Proposal to Directly Award a Public Bus Service Contract to Dublin Bus in 2019

Submissions Received

November 2018
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Dublin area

I agree with all the final conclusions (document Dublin Bus 3 p18). The argument for not tendering more routes in the immediate term is well made, while accepting the principal that tendering is a good idea and leads to better quality service and better value for money.

However, there are a number of issues on which I would like to comment.

Why are all Dublin Bus routes PSO?

Given the low level of subvention relative to revenue (compensation is 19% and revenue collected 81%) and per passenger (39.6c in 2017), it seems unlikely that no routes are profitable. There is another factor to take into account. Discount fares for children and schoolchildren. From fares, and data provided in the documents, it seems that discount is about €1.40 on average, or about 67%.

Cost of carrying children is the same as cost of carrying adults. It is public policy to provide discounts for schoolchildren, it is not a commercial decision. It may have made sense to give discounts to children commercially at a time that most children were travelling as part of a family. But now the average school child carried is from a family in which the adults do not use the bus, while adult bus users would tend to be people of lower income than bus using children and schoolchildren.

In that context, it would be unreasonable to expect adult bus users to subsidise child bus users, by paying a higher fare so that children can travel cheaper. As lower school and child fares are a matter of public policy, then compensation for bus operators is appropriate. This amount should be clearly defined, and included as a revenue subvention, similar to the revenue attributed to Free Pass users.

Note that if, as estimated above, the average fare subsidy for children is 3.5 times the total compensation per passenger (€1.40 v 39.6c), then it is clear that a significant part of the compensation is directly attributed to child and schoolchild travel (depending on how significant children are in the total numbers carried). In other words, it is not a subvention for provision of unprofitable services.

If revenue was recalculated this way, i.e. including a subvention for the difference between child and adult fares, then the subvention for service operation would be much lower, and it is likely that many core routes would be profitable.

This is an important statement. If routes are profitable, then you could get to a situation where the incumbent is asked to declare routes that are profitable and don't need PSO, and tendering may only be for other routes. Or routes could be profitable for weekday daytime services, but with a high frequency specified as a requirement in evenings and weekends, there could be PSO payments for providing these.
Dublin Metropolitan Area

The area served by Dublin Bus includes the Metropolitan Area, and also some towns outside the Metropolitan Area. This is for historic reasons, and urban growth makes provision of an urban service to outlying towns very slow and inconvenient. Fingal County Council regards Swords and Donabate as Metropolitan Area, but not Lusk, Rush, Skerries or Balbriggan. Similarly, Blessington, Co. Wicklow could not be regarded as Metropolitan. Towns like Dunboyne, Maynooth and Rathcoole are almost an extension of the city, with only short rural areas in between. North Wicklow, around Bray, is another example, but that is a micro network, and not relevant to our discussion, as it is mainly in the tendered network for Go Ahead.

There is a strong case for moving the existing Dublin Bus routes 33 and 65 to a different form of service, more appropriate for towns of their distance from the city. There is also a strong case for linking them more closely with Bus Eireann routes 101 and 132 that parallel them to some extent. It should be noted that changes to operating area has already once been made in this decade, when Dublin Bus withdrew from Kilcock, leaving it to be served by Bus Eireann.

In the context of route tendering, and of specifying appropriate product and service requirements, it is worth reviewing the scope of city type services and the area best covered by services not carrying local passengers within the city.

Operational performance

The point is made that Dublin Bus has performed very well against targets set for reliability and punctuality. That may be so, but it was not challenging to achieve this, given that the targets were so generous. It is encouraging to see the revised measure of reliability and punctuality, and also that it is intended to increase the target from 95% to 98%. This is more in line with industry norms, and presents a genuine challenge that should encourage better management of the operation in order to deliver better service.

There is no doubt that general interest is best served by route tendering, by bringing a competitive aspect into cost, service provision, and market responsiveness. Even with the intention not to tender any more routes for at least 5 years, the fact that there is a competitor now serving some routes; and the possibility of this being extended, is an incentive to Dublin Bus to achieve greater efficiency and delivery of quality service.

