

STATES OF JERSEY

COMMITTEE OF INQUIRY INTO TENDER PROCESS AND AWARD OF BUS SERVICE CONTRACT

BLAMPIED ROOM, STATES BUILDING

Committee: **Mr Huw Shephard (President)**
 Mr Christopher Blackstone (Member)
 Mr Trevor Garrett (Member)

In attendance **Mr Mac Spence (Committee Clerk)**

EVIDENCE FROM:

MR M. COTILLARD
(Diamond Group)

on

Monday, 24th January 2005

(Digital Transcription by Marten Walsh Cherer Limited,
Midway House, 27/29 Cursitor St., London, EC4A 1LT.
Telephone: 020 7405 5010. Fax: 020 7405 5026)

----- Reviewed 09.03.2005 – Committee Clerk

MR SHEPHEARD: Good afternoon, ladies and gentlemen. We will start this afternoon's session. The witness attending the Committee this afternoon is Mr Michael Cotillard of Diamond Group. Mr Cotillard, the evidence that you give to this Committee is received by us on oath, so I will proceed to administer the oath to you.

The witness was sworn

MR SHEPHEARD: Thank you. Mr Cotillard, you are a director of Diamond Group and all of its associated companies, including Jersey Bus, having begun your employment with that group with Tantivy in 1993; is that correct?

MR COTILLARD: That is correct, June 1993.

MR SHEPHEARD: Now, we understand that you were the director of Jersey Bus who was most closely involved with preparing the tender documents for the tendering in respect of the bus contract. Is that right?

MR COTILLARD: That is correct.

MR SHEPHEARD: And obviously you will have been involved in other matters that are of concern to this Committee as well.

MR COTILLARD: Yes, I believe so.

MR SHEPHEARD: I will turn over the questioning to Mr Blackstone, who sits on my left, and, following him, Mr Garrett, who sits on my right. Then I will ask some questions towards the end of your evidence and clear up anything that we haven't fully explored or any areas that haven't been covered by my two colleagues, all right?

MR COTILLARD: Yes.

MR BLACKSTONE: Good afternoon, Mr Cotillard.

MR COTILLARD: Good afternoon.

MR BLACKSTONE: I gather you are responsible for accounting for the Diamond Group.

MR COTILLARD: That is correct, from 2001.

MR BLACKSTONE: Fine. I have already asked some questions of Mr Lewis this morning about accounts, so I will not duplicate those. I think the answers given were pretty much satisfactory. So my questions will be rather more general. In particular, since you joined the

group, have you any reason to think that the bus service, the public bus service, was substandard and had complaints from the public or anything like that?

MR COTILLARD: Very few complaints were received since I was involved, but, no, I thought we gave an excellent service. We very, very seldom -- I can't recall at all any time whatsoever -- where we basically cancelled a service, so I believe really it was quite a good service.

MR BLACKSTONE: Subsequent to 1999 you were only one year contracts. Did that have any particular effect on the quality of the actual equipment or maintenance?

MR COTILLARD: Very much so. No one in their right minds is going to invest into a company with a one year contract. That is just not possible.

MR BLACKSTONE: Would the ----

MR COTILLARD: Our last vehicles we bought were in 1999, um, '98/99, and since then, after that, it was nothing whatsoever.

MR BLACKSTONE: So, in 1999, 2000, 2001 and 2002, if there were complaints, they might have been partly due to the fact you could not reinvest in your equipment?

MR COTILLARD: Very much so.

MR BLACKSTONE: And maintenance might have suffered as well.

MR COTILLARD: Very much so, very much so, and of course, the older the vehicles, the more money you spend on replacements or for repairing the vehicles as well.

MR BLACKSTONE: During the 2001/2002 period of negotiation and tender for a new bus contract, you expressed in writing on a number of occasions your opinion that certain persons who were in a position to influence the granting of the contract were prejudiced against Jersey Bus. Could you explain this a bit more and say who particularly you felt was so involved?

MR COTILLARD: Which one are referring you? Sorry, Mr Blackstone.

MR BLACKSTONE: I have this note, which I think is a quotation from you: "*Negotiations through the non-compliant bid made more sense, but this is on the basis that PSC could feel comfortable negotiating a deal with ourselves. Looking back now over past experience and the characters involved, that was never going to happen.*"

MR COTILLARD: Was that my letter?

MR BLACKSTONE: That, I think, is you. I am afraid I don't have the reference right here, but I can confirm it.

MR COTILLARD: I would like to see that reference.

MR BLACKSTONE: I might well do that later. Do you feel that you had no such consideration?

MR COTILLARD: I think there was. I definitely think there was some sort of prejudice going on. I think primarily it stemmed from Public Services. Perhaps not the Committee but certainly the officers felt that we were pinching money from the States, if you like, and they would not believe us when we said that we required subsidy for certain routes. When we first went to them for a subsidy, we agreed to consult with a Mr Griffiths, who turned around and said it wasn't justified. Six months later when Halcrow came on the scene, we negotiated with them a route subsidy for £140,000. That was our last year of operation. I firmly believe that the civil servants believed that we were extracting money from the company and were, shall I say, not straight with them.

MR BLACKSTONE: Yes, coming back to a question I asked Mr Lewis this morning, you didn't supply balance sheets in the first instance. You took extracts from your audited accounts and past, I believe, profit and loss accounts only to Public Services.

MR COTILLARD: Initially, yes, initially.

MR BLACKSTONE: Why was that done exactly?

MR COTILLARD: Because it was part of Diamond Group. What we felt at the time, be it right or wrong, was that all the other companies in the group -- and there were inter-company loans and that sort of thing -- and we weren't asking for a subsidy for the other companies, it was purely Jersey Bus.

MR BLACKSTONE: No, I am talking about the accounts of JMT 1987.

MR COTILLARD: JMT, that is for Jersey Bus, yes.

MR BLACKSTONE: But you didn't submit the full accounts, only profit and loss accounts.

MR COTILLARD: The profit and loss accounts initially, that is correct.

MR BLACKSTONE: So the fact that there were large interest-free inter-company loans was not

declared.

MR COTILLARD: It was declared in the balance sheet, but not when we submitted to them, no.

MR BLACKSTONE: No, because the point I made to Mr Lewis is that you had quite considerable bank borrowings at the time and part of those borrowings which were incurring interest were used to make interest-free loans to other group companies.

MR COTILLARD: Yes. That was the nature of the business, of course, and that has been going on for years.

MR BLACKSTONE: So to get a true assessment of the bus element, some form of notional interest should be charged on those loans?

MR COTILLARD: Yes, very much so, but because it was part of the Diamond Group, we felt it would be wrong to do it at the time.

MR BLACKSTONE: But Mr Lewis did declare certain things to Mr Black, such as management charges and ----

MR COTILLARD: Mr Black? Mr Griffiths, sorry.

MR BLACKSTONE: Mr Griffiths or Mr Black. Mr Black was the States Treasurer.

MR COTILLARD: Oh that was before my time. That is correct.

MR BLACKSTONE: Oh right. Anyway, there was a declaration of certain adjusting figures for management accounts such as directors' charges, rents for the weighbridge and that sort of thing.

MR COTILLARD: Right, yes.

MR BLACKSTONE: But no such mention was made of the interest-free loans.

MR COTILLARD: Well, I think it would just have ----

MR BLACKSTONE: Affected the profits?

MR COTILLARD: Yeah.

MR BLACKSTONE: Mr Griffiths, have you dealt with him particularly?

MR COTILLARD: On a couple of occasions, yeah. He knew nothing about buses.

MR BLACKSTONE: No.

MR COTILLARD: He was an accountant. He's worked with the States on a number of projects regarding Service Level Agreements, so we did think at the time he was experienced in Service

Level Agreements, although not on buses.

MR BLACKSTONE: And how experienced was he in accounts?

MR COTILLARD: Well, he asked the right questions. Um, he seemed okay, to be honest. He seemed okay. It was FourSight, I think his company was called.

