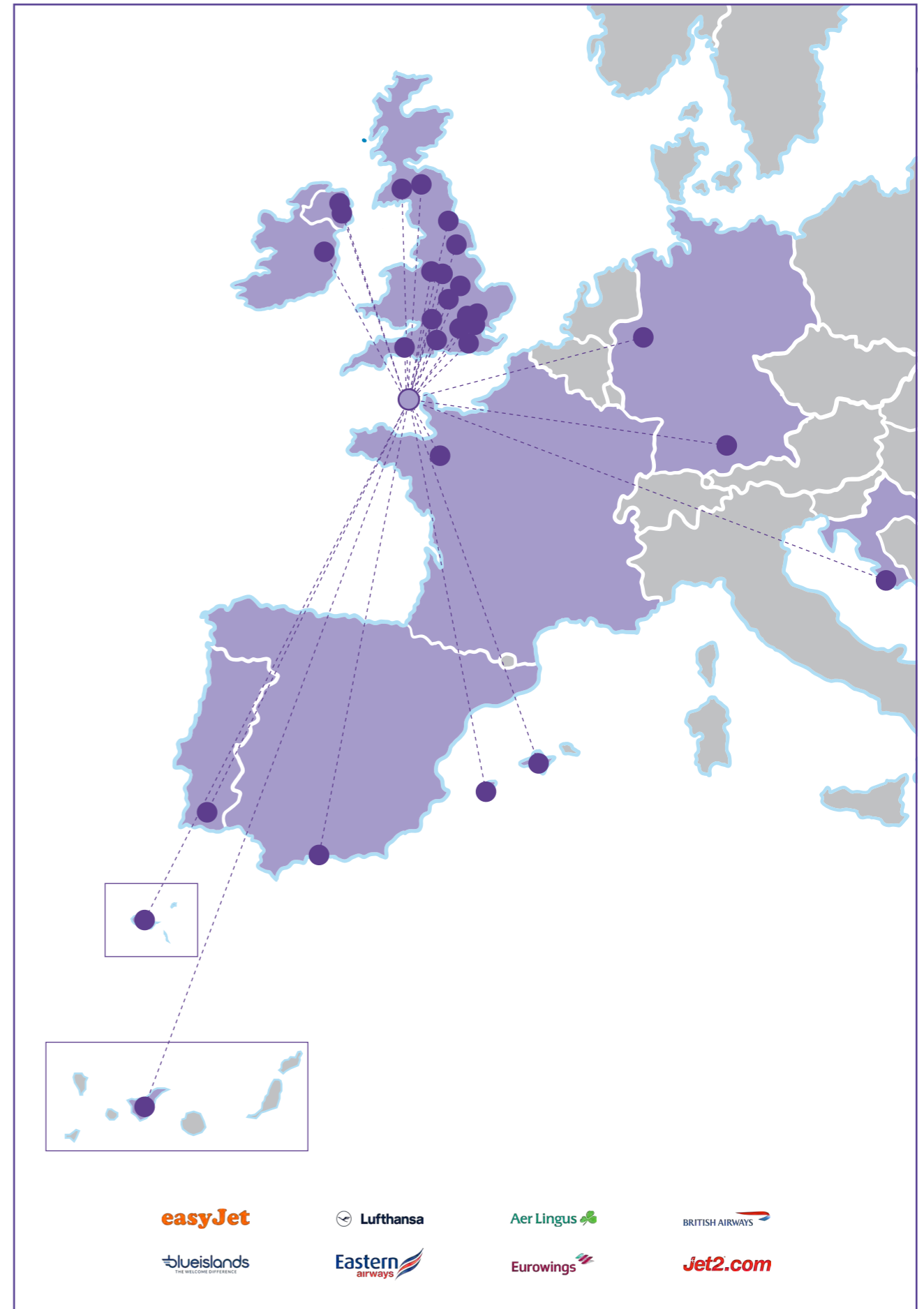
- Ports of Jersey's ability to operate commercially, building partnerships with new and existing carriers to secure additional services.
- Visit Jersey's ability to market our Island, building awareness of Jersey as a visitor destination, in particular in new markets.
- Investment in our visitor accommodation to provide additional capacity and to meet the needs of future travellers.

