



Public Accounts Committee Car Park Trading Fund

FRIDAY, 6th SEPTEMBER 2013

Panel:

Deputy T.A. Vallois of St. Saviour (Chairman)
Senator S.C. Ferguson
Deputy R.J. Rondel of St. Helier
Deputy G.C.L. Baudains of St. Clement
Mr. R. Parker

Witnesses:

Chief Officer, Transport and Technical Services
Director of Transport, Transport and Technical Services
Finance Director, Transport and Technical Services
Manager Parking Control, Transport and Technical Services

[14:00]

Deputy T.A. Vallois of St. Saviour (Chairman):

Good afternoon. Welcome to the Public Accounts Committee. This hearing is being held to obtain evidence for our review of the Car Park Trading Fund. Could I ask that members of public take into account the Chairmen's Committee Code for the Public during the public hearings, please? Firstly, could I open the hearing by asking the witnesses and members of the committee to state their names and titles for the benefit of the public and the transcript, please?

Deputy T.A. Vallois:

This is obviously about the Car Park Trading Fund, and thank you very much for coming before us today. Chief Officer, as accounting office for T.T.S. (Transport and Technical Services) is it correct to say that you have day-to-day responsibility for the Car Park Trading Fund?

Chief Officer, Transport and Technical Services:

That is correct, yes.

Deputy T.A. Vallois:

Who manages or oversees the balance sheets of this fund?

Chief Officer, Transport and Technical Services:

That is done in conjunction with myself and my deputy.

Deputy T.A. Vallois:

Who is responsible for setting the financial targets for Jersey car parking?

Chief Officer, Transport and Technical Services:

We do that as a senior management team in conjunction with our Minister and the charging that will be set for the year.

Deputy T.A. Vallois:

Are you aware of the committee notes of 25th May 2005 of Environment and Public Services with regards to setting up the Car Park Trading Fund?

Chief Officer, Transport and Technical Services:

I am, yes.

Deputy T.A. Vallois:

Can I ask whether the intentions of that committee are still current today?

Chief Officer, Transport and Technical Services:

I think in broad terms, yes.

Deputy T.A. Vallois:

Have there been any changes since then?

Chief Officer, Transport and Technical Services:

Moving forward there is a slightly different strategy which we are adopting in terms of car parks but the principles adopted in 2005 are ones which we have not fundamentally changed from. There has been minor amendments with changes like the Esplanade car park and various issues like that but nothing beyond that.

Deputy T.A. Vallois:

Thank you.

Deputy R.J. Rondel:

Can I just ask a supplementary? How have those amendments taken place? How have they been brought forward?

Chief Officer, Transport and Technical Services:

With agreement with the Treasurer. That was only on the Esplanade car park.

Senator S.C. Ferguson:

Who came up with the changes? Were these changes where you volunteered or where you were requested to make the changes by the Treasury?

Chief Officer, Transport and Technical Services:

I think there was a discussion and a meeting and a communication where we agreed between us.

Deputy T.A. Vallois:

Can I just ask then how did the Car Park Trading Fund become a trading operation when previously it was a rechargeable account?

Chief Officer, Transport and Technical Services:

When we are getting technical I hand over to my team, if you do not mind.

Finance Director, Transport and Technical Services:

Certainly the information that I have found going back as far as 1997-1998 is when Finance and Economics agreed that it would be determined as a trading account. I do not think it has ever been a rechargeable account. When I worked in the Treasury many years ago the 2 R.R.B.(?) and public services rechargeable accounts that existed then were the Vehicle and Garage Plant Account and the R.R.B. Rechargeable Works, which was things like drainage connections, and I do not think car parks ever was a rechargeable account at that point. It has always been designated a trading account from what I can see from when it changed.

Deputy T.A. Vallois:

From the minutes of that committee meeting, it did state that the Car Park Trading Fund was a rechargeable account.

Finance Director, Transport and Technical Services:

I think it was more to do with the notion about what the income could be used for and there was the change in the law in 2005 which changed the remit a little bit.

Deputy T.A. Vallois:

That is what I thought might have happened. That is fine. Thank you.

Finance Director, Transport and Technical Services:

I think technically it has always been a trading fund.

Deputy R.J. Rondel:

Looking at the terms of reference, you have got a predicted £18 million shortfall which is based on a working speculative document looking at the longer term. Could you explain a little bit about how this figure is derived and what it is exactly?

Chief Officer, Transport and Technical Services:

The cost model for car park trading was instigated based on an asset replacement concept and almost straight line depreciation for the assets with a finite asset life. That basically shows, I think, 4 car parks to be replaced in the next 10 to 15 years because they have got to, I think, 30 years of the asset life we were deriving.

Deputy T.A. Vallois:

Is that 4 multi-storey car parks?

Chief Officer, Transport and Technical Services:

Correct, yes. It was a purely asset-driven cost model. However, I think it is obvious to most people that these assets do not wear out in that period of time. We have done a significant amount of preventative maintenance and I think we are looking at a strategy which is looking at what the customer wants in terms of whether an asset is replaced or not as opposed to whether the asset is beyond its useful working life. We are making sure the assets are not and we are extending those asset lives. So what we are looking at is the original cost model was based on pure asset replacement. Our future cost model is looking at what the customer wants and needs and what the needs for the town of St. Helier is. That may mean some car parks are replaced, it may mean some car parks are reconfigured, but in terms of asset life we can extend the asset

lives of the car parks to whatever we want. Just to put this into perspective, the American Air Force are flying B52s with a 75-year asset life. Car parks do not fly so I think we could get 75 years out of our car parks fairly easily, but it is about preventative maintenance and making the best value of the assets and funds we have got available.

Deputy R.J. Rondel:

Looking in the Medium-Term Financial Plan, do you have a formula for that capital asset that you work to and, secondly, really what you are saying is that those figures in the Medium-Term Financial Plan will not be adhered to because it is almost a fictional figure?

Chief Officer, Transport and Technical Services:

I think fictional is a strong term. The figure is an evidence-based figure, based on the useful life of a building. If you consider a car park like Minden Place, the principles originally adopted on the North of Town Master Plan meant that Minden Place was going to be more of a ... we would not have traffic in that area and pedestrianise that area. Politically that has been viewed as unacceptable. The Minden Place replacement car park has been up in the air because of the North of Town Master Plan, the change to the Town Park and the potential development on the Co-op. So the external factors are too fluid even in terms of pure asset replacement for us to make that level of certainty in terms of the assets that we have to adopt. If you overlay that with changes in technology in terms of car park charging and the Sustainable Transport Policy which is promoting peripheral long-term car parks and then shopper car parks closer to town, then it shows you the needs of the car parks are obviously fluid and depending on what the citizens of Jersey need as opposed to a simple asset plan.

Deputy R.J. Rondel:

So if you do not use that money in the Medium-Term Financial Plan, what happens to it?

Chief Officer, Transport and Technical Services:

At the moment, the money stays in the Car Park Trading Fund.

Finance Director, Transport and Technical Services:

With the exception of the financial return that is generated in the car parks stays within that fund.

Deputy T.A. Vallois:

You mentioned about the 70-year life. That is based purely on ensuring that the assets are maintained appropriately. Would you say that the assets have been maintained appropriately and if not why?

Chief Officer, Transport and Technical Services:

The assets have been maintained appropriately. We do significant work on concrete degradation and cathodic protection to basically make sure the structures will last way beyond their original design life. So for the actual raw structures of the buildings, that has been maintained. I think the current work we are looking at now is the useability of the car parks and how fit for purpose that will be to the future, and that is a different thing to asset management.

Mr. R. Parker:

What is the situation that if something like the North of Town Plan had gone ahead that you are paying interest on the money for building the car parks? If an asset is taken away from you because it is a States decision to change that area of town, how is that accounted? Should that come out of the Car Park Trading Fund or should that be something that ... assets taken away from you that something similar to that should be given back to you from the States budget?

Chief Officer, Transport and Technical Services:

With respect to that particular issue, I think the replacement date and the depreciation mechanism showed a 2019, was it ...

Finance Director, Transport and Technical Services:

Yes, 2018-2019.

