



Evaluation of Irish Rail Proposal to Suspend Passenger Services on Rosslare- Waterford Line

August 2010

Table of Contents

1. BACKGROUND	3
2. IRISH RAIL FINANCIAL SITUATION.....	3
3. IRISH RAIL PROPOSAL	4
4. SOCIAL IMPACT ESTIMATION METHODOLOGY	5
5. APPLICATION OF SOCIAL IMPACT ESTIMATION METHODOLOGY TO WATERFORD-ROSSLARE LINE	5
6. PROPOSED BUS ÉIREANN REPLACEMENT SERVICE.....	7
7. COMMERCIAL POTENTIAL OF RAIL LINE.....	8
8. SUBMISSION FROM SOUTH EAST REGIONAL AUTHORITY.....	12
9. PROTECTION OF ASSET – ONGOING MAINTENANCE INVESTMENT	16
10. CONCLUSION.....	17

1. Background

The National Transport Authority (NTA) is a statutory body established by the Minister for Transport on 1 December 2009. The NTA has responsibility for securing the provision of public passenger land transport services. This includes the provision of subsidised bus services by Bus Éireann and Dublin Bus and rail services by Irish Rail.

Under the Dublin Transport Authority Act, 2008 as amended by the Public Transport Regulation Act, 2009, the NTA entered into a direct award Public Service Contract, which imposes public service obligations, with Irish Rail to secure the provision of rail passenger services. Any changes to this contract, including proposals to change services, require approval from the Authority.

In exercising its functions, the NTA is obliged under Section 10 of the Dublin Transport Authority Act to achieve “value for money”.

The NTA was allocated €276,188,980 for the year 2010 for the provision of subsidies to bus and rail public transport services in the State.

2. Irish Rail Financial Situation

The NTA entered into the Public Service Contract with Irish Rail for the provision of a network of rail passenger services and service capacity in December 2009. Following the December 2009 Budget, the subvention payable to Irish Rail for 2010 was reduced by €20.195m (11.5%). As a result, Irish Rail has had to put in place a range of cost cutting plans.

As part of the Public Service Contract, Irish Rail has incurred in 2010 additional operating expenses through the opening of the Western Rail Corridor and Clongriffin Station (DART). Further expenditure will be incurred with the imminent opening of the Dunboyne Rail Line.

Patronage levels have fallen for all public transport operators in 2008-2010 compounding the drop in subvention.

Under the Public Services Contract with the NTA, Irish Rail is obliged to provide quarterly returns on key financial data. Results for Q1 and Q2, 2010 show that Irish Rail's projected loss on passenger services in 2010 will be €26.7m.

In 2009, Irish Rail reported a deficit of €32m up from €19.1m in 2008, as passenger revenues fell by €17m.

Since its inception in 1987, Irish Rail has been governed by the Companies Act. This Act prohibits companies from engaging in ‘reckless trading’ by accumulating unsustainable deficits.

Irish Rail is required to put cost cutting plans in place, in accordance with company law. Section 40 (1) of the Companies (Amendment) Act, 1983 states:

Where the net assets of a company are half or less of the amount of the company's called-up share capital, the directors of the company shall, not later than 28 days from the earliest day on which that fact is known to a

director of the company, duly convene an EGM for a date not later than 56 days from that day for the purpose of considering whether any, and if so what, measures should be taken to deal with the situation.

In addition the Minister for Transport, representing the interests of the State, which is the single shareholder, has sought a financial plan from Irish Rail to achieve a break even position by 2012.

Therefore a range of cost saving measures are necessary. The range of measures being pursued by Irish Rail include:

- Voluntary severance;
- Reduced overtime;
- Re-tendering of security/cleaning/cash management/ticketing services;
- Reduced train sizes;
- Revised work programme.

These cost measures are insufficient for Irish Rail to meet their statutory obligations and, therefore, consideration has been given to achieving cost savings by the reduction in the level and capacity of services provided under the Public Service Contract.

3. Irish Rail Proposal

On March 26, 2010, Irish Rail wrote to the National Transport Authority with a proposal to suspend passenger services on the Rosslare-Waterford rail line. Included in the proposal was the proposed provision by Bus Éireann of an alternative bus service to be provided as an amendment to its Public Service Contract with the NTA..

In support of this proposal, Irish Rail put forward the following rationale:

- *The current ratio of costs to revenue is one of the worst in the entire Irish Rail network and it is highly likely that a replacement bus service would provide better value for money;*
- *The report of 'The Special Group on Public Service Numbers and Expenditure Programme' (July 2009) recommended withdrawal of services from the route.*
- *A significant level of safety related expenditure is required for this line over the next five years. The economic justification for this is very difficult to sustain.*
- *The line is no longer of any strategic importance for either Rosslare Europort and the rail freight industry;*
- *Under the current economic environment there is a severe shortage of funding, both capital and current, to support rail services. In line with this there has been a very significant reduction in Iarnród Éireann's annual subvention payments.*
- *A review of demographic trends and planning policies for the south Wexford catchment highlights that the economies of rail service are highly unlikely to improve in the medium to longer term.*

The NTA raised queries on the proposal including the level of proposed bus fares, the commercial potential of the rail route, and the plans for asset management of the line if services were terminated.

