

# STATES OF JERSEY

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

BLAMPIED ROOM, STATES BUILDING

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

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

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### EVIDENCE FROM:

**MR P. JULHES**  
**(Connex Transport (Jersey) Limited)**

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on

**Friday, 28th January 2005**

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*Reviewed 17/03/05 Committee Clerk*

MR SHEPHEARD:            Ladies and gentlemen, as we are all assembled, the Committee will proceed

to hear the next witness, who is Mr Philippe Julhes of Connex. Mr Julhes, the Committee is receiving evidence on oath, and I have to proceed now to administer that oath to you.

**The witness was sworn**

MR SHEPHEARD: Mr Julhes, the questioning from the Committee this afternoon will come principally from my colleagues Mr Garrett and Mr Blackstone, although I will have some questions of my own, I have no doubt, but I will hand you over to begin with to Mr Garrett.

MR GARRETT: Thank you. Good afternoon. Can you tell us your full name and, more importantly, your position within Connex at the moment?

MR JULHES: My name is Philippe Julhes and I am Managing Director of Connex at the moment.

MR GARRETT: That is Connex Jersey, is it?

MR JULHES: Connex Transport (Jersey) Limited.

MR GARRETT: Jersey Limited, fine. How long have you been with Connex?

MR JULHES: I joined Connex in August 1999.

MR GARRETT: And what were you doing before that?

MR JULHES: I was during six year General Manager of a supermarket belonging to the Casino chain in France.

MR GARRETT: When did you visit Jersey first time in connection with Connex business?

MR JULHES: I came one day in June 2002, alongside with Tania Morisson, Connex Bus UK Managing Director, and then I came in August 5th 2002 to set the business basically.

MR GARRETT: Fine. When was the decision taken that you would travel to Jersey and that you would take over from Mr Ord? Was it always the plan?

MR JULHES: It was ... I think it was the plan for ... according to my boss, yes, it was the plan. When the decision was taken I don't know.

MR GARRETT: Okay. If that was the plan, did you know of the tender process? Did you see any of the documents?

MR JULHES: In August 2002, no. Obviously, since then, I am planning to read the literature. When I came I didn't know anything about the tender process.

MR GARRETT: When you took over from Mr Ord, did you work with him for a time?

MR JULHES: Yes, absolutely.

MR GARRETT: How long was that?

MR JULHES: Between August 2002 and probably the mid-October/end of October 2002.

MR GARRETT: And at that time or during that time you would have seen all the documents from the tender?

MR JULHES: We were extremely busy during that time. I saw documents from the tender. I can't say that I saw all documents. I can't remember if I saw all of the documents.

MR GARRETT: Right. Since you took over from Mr Ord, you have been responsible for providing the bus service in Jersey. Have you had any ... do you have any views on the effectiveness of the law that relates to the bus service here, or is that not something you have looked at?

MR JULHES: Sorry, can you repeat the question, please?

MR GARRETT: Since you took over from Mr Ord, you have been running the bus service. The bus service is controlled by law. Have you any views on that law?

MR JULHES: No.

MR GARRETT: No.

MR JULHES: Certainly not, I'm sorry.

MR GARRETT: Were you here when Easylink, the Easylink service started?

MR JULHES: Yes, I was.

MR GARRETT: What was your view on that?

MR JULHES: Well, I'm Managing Director of a bus operator, so it's not my rôle to regulate if Easylink was or was not entitled by law.

MR GARRETT: But do you think that it should have happened? **(Pause)** Were you happy that Easylink was running?

MR JULHES: Easylink was supposed to be a summer service to answer passenger demand. I didn't see ... personally I didn't experience any figures of the accuracy of the passenger or journey. I don't know.

MR GARRETT: Do you think it affected your business? Did it take money from you?

MR JULHES: Well, we have got to explain that Connex operate a very much different service and contract as Jersey Bus operated in the past. We do not keep any of the monies we collect from the passenger. It is returned to Public Services and the States Treasurer actually every four weeks. So when Easylink started, we had extensive discussion with Public Services to inform them, to try to inform them, on the possibility or possible consequences and impact of the Easylink service on the revenue collected by Connex on behalf of Public Services and on behalf of the States.

MR GARRETT: Do you know what difference did it make? Did it take your income? Okay, you passed it on to the States, but did it lower it by 5% or 10% do you think?

MR JULHES: Impossible to say as I was not aware of the takings from the previous operator in the past year.

MR GARRETT: Right. One of the concerns that was expressed by the Unions and through Government was that the terms of employment for the bus drivers and support staff should be preserved, should be kept. Do you accept that you received notice of that? Were you told that that was a requirement?

MR JULHES: That was during the tender period?

MR GARRETT: The tender period, but my understanding is that, when you arrived, they were still negotiating contracts of employment.

MR JULHES: Yes, absolutely that is right.

MR GARRETT: Yes. And can you confirm that the contracts of employment were not signed off until days before?

MR JULHES: I can confirm absolutely that the final contracts were probably signed on the Wednesday or the Thursday -- I can't exactly remember -- but a few days before we started, yes. Well, we started a Sunday. Probably the contracts were signed on the Wednesday or the Thursday.

MR GARRETT: Fine. Thank you. Since you took over the live service, how often do you meet with the Union? Do you have a monthly meeting with them or every three months or once a

year?

MR JULHES: We do have monthly meetings and my operation manager and his assistant meet probably more regularly than every month. I would probably say sometimes can be once a week, sometimes can be twice a week.

MR GARRETT: And how are relations between yourself and the Union now?

MR JULHES: I think the relations since the beginning, to be very honest, has been fair and we had always very constructive and positive relationship with the Union, which does not mean that we agree on everything every time, but we do have fair relationship with them.

MR GARRETT: Is it correct that there is a limit as to what you can do with a pay award which is imposed through the contract? Are you limited? If you wanted to, could you offer the bus drivers a 10% pay award or a 1% pay award if the cost of living was running at, say, 5% per annum?

MR JULHES: In the contract for the provision of the bus service there is no limitation on wages for any member of staff.

MR GARRETT: Right.

MR JULHES: What is said in the provisions for ... in the contract is the annual review of the remuneration of the operator.

MR GARRETT: Yes, linked to the RPI.

MR JULHES: It is linked to motor expenditure, to average earnings and RPI, each of these three criteria having weight.

MR GARRETT: Okay. How have you reacted to pay claims from the Union in the last couple of years? Have you negotiated and agreed a deal with the Unions? Have they been happy with the outcome?

MR JULHES: We have received the demand for wage negotiation. We always dealt with these demands professionally, with negotiation and we manage indeed to come to agreements.

MR GARRETT: Did you ever consider imposing a freeze on future wages?

MR JULHES: That will probably be an option when I will start the next wage negotiation. I don't know. No, at this stage I haven't considered that, but that's an option for the future.

MR GARRETT: I have read some notes that suggest that Connex seriously contemplated freezing wages as a way of recovering the cost of the shift allowance. Is that correct?

MR JULHES: I don't have ... I don't remember that you charge.

MR GARRETT: Do you know what the staff morale is like at the moment, within the drivers in particular?

