

Transport Committee & Business, Energy and Industrial Strategy Committee

Oral evidence: [P&O Ferries](#), HC 1231

Thursday 24 March 2022

Ordered by the House of Commons to be published on 24 March 2022.

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Members present:

Transport Committee: Huw Merriman (Chair); Mr Ben Bradshaw; Simon Jupp; Chris Loder; Grahame Morris; Gavin Newlands.

Business, Energy and Industrial Strategy Committee: Darren Jones (Chair); Alan Brown; Ms Nusrat Ghani; Paul Howell; Andy McDonald.

Questions 96–194

Witnesses

[IV](#): Jesper Kristensen, Chief Operating Officer, DP World; and Peter Hebblethwaite, Chief Executive Officer, P&O Ferries.



Examination of witnesses

Witnesses: Jesper Kristensen and Peter Hebblethwaite.

Q96 **Chair:** We now move on to our fourth panel, where we welcome on the screen Jesper Kristensen, chief commercial operations officer for maritime services at DP World, and in the room we welcome Peter Hebblethwaite, chief executive of P&O Ferries.

Mr Hebblethwaite, when I read your biography, it seemed pretty light on your experience as a chief executive officer. Are you in this mess because you don't know what you're doing, or are you just a shameless criminal?

Peter Hebblethwaite: Thank you for giving me the opportunity to come and answer questions. Before I answer that question, can I start with an apology? An apology to the seafarers affected on Thursday last week, an apology to their families, and an apology to the 2,200 of our employees who have had to face very difficult questions over the last week or so. You may see this as a late apology, and I just want to reassure you that the reason you are hearing this for the first time today is because I have spent the last week in the business talking to our people one to one and in person.

Q97 **Chair:** Why did you not talk to them in advance, in a consultation, Mr Hebblethwaite? Why apologise after you have sacked them all?

Peter Hebblethwaite: The context of this incredibly difficult decision is that P&O has lost an unsustainable amount of money. The reality—and the backdrop that I would ask you, please, to bear in mind—is that we would have had to close the business if we had not—

Q98 **Chair:** I am sorry to interrupt. Lots of business come to my Committee and tell me that, but they all consult before they make their staff redundant. You didn't. Why not?

Peter Hebblethwaite: We thought long and hard about the routes to this. We did consider every single option available to us, and we concluded that every single option available to us would result in the closure of P&O. I have not had a chance to, but it would be great to talk to you about what this new crewing model looks like. It is a fundamentally different operating model, and no union could accept our proposal.

Q99 **Chair:** Did you ask the trade unions?

Peter Hebblethwaite: No.

Q100 **Chair:** In your letter to the Secretary of State, you said that you had notified the relevant competent authorities in Cyprus, the Bahamas and Bermuda on 17 March. Is that correct?

Peter Hebblethwaite: Yes.

Q101 **Chair:** We heard earlier that that was in breach of your notification



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requirements to notify Cyprus within 45 days of the first dismissal, and the Bahamas and Bermuda within 30 days. Do you recognise that?

Peter Hebblethwaite: Not being a lawyer, I—

Chair: Presumably you have access to lawyers, Mr Hebblethwaite.

Peter Hebblethwaite: Of course, and we are clear that we have not breached that law.

Q102 **Chair:** Who did you write to in Cyprus?

Peter Hebblethwaite: I will have to get back to you on that.

Q103 **Chair:** Who did you write to in the Bahamas?

Peter Hebblethwaite: I will have to get back to you on that.

Q104 **Chair:** Who did you write to in Bermuda?

Peter Hebblethwaite: Let me write—

Q105 **Chair:** Did you sign off these letters?

Peter Hebblethwaite: No.

Q106 **Chair:** Can you provide this Committee with copies of them?

Peter Hebblethwaite: Yes.

Q107 **Chair:** Thank you. What is your salary, Mr Hebblethwaite?

Peter Hebblethwaite: My basic salary is £325,000.

Q108 **Chair:** Do you have access to a performance-related bonus?

Peter Hebblethwaite: I have access to two performance-related bonuses: a short-term incentive plan and a long-term incentive plan.

Q109 **Chair:** Do you think you have increased or decreased the value of P&O Ferries by your actions?

Peter Hebblethwaite: I think that P&O was otherwise going to close and did not have a future.

Q110 **Chair:** If your employers are—might I suggest—mad enough to offer you a performance-related bonus, will you accept it or reject it?

Peter Hebblethwaite: I cannot tell you how far that is from my thoughts.

Q111 **Chair:** It is a point of principle. Will you accept it or reject it?

Peter Hebblethwaite: I don't know the answer to that. If we manage to save the company—

Q112 **Chair:** It is a decision for you. If I am offering you a performance-related bonus, and you have just sacked 800 people, will you, as a point of principle, say, "I am not going to take that"?



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Peter Hebblethwaite: I don't know the answer to that. I have to be honest: I am not focused on that. I am focused on saving the business and getting the 800 seafarers new jobs.