Chief Officer, Transport and Technical Services:

Basically, end of asset life in terms of the accounts. If it was deemed as obsolete before that and stopped being in use then it would be an impairment on the accounts. Minden Place is a particular example of a car park that was designed for small cars. At the moment small cars ... the Minis are not small any more. A 2-door Mini requires a substantial space to get in and out. What is really interesting is cars in the next 10 years might become small again so Minden Place could be a really beneficial asset to the States of Jersey and to the citizens of Jersey but at the moment people still want to park in there, so it is one of our least popular car parks. It is very beneficial in terms of location for the market and for that part of town, so we have got this real imbalance. What we are not doing is putting our head in the sand and just leaving it. But I think in terms of the accountancy treatment, if it is obsolete before its time then there is an impairment, but we are looking to extend the life of that car park, certainly for the next 10 to 20 years.

Deputy R.J. Rondel:

Do you think the trading fund could have been managed to be shown in a different way to avoid that predicted shortfall? Is there any other way it could have been managed?

Finance Director, Transport and Technical Services:

I think the predicted shortfall is based on the forecasts and in adjusting our assumptions on life I think that shortfall will reduce or go away over the next few years but ...

Director of Transport, Transport and Technical Services:

I would add to that that I think the model which predicted the shortfall was based on best available evidence at that time. Since then things have moved on and a new model is in the process of being constructed, which will drive different projections.

Deputy T.A. Vallois:

What was the date that model was done?

Director of Transport, Transport and Technical Services:

The last iteration of the model was in 2011, which was based upon the first North of Town Master Plan which is under review.

Chief Officer, Transport and Technical Services:

One of the difficulties of Ann Court, the original plans of Ann Court was to go down below Ann Court 2 storeys. Are they storeys below ground? Basements, which would enable development of a housing site over that site. Now we are currently digging a very large hole in Ann Court to do our project and strong advice is not to dig anywhere below about a metre below ground there because you hit water and the actual cost base of that is a massive undertaking if you need to get under that area. So it is very fluid, the model we have identified included that works and the funding for that works but that works is not something that we would be looking for in the future.

Deputy R.J. Rondel:

Could you say a little bit about how you base your charges, what they are based on, how you work them out and how often perhaps you review?

Chief Officer, Transport and Technical Services:

It is almost a question back to the political members of the panel. Car park charging is very political. There has been challenges in the past about it being *ultra vires* and you have got to be a very brave Minister to increase your car park charges beyond the closing rate of 2.5 per cent or whatever the rate we apply. It is generally a political decision and then we rejig the model based on that. I am not aware, certainly in the time I have been Chief Officer, of car park charges going up beyond inflation.

Deputy T.A. Vallois:

You are saying it is a political issue, like most things. With regards to the Medium-Term Financial Plan, it did state that economic advice supports an anti-inflation strategy of 2.5 per cent but it can go up or below that. It particularly talks about economic advice does not preclude the recovery of full costs of services and anti-inflation policies should not be a barrier to the regular review of charges. How does that tailor against the political view and applying the user pays policy under the financial directions?

Chief Officer, Transport and Technical Services:

In the purest form we would like more charges. We would like to charge more for car parking in Jersey. It would instigate better behaviour in terms of sustainable transport. It would enable more people to travel by bus and other forms of transport, motor cycling or cycling or walking. But the key balance is one of the business need and the commercial need within St. Helier and the lobby of that is very strong. Certainly my current Minister has not been interested or wanted to put a further burden on the current pressures within St. Helier at the moment.

[14:15]

Director of Transport, Transport and Technical Services:

Just to add to what John said, in the Sustainable Transport Policy debate in 2010 the States approved a 50 pence a day above inflation increase in the cost of parking but that was then moderated by an amendment which was brought, not until the whole Island had a fit for service public transport network. Of course, since then the economy has changed also. The way that you might do that does not necessarily mean that you would put up charges. You might extend the chargeable hours. There are lots of different ways of doing it. You may with the advent of A.N.P.R. (automatic number plate recognition) bring in entirely different charging structures which incentivise the type of behaviours you want to ensure that there are spaces free for shoppers, accounts which perhaps provide preferential rates for commercial parking off street in the evenings, that type of thing. You could do lots of different things and that is part of the work that we have got to do going forward in re-creating the model for the future.

Deputy R.J. Rondel:

The fund itself, does it generate a surplus?

Finance Director, Transport and Technical Services:

Well, there is a surplus on the fund at the minute and any surpluses on any of the trading funds, whether that is car parks or any of the others, attract notional interest based on the positive net balances. The rates are based on the monthly return net of fees from the consolidated funds cash

invested with one of the Treasury's asset managers, so there is a comparable rate which is used in order to generate that interest so that there is an interest figure which accrues, based on positive balances on the trading funds.

Deputy R.J. Rondel:

Have you got details?

Finance Director, Transport and Technical Services:

Yes. In terms of the interest received, it has varied over the years, depending on the balances on the fund and the interest rates that have been attracted. Last year it was about £126,000 in terms of interest.

Deputy R.J. Rondel:

Perhaps we could be given details at a later date.

Finance Director, Transport and Technical Services:

Yes. I have got some. I can pass them round.

Deputy R.J. Rondel:

Thank you.

Deputy G.C.L. Baudains:

It seems to me there is a potential conflict or certainly a difficulty in managing the fund, because good practice would be to maintain the car parks as necessary. We have all seen what has happened with housing. If you do not maintain things they become more expensive in the long term. Yet setting charges is really a political issues; you do not work out how much it costs to run a car park and then set the charges accordingly. You are in the hands of other political arguments: shall we knock down Minden Place and lose that and we might have to build another car park? What difficulties does that cause you in managing this fund? Is it actually possible?

Chief Officer, Transport and Technical Services:

It is.

Deputy G.C.L. Baudains:

How do you go about squaring all those circles?

Chief Officer, Transport and Technical Services:

Like many assets, and you have hit the nail on the head, if there is a need for that asset in the future ... I have managed loads of assets in the past where it is temporary or it is short term. It is only if you know it is not going to be there you have got to maintain it adequately. The phase we are looking into next, which is an enhancement of the car park provision, is to take a very balanced view in terms of is that the right place, the right type of car park, the right service for our customers that we provide and can we do that within that space, then we will invest substantially more money in it. What tends to happen when you have got lots of external influences is you just tread water, so you do the basic minimum in terms of maintenance, refresh, change, and it stifles innovation and stifles the way that we can promote the service that we provide. So the reality is it makes it a bit boring and dull when there is all these external challenges.

Deputy G.C.L. Baudains:

So it makes future budgeting somewhat difficult?

Chief Officer, Transport and Technical Services:

Yes. It is slightly different because I think in terms of the basic assets, we maintain them well. We are not throwing good money after bad and we are not allowing assets to degrade to the point which would cost us lots of money. We are maintaining the structures through inspection and remedial works to a high standard. I think the future for us is to look at the experience of the customer, the charging mechanism, the convenience of the car parks to space allowed for a car and maybe review all those things, and also the appearance of car parks and how people feel within them. We have done lots of work about lighting, about colour coding them and various other things but I think the next stage is to enhance the car parks. The best car park in Jersey unfortunately is not run by me. It is run by probably the Co-op and I think we have to learn lessons from that. I want to be proud of the car parks that we operate and I think the combination of planning changes, master plan changes and political reluctance to increase the cost, which I fully understand, means that we have not really grasped the nettle and got on the front foot.

Senator S.C. Ferguson:

If you were doing a real user pays charge, what would you be charging per hour for the car parks? You would obviously have a differential between different car parks, would you not? Okay, take the simple version. If you were going to just do a proper user pays charge, what would the charge be?

Chief Officer, Transport and Technical Services:

That is a very interesting question. I think it depends on what do you encompass into that. If it is the full capital, the land value and ...

Senator S.C. Ferguson:

If it was your car park, you were J Rogers Limited and you had a car park.

Chief Officer, Transport and Technical Services:

I would double them.

Director of Transport, Transport and Technical Services

The car parks are run as a public service rather than a profit-producing entity and hence the car parks also fund all the free car parks around the Island, which are 80-odd, which are public amenities. They also fund the on-street policing which keeps the traffic circulating around St. Helier freely. So the Car Park Trading Fund does much more than look after street car parks. When National Car Parks reviewed the car parks in Jersey, I think it was in 2009, their view was that they would triple the cost of parking but would not be willing to undertake any of the other activities and they would want an exclusivity agreement and they would want to charge for on-street parking to match that within the car parks. So that will give you an idea of what a commercial operator might be looking for, albeit a little bit out of date.

