
STATES OF JERSEY



SUPPLY CHAIN RESILIENCE (S.R.4/2024): RESPONSE OF THE MINISTER FOR SUSTAINABLE ECONOMIC DEVELOPMENT

**Presented to the States on 10th September 2024
by the Minister for Sustainable Economic Development**

STATES GREFFE

**SUPPLY CHAIN RESILIENCE (S.R.4/2024): RESPONSE OF THE MINISTER
FOR SUSTAINABLE ECONOMIC DEVELOPMENT**

Ministerial Response to:	S.R.4/2024
Ministerial Response required by:	9th September 2024
Review title:	Supply Chain Resilience
Scrutiny Panel:	Economic and International Affairs Scrutiny Panel

INTRODUCTION

I welcome the Panel's report on this important issue, ensuring our supply chain remains resilient and effective is important not only for the health of our economy but also for the wellbeing of Islanders.

Several elements of the Government's response to the Panel's findings and recommendations relate to the future of strategic ferry services in Jersey and the other Channel Islands. The Panel will appreciate that the procurement of future ferry services beyond the end of the current operating agreement in March 2025 is still underway. Therefore, Government is limited in what it can outline around ferry services going forward until that process is completed.

FINDINGS

	Findings	Comments
1	The Jersey Competition and Regulatory Authority have undertaken two Market Studies of the freight logistics market and made a number of recommendations that have been accepted by the Minister for Sustainable Economic Development.	This is correct.
2	The Minister for Sustainable Economic Development has produced a Policy Framework for the Ports Sector and updated Sea Transport Policy.	This is correct.
3	Although efforts are made to consult with stakeholders regarding policies relating to the Island's supply chain,	Government maintains open and robust routes of communication with external stakeholders in the supply chain. Engagement is led by Ministers and Officers alike. Government is always happy to hear from, and work with, stakeholders to

	Findings	Comments
	some key operators feel as though their views are often ignored.	understand how their perspectives can be integrated in policies.
4	The Government of Jersey is producing a New Civil Contingencies Law which will reinforce emergency procedures, including those around the supply chain.	This is correct.
5	Inclement weather was identified by many as a key disruptive factor to the Island's supply chain, with there being calls for greater communication and investigation of operational decisions leading to cancellation of services in this regard.	Noted.
6	Potential mechanical failure of ferries and harbour facilities, pose a notable risk to the supply chain's reliability and efficiency.	Elizabeth Harbour is currently capacity constricted in freight handling terms. The Government is keen to see freight handling infrastructure and processes improved. This is why it is important that Ports of Jersey Ltd's Elizabeth Harbour redevelopment plan is implemented.
7	Although disruptions due to weather, and to a lesser extent mechanical failure, are accepted to a degree, early and open communication to stakeholders is required.	The Government agrees with this view. The Government encourages early and open communication among supply chain bodies in Jersey.
8	Port infrastructure is identified as a key enabler of the marine supply chain and a planning application for the redevelopment of the Elizabeth Harbour is underway.	The Government supports Ports of Jersey Ltd's plan for the redevelopment of Elizabeth Harbour and is keen to see planning processes completed so that work can begin.
9	"Freight corridors" allowing transport of goods on roads by larger vehicles have been implemented and are being assessed for success levels, however the Government indicates that loads that can be transhipped from larger to smaller vehicles at the dock area may not be granted a permit.	Government permits oversized vehicles to circulate on Jersey's roads where it's in the public interest using the P30 permitting system administered by DVS. This allows strict conditions as to where and when oversized vehicles can circulate. These conditions are continually reassessed as permits are renewed in the light of changing traffic conditions and road usage. Following a successful three month trial of removed time restrictions for P30 vehicles

