



# What is Going On?



- Competition!
- Business!
- Stlye!
- He who wins.....takes all!
- See [www.ibus.ie](http://www.ibus.ie)!
- No surprise!



# SundayTribune Business

## WEEKLY CHANGE

ISEQ -1.7%  
FTSE -0.2%  
DOW -0.3%  
NASDAQ -0.3%

Why war is good for  
Halliburton  
Feature B6

Will firms rush to the new  
Irish exchange?  
Feature B5

**On the buses**  
**Why getting €8m**  
**didn't make John**  
**O'Sullivan happy**

Interview B3



## Aircoach to seek €110m school bus contract

### Paul O'Kane

PRIVATE BUS operator Aircoach wants the right to bid for the state's €110m school bus contract, and is considering taking a complaint to force the Department of Education to open the contract up to competition.

Aircoach, which operates services to Dublin Airport, is owned by Britain's biggest

bus and rail operator First Group, the second-largest operator of yellow school buses in America and Canada's third-largest school bus operator. First Group has about 18,000 school buses in North America and carries about 1m school children every day.

Bus Eireann has held the Irish school bus contract since 1967, but Aircoach man-

aging director John O'Sullivan said there is no justification for the contract not being put out to a formal tender process.

"The Department of Education has simply given the contract to Bus Eireann but the contract should be the subject of a competition," he said. Aircoach is set to examine its options to force the government to open the contract

to proper competition. "It's one of the things we are going to be looking at," he said.

The cost of providing a school bus service to rural pupils has doubled since 1997 and cost the Department of Education €110m last year. At present, about several hundred Bus Eireann buses - with an average age of more than 16 years - are used for the service. The state-owned

bus company also leases vehicles from private bus operators. "I have five children and I wouldn't be happy to send them to school on 16-year-old buses," O'Sullivan said.

Last week it emerged that a confidential Department of Education and Science report has recommended that the parents of 40,000 primary school pupils who

use the school bus service be charged fees of up to €150 a year for the provision of transport.

At present, the service is free for primary school pupils while older children are charged €150 per year. The report, which has yet to be formally released, said this charge should be increased to €250 per year.

O'Sullivan said that given

the age of the fleet used to carry school children and the safety concerns that have raised about school buses "you have to ask what are you paying for and what you are getting".

From next year, seat belts will have to be used on school buses that are fitted with them, but many of the buses currently used to transport pupils do not have suitable

seats for the fitting of seat belts. The cost of carrying out such work on such aged buses has been deemed uneconomic.

First Group already has yellow buses on trial in Britain and O'Sullivan said the company would be happy to run a similar project here. "Let's do a pilot project and see the economics of it," he added.



# welcome



Much of today's passenger transport is based on routing developed over 60 years ago.

Ibus is proposing a new way forward and is putting together a completely new structure and the delivery of a network of services that will be integrated, focused, obvious, efficient, punctual and value for money.

- Risk Management
- Driver Training
- Health & Safety
- Best Practices
- Route Planning

quit









Ms Patricia O'Connor  
Principal Officer  
School Transport Section  
Dept of Education & Science  
Castle Buildings  
Tara Street  
Tullamore  
Co Offaly

Our Ref: JFD/ms

April 21st, 2009.

Dear Ms O'Connor

It would seem that you will not be in a position to qualify figures on the School Transport Scheme costs before the meeting scheduled for Thursday 23<sup>rd</sup> April, 2009.

Given my expressed concern for the very future of this scheme, I feel obliged to offer some interim proposals that may help secure the scheme in the short term for the Department of Education and at some level of value for money.

You will know that I have sought figures for the School Transport Scheme over many years, and in the absence of these, it is not possible for me to properly or forensically work the costs or any value for money exercise.

Please note that these proposals are interim and being proffered at this time in the interests for the short-term viability of the School Transport Scheme. These should not form the basis for any long-term contractual arrangements with the State company, Bus Eireann, and any such arrangements or implied rights will be vigorously contested by FOTO.

1. **5 Year Contract:**

In view of the present financial crisis in Ireland, it is now not possible for many small businesses to raise capital for investment in rolling stock. There is a very great fear that unless we can continually upgrade the fleet within the School Transport Scheme, the safety of the scheme will be compromised.