Q113 **Chair:** Do you recognise that asking your employees to sign a settlement agreement means that they are withdrawing their right to further legal action against P&O?

Peter Hebblethwaite: Yes, I do. We are making extremely generous payments as a result of that—£36.5 million is, we think, the largest maritime settlement arrangement in history. There will be people receiving upwards of £170,000—

Q114 **Chair:** How many?

Peter Hebblethwaite: I don't know. Very few. About 40 will receive more than £100,000, but most importantly, actually, at the other end of that scale, we have capped the minimum, so if somebody started work with us in the last month or so, we have said that we will pay a minimum of £15,000. We have uncapped the top and we have absolutely said we will pay, as a minimum, £15,000. We recognise that we did a very, very difficult thing. We recognise money isn't everything, but we do want to compensate people fully, and I absolutely want to be focused on getting them all new jobs.

Q115 **Chair:** Thank you. Mr Kristensen from DP World, the owner of P&O Ferries, are you going to sack Mr Hebblethwaite for gross misconduct?

Jesper Kristensen: I cannot imagine that we would do that, no.

Q116 **Chair:** Did you sign off on these proposals?

Jesper Kristensen: DP World has been informed on a continuous basis about the situation in P&O Ferries—obviously, as the shareholder. We were also informed of the evaluations that P&O Ferries have had, in terms of the different routes to make this business viable and sustainable, and also informed of and supported the decision that was eventually taken.

Q117 **Chair:** Thank you. Mr Hebblethwaite has just said, Mr Kristensen, that P&O Ferries was about to presumably immediately go bust unless you sacked 800 members of your staff. Do you agree with that assessment?

Jesper Kristensen: So the business—P&O Ferries—has definitely lost a lot of money over the last few years. No business can sustain that forever. The business was not viable in that situation or under those conditions. A number of things were evaluated. Eventually, this model was then chosen as the only route available as an alternative to ending up in liquidation or the like.

Q118 **Chair:** It is very strange, Mr Kristensen, because lots of other businesses in trouble follow perfectly legal routes, but you seem to have no regrets about the decisions taken by your business.

Jesper Kristensen: Mr Chairman, with all due respect, you have not heard me say that we have no regrets. We acknowledge it.



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Q119 **Chair:** Would you like to express some regrets?

Jesper Kristensen: At DP World, we also acknowledge the pain this has caused a lot of people—employees, seafarers, their families and so on. You have not heard me saying that we do not acknowledge their pain.

Q120 **Chair:** Well, I am sure the families are grateful for your regrets after sacking them, Mr Kristensen. I have one last question for you. I understand that DP World owes £146 million to the Merchant Navy Ratings Pension Fund. When are you going to pay that?

Jesper Kristensen: I don't know whether £146 million is the right number. I have no knowledge of that.

Q121 **Chair:** I understand that it is. I also understand that you spent £147 million sponsoring a golf tournament. It should be affordable for you, shouldn't it?

Peter Hebblethwaite: May I add a point? The liability for the pension fund, as I understand it, is a P&O liability. We have an agreement, and we will honour that agreement to make those repayments.

Q122 **Chair:** DP World will be giving you the money to do that, presumably, given that you don't have any.

Peter Hebblethwaite: Sadly, the reality is that this was a very difficult step we had to take to make the company viable and profitable, and at that point we will be able to honour our own commitments.

Chair: Very good.

Q123 **Andy McDonald:** Mr Kristensen, you talk about this being painful and difficult. Your company paid out \$376 million in dividends to shareholders in the last two years alone. Could you not use some of that money to treat the workforce at P&O with some decency and dignity? Do you not think that was your duty?

Jesper Kristensen: So DP World has taken absolutely zero dividends out of P&O Ferries for many years. On the contrary, we have kept on supporting the business over and over again, supporting the existence of that business for a number of years with hundreds of millions of pounds.

Q124 **Andy McDonald:** Okay—without regard to the welfare of the workforce. Mr Hebblethwaite, did P&O have a duty to consult the unions in good time over the redundancies, pursuant to section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992?

Peter Hebblethwaite: There is absolutely no doubt that we were required to consult with the unions. We chose not to do so.

Q125 **Andy McDonald:** You chose to break the law?

Peter Hebblethwaite: We chose not to consult. We will compensate everyone in full for that. I recognise that this is a really difficult—

Q126 **Andy McDonald:** When you get in your car, drive down the motorway



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and see the 70 mph sign, do you think, "That is not going to apply to me. I am going to 90, because I think it is important that I do that"? Is that how you go about your life?

Peter Hebblethwaite: No.

Q127 **Andy McDonald:** No, it isn't. Did the collective agreements in place between P&O, RMT and Nautilus provide for negotiation over such matters as redundancies?

Peter Hebblethwaite: Can you rephrase the question?

Andy McDonald: You had collective agreements with RMT and Nautilus. That provides for negotiation over such matters as redundancies. You have done it before. Why didn't you do it? What was the moral justification for you not doing that?

