

STATES OF JERSEY



BUS STRATEGY: IMPLEMENTATION

**Lodged au Greffe on 9th December 2003
by Deputy R.G. Le Herissier of St. Saviour**

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

to refer to their Act dated 31st July 2001 in which they approved the Bus Strategy and to request the Environment and Public Services Committee to –

- (a) take all necessary steps to implement fully the Bus Strategy as approved by the States as soon as possible; and
- (b) report to the States no later than 30th June 2004 on progress on implementation setting out details on any issues that would prevent or hinder the full implementation of the Strategy.

DEPUTY R.G. LE HERISSIER OF ST. SAVIOUR

REPORT

Background

The Bus Strategy (P.104/2001) was introduced with much optimism and was seen as critical to a coherent Transportation Strategy. A copy of the proposition as adopted (as amended by an amendment of the then Industries Committee) is attached for convenience at the Appendix.

The plan was to give a long term contract (of 7 years duration) to one operator. This operator was essentially to be given a monopoly over scheduled bus routes.

The contract experienced initial difficulties. Because of various factors, the appointed contractor, Connex, was not able to set up the service on the basis of reliable historical data.

Thus, a 'year of grace' was asked for by the Environment and Public Services Committee so that data could be collected and the Committee, with Connex as its contractor, could start in earnest to restructure services and develop some of the more innovative and growth-oriented initiatives which were expected in the Bus Strategy.

Experience to date

The initial fruits of the review of the data are now with us.

Connex have published their proposals where they state that they are seeking to achieve three objectives, as determined by the Environment and Public Services Committee –

- to increase the level of revenue collected;
- to introduce more flexible timetables;
- to reduce the subsidy needed.

Placed in the context of the objectives outlined in the Bus Strategy e.g.

“to ensure that bus services meet the needs of the travelling public;”

“to set targets for increasing bus usage,”

it is clearly impossible to meet all three objectives underlying Connex's set of timetable proposals.

Indeed, the three objectives are in tension, if not contradiction, with each other. Furthermore, the proposed large contraction of services and the move to enhancing a few core services, suggests that the Environment and Public Services Committee put Connex under enormous budgetary pressure.

The end result is that they reinforce the impression that the Bus Strategy is dying or dead. If these proposals are implemented they will signal that the Bus Strategy is finished. It is dissembling to suggest, as the President of the Environment and Public Services Committee has done, that they are merely proposals which emanate from Connex and which will be subject to full consultation. The die is cast and the whole thrust of these proposals will be to accelerate the downward spiral in terms of an all-Island Bus Service.

Conclusion

The purpose of this proposition is to ensure that the Environment and Public Services Committee is fully committed to achieving the objectives of the Bus Strategy.

Financial and manpower implications of the proposition

There are no financial and manpower implications in the sense that a considerable amount of public funds has

already been committed to the Bus Strategy (approximately £1.9m) and it was always anticipated that on-going subsidies would need to be made for the duration of the contract.

My contention is that these committed and anticipated funds need to be applied differently.

For members' information the 'Funding' Section (Section 5) of the Bus Strategy (P.104/2001) read as follows –

