



**Consideration of applications to increase monthly
and annual fares from Dublin Bus, Bus Éireann and
Iarnród Éireann for 2015**

Determination No. 5 - 2014

October 2014

Table of contents

Executive summary	3
1. Introduction	7
1.1 Background.....	7
1.2 Factors influencing public transport demand and revenues.....	8
1.3 Need for fares increases	9
1.4 National Payments Plan	9
1.5 Economic outlook.....	10
1.6 Fares Innovations.....	12
2. Dublin Bus.....	13
2.1 Introduction	13
2.2 Proposal by Operator	14
2.3 Determination by the Authority	15
3. Bus Éireann	20
3.1 Introduction	20
3.2 Proposal by Operator	21
3.3 Determination by the Authority	22
3.4 Conditions attached to this approval.....	25
4. Iarnród Éireann (Irish Rail)	33
4.1 Introduction	33
4.2 Proposal by Operator	34
4.3 Determination by the Authority	35
4.4 Conditions attaching to the approval	45

Executive summary

Over the last number of years the operating environment for the CIÉ companies (Dublin Bus, Bus Éireann and Iarnród Éireann) has been challenging and it has had a detrimental impact on their patronage levels and revenues. There have also been cuts to Public Service Obligation (PSO) subsidy payments since 2009 and the CIÉ companies have experienced a substantial cumulative increase in fuel costs over this same period.

The economic forecasts have improved in recent months which would indicate a return to growth in demand for public transport. This fares determination has been based on the assumption that the amount allocated to the Public Service Obligation (PSO) payments will not be reduced in 2015.

Public transport service quality is also an important factor that influences passenger demand and it has been improving due to a number of new and innovative initiatives such as the real time information at bus stops, the Authority's National Journey Planner, the Leap card, investment in the bus fleet, improved public transport maps and the reconfiguration of regional city bus services that to date includes Dublin, Cork, Limerick, Galway and Waterford. Leap card is now available in Cork and Galway with Limerick and Waterford to follow in 2015.

There continues to be some financial instability within the C.I.É. group and its operating companies. The continual losses sustained by the C.I.É. group have resulted in a refinancing of the company with the interest on those borrowings requiring repayment. Some of this interest has been transferred to the C.I.É. operating companies' balance sheets.

Public transport fare increases have been deemed to be necessary in recent years as the Authority has had to protect the services as much as possible. While Dublin Bus, Bus Éireann and Iarnród Éireann have implemented efficiencies in their operations, they need to continue to maintain a strong focus on cost control and to examine ways of reducing costs, as future fares increases will be more moderate and will track closer to inflation.

The Authority is setting the fares for 2015 by way of a number of Determinations for the operators. This first stage is concerned with the increases in all operators' monthly and annual ticket prices (including Tax saver tickets) and the starting point of these ticket changes is permissible from 1st November 2014 (see determinations 5 & 6). The second stage for all other fares will be published at the same time but in separate documents (see determination numbers 7, 8, 9 & 10) with those changes permissible from 1st December 2014.

The various determinations will be:

Monthly and annual determinations:

Determination No. 5 2014 – CIÉ operators

Determination No. 6 2014 – Luas

Cash, Leap and other fares determinations:

Determination No. 7 2014 – Dublin Bus

Determination No. 8 2014 – Bus Éireann

Determination No. 9 2014 – Iarnród Éireann

Determination No. 10 2014 - Luas

Monthly and annual tickets offer significant cost savings to customers who purchase these products. Both products are discounted in comparison to other ticket types - customers who buy an annual ticket are only charged, in some cases, for 10 months and receive the additional two months free. There are additional benefits for those customers who purchase these tickets through the Tax saver scheme. Buying the tickets through this scheme means that customers can currently make savings from 31% to 52% of the total cost of the tickets, depending on their particular tax circumstances. There are tax savings for employers as well.

Conditions have been attached to certain fare products relating to the availability of those products on the Leap card and where these products have not been migrated to the Leap card format by a particular date and the Authority hasn't approved of the new implementation date, then fares on these products will revert to their previous rates.

The Authority, in a drive to increase the number of young people using public transport, increased the child age on the Leap card from up to 16th birthday to up to 19th birthday. This enables young people, still in second level education, to avail of child fares where the Leap Card is in operation. In late 2014 the Authority will introduce a second journey discount on Dublin Bus fares which will be introduced across all modes in early 2015. This second journey discount is designed to reduce the penalty on those customers who need to avail of a connecting service on any mode.

These innovations address problem fares and will incentivise increased use of public transport. However as would be expected they would have the effect of reducing the overall fare revenue to the operators. Therefore the Authority has looked at the fares for 2015 in the round; with the objectives of (i) meeting the assessed financial needs of the CIÉ companies in order to maintain services (ii) increasing Leap card use to simplify fares payments, improve bus journey times and cross-mode use and (iii) funding the fares innovations. This means that the Authority may reduce fares from those increases requested and may increase some fares above those requested, all in order to provide a balanced increase across all users. Some fares products have been underpriced relative to the other products

Dublin Bus has written to the Authority requesting fares increases that will yield extra revenue of €4.9m in 2015. In this determination, the Authority has approved a range of increases in monthly and annual tickets from (-4.59%) to 10.0% in order that a sufficient level of service can continue to be provided. It is the Authority's view that having considered all of the operator's respective costs and revenues that fares increases for these ticket types is warranted, given that there is very significant discounting in these tickets compared to cash fares.

Bus Éireann has requested approval to increase fares by an average of 3.5%. This year Bus Éireann expects passenger journeys to grow by between 1% and 2.5% depending on the sector but they are still forecasting a deficit in their finances for 2014.

In this determination the Authority is keeping a number of the annual fares at last year's level as a number of the annual tickets do not offer value when compared to the equivalent monthly

fare. In fact there is little value offered in some annual products compared to that offered on Dublin Bus or Iarnród Éireann. The Authority has approved fares increases in order that the wide range of services in rural areas and cities can continue to be provided.

Iarnród Éireann has requested approval to increase monthly and annual fares by an average of 9% on their DART, Short Hop Zone Commuter services and on their Intercity services. The requested increase in the Cork Commuter areas is an average of 4%.

Iarnród Éireann is in a precarious financial position and the Authority has carried out a review of its operation with the company to establish an appropriate funding model for the railway and has examined the level of fares revenue that would be appropriate to contribute to the operation of the rail services.

Having considered Iarnród Éireann's respective costs and revenues, the level of discounts available on the monthly and annual tickets, and the cumulative increases that have been granted on these tickets over the last number of years, the Authority has determined an increase lower than the 9% average sought by the company. The approved fares have more consistent ratios between tickets, extend the improvements in distance pricing and further reduce the anomalies in fares, a process which began in 2011.

1. Introduction

1.1 Background

The National Transport Authority (the Authority) entered into Public Service Contracts with three public transport companies (Dublin Bus, Bus Éireann and Iarnród Éireann) in December 2009 for the provision of passenger and ancillary services.

Dublin Bus, Bus Éireann and Iarnród Éireann are 100% owned by Córas Iompair Éireann (CIÉ). CIÉ is a statutory body with ownership vested in the Minister for Transport, Tourism & Sport.

This fares determination has been based on the assumption that the amount allocated to the Public Service Obligation (PSO) payments will not be reduced in 2015. Nevertheless, the reductions over a number of years have had a cumulative negative effect on the operator's financial position.

While Dublin Bus, Bus Éireann and Iarnród Éireann have implemented efficiencies in their operations, they will need to continue to maintain a strong focus on cost control and to examine ways of reducing costs as future fares increases will be more moderate and will track closer to inflation.

Passenger journeys have stabilised and begun to increase in 2014 and it is thought this trend will continue into 2015 for Iarnród Éireann and Bus Éireann. Dublin Bus expects that passenger numbers will remain steady in 2015.

Staged determination of fares

The Authority is undertaking the 2015 fare determinations in two stages for all operators. The first stage is concerned with the changes in all operators' monthly and annual ticket prices (including Tax saver tickets) and these ticket changes are permissible from 1st November 2014. That is the subject of this determination, as well as determination number 6 for Luas, available on the Authority's website.

The second stage for cash, Leap and prepaid fares will be published at the same time but in separate determinations (numbers 7, 8, 9 & 10 respectively) and changes in the price of all these tickets will be permissible from 1st December 2014.

1.2 Factors influencing public transport demand and revenues

Public transport revenues come from four sources: passenger fares, the Authority's PSO payments, the Department of Social Protections' Free Travel Grant and relatively minor ancillary revenues (e.g. advertising). Passenger fares account for the greatest amount of revenue and are dependent on passenger numbers. These in turn depend on the demand for passenger services.

Demand for public transport services is strongly related to economic activity. Economic growth increases employment, immigration, disposable income and consumer spend, all of which lead to greater travel. Economic decline produces the opposite effect. Consequently, passenger numbers increased greatly during the economic boom but declined radically from 2008 onwards, resulting in a great reduction in patronage and in passenger revenues.

Although the economy is the dominant factor behind people's propensity to travel, there are other factors that influence demand, particularly for public transport, which include:

- Fares – changes to fares affect demand, with fare increases reducing demand
- Service quality – any improvements of factors such as frequency, reliability, cleanliness, comfort or security tends to increase demand
- Competition from other modes of transport – if it becomes more attractive to drive, cycle or walk, public transport demand will fall. People will also switch between rail and bus if the respective offerings change.