- The development of our visitor economy to provide a compelling year-round offer.

We must also acknowledge that network growth cannot be at any environmental cost. Aviation plays a significant role in global CO2 emissions and Jersey's own climate change story – therefore, Jersey will not sacrifice its responsibility to tackle the biggest challenge of our time solely in pursuit of greater national wealth. Recognising this, the Government keeps environmental protection as one of this policy framework's eight critical missions. Detail is given within Strategic Priority 2.

### Policy position

- The Ports Sector should facilitate a dynamic and effective market for air services, which enables sustainable connectivity, maximises the contribution of the sector to economic development in Jersey, and facilitates travel for islanders.
- Supporting existing and growing new air connectivity routes is in Jersey's long-term economic interest. Government will work with Ports of Jersey and Visit Jersey to support connectivity initiatives.
- The Port Sector should closely monitor existing core routes to ensure they remain viable and that they are maintained.
- Government will maintain its 'open skies' route access policy.
- Government will seek ways to develop and support a year-round visitor market to Jersey to support year-round capacity particularly on UK and Irish routes.
- Government will seek ways to enable investment in additional visitor accommodation and support diversification of the product offer, to ensure sufficient and attractive capacity for Jersey's inbound leisure market.
- Government will work with the Ports Sector to explore opportunities to develop European connectivity, including developing additional regional connectivity to support our traditional cultural and economic links with Brittany and Normandy, and seeking to secure connectivity to a major European hub airport.
- Government commits to keeping to the targets within the Carbon Neutral Roadmap in pursuit of this strategic policy objective.





## STRATEGIC PRIORITY 4:

# Strategic maritime connectivity and supply chain resilience

We will ensure Jersey's life-line ferry services are resilient, reliable, customer-focused and deliver growth in passenger volumes. We will develop the conditions to drive competition and efficiency across the maritime supply chain.

## Background

Our maritime connectivity provides lifeline links for both freight and passengers.

Islanders rely on our ferry services to 'drive-off' island, northbound to the UK and southbound to France and wider into Europe – economically and socially they are our sea-based motorways.

Our maritime supply chain is responsible for carrying nearly 500,000 tonnes of the Island's freight.

Volumes of dry cargo are dominated by unit load traffic comprising:

- Roll-on roll off (RoRo) freight services, predominantly in the form of unaccompanied trailers; and,
- Lift-on lift-off (LoLo) which is a mixture of containers (boxes), tank/fuel containers and palletised cargo on flat racks.

The port also handles some "dry bulks" and timber as well as bulk fuel oils, received from tankers and piped to storage.

Most freight arrives through RoRo services and is predominantly carried by conventional ferries from Portsmouth, with smaller volumes from Poole, Guernsey and St Malo.

Most LoLo freight also originates from Portsmouth, however LoLo freight (including bulks) is carried from a much wider variety of locations, including cement from Dublin, Dunkirk, and various ports in the Netherlands.

Jersey has an Operating Agreement (OA) with Condor Ferries which provides de facto exclusivity for the provision of RoRo freight and passenger services to Jersey. All passenger vehicles and containerised RoRo freight is carried by Condor.

There is no exclusivity in respect to LoLo services. However, within Jersey's freight ecosystem, there are a range of stakeholders and partners:

Channel Seaways is the dominant provider of LoLo services. Normandy Trader transports general freight and bulk timber from Granville and St Malo.

St Helier Port Services operates as the agent for the transport of bulk cement and bulk hydrocarbon fuels to Jersey.

Iris Freight and Vedette Jolie France transport comparatively small volumes of freight (Guernsey and Granville respectively).

