

21.06.08

8 Deputy R.J. Ward of the Minister for Infrastructure regarding the income generated by LibertyBus. (OQ.120/2021):

Will the Minister state what proportion of the annual income generated by LibertyBus operations were retained by HCT Group for the years 2017, 2018, 2019 and 2020; and will he also state what proportion of the income generated for each of these years derives from the direct charge to children for school bus transport?

Deputy K.C. Lewis of St. Saviour (The Minister for Infrastructure):

Because the bus operating contract places the revenue risks on the contractor, 100 per cent of the income received by LibertyBus is retained by them with the use of any surplus after all operational costs have been covered and provided for as per the relevant clauses within the contract. The flexibility of the LibertyBus fare structure now means that student AvanchiCard prepaid travel pass can be used on any service at any time, rather than being restricted to either the end of school day and only in term time. Therefore, this income is not broken down in sufficient detail to precisely identify the total value of all fares received in respect of the home-to-school travel. However, the electronic ticket machine system indicates that around 390,000 passenger journeys were recorded on the network of the school bus service during 2019, dropping to under 245,000 during 2020 following the COVID-19 outbreak. More significantly, in 2019, nearly 617,000 child and student tickets were sold on the broader network of public bus services. I understand that a significant proportion of this figure relates to term time home-to-school travel as opposed to journeys made during evenings, school holidays and at weekends. In 2020, this figure fell to approximately 351,000.

3.8.1 Deputy R.J. Ward:

I am minded to just ask the question again, but supplementary is to ask from the first part of that answer, it was that once all costs have been accounted for, any leftover income, and I did not quite get the answer to that. Is leftover income, including income from the States Assembly, retained by HCT Group centrally in those years? That is the direct question. Does that money leave the Island to go to HCT Bus Central Group?

Deputy K.C. Lewis:

The answer to your question was, as per the relevant clauses within the contract, which we have had the managing director over from the parent company to talk to States Members and explain exactly how the system works. More than happy to invite him over again if the Deputy and other Members have serious questions. But they are a private company. They are allowed to make profits. But a lot comes back to the States. But they own all of the rolling stock, they pay for all the staff wages, and all the buses are maintained and belong to LibertyBus.

3.8.2 Deputy M. Tadier:

I learned a lot from my time as an Assistant Minister at Culture about how much governance we put around the arm's-length organisations when we ask them to provide quarterly updates in order to give them grants. I did raise concerns about that. Notwithstanding the Minister has said that LibertyBus is a private company, I see a big parallel here in that they are running a service on behalf of the Government of Jersey for the public of Jersey and we are giving them quite large sums of money to do that. Yet it seems to me that the level of governance we require from them to prove that the money is absolutely needed and it is the right level of subsidy is not being done in this case. So what reassurances can the Minister give to my esteemed colleague and to the rest of us that the

level of subsidy that LibertyBus gets is in fact entirely needed and none of the profits they make are being squirrelled away to pay for perhaps less lucrative parts of their businesses elsewhere?

Deputy K.C. Lewis:

We do not sponsor LibertyBus. The money we pay to LibertyBus goes to the child and student school transport, which is subsidised, and also the fare itself has a subsidy in it. Senior citizens travel passes, of which we have 14,503, disabled persons travel passes, 648, and this is primarily what we subsidise. But I repeat, if the Deputy or States Members would like more details or a meeting with LibertyBus, more than happy to arrange that.

3.8.3 Deputy M. Tadier:

The point is that it is not up to States Members who want more information to have the meeting with LibertyBus, we are asking for the Minister to make sure that he has enough information to justify to us that the money is being well spent and that the subsidy is at the correct level. So I do not think it is right to say that we should all be having meetings directly with them. We want reassurances from this Minister. So can the Minister give that reassurance to us and find the information that is being asked for without setting up meetings?

Deputy K.C. Lewis:

I am very content with the way the bus service is being run. In fact, this bus service is head and shoulders above most others. The National Bus Strategy for England published by the Department of Transport in March 2021): cites the Jersey bus operating contract as a model for franchising long-term partnerships between local authorities and public transport operators. So they have had awards to that effect, so I am more than content. We also have a dedicated officer within Infrastructure who liaises directly with LibertyBus on more or less a daily basis and obviously we have our own internal accountants who go through all the figures with them. So I am content that everything is all run properly and above board.

3.8.4 Connétable M.K. Jackson of St. Brelade:

The Minister has confirmed that LibertyBus provide the bus fleet. Would he tell Members whether he intends to press them to provide electric buses out of their retained fee income?

Deputy K.C. Lewis:

Indeed, the electric buses are an aspiration on our part. We would, in the near future, like them to convert to running on biodiesel, RD100 or similar. But most of their bus fleet are Mercedes and I believe they need authorisation from the bus manufacturer to run biodiesel. Even though it is perfectly safe, we have run quite a few of our own vehicles in Infrastructure on biodiesel from small vans up to heavy trucks, and all the team have reported excellent results, no problems whatsoever. But we do need authentication before the bus company can use biodiesel. There is also the matter of the variance in price between regular diesel and biodiesel and that is something I have taken up with our colleagues in Environment and other colleagues, maybe it would involve Treasury. We have had one electric vehicle over on test for a while but it is more the cost and the infrastructure involved for charging that is a drawback. But obviously being 9 by 5, Jersey is perfect for electrification.

3.8.5 The Connétable of St. Brelade:

My supplementary is towards the latter part of the Minister's response and I would like him to press HCT Buses into providing electric vehicles for the future. The climate emergency is dictating this and we do not seem to be doing anything about it. So I would urge the Minister to continue in that vein.