Peter Hebblethwaite: Okay, so these were very extreme circumstances. In order to answer that question fully, can I explain the difference between the operational model we previously had and the one we are moving to, so that you understand how fundamental a change it is? That helps me explain why we had to take the route we had to take. Would you allow me to do that?

Q128 **Andy McDonald:** I'm sorry, but as the Chair has already pointed out, there are many companies that have difficulties. They obey the law and consult their members through their trade unions. You have not done that.

Peter Hebblethwaite: We have moved from one operating model to another.

Q129 **Andy McDonald:** You have not escaped the law of this country. You've still got to do it within the legal framework. You cannot just decide that you are going to absent yourself from the legal system of the United Kingdom.

Peter Hebblethwaite: It was our assessment that the change was of such a magnitude that no union could possibly accept our proposal.

Q130 **Andy McDonald:** Oh, you're right about that, Mr Hebblethwaite! I have never heard such farcical answers to a series of questions.

Can I move on, Chair? In selecting UK employees, most of whom will be UK nationals or residents, for dismissal, P&O was evidently discriminating against them on grounds of nationality. What was the legal justification for doing this?

Peter Hebblethwaite: To be clear, actually, these were not exclusively UK nationals. They were largely UK nationals, but this was a group of international employees.

Q131 **Andy McDonald:** So what are the new rates of pay to be offered to the new crews? How much are you paying them?

Peter Hebblethwaite: The two models are very different, so to answer that question is a bit more complicated, if you can allow me the time. The



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previous operating model required us to have four crews for every ship on Dover-Calais. The new operating model requires us to have two crews and pay people when they work. So they are assessed in slightly different ways. The answer to your question is that the average Jersey seafarer was paid £36,000 and will receive £46,500—a year and a third—in compensation. That is part of the answer to the question.

The second part of the question is: what are the hourly rates of pay for the new model? The average hourly rate of pay is £5.50. On top of that, there is a pension contribution. There is food and accommodation.

Alan Brown: That is below the minimum wage.

Peter Hebblethwaite: Sorry, can I make a couple of points, please? On the international routes that are governed by ITF standards, we are paying above ITF minimum wages. On our domestic route, which I think was referred to earlier—Larne-Cairnryan, where we are governed by the national minimum wage—of course we are paying the national minimum wage.

Q132 **Andy McDonald:** So the seafarers aboard the vessels that are leaving Dover—the replacement crew—are going to be paid, on average, at the rate of £5.50 per hour.

Peter Hebblethwaite: Yes.

Q133 **Andy McDonald:** That is below the national minimum wage of this country. How do you reconcile that?

Peter Hebblethwaite: Where we are governed by the national minimum wage, we will absolutely pay the national minimum wage. But this is an international seafaring model that is consistent with models throughout the globe and our competitors.

Q134 **Andy McDonald:** Could you live on £5.50 an hour, Mr Hebblethwaite? Could you sustain your lifestyle on £5.50 an hour? No, you couldn't, could you? Why do you expect people who have such responsible jobs to be able to do that? How do you expect them to be able to feed their families and pay their bills on £5.50 an hour?

Peter Hebblethwaite: There are a couple of very important points here.

Q135 **Andy McDonald:** Yes, one is called gas, and one is called electric. Those are the important points. They cannot pay their bills.

Peter Hebblethwaite: There are a couple of important points, please. The seafarers who are joining us are international professional seafarers with all the international certification. These are experienced seafarers.

Q136 **Andy McDonald:** I have to move on. Mr Kristensen, on the DP World website, you say: "DP World respects and supports the human rights of our employees." You go on to say, among other things: "In relation to collective bargaining, DP World respects the laws and labour practices of each country and will not hinder the development of means for independent and free association." How would you square that with the



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experience of your company, P&O?

Jesper Kristensen: Sorry, the line was breaking up. Could you repeat the latter part of the question?

Q137 **Andy McDonald:** You will be familiar with your own human rights statement, which adheres to the universal declaration of human rights, the ILO declaration on fundamental principles and rights at work, and the guiding principles on business and human rights, yet you have completely trashed them in this. Are you going to take this down off your website, because it is an insult?

Jesper Kristensen: I do not believe that it is an insult, and I do not believe that any of what we have done at P&O Ferries—

Andy McDonald: You need to ask the 800 people that you have—

Jesper Kristensen: —is in conflict with any of that.

Q138 **Andy McDonald:** Of course it is a direct conflict. We hear some ridiculous things, but for you to say that those principles still obtain when people have been summarily dismissed, with no notice whatsoever, and replaced by people on £5.50 an hour, is an outrage.

There are some NDAs here, Mr Hebblethwaite; are you going to rescind those? Quite frankly, the members of these Committees think this is absolute thuggery and criminality. You are behaving like gangsters to blackmail people into this situation. Will you withdraw those NDAs and let people have the freedoms that we all enjoy?

Peter Hebblethwaite: I assume you are talking about the confidentiality clause that is in the severance agreements?

Andy McDonald: Gagging agreements, yes.

Peter Hebblethwaite: It is a standard confidentiality clause and actually it is there to protect both sides.