MR JULHES: Well, I think to be very honest with you it must be very difficult for every member of staff of that company to see that the name of their employers is every fortnight debated in the States of Jersey, probably more regularly again in the headline of the *Evening Post* or on the radio for a sometimes not very accurate reason or sometimes even pretext. What I can say as well is that we had a lot of support from all members of staff transferred from the previous operator. In the early stages, they were very supportive and even coming on the first Sunday we transferred them to come to drive the new buses and learn the new ticketing system. What I can say as well, if we can try to have an indicator to measure how the morale is, we transferred 56 employees from Jersey Bus. Since 29th September 2002, so in the last 26 months, only one person out of 56 left from his own initiative the company. So we are at under 2% of turnover. I don't know if it is a high or low turnover, but one out of 56.

MR GARRETT: Were you aware that staff morale was low immediately after you took over when there were difficulties with the capacity of the buses, where bus drivers were having to drive past members of the public, standing at the side of the road waiting to catch a bus and they couldn't get on the buses because there was no capacity?

MR JULHES: The bus driver does a very difficult job because they are in the front line with the public and they receive all the abuse, all the complaints and dissatisfaction, not only link with the bus service, but probably with other the Public Services or other element or event which could happen in the life of the passenger.

MR GARRETT: But should they have been taking that pressure? Could you have done something more effective by way of PR, positive PR, to take the pressure off the bus drivers?

MR JULHES: I think we've done our best to take as much pressure as possible away from them, yes.

MR GARRETT: But in the first few weeks there was a lot of criticism. Do you consider that your response was effective, or do you think the bus drivers suffered abuse from passengers because they couldn't pick up people who were waiting at the side of the road? Could you have done more to have taken that pressure off them, the drivers?

MR JULHES: I will always be open to ideas and to remarks to improve the service or either I think we very closely liaise with TGWU to readdress as much as possible the situation and I don't think we were ... I think we've done our best to readdress the situation, yes.

MR GARRETT: It has also been suggested to me that there is a problem within Connex at the moment with your remoteness. You have a physical problem, in that I think you are based at La Collette, are you?

MR JULHES: Yes.

MR GARRETT: And not many staff spend much time at La Collette. So there seems to be a gap between the senior management and the staff. Are you aware of that issue?

MR JULHES: Well, I'm aware that I am based at La Collette and I'm aware that most of my staff operate from the Weighbridge, yes.

MR GARRETT: It may be an issue that you want to think about in terms of developing for the future.

MR JULHES: Yes, well, thank you.

MR GARRETT: Now that I know the time that you arrived in the Island, I can miss out a few questions that I've drafted. **(Pause)** I understand that when Connex gave a presentation to States members, it was apparently an excellent presentation, but in that presentation the Connex team indicated that if they were awarded the contract there would be additional value available in the term of new services for the future such as transport on demand and so forth. Has that been delivered? Has everything that was suggested during those presentations been delivered to this Island?

MR JULHES: We have got to say very clearly that we have a commitment to deal with the States of Jersey for a seven year period and we can't expect, or we can't be expected to do everything in the first month or the first week or even in the first year. So they are plans to take

off gradually and to reach what has not been promised, has not been explained, but have been detailed in what are the Connex schemes and ability to be more than a bus operator but really an enactor in the mobility.

MR GARRETT: Do you think that some politicians might have thought that you would provide those additional services within the first year of your operation?

MR JULHES: It is totally impossible for me to comment what the politicians think, I'm sorry.

MR GARRETT: Do you have a list of all the issues that were raised during your presentation that Connex said it could deliver?

MR JULHES: I've got the presentation done by Connex on 15th March, yes, two thousand and ----

MR GARRETT: Sorry, Mac, have we got a full copy of that?

MR SPENCE: Yes, we have.

MR GARRETT: It is okay, it's fine. Sorry, I will refer to it later. Of all the things that were raised during the presentation, what has been delivered so far? There is the bus service, but what else?

MR JULHES: The commitment of Connex to bring on the Island a new fleet of buses, which is an investment of more than £3 million -- 33 new vehicles on the Island, which has been another five new ones last year. All these buses, these 33 vehicles, offer wheelchair access; all these buses are fitted with the latest ticketing system, electronic ticketing system available on the market; with destination screens on the front and on the rear of the all the buses; and, as I say, easy access for the wheelchair passengers. But more has been delivered is the fact that we have conducted an extensive customer survey in August 2003 in order to propose a review of the network to Public Services in October 2003. What we've done as well is launch a new website, which was never done before. What we've done as well is to print summer and winter pocket guides, which have been delivered free to all passengers of the Island, including visitors.

MR GARRETT: I understand it has been suggested that you have got some new vehicle for transport on demand or something; is that correct?

MR JULHES: As I said, during the seven year contract, we plan to launch new initiative and



the transport on demand is part of the project that we have indeed and Connex has got very strong expertise in many other countries where we do operate services. Transport on demand is one of these, yes.

MR GARRETT: When is that likely to happen?

MR JULHES: Shortly, certainly in 2005. **(Pause)** If I can add one point, Sir?

MR GARRETT: Certainly.

MR JULHES: We tried to launch on several occasions new routes. We try, for example, in May 2004 with amended one route and diverted one route. We had the authorisation from Public Services to do that obviously. That route which originally went to the Zoo was supposed to make a loop to the new youth hotel at Haut de la Garenne, and one of the frustrations I had is the fact that obviously with respect of the Road Committee of the Parish of St. Martin, we were not authorised to do so because of the very narrow road. So that is an example of what we tried to achieve better response in the public demand and unfortunately that couldn't have been carried out for certainly very good reasons.

Other projects, one of the main projects, was the re-routeing of some routes into town, like route 19 and route 4, via New Street and Vauxhall Street and David Place. We had been granted the authorisation by the Public Services Committee with President Ozouf, unfortunately, a few weeks before he resigned. As has been newly elected, the previous Committee, or the new Committee couldn't grant us the same authorisation as had been validated by the previous Committee. So we are still waiting for being able to re-route some routes into town, but it's just a matter of having the authorisation of Public Services Committee, which is the regulator and which is the body entitled to change our bus licence. So we were refrained with law constraint, what do I think of law? I don't think anything of law, but I can say that I respect it and, in order to respect it. sometimes it takes time to change things with law and under the constraints of law.

Another ----

MR SHEPHEARD: Mr Julhes, can I stop you for a moment, please? It would be helpful if you would speak more loudly.

MR JULHES: Oh sorry.

MR SHEPHEARD: We are having a little difficulty in hearing.

MR JULHES: Oh oui, sorry. Another point was we tried to introduce a direct route between Gorey and the airport. We tried to see what the reaction of the TGWU was. Having said that, we are committed by tender to respect the same terms and conditions as in August 2001 up until the new employment law will come into force. The terms and conditions inherited from the previous operator are very clear, or at least what we agreed with TGWU, was that like all the services stop and finish at the Weighbridge there is a turnaround time and there is signature time procedure at the Weighbridge and we couldn't apply the same turnaround time at the airport or at Gorey. So we are binded with contractual obligation coming from the law or coming from the States which clearly cannot allow us to change our conduct and materialise some project we do have.

MR GARRETT: Is it not correct that you either have or that there is discussion on cutting some services to save money to pay for the cost of the shift allowance?

MR JULHES: As I say, we operate on behalf of the States and particularly of Environment and Public Services. We do have bus licences which we have to respect and there is a full procedure in respect of the licence. We can't cut routes if we are not authorised by Public Services.