Deputy R.J. Rondel:

How do you assess whether or not you are getting value for money on the performance?

Chief Officer, Transport and Technical Services:

The performance of the Car Park Trading Fund, the financial performance or the performance of the whole including the staffing?

Deputy R.J. Rondel:

The whole, everything.

Chief Officer, Transport and Technical Services:

We have performance management mechanisms within T.T.S. which means that Paul and Tristan are accountable for what they do. We challenge the budget, we challenge what they do and make sure we get best value within the remit of the States.

Director of Transport, Transport and Technical Services

We obviously publish that within our business plan. More recently in terms of the A.N.P.R. system at Sand Street we have undertaken satisfaction surveys as to what people think of that system and the feedback we have is positive with about an 80 per cent satisfaction rate with the A.N.P.R. system at Sand Street.

Deputy T.A. Vallois:

The cost of that system is cheaper than the scratch card system?

Manager Parking Control, Transport and Technical Services:

We are currently in the process of doing a variation report.

Chief Officer, Transport and Technical Services:

One of the challenges with the new A.N.P.R. system is it is very flexible, it allows people to park there for as long as they want and be charged accordingly, but we lose fine income. So there is a balance on this. We like it because people like us when we are not fining so many people, but it was not undertaken for a purely fiscal benefit. It was more for a customer benefit and the reason we have piloted it in that car park is it is one of the busiest and it is one of the ones where we allow people to park there all day if they choose. It will cost them £20 but it is what they can do. It would be really interesting to assess the added value and income we are getting from it versus the fine income we have lost. My personal view is I think it has been a successful trial and I think we can enhance it and make it better next time.

Director of Transport, Transport and Technical Services:

Can I just add a little bit to that? People have been asking for something like that for some time. We are one of the only jurisdictions to successfully implement this in a public car park in the United Kingdom. The technologies are only now coming to that level of maturity and of course there are new technologies coming online in terms of apps with smartphones and the like and we feel that there is a great opportunity for the future to bring the type of ethos that we have put into Sand Street and do similar things on the street as well. We could have an entirely different system for paying for parking in the future which allows more flexibility and allows for soft policing, because one of the only times that many people commit a criminal act, because illegal parking is criminal, is with parking these days and we would be very keen to move away from that and have other mechanisms.

Deputy R.J. Rondel:

What is the success rate of capture of vehicles that do not pay?

Director of Transport, Transport and Technical Services:

In terms of number plate reading?

Deputy R.J. Rondel:

Yes.

Manager Parking Control, Transport and Technical Services:

It is 98.4 per cent.

Deputy R.J. Rondel:

In terms of U.K. (United Kingdom) registered and foreign registered plates?

Director of Transport, Transport and Technical Services:

It does not make any difference.

Deputy R.J. Rondel:

You still manage to capture ...

Manager Parking Control, Transport and Technical Services:

It is exactly the same whether it be European or U.K. The cameras will ...

Deputy R.J. Rondel:

What success rate have you had in capturing foreign registered plates?

Manager Parking Control, Transport and Technical Services:

Exactly the same. It is all built into the 98.4.

Deputy R.J. Rondel:

You are able to capture the fines as well from them?

Manager Parking Control, Transport and Technical Services:

That is a totally different thing. It is exactly the same as the pay card system to do with the fines. You need to get the U.K. address.

Deputy G.C.L. Baudains:

On the list of car parks we have here, which comes to 86, I notice there seem to be a mix of those that you own and administer and charge for and those that you merely administer. It would be helpful to us if you had a breakdown of what is there. My question is does that create a problem for you in the present format for working out what your costs are? Obviously the difference between a multi-storey car park and, for argument's sake, the gravel at La Rocque car park or La Mare car park which is tarmacked but there is no charge, how do you calculate all that? I know you have got numbers, sort of one to 5 or whatever.

Chief Officer, Transport and Technical Services:

It is a good point. The bottom line is parking in St. Helier subsidises the parking that is not charged for elsewhere if it is our asset. We struggle sometimes with some of the assets that are managed by Environment, for example, and we work with them in terms of putting hoggin down and various things like that. The Car Park Trading Fund supports the other car parks.

Deputy G.C.L. Baudains:

Do you recharge people that own the car parks that you administer or not?

Chief Officer, Transport and Technical Services:

It depends. This has sort of grown organically so it is not a set deal. That is the deal you get. So if you look at, for example, Esplanade car park, we operated there temporarily how many years ago?

Director of Transport, Transport and Technical Services:

A long time ago.

Chief Officer, Transport and Technical Services:

It is only recently that has changed because of the S.o.J.D.C. (States of Jersey Development Company) requirements. So I think they are all quite different. If it is a parish perhaps or the Environment Department has a car park that they administer we will help them within ...

Director of Transport, Transport and Technical Services:

Or for instance, say Jersey Property Holdings has a site that becomes available they will contact us and say: "This would be useful for parking" and we will do a deal with them where we will smooth out the site and create a parking area to the benefit of the town economy. The out of town car parks elsewhere add to the economy of the whole Island and so do provide a greater public benefit which is not accounted for within the car park trading account.

Deputy G.C.L. Baudains:

What I am trying to explore here is it seems to me there are 2 sides of the coin where centralisation of management of parking is obviously an advantage but on the other hand there are things which are in there which would probably be better from your point of view placed elsewhere so as not to create so much difficulty in your trading fund.

Chief Officer, Transport and Technical Services:

I think you could say that about many things T.T.S. do. We do not do things for profit; we do it for the benefit of Jersey and the people of Jersey and I think if you cut us in half that is what we are

about. If it was a purely profitable organisation, as I have said, the charging would be substantially higher and we would not be doing any of those other things.

Director of Transport, Transport and Technical Services:

The 2009 Transport Research Laboratory survey of public car parks showed Jersey to be in the bottom third of chargeable car parks, public car parks in the U.K. So we do ...

Finance Director, Transport and Technical Services:

In terms of price.

Director of Transport, Transport and Technical Services:

In terms of price, yes. Yes, not on quality.

Deputy T.A. Vallois:

Can I just ask if you can help me to understand why it is you pay rent for the Esplanade car park and Ann Place?

[14:30]

Finance Director, Transport and Technical Services:

The Esplanade car park, when it was transferred to the S.o.J.D.C. the rental payment that was calculated was based on the occupancy levels and the parking charges. So it is designed to be cost neutral to us, effectively. What happened was the financial return was reduced and I think the return from the S.o.J.D.C. was adjusted as well, the long-term aim being that when it is redeveloped we should not be in a better or worse position if we are running it or somebody else is running it. That is the idea.

Deputy R.J. Rondel:

Are you in a better or worse position at the moment?

Finance Director, Transport and Technical Services:

At the moment it is cost neutral, effectively. What we are paying in rental is equal to roughly what we would be getting based on occupancy levels and parking charges and the financial returns being reduced, such that ...

Deputy R.J. Rondel:

You receive that money from ...?

Finance Director, Transport and Technical Services:

Scratch cards.

Deputy R.J. Rondel:

Direct to you?

Finance Director, Transport and Technical Services:

Yes. We sell scratch cards via our agent. The financial return that was substantially higher the year before was reduced, so what we are paying to the Treasury is reduced and the Treasury is recouping that money elsewhere through ...

Chief Officer, Transport and Technical Services:

Just to add some value, the Esplanade car park is the most profitable car park, the most highly utilised car park and it has probably for us over the period of time been the cheapest one in terms of maintenance, and probably one of the prettiest ones we have got as well.

Senator S.C. Ferguson:

Is it one of the highest in terms of fines?

Manager Parking Control, Transport and Technical Services:

No, it would be one of the multi-storeys.

Senator S.C. Ferguson:

You say that it is one of the most profitable but scratch cards are scratch cards wherever you use them.

Chief Officer, Transport and Technical Services:

Yes, but we assess profitability based on utilisation and our surveys on utilisation has a high issue for the car park and the actual cost to us in terms of asset was the initial tarmac and a few plants as opposed to building a multi-storey car park.