Q139 **Andy McDonald:** Oh God! Okay, I am just getting to the end of this. Let me just ask one more question. Why did you employ a private security firm to remove seafarers from your vessel? Were you pleased with what you saw on our televisions and on social media—people with handcuffs marching up the gangplanks on to these vessels? Why did you do that?

Peter Hebblethwaite: I do not think you have seen pictures of people in handcuffs. Actually, it was very clear; we did employ a security firm of professionals, and the reason for that was to keep our people and the ships safe. The reality coming out of this is that we did not get a single incident throughout the day; we kept everybody safe, everybody secure.

Q140 **Andy McDonald:** Mr Hebblethwaite, people were terrified. They were going about their work in the ordinary way, and see people invade the ships and start ordering them about, telling them that they had to pack their bags and go. Is that a humane way to treat loyal employees who have given you such incredible service? Is that decent?



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Peter Hebblethwaite: The security team were there to keep the ships, and most importantly the people, safe at a time that was genuinely a stressful time for them. It was our assessment that that was—

Q141 **Andy McDonald:** It was stressful because you made it stressful. You were the author of the stress.

Peter Hebblethwaite: There is no doubt that when people hear that they are losing their job it is extremely stressful. We wanted to keep the ships, and most importantly our people, safe.

Q142 **Gavin Newlands:** To just come back on this, can you clarify for the Committees, for everyone watching and for P&O workers what employment law provisions you have breached?

Peter Hebblethwaite: We have not consulted, and for that we are fully compensating people—in full, upfront.

Q143 **Gavin Newlands:** How much is the business going to save each year by sacking the crew summarily and employing agency staff?

Peter Hebblethwaite: This entirely different model is about half the price of the previous model.

Q144 **Gavin Newlands:** About half the price?

Peter Hebblethwaite: Yes.

Q145 **Gavin Newlands:** You said the average wage of the seafarers in the new model. What is the lowest hourly rate in the new model?

Peter Hebblethwaite: £5.15.

Q146 **Gavin Newlands:** The lowest?

Peter Hebblethwaite: Yes.

Q147 **Gavin Newlands:** You said in answer to Mr McDonald that the average was £5.50—

Peter Hebblethwaite: £5.15. The average ranges from £5.50 to about £6—depending on exchange rate, but I gave you the low end of that.

Q148 **Gavin Newlands:** £5.15. Do you think that is a fair wage? Do you think that international maritime laws, in terms of wages, are fair and sustainable, or—as many people now see it—modern-day slavery? What would you say to that?

Peter Hebblethwaite: The rates that we are paying are in line with, or above, ITF minimum standards. And it is the operating model that the vast majority of operators across the globe work to. This is the competitive standard.

Q149 **Gavin Newlands:** I appreciate that, but do you think the ITF standards are fair and reasonable? Is that something that the world, perhaps in light of your actions, is going to have to look at and address?



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Peter Hebblethwaite: I think that they are negotiated rates of pay, and therefore those have been successfully negotiated on both parts—both sides.

Q150 **Gavin Newlands:** I am not sure how successful it was on the workers' part, to be perfectly honest. Over the last year, have P&O or DP World broached with any Government Minister or official that you may be changing practice at any point? Not an official notification of what you did last Thursday, but any hint or indication as to what you might be doing or looking at.

Peter Hebblethwaite: I can share my understanding, but I wasn't at the meeting. I believe that on 22 November the Secretary of State for Transport was visiting Dubai, that at Expo he met with some of the DP World exec team, and that as part of a broader ranging discussion, which included ongoing investment in the British economy, the subject of P&O Ferries was brought up and that we would be needing to make some changes to our business this year. Beyond that, I cannot confirm; all I can say is that at that point in our planning we had not finalised our plans, so I doubt any conversation went further than that, but I don't know.

Q151 **Gavin Newlands:** I appreciate that the final plans hadn't been made, but that is quite an important point you have just raised. Could you perhaps look into that and provide the Committees with more detail on that meeting? The fact that the Government were perhaps warned months in advance that something was afoot is quite an interesting point that the Committees might want to note.

Turning my attention to Mr Kristensen, has any other DP World company ever undertaken such an action? Is this standard practice for DP World, or is this a first?

Jesper Kristensen: I don't know, to be quite honest. In the period of time that I have been occupied with DP World, I do not think that there has been anything similar to this, but we have also not had a situation in the company, or in the businesses that are owned by DP World, that is similar to the one that P&O Ferries has been finding itself in.

Q152 **Gavin Newlands:** Just for clarity, could you write to the Committees just to confirm that indeed this is the first time that a DP World company has undertaken this sort of action?

As for the impact on DP World, are you concerned what this might mean for its relationship with the UK Government moving forward? As we understand it, you have an agreement in place with the Government with regard to freeports. Do you think this will have an impact on that agreement?

