

Ministerial Offices | Government of Jersey | Union Street  
Jersey | St Helier | JE2 3DN

By email

7<sup>th</sup> February 2025

Dear Chair,

### Ferry Services

Thank you for your letter of 31<sup>st</sup> January, in which you ask a number of questions following our private briefing on ferry services. I have set out answers to each of your questions below in turn:

1. *The progress in establishing Jersey – Guernsey ferries and how timetables will be scheduled?*

I would much prefer this issue to have been addressed in October 2024 as a consideration arising from States of Guernsey Committee for Economic Development decision on the first tender process. Given the headstart that Guernsey's decision gave to Brittany Ferries in schedule planning I was disappointed to see the offer of just one return sailing, a midweek sailing at that.

Having resolved our own second tender process with the appointment of DFDS, I have, agreed to reciprocate this offer of one sailing and asked DFDS to reciprocate on any further additions where commercially viable. I have also asked that those sailings are focussed around weekends based upon feedback from a number of island organisations. Whilst the concept seems straightforward, arrangements are needed for each operator to handle passengers and vehicles of the other e.g. DFDS to handle Brittany Ferries passengers in / out of St Helier.

At this stage it seems that Brittany Ferries cannot add further inter-island rotations without compromising Guernsey connections to St Malo and / or the United Kingdom and so this requires a prioritisation decision from the States of Guernsey Committee for Economic Development. At that point, DFDS can assess its own ability to add more inter-island services than we currently envisage. In the event that Brittany Ferries and Guernsey do not reciprocate with additional sailings, I will be asking DFDS to nevertheless scope the delivery of additional inter-island sailings themselves.

In addition, Officers have engaged Manche-Iles Express (MIE) to scope the operator's ability to provide additional inter-island services over and above their published 2025 seasonal schedule. To ensure decisions on scheduling are properly coordinated, the three operators (BAI, DFDS and MIE) have been invited to tripartite discussions, and have also been asked to scope the most convenient way for consumers to reach across the entire operator network, for example through offering split-ticketing.

2. *How the DFDS northern and southern route timetables have been agreed and set?*

Jersey's Concession Agreement with DFDS contractualises the island's Minimum Service Requirements (MSRs) for passenger and freight services on both the northern (UK) and southern (France) routes. With the additional fleet capacity that exists after fulfilling the MSRs, DFDS has developed a fuller schedule. It is important to underline that this has not been a unilateral process; DFDS has closely engaged Government and many other stakeholders across Jersey's business, visitor economy, retailers, freight logistics providers, and community groups to add capacity where it is needed, and in-line with stakeholder feedback. In finalising the timetables, there are obvious, natural considerations such as tide times and ramp availability that need to be factored by DFDS and Ports of Jersey Ltd.

3. *How fares have been set and how these can be altered?*

The Concession Agreement sets out a minimum fare and caps the maximum fare prices that DFDS may charge in the first year of the contract under each booking category. These categories range across foot passengers, cars, motorcycles, caravans, and trailers etc. Any annual increases to those prices may only happen in-line with the Base Line Inflation Level.

Going forward, DFDS are required to submit to Government the Mean Average Fare under each booking category so that, unlike under the old Operating Agreement with Condor Ferries Ltd, parties can more accurately monitor what DFDS's customers are actually paying for their tickets.

Government's approach to freight pricing is set out at **Question 6**.

4. *How greater public communication of the obligations of the contract will be achieved?*

The Government, and DFDS, are committed to bilateral and public transparency around the Concession Agreement's development and management. The Government has enhanced public transparency in critical areas compared to the previous Operating Agreement, for example by insisting that the Freight Rate Card (see below) is published.

Additionally, Government has sought, as far as possible, to communicate robustly around the sequencing of DFDS mobilisation (particularly in areas such as scheduling and booking launch) and will carry these principles forward as DFDS fully mobilises.

Looking further ahead, while being mindful of any legitimate commercial sensitivity, Government's oversight and governance functions will assess the best way to communicate around the performance of DFDS, and any measures that parties might choose to take as a consequence.

A key area in which we can promote public confidence relates to service performance and customer satisfaction scores. Metrics exist for targeting these areas and we expect to publish performance data during 2025.

5. *Are there any points you are able to make at this stage on oversight of ferry services moving forward to aid in public confidence and how this differs from the requirements of the previous operating agreement?*

Most critically, the nature of our tender and appointment process was to secure a financially secure and operationally credible counterparty within a new concession agreement that comprehensively contractualised their tender commitments. The process ensured, for example, that we did not end up, as States of Guernsey has, in appointing Condor Ferries as the operator with only limited guarantor coverage from Brittany Ferries. We would not appoint a legal entity, Condor, that was not the actual bidder as defined in the tender documentation.

Beyond this, the outgoing Operating Agreement contained many weaknesses and limited the powers of government to act when the incumbent operator failed to meet port fees and exhibited

very clear signs of extreme financial stress. For example, the agreement lacked any regime around transparency of financial information or powers to compel provision of relevant information that might ease concerns over finances of the incumbent operator.

The new Concession Agreement enhances the oversight and governance on the operator, compared to the previous Operating Agreement. Government has set out a detailed regime of Key Performance Indicators (KPIs) that DFDS is expected to satisfy. KPIs cover a wide range of operational and commercial responsibilities on the operator including punctuality and customer satisfaction, among others. Regular meetings will be held between DFDS, the Government of Jersey and Ports of Jersey (as the Harbour Authority) to monitor these KPIs.

Officers and Ports of Jersey Ltd are tasked with building the appropriate monitoring systems to ensure full reporting by the operator, and so that Government can respond to this data accordingly.

Learning lessons from some of the deficiencies around oversight in the previous Operating Agreement, Government has also introduced both incentives for good, and consequences for poor, performance. For example, a performance bond will be introduced as a financial lever to encourage the best operational and commercial performance by the operator but also give Government the ability to leverage the bond if performance is inadequate over a period of time.

6. *What consideration have you given as to the economic impact of a move to a flat rate freight charge, since the Panel's Supply Chain Resilience Review?*

In its 2022 Freight Logistics [Study](#), the JCRA identified a lack of competition in the freight logistics market as bad for consumers. Government has acted on these findings and made a commitment over a year ago in the Ports Policy [Framework](#) to encourage greater competition in this sector.

The current Condor Ferries freight rate card is opaque and not a matter of public record. This has bred concern over a number of years that the freight market may not be working in the best overall interest of the end consumer. This outgoing freight rate card requires any new competitor in the adjacent logistics sector to loss-lead considerably on the rate paid for sea carriage as well as the necessary investment they would rightly have to make in vehicles, warehousing, people etc.

The new freight pricing represents an increase on the lowest levels of the outgoing rate card and the pricing difference tendered by Brittany Ferries and DFDS was marginal. The proposal from Brittany Ferries continued to carry a degree of complexity and failed to meet the ideal state of a flat rate card, the benefits of which are transparency, conducive to new market entrants and most critically, at a level that supports a financially sustainable ferry operator and their significant future investment commitments in the fleet and other service areas.

I hope the above information provides clarity to the areas you have raised.

Yours sincerely,



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