The lack of access to CIE bus depots for alternative operators is a disappointment. It is worth noting the situation with Aran Island air service, where the incumbent owns the airstrip, and this is making competitive tenders very difficult. Department is apparently looking at purchasing the airstrip. Some similar options need to be considered for Dublin bus services, in advance of 2024, with legislation if necessary, if we are to have a continued option of real competition for services.
High and low frequency routes, intermediate times

It is clear from the documents that a lot of thought and analysis has been put into measuring journey times, and punctuality of services at intermediate points along a route. This is good, as there is currently very little if any management of intermediate times on Dublin Bus.

The requirements are varied between what are considered "high frequency" routes and "low frequency" routes. In normal bus business parlance, high frequency would be considered as up to somewhere between 6 and 8 mins frequency (8 to 10 per hour). The rationale is that once you get beyond that, many people are not happy to turn up at a random time and wait for next bus, but will use timetable and/or rtpi. In this document, every 15 minutes is being considered "high frequency". It must be made very clear that, while it is appropriate to differentiate for the purposes of performance measurement, a 15 minutes service is not by any normal definition a "high frequency" one. It is certainly not a "turn up and go" frequency, and any suggestion or belief that it might be is delusional.

The different requirements for both are clear, and on the face of it make sense. For lower frequency routes, it is important to get a balance between guaranteed time at an intermediate stop and journey time for those on board. In other words, don't hold up a full bus for 10 minutes at a stop/area where virtually nobody boards. But do hold up an almost empty bus for 3 minutes at a well patronised stop. Find the right balance for maximum customer advantage, as a combination of journey time and waiting time.

For the "high frequency" routes, it is important that terminus time is a consistent timetable time. The plan to have some "headway" management in between has some merit, especially for afternoon/evening departures from city centre on cross city routes.

Integration of services:

Key thing here is the customer decides. Talk of wasteful duplication is not helpful. Most people will flock to rail based services if convenient, so if people continue to use a bus in an area close to train service, there is a very good reason. All suburban rail services have parallel bus routes, and some of these operated by Bus Eireann (and soon to be Go Ahead) have had significant service enhancement in recent years. This is a clear indication of the need for buses paralleling the rail routes. Reasons include:

- rail station too far, not accessible for some residents
- bus takes different route to city, and serves particular journey needs (this true of BE 101, 115, 126 and 133; also Dublin Bus 33, 33x, 66, 66x, 70 and 84x)
- lack of rail capacity or frequency.

All historic changes from DART and Luas introduction have happened after the event, when demand patterns had settled down. It should continue this way.
Comments:

- Agreed best for NTA to take revenue risk
- Agreed use route bundles, based on number of buses required, rather than number of routes. Waterford city was probably at the lower end of bundle size, probably ideal to have them a bit larger
- Agreed best, in theory, for NTA to set requirements on routes, timetables, fares, vehicles and customer information
- However, NTA needs to have expertise and local market knowledge. There is far more such expertise in Dublin Bus as of now, and some of the products emerging currently from NTA are far from satisfactory, and show evidence of desk based approaches rather than on the ground knowledge. Examples include 175, 75 and 33/33a.
- Agreed performance based penalties and incentives for exceeding targets, as long as targets are sufficiently challenging.
- Plan to improve stop based punctuality on low frequency routes on a year by year basis is challenging, but fair, and necessary.

Dublin network changes:

Suggested changes are due to the fact that, with extended suburbanisation and heavier traffic, the journey times for routes 33 and 65 are too long, and these routes are not suitable for city type services that carry local traffic, even within the last km into city centre. Some change is required, and this is best done with some integration with parallel provincial services, routes 101 and 132. It is notable that both of these routes are on the Bus Eireann list for potential tendering.

It is also worth noting that some of the overlap between Go Ahead and Dublin Bus routes is complicated, confusing for customers, and probably inefficient in resource utilisation. Route 84 and 184 would be better with one operator; 70 and 270 probably not so bad, as they don't share a core destination. Worst is routes 33 and 33a, especially with planned reduction in 33 service. It is strange, to say the least, having two routes in parallel, where one is revenue risk by regulator, and the other revenue risk by the operator. There has to be potential in this scenario for inter-agency issues emerging, to the detriment of priority being given to product and customer service.

