



OFFICIAL REPORT

OF THE

STATES OF GUERNSEY

SCRUTINY MANAGEMENT

COMMITTEE

Committee *for* Economic Development
Public Hearing

HANSARD

Guernsey, Monday, 9th December 2024

No. 5/2024

*Further information relating to the Scrutiny Management Committee
can be found on the official States of Guernsey website at www.gov.gg/scrutiny*

Members Present:

Panel Chair: Deputy Yvonne Burford – President
Deputy Simon Fairclough – Vice-President
Deputy Gavin St Pier – Member

Mrs Suzanne Le Ray – Scrutiny Officer

Business transacted

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EVIDENCE OF Deputy Neil Inder, President, Committee *for* Economic Development; Deputy Steve Falla, Vice-President, Committee *for* Economic Development; Gareth Jones, Director of Business and Economy; Steve Wakelin, Chief Policy & Strategy Officer; Simon Steele, Commercial Director; Sarah Hutchinson, Commercial Lawyer4
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Scrutiny Management Committee

Committee *for* Economic Development

Public Hearing

*The Committee met at 10 a.m.
in Castel Douzaine Room*

[DEPUTY BURFORD *in the Chair*]

Procedural – Remit of the Committee

The Chair (Deputy Burford): Good morning, everyone.

Welcome to the Scrutiny Management Committee public hearing with the Committee *for* Economic Development and today we will be focusing principally on the ferries. I am Deputy Yvonne Burford and with me on the Panel today are Deputy Simon Fairclough, Deputy Gavin St Pier and Scrutiny Officer, Suzanne Le Ray.

A *Hansard* transcript of the hearing will be published in due course on the Scrutiny website and please be advised this hearing is being live streamed.

We will take a short comfort break at about 11 o'clock. We have a lot of ground to cover today so we would really appreciate it if witnesses could keep their answers as concise as possible.

If everyone would now kindly ensure their mobile phones are set to silent, I will turn to the witnesses today and perhaps you could please introduce yourselves one by one, starting with Mr Jones?

Thank you.

EVIDENCE OF

**Deputy Neil Inder, President, Committee for Economic Development;
Deputy Steve Falla, Vice-President, Committee for Economic Development;
Gareth Jones, Director of Business and Economy;
Steve Wakelin, Chief Policy & Strategy Officer;
Simon Steele, Commercial Director;
Sarah Hutchinson, Commercial Lawyer**

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Mr Jones: Good morning everyone, I am Gareth Jones, Director of Business and Economy at States of Guernsey. My role is policy and strategy development for the Guernsey economy.

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Mr Wakelin: Steve Wakelin, I am Chief Strategy & Policy Officer for the States of Guernsey.

Deputy Inder: Deputy Neil Inder, President of the Committee for Economic Development.

Deputy Falla: Deputy Steve Falla, Vice-President of the Committee for Economic Development.

25

Mr Steele: Simon Steele, Commercial Director. I am responsible for procurement.

The Chair (Deputy Burford): Thank you.

We will go straight into the questions without any further ado.

30

The first thing, could I just confirm the name of the entity that we have signed with? We realise it is Brittany Ferries/Condor but what is the actual name, going forward, on the contract?

Deputy Inder: It will be ... I think it is best for you to answer that ...

35

Mr Steele: It is Brittany Ferries and also Condor Ferries. Both parties are signatories to the agreement.

The Chair: Right, okay. Thank you.

40

Mr Steele: Brittany Ferries provides a financial and a performance guarantee under the contract.

The Chair: Okay. thank you. Can you tell me, are there any break clauses or termination clauses in the contract? If so, could you describe them?

45

Deputy Inder: Could we pass this one to ... Sarah. If that is okay, please. Sarah Hutchinson is going to replace Mr Steele, I think.

The Chair: Okay, do you want to come forward to a microphone?

Good morning.

50

Ms Hutchinson: Good morning. I have the contract here. The contract is a 15-year term. There is a break clause in favour of the States at year eight, on giving two years' notice and that is to enable, if discussions about commercial investment are not satisfactory to the States, this is to enable the States to make an early exit from the contract if it needs to.

55

The Chair: So two-years' notice would have to be given at year six, do you mean?

Ms Hutchinson: Year eight and it takes effect at year 10.

The Chair: For a break at year 10. (**Ms Hutchinson:** Yes.)

60 Okay, thank you.

Deputy St Pier: Reference to commercial investment, presumably that is a reference to re-fleeting.

65 **Ms Hutchinson:** Yes, it is retonnaging and it is not the reference to ... There are two parts to investment; so there is a fixed investment which is refurbishing – which is in one schedule – which must be done and that is mandatory, whatever happens. There is a provision for the parties to have discussions about commercial arrangements to fund retonnaging so it is only retonnaging that would apply to.

70

The Chair: Thank you.

What are the provisions for extending the contract beyond 15 years?

75 **Ms Hutchinson:** There is provision at the States' discretion, absolutely, to extend for a five-year period and a further five-year period at its discretion.

The Chair: Right, okay, thank you.

What performance criteria would be required to be met in order to extend the contract?

80 **Mr Steele:** There is a detailed KPI schedule within the contract. The States, at that point in time, would make a determination based on the performance of the operator, the investments that have been made, at that point in time as to whether or not it is in the best interest of the States to take the decision to extend.

85 **Mr Wakelin:** May I add (**The Chair:** Yes.) the intention is to publish the performance against the KPIs on an annual basis.

The Chair: Thank you.

Of course, there is no obligation, however, for Brittany Ferries to extend if they do not want to?

90

Mr Steele: That is correct. It is at the discretion of the States.

The Chair: Okay, thank you.

95 Jersey claimed in a public hearing that it had 'massive concerns' with Brittany Ferries/Condor, particularly around the technical, the commercial and the financial aspects of their proposal.

That, on the surface, sounds pretty damning. Presumably Guernsey does not have any of those concerns?

100 **Deputy Inder:** I can answer, politically. Let's start from 10th October, that was the day when our Committee sat, including our NSMs to give an indication of the likelihood of where we thought the decision-making process was going. What I mean by that, Deputy Burford ... What the Scrutiny hearing needs to realise is that a lot of the work from the previous 10 months had really been conducted by myself as political lead and a number of officers. So it is incumbent upon me to provide that information, at least to the point where I thought we had got to in my Committee because ultimately, they would be the final arbiters of any final decision.

105

We then set a meeting for 17th October where the final decision would have been made and that is the point that decision was made. The financial schedules were presented to the Committee and the Committee understood that there were some risks but ultimately the primary decision was the disqualifying bid. That was the main issue that stopped our Committee from being able to make that decision in favour of another company.

110

115 **The Chair:** Okay, but I do not think that is quite the point I am getting to. Jersey have said that there were massive concerns with three particular points; technical, commercial and financial, to do with aspects of Brittany Ferries' proposal. I just want to know that you are comfortable that you do not have those concerns.

120 **Deputy Inder:** We do not, and I can explain why. After 17th October, we had made our decision and we had communicated that to Jersey. On Friday, I took a telephone call from Deputy Morel, who expressed some surprise that we had made the decision on 17th October. I had reaffirmed with him – just to assist him – that we repackaged the financial position over the weekend and re-shared it with the Committee. Not that it would have particularly changed the decision, just to assist the other partner in the process. We had repackaged the appendices to 17th October report and asked my Committee to make a final confirmation on whether they were satisfied with the financial position of the preferred bidder. They reaffirmed their decision of 17th October.

125 **The Chair:** Okay, I think Mr Wakelin is eager to come in here.

130 **Mr Wakelin:** It was just to add, if I may, what was shared – Deputy Inder is absolutely right – was also so that the Committee could see the rationale for the evaluators coming to the decisions that they had come to. Because the pair of evaluators, one from Guernsey, one from Jersey, who had looked at the financial aspects of the tender had both passed it through that. So, it passed the financial standing test through both islands' evaluators and what we were sharing with the Committee was the rationale from the Guernsey evaluators as to why that decision was made and what backed it up.

135 **The Chair:** I am sorry to labour this question but they also expressed concerns about commercial and technical aspects. It just seems very strange to me that there is such a big difference between the viewpoint of both islands on Brittany Ferries.

140 **Mr Steele:** Just to reinforce what Mr Wakelin has just said, both evaluators from both islands passed Brittany Ferries on the financial evaluation. In respect of the commercial evaluation, there were differences in the scoring between the Islands. The Guernsey team scored Brittany Ferries more favourably than DFDS in respect to the commercial evaluation. This came down, principally, to the certainty around the investment plan. In particular, there has been quite a bit in the public domain around these so-called five commercial levers. So these were the ability for DFDS to apply one of five commercial levers and the effect of that was that it undermined, substantively, their bid.

145 They were able to change both the freight and the passenger pricing. They were able to change the minimum service requirements. They were able to change the sailing schedules. They were able to defer investments for 12 months and they were also able to exercise a contract extension for 12 months. So they had the ability to apply any of these levers and the consequence of that, in this commercial evaluation part, was effectively to undermine large swathes of the rest of that bid. In our professional view and our judgement, that made the DFDS bid unacceptable. For that reason alone, we scored the commercial evaluation quite poorly in respect of DFDS.

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155 Jersey did not get to that same conclusion in respect of that. In respect of the technical evaluation, again, there was a principal point of difference and this was in respect of the useful economic life of one of the vessels at the back end of the contract. However, the States of Guernsey judged that both bids would be marginal in terms of meeting the useful economic life test at different points over that contract period.

160 Again, there was some difference between the way in which we evaluated it technically and the way in which Jersey evaluated it technically. We did get to different scores in respect of that evaluation. However, as we were scoring jointly, we took an average of the two scores through. So on that basis, both the technical evaluations and the commercial evaluations passed for both bidders, based on the average scores as set out in the evaluation criteria.

165 **The Chair:** Okay. You are telling me a lot about why DFDS did not get it but I am really asking specifically about Brittany Ferries, at this point. Because that was in Jersey's claim, during their public hearing, where I think it was the Minister for Sustainable Economic Development said that the island had massive concerns with Brittany Ferries around these three areas. That is why I was just wanting to be assured that we do not have those concerns.