The influence of these factors over and above the economic effects in recent years would be difficult to isolate. In addition, competition from modes other than public transport has increased. Despite large increases in fuel prices, driving conditions have improved with the completion of the roads programme and reduced volumes of traffic and congestion levels,

however this trend may have begun to reverse in direction in 2014. Cycling and walking have increased in popularity, due to the Bike to Work scheme, the Dublin Bikes scheme, infrastructure improvements, greater promotion of cycling and improved public awareness.

On the positive side, public transport service quality has been improving due to initiatives such as the real time information at bus stops, the Authority's National Journey Planner, the Leap card, investment in the bus fleet, improved public transport maps and the reconfiguration of regional city bus services that to date includes Dublin, Cork, Limerick, Galway and Waterford. Operators have also been increasing efficiency and, as yet, service levels have remained generally stable.

1.3 Need for fares increases

Public transport fare increases have been deemed to be necessary in recent years as the operators have sought to compensate for reduced PSO payments, declining numbers of passengers due to the economic situation and reduced ancillary revenues. Cost reduction programmes have been put in place by the operators, but these have taken time to implement, and costs have not fallen to the same extent as the revenue base. Cost reduction has also been hindered by the significant increase in fuel costs, which are largely outside the operators' control. The result has been that increases in fares have been either counter to, or in excess of, inflation and economic growth.

The challenge for the Authority is to determine an appropriate level of fares increase that will greater match the costs of operating public transport to the revenues accruing from it, whilst also protecting the services themselves. The demand for public transport has begun to increase in 2014 in areas that are seeing economic recovery and as a result revenue has increased which will help to keep fares increases down overall this year compared to the previous 3 years.

1.4 National Payments Plan

The National Payments Plan (NPP) is a three year plan managed by the Central Bank of Ireland. The plan is targeting savings of up to €1 billion per annum for the Irish economy through a

doubling of electronic payments by 2015. These savings are intended to be achieved through a significant shift away from cash and paper payments to efficient electronic payment methods.

Public transport users span all sectors of society and as such can include people who will not readily migrate to electronic payment systems. However, recent experience with the introduction of the Authority's integrated ticketing Leap card system, has shown that significant numbers of people will use a cash replacement system that is convenient, well marketed and provides advantages, in particular price benefits.

There are significant benefits to reforming our payments system on public transport for both the public and the operators. The gains include cashless transactions, ease of use, discounting from cash fares, daily and weekly fare capping, quicker boarding, an improved public transport offer and with the Leap card, an integrated payments format.

Cash transactions involve additional costs for public transport operators. These come from the counting and collection of cash, the need for a logistical system involving security, transportation, insurance, cash depots, et cetera. Public transport operators have also been experiencing increases in the cost of the return of excess cash to banks and overall cash operating costs are high.

The Authority therefore intends to contribute to improvements in Ireland's payment systems' infrastructure through encouraging greater use of electronic payments that enhance both the efficiency and convenience of using public transport.

1.5 Economic outlook

It is evident that the economy is starting to grow again after 5 or 6 years of decline or modest growth. As can be seen in the table showing a number of the key economic indicators on page 8 the forecast of growth in the economy for this year are between 4% and 5% depending on the forecast used and indeed how recent the forecast was delivered. If this predicted level of growth in the economy comes to pass it will help all sectors of the economy but public transport

operators, while they will expect to benefit from the growth in the economy, will take some time to recover the losses they have suffered in the past 5 or 6 years.

Despite these encouraging forecasts for growth we are aware that some European economies are not enjoying the same level of growth in their economies and if that remains the case this may have an effect on Ireland's economy as we are partly relying on a growth in exports to achieve the expected levels of growth. Slow growth in Europe will dampen the level of exports from Ireland and in turn dampen our growth prospects.

As the table below shows, the increase in the Consumer Price Index in 2013 and forecast for 2014 is very small. It should be noted that although the price of energy and fuels is reflected in changes in inflation, the Consumer Price Index is made up of a basket of weighted goods and services and so changes in the rate of inflation may not fully reflect the sometimes large and volatile swings that can occur in the cost of energy in Ireland, which is naturally a major cost component of a transport company.

Key Economic Indicators (real annual % growth)									
	2008	2009	2010	2011	2012	2013	2014f	2015f	2016f
Consumer Price Index (CPI)									
CSO	4.1	-4.5	-1.0	2.6	1.7	0.5			
Central Bank							0.4	1.1	n/a
ESRI							0.3	1.0	n/a
Department of Finance (HICP)							0.5	1.0	1.4
IMF (HICP)							0.6	0.9	1.2
Gross National Product (GNP)									
CSO	-1.8	-9.1	0.5	-0.9	1.9	3.2			
Central Bank							4.9	3.1	n/a
ESRI							4.9	5.2	n/a
Department of Finance							4.1	3.3	2.5
Gross Domestic Product (GDP)									
CSO	-2.2	-6.4	-1.1	2.8	-0.3	0.2			
Central Bank							4.5	3.4	n/a
ESRI							5.0	5.3	n/a
Department of Finance							4.7	3.6	3.0
IMF							3.6	3.1	2.5

Source: Central Statistics Office (CSO), Central Bank Quarterly Bulletin Oct 2014, ESRI Quarterly Economic Commentary Autumn 2014, IMF World Economic Outlook October 2014, Department of Finance Budget 2015 Macroeconomic Forecasts – 7th October 2014 (2014 & 2015 forecast) and Department of Finance Monthly Economic Bulletin October 2014 (2016 forecast). Note “f” indicates forecast and HICP is the Harmonised Index of Consumer Prices which differs slightly from the Consumer Price Index (CPI).

1.6 Fares Innovations

Earlier this year the Authority examined the Child and Scholar Fares across the public transport operators and introduced a simplification of those fares through Leap across the C.I.É. operating companies in the Greater Dublin Area and Cork which extended the permissible age for the Child Leap card fares to up to 19th birthday. Its introduction will impact the operators’ revenue in 2015.

The Authority is also introducing a second journey discount on Leap card fares on 2nd November on Dublin Bus services. This will allow the customer to get the discounts (€1.00 adult, €1.00 student, €0.70 child) on a second journey that has been commenced within 90 minutes of the start of the first journey. It is planned to introduce this feature across all operators in 2015 which will impact their revenues. Therefore the Authority, in its determinations, has allowed for these costs.

2. Dublin Bus

2.1 Introduction

Dublin Bus passenger numbers have fallen by 20% between 2008 and 2013. The decline has been easing since the middle of 2012 and Dublin Bus now expects to carry about 2% more passengers in 2014 compared with 2013. Dublin Bus expects passenger numbers to remain steady in 2015 or at worst decline slightly due to increased Luas Cross-City works in the city centre area.

During the same period of 2008-2013 their PSO funding was cut by 25% and there was also a significant increase in the cost of fuel. It is expected that there will be no further cut to PSO funding in 2015 and the increase in fuel prices has moderated.

During this period Dublin Bus has made expenditure savings, spanning all areas of the business. Payroll costs have been reduced by 19% largely through a reduction in staff numbers and a pay freeze for all staff which has been in force since 2008 and pay cuts introduced in 2013. A reconfiguration of services through Network Direct also contributed to expenditure savings. In addition the Dublin Bus fleet has been reduced by over 200 buses resulting in maintenance and fuel savings.

In 2015 Dublin Bus anticipate additional costs resulting from service level increases to meet expected demand resulting from a growing economy – this is positive for public transport but it has cost impacts. Luas Cross-City works will be intensified in the city in 2015 with the carrying out of utility works in key areas and the commencement of the main line laying contract in the second half of the year.

While the Authority has funded new buses for Dublin Bus over the past number of years there was not sufficient funding to prevent the average age of the Dublin Bus fleet getting older and thus requiring additional maintenance with attendant costs.

Despite making expenditure savings, Dublin Bus has suffered annual losses for the past six years. With the expected increase in passenger numbers in 2014 and fuel price increases moderating Dublin Bus expect to make a small profit in 2014 however it will take some time for them to recover the losses made over the past six years. Despite the improving economic conditions Dublin Bus still require a fares increase in 2015 although not at the same level as the fare increases in the past few years.

The table below indicates the anticipated financial position for Dublin Bus in 2014 and 2015. In both years it is expected that the operator will make a small surplus after subvention and free travel payments and before exceptional items. The cost associated with the second journey discount has not been included in the table below.

Table 1: projected financial position to 2015 (excluding financial impact of second journey discount).

PSO Financial Summary	2013 Actual	2014 Projected June 2014	2015* Projected June 2014
	€000	€000	€000
Total revenue excluding PSO payment and Free Travel payment	171,635	179,472	184,348
Total Expenditure	258,786	257,802	261,881
Deficit before subvention and Free Travel payment	-87,151	-78,330	-77,533
Subvention	64,540	60,054	60,054**
DSP Free Travel payment	20,444	20,595	20,595
Surplus / Deficit after subvention and Free Travel payment and before exceptional items	-2,167	2,319	3,116

*2015 projected revenue based on requested fares increase application received. **Indicative

2.2 Proposal by Operator

Dublin Bus has written to the Authority requesting an average fare increase of about 6% on cash, about 4% on Leap and about 7% on pre-paid fares that will yield a 3% increase in revenue taking the effect of elasticity into consideration and that passenger numbers are expected to fall slightly

due to Luas construction works. This fare increase is sought in varying ways across different fares with most fares requested to increase by between 3% and 7% but in some exceptional cases a higher increase is sought where Dublin Bus wish to merge fares.

