



States of
Guernsey

Access to Public Information Request

Date of receipt: 7th March 2019

Date of response: 15th April 2019

Joint tender process in 1997/1998

In the API request received in the letter dated 9 March, 2019, request was made for the following information:

1. The tender invitation to potential providers of shipping services to and from the Channel Islands
2. The terms of reference of the tender, including all details of the services to be required from the successful tenderer
3. The responses from potential providers to the tender, even if those provider declined to tender for the contract

In response to this request the following information is provided:

1. The tender invitation to potential providers of shipping services to and from the Channel Islands

The tender invitation to potential providers of shipping services to and from the Channel Islands was sent out in February 1998 by means of an invitation to submit a tender. This letter was accompanied by Service Level Specification. A copy of the letter is attached as APPENDIX A

The letter was sent to five companies and an advertisement was placed with "Lloyd List".

2. The terms of reference of the tender, including all details of the services to be required from the successful tenderer

A copy of the Service Level Specification that accompanied the request to tender is attached as APPENDIX B.

3. The responses from potential providers to the tender, even if those provider declined to tender for the contract.

Responses to the tender were received from Condor Ferries, Hoverspeed and P&O Ferries. The responses were summarised in a States Report considered by the States on 1st July, 1998. A copy of this report is attached as APPENDIX C.

Our ref: GCP/RLT 14/3

18 February, 1998

<ADD>

Dear

Passenger and Car Ferry Services to be operated between Guernsey/Jersey and the United Kingdom.

I am writing on behalf of the Guernsey Transport Board and the Jersey Transport Authority to invite your company to put forward proposals for the operation of passenger and car ferry shipping services between Guernsey/Jersey and the United Kingdom with effect from the 1st January 1999.

In evaluating the proposals received the two Authorities will measure what is put forward against the attached Service Level Specifications which have been drawn up for each Island although broadly in identical terms. However, should your company have any alternative suggestions that it is thought would provide the Islands with a better service than that provided for by the Specifications, please feel free to submit these suggestions for the consideration of the Authorities.

If any information on the Islands is required please do not hesitate to contact -

Richard Kirkpatrick,
Chief Executive
Guernsey Transport Board,
Sir Charles Frossard House,
P.O. Box 43,
La Charroterie,
Guernsey, GY1 1FH

Tel: (01481) 717000

Fax: (01481) 725887 for information on Guernsey; and

Colin Powell
Chief Adviser to the States,
Cyril Le Marquand House,
P.O. Box 140,
St. Helier JE4 8QT

Tel: (01534) 603413

Fax: (01534) 870755 for information on Jersey.

Tender documents must be delivered in a sealed envelope clearly marked: "Tender - CI/UK Shipping Service" and addressed to the President, Guernsey Transport Board, and the President, Jersey Transport Authority, at the addresses quoted above, no later than noon on Thursday 9th April 1998. Ten copies of the tender documents should be delivered to each Island. The Guernsey Transport Board and Board of Administration, and the Jersey Transport Authority, are not obliged to accept any tenders submitted.

I should be grateful if you would let me know by return whether or not your company is intending to submit proposals.

Yours sincerely,

Colin Powell

Markham Airport - Harbour - General 14/3 9/8/98

**Service Level Specification in Respect of Passenger and Car Ferry Shipping
Services to be Operated between Guernsey and the United Kingdom**

Services

1. The operator of passenger and car ferry shipping services between Guernsey and the United Kingdom utilising the roll on/roll off ramp facilities in St Peter Port Harbour will be required to provide a reliable, frequent service. Information is required on the arrangements for a back-up vessel, should one be required, and what weather and sea state conditions would prevent a service being operated. On frequency, information should be provided on the number of days in each calendar year that two, one or no sailings would be operated. Information is also required on the length of time the sea journey will take, and on the routeing of the vessel. All such services should be routed from the UK port to Guernsey as the first port of call and outward services from Jersey to the UK should route via Guernsey. The routeing of the vessel should be the same, or better than the existing service.

Selection of Ports

2. The United Kingdom port(s) selected for the service must have:-

good accessibility by public roads/public transport;
good harbour facilities and adequate water;
good passenger facilities and sufficient capacity to handle passengers should services be delayed for technical or weather reasons.

The authorities will wish to know why the port chosen is considered to be superior to the other options with regard to the above requirements. Information will also be required on the capacity and quality of passenger facilities that will be made available.

The authorities accept that in an emergency the operator may need to choose a port that is not deemed suitable but is in the correct geographical area. The authorities would expect that the use of such a port would be for the period of the emergency only, plus reasonable transition time.