170 But more to the point, it is not just a case that they are not as bad as you believe DFDS to be, but they are absolutely fine for us to go forward into a 15-year contract with?

175 **Mr Steele:** In respect of the technical evaluation, it was Jersey's view that the Brittany Ferries bid did not meet the useful economic life test on, I think, one of the vessels, towards the end of the life of the contract. Their other principal point of concern was in respect of the financial evaluation and it was that element, really, more than anything else. That played also into their commercial evaluation.

The Chair: Okay, thank you very much.

180 **Deputy Inder:** May I say something in response? (**The Chair:** Yes.) It is important. I think I mentioned it in the States of Deliberation at last Meeting. I think it was some questions from Deputy St Pier over the five levers. The derogations did two things. Under the Brittany Ferries bid, there were no such derogations. So effectively for the first time for a long time, come 1st January, we will actually have a contract.

185 We are currently working under MOU, so that risk has been mitigated. We now have a contract with a supplier, which we have not had. Importantly, if we had gone down around the potential of accepting the five levers route, the risk would be shifted to the people of Guernsey and Jersey. That is significant. If you can start changing your scheduling, your prices and your investment, the risk changes immediately to the people of the islands. Whereas, under the current bid, all of that is wrapped up in a contract –

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The Chair: We will be coming on to pricing and such like, in due course. But thank you for that clarification.

195 **Deputy St Pier:** Do you mind if I just come in? (**The Chair:** Absolutely.) Because I think there are a few questions which probably fit in better now, in light of the conversation so far. Just picking up on Mr Steele's point about the commercial differences. You referred to the certainty of investment, that was one of the comments you made.

200 Were you implying that Jersey reached the conclusion that the other bidder gave greater certainty of investment than Brittany Ferries? That was their assessment, is that what you were implying?

205 **Mr Steele:** We assessed that Brittany Ferries gave much greater certainty of investment. Again, I refer back to these five levers. The reason we scored the DFDS bid poorly in respect of the commercial element was principally due to the application of these five levers, which had the effect of undermining the rest of the bid. I need to be careful about speaking on behalf of Jersey but I think they did not feel it was as relevant or material, perhaps, as we did. That element.

210 **Deputy St Pier:** Fine. Just to be very clear, the contract does not provide Brittany Ferries or Condor with any levers in relation – because my understanding is the prior contract, well the MOU, did have a right of variation to protect the profitability, with some concept of tram lines.

Is there any kind of concept in the contract that deals with that? If so, how does that differ from the DFDS levers?

215 **Deputy Inder:** Ms Hutchinson is going to answer that question.

Deputy St Pier: Sure, thank you.

220 **Ms Hutchinson:** It is about Clause 44 and about Schedule 15. There is a variation, a change control procedure, in the contract with Brittany Ferries because it is a 15-year contract. So that caters for things like changes in the law or things which are outside of the bidder's control. It does not give any grounds for a unilateral-type change by the bidder. But it does give them, if the law was to significantly change, it opens the door for a discussion and then the parties have to agree a change, as a result. That mechanism also entitles the States so the bidder can request a change and based on a change in law, that could be agreed.

225 But it is not for their profit levels or anything like that. It is quite different. It is a very standard form of change control mechanism. It also allows the States to request and insist on a variation, subject to the parties working out what the implications of that variation would be. That is all very standard. That is all very usual in a long-term contract. It is very different to the five levers, as proposed, which were a unilateral right for one party of the contract. Which is very unusual and I have never seen anything like that before.

230 **Deputy St Pier:** What are the provisions, if any, in the contract if it proves to be less profitable and therefore less sustainable for Brittany Ferries/Condor? There is no provision of that ...

235 **Ms Hutchinson:** That is not open to them. If it was less profitable because of a change in law which did not exist at the time they entered into the bid ... But the point is, all of the parameters that exist at the day we enter into the bid they are as set. There is an understanding about the level of volume so if a radical change in volume, for example, if the freight was abstracted to other routes. That may have implications but nothing about profit whatsoever, no.

240

Deputy St Pier: Okay, thank you very much.

245 **The Chair:** All previous investigations in recent years by the States concluded that a Guernsey-only service, which was 32% of the Channel Islands' freight market, was not financially viable. Even taken with Jersey, the Channel Islands have generally been seen to be a sub-scale route structure. Can you tell me what has changed?

250 **Deputy Inder:** Under the ITT process, there was an ability for both Islands to partially award the routes. Guernsey and Jersey would look at their northern and southern routes, as we would, as well. now I cannot reference those reports because I do not have them in front me. But quite clearly, Brittany Ferries have agreed that a Guernsey-only service is viable and it is true that it would be better for any business to have a larger chunk of a market which is within 22 or 23 miles of each other. But quite clearly, we now have an agreed contract where Brittany Ferries have disagreed with that States' position because they are more than happy and it has been more than accepted that they are happy to provide the Guernsey-only service.

260 **Mr Wakelin:** And there may be commercial considerations for them, as well, that are relevant. For example, they have the infrastructure in place, relatively locally, regionally. They have relationships with the ports. They have relationships with freight providers, as well. So from their perspective it might be viable. It does not mean it would be viable, necessarily, for another operator that did not necessarily have those things.

The Chair: It is essentially adding to their existing route network in the area?

265 **Mr Wakelin:** Yes, that is one way of looking at it.

The Chair: Right, okay. Thank you.

270 **Deputy Fairclough:** May I just ask Mr Wakelin a supplementary question on that. Have Condor/Brittany Ferries given any undertaking as to the size of their staff, office and operation that will be maintained in Guernsey during the contract period?

275 **Mr Wakelin:** No, they have not. I think it is clear that it is a very different approach to what the original tender was for. I suspect as a business they will need to make some commercial, financial and operational decisions. Obviously with the ownership changing relatively recently, as well and Brittany Ferries having a much larger stake in Condor Ferries, that might change things, too. But, no, there is nothing that I would be able to recite with any assurance, Deputy Fairclough, no.

280 **Deputy St Pier:** That actually segues nicely into my next question. *(Laughter)* For which, thank you. To outline what the current ownership structure of Condor is, because clearly it has been subject to change. We know that Brittany Ferries are now the majority owner. But I think it would be interesting to understand what the current ownership of Condor is. And, indeed, of Brittany because that also has changed. That must have been also part of the evaluation. Can you just describe to us your understanding of the ownership structure of both?

285 **Mr Steele:** I am not sure that I have got all of those details. But my understanding is Brittany Ferries is 51% shareholder currently in Condor.

290 **Mr Wakelin:** There is a refinancing process that will go forward, further to the outcome of this tender. Originally, obviously it was planned around the two markets. Now it is around one market. We are having some discussions at the moment with the owners, with Brittany Ferries, and with Condor Ferries' board, as well. And with the lenders, who are part of the conversations. What we could do is probably share in writing something with a bit more detail. Probably towards the end of this week, if that was okay with the panel?

295 **Deputy St Pier:** Is the nature of that refinancing the terms of the debt or does it envisage more of a debt-equity swap?

300 **Mr Wakelin:** I think it is more in terms of the debt. But again, I would rather come back in writing with some clarity on that. There are some further meetings this afternoon, for example.

Deputy St Pier: Okay and the other 49%?

305 **Mr Wakelin:** The other 49% at the moment of Condor Ferries would be with Columbia Threadneedle.

Deputy St Pier: Okay. The previous majority. The ownership of BF?

Mr Wakelin: The ownership of BF, as I understand it, is it is a mixture of –

310 **Deputy Inder:** French farmers and cooperatives. That is ultimately how Brittany Ferries is ...

315 **Ms Hutchinson:** Just quickly on the ownership of Brittany Ferries. I do not have the precise detail but it is the French farmers but there is provision in the contract, in terms of any change of control. So any change to the control of either of those businesses would be a termination event, potentially, under the contract. We would not expect to see anything like Brittany Ferries being sold off to private equity under the terms of this contract.

Deputy St Pier: Just to be clear, that change of control would not trigger a termination of the contract but it would trigger an opportunity?

320 **Ms Hutchinson:** Exactly, an opportunity to consent but the right to do so ...

Deputy St Pier: Yes, fine. Thank you very much.

325 **Mr Wakelin:** If it is helpful, we could share the relevant clauses as part of the note on that.

Deputy St Pier: Thank you very much, that would be helpful. Thank you. I think I have dealt with the next two, Chair.

330 **The Chair:** Question 7, you have dealt with? (**Deputy St Pier:** Yes.) So what bearing did the ownership and leasing arrangement of the *Islander* have on your decision to go with Brittany Ferries/Condor? Did it play any part in your thinking?

335 **Deputy Inder:** Yes, this has been playing via social media for a very long time. I have confirmed in writing, I think three times now, that the ownership of the *Islander* under its special purpose vehicle played no role whatsoever in our Committee's decision making. None whatsoever. It did not come in front of us. We never discussed it. It was not in any other side conversation that we all had a coffee over. It just did not exist.

340 We made our decision and bear in mind, Chair, that it was a unanimous decision, based on the information in front of us, which was all wrapped around the response to the RFP and the ITT process. That was it. I will have to repeat it again. I have had to put another media statement out. But it played no role, no part in decision-making whatsoever.

345 **Deputy Falla:** Could I add this as a point that I specifically raised at one of the briefings from officers to the Committee. I was told that it played no part in the tender process and that it should be forgotten about and not raised as being material to any decision that we might make.

350 **Mr Steele:** Just to add to that, just to clarify, it did not form part of the tender evaluation whatsoever. It was not a consideration within the tender evaluation, whatsoever. There was nothing which referenced *Islander* in any way, shape or form in any of the tender documents or in any of the evaluation process.

355 **Deputy Inder:** Can I just add something to this and this is important. I think you, as Members of the States, will understand but I think the wider public needs to understand, as well. It is true that the Condor brand has had problems over the past few years but that is not our job. In terms of looking at the responses to the ITT, we have to look at the bids as they come in through the door.

360 We are not in a position to add any weight, subjectivity, emotion or conjecture to what has basically gone before. That is not our role. We have to look at this as a clean sheet and both bids came in through the door. They went through an evaluation period. They went through a moderation. There was output and there was a decision. We gave no consideration whatsoever to what has gone before. I hope that helps.