	Findings	Comments
		between the Harbour and Rue des Pres, the Minister for Infrastructure has decided to lift the restrictions on the route.
10	Warehousing and stockpiling in Jersey is limited, with supplies of most goods, bar fresh foods, ranging from 4 to 8 weeks.	Noted.
11	Increased production of goods in Jersey, particularly in food, may help strengthen the Island's supply chain, however it is acknowledged that production potential within the Island is limited.	The Rural Initiative Scheme seeks to promote this by assigning credits to enhancing the resilience of the food system. It is recognised however that, like most Island jurisdictions, Jersey will always need to import a significant percentage of the food it consumes.
12	The Minister for Sustainable Economic Development, Ports of Jersey, Jersey Competition Regulatory Authority and other stakeholders identify that additional trade with France will benefit the Island's supply chain and consumers.	This is correct. Expanding our use of the Southern supply chain creates additional routes to market for Jersey businesses and allows the Island to source a greater variety of more competitively priced goods on a route which is less susceptible to weather related disruption.
13	Air freight provides for additional resilience of time critical goods.	With 95% goods arriving to Jersey by sea, it is likely that air freight does not represent a viable alternative to Ro-RO and Lo-Lo harbour operations in the context of overall supply chain resilience.
14	An updated Operating Agreement for passenger and freight ferry services, due to be finalised in March 2025, provides a key opportunity to strengthen the Island's supply chain resilience.	While procurement is ongoing, the Government cannot comment on the future of ferry services beyond the end of the current Operating Agreement. However, the firmest emphasis is being placed on freight handling and supply chain resilience in the procurement process.
15	Business failure is a key threat to supply chains and has resulted in market consolidation within Jersey.	Noted.
16	The current ferry Operating Agreement poses a specific barrier to operation of Roll-on Roll-off freight service due to those proposing to use the harbour ramps being required to also provide passenger services. The Recently issued Sea Transport Policy would appear to maintain this position.	The current Operating Agreement puts in place a so-called "high barrier to entry" which allows the issuance of additional ramp licences to other Ropax operators that can provide the same service level as the principal ferry operator. Note, this does not apply to other types of freight vessels such as load on, load off vessels (LoLo) or, more broadly in the ferry services market, passenger-only vessels. LoLo remains an important mode of freight transport for the Island and provides an

	Findings	Comments
		alternative form of competition for freight services.
17	A volume discount-based structure is incorporated within the ferry service's rate card, although this is generally accepted as a standard practice there are calls for the rates to be open published.	The current ferry services procurement process is placing firm emphasis on freight handling and prices. The Government cannot comment on next steps at this stage.
18	No detailed numerical economic analysis of the ability for the Island's economy to support multiple operators within its supply chain has been undertaken.	Through ongoing ferry services procurement, the government has undertaken detailed commercial and technical analysis around the ferry services market in the Channel Islands, and globally, to inform its processes and decision-making. This analysis remains commercially sensitive.
19	The Government supports competition in the freight logistics market, or in the absence of effective competition, regulation of the market.	Agreed. This principle is set out in the Ports Policy Framework.

RECOMMENDATIONS

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
1	The Minister for Sustainable Economic Development should, in his Ministerial Response, clarify a timeframe for updating the Policy Framework for the Ports Sector to ensure it remains current.	MS ED	Completed	The Ports Policy Framework (PPF) was published in January 2024 to provide a policy platform for bodies across Jersey's ports sector. The PPF is an output of the Ports Policy Ministerial Group; the group will review the PPF periodically to consider any updates but do so on the basis on need. It is not anticipated that this framework will be updated during the remaining two years of this term of office.	Completed
2	The Minister for Sustainable Economic Development should ensure Government of Jersey consideration of	MS ED	Neither accept nor reject	The Minister is always open to meeting with Chamber committees and has previously met with the Chamber of Commerce Logistics and Supply Chain Group. He has a	N/A