Route 65 options:
1. Route 132 carries local traffic for section beyond Corbally Bridge to Blessington, with additional short journeys to Blessington; Ballymore and Ballyknockan served by Locallink connecting into 132.
2. Route 132 carries local traffic to/from Blessington, with Locallink from Ballymore and Ballyknockan to Tallaght, serving all stops
3. Dublin Bus route 65 continues its existing route through Tallaght, but terminates in Citywest or Saggart.

Route 33 options:
1. Operates similar to Route 101, serving Dublin Airport, using Swords bypass, with no local traffic Swords inwards. No need for a 33a
2. Replace with an offpeak 33x using M1 between Lissenhall and Whitehall, serving stops in Whitehall and Drumcondra to city centre. Swords and Dublin Airport served by 33a. No direct service to Santry (except possibly peak).

In case where route 33a is cancelled, it could be replaced by Go Ahead taking over route 84, thus completing the local network around Bray.

It is suggested that routes BE 101 and Dublin Bus 33 be combined for a tender (with probably 101x and 33x); and that route 33a is cancelled, with Go Ahead taking route 84 instead. In this scenario for 101 and 33, both Dublin Bus and Bus Eireann should be allowed tender, either together or separately.

Bob Laird FCILT

29 October 2018
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Executive Summary

Introduction

Dublin Bus supports the intention of the NTA to award a Direct Award Contract to Dublin Bus for the provision of PSO services in Dublin from 2019.

This document has been prepared by Dublin Bus in response to the NTA consultation paper ‘Proposal to Directly Award a Public Bus Service Contract to Dublin Bus in 2019’, circulated in October 2018.

Dublin Bus has a track record of delivering successful change, growing passenger numbers, meeting and exceeding the operational targets agreed with the NTA and providing a high level of customer satisfaction. Dublin Bus is the largest public transport operator in Ireland and carried 139 million passengers in 2017. This submission outlines the views of Dublin Bus on the justification for the direct award contract including:

- The importance of an efficient bus network in Dublin;
- The strong performance of Dublin Bus;
- The need to provide a high level of accessibility for Dublin commuters
- The advantages of Direct Award Contracts (which is why they are commonly used in other European jurisdictions); and
- The risks if there was a move away from a Direct Award Contract.

The general economic interests are best served by the continuation of a Direct Award Contract with Dublin Bus, a company that is effective, strong in customer service and has a proven record of timely and quality delivery.

Importance of an effective Bus Network in Dublin

An effective bus network for Dublin is of economic and social importance and, in the opinion of Dublin Bus, is best achieved by the continuation of the existing network structure under a Direct Award Contract. Some of these benefits are summarised in the table below.

In the case of Dublin the wider benefits to passengers, as well as reduction in congestion, as a result of an effective bus network is particularly important. In this context, of note is that the Department of Transport, Tourism and Sport has estimated that the economic cost of congestion in Dublin is likely to be around €342m per annum. It is therefore critical that NTA takes account of the wider impact on the risks to the bus network of any decisions in this area.

<table>
<thead>
<tr>
<th>Importance of Effective Urban Bus Network for Dublin</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Time savings and reduction in Congestion</td>
</tr>
<tr>
<td>o Each bus trip taken at peak time is likely to lead to decongestion benefits</td>
</tr>
<tr>
<td>o The absence of a reliable bus network would lead to an increase in the traffic levels at peak times in Dublin</td>
</tr>
<tr>
<td>➢ Environmental Benefits arising from reduction in noise and GHG emissions</td>
</tr>
<tr>
<td>o Increased Bus usage can significantly reduce noise pollution</td>
</tr>
<tr>
<td>o Areas with good public transport links typically have lower car ownership</td>
</tr>
</tbody>
</table>
Facilitation of enhanced social inclusion and reduction in economic disadvantage
  - Strong link between mobility and social inclusion

Increased bus usage due to integrated transport system
  - Information that enables efficient connections between different modes of public transport can increase bus patronage and reduce the number of private car trips.
  - Importance of strategic locations of bus stops and other transport nodes to encourage multi-modal commuting.

