STATES OF JERSEY

MEDIUM TERM FINANCIAL PLAN 2013 – 2015 (P.69/2012): AMENDMENT

Lodged au Greffe on 22nd October 2012
by Deputy G.P. Southern of St. Helier

STATES GREFFE

1 PAGE 2, PARAGRAPH (c)(i) –

After the words "Summary Table B" insert the words "except that the net revenue expenditure of the Transport and Technical Services Department shall be increased by £350,000 in 2013, £100,000 in 2014 and £100,000 in 2015 to provide funding for the Sustainable Transport Policy and the net revenue expenditure of the Economic Development Department shall be decreased by £350,000 in 2013, £100,000 in 2014 and £100,000 in 2015 by reducing the grant to Jersey Finance Ltd.".

2 PAGE 2, PARAGRAPH (c)(i) –

After the words "Summary Table B" insert the words "except that the net revenue expenditure of the Transport and Technical Services Department shall be increased by £600,000 in 2013, £600,000 in 2014 and £600,000 in 2015 to provide funding for the town 'Hoppa' bus service and the net revenue expenditure of the Economic Development Department shall be decreased by £600,000 in 2013, £600,000 in 2014 and £600,000 in 2015 by reducing the grant to Jersey Finance Ltd.".

DEPUTY G.P. SOUTHERN OF ST. HELIER

REPORT

I start this report with a quote from the MTFP Annex relating to the Transport and Technical Services objectives –

"The main target of the Sustainable Transport Policy (STP) was to reduce traffic levels by 15%. As well as encouraging people to make the change, the department recognises that it has to enable people to make different travel choices.

One of the key actions is to improve the bus service and increase capacity.

The new contract starts in 2013 and the chosen bus operator will be working to the targets set in the STP. Work has already started on improving cycle routes and this will continue over the next years supporting the Active Travel Strategy and the Road Safety Strategy both of which will be implemented over the next three years."

Proposition P.156/2011, *Bus Service Contract: Hoppa*, was lodged as recently as September 2011 and debated in November 2011.

Part (a) to request the Minister for Transport and Technical Services to ensure that the provision of a 'Hoppa' bus service in the town and its environs is prioritised for inclusion in the tendering process to be undertaken over the coming months for the new bus service contract, and that this service should –

(i) be provided free of charge, or at a low, fixed-cost rate, and

(ii) use zero- or low-emission vehicles.

Part (a) was passed by the States by 35 votes to 7.

More significantly, part (b) to request the Council of Ministers to make provision for the additional cost of the 'Hoppa' bus service in the draft expenditure proposals for 2013 for approval by the States in 2012, **was also passed by 25 votes to 17.**

This was a clear mandate from the States to direct the Council of Ministers to ensure, a year in advance, that funding was put in place to deliver a "Hoppa" service by 2013.

Why then does the Minister blithely refer to this vote by the States as "unfunded"?

"Bus services: Town Hoppa service and increase in concessionary costs – £600,000
This relates to Deputy Southern's unfunded Proposal P.156/2011 to provide a Town Hoppa service from 2013 (at a cost of circa £500,000). This is likely to be most utilised by concessionary passengers and therefore the income potential of the service, if charged, is minimal. In addition, there will be an increase in bus OAP concessionaires pass costs as overall bus ridership increases in line with STP commuter growth targets (circa £100,000 per annum)."

The reality of course is that in the cut and thrust of prioritizing spending amongst Ministers, decisions made by the States count for little.

Interesting to note here how the bus strategy and the Sustainable Transport Plan are inextricably entwined. Here, the rise in ridership will increase to the tune of £100,000 due to the success of the growth targets in the STP. Except that the Sustainable Transport Plan is also one of the projects to lose out in the prioritization process.

Sustainable Long-Term Planning

"Sustainable Transport Policy – £360,000 reducing to £100,000 per annum

The pressures arise from unfunded amendments to the Sustainable Transport Policy (STP) brought by the Connétable of St. Helier and additional commitments proposed by Deputy Southern without a clear funding route. Specifically the pressures are Midvale Road (£200,000), feasibility study into Snow Hill Multi-Storey Car Park (£30,000) and five other safety schemes (£30,000) which may require a further £100,000 per annum if required".

The Sustainable Transport Plan is even more established having been presented to the States as P.104/2010 and passed by the States by 43 votes to 5.

