1. What has your experience been of using DFDS to date?

After understandable initial struggles due to the extremely condensed mobilisation phase, DFDS have proved to be a professional ferry operator.

The overarching point in a retrospective look at the Concession Agreement remains the lack of any meaningful consultation with business leaders and freight logistics experts in Jersey prior to key decisions being taken. This absence of engagement meant that decisions were made without in depth understanding of the operational realities required to service existing retailers and the wider market.

By contrast, Guernsey undertook consultation with retailers and business representative organisations as part of its tender process, allowing local operational knowledge to better inform both policy decisions and outcomes. Regardless of any comparisons of the service the either operator offers to their respective island, the Guernsey Government managed to involve and take their businesses with them during that process and beyond. That approach has been notably absent in Jersey.

Chamber members who are key importers and exporters of goods to the Island have expressed significant dissatisfaction with the outcomes of the concession process. Much of this dissatisfaction may have been alleviated had meaningful consultation with industry and Chamber occurred prior to, or during, the stages when the concession agreement was being discussed and negotiated.

Chamber members have also raised concerns regarding service reliability. One major supermarket has reported 19 cancelled sailings into Jersey over the relevant period, compared with only 4 cancelled sailings into Guernsey. This disparity has caused operational disruption and uncertainty for Jersey based businesses that rely on consistent and predictable freight services. Chamber does acknowledge the unavoidable bad weather conditions and that the harbour in Guernsey does offer safe access in bad weather, which will naturally exacerbate this situation.

Communication can always be improved and DFDS could and should do more to improve this. Chamber welcomes the new Freight User Forum with DFDS and Ports of Jersey where it is hoped that the issues faced by Chamber members will be heard and more importantly listened to for the economic benefit of businesses and the public of Jersey.

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2. Could you outline the pricing structure currently applied by DFDS to your company for the use of the ferry for the transportation of freight?

DFDS operate a common flat rate for the transportation of freight with both a standard rate and a commodity rate. On top of these rates, DFDS pass on both weight-based harbour dues charged by Ports of Jersey Limited and fixed freight facility and trailer dues charged by Portsmouth and Jersey.

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3. How does the current pricing model of DFDS compare to the structure previously offered by Condor in terms of cost and flexibility?

Condor had a rate card which was provided to the Jersey Government, with volume-based discounts available to freight operators based on lane metre volumes. Condor's lane metre price included the fixed freight facility and trailer dues charged by Portsmouth and Ports of Jersey. Weight based harbour dues charged by Ports of Jersey were passed on separately.

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4. Has the introduction of the flat rate freight pricing resulted in any changes in your freight costs?
Yes, not the introduction of a flat rate per se but the levels at which the flat rates were set. The rates were set at the higher end of the range. The removal of volume-based discounts against the published tariff has naturally increased prices for those who ship large volumes. There is no evidence that the introduction of the flat rate has resulted in any lowering of costs to the consumer. For larger importers that were previously able to negotiate lower, volume-based rates, notably supermarkets where margins are slim, freight prices have risen steeply. These increases are inevitably passed through the supply chain and ultimately borne by the consumer.
Supermarkets and large retailers, by virtue of their significant volumes, have therefore experienced disproportionate cost increases, particularly on essential goods such as food.
In addition, historic Government policy on commodity rates for building materials is still in operation. Slow moving goods like building materials are shipped at a lower rate. The questions remain: what is the purpose of the commodity rate and would it be justifiable for some food and pharmaceuticals

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5. Has the flat rate fee simplified your operational processes or introduced additional complexities?
Having two ferry operators serving the Channel Islands with two pricing models has significantly increased both cost and complexity. Having six vessels serving the islands instead of four has increased operating costs. As passenger pricing is sensitive and elastic, the additional cost is largely being borne through increased freight charges.
The passing on of trailer dues and other port related charges has added further cost and complexity. It is of particular concern that additional Port Dues or movement charges were not clearly identified or addressed during the concession negotiation process, either by Government or DFDS.
These charges are now being applied in addition to the flat rates, which were themselves set at higher levels. It is unthinkable that such material charges were missed during the concession negotiations. The result is further cost impact flowing directly to the consumer, particularly on essential commodities such as food.
Chamber understands that Port charges are essential for future investment in the Ports estate. In practice, however, they function as an additional tax on imported goods, with food disproportionately affected. Charges applied by the Port in Jersey on the movement of freight are significantly higher than those applied in Portsmouth.