Increased in economic growth and employment
  - Dublin Bus network facilitates the expansion of economic growth and employment

Value of Bus network as an alternative option for commuters
  - Commuters value the option to use Dublin Bus even where they use other transport modes

**Strong Performance of Dublin Bus under a Direct Award Contract**

Under the Direct Award Contract, the number of Dublin Bus passengers has increased significantly in recent years with cumulative growth of 17% over the last four years. There has also been growth in the number of free travel passengers with growth of 22% over the same period. Dublin Bus has maintained high levels of bus usage both in periods when employment declined and also in periods of economic expansion.

**Total Passengers Using Bus Transport in Dublin and Employment Levels**

The strong passenger growth has been achieved by Dublin Bus while maintaining a very high level of customer satisfaction and a reducing requirement for PSO subvention. Over this period Dublin Bus has met or exceeded ambitious performance targets set by the NTA and also achieved it with declining levels of public subvention. The annual subvention paid to Dublin Bus in 2010 was approximately €76 million and by 2017, this was reduced to €47.5 million, a fall of 37%.
Under the Direct Award Contract, Dublin Bus achieved excellent performance for reliability and punctuality between 2015 and 2017. The details for Dublin Bus performance achievements against the challenging targets set are shown in Table 4.1.

### Reliability and Punctuality Results

<table>
<thead>
<tr>
<th>Performance Obligation</th>
<th>Target</th>
<th>2015 Average</th>
<th>2016 Average</th>
<th>2017 Average</th>
<th>Running Average</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vehicles in Service</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weekday AM</td>
<td>98%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Weekday PM</td>
<td>98%</td>
<td>99%</td>
<td>98%</td>
<td>99%</td>
<td>99%</td>
</tr>
<tr>
<td>Saturday Peak</td>
<td>98%</td>
<td>98%</td>
<td>97%</td>
<td>98%</td>
<td>98%</td>
</tr>
<tr>
<td>Sunday Peak</td>
<td>98%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Driver Duties</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duties Operated</td>
<td>98%</td>
<td>99%</td>
<td>99%</td>
<td>100%</td>
<td>99%</td>
</tr>
<tr>
<td><strong>Services Operated</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>95%</td>
<td>96%</td>
<td>95%</td>
<td>96%</td>
<td>96%</td>
</tr>
<tr>
<td><strong>Punctuality (High and low frequency punctuality)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>95%</td>
<td>95.6%</td>
<td>96.4%</td>
<td>97.1%</td>
<td>96.4%</td>
</tr>
<tr>
<td><strong>Low Frequency Punctuality (2017 only)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>56% to 61%</td>
<td>NA</td>
<td>NA</td>
<td>58% to 65%</td>
<td>58% to 65%</td>
</tr>
</tbody>
</table>

**Source:** Performance Report on Current Dublin Bus Direct Award Contract as part of Proposal to Directly Award a Public Bus Contract to Dublin Bus in 2019. Published by National Transport Authority (NTA)
Need for High Level of Accessibility for Dublin Commuters

Dublin Bus provides a high level of accessibility for the population in the Greater Dublin Area. Dublin Bus has a much wider geographical usage profile than all other public transport modes in the Dublin area. Renewing the Direct Award Contract is of critical importance in reducing social exclusion and economic disadvantage. The fact that over 76% of small electoral division (EDs) areas in Dublin have at least 10% of population who commute by bus, (which is much higher than applies to other public transport modes), highlights the significance of Dublin Bus services.

<table>
<thead>
<tr>
<th>% of EDs with at least 10% of population who commute to work by:</th>
<th>By Bus</th>
<th>By Train, DART or LUAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of EDs with at least 15% of population who commute to work by:</td>
<td>48.4%</td>
<td>15.2%</td>
</tr>
<tr>
<td>% of EDs with at least 20% of population who commute to work by:</td>
<td>14.6%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

Advantages of Direct Award Contracts

Direct Award Contracts on balance have significant advantages compared to competitive tendering at this time in the context of Dublin Bus services. Some of the advantages are presented overleaf.