Manche Iles Express provide foot passenger services between France and Jersey and seasonal inter-island services.

## Issues

The Covid-19 pandemic highlighted the importance of the resilience and efficiency of our maritime supply chain, which depends on three critical components:

- Ferry services
- Port infrastructure and operations, and
- Freight logistics services

### Ferry services

Jersey is the largest of the Channel Islands and accounts for approximately 60% of freight and passenger traffic to the Islands. However, scale in services is important, particularly where bespoke, capital-intensive infrastructure is required. Pan-Channel Island solutions to sea connectivity and supply chain resilience are in the combined best interests of Jersey and Guernsey.

The scale of the market for ferry services to the Channel Islands is best-suited to a single RoRo operation, with a high bar to entry to competing services, but which ensures the year-round provision of services.

The current operating agreement with Condor is due to expire in March 2025.

We will ensure that the future arrangements for the provision of ferry services:

- Unlocks investment in the fleet of ferry vessels.
- Provides capacity to deliver growth in passenger volumes and to accommodate projected growth in freight volumes.
- Enhances the resilience and reliability of the ferry services.
- Increases the quality and value for money of passenger services on board.
- Prioritises environmental sustainability, with future fleet arrangements supporting Jersey's carbon-neutral objectives.
- Provides the best value-for-money option for Islanders and operations that are financially sustainable.

LoLo services to the Island provide an important counterbalance to the single operator position in the RoRo market.

The foot passenger only service provided by Manche Ile Express provides important links between the Channel Islands and Normandy, particularly for inbound leisure visitors from France. However, as these services are foot passenger only, they are more susceptible to financial shock, as they cannot rely on supporting income streams from freight services.

### Port infrastructure and operations

The resilience, capacity and flexibility of Jersey's port infrastructure is of critical importance given the operational constraints of the harbour (extreme tidal range, susceptibility to weather disruption, and space limitations).

At peak times, RoRo freight operations exceed current harbour capacity. Freight volumes are forecast to increase as our population grows and through additional factors such as the use of imported sand and aggregates.

The limited availability of warehousing, particularly close to the harbour, coupled with challenging access to warehousing elsewhere on Island, means that Jersey's supply chain operates largely as a Just in Time (JIT) supply chain for our Islands' supermarkets and stores.

We will ensure that Ports of Jersey undertake generational investment to reconfigure the port infrastructure in St Helier harbour, to provide the capacity and resilience requirements for future generations (see Strategic Priority 5).

### Freight logistics services

The JCRA's Freight Logistics Market Study (2022) made seven recommendations pertinent to the Ports Sector. The recommendations, which Government supports, are:

- For Ports of Jersey to review the use of facilities and the leasing arrangements at the harbour.



- The potential creation of temporary and targeted freight corridors between the harbour and warehousing elsewhere.
- Initiatives to drive operational efficiency.
- Establishment of a freight industry trade association.
- Development of a Government policy framework to support effective competition in the freight logistics market.
- Ensuring investment in port infrastructure (the Harbour Master Plan) supports effective competition in the freight logistics market.
- Government to support the development of existing and new freight routes to France.

