

2025.10.21

4.13 Deputy K.M. Wilson of St. Clement of the Minister for Sustainable Economic Development regarding the reasoning for the introduction of the ‘flat-rate card’ for freight (OQ.234/2025):

Further to his comments following the Scrutiny Panel hearing on 13th October 2025, will the Minister expand on his reasoning for the introduction of the “flat-rate card” for freight and explain how he considers it will improve competition?

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

As I have said, because I have had a number of similar questions this morning, so I will repeat myself ...

The Deputy Bailiff:

Well you could keep your answer short if that is possible in view of the time we have.

Deputy K.F. Morel:

Absolutely. A flat-rate card provides a safe and investable ferry service. This is my priority as Minister for Sustainable Economic Development because the ferry service is the single most important part of the supply chain. The flat-rate card puts competition into the correct part of the supply chain. Instead of the ferry service, the most important part of that supply chain, being beaten down on cost and price, competition will henceforth take place in the freight forwarding part of the supply chain. That freight forwarding part is 60 per cent of the cost of the supply chain or the cost of delivering goods to Jersey. It is appropriate that competition takes place in that majority part of the supply chain rather than the minority part, the single point of failure, that is, the ferry service.

4.13.1 Deputy K.M. Wilson:

Can the Minister confirm if the Treasury or the J.C.R.A. were consulted on the potential market effects of the policy and, if so, what were the discussion outcomes? Can he explain how he will monitor whether the flat-rate card delivers any measurable improvements in market competition and how he would intend to do so?

Deputy K.F. Morel:

I do not believe Treasury were asked; I do not know. The J.C.R.A. were asked about the competition impacts of such and whether it would be an appropriate mechanism from a competition perspective. It is quite clear to me that the reaction we are seeing at the moment suggests that the flat-rate card is indeed having the appropriate effect. I know that there are importers to this Island who have slashed their bills for freight to this Island. By importers, I mean major importers who bring in vast quantities of goods to this Island because they now see that they can operate the supply chain differently and in a competitive manner, so they are not beholden to the dominant supplier, keeping them over a barrel.

4.13.2 Deputy J. Renouf of St. Brelade:

I am grateful to the Minister for his answers which have been very, very interesting. I get that he wants to protect the ferry service and argues that competition should be in the onward freight market but the question is: can Jersey sustain competition and has he taken advice on this? It is fine if it can but an awful lot is riding on this, that we should have competition in the freight-

forwarding market. It would be good to have reassurance that it is possible because if it is not, does he agree that we would need to look at other solutions such as regulation of the market?

Deputy K.F. Morel:

Effectively this flat-rate card does regulate the market and it protects the ferry service in the way that it should. Can competition be sustained? Yes, I believe competition can be sustained in the absolutely enormous freight-forwarding market, which is dominated, though, by one player. We will see what investigation the J.C.R.A. come out with, but it will be potentially interesting. It is, no question in my mind, quite possible for competition to take place in an area of Jersey's economy which is worth tens, if not hundreds, of millions of pounds. I cannot believe that it is not possible for competition to take place there. Where it is not possible to take place is the beating down of the cost of providing ferry services to the point where new ferries could not be invested in, and I am fearful that safety was being reduced as a result of these cost pressures brought to bear by the reductions demanded by the players in the freight forwarding part of the market.

4.13.3 Deputy J. Renouf:

I guess the supplementary is, I take that he has a very passionate belief in this, but has he taken advice on the question of competition?

Deputy K.F. Morel:

There was advice given by members of the Ministerial group that were looking at the whole ferry contract and also from officers throughout but I could not pinpoint one document or one piece I think; it was a constant discussion.

4.13.4 Deputy K.M. Wilson:

Would the Minister please explain or confirm when he first heard the mention of a flat-rate card? Can he also explain that if the policy is found to have reduced competition or indeed increased costs, would he consider reviewing the policy or indeed reversing it?

Deputy K.F. Morel:

It is far too early to tell whether there is going to be a negative impact on competition or a negative impact on cost. This is a contract which has been running for 6 months. But I do know that supermarkets will be seeking to protect their profits and the dominant player in the supply chain will be seeking to protect their dominant place in the supply chain. What I will not have is the ferry service being the recipient of those costs and those who desire to protect their current positions. It is appropriate to have competition in our grocery market and other retail markets; it is appropriate to have competition in the freight-forwarding service part of the market. The idea that we are placing a freight-forwarding service above the ferry service is quite, in my mind, disconcerting. That States Members should seek to protect a freight-forwarding service over the ferry service is very disconcerting to me. It is the ferry service that is vital to this Island. I received a request for £40 million from the previous ferry service provider which said if we do not provide that £40 million the ferry service will stop. This is proof that the ferry service had become uninvestable and I am now concerned that it was also unsafe. This was a result of the cost being beaten down on to that ferry service by the freight forwarders and their customers.

Deputy M. Tadier:

May I ask a point of order? I think Deputy Wilson is going to do that.

The Deputy Bailiff:

Yes.

Deputy K.M. Wilson:

I just would like to hear what the Minister's response was to when he first heard about the flat-rate card, please.

The Deputy Bailiff:

Yes, in a sentence.

Deputy K.F. Morel:

Absolutely. I do not know. This is a 3-year long discussion; I do not know.