Selection of Vehicles

3. The authorities will require information on the nature (i.e. high speed or conventional ferry) and configuration (capacity, facilities offered) of the vessel(s) to be used. The vessels used would be required to:-

be of a high standard of quality, safety and reliability;
conform to appropriate national/international regulations/standards;
comply with any statutory regulations imposed by the insular authorities;
be manned, fitted and in such condition as to provide reasonable standards of services/facilities and to meet insurance certifications;

have sufficient seat and vehicle capacity to meet demand;
be so configured as to enable persons as families or other small groups travelling together to sit together.

The preference is for a high speed vessel to be used. Information will be required on the policy to be adopted in the allocation of seat and vehicle capacity, including the proportion of seats to be made available to tour operators. Also the booking policy for passengers accompanying cars vis-à-vis foot passengers, and the booking policy of the allocation of seats and car spaces between Guernsey and Jersey.

Promotion

4. The authorities will require details of how the passenger shipping services are to be promoted through marketing in the United Kingdom. It is expected that the operator will consult with the Island's tourism authorities on the marketing programme so that this can be co-ordinated with the marketing activities of the authorities.
5. The authorities will expect that brochures are made available sufficiently in advance for the effective marketing of the service. It is also expected that the brochures will contain details of the daily schedules, including any variation due to tidal conditions, and information on the fares and charges payable.

Fares

6. The authorities will expect the operation to provide a package of fares and charges that are not excessive, and which includes special fares/charges to tour operators and to encourage traffic growth. The operator is also expected to offer equivalent fares and charges whether travellers originate from the Island or from the United Kingdom.
7. The authorities will expect to receive information on the level and structure of the fares to be charged.
8. The authorities will expect that published fares and charges are increased only in accordance with arrangements previously agreed with the Island authorities. When the operator wishes to introduce a new class of fare or charge, the authorities would expect to be given written notice of this with details, including applicability, reasons for introduction and estimated effect.
9. When the operator wishes to increase any of its published fares/charges (without introducing a new class of fare/charge) the authorities would expect to be given a minimum of one month's notice together with reasonable explanation for the proposed increases. The authorities intend to put in place arrangements whereby if an increase in fare/charge is considered to be excessive, the matter would be sent to arbitration. While the matter is with the arbitrator the operator would be required to apply an increase of no more than the retail prices index figure - 0.5%.

10. When the operator wishes to introduce special fares/charges for a limited period which are less than previously published charges, the authorities would expect to be given written notice of this with details of the dates and services affected.

Schedules

11. The authorities will require information on the expected scheduled time of sailings which must meet the reasonable requirements of customers, and have particular regard for requirements as to onward travel and/or accommodation available at the points of origin/destination.
12. The authorities will expect an operator to invite them to make suggestions on the proposed sailings schedules for a 12 month period from the 1 January and have the opportunity to make such suggestions not less than three months before finalisation of the schedules. If schedules subsequently change, the authorities will expect to be notified of that change. Any changes, however, must not conflict with previously notified uses of the vehicle ramps.
13. The operator will be required not to reduce its published scheduled services unless due to lack of ramp slots, tidal conditions or weather conditions.
14. The operator will be required to state what quality standards it would expect to meet in terms of the proportion of total sailings within 15 or 30 minutes of the schedules arrival and departure times.

Customer Care

15. The authorities will require information on the arrangements/procedures for handling passengers including:-
 - the number of support staff available on a permanent basis in Guernsey and at the UK port, and the extent to which this number can be enhanced when passengers affected by delays due to technical or weather conditions need to be handled;
 - whether there will be a Guernsey based manager;
 - what training is given in customer care. The authorities would wish to receive a copy of a customer care manual which includes details of the arrangements for handling passengers, particularly where services are disrupted by weather conditions or technical problems;
 - what arrangements will be put in place for financial compensation, over night accommodation, or alternative transport where services are disrupted by weather conditions or technical problems;
 - onboard catering facilities, capacity and service standards;

- cleaning routines for the interior of the vessels.
16. The authorities will require information on the facilities that will be provided for those with special needs - e.g. the disabled, parents with young children, young children generally.

General

17. The authorities expect the operator to provide a bond sufficient to cover one month's harbour dues.
18. The authorities intend to put in place a procedure whereby any dispute/difference between the authorities and the operator could be referred to an arbitrator appointed with the agreement of both parties.
19. The authorities would wish to know what service a new operator would be able to provide if the existing carrier was to withdrawn before the end of 1998.
20. There will be a contact period of a minimum of three years.



BILLET D'ÉTAT

XVI
1998

WEDNESDAY, 1st July, 1998

STATES TRANSPORT BOARD

CI/UK SEA ROUTE — FERRY TENDERS

BILLET D'ÉTAT

TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY

In pursuance of Paragraph (2) of Rule 1 of the Rules of Procedure in and in relation to Assemblies of the States of Deliberation of the Island of Guernsey, I have the honour to inform you that a meeting of the States of Deliberation will be held at the **THE ROYAL COURT HOUSE**, on **WEDNESDAY**, the **1st July, 1998** at 10 a.m.

