

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 D. ORD

Former Director, Connex UK

on

Friday, 28th January 2005

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Reviewed 17/03/05 Committee Clerk

MR SHEPHEARD: Ladies and gentlemen, good morning. The Committee of Inquiry will now

begin its work for today. I apologise for the slightly delayed start, but there were some technical reasons why we had to postpone the commencement of our proceedings. Our first witness today is Mr Dennis Ord. Mr Ord, I think you may be aware that the Committee is receiving evidence on oath, and I will proceed immediately to administer that oath to you.

The witness was sworn

MR SHEPHEARD: Thank you, Mr Ord. Mr Ord, as we understand the position, at the time of the events with which we are most closely concerned, you were the Business Development Director for Connex UK; is that right?

MR ORD: That is correct.

MR SHEPHEARD: In that capacity, were you involved in the tendering process under which Connex submitted a tender for running the bus service in Jersey?

MR ORD: Yes.

MR SHEPHEARD: The Committee wishes to ask you some questions. Principally, these will be asked by my colleagues, Mr Blackstone and Mr Garrett. I will chip in with the odd question as and when I see the need. Mr Blackstone?

MR BLACKSTONE: You left Connex in December 2002, was it?

MR ORD: Left Connex?

MR BLACKSTONE: Yes.

MR ORD: No, January 2003.

MR BLACKSTONE: And your reason for leaving?

MR ORD: Well, my commuting distance to London was two hours both ways. I was offered a position with Sussex Police, which is 15 minutes from my existing home.

MR SPENCE: If your client could speak directly in to the microphone.

MR ORD: Sorry.

MR SPENCE: The Committee can hear him, but we are transcribing.

MR ORD: Oh right. The leaving was very amicable.

MR BLACKSTONE: Yes.

MR ORD: I actually continued to work with Connex for the first two months of my time with

Sussex Police, and that's how Connex were able to release me early. I still had my Connex laptop and my Connex mobile for two months because obviously there was this new job to start because of the year end of the public authority and obviously to be tidy with Connex and my leaving was very amicable.

MR BLACKSTONE: Now during the period from July 2001 to March 2002 your prime responsibility was the preparation of a tender for the running of Jersey's bus service.

MR ORD: Yes, most of it, yes.

MR BLACKSTONE: When did you become aware that the company's bid had been successful?

MR ORD: Um, my recollection, without going through the detail, would be the end of April. I think the official announcement was first week in May.

MR BLACKSTONE: Would you tell us, please, the officers of the Public Services Department and any members of the Public Services Committee with whom you dealt during this tender process?

MR ORD: The main contact was Alan Muir; um, John Richardson at certain meetings; there was a legal representative from, I think, which would be the PSD legal, but there was certainly an internal legal representative from the States at every meeting on the contract negotiations.

MR BLACKSTONE: On 12th February 2002, did you receive a fax from Halcrow Group enclosing a copy of the TGWU letter of 6th February setting out details of the 2002 pay claim?

MR ORD: Yes.

MR BLACKSTONE: That was admittedly not long before the tenders had to be submitted. I think the 12th was a Tuesday and they had to be in by the following Monday, so you did have six days.

MR ORD: Yes.

MR BLACKSTONE: I have seen a comment that the tenders had to be delivered to Jersey, but that is not true, is it, you had to deliver them to Birmingham?

MR ORD: I recall they had to go to Birmingham. Yes, without looking, my memory is that they had to go to Birmingham, yes.

MR BLACKSTONE: So in fact the time delay with the courier was 12 hours max.

MR ORD: Yes.

MR BLACKSTONE: On 18th February. you duly submitted your tender, which included the following clauses: “2.2 *Staff Issues. Included in our costs is the assumption that the wage claim of the present Jersey Bus staff is met in full. We would be prepared to discuss a reduction in the staff costs directly applicable to the present staff should the claim be settled at a lower level.*” And clause 4.1c: “*Staff Costs. Wage costs include the payment in full of the 2002 wage award.*” Is there any ambiguity in those clauses?

MR ORD: No. We deemed that, looking at the wage claim itself, the wording of what we said was really to do with, you know, the cost of living award.

MR BLACKSTONE: But that is not what those clauses say, is it?

MR ORD: I accept that.

MR BLACKSTONE: So there is no ambiguity?

MR ORD: It is quite a clear statement.

MR BLACKSTONE: Right. The pay claim comprised two essential elements, a 4½% wage increase and a £72 per week shift allowance. Were both elements cost in your claim?

MR ORD: No.

MR BLACKSTONE: Why did you say they were?

MR ORD: We basically ... what we did include in the claim was a figure for the cost of living, but we did not include the £72 per week mainly because we didn't understand it. A shift allowance in the bus industry is quite a sophisticated area. All it said was £72 per week. What happens if a driver doesn't work a full week? What happens if a driver doesn't work the shifts? From my memory, without going into the detail of the letter, the claim was justified on the basis of a retention of earnings level as opposed to any social payment for unsociable hours, which we interpreted as the shift allowance.

MR BLACKSTONE: You didn't understand the claim and yet did you enquire of either Halcrow or PSD for further details?

MR ORD: No.

MR BLACKSTONE: Was that not a little casual?

MR ORD: No, because we referred to *Bulletin No. 2*, which was issued about the same time, and in that bulletin, which was the guide to all the tenderers, there was a question which asks something -- I can't remember exactly -- but the question is under what terms were the existing ... no, sorry, would all staff ... it would be easier if I had a copy in front of me, but it is *Bulletin No. 2*.

MR BLACKSTONE: I don't think I've brought *Bulletin 2* with me. I have seen it, of course, and I have it on my office files.

MR ORD: The point I'm attempting to make, Sir, is that we had the wage claim, which included the shift allowance -- no doubt about that -- but under the guidelines of the tender there were two specific questions imposed in No. 2, one of which referred to ... or the answer from Halcrow was that we had to put the tender together on the basis of the present terms and then, on the next page, there is a question which one of the tenderers asked -- it wasn't us -- which was basically what was the state of the wage claim with Jersey Bus, and Halcrow made the statement that they had been advised by Jersey Bus that it was ongoing. So, even though we had the wage claim, the tender documents clearly stated that we had to put the tender together on the present terms, and that is exactly what we did. What we did build in was effectively we anticipated something like a 5% wage rise -- you will have seen it in our figures -- and some kind of contingency for the unknown amount of work which would come from relief services etc in the summer.

MR BLACKSTONE: You had a clarification meeting with Mr Macklin of Halcrow.

MR ORD: I can't remember having that, Sir. I had a letter. I don't recall having a clarification meeting before the tender.

MR BLACKSTONE: No, after the tenders were submitted, the latter part of February.

MR ORD: I recall meeting, yes, I think so, Sir. I'm not sure, but I think so.

MR BLACKSTONE: It might have been Mr Childs, but I think all the clarification meetings with the tenderers were held by Mr Macklin.

MR ORD: Well, I can recall a meeting at Beddington, where they came to Beddington, which is in London, in Croydon. I can recall that meeting, but it was just, I think, for them to come

along and clarify some issues and obviously to make sure that, you know, we had an operation which ---

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MR BLACKSTONE: Because you didn't understand the shift allowance, did you not seek clarification at that meeting?

MR ORD: No, because we were in the position where we just followed the tender guidelines.

MR BLACKSTONE: If I can go back to those clauses which you put in your contract, in your tender, "*included in our costs is an assumption that the wage claim of the present Jersey Bus staff is noted in full*". If that didn't refer to the TGWU's letter of 6th February, to what did it refer?

MR ORD: It was ... well, I know what went into our figures, but what went into our figures was not the shift allowance.

MR BLACKSTONE: Was that not exactly contrary to the wording of this clause, which is also in your tender? You say you put it in in full, the wage claim. There were two parts. One was the 4½% and the other was the £72 shift allowance.

MR ORD: By "*full*", our interpretation was the fact that we would be paying the allowance across the board.

MR BLACKSTONE: No, it's not. You know, 4.5% is not in full. 4.5% is not. The full wage claim was two parts and this wording, "*met in full*", means that you took the whole pay claim. It says so. Now you say that, in the other part of your tender which had the figures in, you didn't include it. That is totally contradictory, surely?

MR ORD: We ... what went into the ... all I can say, Sir, is what went into the ... the £72 shift allowance per person did not go into that tender.

MR BLACKSTONE: Into the figures?

MR ORD: Into the figures.

MR BLACKSTONE: But it did go into the written clauses, which I have just read to you.

MR ORD: Look, I've accepted that the wording you've just said to me, that appears to state that.

MR BLACKSTONE: It doesn't appear to state it, you said earlier on that there was no

ambiguity.

MR ORD: No ambiguity, it actually says it there, but ----

MR BLACKSTONE: You said that it was included in full.

MR ORD: Yes.

MR BLACKSTONE: Is there any other interpretation that the two parts of the pay claim were both included in your tender?

MR ORD: The way you put it, Sir, no.

MR BLACKSTONE: Is there any other way to put it?

MR ORD: We were basically in a position where we put the tender together under the present terms with an allowance for the cost of living.

MR BLACKSTONE: That is in the figures.

MR ORD: We didn't know how many drivers were needed. We assumed the number of drivers that we needed. We assumed the number of drivers' hours that we needed. Jersey Bus would have been fully aware how many vehicles, how many drivers, how many hours it needed, but we wouldn't. We were a tenderer. We didn't have access to that, so it was not as simple as Jersey Bus had got X number of drivers who are earning £X and, therefore, you add £72 per week per driver. We didn't have that. What we had was an analysis of the timetable, an analysis of how many vehicles we thought would do by our workout, nobody else's, and how many drivers' hours we thought that would take. That's what went into the figures.

MR BLACKSTONE: Have you ever produced a budget, a tender or an estimate that does not include estimated figures?

MR ORD: No, no.

MR BLACKSTONE: No, right, so you had to put in estimated figures?

MR ORD: You're correct.

MR BLACKSTONE: But you state quite clearly in the written part of the tender that the wage claim includes ... sorry, the tender includes the wage claim in full and you go on to state "*We're prepared to discuss a reduction in staff costs directly applicable to present staff should the claim be settled at a lower level.*" I think it's quite clear, Mr Ord.

MR ORD: Yes. I accept what you're saying, yes.

MR BLACKSTONE: Right. I will go on to some of the other clauses in the bulletins and in the tender documents themselves: *"The Contractor shall ensure that sufficient relief buses are retained within the fleet in order to cover breakdown and to meet the contingencies of the service. The Contractor shall also ensure that sufficient relief drivers are available to meet the contingencies of the service."*

"The Contractor shall be solely responsible for providing any additional resources required and for any additional costs incurred as a result of traffic delays, road works, or other operational difficulties as may be incurred."

"No formal capacity regulations have been issued, although operators are reminded that they should in general and within reason be prepared to provide sufficient capacity to cope with broadly foreseeable additional demand. How that capacity is provided is up to the operator."

"Within the contract price, the Contractor must provide or be prepared to provide at all times, the seating capacity required to meet the passenger traffic requirements arising from the specification of services."

"Operators should in general and within reason be prepared to provide sufficient passenger capacity to cope with broadly foreseeable additional demand. In particular there are surges in demand for services in the tourist season for off-peak access to tourist attractions. The present operator copes with these through the operation of duplicate journeys and is in a position to respond quickly as demand arises through the use of off-peak resources including vehicles that may at other times of the day be used for school services."

What steps did you and Connex staff take to determine the level of bus usage in Jersey?

MR ORD: Myself and two colleagues spent several days on the Island in the latter part of ...
it would be ...

MR BLACKSTONE: 2001?

MR ORD: It would be 2001, yes, yes. I came back with another colleague on two occasions and I came back myself on a number of occasions. We travelled every route. We could not ... we could not get any figures out of the consultants as to the mileage, which is the key figure. So

effectively we had to travel every route literally by hire car to actually work out the mileage. We looked at the vehicles at all times of the day and night. We stood on a wet and windy Weighbridge several times. We could not, in all honesty, the buses, you thought you were looking at the nine-twenty and two buses could come together, so we couldn't really ask the driver "Are you the nine-twenty?" or "Are you the nine-thirty?". We had to make assumptions. We took ... it is how we analyse our competitor's operation, in fairness. You stand there as if you were a member of the public. I travelled on the vehicles, so I would say we had a fairly reasonable understanding of what the timetables for the buses were.

MR BLACKSTONE: And did you hold relevant discussions with the Public Services Committee or Public Services Department about relief services, additional services?

MR ORD: Not that I recall with Public Services, but with Halcrow. I think we were concerned that we didn't know what these additional summer reliefs would be. We had stood on the Weighbridge and seen that certain services were obviously heavily used at different times of the day. That's why, if you look at our tender, we anticipated building up during the autumn and winter periods a total fleet of 43 vehicles in the first winter, so in summer effectively we would have probably an operational fleet of something like 35, 36, 37 and five spares. The following winter we would be in a position where we would have had all those 43 vehicles available, and that was not the case when we started in the September.

MR BLACKSTONE: I was surprised you would have discussed this with Halcrow, who were themselves new on the Island, and not the Public Services Department, who knew the bus service pretty well, or should do.

MR ORD: Halcrow, we were advised basically to go through Halcrow, which we were used to doing as a tenderer.

MR BLACKSTONE: I think you did say you spoke to Mr Muir from Public Services about the bid.

MR ORD: Oh of course, yes.

MR BLACKSTONE: Could you not have asked him about bus frequency and usage?

MR ORD: I may well have in passing, but I know I talked to Halcrow specifically.

MR BLACKSTONE: I see. Did you meet with the Jersey Bus Users Forum?

MR ORD: Yes.

MR BLACKSTONE: And did you ask them about capacity?

MR ORD: I met with Mr Everson individually. I never went to any of the meetings, in all fairness, but we had one or two meetings where he ... we needed to gather information on what was sort of happening on the Island of Jersey on the bus services, so I actually met with as many people as I possibly could, even members of the public.