MR GARRETT: But have you not been encouraged to do that?

MR JULHES: We've been given, in October 2003, three objectives to change the network. One of these objectives was to maximise the States' revenue. The other objective was to introduce new routes and the third objective was to meet the financial constraints. We came with a proposition, full detailed and set proposition, in October/November 2003, meeting these three objectives. That went then to a public consultation process.

MR GARRETT: I have seen a letter from the President of Public Services suggesting fairly forcefully that you should cut some routes as a means of recovering the cost of the shift allowance in future years -- in years 2 and 3 and 4 and beyond. Is that correct?

MR JULHES: As I say, we operate on behalf of the States of Jersey the public network, so we have to respect what the body in charge of regulating the bus service ask us to do.

MR GARRETT: But you have had a letter saying “Cut some routes”?

MR JULHES: As far as I remember, I didn’t receive a letter saying exactly that.

MR GARRETT: But something close?

MR JULHES: Not something close, something which was more elaborate than that and much more detailed than that.

MR GARRETT: I’m trying to simplify it. I don’t want to get too technical.

MR JULHES: But it’s very complicated to simplify the change in a whole bus network because every route has got an interlink with each other and that change very much. It’s more complicated unfortunately.

MR GARRETT: Can you describe your understanding of what the President of the Public Services Committee has suggested as a way of recovering the cost of the shift allowance?

MR JULHES: I think only the President of Public Services Committee will be able to tell you what he wanted to say.

MR GARRETT: But he sent you a letter.

MR JULHES: Yes.

MR GARRETT: What is your understanding of what he wants you to do?

MR JULHES: I will have to read the letter again because I don’t remember that letter.

MR GARRETT: We will move on. Can I now deal with the contract that Connex is working to? Were you involved at any stage in discussions on possible changes to the contract between the time that you were awarded the contract and the time that it was signed off?

MR JULHES: I participated in some of the meetings where some changes in the contract were discussed.

MR GARRETT: What is your recollection of the changes that were proposed by Connex?

MR JULHES: My recollection is and the only thing ... well, I can only remember two things. One is that at every single meeting I participated in we had a member of the States Law Department. The second thing I can remember as well is that every time in the contract there was reference to the “*States*”, it was changed to the “*Committee*”.

MR GARRETT: Were you present when it was suggested that the definition of “*force majeure*”

should be changed?

MR JULHES: I can't remember being present.

MR GARRETT: Has anybody in the States' Public Services Department undertaken an audit to compare what Connex is delivering now by way of a bus service compared against what was set out in the tender documents? Has anybody ever done an audit to check on what you are doing?

MR JULHES: Sorry, can you repeat the question, please?

MR GARRETT: Has anybody looked at the performance of Connex to see if it matches what you tendered to produce? **(Pause)** When you submitted the tender, when Connex submitted the tender ----

MR JULHES: Yes.

MR GARRETT: ---- they said they would produce, they would provide this service.

MR JULHES: Yes.

MR GARRETT: Has anybody ever checked to make sure you are providing that service, the one that you said you would provide?

MR JULHES: We do have more than regular meetings with civil servants of Public Services. I would say probably more regularly than the Union meetings themselves. We would probably be in touch with Public Services Department every day, if not many times a day, so I think if we didn't deliver or if we were not to deliver the right quality of service, we would have been certainly told. However, to answer precisely your question whether we have a full survey investigating, not as far as I'm aware.

MR GARRETT: Okay. Can you tell me when did you appoint your first inspector to go out on the roads to check that people were being given tickets and that type of thing?

MR JULHES: As I explained, Connex is operating the service on behalf of Public Services and we do not keep the monies we receive. However, we are fully liable of the money what we receive from the drivers at the end of their shift and which is the money we must pay to Public Services every four weeks. So clearly we set since September 2002 very strict procedure in order to make sure that the money collected on all of our buses was returned to Public Services and we've been audited twice by the States' Audit Department in October 2003 and very

recently in November 2004. I think that you will ask yourself the results of these audits, but the procedures in place are very strict and haven't been ... or have been commented quite positively in the States' audit report.

In order to answer your question, we, in the tender process, had been asked to offer all support staff the possibility of transferring from Jersey Bus to Connex Transport (Jersey) Limited. That has been done for four of the inspectors. The four inspectors in place with Jersey Bus -- I say "*inspectors*" because it is their title on their individual terms and conditions -- they transferred to Connex.

MR GARRETT: And were they immediately out on the road checking that passengers were paying a fare and that they were being issued with a ticket?

MR JULHES: The contract for provision of a bus service clearly states in Article 19.10 that it is the responsibility of the Committee to appoint people who will travel free in the buses in order to carry out ticket inspections and passenger surveys.

MR GARRETT: I'm not sure about passenger surveys, but what I'm concerned about is to make sure that the money that is due to the States is being collected from the passengers. You've said that the procedure, the process, at the bus station for handling the money has been reported on favourably. What about ----

MR JULHES: Positively. Sorry, positively.

MR GARRETT: Positively. What about the collection of the money on the buses? Who is responsible for making sure that happens?

MR JULHES: The passenger is responsible to say where he goes.

MR GARRETT: Yes, but who makes sure that the passenger pays?

MR JULHES: The passenger, as I say, in Article 19.10, it is the responsibility of the Committee to appoint someone who will carry out ticket inspections.

MR GARRETT: I don't know that that is the understanding that the Committee has, that you would not have any inspectors. What happened to the inspectors who transferred from Jersey Bus? What were they doing? You said four of them came across.

MR JULHES: Yes.

MR GARRETT: What did they do when they came to you?

MR JULHES: What did they do? I don't know.

MR GARRETT: How did you employ them?

MR JULHES: Well, on the basis of the terms and conditions they had with the previous operator, what they were doing and what tasks were theirs with the previous operator I can't say, or I can't verify what they were doing.

MR GARRETT: What did they do when they came to Connex?

MR JULHES: Presumably the same job they were doing with Jersey Bus before, but I can't compare to what they were doing before because I don't know what they were doing before.

MR GARRETT: I understand. Tell me how you employed them? What did they do when you were paying them? What did they do to earn the money that you gave them?

MR JULHES: They supervise the running of the operation from the Bus Station and from the Bus Depot, to make sure that the drivers are wearing the uniform, they are on time, they take the right bus, they have got the right destination screen on the bus and they make sure that they leave the Weighbridge on time.

MR GARRETT: Have you employed anybody now to go out to make sure that your staff are doing what they should be doing?

MR JULHES: It is very clear that it is part of the inspector's job to make sure that the drivers are doing what they should do, including receiving money from the passenger everywhere on the Island and they conduct some surveys on the drivers' attitude, yes.

MR GARRETT: When did they start going out to make sure that your bus drivers were doing what they should be doing?

MR JULHES: Probably a year and a half ago, but very clearly the control of the tickets from the passenger is, again, as stated in the contract, the Committee's responsibility.

MR GARRETT: That is an issue I will explore elsewhere. Are you aware of a document known as the Bus Strategy at all?

MR JULHES: I am aware there is a document called the Bus Strategy.

MR GARRETT: Have you read it?

MR JULHES: Yes.