MR BLACKSTONE: Yes, they are management consultants, not accountants.

MR COTILLARD: Yeah.

MR BLACKSTONE: I am particularly interested because he kept asking to see all the accounts of the Diamond Group companies.

MR COTILLARD: I don't think that was primarily at his instigation. I think that stemmed from Public Services.

MR BLACKSTONE: Committee or department?

MR COTILLARD: Department. You see, the trouble with Public Services is Committee members change, and it seems to me that each time there has been a change of Committee their thoughts on Jersey Bus are exactly the same, so that leads me to believe that the information they get is directed from the civil servants.

MR BLACKSTONE: Hmm hmm.

MR COTILLARD: I think it is the civil servants who have been leading the Committee unfortunately.

MR BLACKSTONE: Yes. Well, from the information we have it seems that Mr Griffiths was rather insistent on these other companies' accounts.

MR COTILLARD: He was very insistent, yeah, very insistent.

MR BLACKSTONE: Are you a qualified accountant?

MR COTILLARD: No, I'm not. I've been in accounting for 30 years within tourism.

MR BLACKSTONE: So you possibly agree with me that there is absolutely no reason to see Living Legend accounts or anything else?

MR COTILLARD: That's what we were trying to tell them all the time. We weren't after a subsidy for the other companies. They stood on their own. They were individual businesses trading as individual businesses. There was no connection, apart from the inter-company loans,

which is standard financial procedure.

MR BLACKSTONE: Yes.

MR COTILLARD: Apart from that, there was absolutely nothing at all that they should warrant having. Tantivy stood on its own and so did all the other companies. So we were insistent that that wasn't required.

MR BLACKSTONE: You said you attended the meetings with Mr Griffiths on two or three occasions.

MR COTILLARD: Yes, that's correct, yeah.

MR BLACKSTONE: And ----

MR COTILLARD: Sometimes in our offices and once at Public Services, when he turned around and said there was no justification whatsoever in any subsidy at all.

MR BLACKSTONE: Hmm hmm. And I believe he also came up with a fair rate of return of about 5%, 5.3%.

MR COTILLARD: 5.3, 5.3. That was the percent.

MR BLACKSTONE: Do you know where he got that figure from?

MR COTILLARD: I don't know, but certainly not a bus company, that's a sure thing. I will stand to be corrected, but we got information out of UK bus operations, and they were running between 15 and 20% on average. We were running, up till the last couple of years, I suppose, in the region of between 10 and 14%.

MR BLACKSTONE: Even less later on, I think.

MR COTILLARD: Yes. That's what I'm saying, yes, but that is what we would be looking for. In fact, in our tender we did put in 12%, which is what we thought was a fair rate. But it seemed so peculiar that, six months after Griffiths was off the scene, we had Halcrows in and they virtually immediately looked at our figures and they came up with a route subsidy of £140,000. So we had Griffiths on the one hand saying it wasn't justified and Halcrows on the other side saying it was justified.

MR BLACKSTONE: Well, I believe that, at the time Mr Griffiths was in the driving seat, PSC were looking to him specifically for information on Jersey Bus and, if he gave them wrong

information, they accepted it.

MR COTILLARD: They accepted it. That's correct, yeah. That's the feeling we had as well.

MR BLACKSTONE: I want to go to the meeting of 28th ----

MR COTILLARD: Excuse me, Mr Blackstone, but can I just ask something? I was under the impression coming here today that, um, one was not allowed to sit in on the meeting if you were to give evidence, but I notice that there are people in the room which are probably giving evidence at a later stage.

MR BLACKSTONE: Perhaps I can refer that to the President.

MR COTILLARD: I was told that I couldn't come ----

MR SHEPHEARD: The position is this, Mr Cotillard. The Committee has looked at its position in relation to this again and, because these proceedings are closer in character to civil legal proceedings than criminal legal proceedings, the rules that would apply in criminal proceedings don't apply here, so the Committee has decided that it has to relax that rule. If you were given that impression, I am sorry, it was in error.

MR BLACKSTONE: To continue, I want to refer to a meeting, which I believe you attended, with Mr Macklin on 28th February 2002. You probably have your notes there. If not, I have a spare copy.

MR COTILLARD: Yeah, 28th February, Mr Macklin and Mr Muir, myself, Chris Lewis and I think it was Carl Pickering, who was our General Manager at the time.

MR BLACKSTONE: And those people who you have mentioned, including Mr Muir, they were there for the full term of the meeting?

MR COTILLARD: I believe so. Um, apart from going to the toilet, I think they were. It was quite an afternoon. I believe it was an afternoon and then it just went on. I believe they both were there, the five of us were there.

MR BLACKSTONE: Right. The shift allowance which formed part of the wage claim ----

MR COTILLARD: Correct

MR BLACKSTONE: ---- by TGWU in 2002, that was discussed at the meeting, I believe.

MR COTILLARD: The only area that was of any concern to us at the time, all we asked was

everything on the same level playing field, including the shift allowance, and we were told yes. There were two areas which they ... which I was told that were different to everybody else, which was in fact the garage rental and garage costs. They asked us to change those two areas and then initial it. You will probably have seen that I initialled it. Everything else was basically on a level playing field, which then, as far as we were concerned, everyone was on a level playing field.

MR BLACKSTONE: Now, I want you to remember if you can exactly what went on at that meeting concerning the shift allowance. For example, it was contained in a TWGU letter of 6th February.

MR COTILLARD: Yeah.

MR BLACKSTONE: Was that letter tabled? Was it presented at the meeting?

MR COTILLARD: No, it wasn't. It didn't need to be. It didn't need to be because it had already been sent. I had sent them personally and so had the TGWU. No, because we had no indication that what we were told was incorrect. You know, I sent a letter to Halcrow initially when I received it, that claim from the union, and I told them I would advise them to send it to all the tenderers, which we believe they did.

MR BLACKSTONE: Hmm hmm.

MR COTILLARD: So, as far as I was concerned at the time of that meeting, when they said everything was on the same level playing field, I believed that to be correct, but we certainly didn't go into it, no, at the time, no, we didn't. We didn't put it on the table and ask for them to put that in. We just said ... we asked them "Is everything on the same level playing field including the shift allowance" and they said "Yes".

MR BLACKSTONE: The shift allowance was mentioned specifically?

MR COTILLARD: It was mentioned specifically and they turned around and they said the only areas which were not on a level playing field were those two items which I have mentioned: the rent for the garage and the garage costs. So I had to score it out, change it and initial it, and that is the only two areas.

MR BLACKSTONE: Now, did anybody at that meeting express surprise at the word "*shift*"

allowance” or claim they had not heard of it, or didn’t know what it was?

MR COTILLARD: Not at all.

MR BLACKSTONE: Everybody at the meeting knew exactly what the shift allowance was?

MR COTILLARD: Yeah, Alan Muir knew, Halcrow -- Roger Macklin -- knew and we did.

MR BLACKSTONE: Mr Muir knew?

MR COTILLARD: Oh yeah. Well, he must have known because he wrote the letter originally to Halcrow before ... before I wrote mine, he wrote to them.

MR BLACKSTONE: Mr Muir did?

MR COTILLARD: Mr Muir said that there would be likely to be a wage increase, so he must have known.

MR BLACKSTONE: But did he know what was in the wage increase?

MR COTILLARD: Yeah, because the union wrote direct to Alan Muir as well.

MR BLACKSTONE: They wrote directly to Mr Muir?

MR COTILLARD: Yes. It is in **there**. The union ----

MR BLACKSTONE: I would like to see it, please?

MR COTILLARD: The union wrote to Mr Muir. Yes, I am sure it is to Mr Muir and not to Halcrow. **(Pause)** You see, that’s from the TGWU. It doesn’t actually stipulate that. That applies to the wage increase, I think.

MR GARRETT: Sorry. Does that predate the appearance of the shift allowance issue?