The Chair: Thank you.

365 **Deputy St Pier:** It does help. But to be clear, the existence of the *Islander* must have been pertinent and relevant because it is clearly one of the ships that was available to potentially service the contract –

Deputy Inder: I can answer that question.

370 **Deputy St Pier:** I have not finished. I have not asked a question yet. Can I ask a question?

Deputy Inder: Fair enough, I beg your pardon.

375 **Deputy St Pier:** Would you like to tell me what the question was? (*Laughter*) Yes, so it must have been relevant to the evaluation of the contract in that sense. But is what you are saying, that actually the ownership of that through the SPV and leasing of that through the SPV was not relevant in any way, shape or form? But the availability of this ship would have been relevant. Is that a correct understanding?

380 **Deputy Inder:** That is the question I thought you were going to ask (*Laughter*) but I would have said it slightly differently. What was relevant, there is no two ways about it. The *Islander* exists, it is in a special purpose vehicle. It is under contract to the incumbent. I think what is important is that whilst the old Condor had declared that it was having temporary financial issues, which I think was issued in January of this year.

385 In those conversations, to show Guernsey's openness and to deflect some of the cynicism coming from the other island, our Government informed Jersey before agreeing to the RFP and the eventual ITT, that whatever happened we would try our darndest to make sure the *Islander* was available to both islands. It may be owned by Guernsey, the previous entity, but we were not going to be childish in any way. Should anything catastrophic have happened, the *Islander* would have
390 been made available able to Jersey, as well. That shows the maturity of the decision making of this Island and my Committee.

Thank you.

The Chair: Mr Wakelin.

395

Mr Wakelin: If another bidder had put forward that it wished to deploy the *Islander*, it would be treated as any other vessel that any other bidder, that was not under its control or ownership, that it was something it had an interest in. From a States' perspective, clearly if a contract with the current operator of it was to come to an end – or actually there is no contract but the current arrangement
400 was to come to an end – then it would be in the States' interest, through the SPV to then discuss the potential for deploying that with another operator. If there was another operator that did not want the *Islander*, then the States could make a decision on how best it divest of that asset.

The Chair: So had you gone with DFDS, the States would then have had to decide what it wanted
405 to do with what would have essentially been a surplus vessel?

Mr Wakelin: That is right.

The Chair: Thank you.

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Mr Steele: I am not sure there was an awful lot more to add, other than to say that of course as part of the evaluation process it was absolutely pertinent that we looked at availability of vessels and the certainty of the security that the operator had over those vessels. So that very much formed a key part of the evaluation, generally speaking.

415

Deputy St Pier: There are two other supplementaries which have emerged from the responses you have given. Would you like to have a guess at what they are? (*Laughter*) It was to make the point that the financing and charter costs for the *Islander* will obviously have formed part of the cost base for the provider – for Condor/Brittany as the bidder – and so that would have been part
420 of an evaluation somewhere, would it? How would that have been captured? That is the first question.

425 **Mr Steele:** I will try and answer this as best I can. All three operators that submitted a bid were required to submit a detailed financial model. So lease costs, charter costs and any other financial costs formed part of that financial model. In that respect, those models were evaluated and were tested both in terms of the financial viability of the operator, but also, of course, we were looking at the investments in fleet. We were looking at charter costs to see whether they were appropriate. We were also looking at refurb costs, things like that. The financial evaluation team looked at all aspects of finances, not just charter costs. But charter costs obviously formed a part of that.

430 **Deputy St Pier:** Presumably that also includes looking at the cash flows and the repayment of debt, as well. Rather than simply the costs?

435 **Mr Steele:** That is correct and there were a number of financial tests that were undertaken as well. With respect to that, I think there were five or six financial tests that were applied to each of the operators.

Deputy St Pier: Okay, thank you.
440 Mr Wakelin's response just sparked a question in my mind, which was the suggestion that there currently was not a contract in relation to the *Islander*. He referred to an arrangement.

Mr Wakelin: No, sorry, I meant there was not a contract in relation to the States and Condor Ferries previously.

445 **Deputy St Pier:** Okay, so to be clear ...

Mr Wakelin: There is a contract. There absolutely is, yes.

450 **Deputy St Pier:** Because I would have been surprised if there had not been. Fine. Okay, thank you.

Mr Wakelin: That was an easier question than I expected, actually, that one. Thank you. My mistake.

455 **The Chair:** *[Inaudible]* ... to answer the more difficult ones. (**Mr Wakelin:** No.)
Right, so having rejected DFDS on a technical fail, what competitive element was left to ensure Brittany Ferries offered us the best possible deal, when they must have known that we had no choice but to go with them?

460 **Deputy Inder:** I do not think that is how it played out. We made a decision and we appointed Brittany Ferries on a Guernsey-only service, which they would have accepted. I do not think there was from what ... and it is worth pointing out there was no separate negotiation. We took the portion of the ITT and applied that to the current contract. With the greatest respect, I do not entirely understand what the question is getting at. Because in my view, there was not room for
465 Brittany Ferries to negotiate, with the exception of it losing effectively two-thirds of the market. I am not entirely clear on the relevance of the question.

The Chair: Mr Wakelin.

470 **Mr Wakelin:** May I add to that, when the joint bid ... It was clear it was not going to be progressed any further, given the Government of Jersey's position. What was then issued to Brittany Ferries was a request for them to look at what they had already submitted and advise where the difference might be. In that, I think the minimum service requirements and the service scheduling was still met. The only area of difference – you have already picked on – was the fleet investment

475 plan. In particular, the retonnaging. That is, I would say, the primary area of difference. Any other
differences, I do not think are material, at all, to the overall service. The pricing remained the same,
for example, as well.

The Chair: Okay. When you embarked on this process and there were two bidders, what was
480 the contingency plan if neither of them had met the standards or had failed?

Mr Wakelin: I think to be absolutely fair, both bidders – as we were going through the process –
had put together cases that would suggest that we would be able to make a decision as both
governments. Ideally, as both governments with the same outcome. However, what we did do in
485 the background was make sure that whichever bid we were to go with, if it was down to the final
two, that there was contingency for whatever the outcome of that.

For example, if the successful bid had been DFDS', there would have been some contingency
planning with Jersey around how we would manage that transition to minimise disruption to
services over that period. Clearly with Brittany Ferries, one of the things that we are now not doing
490 is the contingency that was in place during 2024.

The Chair: Okay, thank you.

Deputy St Pier: I think again these questions probably follow on quite neatly. It is just really
495 understanding at what stage in the tender process did it – and it may be that Deputy Inder has
already hinted at this around 17th October – so what stage was it that the possibility of the islands
being served by separate ferry operators actually ...? When was that considered to be viable?

Deputy Inder: When was it likely to happen or the viability?
500

Deputy St Pier: The viability of it. When it was realised that Guernsey was heading towards the
conclusion, based on the tender process, that it was going with Brittany Ferries but clearly Jersey
was heading somewhere else. Then the viability of the route or the viability of whether that was
sustainable. When was that judgement taken?
505

Deputy Inder: I can answer the likelihood. Mr Wakelin can probably answer the viability. It
depends which one you want to hear first? Do you want to do the viability, I will do the likelihood?

Deputy St Pier: Who needs more time?
510

Mr Wakelin: What I was going –

Deputy Inder: He will be more succinct than me.

Mr Wakelin: Possibly. Well, I guess we will find out.
515

I think it was clear when the evaluation was closed on 17th October by both SROs – so myself
and my counterpart in Jersey who has been the SRO there – that the scoring meant that under
Clause 36.1 of the tender document that both islands had agreed, that we only had one submission
on the table. It was a matter therefore of whether we both, as islands, felt that that was the position
520 that we wanted to maintain. From my perspective, in terms of whether that was going to be a
position that the government of Jersey adopted clearly there were exchanges of emails between
officers over the course of that week which suggested there might be a divergence.

Which was one of the reasons why a paper was taken to the Committee *for* Economic
Development on 17th October. Not that much earlier than had probably been planned. But I think
525 it was felt that it was important to accelerate it. In terms of the viability of that, clearly from our
perspective we went into the tender process wanting a single solution for both islands. I think that

530 was very clearly Jersey's view, as we worked through the process as well and the way the evaluators worked together. But it was clear that, at some point during the course of around 17th, 18th, 19th October, as things were developing, we were going to have to consider what a Guernsey-only service might look like.

535 That was why we started thinking around whether we submitted or asked Brittany Ferries, as the only successful bidder in the process, what their submission would look like if it was a Guernsey-only service. Clearly, I cannot speak for Brittany Ferries any more than Mr Steele said he cannot speak for Jersey but I think Brittany Ferries and DFDS went into the process wanting to serve both islands as well. It was quite a significant shift at that particular time and not entirely expected.

540 **Deputy St Pier:** So just to be clear, separate bids were not submitted as part of the ITT process. It was a single bid for the Channel Islands market? (**Mr Wakelin:** Yes, absolutely.) And at some point around 17th October, the conclusion was that Brittany Ferries were to be the winner of that process, as far as Guernsey was concerned. But when it became clear that Jersey was not going to go with that, then presumably it then became necessary to re-evaluate the viability of a Guernsey-only service from the preferred bidder?

545 **Mr Wakelin:** Yes. I think there are the political conversations but there is what the officers are doing in the background, to make sure that whatever eventuality ... And we started that early. But there was no great amount of work that had been done on the viability of a Guernsey service from the Brittany Ferries submission, at that stage. It was something that we needed to do very quickly. We had been planning on a joint approach.

550 **Deputy St Pier:** Because it does sound like it would have needed to be done very quickly.

555 **Mr Steele:** We asked Brittany Ferries to submit a revised financial model which showed the viability of a Guernsey-only service. That was done quite quickly. But under the rules of the tender ... So right up to certainly Friday 11th October, it was absolutely clear there was nothing to give anyone any view that the islands would be going separate ways. We were having very regular calls. The senior officers were having regular calls. It was very much looking like we were both bound, effectively, by the evaluation and the outcome of that evaluation.

