Minister for Sustainable
Economic Development

Government of JERSEY

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By email

1st September 2025

Dear Chair,

Freight cost

Thank you for your letter of 22nd August, in which you ask a number of questions regarding potential price increases on freight users imposed by DFDS. I have set out answers to each of your questions below in turn:

1. **From the Government's perspective, what is your current understanding of how freight pricing and fee setting for Jersey services are determined, and how does the department monitor developments in this area?**

The tender process (market testing phase) established that a competitive market existed for the provision of ferry services (freight and passenger / vehicle) and went in later stages to secure competitive bids from established industry operators. Bidders tendered price structures to support the wider content of their bid e.g. future fleet investment, service frequency etc.

The core freight rate i.e. the component charged by the ferry operator for their services, has been set with the successful bidder, DFDS, at £56 per lane metre and the concession agreement – previously shared with your Panel - contains various clauses that govern how that core rate might change over time. For example, Clause 3.1.3 determines that basis for inflation related changes to the freight rate.

Monitoring is undertaken via a formal quarterly Monitoring Committee, made up of representatives from DFDS and Government, which reviews reporting, forecasting, and compliance with the Concession Agreement.

2. **To your knowledge, have there been any recent discussions with DFDS about potential adjustments to pricing freight? If so, when and at what level did these take place?**

The core freight rate remains at £56 per lane metre.

3. **What are your expectations of operators regarding advance notice, transparency, and customer communication where pricing or fee changes are contemplated?**

I would expect the operator to treat its customers fairly and provide reasonable notice of any changes to its pricing.

4. **Without presuming that changes have occurred, how would the department assess potential impacts on supply chains, SMEs, and consumer prices if pricing or fee structures were to change?**

The (now expired) relationship with Condor did not contain freight pricing arrangements meaning that any objective analysis is difficult. The Panel may have observed that legacy pricing arrangements in the transportation, logistics and storage sector are presently the subject of formal investigation by the Jersey Competition Regulatory Authority [1] ("JCRA").

If material pricing changes were proposed, Government would assess potential effects on supply chains through engagement with freight forwarders, SMEs, and industry groups. It is important to note that, based on a typical 13-metre trailer carrying around nine tonnes of freight, the cost breakdown is broadly:

a. ~5% port charges (regulated, published, and linked to capital investment in critical maritime infrastructure).
b. ~35% ferry lane metre rates and surcharges (regulated under the Concession Agreement and linked to long-term ferry replacement and resilience).
c. ~60% freight logistics and carrier costs (outside Government regulation, not published, and subject to commercial discretion). [based on pallet rate quote from local provider]

When implementing the new core freight rate of £56 per lane metre our Chief Economic Advisor assessed an impact of approximately 0.4% increase to grocery prices. Separate analysis [2] has been conducted by the JCRA on adjacent sectors that rely upon shipment of freight to the island.

Separately, during the period of this current States Assembly there was an assessed risk to the resilience of Jersey's supply chain arising directly from financial difficulties faced by Condor. A key criterion of the tender process was long-term financial resilience of any future operator and confidence that a balance could be struck between competitiveness, resilience and much-needed fleet investment.

5. **What powers or levers does the Government have to seek clarification, require information, or intervene where uncertainty arises over freight or port related charges?**

The concession agreement sets out the mechanisms for future price changes to the freight charge applied by the operator. Port charges – as levied in Jersey, Poole, Portsmouth and St Malo – are set by the respective port operator and passed on by the ferry operator as is standard industry practice. Price regulation of Ports of Jersey Limited ("PoJL") is conducted by the JCRA.

6. **Can you outline the contractual and policy framework that governs the treatment of port related costs on Jersey routes?**

[1] Competition Law Investigation - transportation, logistics and storage sector | JCRA
[2] M-002 - Freight Logistics Market Study | JCRA and M-007 - Groceries Market Study | JCRA

The Policy Framework for the Ports Sector (January 2024) confirms Government's strategic priorities. PoJL is licensed and price regulated by the JCRA under powers granted to the JCRA under the Air and Sea Ports (Incorporation) (Jersey) Law 2015.

I would expect PoJL to have contractual terms in place with its customers covering all aspects of their relationship, including pricing.

7. **If a shift in the presentation of port related costs to customers were proposed (for example, from bundled to itemised), what process would you expect operators to follow, including consultation and notice periods?**

The industry standard is for ferry operators to charge their freight rate and then to surcharge additional elements that may apply such as bunker, port dues and (where applicable) emissions-related charges. These should be set out in the terms of business between the operator and its customers.

8. **In circumstances where retrospective adjustments in pricing or fees might be proposed by an operator, what is the Government's position in principle, and what safeguards or dispute resolution mechanisms would you expect to apply?**

See response to question 3.

9. **Looking ahead, what steps will you take to improve predictability and confidence for freight users and on what indicative timetable?**

To the extent that anyone can predict the future, I am satisfied that Jersey now enjoys a level of freight service resilience and operator financial resilience that provides confidence into the future. This does not remove the need for companies depending upon those sea routes to have their own business continuity arrangements that are able to withstand supply disruptions and support continuity of provision to their customers, especially so in critical areas such as food, pharmaceutical and fuel.