MR COTILLARD: That doesn’t actually quite state that, the letter of TGWU. That states they are going to be having a wage increase, they were going to put forward a wage increase.

MR BLACKSTONE: It does not mention shift allowance specifically?

MR COTILLARD: Not in that first letter of TGWU, no.

MR BLACKSTONE: So Mr Muir may or may not have known about the specific shift allowance before the meeting?

MR COTILLARD: Well, as far as we were concerned, Halcrows were their agents, so we dealt with Halcrows specifically and not with Alan Muir. So I presume ... I cannot believe that Public Services didn’t know about it. Halcrows were their agents. They must have known.

MR BLACKSTONE: But at this meeting, which is crucial, the shift allowance was mentioned but not discussed in any detail. Was the fact that it was £72 a shift mentioned?

MR COTILLARD: I am fairly sure that the shift allowance was mentioned. We asked if everyone else had brought it into account. I am pretty sure that it was mentioned and we were told yes, everything was on a like for like basis, “but there were two areas which you are not on a like for like”, which I have already pointed out to you. I am fairly confident in my own mind that that was mentioned.

MR BLACKSTONE: And Mr Muir didn’t ask what shift allowance was?

MR COTILLARD: No, not at all.

MR BLACKSTONE: So you assumed that he knew about it?

MR COTILLARD: Yes, that’s right. We automatically took it for granted that he knew. He certainly didn’t mention it. He didn’t query what it was all about.

MR BLACKSTONE: No, okay.

MR COTILLARD: But he must have known because in my tender, my tender went in and they received my tender before that meeting, and that tender clearly states on ... the first sentence of my tender said that we had fully included the union’s wage proposals. The first page of my presentation or my tender documents of 15th March states that “*The compliance bid takes into account the wage proposal put forward by the TGWU and would naturally have similar implications to our engineering and administrative clerks.*” So when Muir came up to see us, they would have seen that and it would have been clearly stated that it was in there. If he had any doubts about it, he would have asked then “What’s the wage bill? What’s the arrangement?”

MR BLACKSTONE: But is it possible -- I am playing devil’s advocate here somewhat -- is it possible that he did not know exactly what was in that wage claim?

MR COTILLARD: No, no.

MR BLACKSTONE: It is not possible?

MR COTILLARD: No, I don’t believe that for one moment. I do not believe that for one moment.

MR BLACKSTONE: Right. Thank you. **(Pause)** And presumably, as the accounting director

for the group, you were fairly heavily involved in the preparation of the bids?

MR COTILLARD: Yes, I was.

MR BLACKSTONE: Why did you not put any figures in the non-compliant bid?

MR COTILLARD: Primarily because we wanted to negotiate. There are so many areas which we could have negotiated on and if we employed bus consultants, because we have never done these bids before, so we employed the services of Mr Mike Heath, who was responsible for doing the London bus bids, so he was very, very experienced. He suggested that we should put no figures in because it would be negotiated. We thought -- it was through Mike Heath -- that the compliant bid was to test the ground and the actual contract would be awarded on the non-compliant bid. Now, there were a lot of areas which we felt that we believed we could have saved money on, and in fact it was highlighted in my non-compliant bid where the areas could have made savings against our compliant bid.

MR BLACKSTONE: Now, going back to Mr Lewis's notes of the meeting of 28th February, he says quite clearly right at the beginning, quoting Mr Macklin: "*The purpose of the meeting is to seek clarification not negotiation*". Did that surprise you?

MR COTILLARD: Yes, a little bit.

MR BLACKSTONE: So, having put no figures in your non-compliant bid and not being able to negotiate, that was virtually curtains for that bid.

MR COTILLARD: Well, yeah, but it was only after that that we learned that Connex hadn't put a non-compliant bid in. You will see what we say about ... but it looks as if they didn't put one in and we did. But an experienced man like Mike Heath who, you know, spends most of his life on buses, the advice that we took was from him, to put no figures in and it could be negotiated. Because one has to think that, from £140,000 in that last year of operation, and I quite clearly put into my letter, my letter which was submitted with the tenders, that this was going to be very, very expensive.

MR BLACKSTONE: Yes, I saw that.

MR COTILLARD: Very, very expensive. I am a taxpayer and I don't like paying out so much money for a bus service. So we knew what it was going to be like. We could see it. We were in

fact told to frontload it. It was just one side of the contract, the States side. You know, if they run out of money, they can throw you out, so we had to ... well, we should have built that in, but we didn't. It would have been even worse. The other thing is that we were led to believe as well that Halcrows did a shadow bid and theirs was over £5 million, which is much more than anyone else's. So we couldn't have been that far out. Had we not taken into account the shift allowance and the amount of reliefs, because, bear in mind, we were the existing operator and we knew how many reliefs were required, and I did tell them how many reliefs in my presentation, which - - you have probably got the file there -- clearly indicates how many relief buses were required, with a bus capacity of 40. So our calculations were based on that. Now, if we take the shift allowance and the relief service out of the equation, we would have been £163,000 better off than what the Connex tender was.

MR BLACKSTONE: Well, Connex assessed the shift allowance at something like £220,000 a year, didn't they?

MR COTILLARD: That's correct. We put in our figures. Our figures for the reliefs was £178,000. That is the amount of money we put in for reliefs. For the shift allowance we put in £197,000, which makes a total of £376,000. We then add on our 12% mark-up and we come to £421,000. We have then taken off our bid, calculated at 4.1 million against Connex's 4.3 million, so it would have been £163,000 less than Connex.

MR BLACKSTONE: When you say you take off the shift allowance, is that on the assumption that you would get the school bus contracts and would then not need to pay the shift allowance?

MR COTILLARD: Well, that would have been negotiation. You must bear in mind that when this came about we did have a meeting with the unions -- I think it was before the tenders were announced -- and we did tell the union what we had included in our bid. So they were fully aware that the cost of their shift allowance was included in our bid.

MR BLACKSTONE: So having once got it, they might not have to give it all up.

MR COTILLARD: Yeah, but the only reason why that has come about is that in the negotiations with the union back in the January when they first approached us, they asked us for a copy of the tender documents. I said "Look, I can't do that. It's not up to me to give you a

copy. You have to go to Public Services.” So Public Services sent them a copy. They sent the union a copy of the tender and they could then see that the schools were not included in the tender. Then, of course, automatically they see their potential earnings dropping.

MR BLACKSTONE: Sure.

MR COTILLARD: It is obvious. So they want to safeguard themselves. What should have happened in the tender, there is no doubt about it, is that it should have been calculated on a route subsidy rather than a blanket subsidy like they’ve done. A route subsidy is whereby you get paid per route, so the loss-making routes get paid. In fact, that’s the way that the £140,000 was calculated by Halcrow on our last year of operation, when we got the first subsidy, and that is the only subsidy we had.

MR BLACKSTONE: And I believe you were applying for a 15% mark-up on the subsidy, is that?

MR COTILLARD: Yeah, that’s right, 15 it was.

MR BLACKSTONE: And Halcrow found that acceptable?

MR COTILLARD: Yeah. They found it very acceptable, and that is what they paid it on. There is a lot documentation on it -- I have got it all here -- but there is certainly a lot of documentation and they in fact said that was the norm, which we were quite happy to accept, 15%.

MR BLACKSTONE: And when you came round to your tender, they only put in 12%?

MR COTILLARD: Yeah. But, you know, we would have liked to have ... we put in 12% to be competitive, but it wasn’t competitive enough, it was an 8% that won it.

MR BLACKSTONE: The notes of that meeting of 28th February say that Mr Macklin explained that the main interest at that time was in the non-compliant bid.

MR COTILLARD: I think that’s right. He wanted to get to what the non-compliant bid would have been made up of, and I think it has been clarified there though.

MR BLACKSTONE: So, therefore ----

MR COTILLARD: It should have been clarified then that that was to negotiate there because there would have been quite a few savings.

MR BLACKSTONE: So at that time Halcrow were definitely interested in the non-compliant?