Direct Award Contracts have also been recognised as having major benefits in many other countries. The next table presents Dublin Bus’ understanding of cases where public bus service contracts have been awarded in other European countries by direct awards. In general, Direct Award contracts are the norm in many countries for the delivery of public bus services, with some direct award contracts awarded for up to 10 years as permitted under EU Regulation 1370. While there are some exceptions such as the UK, Scandinavia and parts of Poland, the advantages of direct awards means they have been commonly used.
Examples of Direct Award Contracts for Urban Bus Service Provision in Europe

<table>
<thead>
<tr>
<th>Country</th>
<th>Cities</th>
<th>Contract Award Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ireland</td>
<td>All major cities</td>
<td>Direct Award</td>
</tr>
<tr>
<td>France</td>
<td>Paris, Lille, Nice, Bordeaux, Marseille &amp; Toulouse</td>
<td>Direct Award</td>
</tr>
<tr>
<td>Germany</td>
<td>All major cities</td>
<td>Direct Award</td>
</tr>
<tr>
<td>Spain</td>
<td>Barcelona &amp; Madrid</td>
<td>Direct Award</td>
</tr>
<tr>
<td>Belgium</td>
<td>Brussels</td>
<td>Direct Award</td>
</tr>
<tr>
<td>Hungary</td>
<td>Budapest</td>
<td>Direct Award</td>
</tr>
<tr>
<td>Italy</td>
<td>Rome</td>
<td>Direct Award</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Amsterdam</td>
<td>Direct Award</td>
</tr>
<tr>
<td>Austria</td>
<td>All Cities</td>
<td>Direct Award</td>
</tr>
<tr>
<td>Austria</td>
<td>Innsbruck</td>
<td>Direct Award</td>
</tr>
<tr>
<td>Poland</td>
<td>Krakow</td>
<td>Direct Award</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Prague</td>
<td>Direct Award</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>Belfast</td>
<td>Direct Award</td>
</tr>
</tbody>
</table>

Risks of a move away from a Direct Award Contract

There are a number of significant risks if there was a move from a direct award contract. These would be exacerbated during significant changes to the operation of the network (such as Bus Connects) and the interruptions arising from the MetroLink which will involve extensive construction in the city centre. The potential re-design of the network creates a further major risk for the efficient operation of the public bus system. Dublin Bus is best placed to minimise these risks and ensure the efficient and continued operation of an effective public bus system under a Direct Award Contract.

Overview of Risks associated with move away from Direct Award Contract

<table>
<thead>
<tr>
<th>Description of Risk</th>
<th>Mitigation by award under a Direct Award Contract to Dublin Bus</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Re-structuring of the Bus Network</strong></td>
<td></td>
</tr>
<tr>
<td>#1 A new bus network for the GDA may not be operationally effective.</td>
<td>Dublin Bus will commit to delivering the agreed network using its resource and experience in relation to network change, public engagement, operational planning and customer communications. Dublin Bus has previously successfully delivered significant network change.</td>
</tr>
<tr>
<td>#2 The Bus Connects programme is delayed or not delivered in full due to insufficient resource to manage this significant programme of change or knowledge and experience of GDA bus operational requirements</td>
<td>Dublin Bus has the operational and technical competence and the experience in relation to all work streams under Bus Connects; this resource will be applied to the delivery of the programme.</td>
</tr>
<tr>
<td>#3 Failure to deliver the ‘general economic interest’ as required by legislation due to inappropriate contractual structures with reduced control over outcomes and lack of resource to manage a significant programme of change.</td>
<td>The general economic interest can only be delivered through the award of the contract to Dublin Bus, which uniquely has proven knowledge, experience and expertise and a record of delivering successful change (in partnership with the NTA) in the GDA bus network.</td>
</tr>
<tr>
<td><strong>Risks related to Technology replacement and loss of relevant expertise</strong></td>
<td></td>
</tr>
<tr>
<td>#4 Significant business and reputational impact of failure of business critical technical and technology systems arising from insufficient resource and appropriate expertise to specify, procure and implement necessary technology replacements.</td>
<td>Several business critical systems will be coming towards end of life during the term of the Public Service Contract (PSC) 2014-2019, notably the automatic vehicle location system, on-vehicle radio system and ticketing systems. Significant technical expertise and corporate knowledge resides in Dublin Bus in these areas; successful and streamlined progression of the specification, procurement and delivery of these systems would be delivered through a direct award contract.</td>
</tr>
<tr>
<td><strong>Risks of External Factors and Contract inflexibility</strong></td>
<td></td>
</tr>
<tr>
<td>#5 Risk that the bus network / services in Dublin would not change with flexibility in response to infrastructural changes.</td>
<td>A direct award contract by its nature retains flexibility and facilitates agility and change in relation to an unpredictable environment.</td>
</tr>
</tbody>
</table>
disruption and instability in the city (e.g. Metrolink construction, College Green Plaza, major events) due to contractual restrictions, lack of operational awareness and stakeholder relationships

