

7. Statement by the Minister for the Transport and Technical Services regarding the extension of the Connex contract

7.1 Deputy G.W.J. de Faye (The Minister for Transport and Technical Services):

In answer to previous questions, I have assured the House that as soon as I had made a decision regarding the Connex bus contract I would advise Members in the first instance. Yesterday I signed a Ministerial Decision agreeing to extend both the contracts currently held by Connex for the scheduled and the schools' leisure services as allowed for in the original contracts. I have made this decision for a number of reasons. Firstly, the extension of the contract provides a positive financial return to the States and tangible benefit to the travelling public. Secondly, extending the contracts will allow further time to assess the impact of integrating the network and defining the detail of the service to be re-tendered for 2012. Thirdly, the savings accruing will be reinvested in the bus service or utilised to provide contractual and technical support in preparation for the contract award in 2012. Fourthly, Sir, Connex' track record speaks for itself. Passengers numbers have increased by 19 per cent since the first year of the contract. Connex carried just short of 3 million passengers in their last - fifth - year of operation. Fare revenue has increased 30 per cent over the contract period so far and Connex won the Jersey Enterprise Award for business of the year in 2007 as well as winning the 'Large Business' category. The agreement specifically provides the following: a £300,000 reduction on the contract price over the 3-year extension period; the scheduling of the shadow timetable, which refers to the relief buses currently running at peak times. This will have the effect of adding to the number of timetabled services and will encourage ridership; an additional service on the eastern commuter route during both morning and afternoon peak periods; further use of empty school buses returning to town to enhance commuter services. Continuing investment in new vehicles to upgrade the current fleet ahead of time and to provide increased capacity, and a commitment to examine use of hybrid vehicles and also the use of double-deckers on appropriate routes. I firmly believe that this decision is the right one for the Island and especially for the public: both those travelling now and those that wish to take advantage of the progressively improving bus transport system. In addition to extending the contract, I have also agreed a settlement to the outstanding shift allowance issue. This dispute dates back to 2002 when the then Committee paid Connex a sum of £186,000 to cover increased costs following the previous operators decision to introduce a shift allowance to its staff. The subsequent Committee of Inquiry requested the then Committee to "take immediate action" to determine whether the £186,000 payment in respect of the shift allowance can be recovered either from Connex or from any other person. Following legal advice T.T.S. and Connex agreed to progress negotiations to reach a settlement in this regard thus avoiding the potentially high legal costs involved in the litigation route. Connex have now agreed to pay T.T.S. £200,000 in full and final settlement of this claim. In conclusion, I would remind Members that the original contract allowed for a maximum 3 year extension and that a new contract for the complete integrated public leisure and schools network will be tendered in order to be operational in 2012. I will extend the scope of the contract so that this larger public transport package will have the potential benefit of being able to attract a wider group of local, national and international companies to the tender process which can only be in the best interest of the Island in respect of securing the best deal for the future.

7.1.1 Deputy R.C. Duhamel:

In the letter that was agreed yesterday and sent to the Minister, the Environment Scrutiny Panel was unable to come to the same conclusion as the Minister has come to today to extend the contract before the original date has expired. It is true to say, Sir, that the original period was for 7 years and the extension of the contract was by way of a clause that could be invoked if the benefit to the Island could be proven. That is obviously at the expiry of the original period. The Minister has chosen to invoke the extension clause a year before he is formally required to do so and in reviewing some of the documentation that I was given by his department the panel came

to the conclusion that we were not in a position to agree with the Minister that the reasons to extend the contract prior to the expiry date had been made.

The Bailiff:

Deputy, you must come to a question.

Deputy R.C. Duhamel:

I am, Sir, I am coming to the question. Therefore I would like to ask the Minister to explain to the House why he is in a position of invoking this extension clause one year before he was duty bound to do so?

Deputy G.W.J. de Faye:

I would have thought it would have been fairly obvious to most Members that when you are running a bus network operation that operates on a seasonal basis with summer timetables and winter timetables, and you are dealing with a sophisticated service operator, you simply cannot take these people by surprise on the actual renewal of contract date. There are obviously ongoing negotiations that go forward and I simply ask Members to note the number of quite significant benefits that will occur to the bus travelling public out of the agreement that has been reached.