MR COTILLARD: I think so. They gave that impression, but I wouldn't like to ... Certainly the impression that I got was that they were very interested in our non-compliant bid.

MR BLACKSTONE: But it then sank without trace and was never heard of again.

MR COTILLARD: Never heard, never heard.

MR BLACKSTONE: You never heard any more of it again.

MR COTILLARD: Until I got a letter from, um, Deputy Hacquoil, I think it was, stating that they didn't take it into account because they couldn't substantiate it. That was it. But, you know, I can't emphasise enough that on my letter which I submitted with my tenders I did say that we thought it was very, very expensive.

MR BLACKSTONE: Hmm hmm.

MR COTILLARD: You know, it was going to turn out. We knew that.

MR BLACKSTONE: In the final assessment of the bids prepared by Halcrow and submitted to PSC, there was a statement about Jersey Bus: "*We are not however convinced that the spirit of co-operation, which is essential to the development of the successful partnership arrangement, exists or is possible between the parties.*"

MR COTILLARD: Well, they got that from someone, but not from us. We worked quite well with Halcrow, and when we obtained that £140,000, we went through Roger Childs and we worked very, very close together. So that certainly didn't come from us. That must have come, I would think, from one of the officers, to be honest.

MR BLACKSTONE: And you are not aware from any remarks made in anger or en passant concerning your relationship with PSC?

MR COTILLARD: Not at all, not at all, not at all.

MR BLACKSTONE: I don't think I have anything else for the time being.

MR COTILLARD: Chris can be a bit fiery at times and he can go on a bit, but whether there was something there, but not to my knowledge anyway.

MR BLACKSTONE: I will pass over to you, Trevor.

MR GARRETT: Thank you. Right, during my research, I came across comments which indicated that there was some degree of hostility, animosity -- call it what you will -- and that

States members were dissatisfied and, indeed, other members of the community were not happy with the service provided by Jersey Bus in the late 1990s and into perhaps 2000 and up to 2002. What is your view on the legitimacy of those type of comments?

MR COTILLARD: The public ... the grass is always greener until you get to the other side, and that is a classic example of what has happened here. People have expected a better service. We couldn't give a better service because we only had a year's contract and, as I said before, you are not going to reinvest on that. The amount of complaints we used to get were negligible. But we used to supply back-up services. We never used to leave people waiting at bus stops like certain companies do and are still doing it. We used to put relief services out all the time and, I think, with what we had at the time, a year's contract, I don't think one could have expected much more. The reason why the politicians, I think, weren't too happy is (a) because it has filtered through from the actual civil servants that they distrusted us and there was a big distrust. I believe, as I said before, I think that they thought we were raking it in. That has filtered through to all other politicians unfortunately.

MR GARRETT: But were you aware of that sort of distrust at that time, or is that with hindsight?

MR COTILLARD: We have always had our suspicions, and there is one letter which came about somewhere or other whereby a previous Chief Officer -- I believe it was Public Services --

MR GARRETT: Swinnerton?

MR COTILLARD: Sorry?

MR GARRETT: Was it Mr Swinnerton?

MR COTILLARD: Swinnerton. He went to the Attorney General and -- I think it's all here -- did say that they wanted to go down the bus tender route because they thought we were raking it in. It is all on the papers so you will be able to see it. We were raking it and we were taking money from the public.

MR GARRETT: I am just trying to understand why, if you had that knowledge, you didn't engage in some form of very positive PR exercise to counter that and make sure that the

politicians were disabused of that idea.

MR COTILLARD: We went numerous letters around to politicians. We tried to get an SLA going with Public Services, but that fell foul. At the time of Mr Swinnerton, when he was in charge, but that fell down. As I say, politicians change. Politicians and Committees change. Civil servants don't and I have always emphasised that I firmly believe that the civil servants are legal politicians, and that has happened. You see, a Committee, a Public Services Committee, will change, but their views won't because they rely too much on the civil servants, and that is what has happened. It is not only Public Services but other Committees as well.

MR GARRETT: Moving forward, following the decision that they were going to go down the Bus Strategy route, the decision was taken to review the Motor Traffic (Jersey) Law 1935. Were you or any other representatives of Jersey Bus actually involved in that review? Did you contribute in any way?

MR COTILLARD: I certainly wasn't, and I don't think anybody else within the group was. I must put it clear to you now that I was originally against going down the route of Jersey Bus tendering. I had had enough of it and I believe, to an extent, Chris Lewis was, but the other directors and the family talked us around to putting in a tender. Initially, I didn't want all the hassle of getting involved with Public Services because we knew that, if we had won the tender, we would probably have been in exactly the position as what we were then. But, no, I certainly was not involved in the review of the Motor Traffic Law and I don't believe anybody else was within the company.

MR GARRETT: Okay. Bearing in mind you were experienced with buses and so forth and observations since the law was amended, were your feelings ... do you think the amendments to the law went far enough, were sufficiently comprehensive and likely to produce a good bus service for the people of Jersey, or were there deficiencies in what was achieved?

MR COTILLARD: I think the expectations of the public are probably too great on here. You have got a small island, a wealthy island and it is very difficult to get people out of their cars. It is very, very difficult, so I don't think ... I don't know if they could have done much more, to be honest. The only way to get people back into buses is to probably put public car parking charges

up. Treble those overnight and you might get some people, but people get accustomed to getting out of their house into the car and into town and the volume of people on the buses, the passengers, it is very difficult to get that back.

MR GARRETT: Without wishing to digress, it was an objective set out in the Sustainable Transport Policy to try to encourage people to make more use of the bus service.

MR COTILLARD: I agree.

MR BLACKSTONE: And, from what I can see, clearly that has not been achieved.

MR COTILLARD: No. I think they will find it very difficult to achieve that. You see, when Connex started, they had 20-odd buses. They didn't have their full fleet. It is still happening to a certain extent now. People were being left on the bus stops. We used to get people phoning us who thought we were still running the bus service and they said "I've been left at the bus stop here. What do we do?" Quite often we used to pass them at First Tower or wherever and people were left there and the drivers had just gone off. Now, once that happens, it is very, very difficult to get those people back on to buses. Once you've lost them, they are passengers you can forget about. They will find alternative transport. Whether it be a bike, bus or walk or bike or car, you have lost them. So it is very, very difficult. Once you've lost a passenger, it's very hard to get them back again. So I cannot see, even if they increased the services, I cannot see that the volume of people using the buses will be greatly increased in the future.

MR GARRETT: Fine. Just moving forwards to one of our specific terms of references, which is to look at the preservation of the terms and conditions of employment of the bus drivers and the support staff, when it was stipulated that if the staff transferred they would have to be transferred on the same terms and conditions as applied in August 2001, do you believe that it was the intention of the politicians that any wage negotiations and so forth would be frozen until the new operator took over later in 2002 or even in 2003?

MR COTILLARD: No, not at all. Not even Public Services thought that. That is the letter I have just shown you. They even realised that wasn't the case. So we weren't the only ones. Public Services also realised that there would be a wage increase, as Alan Muir wrote too to Halcrow's.

MR GARRETT: As that stage, would Public Services have been aware that your annual wage cycle, that the negotiations are from March each year?

MR COTILLARD: If you just look at the actual original copies of the contracts of the men which we submitted to them at the States. **(Pause)**

MR GARRETT: I am just wondering if before the tendering process commenced ---

MR COTILLARD: Yes, I know what you are getting at, Mr Garrett. I know what you're getting at, but I just want to see. **(Pause)** Well, on 12th January, Mr Muir wrote to Roger Childs and attached the current pay agreements for the staff.

MR GARRETT: And those payments would have been dated?

MR COTILLARD: On there, it does state ... it says "*March*". It doesn't say that it is every March. No, it doesn't clearly state that it is an annual one for 1st March.

MR GARRETT: But it wouldn't have come as a surprise to him that you would have been engaged in these wage negotiations?