560 Things changed very quickly around Monday 14th, Tuesday 15th October. It was only at that point that it looked, on the face of it, that although we felt we had a very clear outcome based on the evaluation, that we may end up going our separate ways. But under the rules of the tender, you do have the ability – and this is quite normal – you have the ability to accept the tender either in full or in part. That is what we leaned on, effectively.

565 **Deputy St Pier:** Okay. So to be clear, the tender documents did not invite or provide for a tender for the sole route ...

570 **Mr Steele:** For the single bid covering both islands. But the minimum service requirements, for example, the schedules as set out clearly show a distinction between services operating to and from Jersey, and including Jersey, and those that include Guernsey as well. So there is an ability to effectively separate it out. But it was a single bid.

575 **Deputy St Pier:** Although, as you said under the rules of the tender, you have chosen to accept the tender in part, actually, the original tender – being for the Channel Islands route as a whole – had failed to deliver a result for the Channel Islands market?

Mr Steele: No, it definitely did deliver a result. (*Laughter*)

Deputy St Pier: Not one that was acceptable to both islands.

580 **Mr Wakelin:** To your point earlier, Deputy Burford, if I may Deputy St Pier, the bid that was on the table was a good bid. We felt it was worthy of exploring further to put in place the contract of 15 years with Jersey. So we felt it was not – there was not a sort of sense of, 'Well, we have only got this one now, what we going to do?' There was a bid with many merits.

585 **Deputy St Pier:** As part of that process, somewhere between 14th October and the time that the decision was made to accept the Guernsey-only bid from Brittany Ferries, after they submitted revised financials. Was there ever any consideration given to effectively doing what Jersey did and reopening the tender process just for a Guernsey-only service?

590 **Deputy Inder:** Absolutely not. There was a discussion post-17th October with Jersey's external relations team and the Chief Minister, of which our Deputy Trott and Deputy Le Tocq were included. We made it clear that the two SROs – one which had recused himself with the new SRO – we were requested by Jersey to effectively see if we had hit an impasse. Jersey, at that point, had not made a determination. It simply had not made a determination at all.

595 I think there was a bit of work being done by our Chief Ministers and external relations to see if we could not get into some form of moderation. The conversations happened but I believe that the SRO that had been recused – the replacement SRO – probably really was not up to speed. But we made it absolutely clear that we would not reopen the evaluations. We simply would not have done that.

600 **Mr Wakelin:** There was no basis, really, on which to reopen the tender process. So the scoring, the evaluations, the moderations had been structured. It had been Guernsey and Jersey working together. The procurement team was working together, as well, from both Islands. So there was not really any basis on which we could justifiably reopen a tender process. You might argue that is actually a greater risk because having gone through such a public process – a lengthy process, a very diligent and thorough one, a not inexpensive one to do – to get to the end with a clear outcome and then to decide, 'Well, actually that is not where we want to be,' I do not think we would have found that there was any justification for that, whatsoever.

605 I would say it was only really the decision that the Committee made, if I may, Deputy Inder and Deputy Falla, in terms of supporting the bid for the pan-Island service that had come from Brittany Ferries. That was what had been put to Jersey in writing. It was the discussions around whether that position was going to be acceptable for both islands that happened. It was only in the background as those conversations happened that officers started to see potentially the need to think around what might happen if there was not an agreement at that stage. I have to be honest as the SRO of it, I have not had an explanation or there is no clarity for me, in terms of what it is that has led Jersey to feel that the first tender process should have stopped, collapsed or that it was broken in any way.

610 **Mr Steele:** Both governments agreed to close the evaluation process. Once the evaluation process was closed, there was no mechanism within that tender to reopen it. Actually, there was no good reason to reopen it. Nor was there a good reason – to abandon the process.

620 **Deputy Falla:** From a political perspective, we had every confidence in the process, in the officers and the way in which they conducted it. There was never a question of being able to start again if we did not like the answer. The answer was the answer. We were fully supportive, having been briefed along the way, about the robustness of the whole process with no political bias, leaning, pushing or advice to officers. The answer was the answer. We stood by it.

625 **Deputy St Pier:** I fully understand that in relation to 100% of the Channel Islands market. But when you are then only faced with a third of that, just really understanding whether the answer was still the same answer, for only a third of the market, based on effectively you having asked them to

630 resubmit financials based on a third of the market, as opposed to retendering just that third of the market. I understand the process was what it was.

It reached a conclusion and therefore everybody was going with that. But actually, the rules of the game were changed by factors beyond Guernsey's control. I therefore query should we, and this in essence is the question, should we then have said, 'Okay, this process has fallen apart. It has
635 not delivered what we tendered. Should we retender for just one third of the market?'

Deputy Inder: Deputy St Pier, I thought I answered that in a previous question. The Committee could partially award the contract. I have explained that Brittany Ferries accepted the partial award. They are happy to supply a Guernsey-only service and we have signed a contract. So that, I think
640 for the second time, probably answers your question. That one of the bidders is happy to work on a Guernsey-only contract and that is the position that we have adopted. The first time in a long time, we have actually got a contract. Working under an MOU was horribly risky to Guernsey.

We have got potentially more tourism opportunities coming directly from France. We have got a flatter rate card on freight. We are expecting more people or a greater percentage of the freight
645 service will be able to access that rate card. So I think Guernsey, given it is a smaller market. It is, I cannot deny that, I would be a fool to suggest otherwise. I think Guernsey is in as good a position as it possibly could have been, given the circumstances. To go down the Jersey route of reopening a tender process was never a consideration by this Committee.

650 **Deputy St Pier:** Thank you.

Mr Wakelin: Really just to add to Deputy Inder on this point. To your question, Deputy St Pier, if what had come back from Brittany Ferries on a Guernsey-only service been so different from what their original submission had put forward, that it was not going to be viable operationally or
655 whatever, then I think at that stage that might have been a consideration to make. But that was not the case, as we talked to.

The Chair: Mr Steele, you wanted to add something?

660 **Mr Steele:** Just to add really, I think what has transpired is highly unusual within the context of a procurement process. However, there was no good reason to abandon the process. In our view the outcome was clear. We had a compliant bid from Brittany Ferries. It was the winning bid, it was capable of acceptance. There was no good reason why you would abandon the bid. You would only normally abandon a bid if there was a bid that was not capable of acceptance or was not compliant.
665 That was not the case in this set of circumstances.

Deputy Fairclough: I wanted to just ask a question about timescale because of something that Mr Steele said. But also, referring back to a point that you made, Deputy Inder, about the time that was given to Brittany Ferries to come back then with a Guernsey-only proposal. How long were they
670 given to do that?

Mr Steele: It was around a week. It happened very quickly.

675 **Deputy Fairclough:** The point that Deputy St Pier has made, in the grand scheme of things, that is a very short space of time. Was that sufficient time for that bid to be bottomed out or were you feeling under pressure to make a decision quickly, at this stage?

Deputy Inder: I can answer the political decision. I do not think we were under any pressure whatsoever. We had been assured that the Guernsey-only service was viable by Brittany Ferries. I
680 cannot say I was not disappointed because I think a pan-Channel Island ... would have been better for the whole of the business, rather than have having to ... I cannot say that I was not disappointed.

But we were satisfied, the Committee is satisfied. Basically, because Brittany Ferries has told us they were happy to provide that service, that a Guernsey-only service was viable and would work. I hope that answered your question but Mr Wakelin might ...

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Deputy Fairclough: All I am trying to establish, really, was a week long enough to provide the detail that would give you the reassurance that this was a viable service, moving forward?

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Mr Wakelin: A week was long enough for Brittany Ferries to come back with the revised response. But there were then further conversations. It was not that what came back then was not interrogated. There were further conversations as a business and an assessment of that against the same criteria. The week was what they were given in order to respond but that conversation then happened, as various officers again challenged the various parts of it.

695

Also in that context, just to say that what the States of Guernsey and Economic Development had said to Jersey was, 'This was the preference at the end of the joint process.' That did not get into the public domain, as I recall. I appreciate that is not the question, Deputy Fairclough. But for a couple of weeks. So there were also still lots of conversations happening, politically, that may or may not have changed the outcome of that process, as well, of the original process.

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Deputy St Pier: Just on that point about what the understanding was with Jersey. At the outset of the process, what was the understanding then? That if it did not produce a single outcome, was there any consideration of that?

705

Deputy Inder: I can sort of answer that. I do not think there was anything that said, 'What will happen at this point is we will all get in a room and make a decision, then take it to our respective Committees.' Of which, Jersey does not have a Committee, it is under an executive Government. This week between 10th October and 18th October is really quite fundamental to the decision-making process. Because there was a narrative after our decision that was not quite coming out of the other island. It was not quite how we saw it. If I may, Deputy Burford, I have explained that on 10th October we had a summary of the two main bids from DFDS and Brittany Ferries.

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I felt – and still do – that I had – there may be political differences – a strong relationship with Deputy Morel. Bearing in mind that he is going to do the best thing for his island. as I will do for our Island. I tried extremely hard between 10th October, in the three-day period, to get hold of Deputy Morel to at least give him the courtesy that our Committee had a summary of the two main bids. In short, there was no response. There were a couple of telephone calls, a few texts. There was no response. There may have been reasons for that. The 15th October is actually quite crucial because on 15th October, Jersey's SRO advised Mr Wakelin by email:

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We, Jersey, are now on course for Council of Ministers meeting on Monday of next week – that being Monday 21st of October – and for the sponsoring Minister to have determined an outcome by Thursday/Friday of this week – 17th through 18th October – so as to sponsor that Council of Ministers discussion.???

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Now that genuinely surprised me because it felt like ... within the same email, Jersey – I believe and without wanting to misquote, I think Mr Wakelin may agree – reserved the right to either take the blended scoring or go with the Jersey scoring.

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Mr Wakelin: There was a suggestion they might choose to do that, yes. It was not a ...

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Deputy Inder: But it does not appear that 17th or 18th October conversation had ever happened. Again, over that week, I tried to communicate with the Jersey opposition but that never came back. I got a call five minutes before my 17th October meeting with the Minister expressing surprise that we were going to make the decision which would have then been communicated to him. Which was communicated then at 5.30 p.m.