"**THE STATES are asked to decide whether they are of opinion −**

to receive Jersey's Sustainable Transport Policy dated 2nd July 2010 as prepared by the Minister for Transport and Technical Services and –

(a) to agree that the measures described in the Policy to reduce the Island's reliance on the private car and to encourage walking, cycling and public transport should be applied by the Minister for Transport and Technical Services;

(b) to approve the objective of reducing peak hour traffic flows into St. Helier by 15% by 2015 and to request the Minister to apply appropriate measures as set out in the Policy to achieve this objective;

… …"

The Hoppa service is essential to the ability of commuters and shoppers to get across town and is described in the STP thus –

"• **A town hopper service**

A service should be provided to link Liberation Station with areas such as the hospital, Elizabeth Harbour, the central market and other key town destinations. This service will be low cost or possibly no charge at all as many users will be pensioners and therefore travel free in any case, and the reductions in boarding time and administration would partly compensate for lost revenue. Some income could be gained through sponsorship and advertising. Vehicles would ideally be low or zero emissions, subject to availability."

In my report of 2011, I wrote –

‘Some of these targets for improvement are to be built into the tendering process for the several companies which I am informed are bidding for the contract. My understanding is that putting the means to improve the bus service is seen as absolutely critical to delivering the Sustainable Transport Policy and reducing car use on the Island over the coming years.

For example, my understanding is that the successful company will have to put in place plans to deliver a 100% increase in commuter bus use and a 20% increase in school pupils over a particular timescale. Key performance indicators (KPIs) will be used over the length of the contract to monitor improvements and drive efficiencies and to keep costs down whilst delivering service.

After 10 years of waiting for a reliable, integrated service to serve the requirements of many, especially the elderly, to be able to get about town and its neighbouring areas, conveniently and affordably, we now have the opportunity to deliver. The early stages of tendering are already underway, and at the time of writing I believe the shortlist is being whittled down. Further work will be needed over 2012 to develop realistic and costed schemes for delivering improvements for the start of a new 7 year contract starting in January 2013.’

I shall use the words of only 2 of the contributors to the debates –

Deputy K.C. Lewis of St. Saviour on the STP:

“As Assistant Minister, Transport and Technical Services, I would first like to remind Members of the key benefits of supporting the Sustainable Transport Policy. It is not just about reducing congestion, though this is an obvious issue. There are many other benefits such as reducing air and noise pollution from motor vehicles which can be damaging to our health and quality of life. We also have international obligations to reduce our carbon emissions to combat climate change and almost a quarter in Jersey come from road traffic. Jersey might be a very small contributor on the global scale but it is right that we play our part and honour our obligations. The need to provide for a high number of motor vehicles creates a high demand for both road space and parking spaces and makes many areas unwelcome, except by car. Parking spaces in town are valued at £20,000 or more so it is interesting to note that the annual expenditure of £500,000 on the S.T.P. equates to just 25 parking spaces and 12 per cent of households in Jersey do not have a car.”

Connétable P.F. Hanning of St. Saviour:

“We want to make a reduction in the number of cars entering town. It causes problems all the way round the edges of town. It causes problems in town itself. We all want to reduce the numbers and a Hoppa bus service has got to be one of the best ways of reducing car use. The transport policy has wanted to use a carrot and stick method of reducing car usage. The problem is they have tried using the stick. They have made parking difficult. They have tried to reduce the number of parking places. They are making it more expensive and it is not working. We need to use the carrot. If people see that the service works and they develop the confidence to know that they will be able to get on to a bus and to use the bus service to get back home again, they will have the confidence to leave their cars behind.”

From the Sustainable Transport Policy (pages 87 – 88) –

“**8.4 Timetable**

Although this policy establishes a philosophy for a sustainable approach to transport into the future the aim is to achieve the key target of at least a 15% reduction in peak hour traffic levels by 2015.

The timescale for the proposals are partly dependent on implementation of the bus service contract that will commence in 2013, and also on the final cost of the various measures. In effect the Department has already been acting upon the commitment in the States Strategic Plan to encourage walking, cycling and public transport. Improvements to pedestrian facilities and to the current main bus service are ongoing. Further improvements will continue, though the full bus service proposals will not be introduced until the new bus contract in 2013. Capacity improvements to the bus service will be provided in the interim to ensure that the growth in patronage is catered for with the target of at least doubling peak hour bus use being met by 2015. Awareness campaigns need to be timed to draw attention to improvements in infrastructure such as improved bus frequency and capacity to encourage their use.