MR BLACKSTONE: Well, Mr Everson -- we have heard from him already in this Committee -- is something of an expert in bus and highly enthusiastic about them.

MR ORD: He was, yes.

MR BLACKSTONE: Could he not have given you information on frequency ... not frequency, but the capacity required?

MR ORD: We were basically putting a tender together as Connex effectively and we were gathering, as I said, information from everyone, but we did not know ... sorry, we had no reason to doubt Mr Everson's credibility whatsoever, but I didn't know anyone on the Island and so you are putting together a commercially sensitive tender in a very difficult environment. So you ask opinions in a manner which you could obtain information without compromising the individual. Halcrow, on the other hand, were advisers. You know, they had confidentiality agreements.

MR BLACKSTONE: But Halcrow themselves were new to the Island. I would have thought that either Mr Muir, who was Director of Transport and had been some while, or Mr Everson, who is very deeply into the subject of buses, you could have asked them and got information from them.

MR ORD: Oh I most certainly asked them, but not in ...

MR BLACKSTONE: So many words?

MR ORD: Oh I asked them in, shall we say, informal discussions. There was no sort of a formal agenda to sit down and to say "How many buses do you think we should need in summer" because, obviously, in some ways, you know, that would have been a formal question which we would have had to put, which would then have been circulated around everyone. If

there had been a formal question of detail, everyone would have had the information.

MR BLACKSTONE: I don't necessarily follow that argument, but I won't pursue it.

MR ORD: Well, there were two clarification bulletins, where people who had written specific questions. I didn't ask written specific questions.

MR BLACKSTONE: Not, but in your research you travelled around the Island in, you say, a hire car and you met with Mr Everson and you have also said you met with Mr Muir, two people who are very knowledgeable about the bus service. I would have thought you would have asked them about capacity.

MR ORD: We asked. Without having the Wayfarer information to refer to capacity, you know, it is an opinion of the member of the public. The Wayfarer information would give -- that's the electronic operating information, which was on Jersey Bus' vehicles --they would know exactly to the person.

MR BLACKSTONE: But you would hardly expect them to give you that to their competitors, would you?

MR ORD: Of course. So any other person I asked, it wasn't fact, it would have been an opinion.

MR BLACKSTONE: Sure.

MR ORD: And I have actually got 30 something years in the bus industry. I can actually look at a full bus, look at an empty bus and realise, you know, which services are the core ones and which services are not. In fairness to Connex, they relied on that interpretation of studying the network. That is what I'm saying. I spent a considerable number of days and nights on the Island studying the network.

MR BLACKSTONE: Well, you had to do your best obviously.

MR ORD: Yes.

MR BLACKSTONE: It is surprising, I find ----

MR ORD: Sorry?

MR EVERSON: Can I just pass a note to the Clerk?

MR SPENCE: Yes. **(Same handed to Committee Clerk)**

MR ORD: Sorry, Sir, I have been advised to make clear that really what I was doing was comparing the timetable which we had been asked to tender against and not the total number of vehicles that were running around the Island.

MR BLACKSTONE: Since the contract has been started, Connex has made claims for additional payments because they did not provide adequately for relief services. You are aware of this, I presume?

MR ORD: I am aware, but I wasn't involved on it.

MR BLACKSTONE: It is after you had left the company?

MR ORD: Yes.

MR BLACKSTONE: Yes. I know initially there were serious problems with people being left at bus stops, but teething troubles can be expected, I think, anywhere. But the problem is -- and we will have to ask Mr Julhes this afternoon -- whether these teething troubles have gone on. In retrospect, do you think, in the figures in your tender, you provided adequately for relief services?

MR ORD: I think teething problems are somewhat of an understatement. I think when the first of the new vehicles leaves Portsmouth and you organise a press release with everyone there in the flurry of the first 24 hours, having been involved in a certain amount of contracts, you know, I thought at that point this is going to be different. When we attempted to get additional vehicles, because we implemented the supply of new vehicles from day one, we realised during August that all of the vehicles wouldn't be there for September 29th. I used all my contacts, which were fairly extensive, in the bus industry to secure temporary replacements. I even got in contact with Jersey Bus to see whether we could take any of their redundant assets off them. I even asked Dawson International, who are a recognised bus leasing organisation, you know, to contact Jersey Bus direct to buy the buses from Jersey Bus and then lease them back to us. The regulations upon the Island, because the buses were compliant with Jersey Regulations and therefore could easily be put into service. You know, so I tried every channel I possibly could to get the conventional, large buses into the fleet.

MR BLACKSTONE: Hmm hmm.

MR ORD: We then resorted to getting larger minibuses and, according to our calculations and what we'd made, according to when we started, we were in a position when the first buses rolled out on the Monday morning, everything seemed fine and all of the fleet rolled out. By about nine o'clock/nine-thirty, telephone calls were coming in from a number of people who had been left really on either side of the main routes into St. Helier effectively and I could not understand what was happening because I thought "That shouldn't happen because everything's out there."

Um, what we then came to understand ... You know, I had passengers coming up to me very frustrated saying "Well, where's the commuter bus" and things like this and I started to ask them "What commuter bus?" "Well, the one that runs from here to there and does this." You begin to realise there's something missing here, you know, what's happening. We couldn't leave the passengers. We were in a situation where we developed a partnership with the States and it was the beginning of the contract and things happen and so you build contingencies into any contract for exceptional things and we did that. We actually thought at one stage that because the new buses were coming, a lot of the public had decided to leave their cars at home to try the new buses, but it soon became quite clear that that was not the case.

So what we did effectively, the fact that buses had to leave La Collette, we very quickly put a contingency plan into place for the following morning, whereby some of the buses leaving La Collette would leave earlier and actually travel out towards the airport so far, turn round and come back in and, going out towards Gorey, the same thing. So we introduced effectively a contingency measure which increased the mileage and driving time, but it didn't increase the number of vehicles we needed.

MR BLACKSTONE: Mr Ord, I am very sympathetic, as I say, to the initial period and the teething problems. The question I asked you was, in retrospect, did you underestimate in your tender for the cost of relief services? Yes or no?

MR ORD: We did not ... at that stage, we did not realise ... relief services to us were basically ----

MR BLACKSTONE: Just a yes or no. Did you underestimate in your tender for relief services?

MR ORD: For relief services, no.

MR BLACKSTONE: You did not underestimate that in your tender?

MR ORD: Would you ... That's what I was going on to explain. In my terminology, in our terminology, relief services are there. Say, for the sake of argument, you have one vehicle pulling onto the Weighbridge, one weekend, and there is probably 100 people waiting to go to the Zoo. The relief service is there, the inspector there says "You get that bus, take the overflow to the Zoo and come back." In terms of the relief services for emergency relief of ... it was an uphill, unplanned for sort of excessive number of passengers and we did not underestimate it. What we did not know and were not made aware of at any time was, for want of a better phrase, a core work timetable behind the main timetable where these buses ran on a regular basis every morning and every evening. We did not plan ... that we did not know.

MR BLACKSTONE: But surely if you have a nine-twenty bus from Gorey to town and the information comes in that it's full up and there are people left at the bus stops, you still provide another service? It's a relief.

MR ORD: If that was an occasional relief on that day, yes. What I'm saying is these were planned additional vehicles which the public had got used to using, but they were not in the timetable that we tendered for.

MR BLACKSTONE: But they were still reliefs.

MR ORD: If you are terming them as ... they were a constant relief rather than an intermittent relief, but we tendered for intermittent relief of excessive passengers. We did not tender for what I term duplications of the main service vehicles.

MR BLACKSTONE: So you did not -- did not, let's get this wording correct between the two of us -- did not tender for regular ----

MR ORD: Reliefs.

MR BLACKSTONE: ---- excess capacity ----

MR ORD: That is correct.

MR BLACKSTONE: ---- over the scheduled service.

MR ORD: Over the scheduled service, that's correct, yes. What we did tender for was intermittent reliefs where there was an excess of ... especially in that sort of thing where there

was an excessive number of people on the Weighbridge wanting to go to the leisure resorts etc.

MR BLACKSTONE: Just a total aside based on something you said, you said that you asked Jersey Bus for help either by leasing or selling buses to you in this initial period.

MR ORD: Yes.

MR BLACKSTONE: Why did that not happen?

MR ORD: It was exorbitant charges.

MR BLACKSTONE: There was no question of PSD saying “No, you can’t do it”?

MR ORD: I personally was not involved in a conversation like that or whatever. My meeting with Jersey Bus and with Dawson’s were basically on the case of ... this of course was well into the ... this was well into September, so effectively a lot of things had been happening during the summer -- relations, sort of my personal relations, you know, both as an individual and with Connex with Jersey Bus were very amicable, it was commercial. It was just a case of, in fairness to Jersey Bus, they were sitting with some prime assets and so they wanted a prime cost for doing it, which we were not prepared to pay.

MR BLACKSTONE: A purely commercial decision on price?

MR ORD: To my mind, yes.

MR BLACKSTONE: On price?

MR ORD: Yes. I mean, if we were ... if we were in contradiction of the contract, there were penalties within the contract for us to need to fulfil the contract. It was a purely commercial decision and that’s why I asked Dawson’s effectively to really act as an interface to see if Dawson’s could come up with ... knowing that the vehicles were going to be redundant, or a sizeable number of them were going to be redundant, I was trying to put myself in the place of the Jersey Bus directors, thinking “Let’s sell them at a premium to Connex”, which I would have done. In all honesty, I would have done that. But it was the size of the premium.

MR BLACKSTONE: The premium was a bit much, was it?

MR ORD: Yes.

MR BLACKSTONE: Yes. Well, they probably thought they had you over a barrel, but there we are.

MR ORD: Well, they thought they had us over a barrel, yes.

MR BLACKSTONE: Tell me, your buses were considerably smaller than the ones previously operated by Jersey Bus. That of itself would have contributed to the lack of capacity, surely?

MR ORD: I would take issue with that. They were smaller than the minority of Jersey Bus' vehicles. They did have some over 40 seater capacity, if I remember rightly.

MR BLACKSTONE: I think most of them were 40 seaters.

MR ORD: They did have some smaller vehicles.

MR BLACKSTONE: But it was mostly 40 seaters.

MR ORD: We took a decision at the time that we've been used to operating in London with vehicles, modern vehicles, which were fitted out to carry the disabled. We took a decision -- not on our own, we discussed it with Halcrow and with the PSD, although I accept that there is no written confirmation anywhere -- where we basically said "We can provide powered ramps, kneeling vehicles, facilities for the disabled, but you are going to lose seating capacity."

MR BLACKSTONE: Hmm hmm.

MR ORD: And, off memory, I think we probably lost about four seats.

MR BLACKSTONE: How many seats were on the buses that you brought in?

MR ORD: I think we bought ----

MR BLACKSTONE: Thirty-three or thirty-five?

MR ORD: Thirty-three seats plus nine standing, I think, so it was ... we got into a discussion with the licensing authority on the Island as to their interpretation of the regulations and stuff, how many standing you could have per seated passenger, and, in fairness, we got the certifying officer from the UK in Portsmouth to talk to the certifying officer here. They had a meeting there in the factory at Caetano and they came up with the figures. They took the vehicles for testing and everything, because it was a new vehicle, a newly designed vehicle, and they came up with the capacities.

MR BLACKSTONE: Yes, but I think you will find that most of the buses run by Jersey Bus were 40 seaters.

MR ORD: I would have thought, yes, yes.

MR BLACKSTONE: So you were looking at a daily rush hour, if there is such a thing in Jersey, and I can assure you there is.

MR ORD: Yes.

MR BLACKSTONE: And you were immediately providing less capacity for that than Jersey Bus had and therefore there must have been a shortfall unless you could provide extra rush hour services.

MR ORD: Not necessarily so. One of the things we were looking at, you know, without getting into technical terms, is it's not so much timetable as headway. But basically in like and out of the ... there are two main urban routes into St. Helier and effectively you have buses which actually join at a certain point and run into St. Helier. If you get the headway right, i.e., you could actually be providing a five minute frequency of vehicles provided by different services. What we were not aware of -- and I come back to the point we were not aware of -- was that the public were expecting these commuter vehicles which didn't operate at any other time of the day but at the commuter times. That's the bit we weren't aware of, the fact that that is how Jersey Bus ran it, and I don't have a problem with it. It was their commercial bus service who were actually carrying the people, but we weren't asked to tender against that; we were asked to tender against the timetable as published.

MR BLACKSTONE: Hmm hmm. Sorry, could you just explain "*headway*"? I am certainly not familiar with that term and I suspect a number of other people here aren't?

MR ORD: Well, basically it's a case of the buses always start from across the Island at different departure points.

MR BLACKSTONE: Hmm hmm.

MR ORD: When they get to the main runs into St. Helier they are all beginning to actually come into the bus station behind each other.

MR BLACKSTONE: Hmm hmm.

MR ORD: The intention was to, as good a network as Jersey Bus had put together, to be fair, it was a well researched network and there were no problems with the network, it was a commercial network and they had obviously spent a lot of time getting the buses in the right

place and their expertise would have done that. What I looked at was how could we improve on what they had done, and that was going to be the second stage after winning the tender. The winning the tender was on existing timetable, building the service for the first year and then go back to the Public Services Department with recommendations which were meant to improve the public service. So at that time it would be a service to the public; it would not be a commercial service that carries them.

So headway basically would mean that if we could rejig the timetable so that we could provide, say, a five minute interval between vehicles running in the main corridors into town rather than a hit and miss timetable, we could actually start marketing the service. You know, if you were going to get more people out of their cars on to the buses by saying “Don’t worry, there’s a bus every five minutes” regardless of the number on the front, whether it’s a 1 or a 15 or 13. That becomes a frequency or a headway, but there is frequency in the timetable of an individual bus service and so, rather than running the services which themselves are a 1, a 3, a 5 and a 7, those 1, 3, 5 and 7, if you time them right, could actually provide you with a five to ten minute frequency with the bus service which you could market easily by saying “Forget the number, there’s a bus every five minutes.”