The revised final proposal was submitted by Irish Rail on 9th July and supplementary responses were also submitted by Irish Rail on July 7th (commercial potential), July 28th (Maintenance Proposal) and August 12th (Irish Rail response to South East Regional Authority report).

4. Social Impact Estimation Methodology

The National Transport Authority (NTA) has a statutory responsibility to ensure that it obtains maximum social benefit from the funding it provides to the CIÉ Group companies with which it holds direct award contracts for the discharge of public service obligations (PSO)¹. Following its establishment, the NTA commissioned international consultants to develop a framework methodology for the evaluation of social impact, to be used where resources need to be prioritised. This expert team drew from best practice around the world, including first hand experience of similar methodologies employed in New Zealand and the UK.

The purpose of the methodology is to give the NTA a basis upon which it can approve or initiate changes to socially necessary services, by providing the relevant information to support decision-making in marginal or doubtful cases. The NTA views the guideline methodology as critical in providing rigour to decisions relating to the rationing of services. Such a methodology did not exist previously and its application is, and will be, an important tool in reviewing service changes.

By assessing the catchments targeted by services and also the destinations served, an estimate of the value for money with respect to best satisfying the “general economic interest” (which includes social needs) can be determined. Such an analysis supports evidence-based decision-making and provides greater clarity, robustness and consistency to rationing decisions. The NTA has required that the contracted transport companies deploy this methodology in appropriate circumstances.

The application of this methodology, set out in a guideline document available to the public on our website, involves the following steps:

- Define service in question;
- Identify primary catchment status;
- Identify primary attractor status;
- Identify alternative means of travel;
- Value for money judgment;
- Wider qualitative issues;
- Options (variations to the proposal), and
- Conclusion.

5. Application of Social Impact Estimation Methodology to Waterford-Rosslare Line

As requested by the NTA, Irish Rail presented a composite submission including a proposed replacement bus service to be operated by Bus Éireann. Irish Rail supported its request to suspend passenger services on the Rosslare-Waterford line with analysis carried out in accordance with the Social Impact Estimation Methodology.

¹ Section 10 of DTA Act, 2008, as amended by *Public Transport Regulation Act, 2009* Section 10: 'In exercising its functions the Authority shall seek to achieve... value for money'

Irish Rail concluded that the application of the methodology yielded the following results:

“A review of the demographics of South Wexford rail catchment indicates that there is no foreseeable prospect of the critical mass of population to sustain a viable rail service.

“The ongoing improvements to the National road networks including the N25, coupled with improving bus service journey times and frequencies, and a decline in the role of rail freight, has undermined the route.

“In addition, the bus network offers superior access to the key destinations in Waterford City, including the Waterford Institute of Technology and hospital facilities.

“The annual running cost (operating, fuel and maintenance) associated with this line is approximately €1.9m, while the annual passenger fares is no more than c€0.05m. The maximum train service loading on the route is approximately 25 passengers each way.

“Furthermore, c€17.6m of investment is required to address the railway safety programme related issues of the next five years.

“Discussions with Bus Éireann indicate that there are a number of bus service options to meet the current demand and these could be provided for an estimated €0.25m pa.

“The ‘Social Value Score’ is of 13.5 out of 20. The scale of social value, based on 50 trips per day, is 675. Based on a total running cost of €1.9m, the daily cost based on a six day week is €6,090 which gives a value to cost for the rail service of 0.11.

“Performing a similar calculation for the proposed replacement bus service and based on an annual cost of €250,000 pa (€800 per day), the alternative bus service ratio of value to cost is 0.84.

“Environmental considerations are also important. At a low passenger loading (20%) occupancy), the CO₂ emissions from the 2700 Class rail car is 190 g/pass.km. The equivalent rate for a bus carrying 25 people in an urban setting is 54 g/pass.km, reducing to 26 g/pass.km in a rural setting.”

Following review, the NTA considers the methodology has been appropriately applied by Irish Rail. The NTA accepts that the value to cost for the proposed bus service is significantly higher than that of the rail service.

The key financial, economic and social benefits are summarised in Table 5.1, below:

Table 5.1: Comparative Rail & Bus Data

	Rail Service	Bus Service
Cost	€1.9m	€250,000
Frequency (Departures each direction)	1	at least 4
Value to cost	0.11	0.84

The above table does not capture the improved accessibility that would be provided by the proposed bus service to key trip attractors. The railway station in Waterford is somewhat remote from the city centre, centred around John Roberts Square, as it is located on the north quays. The station is further removed from a number of the other key attractors such as the Regional Hospital, the Institute of Technology (WIT), the Business & Technology Park and the Airport.

The NTA is aware that various parties have disputed the patronage figures provided by Irish Rail and that on any given day patronage can vary. However, the key salient point is that annual farebox from the line of c€50,000 gives a sufficient primary indicator of usage for decision-making.