Under the new concession agreement Jersey enjoys a dedicated morning freight service from the Caesarea Trader (or Arrow) and additional capacity from an evening RoPax service (Stena Vinga). This provides significantly enhanced capacity and resilience over the legacy arrangement with Condor.

10. **The Panel is aware that the Jersey Hospitality Association (JHA) has written to the Chief Minister calling for action following the announcement of the winter ferry scheduling. Please could you comment on the themes raised by the JHA in their letter to the Chief Minister and how you will address their concerns?**

DFDS has already announced winter capacity that exceeds the minimum service requirements set out in the concession agreement. They are also working towards the addition of high-speed craft (HSC) services around peak periods over and above sustaining the St Malo HSC route at winter levels of service.

Whilst the JHA made significant comments regarding the importance of the HSC route in the winter there is mixed opinion on the merits of running HSC services throughout the winter given the significantly increased likelihood of journeys being delayed, cancelled or otherwise being personally uncomfortable due to weather and sea state conditions. Against all of those factors I believe that a better overall passenger experience can be provided using a conventional vessel on the northern route through the winter whilst also supplementing freight resilience as set out in point 9, above.

What is absent from the JHA correspondence is the data on the actual use of the HSC during the winter months. During the period 1st November 2024 to 31st March 2025 the previous Condor service recorded just over 5800 travellers arriving by sea on the Northern High-Speed Craft of which only a small minority would have been visitors. In contrast, during the same period, close to 235,000 passengers travelled by air (of which C.90,000 were tourists).

Furthermore, while air travel accounted for c.69% of approximately of all visitors during the full calendar year in 2024, this weighting rose to 80% during the winter months, demonstrating a shift away from sea travel as well as generally much lower visitor numbers across the winter months.

The cost of running the Northern High-Speed Craft during the winter months is estimated at around £1,000,000 per month meaning (using the 2024 data) a cost of over £860 per passenger, most of whom will not be visitors. This significant difference between ticket prices and actual costs would inevitably have to be met by higher ticket prices for all travellers throughout the year.

It is entirely appropriate that rational decisions are taken based around a closer matching of capacity and demand as excess capacity needs to be paid for and would therefore be reflected in pricing structures. .

The JHA Chair also referenced the importance of northern route sailings to our visitor economy and so I was particularly pleased to note a 4% y-o-y increase in passengers numbers during August 2025.

11. **What is the Government's stance on winter UK connectivity for Jersey? How is this guiding engagement with the operator?**

The Government seeks efficient, resilient and cost effective services, this means flexing the service according to the prevailing demand and conditions. Many businesses serving our visitor economy scale back capacity and resourcing over the winter period and there is no reason for the ferry operator to be any different. In my discussions with DFDS I am satisfied that sufficient passenger capacity will be provided throughout winter on the RoPax service with supplementary HSC sailings for our southern route and winter peaks in demand on the northern route.

12. **How are you enforcing the service level arrangement with the operator and what is your position on it's publishing?**

The Panel already holds a copy of the concession agreement and is able to discern what mechanisms exist for monitoring contractual delivery and for any associated dispute resolution.

I continue to keep any decision to publish the concession agreement under advice and review.

13. **Given the JHA's concerns about destination marketing and other measures to stimulate demand what is your plan to address these concerns?**

It would be very easy to underestimate the challenges that any new ferry operator would face mobilising these services in c.3 months. One only has to look back at the problematic introduction of Condor Liberation in 2015 and associated changes to fleet and ports of call to see that, during 2015 and 2016, Jersey's sea arrivals fell by over 100,000 passengers and continued in decline through to onset of the pandemic. The inherent weaknesses of the previous Operating Agreement also limited actions that could be taken when Condor presented and went on to implement non-compliant sailing schedules.

The short mobilisation period clearly limited the window available for advance marketing of the summer timetables and for DFDS to develop packaged break solutions as they have now gone on to do with companies such as Preston Holidays. DFDS is committed to £2m annual of marketing spend to promote routes to / from Jersey and so I expect a much stronger and better co-ordinated joint marketing effort between DFDS and Visit Jersey for 2026 given that increased visitor numbers is a shared outcome. I am encouraged that indicative passenger figures reveal DFDS brought 4% more travellers to Jersey via its Northern Routes last month (August) compared to August 2024 and look forward to continued strengthening of our destination marketing effort along with our air and sea connectivity partners.

DFDS has also faced some 'hard product' challenges e.g. lift access on Levante Jet, delayed opening of duty-free shop etc. Some have been resolved in these opening months and continued work will take place during the winter period as vessels go into dry-dock for scheduled maintenance.

More widely in terms of funding support for Visit Jersey, I have committed £2m of additional funding in 2025 from the Better Business Support Package together with a further £1m for air route development: this will be repeated in 2026.

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

Yours sincerely,

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