MR BLACKSTONE: Just coming back to the capacity of the individual buses though, if there are 40 people standing at the bus stop in Gorey and you turn up with a 33 seater, you are not going to match the capacity, are you?

MR ORD: Absolutely, and the first person to complain is obviously the driver because the driver has to face the public. It’s not only in Gorey, it’s actually all the way into town.

MR BLACKSTONE: Right, we will come back to the fact that in your tender, whether it was headway or whatever it was, or whether these were commuter services rather than what you call special reliefs, in your tender you did underestimate the cost of the additional services.

MR ORD: We weren’t given these specialist services for tendering against.

MR BLACKSTONE: For whatever reason, you did underestimate it?

MR ORD: Yes. The amount of hours, drivers’ hours, the amount of fuel, the amount of cost to actually provide these services were not in the tender.

MR BLACKSTONE: Right. So you underestimated capacity for commuter reliefs; is that right?

MR ORD: We underestimated ... we did not tender for the provision of regular reliefs. That is it.

MR BLACKSTONE: That is what I said. You underestimated the capacity for commuter reliefs.

MR ORD: Yes, I would agree. I'm not trying to ... what I'm saying is that in the costs there is a cost for providing these additional services.

MR BLACKSTONE: Yes.

MR ORD: We were asked to provide a contingency figure in there to provide relief services. We did that. In fact, it specifically states in the guidelines that it has got to be ... it was actually, you know, talking about the summer season. It wasn't talking about all 12 months year round.

MR BLACKSTONE: There was specific mention of the summer season, but I don't think it was restricted to that. I did read you out various things about capacity.

MR ORD: Yes, yes. There was a general statement, but it emphasised the summer period, yes.

MR BLACKSTONE: But you don't argue basically with the statement I just made, did you underestimate the capacity for commuter reliefs, and you did underestimate them?

MR ORD: We did not cost for it, yes, that's right.

MR BLACKSTONE: If we go back to the contract, clause 3.1: "*Contractor to inform himself fully*", it states: "*The Contractor shall satisfy himself that the information, including documentation provided by the States, is adequate and will not prejudice the performance of any of the Contractor's obligations under the Contract. The Contractor shall inform the States immediately of any inadequacy, whereupon the States shall make good the inadequacy to the reasonable satisfaction of the Contractor. The Contractor shall be deemed to have examined the requirements specified and these conditions. No claim from the contractor for additional payment will be allowed on the grounds of misinterpretation of any matter relating to the requirements specified or these conditions on which the Contractor could reasonably have satisfied himself.*" Do you agree with that?

MR ORD: Yes, Sir.

MR BLACKSTONE: It is quite clear. So no additional payment. Any argument with that?

MR ORD: Yes, not with the wording, but we weren't anticipated to make the additional savings. The cost of the tender was a specific annual figure for the scheduled services. In addition to that ----

MR BLACKSTONE: No it wasn't, plus any relief to meet capacity.

MR ORD: Sorry, Sir, I accept that. I accept that, so, yes, plus any reasonable amount for relief. I will accept that. But also what we had to provide was the cost of providing decent services by the hour, by the mile and, if I recall right, by the vehicle. I can't remember, but we had to tender for Connex providing the additional services.

MR BLACKSTONE: Sure, there were additional services required by the States.

MR ORD: Yes.

MR BLACKSTONE: But these were not additional services, these were existing capacity as provided by Jersey Bus and you did not come up to that level.

MR ORD: Using unmetabled vehicles.

MR BLACKSTONE: Yes, and reliefs.

MR ORD: Yes.

MR BLACKSTONE: I would just like to make sure I'm clear on what you have told me, Mr Ord, so I will try and précis this very briefly and then you can tell me whether I'm correct. The tender for Connex included the wording to the effect that the full wage claim of 2002 was included. However, you maintain that in the figures you did not include the shift allowance.

MR ORD: That is correct.

MR BLACKSTONE: But somebody reading the tender, unless they asked you specifically how those figures were made up, they would not know, because they would rely on the wording that you had included the wage claim in full.

MR ORD: I would accept that.

MR BLACKSTONE: Now, you said in your clarification meeting with Mr Macklin of Halcrow there was no discussion of the shift allowance. Therefore, Mr Macklin, Halcrow, PSD or

anybody else would not be aware that the figure for wages you included did not include the shift allowance; they would rely on the wording which you yourself have said has no ambiguity and is perfectly clear.

MR ORD: As it states, yes.

MR BLACKSTONE: Right, so I am correct in all that?

MR ORD: That's what the contract said.

MR BLACKSTONE: Right, thank you. Now, on the relief services, I read to you various sections from the contract which say that it is up to the contractor to provide for all services, scheduled and reliefs, and also in another part that the contractor is to inform itself -- it's your baby, make sure you provide adequately and have adequate information. You did not go back to either Mr Muir or to anybody else to make sure that you had provided adequately for reliefs. Therefore, quite frankly, I don't see how you can claim an additional sum for reliefs. Contractors were informed in two parts -- you must provide for the capacity and there is no come back for additional payments if you make mistakes in your contracts.

MR ORD: I would disagree with the conclusion to all that. I can't disagree with the wording that is actually in the documents, in that we were quite clearly tendering against having an autumn and a winter and a summer timetable plus reliefs. We were not ... we were certainly not tendering against the fully operational timetable that actually Jersey Bus ... sorry, the unofficial timetable which Jersey Bus operated.

MR BLACKSTONE: It wasn't an unofficial timetable. Going back to *Bulletin 2* from Halcrow, "*No formal capacity regulations have been issued, although operators are reminded that they should in general and within reason be prepared to provide sufficient capacity to cope with broadly foreseeable additional demand. How that capacity is provided is up to the operator.*" If you chose to quote low and therefore won the contract, I don't really see how a level playing field can be maintained if you come back later and say "Unfair". That is why the contractor is to inform himself as to what is there. If you come back and ask for additional payments, surely every other tenderer should have the right to come back and retender?

MR ORD: So, using your logic, Sir, with respect, the tender was put together basically on

initial costs plus RPI, but at the second stage there was a revenue incentive to increase the number of people that were travelling on the bus services. Using your interpretation, as I see it, if we increased the capacity, therefore, are you saying that, even under those circumstances, you would expect us not to be able to recharge for additional buses?

MR BLACKSTONE: If you didn't provide sufficient capacity, the revenue to the States and the Jersey taxpayer goes down. You must provide the capacity which is required on the Island, and that is what *Bulletin 2* says. How that capacity is provided is up to the operator.

MR ORD: No, because what I'm saying is ----

MR BLACKSTONE: You had to quote for it and you under-quoted.

MR ORD: We quoted for what we believed to be the occasional relief services we required.

MR BLACKSTONE: You were wrong. You were wrong, weren't you?

MR ORD: Well, we thought it was occasional reliefs. We were not asked to tender against commuter services.

MR BLACKSTONE: Obviously, I am an accountant and I have been budgeting all my life and the tendency is, if you are in a competitive tender, to say "Where can we cut it? We will keep it as low as possible. What are the other guys going to do?" I maintain in this case, whether by accident or by design, you seriously under-catered for the provision of the capacity in Jersey and you did not inform yourself adequately of what that capacity was. You said you did not discuss it with Public Services, who should well have had an idea; you did not discuss it with the Bus Users' Forum, which was the public body looking after the public's interests. You did not inform yourself fully. You did not take all the opportunities you could have done to inform yourself fully. As a result, you under-tendered and the clause says "*no come back*". I do not see how Connex can then claim for additional services, additional payments.

MR ORD: We, Connex and other bus operators, you know, sort of do negotiate in a partnership situation to provide additional vehicles to meet the need. We would expect that to be over and above the contract price. Hence the additional costings at the bottom of the tender for providing additional vehicles, manpower, miles etc. And on the tender price, my recollection is that on a 4.4 million tender roundabout ----

MR BLACKSTONE: It was 4.3, yes.

MR ORD: Yes. We were, I think, £9,000 below the third highest bidder, so they must have made exactly the same ... and they were an independent bidder, so they were bidding from the outside and they have obviously bid, however the price did, they have actually bid against, I am presuming, to be that clause. They must have tendered against the published timetable with, you know, however they have come to the number, the level of relief services. Jersey Bus were significantly higher than us because obviously they were aware of where all these vehicles were. We weren't.

MR BLACKSTONE: But, Mr Ord, you tendered at 4.3 million. You are now saying "Oh sorry, not fair, we want another half a million." Is that fair?

MR ORD: I don't ... that is one thing I'm not party to because I don't know the size of the claim.

MR BLACKSTONE: Well, I can assure you it's about that, between the shift allowance and the relief services, and I go back to the clause that the contractor is to inform himself of everything that he needs to know and you didn't. No more questions.

MR SHEPHEARD: Thank you. Mr Ord, can I cover one or two matters arising really out of the questions that Mr Blackstone has put to you? You said you have been in the bus industry for 30 years or thereabouts.

MR ORD: Yes. Just to give you a brief résumé, I joined the bus industry in the North East of England in 1966 as an apprentice to work my way to managing director of a 500 motor vehicle company, employing 1100 staff, with a turnover of 20-something million by 1986. I privatised that company, sold that company. That was through the National Bus Privatisation. I sold that company in 1990. I was a consultant to various public authorities, bus organisations during the nineties. I joined Connex in 1999 to set up the third bus operation that I'd actually set up. In 2000/2001 I took over ... I led the acquisition of another London bus company and then obviously came to the Island of Jersey in 2002 to set the Jersey bus up.

MR SHEPHEARD: Looking back on the work that you did to try and establish what sort of demand there was and what capacity you would need to provide, is there anything that you could

have done differently?

MR ORD: I would certainly have asked Jersey Bus for the figures. That would have been, you know, sort of the only way to ascertain the true amount. I wouldn't expect Jersey Bus to give those figures. I would suspect even the States of Jersey wouldn't have those figures. They may have the concessionary fares figures etc, but they wouldn't have the true total demand. So, in my opinion, there was nothing else we could have done other than visually observe what we believed to be the public timetable.

MR SHEPHEARD: So if you had stayed at one bus stop, for instance, on the No. 1 route, for the whole of one morning, would that have given you information about that route?

MR ORD: We did do that several times and also it was a case of, you know, sort of looking at what we did and pulling the figures back together to see what the capacity was. It wasn't so much ... all the time -- and I stress all the time -- I was on the Island, in all fairness, the problem probably wasn't at the outlying points at Gorey. The problem began to get worse the closer you got to St. Helier. It was at that point where these commuter services and other services were taking over and we couldn't very well go up to the driver and say "What are you doing here?" or "What's this?" because ... you know, that's why we were in a situation where we tendered against the existing timetable, as I have explained, and assumed a number of reliefs.

MR SHEPHEARD: One more matter that I would like to clarify before we move on, and that is when exactly do you recall that you met Mr Everson? Was it before Connex had got the contract or afterwards?

MR ORD: I think we formally ... I am actually relying on memory now. I know I met him certainly afterwards. I know I can recall a meeting as opposed to a discussion afterwards. I think ... I cannot recall a specific discussion before we tendered.

MR SHEPHEARD: Mr Garrett?

MR GARRETT: Mr Ord, I understand you are now a police fleet manager?

MR ORD: That's right, yes.

MR BLACKSTONE: In Sussex?

MR ORD: The fact that we're on record, I cannot comment as to the driving skills of the

force, but it is different. It is different, yes.

MR GARRETT: Just to illustrate a bit of my background, we share two things in common, in so far as I was formerly a senior police officer responsible for the police fleet locally ----

MR ORD: You will understand what I mean then.

MR GARRETT: ---- and I also undertook a secondment at one stage to Sussex, so I know the territory. You, in response to questions from my colleague, described the actions of Connex in preparing the tender and setting up the operation in Jersey that it was clear that something went wrong otherwise we wouldn't be here today. In your own words, what went wrong?

MR ORD: Um, this was not the first bus operation I had set up. Effectively this would have been the fifth, the fifth bus operation I had set up. It was effectively the third greenfield site, i.e., no buses, no bus depot, no staff, no headquarters, no ticket machines, no timetables, no nothing. So I knew that even if the decision to actually announce the operator had happened when it should have happened, it was going to be tight. The fact that it was delayed on a number of occasions until 1st May, it was going to be exceptionally tight.

I knew the vehicles. I'm an engineer by background, to be fair, so I knew that the only chassis that could fit this bill was, in all honesty, you know, the Dart chassis. I had been in negotiations with Dennis -- spelt the same as well -- for a number of years, where I'd actually ... well, in fact, even the day before I started at Connex, way back into the nineties or the eighties in fact, so I knew the sales director of Dennis well, so we had pencilled in, you know, chassis build slots, because you can't put the body on. You know, you can't put the body on until you've done something with the chassis. The chassis is important. So even though Salvador Caetano had body slots, they didn't have any chassis. With all due respect, that is how Guernsey fell into the situation that they went with Dennis chassis and I think they used East Lancs bodywork. You know, Salvador Caetano were the ones that we talked to for their specific design ability and their capability of moving quickly to really modify the existing chassis in line with Dennis and the body to create the vehicles. So from the vehicles point of view, we knew we would need additional vehicles from day one from somewhere, hence getting involved in Guernsey Bus and others.

The premises were in a situation where, for whatever reason, and I can't remember what the reason was, we had been advised that the infrastructure will be available by the start of the contract. For various reasons during the summer the infrastructure began to run behind. We'd made initial contact with Jersey Bus to actually speak to their staff, you know, after the announcement. As I have said, relations were quite cordial. They didn't have a problem with that, but they adopted a commercial attitude to things. They could see the fact that they were moving out, so in every decision they made they were driven by the commercial realities to actually sell their assets at a premium, which meant the vehicles, the infrastructure, all of the things you would normally be given enough time to actually plan your way through, the time was not there.