It has also been suggested that the Irish Rail costs quoted are too high and that potential exists for reducing Irish Rail's staffing costs. The NTA notes that, while there may be scope to reduce costs further, the scope of such savings is limited and the order of magnitude of the deficit would greatly outweigh savings.

Savings attributed to suspension of services included reduced infrastructure spending. Given the NTA's insistence that maintenance of the line should continue even where services are suspended (see section 8, Protection of asset – ongoing maintenance investment, below), the magnitude of proposed savings would be reduced by 6% from that presented in the report². This would not materially alter the value to cost conclusions presented above.

The NTA notes Irish Rail's assertion that CO₂ emissions would be reduced by the proposed bus service but has not necessarily accepted this assertion nor taken account of it in its evaluation.

6. Proposed Bus Éireann Replacement Service

Bus Éireann has submitted a proposal to the NTA to operate an enhanced service in South Wexford, which incorporates the alternative to the rail service between Rosslare and Waterford. The company has put forward plans which include greater connectivity and permeability through an integrated network approach, and contend the following benefits would arise:

- *Better links to Waterford as a Gateway: a more comprehensive range of daily public transport services in South Wexford linking directly to Waterford train station, Waterford Bus station and Waterford Institute of Technology;*
- *Better links to Wexford as a hub: A more comprehensive range of daily services from South Wexford to Wexford town.*
- *Better links to New Ross as a County Town: provide greater connectivity between services linking South Wexford to Waterford, Wexford and New Ross.*
- *Improved links between Regional hospitals and healthcare centres: greater connectivity to, from and between Waterford and Wexford Regional Hospital and to the health centre in Campile*
- *Improved social and economic inclusion for the area of South Wexford. Improved transport accessibility from disadvantaged areas.*
- *Improved efficiency: the proposal makes best use of the following:*
 - *Existing Expressway services between Rosslare, Wexford and Waterford and also the rail link between Rosslare and Wexford Town.*

² c.f. correspondence from Irish Rail, 13 August 2010

- *Amending Bus routes 370 and 372 which currently provide a limited service in South Wexford.*
- *Increased links with Rural Transport Programme services: scope for expanding 'collect and connect' type feeders to the proposed network.*

The proposed changes to services would be funded by the NTA using part of savings from the suspension of the rail service.

The NTA notes that Ballycullane is not served by the proposed bus replacement. This area is alternatively served, however, by the Wexford Rural Bus service, supported by Pobal under the Rural Transport Initiative. The Rural Transport Initiative was not addressed in the SERA submission, however, this service provides a critical network of transport to residents throughout rural Ireland.

•

As previously stated, the NTA's remit requires it to evaluate an integrated network of transport across the region. This involves an assessment of how best to serve an area, through appropriate modes, whilst achieving value for money for the State subvention.

The overall effect of the re-routed Bus Éireann's services in conjunction with the subsidised Rural Transport services would be that the replacement bus service:

- Would serve all areas on the rail line;
- Increase the provision of public transport services for those areas;
- Serve destinations such as Waterford Institute of Technology and the Regional Hospital without requiring patrons to interchange transport modes;
- Lead to an increase in journey time for certain users, those particularly accessing the Waterford city centre;
- Result in broadly comparable journey times for destinations/attractors such as Waterford Institute of Technology and the Regional Hospital.

The NTA considers that this offering provides, in the overall, an improvement in general accessibility in the region by public transport.

7. Commercial potential of rail line

At the NTA's request, Irish Rail has examined the option of significantly increasing the level of service along the route. Their analysis can be summarised as follows:

The revised level of service, over a six day week, includes three round services between Waterford and Wellington Bridge, one round service between Waterford and Wexford, one service between Waterford and Wexford returning as a service between Rosslare and Waterford. The total additional cost associated with providing this service is €410,500. The main drivers of the cost increases are associated with an increase in the numbers of gatekeepers (5), signalmen (1) and drivers (1). While additional rolling stock is not needed, greater use will be required from existing units. No provision is included for additional fleet or infrastructure maintenance.

A key value for money issue is whether the additional revenue generated by this increased level of service will cover this additional operating cost and make a significant contribution to the annual cost of the current service.

The average load factor (ratio of passengers per seats available) associated with the current peak service is just over 20%. On the optimistic assumption that a similar level of loading could be achieved in both directions across all services, including off peak services and short services to / from Wellington Bridge, the total additional annual revenue generated would be €173,000. This would leave an additional annual shortfall of over €0.25m. This is based on an average fare per journey of €3 to allow for the mix of passengers (including OAPs and students) and the short running to Wellington Bridge.

An average load factor of more than double (c42%) the current factor would be required for all services so that the incremental additional revenue would cover the incremental additional costs and make a contribution towards the existing base costs. No provision has been made for the cost of a marketing campaign which would inevitably be required to significantly boost current patronage levels.