operational landscape (which is clearly the case in Dublin). Under a Direct Award Contract, Dublin Bus has demonstrated this in relation to the operational response to Luas Cross City and College Green. Tendered contracts do not facilitate such flexibility.

Risk that the bus network / services in Dublin may not change quickly enough to unforeseen economic shocks due to contractual restrictions and operator requirement to take an inflexible approach

A direct award contract by its nature retains flexibility and facilitates agility and change also in relation to changed economic circumstances which may require for example the rapid construction of services. Again, under a Direct Award Contract Dublin Bus demonstrated this in relation to the operational response to previous economic shocks. Tendered contracts do not facilitate such flexibility.

Industrial unrest, restrictive and costs arising from transference of functions from Dublin Bus to the NTA under TUPE

A direct award contract would not require the transference of functions and personnel to the NTA from Dublin Bus

### Risks relating to Quality of Service provision

**#8** An integrated, seamless service and economic benefits of a bus route network over the Greater Dublin Area.

**#9** The delivery of NTA Corporate and Board objectives are compromised or delayed due to insufficient resource or GDA specific bus operational knowledge and experience.

**#10** Constriction of economic growth in the GDA, reduction of productivity / competitiveness and compromising social inclusion due to a failure to deliver the necessary and significant programme of change and upgrade to the region’s bus network rapidly and flexibly while delivering customer satisfaction.

Under the terms of the current direct award contract, Dublin Bus integrates all routes routinely and as transport demands fluctuate from region to region, networks are changed accordingly.

Dublin Bus will be contracted to deliver appropriate resource, competence and experience to supplement, support and assist the NTA in the delivery of corporate objectives across all relevant functions.

In a direct award contract, Dublin Bus will apply its capability, expertise and competence as a proven effective, expert delivery partner in support of the NTA strategy, addressing Dublin’s economic and social threats and challenges.

**Risk Related to Not Achieving Passenger Numbers**

**#11** There is a risk that a new operator would not achieve passenger numbers with resultant significant damage in terms of higher congestion costs to the economy.

Dublin Bus has achieved excellent passenger growth and maintained numbers even in economic downturn under a Direct Award Contract.

**Risk Related to a Potential New Contractor Becoming Insolvent**

**#12** There is a risk that private companies with exposure in other markets could become insolvent as a result of market risks in overseas countries or due to other factors.

Dublin Bus is a commercial state company and is only focused on provision of services in Dublin and is less exposed to international risks.

### Conclusion

Dublin Bus recommends that a Direct Award Contract is the best option for Dublin commuters and for wider transport policy. Some of the advantages of this option were outlined in the NTA consultation paper. Additional insights on these and other advantages of a direct award contract are presented in this submission by Dublin Bus. Dublin Bus supports the NTA’s proposal for a Direct Award contract from 2019.

The general economic interests are best served by continuing to build on a market structure that is effective, is strong in customer service and has a proven record of timely and quality delivery.

Dublin Bus will require clarity on the implementation issues surrounding the proposed gross cost element of the Direct Award Contract, including ensuring that the customer is at the core of any incentive proposals and that quality incentives are mutually beneficial to Dublin Bus and the NTA.