Jesper Kristensen: So I am responsible for the maritime activities in DP World. I cannot speak for what that means to other parts of the business, but I can assure you, as Mr Hebblethwaite and I have done in this session, that we have taken a lot of consideration in a decision that was taken here. The P&O Ferries board have been coming to DP World and consulting with us on this—we have been informed. We have met everything we



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could to ensure that all proper care was taken. We have taken on everything we can do to make sure that the people affected are being looked after. So, yes, of course we have taken into consideration that this decision could have some kind of impact beyond P&O Ferries, but still we have given P&O Ferries the support for that decision under the prevailing circumstances.

Q153 Gavin Newlands: Did DP World essentially force P&O to take this decision, or was it just a broader, "You must save £x million"?

Jesper Kristensen: P&O Ferries is a business in its own good right, and the P&O Ferries board will have to take the business decisions for P&O Ferries that it has to take. DP World is interested in and obviously focused on making sure that our businesses are viable, whether they are in one corner of the world or the other. But at the end of the day, the operational decisions in P&O Ferries are for P&O Ferries to decide upon.

Q154 Gavin Newlands: Okay, thanks. Going back to Mr Hebblethwaite, did you anticipate such a reaction?

Peter Hebblethwaite: Can I just confirm Mr Kristensen's point? This was a P&O Ferries board decision. We of course required funding and support to do it, but ultimately this was a P&O Ferries decision. This was not forced on us, or even suggested to us, by DP World. Sorry, what was your question?

Gavin Newlands: What was my question? *[Laughter.]*

Mr Bradshaw: "Were you expecting this reaction?"

Gavin Newlands: Thank you, Mr Bradshaw.

Peter Hebblethwaite: I apologise. The reaction to this has been extremely strong—there is no question about that—and I do regret that. I recognise it—I really, really do recognise it—but there was no P&O without the changes that we needed to make. We anticipated that this would be very difficult, very controversial.

Q155 Gavin Newlands: And lastly from me before I hand back to the Chair, are you not concerned that these actions will actually bring about the end of P&O, rather than save it?

Peter Hebblethwaite: I think we've got a tough job to do now to rebuild the business, but I think a P&O with a future and a P&O that is able to be competitive, pay its own bills and offer the customer service that is required has a much better chance.

Chair: Thank you. I am afraid I have indications for questions from literally every member of the Committee apart from Huw. I am going to call you all, but please just keep your questions and answers tight and keep it moving. Nusrat Ghani.

Q156 Ms Ghani: Mr Hebblethwaite, is it accurate that you said that the Minister was informed on 27 November?



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Peter Hebblethwaite: The 22nd.

Ms Ghani: 22 November.

Peter Hebblethwaite: Is my understanding.

Q157 **Ms Ghani:** Which Minister?

Peter Hebblethwaite: Sorry, the Secretary of State for Transport. If I misspoke, I apologise.

Q158 **Ms Ghani:** Do you have a minute of that conversation?

Peter Hebblethwaite: I don't, no.

Q159 **Ms Ghani:** What a mess! P&O Ferries have been operating since 1844, and then in one Zoom meeting you trashed it all. Eight hundred people are now on the dole, and you are now trying to clean this up, having ruined the reputation of P&O Ferries and undermined everything we are trying to do in the sector, even encouraging people to come forward and become seafarers, and you are saying that you've got a number of regrets?

I have just been sent a picture of Pride of Kent, where I believe that all the bits and pieces belonging to the crew that you have dumped on the dole are in binbags. Why have you done that? Why don't you fix that right now—make sure that the people that you have fired have some dignity, and get hold of the items they have left behind? Can you fix that right here, right now?

Peter Hebblethwaite: Actually, I have already taken steps to see what has happened there. We will find out the specifics of that photograph, but I have been assured that the team are taking personal responsibility for returning people's belongings to them.

Ms Ghani: Take them out of the binbags and give them back to the people they belong to. Give them some dignity.

Peter Hebblethwaite: The bags that people were given were on the day, so that they could have something to carry off the possessions that they could carry. The possessions they were otherwise taking, we are returning to them, and we are employing companies to do that—to box them up and return them.

Q160 **Ms Ghani:** You will have heard from the earlier session the anxiety we have that the MCA will be able to credibly allow the ships to sail, and you have come forward to say that you have a number of regrets. We would have hoped that maybe you are going to be treating the new crew a little bit better. I have had messages over the weekend from people on board, and this does not give me any confidence that you are going to treat the new crew any better.

The messages say: "The replacement officers were not informed they were replacing crew being made redundant. We were told that a new company was being set up and that it could possibly be from Glasgow. No representatives from P&O were present when they were on board the



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ships to brief the new officers, and we have had no direction from P&O as to next steps to take.” You must understand the fundamentals of managing a passenger ferry service. Surely you have been told and briefed. This gives me no confidence that the new crew have confidence in the leadership or even your leadership, or whether they think the ferries are competent to sail. What is going on? It just seems to get worse every day.