Senator S.C. Ferguson:

That is not one of the ones where you would treble the price?

Chief Officer, Transport and Technical Services:

Well, I would because it is so popular.

Senator S.C. Ferguson:

I know it is probably part of the States policy but you said that one of the things, when you talked about putting the cost of car parks up, was to impose better behaviour on people, which seems a bit like the nanny state. You are meant to be doing a service to the community. Should you also be charging them more to make them behave better?

Chief Officer, Transport and Technical Services:

You asked my opinion if I was a private company. In terms of sustainable transport and the Island's green credentials, if people could use alternative forms of transport, the bus network, the cycling or the other elements then you can promote that through positive carrot elements but you can also promote that through stick elements and a significant increase in car parking charges will get behaviour change fairly quickly.

Senator S.C. Ferguson:

I think there are a number of assumptions and I do not think it is for the P.A.C. to go into them. I think it is a discussion we might have outside these walls.

Director of Transport, Transport and Technical Services:

When John answered the question it was as John Rogers Car Parking Limited. Within the Sustainable Transport Policy document, which was voted on by the States, it had some calculations in there which were based on the same algorithms that are used to determine what difference in price would cause how many people to give up smoking. Those models have been adapted for what would the price differential for parking to public transport need to be in order to get the modal shift required by the Sustainable Transport Policy and that is where the 50 pence a day has come from. So there is a scientific basis behind it.

Senator S.C. Ferguson:

So that when we look at the cost of car parking in 2010 when it was increased above inflation ...

Director of Transport, Transport and Technical Services:

Yes, it was a commensurate modal shift from private car use to public transport and if we do again we will just get the same.

Senator S.C. Ferguson:

So what you are saying is that was a stick to beat the consumer with to knock them into shape?

Director of Transport, Transport and Technical Services:

The actual original 50 pence ...

Senator S.C. Ferguson:

It depends. If you are paying it, it is a stick.

Director of Transport, Transport and Technical Services:

That 50 pence was just brought in for a different reason, was it not, John?

Finance Director, Transport and Technical Services:

There was a requirement to increase the financial return at that point. It was a Council of Ministers decision I think.

Director of Transport, Transport and Technical Services:

So that was not undertaken to induce modal shift. However, within the Sustainable Transport Policy there is a provision for a 50 pence increase to induce modal shift but the first one was to do with the return ...

Senator S.C. Ferguson:

Let us just go back a minute though. You are saying that a ministerial decision overset a decision of the States?

Finance Director, Transport and Technical Services:

There was a specific proposal which was the ... there is a comment in the 2010 budget about: "Charges in the agreed financial returns to the Treasury have increased by £500,000 as a result of the savings proposals approved by the Council of Ministers." The difference from 2009 related to a reduction in investment income from the States, a change in rates. What happened was there was an agreement that there should be a step change. That was partly in conjunction with some of the stuff on the S.T.P. (Sustainable Transport Policy) ...

Director of Transport, Transport and Technical Services:

Which was coming forward.

Finance Director, Transport and Technical Services:

... which was coming forward as well and there was a further proposition which was lodged by the Deputy of Grouville that was accepted to increase it by a further £500,000 in order to fund the eastern cycle track, and that was a one-off. So there was a withdrawal from the trading fund of the £500,000 for the eastern cycle track and there was also this £500,000 which was funded by way of an increase above inflation on the pay cards from 56 pence to 64 pence, and that is before G.S.T. (goods and services tax). So the pay card barrier would have been slightly different but the income we got would have been that amount.

Deputy R.J. Rondel:

You transfer money to the consolidated fund, yes? That is correct. Do you receive interest on that money back into the Car Park Trading Fund?

Chief Officer, Transport and Technical Services:

No.

Finance Director, Transport and Technical Services:

No. On the financial returns that are given to the Treasury, to the States, that is for the States to do what they want with it.

Deputy R.J. Rondel:

But that is put to invest and earn interest.

Finance Director, Transport and Technical Services:

Our financial returns form part of the income of the States essentially. The money that we have ... if we have a cash balance, which would be the other name for whatever our trading fund is sitting at ...

Deputy R.J. Rondel:

You would invest it.

Finance Director, Transport and Technical Services:

... we get interest based on the cash value of that effectively, yes. So if our trading fund is sitting at £50 million we will get an interest based on the £50 million.

Deputy R.J. Rondel:

So your contribution to the consolidated fund, you do not get anything back on that for your Car Park Trading Fund?

Finance Director, Transport and Technical Services:

No.

Deputy R.J. Rondel:

Could you perhaps do that, because Treasury do get a return?

Finance Director, Transport and Technical Services:

I am assuming by contribution to the consolidated fund you mean a financial return?

Deputy R.J. Rondel:

Yes.

Finance Director, Transport and Technical Services:

No, that is set only ... is income for the States so what the Treasury do with that is theirs.

Mr. R. Parker:

How is that calculated, the financial return?

Finance Director, Transport and Technical Services:

It was originally based on a notional rental figure of £1.5 million which was effectively the surplus of income over expenditure that was achieved in 1998 and it sat at that level until 2005-2006 when it then started going up by on average 2.5 per cent, which was the standard inflation allowance that Treasury gives on expenditure and takes on income.

Deputy T.A. Vallois:

Why only 2006 that started happening?

Finance Director, Transport and Technical Services:

That is a good question. I think it was based on that there was not any movements in the cash limits at that time in terms of inflation allowances and it was purely viewed as a notional rental figure up to that point in terms of ...

Deputy T.A. Vallois:

It continued to be classed as rental up until 2009.

Finance Director, Transport and Technical Services:

Yes, it was paid to T.T.S. until the rules changed under G.A.A.P. (generally accepted accounting principles) and then it became part of just the general financial return. In 2005 that is also when the road traffic law was changed so that there was not this direct link between expenditure and income. It was L5/2005 was the amendment to the law.

Mr. R. Parker:

So there is no particular calculation for it other than the figure that was set in 1998 and then adjusted?

Finance Director, Transport and Technical Services:

It was a notional figure in 1998 and adjusted. Then it has subsequently been adjusted up and down, depending on individual changes in the year, so the £500,000 in 2010, and then subsequently in 2012 when the Esplanade car park agreement came into place that was when it went down by £759,000.

Mr. R. Parker:

But then in 2013, 2014 and 2015 it is over the £1.5 million, going up to £1.6 million, which shows that it appears to be running with or probably just below that inflation rate but then the money with the Esplanade goes straight back into the States Treasury as well, does it not?

Finance Director, Transport and Technical Services:

The rental from the Esplanade goes to the S.o.J.D.C. who have actually paid it and then it essentially comes back by way of dividend.

Mr. R. Parker:

So that is another £600,000, £700,000 increase on that figure?

Finance Director, Transport and Technical Services:

£759,000 is what the rental is this year on the Esplanade car park.

Mr. R. Parker:

That is in addition to the amount that you return to the States?

Finance Director, Transport and Technical Services:

Yes.

Mr. R. Parker:

So it is quite a significant increase.

Finance Director, Transport and Technical Services:

Well, it is running at the previous year's levels, roughly.

Mr. R. Parker:

But then you have to add on what has happened probably regarding the Esplanade.

Finance Director, Transport and Technical Services:

Yes, and in 2011 it was £2.2 million. It has reduced to £1.5 million if you add £759,000 to that, roughly back up to the £2.2 million level which is what it was set at.

Mr. R. Parker:

In 2009 it was 16 by 5.

Finance Director, Transport and Technical Services:

Yes.

Mr. R. Parker:

Then you had the issue with the £500,000, which is the one-off.

Finance Director, Transport and Technical Services:

The one-off £500,000 and a permanent £500,000 increase which was to do with the savings identified by the Council of Ministers in the S.T.P. objectives. So there is a one-off £500,000 in 2010 and a permanent £500,000 increase in 2010.

Mr. R. Parker:

Right.

Finance Director, Transport and Technical Services:

So effectively it went up by £1 million and then dropped back to only £500,000 increase.

Mr. R. Parker:

Right, and then it dropped back again because you have ...

Finance Director, Transport and Technical Services:

Because of the Esplanade car park.