The requested implementation dates for the fare increases is the 1st November 2014 for monthly and annual tickets and the 1st December 2014 for cash, Leap and prepaid tickets. This determination looks at the monthly and annual Tax saver tickets and the changes approved will be permissible from the 1st November 2014. The determination of increases to other Dublin Bus fares will be published on the Authority’s website as determination number 7.

The requested increases vary for different ticket products and the range of requested changes are summarised as follows:

Ticket category	Dublin Bus requested increase on 2014 prices
Cash	See Determination 7 later this month
Leap	ditto
Prepaid tickets	ditto
Monthly and annual tickets	5.69% to 9.17%*
Adult Dublin Bus & Luas Add on Monthly	11.43% to 12.86%

*As a number of these tickets involve revenue share with another operator the percentage increase on the Dublin Bus revenue component may be slightly different to the overall increase. The change in total ticket price is shown.

2.3 Determination by the Authority

The current determination is being undertaken in two stages with the this stage addressing the price of the monthly and annual tickets. Increases to the monthly and annual tickets can apply from 1st November 2014 and the determination considering increases to other Dublin Bus fares is published on the Authority’s website as determination number 7.

Over the next year there will be additional pressures on Dublin Bus funding as traffic congestion grows in line with the economic recovery and additional maintenance costs are incurred due to an ageing bus fleet. June 2015 will also see the end of a 19 month cost reduction agreement as

per the terms of the Labour Court Recommendations and this will add about €3.3 million in a full year. Dublin Bus needs additional revenues to consolidate their financial position continue to provide a quality service to its 110 million plus customers every year.

Since August this year the age for children using a personalized child Leap card to pay for their public transport has increased from those children under 16 years to those under 19 years. Also schoolchild fares on Dublin Bus services have been extended until 19:00 each school day during the week. This will have an impact on revenue in 2015. A second journey discount will be introduced in November which will result in passengers who take a second journey on Dublin Bus within 90 minutes of the start of their first journey will receive a discount on their second journey. This is designed to reduce the cost for those passengers who need to take two journeys to reach their destination.

With the construction of Luas Cross City over the next 2 to 3 years it is expected that congestion in the city centre close to the on-street work sites will increase temporarily and this may have a negative impact on Dublin Bus with some services journey times increasing. This will result in an additional cost of services to keep the frequencies of the services at the same level to ensure any slowdown caused by the congestion is minimized to the customer.

In requesting the fares increase, Dublin Bus expects to raise €4.9m in extra revenue in 2015 giving them an operation surplus of about 1.7% when account is taken of the PSO and the DSP free travel payment but before exceptional items. The impact of the second journey discount has not been taken into account in Dublin Bus's proposal but it may cost Dublin Bus up to €1m in revenue foregone.

Dublin Bus offer one monthly and one annual ticket for all Dublin Bus PSO services. These tickets offer good value at about **€4.40 per day** to travel across the entire Dublin Bus network and are available as Tax saver tickets where the **ticket holder can avail of savings of up to about 50% in tax, PRSI and USC on the price of their ticket**. The Authority has determined that the increase on the monthly and annual adult Travelwise monthly and annual tickets will be 7.32% which is slightly higher than the 5.69% requested. The revised prices are outlined in the table below.

Dublin Bus Monthly and Annual			
Monthly & annual Tickets - Dublin Bus only	Current price	Approved price	Approved % increase
Adult Travelwide Monthly (Dublin Bus only)	€123.00	€132.00	7.32%
Adult Travelwide Annual (Dublin Bus only)	€1,230.00	€1,320.00	7.32%

Dublin Bus also offers a number of multi-operator monthly and annual tickets in conjunction with other operators. When examining these multi-operator tickets it became apparent that a rebalancing of the pricing relationships between single and multi-operator tickets was required to achieve a more standardised approach. As a result the Authority has determined the changes to multi-operator tickets as outlined in the table below. Of particular note is the fact that the *Iarnród Éireann Short Hop Zone & Dublin Bus* ticket is being priced the same as the *Iarnród Éireann Short Hop Zone & Luas* ticket. The price of the *Iarnród Éireann Short Hop Zone, Dublin Bus & Luas* ticket (which allows passengers travel on all three services within the Short Hop Zone) has been reduced and is now a 52 week multiple of the Leap card multi-operator weekly cap of €40.00, which is another step towards having a standardised and consistent pricing structure.

The Authority has a policy of consolidating and rationalising tickets so as to reduce the array of ticket options and to offer customers a clear, concise and easy to understand choice. The introduction of capping on the Leap card and the migration of many ticket types, including monthly and annual tickets, onto the Leap card format has greatly assisted with this policy.

The *Iarnród Éireann Short Hop Zone & Feeder Bus/Luas* monthly or annual ticket currently offers unlimited travel for one month/year on Iarnród Éireann Dublin Commuter and DART services between Balbriggan, Maynooth, Kilcoole and Hazelhatch, as well as on Luas and Dublin Bus routes 90/145 feeder services between Connolly and Heuston station.

As a result of the approved changes to multi-operator tickets outlined above, passengers will now be able to buy either the Short Hop Zone Rail & Dublin Bus ticket or the Short Hop Zone Rail & Luas ticket at a cost of €1,710 each. This is significantly lower than the requested fare for the Short Hop Zone Rail & Feeder Bus/Luas ticket and means that depending on which ticket they choose, passengers will be able to continue to get the Iarnród Éireann Short Hop Zone services along with either all Dublin Bus or all Luas services rather than being limited to Luas and Dublin Bus feeder services.

The Short Hop Zone Rail & Feeder Bus/Luas ticket will therefore be discontinued. However, switching from the Short Hop Zone Rail and Feeder Bus/Luas ticket to a ticket combining Short Hop Zone Rail in conjunction with all Dublin Bus or Luas services will see customers enjoy access to additional services, at a more competitive rate.

At present, Iarnród Éireann (Irish Rail) customers purchasing point-to-point tickets can opt for a Dublin Bus/Luas add-on to their rail ticket. This add-on entitles them to travel on the Luas between Heuston and George's Dock, and on certain Dublin Bus routes. Add-on tickets can be cheaper than equivalent Dublin Bus tickets. The Railway Procurement Agency (RPA) and Dublin Bus had proposed reducing the discount by applying an increase of over 12.86%. This is considered inappropriate and the discount will be reduced over a number of years. Instead, the approved increase is 10% on this product.

The Authority's approved increases in monthly, annual and multi-operator tickets are set out in the table below. The increases in monthly and annual tickets approved by the Authority are necessary in order that a sufficient level of service can continue to be provided.

Multi-Operator monthly and annual fares								
	Annual Fares Increase - Valid from 1st Nov 2014				Monthly Fares Increase - Valid from 1st November 2014			
Ticket type	Current	Requested	Approved	Approved % change	Current	Requested	Approved	Approved % change
Irish Rail Short Hop Zone – & feeder Dublin Bus / Luas	€1,700.00	€1,855 (9.12%)	<i>Discontinue</i>	---	€170.00	€185 (8.82%)	<i>Discontinue</i>	---
Irish Rail Short Hop Zone – & Dublin Bus	€1,560.00	€1,700 (8.97%)	€1,710.00	9.62%	€156.00	€170 (8.97%)	€171.00	9.62%
Irish Rail Short Hop Zone – & Luas (For information only)	€1,770.00	€1,930 (9.04%)	€1,710.00	-3.39%	€177.00	€193 (9.04%)	€171.00	-3.39%
Irish Rail Short Hop Zone, Dublin Bus & Luas	€2,180.00	€2,380 (9.17%)	€2,080.00	-4.59%	€218.00	€238 (9.17%)	€208.00	-4.59%
Point to Point Feeder Service Adult Dublin Bus/Luas Add-on	€350.00	€395.00 (12.86%)	€385.00	10%	€35.00	€39.00 (11.43%)	€38.50	10%
Adult Bus/Luas Monthly (Dublin Bus & Luas)	€1,450.00	€1,550.00 (6.9%)	€1,550.00	6.90%	€145.00	€155.00 (6.9%)	€155.00	6.90%
Student Short Hop Monthly (Dublin Bus & Irish Rail)	N/a	N/a	N/a	N/a	€119.00	€126.00 (5.88%)	€126.00	5.88%
Adult Irish Rail - All Services Annual (Dublin Bus & Irish Rail)	€4,870.00	€5,310.00 (9.03%)	€5,280.00	6.02%	N/a	N/a	N/a	N/a
CIE all services Annual (Dublin Bus, Irish Rail & Bus Éireann)	€5,870.00	€6,400.00 (9.02%)	€6,220.00	5.96%	N/a	N/a	N/a	N/a

3. Bus Éireann

3.1 Introduction

Bus Éireann PSO Services Programme is provided under public service contract to the National Transport Authority. These services are not commercial and attract a public service obligation payment in line with EU regulation 1370/07. They comprise:

- Regional City services in Cork, Limerick, Galway and Waterford
- Stage Carriage (i.e. multi-stop) services which include:
 - Commuter services within the Greater Dublin Area
 - Town services in Navan, Dundalk, Drogheda, Balbriggan, Sligo and Athlone
 - Commuter services from over 100 satellite towns and villages to the main gateway cities
 - Non- commercial scheduled services throughout Ireland.