The following table 2 provides a potential scenario for expenditure and the year of implementation, though the programme and level of funding will need to be flexible until outturn costs of various measures are known.

Table 2

Possible expenditure scenario						
Year	**2011**	**2012**	**2013**	**2014**	**2015**	**Long Term**
	£	**£**	**£**	**£**	**£**	**£**
Buses						
Provide increased capacity, Sunday service, circular route, high frequency southern service	200,000	200,000	100,000	100,000	100,000	100,000
Provide up to 20% increased school bus capacity			100,000	100,000	100,000	100,000
town hopper service			150,000	150,000	150,000	150,000
connection hubs			(100,000 desirable)	(100,000 desirable)	(100,000 desirable)	
Real Time information			(50,000 desirable)			
Smart Card System			(200,000 desirable)			
Improved bus stops and shelters		Provided by developer contributions				
Taxis						
Development of improved taxi service	50,000	40,000				
Parking						
Review of parking Hierarchy		40,000				
Bicycle stands and shelters	15,000	15,000	15,000	15,000	15,000	
Road Network						
Pedestrian improvement/road safety schemes	140,000	130,000	75,000	95,000	75,000	150,000
Travel Choices						
Public Awareness Campaigns	20,000		20,000		20,000	
Travel Plans for Schools and States Departments	40,000	40,000	40,000	40,000	40,000	
Vehicle Choices						
Development of Commercial Operator Licences	35,000	35,000				
Total	**500,000**	**500,000**	**500,000**	**500,000**	**500,000**	**500,000+** + inflation

”

From Appendix B to the Sustainable Transport Policy – Dr. Rosemary Geller, Medical Officer of Health's comment

"**Building active travel into islander's everyday life is key to combating obesity, reducing heart disease and improving mental health.**

For at least two generations, island planning and transport practice has largely focussed on the car. The unintended consequence of this has been to suppress walking and cycling. This decline in routine, daily exertion has been a significant contributor to the obesity epidemic currently affecting the island. By prioritising people over vehicles, this trend could be reversed and in so doing reclaim a better quality of life, where children can play safely and adults can reach their full health potential.

We are facing a set of world challenges such as global climate change, rapidly rising oil prices and concerns, therefore, about the security of the island's future energy supply. By leading a reduction in car journeys and encouraging more walking and cycling, the island can make a significant contribution to tackling these challenges and, at the same time, reverse the declining trend in physical activity. This would be good for public health and could save millions of pounds in future healthcare costs."

International obligations

The States Strategic Plan 2009 – 2014 commits to implementing an Air Quality Strategy which will target reductions in air pollution levels that reflect best practice globally.

Jersey is currently signatory to 3 multi-lateral environmental agreements as well as a number of associated protocols in relation to air quality –

- United Nations Geneva Convention on Long Range Trans-Boundary Air Pollution (LRTAP) (1979) and 3 associated Protocols (Sofia Protocol on nitrogen oxides, Geneva Protocol on volatile organic compounds and Oslo Protocol on further reduction of sulphur).

The aim of the Vienna Convention is to protect man and his environment against air pollution and endeavour to limit and, as far as possible, gradually reduce and prevent air pollution including long-range trans-boundary air pollution. Many of the pollutants covered within the Convention come from transport emissions.

The Air Quality Strategy Green Paper is due out for consultation mid-2010. It will identify transport as one of the main areas of concern for air pollution. Actions around transport to improve air quality incorporated within this document will be referred to within the Air Quality Strategy.

The UK ratified the Kyoto Protocol on 31st May 2002 and it came into force on 3rd February 2006. The Kyoto Protocol was extended to Jersey in December 2006. The targets set within the Kyoto Protocol cover emissions of the 6 main greenhouse gases. In Jersey, a quarter of Nitrous Oxide are caused by transport emissions.

Jersey Finance

The following extracts have been taken from scrutiny report S.R.6/2008, *The Role and Funding of Jersey Finance Limited* which examined, amongst many other things, the balance between industry and government funding.