Mr. R. Parker:

That is rerouted through the Esplanade car park.

Finance Director, Transport and Technical Services:

Yes.

Deputy R.J. Rondel:

S.o.J.D.C. pass that same figure back to the Treasury, or is it different?

Finance Director, Transport and Technical Services:

I believe so. It is done by way of dividend. I am not sure if they pass back exactly the same figure. I do not know off the top of my head.

Deputy T.A. Vallois:

Can I clarify, the States of Jersey Development Company own the car park right on the waterfront, do they not?

Chief Officer, Transport and Technical Services:

Yes.

Deputy T.A. Vallois:

Do they run that?

Chief Officer, Transport and Technical Services:

They do.

Deputy T.A. Vallois:

So why do they not run the Esplanade?

Finance Director, Transport and Technical Services:

Because at the minute it is by way of scratch card. Rather than put extra infrastructure in there when it is shortly to move, I think while it is moving around on a temporary basis it will continue to be a scratch card car park.

Director of Transport, Transport and Technical Services:

I think as well that the Esplanade car park was run by Transport and Technical Services since its beginning and there has never been any change to that. It has always been run so the configuration has not been changed. It suits the scratch cards at present and ...

Deputy T.A. Vallois:

Just moving on to terms of reference 2. How do you envisage fulfilling the philosophy of the Sustainable Transport Policy with regards to the parking charge increases when there is an obligation under financial direction 4.1 and the anti-inflation strategy not to increase charges?

Finance Director, Transport and Technical Services:

The policy that has been adopted is certainly from the model it recommended the use of R.P.I (retail prices index) Y which is excluding housing costs and indirect taxation. We have applied that

over the last few years and that has varied either up or down more than the standard headline rate of R.P.I. Sometimes we have been better off and sometimes we have been worse off. Any increases over and above there would have to be a case setting out why those are required and that might be for replacement car parks or to achieve specific objectives in terms of local change, transport adjustments. That would have to be agreed between the Minister for Transport and Technical Services, the Minister for Treasury and Resources and adopted by the States because it would have to come in somewhere in the Medium-Term Financial Plan as a change in the financial return or the income levels. It is all agreed by the States so there would be some decision on that basis.

Deputy T.A. Vallois:

So as long as it is agreed by the States then the financial direction ...

Finance Director, Transport and Technical Services:

Our assumptions are that it will go up by R.P.I.Y normally.

Deputy G.C.L. Baudains:

Given the whole range of issues of the ownership anomaly between the old Waterfront Enterprise Board, Harbours and yourselves, the fact that scratch cards can cover 3 hours or 20 minutes and you have got a different system at Sand Street car park and you have got pay cards for streets and you have got car parks where there is no charge and all that, are you sure that members of the public fully understand what it is they are paying for? Do you think a different model would be more suitable that has more clarity, because some people are obviously clear that they are getting free parking and are quite happy with it and others think they are paying too much? What are your thoughts on that?

[14:45]

Chief Officer, Transport and Technical Services:

I think you are absolutely right. There is not clarity. The options when you drive into St. Helier as a visitor or a new person to the Island I think we have got particular blocks in terms of different ways of charging as the private sector element. There is the S.o.J.D.C. provision. We have got Sand Street with is A.N.P.R. We have got scratch cards, on street, off street, different charging elements, yellow discs. Then you have got Harbours areas. I think it is a bit of a mess and what we would like to do ...

Deputy G.C.L. Baudains:

Do you think the ownership balance is correct or are there some car parks that you think should be outside of your administration or vice versa?

Chief Officer, Transport and Technical Services:

There has always been a challenge on why are we running car parks, and it is a challenge I have also raised with my team. If you say we are running car parks for the benefit of Jersey, I think that is a slightly different way of looking at it. What I would say is with the technology we have learned a lot from the Sand Street one and I think proved generally a great success. I think if you can roll out a common approach and a common look and feel and a simple system to all the car parks then I think the management of that should be under one body. I think having more people dealing with car parks just makes it confusing and I do not think it is the right solution for Jersey. My honest view is a metamorphosis of the Sand Street system which is then applied to all car parking provision would be of great benefit for everybody and just make things a lot simpler.

Deputy R.J. Rondel:

Or the waterfront car park which is a sort of similar version run by the S.o.J.D.C.

Chief Officer, Transport and Technical Services:

That is right, but it is not the same and I think the confusion for members of the public ... and I think it is probably one of the reasons we get quite a lot of fine income is people are just confused by it.

Deputy R.J. Rondel:

Why is it then on the States of Jersey website that you have got very detailed information on the Sand Street car park but there is no information about any other car park and how the public may well be able to use them?

Chief Officer, Transport and Technical Services:

Because Sand Street is new and exciting and the others have been there longer than we have.

Director of Transport, Transport and Technical Services:

Part of the reason was when we went to look at some parking with A.N.P.R. run by a shopping centre in the U.K. what we observed were lots of people standing around looking confused and not knowing how to operate them. So when we implemented A.N.P.R. we ensured that we had lots of materials out there to explain to people how to use them and then we also put on people who assisted people during the first few months. That is the reason we think that we have been

successful where other car parks have failed in terms of utilising A.N.P.R. technology. I think that is why we have got 80 per cent satisfaction rates.

Chief Officer, Transport and Technical Services:

The amount of effort and work done by Paul and his team late at night with drunk people trying to put money in car parking ...

Director of Transport, Transport and Technical Services:

And the people who volunteered from Back to Work and others.

Chief Officer, Transport and Technical Services:

Back to Work people who were doing the work and it was, I think, a fantastic achievement and some of the angst and anger that we saw, as well as positive things, was a way of delivering something which I think will be beneficial in the future.

Deputy R.J. Rondel:

I agree and I saw a lot as well daily, but my question was why is there not more information on the States of Jersey website that anybody can ...

Manager Parking Control, Transport and Technical Services:

To be honest, on the transport section there is an article which tells you about scratch cards et cetera.

Finance Director, Transport and Technical Services:

There is also some information on the tourism pages as well, on the Jersey.com website.

Director of Transport, Transport and Technical Services:

If I am correct, in the leaflets on the Condor and the like and at the airport.

Manager Parking Control, Transport and Technical Services:

The airport, the Condor. Hire car companies deliver leaflets to all the hotels which have been updated with the new system, so they deliver to every hotel and guesthouse on the Island.

Deputy G.C.L. Baudains:

Looking at the wide range of car parks you have from multi-storeys right down to non-chargeable and on-street parking and all sorts of things, do you think it would be easier for you to manage, not only physically but from the Sustainable Transport Policy and from your own funds, just the major

car parks, the multi-storeys and suchlike and perhaps the outlying ones be outsourced to the parishes? Has that ever been considered?

Chief Officer, Transport and Technical Services:

No problem with that, but generally speaking the parishes request us to manage them on their behalf because they do not have the staff trained and the staff who are able to do this work.

Manager Parking Control, Transport and Technical Services:

I think a little bit more detail on that is if we look at the gravel car parks they are very easy to manage, to be honest, because obviously we resurface them maybe once or twice a year but it is nice that there is that consistency that we do all those car parks and if you put them into the parish you might find a lot of them have bigger potholes, et cetera. We have got that programme in place. But also the free car parks, most of those are ... we administer the line markings and tarmac. We have got a programme of replacement of surfaces. The free car parks, most of those are policed by the parishes, so they do police those and issue fines if people are dumping vehicles or they are parked illegally, which is ...

Deputy G.C.L. Baudains:

That is what I was thinking. This is the trouble, the lack of clarity not only financially but of management of who owns what and is responsible for. It took me some time a little while ago to find out who was responsible for the car park at Bouley Bay, which I thought was yourselves and then I was told it was somebody else, and then I finally found out it was Planning. It cannot be helpful. Within your car parking charges there is also a degree of social engineering, as we heard earlier, to encourage people away from using private cars and that sort of thing. Do you think there is any scope for amalgamating the trading fund or absorbing it into the Sustainable Transport Policy or vice versa, or would things become too opaque?

Chief Officer, Transport and Technical Services:

I think there would be benefits of that because you would hypothecate some of the income and really ...

Deputy G.C.L. Baudains:

The funds have already been drawn out from ... I remember at least 2 occasions when the States have taken money from your trading fund to put into the Sustainable Transport Policy.