So what I think went wrong before the tendering process began was, from my perspective, there shouldn't have been delays all the way down the line. If the tendering ... you know, if ... The initial ITT had actually gone out late anyway, so I think if it had been possible -- and I'm not saying it would have been possible -- to extend the commencement date of the tender, that would have been a way of doing it, but the relationship with Jersey Bus would have been ... I mean, I'm sure they would have demanded a heavy premium for continuing to operate their bus service.

When the tender result was announced, we'd accepted the fact that probably only a global bus organisation was ... we could have set such an operation up in time because it needed immense cashflow which, according to what I've read about Jersey Bus, they wouldn't have had the cashflow to do. They certainly wouldn't have been able to commence the operation with new vehicles on the start date. In fact, they wouldn't have been able to get the vehicles on the start date.

They would have had an easier ride with the staff because obviously it was their staff. We weren't even sure we had enough drivers until, I think it was, the Thursday night before we actually commenced operations. It was perfectly clear the drivers had nowhere else to go, but they hadn't signed their terms and conditions of employment until the Thursday/Friday. That was held up because there were no contracts of employment. There were no written terms and

conditions of employment in a formal document for any of the staff that had transferred. That cost us a considerable amount of legal fees, which we didn't anticipate, where we had to redraft everyone's contract of employment for every bit of staff.

So, you know, there were things, as I've said, about the first vehicles being ... even when they were ready, the first vehicles were being late and ... so it was a case of there was no single one thing which went wrong. It certainly was not the way that Connex was used to introducing the service. My French colleagues were not used to, you know, the sort of the method by which we did have to get the vehicles here. Every plan I had, had a contingency plan and when that contingency plan went wrong, we were thinking on our feet what we were doing. We thought we found maintenance facilities in the Norman's Building and then suddenly we get a call from the Transport and General Workers' Union that it's unfit, yet there's still Transport and General Workers' Union members working there still, I think.

We realised with about two to three weeks to go that, as hard as the States had attempted to do, were contracted to do, the infrastructure -- ticket office, travel office or whatever you want to call it on the Weighbridge, the workshop -- was not going to be there. Now, we could have at that stage said "Sorry, you are contracted to supply that to us. We can't start the contract on time. Your problem." But that's not the way Connex and I operate. This was a partnership. This was the start of a partnership. We didn't have any ... it wasn't as clear cut as what it should have been.

In seven years time, when this contract comes up again, or sort of five years time, there will be the experience of this is what has happened and I am absolutely sure the contract will be in absolute every I dotted and every T crossed, but we didn't have that luxury, and the reason why we didn't have that luxury is that we didn't have the information and the States didn't have the information from the existing operator. In all fairness, if I had been Jersey Bus, it is commercially sensitive information. You know, you don't give your competition commercially sensitive information. So I had a lot of sympathy for Jersey Bus' position, but I also knew that I effectively was responsible to my superiors to drive this through in a safe and logical manner, and that's what we did. So I know that's been a long answer to the question, but really,

summing-up, there was no one thing which I feel anyone could have done that would have improved the situation.

MR GARRETT: Based on your experience, which is considerable, particularly in relation to the setting up of new operations on greenfield sites, how would you describe the timescale that was set here and, indeed, the nature of the documentation that was issued? Was it comparable, or was the timescale short or were there deficiencies in areas?

MR ORD: As I said, I joined Connex in, I think it was, August 1999. Connex had won a 30 bus double decker operation. I think it was about £3½ million. A week after that, they won a 15 bus single decker operation for about £1½ million, so a total turnover of £5 million, so that, you know, the best part of 40 vehicles were needed. It was three drivers per vehicle because of shifts, so you are talking over 100 drivers, offices, maintenance facilities and the contract started on 1st February.

MR GARRETT: So the timescale was not ----

MR ORD: If you know what you're doing, no. The main things, I knew I had the vehicles. Anything under my control I knew we could do. What was not under my control was access to Jersey Bus staff and the infrastructure.

MR GARRETT: You made a comment in a previous answer that you didn't think Jersey Bus would have been able to get the vehicles. Can you elaborate on that point?

MR ORD: We got the vehicles because I had reserved chassis slots. What Dennis build is irrelevant. It is the chassis slots -- is it a medium Dart, a small Dart or a long Dart. It is the chassis slot that matters. That is what Dennis sells. So I reserve chassis slots.

MR GARRETT: And when did you take that step?

MR ORD: We were always bidding for the London network. We were tendering for the London network.

MR GARRETT: Right, so you had a constant build slot.

MR ORD: I think in two years I can't remember, but double deckers were £150,000 each and single deckers were around about £80,000 each. We must have bought ... sorry, not bought but would have acquired through leases etc, I would have thought something like 150 vehicles in

two or three years through Dennis and we were actively tendering for other London routes, so we were able through the scale of what we were doing to actually redirect the resources of what Dennis were building for us.

MR GARRETT: Bearing in mind that situation, would you agree that the tender documents were, to some extent, bias in the favour of large operators, because there is no way that a small operator could have actually delivered the buses by the start of the contract?

MR ORD: If I remember the tender document specifically, it does not ask for new vehicles on day one. That was one of our USPs.

MR GARRETT: Right.

MR ORD: Our Unique Selling Point -- big company, big cashflow, we can do this. If Jersey Bus had got the contract, or Dunn-Line, I suspect (and this was only my opinion, but I would suspect) they would have been negotiating with the States of Jersey for some kind of reduction in payment because they were only able to meet their start date commitment with new vehicles.

MR GARRETT: New vehicles.

MR ORD: Jersey Bus were in a prime position. As I said, buses were an issue, but they have the assets and they have the infrastructure and the staff.

MR GARRETT: And presumably, from your perspective and your knowledge, they would have been in a better position to have secured finance and so forth on the basis that they were then potentially looking at a seven year contract, whereas previously they were only working to a one year contract?

MR ORD: Well, yes. In fairness, if Jersey had had the ... yes, I'm not party to their finances, but one would assume that they would have leased the vehicles over the life of the contract, seven years, but you would have to have the capital or the security, the financial performance of the company to do that, never mind the vehicles. I mean, the vehicles are the direct security, but the finance houses are not happy about that, they need substantial additional security because the last thing they own is the vehicle, especially bespoke to Jersey, where they can't sell them to anywhere else. So you would have to have the financial standing of the company which was substantial, you know, as a sort of second flank to the payments.

MR GARRETT: Moving on, again picking up on an answer to a previous question, you said that you didn't know the number of drivers required or the hours that would be worked and so forth, but you received details of the routes?

MR ORD: Yes.

MR GARRETT: You received the hours of operation, start and finish from first bus to last bus.

MR ORD: Yes.

MR GARRETT: You are an experienced bus operator, wouldn't it have been possible to have worked out mathematically how many bus drivers you would have required and ----

MR ORD: Yeah, we did that. We did.

MR GARRETT: Okay.

MR ORD: But that was based upon the scheduled services because that's all we had to go on.

MR GARRETT: Would it not, therefore, have been reasonable to put in some kind of reasonable margin to allow for services that you thought might have been required and, even then, built in a sort of a bit of contingency just in case your calculations didn't work out?

MR ORD: Yeah, we did. We built in actually the number of drivers we thought we needed to do the work and then cover for sickness, cover for holidays and bits and pieces.

MR GARRETT: Can I take you back to the answer that you gave in relation to your inability to calculate the effects of the shift allowance? You actually said you didn't know how many drivers would be required and, therefore, it wasn't possible to calculate the gross cost of that shift allowance, the potential gross cost of that shift allowance.

MR ORD: We didn't ... what we didn't know was we didn't know what the shift allowance ... in simple terms, I think it takes just over one line to actually ask for the shift allowance of £72 per week. In every agreement, you know, that I have seen -- and I am sure the States are the same where they have shift workers -- the definition of shift work takes several paragraphs, if not pages, to define who is entitled to it, when you get it, do you get it on holiday, do you get it when you are sick and, you know, by the hour or do you get it by the day or week. We didn't know. At that time, you are quite right, we knew how many drivers we thought we would need to cover the service, but we didn't know what shifts the current drivers were working to cover that

service, so we did not know how many drivers would be entitled to this shift allowance. We just did not know enough about this shift allowance and then, you know, sort of the document, the wage claim is two pages long and, from my memory, there is at least a third of the first page and some of the second page which actually justifies the claim on the basis of potential loss of earnings, i.e., it wasn't a shift allowance, it was actually protecting their earnings. You know, from my point of view, that was not a shift allowance. It was really solely, looking at it, the fact that, even as far back as then, my instinct was based along the lines that if Jersey Bus got the tender, the shift allowance wouldn't be paid.

MR GARRETT: I will come back to that point later. Now moving on to another answer you gave on the issue of headway, which I think I understand on the basis of your explanation, if you were looking at the total capacity of buses moving along the route from the west of the Island the last mile into St. Helier, during the period between 8am and 9am ----

MR ORD: Yes.

MR GARRETT: ---- the total capacity provided by Connex in that one hour slot, would it have been the same as or less than that provided by Jersey Bus?

MR ORD: The same in terms of the published timetable.

MR GARRETT: No, no, the total capacity, the total number of people able to get on the buses?

MR ORD: That is what I am saying, the same in terms of the published timetable, but we didn't supply the discretionary part, the permanent reliefs.

MR GARRETT: Sorry, on those routes, Jersey Bus would have been running their larger buses.

MR ORD: Yes.

MR GARRETT: Forty-something seaters.

MR ORD: Yes, yes.

MR GARRETT: And because of possibly a change of rules they had greater standing capacity on those buses. They were licensed to carry 50-something passengers.

MR ORD: Yes, but only some of them.

MR GARRETT: Some of them, but those were the buses that would have been used on those prime routes.

MR ORD: Yes, yes.

MR GARRETT: Okay, and you were proposing to run 33 seaters?

MR ORD: Thirty-three seats and, off memory ----

MR EVERSON: Could I pass that? It might help in terms of the sizes of vehicle that we're talking about. **(Same handed to Committee Clerk)**

MR SPENCE: Yes, thank you.

MR GARRETT: So you were planning to run 33 seaters with nine standing.

MR ORD: Yes, with nine standing.

MR GARRETT: I'm not a mathematician, but that doesn't necessarily come up to the same number or the same capacity. So if you take that one hour slot, would you agree that you didn't have the ability to carry the same number of people on those routes, just looking at the scheduled services at the moment?

MR ORD: Bus for bus, they were capable of carrying more than the 42 seat capacity that we had, 41 or 43, bus for bus, but not all of their fleet was that size and, therefore, we standardised on initial delivery of 33 shorter vehicles and in the back of our minds, which, I know now the company has done that, additional vehicles coming in don't have seating for the disabled, don't have positions for the disabled or whatever and they are higher capacity vehicles. It was never envisaged to have all 43, 33 seats and nine standing only. It was always going to be a mix. The reason why we went for the 33 new ones to start with was because those vehicles could be operated on all of the routes, which gave us initial flexibility where we could move the vehicles anywhere and we knew we needed about another half a dozen vehicles which we started with -- a couple of long ex-Armchair orange high capacity ones -- but the ideal scenario from our point of view would have been to negotiate with Jersey Bus to get larger capacity vehicles because we just could not get them. Anyone will accept that there are very few large capacity narrow vehicles, right-hand drive available.

MR GARRETT: When was the order placed for the larger vehicles, the larger capacity vehicles?

MR ORD: That was after I left.

MR GARRETT: Okay. So it wasn't in your original plan? You hadn't actually said "Okay, on

day one of our operation we will have X number of the smaller buses, but we have already placed an order for those larger vehicles”?

MR ORD: No. The plan was basically to start with the autumn/winter timetable based on the fact, as I said before, that we would start with a plan to get to into 43s, but that would take the majority of the winter to get to 43s so that we had the vehicles for the summer, and I think that’s roughly what the fleet size is now, I think. Mr Julhes will have more detail as to what the specific fleet size is now, but I think it’s low 40s now, which is what we expected it to get to. The second batch would be straightforward, high capacity single deckers and that’s I think ... I think in some cases that’s what he’s done, but, you know, I can’t answer that.

MR GARRETT: And the thing that constrained you was the ability of those longer buses to work on any and all routes?

MR ORD: Yes, yes, and so basically it was a case of if we had sufficient ... if we had sufficient ... if we’d been able to place the formal order sooner, we would have actually been able to get into a position where we would have all 33 on the Island at the start, which on a PVR, a peak vehicle requirement, would have given us about four or five vehicles spare at the start of the contract. We had some spare, but we didn’t have new vehicles spare.

MR GARRETT: A thought that has just come to me, just prompted by a question asked by my colleague, in the run-up you were talking about your contingency planning process. I recall reading about difficulties in your bus preparation process, in so far as I understand that, had it not been for the support provided by Public Services’ garage staff, you would have faced considerable difficulties.

MR ORD: Absolutely. However, the responsibility for providing the infrastructure was Public Services’.

MR GARRETT: So that was a consequence of the lack of the infrastructure, the lack of the garage, is that, down at La Collette?

MR ORD: That was the garage. We knew we had the staff. What happened basically was that the States of Jersey were contracted to us to provide the infrastructure, the operational site and a workshop and the parking for the vehicles. So really it was the States of Jersey who had

failed on that side to actually provide us the infrastructure for us to maintain the vehicles. You know, the compromise worked out, which was a very sensible one, was that they would provide us space within their workshop and recharge us for that space and the work they did. They did do that.

MR GARRETT: But, surely if they failed in an aspect of their contract, why were you ending up having to pay for the consequences?

MR ORD: Well, we were paying for the additional work which ... actually we had mechanics and they had mechanics, so effectively some of the work we effectively subcontracted to them to do and so we were paying their labour.

MR GARRETT: But that wouldn't have been required. On the basis of what you were saying, if the garage had been supplied as per contracted with the States, you wouldn't have had a requirement for Public Services to provide any kind of mechanical support; is that correct?