I do not know what happened in that week. That is only an answer Jersey can ... if it indeed has its own Scrutiny Review at some point. But there was a period of time where there was a bit of radio silence coming from Jersey and the amplification actually turned out to be incorrect. Because the email from 15th October which said that Jersey was going to make a decision, the Minister was going to make a decision on the Thursday or Friday of that week and then communicate to his Council of Ministers on 21st October never happened. But ours did.

Deputy St Pier: Based on the responses you have given – I am assuming and correct me otherwise – that at the outset of the process it was never envisaged that this was a possible outcome? That the islands would end up going separate ways and therefore no (**Deputy Inder:** Politically, absolutely not.) contingency was put in place, in terms of the process, to allow that. So in other words, because that had not been envisaged, in essence you get to 14th, 15th October and both islands have to find their own solution as to what they are going to do. Because clearly the joint process has not worked as was intended. Is it fair to say that this outcome was not envisaged?

Deputy Inder: Deputy St Pier seems to be looking at Mr Steele, so I do not know who are you asking. Who are you asking, Deputy St Pier?

Deputy St Pier: I am asking the panel.

Deputy Inder: Okay. What I am absolutely certain of, is that both islands went into this with the assumption that – again, as repeated a number of times by both islands – the pan-Channel Island solution would be the best outcome. No two ways about that. I honestly believe that my political opposition was of that mind. As I was, as well. Was it envisaged we would get to this point? To answer your question, I do not think it was. To answer your other question, was there actually a political contingency at the time? I do not think there was. If that is indeed a criticism, I can accept that. But we were not expecting to get to this point.

Mr Steele: I think that is true. It certainly was not front and centre in anybody's minds. I think at no point during the process ... Officers from both islands worked remarkably well together. There was a lot of collaboration. Really good joint working between all of the evaluators on both sides. At no point did anybody consider for one moment that ... I think we thought we would get to a different place. It all happened really quite quickly at the end. Quite suddenly, around that period of time.

Mr Wakelin: I think, if I may, there was a sense that there might have been some way of trying to bring the parties together, at the end of that. But, of course, that is going to be a political process. That was kind of what was happening, Deputy Inder, with those meetings that you just talked about. So there were two or three meetings ... (**Deputy Inder:** There were two meetings.) with the Chief Ministers and the external relations ministers.

Deputy Inder: We made our decision on 17th October. We communicated that with Deputy Morel. We got a response acknowledging receipt of it and I was asked very quickly by Deputy Le Tocq, communicating via Jersey effectively – this a long story short – that we were not to communicate that publicly. Still, I had no reason to. I was not there to get my portrait on the wall or get one over on Jersey. It was effectively a Committee decision. I was quite happy to wait to have those two meetings and see if there was a way to get to a solution. It would have been probably useful to get our team to work on contracts two weeks earlier.

But there was still an intent that the decision was a decision based on the information that we had in front of us. That was communicated to Jersey. We had two meetings with Deputy Farnham, Deputy Morel and Deputy Gorst, including myself, Deputy Le Tocq and Deputy Trott. There was a desire – a lot of that around regional relationships – to ensure that we got to the right decision. So

we held the notice of our decision back for a solid two weeks to try and get to a point. We had not communicated that decision to either DFDS or Brittany Ferries.

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The Chair: Do we have anything else on that?

Deputy St Pier: Not on that.

790

The Chair: Okay, I think it is probably quite an opportune moment to take a short comfort break. If everyone could reconvene, please, at 11.05 a.m.

Thank you.

*The Committee adjourned at 10.58 a.m.
and resumed at 11.05 a.m.*

The Chair: Right, Deputy St Pier, if you would like to resume.

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Deputy St Pier: Yes, thank you very much.

A quick couple of questions which follow on from the previous discussion. Just understanding the pricing, terms and conditions for freight and passengers under the Guernsey-only bid. Are they the same as what was under the joint bid or were they revised in any way?

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Mr Jones: Yes, they are covered in Schedule 3 of the contract. Essentially, they were the same under the Guernsey-only, as the joint one.

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Deputy Inder: I would be conscious of not going into the actual detail of this because there is an element of confidentiality there. But what we can say, that it is improved. I think I said in a previous answer that ...

Deputy St Pier: Improved on the pre-contract arrangement?

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Deputy Inder: That is right, it improved on the pre-contract. But what I can say, in that the flattening of the rate card was important for both Islands and under the Guernsey-only contract, those rate cards have been flattened, the likelihood is far more people will get greater access to better rates.

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The Chair: Could you just explain that a little bit because a lot of people listening to this will not actually understand the terminology around flattening rate cards, perhaps.

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Mr Steele: So the existing freight rate card has a number of pricing levels, based on the number of lane metres of freight that you buy, as a buyer. I cannot recall exactly how many levels there are today but what we have done is we have flattened that. So the price as a retail consumer buying one lane metre is now closer to the price if you were the biggest buyer in the market. We have squeezed the card together. One of the challenges that was presented to us previously was actually the way the freight rate card works does not encourage sufficient competition in the market.

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What we have done is we have flattened that rate card so those higher discount levels are much closer to attain for other buyers in the market, than they are today. In terms of the actual freight rates themselves, we have contracted for caps, but we have also contracted based on mean averages. So the mean average achievable fare is in the contract and that will be comparable – so very similar – to what we have today. In fact, if you look at the vehicle and the passenger pricing, again, very similar to what we have today. The public should not expect to see increases in what they pay day-to-day for the pricing for vehicles and for passengers on the ferry.

830

The Chair: Thank you.

Deputy Inder: But there is an improvement on freight, isn't there? There is likely to be?

835 **Mr Steele:** Yes, so the smaller buyers in the market *should* be able to get better freight rates than they do today.

Mr Wakelin: We could share that information, obviously in confidentiality, with the panel if that was helpful to you, to see the background.

840

The Chair: Thank you.

Deputy St Pier: Again Jersey, in their announcement around DFDS, said that there was a flat rate freight card. What is the difference between flattening and flat?

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Mr Steele: The rate card we have agreed has five or six tiers to it. The rate – I do not know exactly what, I can only speculate on what Jersey agreed – but based on the tender responses that we had sight of, they will have agreed a single rate for all buyers regardless of volume. So everybody will pay exactly the same rate in the market, regardless of how many lane metres they buy.

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Deputy St Pier: What are the advantages and disadvantages of that between the consumer and the ferry company?

Mr Steele: As a consumer, they will achieve exactly the same rate. What that probably means in order to achieve the same mean average, the biggest buyers in the market would probably be paying more than they do today. So if you look at what we have agreed, the mean average will be the same as what we have today. There are more admin costs associated with dealing with smaller buyers. But what we have aimed to do is reduce the discount rates for the bigger buyers so that those discount rates are more attainable to buyers with less volume. One of the challenges previously was those higher discount levels were only available to the very biggest buyers in the market.

860

Deputy St Pier: Okay, thank you.

Moving on then to explore the role of Brittany Ferries as the commercial and financial guarantor. Just understanding what assessment has been made on the financial stability of Brittany Ferries and understanding the strength of its balance sheet? What work has been done and what reassurance is there around that you are able to offer?

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Mr Steele: To be clear, Brittany Ferries was the bidder. Condor was not the bidder. So most of the financial analysis has been done on Brittany Ferries, but also on Condor.

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Deputy St Pier: Okay, the question still stands then. Just understanding the strength of Brittany Ferries' balance sheet. We know that Condor's balance sheet was under pressure because of the level of debt, but understanding Brittany Ferries' balance sheet then?

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Mr Steele: Brittany Ferries has low levels of debt. They were subject to the five or six financial tests that I previously referenced and they passed.

Deputy St Pier: Is there any guarantor of Brittany Ferries, given their ownership? Or are you aware of any guarantor that is either part of the contract or separate from the contract? That there is somebody, a state actor perhaps, standing behind Brittany Ferries?

880

Mr Steele: I am not aware of that, but we might want to bring in Ms Hutchinson.

885 **Ms Hutchinson:** There is a performance bond. Brittany Ferries provides a full performance and financial guarantee to Condor, under the contract. In addition, there is a performance bond for £2.5 million. Which is a third-party on demand bond, which can be drawn upon in the event that any of the obligations of the contract are not delivered either by Brittany Ferries or by Condor and Brittany Ferries, jointly.

890 Additionally, the contract is set up such that – heaven forbid – if anything were to happen to Condor, Brittany Ferries immediately becomes liable as the primary operator under the contract. So there is a triggered novation. Brittany Ferries is on the hook at all times, irrespective of what happens. In addition, there is a third-party performance bond which is a demand bond for £2.5 million.

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Deputy St Pier: Okay, thank you very much.

Condor has had significant long-term debts due to Guernsey Harbours, in respect of harbour dues. That has effectively extended credit terms. To all intents and purpose, it is a bit of a hidden subsidy that we have been providing them. Now I understand from a response which Deputy Roffey gave in the States of Deliberation that level of debt has come down. Was that any part of the conversation that you were having in relation to Condor, as to the clearance of that debt? Or was that simply treated as an issue for the STSB and Guernsey Harbours, as opposed to part of this contract?

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905 **Deputy Inder:** I can answer that. (**Deputy St Pier:** Thank you.) Because it did not form part of the determination but quite clearly – this does concern me, but this is more at operational level – I was quite surprised that any firm can run up that kind of debt with one of our arms of government. That came to me sometime in June or July of this year. It was fairly clear we, myself and Deputy Morel, wrote jointly to the old entity requesting – if not demanding – that they clear that debt. Given the previous financial problems, I think the word that they were using under – not under the Chief Executive, it is the previous one – I think Guernsey, possibly Poole, and Jersey were being used almost as a credit line.

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What really does surprise me and it is something you might want to consider, Deputy Burford and Members of Scrutiny, is how on Earth we ever get to a position as an Island where we effectively become a credit line for *any* supplier. I was genuinely surprised at the amount of debt that was allowed to carry on at STSB level without it ever being raised. They were quite nonchalant about it. But anyway, that was cleared at the time. I think to, in part, answer your question, it was a process of the ITT that got that cleared because we wanted that debt cleared. As a point of principle, that was cleared. But did not form part of the decision-making process. I think there is a greater question over how each of our governments manages its debt. Which is possibly for another day.