MR COTILLARD: Oh no, no. No, it wouldn't be a surprise at all. It is not unusual. It is not unusual for Jersey Bus to negotiate with the union, with the union members, sometimes. I have checked back as well, so it is not unusual for negotiations to go into April, the end of April, and then back paid. In fact, the last two years of operation that is what went on, because the negotiations went into April and then the men were back paid to 1st March.

MR GARRETT: Okay. Do you know when the 2002 pay negotiations commenced? Would it have been January or February?

MR COTILLARD: January.

MR GARRETT: January?

MR COTILLARD: January.

MR GARRETT: And when was the shift allowance issue first raised?

MR COTILLARD: Um, as soon as Public Services sent a copy of the tender to view.

MR GARRETT: Right.

MR COTILLARD: Because they could then see that the schools were not included in the tender. That is what should have happened. The schools should have been in that tender

document. There is no doubt about it, the school contracts. But, of course, if they had put the school contracts in the tender, then those that tendered would have increased their costs considerably because they would have had to have got extra vehicles for that, for the contract. But we wouldn't have to. We had all the existing vehicles for it. You have got to bear in mind that the school contracts only go for 190 days, so, unless you have got the vehicles there, it is not viable to buy new vehicles just for 190 days to do the school operation. Nobody in their right mind would go and buy a new coach or a new bus to utilise it for just 190 days.

MR GARRETT: Do you know when the pay agreement was actually signed off?

MR COTILLARD: I believe it was early May. I am not sure of the date, but I believe it was early May. But, as I said to you, that is not uncommon with Jersey Bus's practice, because it has been signed in April, the end of April, and backdated. So that is not unusual.

MR GARRETT: Is that after you were notified that you had not been successful?

MR COTILLARD: I think it possibly was. I think, yes, I am pretty sure it would have been just after. The date we were actually notified I think was the beginning of May.

MR GARRETT: Was that significant? I mean, the point I am trying to get to is if you had been awarded the contract, been selected as the preferred operator, and you had been allowed to continue operating the school bus service, your drivers would have continued to earn overtime, as they had done previously.

MR COTILLARD: Yes.

MR GARRETT: And, therefore, the claim for that shift allowance would have been without foundation. So is it the case that the decision on the pay award was deferred until the operator had been selected?

MR COTILLARD: No, not at all. You have got to bear in mind that at that time we were under the impression that everybody had included the shift allowance in the tenders anyway.

MR GARRETT: But if you had got the contract ----

MR COTILLARD: That was part of the non-compliant bid. We could have negotiated it. We may have been able to negotiate that.

MR GARRETT: But would you have actually signed that pay agreement for £72 per week for

each driver if you had actually got the contract? I mean, would you have ----

MR COTILLARD: No, we would have sat down and renegotiated it, or tried to renegotiate it.

But, in saying that, the union did know that it was included in that tender, so we couldn't really go back and tell the men that we are not signing it or else we would have had an almighty upheaval for that start of the season.

MR GARRETT: But it would have been an incentive for you to have deferred finalising that wage negotiation until you knew who had the contract because, if it was down to you, you could have engaged in further negotiation with the union.

MR COTILLARD: I take your point, yeah. You are quite right, but we did not consider that. We did not consider that.

MR GARRETT: Okay. Do you know who actually signed off the contract on behalf of Jersey Bus?

MR COTILLARD: It would have been Carl Pickering, the General Manager.

MR GARRETT: Turning the clock back, what was the arrangement that you had in Jersey Bus for meeting Transport and General Workers' Union representatives on a regular basis? Did you have quarterly meetings, monthly meetings?

MR COTILLARD: When something came up, they came up.

MR GARRETT: So as and when?

MR COTILLARD: I would say that most of that was generated through our General Manager, Carl Pickering. He used to liaise with the unions. If there was anything serious, then he would come to myself or Chris, but, no, we didn't have regular meetings with them, only in the January time when we would start pay negotiations. That was the major one.

MR GARRETT: During the latter part of the 1990s and the early part of the current decade what was your staff turnover like in terms particularly in relation to bus drivers? Did you maintain a fairly consistent ----

MR COTILLARD: We had the same ones year in, year out. I have to say that I wasn't involved so much in Jersey Bus in 2001, but from my knowledge of the actual group of Diamond, staff is ... we have always had the same staff. It is a very, very minimum turnover and the same with

Tantivy as well. We had our seasonal drivers who used to come. It was the same with Jersey Bus. You had seasonals and then you had your full-timers, but the turnover was very minimum.

MR GARRETT: If we required that information, would that be available through your personnel records, that kind of information?

MR COTILLARD: Yeah, I am sure we could get that out for you, although I don't quite understand where you're coming from.

MR GARRETT: I will come to the point. Assuming that you have friends who were bus drivers and so forth who are possibly still working for Connex, do you have any knowledge of what their staff turnover is like since they took over the contract?

MR COTILLARD: Not really, no, and I wouldn't speculate. What we hear on the grapevine from the drivers is, you know, now and again they'll come and have a coffee in the office and have a chat and a lot of them are not very happy with the situation at the moment. That is the feed-back we get. A lot of them aren't happy because they have had to leave passengers on the road and they are not putting the reliefs on. We do get a feed-back, good feed-back from some of the drivers. We still have a drink in the pub. You know, we're still on good terms.

MR GARRETT: The point I am trying to get to get to really is in relation to the terms and conditions of employment. There are the formal terms and conditions of employment and there are the less formal sort of relationship really between employee and employer; and I am trying to assess whether or not things have changed spectacularly from the time of Jersey Bus to Connex, whereby people, staff, are not as contented with the new employment arrangements and are leaving on a more regular basis.

MR COTILLARD: I understand. It would be unfair of me to say anything or comment on how they operate or what. I don't even know what the union agreement is now. It could have changed in the last two years. I don't know. The only thing I am saying to you, and this is hearsay only -- I have got no evidence to it -- is a lot of those drivers aren't happy with the current situation apparently. That is the feedback which I get from the drivers. I speak to all the drivers. I get on with everybody, you know. I say "How are you getting on?" and they say, you know, "This bloody place" and that's the sort of attitude they've got.

MR GARRETT: Okay. Just going back to the knowledge about the letter from the Transport and General Workers' Union and so forth, can I just confirm with you that, on or about 6th or 7th February 2002, you actually received the letter from the Transport and General Workers' Union?

MR COTILLARD: Yes.

MR GARRETT: Is your copy date stamped to show when you actually received it?

MR COTILLARD: No, mine wasn't date stamped when received.

MR GARRETT: What was your reaction when you received that letter? Presumably it didn't come as a surprise, you already ----

MR COTILLARD: Well, yes, I think it came as a bit of a surprise, but I would have expected something like that myself. I knew that the tender mark-up didn't include the school contracts and, you know, we said between ourselves, amongst ourselves, we said "They are going to have a field day here. From £600 a week, they are probably going to go down to £300 if they haven't got the overtime." And so we half expected it. We did half expect it. But I immediately -- you know, immediately being within a working day, I think on 6th February or the 7th or something like that, I think by the end of the following week -- I had faxed it over to Halcrows and told them to make sure that all tenderers were aware of it.

MR GARRETT: What was the cause of the delay? I mean, you received it on or about the 6th, possibly 7th, and it was sent to Halcrow on the 12th.

MR COTILLARD: I think there was the weekend as well.

MR GARRETT: And the weekend came in the middle of it, yes.

MR COTILLARD: I think there was a middle weekend and also, by the time we talked about it and thought about the implications and then discussed ... because, previously to that, I was going to allow, I think it was, 4% or 4½% and 5% increase for the two years. So that is what I was basing my calculations on. Then we decided "Well, you know, we have to put it in", and, because there was only a short space of time between that and submitting the final tenders, we had to make a decision what to do as well. So I faxed it over to ... it wasn't Roger Childs, but it was somebody else at Halcrow, Davies, Neil Davies the name was. I told him that I think it only fair that all other tenderers are aware of this. Now, you know, I couldn't tell him to include it or

not, but we certainly did and I think it was only prudent and common sense to include it.