MR ORD: Yes.

MR GARRETT: Therefore, why did you end up paying for it?

MR ORD: Because up till 29th October, the start of the services, all of the mechanics were Jersey Bus staff. I had to bring in a technician from England half way through -- I think the first week in September he came -- because obviously you can't take 30 vehicles into the service overnight. They all had to go through an inspection when they came on the Island and, therefore, we needed our own Connex technician from London who knew the vehicles inside out, because they are very modern vehicles and so you can't hit them with a hammer and poke them or whatever in the wrong place, otherwise they don't like it. So effectively there was a learning curve to go through, so I needed a technician who knew them, and so I brought him over to the Island from Croydon, but we did not, we could not, take the staff away from Jersey Bus at such time as we started operating on the Sunday because they needed the staff to operate their bus services. So I couldn't take on permanent staff. I had to take on an interim arrangement which seemed sensible, that we actually got the use of the building from the Public Services Department and entered into a financial arrangement with Public Services for them to do work on our vehicles.

MR GARRETT: So the problem wasn't simply and solely the lack of the garage facility; it was a case that the mechanics that you envisaged using were still employed by Jersey Bus and, therefore, you didn't actually have the staff available to you as Connex to actually complete the work, so there was a requirement for you to gain the resource from somewhere?

MR ORD: Yes, and it was either from London, which we did, or locally.

MR GARRETT: Okay.

MR ORD: It was a purely commercial decision and we did it locally, and the fact that it was easier in fact to use Public Services' staff to do it because they knew their facilities, they knew their stores etc and it was a very good working relationship. Without that support, you know, in the build up really to what we did, the actual commencement on the 29th, things would have been even more difficult.

MR GARRETT: Okay. Right. Now, I shall get to grips with the questions that I had prepared. If you can bear with me, there will be some overlap between the questions that I ask and those which have previously been asked. I would like you to bear with me because there are some very important issues that need to be clarified and I may come at things from a slightly different angle. The whole objective of this is to make sure that we are 100% clear in our minds as to what happened and why things happened.

Firstly, during my research, I picked up indications of discontent being expressed regarding the performance of Jersey Bus. Did you ever receive any kind of briefing in the early days on the performance of Jersey Bus and any feelings that existed within political circles or within the Public Services Department?

MR ORD: Briefing from the States?

MR GARRETT: From the States, any States member mentioned to you about their concerns about Jersey Bus or indeed did any member of the Public Services Department say to you "You know, Jersey Bus are not performing" or "There are these difficulties" either formally or casually?

MR ORD: No, no. I can confirm that when we were asked what were our contingency plans, one of my contingency plans was to discuss it with Jersey Bus and, you know, I was advised

who to talk to and just advised that Jersey Bus were the existing operator and, you know, they were not happy. Obviously they hadn't won the tender, so they weren't quite sure what reception I would get. So there was certainly no briefing. In fairness, Alan Muir, was quite ... he gave me the names. He gave me a list of names, phone numbers and everything when we were awarded the tender of everyone he felt could ... we should approach to tell them who were are and what we did to ease the transition for both sides.

MR GARRETT: What explanation was offered to you as to why Jersey was going down the tendering route?

MR ORD: Um, there was ... the research I did myself it wasn't so much ... it was an observation basically that I gathered from the people that I talked to and certainly none of the politicians. I can't recall a conversation. You know, if I could generalise the sort of political side rather than the officers of the PSD, I cannot recall conversations where there was an outright statement as to why Jersey Bus was not given the contract or why the States had gone out to tender. I was advised as to the history, you know, as to Jersey Bus's claim for additional subsidy. I was advised that they were reluctant, you know, to disclose accounts or whatever and that was in the context of, you know, sort of "Jersey Bus were able through the legislation not to make full disclosure of accounts; whereas we would expect you as the tenderer to disclose all of your accounts", which wasn't a problem to us.

MR GARRETT: Were you aware that in that context demands had been made of Jersey Bus for them to provide accounts relating to interests in activities which were totally non-bus related, such as the running of cafés and places like the Living Legend and so forth?

MR ORD: No. I have to say it was a ... not being from the Island, I had always assumed from afar that Jersey Bus was Jersey Bus. I knew nothing of any of their operations.

MR GARRETT: If you were running a large company with varied interests and somebody said to you whilst you were contemplating the bus business "Oh we actually want to see the accounts relating to these other activities", would you have supplied that information?

MR ORD: I would take advice from my legal advisers.

MR GARRETT: You are an experienced businessman, what do you think the outcome would

have been? Speculate.

MR ORD: I would have replied upon the considered advice of my legal adviser.

MR GARRETT: I shall give up on that point. Thank you. From the start of the Connex operations, you were responsible for the provision of the bus service until eventually you left the Island.

MR ORD: In fact, to clarify, Philip Julhes, to be fair, joined Connex Bus in August ... sorry, Connex Jersey in August and was part of the team effectively.

MR GARRETT: But there was still ... there was an overlap.

MR ORD: Yes.

MR GARRETT: You were working in parallel.

MR ORD: Yes.

MR GARRETT: You had therefore been working under the revised Motor Traffic (Jersey) Law 1935, which is the law which governs the bus operations in the Island. What was your view on that legislation?

MR ORD: I have to say I didn't study it in detail. I relied upon the contract as to what the contract allowed.

MR GARRETT: Were you here when the Easylink service appeared?

MR ORD: No.

MR GARRETT: That was after you had disappeared, okay. Dealing specifically with the requirement to preserve the terms and conditions of employment for Jersey Bus staff when they were transferred to any successful bidder, do you accept that the tender documents issued in January 2002 actually highlighted an agreement that pegged the terms and conditions of employment at 2001 and there was an expectation that any successful tenderer would take on bus drivers and support staff on exactly the same terms and conditions of employment?

MR ORD: Yes. It was part of the tender. Every company, every tender I have taken over in the past, you ask for copies of the terms and conditions of the employees at the time and that's what you took over.

MR GARRETT: Okay. Bearing in mind it pegged it at August 2001, did you envisage, or

indeed did anybody actually seriously envisage, that all future wage negotiations would be suspended until the new operator was put in place?

MR ORD: No. We assumed that Jersey Bus would pay some form of cost of living. The fact that the wage claim came in when it did, in all fairness, did not alter our figures because it was very late in the day then and effectively, as I had said before, we had already worked out what we thought the number of drivers' hours were, what we thought the wages for and actually built in a contingency figure for various things, which included a cost of living increase, off memory, of a contingency of 5%, I think it was, but I can't remember exactly.

MR GARRETT: Okay.

MR ORD: But it was far too late at that stage to do anything about it.

MR GARRETT: Can you describe the nature of the documentation that you received from Halcrow, detailing the terms and conditions of employment for the bus staff?

MR ORD: We didn't receive any, not to my knowledge. In fact, I never did get any. What I got was wage agreements, historic wage agreements and then, at some time during the May we got the new wage agreement for that year and we specifically asked for terms and conditions and contracts of employment because, as an organisation and having been through it, it is quite thorough. The most important thing in a bus company is the staff. If you don't take the staff with you on day one, you know, you have a major problem and the big issue I could see, in fairness, there was a lot of loyalty to the existing directors and the Lewis family. They had been working for ... all of the staff had been working for a family run bus organisation and here is this global company coming in, which was one of the reasons we thought or we assumed we were chosen because we did have this global expertise but we were able to do local services. So you have a staff that's going from no doubt being able to talk to Mr Lewis in the street or whatever -- that is Mr Lewis senior as well, passing him in the street having known him for a number of years -- and coming into quite a structured environment with a major company. So the key to us was to get the staff reassured. We did not do that until the Thursday night before we commenced the service.

MR GARRETT: I will come on to that shortly.

MR ORD: But basically the main ... I discussed the lack of this sort of information with Jersey Bus management and, in all fairness, it was their interpretation that the general agreement they had was sufficient, so we had really nothing to go on, so we had to ask Mourants to get their employment team to start, rather than cutting and pasting sections out of the contracts of employment and actually fiddling around at the edges, shall we say, to get them into a Connex contract of employment which we were advised we were legally obliged to have with each individual. We had to start from square one with everything -- discipline procedures, grievance procedures, health and safety representation, the terms and conditions of employment with individuals and everything -- and that took a considerable amount of time and, with all due respect to Mourants, a considerable amount of expense. But we felt it was necessary to do and that is why it took a lot of negotiating with the trade union, you know, detailed negotiation on what they felt were their current terms and conditions verbally -- "No, we don't do that, we do this" and all of it -- and trying to translate that into a solid working document that everyone could sign at the end of the day as actually being the agreement with the staff.

MR GARRETT: Bearing in mind it was such a key feature of the tender process really, because there was this absolute dictat from the States saying "You will preserve the terms and conditions of employment", were you surprised to only really receive details of the pay awards?

MR ORD: We didn't. In fairness, before the tender award, my recollection is we didn't even receive that before. We got ... we knew what the wages were. We knew the base wage structure etc -- I can't remember where we got it from, but I know we knew it -- and that was the basis of the calculation we used. I'm not sure where we got ... I'm not evading the question ----

MR GARRETT: No.

MR ORD: ---- but I cannot recall where we got the average based salary, you know, of the drivers and the other staff from. In fact, I'm absolutely sure (and Mr Julhes will probably be able to give you guidance) that it wasn't until the last week that we were able to sit down with other members of the Jersey Bus staff who had indicated that they would like to come to us, but they hadn't signed up, but he had to sit down and discuss with the individuals what rates of pay they were on and terms and conditions because this wasn't available in a concise document from

Jersey Bus. So we did not have any, like you say, formal terms and conditions or anything.

MR GARRETT: Clearly there is a potential cost implication there. If you don't know how much leave somebody is entitled to or any other aspects covered under the terms and conditions of employment, is there not a risk there?

MR ORD: Oh yeah, and we looked at even the way Jersey Bus drivers, permanent drivers, took their holidays. This sort of thing concerned me. I wasn't on the Island, in all honesty, from the beginning of October onwards sort of thing and I can only surmise what Mr Julhes would have had to do, but I would surmise he was probably having to use a lot of the contingency figure to cope with this sort of thing.

MR GARRETT: Okay. Following your appointment, when did you first meet with Union representatives to talk about terms and conditions of employment?

MR ORD: Um, there was an informal meeting to start with. I can't remember, but it was very early on in the May, which was organised with a full-time officer, which was informal. Thereafter we used to meet at the Transport and General Workers' Union office thereafter which was organised through Jersey Bus' management. We would ask for the release or it would go through the full-time officer to ask Jersey Bus for the release of the staff. Therefore, all during August -- all during July and August if my memory serves me right -- there was meetings once or twice a week really in various formats to discuss sort of all aspects of their employment really.

MR GARRETT: During that first meeting, or possibly even the second meeting, did you ever sort of produce the thoughts of Connex, so to speak, on the nature of a contract of employment and your views on the terms and conditions of employment?

MR ORD: Yes.

MR GARRETT: What was their reaction to that, your first offering? Presumably they rejected it?

MR ORD: They rejected a number of offers. It was a fairly lengthy negotiation. By that time, of course, you know, the wage award, including the shift allowance, was in the open, shall we say. We were aware of it. The trade union were all of the opinion that we, Connex, should pay the wage award, including the shift allowance, even though it wasn't a shift allowance. In

the first meeting I can recall -- the meetings weren't minuted, but I can recall -- saying that we do not recognise the shift allowance. From the very first formal meeting, we said that we do not recognise the shift allowance, we do not recognise the £72. As far as we were concerned, we were using the contract and the advice we had had was the fact that all that we would have to pay was to take over the staff at their present terms and conditions as we tendered.

MR GARRETT: Unfortunately, at that stage, you really didn't know what those terms and conditions were.

MR ORD: At that stage, we knew ... at that stage we knew the payment.

MR GARRETT: But you didn't know the softer aspects of it.

MR ORD: Absolutely not, no.

MR GARRETT: No. I'm not going to attribute blame here at all, but would you agree that your inability to, at the first meeting, produce something which was acceptable to the staff that you intended to take on which they would recognise as being satisfactory terms and conditions of employment did little to inspire them and certainly wouldn't have boosted their morale in terms of the prospects for the future?

MR ORD: No, I think I would put it the other way. The fact that we had assumed effectively that it was the UK, the Channel Islands, and we had a fairly large UK bus operation with all of these terms of contract in place and it was in English, right?

MR GARRETT: Hmm.

MR ORD: The fact that in fact a lot of our terms and conditions in the UK were used as the template for the trading companies. The full-time officer of the trade union, Mr Kavanagh, was absolute that no mainland agreement would come into Jersey. "This is" -- these were his words - - "This is Jersey."

MR GARRETT: Darwin's Law prevails.

MR ORD: So basically it was a case of looking at it from whatever had been agreed on the mainland was irrelevant and it would be a local Jersey agreement. I could understand the logic in that and I didn't have a problem with that, because basic terms and conditions of employment, which is what we were talking about, for the bus service, bus operation, are quite common

anywhere. It was the same operation, you know, the same type of operation, so I was comfortable. The problem was that we didn't have anything to compare. We just had the verbal discussions, frank exchange of views that went through stages, but it was what we would expect to happen.

MR GARRETT: Would a copy of that first offering be available? It is a standard UK template, is it?

MR ORD: I'm absolutely sure that we probably have it somewhere. Well, we must have because ... well, we had various. There will be copies of the initial one right from the start, yes.

MR GARRETT: Of the evolution from first to last offering?

MR ORD: I'm sure someone will be able to supply those.

MR GARRETT: Can we put that in train?

MR ORD: If they are available, I'm sure.

MR GARRETT: Thank you. I think you touched on it before, but can you just confirm that the terms and conditions of employment, the contract of employment, was not actually finally resolved until it was literally days before the start of the service?

MR ORD: That is correct.

MR GARRETT: Again, if you had been supplied with comprehensive sets of documents immediately either as part of the tendering process or immediately after your appointment, would you accept that that pressure would have been taken off you?