Following a number of years of reducing expenditure Bus Éireann expect expenditure costs to increase by about 2% in 2015. One of the factors leading to this increase in costs in 2015 is that the Labour Court recommendation to reduce payroll costs across the company agreed in 2013 terminates at the end of 2014. Other areas where costs are expected to experience a moderate increase are fuel and claims.

Bus Éireann also have increased costs associated with growth in demand at peak times which has resulted in increases in contracting in services to provide extra capacity. Their maintenance costs have also increased as a result of the ageing fleet. However there are a number of positive signs for Bus Éireann as passenger numbers are recovering since their lowest numbers in 2011. This modest growth in passenger numbers is not across the entire Bus Éireann network. Their stage carriage (i.e. regional) service which services over 100 towns and villages is still showing a slight fall off in passenger numbers but Bus Éireann expects this to stabilise this year and expects modest growth in 2015. Also passenger numbers are showing growth in a number of the regional cities such as Galway, Cork and Limerick. In summary, in 2015 Bus Éireann is forecasting passenger growth of 1% in stage carriage and 2.5% in the regional cities.

Despite these positive signs Bus Éireann is predicting a deficit of about €2.7m in 2014 and about €3.0m in 2015. However the strong growth predicted in the economy may help grow passenger demand and assist to reduce these projected deficits.

The table below outlines the projected financial position for Bus Éireann at June 2014.

Table: Projected financial position to 2015

PSO Financial Summary	2013 Actual	2014 Projected June 2014	2015* Projected June 2014
	€000	€000	€000
Total revenue excluding PSO payment and Free Travel payment	59,277	61,519	63,455
Total Expenditure	107,377	108,145	110,453
Deficit before subvention and Free Travel payment	-48,100	-46,626	-46,998
Subvention	34,364	31,899	31,899**
DSP Free Travel payment	12,071	12,071	12,071
Surplus / Deficit after subvention and Free Travel payment and before exceptional items	-1,665	-2,656	-3,028
*2015 projected revenue based on requested fares increase application received. **Indicative			

3.2 Proposal by Operator

Bus Éireann has written to the Authority requesting approval for a fares increase in respect of cash, Leap, prepaid tickets and monthly & annual Tax saver tickets. This determination will look at the monthly and annual Tax saver tickets and the changes approved are permissible from the 1st November 2014. The determination of increases to other Bus Éireann fares will be published on the Authority's website as determination number 8 later this month.

Bus Éireann's proposal is to increase fares by an average of 3.5%. Bus Éireann's aim is for an overall 3.3% increase in revenue yield which equates to an additional €2m in revenue to Bus Éireann when account is also taken for growth in passenger numbers. Bus Éireann's fares application had two options for increase in annual and monthly fares, one seeking an average

4% increase and the second option seeking an average 6% on annual fares and between 4% and 6% on adult monthly fares with increases of about 2% on student and child fares.

The requested increases vary for different fare bands and ticket products and the range of requested changes are summarised as follows:

Table 2: Requested fare increase for 2015.

Ticket category	Requested increase on 2014 prices
Cash	See Determination 8 later this month
Leap	ditto
Prepaid tickets	ditto
Monthly and annual tickets	-1.29% to 6.77%
Multi-Operator monthly and annual tickets*	3.98% to 9.04%

*As a number of these tickets involve revenue share with another operator the percentage increase on the Bus Éireann revenue component may be slightly different to the overall increase. The change in total ticket price is shown.

3.3 Determination by the Authority

The current determination is being undertaken in two stages with the first stage addressing the price of the monthly and annual tickets. Increases to the monthly and annual tickets will be permissible from 1st November 2014 and the determination considering increases to other Bus Éireann fares will be published on the Authority's website later this month as determination number 8.

This year Bus Éireann expects passenger journeys to grow by between 1% and 2.5% depending on the sector and the increase in fuel prices has moderated. PSO funding will remain at 2014 levels in 2015.

While these are all positive signs there are additional pressures on Bus Éireann funding to cater for growing customer demand and additional maintenance costs due to an ageing bus fleet. December 2014 will also see the end of a cost reduction agreement as per the terms of the Labour Court Recommendations and this will add about €1.5million to payroll costs in 2015. As passenger numbers recover Bus Éireann will need to provide additional services to meet growing demand. As the economy recovers this will also lead to additional demand and additional resources will be required to maintain current services to meet this demand.

There have been significant fare increases over the past number of years which have been difficult for the travelling public but these have been necessary to protect services. Bus Éireann continues to require additional revenues to return to an operating surplus and continue current service levels and service the expected growth in demand.

When assessing the application for a fares increase the Authority has looked at the relationship between the various fares such as the relationship between a monthly fare and an annual fare. In general public transport operators offer a discount on the annual fare compared to 12 monthly fares. For example Dublin Bus offers an annual ticket at the price of 10 monthly tickets. This is to encourage passengers to commit to travel using that operator for the following year while not charging the passenger for 2 months which allow for annual leave etc. Bus Éireann's annual ticket has traditionally been linked to their 10 journey weekly ticket and has cost in excess of 11.75 times their monthly ticket. This does not offer value compared to 12 monthly tickets when consideration is taken of annual leave and public holidays. The Authority considers that while the 10 journey weekly ticket and monthly tickets offer value to the travelling public some of Bus Éireann's monthly tickets do not.

With this in mind the Authority has determined to keep the cost of eastern region zonal commuter annual tickets at last year's price. In some cases the annual ticket was proposed to be 11.75 times the price of the monthly ticket. By holding certain annual fares at last year's price this will make the annual ticket more attractive to commuters. The Authority has approved the requested increase of almost 6% in the monthly fares. See Table 4 for details of the fares.

For Stage Carriage annual tickets the Authority has approved an average increase of 0.55% to the commuter annual tickets. This small increase is due to technical reasons in the ticketing system used by Bus Éireann which links annual tickets to the 10 journey weekly tickets. Bus Éireann currently price their stage carriage annual fares at 11.75 times the monthly fare and they proposed to increase that to 12 times the monthly fare for 2015. By approving an average increase of 0.55% on the annual fares for stage carriage services this will bring the annual fare to 11.25 times the monthly fare.

Bus Éireann requested an average increase of 4% on their monthly fares for stage carriage services. These tickets offer good value especially in comparison to the annual tickets. In order to limit the annual stage carriage fares to an increase of 0.55% the Authority has determined that the monthly fares will increase by an average of 5%. The stage carriage annual and monthly fares as determined by the Authority are outlined in the tables 5 and 6 below.

Bus Éireann propose that the Regional City commuter annual fares are 11 times their monthly fares and while this is slightly more than other operators the Authority has approved the annual fares proposed for the regional cities. Currently monthly and annual fares in the regional cities offer good value especially when compared to other monthly and annual fares offered both by Bus Éireann and other operators. Monthly fares for students and children will increase by about 2% with the Limerick city child monthly fare dropping by 1.3% to bring it in line with the similar fare in Galway.

The monthly and annual regional cities fares as determined by the Authority are outlined in the tables 7 and 8 below.

Bus Éireann also offer multi operator annual tickets which offer travel on both Bus Éireann and Iarnród Éireann services in the Cork area and nationwide and a ticket which offers travel on Iarnród Éireann, Bus Éireann and Bus Átha Cliath. The Cork area tickets offer train services from Cobh and Midleton to Cork city and Bus Éireann services in the red and green zones within Cork city. The fares as determined by the Authority for these services are outlined in table 9 below.

Fares for the Cobh multi-operator tickets have been increased more than the same Midleton tickets so as to have a greater consistency for the cost of the additional Bus Éireann services. Meanwhile the student multi-operator tickets have been reduced in price so as to have a more appropriate relationship between the adult and student fares.

Integrated Bus Éireann / Iarnród Éireann tickets

In Determination number 1 of 2014 (published in October last year), the Authority decided to introduce an integrated Bus Éireann / Iarnród Éireann ticket on a pilot basis in 2014. These

tickets were not introduced because of technical issues that were not overcome in the intervening time period.

The Authority still intends for these integrated Bus Éireann / Iarnród Éireann tickets to be introduced and has conveyed this to the operators concerned. As before, the tickets are to be introduced on a pilot basis where there is both a Bus Éireann service and an Iarnród Éireann service serving the same locations. The integrated tickets will be rolled out on the Dublin / Kilcock, Dublin / Enfield and Dublin / Mullingar routes in 2015 with a possible view to extending the number of locations subject to its successful operation on these routes and certain prerequisites being in place.

These integrated tickets will offer the traveling public additional choice of services on the same route. It will allow the ticket holder for example to travel by train in the morning and return by bus in the evening on the same ticket. Currently there are three bus services and four train services between Mullingar and Dublin arriving at or before 10 in the morning and a similar number between Dublin and Mullingar during the evening. Using an integrated ticket this will double the number of services available, offering greater flexibility to the commuter.

Tickets will be available as annual Tax saver and the 2015 ticket prices are set out in the table below. A condition is also being attached to the rollout of these multi-operator tickets by operators.

