

STATES OF JERSEY



PROPOSED GOVERNMENT PLAN 2024 - 2027 (P.72/2023) – EIGHTH AMENDMENT (P.72/2023 AMD.(8)) – COMMENTS

**Presented to the States on 7th December 2023
by the Council of Ministers**

STATES GREFFE

COMMENTS

States Members are urged to **reject** the amendment (Amd.(8))

Commercial Tender Process

Infrastructure and Environment does not run Jersey's buses. It is responsible for securing the operation of a public transport network for which it administers a commercial contract with the bus operator. The next bus contract from April 2025 onwards is currently out to tender. Tender documents have been issued and bids will be submitted based on 2023 fares/service levels. This specification will not be varied prior to the tender submission deadline.

Operator Risk

The contract is awarded via competitive tender with a key principle being that the revenue risk (income from fares paid by passengers) rests with the contractor, not the department or Government of Jersey. Every time there is a move to grant free or reduced-cost travel to another group, it diminishes that risk and therefore the incentive for the operator

Data Availability

It is not known how many journeys on the bus network relate to passengers between the ages of 19-21, as a proportion of them are in not in full time education and therefore paying a full adult bus fare.

While it is difficult to accurately identify the number of under-19 travel passes in circulation, it is reported by LibertyBus that around 7000 were "active" as of October 2023. Ticket machine records indicate that in the region of 5000 are currently in regular use, with demand averaging at a rate of around 80 to 90 journeys per pass per annum. Total reimbursement payments to LibertyBus for 2023 are forecast to be in the region of £1.05m.

Revenue

This amendment, if successful, would impose upon the operator to absorb any additional demand without reward and thus require a further re-negotiation of the Contract and cost to the taxpayer.

The total financial implications of the proposals, both in terms of fare revenue foregone by the bus operator and additional operational costs, are unknown.

The cost of this amendment only covers 1 year if maximum number of passes is redeemed by those who meet the criteria based on 2021 census data. There is no further funding to then carry this on past this initial year.

Operational Cost

To introduce yet another form of concessionary travel pass represents a further increase in the operational administration required, both to record these journeys, and for the associated financial reconciliation that is carried out by both parties.

Offering free travel to all 19–21-year-olds, who would otherwise pay full adult fare, is likely to result in LibertyBus revenues reducing overall.

Current fare levels

The range of LibertyBus fares and unlimited travel passes continue to represent excellent value compared to the cost of private motor vehicle use and there is no evidence to suggest that the price of bus travel is a barrier to its usage.

The annual travel pass has been held at £495 for a decade (approx. £1.37 per day) and is already very cheap compared to other bus networks: Brighton £820, Edinburgh £650, London (bus & tram) £988, Birmingham £660, Isle of Wight £1120, Oxford £700, Cardiff £620.

Bus Capacity and induced demand

Introducing another concessionary fare would likely create bus capacity problems. By making fares artificially cheap, it follows that passenger demand will rise but it is not possible to state what this increase would be, either in the short-term or the long-term. On many services, the capacity for growth does not exist, so to prevent overcrowding or leaving potential passengers at bus stops, this will have to be accommodated by deploying additional resources in the form of more buses and bus drivers.

Where services operate on an hourly frequency, additional capacity means doubling the resources allocated, for no additional revenue.

Operational delivery

With a fixed budget, every pound from the public purse spent on making it free for certain groups to travel on Jersey's buses is a pound that is no longer available for improving the service (through increased frequencies for near-capacity services which require additional vehicles and drivers) or enhancing and maintaining the associated infrastructure.

Reducing vehicle journeys (*overarching principle of States adopted Sustainable Transport Policy*)

Members may be tempted to conclude that offering free travel or even greater subsidised fares on the public transport network to more and more people will directly result in fewer car journeys and greater availability of parking spaces. But there is no evidence to show that the free travel being proposed will do anything other than support existing users of the bus network, and people who currently walk or cycle may take the bus instead.

Impact on TR1 Electric Vehicle Incentive of Carbon Neutral Roadmap

A significant proportion of the Island's greenhouse gas emissions come from fossil fuel private vehicle use. Increasing bus travel is one important way of achieving this, however we need to acknowledge that people will continue to make private vehicles journeys and reducing emissions from this sector is a crucial part of our emission reduction pathway.

This was recognised in the inclusion of policy TR1 – accelerating the uptake of electric vehicles, with the Electric Vehicle Incentive in the Carbon Neutral Roadmap, which was publicly consulted on and then agreed by the States Assembly in 2022.

The electric vehicle incentive needs to be considered together with the TR5 which is the legislation to ban the importation of petrol and diesel vehicles from 2030. The incentive was identified as an important part of the market preparation for the introduction of this legislation.

It is funded through the Climate Emergency Fund through a fuel duty (impôt) escalator charge and Vehicle Emissions Duty, hypothecated into the fund to directly support decarbonisation measures. The Carbon Neutral Roadmap agreed by States Assembly in 2022, included budget for the electric vehicle purchase incentive of £4,334,000, with an additional £521,000 for an electric vehicle charger incentive.

The electric vehicle purchase and charger incentives were launched at the end of August 2023. Up to £3,500 is offered to new and second-hand electric vehicles registered for the first time in Jersey, up to a maximum vehicle value of £40k. Up to 27.11.23, 228 EV purchase incentives had been issued, and 25 charger incentives. The total direct costs of EV grants committed to this date was c£790k.

A significant increase in electric vehicle registrations has been observed since the start of the incentive. In 2022 there were 270 new electric registrations and 179 used electric vehicle registrations. Up to end Oct 2023 there were 245 new electric and 310 used electric vehicle registrations. The total of electric vehicles registered in the Island to end Oct 2023 is 555 compared to total of 449 for the whole of 2022 and 452 in 2021.

Resource implications

I&E is likely to need additional resources, to reconcile/audit/process data and payments in respect of additional passenger journeys. This aspect has expanded considerably since the start of the current bus operator contract. LibertyBus would take account of the extra admin required in the negotiated rate per additional journey recorded.