MR ORD: No. Jimmy McCartan was a shrewd negotiator. He never gave in until he had to give in. Oh sorry, he didn't give in. You never agree until you have to agree. He and I ... I would say he is a canny Scotsman and I come from the North East, so there was a lot of, I wouldn't say brinkmanship, but there was a lot of ... he and I both knew there was nowhere else for his staff to go and, you know, I was ... you know, I've since passed comment, to be fair to Philippe Julhes, that it must have been extremely difficult -- a Geordie with a speech impediment and a Scotsman -- for him to understand what was going on at certain times, but I'm sure the discussions with Jersey Bus were entirely the same -- the fact that he is a busman, he is a solid busman and a good negotiator. If we'd had those terms and conditions even with the ITT, Jimmy McCartan wouldn't have signed them. He would not have signed that agreement until

the 28th September when we started on the 29th, which is exactly what happened. I wouldn't, to be honest.

MR GARRETT: So really, in your sort of planning process, consciously or otherwise, you anticipated that it might be a drawn out process?

MR ORD: ... (indistinct) ... yes.

MR GARRETT: Okay. One sort of side issue on this, can you confirm an understanding that I picked up from somewhere that one of the conditions imposed by the States, either in the tendering documents or at some later stage, was effectively that future wage increases should follow the RPI or something along those lines?

MR ORD: I believe the contract says that. I don't think it says ... I don't recall if it specifically said "wage increases", but I could be corrected by the ----

MR GARRETT: Let us assume it does for the time being and I will go back and check. Is that strange? Would you describe that as a strange stipulation, because it really takes wage negotiations out of your hands?

MR ORD: They ... from the start, this was a new venture for the States and that's why I feel in our presentation we put great emphasis on partnership. That is why, during the summer, many times we could have said to the States "You're in default, you're not doing this, we're walking away and also we're seeking damages, etc, etc." That was not the spirit in which we entered this partnership. We entered this partnership because we knew that the Island of Jersey could be, and is beginning to get there, a flagship operation for Connex as well as promoting the Island's tourism industry and linking with social services and everything. We weren't surprised, or I wasn't surprised, to actually see a built-in RPI. What I was honing in on (and I mentioned it earlier) was the incentive for increased revenue. If we would could get a bus service running which the public could rely on -- nice, clean vehicles coming on time and get the fare structure right, the restrictions on parking in the centre, etc, you know, it's a chicken and egg. To get people out of cars they have got to rely on the public bus service. To rely on the public bus service takes time for people to leave their car at home, so we knew what this involved and we were comfortable with the inflationary increase being built in there, the RPI, because we had the

revenue incentive. I mean, I wasn't involved in the team links, but the team links effectively scuppered any possibility of a revenue incentive because it was taking people ... I haven't seen the figures, but it is my looking at it from the past because I haven't been on the Island of Jersey since 2002. Any abstraction of revenue from the operator running the contract means he's got no chance of actually making the revenue incentives. So ----

MR GARRETT: But is it not the case that part of, that in part you ... the staff would have played a huge part in achieving improvements in services and one way of incentivising them would have been to have said "We can give you a bit more money", but the contract was actually saying "No, you can't do that, you can only offer them the equivalent to the RPI"? What I'm saying is that it was tying your hands to a certain extent in terms of the options that were available to you to improve your service, because you couldn't incentivise the staff by offering them more money.

MR ORD: I have to say I would like to refresh my memory on the contract.

MR GARRETT: It is one of the key points at the moment and it is something that I might take up with other people.

MR ORD: Okay.

MR GARRETT: But I do find it an interesting part of the contract. We'll move on.

MR ORD: Yes.

MR GARRETT: It has been suggested to me that there is a problem with morale within the staff at Connex and that it's actually been there for some time. Whilst you were here, did you become aware of any issues with the morale of the staff?

MR ORD: I've worked with a number of bus companies. If bus drivers are not moaning, there's something the matter somewhere, you know. My mother was a bus conductress during the war and she never stopped moaning. My brother, my younger brother, was a bus driver for 25 years and the number of Christmases I stormed out because "management doesn't understand". I was working 300 miles away running a bus company from the North East but "management doesn't understand". It's not morale, it's life. You know, it happens in bus companies.

I think, if you ask Jersey Bus staff now, if you take away the histrionics, have they got a contract of employment, are they protected by disciplinary procedures, health and safety procedures, are they working with new vehicles, new work shifts, uniforms and has their quality of life at work changed, if you asked them, I would be quite surprised if they would say no.

I accept completely (and I think I touched on it before) that Connex in the early stages had actually gone away from a staff that saw the Lewis family as a very personal relationship. It took a lot of time to actually go away from that environment to the structured environment where it may well be the local payer is the local managing director, but he is responsible to other directors that are not on the Island and not all staff were comfortable with that big company relationship. So I would say, or I would suggest, that morale is no more lower with Connex Bus than what it was with Jersey Bus.

You know, I simply, in discussions with the Transport and General Workers' Union, they were saying things like "it's took us all these years to get to here. You're not taking it away now." So a life with Jersey Bus was like with any bus company. You know, management are not doing their job properly if they are not attempting to get the most efficient use out of their vehicles and drivers and it's life in a bus company.

MR GARRETT: My understanding is that part of the problem was down to the fact that bus drivers were leaving passengers, potential passengers, at the roadside because they didn't have the capacity and that they were suffering enormous pressure from passengers on the bus who were expressing disquiet over their conduct and, of course, when those passengers subsequently caught buses, having been left repeatedly at the roadside, they were complaining bitterly to their only point of contact, their immediate point of contact, which was the bus driver. If you're getting that day in and day out, it can lower your morale just a touch.

MR ORD: I have to say ... I think I mentioned this earlier. It wasn't only complaints from passengers we were getting; it was complaints from the staff. You know, I think I said that in one of my answers. You know, the fact that bus drivers are bus drivers, they know ... effectively they are out there and they are self-supervising. You either trust the bus driver or you don't. He is carrying cash and he's driving the bus. The easiest part of a bus driver's life is driving the bus.

MR GARRETT: Hmm.

MR ORD: You know, he is a PR expert. He is a commuter expert. He is an accountant. You know, he has to do all facets of the job and to cope in the rain with passengers who have had to let two buses go because they can't get on or whatever. He is the front line and, with the best will in the world, they can only take so much. That is what I am saying. We knew when we started this seven year contract that the first year or 18 months, possibly two years, would be a massive learning curve, massive.

I can't predict what is going to happen in the future, but, you know, I would suspect that once we get to the middle part of the contract, i.e., two and a half to three years on, negotiations with PSD or whatever, you know local user groups to try experimental services etc will start to come in. You know, it was all part of the plan and that was explained at the presentation, the fact that we ... you know, the long term plan would be to integrate bus services with other forms of transport on the Island. It was never envisaged that Connex would run everything because it's not in their glossary to do that. It's working in partnerships with other forms of public transport on the Island. So I accept completely that the drivers are the front line for these sort of public issues.

MR GARRETT: And really because of the problems that you faced, they were the ones actually dealing with the front end of the business.

MR ORD: And the enquiry clerks, you know, sort of thing, getting it at the front end with sort of people complaining. I myself, to be fair, one or two people on the Weighbridge, I wouldn't say squared up, but certainly they were not pleased. "Are you the guy from Connex and do you realise" you know and all this sort of thing, so, yes.

MR GARRETT: But you would understand that, if bus drivers were dealing with that on a daily basis, it would wear them down?

MR ORD: Absolutely, absolutely. It would knock their confidence or whatever. It takes a long time to build confidence with new men, new staff. You might take over the company, you might take over the route, you might have all these terms and conditions of employment in place, but it is the confidence which takes years to build.

MR GARRETT: Looking back, do you think you failed in your PR exercise to take the pressure off the bus drivers to make sure that your message was put across to the public so that, on a daily basis, the bus drivers and staff were not suffering that pressure?

MR ORD: Without wishing to evade the question, I actually left the Island on, I think, 3rd October or something -- I can't remember -- so from that point on ... I can remember getting soaked through on a Tuesday afternoon on the middle of the Weighbridge because it would rain rather heavily and that was my last exposure effectively to the direct public on the operation on the Island. I think it was the Wednesday or Thursday of that week, of the first week in October, that was the last time that I was on the Island.

MR GARRETT: But, from your knowledge, and possibly speculating just a little, do you think it could have been handled differently and better?

MR ORD: I honestly couldn't answer that, because I didn't know how it was handled.

MR GARRETT: Appreciating that you left promptly after the service really started, left the Island, would you have any knowledge of the attrition rate, in terms of staff departing?

MR ORD: I understand there haven't been many.

MR GARRETT: No.

MR ORD: That's long been the sign of poor morale, that people go everywhere, the staff turnover rate goes up quite high, the staff absenteeism rate and that sort of thing.

MR GARRETT: But you're not aware of significant problems?

MR ORD: No. Mr Julhes will be able to give you the answer to that question this afternoon.

MR GARRETT: Just to confirm a couple of points, for the purposes of absolute clarity, just to confirm that you actually received all the documents that were issued by the States of Jersey through Halcrow for the tendering process?

MR ORD: Yes, yes.

MR GARRETT: You are not conscious of any that were overlooked or that slipped past you?

MR ORD: No, I'm not aware and I was a direct recipient of all the correspondence.

MR GARRETT: And everybody that was involved in the preparation of your tender would have been aware of the conditions set out in those documents, the documents supplied by Halcrow?

MR ORD: Yes.

MR GARRETT: Okay. We've touch on before the specific clause in one of the documents about the contractor to inform himself. You and everybody else involved in the tendering process would have been fully aware of that provision?

MR ORD: The?

MR GARRETT: This is the one which says that the contractor shall satisfy himself that the information included in the documentation provided by the States is adequate and so forth. Everybody would have been aware of that?

MR ORD: Yes, they would, yes.

MR GARRETT: And you also confirm that you did get a copy of that Transport and General Workers' Union letter. Did you get it by email and fax?

MR ORD: I got it.

MR GARRETT: You got it?

MR ORD: But I can't remember how, but I know I got it. Yes, we got it.

MR GARRETT: You got it?

MR ORD: Quite clearly it came from Halcrow, yes, which also re-emphasised ... the covering letter also re-emphasised the closing date of the tenders.

MR GARRETT: Okay. And that information, that document, again, was shared with everybody involved in the tender process?

MR ORD: Yes.

MR GARRETT: And just to confirm that you didn't seek clarification from Public Services or Halcrow on any aspect of the letter from the Transport and General Workers' Union on the wage claim?

MR ORD: No, because we followed the guidance in *Bulletin 2* of Halcrow to use the present ... I can't remember the exact words, but the present conditions, the present terms and conditions, which was referring to the staff.

MR GARRETT: But those were pegged at August 2001 and we have previously touched on the fact that you didn't expect wage negotiations to stop dead.

MR ORD: No.

MR GARRETT: No. So this was a new wage negotiation, so why didn't you take it into account?

MR ORD: We didn't. We took the cost of living increase into account. We expected to have to negotiate with the staff during the summer.

MR GARRETT: Sorry, just go back, in previous questions I'd asked you about whether you expected wage negotiations to stop dead following the imposition of that requirement by the States specifying August 2001 as the sort of terms and conditions date.

MR ORD: We expected to meet the cost of living increase which would be awarded at some time during that year. We thought it would be with us, but it was settled before.

MR GARRETT: And their date for wage negotiations was, I think, 1st March or something or thereabouts.

MR ORD: 1st March, that's right, yes.

MR GARRETT: So clearly you weren't going to be in place by 1st March, so you fully expected Jersey Bus to be engaged in negotiations, and you were notified of those negotiations, which was Part A, effectively a cost of living increase, and Part B, a claim in respect of a shift allowance.

MR ORD: Yes.

MR GARRETT: Now, you had no reason to believe that even the cost of living increase would be met by Jersey Bus, that they would agree to that component.

MR ORD: We had expected, we had planned for that. We planned around that figure, so we were comfortable with that scale of wage claim. What we didn't know, you know ... we also took the view, as I have already said, that the shift allowance was not a shift allowance, so we had no way of working it out.

MR GARRETT: But an accountant could have run his eye over that and come up with a reasonable ball park figure. In fact, it wouldn't even have taken an accountant. I'm not an accountant and I can ----

MR ORD: Oh yes. You can punch a calculator and put it in, but we were tendering on the

basis of the guidance, which actually said “Use the present terms and conditions”.

MR GARRETT: Okay, but, going back, the fact that you didn’t challenge the document, you didn’t raise any questions with Halcrow, and referring back to that condition in the sort of contract document, which says “The contractor shall inform himself”, would you agree that the failure on your part to challenge it, to question it with Halcrow, effectively means that Connex accepted that document?

MR ORD: The wage claim?

MR GARRETT: The wage claim.

MR ORD: No, because I disputed that. I disputed that shift allowance from the very first negotiations in the ----

MR GARRETT: No, this is in the preparation stage. I’ve actually broken the paragraph from that contract down and the first part is “*The Contractor shall satisfy himself that the information, including documentation provided by the States, is adequate*”, okay? The second part of it is “*The Contractor shall inform the States immediately of any inadequacy, whereupon the States shall make good the inadequacy to the reasonable satisfaction of the Contractor.*” That is the second part of it. Then the third part is “*The Contractor shall be deemed to have examined the requirements specified in these conditions.*” Then the fourth part is “*No claim from the Contractor for additional payment will be allowed on the grounds of misinterpretation of any matter relating to the requirements specified in these conditions on which the Contractor could reasonably have satisfied himself.*” Now, you could have “*reasonably satisfied*” yourself by going back to Halcrow to say “What is this about?”

