<u>26 November 2025 - Dave Evans</u>

To: Scrutiny Communications <Scrutiny@gov.je>

Subject: DFDS contract review

Dear Scrutiny,

Below are some points in regards to the contract signed with DFDS that I feel require an explanation:

- The agreement only seems to require as a minimum DFDS to operate a fast craft on the UK route during "peak season" which is basically defined as the UK school summer 6 week holiday term. We have already seen the fast ferry removed on this route for 6 months as a result of this.
- Basically all of the SLA's, schedules, investments can be amended by the operator if they do not meet profit requirements. I don't believe that any company should be given government protection to make continuous profits. The contract appears to contain no mechanisms to address excessive profits by the operator to protect islanders, other than the price caps (which seem to have been set very high?) and RPI increases which can be amended by the operator.
- How robust is the measurement of the operators profits on the route taking in to account the available accounting standards? For instance what losses are they able to right off against the calculated profits? Are they able to write off compensation for cancelled sailings, costs of bringing in third party boats etc? What costs can they write off against the Jersey service?
- Much has been made of the KPI measurements, and I understand this is an area already high-lighted by Scrutiny for investigation. I would like to know what controls are in place for the correct categorisation of cancelled sailings or last-minute schedule amendments. There have been many sailing's cancelled due to "weather" when conditions were well within the vessels safe operating limits. Many of these sailings should have been cancelled for "technical" reasons not weather related. Weather related cancellations I understand are precluded from the KPI's, and of course there is also a compensation or travel insurance issue for passengers dependent on the cancellation.

In more general terms it doesn't seem correct that we have effectively mandated the operator to operate at a continuous profit. It is a fact of business that profits can ebb and flow with the season and weather, and certainly when it comes to a "lifeline" island ferry service there should be an expectation that you have to operate at a loss at times in order to provide the service year round in the spirit of a "lifeline" ferry provider. I do not understand why we have provided the operator with such protections at the expense of the islands ferry service.

If the operator does not meet it's profit requirements, and delays the investment in to new boats, what will happen given half of the current fleet is already past it's economical life as stated in the tender? Will the island be left with boats no longer fit for purpose?

I know there is a trade off when you are trying to tie down a company to make such investments, but unfortuantely the contract nor the current service seem fit for purpose or likely to lead to the proposed investments.

I look forward to your report.

Kind regards,

Dave