3.4 Conditions attached to this approval

Condition 1

The approved increases for the combined Bus Éireann Cork city bus services / Iarnród Éireann Cork to Cobh and Midleton rail services tickets that can be applied from the 1st of November 2014 but they cannot be implemented until these tickets are available on the Leap card. As these are combined tickets valid for both operators the fare increase will not apply until both operators can provide them on Leap. While Bus Éireann already have the Leap card rolled out in the Cork area Iarnród Éireann have not yet rolled out Leap services in this area. If Iarnród

Éireann were to experience technical issues outside of its control the Authority may review the implementation dates of the approved fares. A condition on Iarnród Éireann also applies, see section 4.4 for details.

Condition 2

If the three integrated Bus Éireann / Iarnród Éireann tickets outlined below are not available for purchase and use by the public from the 1st February 2015, then the approved annual fare for the Bus Éireann yellow zone will be reduced by 5% and remain at that level until such times as the integrated tickets are introduced or until the Authority is satisfied that all reasonable efforts have been made by the operators to introduce such tickets. A condition on Iarnród Éireann also applies, see section 4.4 for details.

Bus Éireann Fare Tables as Determined by the Authority

Table 3: Integrated Bus Éireann/ Iarnród Éireann tickets

2014/15 Annual Tax saver tickets	Iarnród Éireann only	Bus Éireann only	Integrated Bus Éireann / Iarnród Éireann tickets
<u>Dublin/Kilcock</u> IÉ Zone B BÉ Red Zone	€1,640.00	€1,692.00	€1,861.00
<u>Dublin/Enfield</u> IÉ Zone D BÉ Blue Zone	€2,220.00	€2,409.00	€2,650.00
<u>Dublin/Mullingar</u> IÉ Zone G BÉ Yellow Zone	€3,340.00	€2,870.00	€3,674.00

Table 4: Stage Carriage – Eastern Region Zonal Leap Annual & monthly fares.

STAGE CARRIAGE - EASTERN REGION ZONAL LEAP TICKETS							
Fare type	Fare stage/route	Monthly product					
		Fare / product type	Current ticket price	BÉ Proposed ticket price	Requested increase	NTA Approved ticket price	Approved % Increase
Adult	Red Zone 1	Monthly	144.00	152.50	5.90%	152.50	5.90%
Adult	Green Zone 2	Monthly	177.00	187.50	5.93%	187.50	5.93%
Adult	Blue Zone 3	Monthly	205.00	217.00	5.85%	217.00	5.85%
Adult	Yellow Zone 4	Monthly	245.00	259.50	5.92%	259.50	5.92%
Adult	Orange Zone 5	Monthly	252.00	267.00	5.95%	267.00	5.95%
Annual product							
Adult	Red Zone 1	Annual	1,692.00	1,793.00	5.97%	1,692.00	0.00%
Adult	Green Zone 2	Annual	2,075.00	2,198.00	5.93%	2,075.00	0.00%
Adult	Blue Zone 3	Annual	2,409.00	2,553.00	5.98%	2,409.00	0.00%
Adult	Yellow Zone 4	Annual	2,870.00	3,040.00	5.92%	2,870.00	0.00%
Adult	Orange Zone 5	Annual	2,960.00	3,137.00	5.98%	2,960.00	0.00%

Table 5: Stage Carriage Annual Fares

STAGE CARRIAGE ADULT							
Fare type (Child, Adult, etc.)	Fare stage /route	Annual					
		Fare type	Current ticket price	BÉ proposed ticket price	Requested increase	NTA approved ticket price	Approved % Increase
-	-	-					
Adult	0-2	Annual	789.60	840.00	6.38%	796.50	0.87%
Adult	2-4	Annual	817.80	864.00	5.65%	819.00	0.15%
Adult	5-6	Annual	831.90	888.00	6.74%	841.50	1.15%
Adult	7-8	Annual	916.50	969.60	5.79%	918.00	0.16%
Adult	9-10	Annual	1,316.00	1,392.00	5.78%	1,318.50	0.19%
Adult	11-12	Annual	1,551.00	1,656.00	6.77%	1,566.00	0.97%
Adult	13-14	Annual	1,621.50	1,728.00	6.57%	1,633.50	0.74%
Adult	15-16	Annual	1,668.50	1,776.00	6.44%	1,683.00	0.87%
Adult	17-18	Annual	1,668.50	1,776.00	6.44%	1,683.00	0.87%
Adult	19-20	Annual	1,692.00	1,800.00	6.38%	1,705.50	0.80%
Adult	21-22	Annual	1,739.00	1,848.00	6.27%	1,750.50	0.66%
Adult	23-24	Annual	1,927.00	2,040.00	5.86%	1,930.50	0.18%
Adult	25-26	Annual	2,044.50	2,184.00	6.82%	2,065.50	1.03%
Adult	27-30	Annual	2,185.50	2,328.00	6.52%	2,205.00	0.89%
Adult	31-32	Annual	2,397.00	2,544.00	6.13%	2,407.50	0.44%
Adult	33-36	Annual	2,538.00	2,688.00	5.91%	2,542.50	0.18%
Adult	37-38	Annual	2,585.00	2,736.00	5.84%	2,587.50	0.10%
Adult	39-42	Annual	2,702.50	2,880.00	6.57%	2,727.00	0.91%
Adult	43-46	Annual	2,726.00	2,880.00	5.65%	2,727.00	0.04%
Adult	47-50	Annual	2,796.50	2,976.00	6.42%	2,817.00	0.73%
Adult	51-60	Annual	2,820.00	3,000.00	6.38%	2,839.50	0.69%
Adult	61-64	Annual	2,867.00	3,048.00	6.31%	2,884.50	0.61%
Adult	65 -70	Annual	2,914.00	3,096.00	6.25%	2,929.50	0.53%
Adult	71-75	Annual	3,008.00	3,192.00	6.12%	3,019.50	0.38%
Adult	76-80	Annual	3,055.00	3,240.00	6.06%	3,064.50	0.31%
Adult	81-85	Annual	3,102.00	3,312.00	6.77%	3,136.50	1.11%
Adult	86-90	Annual	3,172.50	3,384.00	6.67%	3,204.00	0.99%
Adult	91'95	Annual	3,337.00	3,552.00	6.44%	3,361.50	0.73%
Adult	96-100	Annual	3,478.00	3,696.00	6.27%	3,496.50	0.53%
Adult	101-110	Annual	3,572.00	3,792.00	6.16%	3,591.00	0.53%
Adult	111-120	Annual	3,642.50	3,864.00	6.08%	3,658.50	0.44%
Adult	121-140	Annual	3,736.50	3,960.00	5.98%	3,736.50	0.00%
Adult	141-150	Annual	3,760.00	3,984.00	5.96%	3,771.00	0.29%

Table 6: Stage Carriage Monthly Fares

STAGE CARRIAGE ADULT							
Fare type (Child, Adult, etc.)	Fare stage /route	Monthly					
		Fare type	Current ticket price	BÉ proposed ticket price	Requested increase	NTA approved ticket price	Approved % Increase
Adult	0-2	Monthly	67.20	70.00	4.17%	70.80	5.36%
Adult	2-4	Monthly	69.60	72.00	3.45%	72.80	4.60%
Adult	5-6	Monthly	70.80	74.00	4.52%	74.80	5.65%
Adult	7-8	Monthly	78.00	80.80	3.59%	81.60	4.62%
Adult	9-10	Monthly	112.00	116.00	3.57%	117.20	4.64%
Adult	11-12	Monthly	132.00	138.00	4.55%	139.20	5.45%
Adult	13-14	Monthly	138.00	144.00	4.35%	145.20	5.22%
Adult	15-16	Monthly	142.00	148.00	4.23%	149.60	5.35%
Adult	17-18	Monthly	142.00	148.00	4.23%	149.60	5.35%
Adult	19-20	Monthly	144.00	150.00	4.17%	151.60	5.28%
Adult	21-22	Monthly	148.00	154.00	4.05%	155.60	5.14%
Adult	23-24	Monthly	164.00	170.00	3.66%	171.60	4.63%
Adult	25-26	Monthly	174.00	182.00	4.60%	183.60	5.52%
Adult	27-30	Monthly	186.00	194.00	4.30%	196.00	5.38%
Adult	31-32	Monthly	204.00	212.00	3.92%	214.00	4.90%
Adult	33-36	Monthly	216.00	224.00	3.70%	226.00	4.63%
Adult	37-38	Monthly	220.00	228.00	3.64%	230.00	4.55%
Adult	39-42	Monthly	230.00	240.00	4.35%	242.40	5.39%
Adult	43-46	Monthly	232.00	240.00	3.45%	242.40	4.48%
Adult	47-50	Monthly	238.00	248.00	4.20%	250.40	5.21%
Adult	51-60	Monthly	240.00	250.00	4.17%	252.40	5.17%
Adult	61-64	Monthly	244.00	254.00	4.10%	256.40	5.08%
Adult	65 -70	Monthly	248.00	258.00	4.03%	260.40	5.00%
Adult	71-75	Monthly	256.00	266.00	3.91%	268.40	4.84%
Adult	76-80	Monthly	260.00	270.00	3.85%	272.40	4.77%
Adult	81-85	Monthly	264.00	276.00	4.55%	278.80	5.61%
Adult	86-90	Monthly	270.00	282.00	4.44%	284.80	5.48%
Adult	91'95	Monthly	284.00	296.00	4.23%	298.80	5.21%
Adult	96-100	Monthly	296.00	308.00	4.05%	310.80	5.00%
Adult	101-110	Monthly	304.00	316.00	3.95%	319.20	5.00%
Adult	111-120	Monthly	310.00	322.00	3.87%	325.20	4.90%
Adult	121-140	Monthly	318.00	330.00	3.77%	332.00	4.40%
Adult	141-150	Monthly	320.00	332.00	3.75%	335.20	4.75%