The operating of a lighter rail system along the route is not considered as a viable option either. This would require the acquisition of a dedicated fleet (at least one vehicle) which in turn would require its own maintenance arrangements. In addition, there would still be a requirement to provide for signalling and crossing personnel. These are the major driving costs of a rail service.

Notwithstanding the case put forward by Irish Rail above, the NTA carried an analysis of potential demand within the rail catchment. Rail based development is generally aimed at consolidating development in close proximity to a station to improve accessibility for those travelling to and from the area by rail. The choice of travel by rail transport is usually considered under the following criteria:

1. Link from house to a rail station;
2. Wait time (which is longer the lower the frequency);
3. Travel on public transport (this may include further interchange); and
4. Link from the public transport point to the destination.

Accessibility to and from the rail station by walking is normally considered acceptable within 10minutes or 1km. Cycling can extend the catchment, however, this may only be available at the origin side of the journey.

Using Census data³, destinations within 1km of rail were examined for all stations from Waterford to Rosslare. The origin of trips examined was based on the built up areas of each station's wider urban area. The information for the origins is available at ED (electoral district) level - see Map 7.1 (below). Table 7.1 (below) displays the number of destinations within 1km of the rail stations from electoral districts in the vicinity of rail stations.

³ CSO 2006 Census Place of Work - Census of Anonymised Records (POWCAR)

MAP 7.1 – Consolidated electoral districts in the vicinity of rail stations.

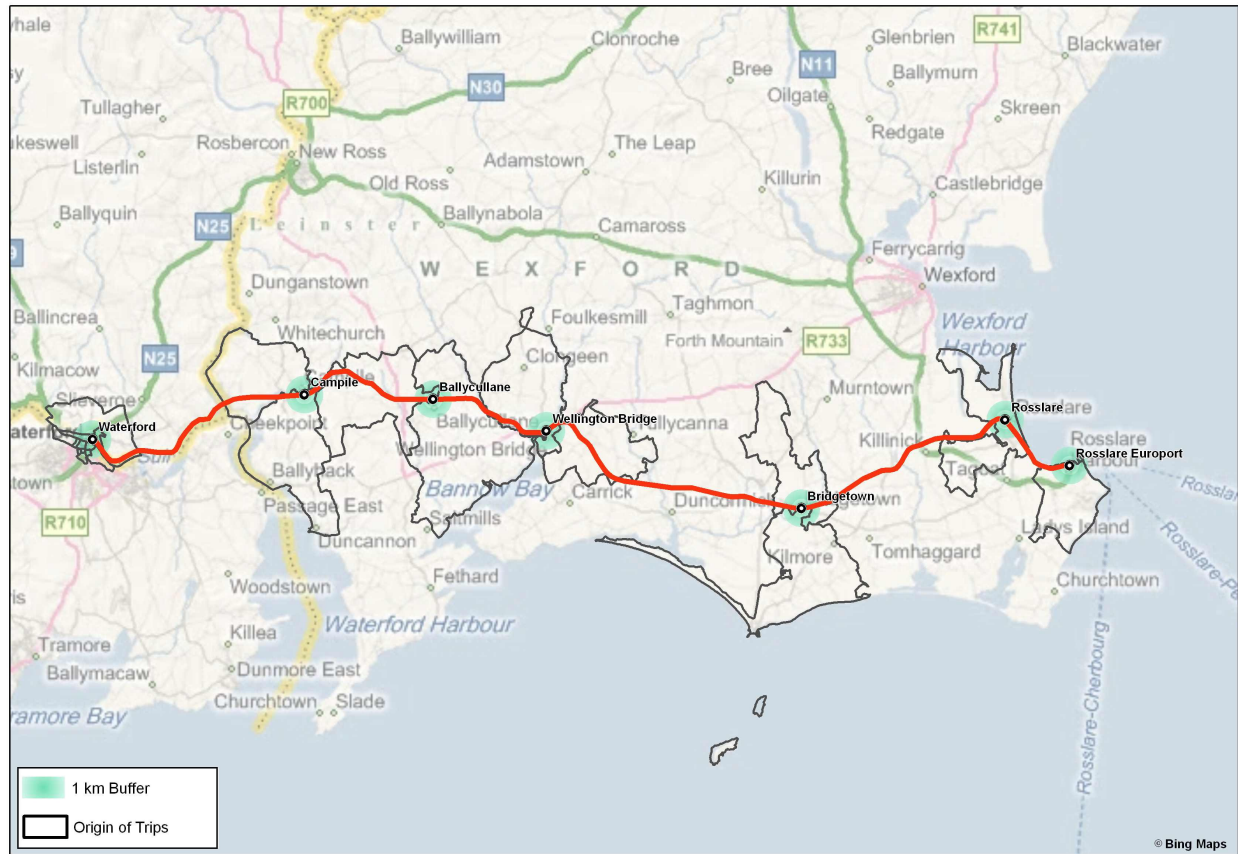


Table 7.1: Total employment trip demand for destination within 1km of station – Total 195