Chief Officer, Transport and Technical Services:

The question you would ask on the flipside of that is that the trading fund was set up to start accumulating money for asset replacement and improving the car parks, because car parks are

not sexy and they would never win on a debate about a new hospital or a hospital wing versus a new car park. So it probably does need this level of protection. Then in terms of the transport element that is an interesting point and it is one which we could review. You would have to sort of work out what would be the divides on that in the capital and whether you could actually do that. Would that be legal to do, John?

Finance Director, Transport and Technical Services:

Under the Road Traffic Law there is provision for the Minister to take into account such things as he deems are reasonable to fund from the Car Park Trading Fund in setting charges. Some of that is sustainable transport so it could be used, for example, to subsidise the Sustainable Transport Policy objectives.

Deputy G.C.L. Baudains:

Do you think more should be taken from central funding? I am just thinking that there is about £20 million a year from the motorists in road tax which has been put on fuel. That seems to disappear into general taxation. Do you think some of that should be moved either towards your Car Park Trading Fund so it would enable you to perhaps build more car parks if ...

Chief Officer, Transport and Technical Services:

You are starting that great debate about hypothecation which I think accountants really like and engineers do not really understand. It sounds perfectly sensible, does it not, that the money raised by the people driving should be spent on the roads but it just does not work like that?

Finance Director, Transport and Technical Services:

I think the original reason why it came about in 1998 was all to do with bus services, funding of bus services by way of transport.

Deputy G.C.L. Baudains:

It just seems to me there are so many different bits involved. There is the social engineering, there is the upkeep of your car parks, there is the bus service, there is cycle routes and all sorts of things, and there seems to be this hypothecation or ring-fencing certain elements to a degree but they are all interlinked.

Chief Officer, Transport and Technical Services:

We are engineers and that makes perfect sense.

Finance Director, Transport and Technical Services:

The items that are within the Car Park Trading Fund are generally about running the car parks and the parking control and things of that nature. That is generally only what is in that fund. In terms of what the financial return is used for, that goes into the States but you can trace it back to this rental figure in 1998 and bus services.

Mr. R. Parker:

Can I go back to the financial return to the States? I am having a little difficulty with something. You end up that there seems to be a conflict of interest between the Treasury and yourselves in that you have a return that goes to the States of Jersey and then you have got the Treasury who are also the ones who are having to deal with the anti-inflation strategy, therefore it is in their interests to increase the income and you have the situation that they are the ones who are controlling it. So, is there anyone outside that or this financial return that is effectively dictated which then, based on the user pays under the directions, means that the rates have to go up? I totally understand the political issues regarding policy going forward but purely on ring-fencing the trading fund and the integrity of that, there seems to be an actual sort of conflict of interest related to that particular area.

Senator S.C. Ferguson:

How do you cope with it? You must have had that sort of a discussion back in 2010 when you did the above inflation increase and I think you have had an above inflation increase since. Sorry, before we go any further, what was the percentage increase in 2010?

Finance Director, Transport and Technical Services:

In the financial return or in the ...

Senator S.C. Ferguson:

In the parking charge.

Finance Director, Transport and Technical Services:

In 2010 it went up 14.3 per cent.

Senator S.C. Ferguson:

So it was well above inflation, which is obviously the conflict that is supporting the return to the Treasury and yet the Treasury want the money but they want to keep you at 2.5 per cent. How did you resolve that?

Finance Director, Transport and Technical Services:

I was not in the discussions at that time but I think some of the stuff in the S.T.P. was talking about desiring that increase and I think it was a mutually agreed arrangement.

Chief Officer, Transport and Technical Services:

One of the principles of the C.S.R. (Comprehensive Spending Review) at the time was it applied to all elements of Transport and Technical Services gross income and the C.S.R. element also applied to the trading accounts. So I think that was part of that discussion as well.

Senator S.C. Ferguson:

The increases since then up to date, they have not been in line with inflation either, have they?

Director of Transport, Transport and Technical Services:

No, they have.

Finance Director, Transport and Technical Services:

They have been broadly tracking. The problem you have got is that when you are trying to increase 65 pence by 3.91 per cent it does not always round very well, so there may be issues when one year it is above and one year it is below. We have also got issues with rounding rules and G.S.T. as well which complicated matters. So the parking unit values in the law are set before G.S.T. and then we have to apply G.S.T. and set the price that the public is charged. So, for instance, this year when the parking charge went from 68 pence to 70 pence, the G.S.T. element went from 3.4 pence to 3.5 pence and the rounding rules meant we should have rounded it up a penny. In fact we took the hit so that it was not a bigger increase again.

Mr. R. Parker:

The issue under the financial direction is to keep it limited to 2.5 per cent.

Finance Director, Transport and Technical Services:

Yes, unless Treasury and Resources basically agree to an above 2.5 per cent figure and they have agreed the principle of R.P.I.Y for parking charges.

Mr. R. Parker:

So where you get the R.P.I. of which obviously transport costs are quite a high percentage, potentially this has implications right across the Island, particularly things like rents are obviously linked to R.P.I. on this Island. I am sure that is the reason why the financial direction was put in place to try and keep the Island as competitive as possible by keeping the prices down. I understand you had sustainable transport in those days. So I think those are things where you

wonder whether it is a bit of an own goal, but I do not know what the percentage is because there is not a detailed thing to say how much car parking is part of the R.P.I. calculations. I do not know that figure and I have not been able to find that.

[15:00]

Chief Officer, Transport and Technical Services:

In terms of principle, what I would say is car parking charges in St. Helier are in the bottom third of benchmarked equivalent towns and cities in the U.K. So we are not inflationary beyond other places. I think you are right, I think there has got to be some element of that that feeds back into the loop, does there not?

Mr. R. Parker:

It is the percentage increases and it is what is seen as a cost and obviously Jersey has had higher levels of inflation than obviously the mainland.

Chief Officer, Transport and Technical Services:

I think to complicate matters further, the problems town are facing in terms of shoppers, and in particular footfall, is really focusing on car park charging and incentivisation for people to come back into town. Free on a Thursday is something which we are doing. The reality of that is it will be inflationary to other people in the end because it is income we are not getting. So there is other factors as well, but in terms of the R.P.I.Y. I am not sure what percentage car parking adds to that.

Finance Director, Transport and Technical Services:

I do not know. There is detail the Statistics Office do publish and I think there is a breakdown between the various baskets of goods but I do not think within the transport sector it necessarily identifies between fuel, car prices and parking charges. Of course, it is not just our parking charges either that are taken into account because there is private sector rental spaces and I think they take a basket of them into account as well.

Chief Officer, Transport and Technical Services:

The private sector basically piggyback their charges obviously from the whole provision. We set the bar and they basically manage their offer relative to ourselves.

Mr. R. Parker:

So you would probably say that they would increase their charges by the same percentage increase that you would apply to yours.

Chief Officer, Transport and Technical Services:

I am not sure if it works directly like that but generally speaking the private sector ... if you again allocated space and it is your space you will pay a premium on our charging and that offset premium will be maintained, yes. Whether they do it to the level of intricacy we do it or whether it is done in another way I am not sure, but generally speaking there is a trade-off. It will be a trade-off for sure, otherwise it will get too close. Within St. Helier we only manage, is it a third of the parking provision?

Director of Transport, Transport and Technical Services:

I think it is of that order, yes.

Chief Officer, Transport and Technical Services:

Two-thirds is private or not T.T.S.

Deputy T.A. Vallois:

Throughout the hearing you have mentioned a few times about the commercial side if you were doing it in a commercial operation and you said about the possibility of a triple increase.

Director of Transport, Transport and Technical Services:

That was something that was suggested by N.C.P. (National Car Parks).

Deputy T.A. Vallois:

Yes. How do you then determine that you are achieving value for money? You have got to maintain 86 car parks across the whole Island and you are receiving operating income of £6.2 million and scratch card income of that is 4.5. So if N.C.P. would have increased the charges by 3 times the amount, okay bearing in mind they are a profit organisation, surely there must be somewhere in between there that would identify that you are obtaining more value for money than what you are getting at the moment.