Table 7: Regional Cities Monthly Fares

REGIONAL CITY COMMUTER							
Fare type (Child, Adult, etc.)	Fare stage/route	Monthly product					
		Fare / product type	Current ticket price	BÉ Proposed ticket price	Requested increase	NTA Approved ticket price	Approved % Increase
Adult	Cork City - Red Zone	Monthly	74.00	78.50	6.08%	78.50	6.08%
Adult	Cork City - Green Zone	Monthly	92.00	97.50	5.98%	97.50	5.98%
Adult	Limerick City	Monthly	65.50	69.50	6.11%	69.50	6.11%
Adult	Galway City - Red Zone	Monthly	65.50	69.50	6.11%	69.50	6.11%
Adult	Waterford City	Monthly	59.00	62.50	5.93%	62.50	5.93%
Student	Cork City - Red Zone	Monthly	65.50	66.80	1.98%	66.80	1.98%
Student	Cork City - Green Zone	Monthly	80.00	81.60	2.00%	81.60	2.00%
Student	Limerick City	Monthly	56.00	57.10	1.96%	57.10	1.96%
Student	Galway City - Red Zone	Monthly	56.50	57.60	1.95%	57.60	1.95%
Student	Waterford City	Monthly	47.50	48.50	2.11%	48.50	2.11%
Child	Cork City - Red Zone	Monthly	35.50	36.20	1.97%	36.20	1.97%
Child	Limerick City	Monthly	31.00	30.60	-1.29%	30.60	-1.29%
Child	Galway City - Red Zone	Monthly	30.00	30.60	2.00%	30.60	2.00%
Child	Waterford City	Monthly	29.00	29.60	2.07%	29.60	2.07%

Table 8: Regional Cities Annual Fares

Fare type (Child, Adult, etc.)	Fare stage/route	Annual product					
		Fare / product type	Current ticket price	BÉ Proposed ticket price	Requeste d increase	NTA Approved ticket price	Approve d % Increase
Adult	Cork City - Red Zone	Annual	814.00	863.50	6.08%	863.50	6.08%
Adult	Cork City - Green Zone	Annual	1,012.00	1,072.50	5.98%	1,072.50	5.98%
Adult	Limerick City	Annual	720.00	764.50	6.18%	764.50	6.18%
Adult	Galway City - Red Zone	Annual	720.00	764.50	6.18%	764.50	6.18%
Adult	Waterford City	Annual	649.00	687.50	5.93%	687.50	5.93%

Table 9: Multi Operator tickets

Ticket Type	Current	Requested	Requested % increase	Approved Fares	% Increase
Adult Monthly Cobh Line & Cork City Services	€126.00	€131.05	4.01%	€138.00	9.52%
Adult Monthly Midleton Line & Cork City Services	€145.00	€150.80	4.00%	€149.00	2.76%
Adult Annual Cobh Line & Cork City Services	€1,260.00	€1,310.50	4.01%	€1,380.00	9.52%
Adult Annual Midleton Line & Cork City Services	€1,450.00	€1,508.00	4.00%	€1,490.00	2.76%
Student Monthly Cobh Line & Cork City Services	€108.00	€112.30	3.98%	€109.00	0.93%
Student Monthly Midleton Line & Cork City Services	€121.00	€125.85	4.01%	€122.00	0.83%
Irish Rail & Bus Éireann - All services	€4,980.00	€5,430.00	9.04%	€5,280.00	6.02%
Irish Rail + Dublin Bus + Bus Éireann - All Services	€5,870.00	€6,400.00	9.03%	€6,220.00	5.96%

4. Iarnród Éireann (Irish Rail)

4.1 Introduction

Since 2008, Iarnród Éireann has experienced decreases in patronage, revenue, PSO payments and increased fuel costs. In response, Iarnród Éireann introduced a cost reduction programme which saw reductions in costs over this period; however, this programme has not been sufficient to offset the fall in subvention and the fall in passenger revenue. While the economic climate over the last number of years has had a detrimental impact on the operating environment for public passenger transport companies, economic conditions have improved of late.

Iarnród Éireann saw passenger journeys stay the same between 2012 and 2013, and in 2014 so far passenger journeys have been growing based on the previous year's results. Revenue has also been growing, though much of this is attributable to the fare increases approved by the Authority last year.

Changes in the price of fuel have been much more positive for operators, with prices stabilising or falling. Iarnród Éireann doesn't always get the immediate benefits of positive movements in fuel prices as they will have entered into hedging contracts to mitigate their exposure to future fuel price changes. The cumulative price increases in fuel since 2008 have been substantial.

Two items will reduce Iarnród Éireann's fares revenue for the forthcoming year, the introduction of a discount for a second journey made within a certain timeframe on the Leap card (which will be introduced in early 2015), as well the costs associated with the extension of the Leap child age eligibility within the Short Hop Zone to include those aged 16 to 18 years inclusive.

A detailed review of the costs of operation of the current rail network has been undertaken by the Authority and Iarnród Éireann and proposals for a more sustainable rail network are being examined. Iarnród Éireann expects a *Deficit after Subvention and Free Travel payment and before exceptional items* of -€12.2m in 2014, which will then increase to -€22.8m in 2015.

Iarnród Éireann Financial Summary	2014 Rail Review September 2014 €000	2015 Rail Review September 2014 €000
Passenger Revenue	158,000	160,700
Other Revenue excluding Subvention and Free Travel payment	32,800	32,400
Total Revenue excluding Subvention and Free Travel payment	190,800	193,100
Expenditure before exceptional items	401,300	413,800
Deficit before Subvention and Free Travel payment	-210,500	-220,700
Subvention	183,700	183,300
DSP Free Travel payment	14,600	14,600
Deficit after Subvention and Free Travel payment and before exceptional items	-12,200	-22,800

4.2 Proposal by Operator

Iarnród Éireann has written to the Authority requesting a fares increase for implementation in late 2014 and 2015 and the request in respect of monthly and annual tickets is the subject of this determination. The determination for other Iarnród Éireann fares will follow in a number of weeks.

The requested increases vary for different fare bands and ticket products and the range of requested changes are summarised as follows:

Monthly and annual ticket category	Requested increase on 2014 prices
Short Hop Zone ¹ tickets	8.96% to 9.17%
Season Intercity tickets	8.95% to 9.01%
All-Services tickets	9.03% to 9.30%
Cork Commuter tickets	3.90% to 6.31%

¹ The Short Hop Zone (SHZ) represents an area predominately in Iarnród Éireann's Dublin area network. The zone includes all stations between Balbriggan, Greystones/Kilcoole, Maynooth and Hazelhatch.

From these increases, Iarnród Éireann is seeking a yield of 4% for 2015.

4.3 Determination by the Authority

Given that monthly and annual tickets offer significant cost savings to customers the resulting loss of patronage from the 9% average increase requested by Iarnród Éireann across these tickets (except Cork Suburban fares) will not be as pronounced as for other ticket types. However, given the scale of the requested increase and the competitive environment where alternatives exist, there is potential for the positive value perception that customers have for these products to be diminished, especially given the cumulative fare increases over the last number of years.

The Authority is changing the Iarnród Éireann fares structure through gradually improving pricing in each fare determination. This is so as to implement a more distance based fares scheme, remove fare anomalies and smooth fare differences at the boundary of the Intercity and Commuter zones.

Iarnród Éireann requested an increase on adult Intercity monthly and annual fares by an average of 9%. However, the Authority has approved a range of increases in these tickets from 2.59% to 6.29% for the principal adult Intercity tickets. The spread in price increase is for a number of reasons, including:

- To ensure that many of the improvements in distance pricing and reduced anomalies that have been made to the range of Iarnród Éireann tickets over the previous number of years are continued to the monthly and annual tickets in this determination
- So that the approved fares spread the increases in monthly fares more evenly across the zones and there will now a more consistent ratio between Express Day Return, monthly and annual tickets. Annual tickets continue to be directly related to monthly tickets.
- The approved fare changes in the initial Intercity zones, in conjunction with the approved Short Hop Zone monthly and annual fares will smooth the differences at the

boundary of the Intercity and Commuter zones and improve the fares transition between the two zones.

Integrated Bus Éireann / Iarnród Éireann tickets

Please see the information under this heading on page 24, where it has already been covered in the Bus Éireann section and the specific Iarnród Éireann condition below.

Condition: If the three integrated Bus Éireann / Iarnród Éireann tickets outlined below are not available for purchase and use by the public from the 1st February 2015, then the approved increase for Iarnród Éireann’s own adult Intercity ticket for Zone G that can apply from the 1st of November 2014 must revert to its existing (2013/2014) fare (that is the fare prior to the increase contained in this determination) and cannot be increased until such times as the integrated tickets are introduced or until the Authority is satisfied that all reasonable efforts have been made by the operators to introduce such tickets. A separate condition applies to the Bus Éireann tickets.