We propose a 5 year contract for those contractors providing vehicles of under 3 years old. This will be a major incentive to private operators to invest in the School Transport Fleet. The 5 year contract should be promoted by the Department of Education, entered into with the Department of Education and Private Contractors to the scheme.

It will also be important for Government to leverage and insist upon the financial institutions to honour such contracts.

This contract will also allow the Department of Education to bring to the fore issues such as Driver CPC, DOE Certification and other safety related factors.



Embassy Office Park, Kill, Co Kildare  
Reg No: 152032

2. **Safety versus Tendering:**

The present tendering process within the School Transport Scheme is not equal and it is questionable if it provides value for money when measured against the safety of the scheme overall.

Following the withdrawal of the Fuel rebate under the scheme there will be further and greater pressures on the private contractors margins. We are concerned that these pressures will compromise the ability of some contractors to maintain the high standard of maintenance and safety checks that they have proven is the cornerstone for the delivery of a safe transport model. It would be folly in the extreme if we adopt a process that compromises this good safety record.

We propose a pause to all tendering at this point and that a 5% increase in rates is applied. The withdrawal of the Fuel Subsidy will have cost Government much more than this and a saving will be achieved overall. In order to bring about savings to the Department of Education separately, we must have access to all costs in the scheme.

In any tendering process in the future, it would only be reasonable that all routes and services are tendered if one is to achieve real value for money.

3. **Networking of Services:**

As part of our research papers we are looking at a more streamlined delivery of services across all school types, all school users and all transport modes. At this time it is clear that any value for money review must address the very serious costs around the provision of transport at the "margins" of the scheme and for special needs students.

I will be happy to let the Department of Education have our papers in this at the earliest opportunity.

I trust the above will confirm to you our grave concerns for the future of the School Transport Scheme and our wish to help the Department of Education in resolving or bringing about a more focussed and value for money scheme.

Yours sincerely

John Dunne  
Federation of Transport Operators



Embassy Office Park, Kill, Co Kildare  
Reg No: 152032





t: 045 879007  
e: info@ibus.ie

Brian Lynch & Associates  
Solicitors  
4, The Courthouse Square  
Galway

Dear Brian,

October 5<sup>th</sup> 2011

Further to our telephone conversation last evening I write to again explain my understanding of the position now reached from our various discussions with STS Ltd and Trailways of America. In doing so, I also wish to clearly state my position with regard to any legal action being undertaken by STS Ltd

Initially, and before a Joint Venture was proposed by Trailways, it was my intention, and stated many many times, to leverage the *ibus* position within the STS Ltd to the highest percentage possible. I had agreed that this would be a minimum of 33.3% in any combination where Trailways, Mr M and a third operator who shall remain private and confidential at this point, would become shareholders with you and Mr Tim Doyle. I had agreed that you and Mr Doyle would receive a percentage of STS Ltd, both as promoters, and in your case Brian, for work and research already prepared, but that the shareholding being "played" for in our negotiations with any of the above was the balance outside of the *ibus plc* minimum. This was the basis of the "agreement" reached in your offices prior to our discussions with Trailways and which allowed me to continue with these discussions. This "agreement" also came about when I was not prepared to have *ibus plc* carry all of the liabilities that may arise from any court case when I learned it was your intention to "wind-up" the STS LTD Company if the case was lost.

Our extensive meetings with Trailways and joined by Messrs & over 3 days in Galway reached "consensus" that a JV could provide the platform from which we could launch a legal challenge and provide the basis for a successful bid for the School Transport Contract when the Department of Education is forced to put this contract out to tender.

This JV concept was proposed by the Trailways representatives but was subject to approval from their main board in America. The next required stage in this process will be their written proposed structure, equity, shareholding, operational methods, expertise background and value added that they will bring to the JV. You will appreciate that it is only then that *ibus plc* can decide on it's course of action.

For instance, the name of the JV, the equity level at which it will want to enter, the constitution and make up of the board, the shareholdings, the shareholders, (I await the answers to my questions of Mr Tim Doyle) the strategy for the law case, the team building for the tendering process, the operational principles attaching the various constituents and stakeholders, in particular, the conflict of interest that may exist



-2-

between the shareholders for profit distribution, where, for example, the *ibus plc* principle will be to share as much as possible with it's shareholder base through their operational input.