MR GARRETT: On the 12th, can I just confirm that you received a copy of *Bulletin 2* sent out by Halcrow?

MR COTILLARD: That is the same date as I faxed it to them.

MR GARRETT: And a copy of the Transport and General Workers' Union letter was attached to that?

MR COTILLARD: It is here. **(Pause)** Yes, it was. The first *Bulletin* was 29th January. *Bulletin 2*, yes, it did include *Bulletin 2*.

MR GARRETT: Right. Thank you. Can we just move on now and cover some of the ground that Chris covered in relation to the meeting on the 28th? You clearly have got a copy of the notes that your boss, Chris Lewis, wrote.

MR COTILLARD: I haven't got a copy.

MR GARRETT: You do not?

MR COTILLARD: No. But I understand Chris was very thorough. He has got a talent whereby he is able to write down at the same time as he is concentrating. I can't do it and I think very few people can, but he can write down detail as he is talking and concentrating, whereas I'm not as good as that.

MR GARRETT: If you look at paragraph 2 under the heading "*Compliant Bid*" there is an entry "*RM asks*". Can you just read that paragraph?

MR COTILLARD: "*RM ashes about wage negotiations.*"

MR GARRETT: That is "*asks*", I think.

MR COTILLARD: "... *asks about wage negotiations. Are we any further forward.*"

MR GARRETT: I don't know if you can read it quietly.

MR COTILLARD: All right, I just ...

MR GARRETT: And there are some comments attributed to you.

MR COTILLARD: Yeah. Sounds about right. **(Pause)** That probably seems about right. I wouldn't say that was word for word. I can't remember that detail, but I think that certainly is the essence of it.

MR GARRETT: Would you describe that as an accurate record of what happened or an accurate summary?

MR COTILLARD: I would have thought possibly, yeah. I certainly remember talking about it and, you know, asking to make sure everything was on a level playing field and had they included the shift allowance. Yeah, I would have thought so.

MR GARRETT: Because the notes actually go beyond that, in that it is suggested that you provided a description of the background or the basis of the claims submitted by TGWU.

MR COTILLARD: I would have thought that was probably about right, yeah. What date is that, 28th February 2002?

MR GARRETT: 28th February.

MR COTILLARD: Yes. I would have thought that is not ... **(Pause)**

MR GARRETT: Okay.

MR COTILLARD: I wouldn't have thought he could have made those notes at the time.

MR GARRETT: No, from what he said this morning, I understand that he produced some rough notes during the meeting and then transposed those notes into more comprehensive notes.

MR COTILLARD: Yeah. That's more like it, yeah, okay.

MR GARRETT: Can you just confirm that Roger Macklin on that occasion indicated that a copy of the letter had been sent to all tenderers?

MR COTILLARD: Everybody was aware about it, but I can't actually remember him saying that he actually sent the letter, but I think they were all made aware of that. That is probably what his words were, something like that anyway.

MR GARRETT: The fact that you received a copy with *Bulletin 2*.

MR COTILLARD: Yeah.

MR GARRETT: Did he indicate that *Bulletin 2* had been sent to all tenderers?

MR COTILLARD: He must have, yeah, because some of these questions and answers don't apply to only us; they apply to every other tenderer. It was up to those that tendered to ask questions. There are certain things in there which we didn't ask about and they came back, you know, so it wasn't just to us, no. It was to everybody that tendered.

MR GARRETT: Okay. Moving forwards -- thank you for looking at those notes -- do you know why your non-compliant bid was rejected? Was it simply because it lacked detailed costs?

MR COTILLARD: There is a letter from ... yeah, I think that is basically what it boils down to. There is a letter which I received. There is a letter on file somewhere saying that everybody else had been along the same lines as what we were. There we are: “ ... *the benefits from your non-compliant bid were evaluated. A significant amount of your savings were derived from the assumption that new garage facilities would not be available for the first year of operation and while the garage may be a ... (indistinct) ...*.” So that is why they said they couldn’t quantify our non-compliant bid, but our intentions with the non-compliant bid was to negotiate.

MR GARRETT: But did anybody actually visit you and spend any time exploring those issues with you, seeking clarification or whatever?

MR COTILLARD: No, no. The only meetings we had were with Alan Muir and Roger Childs and that is the only ... and after it was announced we had meetings with Dennis Ord from Connex, but that was all. That was the only ... (indistinct) ... and the meeting from Roger ... (indistinct) ...

MR GARRETT: Do you have any knowledge of the conduct of the selection process, how it was conducted or what process was used at all?

MR COTILLARD: No. We gave a presentation. I think it was three of us that ended up at the presentation which we did. I did ours on the ... (**Pause**) ... 15th March. That was our presentation. I think you have had a copy of that, haven’t you? Basically I outlined what we were going to do, how we were going to do it, the staff that we had and also stating in there how many relief services we would be doing. That was before the contracts were awarded, so they can’t say they didn’t have any reliefs. During the summer months we catered for between 60 and 80 relief services each day and during the period at least 15 per day ... during the winter period at least 15 per day. So that was given to the Steering Group in my presentation before the contract was awarded. So they cannot turn around and say they didn’t know how many relief services they needed. You have got to bear in our mind that our vehicles were 40 seaters and I think -- 48 seaters, with a carrying capacity of 48 -- where Connex’s were about 30 or 33. So, in

their tender, if that was based on their sort of vehicles for reliefs, they would need a lot more than we used.

MR GARRETT: Do you know why your main tender was rejected?

MR COTILLARD: Price.

MR GARRETT: Simply price?

MR COTILLARD: And bias most properly. I said to you before, I think they just wanted us out.

MR GARRETT: That is the issue that I am ----

MR COTILLARD: I think they wanted us out. They didn't believe what we were saying. They thought the grass was greener the other side and they just wanted to get rid of Jersey Bus. I honestly firmly think that and I believed that before we went to tender, because my thoughts at the time, when we knew we had to go down the tender route, was that I wouldn't have bothered. I just thought we should say "Goodbye" and then it is finished. I didn't really want to go down the bus tender route because I knew that there was no hope in hell of us winning it, knowing all the comments that States members had said and everything else that came in the press.

MR GARRETT: I am going to come on to some of those comments in a moment. I note from the files that I've examined that you wrote to Deputy Hacquoil on 2nd May and again on 26th September questioning whether Connex would be providing the same level of service as required in the tender documents. In particular, you focused on the provision of relief services. Is it correct that in his response Deputy Hacquoil provided an assurance that Connex would be discharging all obligations contained in the formal tender process?

MR COTILLARD: Yeah.

MR GARRETT: From your observations and experience, would you say that the assurance provided by Deputy Hacquoil was matched by the service that Connex actually provided?

MR COTILLARD: Definitely not. They didn't have the vehicles, to start off with. They didn't have the capacity, to start off. They still don't have now, to be honest. They still leave passengers behind. There are no inspectors on the buses, which they should have had on and that is clearly defined in the tender document. They are certainly not ... the only thing I will say is I

haven't had sight of the contract, so it may be completely different to what the tender document was. It may be, I don't know. I don't know what's involved in the new contract with Connex because I haven't seen it.

MR GARRETT: But would you have expected the contract that was granted and was signed with Connex to vary significantly from the tender document?

MR COTILLARD: No, not at all. It shouldn't. It should be virtually a carbon copy of it. Of course you have to cross the I's and dot the T's, but certainly it shouldn't be that much different to the actual tender documents really.

MR GARRETT: Okay, moving forwards to the claims made by Connex in respect of the driver's shift allowance and the relief bus services, how did you react when you learned that Connex had put in those claims?