MR GARRETT: In there, there is set out some objectives that they would like to achieve, including providing an improved quality of service for bus users; and I think you said before that you are confident that Connex has achieved that by providing new buses and so forth, yes?

MR JULHES: Is in the process of achieving that. As I say, it is a seven year contract and we will develop full strategy over the length of the contract.

MR GARRETT: There is also an indication that they wanted to improve the environment through the Bus Strategy, and I assume that is by reducing traffic congestion and presumably that is through getting people out of their cars onto the buses. How do your passenger figures look? Have you got increasing numbers or is it declining?

MR JULHES: Um ...

MR GARRETT: During the winter period when tourism is not a factor.

MR JULHES: Yes. Um, the ... if I just can add the fact that the protection of the environment is not only moving people from car to buses, but it is as well being able to supply vehicles which meet the latest low smoke and pollution norm which are in place in the EU and this is what Connex did. I just know that currently we have got 44 vehicles. Thirty-eight of these 44 vehicles are less than two years ... well, less than 27 months years old, which in total in two years and a half makes a total investment of more than £3.7 million.

MR GARRETT: Can I just interrupt you there? The Strategy did specify that they were seeking a reduction in traffic congestion. We weren't talking purely about clean air, although that would be a consequence of reducing traffic congestion. So I go back to my original question. Have you picked up more passengers over the last couple of years? Is it on the increase? Is it stable? Or is it going down?

MR JULHES: The global passenger figure for 1st October 2003 up until the end of January 2004 showed that we are carrying more passenger compared to the same period of 2003/2004 and 2002/2003.

MR GARRETT: But in 2002 you had some serious problems with capacity, so that is not a fair comparison. You didn't have a full fleet. You didn't have your larger buses then.

MR JULHES: We have the full fleet which were contracted for.

MR GARRETT: Yes, but you didn't have the larger buses on stream.

MR JULHES: We had some of the larger buses, but not the same number as we have now.

MR GARRETT: No, so it's not really a fair comparison. Possibly when you get the next year you will be able to make ----

MR JULHES: You asked me to compare the figure I have. I compare the figure I have.

MR GARRETT: Possibly when you have the next year's figure it will be easier. What arrangements have you got in place to deal with complaints from the public?

MR JULHES: Written complaints or?

MR GARRETT: Written or phone calls or whatever type of complaints.

MR JULHES: Written complaints must be addressed to either the General Manager or the Operation Manager either at the Weighbridge or at the Bus Depot. Every single letter we receive is answered, obviously, as well copied with our answer to Public Services within no more than, I would say, a week to 10 days. We've received a very, very small amount of written complaints from the public in the last 26 month. If we compare the number of letters received with the number of passengers carried, which is on a yearly basis more than 2.5 ... well, 2.5 million passenger, it is extremely, extremely low.

Regarding verbal complaints, when it's just an enquiry on what time the bus is due or like, there is no record really. When it's a complaint about bus driver attitude or is a complaint with capacity, then the staff at the Weighbridge must fill in a complaint form, where we do have the name of the people and their phone number where we can contact them back if more information is requested from these people and the duty inspector call them once he's got the precise answer or the precise knowledge of what happened.

MR GARRETT: Who do you pass that information to at Public Services?

MR JULHES: Sorry, who do I send it to?

MR GARRETT: Who do you send it to?

MR JULHES: The Transport Co-Ordinator.

MR GARRETT: Who is?



MR JULHES: Mike Collier.

MR GARRETT: Mike Collier, thank you. **(Pause)** Do you know if your buses comply with the law in Jersey in terms of width?

MR JULHES: What I know, Sir, is that all the buses have been checked by DVS and all the buses in place in the operation now have been validated by DVS.

MR GARRETT: But they don't comply with the law. They've been granted an exemption, is that correct, for the width?

MR JULHES: As far as I'm aware they are authorised to be driven on Jersey roads by DVS.

MR GARRETT: Yes, but they are ----

MR JULHES: They meet the licence requirements.

MR GARRETT: But they are two inches over size.

MR JULHES: They are validated by DVS.

MR GARRETT: Fine. Can I now turn to the claim that was made to the States for additional money? You accept that Connex received all the documents in the tendering process that were issued by Halcrow?

MR JULHES: I wasn't there during the tender process, so I can't comment on that.

MR GARRETT: But nobody has complained to you that they didn't receive any documents? **(Pause)** Mr Ord didn't say that there was a problem with the documents when you took over from him?

MR JULHES: I don't see why he should have said that. I'm not authorised to ask him that question.

MR GARRETT: Okay. Can you tell us what the grounds were for the claim made by Connex, firstly, to do with the provision of relief services? Can you explain the position of Connex on that? Why did you make the claim?

MR JULHES: Well, there is a difference between what I will call a relief service and what I will call an additional service. A relief service is when, due to weather condition or due to an immediate surge in the demand, there is a need for having one or two vehicles on one specific route at one specific time and very clearly that can be assimilated to tourist demand. It rains on

an afternoon and everybody has to be moved from St. Brelade to the War Tunnel or vice versa and clearly that is relief and Connex has provision in the tender for meeting this type of demand.

What is the other type of additional services is what I will call was inherited from the previous operator shadow timetable. The previous operator was operating bus services, bus contracts, which were obviously paid by the States and on the way out or in from the schools. These buses were then dedicated to commuter services, so then we board passengers who would have paid commuter passes, most of them, paid in advance and obviously that commuter service was not publicised. It was known from the passenger, it was known from the public, but it wasn't known from one passenger who could come on the Island for one day and purchase one timetable. So it was not publicised in a timetable.

MR GARRETT: But is it not correct that those "*additional services*", to quote your words, followed an accepted bus route? They weren't buses roaming the Island. They finished at their school run, went across to another point and came in behind, say, the 8.30 bus from St. Brelade to town, yes? Is that what happened? So the bus that took school children to Les Quennevais School went across to the nearest point and joined into the bus route and then followed down, followed the original bus down into town.

MR JULHES: It is very, very difficult for me to say what the journey of that bus was because I have absolutely no knowledge of what it could have been. It was not publicised in the timetable so the journey was to me unknown.

MR GARRETT: But would you accept that the bus would have been minutes behind the bus that was described in the bus timetable?

MR JULHES: I think this is what happened, but from which journey I don't know. I can't say. As the journey, as the timetable, was not publicised ----

MR GARRETT: But it was publicised. It said that a bus would leave Les Quennevais at 8.30 in the morning, as an example; and a bus would leave at 8.30 in the morning, but, within minutes, it was full. But running behind it was another bus on exactly the same route.

MR JULHES: I will not be able to be sure that it is the same route and what is publicised is the 8.30 bus. What is not publicised is, for example, the 8.25 bus which finishes at Les Quennevais

for bringing school kids and on its way back from Les Quennevais through to town, then will board and will take and will collect passengers. That was not publicised.

MR GARRETT: But was there not a responsibility placed on Connex to establish that information?

MR JULHES: I don't think it was Connex's responsibility to know that. In the UK that type of service is a non-regulated service and I can't see how anybody, including Connex, could have known that for the simple reason that, as far as I can remember, having seen between August 2002 and September 2002, majority of the buses operated by the previous operator didn't have the right destination screen or even were fitted with destination screen, so it was then impossible to note where the bus was coming from, on which route and identify at what time that bus was due.