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	the views of the Chamber of Commerce Logistics and Supply Chain Group, results of the consideration should be clearly communicated with the Panel by 31 December 2024.			standing monthly meeting with the Chief Executive of the Chamber of Commerce. The Minister also engages regularly with the membership of Chamber and other industry bodies, particularly when developing policy. The content of these discussions are not published to allow for all parties to express their views in confidence.	
3	Clauses requiring timely communication of any alteration, or cancellation, of services should be included within any updated ferry Operating Agreement.	MS ED	Neither accept nor reject	The Government cannot comment on any eventual contractualised terms beyond the end of the current Operating Agreement. However, the firmest emphasis is being placed on high quality customer care and communication as the government moves through procurement.	Q2 2025
4	Analysis of the success of freight corridors on Jersey's roads should be undertaken by the Council of Ministers by 31 December 2024 and should include consideration of the necessity for further implementation of corridors, as well as the potential for wider allowance of permits for freight vehicles.	MI NF	Reject	Individual applications for freight corridors will be continued to be considered and appraised on a case-by-case basis though the P30 Licencing process. However, potential for wider allowance of permits for freight vehicles is problematic due to the character of Jersey's constrained and historic network. A balance is required between the needs of all users to prevent conflict, damage to infrastructure and increased road safety risk with a reduction in amenity for vulnerable road users, sustainable forms of transport such as walking and cycling.	N/A
5	Noting the limited warehousing and stockpiles on Island, the Council of Ministers should ensure that consideration of replenishment of supplies for essential goods such as foods, medicines and fuels, are included within	Co M	Accept	The new Resilience Law, if adopted, would place duties on relevant persons / bodies to anticipate and assess risk, collaborate and share information with government, partners and emergency services, develop and evidence business continuity plans and participate in validating the effectiveness of those processes, among others.	Q4 2025

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
	the New Civil Contingencies Law.			Alongside these duties, the Emergencies Council would require the maintenance of the Community Risk Register which would consider the risk of disruption to critical supply and therefore create the requirement for those duty holders to operate those duties in the context of supply chain risk.	
6	The Minister for Sustainable Economic Development should outline in his Ministerial Response how air freight services will be supported to ensure maintenance of provision, and include further consideration of this within any updated Policy Framework for the Ports Sector.	MS ED	Completed	Since 2003, Jersey has adopted the “open skies” principal which creates an open market for aviation operators to access Jersey. Jersey is served by a number of air freight operators and there will be an amount of belly-hold freight carried by commercial passenger carriers. Nevertheless, the overwhelmingly largest quantity of freight is carried by sea so it is questionable that air freight represents a viable alternative to ferry services in terms of overall supply chain resilience. I would be happy to answer any further questions the Panel may have in writing.	Completed
7	Whilst mindful of any impact upon passenger services or the attractiveness of operating a ferry service to Jersey, the Minister for Sustainable Economic Development should consider, prior to renewing the current ferry Operating Agreement, allowing the use of Roll-on Roll-off ramps for provision of freight only services.	MS ED	Neither accept nor reject	The existing ferry operator utilises a freight-only capacity within its fleet. The current ferry services procurement process is placing firm emphasis on freight handling and prices. The Government cannot comment on next steps at this stage.	N/A
8	The Minister for Sustainable Economic Development should ensure, whilst renewing	MS ED	Neither accept nor reject	The current ferry services procurement process is placing firm emphasis on freight handling and	N/A

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
	the current ferry Operating Agreement, that the rate card for shipping of freight be clearly and openly communicated with the industry, prospective operators and, if possible, the wider public.			prices. The Government cannot comment on next steps at this stage.	
9	To aid in clarity, the Minister for Sustainable Economic Development should, in his Ministerial Response, define the meaning of effective competition and provide an outline of potential methods of regulation of the freight logistics market.	MS ED	Completed	Effective competition could be defined as separate actors in the freight logistics industry competing for customers on the basis of cost and service, granting existing and prospective customers choice, and potentially better value-for-money. I would be happy to answer any further questions the Panel may have in writing.	Completed