Chief Officer, Transport and Technical Services:

We base car park prices in terms of what we are charging, we run an operation which is adequately funded. We run it as lean as we can within T.T.S. and challenge those things on a regular basis, and our standard K.P.I.s (key performance indicators) within our organisation, the K.P.I.s we apply to T.T.S. are there. One of the problems we have got is if you look at parking control officers, the K.P.I.s on them is difficult to put it on the number of tickets they dish out because that becomes a slightly different issue, but the enablement of town to keep moving and to avoid people illegally parking and stuff is a service and it is hard to benchmark that against other areas. But in terms of value for money, we are satisfied with it at the moment and I think if you

look at the 3 or 4 things we do which we do not tell people that we do, like making sure that jewellers have the security vans parked right outside and things like that, which people do not know what goes on, and the maintenance of the peripheral car parks, I think they offer excellent value for money and we can prove that within the T.T.S. context. If we charge more money we could do more with it but at the moment I think we have got the parts about right, particularly if we can look at really extending the life of our assets and getting our assets into a position where they are more customer focused in terms of the added fit for the vehicles and the people's needs in the future: provision of electric vehicles, charging for electric vehicles, solar panels on roofs. There is a myriad of things to make our car parks look prettier. The buildings in St. Helier are things which we have got to really focus on, I think, in the future.

Deputy T.A. Vallois:

The committee note that I referred to right at the beginning did state on there that the C.P.T.F. (Car Park Trading Fund) was to bear all expenditure related to the operation, maintenance and development of States car parks, which I understand is under the Public Finance Law now anyway. That is stated in the trading operation. But then it goes on to say: "Including street parking and derive the income thereof." Do you derive the income of all street parking?

Chief Officer, Transport and Technical Services:

No.

Deputy T.A. Vallois:

So, why?

Chief Officer, Transport and Technical Services:

We get the income from the Transport and Technical Services and the parish prior rates go to the parish.

Finance Director, Transport and Technical Services:

There is an apportionment of scratch card sale income in St. Helier where you have got parish roads that are chargeable based on the occupancy surveys and the number of spaces.

Director of Transport, Transport and Technical Services:

Then the fine income is divvyed out as part of the law about fine income. That is divided between the parish and the court I believe.

Finance Director, Transport and Technical Services:

It depends on the offence and where it is committed and who has levied the fine.

Deputy T.A. Vallois:

How did that come about? Who made the decision? Was it the States, the Minister, a committee?

Finance Director, Transport and Technical Services:

It is in the Road Traffic Law.

Deputy T.A. Vallois:

Was that an amendment at 2005, as you mentioned before?

Finance Director, Transport and Technical Services:

The amendment in 2005 was specifically about setting the level of the parking charges. That was the only amendment that was done at the time.

Director of Transport, Transport and Technical Services:

I suspect that the piece of law we are talking to goes back much further.

Finance Director, Transport and Technical Services:

I think there was clarification in one of the other updates when there was a ... I think there was an opinion by the Law Officers Department as to the apportionment of income, and I think there was clarification on it.

Deputy R.J. Rondel:

How much work and time is there to go through to establish how much T.T.S. get and how much the parish get? It sounds quite cumbersome.

Finance Director, Transport and Technical Services:

We may adjust when there is a large change in the balance. There is periodic surveys of number of spaces and occupancy levels.

Director of Transport, Transport and Technical Services:

But we have to do that as part of our business in any case. We want to know which areas are being used for car parking and without having A.N.P.R. type systems and particularly with the open car parks we have to do counts but our officers are patrolling in any case.

Chief Officer, Transport and Technical Services:

We are testing some technology in our car park at South Hill to try and find a solution for less controlled car parking, non warden car parking, even on street car parking. If we can do that then

those issues in terms of whose road is it and what the costs are can be done in a smarter way using smart technology. So it is something that we are currently looking at.

Deputy R.J. Rondel:

Have residents permits had any effect on your income?

Manager Parking Control, Transport and Technical Services:

It is going back quite a number of years now since the residents permits were introduced but most of those were done in the disc areas which was free parking. So the answer must be no.

Senator S.C. Ferguson:

You have already said that double the cost if we were working on a user pays basis.

Chief Officer, Transport and Technical Services:

That is my company, just to clarify.

Senator S.C. Ferguson:

Yes, sorry. Does that apply if you were doing a user pays?

Chief Officer, Transport and Technical Services:

Difficult to work out. It would depend on where your start point is. If your start point is the actual value of the assets, then the ground, rent and various other things, it is going to be a substantial increase on what we have got now. We could probably do an exercise and work it out.

Finance Director, Transport and Technical Services:

To give an illustration, when the car park model was last ... the previous iteration of it, which is what is in the M.T.F.P. (Medium-Term Financial Plan) or we are just doing the update now, that identified a deficit which is where a lot of this came from. If you were to offset that deficit there would be an increase in the charges and that deficit would be identified based on the forward prediction in terms of replacements. So if you were looking purely at that point of view you would say there would an increase but looking at the forecasts that we will probably come back with - we do not know what the outcome of that is yet because we are currently working on that - that will change and you could argue that you do not really want to swing up and down in your parking charges just depending on what your model predicts. You want to have long-term smoothing and then ...

Senator S.C. Ferguson:

If you are working on a 75-year life then a charge based on accounting calculations would seem to be a sort of lower user pays one.

Finance Director, Transport and Technical Services:

Yes, and certainly the work we are looking at at the minute is going to have less capital implications for the future, certainly in the short term, and therefore if you were looking at user pays under the revised model it would probably not require a substantial increase in order to offset the costs of running the Car Park Trading Fund and recovering all of your ... providing for your future capital replacements. Part of the reason we have got a financial return at the minute is that the original car parks were funded from States capital and therefore it is providing a small return.

Chief Officer, Transport and Technical Services:

Just to clarify the 75 years, we have not made that call yet. That was just an example I used for a B52 bomber, an illustration that if something flies and can last 75 years I am sure a car park can.

Senator S.C. Ferguson:

Well, look at the sea walls we have got.

Director of Transport, Transport and Technical Services:

There is concrete around from Roman times still so concrete certainly can have a very long life.

Deputy T.A. Vallois:

But of course that depends on whether you maintain it properly.

Director of Transport, Transport and Technical Services:

Yes, absolutely.

Chief Officer, Transport and Technical Services:

Also whether the chariot still fits in there, so you have got to make sure it is fit for purpose for whatever people want to use it for. There is no point having a car park that fits Morris Minors and Austin A35s and old fashioned proper Minis which were small cars. Modern Minis are not small cars so we have got to ...

Senator S.C. Ferguson:

They have got middle-aged like the rest of us. We have got all these sort of "well, this is really how we have been pricing it" kind of thing. So how do you comply with financial direction 4.1 where: "Departments should be able to demonstrate that they have actively reviewed all costs

relating to a service and every effort is being made to control or reduce costs and improve productivity before an increase to a fee or charge is levied”?

Chief Officer, Transport and Technical Services:

As we referred to earlier, the external inputs are massive, the provision, the needs, as well as the standards you are going to have to deal with and how much you can gain, all those factors are all very difficult. So you could almost commission a review of car parking and you could revise the model every year but that would just be a wasted effort so what we have got to look at is ... at the moment I think we have been through a position where until the A.N.P.R. trial, that has been the real catalyst for us looking at the future because I think with the A.N.P.R. trial being successful, we are just on the cusp of smart technology and smart ticketing and we can start looking at our car park provisions in a long-term way to conform with the 4.1 direction.

Senator S.C. Ferguson:

You have been to New York recently, have you?

Chief Officer, Transport and Technical Services:

No. I stayed here.

Senator S.C. Ferguson:

They have that sort of system. If you have a ticket on your car, and you go through the tills over the bridges with no problem, it just goes immediately to your credit card.

Director of Transport, Transport and Technical Services:

We were trialling similar technology with our own pool cars.

Finance Director, Transport and Technical Services:

They have also got that technology on the M50 in Ireland.

Senator S.C. Ferguson:

They have had it in New York for 20 years. Sorry.

Manager Parking Control, Transport and Technical Services:

Sorry, with regard to the model we update every 2 years.

[15:15]

Senator S.C. Ferguson:

Yes, I am sorry.

Deputy T.A. Vallois:

The financial model?