MR GARRETT: Can I take you back? There was clearly an expectation on the part of the States that you would get that information yourselves, Connex would get the information, prior to submitting their tender. Do you accept that?

MR JULHES: I'm not aware of that.

MR GARRETT: Can I pass you a document which might help, which I will explain to you.  
**(Same handed to witness)**

MR JULHES: Thank you.

MR GARRETT: The top you will see is numbered 1 to 4, which is in fact a breakdown of, I think it is, paragraph 3 in part of the conditions of contract for the local bus service which was issued in January 2002. It says: "*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.*" So there is clearly an obligation on Connex to acquire the information, to find the information.

Moving on to the next section which I have highlighted: "*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.*" So what that is saying is that if you are not happy with the information, you have to go back to the States to get clarification. I can find no record

of Connex ever going back to seek clarification on timetable issues or anything.

Then the next section says: *“The Contractor shall be deemed to have examined the requirements specified and these conditions.”* So it then says this is the cut-off point. After that, it says: *“No claim from the Contractor for additional payments will be allowed on the grounds of misinterpretation of any matter relating to the requirements specified or these conditions on which the Contractor could have reasonably satisfied himself.”* So what it is saying there is you have the responsibility. If you don’t go back to the States to get any clarification, it’s cut-off and no claim can be made against the States. Do you agree with that interpretation?

MR JULHES: I would only say that the shadow timetable, as it was not publicised, I don’t think it would have been included and granted, or taken for granted, in the information given by the States in the tender documentation.

MR GARRETT: But there was clearly a responsibility placed on Connex to find out as much as possible about the bus services in Jersey before submitting the tender?

MR JULHES: This is your interpretation.

MR GARRETT: Yes. You disagree? You don’t think that Connex had a responsibility before submitting their tender to find out what they were submitting their tender on?

MR JULHES: As I wasn’t there and I didn’t answer personally the ----

MR GARRETT: But you were responsible for submitting the claim subsequently.

MR JULHES: Absolutely.

MR GARRETT: Fine. **(Pause)**

MR JULHES: With the time granted for the tender, I think Connex couldn’t investigate all the routes, all the departures for every journey, if there was a shadow timetable operated behind what was publicised. It was totally impossible.

MR GARRETT: Fine. In the event, the States didn’t pay the money -- is that the situation? Is that now finished? Is that claim finished or is that still ongoing?

MR JULHES: The claim for additional services, which are really only operated Monday to Friday 52 weeks of the year, and more during the summer season, is ongoing.

MR GARRETT: It’s still ongoing?

MR JULHES: Yes, Sir.

MR GARRETT: Can we now move on to the shift allowance issue? Can you again explain the basis of the Connex claim for additional money to cover the cost of the shift allowance? (Pause) Can you explain your position? Why did you put in a claim to cover the cost of the shift allowance?

MR JULHES: Yes, I can.

MR GARRETT: Can you tell us?

MR JULHES: Where do we start?

MR GARRETT: Where you want to start.

MR JULHES: When I came first on the Island, I was surprised to see that the previous operator came to an agreement with TGWU which mentioned the shift allowance. As I was aware during when I came, I was made aware by Tania Morisson that the employees should be transferred on the same basis as the terms and conditions they enjoyed on August 1st 2001 and Tania clearly told me that, in August 2001 and in March 2001, which is the latest wage agreement which applied at that time, there was no mention of the shift allowance.

MR GARRETT: Can I interrupt you there? The States set a condition that all people should be employed on the same terms and conditions of employment at August 2001?

MR JULHES: 1st August 2001, that is correct.

MR GARRETT: Yes. Did you think that there would be no wage negotiations between then and the time that you took over?

MR JULHES: What has to be said is that the tender process took a little bit longer than expected probably by Public Services, because Public Services had to amend the Motor Traffic Law 1935, and when the amendment then took place and was done another fortnight was requested due to the death of Queen Mother. So the whole process was a little bit longer than expected.

During that longer period wage negotiation took place with the previous operator. I have been informed that our tender took into consideration a wage increase of 5% on the hourly rate, pension, holidays and sickness for all staff when the TGWU claim was 4½% and when at the

same time the RPI was something like 4%.

MR GARRETT: But the wage negotiations that were opened in February 2002, January or February 2002, as you are aware, part of it covered a shift allowance. Now what title you put to it, it may not have been in your view a shift allowance, but they refer to it as a shift allowance. It formed part of that wage claim. Is it your understanding that Connex ignored it?

MR JULHES: Connex didn't ignore at all the wage claim. On the contrary, Connex took an assumption more expensive than the wage claim from TGWU was. Again, the assumption taken was an increase of 5% of the hourly rate when the demand from TGWU was 4½%.

MR GARRETT: Yes, but what assumption did they make about the shift allowance?

MR JULHES: The shift allowance did not exist in the March 2001 agreement the previous operator had. The shift allowance was absolutely not justified in the claim of TGWU as being shift working. You justify a shift allowance if there is a working shift or if there is an unsociable hours of work.

MR GARRETT: Do you not think that starting at five in the morning, or whatever time bus drivers start, and finishing close to midnight is unsociable.

MR JULHES: There is no driver starting at five o'clock in the morning, Sir.

MR GARRETT: What time do they start, seven o'clock?

MR JULHES: Six o'clock is the first departure.

MR GARRETT: Fine, so they would be at the bus station at half past five.

MR JULHES: Er, ten minutes before.

MR GARRETT: Okay, and what time is the last bus?

MR JULHES: In the summer, it's probably the departure from the airport at 25 past midnight.

MR GARRETT: Fine. And you don't think that that amounts to some form of shift work?

MR JULHES: What I think ----

MR GARRETT: It is not office hours, 9am to 5pm, is it?

MR JULHES: We can't say it's office hours, that's for sure, but ----

MR GARRETT: So there is an element of shift work in there?

MR JULHES: Bus drivers have never been used to work on office hours. As far as I'm aware,

nowhere in the world we've got bus drivers working in office hours.

MR GARRETT: No.

MR JULHES: One of the main reasons for using the public transportation is for when people have finished their work. So when you've finished your work at the office, you expect to have someone working for you to bring you back safely at home.

MR GARRETT: What I'm trying to do is to establish that bus drivers do work shifts. They don't work normal hours that you and I might work.

MR JULHES: That's very likely.

MR GARRETT: Fine.

MR JULHES: In that case, why the shift allowance was not granted in the year before?

MR GARRETT: I don't know. That's not an issue for this Committee. What I do know is that it was raised in February 2002 and it was included in a letter sent to Connex. Do you accept that Connex received that letter?

MR JULHES: As far as the literature I have examined in the recent month, Halcrow informed by fax on 12th February 2002 of the claim issued by TGWU to the Managing Director of Jersey Bus on the letter dated of 6th February.

MR GARRETT: Fine, and what was the response, what was the reaction of Connex to that claim?

MR JULHES: I wasn't in Connex Bus UK in February 2002, so I can't answer that question.

MR GARRETT: Right. Would you accept that if you had been there you would have been faced with a commercial decision either to include the claim for the shift allowance in your tender (and you are then safe but your bid may come in more expensive than others) or gamble that that shift allowance is not going to be accepted by Jersey Bus, that they will turn it down, they will not agree to that payment, to the claim from the Transport and General Workers' Union, in which case, if you took that stance and Jersey Bus agreed, as happened, you would be out of pocket? Do you agree that you were faced, that Connex would have been faced, with that commercial decision?