<i>Station/ Electoral District</i>	Ballycullane	Bridgetown	Campile	Europort	Rosslare	Waterford	Wellington Bridge
Ballycullane	-	1	7	2	0	12	17
Bridgetown	0	-	0	13	10	7	6
Campile	2	0	-	0	0	31	6
Europort	1	0	0	-	25	3	0
Rosslare	0	1	0	38	-	0	0
Waterford	0	0	2	0	0	-	0
Wellington Bridge	2	2	0	4	0	3	-

It should be noted, however, that this represents total employment demand⁴ and could be satisfied through car, rail, or bus. It is highly unlikely to be realised through rail alone due to the accessibility by car, and the distance people are away from the

⁴ It is recognised that this does not represent total demand, however, it is a useful proxy for key trips.

rail line. In 2006, the census recorded 6 people travelling by train to these destinations while 291 went by car. In Table 7.2 the origin demand is adjusted to estimate the number of people living and working within 1km of rail stations, giving a total of 57.

MAP 7.2 – Trip Destinations within 1km of rail stations

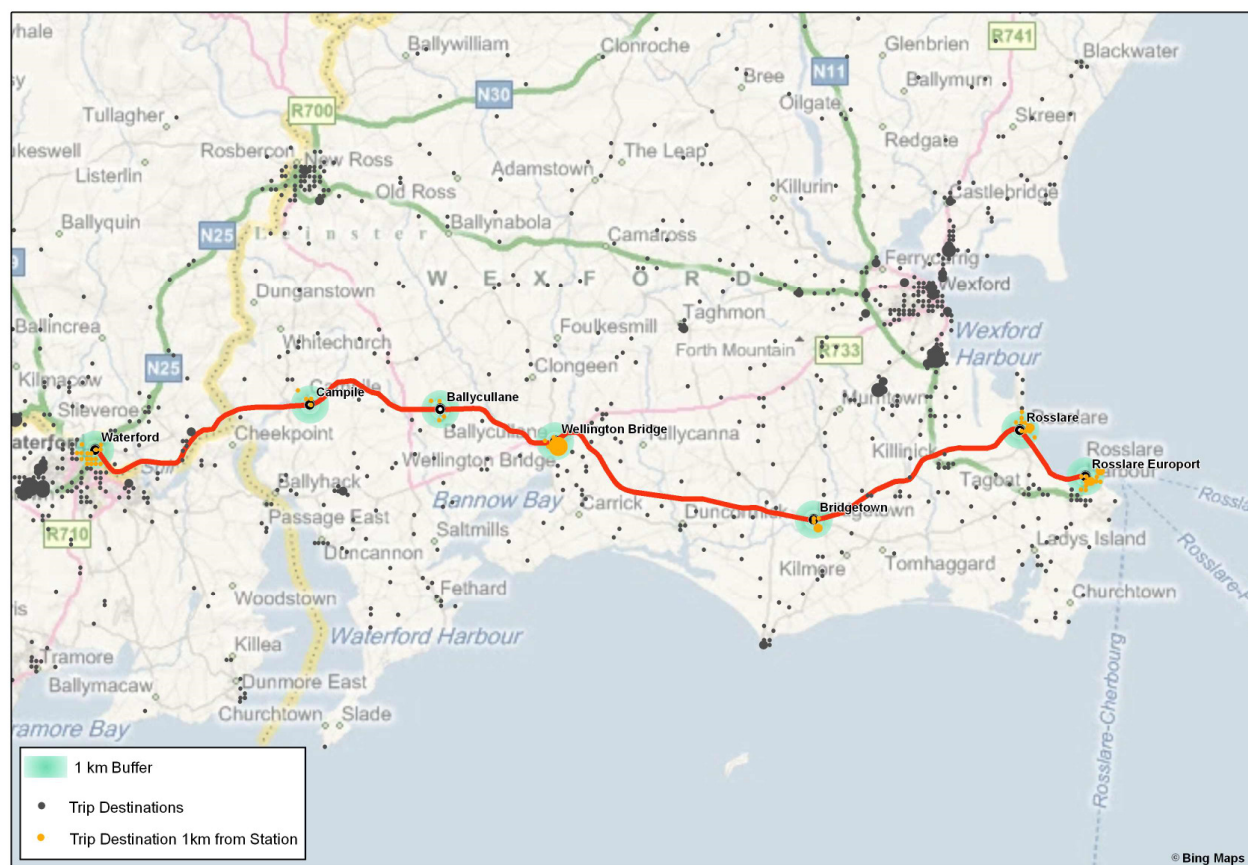


Table 7.2: Total employment trip demand for origin and destination within 1km of station – total 57.

Station	Ballycullane	Bridgetown	Campile	Europort	Rosslare	Waterford	Wellington Bridge
Ballycullane	-	0	1	0	0	2	3
Bridgetown	0	-	0	2	2	1	1
Campile	0	0	-	0	0	6	1
Europort	0	0	0	-	10	1	0
Rosslare	0	1	0	23	-	0	0
Waterford	0	0	1	0	0	-	0
Wellington Bridge	0	0	0	1	0	1	-

Other modes can provide interchange from the origin such as car or bus. However, in the villages on this line it would be difficult to compete with the car for a number of reasons, such as reliability and convenience. The provision of a high quality local bus

providing links to the station would be difficult to justify given the widespread location of the housing and employment locations.