STATES TRANSPORT BOARD**CI/UK SEA ROUTE — FERRY TENDERS**

The President,
States of Guernsey,
Royal Court House,
St. Peter Port,
Guernsey.

12th June, 1998.

Sir

CI/UK SEA ROUTE - FERRY TENDERS**Background**

Condor Ferries has been the sole operator on the Channel Islands-UK sea route since BCIF withdrew its service in 1994.

During the 1997 summer season, Condor's new vessel, *Condor Express*, was plagued with technical problems which led to numerous delays and cancellations of services. Unfortunately, Condor appeared unable to cope with large numbers of delayed passengers. It seemed that the amount of information available for travellers was not updated regularly, leading to frustration and confusion. The general level of customer care was reportedly inadequate and it appeared that most of the problems stemmed from the Company's poor management infrastructure.

Consequently, the Guernsey Transport Board, Jersey Transport Authority and the tourist authorities of both Islands received numerous complaints from local residents and holidaymakers alike.

Both the Board and the Jersey Transport Authority met with Condor management to express their concerns but unfortunately the shortcomings evident in the Company's customer care were not addressed.

Introduction

In October 1997 the Board and the Jersey Transport Authority agreed that, in the light of the well publicised problems with Condor, the best way forward was to put

the routes out to tender and to institute a Service Level Agreement. In so doing, both authorities believed that they would be able to obtain the best service possible for the Islands and also gain a measure of control over the standards of any future service.

Two very similar Service Level Agreements were drawn up, one for each Island, and the routes put out to tender in February, 1998, with a closing date of 9 April, 1998.

Despite a reasonable number of initial enquiries from interested parties, only three companies submitted tenders. These were: Condor Ferries Ltd, Hoverspeed Ltd and P&O European Ferries (Portsmouth) Ltd.

On receipt of the tenders the Transport Board made it known that it intended to refer the matter to the States of Deliberation for a decision only if a disagreement occurred over which company to appoint.

When a vote on the matter was taken, the Board was equally divided with two Members (Conseillers L C Morgan and E W Walters) voting for P&O and two (Conseiller C A Fletcher and Deputy P A C Falla) for Condor. As there was clearly disagreement, the President advised the Board that the provision for presentation to the States should be implemented.

Once it had been agreed that the matter ought to be referred to the States, the President revealed that his vote would have been cast in favour of P&O.

There was also division between the Board and the Jersey Transport Authority, whose vote was split three ways with Condor being the favoured operator.

As a result of these disagreements the Board is now referring the matter to the States.

Tender Documents

A full set of tender documents has been sent to every States Member for information purposes. This report is designed to be read in conjunction with the main tender documents. Copies of the submissions may be viewed by the public either at the Greffe or at the Transport Board's Offices in Sir Charles Frossard House.

For convenience, a brief summary of each Company's submission has been prepared and considered under identical headings in order to assist comparisons.

Condor Ferries Ltd

General

Condor proposes to operate from Poole, Weymouth and Portsmouth using two fast ferries and a ro-pax vessel which would also be used to transport a certain amount of freight. The ro-pax vessel would not, however, be available until the year 2000.

Since submitting its tender document Condor has said that it will now be able to provide a conventional vessel on the route by January, 1999. It is not yet clear precisely which vessel would be used.

Vessels

The two fast ferries which Condor would use are *Condor Express* and her sister ship *Condor Vitesse*, which the Company would purchase if it were successful in its bid to operate on the route.

Each vessel is an 86 metre wavepiercing catamaran with capacity for 750 passengers and 185 cars. They both have a wave height limitation of 3.5 metres. Condor 9 (with a wave height limitation of 3.0 metres) would also be available locally as a back up for foot passengers only.

If awarded the tender, Condor would, with Commodore Shipping, place a shipyard order for a 500 passenger conventional passenger and freight ro-ro (ro-pax) vessel to be ready for service by January 2000.

As stated earlier, it is understood that a different unnamed vessel could be used during the winter 1998/99 period.

Schedules

Precise details of Condor's proposed schedules can be found in Annexures 11, 13, 15 and 17 of the Company's tender submission.

Because the tender was prepared on the basis of the ro-pax vessel not being available until January 2000, different schedules are proposed for 1999 and for the year 2000 onwards.

During the periods 2 January-31 March and 1 November-30 December 1999 Condor proposes to operate 5 sailings in each direction per week between the Channel Islands and Weymouth using *Condor Express*. The service would operate daily from 2-7 January and 12-22 December to allow for the expected seasonal increase in traffic.