7.1.2 Senator P.F.C. Ozouf:

I note the statement contains a number of initiatives, including double-deckers, but there is an absence of any mass transportation initiatives including trams. Why are these initiatives not in there and does the Minister think that these have the remotest possibility of coming to fruition?

Deputy G.W.J. de Faye:

The subject of light railways and various other initiatives of that nature will, in fact, be dealt with in a frankly quite short paragraph in the Integrated Travel and Transport Plan, when it is released shortly. But I need to remind Members of the Steer Davies Gleaves report, which I am struggling to find at the moment, but I did bring with me this morning. That quite clearly indicates that the concept of mass transit is really of no relevance to the Island at all. The estimates... I think it would cost £18 million to set up, with running costs of about £500,000 a year. It might impact by an order of 2 per cent on reducing the number of commuters coming to town from the west - that you could only possibly work in the west of the Island - and I could go on at very great length about all the various issues that would compound to make this type of proposal entirely relevant and inoperable in a small Island like Jersey.

7.1.3 Deputy J.G. Reed of St. Ouen:

I wonder if the Minister could clarify the statement that a £300,000 reduction on the contract price over the 3-year extension period. Does this mean that there is a £300,000 reduction per annum for each of the 3 years or is this the total figure?

Deputy G.W.J. de Faye:

I am happy to clarify that. It will be a £100,000 reduction per year. The legal settlement of £200,000 of course is a separate matter, and I would suggest it a good news story that the matter has now been settled finally. I would also indicate in respect of new rolling stock that we are expecting a minimum of 6 new vehicles to join the fleet which will go towards very significantly enhancing current services.

7.1.4 Deputy R.C. Duhamel:

The Environment Scrutiny Panel asked to be provided with statistical documentation in order to assess the improvements in the service. The department provided the Scrutiny Panel with the year 4 figures but have informed the department of accounting irregularities in year 5 and are

unable to release figures for year 6 because the year 6 figures will only be available after the completion of year 6, which is in the autumn. When will these figures be available to those Members of the House who are interested in the assessment of the company's track record in providing the Island with the bus service that it needs so that Members can be in a position to judge the efficiencies as to whether or not they have been made, as are being stated by the Minister?

Deputy G.W.J. de Faye:

It is important to emphasise that when I approached the Environment Scrutiny Panel with the briefing document that had been given to the Council of Ministers I was not asking for a full and comprehensive review of the bus service and its operations. I was merely - and made this quite clear - seeking an opinion primarily on the legal settlement and also the outcomes in terms of enhancement of the service by extending the contract. The reason that the figures for year 5 have not been provided is simply that year 5 does not correspond to years 4, 3, 2 or one. That is because it is in year 5 that the entire system moves to an integrated one therefore it is, without enormous difficulty, not possible to compare year 5 accounting figures - passenger figures - with the previous 4 years. They are out of step. One of the reasons for extending the contract is so that the department can get a better understanding of how the integrated service is running. This is only the second year of the integrated service and at the moment, until we reach the end of the year, we will not have full year-on-year figures to make a comparison. I frankly need more information than that in order to satisfactorily re-tender the contract and that is one of the salient reasons why the extensions have been agreed.

7.1.5 Deputy I.J. Gorst:

I note that the agreement specifically includes, it says at point 3: "Additional services on the eastern commuter route, both during the morning and afternoon peak periods." Can the Minister confirm that it also might include additional buses at the same time because I have a constant complaint from parishioners that they are waiting for the bus in town, the bus arrives, it is full and they have to wait for the next half an hour or 20 minutes? I wonder if he can confirm that is part of the package/

Deputy G.W.J. de Faye:

Wherever possible and emendations take place every time a new timetable is issued; we strive to ensure that buses do not arrive at the same time. It is the famous story of London Metropolitan bus travel that you wait for a bus for ages and then 3 turn up at once. No, that is not our intention. If I can just very swiftly explain; at the moment where it is established that buses are full relief services are sent, and this can be confusing for bus travellers. In future the change is going to be that those relief services which we know already are in demand will become part of the scheduled service, and their times of arrival will be entirely clear to future passengers in the timetables.