While access by car could be supported through “park and ride” or “kiss and ride”, given the distribution of trip demand, the relatively short travel times between towns, the access to destinations within the towns and the relative frequency of the rail service, significant car trips are unlikely to be diverted. It will require increased development around the rail stations and supporting demand management measures if rail is to be viable, to the extent postulated by SERA’s consultants, over time.

Given the existing road network and current distribution of demand, bus has the greater flexibility to target the appropriate demand in each village and provide a viable alternative to the car for the current trip distribution.

8. Submission from South East Regional Authority

Although there is no statutory provision to take into account public submissions, the NTA agreed to take into consideration a submission from the South East Regional Authority (SERA). Furthermore, to assist SERA in addressing all the issues, the NTA forwarded the finalised Irish Rail proposal to SERA immediately on its receipt.

Many issues are covered in the SERA submission but the most salient are dealt with below in summary overview.

The first issue to note is the title of the report, *Socio-Economic and Business Case for the Maintenance of the Rosslare–Waterford–Limerick Rail Corridor*. The proposal put forward by Irish Rail relates to passenger services between Rosslare and Waterford. Services between Waterford-Limerick are not included in the Irish Rail submission nor is the NTA considering terminating services on that section.

It is noted that in supporting the case for the retention of the passenger services on the Waterford to Rosslare route and of the value of the Rosslare – Waterford – Limerick rail corridor in general, the SERA’s submission to the NTA makes reference (Chapter 3) to a range of supranational, national, regional, county and local level plans, policies and objectives.

Implicit in all of these is the critical role that good transport connectivity can play in achieving balanced regional development, economic competitiveness, environmental sustainability and social inclusion. It is also recognised that the integration of land use and transport planning at all levels is as an essential prerequisite to the achievement of these objectives. In the case of the development or improvement of public transport service provision, for example, it is only on this basis that informed investment decisions can be made, based on a coherent set of objectives and most critically, supported over time by complementary land use policies.

In the case of the South East Region, this necessary integration is not clearly evident. Whilst on the one hand a strong emphasis is now placed in guidelines and plans at all levels on the need to improve public transport service provision and the need to achieve better integration between services, on the other hand, neither the settlement strategy nor the implied distribution of population and scale of urban centres sufficiently supports the basis for these transport objectives.

A number of related concerns were articulated in the NTA’s recent submission on the Draft Regional Planning Guidelines for the South East Region, which are material in considering the case for public transport service provision in the:

- A stronger policy of development consolidation, focused on Waterford Gateway should perform a critical role in achieving the Government's sustainable development objectives as they relate to land use, transport planning and economic development.
- The targets set out in the Government's Transport Policy *Smarter Travel – A New Transport Policy for Ireland*, place a greater obligation on urban areas to effect a substantial shift away from the use of the private car to other modes. This change in travel behaviour has a greater potential to occur in larger towns and cities than in smaller towns, villages and rural areas. This is in part, due to the greater prevalence or potential for shorter trips to work, school, etc. within these towns and the associated feasibility or availability of alternative modes of transport. Associated with this, the consolidation of future development into existing urban areas at densities which support public transport services would therefore be regarded by the NTA as being critical in meeting national transport objectives.
- To ensure that the higher order centres, especially the Waterford Gateway, achieve sufficient critical mass to act as focal points for regional economic growth, population growth for the region as a whole should be distributed sequentially, based on the hierarchy of centres. The principles underlying the sequential approach⁵ should also be applied at the local level, thus contributing to the achievement of more consolidated development forms. The draft RPGs allocated 77% of regional population growth to areas outside the Gateway and Hubs.
- The dispersal of population growth could also hinder the achievement of the National Spatial Strategy (NSS) goal of *“developing sustainable urban and rural settlement patterns and communities to reduce distance from employment, services and leisure facilities and to make better use of existing and future investments in public services and leisure facilities and to make better use of existing and future investments in public services, including public transport”* (p12, NSS)
- It was not indicated in the draft RPGs where population growth would be distributed, outside of the Gateway, Hub towns and County Towns.
- The proportion of individual house completions to overall housing completions has been increasing. In 2005, 33% of house completions comprised of individual houses. By 2009, this had increased to 55% of all house completions. The dispersed and largely rural nature of one-off house locations do not have the potential to be served by public transport. This is articulated in the Sustainable Rural Housing Guidelines which states that *“piecemeal and haphazard development of rural areas close to large urban centres can cause problems as these urban centres grow in relation to:...(3)Undermining the viability of urban public transport because of very low densities”*.
- The NTA recommended that the draft RPGs include policies which specifically direct the location of trip-intensive development (such as office-based employment, hospitals, third level colleges, large-scale retail

⁵ DoEHLG: *Development Plan Guidelines & Sustainable Residential Development in Urban Areas*

developments) to locations which are well served or have the potential to be well served by walking, cycling and public transport. This integration of land use planning with sustainable transport modes would serve to support the clustering of development in higher order settlements, enabling accessibility by a range of transport modes, increasing the utility of existing public investments in transport infrastructure and providing a stronger basis for the improvement of public transport services within and between higher order urban centres.