MR JULHES: Your question was if I was in situation?

MR GARRETT:           Hmm.

MR JULHES:           And I was not in that situation, so I can't ----

MR GARRETT:           But you've been involved in business.

MR JULHES:           I've never been involved in validating the stakes of this type of tender.

MR GARRETT:           But do you think it was a high risk strategy to ignore it?

MR JULHES:           I think the tender was very clear, in the sense that the same terms and conditions should apply, and that was ----

MR GARRETT:           But you've accepted before, you know, or we've accepted before, that it was not envisaged that all pay negotiations should be frozen. That would be totally outrageous, the thought that the bus staff would have to wait until September before they could even open any kind of discussion with you about wages from the last pay negotiation in March 2001. Would you accept no pay increase for possibly a year?

MR JULHES:           As far as I could read what was attached to the tender documentation, it was very clearly stipulated that all the support staff should be transferred on the same terms and conditions as August 1st 2001 and ----

MR GARRETT:           If that is the case, why did you include the 4.5%?

MR JULHES:           Attached to the claim of TGWU on 12th February came the *Bulletin No 2* of Jersey tender issued by Halcrow, and Halcrow clearly stated that the same terms and conditions "*as at present*", the terms and conditions "*as at present*" on 12th February 2002.

MR GARRETT:           Fine. Why did you include the 4.5%?

MR JULHES:           Because ----

MR GARRETT:           Because that didn't apply in August 2001.

MR JULHES:           Because of the argument you have developed, which is we couldn't have left the workforce without a wage increase and ----

MR GARRETT:           But the second part of it, the shift allowance was part 2 of their claim. So you accept part 1 of it, but you say, because this didn't feature in August 2001, you didn't include it?

MR JULHES:           There was -- and again in the claim from TGWU -- no justification of why a shift allowance and why a shift allowance of £72 should be granted.



MR GARRETT: But, from your knowledge, did Connex make any enquiry on that? Did they contact Halcrow to question the basis of that and to question whether it should be included in the tender?

MR JULHES: I have no knowledge of any enquiry on that?

MR GARRETT: Fine. If you want to look back at my notes that I gave you before, you will see, yet again, that there is a requirement, going through points 1 to 4, that basically you have to satisfy yourself, you have to fully inform yourself. You have been given a document that Connex seems to have a difficulty with. You didn't go back so, therefore, from that point you have to accept it and, from that point, taking into account point 4 on my piece of paper, do you accept that the States are not obliged to give you any money?

MR JULHES: That is your interpretation, Sir.

MR GARRETT: Thank you. Going forwards, can I focus on the terminology used in your tender submission or the tender submission from Connex? In paragraph 2.2, headed "*Staff Issues*", it says quite clearly: "*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.*" Is that not an indication that you have taken full account of all elements of the wage claim? It says "*Included in our costs is the assumption that the wage claim of the present Jersey Bus Staff is met in full.*" I emphasise the word "*full*".

MR JULHES: It is a full indication that Connex wanted to play a transparent game, as indicated in the Jersey Bus 2001 strategy, the Bus Strategy. So we were completely transparent, in the sense that we were ready to discuss with the States. If the assumption of 5% was too high, we would then have been ready to discuss.

MR GARRETT: Sorry, the wage claim document from the Transport and General Workers' Union had two parts to it.

MR JULHES: Yes, Sir.

MR GARRETT: You didn't in here say that you had included part 1 in full. You said the wage claim in total. You didn't put in a clarifying comment to say "No account has been taken of the

shift allowance". So this statement, read literally, says Connex has taken full account of the total wage claim that has been submitted by the Transport and General Workers' Union on behalf of bus drivers, which had two parts to it -- part 1 a standard cost of living increase and part 2 was the shift allowance. You have said that you have taken full account of it. You haven't put any clarification. You haven't put any qualification on it, to say that you have not taken account of the shift allowance.

MR JULHES: Because the tender requirements were extremely clear in the terms and conditions which we should have had to offer to our staff or the staff we will have to transfer. It was very clearly same terms and conditions as August 1st 2001; and, in August 2001, no shift allowance applied.

MR GARRETT: But this was part of a simple wage negotiation. I go back to what I said. Did you honestly think that wages would just stand still whilst you submitted your tender?

MR JULHES: That is the reason why, Sir, we took the assumption of 5%.

MR GARRETT: I think that is an incredibly fraught position to take and it's not compatible with what you have actually put in your tender document, where you say you have taken into account the full wage claim. In a subsequent paragraph, paragraph 4.1c, you again say that you have taken account of the wage claim, and there is no clarification there that says "We've not had any regard for the shift allowance". So anybody who read your tender document, would you agree, would be left with the firm view that you had taken into account the whole wage claim, every aspect of it, including the shift allowance.

MR JULHES: I think this is your interpretation. My interpretation is totally different, Sir.

MR GARRETT: I am sorry, can you just focus on that paragraph 2.2 and tell me how anybody could interpret anything else but saying that you've taken note of the whole wage claim?

MR JULHES: Yes, I can.

MR GARRETT: From the terminology there? Please explain it to me.

MR JULHES: Well, as far as I can see, if we are asked in a tender that we have to transfer staff on determined terms and conditions, that the demand on these terms and conditions is 4.5%; and if we taken in our calculation assumption 5%, presumably, mathematically speaking, we are

higher than the demand. So we took assumption larger, higher than the expectation of TGWU.

MR GARRETT: But you ignored the shift allowance element of that same wage claim and you have not clarified that anywhere in any of the documents that you submitted.

MR JULHES: But it was a tender requirement to transfer the staff on the terms and conditions of 1st August 2001 and, in August 2001, which is the agreement of wages in place on 3rd March 2001 with Jersey Bus, there is no mention ----

MR GARRETT: I am sorry, but I am going back. It was never envisaged that wage negotiations would stop dead, that there would be no enhancement of salary. You chose to ignore that. You took a gamble. Connex took a gamble that it would not come through, that Jersey Bus would reject it or there would be some negotiated settlement substantially less than £72 a week.

MR JULHES: I am very sorry to totally disagree with you, Sir. We took an assumption more than fair, in the sense that the RPI at the time was 4%, the wage increase was 5% in the tender bid by Connex and the TGWU claim was 4.5%.

MR GARRETT: Okay. Are you aware that there was a meeting between Dennis Ord and Roger Macklin of Halcrow, where the objective was -- this is after the tender had been submitted -- where there was an opportunity for clarification of the tender? Do you know that Dennis Ord didn't raise any concerns, any questions, about the inclusion of a £72 per week shift allowance?

MR JULHES: I'm not aware of that meeting, Sir.

MR GARRETT: Don't you think that, in the absence of any concern being raised by him, it is an indication that Connex had accepted the existence of it and the validity of it?

MR JULHES: I, again, totally disagree with your statement, Sir. I think things were extremely clear in the tender process: the same terms and conditions as August 1st 2001, no shift allowance mentioned in August 2001.

MR GARRETT: When the ... are you aware of whether anybody involved in the presentations to States members on 15th March, did anybody make any reference to the shift allowance in those presentations, to make it clear to politicians that they hadn't been included?