I have stated on numerous occasions that *ibus plc* or John Dunne will NOT, finance or facilitate a court case that will, if successful, open the School Transport "market" to any other bus/coach operator, national or international, in the absence of a concrete agreement, this agreement to be clear, transparent and signed off by our legal team.

This agreement, as pointed out previously, must place *ibus plc* at the core of any JV, consortium, alliance, or any other proposed structure from any or all of the above. We are prepared to pay for this, but again, as pointed out, based on our respective equity status only.

You should understand that *ibus plc* in the absence of a complete and concrete agreement with one or more of the above aforementioned parties to our discussions retains the right to tender in it's own right for the School Transport Contract, that it retains the right to enter into any alliance, JV, or other consortium that it thinks best suits it's interests and that of its shareholders and that it retains the right to proceed independently with it's own legal challenge.

I will await the JV proposal from the Trailways representatives before any further discussions take place. I suggest that a timescale is now attached for this and I think 21 days is reasonable.

In the meantime Brian, I think you and Mr Tim Doyle will need to reassess your original concept. It will not be possible for me to propose any arrangements that cedes a disproportionate shareholding or control to "Promotional or Brokering" services and I suggest therefore we revisit a fee structure or some such mechanism that more reflects the new situation and possible outcomes here.

Yours sincerely,

  
John Dunne  
*ibus plc.*

## School bus firm recalled 22,000 vehicles

### Support

IC Bus Corporation is part of Navistar International, a Fortune 500 company which has revenues of \$14bn (€10.7bn) a year.

The company has confirmed it is providing "financial support" and "assistance" to a company called Student Transport Scheme Ltd (STS), headed by businessman Tim Doyle and Galway solicitor Brian Lynch, which has mounted a High Court challenge aimed at forcing the Department of Education to put the school bus transport contract out to tender.

Bus Eireann has been given the contract automatically by the Department of Education since the late 1960s and is responsible for taking more than 110,000 children to school each day.

STS claims that, under EU law, the contract should be put out to tender.

The case is due before the Commercial Court in June.

THE US firm looking to muscle into the €150m-a-year Irish school bus market has been forced to recall more than 22,000 vehicles because of brake, fire and other safety problems, the *Irish Independent* has learnt.

IC Bus Corporation, which is bankrolling a High Court challenge aimed at forcing the Department of Education to put its school transport contract out to tender, has issued six safety recalls since March 2010 following a number of scares across North America.

The company manufactures the iconic yellow school buses used widely across the US and plans to build a manufacturing plant here if its legal challenge is successful.

However, the massive recall is likely to fuel concerns over the company's safety record.

Details provided by the US Department of Transportation show that IC Bus has recalled some 22,571 school buses in the past two years, along with more than 18,000 buses designed for the commercial market.

Documents seen by the *Irish Independent* show:

- Almost 15,500 school buses built between 2006 and 2011 were recalled in August last year after electrical problems.
- Another 5,000 were recalled in March 2010 because of concerns about its parking brake.
- Some 920 buses are in the process of being repaired after it emerged that using the vehicles in 'extremely cold conditions' could result in a leakage in the air brakes.
- Some 677 buses were recalled last February because latches used to fit the seat to the frame of the bus were not working properly.
- Another 500 were recalled in July last year because of electrical problems (431 in total) and a failure to properly install reflective tape (70) which failed safety standards.



## **Federation of Transport Operators (FOTO)**

### **Dail Questions:**

**Q. To ask the Minister:** In the recent Value for Money Review of the School Transport System conducted by the Department of Education what figures/data were made available to (a) the Federation of Transport Operators and (b) any other individual/organisation making a submission in order that such submissions could be based on robust financial data.

**Q. To ask the Minister:** Has the review considered proposals made by the Federation (FOTO) to have the contract in its entirety tendered with possible savings of €300m over 5 years and is this being considered by the Department of Education. Will this contract, worth over €185m annually, be tendered out, which is the only way we can get a real value for money system.

**Q. To ask the Minister:** Given the need to contain/cut costs in the School Transport System at this time and the absolute priority to protect the safety of the children within the system, has he given consideration to the proposal by the Federation of Transport Operators to introduce 5 year contracts to operators, which would allow them to continually upgrade their School Transport fleet- an option that is not available to them under the current 1 year contract.