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Deputy St Pier: Is there any provision in the contract for normal credit terms in relation to the use of the harbours? Or is that simply a matter for the new entity, in terms of its trading arrangement with Guernsey Harbours? In other words, has it been addressed in any way as part of the contract or not?

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Ms Hutchinson: The contract is with the Committee for Economic Development and the concession holder. So it would not really be the right place to put that. It is not in the contract but that is not to say that Guernsey Harbours, through STSB, could not put in and should not put in suitable arrangements.

930

Deputy St Pier: Okay, thank you very much.

935 **The Chair:** A few questions on the fleet. So it has been announced that the fleet is going to be streamlined to three ferries: two conventional ferries and a single fast ferry. Do you believe that size of fleet to be sufficient to operate the routes?

940 **Deputy Inder:** That has been assessed and none of this comes without any risk. There is an element of all high-speed ferries ... The only comparison I can give is potentially in horse racing. You have got flat racehorses trying to do steeplechase across quite rough waters. There is almost certainly an element of risk. I think it is good that we have got the conventional ferries. It probably would have been better under pan-Channel Island, but we are satisfied with the *Clipper*. The *Clipper* is on 24-standby, living somewhere else on Brittany Ferries' network. So she is not being sold but the *Liberation* is likely to be, along with the *Goodwill*.

945 **The Chair:** In the event of a situation where perhaps one of those ferries is on routine maintenance and there are problems with one or two of the others, there are provisions to bring in other ferries from the broader fleet?

950 **Deputy Inder:** Correct.

Mr Jones: There is provision for the *Clipper*, which will be deployed elsewhere on Brittany Ferries' fleet. But because she is based in Portsmouth, she can very quickly come onto the Guernsey route. Of course, the maintenance is pre-planned up to a year in advance so Brittany Ferries/Condor will know when those periods are and we will adjust. That is when the *Clipper* will come in, to cover those schedules.

955 Just to add some reassurance, in the ITT, the minimum service requirements were specified both in terms of the number of rotations to and from Guernsey and in terms of the capacity on the ships, as well, to meet passengers, their cars and freight. That was set at 120% of levels recorded in 2019. We are confident that there is more than sufficient capacity on the fleet to be deployed.

960 **The Chair:** Thank you.

Deputy Fairclough: Deputy Burford, could I just try and clarify whether or not the States of Guernsey is still paying contingency for backup, if necessary?

Deputy Inder: Up until the end of December.

970 **Deputy Fairclough:** Up until the end of December. What is that financial commitment?

Deputy Inder: It is €700,000 euros split between the two islands. It is about €350,000 euros per island, per month.

975 **Deputy Fairclough:** Jersey and Guernsey are paying an equal sum?

Deputy Inder: Yes.

980 **Mr Wakelin:** Yes. The contract was quarterly which is why, having entered into Quarter 4, it runs until the end of this Quarter.

Deputy Fairclough: Okay.

Ms Le Ray: Where is that money coming from?

985 **Mr Wakelin:** Policy & Resources Committee agreed it. I think from the budget reserve for 2024 but I would have to check and clarify. But I am pretty sure that is the case.

The Chair: Thank you.

990 Right, coming back briefly to the *Islander*, which is under this contract and generally, in any case, chartered out to Condor. Is that on full, normal commercial rates?

Mr Wakelin: Yes.

The Chair: Okay. Deputy Fairclough.

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Deputy Fairclough: I would like to spend some time exploring the timetables and routes

Deputy St Pier: Sorry, do you mind if we just deal with the re-fleeting before we go on to timetabling? Is that alright?

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Deputy Fairclough: Absolutely.

Deputy St Pier: As we were talking about the fleet, I just wanted to pick up on Ms Hutchinson's comment earlier about the commercial arrangements for retonnage. So if I understood your response in the first session, you said that there are mandatory commitments in relation to refurbishment of the current fleet but there is a commercial arrangement to be agreed in relation to retonnage. Could we just expand on that a little bit more so we understand over what time frame that negotiation is going to take place and what the triggers are? What are the likely range of outcomes from, and what are the parameters, that could either leave us with a re-fleeted, retonnaged fleet or not?

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Deputy Inder: In the first instance, there is a substantial maintenance programme going into the existing fleet as it is, at the moment. Of which, we will ensure that investment goes into those boats. We will review every year and that takes the lifeline of the majority of the vessels into the early 2030s. It does not look like a new boat but it is a reinvestment in the current fleet to ensure they are up to a standard and they maintain their life.

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Within the contract, there is an opportunity for both Brittany Ferries and the States of Guernsey to look at what – for the want of a better word – a *Voyager 2* might look like. That will be negotiations, not for this term – *definitely not*. Possibly towards the end of next term, if not, the second term. But the assurance I can give at the moment is for the next seven or eight years, there is no public investment at all.

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There may eventually be in another Government's time an element – I am going to use the word socialising – of the fleet, there is an opportunity within the contract for Brittany Ferries to discuss with a future States of Guernsey what kind of role the retonnaging may play and whether they do at all or in part in some kind of joint venture with Guernsey. I hope that answers your question.

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Deputy St Pier: Does anyone else wish to add anything to that?

Mr Steele: Just to add that it is anticipated *Voyager* will need to be replaced around 2035. So decisions in respect to the retonnaging need to be made around 2030 because the lead time for a new ship would be two to three years.

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Deputy Inder: Effectively, I suspect the end of next term, going into the new term, would be my best guess.

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Deputy St Pier: But to be clear, a JV is almost inevitably the outcome, isn't it? I just do not see how, based on the size of the market and the financials, that with Guernsey as a solo route, that there is the financial capacity for anybody to acquire a Voyager 2 entirely on their own balance sheet without some support? I mean a JV is inevitable, isn't it?

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Deputy Inder: No, not necessarily. There is a Chinese saying that says, 'Beware how small your dreams are because they may eventuate.' We have got a 15-year contract. We have got boats coming up from France directly to Guernsey. We will be marketing strongly to try and get those boats filled. That obviously adds profits. There are opportunities for Guernsey and if we start building properly through our capital ... That is really quite important for the vessels. It is interesting, as we had the conversations with both DFDS and Condor Ferries there is an obligation on the islands to make these work, as well.

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Because what I did not realise and it was not necessarily in the initial conversations over the ITT about how great Guernsey is, what you are going to do for us and what you are going to do for me. They were actually asking, 'What are you going to do for us?'. They were asking about our population. They were asking about our capital expenditure. Because these are all things that get freight moving into the Island. This contract has to settle down for two or three years to see if the St Malo-Guernsey works, if the current fleet is working. That decision will be for a future government so the presumption that it cannot work is just purely opinion.

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Mr Wakelin: I was only going to add slightly. It is not an unreasonable conclusion at the moment, is it? I can understand why that would be a –

Deputy St Pier: I would certainly like to rely on more than Chinese proverbs to ensure the re-fleetage of our ships. I just want to explore the obligations of the islands which Deputy Inder has referenced there. Are you talking generically, that it is now the responsibility of the Island help grow the market or are there actual contractual obligations built into the contract?

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Deputy Inder: We are a small Island and you have heard me say it before in the States of Deliberation, the reality is that Guernsey ... If Jersey is in the goldilocks zone, where it has hit the £100,000 Where the Kentucky Fried Chicken works in Jersey, but does not work in Guernsey, and the Bowl works in Jersey but does not work in Guernsey. We have to accept as an Island that we only have a certain scale. So we are under obligation to ensure, generally, through marketing, tourism, investing in harbours to ensure that we ... There is a symbiotic relationship between our Island and our ferry service.

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That obligation is not contracted but I think by policy we have got to recognise that there are limits to an island of 65,000 people and advantages elsewhere, 24 miles away down the road. So I think embedded in policy should be, at some point, an obligation to at least recognise that we cannot just sit there on our own expecting things to just happen. We have to build our Island towards the development of our ferry service because they are part of how we get everything into this Island. That is more political.

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Mr Steele: Just to reinforce, really. The schedule provides opportunity. It is not an obligation per se in the contract. It is the way the schedule has been set out. It provides opportunity in two ways. Number one, for day-trippers from France, which we do not currently have access to. Number two, there is no current fast ferry across the western channel. So by starting the day in St Malo, going north and doing a return, we have the opportunity to build UK-France and France-UK traffic. The financial model that has been put forward by Brittany Ferries, however, is based on today's scenario.

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There is no assumption in there of any growth in terms of day-trippers or in terms of this cross-Channel market. I think it is fair to say we see upside, an opportunity, in that financial model. To your previous question, Deputy St Pier, I think therefore we do not yet know what the outcome will

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be in terms of reinvestment. We do not know what will be available to reinvest. It is possible Brittany Ferries will have the means to invest in the fleet, moving forward.

1090 **Deputy St Pier:** Before Mr Wakelin comes in, can I just probe Mr Steele on the reassurance around the sensitivity analysis on that financial model. You have obviously spoken about the potential upside but presumably we have taken where we are now and there has been an assessment of the downside risks?

1095 **Mr Steele:** Yes, Brittany Ferries did some sensitivity analysis. They created two or three different models.

Deputy St Pier: Which you have seen and reviewed?

1100 **Mr Steele:** I have seen them in passing but our financial Civil Service officers have done the financial evaluation.

Deputy St Pier: Yes.

1105 **The Chair:** Mr Wakelin and then Deputy Inder.

Mr Wakelin: I was only going to make a very brief point to support what Deputy Inder has said. When we did the market testing phase of the tender process, going back to the back end of Quarter 1 of this year, the businesses that we were talking to – clearly Guernsey and Jersey or Guernsey-only, as it is – is quite a significant investment for those businesses, too. So I think the point is they want an understanding that Guernsey and Jersey have an ambition to grow the market and to invest in the infrastructure around the ports and the harbours that enable the businesses to move with other trends in the industry, as well. That was my only point.

1115 **The Chair:** Okay, thank you.