The economic and social benefits which have been delivered by the current Dublin Bus Direct Award Contract could be significantly compromised by a change of market structure. This is particularly the case given the wider risks to the Irish economy from Brexit and other developments. Dublin Bus believes it would be a mistake to damage the existing strengths of the bus market structure by moving from a Direct Award approach. This is particularly the case given the scale of transport network changes which are needed over the coming years to accommodate the population in the Greater Dublin Area.
1 Introduction and Context

1.1 Introduction

This document is prepared by Dublin Bus in response to the NTA consultation paper ‘Proposal to Directly Award a Public Bus Service Contract to Dublin Bus in 2019’, prepared in October 2018. Dublin Bus supports the proposal and this response to the paper details the reasons why the NTA should enter into a Direct Award Contract with Dublin Bus.

Dublin Bus is the largest public transport operator in Ireland and carried 139 million passengers in 2017 which represented nearly 17% cumulative growth over the last four years. In 2017, Dublin Bus carried 11 million additional passengers including nearly three million additional free travel pass passengers. Dublin Bus has a track record of delivering successful change, growing passenger numbers, meeting or exceeding the targets set by the NTA and providing a high level of customer satisfaction under a Direct Award Contract.

Dublin Bus recommends continuing to be the delivery partner of the NTA in providing an integrated bus transport solution for the GDA and delivering the NTA’s objectives; namely growth in usage of public transport, modal integration, a customer centric service, value for money and minimisation of risk associated with significant change programmes.

Dublin Bus believes it is critical to note the significance of the scale and impact of the proposed BusConnects project when consideration is being given to the options for urban bus services for Dublin. This is a complex and challenge programme of change, with interdependent projects and work streams. The risks associated with such a programme of change are very significant and cannot be understated. The reduction, management and mitigation of these risks is crucial to ensure successful delivery and to avoid damage to Irish economic performance.

The bus system will be the main form of public transport for most people in Dublin and needs to be future proofed to serve the needs of the region. The NTA BusConnects programme will develop Dublin’s bus system, so that journeys by bus will be faster, more reliable and punctual, convenient and affordable. This will enable more people to travel by bus, and allow bus commuting to become the most viable and attractive choice for employees, students, shoppers and visitors. Dublin Bus will work with NTA to facilitate these radical changes.

In this submission, Dublin Bus presents evidence which demonstrates that Dublin Bus has not only delivered growth but has done this whilst maintaining a very high level of quality of service. Dublin Bus believes this is best achieved by a direct award contract. As noted by the NTA in the consultation document, direct award contracts are not unique to Ireland and are very common across the European Union. They offer significant advantages to the public transport system.

A key feature of the continuation of the Direct Award Contract between the NTA and Dublin Bus relates to risk and how risk is minimised by the continuation of the Direct Award Contract. Dublin Bus is of the opinion that disruption to the bus network (or indeed the quality of service provided) would have very significant economic and social costs and that the risks of such disruption are much higher if there was a move away from a Direct Award Contract.
2 Economic and Social Importance of an effective Bus Network for Dublin

2.1 Introduction

Buses are the backbone of the transport system in Dublin and operate at high levels of frequency and connectivity. Ensuring that an effective bus network for Dublin is maintained is necessary to secure the significant economic and social benefit for Dublin and for the Irish economy. This can only be achieved with a Direct Award Contract.

2.2 Importance of Effective Urban Bus Networks

The experience of Dublin Bus is consistent with international research which has demonstrated the importance of effective urban bus networks. Some of these benefits are summarised in the next table.

<table>
<thead>
<tr>
<th>Table 2.1: International Evidence on Importance of Effective Urban Bus Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Time savings and reduction in congestion</td>
</tr>
<tr>
<td>• Environmental Benefits arising from reduction in noise and GHG emissions</td>
</tr>
<tr>
<td>• Facilitation of enhanced social inclusion and reduction in economic disadvantage</td>
</tr>
<tr>
<td>• Increased bus usage due to integrated transport system</td>
</tr>
<tr>
<td>• Increased economic growth and employment</td>
</tr>
<tr>
<td>• Value of Bus network as an alternative option for commuters</td>
</tr>
</tbody>
</table>

Time Savings and Reduction in Congestion

The performance of Dublin Bus in growing passenger numbers has resulted in time savings and a reduction in congestion in Dublin compared to what would have been the case. Effective bus networks in cities such as Dublin are recognised as having benefits in reducing congestion. As suggested by Monzón et al. (2007)\(^1\), one of the major problems in urban areas is the growth of car ownership leading to very high levels of traffic. This causes congestion on roads and there is therefore merit in shifting from private means of transport to more collective public transport services. Bus systems are an efficient means of urban transport, providing sustainable, flexible travel with resultant time savings (Hounsell, et al. 2009\(^2\); Monzón et al. 2013\(^3\)).