MR COTILLARD: Gutted, absolutely gutted. I couldn't believe that. I had the radio on in my office because I knew there was talk of buses and the bus report, the end of the bus report. It came out that we had connived with the union on the shift allowance. I wasn't a very happy man at the time. In fact, I spoke to their solicitors on this because I wanted to take it further, which we would have done at the end of the day. I was really gutted to be accused of conniving and cheating. That is not my nature. You know, I'm not that sort of person. In the end, I had a letter of apology, a full apology, which is dated ... I can't remember when it was. **(Pause)** I received a personal apology from Deputy Dubras by way of letter on 2nd February, admitting that what he had said in the States was completely untrue and unfounded and that all relevant information relating to the union's pay claim was received from him by way of letter of 12th February.

MR GARRETT: Have you got a copy of that that we could have?

MR COTILLARD: I think I have got one on file.

MR GARRETT: Mine is at the solicitors, but that is the one which is an identical copy which Chris received, and I think we may have a copy of mine there. **(Pause)**

MR SPENCE: Yes, indeed, gentlemen, that is a copy of that.

MR GARRETT: However, bearing in mind that the original declaration was made in May 2003, it took a long time, would you not say, to get that apology?

MR COTILLARD: No. The original ... we didn't know anything about it until December when it was mentioned in the States at the back end of February. In fact, I have got a letter in the file, a draft letter, which was -- no, in fact, it is a letter from my solicitor to Deputy Dubras, or a proposed letter because I don't think it was sent in the end -- asking for clarification and retracting his statement, but in the meantime that came out, that came to us. But I intended to take it a lot further, but I didn't do it in the end.

MR GARRETT: Okay. What was your reaction when you actually discovered that the States had agreed to pay £186,000 to Connex for the shift allowance?

MR COTILLARD: What was my reaction?

MR GARRETT: Hmm.

MR COTILLARD: I couldn't believe it. To be honest, I thought it was just ... they were calling us liars and cheats and, I think, you know, Connex didn't ... it clearly stated in the tender documents that you couldn't go back. If you made a mistake in your costings, there was no come back to the States of Jersey, you had to take that on your shoulders. For them, I thought to myself "Christ, they were told about in output No. 2 from Halcrows, they were told about it in the update *Bulletin No. 2*. They were told about it and then they turn around and said they didn't know anything about it." You know, it is ... I reckon they did put it in. I don't know, but I reckon they did put it in and someone told them "Look, don't put it in, you know, we'll sort it out at a later stage." Okay, this happens. Not us, but it might be someone in Public Services and Connex that connived because they just didn't want us. That is my firm belief and nobody has proved to me otherwise at the moment that there was some sort of collusion.

MR GARRETT: Okay. Can I ask you, can you confirm that, on 27th June, you wrote to Dennis Ord, indicating that you were willing to negotiate some sort of consultancy arrangement ----

MR COTILLARD: Yep.

MR GARRETT: ---- whereby you would provide Connex with various financial information, aspects of operational information, premises, stock and so forth?

MR COTILLARD: Yep, yep.

MR GARRETT: Did Mr Ord accept your offer?

MR COTILLARD: In a meeting he considered it. Nothing came of it, but he did want the cash bags from drivers. He was willing to buy that. There were cash bags that drivers had and he was willing to buy that. At a later stage, I did hear that, although they were interested in some of our vehicles, they were told that they were not allowed to do it by Public Services. They weren't allowed to do a deal with us. Now, whether that is right or wrong, I don't know.

MR GARRETT: If you had been allowed to do it, what kind of information would you have supplied to Mr Ord under the sort of heading in your letter "*Aspects of operational information*"?

MR COTILLARD: Route analysis, loading factors and reliefs, the times of reliefs, your peaks and your troughs, you know. I would have been quite willing to hand that over. But you have to bear in mind that we were a private company, you know, so a lot of the stuff we had was sensitive information and you just don't go out and give it willy-nilly to everybody that's available for some information and try and strike a deal. We lost out big time, so if I could recuperate some of that money, lost money, we had buses to write off. We managed to sell a few to Guernsey, but the assets we had to just get rid of, so I was just trying to get a little bit back for the company which we had lost. After 32 years, we had lost the entire business.

MR GARRETT: But you would agree that there was an opportunity there for Connex to avoid some of the difficulties which they faced later, in terms of relief services and ----

MR COTILLARD: They could have avoided all the difficulties, all of it.

MR GARRETT: Okay.

MR COTILLARD: And they wouldn't have had a problem with reliefs because they could have used our reliefs and they could have been in a better position now to do the schools than they presently are.

MR GARRETT: Moving forwards, looking at the papers that were supplied by the Public Services Department, those who expressed discontent upon the publication of an article in the *JEP* on 18th April 2002 reported that Deputy Hacquoil had said "*For 25 years we really have not had a quality bus service in Jersey.*" Can you explain the basis of your displeasure on that report?

MR COTILLARD: Well, it was right in the middle of the tender. The winners of the tender

hadn't even been announced yet and I thought it was inappropriate anyway. At that time, he should have just kept his mouth shut and not said a word until after the event. There were occasions on which we had good feedback from the States as well, you know, and I just don't know where he gets that information from. It must have been Public Services, the civil servants. I would like Deputy Hacquoil to quantify that. Let him quantify it. I don't think I should be on the back foot trying to protect myself. I have got nothing to hide. As far as we knew, we did a good bus service, so I would be pleased to hear how Deputy Hacquoil actually managed to put that down in writing, where he got his information from.

MR GARRETT: What is the relationship currently? Following the publication of all that material, what was the relationship like between Jersey Bus and Public Services? **(Pause)** Did it produce strains in your relationship?

MR COTILLARD: I think it has been strained for a long, long time, to be honest. I think it is 2001 since I've been involved myself, but I have always felt, as I said to you earlier on, that they just did not trust Jersey Bus. They just did not trust Jersey Bus and they thought we just, you know, took the money on false pretences. That is basically where it stems from. They didn't believe a word we said.

MR GARRETT: Has the relationship eased or improved at all given the passage of time?

MR COTILLARD: I think now we ... putting on my Tantivy hat, I still deal quite a bit with Public Services through the school contracts and I think, yes, it probably has eased off a little bit, considering ... I think they now realise, a lot of these public servants, civil servants realise, that we weren't as bad as what they made out we were. We are working at the moment with a couple of civil servants from Public Services and that is quite amicable, to be quite honest with you.

MR GARRETT: Who do you deal with in relation to the schools?

MR COTILLARD: Um, the school bus service is Mike Collier. Um, while I don't directly deal with him, my staff do. I deal with John Richardson a lot and it used to be Alan Muir. Alan Muir is off the bus part at the moment. John Richardson, I deal with primarily with those two, but the relationship with John is on an even keel at the moment, but I have to because I have still got my Tantivy bus contracts.

MR GARRETT: Okay. Can you also describe your reaction to the report that said “*In May 2002, after Connex was appointed, the then Committee and Connex were made aware that Jersey Bus and its employees had negotiated an agreement whereby from September 2002, one month before the transfer of operations, drivers would receive an additional shift allowance*”? Linked into that statement there was a comment that suggested Environment and Public Services had only learned of the issue when the Committee first met. That was the new Committee, I have to say, the Committee of 2003. What is your view, in terms of the knowledge within the Public Services Committee?

MR COTILLARD: I think they knew very well all along. There was stuff on the table. They can't turn around and tell me they didn't know about it. I honestly believe they did know about it and I wouldn't be surprised at all if some deal with Connex was made whereby, you know, “Forget about it, we'll sort it out later.” In fact, Public Services did know about the 187,000 for the shift allowance, and there was no reason not to because they should have done their homework first so they could put it in their tender.

MR GARRETT: Okay. I understand that early in 2004 Senator Ted Vibert visited your offices and asked you a series of questions about the tendering process. Can you confirm that you supplied Senator Vibert with a copy of the notes that we showed to you a short time ago?

MR COTILLARD: I didn't, but no doubt Chris would have done.

MR GARRETT: That would have been Chris?

MR COTILLARD: Yeah, I certainly didn't. I hadn't read them before. I have seen them and glanced at them, but I can't say I have read them word for word sort of thing. But I will say that anything that Ted Vibert has received was there for any politician. Ted Vibert is the only person who came knocking on our door and asked for information. We have never refused any politician any information at all that we provided with our tender, but nobody has bothered asking us except for Ted Vibert.