Peter Hebblethwaite: A couple of things. We did employ a professional security firm to talk to people. We had to talk to them all at the same time. You mentioned a Zoom call; the nature of this crewing model is that, at any one time, half of our seafarers are on board and the other half were at home, spread throughout Europe. We wanted to inform everybody at the same time, so the people on board, where at all possible, we spoke to in person. For the people who were not—who were at home and spread throughout Europe—we had no option but to invite them to a Teams meeting. There was a live meeting—yes, it was scripted, but it was not pre-recorded; I think that is important—and then we followed that up with one-to-one phone calls where we could get hold of them, and of course we followed up in writing.

Q161 **Ms Ghani:** Why have the replacement officers not been given one-to-one meetings? Why have they not been spoken to by P&O Ferries’ leadership?

Peter Hebblethwaite: We have been on board. In fact, some of our fleet management team and our ship support services have actually been living on board the ships to help with the familiarisation and the training. I have been on board; I have spoken to the new crew and the new officers. We have had 51 officers ask for the paperwork to join the crewing management company and come back and help rebuild the business.

Q162 **Ms Ghani:** Why did you not come forward to the Department, to ask for more advice or guidance to try to get you out of the situation you felt that you were in?

Peter Hebblethwaite: We felt it was important that we were able to have a viable ongoing business. We needed to move to a competitive operating model that is recognised throughout the world and that our competitors also use. It was a very difficult—very difficult—step we had to take. All my regrets are around the impact it has had on the individuals, but I recognise that it is a step that we had to take.

We didn’t talk to really very many people at all because of the nature of it. We knew it was going to be controversial and it needed to be confidential, because without that confidentiality we simply wouldn’t have been able to implement this incredibly difficult decision.

Q163 **Ms Ghani:** Knowing what you know now, would you change anything that you did last Thursday?

Peter Hebblethwaite: That is a really, really difficult question. The business would close. The business was not viable. This is the only way for us to save this business, and we have moved to a model that is



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internationally recognised and widely used across the globe and by our competitors. I would make this decision again, I'm afraid.

Q164 **Chair:** Wow. Just one quick clarification before I go on to another Member. Mr Hebblethwaite, you said to Ms Ghani that you had a discussion with the Transport Secretary on 22 November.

Peter Hebblethwaite: I didn't—I wasn't part of that discussion—but I believe that a conversation was had in Dubai at Expo on 22 November.

Q165 **Chair:** With whom? Who was the Secretary of State having a conversation with? If it wasn't you, who was it?

Peter Hebblethwaite: Transport.

Q166 **Chair:** So the Transport Secretary had a discussion with somebody in Dubai.

Peter Hebblethwaite: Yes.

Q167 **Chair:** Who?

Peter Hebblethwaite: Some senior execs at DP World. I don't know who. I wasn't there.

Q168 **Chair:** Mr Kristensen, who had that conversation with the Transport Secretary in Dubai?

Jesper Kristensen: I don't know either. I was also not participating in the discussion.

Q169 **Chair:** Presumably you can find out for us and let us know.

Peter Hebblethwaite: Yes, I think Mr Newlands asked us to do that. Please let me reiterate that at that point our plans were nowhere near finalised, so it is unlikely that that conversation would have had any real substance to it, I suspect.

Q170 **Grahame Morris:** This is a joint Transport and BEIS Committee, but you may recall, Mr Hebblethwaite, a previous invitation from the Transport Committee to come to our Committee when we were looking at covid support during the pandemic, but there was a change in the chief executive at that time and that was not possible. That invitation arose because of the covid support the company received and the freight grant—it was about £15 million—but also because a number of redundancies had been announced, affecting a number of ports where P&O Ferries were involved. What was different that you were prepared to respect UK law and consult with the recognised trade unions on that occasion, yet you were not prepared to do it on this occasion?

Peter Hebblethwaite: There is a quite a lot that was different, but it is a good question. During the height of the covid pandemic, we anticipated that it would come to an end in the early part of 2021. We anticipated that we would be able to restructure the business with limited redundancies, and that that was a reasonable conversation and we absolutely consulted with that.



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The covid pandemic has gone on much longer, and we now need to fundamentally address the viability of this business; otherwise it closes and an additional 2,200 people lose their jobs. In this situation, we need to change our operating model. On that basis—I know the reaction I got last time, but it is true—we assessed that, given the fundamental nature of change, no union could accept it. We chose, therefore, not to consult because a consultation process would have been a sham and we didn't want to put anybody through that. We want to and we are compensating people in full and up front for that decision.

Q171 Grahame Morris: Do you have a name for this new operating model that you are applying, with the reduced crewing and so on?

Peter Hebblethwaite: It is called multiple things. People call it agency crew. I talk about running our crewing through a crewing management company.

Q172 Grahame Morris: I have heard it rather crudely referred to as a skeleton crew model.

Peter Hebblethwaite: I think it is really dangerous that I let that lie. These are very, very experienced, fully certified, professional international seafarers.

Grahame Morris: I know time is really short, but can I just ask—

Chair: I am going to have to move on; I am so sorry. I will call you at the end if I have got time. Paul Howell, please.