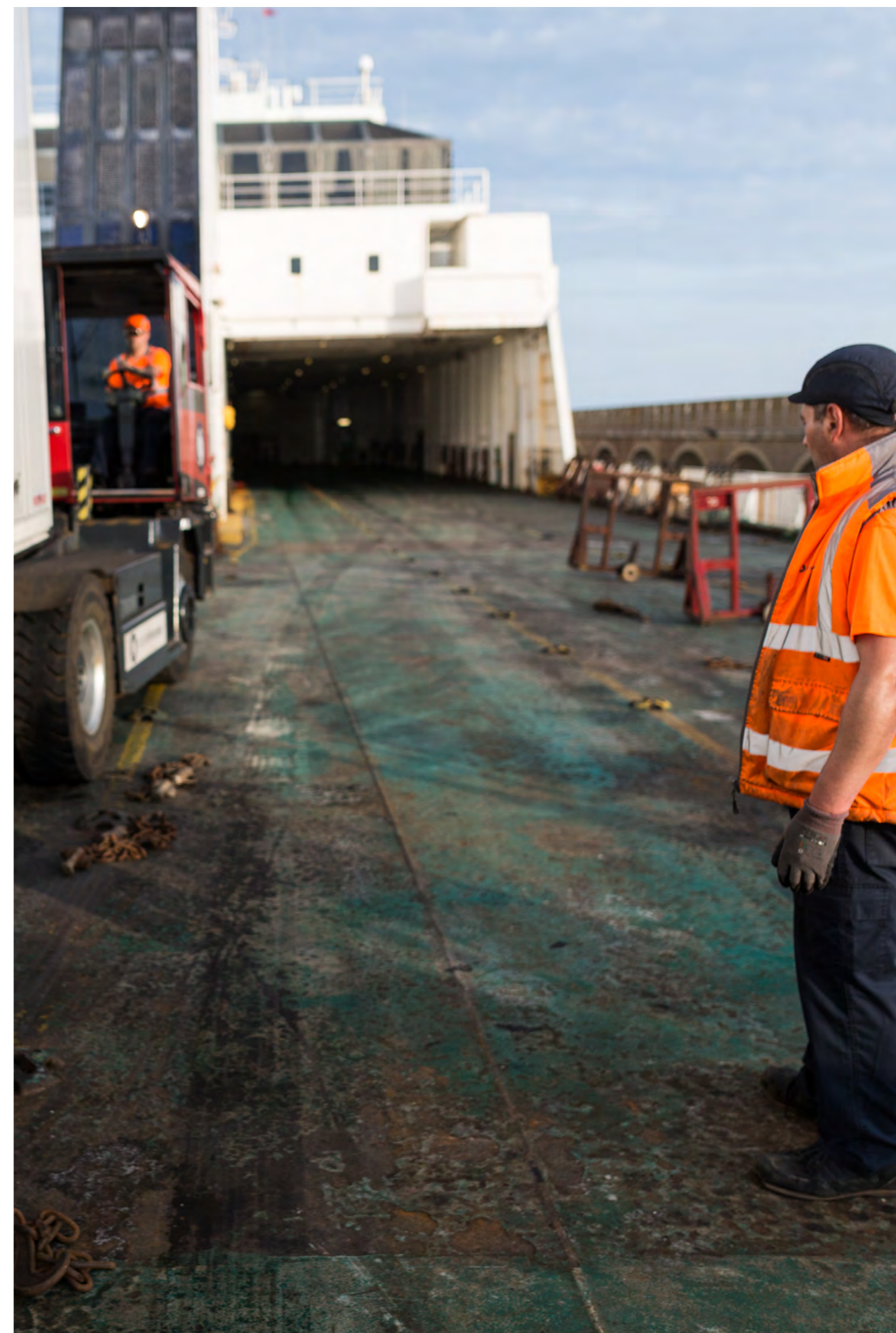
Government supports competition in the freight logistics market or, in the absence of effective competition, regulation of the market (considered in Strategic Priority 7).

Jersey has a history of close social and economic links with Brittany and Normandy. However, our supply chain links are dominated through established Northern route supply chains. This reflects the dominance of UK supermarket and high street brands in Jersey.

We will explore the development a Southern supply route, and assess possibilities to diversify our supermarket and high street offerings, provide increased consumer choice, value and economic development. Additional benefits might include enhanced resilience, reducing dependence on the Northern supply route.