MR ORD: We went to see them. We satisfied ... I’m not quite sure who we did it with. I have to say it could ... no, I’m not going to guess, but there were several times we ... I personally and I’m trying to think who ... I think ... **(Pause)** Certainly we didn’t have the time between the letter and our tender going in. We received it, we ... you know, the figures were prepared on the basis of the 5% and that is the way the tender went in, on the basis of the guidelines. Thereafter, we were in a position where really in some ways the wage claim should have been agreed by 20th February because it should have started on 1st March and at that stage

had it been agreed as early as that we would have been in a position where we wouldn't have been ... we would not have been committed to anything at that stage in time. We could have withdrawn the tender, you know, sought clarification or whatever. The lateness of the wage award compromised everybody.

MR GARRETT: But you were nevertheless aware that the claim was in play prior to submitting your tender.

MR ORD: Of course, yes.

MR GARRETT: Okay. Would it be fair to say that, at that point, you were faced with a commercial decision? You either adjust your figures upwards or you gamble that it is not going to be satisfied through negotiation with Jersey Bus and you stick with your original figures?

MR ORD: No, you take the decision based on the guidelines of how you were, you know, sort of requested to submit the tender, which was upon present terms and conditions.

MR GARRETT: But, sorry, going back, you had previously accepted that you didn't expect the wage negotiations to stop dead in their tracks whilst the tendering process was ongoing.

MR ORD: That's correct.

MR GARRETT: So let's say, for argument's sake, that the simple, what you have referred to as the cost of living increase, the 4.5%, had been negotiated out to be something substantially more, such as 7% or 8% as part of, say, a two year deal.

MR ORD: Yes.

MR GARRETT: Which is not unusual in this Island. How would that have left you?

MR ORD: In the same situation with the payment of the shift allowance. It's sitting down with the Transport and General Workers' Union, saying quite specifically "We're not contracted to pay this."

MR GARRETT: So you don't think you were faced with any kind of commercial decision at that point to either include it ----

MR ORD: With the tender, no. We didn't include it. When we started to negotiate with the Transport and General Workers' Union, we said "We do not recognise the wage claim. We have tendered against this, the guidelines. That's not in our figures. We have not got that money in

our wage costs effectively to pay it.” That’s when we changed it from a shift allowance, which it never was a shift allowance, for all the reasons I have said before, and we split it down to an attendance and a productivity payment so at least we could control it and we weren’t just giving £72 per week to each driver.

MR GARRETT: Okay. I hear what you say, but I don’t actually agree with it, because I go back to the point that my colleague raised. If your point was totally valid, why did you use the terminology that was used in your tender submission, i.e., “*Included in our cost is the assumption that the wage claim for the present Jersey Bus staff will be met in full*”?

MR ORD: Yes, I accept that that is open ... you know, it is a straight sentence.

MR GARRETT: And the second part of your submission was “*We would be prepared to discuss a reduction in the staff cost directly applicable to the present staff should the claim be settled at a lower level.*” You have got one component, which is the cost of living increase, which is never going to be settled at a lower level, is it? There was no way that the Union would ever, ever, ever have agreed to a 3% increase when the cost of living is running at 4.5%. So what did you mean? What was that referring to? What did that sentence refer to?

MR ORD: The contract, how we put the tender together, the fact that if we, you know, sort of overestimated the cost of living increase or whatever. So, you know, the figures were put together on the basis of our anticipation of what we would have to pay, the labour rate we would have to pay, but we didn’t know whether ... we did not know what number of drivers, drivers’ hours etc was, as I referred to before. We just had to work that out, how many drivers’ hours we thought we would need, spare coverage etc, build in coverage for holidays, so we didn’t take driver A and say “Right, driver A is going to work that, he’s going to do that and, therefore, we’re going to pay an hourly rate of that.”

We in our budget took a figure based on a number of drivers, you know, plus a contingency, which included an assumption on a wage allowance and, if we got it wrong ... the whole point of the way we tendered and the relationship with the states, as I referred to before, was our accounting process would be entirely open. The basis of a partnership and sort of how we went into it was that it has to be open to start with. This is a potential 10 year contract --

seven years with the potential to go on -- and what we wanted was an open environment, you know, the fact that they could see what we were prepared to pay people and we didn't have a problem with it.

Our management accounts were saying that we were claiming ... you know, effectively, in the drivers' wage bill we substantially overestimated the amount of money we were paying the drivers because it actually had a line which actually says -- I can't remember the title, but -- "Driving staff costs in the tender bid" and that is specific. Our way of dealing with things would have been open and you would have been able to see in the accounts how much we were paying our drivers and, if there was a significant difference between what we had tendered and actually what we were paying the drivers, you know, we did not want to be accused of sort of misleading the situation. That is what it meant by that.

MR GARRETT: I heard what you said about the time constraints, but I'm certainly aware, because I have inspected the documentation, that other tenderers were quite explicit in referring to a figure and actually specified how much they had allowed for that shift allowance in their tender document. They actually specified the number of pounds?

MR ORD: Yes, yes.

MR GARRETT: So others had time to do it and others actually took it fully into account, absolutely 100% into account.

MR ORD: You could say 45 drivers at £72 a driver if you wanted to, but we tendered on the basis that we were asked to tender, on the present rates.

MR GARRETT: But the present rates were a moving rate.

MR ORD: Yes, yes.

MR GARRETT: And you accepted that there was no expectation that wage negotiations would be frozen whilst this process took place.

MR ORD: No. We expected to have to pay an increased ... by September, we expected to have to pay our drivers an increased rate over what they were getting on the 2001 wage bill.

MR GARRETT: We will move on. I will return to this subject later. Moving on to the selection process, I understand that Connex gave some presentations on 15th March. Were you involved

in those?

MR ORD: Yes. I would say so, yes.

MR GARRETT: I also understand that Connex during those presentations indicated that they would be keen to provide additional services beyond what was at that stage envisaged -- transport on demand and those kind of things.

MR ORD: Yes.

MR GARRETT: Okay. It is a difficult question for you, but has Connex actually delivered any of those yet?

MR ORD: I would be surprised if they had as quickly. We have touched on it before. The fact that this was the case of the first year ... (indistinct) ... on saving. Even if I remained with the Connex, it was the case that you think you know what you've tendered for. It needed a full year's operation to actually realise what we actually had tendered for. It was always intended that we would use our expertise to fine-tune the routes, to design other new routes etc, put proposals to the States on why we think we should have new routes etc. Part of that was the transport on demand.

MR GARRETT: Was it made absolutely clear to States members who were present at that time that this was not something that would be available on day one or day two or indeed that it might be several years or indeed that it might never happen?

MR ORD: There was no timescale put on it. It was the case that it was a commitment to do. It was a commitment to do effectively transport on demand because Connex has a lot of experience not just being a ... in the UK we would term it a dial-a-ride service. Basically you ring up for a ride and the Connex system is more sophisticated than that, but that would take time to bring in. I am sure Mr Julhes will be able to update you where we are with it, but I would never have envisaged sort of within the first year doing such a thing as a transport on demand service.

MR GARRETT: But it wasn't made clear to States members that that wouldn't happen in the immediate future?

MR ORD: We ... In the presentation, I can remember I did the majority of the presentation.

On that specific technical bit of what we were doing, it was part of this is how it would evolve.

MR GARRETT: But could it have left some States members feeling that they were getting a phenomenal deal because, within your tender price, you were not only going to provide the services that Jersey Bus had provided, but there were these other services that you were going to provide in the near future? Could they have been left with that impression?

MR ORD: No, because we commented on it from the point of view, as I can recall, that the integration was with the social services, you know, the fact that, without doing a presentation, shall we say, you have bus services which are actually running past hospitals and sort of public health organisations, where members of the public without their own transport would have to rely on national health transport to actually get there. If the buses are going past, the fact that our vehicles were kitted with access for the disabled ----

MR GARRETT: Sorry, can I draw you back to my original question? Could States members have left that meeting with the impression that you, Connex, were going to provide those services in the immediate or very near future, all these sort of additional services?

MR ORD: They would have left that meeting with the impression that we wanted a partnership to develop the social services.

MR GARRETT: In the near future?

MR ORD: No.

MR GARRETT: Is there no way that States members could have left that meeting under the impression that those services were going to be offered in the near future?

MR ORD: How do you define ... I mean, how do you define ----

MR GARRETT: Well, you know what words you used to describe them.

MR ORD: Exactly. That's what I'm saying. That's what I'm saying.

MR GARRETT: So could anybody listening to your set of words have left them with the impression that those services were going to be offered in the near future?

MR ORD: Those services would evolve, but there was no timescale of when they would start.

MR GARRETT: But an enthusiastic politician might have thought tomorrow?

MR ORD: From memory, I would be surprised if he thought that.

MR GARRETT: Okay. Can I just focus on the contract for a moment? Were there any differences between the specification set out in the tender documents and the contract that Connex eventually signed that you are aware of?

MR ORD: Yes, mostly to do with redrafting and repositioning clauses etc and paragraphs and that sort of thing, but there was no material ... Reviewing the notes on the questions or whatever, there were no material changes.

MR GARRETT: Is it not the case that Connex pressed for a change in the definition of "*force majeure*" to give them greater protection from strikes?

MR ORD: Oh yes, yes, especially that were outside of our control.

MR GARRETT: What was the outcome of that discussion?

MR ORD: A flat refusal -- "It's down to you".

MR GARRETT: Okay.

MR ORD: There was an understanding of why we wanted it because it was outside of our control, but our argument was basically if our poor man management got the company into a situation where the drivers had to take the ultimate sanction, i.e., go on strike, that is a Connex responsibility, but anything outside of that, if there was some kind of joint, you know, joint action or whatever with someone else, Connex could hardly be held responsible for the lawful action of the Transport and General Workers' Union.

MR GARRETT: But you knew of that condition in the tendering process.

MR ORD: Yes.

MR GARRETT: So why try to change it afterwards when, presumably, your tender price took into account that that was a possibility, that that might actually happen, so maybe you should build in a little bit of a contingency within your budget to safeguard the interests of ... as opposed to putting pressure on the States to actually revise the definition?

MR ORD: No, because it was obvious coming through the negotiations with the Transport and General Workers' Union that Jersey was different to the mainland. As I said before, Mr Kavanagh was adamant that what happens on the mainland doesn't happen here. So, effectively, we were in a position where we were dealing with the Transport and General Workers' Union's

full-time officer, but obviously specifically related to Jersey.

MR GARRETT: And you only established that after you submitted your tender?

MR ORD: Of course, yes.

MR GARRETT: Don't you think it would have been wiser to have actually established the ground rules before submitting your tender?

MR ORD: I don't see how we could.

MR GARRETT: I would have thought that a meeting with the Union without getting into too much specific detail might have given you an insight as to the sort of industrial relations situation in the Island, which might have alerted you to the possibilities that you might have faced.

MR ORD: When you are tendering it is a commercial decision to tender. If you go through with the tender, that is purely visible. If you decide not to tender, for whatever the reason, you are in a competitive environment and someone will make good somewhere the fact that you haven't tendered, so add to the fact you actually are in a sort of formal ... you are investigating or whatever, but when you go to the point where you are actually about to put the tender in, it has always been my way of working, you know, the fact that you don't disclose that you are the tender operator until such time as you actually tender.

MR GARRETT: Okay. People have made reference to the concept of working on or bidding on a level playing field. By your post-tendering activities, were you not then trying to actually tilt the playing field in your favour?

MR ORD: I'm not sure about "*activities*"?

MR GARRETT: Well, trying to change the definition of "*force majeure*" and anything else that Connex might have suggested to the States should be altered with the contract. Other tenderers had clearly entered the process on the acceptance of the specification set out in the tendering document.

MR ORD: Yes.

MR GARRETT: And presumably you submitted your tender on the basis of that and an acceptance of those documents and then, after the tender was accepted, you sought to change the

playing field, the shape of the playing field.

MR ORD: We did not seek to change but to clarify.

MR GARRETT: No. I think you were trying to actually push the thing more in your favour.

MR ORD: We accepted the force ... Don't forget, I'm not a legal expert, so I can't comment on matters that are legal, but, from an operational point of view, we accepted that any strike caused by ourselves was our commercial responsibility. What we were seeking to do was to exclude any strike other than that which had been caused by ourselves.

MR GARRETT: If you were taking note of your UK operations, surely it's possible that your services could be jeopardised by, for argument's sake, a fuel strike.

MR ORD: Yes.

MR GARRETT: Who would you expect to pay in the event that, say, the fuel suppliers in the UK went on strike? If you were dealing with a comparable scenario, would you expect the government to actually chip in with money because you weren't able to run your bus service and, therefore, weren't able to get your revenue?

MR ORD: If we as a bus company were unable to get our fuel, as a single bus company, I would accept that we were responsible.

MR GARRETT: No, if it was a general strike. You have got to look at Jersey in the context of being a nation effectively. You know, it's a small nation, but at any rate it's there. So if there was a general strike in the United Kingdom amongst the fuel suppliers and you and other bus service providers could not get fuel and, therefore, could not run your service and, therefore, you had no money coming in through the door, would you have expected the Government to have compensated you?

MR ORD: No.

MR GARRETT: Because it was not a strike that was of your making.

MR ORD: What would have happened is this, which I am sure you would have had this on the Island, which is you would have had a contingency plan for shortage of fuel. Essential services like the police, national health or whatever -- I actually sit on such a committee -- basically essential services get the fuel. So effectively this sort of thing wouldn't happen

overnight. There would be fuel stocks on the Island by the time this strike ----

MR GARRETT: Sorry, can I just stop you there? I focused on fuel, but it could have been anything, anything outside of your control in the United Kingdom that resulted in your inability to provide the service. Would you look to the Government to provide you with the money, to compensate you for the losses that you were making at that stage?

MR ORD: Yes, because it's outside of our control.

MR GARRETT: You would expect Government to provide you with the money?

MR ORD: We would be in a position under the clause of the contract where we would not be able to fulfil our contractual responsibilities through no fault of our own.

MR GARRETT: But that's not the fault of Government necessarily, you know, the fact that a fuel supply company has gone on strike, so why should Government actually fork out the money to keep you or your till turning over?

