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Re: School Transport

Dear Bus & Coach Operator,

Following on from the recent High Court hearing of the case against the Department of Education & Science for its handling of the School Transport System contract with Bus Eireann, there has been a rush to the press and the media by a range of people staking their claim to the School Transport System.

The contract either comes out to tender or it does not.

If it does, ibus will tender, if it does not ibus has proposals with the National Transport Authority for alternative transport solutions including the School Transport System.

I have now met with over 100 of our Loan Note holders and spoken to almost all of the remainder [except Donegal where a meeting will be arranged immediately the High Court makes a determination]. Our Loan Note holder meetings discussed present bus and coach industry happenings, strategies for our School Transport System and future proposals by **ibus** on a broad range of passenger transport solutions. These meetings also followed a general trend regarding the participation in and the financing of **ibus**, mainly suggesting further funding from the existing Loan Note holders and whereas, I very much appreciate this overwhelming support that each Loan Note holder is giving to me and to the **ibus** concept through these offers of further funding it is important that I reiterate the initial rationale behind the projections and objectives for the **ibus** concept.

“It is not just the money, it is the actual value in having the bus and coach operator numbers participating”

- I placed the number of operators at 500 to provide [a] a strong base for the provision of the School Transport Service [b] spread the financial burden and risk associated with our bid for the School Transport contract [c] to bring a unique “factor” to our bid for the School Transport contract through having 500 operator shareholders and [d] by having 500 Bus and Coach operator shareholders diminishes, greatly, the claim by any other bidder of their ability to deliver the service required. Remember **NO** entity can initially provide this service without the involvement of the majority of the Irish private individual Bus and Coach owners presently delivering the service. Thereafter, there is the very sobering fact that the future School Transport System may only support 500 operators under the **ibus plc.** model and much less in the business models of the other bidding entities!



- The future transport model and solution for the delivery of the School Transport Services envisaged by **ibus** includes a radical review of the other Government funded transport services in the areas of the Rural Transport initiatives and the present HSE transport services. **ibus** has proposed the networking and/or the amalgamation of these in whole or part. **ibus** has offered to participate in a Public/Private funding arrangement with the National Transport Authority[NTA] for the research and development aspects of this proposal. A shareholder base of 500 is a compelling factor here.

As pointed out earlier there is a case before the High Court, which may determine that the Irish School Transport System contract must be put out to tender. This case is being paid for in part by a consortium made up of a bus manufacturing company and a group of American Bus and coach operators brought together and invited to this country by two businessmen, a Mr. Tim Doyle and a Solicitor, Mr. Brian Lynch. I have wished them well in this case and had hoped to be a party to it, however, differences in approach as to the future model for our School Transport System forced me to withdraw the support of **ibus** and FOTO in October 2011.

You will remember that the **ibus** concept included for the possibility of having to bring such a case to the courts in the absence of a move by some international consortium and whereas we would have been the ideal partner and party to this case from our lobbying position of over 30 years, we are happy to have saved **ibus** the considerable costs involved here and that we remain strong contenders in any competition for the School Transport System contract!

The main areas of concern for **FOTO** and **ibus** resulting in our withdrawal from this case include the following:

- There was no clarification forthcoming on the final shareholdings of any the parties to the proposed consortium. [STS, Trailways, 2/3 large Irish operators]
- The number of operators presently involved in the delivery of the service is accepted as being too high for the optimum efficiencies required to sustain the future viability of our School Transport System. The FOTO/**ibus** business model envisages a minimum of 500 operators. The business model of this consortium is much less.
- The **ibus** plc. is based on a majority shareholding held by Irish Bus & Coach operators with first option on all routes and services and with the distribution of any profits accordingly. I could not secure this within the proposed make up of this consortium.
- The awarding of costs and/or compensations that may arise from this court case could not be qualified by me or secured for FOTO or **ibus** for the ultimate benefit of the shareholders.



- In the bidding war for the overall contract price will be a major factor. The majority shareholder will dictate this and benefit most. The obvious target for cost savings will be in the sub-contracted portion, as we know for the last 30 years. I could not position FOTO or ibus within this consortium to the extent where we could dictate this.

If this case determines that the School Transport System contract must be put out to tender [recent telephone calls from the STS consortium suggesting that they have won this case are not true] we can expect a number of other consortia and major transport companies from abroad bidding for this contract.

ibus will be bidding for this contract.

If you wish to maintain the original **ibus** concept of a majority [75%] shareholding by Irish Bus & Coach Operators, **ibus** needs 500 Bus and Coach Operator Loan Note holders. The present make up of **ibus** Loan Note holders is spread fairly evenly across the country and ideally we will wish to maintain this spread.

The old differences and divisions within county borders and fellow operators created by the vicious cycle of tendering over years is I know very difficult to overcome. However, it has come to the time when we must put aside these differences and look at the overall benefits of a collective such as **ibus**.

Visit www.ibus.ie for details of how to become a shareholder in **ibus plc**.

In brief **ibus** is working on the following:

School Transport Contract:

In the event the High Court determines that the School Transport Contract must be put out to tender **ibus** will bid for this contract. Please know that **ibus** is in negotiation with a number of other transport entities and may yet decide on a partnership arrangement that best suits its overall transport proposals and tendering strategy. In the event that the School Transport Contract is **not** put out to tender **ibus** will bring forward its proposals for an alternative solution and that includes a radical restructuring of the system.

National Route Network:

Independent of the School Transport contract **ibus** will proceed with its plans to put in place a national route network to include the present HSE and Rural Transport Network of services. **ibus** has proposed a Private/Public Partnership arrangement with the NTA in the research and development of these



National Bus Terminus:

ibus will proceed with its proposals for a **National Bus Terminus**. The research into the infrastructural requirements linking this with the national network of routes and services and the Regional “park and ride” sites is well advanced.

Finally, may I thank you all for your courtesy at our meetings and for your many telephone calls of support over the last month or so. My apologies for such a long letter to you on this occasion. However, I think you will agree that we have reached a certain point where we must decide the direction and future shape of **ibus** as outside influences and the evolution of the Irish passenger transport industry gain momentum. I will revert to you on the findings in the High Court case and update you on operator numbers over the next 2 to 3 months.

Regards and Best Wishes for now,

John Dunne

ibus plc.