The SERA submission references a large number of reports, such as *Smarter Travel* and the *Draft South-East Regional Planning Guidelines 2010-2022* in support of the policy objectives to increase public transport mode share and reduce emissions. It should be noted, however, that the proposed bus alternative is designed to achieve both of these objectives.

The SERA submission suggests that Irish Rail's target market could stretch to a buffer of 20km around the Rosslare-Waterford railway line. This is misleading as catchments for stations, rather than lines, are the key determinant of rail accessibility. In addition, distances of up to 20km are highly unlikely to provide a significant catchment for passenger services, particularly given that Rosslare is just 73km from Waterford by road. This matter is addressed in greater detail in section 7 above.

Section 4.4 highlights UK rail figures without a clear demonstration of their comparability with Rosslare-Waterford. Of the routes chosen, the line densities in the UK are significantly greater. In the case of Norwich – Lowestoft, the density is 418% of the Rosslare - Waterford line. Even the lowest chosen density examined, Swansea – Shrewsbury, is 162% of the Rosslare Waterford figure.

The above comparisons are made by SERA's consultants to establish the potential profitability of the Rosslare-Waterford passenger service. It should be noted, however, that no costings are provided.

The section of the report which is perhaps most lacking in evidence base is the forecasted numbers for proposed future augmented services (see table 8.1, below).

Table 8.1: SERA Estimated Rail Potential

Scenarios on Wexford/Rosslare-Waterford	Daily journeys
Close the line	0
Do nothing	50
Increase frequency to 3 services daily, Rosslare-Waterford	75 - 150
Introduce more frequent services incorporating Wexford	300 - 500
Active involvement of a Community Rail Partnership	600 - 800
Longer-term prospects	800 - 1,200

The table is prefaced with an opaque statement: 'taking a number of factors into account, we have estimated the following scenarios'.

In section 7 above, the NTA's analysis shows that there is no large demand that would transfer to rail even if services were increased. The SERA's consultants compound their optimism by assuming that 3 services a day equates to a trebling of patronage and that adding Wexford as a destination along, with an unspecified number of additional services, doubles this again. From there, passenger numbers

continue to grow up to an unspecified future date, when 800-1,200 daily passengers could be expected. Estimating this level of patronage is without foundation.

Chapter 5 is perhaps the most crucial, as it attempts to rebut Irish Rail's Business Case for suspension of passenger services. Section 5.1, Background, notes the Report of the Special Group on Public Service Numbers and Expenditure Programmes (An Bord Snip Nua).

"As part of this undertaking, the Department of Transport and CIÉ should jointly review the application of PSO payments to low patronage transport routes and explore how such payments can be best targeted/applied to provide the most economical service levels that meet customer needs and demand patterns."

The excerpt stops short at this point and does not include the following lines:

"For example, lightly used rail lines should be closed and replacement bus services provided. It is more than likely that more regular and reliable bus services could be provided on such corridors at less cost to the Exchequer⁶."

Much of the content puts forward rationale for public transport provision whilst neglecting the fact that a replacement bus service is being proposed.

The submission concludes with the following recommendations:

1. The NTA should not approve the proposal to terminate passenger services on the Rosslare- Waterford line.
2. The passenger services on the Rosslare-Waterford rail line should incorporate the urban centre of Wexford.
3. To optimise the economics of the line, passenger services between Wexford/Rosslare and Waterford should be substantially more frequent.
4. The relevant regional and local authorities and Iarnród Éireann should be directed or encouraged strongly to develop a Community Rail Partnership (CRP) approach, initially for Wexford/Rosslare-Waterford services.
5. As part of CRP-led market development, there should be a refocused approach to service development, both for rail services and interconnecting transport services such as local bus services.
6. The potential for freight should be developed.

The first point above is covered in the final section of this report (Section 11 Conclusion). In relation to the second recommendation, the incorporation of Wexford, it should be noted that links between Wexford and Waterford are already facilitated by Bus Éireann's 40 Expressway service. This service is provided on a commercial basis and operates between Wexford and Waterford, with a journey time of approximately one hour. Using existing journey times as a guide, the provision of a direct rail service from Wexford to Waterford would take considerably longer at 1½ hours (16 minutes from Wexford to Rosslare and 1hr 14mins from Rosslare to Waterford). As such, it would be extremely unlikely that such a service would gain many passengers. Add to that the inhibiting factors explained in section 7 above for modal shift to rail together with the fact that ongoing final journey times at Wexford need to be factored in given that the demand is not concentrated at the rail station.