## Policy position

- Government will work with the Ports Sector to facilitate a competitive, dynamic and effective market for maritime and shipping services, which enables sustainable and resilient connectivity, ensures our life-line maritime supply chain is maintained and which maximises the contribution of the sector to economic development in Jersey.
- Government will work with the sector to achieve the targets set within the Carbon Neutral Roadmap and will work with Ports of Jersey to monitor the marine sector in line with the International Maritime Organisation's (IMO's) greenhouse gas strategy and in compliance with our obligations as a signatory to the IMO's pollution prevention treaty, MARPOL.
- Government will ensure that the arrangements for the future provision of ferry services, following the end of the current operating agreement in March 2025, will: unlock investment in the fleet of ferry vessels, provide capacity for growth in passenger and freight volumes, enhance the resilience and reliability of services, increase the quality and value for money of passenger services and prioritises environmental sustainability.
- LoLo remains an important mode of freight transport for the Island and provides an alternative form of competition for freight services.
- The Ports Sector should invest in clean and SMART technologies and infrastructure to improve the operational efficiency and sustainability of port operations.
- Government supports competition in the freight logistics market, or in the absence of effective competition, regulation of the market.
- Government supports the Ports Sector exploring the development of the southern supply chain.
- Government will pursue and support initiatives that encourage inbound visitor travel from France, helping to support both roll-on passenger and foot passenger only services to Brittany and Normandy.





## STRATEGIC PRIORITY 5:

# Investment in critical infrastructure

We will enable investment in critical gateway infrastructure to ensure its long-term resilience and deliver visitor experiences that Islanders are proud of.

## Background

Our airport and harbour are the first and last places visitors to our Island see. They play a critical role in the perceptions visitors form of our Island.

St Helier Harbour and Jersey Airport are critically important national strategic infrastructure assets. St Helier Harbour is integral to Jersey's life-line maritime supply chain while the connectivity provided by Jersey Airport is essential for business travel, trade and tourism.

Together, the Harbour and Airport make a significant contribution to Jersey's economy by generating, supporting and enabling a diverse range of economic and social activity. They support the employment of thousands of Islanders – directly and indirectly – and enable Jersey to be a place that people want to live, visit and work.

Government's Future Economy Strategy (May 2022) notes its vision "to be a consistently high-performing, environmentally sustainable and technologically advanced small island economy by 2040" and references five missions for Jersey's economy by 2040 to achieve this.

The Harbour and the Airport play a critical role in acting as enablers for our future economic prosperity and in achieving the targets of the Carbon Neutral Roadmap.

We will ensure that significant investment and re-development of the Harbour and Airport is undertaken to ensure their resilience and allow them to meet the Island's economic and environmental ambitions and Islanders' needs.

## Issues

The case for incorporation of Ports of Jersey included the need to manage the risks to public finances, including bridging a projected funding shortfall in-excess of £300million at the time of incorporation. This reflected the significant under-investment in the harbour and airport infrastructure over a protracted period prior to the incorporation of Ports of Jersey.

The Bridging Island Plan noted "...both facilities [the Airport and Harbour] are now ageing and are having to accommodate increased volumes of freight, larger vessels and aircraft and the more demanding aspirations of passengers for an improved customer experience when waiting at, or travelling through, the ports.

Significant capital investment is required in order to renew or upgrade port-related infrastructure and to support the resilience of the Island's lifeline services and supply chain, as well as ensuring the future sustainability of port-related industries and services." To achieve this, careful consideration must be given to the principles concerning the facilitation and recovery of capital investment requirement to support such investment.

Separately, the JCRA's Freight Logistics Market Study (2022) provided various recommendations to the freight sector, which has strong cross-over with the Ports Sector. The JCRA's recommendations, all of which are supported by Government, target enabling increased competition in the freight sector. Recommendations impacting the Port Sector include, seeking to increase capacity, flexibility and efficiency of harbour space and operations.

Investment in the resilience of the critical harbour and airport infrastructure, ensuring capacity is in place to meet future volumes of passenger and freight traffic, must now be urgently prioritised by the sector – specifically Ports of Jersey. Appropriate investment should also seek to unlock capacity and support competition in the freight market.

