

2019.10.22

**7 Deputy R.J. Ward of the Minister for Infrastructure regarding the difference in pricing between monthly and yearly bus passes: (OQ.257/2019)**

Why is there effectively an extra charge for paying for a monthly bus pass, costing £50, compared to paying for a yearly pass over 12 months, which equates to £41.25 per month, the difference adding up to an extra £105 each year?

**Deputy K.C. Lewis (The Minister for Infrastructure):**

It is common commercial practice to reward mass purchase. Consider the buy one get one free offers in supermarkets. The monthly travel pass provides significant savings over paying for individual journeys. It does not carry an extra charge. Instead, it is the annual pass that offers a further discount for buying in bulk. The Deputy is correct in that one monthly AvanchiCard unlimited bus pass costs £50. However, this price includes an initial set up charge for the first issue of the travel pass itself. Topping it up for subsequent months is, in fact, only £46 per month. Therefore, if one were to purchase 12 consecutive months in this way, the cost would be £556 against £495 for the annual pass. This is a difference of £61, rather than the £105. Additionally, monthly pass holders benefit from flexibility of being able to delay a renewal while on holiday, which the annual pass holders are unable to do. Potentially, this could reduce the difference to as little as £15 a year. Buying monthly travel passes works out at £1.54 per day for unlimited travel, instead of £1.37 per day for the annual pass. This represents excellent value. The purpose of LibertyBus's pricing strategy is to encourage uptake, which has demonstrably been successful, with 37 per cent growth in passenger journeys since the start of the contract.

**3.7.1 Deputy R.J. Ward:**

Is there not a principle behind this of making as best available as possible, so if somebody signs up a direct debit for 12 months they should be able to pay it monthly, rather than being surcharged, which is effectively around 15 per cent, because they cannot afford to pay in one go? It does not promote bus travel as much as it should. It is something that could easily be taken on board.

**Deputy K.C. Lewis:**

Yes, the fundamental principle of the contract is LibertyBus is free to use its commercial acumen in pricing to encourage uptake. It has been extremely successful in this, with bus ridership having grown 32 per cent between the start of the contract in 2013 and the end of 2018. This figure is projected to be 37 per cent by the end of 2019. We know of no public transport operator in the world that does not incentivise their long-term season tickets in this way and would point out that both the monthly and annual passes are cheaper now than before LibertyBus began operations in 2013.

**3.7.2 Deputy M. Tadier:**

Again, it might be that LibertyBus is a commercial operator, but they are not entirely like any other business, because they operate a service on behalf of the Government. This Government, in particular, has decided that it has a duty to those in the lower economic quartiles, who do not have the disposable income to benefit from the capital sums that are needed to get what is effectively a discount on their travel arrangements. If Oyster can do it in London - which is an area that the Minister likes to look towards in comparing Jersey's future bus travel - then why can we not have a system where the LibertyBus card caps the amount that you use, so once you have spent up until what it costs for a monthly bus usage, you will not be charged any more and surely the incentive still

remains. That is equitable and it is also a way of encouraging more people on to the buses. Is that something that the Minister would look to pursue?

**Deputy K.C. Lewis:**

Under the 2013 bus operating contract, the fare policy is not that of the Minister. Bus fares ceased to be a States charge at the expiry of the 2002 bus contract. The Minister does not have legal powers to impose a fare structure. But the bus companies are encouraged to incentivise people to make savings wherever possible and I do not necessarily look at London, I tend to look at the whole world.

**3.7.3 Deputy M. Tadier:**

Does the Minister for Transport effectively, the D.f.I. (Department for Infrastructure), have any progressive views when it comes to sustainable transport in Jersey at all, or should we just take his portfolio away and give it to the Minister for the Environment, who clearly is much more on the page on this issue?