MR JULHES: I'm not aware of whether ----

MR GARRETT: So there are three opportunities -- in the tender submission, the meeting on

15th March ... I am sorry, the meeting with Roger Macklin for clarification and in the presentations on 15th March, where Connex could have made it clear that no account had been taken of the shift allowance, but they didn't?

MR JULHES: As far as I am aware, we even have been asked the question and we, as far as I am aware, haven't been asked the question, so I can't ----

MR GARRETT: But it isn't necessarily just for you to answer questions; it is for you to make it clear to people in your tender submission what you've taken into account and what you've not taken into account.

MR JULHES: Which I think is extremely clear in our tender.

MR GARRETT: I would disagree. The terminology used in that paragraph 2.2 is explicit, in my view. You have taken into account the full wage claim, and the wage claim had two parts to it. The first was just the simple cost of living increase and the second part of it was the shift allowance.

MR JULHES: I'm sorry, Sir, I totally disagree with you and, again, it was more than the RPI, the RPI being 4% and the demand of TGWU was 4.5%.

MR GARRETT: Okay. Did you ever suggest in your negotiations with the Public Services Department or indeed the Committee over the shift allowance and the payment of relief services that Connex would withdraw from the Island if funds were not provided?

MR JULHES: It is something which I can't answer, Sir. The financial statements are validated by the board of directors and the profitability of any contracts are submitted to the CEO of Connex.

MR GARRETT: No, I'm asking you did you or anybody on behalf of Connex indicate to the States that Connex would withdraw if money was not provided by the States to cover the cost of the shift allowance and the relief services?

MR JULHES: I have personally never done that.

MR GARRETT: You have not done that? You have not issued that instruction and you have not indicated that in any meetings? Can you be sure on that? I would ask you to reflect very carefully and remember that you are under oath. Has Connex ever indicated to the States of

Jersey that they would withdraw if that money was not provided? **(Pause)**

MR JULHES: As far as I can remember, yes, Sir.

MR GARRETT: Why did you say no previously?

MR JULHES: Because I needed time to think and this is what I'm saying. As far as I can remember, no, Sir. We never said that.

MR GARRETT: You've never said that?

MR JULHES: As far as I can remember.

MR GARRETT: I am reaching the end of my questions, but a couple of last ones. If you were engaging in this kind of project again, what do you think should be done differently?

MR JULHES: The whole tender process do you mean?

MR GARRETT: The tender process for bus services.

MR JULHES: I am not an expert in building tenders, so I can't answer that question. **(Pause)**  
I'm not a specialist in building tenders or evaluating laws. I can't answer that question.

MR GARRETT: Okay. Just a final one really. Is there anything that you want to say to me that I haven't covered in my questions or anything that you want to suggest that we should investigate during our Inquiry? **(Pause)**

MR JULHES: Well, I think you have covered most of the questions you wanted obviously. What I want very clearly to say is that Connex has a full, transparent policy with Public Services and with the States of Jersey, and I think we are totally committed to the Bus Strategy 2001 straight of what we can say, straight of the Bus Strategy, in terms of having a very strong partnership with Environment and Public Services.

MR GARRETT: Fine. Thank you.

MR SHEPHEARD: Mr Julhes, you said that you yourself weren't involved in any matters here in Jersey before probably August of 2002. Are you aware of any meetings that took place between Connex, and specifically in this case Mr Ord, and the Union in May 2002 or in the months before you came to Jersey?

MR JULHES: I was aware that one introductory lunch took place, I think it was on 23rd or 24th May.

MR SHEPHEARD: Any other meetings that you're aware of?

MR JULHES: Between May and?

MR SHEPHEARD: Between May and August?

MR JULHES: No, Sir.

MR SHEPHEARD: When you came in August, you became aware fairly quickly that there was this extra £72 per week payable to the men; isn't that right?

MR JULHES: Yes, it is.

MR SHEPHEARD: When did you first mention that to Public Services?

MR JULHES: Before we started the operation, but I can't tell you precisely when.

MR SHEPHEARD: How did Public Services react when you told them? Did they say "Oh my goodness, we've never heard about this before" or did they say "It's your problem, you sort it out"?

MR JULHES: Um, they seemed to be aware. It was certainly not their position to say "This is your problem" because they were fully aware of the difficulties we had to discuss with TGWU.

MR SHEPHEARD: Yes, thank you. Mr Blackstone?

MR BLACKSTONE: Yes. Good afternoon, Mr Julhes.

MR JULHES: Good afternoon.

MR BLACKSTONE: I would be grateful if you would speak up a little bit. I'm not as young as I was. I would like to start off by reading a letter which you wrote to Mr Muir on 22nd May 2003. *"Dear Alan, Connex Transport Jersey submitted for the appreciation of Members of Environment and Public Services Committee a request about the payment of an additional subsidy of £187,802. That sum is supposed to cover during the first year of the contract a part of an extra labour cost Connex had to support since the start of its operation on September 29th 2002. That expected cost covered the payment of a shift allowance agreed by the previous operator which Connex was not informed of during the bidding period."* I suggest that statement is untrue.

MR JULHES: Sorry?

MR BLACKSTONE: I suggest that statement is untrue.

MR JULHES: I disagree with you, Sir.

MR BLACKSTONE: I beg your pardon?

MR JULHES: I will disagree with you, Sir.

MR BLACKSTONE: You say that Connex was not informed of the shift allowance during the bidding period?

MR JULHES: The shift allowance, as far as I am aware, was not granted before the ----

MR BLACKSTONE: No, I'm not saying granted. What you say is that Connex was not informed during the bidding period.

MR JULHES: Sir, we were informed of a claim. We have never been informed of an agreement before the close of the tender date, which is 18th February 2002.

MR BLACKSTONE: No, what you are saying is that you were not aware of the claim during the bidding period.

MR JULHES: Sorry?

MR BLACKSTONE: What you are saying is that you were not aware of the shift allowance claim during the bidding period.

MR JULHES: I am sorry, Sir, I thought you read that we were not informed. You didn't say, or did you, that we were informed of a claim or just informed?

MR BLACKSTONE: I will read the sentence again: "*That expected cost covered the payment of a shift allowance agreed by the previous operator*" -- yes, it was agreed by the previous operator, but it was agreed after the tender was granted, I give you that, but you say "*which Connex was not informed of during the bidding period.*" You were informed of the shift allowance, weren't you?

MR JULHES: We were informed of a claim.

MR BLACKSTONE: The shift allowance claim.

MR JULHES: Yes, Sir.

MR BLACKSTONE: Fine, right. Thank you.

MR JULHES: However, can I precise that there is a big difference between aware of a claim and being informed of a signed agreement.

MR BLACKSTONE: True, there is. I think Mr Garrett has been very thoroughly into clause 2.2 of your tender document, in which you state specifically that the wage claim had been taken into account in full. Mr Ord, whose English is possibly rather better than yours, has confirmed that there is to him no ambiguity in that statement whatsoever. So unless you have anything else to say on that, I think this Committee will have no alternative but to acknowledge that the shift allowance and the percentage increase were both taken into account in your tender, because that is exactly what that clause says in English. Do you have anything further to say on that matter?

MR JULHES: No, Sir.