The redevelopment of the Airport is required to safeguard and develop our lifeline connectivity, ensure future regulatory compliance, meet forecast capacity requirements, and support changing trends in air travel, aircraft technology and aircraft size.

Sustainability must be embedded into every aspect of the development of the harbour and airport infrastructure. Government has taken a keen interest in Ports of Jersey's proposals for the redevelopment of Elizabeth Harbour (as part of the Harbour Master Plan) and of the Airport Master Plan at both Ministerial and officer level. Government is supportive of the process undertaken by Ports of Jersey.

## Policy position

- Generational investment in the Harbour and Airport are essential to Jersey's future economic prosperity.
- Sustainability should be embedded into every aspect of the development of the harbour and airport infrastructure.
- Infrastructure investment should seek to build resilience, capacity, flexibility and efficiency whilst presenting a memorable first and last impression to Island visitors and delivering a heightened customer experience.
- Investment should support innovation and sectoral growth, whether in existing or new marine and aviation industries.
- Recognising the constraints of the sector, investment should help encourage competition within those elements of the freight sector that also form part of the Ports Sector.
- Government supports Ports of Jersey's proposed redevelopment of Elizabeth Harbour, as part of the wider Harbour Master Plan, and is supportive of the Airport Master Plan.





ARTIST'S IMPRESSION



## STRATEGIC PRIORITY 6:

# Development of harbour and airport estates

We will support the development of the Harbour and Airport estates, creating opportunities for economic development, enhancing the public realm and supporting wider Government priorities in the visitor and blue economies.

## Background

The Harbour and Airport and their immediate surrounds provide the first and last impressions for visitors to the Island. They also act as a catalyst for economic activity, both for companies operating in the maritime and aviation supply chains, as well as creating development opportunities.

Government supports the development of the Harbour and Airport estates, to create wider community and economic benefits, as well as enabling investment in critical ports infrastructure without taxpayer support.

Alongside the core operational elements of Jersey's harbour and airport sit a portfolio of assets. At the harbour, these include La Folie, New North Quay, the Steam Clock, La Collette, Victoria Pier and Albert Pier. At the airport, these include the airport terminal, car parks, hangars, the cargo centre, the Aero Club and land adjacent to the airport.

Development, whether of the harbour estate or at the airport, provides an opportunity to support the growth of existing Ports Sector businesses and encourage new participants to the sector. Much of the developing blue economy and those businesses ancillary to the airport are themselves highly productive businesses. They play an important role as part of the Ports Sector ecosystem to deliver economic development and attract new businesses to Jersey.

Globally, the real estate surrounding Harbours and Airports generates significant footfall, providing the opportunity to undertake wider economic and public realm investment projects.

## Issues

The commercial development of the Harbour and Airport estates are a vital element of Ports of Jersey's proposals and ability to invest in the critical Harbour and Airport infrastructure, without requiring any Government financial support.

The integrated development of the critical Harbour and Airport infrastructure with the commercial and cultural development of the wider estates is a major opportunity for the Island.

The transformation of the Harbour estate, in the heart of St Helier, will define the harbourfront for generations to come. Similarly, the development of the Airport estate can act as a catalyst for economic development.

The availability of developable land in Jersey is limited. It is therefore incumbent on Ports of Jersey to maximise the utilisation of space across the Harbour and Airport estates. Their development should be undertaken commercially (to finance the required infrastructure investment) but should also support wider Island priorities, including:

- Providing additional housing.
- Developing visitor accommodation.
- Creating facilities to support the growth of the blue economy.
- Delivering public realm that supports the Island identity.
- Integrating cultural, leisure and commercial space to create a destination for tourists and Islanders.
- Transforming the Harbour Estate to bring the Harbour and St Helier closer together.
- Complementing developments projects taking place adjacent to the Harbour and Airport, such as the Waterfront development.