From 1-30 April and 16-31 October 1999 Condor would operate two sailings in each direction per day, using *Condor Express* from both Weymouth and Poole.

Between 1 May-15 October, 1999 inclusive Condor would offer three sailings per day in each direction, using *Condor Express* and *Condor Vitesse*. Two crossings per day would be from Poole, with the remaining one leaving from Weymouth. St Malo is also included in the routeings from both Poole and Weymouth, although it is not proposed to transport cars between the Channel Islands and St Malo.

During the periods 2-7 January, 1 March-6 April and 12-22 December 2000 it is proposed that *Condor Express* operates five sailings per week in each direction from Weymouth, whilst the new ro-pax vessel operates a once-daily service from Portsmouth. The crossing from the Islands to Portsmouth would take place overnight.

For the periods 7-30 April and 16-31 October, 2000, *Condor Express* would operate two sailings per day between the Islands and the UK, one to Weymouth and one to Poole. In addition, the ro-pax vessel would continue its daily service.

From the year 2000 onwards, the summer service would consist of three fast ferry sailings in each direction per day, two from Poole and one from Weymouth. St Malo is included in the schedules although it is not proposed to carry cars between the Islands and France. The ro-pax vessel would continue its daily service as before.

The maximum journey time from Guernsey to the UK travelling on the fast ferry is 2 hours 30 minutes to Poole. Weymouth can be reached from Guernsey in just 2 hours.

When the ro-pax vessel is introduced, journey time from Portsmouth to Guernsey would be 6 hours 30 minutes. The overnight trip to the UK, which is via Jersey, would take 12 hours 30 minutes.

Fares

The level of fares for 1999 would include an increase to a maximum of 3% on the level of fares applied in 1998.

The Islander Club scheme would remain in existence to enable frequent users to benefit from discounts on payment of a membership fee.

Business class seats would be available on the fast ferries on payment of a supplement.

Condor would continue to obtain the maximum net fares from tour operator contracts or special promotions, whilst also endeavouring to achieve traffic volume growth.

Customer Care

All Condor staff, both sea-going and port based, undergo an intensive training programme.

In the past, Condor has chartered aircraft to move passengers experiencing a prolonged delay for reasons of inclement weather, and this practice would continue.

Condor operates a 24-hour on-call system for all its managers, including the Managing Director.

Enclosed with Condor's tender submission are two documents which demonstrate its commitment to customer care. The first of these is the "Crisis Management Plan" designed for use in the event of a major incident occurring. The second is an extract from the "Port Procedures and Reference Manual" entitled "Cancellation and Delay Policy" which details the arrangements and procedures for customer handling in the event of weather or technical delays.

There are facilities on board Condor's vessels to assist disabled passengers and parents with babies. Such facilities would also be provided on the new ro-pax vessel.

Additional Points

Condor's proposed schedules mean that, for the first time, Islanders would have the option of a day trip to the UK during the summer months. Inter Island day trips are also possible, as are day trips from the UK to Guernsey.

Hoverspeed Ltd

General

Hoverspeed proposes a year-round service from Weymouth using fast ferries with a conventional ferry available as a back up.

Vessels

Hoverspeed would use its brand new, second generation Super SeaCat monohull fast ferry, due for delivery in January 1999. It has capacity for 770 passengers and 175 vehicles, and features advanced ride control. Whilst Hoverspeed says in its submission that the craft is expected to be certified to operate in seas with significant wave heights up to 3.5 metres, the Board is aware that the existing SuperSeaCats are certified in seas with significant wave heights up to 3.0 metres.

If demand was sufficient, an additional SeaCat could be made available from elsewhere in the Company's fleet.

In the tender documents, Hoverspeed says that the conventional ferry for the route would be either the *Lady of Mann* or the *King Orry*. However, as the *Lady of Mann* is a side-loader and therefore unsuitable for St Peter Port Harbour, the *King Orry* would have to be used.

The *King Orry* has a service speed of 19 knots, with capacity for 1,000 passengers and 160 cars. She was recommissioned in 1990 following a £3 million refurbishment and has seen previous service on the English Channel.

Hoverspeed has said that, in the longer term, it would consider modern, purpose-built ro-pax vessels for the route.

Schedules

Full details of Hoverspeed's proposed schedules are to be found in Section 6, pages 33-35 of its tender submission.

Hoverspeed has proposed two different options in respect of possible schedules, as follows:-

Option 1

This is for a year-round fast ferry service with a seasonal conventional ferry service.

From January-March and November-December there would be one fast ferry sailing in each direction between Weymouth and the Islands.

From April-October, the fast ferry would make an additional round trip daily.