Q173 Paul Howell: I just find it bizarre that, as a business, you have chosen to break the law as a business decision; it's just incomprehensible to me. P&O are now a laughing stock. I don't know whether you'll find that it's your Gerald Ratner moment, in terms of a business. You're seen by any right-minded people as contemptible in the way you are running your business. I really don't understand how you think that the Government or anybody else is going to want to engage with P&O or DP World in anything with any faith or any trust that you are going to do anything that you say that you are going to do in future. With hindsight, do you really think this is a sustainable way to have your future? Do you think that this is a viable way to run a business?

Peter Hebblethwaite: I think that we weren't viable before and I know that if we hadn't made radical changes the business would have closed. And I know I keep repeating it and I apologise for that, but genuinely that would not have been 800 redundancies, with substantial severance packages; that would have been 3,000 people losing their jobs and the impact on 3,000 people throughout multiple nationalities.

Q174 Paul Howell: Mr Kristensen, you made the comment earlier that it was your part of the business that was involved in this. I got the impression that the broader DP World assessment was not fully considered in this. You talk about it not being associated with the teams that are involved in the freeports-type agenda. Do you not regret that? I mean, it seems to me as though what you have done is that you have exposed your entire



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business to contempt, not just the risk of P&O going down. Do you have any sense of regret from that, even just from a pure business strategy point of view?

Jesper Kristensen: Let me once again stress that this decision was also not an easy one for us to sign off and support in terms of P&O Ferries; of course it wasn't.

I think the commitment of DP World to the UK economy is billions of pounds of investment in terminals and free zones, etc. That commitment, I think, is second to none. I mean, we have not invested more funds anywhere else outside of Dubai than in the UK. And the commitment to P&O Ferries and therefore also a British icon—somebody mentioned it going back to 1847—is also a part of us being very observant to, in this case, ensuring that we have done everything we could to make sure that people were taken care of.

It was also noted a little bit earlier that the packages that have been offered to the affected employees are funded out of DP World, and they are. It has been very important to us to make sure that we did everything we could to support the people who were affected by this. That is also a commitment that we do to make sure that—no, it doesn't make the decision any easier, but at least we have taken it very seriously to try to make the impact as bearable, if I can use that word, as possible.

Paul Howell: Just to wrap it up, Chair, I think it is bizarre, Mr Kristensen, that you think the right way to do it is to buy your way out of following UK law. I think that that is something that will come back and bite you. Sorry, Chair.

Chair: Thank you. Simon Jupp, please.

Q175 **Simon Jupp:** Mr Hebblethwaite, you have said in this session that what you have done to 800 working people, including people in my own constituency, was necessary to save P&O. It stinks. You might have avoided financial bankruptcy, but in the minds of many customers you are morally bankrupt. What have you done to the brand?

Peter Hebblethwaite: The brand has taken a hit. There's no question about that; I don't deny that. We did something that was incredibly difficult and something that we knew was going to be controversial, but we now have a business that we can rebuild and grow—a competitive, modern business. I am very, very sorry to those 800 people and their families, but otherwise the whole business would have closed and we would have lost a British icon, and 3,000 people would have lost their jobs, and that is the backdrop to this—

Q176 **Simon Jupp:** But the icon is now mired in this disgraceful behaviour. How will you recover your brand?

Paul Howell: It's no longer an icon.

Simon Jupp: It is not a British icon any more. It is not something we are proud of.



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Peter Hebblethwaite: Well, we have a future now. We wouldn't have—
We don't have to close the business.

Q177 **Simon Jupp:** Do you really think you have a future? Do you think the customers will want to buy tickets from you, knowing what you've done?

Peter Hebblethwaite: I really do. I think it will take a while. I do think that there is a hit to our business, and again I am incredibly sorry, but we do have a future. We do have a business that is now competitive, that now can meet customer needs and pay its bills.

Q178 **Simon Jupp:** Are you hearing from your booking systems that people are cancelling tickets and cancelling their trips?

Peter Hebblethwaite: Yes.

Simon Jupp: To what extent?

Peter Hebblethwaite: Well, we are not actually on sale, obviously, because, at the moment, we are not—

Q179 **Simon Jupp:** But the future tickets—those that have already been bought for trips that people were looking forward to—have people cancelled them as a result of this?

Peter Hebblethwaite: Some people certainly have. The reduction in bookings is different on different routes, partly because people buy in a different pattern on different routes. On Dover-Calais, we have taken a particularly large decline, but it's because those bookings tend to be made two weeks ahead. On something like Hull-Europoort, where people make bookings three or four months in advance, we are still maintaining strong levels of booking, as we are on Larne-Cairnryan.

Q180 **Chris Loder:** Mr Hebblethwaite, I have three very short questions for you—they are ultra-short. You have basically sacked employees and outsourced employment to agency staff—I think that is a correct assumption—for approximately a third of your workforce, that is to UK citizens. Could you tell us briefly why you haven't done that to French citizens or Dutch citizens? Why is it just the UK citizens?

Peter Hebblethwaite: The vast, vast majority of our crewing model was employed through Jersey. We have maybe double figures of French employees, and we have far fewer Dutch employees, so this was about—

Grahame Morris: It was easier to sack them here. That's why.