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6. Was your company impacted by the backdating of port dues? If so, could you please provide information on the impact of this?
The backdated charging of trailer dues was rescinded by DFDS following sector feedback.

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7. How has DFDS's pricing model influenced your company's long term freight planning and budgeting?
The significant increases in the cost of transporting freight by RoRo to and from Jersey are likely to lead to interest in exploring a modal shift to Lo-Lo for non-time sensitive freight. However, the application of additional movement dues to Lo-Lo freight undermines this option, limiting its effectiveness as a cost mitigation strategy. This creates a cycle whereby

costs increase across both freight modes, reinforcing inflationary pressure rather than alleviating it.
If there is a significant shift in volume to Lo-Lo, RoRo prices would likely increase to maintain revenue, which would in turn increase Lo-Lo prices.

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8. Have you explored any other providers? Have you changed as a result or remained with DFDS?
DFDS are the only provider of RoRo ferry services to and from Jersey.

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9. Do you foresee any risks or challenges if DFDS maintains the current pricing structure over the next 12 to 24 months?
Yes. Continued upward pressure on freight costs, combined with limited competitive alternatives, risks embedding higher prices into the supply chain, particularly for essential goods.

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10. How adequate is the new ferry service in meeting your organisation's requirements for freight transportation?
The freight service largely replicates the historic service, with morning and evening arrivals with increased capacity as each island has its own dedicated service.

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11. Has the frequency and capacity of DFDS sailings met your seasonal or peak demand requirements?
Chamber members report that cancelled or delayed sailings have resulted in increased food waste for supermarkets and higher non-productive staff costs. These costs are passed on to consumers.
When combined with higher flat rates, additional Port Dues on top of increased rates, commodity rate policy decisions, these operational issues compound cost pressures and are most acutely felt on essential goods such as food. Chamber acknowledges that a significant additional resilience has been added to minimum contractual rotations under DFDS, and whilst additional capacity should support a faster catch-up from weather related events, some retailers are not yet reporting this. There was no consultation for the removal of Tuesday sailings to understand the impact on businesses, and the Minister has admitted this is a lesson learned. It is welcomed that the Tuesday sailings will return and be replaced by the removal of a Saturday evening sailing after half-term.

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12. What improvements do you think could be made, if any, to enhance future ferry provision and better support the Island's needs in terms of freight transportation?
The group established to monitor DFDS performance is comprised of those responsible for awarding the contract alongside the operator. This structure risks a lack of objective challenge.
External representation is essential, including business representation through Chamber and independent oversight.
This review is timely. Many retailers, despite a common myth within Government and among consumers, operate on slim margins. The cumulative impact of freight pricing, Port Dues, commodity rates, labour costs from minimum wage and Living Wage policies, and fiscal measures has materially increased their cost base, resulting in higher prices.

Some retailers believe that policy options that could mitigate consumer impact include revisiting commodity rates on essential goods, removing GST on food, and considering changes to Corporation Tax policy for food retailers. This represents an additional cost burden on essential goods that could reasonably be reviewed in light of sustained food price inflation.

The Jersey Competition Regulatory Authority conducted a comprehensive freight logistics market study in 2021 that proposed key recommendations to improve the market, these should be implemented Responses

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Final Scrutiny Conclusion
This evidence demonstrates a clear link between the lack of meaningful consultation with industry during the ferry concession process and a series of policy and operational outcomes that have increased costs across the supply chain. Decisions taken without engagement with retailers, freight operators, and business representative bodies have resulted in higher freight charges, missed port costs, weaker service protections, and limited policy mitigation.

The intention of the flat rate was to encourage competition within the freight market, whilst it is understood that this has created opportunity for some users, it appears that the given benefits are not being passed on and are more likely seen as a saving and retained as additional profit to the lower volume freight companies.

The cumulative effect of these decisions is borne not by operators or Government, but by consumers, particularly through higher food prices. This review provides an important opportunity to reflect on how early consultation, transparent policy choices, and targeted mitigation on essential goods could have reduced dissatisfaction among key importers and exporters and better protected Jersey households from rising living costs.