From June-September there would also be a conventional ferry service in operation which would travel from Weymouth direct to Jersey before returning to the UK via Guernsey.

Option 2

This is for year round fast ferry services with an additional seasonal fast ferry service, as follows:-

From January-March, and during November and December the daily fast ferry service would operate as per Option 1.

During April, May, September and October there would be an additional fast ferry rotation as per Option 1.

From June to September, there would be two return crossings per day by Super SeaCat, the morning crossing from Weymouth operating direct to Jersey. In addition, a SeaCat fast ferry would operate one return trip between Weymouth and the Islands.

Under both options the conventional ferry would be moored permanently in Weymouth to provide back up if required in the event of a weather or technical delay.

The journey time from Weymouth to Guernsey on the conventional ferry (routed via Jersey) would be 8 hours. Conventional ferry journey time between Guernsey and Weymouth would be 5 hours 20 minutes.

Journey time on the fast ferries between Weymouth and Guernsey would be 2 hours 15 minutes on the direct services, and 4 hours 50 minutes on those sailings which are routed via Jersey.

Fares

Hoverspeed has declared itself committed to a parity of fares for both UK and CI originating customers, with a promise of an additional 5% discount on all brochure and promotional fares for Island residents.

The seasonal conventional ferry service would be priced at a discount of up to 15% lower than the fast ferry.

"1st" class travel would be available on payment of a supplement. A Monday-Friday business user package would also be available.

Special rates would be available for tour operators.

Customer Care

Hoverspeed promises high standards of customer care, including the introduction of at-seat cabin service, a 24 hour information "hotline" and facilities for travellers with special needs, including the disabled and nursing mothers.

The Company also plans to recruit locally based management and staff in both Islands to deal with all aspects of customer service.

Additional Points

In the event that Hoverspeed should be awarded the contract, it has expressed a commitment to provide an early start service should the existing carrier withdraw from the route before the end of 1998. The Company has said that it could provide a service using a SeaCat fast ferry, with a conventional ferry back-up, from Autumn 1998.

In the longer term, Hoverspeed would consider ordering a purpose-built ro-pax vessel, which would provide additional passenger capacity as well as competing on freight services to the Channel Islands. It is envisaged that such a vessel would operate from Portsmouth.

For the summer season between April and September the conventional vessel and one fast ferry would operate as above. However, a second fast ferry would be introduced, offering a service between St Malo, the Islands and Portsmouth. After leaving St Malo early in the morning, the vessel would call at Jersey and Guernsey before travelling onwards to Portsmouth. After leaving Portsmouth she would return to St Malo via Guernsey and Jersey, arriving back in St Malo at 22:35 local time.

Journey time between Portsmouth and Guernsey by conventional ferry (overnight) would be 8 hours. The return journey would take 6 hours 45 minutes.

The fast ferry journey time between Portsmouth and Guernsey would be 3 hours 25 minutes.

Option 2 - Weymouth Service

Whilst convinced that the proposed Portsmouth-CI route incorporating a service to St Malo in the summer months represents the best overall service to the Islands, P&O has put forward an alternative solution in case its original suggestion is considered unsuitable.

Under this alternative, the conventional ferry would operate from Portsmouth as per the original proposal. However, only one Austal fast ferry, based at Weymouth, would operate, again during the period Easter-November. The fast ferry would offer two return trips per day between Weymouth and the Islands with no routeing to St Malo.

The fast ferry journey time between Weymouth and Guernsey would be 2 hours 15 minutes.

Fares

P&O proposes to offer fares similar to those currently charged by Condor for its fast vessels, whilst fares for the conventional vessel would be discounted. 1999 fares would be no higher than Condor's 1998 rates. (ie P&O 1999 fares could be 3% lower than Condor's proposed fares for the same year).

P&O also states that off-peak travel would be strongly incentivised.

In addition to a wide range of excursion fares brochure fares would include:

- Standard returns for unlimited stay
- New 10 day returns
- 5 day returns
- Single fares

P&O guarantees that principal fares would be the same for journeys originating in the United Kingdom or Channel Islands in order that Islanders are not disadvantaged. Also, P&O would offer a range of promotional fares for travel from the Islands.

The Company recognises the important role of Tour Operators and undertakes to work with them to develop and expand their business. Negotiated fares would be set at no higher a level than established Condor rates for 1999.

P&O concessionary stockholders would receive a 40% discount on journeys to and from the Channel Islands.

Customer Care

If successful in its bid, P&O would appoint a manager on each Island, each of whom would be responsible for the handling of service disruption. Assistant managers would also be appointed to provide complete operational cover.

It is proposed that 10 permanent and 6 seasonal staff should be recruited on each Island. All P&O staff are required to undertake the Company's customer care programme as part of their induction.