MR BLACKSTONE: I would just like to pick up on a question which you answered to Mr Garrett. I believe you told him that you were not aware of any threat that you might withdraw if these payments were not made.

MR JULHES: That's correct.

MR BLACKSTONE: Do you read all the correspondence of your legal advisers as Managing Director of Connex Jersey?

MR JULHES: Most of them, not all.

MR BLACKSTONE: Yes. This is a letter to President Philippe Ozouf from Mourants. I expect you will have been copied on it, so that you are familiar with this. It says: "*Indeed the contract itself recognises in clause 16.5a(ii) that where the cost of providing the contract significantly exceeds the contractor's estimate, this is a ground for termination of the contract.*" In other words, you are suggesting there that termination is a possibility.

MR JULHES: I totally disagree with you, Sir. It's just ----

MR BLACKSTONE: I beg your pardon?

MR JULHES: I totally disagree with you, Sir.

MR BLACKSTONE: Okay. (**Pause**)

MR JULHES: Sorry, Sir, but very clearly we are not threatening anybody. We are just informing the content of one article, which is in the contract.

MR BLACKSTONE: Right.

MR JULHES: Which does not mean at all that the contract, that that article will apply. There is,



again, a big difference. Look at it like train running agreement. There is a big difference. **(Pause)**

MR GARRETT: There is specific reference to one clause in the contract in a letter and you are saying "It doesn't mean anything." What other clauses were mentioned in that letter?

MR JULHES: I'm sorry, Sir, I didn't think I said it doesn't mean nothing.

MR GARRETT: But you are saying it doesn't mean, if there is any kind of threat in there, that Connex will pull out?

MR JULHES: I've said there is no threat in just ----

MR GARRETT: So why raise it, because you didn't mention clause or paragraphs 13, 14 or 15 of the contract. The only specific reference in that letter is to the one paragraph that says that Connex can pull out if it costs more than they expected. So why mention it? If it wasn't an implied threat or a definite threat, why mention it? Why was it put in that letter?

MR JULHES: Your interpretation may be that it is a threat. It is certainly not mine and it is certainly not the meaning of that letter. I think on the three pages we do have other references to other clause of the contract.

MR GARRETT: But that clause only means one thing, and that is that Connex can pull out. It is highlighting the fact that Connex can pull out if it costs more than they expected.

MR JULHES: Yes, Sir, but your question was that in that letter we only refer to one clause and ----

MR GARRETT: But you didn't mention all of the clauses of the contract, so why mention that one if it wasn't the intention to create a fear in somebody's mind that Connex was going to pull out? **(Pause)** Sorry, do you want to have a look at a copy of the letter?

MR JULHES: Yes, please.

MR BLACKSTONE: Perhaps if I can give that to them afterwards.

MR GARRETT: Okay.

MR BLACKSTONE: I have just checked through the letter and I don't see any mention of any other clauses.

MR JULHES: Yes, that was a question. I was not sure.

MR BLACKSTONE: Okay. I think you told Mr Garrett that there would be no question of a

wage freeze by Connex.

MR JULHES: I said it was mentioned the possibility.

MR GARRETT: For next year.

MR BLACKSTONE: Oh I'm sorry, I must have misunderstood. I thought you said there was no question of a wage freeze.

MR JULHES: No, I don't think I said that.

MR BLACKSTONE: Okay. It is just that you have a meeting on 17th January 2003: "*Connex advised the meeting that the wage increase proposal had been received from TGWU to take effect in March. In the light of the large shift allowance that had been accepted by the company in September '02 the company intended to advise the Union that a wage freeze would apply for the foreseeable future.*" **(Pause)**

At a Public Services' transport meeting on 13th November 2002, it was agreed that those present, who were Muir, Childs, Ord, Dennis, Julhes and Collier, "*those present constituted a quarterly forum for the overseeing of the Connex contract, the regular meeting of no more than two week intervals would take place between Michael Collier and Philippe Julhes for direct liaison at local level.*" Have those meetings taken place every two weeks?

MR JULHES: Sometimes more than two weeks, more often than two weeks.

MR BLACKSTONE: More often than two weeks?

MR JULHES: Less than two weeks.

MR BLACKSTONE: And notes have been recorded of all those meetings?

MR JULHES: From my point of view, yes.

MR BLACKSTONE: Have you received from Mr Collier notes of all the meetings?

MR JULHES: No.

MR BLACKSTONE: Because here I have notes of the first two or three, but I haven't seen any subsequent ones.

MR JULHES: I do have some subsequent ones, but maybe not all.

MR BLACKSTONE: Prepared by Mr Collier?

MR JULHES: Yes.

MR BLACKSTONE: Mr President, would we like to see those, or are we not concerned with them.

MR SHEPHEARD: I think, for completeness, we ought to see them.

MR BLACKSTONE: We would like copies, please. **(Pause)** This, Mr Julhes, is more for the record than a direct question to you. I would just like to read from a letter which you wrote on 5th October 2003 to President Dubras. *“I thank you for your letter of 23rd September 2003, whereby you suggest to us ways of absorbing the cost of the shift allowance into the running costs of the annual contract.”* **(Pause)** *“First, Connex would keep the operating and existing and publicised timetables until 7th January. So our suggestions will include a saving of £236,491 in staff and maintenance which will be divided from January until the end of September 2004. Some routes will cease to operate, possibly up to seven routes. Sunday and evening journeys will be stopped. The summer season will be shortened. The frequency will be altered. The capacity of the buses and the frequency of the departures on the busiest part of the network would prevent Connex from operating additional services at peak times.”* Do you confirm that you planned to have all those cuts in services?

MR JULHES: No, Sir. I confirm that we’ve been given instructions by the Environment and Public Services Committee to meet three objectives in the review of the network. One was to maximise the States’ revenue. Two was to introduce new routes.

MR BLACKSTONE: Sorry?

MR JULHES: Introduce new routes.

MR BLACKSTONE: Yes.

MR JULHES: Three was to meet financial constraint, which was the level of the agreed contract of £4.3 and £41,000 for the first operating year. The second operating year we review it with the annual formula.

MR BLACKSTONE: So you are saying that this letter has nothing to do with the reduction in routes and timetables to compensate for the shift allowance payments?

MR JULHES: No, I’m not saying that at all.

MR BLACKSTONE: Oh, I beg your pardon. Is that true, that this letter does refer to a

reduction in routes and timetables to compensate for the shift allowance payments?

MR JULHES: I said that letter was to inform the President of Public Services of possible consequences of meeting financial constraint, which one of the three objectives set to review the network.

MR BLACKSTONE: Financial constraints resulting from the shift allowance payment?

MR JULHES: Yes, Sir.

MR BLACKSTONE: Thank you. I have no further questions.

MR SHEPHEARD: Mr Garrett, anything further?

MR GARRETT: No.

MR SHEPHEARD: Mr Julhes, thank you very much for coming in today and giving up your time to assist the Inquiry. We are very grateful for your attendance and doubtless you will be waiting for us to produce our report. All I can say about that is that it is likely to be towards the end of March. We have no further business for today. **(Pause)** In that case, the business of today being concluded, we will adjourn until Monday morning.

MR SPENCE: At 9.30, I believe, Sir.

MR SHEPHEARD: At 9.30 on Monday.

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