**Deputy K.C. Lewis:**

I have never heard so much nonsense in my life. **[Approbation]** This is an independent company and their charging scheme is completely down to them, how they arrange their finances. They are cheaper now than they were in 2013. I do not know what problem the Deputy has with that. Even under the previous 2002 contract, individual on-bus cash fare rises were not constrained by States inflation policy. By using cards, it does speed up loading of the bus, unloading of the bus and all buses are running on time 99 per cent of the time. The LibertyBus does an absolutely excellent job. **[Approbation]**

**The Bailiff:**

I have Deputy Morel, Deputy Maçon, then final supplementary, Deputy Ward. I also have Senator Ferguson.

[10:30]

Could I ask Members - and it may be that I need to sharpen my view as to where Members are - but if Members could leave their lights on, until I have clearly nodded at them, so they know then that I have noted them for questions.

**3.7.4 Deputy K.F. Morel:**

We just heard from Deputy Tadier the inequities of the bus pricing system, but does the Minister for Infrastructure accept that, if LibertyBus is to play a key role in the Sustainable Transport Policy under development, which I am sure it is, then it should not operate pricing structures that penalise some, just because of the way that they intend to travel on a monthly basis, wanting that flexibility to change their method of travel and that, in order to make a successful sustainable transport plan, the Minister may have to exert some pressure, whether he has legal power, or not, to ensure that an equitable pricing policy is adopted by LibertyBus?

**Deputy K.C. Lewis:**

We are going around in circles here. There is no company in the world that does not incentivise season tickets. Jersey £495, Bournemouth £520, Edinburgh £665, Brighton £635, Isle of Man £800, Isle of Wight £900. LibertyBus is doing an excellent job and is to be commended. **[Approbation]**

**3.7.5 Senator S.C. Ferguson:**

Would the Minister not agree that a normal commercial transaction would result in a bigger discount for an annual prepayment, which is a much larger contribution to cash flow and that this so-called preferential pricing is just a function of the time-value of money and is a perfectly normal commercial transaction?

**Deputy K.C. Lewis:**

I absolutely agree.

**3.7.6 Deputy J.M. Maçon of St. Saviour:**

As a non-driver and regular bus user, I would echo the Minister's comments about how successful LibertyBus is on the Island. But is the Minister saying, due to the restrictions around the contract's legal agreement that, if Members have any suggestions or changes that LibertyBus should be doing, then the best route would be to take it up with the managing director of LibertyBus itself?

**Deputy K.C. Lewis:**

Indeed and I would be more than happy to forward any suggestions that Members have. But, as I say, LibertyBus is an independent company and they run their affairs as they see best, within reason. Obviously, they do present things to me for approval, but the pricing structure is really down to them and they are doing an excellent job.

**3.7.7 Deputy J.M. Maçon:**

In which case, if Members have a problem with the current contract, how would the Minister suggest that they communicate that information to the Minister, so that when negotiations for the next one come up they can be taken into account?

**Deputy K.C. Lewis:**

Yes, more than happy to drop me a line and during the next contract I will be more than happy to take that up with the panel that will be deciding which is the best bus company. When the contract was signed with the present company, LibertyBus, there were quite a few K.P.I.s (key performance indicators) for efficiencies and they have hit every one of those key point indicators. So, as I say, the LibertyBus is head and shoulders above most of the competition.

**3.7.8 Deputy R.J. Ward:**

Just for your information, the contract is not up until April 2023, a written question that I put in today. Given that LibertyBus is a social enterprise as a company, is the Minister happy that those who are poorest and cannot afford a one-off payment for the year would be charged extra for their monthly pass, does he believe that is the right way to do this?

**Deputy K.C. Lewis:**

No one is being charged extra. There is an extra discount if one buys a yearly pass in advance. Anyone who is a member of any particular football club would know that. But we do have quite a few benefits that are given to the people of Jersey: senior citizens travel passes, 14,688; disabled persons travel passes, 627; pay-as-you-go passes, 21,081; unlimited travel passes, 7,704; student travel passes, 4,730.

**The Bailiff:**

Minister, we have to move on. That is slightly moving off topic.