P&O's existing Customer Relations Department would be enlarged to accommodate the Channel Islands routes. As well as dealing with complaints and queries, this Department is responsible for regularly circulating questionnaires on the vessels for customer feedback.

Additional Points

P&O is one of the largest cross-channel ferry operators and therefore has a large amount of resources, in terms of both manpower and equipment, to call on should back up be required.

Should P&O be successful in its bid, the Channel Islands would then be included in its huge marketing network.

Freight Services

It is worth noting that at present Condor and Commodore are part of the same company and there is therefore no conflict between passenger and freight services. However, should either Hoverspeed or P&O be granted the route, there would certainly be implications for the Islands' existing freight service as both the fast ferries and the traditional vessels operated by the successful tenderer would carry freight as well as passengers.

Conclusion

All three ferry tender bids were discussed at a joint meeting of the Guernsey Transport Board and Jersey Transport Authority held on 1 June, 1998, at which meeting the two authorities had the opportunity to question the three tenderers.

One of the factors that the Board had to take into consideration was that the Harbour Master had advised both the Guernsey Transport Board and the Jersey Transport Authority that none of the three tenderers had vessels or propulsion units that were fully tried, tested and free of problems. His advice was that the authorities were probably making the decision twelve months too early and that, if it were possible, the most secure way of accepting a tender would be to make a decision in a year's time. The advice of the Harbour Master was placed before the joint meeting of the Jersey and Guernsey authorities but it was generally accepted that a decision had to be made at this time.

Both the Board and the Authority were most impressed with the standard of the tender submissions and it was a difficult task to choose between them. Any of the tenderers could provide the Islands with an adequate service although each of the tenders has positive and negative aspects.

After much discussion the Guernsey Transport Board voted by a majority to support P&O's bid.

Those Members who voted for P&O did not feel able to support the other two contenders for a number of reasons.

In the case of Condor, Members were not confident that its management infrastructure had improved sufficiently to allow for a great improvement on its past customer care record. Of particular concern was the fact that Condor is proposing a 3-port operation which will make contingency plans, etc. more difficult to manage than with a 1 or 2 port operation.

In addition, Members were of the opinion that, as a relatively small company, Condor could be over-stretching itself financially, given the commitments it would have to honour should it be awarded the tender, namely:-

- purchasing Condor Vitesse
- purchasing a purpose-built ro-pax vessel
- purchasing Holyman's 50% shareholding in Condor.

As far as Hoverspeed is concerned, Members were worried about its proposal to use monohull vessels on the route, particularly as the vessels in question have a significant wave height restriction of only 3.0m, as opposed to the 3.5m wave height restriction imposed on the high speed vessels currently on the route. This guarantees a greater number of delayed and cancelled crossings.

The support for P&O was based on its proven worldwide marketing ability. P&O is well known throughout the world and it is believed that the Islands would benefit greatly from P&O's marketing expertise. The Company has undertaken to commit "a substantial sum" annually to promote the Channel Island services. Such promotional campaigns will be in addition to campaigns for P&O's other routes and are likely to include local television and radio, national press and posters "in a highly targeted manner". P&O has also stated that its policy is to work closely with local tourist authorities wherever possible.

As stated earlier, at its meeting with the Jersey Transport Authority held on 1 June 1998, the Board voted, by a majority to support P&O's tender bid. On the same day, the Jersey Transport Authority voted to support Condor's proposals.

The Board held a further meeting on 11 June 1998 to discuss the draft policy letter to the States and Members were in agreement that it was vital that the same operator should serve both Guernsey and Jersey.

Another vote was taken and the result was that Condor emerged as the favoured operator, again by a majority rather than a unanimous vote. Conseiller Ferbrache was present at this meeting and voted in favour of Condor, unlike his representative, Conseiller Walters, who had attended the meeting on 01 June 1998. It was agreed that this latest position was the one which the Board would present to the States of Guernsey.

It is clear that this change came about because of the Board's firm belief that both Guernsey and Jersey must be served by the same operator. On 30 June 1998, the States of Jersey are to hear the Jersey Transport Authority's recommendations in favour of Condor Ferries and it was felt that the States of Guernsey ought to be recommended to select the same carrier.

States Members may be aware that, had the Board proceeded with its initial proposed recommendation that P&O be granted the route, Conseiller C A Fletcher and Deputy P A C Falla were to have submitted a Minority Report in support of Condor's tender bid and indeed submitted that Minority Report for consideration at the Transport Board meeting held on 11 June.

The Transport Board decided at that meeting that the Minority Report should be appended to the policy letter for the information of States Members.

The Board appreciates that this is a very difficult matter to lay before the States for a decision, especially as there are advantages and disadvantages to all the tenders.