Deputy Inder: Once we knew the contract was heading in the right direction and we had signed it, I had already had a meeting with External Relations, with a view – and Chamber of Commerce – to looking at how we start developing those markets. One of those markets may be, and we are in the process of writing to the Chamber of Commerce in St Malo, we want to know what the opportunities are, at the moment. It may be the case that before the end of term we have a trade show in Guernsey. Let's actually see what kind of products, food, relationships we can actually make with France.

1125 Because at the moment, in the weird way that our food chain works, you can go and buy a tray of flat peaches at the wrong end of the season for about €11 euros in France yet you cannot get them, three for less than eight quid from Marks and Spencer. There is an economic madness the way our food chain works where we are basically staring at fresh veg, we are staring at aggregate wood supplies and we just – again by policy, that is a criticism of our Government – we just do not look as south enough as we should do.

1130 But to assist, in terms of positivity, those conversations are already starting. To build on the French day-trippers, I think it is next week both Brittany Ferries and our Visit Guernsey team are now discussing how we start leveraging this. We need to get our French visitors because we are already seeing that the investment in the Victor Hugo Centre – which may or may not happen in the next two years – is all really quite good news. But we have got to get that working.

1135 That will not work just because we go to France every few months. It entirely will work on the idea of freight and people coming to the Island, St Malo to Guernsey, over the peak period. So we are under obligation to make it work. My point again, do not accept everything will just happen by itself. We have to work this ourselves.

1140 **Deputy St Pier:** Acknowledging that there are some significant challenges with French day-trippers post-Brexit because of the inability (**Deputy Inder:** Yes.) to travel ...
Thank you.

Deputy Fairclough: Thank you.
I am glad we have come on to the wider economy because in terms of timetables and routes.
1145 Obviously, there is a lot of public interest in this particular aspect. If I could ask, what economic impact analysis, if any, took place on the loss of frequency on the inter-island route, as a result of what happened?

Deputy Inder: I think if I can answer that question. It may not be lost entirely at the moment,
1150 there is no two ways about it. We had spoken to some of the freight suppliers. Without wanting to misquote them, I think there is a 40-foot container of various goods that goes in and out of the islands on a daily service. So in its quantum, it is not an awful lot. But the importance of what is in there to the supplier is very important indeed. So we need to look at that and explain how we are going to do that. Quite clearly, socially, as well. We do work with our islands. We have seen and I
1155 have shared that with you, that we have lost something like 50% of our inter-island travel over the last 10 years.

Basically, inter-island at the moment is not going to improve that and of course quite clearly, sports and social clubs. We have got horse boxes which go to Guernsey and Jersey. We have got motor cars. It is not just about foot passengers. If it helps, and we are not there yet, before Jersey
1160 went down its own ITT path, myself and Deputy Morel did discuss and basically had a conversation. We said whatever happens out of this, we have to look at the inter-island route so we still maintain that relationship. We have had a similar conversation with Deputy Gorst, Deputy Farnham, Deputy Morel, Deputy Trott and Deputy Le Tocq about half an hour before they announced that.

So we are still committed to working on inter-Island. Within the scheduling at the moment, Brittany Ferries have asked for expressions of interest of dropping one boat into Jersey per week
1165 and equally are now waiting for the Jersey schedules that might do something similar. We are on a path and that ability to put a boat into Jersey or receive one from Guernsey is actually within the contract. But it has been something called mutuality. For example, Jersey is not going to accept five Brittany Ferries boats into Jersey per day and none to DFDS.

1170 So there has to be some mutuality in there but what I can say is that those conversations are ongoing and they will happen quickly. I think both islands are quite determined to ensure that we get into a better position than we are in right now. I am absolutely certain that will improve because I doubt Deputy Morel or certainly Deputy Inder is not going to be the first person to say, 'We are not allowing Guernsey and Jersey people to trade together, socialise together or play sports together.' It is just going to take longer than expected.

Deputy Fairclough: I am sure people will be reassured to hear what is now happening and what is going on. But the question was whether or not any economic impact analysis was done as part
1180 of that week-long process. When there was going to be a substantial change in contract, was any thought given to the economic impact of that decision? Particularly with regard to a lack of an inter-island route?

Deputy Inder: In a week's time, you are not going to get a load of consultants – spending far too much money – telling you what you already know. That it is going to be a problem. From a
1185 political point of view, I think the short answer is no. But my officers may have done some – Hold on, maybe Mr Jones and Ms Hutchinson have got a different assessment. (*Laughter*) But pretty obviously, it was never going to help.

Mr Jones: Obviously, we did economic analysis on lots of air and sea routes, to and from
1190 Guernsey. I think as Deputy Inder has said before, we are aware that the Guernsey-Jersey route, in

particular, both by air and sea, is one that we would like to see more passengers and freight on. So, yes, we have done economic analysis. Particularly, based on passenger-only ferry services, so we see there is an opportunity there, definitely. Also looking at connections to France, as well. For the RoRo services, it is not something that we have specifically done for this.

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Deputy Fairclough: Mr Jones, whether consideration has been given to what frequency of inter-island travel would be considered appropriate to serve our community?

Mr Jones: I would say we have not yet got into that detail.

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Deputy Fairclough: But I fully imagine that these are the sort of issues that are now being addressed through discussions with Jersey?

Mr Jones: It is true to say that that our Civil Service colleagues in Jersey are just as keen to develop it from their point of view.

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The Chair: I was just going to say, presumably you must have something in mind. Even from your very early determinations on possibly a joint bid or whatever, of what the ideal frequency by ferry inter-island would be, each week?

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Mr Wakelin: Yes, we do. We just have to refer back to the original ITT.

Mr Jones: For the pan-Island bid, the minimum service requirements was for seven rotations a week.

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The Chair: So, a daily service?

Mr Jones: A daily service in the peak period, that is.

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The Chair: Okay, thank you.

Deputy Fairclough: Without wishing to make decisions that are probably going to be made in the coming days and weeks, that is the aspiration, is it? To have a daily service between Guernsey and Jersey?

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Mr Wakelin: It was certainly the aspiration at the start of the tender, was it not?

Deputy Inder: At the start of the tender. Whether that is still maintained ...

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Mr Jones: During the peak, that is. July and August is the peak period.

Deputy Fairclough: What would be the frequency out of peak season?

Mr Jones: Off-peak, which is winter, that would be two per week. So winter is November to March. So that was what was specified in the original ...

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Deputy Fairclough: With the timetable, such as it is at the moment, there is only one movement between Guernsey and Jersey, as I understand it. But is that because we are in a winter season?

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Deputy Inder: There a couple of reasons for that. The first reason is that Brittany Ferries have announced on their scheduling and have asked for expressions of interest of putting a vessel into Jersey. But, of course, they need to get permission from Jersey to do that.

The Chair: Presumably that explains why you cannot buy a ticket for it?

1245 **Deputy Inder:** Yes, because it is based on expressions of interest. Now quite clearly, until Jersey
has been through this process, everyone has calmed down, we have got into our positions and we
start talking properly together, which will happen and happen very quickly. As soon as you split
from a jurisdiction, the sovereignty over the ramp is entirely at the will of either Island. There is
nothing more important than that 25 metres of steel in front of you because everything comes
1250 through those ports.

So I cannot answer your questions entirely now, because Jersey Ports have not agreed, as far as
I understand, to that vessel going alongside her ramp. Equally, we have got no indication of the
intention coming north. It is a bit early. All I can re-emphasise is the determination by both Islands
to get into a better position than we have at the moment. Because effectively our lifeline links are
1255 not the inter-Island. They are not determined as lifeline links, the Guernsey-Jersey routes they are
basically optional. But they are not optional for those who want to actually go to trade in between
the two islands, but they are basically deemed as optional.

Deputy Fairclough: Because I imagine ramp access and timings are going to be absolutely
1260 critical to those negotiations. (**Deputy Inder:** Correct.) When might we hear what the outcome of
those negotiations will be?

Deputy Inder: I cannot answer that but it will not be before Christmas. I am hoping by the
1265 end of January.

Deputy Fairclough: Okay. More generally on the timetable, are you as a Committee content
with the timetable as it stands?

Deputy Inder: Yes, I think we are. Again, this is about opportunities. This is about these things
1270 having to work, vessels coming up in France and the day trip service. Bypassing Jersey could actually
be an advantage and provides opportunity. Rather than Guernsey being the second fiddle because
Jersey markets itself all over the Brittany and Normandy region. Guernsey does not so much because
we are always the, 'By the way while you are in Jersey, you can go to Guernsey, as well, if you feel
like it.'

1275 But the opportunity is here. This will be proven, Deputy Fairclough, whether it is right or wrong,
over the next two years. I think this year and next year will be critical. You have to start building the
market and saying, 'Look Guernsey exists, please come direct.' We have seen a great indication last
year that we are seeing far more French people in the Island, than we were and we need to improve
on that. Notwithstanding Deputy St Pier's point about the limitations we have got on the ETA. The
1280 French are going to have to get passports to come to Guernsey.

Deputy Fairclough: Could I just ask whether the contract, as it stands, permits for a different
operator to pick up the inter-island route?

1285 **Deputy Inder:** It is based on what we call – I am going to use the word mutuality – not to pick
up the route. As we have it, that the two contenders are Brittany Ferries and now DFDS. If Brittany
Ferries is going to drop a vessel into Jersey, then mutuality dictates within the contract, that should
be reciprocated and further negotiations have to be based on reciprocation. But there is no
possibility to stick a further competition, that might not be the question you are asking.

1290 **The Chair:** I think just by way of explanation, perhaps the thing is, there was a report I think in
the *Press* recently about a very small operator looking to increase travel between Guernsey and
Jersey. Presumably, if you are not using the RoRo ramp, then another operator, even if they only
had 40 seats could operate?

1295 **Deputy Inder:** Yes, we have invested in Manche Isles Express and basically provided some services for them. We have heard of other people, there is something called Islands Unlimited, which should turn up, as well. For the purpose of this conversation, I am only thinking about RoRo ramps. But yes, going alongside in one of the other berths with foot passengers. We are still effectively a freeport.

1300 But, again, foot passengers are great but they are not the horse riders, the hill climb riders and ultimately we are going to need something that looks like what I would call freight. At least cars being able to tow something or at least cars with lots of things in them. I do not think it will be satisfactory enough just to have foot passengers.