⁶ Report of the Special Group on Public Service Numbers and Expenditure Programmes Volume II: Detailed Papers

The suggestion that the economics of the line would be optimised by more frequent services is not substantiated in the report. While the consultants acknowledge that they have not attempted to undertake a full cost-benefit analysis, some estimate of passenger revenue, against operating costs, would have provided some rigour to assertions around the service's viability.

Many of the costs associated with the service are variable (i.e. linked to frequency of services) and operating an increased number of services would simply lead to larger losses. Overall the report fails to account for the fact that Irish Rail receives a fixed sum to support the operation of services and that Irish Rail faces an imperative to reduce costs. The consultants have not engaged with this reality, either by suggesting savings or recommending cutbacks elsewhere.

The fourth and fifth recommendations relate to the promotion of Community Rail Partnerships. This model is taken from the UK which operates a substantially different rail market to Ireland. Notwithstanding the differences, the NTA is supportive of the relevant local and regional authorities investigating opportunities for the Community Rail Partnership model with Irish Rail.

The final recommendation relates to rail freight - the NTA supports the use of rail freight where viable.

It is worth noting that none of the above recommendations address the bus service proposed or the critical requirement for value for money in current economic circumstances.

9. Protection of asset – ongoing maintenance investment

As discussed above (Section 1, Background), the National Transport Authority's contractual relationship with Irish Rail relates to the provision of rail passenger services. The suspension of rail passenger services does not equate to line closure.

The Authority sought, and received, a detailed proposal from Irish Rail on the maintenance of the line so that future opportunities to reinstate rail passenger services are not compromised. The Irish Rail infrastructure maintenance proposal is comprehensive and covers the following:

- Track;
- Signalling;
- Level Crossings;
- Bridges;
- Tunnels;
- Cutting and embankments;
- Drainage;
- Fencing;
- Adjoining lands;
- Vegetation cutting;
- Tree cutting;
- Weed spray;
- Scrap removal; and
- Signage.

The maintenance plan in this case is significantly more extensive than any previous programme for "out of service" lines. For example, the work on the Barrow Bridge

and the mothballing of signalling equipment is thorough and effective and optimises the retention of the asset. Every part of this programme would be incorporated in Irish Rail's automated asset management system.

10. Conclusion

In considering Irish Rail's proposal to suspend passenger services on the Rosslare-Waterford line, the NTA has taken into account a wide range of issues. Central to the decision making process were the following:

- The submission from Irish Rail, and supplementary correspondence;
- The appropriate application of the Authority's Social Impact Estimation Methodology;
- The Irish Rail Asset Management report;
- The financial position of Irish Rail;
- The submission from the South East Regional Authority, and
- The Bus Éireann proposal for an enhanced service.

It is worth restating that the requirement for public transport provision in the South East region is not in dispute and that the NTA views rail services as a vital component of public transport. This is illustrated, for example, by the large rail investment programme that the Authority is engaged in along with investment in integrated ticketing, travel information and other measures for the rail industry.

The issue for the NTA to consider is whether, given the requirement to operate within its allocated budget for PSO services and the emerging need to cut rail costs due to financial cutbacks and national public transport patronage decline, the suspension of passenger services on the Rosslare-Waterford line is deemed appropriate, in the context of the provision of an alternative bus service.

The NTA's required methodological basis has been applied to the Irish Rail proposal and thereby assists in determining the allocation of limited public monies in the most cost effective way to ensure optimal social benefits. Using this methodology, the proposed bus service scored 0.84 in terms of value to cost⁷. This contrasts to the existing rail service which scored just 0.11.

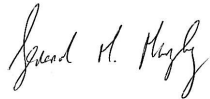
The proposed replacement bus service achieves improved links through increased daily services (it is acknowledged that journey times for some trips will be longer than for rail), maintains accessibility for the disabled as the buses will be from the Bus Éireann accessible fleet, maintains fares at existing levels for displaced rail passengers and achieves very substantial cost savings. Associated with this is a robust strategy for maintaining rail infrastructure so that services can be re-instated in the future.

The NTA recognises that land use policies in the South East Region to consolidate development within urban areas, complemented by appropriate demand management measures, could support rail as a key component of future travel in the region. In the current climate, however, a compelling case for retention of rail passenger services would be required to justify continuation of the existing service, given that this would certainly lead to further cuts elsewhere, affecting increased passenger numbers.

⁷ Allowing for increased costs, associated with line maintenance, this would fall to 0.58, still significantly higher than the rail figure.

Given all of the above, I recommend approval of the Irish Rail proposal subject to the following:

1. A contractual requirement being placed on Irish Rail, through Clause 7 of the PSO contract, to implement their submitted Asset Management Plan;
2. Regular auditing by the NTA of the asset management regime;
3. NTA to investigate greater integration of all public transport in the South East region, including subsidised Bus Éireann and Rural Transport Initiative services;
4. NTA making available its transportation expertise to support the Regional Authority in effecting policies which facilitate rail travel in the region; and
5. NTA supporting any initiatives to develop a Community Rail Partnership.



Gerry Murphy
Chief Executive