

2024.11.25

**Deputy I. Gardiner of St. Helier North of the Minister for Sustainable Economic Development regarding the process for choosing a new ferry operator: (OQ.221/2024)**

It is another question about the ferries. Will the Minister provide an update on the process for choosing a new ferry operator by the first week of December, and advise what the current financial implications are for the new ferry operation?

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

Pending the outcome of the current live procurement process, and we are in that process as we speak, it is my intention to announce the preferred bidder ... my intention is that I would like to be able to do that by the end of this week. I have said before that we are working to the end of this week, but because of the very tight timescales it may bleed into the early parts of next week. The preferred bidder will need to assume the financial obligations required to fulfil their role, including the mobilisation of their fleet and their day-to-day operation as well as future fleet investment.

**2.6.1 Deputy I. Gardiner:**

Would the Minister advise if any of the bidders would require ongoing financial support from the public and if one company contract will bring higher prices for the Jersey consumers.

**Deputy K.F. Morel:**

Because we are in the live tender process at the moment and those submissions are yet to come in - they are meant to come in within the next 24 to 36 hours - none of that information has been provided yet. But I have to say, from my perspective, I want to be able to award to a company that will not require any public funding. That is part of this whole issue, that I want to make sure and be certain that public funding will not be required.

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

It has been commented that, in the previous process, that DFDS were mandatory failed because they wanted the right to vary conditions such as price and level of service during the contract period. Could he comment on why he did not regard this as a showstopper at the time, and if it is still a live issue in terms of the bids that are coming in?

**Deputy K.F. Morel:**

Again, I do not want to go into it. I do not believe all the information has been provided in the way that people may think it has been, but what I will say is that part of the clarification ... so, 2 things; one, the contract had yet to be negotiated. All of that information around those legal technicalities was information that was yet to be negotiated.

[15:30]

That was one of my concerns as to why it would be mandatory to fail it, because it was an area that had yet to be negotiated. Part of the clarification questions that we asked as an Island, and we asked Guernsey if we could ask, was to understand about the level of negotiation that would be accepted from DFDS's perspective around that. But I think it will make sense to most Islanders that if something has yet to be negotiated in full why would it then become a mandatory fail so early on, before that negotiation had taken place.

### **2.6.3 Deputy J. Renouf:**

Is he able to say anything about, in terms of the current process, whether a similar mandatory fail process has been gone through and whether that issue is still live?

### **Deputy K.F. Morel:**

I do not believe that issue will be live in this process but, as I have just said with regard to Deputy Gardiner's question, bids are yet to be in. They are to be in in the next 36 hours or so, and until we see those bids we do not know what they will have in them.

### **2.6.4 Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter:**

Does the new bid have a requirement for a service to Guernsey?

### **Deputy K.F. Morel:**

The new tender process has minimum service requirements. It also has minimum vessel requirements. The minimum service requirements are very much about the Jersey-U.K. and Jersey-French routes. The tender is about the Jersey-only service, but it is absolutely understood that the winning tenderer, whichever of the parties is the winning tenderer, would likely want to provide services to Guernsey, or not, as the case may be. The tender does not ask about services to Guernsey, but services to Guernsey would be something that could be added on afterwards by either party.

### **2.6.5 Deputy K.L. Moore:**

Perhaps, as a supplementary, the Minister might like to outline why he did not think it was a requirement to stipulate a service to Guernsey.

### **Deputy K.F. Morel:**

That would be because this is for a Jersey-only service.

### **2.6.6 Deputy M. Tadier of St. Brelade:**

Although Christmas is approaching, I think it is not Father Christmas that the Minister needs to help him, but it is probably the Fairy Godmother, I suspect, as we also approach pantomime season. Given the fact that this new tender process is effectively for a smaller market, does he expect that the new tenders, which will be put in, will factor in the fact that the tenderers are dealing with a smaller market, therefore a less profitable one potentially? Is he expecting that the prices that might be included in that for both freight and passengers is likely to be higher than what it would have been under the old tender process which served both Islands?

### **Deputy K.F. Morel:**

As I have said, we have not received the bid submissions yet. We expect them in the next 36 hours and until those submissions are received it is not possible to say.

### **2.6.7 Deputy M. Tadier:**

But in terms of what is being demanded by the Minister and the criteria, could he clarify whether or not he has given more latitude to the companies in terms of what their charges could be? Indeed, could he just clarify whether he is able to publish any of the criteria that is being asked for from the companies, criteria which he would not and they would not consider necessarily to be commercially sensitive, so both we as Members and the public could look at those criteria and have more knowledge about what is being tendered for?

### **Deputy K.F. Morel:**

I am just trying to remember the beginning of that question. Would the Deputy please remind me the beginning of the question?

**Deputy M. Tadier:**

It was about whether more latitude is being given in terms of pricing, given the fact that it is a smaller market share potentially.

**Deputy K.F. Morel:**

It is not a question of more latitude being given. The pricing that is submitted is the pricing that we will see submitted. But, it has to be said that in our own analysis, because a Jersey-only service requires a smaller fleet, requires therefore less maintenance, *et cetera*, we are in the realm of swings and roundabouts. From our analysis, we do not believe that there is a particular need for large swings in pricing either way. There are benefits to having a Jersey-only service and we do not believe that pricing should be affected.

**Deputy M. Tadier:**

Could I ask for an answer on the second part of the question about, or could the Minister ...?

**The Deputy Bailiff:**

Yes, the second part about publishing material. Do you want to re-ask the second part?

**Deputy K.F. Morel:**

No, it is OK, Sir. I am going to reserve judgment on that. I would have to take counsel from legal advisers, *et cetera*, as to whether that is possible. I genuinely do not know.

#### **2.6.8 Connétable R.D. Johnson of St. Mary:**

An earlier question referred to the capacity of a sole service from Jersey to the U.K. to include one to Guernsey. Is he aware of whether the contract apparently entered into between Guernsey and Condor permits the embarking and disembarking of a rival service into their port?

**Deputy K.F. Morel:**

I do not know anything about the contract entered into between Guernsey and Brittany Ferries, but my understanding is that there is not any, in general, prohibition against vessels from other ports sailing into that port. The issue here is about protecting the routes from the U.K. and from France, rather than between the Islands.

#### **2.6.9 Deputy I. Gardiner:**

There were lots of conversations on Condor, Brittany or both, either of them. We all know that Condor was, and still is, in financial difficulties. It was explained at the previous Assembly. Does it make any difference if the contract would be signed with Brittany and not with Condor regarding the risks for the Island if Condor is going out of business after?

**Deputy K.F. Morel:**

That is a very pertinent question, one that I ask myself, and it is also one of the reasons why it was not possible to just follow Guernsey's lead in the previous procurement process. It may make a difference if one party signs rather than the other but, as the Minister making the decision, what I would want to understand is in the situation where one entity enters administration and those vessels enter with it, I need to make sure that if there is a different counterparty signing that they will be able to maintain the services in that situation. That is a very important situation, from my perspective, and answers to that question are pertinent.