**Q. To ask the Minister:** If Bus Eireann are also required to cut their costs by 10% in line with the requirement on sub contractors and if he is satisfied that his proposals do not contravene EU competition law?

# Where to NOW?



- Court Case
- Determination of Court Case
- How will Government react
- Will contract be put out to tender as is?
- Will it be open to contractors across EU?
- Role of Irish Operators?



# Who/What?



- Bus Eireann
- Trailways/STS
- Stagecoach
- First Group
- ibus plc.
- 5/6 others?

# Possible Bidders



- Bus Eireann-Solo
  - Trailways/STS/Irish Operators
- Stagecoach-First Group-5/6 others
  - ibus plc.
- Joint Ventures/Consortia in any  
above combinations



# Scenario 1.



## **Bus Eireann maintain/win contract:**

- Further cuts to services/rates
- Very strong position for 5 years at least
- Private operators will remain dependant

## Scenario 2.



### **Trailways/STS/1/2/3 Large Irish Operators:**

- Stated concept-reduce contractor fees.
- Larger operators get larger
- Commitment to buy buses?
- 3 or more large Irish operators with shareholding.



## Scenario 3.



### **Stagecoach/First Group/others**

- Will introduce large numbers of buses
- Sub contract out most difficult, least profitable
- All profits abroad

## Scenario 4.



**ibus plc.**

- **75% ownership private operators**
  - **Stated transparent policy**
- **Protected rights under company law**
  - **Open to Offers!**



# What Chance ibus?



- See [www.ibus.ie](http://www.ibus.ie)
- Considerations will include JV approach
- Unique Bidder
- Unique Bid!

# What to do now?



- We need **3 X** new Loan Note holders to each Loan Note issued.
- Preferred option 500 small to medium operators nationwide
- Keep your Options Open-buy into them all!
- Don't **PANIC!**





- When for School Transport Contract?
- Elements for successful Bid?
- Future transport model-Ireland?
- Can transport solutions be “driven”?
- Will/Can Irish operators afford to win/lose?
- What would you do?



## Options

- Go with present shareholder base
- Attract 3 new Loan Note holders
- €2,750/€1,500? - €1,237,500 or €675,000!
- Appoint CEO, Consultants, PR, back office.

Risk Management

Driver Training

Health & Safety

Best Practices

Route Planning



IRISH BUS AND COACH FEDERATION MEMBER



## Welcome

Much of today's passenger transport is based on routing developed over 60 years ago.

Ibus is proposing a new way forward and is putting together a completely new structure and the delivery of a network of services that will be integrated, focused, obvious, efficient, punctual and value for money.





Mr Jerry Murphy,  
Chief Executive, National Transport Authority,  
Floor 3, Block 6/7, Irish Life Centre,  
Lower Abbey Street,  
Dublin 1

**PRIVATE & CONFIDENTIAL**

April 20<sup>th</sup> 2012

Dear Mr Murphy,

I write to you to seek a preliminary meeting to discuss the **ibus plc.** plans for a national network of services, initially proposed in our submission to the National Transport Authority in December 2010,

I should explain that **ibus plc.** is the "business" arm of FOTO representing over 1,200 private bus and coach operators and I enclose the *Information Memorandum* giving brief explanation and background to this concept.

In view of recent developments, including the possible changes for our School Transport System through legal actions before the High Court, there is now urgent need to bring forward our proposals. We understand that the National Transport Authority is also considering proposals from Government for a Rural Network of Services and given our shared vision, **ibus plc.** wishes to offer a shared cost for the research and development of these proposals.

Initially, and in the meantime of our discussions, **ibus plc.** will lodge application for the licensing of 6,250 routes based on the School Transport System(STS) and operated by over 1,200 private bus and coach owners nationwide. Over the period of the 5 years programme being considered in the **ibus plc.** proposed Rural Network of Services, it is intended to integrate the present Rural Transport Initiatives and the HSE patient transportation services bringing major savings to Government estimated at €100m in year 5.

**ibus plc.** and the 1,200 private bus and coach operations will be seeking Joint Venture partners or other alliances to bring further expertise and delivery to these proposals, and it is important to point out that the State companies, Bus Eireann, and Dublin Bus are not excluded in these considerations.

I can be contacted on 045-878500 or email [jdunne@ifd.ie](mailto:jdunne@ifd.ie) and I look forward to hearing from you.

Thank You