“5. Funding

- 5.1 Following the States' approval of the Committee's Sustainable Transport Policy in 1999, a financial appraisal of that policy has been prepared by the Department with the assistance of consultants. Taking its cue from recent Budgets, the findings of the Fiscal Review Working Group, as well as from funding arrangements for improved bus services elsewhere, the Public Services Committee proposes to set up a Transport Fund to provide a ring-fenced source of funding for local transport initiatives, including the targeted subsidies that will be necessary if bus travel is to become an acceptable alternative to the private car, at least for some journeys. As envisaged in the recent draft consultation document on the Island Plan, this approach may involve the requirement, through conditions of planning consent, for developers, in certain circumstances, to make financial contributions to the Transport Fund where appropriate. The Committee is examining a number of potential revenue streams which could also contribute to the Fund.
- 5.2 The Committee has received the full support of the Finance and Economics Committee in its wish to bring forward detailed proposals for raising the revenue required for this purpose, and, subject to the States' in principle approval of its Bus Strategy, officers of both Departments will continue working on the arrangements for the Transport Fund, with the aim of presenting a Report and Proposition to the States as soon as possible. The Committee recognises that, in future, the public subsidy of bus services, where required, must be arranged in such a way that will provide transparency and the assurance that value for money is being obtained.
- 5.3 The Committee recognises that the States is required to reduce levels of public spending. However, public spending on public transport is largely non-inflationary. It delivers user and non-user benefits. Indeed, increased use of public transport if coupled with other traffic reduction measures will be good for the local economy, cutting congestion costs for local businesses. It will play its part in environmental protection. It will promote social inclusion, and enhance the social lives of the community, especially among children and other non-drivers. It will also assist in the implementation of the Tourism Strategy, providing a bus service comparable, if not superior, in quality and value for money as our visitors are accustomed to using at home.
- 5.4 The Committee intends to identify where there is a need for the targeted subsidy of services which provide valuable links to places, or at times, which would not otherwise be provided, and where public investment is required to make the necessary improvements in transport infrastructure. The town Hoppa bus, for example, as was provided by Route 88 in the 2000/1 Jersey Bus timetable, was not frequent or cheap enough to provide the level of service which, as the experiment during 1999 confirmed, is desired by the travelling public. In this case, subsidy would be required to bridge the gap between what can be operated commercially and what is considered appropriate socially. Equally, States' subsidy could be used to cushion the bus user against fare increases caused by factors beyond the Operator's control such as increased fuel costs. It is recognised that the States and the public expect a high degree of transparency in the expenditure of public funds, and that, in particular, the operator's accounts will need to be of an 'open book' nature. The States will hold a right of audit over the operator and a right of on-bus survey.
- 5.5 In particular, the arrangements must guard against shoring up inefficient or unattractive practices that continue to render the bus network unattractive to passengers and potential passengers. Incentivisation will be key. Rather than direct subsidy, it may be appropriate to introduce a form of productivity bonus or "availability payment" system that enables investment in new vehicles,

and rewards service level improvements. Depending on the type of subsidy arrangements, it may be appropriate to introduce revenue incentive bands where, on subsidised services, the operator is allowed to retain a proportion of any additional revenue above estimated levels.”

The comments of the Finance and Economics Committee on P.104/2001 were as follows –

“The Finance and Economics Committee supports the development of an integrated, improved and cost-effective bus strategy. However, funding for the increased subsidy will have to be met from within existing States Total Revenue Expenditure, or by exploring, with the Public Services Committee, new options for funding.”

Extract from States Minutes of 31st July 2001

THE STATES, adopting a proposition of the Public Services Committee, as amended by the Industries Committee –

approved the Bus Strategy as set out in the report of the Public Services Committee dated 3rd July 2001, and, in particular -

- (a) agreed that competitive bids for the operation of the Island's bus services should be sought from operators able to demonstrate appropriate experience in operating regulated bus services based on a minimum service specification governed by a Service Level Agreement between the operator and the Committee or any other body appointed by the States to regulate and licence bus services;
- (b) agreed that a licence should be awarded to the operator which best fulfils the specification and which is prepared to work in partnership with the States to enhance the quality of bus services in the Island;
- (c) charged the Public Services Committee to prepare and present to the States for approval amendments to the Motor Traffic (Jersey) Law 1935, as amended, and any other legislation as appropriate, to give effect to the strategy and, in particular, to transfer the licensing and regulatory functions of the Committee to the Jersey Competition Regulatory Authority;
- (d) requested the Public Services Committee to investigate, and bring to the States for approval, proposals to provide for public subsidies for bus services where required in such a manner as to provide transparency and an assurance that value for money is being obtained;
- (e) requested the Public Services Committee –
 - (i) to consult with Committees of the States, parish authorities, local bus user groups and other interested organisations in order to ensure that bus services meet the needs of the travelling public; and
 - (ii) to monitor the effectiveness of bus operations, set targets for increasing bus usage, and publish regular reports on the implementation of the bus strategy.

Members present voted as follows –

“Pour” (37)

Senators

Horsfall, Le Maistre, Stein, Quérée, Bailhache, Syvret, Norman, Kinnard, Le Sueur.

Connétables

Grouville, St. Martin, St. Ouen, Trinity, St. Saviour, St. Brelade, St. Lawrence, St. John.

Deputies

H. Baudains(C), St. Mary, Routier(H), Layzell(B), Breckon(S), Grouville, Huet(H), St. Martin, Le Main(H), Crowcroft(H), Vibert(B), St. Peter, Dubras(L), St. Ouen, Troy(B), Scott Warren(S), Farnham(S), Le Hérissier(S), Ozouf(H), Fox(H).

“Contre” (6)

Senators

Le Claire.

Connétables

St. Peter.

Deputies

St. John, G. Baudains(C), Dorey(H), Martin(H).

One member abstained from voting.