Ports of Jersey has undertaken extensive Harbour and Airport master-planning processes to identify the development opportunities.

Ports of Jersey was established with an independent board with the knowledge, experience and mandate required to undertake both the investment in critical infrastructure with the wider development of the Harbour and Airport estates, whilst ensuring the continuity of operations.

Collaboration between all key stakeholders, involved in the development of the Harbour and Airport, is essential to ensure the development opportunities are expedited.

## Policy position

- Government supports the redevelopment of the Harbour and Airport estates.
- Ports of Jersey will lead the development of the Harbour and Airport estates, which is essential to their ability to deliver investment in critical operational infrastructure without the need for taxpayer support.
- Development should seek to:
  - Support the sustainable development of the wider Ports Sector.
  - Contribute to reducing the Islands housing shortage.
  - Incorporate opportunities for visitor accommodation.
  - Protect historic and cultural characteristics, integrated with commercial and leisure opportunities.
  - Deliver transformational public realm whilst improving public accessibility to town.







## STRATEGIC PRIORITY 7:

# Economic regulation and governance

We will maintain a regulatory framework for the Ports Sector that reflects international best practise, with economic regulation that protects consumers and facilitates critical investment.

## Background

The three pillars to the Ports Sector are Ports of Jersey's provision and operation of critical infrastructure at the Harbour and Airport, airline and ferry services to and from the Island, and on-island freight logistics operations.

Ports of Jersey was established under the Air and Sea Ports (Incorporation) (Jersey) Law 2015. This law provides that an operator of port operations requires a licence issued by the JCRA as the economic regulator of the sector. Ports of Jersey is the sole licensed port operator.

JCRA's primary duty under this law is to best protect and further the interests of users of port operations by, where appropriate, promoting competition in the provision of port operations.

In addition, the JCRA is required to ensure provision is made to satisfy all reasonable demands, both current and prospective, for port operations and services, and that they are provided efficiently and effectively.

The JCRA implements regulatory oversight and control mechanisms by attaching tailored conditions under the licence issued to the port operator. Such conditions are set periodically following a market review and consultation conducted by the JCRA (currently in progress).

Given the port operator's dominant market position in the provision of regulated services, it remains appropriate for the JCRA to implement regulatory oversight and control measures.

Airlines are not subject to economic regulation by the JCRA and there is no current need or call for regulatory intervention in respect to the provision of airline services.

RoRo freight and car ferry services are operated under the terms of an operating agreement and the issuance of ramp permits. This arrangement provides de-facto exclusivity for the freight and car passenger ferry operator. To ensure the operator cannot abuse this exclusive position, the operating agreement imposes various service and reporting obligations. Such arrangements being in-lieu of direct regulation by the JCRA.

On-island freight services are currently not regulated. However, they have been subject to a recent market study, the JCRA's Freight Logistics Market Study (2022), that reviewed factors that may affect competition and resilience in the supply of services and accordingly set out recommendations (discussed under Strategic Priority 4).

## Issues

Significant investment is required in the critical Harbour and Airport infrastructure. This infrastructure must be fit for purpose, operationally resilient and able to meet the foreseeable requirements of the market and the users it serves. In turn this allows operators that rely on the operation of the infrastructure and facilities to have confidence in their own investment decisions.

Regulation plays a critical role in determining investment. The ability of a regulated entity to raise debt, particularly for significant capital expenditure projects, is directly influenced by its projected cash flows. Appropriate balance is required when applying regulatory pricing regimes, to protect the interests of consumers as well as ensuring the required investment in critical infrastructure at the harbour and airport is undertaken.

Increasingly, ports and airports around the world are using tariff mechanisms to support the transition to cleaner technologies, to positively influence the environmental impact of services provided by their customers. The ability of Ports of Jersey to amend its tariff structures to support environmental sustainability should be enabled by the regulator.