"4.2 Development in the Funding of JFL

The funding of JFL from 2000-2007 is summarised below:

Year	2000–2001	2002	2003	2004	2005	2006	2007
States grant £	650,000	250,000	400,000	600,000	586,000	750,000	1,000,000
Subscriptions £	0	344,000	345,750	379,133	376,913	409,140	430,000*(est)*

… … … … … …

7. Public-Private Partnership

… … … … … …

The Panel welcomes Mr. Clarke's suggestion, which is shared by Mr. Cook, that future bids for increased funding would be presented to both the States and industry in the form of a business case, as this will enable both industry and the States to assess the value and possible benefits of the additional activities before considering the allocation of any additional funds.

The principle of 'user-pays' seems already to have been accepted by JFL, in the form of the adoption of a user-pays system on conference and 'key market' visits. When a company or business accompanies JFL to a conference or key market event as part of the Jersey delegation, they are expected to pay an additional fee. Last year this scheme raised an additional £100,000 of member contributions and the benefits of this initiative were described by Mr. G. Cook:

> ***"For those very large areas or activities, we would invite member interest in supporting and they pay an additional payment over and above their membership subscription fee to attend, to help us defray the costs. So if they get a very particular benefit, a very particular exposure brand, they do pay more."***

The Panel agrees that users should pay for services. However, the steady relative increase in States funding for JFL has significantly skewed the balance of private/public funding and hence accountability. The Panel is therefore surprised to see that the 2009 Business Plan from the Economic Development Department contains an additional £199,000 to 'directly market the Island's finance industry'. The Panel understands that this sum has been allocated for the provision of a permanent presence promoting Jersey Finance in either China or India, the two most significant developing markets.

The Panel is currently awaiting detailed Business Plans associated with this additional spend, but it remains sceptical that further States funding is the appropriate source for this initiative. In terms of directly assessing value for money from such an initiative, there can be no doubt that individual member firms are better placed than Government to measure most efficiently and rapidly what returns are being generated. It seems logical therefore that these firms should be asked to fund the project. This solves any problems of accountability and goes some way to restoring the principle of pound-for-pound matched funding for this public-private partnership.

Recommendation 7

The Economic Development Minister should take steps to restore the principle of pound-for-pound matched funding for JFL.

"

Since 2007, however, the imbalance in funding has got worse not better, with the growth in funding by government through the Economic Development Department far outstripping the contributions raised from the membership.

JFL – Growth of States Funding

Year	2007	2008	2009	2010	2011	2012
£ million	1.0	1.8	2.4	3.4	3.0	3.2

This is a threefold increase over 5 years, a remarkable rate of growth which is unlikely to be found elsewhere in government.

When we look to the MTFP for the coming years, there is more. Of the Economic Development Department's £4 million bids for growth in the years 2013 to 2015, the finance sector and Jersey Finance, in particular, take the lion's share.

Summary of Outline Business Cases for Growth

	2013 £000	2014 £000	2015 £000
Potential Growth			
JFL – increase grant to JFL	800	800	800
JFL additional	135	500	730
JFL – Saudi/GCC Financial Services	0	350	350
Finance Sector – Legislative Development	200	200	200
Total finance growth	1,135	1,850	2,080

This is further growth to leave the promotional spend at over £5 million by 2015. That is without the recently announced £1 million support for research into the future form of the finance sector granted to JFL in Ministerial Decision MD-TR-2012-0084.

Support for the promotion of Finance from the members of Jersey Finance has grown as well. In 2012 the figures raised from subscriptions in around £540,000 with an additional £100,000 on special events. That represents a growth of 40% for the industry, compared with 320% for government.

This proposition does not require a reduction in the activities of Jersey Finance to promote the reputation of Jersey as a finance sector, nor does it mean a reduction in efforts to introduce new and diversified finance business into the Island. It asks that we rebalance the costs of doing so with more of the burden being taken up by the broad shoulders of the financial giants who wish to continue doing business from Jersey. Total net profit of the finance sector was estimated to be £1,096 million in 2011, of which £840 million was accounted for in the banking sector.

Financial and manpower implications

This amendment is neutral in financial terms as it makes no change to overall States expenditure. There are no manpower implications, in that Transport and Technical Services staff would manage the implementation of the scheme should funding be made available, but may need to use part of the funding to buy in additional design and implementation management.