Q181 **Chris Loder:** Okay. Where is your office based?

Peter Hebblethwaite: I have an office in Dover, and I have an office in Hull.

Q182 **Chris Loder:** Could you tell us why your ships are flagged in Cyprus, the Bahamas and Barbados when they sail from the United Kingdom?



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Peter Hebblethwaite: This predates me by some way, but there was a change made, and I believe that the move to Cyprus was to do with maintaining our commitments to the French tonnage tax that we have.

Q183 **Chris Loder:** Okay, thank you. Very briefly, I am assuming that you risk assessed this enormous change in your business, and I am assuming that you had a safety risk assessment. Could you tell us what the result of that risk assessment was and whether or not you actually shared it with the Maritime and Coastguard Agency?

Peter Hebblethwaite: One of the reasons for engaging this security firm was to keep everybody—and our ships, but most importantly, everybody—safe. With all the rumours out there, I have to restate the important point that the reality is, and the facts are, that we did not have a single incident—

Q184 **Chris Loder:** Can I just be clear with you? I am talking about your licence to operate. This is what it is about. Have you risk assessed the enormous change, and has the MCA signed off that risk assessment?

In my opinion, I cannot understand how you can continue to operate ships safely in a way where you completely remove your workforce and the MCA has not signed that off. I am sorry that I did not ask the earlier witnesses that question specifically, but I don't think that's been signed off.

Peter Hebblethwaite: Let me just confirm a couple of things for you. We engaged with the MCA before 17 March. We engaged with them first thing on the 16th—please let me finish—

Chris Loder: The assessment is the question. Please answer the one you are being asked.

Peter Hebblethwaite: Okay, so specifically, I don't know the answer to that; let me find out. But, can I just reassure you about—

Q185 **Chris Loder:** Just, finally—I am sorry, Chair, I am just about to finish—do you mean to tell this Committee that the chief executive of P&O has not signed off a safety risk assessment for a massive change in your business? Am I right in saying that?

Peter Hebblethwaite: All of our team have been on this. I have not seen the risk assessment. I will get that back to you.

Q186 **Chris Loder:** I hope the MCA are listening to this, because this is outrageous. I cannot believe that you can maintain your position, sir. I am so sorry, but you have signed off such an enormous change, and you have not directly seen the safety risk assessment. Mr Jones, I will hand back to you. Thank you.

Chair: Thank you. Alan Brown, please.

Q187 **Alan Brown:** To go back to employment law, this was done under UK employment law. Could you do that under French law or under the law of the Netherlands in terms of employment law—this type of mass sacking?



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Peter Hebblethwaite: I haven't explored that, so I don't know the answer to that. I am not a lawyer, I'm afraid.

Q188 **Alan Brown:** So at no point have you taken advantage of the more lax laws in the UK.

Peter Hebblethwaite: The intention was not about the UK. The intention was to move from one operating model to another, as I hope I am reflecting.

Q189 **Mr Bradshaw:** A clarification on that: you have Dutch and French-based staff who have not been treated in the same way?

Peter Hebblethwaite: Correct. But to be clear, they are a very small proportion of our overall crewing model.

Q190 **Mr Bradshaw:** Why haven't you treated them in the same way?

Peter Hebblethwaite: Because this was about addressing an uncompetitive and unsustainable crewing model that we have from our Jersey-based crew.

Chair: One final question from Grahame.

Q191 **Grahame Morris:** We are looking for a remedy here. The model you have gone for must be hugely expensive: the recruitment costs, the specialist security firm, suspending operations so there is no revenue, and the costs of redundancy of the loyal workforce. Are there any circumstances—perhaps the threat of an unlimited fine—that would cause P&O Ferries to think again and reinstate the workforce?

Peter Hebblethwaite: As I say, the business was unviable and unsustainable. It would have had to close had we not made this incredibly difficult decision. I am genuinely deeply sorry to the people affected and their families.

Q192 **Grahame Morris:** So the answer is no.

Peter Hebblethwaite: The answer is if we went back to the previous model, we would have to close the business. It is not viable.

Q193 **Chair:** Mr Hebblethwaite, at the beginning of the panel I asked whether you either did not know what you were doing, or wilfully broke the law. You have said to this Committee today that you wilfully broke the law. You chose not to consult even though you know you should have done, but you decided to pay people off with compensation to break the law. Does that not give you concern that you are in breach of your legal obligations as a company director under company law?

Peter Hebblethwaite: As I say, I completely hold my hands—our hands—up that we did choose not to consult.

Q194 **Chair:** That is quite amazing. You are coming to this Parliament, putting your hands up and saying that you wilfully chose to break the law.



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Peter Hebblethwaite: We did not believe that there was any other way to do this. We are compensating people in full.

Chair: No other way than to break the law, okay. I'm afraid we have run out of time, but thank you for your time, Peter Hebblethwaite and Jesper Kristensen. We will now change the Chair to start the ministerial session. I am told that I therefore need to suspend the session for one minute.