MR GARRETT: Okay. Can you describe your reaction to the statements of Deputy Maurice Dubras, in response to questions asked of him by Senator Vibert, in particular the response to question three, when Deputy Dubras stated “*The Director of Traffic and Transportation*”, that is

Alan Muir, “*attended this meeting*”, which was the 28th February one, “*with the consultant’s representative. The records of the meeting do not contain any specific details of the pay claim, particularly any explicit claim for a £72 per week shift allowance, and it appears it was not expressly discussed.*”

MR COTILLARD: We were there all afternoon. You have got to bear in mind that at that meeting Macklin was there for the majority of the afternoon. I can’t put my hand on my heart and say one has a more accurate recollection than the other, you know. I know it was talked about, but, to what extent? But it was definitely mentioned. I don’t know. I think that’s not far wrong, I would have thought, what Ted said there, to be honest with you.

MR GARRETT: If you were embarking on this project again, what would you do differently?

MR COTILLARD: I wouldn’t tender?

MR GARRETT: And, if you did tender, what would you do differently?

MR COTILLARD: I don’t think we did anything wrong, to be honest with you. I think we did everything above board. We submitted our tender and, on the advice of our consultant, Mike Heath, we did it the right way. We informed Halcrow’s of the shift allowance. We couldn’t do any more than that. We couldn’t get in touch with any of the actual tenderers direct and say “Are you putting it in?” or “Are you not putting it in?” There was no way I could do that. So I think we did everything above board. I think our ... because we were the existing operator, we had to be very careful that we got our figures correct and I think the actual output of those tenders shows that we were maybe a little bit more expensive, but we knew what we were putting in our costs and I think they are fairly accurate. Had it been on a different, on a level playing field, like we thought it was going to be, then we would have been a couple of hundred thousand pound less than what Connex were, and no doubt at that time we would have hopefully won the contract. I don’t think we would have.

MR GARRETT: I have reached the end of my questions, but before we close, or before I close at least, would you like to make any statement or comment or draw our attention to any issues that you think we should be looking at?

MR COTILLARD (after a pause): No, I think you’ve got everything there, to be honest. I can’t

think of anything. As I say, I've only been with the company -- well, Jersey Bus -- since 2001, so historically I'm not au fait with too much going on before then. Um, no, I don't think there is much else. As I said to you, I certainly feel that the school contracts should have been in the tender documents and I feel that the actual tender should have been based on a route subsidy rather than a blanket subsidy, and I think that is common sense because they would only subsidise the actual routes that make a loss. In fact, we did a deal with Trinity, whereby they actually subsidised their route. **(Pause)** It would have been far, far cheaper going down the route subsidy. We could see coming and, as I say, I did write to him and I pointed out that it was going to be very, very expensive. There is no come back on that at all. No one has come back to me and, you know, said "How do you work that out?"

MR GARRETT: Okay. Thank you.

MR COTILLARD: But they knew my feelings.

MR BLACKSTONE: A couple of final questions. From your notes which you gave us at the beginning of the meeting, you say "*The first time I was aware that Connex had not allowed the shift allowance was in their calculations.*" Are you aware of it?

MR COTILLARD: Which one is this? Sorry.

MR BLACKSTONE: Page 2, paragraph 2 -- para 3, I beg your pardon -- "*The first time I was aware that Connex had not allowed the shift allowance was in their calculations.*" I think that probably needs correcting.

MR COTILLARD: On 9th December? That is correct. When Deputy Maurice Dubras put his annual report in the States ----

MR BLACKSTONE: You were relying on what Deputy Dubras said?

MR COTILLARD: Yeah.

MR BLACKSTONE: You had no other evidence that they hadn't allowed it?

MR COTILLARD: None at all. No, it was just on what was published, that is all.

MR BLACKSTONE: Right. And item No. 4 there, "*On legal and professional advice, we were informed the conditions set out in the compliant bid were totally unreasonable.*"

MR COTILLARD: Which I pointed out to them in my ----

MR BLACKSTONE: Was that legal advice a letter from your lawyers?

MR COTILLARD: Yes.

MR BLACKSTONE: Have we seen that in your submission?

MR COTILLARD: No, I don't think we have. In fact, I am not 100% sure we should do because I think that was a private and confidential letter from our lawyers. I don't think it was in my submissions, was it?

MR SPENCE: I don't remember a letter from your lawyers in your submissions, so, no.

MR COTILLARD: No? We probably ... (indistinct) ... I might have it here. I might have it here.

MR BLACKSTONE: Yes, we would like to see that, please.

MR COTILLARD: Okay.

MR BLACKSTONE: "*Professional advice*", that was presumably from the bus consultant?

MR COTILLARD: Mike Heath, that is correct.

MR BLACKSTONE: What was his name again?

MR COTILLARD: Mike Heath.

MR BLACKSTONE: Mike?

MR COTILLARD: Heath, H-E-A-T-H. Schofields, I think was his company's name.

MR BLACKSTONE: I have seen that name somewhere, yes. I just want to go back on a couple of things that were raised earlier by Mr Garrett. You say that Connex had discussions with you about buying or leasing some of your buses or renting them.

MR COTILLARD: We just put it through. They could have done it either way. You know, we just said they were available to them.

MR BLACKSTONE: But did the suggestion come from Connex or from you?

MR COTILLARD: No, from us in my letter to ----

MR BLACKSTONE: Right, so you made them the offer and they were interested.

MR COTILLARD: Yeah, yeah. The garage and everything else we were prepared to lease.

MR BLACKSTONE: And they were interested?

MR COTILLARD: Well, they came to see us.

MR BLACKSTONE: Right.

MR COTILLARD: They came up to see us and then it died a death. They came back and they wanted to purchase the cash bags, the drivers' cash bags from us. That is the only thing they were really interested in. It just died a death from there. But, later on, I'm not sure, I can't swear if it was Roger Childs, but someone certainly turned round and said to us that they couldn't go ahead with the vehicles because they were advised by Public Services not to.

MR BLACKSTONE: Sorry, you are saying that Public Services refused them permission to do a deal with you?

MR COTILLARD: That is only hearsay. I have got nothing, but that is what I remember being told.

MR BLACKSTONE: By whom?

MR COTILLARD: Er, I believe it was Roger Childs, but I'm not 100% sure about that. This was going back to a short time after that letter and our meeting with Roger Childs.

MR BLACKSTONE: You think it was Roger Childs, but you are not quite sure?

MR COTILLARD: I think so, but I can't swear to it. It could have been Philippe, the new fella there as well. I'm not too sure.

MR BLACKSTONE: And the last question, you said that if you had to do it all over again you would not submit a tender?

MR COTILLARD: Personally, I didn't want to do this one because I knew that we weren't going to win. I didn't think we had a hope in hell's chance of doing it.

MR BLACKSTONE: You knew you weren't going to be successful?

MR COTILLARD: No.

MR BLACKSTONE: Because of the bad blood between you and Public Services?

MR COTILLARD: Yes, definitely. I think Chris, to an extent, agreed with me, but we were talked into it by his father's family and a couple of the other directors.

MR BLACKSTONE: Anybody specific in Public Services Department or Committee who you feel had an influence?

MR COTILLARD: As I said to you, the Committee has changed. We have had quite a few

presidents on the Public Services Committee, but it always seems that their attitude is the same, which leads me to believe that that stems from the civil servants.

MR BLACKSTONE: Yes, you did say that before. Okay, thank you.

MR SHEPHEARD: I have got no questions. Thank you very much, Mr Cotillard.

MR COTILLARD: Can I just tell you it is very cold waiting for two hours?

MR SHEPHEARD: We are sorry to have kept you waiting. Mr Lewis' evidence took a little longer than perhaps we were anticipating. We are very grateful to you for giving up your time today.