MR ORD: Well, it's not our till turning over. It's not a commercial service. It's a service which we are contracted to provide on your behalf.

MR GARRETT: But if it isn't being provided, I don't see why Government should end up paying you the money. What I'm trying to get at is I'm trying to understand the basis of the suggestion put forward by Connex that the definition of "*force majeure*" should be changed to afford you greater protection.

MR ORD: From external strikes. That's what we were attempting to do, to get to the point where anything caused by ourselves, yes, we were responsible for, but anything caused by anything out of our control, you know, we thought that the force majeure should be clarified to include that. **(Pause)**

MR GARRETT: At the outset, do you know what arrangements were put in place in relation to dealing with complaints from members of the public?

MR ORD: When we started, we didn't ... bearing in mind we'd had a matter of, I think, less than two weeks to actually provide an enquiry office, initially I believe in the early days we had one phone line and I think Mr Julhes subsequently increased that and employed additional enquiry staff.

MR GARRETT: It is a good way of fending off complaints, isn't it, not to have the ability to actually cope with them?

MR ORD: Well, it was in the early days. There were no two ways about it, I think it was ----

MR GARRETT: Was it a condition of the contract that you actually had to have a mechanism for dealing with complaints?

MR ORD (after a pause): I honestly can't remember.

MR GARRETT: How about inspectors? Was there an expectation that you would provide inspectors out on the road to make sure that staff were behaving themselves and, indeed, that passengers were behaving themselves?

MR ORD: I think the services were expected to be supervised.

MR GARRETT: And were they?

MR ORD: How we did that ... I can't remember the term "*inspector*" being anywhere, how we supervised that. I cannot comment, as I say, with effect from 3rd October. Obviously Mr Julhes will have to answer that, but we expected to take on a number of inspectors, and we did.

MR GARRETT: "Eventually", is that the word you are looking for?

MR ORD: No, because what I am saying is I don't know what happened from 3rd October.

MR GARRETT: But on day one you had no supervisory mechanism out on the street making sure that staff and passengers were behaving themselves?

MR ORD: Other than on the Weighbridge, no.

MR GARRETT: Thank you. Can I refer you to a letter that you signed on 29th April 2002, and that was in relation to the submission of your final tender documents, where you gave an assurance the width of the bodies of buses would meet the width restrictions that existed locally? Did you deliver on that assurance?

MR ORD: Other than the exception for the front axle.

MR GARRETT: No, no, you said in your letter that the buses would comply. You didn't put a condition in there to say "Subject to an exemption being granted."

MR ORD: I accept that, yes.

MR GARRETT: Okay. Did you deliver on the assurance that you gave when you submitted

your tender? **(Pause)** The answer has got to be no, because your buses were over two inches wider.

MR ORD: I wouldn't ... I don't recall them being two inches, but certainly the ----

MR GARRETT: They were 2.3 inches, to be precise.

MR ORD: All right, I will be guided by yourself, but certainly it is the front axle itself.

MR GARRETT: But that is governed by the law.

MR ORD: It is governed by the law, but it was the prevailing width of the majority of Jersey Bus vehicles at the time.

MR GARRETT: Yes, yes, but that is inconsistent with the assurance that you gave that the buses would comply with the legislation that existed at the time.

MR ORD: I would accept that, yes.

MR GARRETT: Okay. So you didn't live up to your tender?

MR ORD: We didn't live up to supplying the vehicles as per the ... as you are actually saying specifically ... as you've asked the question, but we did provide the vehicles on the basis of the chassis which were already operating on the Island.

MR GARRETT: Did anybody come back to you on that point and penalise you in any way?

MR ORD: No. Basically it was a case of we worked with the –Certifying officers both here and in the UK to actually identify where the problem was. We did everything else to adjust the width of the vehicle and the only stumbling block was the front axle.

MR GARRETT: But somebody somewhere might have assumed that, within your tender finances or, you know, the price that you quoted, provision was being made to build totally custom vehicles that matched the law in Jersey. They may have been influenced in their decision-making to say “Yes, we don't have any of these problems any more in terms of granting exemptions for over sized vehicles because Connex is offering to provide vehicles that are absolutely compliant” and, therefore, that may have influenced the decision-making, because if other tenderers were taking a more realistic view and actually put in a clause which said “We are going to provide buses that are two inches over size, because that is our whim”, surely the politicians would have said “No, give it to Connex, they're actually going to comply with the law”?

MR ORD: I can't speculate, to be honest. I don't know why they made their decision.

MR GARRETT: But nobody came back and suggested that you should be penalised?

MR ORD: No.

MR GARRETT: There was a letter sent, I think, by Public Works, by Public Services, on 3rd May to you, which said that the award of the licence of Connex was conditional on six criteria being satisfied. What steps did you take to ensure that Connex satisfied criteria 5, which dealt with passenger capacity as distinct from bus numbers?

MR ORD: Did it just say "*passenger capacity*"?

MR GARRETT: It just says "*passenger capacity*", not bus numbers.

MR ORD: Of the individual vehicle?

MR GARRETT: It was non-specific. It just says about passenger capacity, "*on the issue of passenger capacity*".

MR ORD: Well, there was passenger demand, i.e., the number of people waiting to travel.

MR GARRETT: Hmm.

MR ORD: And there is actual capacity, which I would deem is actually the capacity of the vehicle.

MR GARRETT: But, going on performance on day one, clearly you didn't match either demand or capacity.

MR ORD: I accept that, yes.

MR GARRETT: Did anybody come back to you and penalise you again on that point?

MR ORD: Er ...

MR GARRETT: Did anybody call you to account before the Public Services Committee to say "Mr Ord, what is going on? Why are you not providing this service?"

MR ORD: As I said before, not in the time I was in the Island that I personally recall. Mr Julhes will be able to give you an answer after that.

MR GARRETT: Okay. I understand that Mike Cotillard from Jersey Bus wrote to you on 27th June, indicating that he was willing to negotiate some form of consultancy arrangement, where he would provide Connex with various financial information, aspects of operational information,

premises, stock and so forth. Did you take him up on his offer?

MR ORD: No.

MR GARRETT: Why?

MR ORD: As I said before, obviously he put a premium on that.

MR GARRETT: Did you actually explore the cost with him?

MR ORD: If I recall, that was in the middle of other negotiations we'd had and ----

MR GARRETT: You just said that he put a premium on it. Did you discuss the cost of that consultancy offer?

MR ORD: We didn't talk detail, to my knowledge.

MR GARRETT: Fine, thank you. Would it surprise you to learn that, if you had accepted his offer, he would have provided information on issues such as the relief services, which might have safeguarded the interests of Connex some months later?

MR ORD: It would have surprised me, yes, because I was threatened with losing the bus shelters, so it would have surprised me if they had willingly disclosed that.

MR GARRETT: But you previously said that your relationship with Mike Cotillard was harmonious.

MR ORD: It was. At the time it was all quite friendly.

MR GARRETT: Okay, so if he was offering some kind of consultancy arrangement where he was willing to part with the information which, as I have said, might have safeguarded the interests of Connex later, why didn't you take it up? Why didn't you just explore the cost of it, because certainly the cost of that in pure financial terms, compared of the cost to the reputation of Connex, probably the cost of Mike Cotillard's consultancy would have paled into insignificance?

MR ORD: It depends on the consultancy and the terms.

MR GARRETT: But you didn't explore it?

MR ORD: No, I didn't. As I have said, there were certain things that were offered, but everything that was offered came at a price. **(Pause)**

MR GARRETT: I shall leave aside the issues relating to the ... I had some questions drafted on

relief services, but I think my colleague covered those adequately and, more importantly, of course, the States ultimately rejected the claim from Connex in relation to that service. So I will set those questions aside for a minute. But, going back to the shift allowance issue, you have accepted that you were fully aware of the conditions of contract. That is that paragraph 3 that I have described earlier. You have accepted the issues in relation to the wage claim and the fact that there was no expectation that wage negotiations would be frozen. You accept that you got a copy of the letter from the Transport and General Workers' Union forwarded to you by Halcrow. Nobody went back to Halcrow or Public Services to seek clarity, so, again, the point I made earlier, you have to acknowledge that you had accepted the implications or the potential outcome of that letter. You can't just say "No, we cast it aside, we ignored it." It was there as a very real threat to ----

MR ORD: It was there, but we used the guidelines to prepare the tender.

MR GARRETT: You also included in your tender document that paragraph which says "*Included in our costs is the assumption that the wage claim of the present Jersey Bus staff will be met in full.*" And you also said in, I think it was, paragraph 4.1c, you made a reference to the wages issue and you didn't put anywhere in your tender document any reference to the fact that you had excluded the shift allowance. You didn't, when you gave the presentations on 15th March, again, you didn't make it clear to any of the persons present that you had excluded the shift allowance. Is that correct?

MR ORD: That's correct.

MR GARRETT: Okay. So can you explain to me again the basis of the claim that was made by Connex for money to be paid by the States to cover the cost of that shift allowance?

MR ORD: I personally wasn't involved in that claim.

MR GARRETT: So you don't know the grounds on which Connex brought forward their claim?

MR ORD: I haven't seen the claim. I haven't seen the figures. I haven't seen the meeting notes.

MR GARRETT: Maybe that is an issue that we need to explore later. I have reached the end of my questions. However, before closing my part of it, is there anything you want to tell me, any

particular point that you want to raise or any point that you think we should be exploring in greater detail with anybody else?

MR ORD: No, I think only to emphasise that we are the first operator of this contract and it was entered into in the spirit of partnership. I feel that if and when this contract is retendered, a lot of lessons will be learnt both on the part of the States and everyone and then I am sure, at the end of the seven or ten years, whatever it is, it will be a much smoother transition. I think there is the fact that Jersey has a new bus fleet which is very impressive, it has a new bus depot which is very impressive, but they are still waiting for a new transportation centre, which is going to hold back the development of better services for years to come, but that is an observation as an outsider really. The basis is there to actually form a very solid public service network as opposed to what was operating before, which was a commercial operation.

MR GARRETT: Thank you.

MR BLACKSTONE: I have a few clarifications, please, Mr Ord. The change made to the tender documents and the final contract, in the tender documents there was clause 17.5b(iii), *“Insufficient Finance”*: *“The amount of monies available to the Public Services Committee for public transport are insufficient to maintain all public transport existing commitments.”* That was a reason for pull-out by the States. That was in the original tender documents. Was that passed through to the final contract or was it negotiated out?

MR ORD: I can't remember, Sir. I would have to see the document. I can't remember.

MR BLACKSTONE: I think it was negotiated out. At the “beauty contest” between the last three tenderers, you did the presentation. Mr Julhes presumably was not there?

MR ORD: No, it was ... three of us were there. There was the Managing Director of Connex Bus UK, which was Tania Morisson. There was the Group Development Director of Connex Transport UK, which is Geoff Harrison-Mee, and there was myself.

MR BLACKSTONE: From what I gather, it was a very effective and good presentation, probably the best of all three. And, as Mr Garrett said, I believe quite a lot of promises were made there about buses on demand and that sort of thing and other improvements to the service. I know you no longer are with Connex, but, to your knowledge, have any of those promises been

effected to date, after some three years later?

MR ORD: Mr Julhes can answer in detail, but I had a quick chat with him yesterday and certainly transport on demand is quite close to coming. They have the vehicle in the workshops now. I have actually seen it physically. It was a presentation based on experience in the fact that the service, the public service, could be improved. I still believe that. I still believe that, even if I'd been on the Island, in all fairness, the learning curve is significant, so you have got to understand what works and what doesn't before you change it and I can understand the frustration of the public and members in not seeing material moves to a new network, but it is, after all, only two years into a seven year contract. I no longer work for Connex so I've got no axe to grind whatsoever, but I think you'll actually see ... you will see the services coming through, but that takes time.

MR BLACKSTONE: Other than the provision of new buses, which was a condition of the contract for all tenderers, is there any improvement in the bus service in Jersey today that was not operated by Jersey Bus three years ago?

MR ORD: I honestly can't comment. I'm afraid, not having been on the Island for three years, I can't.

MR BLACKSTONE: I am afraid finally I do have to come back to the shift allowance. Five tenderers, I believe, were considered in some detail and one was rejected on the grounds that they had not included the shift allowance payments. You said that in your meeting with Mr Macklin for clarification, the question of shift allowance never came up.

MR ORD: I cannot recall the meeting.

MR BLACKSTONE: I'm not surprised. I'm not surprised because the statement in the first part of your presentation is so specific -- the claim was included in total that no questions were necessary. If it had been known that the shift allowance was not included, presumably your tender would have been rejected as well?

MR ORD: I cannot speculate.

MR BLACKSTONE: No, but if one was rejected on those grounds, presumably any other where the shift allowance was excluded would also have been rejected.

MR ORD: Again, in fairness, I cannot speculate as to whether it would or wouldn't be.

MR BLACKSTONE: But now, if a payment is sought which would effectively raise the tender price, is that fair to the others who tendered genuinely or should they have the right to all come back and start the whole process over again?

MR ORD: I don't think I can give an opinion, to be frank.

MR BLACKSTONE: What I am saying is why should Connex demand an extra £200,000 or more for the first year, service reductions in subsequent years and compensation when the other tenderers made a fair presentation and included the shift allowance in their costings? You said quite clearly you had included it and now you say "Oh well, it wasn't in the costings." That's a fact, isn't it?

MR ORD: If you read the sentence as it says, it could well be assumed that we had included it as part of our costings.

MR BLACKSTONE: And you did agree earlier on that there was no ambiguity in that statement?

MR ORD: No, accepted.

MR BLACKSTONE: No further questions.

MR SHEPHEARD: Mr Ord, we are very grateful to you for having taken the time to come over here to Jersey to answer our questions and we wish you a safe journey back to the UK.

MR ORD: Thank you very much.

MR SHEPHEARD: Thank you. This morning's business being concluded, the Committee will now adjourn until two o'clock.