The balance of preference has been between Condor and P&O, and the Transport Board, at its meeting of 11 June 1998, on balance decided to recommend to the States that Condor be appointed for the reasons given above and also in the Appendix to this report.

Recommendations

The Transport Board recommends the following:-

1. That the States recognise and accept that it is essential that Guernsey and Jersey are served by the same ferry operator;
2. That the States direct the Board of Administration to instruct its Harbour Authority to make all its roll-on/roll-off port facilities available to Condor Ferries Ltd to the exclusion of all other roll-on/roll-off passenger/car ferry operators at such times as shall be deemed necessary for the operation of a ferry service between the Channel Islands and UK as detailed in the Company's tender bid, subject to any post - tender negotiations which may be required.

I have the honour to request that you will be good enough to lay this matter before the States with appropriate propositions.

I am, Sir,
Your obedient Servant,
R. C. BERRY,
President,
States Transport Board.

APPENDIX

The President
States of Guernsey
Royal Court House
St. Peter Port
Guernsey

11th June 1998

Sir,

Ferry Service Tenders - Minority Report

Introduction

1. In both Jersey and Guernsey, the tourist industry makes up a significant element of the Islands' economies. As far as Guernsey is concerned, the economic value-added impact of the visitor economy is estimated to be £160m. per year when the multiplier effect throughout the economy is taken into account.
2. In addition, without tourism, many facilities and services which are available to local residents and, indeed, to commerce and industry, simply would not exist thus reducing the quality of life of islanders and diminishing the attraction of the Islands to persons and organisations from elsewhere. For example:-

the range of retail outlets is more extensive than would otherwise be found, when compared to similar small island communities;

the selection of hotels and restaurants provides many facilities which are enjoyed by all islanders and the business community;

internal transport services would not be viable at present levels of service if it were not for tourism;

the Islands enjoy extensive external transport links on a twelve month per year basis.

3. In respect of the final point above, of the 600,000 passengers who travel to and from Guernsey each year, two-thirds are visitors, and it is quite clear from this ratio that the Island would not have the transport links with the United Kingdom and mainland Europe if it were not for the visitor economy. Indeed, with regard to sea travel the ratio is even more in favour of tourism with four out of five passengers who actually travel by sea to and from the United Kingdom being visitors to the islands. Accordingly, if the sea carrier had to rely solely on local residents for business, services would undoubtedly be significantly depleted in the summer and, possibly, no sea passenger service would operate during the autumn and winter months. This highlights the dependence of the Island's sea services on tourism.

4. As 70% of visitors to the Island arrive by air, the economic impact of tourism, referred to above, can be broken down approximately as follows:-

£112m. generated by visitors who come by air; and

£48m. generated by visitors who come by sea (albeit this figure might be slightly over-estimated as the higher spending mainland European visitor generally travels by air).

Therefore, well over £40m. per year is derived by Guernsey from visitors arriving in the Island by sea.

Market Trends and Developments

5. At one time, the typical holiday in Guernsey was two weeks in length and taken during the peak summer months. Within that average holiday length, the time element devoted to sea travel was not a significant factor, in that visitors were quite happy spending a day travelling to the Island and a day returning home. While still of some importance in the peak months of July and August, for the rest of the year that market, to all intents and purposes, has now disappeared, and Guernsey has primarily become a second or third holiday destination, particularly as far as the UK market is concerned.

6. In addition, Guernsey is increasingly becoming a twelve month destination with visitors enjoying the Island for short breaks of two to three days at a time. Consequently, the time element for sea travel is far more relevant in the overall holiday plan. Hence, the continued development of Guernsey's visitor economy increasingly relies, in terms of sea transport, on fast ferry operations to and from the United Kingdom on a year round basis.

7. Indeed, the Guernsey Tourist Board's primary market focus over the next ten years is likely to be the development of shoulder and winter month tourism business, principally but not exclusively, through the marketing of short breaks. This strategic objective depends heavily on good direct air and sea links between Guernsey and the United Kingdom and between Guernsey and mainland Europe. Whilst the Island, during the last three years, has seen significant growth in visitor arrivals between May and September, if the industry is to be profitable and generate increased revenue for the Island, then it is essential that visitor arrival figures are substantially increased between October and April. It is encouraging that, with the introduction of a fast ferry service on a twelve month basis, passenger numbers during the winter have significantly increased over previous levels, and the Tourist Board is now actively pursuing new initiatives which will encourage further growth in these months.