Manager Parking Control, Transport and Technical Services:

Yes.

Deputy T.A. Vallois:

Sorry. So you had one in 2011 and you are now doing a new one?

Manager Parking Control, Transport and Technical Services:

We are now doing a new one, 2013. That is what will come in ...

Deputy T.A. Vallois:

Okay. So which one is in the M.T.F.P. then?

Director of Transport, Transport and Technical Services:

It is the 2011.

Deputy T.A. Vallois:

It is the 2011. Okay. So are you going to complete the new model by the end of this year?

Director of Transport, Transport and Technical Services:

I would hope so. Yes.

Manager Parking Control, Transport and Technical Services:

Yes, definitely.

Deputy T.A. Vallois:

Would you report to the States the update of that model because the old one is in the M.T.F.P. so it might affect ...

Director of Transport, Transport and Technical Services:

It will go in the next M.T.F.P. would be the output of the new model.

Deputy T.A. Vallois:

Okay.

Senator S.C. Ferguson:

Will you include your assumptions on which the model is based?

Manager Parking Control, Transport and Technical Services:

Yes, the assumptions are given there.

Deputy T.A. Vallois:

Could you just explain to me, because you have mentioned many times about the car parking being a public service or service for the public, what is the difference between a trading operation and what you do as T.T.S.? It was always my understanding historically a trading operation was set up to eventually become commercialised.

Chief Officer, Transport and Technical Services:

That is a good question. I try and run the T.T.S. as a commercial organisation. I think the biggest difference with car parking is you have an income and many things we do in T.T.S. have no income and is covered by the general taxation. I think the principle in terms of trading account is that it is generating its own income. I think the difference between ourselves and a private organisation is we do lots of other things with that income which are more focused towards the citizen and the benefit of the Island.

Deputy T.A. Vallois:

But, of course, there is still a cost to that extra work that you do because it is not just fiscal but it is manpower.

Chief Officer, Transport and Technical Services:

It is.

Deputy T.A. Vallois:

That is why I inquired earlier about how is it your parking charges are lower and why is there not a closer charge to what you would expect in a private organisation?

Chief Officer, Transport and Technical Services:

Because we are very efficient.

Deputy T.A. Vallois:

Do you have evidence to prove that? It is fine stating it.

Finance Director, Transport and Technical Services:

The other side to that as well is going back when pay cards were 20 pence an hour which was around about the 1997-1998 point and they went up to 35 pence. It was around about that point that the trading fund came into existence and that was about setting up the principle that you were not just looking purely at operational running costs today in order to determine what your parking charges should be. You should also be looking at how you fund that capital replacement of car parks going forward and the overall benefits from what the parking charges were used for. So that was really why it came into the trading fund remit. Up until 1998 it had just been part of a line in the Public Services or Public Works Department's revenue budget.

Deputy T.A. Vallois:

So technically it was subsidised by the taxpayer?

Finance Director, Transport and Technical Services:

It was still producing a surplus of income over expenditure, looking purely at the revenue costs but there was this big capital element where you built a £12 million car park and the taxpayer funded that. So it was about changing the methodology behind that and looking at the forward programs.

Chief Officer, Transport and Technical Services:

Until that accountant did accounting, the treatment of capital has never been done properly. The States have been run out of capital accounting and that is the difference in terms of the actual value and cost of services. This probably, although it was a long time before, was trying to do that for car parking, to look at how do you replace them in the future.

Deputy R.J. Rondel:

You have alluded to Minden Place in its changing, updating. You mentioned you know a lot of ways of improving things. When do you envisage Minden Place, for example, being changed and upgraded?

Chief Officer, Transport and Technical Services:

I have tasked my team to look at a strategy of ... I may be getting slightly naive here but I think it articulates it quite well, is I think Jersey car parks are 1970s sort of models and they need an upgrade. I think that is about the look and feel, how the customer feels and what we can do to make them something that is forward looking. As assets, they are great assets to the Island but at the moment they are not enchanting, are they? I think they could be made one standard in terms

of an engineering standard but I think we have got to look at how we can enhance the provision within there and that might be looking at increasing the size of the spaces and maybe charging a premium for that and maybe looking at addressing accessibility into Minden Place, whether it is public or pedestrian or vehicular ...

Deputy R.J. Rondel:

But the long-term use to keep that car park there?

Chief Officer, Transport and Technical Services:

We do not know at the moment. My first assessment, as asked for, is what is fit for purpose for the future? Then if it is needed and it is fit for purpose, we will keep it and enhance it. If it is never going to be fit for purpose because it is the wrong size, it is the wrong shape, it is in the wrong place, then we will look at the capital provision of knocking it down and building another one. But we have just commissioned that work so ...

Deputy T.A. Vallois:

I am aware of the time. I have just got a final question with regards to some paperwork we have been provided by the department. We were given a brief overview of income and expenditure for last year. The premises and maintenance totals £1.7 million. £940,000 of that is rent, so taking that out. I am always a little sceptical when I see numbers with lots of zeros on the end. So I just have to ask whether that is the actual cost of say, for example, £67,000 for building maintenance for 86 car parks or just the multi-storey car parks or whatever it may be. Is that the actual cost?

Manager Parking Control, Transport and Technical Services:

The £67,000 was for all car parks.

Deputy T.A. Vallois:

For all car parks?

Manager Parking Control, Transport and Technical Services:

All car parks on that, yes.

Deputy T.A. Vallois:

That is the actual cost? That was what was spent in 2012?

Manager Parking Control, Transport and Technical Services:

Yes.

Deputy T.A. Vallois:

Okay. Just needed to get that out. You mentioned about some parish car parks that you maintain for them. Do you charge the parishes for maintaining them?

Chief Officer, Transport and Technical Services:

We administer them but we do not police them.

Manager Parking Control, Transport and Technical Services:

We administer them but we do not maintain the parish car parks. They pay for them ...

Deputy T.A. Vallois:

Do you charge for administration?

Manager Parking Control, Transport and Technical Services:

When I say we administer them, in those 86 there are no parish car parks included in there. Sometimes a people's park is a parish car park. We police it on their behalf. We do not administer any of the marking, the signs or the tarmac. That is paid for by the parish.

Deputy T.A. Vallois:

Okay. That is fine. Just the last thing on that page was incidental expenses and charges of £206,000. Just explain what that is.

Manager Parking Control, Transport and Technical Services:

That might be one for John. That is the administration recharges.

Finance Director, Transport and Technical Services:

Yes, there are some re-charges for central administration. I think some of that might also be the ... I am not sure if it is that ... I will take a quick look. Yes, £206,000 is ... that figure is the administrative ...

Manager Parking Control, Transport and Technical Services:

That is the finance team, is it not?

Finance Director, Transport and Technical Services:

Well, the administration recharges so that is areas where there are staff involved that are undertaking some services within the department, some services for car parks that are re-charged. Then some of that other part of it is, I think, things like the commission on credit card charges which have gone up as a result of Sand Street trial where there is no cash payment method so you

might as well use a ticket or credit card charges. That has not had a huge effect in 2012 but it is offset by income so some of those charges down there will be offset by an increase in income as well where there is a fee for using a credit card.

Deputy T.A. Vallois:

Maybe you can just send us just a simple breakdown just to explain what those incidentals and re-charges are, would be appreciated.

Finance Director, Transport and Technical Services:

I will give you a breakdown.

Manager Parking Control, Transport and Technical Services:

Can I just go back, Tracey, sorry, understanding your question about the £67,000. You are right, the 000, it was not exactly £67,000.

Deputy T.A. Vallois:

No.

Manager Parking Control, Transport and Technical Services:

I was asked to produce this report at quite short notice ...

Deputy T.A. Vallois:

You rounded it up.

Manager Parking Control, Transport and Technical Services:

... so I just rounded it.

Deputy T.A. Vallois:

Down?

Manager Parking Control, Transport and Technical Services:

So it was £112.56 but it was served at such short notice after I returned from holiday.

Deputy T.A. Vallois:

That is fine. Sorry. It is the scepticism in me, you see, seeing the zeros at the end. Thank you.

Manager Parking Control, Transport and Technical Services:

Sorry.

Deputy T.A. Vallois:

Is that all. Right. Thank you very much for your time.

[15:26]