2014/15 Annual Tax saver tickets	Iarnród Éireann only	Bus Éireann only	Integrated Bus Éireann / Iarnród Éireann tickets
<u>Dublin/Kilcock</u> IÉ Zone B BÉ Red Zone	€1,640.00	€1,692.00	€1,861.00
<u>Dublin/Enfield</u> IÉ Zone D BÉ Blue Zone	€2,220.00	€2,409.00	€2,650.00
<u>Dublin/Mullingar</u> IÉ Zone G BÉ Yellow Zone	€3,340.00	€2,870.00	€3,674.00

The Authority has approved other increases as set out in the tables in the following pages. The increase to the annual tickets will be permissible from 1st November 2014 and the increases to the monthly tickets will be permissible from 1st November 2014 as well. The determination of increases to other Iarnród Éireann fares will be published at the same time in a separate document on the Authority’s website.

A rebalancing of the pricing relationships between single and multi-operator tickets towards a more standardised approach needed to occur in order to provide a more customer-orientated fare structure and one that facilitates multi-leg and multi-modal journeys. As a result the Authority has determined the changes to multi-operator tickets outlined in the table below. Of particular note is the fact that the *Short Hop Zone Iarnród Éireann Rail & Dublin Bus* ticket is being priced the same as the *Short Hop Zone Iarnród Éireann Rail & Luas* ticket. The price of the *Short Hop Zone Iarnród Éireann Rail, Dublin Bus & Luas* ticket (which allows passengers travel on all three services within the Short Hop Zone) has been reduced and is now a 52 week multiple of the Leap card multi-operator weekly cap of €40.00, which is another step towards having a standardised and consistent pricing structure.

The Authority has a policy of consolidating and rationalising tickets so as to reduce the array of ticket options and to offer customers a clear, concise and easy to understand choice. The introduction of capping on the Leap card and the migration of many ticket types, including monthly and annual tickets, onto the Leap card format has greatly assisted with this policy.

The *Short Hop Zone Rail & Feeder Bus* monthly or annual ticket currently offers unlimited travel for one month/year on Iarnród Éireann Dublin Commuter and DART services between Balbriggan, Maynooth, Kilcoole and Hazelhatch, as well as on Luas and Dublin Bus routes 90/145 feeder services between Connolly and Heuston station.

As a result of the approved changes to multi-operator tickets outlined above, passengers will now be able to buy either the *Short Hop Zone Rail & Dublin Bus* ticket or the *Short Hop Zone Rail & Luas* ticket at a cost of €1,710 each. This is significantly lower than the requested fare for the *Short Hop Zone Rail & Feeder Bus* ticket and means that depending on which ticket they choose, passengers will be able to continue to get the Iarnród Éireann Short Hop Zone services along with either all Dublin Bus or all Luas services rather than being limited to Luas and Dublin Bus feeder services.

The *Short Hop Zone Rail & Feeder Bus* ticket will therefore be discontinued. However, switching from the *Short Hop Zone Rail and Feeder Bus* ticket to a ticket combining *Short Hop Zone Rail* in

conjunction with all Dublin Bus or Luas services will see customers enjoy access to additional services, at a more competitive rate.

Iarnród Éireann's requested increases and the fares approved by the Authority

Ticket type	Annual Fares Increase - Valid from 1st November 2014				Monthly Fares Increase - Valid from 1st November 2014			
	Current	Requested	Approved	Approved % change	Current	Requested	Approved	Approved % change
Short Hop Zone - rail only	€1,340.00	€1,460 (8.96%)	€1,420.00	5.97%	€134.00	€146 (8.96%)	€142.00	5.97%
<i>Short Hop Zone - rail & feeder bus</i>	<i>€1,700.00</i>	<i>€1,855 (9.12%)</i>	<i>Discontinue</i>	<i>---</i>	<i>€170.00</i>	<i>€185 (8.82%)</i>	<i>Discontinue</i>	<i>---</i>
Short Hop Zone - rail & Dublin Bus	€1,560.00	€1,700 (8.97%)	€1,710.00	9.62%	€156.00	€170 (8.97%)	€171.00	9.62%
Short Hop Zone - rail & Luas	€1,770.00	€1,930 (9.04%)	€1,710.00	-3.39%	€177.00	€193 (9.04%)	€171.00	-3.39%
Short Hop Zone rail, bus & Luas	€2,180.00	€2,380 (9.17%)	€2,080.00	-4.59%	€218.00	€238 (9.17%)	€208.00	-4.59%
Point to Point Feeder Service Adult Dublin Bus/Luas Add-on	€350.00	€395.00 (12.86%)	€385.00	10%	€35.00	€39.00 (11.43%)	€38.50	10%

Iarnród Éireann's requested increases and the fares approved by the Authority

	Annual Fares Increase - Valid from 1st November 2014					Monthly Fares Increase - Valid from 1st November 2014				
Ticket type	Current	Requested	Req't % increase	Approved	Approved % change	Current	Requested	Req't % increase	Approved	Approved % change
Intercity Zone A	€1,160.00	€1,264.50	9.01%	€1,190.00	2.59%	€116.00	€126.45	9.01%	€119.00	2.59%
Intercity Zone B	€1,570.00	€1,711.50	9.01%	€1,640.00	4.46%	€157.00	€171.15	9.01%	€164.00	4.46%
Intercity Zone C	€1,750.00	€1,907.50	9.00%	€1,860.00	6.29%	€175.00	€190.75	9.00%	€186.00	6.29%
Intercity Zone D	€2,100.00	€2,289.00	9.00%	€2,220.00	5.71%	€210.00	€228.90	9.00%	€222.00	5.71%
Intercity Zone E	€2,300.00	€2,507.00	9.00%	€2,440.00	6.09%	€230.00	€250.70	9.00%	€244.00	6.09%
Intercity Zone F	€2,900.00	€3,161.00	9.00%	€3,040.00	4.83%	€290.00	€316.10	9.00%	€304.00	4.83%
Intercity Zone G	€3,150.00	€3,433.50	9.00%	€3,340.00	6.03%	€315.00	€343.35	9.00%	€334.00	6.03%
Intercity Zone H	€3,400.00	€3,706.00	9.00%	€3,610.00	6.18%	€340.00	€370.60	9.00%	€361.00	6.18%
Intercity Zone J	€3,800.00	€4,142.00	9.00%	€4,030.00	6.05%	€380.00	€414.20	9.00%	€403.00	6.05%
Intercity Zone K	€4,400.00	€4,796.00	9.00%	€4,580.00	4.09%	€440.00	€479.60	9.00%	€458.00	4.09%
Intercity Zone L	€4,400.00	€4,796.00	9.00%	€4,670.00 <i>IE Rail All Services ticket</i>	6.14%	€440.00	€479.60	9.00%	€467.00	6.14%
<i>Intercity Zone M</i>	€4,400.00	-	-	€4,670.00	-	€552.00	€601.70	9.00%	€585.00	5.98%
<i>Intercity Zone N</i>	€4,400.00	-	-	€4,670.00	-	€687.00	€748.85	9.00%	€728.00	5.97%
<i>Intercity Zone P</i>	€4,400.00	-	-	€4,670.00	-	€790.00	€861.10	9.00%	€837.00	5.95%
<i>Intercity Zone R</i>	€4,400.00	-	-	€4,670.00	-	€843.00	€918.85	9.00%	€894.00	6.05%
<i>Intercity Zone S</i>	€4,400.00	-	-	€4,670.00	-	€918.00	€1,000.60	9.00%	€973.00	5.99%
<i>Intercity Zone T</i>	€4,400.00	-	-	€4,670.00	-	€1,000.00	€1,090.00	9.00%	€1,050.00	5.00%
<i>Intercity Zone U</i>	€4,400.00	-	-	€4,670.00	-	€1,100.00	€1,199.00	9.00%	€1,140.00	3.64%
Ticket type	Current	Requested	Req't % increase	Approved	Approved % change	Current	Requested	Req't % increase	Approved	Approved % change
All Services										
<i>All Iarnród Éireann services</i>	€4,400.00	€4,800.00	9.09%	€4,670.00	6.14%	n/a	n/a	n/a	n/a	n/a
<i>All Iarnród Éireann & Dublin Bus services</i>	€4,870.00	€5,310.00	9.30%	€5,280.00	8.42%	n/a	n/a	n/a	n/a	n/a
<i>All Iarnród Éireann and Bus Éireann services</i>	€4,980.00	€5,430.00	9.03%	€5,280.00	6.02%	n/a	n/a	n/a	n/a	n/a
<i>All Iarnród Éireann and Luas</i>	€5,260.00	€5,735.00	9.03%	€5,280.00	0.38%	n/a	n/a	n/a	n/a	n/a
<i>All CIÉ Group</i>	€5,870.00	€6,400.00	9.03%	€6,220.00	5.96%	n/a	n/a	n/a	n/a	n/a

Over the last few years the Authority has begun a process of creating more consistent relationships between fares. This has involved aiming to have multipliers or ratios between two fares, for example the Iarnród Éireann's annual tickets are calculated exactly as 10 times the monthly tickets. Sometimes having specific relationships between fares may not support the policy of having an effective, clear and well-designed fares structure and so these ratios will not always apply. However, where it is possible and appropriate, the Authority will endeavour to improve the fares structure through gradually moving to the relevant ratio.