8. However, these initiatives will only be successful if the sea transport links with the Island are convenient, quick and of the highest standards of service which are attractive to potential visitors and to tour operators, who now generate 50% of all sea passenger movements between the UK and the Channel Islands. UK tour operators, therefore, are key stakeholders as to who should be operating the sea carrier service between the United Kingdom and the Channel Islands.
9. In addition, both Jersey and Guernsey benefit from the daytrip market which primarily uses sea transport. Again, the development of this market, which in terms of UK passenger numbers represents 66,500 people, is only possible between the United Kingdom and the Channel Islands if fast ferry services operate, the schedule is appropriate and convenient, and the passage time is short.
10. The Jersey and Guernsey Tourist Boards are increasingly working together in the development of tourism in the Channel Islands. That development depends upon the same sea carrier operating between the United Kingdom and the Channel Islands. It also has to be recognised that 65% of all sea passenger movements between the United Kingdom and the Channel Islands are generated by Jersey. Therefore, the quality of sea passenger service offered to Guernsey relies heavily on Jersey's volume of business. Whilst it may be feasible that a sea carrier could operate a profitable UK/Jersey service, it is highly questionable whether a different operator could ever provide a satisfactory and viable UK/Guernsey service. It is also necessary for the States to be made aware of whether any carrier is prepared to operate purely between the UK and Guernsey and, if so, what the actual level of service would be.
11. In view of the Tourist Board's investment in the development of shoulder and winter month business, it is also essential that any sea carrier from the UK is committed to the Channel Islands on a long-term basis.

Conclusion

12. In conclusion, therefore, all of the following key factors have to be borne in mind when deciding which sea carrier should operate between the United Kingdom and the Channel Islands:-
 - (a) the continued provision of a fast ferry operation on a twelve month basis;
 - (b) reliability of vessel and quality of service on offer;
 - (c) the shortest possible travelling time between the UK and the CI;
 - (d) a schedule which allows for the development of the daytrip market;
 - (e) a range of ports which are accessible to the south west and south east England markets (57% of the UK market);
 - (f) the marketing resources of the company dedicated to the UK/CI route; and, above all
 - (g) the same carrier should provide sea passenger services between Jersey, Guernsey and the United Kingdom.

13. We append to this report an analysis which was undertaken by the Tourist Board. This analysis, which was for general assistance only in seeing the overall picture, greatly helped the Tourist Board in its appraisal of the tenders and, as a result of that appraisal, the Board decided fully to support the tender submitted by Condor Ferries. **It was the Tourist Board's view that only if another carrier was offering a substantially better service than Condor, then the Islands should risk changing operators. That is simply not the case in this instance.** Although Condor had major problems last year, these problems now appear to be behind it. The decision to go to tender has certainly had the desired effect in jolting the company into providing a first class service in 1998.
14. Members of the Tourist Board, with the exception of the President who takes no part in any discussions involving external transport links, have seen the contents of this letter and give it their unanimous support. **We fully concur with the Tourist Board's decision to support Condor Ferries' tender submission and will, therefore, be placing an amendment to the propositions contained in the Transport Board's policy letter.** The amendment will be to the effect that port facilities should continue to be made available to Condor Ferries Limited for the operation of a ferry service between the Channel Islands and the United Kingdom, as detailed in the company's tender bid.

We are, Sir,
Your obedient Servants,



Carol A. Fletcher
Member of the Guernsey Transport Board



P.A.C. Falla
Member of the Guernsey Transport Board

The President,
States of Guernsey,
Royal Court House,
St. Peter Port,
Guernsey.

15th June, 1998.

Sir,

I have the honour to refer to the letter dated 12 June 1998 addressed to you by the President of the Guernsey Transport Board on the subject of CI/UK Sea Route - Ferry Tenders.

The Advisory and Finance Committee does not wish to comment on the merits or otherwise of the preferred ferry operator as set out in the policy letter because of the degree of common membership between it and the Transport Board.

The Committee would, however, wish to stress its view that in order to obtain the high quality of ferry service required it is most important that a single operator be chosen to serve both Guernsey and Jersey.

I am, Sir,
Your obedient Servant,
J. E. LANGLOIS,
Vice-President,
States Advisory and Finance Committee.

The States are asked to decide:—

Whether, after consideration of the Report dated the 12th June, 1998, of the States Transport Board, they are of opinion:—

1. To recognise and accept that it is essential that Guernsey and Jersey are served by the same ferry operator.
2. To direct the States Board of Administration to instruct its Harbour Authority to make all its roll-on/roll-off port facilities available to Condor Ferries Limited to the exclusion of all other roll-on/roll-off passenger/car ferry operators at such times as shall be deemed necessary for the operation of a ferry service between the Channel Islands and UK as detailed in that Company's tender bid, subject to any post-tender negotiations which may be required.

GRAHAM M. DOREY,
Bailiff and President of the State

The Royal Court House,
Guernsey.
The 19th June, 1998.