Recognising the breadth of Ports of Jersey's activities, price regulation should focus on those areas in which Ports of Jersey has significant market power.

Government will encourage the JCRA to use "quality of service" and "waiting list" measures in the regulation of Ports of Jersey.

Government considers there to be effective competition in airline services. This follows the move to Government's open skies policy noted in Strategic Priority 3.

As noted in Strategic Priority 4, the current ferry services operating agreement ends in March 2025. Future contractual arrangements must ensure appropriate sharing of risk and reward as well as open-book reporting. In the absence of such arrangements Government would need to consider imposing regulation.

Government considers that effective competition in the freight logistics market, or regulation in the absence of competition, is vital in ensuring economic sustainability.

## Policy position

- Economic regulation of the Ports Sector should balance protecting the interests of consumers with the timely implementation of the significant capital investment in critical infrastructure required at the Airport and Harbour.
- Economic regulation should allow Ports of Jersey the flexibility to amend tariffs to influence the environmental sustainability of ferry and aviation services.
- Government will seek to ensure that the arrangements for the future provision of ferry services, following the end of the current operating agreement in March 2025, are made on an open book basis and that permitted returns reflect a fair sharing of risk and reward.
- Government will also ensure that legislation is compatible and consistent with policy guidance it puts forward.
- Government supports the recommendations of the JCRA's Freight Logistics Market Study (2022), should these measures fail to deliver effective competition, Government will consider regulation of the sector.
- Economic regulation should reflect international best practice, combining the use of quality of service and key performance measures with the implementation of price control measures.



## STRATEGIC PRIORITY 8:

# Public Service Obligations

We will monitor and review the Public Service Obligations of Ports of Jersey to ensure they continue to be discharged in accordance with best practice.

## Background

When Ports of Jersey was incorporated, Government transferred various duties and functions to the newly incorporated entity. These duties and functions, critical to our Island but outside of the normal operations of a commercial harbour and airport, had previously been undertaken within the Jersey Harbours and Jersey Airport functions within Government.

These specific duties and functions are referred to as Public Service Obligations (PSOs) under the Air and Sea Ports (Incorporation) (Jersey) Law 2015. They are:

- a. Co-ordinating, or providing resources for co-ordinating, maritime search and rescue within the Jersey Search and Rescue Region;
- b. Maintenance of aids to navigation in territorial waters;
- c. Acting as custodian of Jersey harbours;
- d. Enforcement of shipping legislation in territorial waters;
- e. Carrying out certain port State control functions; and
- f. Management of the Channel Islands Control Area.

Ports of Jersey has been delivering these PSOs, contributing to the sustainability of our economy, our environment and the social wellbeing of Islanders.

Ports of Jersey should continuously seek improvements in service provision, utilising expert advice, guidance and learning wherever it is considered beneficial.

## Issues

The 2015 incorporation law provides for the shared expectations of Government and Ports of Jersey regarding the discharging of each of the above PSOs to be defined in formal agreements between Ports of Jersey and either the Minister for Sustainable Economic Development or, in the case of custodianship of Jersey Harbours, the Minister for Treasury and Resources.

An agreement between the then Minister for Sustainable Economic Development and Ports of Jersey covering PSOs (a), (b), (d) and (e) was promptly reached following incorporation in 2015.

Agreements covering (c) and (f) are yet to be documented, however, they are covered practically through lease agreements and ongoing communication with the Minister for External Relations, respectively.

To ensure the continued delivery of these PSO obligations, and that they match the expectations of Islanders, it is appropriate that PSO agreements are periodically reviewed and updated, reflecting our learnings from current service provision and best practices from around the world.

## Policy position

- Government expects that Ports of Jersey will at all times discharge its Public Service Obligations, in accordance with its PSO agreements or as specifically agreed with the responsible Minister.
- PSO agreements should be periodically reviewed and updated based on best practice and learnings from the practical application of existing agreements.