The relationships between fares will not only apply to different types of adult ticket e.g. monthly and annual, but will include the relationships between adult, student and child tickets. As mentioned above, the Authority will not be bound to having to achieve exact ratios between tickets and these ratios may change over time, but where these ratios do make sense the Authority will over a number of years try to incrementally move towards having a consistent ratio between tickets. Sometimes using a range of numbers (e.g. from 3.5 to 4) will be a more flexible and appropriate system than using exact figures such as 3.75.

As a guide for this and future fares determinations the Authority intends to have Iarnród Éireann's Intercity child tickets at approximately 50% of the respective adult fare. Where it is appropriate for a specific ticket, the Authority will be gradually moving towards achieving this relationship. At present the percentages are sometimes more and sometimes less than this.

For Iarnród Éireann's Intercity student tickets the Authority intends to use approximately 70% of the respective adult fare as the relevant guide. The approved child and student tickets in the tables below both include some adjustments that contribute towards moving in the right direction for achieving the respective ratios.

Iarnród Éireann's requested increases and the fares approved by the Authority

Intercity Child Monthly Season	Current	Requested	Requested % increase	Approved	% Increase
Zone A	€43.00	€46.85	8.95%	€44.50	3.49%
Zone B	€64.00	€69.75	8.98%	€66.50	3.91%
Zone C	€77.00	€83.95	9.03%	€80.00	3.90%
Zone D	€96.00	€104.65	9.01%	€100.00	4.17%
Zone E	€104.00	€113.35	8.99%	€108.00	3.85%
Zone F	€130.00	€141.70	9.00%	€135.00	3.85%
Zone G	€143.00	€155.85	8.99%	€148.50	3.85%
Zone H	€148.00	€161.30	8.99%	€154.00	4.05%
Zone J	€165.00	€179.85	9.00%	€171.50	3.94%
Zone K	€204.00	€222.35	9.00%	€212.00	3.92%
Zone L	€226.00	€246.35	9.00%	€228.00	0.88%
Zone M	N/A	N/A	N/A	N/A	N/A
Zone N	N/A	N/A	N/A	N/A	N/A
Zone P	N/A	N/A	N/A	N/A	N/A
Zone R	N/A	N/A	N/A	N/A	N/A
Zone S	N/A	N/A	N/A	N/A	N/A
Zone T	N/A	N/A	N/A	N/A	N/A
Zone U	N/A	N/A	N/A	N/A	N/A

Intercity Student Monthly Season	Current	Requested	Requested % increase	Approved	% Increase
Zone A	€85.00	€92.65	9.00%	€86.50	1.76%
Zone B	€111.00	€121.00	9.01%	€115.50	4.05%
Zone C	€121.00	€131.90	9.01%	€126.50	4.55%
Zone D	€165.00	€179.85	9.00%	€171.50	3.94%
Zone E	€177.00	€192.95	9.01%	€184.00	3.95%
Zone F	€220.00	€239.80	9.00%	€229.00	4.09%
Zone G	€237.00	€258.35	9.01%	€246.50	4.01%
Zone H	€242.00	€263.80	9.01%	€252.00	4.13%
Zone J	€275.00	€299.75	9.00%	€286.00	4.00%
Zone K	€325.00	€354.25	9.00%	€338.00	4.00%
Zone L	€363.00	€395.65	8.99%	€373.00	2.75%
Zone M	€413.00	€450.15	9.00%	€429.50	4.00%
Zone N	€506.00	€551.55	9.00%	€526.00	3.95%
Zone P	N/A	N/A	N/A	N/A	N/A
Zone R	N/A	N/A	N/A	N/A	N/A
Zone S	N/A	N/A	N/A	N/A	N/A
Zone T	N/A	N/A	N/A	N/A	N/A
Zone U	N/A	N/A	N/A		

The Student Short Hop Zone Dublin Bus and Iarnród Éireann (Monthly Bus & Rail) ticket has been discontinued because the old magnetic card readers on Dublin Bus services that were necessary to use this card had reached end of life and it was no longer possible to maintain them. Furthermore, the need for this ticket has been greatly reduced with the student multi-operator weekly cap.

Students who previously had bought the Monthly Bus & Rail ticket can now use their Leap card instead and enjoy the benefits of the multi-operator weekly cap and all the other features that using the card facilitates. This is especially the case in respect to the flexibility that the card brings so that students will only pay for the journeys that they make rather than having to pre-purchase a calendar month card that costs the same irrespective of use.

As part of the broader policy of consolidating tickets so as to offer customers a simpler choice of ticketing options, the Monthly Iarnród Éireann Rail & Luas ticket will also be discontinued. Students will be able to use their Leap cards and the weekly multi-operator cap instead. As the student cap is set at €30 per calendar week, this clearly provides students with added flexibility, significantly improved value and the other enhanced features of the Leap card.

Student Short Hop Zone tickets

Ticket Type	Ticket Type	Current	Requested	Requested % increase	Approved Fares	% Increase
210	Monthly Rail only (SHZ)	€93.50	€101.90	8.98%	€97.00	3.74%
457	Monthly Bus & Rail (SHZ)	€119.00	Discontinued (See text above)	---	Discontinued (See text above)	---
407	Monthly Rail/Luas (SHZ)	€137.00	€149.35	9.01%	Discontinued (See text above)	---

The Cork Commuter Iarnród Éireann services monthly and annual tickets are outlined in the remaining tables, including multi-operator tickets, as well as adult, student and child tickets. Fares for the Cobh multi-operator tickets have increased by more than for the same Midleton tickets so as to have a greater consistency for the cost of the additional Bus Éireann services. Meanwhile the student multi-operator tickets have reduced in price so as to have a more appropriate relationship between the adult and student fares.

Rail & Bus Combined Tickets (Cobh & Midleton)

Ticket Type	Ticket Type	Current	Requested	Requested % increase	Approved Fares	% Increase
443	Adult Monthly Cobh Line & Cork City Services	€126.00	€131.05	4.01%	€138.00	9.52%
444	Adult Monthly Midleton Line & Cork City Services	€145.00	€150.80	4.00%	€149.00	2.76%
---	Adult Annual Cobh Line & Cork City Services	€1,260.00	€1,310.50	4.01%	€1,380.00	9.52%
---	Adult Annual Midleton Line & Cork City Services	€1,450.00	€1,508.00	4.00%	€1,490.00	2.76%
445	Student Monthly Cobh Line & Cork City Services	€108.00	€112.30	3.98%	€109.00	0.93%
446	Student Monthly Midleton Line & Cork City Services	€121.00	€125.85	4.01%	€122.00	0.83%

Cork Cobh Midleton tickets

Zone	Current Fares		Requested Fares		Requested % Increase	Approved Fares		Approved % Increase
	Monthly Price	Annual Price	Monthly	Annual	%	Monthly	Annual	%
Cork Suburban Rail only								
Zone A	€57.00	€ 570.00	€60.00	€ 600.00	5.26%	€59.30	€593.00	4.04%
Zone B	€78.00	€ 775.00	€82.00	€ 820.00	5.81%	€80.60	€806.00	4.00%
Zone C	€90.00	€ 900.00	€95.00	€ 950.00	5.56%	€93.60	€936.00	4.00%
Zone D	€111.00	€1,110.00	€118.00	€1,180.00	6.31%	€115.45	€1,154.50	4.01%
Zone E	€122.00	€1,220.00	€129.00	€1,290.00	5.74%	€126.90	€1,269.00	4.02%

Cork Cobh Midleton child tickets

Zone	Current Fares		Requested Fares		Approved Fares	
	Child Monthly		Child Monthly	% Increase	Child Monthly	% Increase
Zone A	€22.00	-	€22.90	4.09%	€23.00	4.55%
Zone B	€28.60	-	€29.75	4.02%	€29.90	4.55%
Zone C	€35.20	-	€36.60	3.98%	€36.80	4.55%
Zone D	€44.00	-	€45.75	3.98%	€46.00	4.55%
Zone E	€48.50	-	€50.45	4.02%	€50.70	4.54%

Cork Cobh Midleton student tickets						
Zone	Current Fares		Requested Fares		Approved % Increase	
	Student Monthly		Student Monthly	% Increase	Student Monthly	% Increase
Zone A	€30.80	-	€32.00	3.90%	€32.20	4.55%
Zone B	€41.30	-	€42.95	4.00%	€43.20	4.60%
Zone C	€49.00	-	€50.95	3.98%	€51.20	4.49%
Zone D	€64.50	-	€67.10	4.03%	€67.40	4.50%
Zone E	€73.70	-	€76.65	4.00%	€77.00	4.48%

4.4 Conditions attaching to the approval

First condition

If the three integrated Bus Éireann / Iarnród Éireann tickets that were outlined previously are not available for purchase and use by the public from the 1st February 2015, then the approved increase for Iarnród Éireann's own adult Intercity ticket for Zone G that can be applied from the 1st of November 2014 must revert to its existing (2013/2014) fare.

Second condition

The approved increases for Iarnród Éireann's Cork to Cobh and Midleton monthly and annual tickets that can be applied from the 1st of November 2014 cannot be implemented until these tickets are available on the Leap card.

This condition will also apply to the combined Iarnród Éireann and Bus Éireann's (City services) monthly and annual tickets on the Cork to Cobh & Midleton routes as the tickets are jointly provided by Iarnród Éireann and Bus Éireann, although there is no issue with the Bus Éireann roll-out of the Leap card in Cork. If Iarnród Éireann were to experience technical issues outside of its control the Authority may review the implementation dates of the approved fares.