Deputy K.C. Lewis:

Absolutely, I am all for electrification wherever possible. But, as I say, the charging infrastructure would be quite extensive to recharge that amount of buses. So that is the discussion that is ongoing with LibertyBus. Also the cost of the buses. As I mentioned in a previous answer, LibertyBus owns and operates their own buses, so there would be some considerable cost in going electric. But that is a conversation that we are having.

3.8.6 Deputy G.P. Southern:

The Minister has just said that LibertyBus is a private company and can do what it wants with its profits. Surely that is not correct. It is a social enterprise company and it is supposed to direct any excess profits to improve social need, meet social need somewhere on the Island. Is that not the case?

Deputy K.C. Lewis:

Absolutely and that is exactly what they do. They are putting buses on where they know they are losing money; it is run as a service. Plus they put on quite a few buses for any major events. If there is a big rugby match on, they put on extra buses, or big charity events or whatever. They will put on a service to accommodate it. As I say, they were head and shoulders above all other applicants for the position.

[11:15]

3.8.7 Deputy G.P. Southern:

Has the Minister had or initiated any discussions between LibertyBus and J.E.C. (Jersey Electricity Company)? Because J.E.C. have said laying on a few points for charging is a matter of peanuts for us, we can do it easily and we can do it quickly if we want. So what conversations have taken place between J.E.C. and LibertyBus please?

Deputy K.C. Lewis:

I am not sure what conversations have been had but there is charging and there is fast-charging. So it is also whether the buses stop at night to plug in and that lasts the whole day, which would be unlikely, or whether there is some kind of battery exchange equipment, which has been looked at, whereby the bus will pull in, the batteries are removed, new batteries put in, and away it goes again. But that is quite expensive technology, but that is something that is being looked at.

3.8.8 Senator S.Y. Mézec:

It is quite obvious that, because of the climate emergency and our carbon neutrality aspirations, some pretty drastic action in our public transport network is required. Does the Minister really think that the relationship between the Government and this bus provider is adequate for meeting those aspirations, given that his previous answers seem to indicate that he does not really have a lot of say in what they do or do not do?

Deputy K.C. Lewis:

They are an extremely forward-thinking company, more so than any other that we have dealings with. They respond positively. It was their initiative to bring over the electric bus for trial, not ours. So they are very forward-thinking, they are keeping up with the latest technology. As I say, electric buses are horrendously expensive, so these would need to be sourced and possibly we would have to contribute towards that. The buses that they have, which are relatively new, could quite possibly be redistributed among their other franchises in the U.K. but it is a long way to go. It is infrastructure that we need to put in place before we do anything else.

3.8.9 Senator S.Y. Mézec:

The term “forward-thinking” is obviously relative and our aspiration is to be carbon-neutral by 2030. It is quite clear that there are voices in the Assembly that want a public transport network that delivers more than we currently are getting. So what is the Minister able to do with the current relationship with the bus provider to exert greater influence over what actions they are taking? It should not be of their initiative; it should be the initiative of the democratic representatives of the people of Jersey to get what the people democratically want. What is he able to do with the current relationship to make sure our aspirations as a community are met? If that relationship is not adequate for doing that, would he consider a different one?

Deputy K.C. Lewis:

The relationship we have with LibertyBus is absolutely spot-on. As I said, they are very forward-thinking and they would react as soon as buses come available. Sourcing suitable buses for the roads the size of Jersey is extremely difficult. We can get buses off the rack, if you like, but they are far, far too big for Jersey roads. We have the Soleras, which are the smaller and narrower buses, to manage all the country lanes. We are not just talking about St. Helier; we are talking about out of the urban areas where roads are not quite as wide. But, as I said, we have regular talks with LibertyBus. They do an absolutely fantastic job. In the short term, I would like them to go over to biodiesel as soon as they are authorised to do so. But we are doing everything in stages. We cannot change everything overnight but we need to put all the levers in place to assist them to transition to other fuels wherever possible.

3.8.10 Deputy R.J. Ward:

It is always difficult to get the detail one wants. Can I ask the Minister, would he agree that LibertyBus own the buses, they make a profit, which we do not know where it goes, they take States money, they charge for our school children to go to school but we have no knowledge or control over this company whatsoever? So, how much is this costing us each year? Can he guarantee the £2 million from the COVID Emergency Fund did not go to any central fund of HCT Group?

Deputy K.C. Lewis:

During COVID, it was very prudent on our part, and I am grateful to Treasury, we did help out with LibertyBus because their revenue dropped down to zero nearly. But it was not so much supporting LibertyBus, also if the drivers and all the staff were laid off, then we would have to support them anyway. So this was a good way of doing it. Plus it was keeping the buses on the road. It was keeping the service going for essential employees who, with their masks, had to go to their normal place of work. So it was emergency service, but obviously running at a considerable loss. If the Deputy wants absolute terms, it was £348 million in 2013, £342 million in 2018, and it is dropping every year as they are becoming more efficient and everything is moving forward with their plans to make everything really efficient and go through.

Deputy R.J. Ward:

I did ask for reassurance that none of the money that was given to them went off-Island to the central group and that was not addressed. I just wonder whether there is any chance of getting that sort of answer.

The Bailiff:

Minister, that was a specific question. You either know the answer or you do not or are able to give it or you are not. But the question was asked, which is: has any money gone off to the central funds of the company rather than being used specifically?

Deputy K.C. Lewis:

I do not have the exact figure. There is money that goes off-Island to pay for the parent company and to run the parent company and the organisational structure. But I will get back to the States Members with the amount that is. I do not have that on me at the moment.