1305 **Deputy Fairclough:** Was there any consultation then with the freight operators on the logistical impacts of a Guernsey-only service?

Deputy Inder: Yes, there was.

1310 **Deputy Fairclough:** What did that entail?

Deputy Inder: We had a meeting with stakeholders. They were satisfied with the northern routes and the southern routes. So that was, in the main, satisfactory. But again, there was concern about the trade between the islands. I think I mentioned in one of the meetings – I am just repeating myself and I am not being facetious in any way – that we believe there is something like a 40-foot container goes into the Island on a regular basis and the importance of what is in that.

1315 Is there in one person's 40-foot container ... It is important, for example, the Portuguese rolls always come up from Jersey from their bakery and one of the garages sends cars quite regularly to Jersey, as well. So that was expressed upon us, about the dissatisfaction of that. I am absolutely certain between the two islands, we are going to have a mature grown-up conversation, how to work through that.

1320 **Deputy Fairclough:** I would imagine that conversation is going to have to happen quickly when there are businesses who are trying to make all the necessary arrangements?

1325 **Deputy Inder:** Yes, but the operating agreement for Jersey still exists. So that will be transacting between the Islands until the end of March. It does not stop in January. We have time but I would not give us an awful lot of time. The ferry schedule as it is, with Jersey's operating agreement, will carry on until the end of March. In the meantime, nothing is stopping today. It gives us an opportunity to work through the muddle that has been the inter-island links. I am quite certain by the end of January, we will have got to that point.

Deputy Fairclough: Mr Wakelin?

1335 **Mr Wakelin:** To answer your specific question, Deputy Fairclough, once it became apparent it was likely to move to a Guernsey-only service, the schedules were being discussed. There were two meetings with various businesses and their representatives. One that was officers and one that was officers plus also Brittany Ferries and their planning team, as well. We also received other approaches from businesses through that period, as well, advising particular issues.

1340 **Deputy Fairclough:** Was the Civil Contingencies Authority engaged at any point, as a result of what happened?

Mr Wakelin: The Civil Contingencies Authority had a briefing.

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Deputy Fairclough: Okay. Just on the wider point of the wider economy and what is within the mandate of your Committee, some of those in Guernsey's tourism and hospitality sector have expressed dismay at the islands going their own way with a ferry provider. Especially in terms of that inter-island connectivity point. What is now being done to address those concerns?

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Deputy Inder: I think this is probably the third time – with the greatest respect – that I have said we will not get anything by Christmas, but those conversations are ongoing and we will have a solution by the end of January. Also, the hospitality associations are also positively very keen to work on the new St Malo to Guernsey route. So there is some positivity in that as well. We have a tendency in politics to focus on the negativity. There is a lot of very good news about ... I am happy to go through them. We have the certainty. We have a contract. We have spent 15 years out of contract.

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That risk has been absolutely massive to the Island. We do have the fleet investment. We have direct routes to St Malo. We have opportunity after opportunity, Deputy Fairclough. I do wish sometimes, even though I am in a Scrutiny hearing, and it is no criticism of you, that we would look at some of the good things that have come out of it, not always negativity.

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The Chair: Mr Wakelin.

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Mr Wakelin: To add that, I think we can go a bit faster with some of those discussions once they are cited on what the arrangements between the government of Jersey and DFDS are going to be and when the schedule is published on 13th December, as we understand. We are not involved in those conversations, as you would expect.

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Deputy Fairclough: Thank you.

The Chair: Could I just pick up on the CCA question, just to clarify. So you have kept the CCA informed during the various stages of this process but the CCA has not made any decisions? It is simply a case that you have been briefing them?

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Deputy Inder: In an advisory capacity. It is worth again, for the record, it seems almost perverse the President of the Committee for Economic Development is not a full member of the CCA. He can only be co-opted into that to act in an advisory capacity and does not have any vote at all.

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The Chair: Okay, thank you.

Deputy Inder: Make of that what you will.

The Chair: Deputy St Pier.

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Deputy St Pier: Yes. Deputy Inder, you referred that, 'there will be a mature grown-up conversation' with Jersey. Clearly, the relationship has been under strain, I think it would be fair to say, since 14th, 15th, 16th October. Seeking to understand, do you think the wider relationship between the islands has been damaged by the disintegration of the joint tender process? Without seeking to attribute blame and responsibility, how has it impacted the inter-island relationship?

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Deputy Inder: Deputy Falla might be able to answer some of it and I will respond.

Deputy Falla: What I can say is since the Guernsey decision was made, I have been with my ESS colleagues to Jersey to talk to our opposite numbers. We had a very constructive, positive engagement. During that meeting, the Chief Minister of Jersey popped his head through the door and there was warmth in the exchange. I think this needs to be viewed as a business arrangement

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1400 between the islands, which has not gone, perhaps, the way we might have liked or preferred. But in other areas, we are continuing to co-operate very well and on a friendly basis with our Jersey colleagues.

1405 **Deputy Inder:** I think that is quite similar. Again, I have explained that as Jersey embarked on its new ITT process, Deputy Morel and I spoke about this. We understood, to your point, that the inter-island – we must deal with that at some point but it will not be dealt with by whatever decision they made out of their ITT – half an hour before Jersey announced DFDS as the preferred bidder for their new ITT process, I was in an emergency Teams meeting with the people I keep mentioning: Deputy Le Tocq, myself, Deputy Farnham, Deputy Trott, Deputy Morel and Deputy Gorst.

1410 It was very cordial. It was them informing us where we are, it was very cheery and, both again, we looked at quickly – this is just a single decision – that to use your words, Deputy St Pier, is disintegrated. It is not necessarily disintegrated, it just has not happened. But that decision is that decision. Then we move on to the next decision. I genuinely do not think that it means it is the end of the relationship, we are all going to fold our hands and not talk to each other; that would be the actions of a child. I do not think either islands are children, they have just come to different decisions. It is as simple as that.

1415 **Deputy St Pier:** Mr Wakelin, you wanted to come in?

1420 **Mr Wakelin:** No, I was only going to add that there is lots of ongoing work with officers, as well, in different areas of the States supporting different Committees that carries on and will continue to work.

Deputy Fairclough: Sorry, just one final question on that. Is there anything you would have done differently with the benefit of hindsight?

1425 **Deputy Inder:** No, I think in some defence of Jersey – not that I am here to mudsling – I think they had a fully formed policy long before Guernsey did. So if that is a criticism of Guernsey ... You have got to remember that Jersey has got deep pockets, with lots of money, and long arms. Guernsey has got short arms and no money. Irrespective of the narrative that we hear sometimes, we have not got thousands of civil servants with different roles doing different things. Mr Wakelin, here, often he pops up whether he is doing windmills for some other work group.

1430 He pops up on ferry services and this gentleman here, along with a number of other less-named officers, tend to turn up with multiple responsibilities. So I think ... but Guernsey does not want to pay for it, on things at this strategic level. I do not think we are unserved, we just do not have the resources we always need.

1435 If I was to advise a new government, which almost certainly we will be on 18th June, there are things within the system of government which simply do not work. I will not have that conversation here but that is just my political view. It is clearly a nonsense that the two great economic enablers, which are ports and harbours in the islands sit under a trading board, where quite clearly a new more powerful Economic Development needs to be the way forward.

1440 **The Chair:** Can I just stop you at that point because you did say you would not enter into that.

Deputy Inder: But he asked me if I would have done everything different.

1445 **The Chair:** But now we are rejigging the mandate of Economic Development.

Deputy Inder: But I was going to explain that I cannot do anything different under my system of government. I am either here to talk or I am not.

1450 **The Chair:** Could you tell me what you said earlier in your answer, where you referred that you believed Jersey had a fully formed policy much earlier than you did. What do you mean by a 'fully formed policy' on this?

1455 **Deputy Inder:** I will have to refer to some of my timetable. I was introduced to the Jersey team sometime in 2022, towards the end of 2022. There was an on-Island meeting and they wanted us to get involved with one of the bigger consultants. They were ahead of us in looking at the risks around ferry services in Guernsey and Jersey.

1460 **The Chair:** So they got started sooner?

1465 **Deputy Inder:** They got started sooner than us and it actually extended into the previous term, as well. Some of these conversations were pre-COVID. So this happened before. I think they were ahead of the game. Because bear in mind, Deputy Burford, they actually were coming to the end of their operating agreement. We were sort of bumbling along on this weird MOU and I genuinely think that was a mistake. So to answer Deputy Fairclough's questions, with some hindsight, I would have had a fully formed policy and I do not think I would have entered into an MOU in the first place. But that was before my time, so I hope that answers your question.

1470 **The Chair:** Deputy St Pier, you have got one question to finish up?

Deputy St Pier: Yes, a quick question in relation to the amount of information that is in the public domain. The MOU and the previous operating agreement were in the public domain. Is it intended that the new operating agreement will be in the public domain?

1475 **Mr Wakelin:** We have to publish it, don't we?

Ms Hutchinson: It has to be published under the RoRo Law. So it will need to be published in due course.

1480 **Deputy St Pier:** Thank you very much.

The Chair: Do you have anything else, Deputy Fairclough?

1485 **Deputy Fairclough:** I think you have said there is going to be an annual review under the contract. So that will be publicised and presumably ... Will it be taken to the States of Deliberation? Will it be open to debate or will it simply be put out into the public domain?

1490 **Deputy Inder:** Right now, I cannot answer that question. I know that under the contract, which is written with Economic Development, that will be reviewed within the Committee, it will be reviewed by Economic Development. Whether it goes for noting, whether it goes to debate. It would be a bit strange if what is a fairly standard document to ensure that a contractor is complying with the terms of the contract ended up in the States of Deliberation. So if I were advising in a new term, the truth is the answer is no. It is really up to Economic Development to hold the contractor's feet to the fire.

1495 **Deputy St Pier:** Thank you.

1500 **The Chair:** I think that brings us to a tidy close. I would like to thank all of the witnesses for coming along and participating today. Our next Scrutiny hearing is on 15th January with Policy & Resources.

Thank you everybody and the hearing is now closed.

The Committee adjourned at 11.55 a.m.