---

In addition to the benefits of bus use for urban commuters, the benefits extend to non-commuters. Urban bus networks significantly reduce negative externalities such as congestion, accidents, noise and pollution (pteg, 2013; Mackie et al., 2012). Feldman et al. (2007) show that economic value from bus use can amount to a quarter of decongestion and user benefits. This is because with buses in operation, the peak speed of drivers can increase meaning that the decongestion benefits from the use of bus services result in wider economic benefits. See (pteg, 2013) and Liu (2005).

<table>
<thead>
<tr>
<th>Table 2.2: Impact of Effective Bus Services on Time Savings and Reduction in Congestion</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Faster commuting time</td>
</tr>
<tr>
<td>➢ Each bus trip taken at peak time is likely to lead to decongestion benefits</td>
</tr>
</tbody>
</table>

The importance of effective bus services can be seen by considering the economic costs of traffic congestion. Research by the Department of Transport, Tourism and Sport has estimated that the economic cost of congestion for the Greater Dublin Area is likely to be around €342 million per annum. This analysis also indicated that congestion costs are likely to grow significantly (without investment) to over €2 billion by 2033. There is also a likelihood that current non-peak period will essentially become similar to current peak periods. Once a transport network exceeds 80% of its capacity, the average speed drops considerably (i.e. congestion) and time costs begin to accrue. This highlights the importance of the current non-peak as well as peak services that Dublin Bus provide and Dublin Bus believes this could be at risk to such services in the event of a move from a direct award contract.

Increased congestion is likely to also have an impact on competitiveness and the productivity of the economy. Recent research estimated that these wider economic benefits (costs) are very significant and represent around 17% of the total economic benefit of the public bus network. Abrantes (2015) estimates that in the absence of a functioning urban bus network, there would be a 21% increase in traffic levels.

---

4 pteg (2013) The Case for Urban Bus: The Economic and Social Value of Bus Networks in the Metropolitan Areas
9 pteg (2013) The Case for Urban Bus: The Economic and Social Value of Bus Networks in the Metropolitan Areas
Environmental Benefits

Dublin Bus believes there are also significant other environmental benefits from the continuation of an effective bus network managed by Dublin Bus under a Direct Award Contract. A study undertaken by King et al. (2011) assessed Dublin City Council’s ‘Bus Gate’ and found that during the enforcement period of the ban, there was a reduction of about 2 dB(A) in the noise levels of the affected area. This highlights the environmental benefits which can be achieved from an effective bus network. This is consistent with evidence from other cities. As noted in research by Strompen, Litman and Bongardt (2012) on environmentally sustainable transport policies, the provision of accessible public transport is crucial to reducing environmental emission. The research found that residents which have accessible public transport such as buses, tend to own fewer vehicles and drive fewer annual kilometres.

In terms of the benefits associated to the air quality, there is also evidence that public bus transit systems reduce CO₂ (Strompen et al. 2012). In Ireland, given that 19.5 percent of Green House Gas (GHG) emission is from the transport sector, facilitating the role played by Dublin Bus will be essential to achieve reduction in CO₂ levels. This is a key objective of the Greening Transport project that aims to achieve carbon reduction from behavioural change in the transport sector. Reducing private car usage is seen as crucial to reduce GHG emissions, and public bus services such as Dublin Bus are particularly important as they offer realistic accessible substitutes to private car transport. This is recognised internationally and as noted by Veeneman & Van De Velde (2006): “More people on buses is good for the environment if it means fewer cars being used.” Some examples of environmental benefits are presented below.

<table>
<thead>
<tr>
<th>Table 2.3: Examples of Environment Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Increased Bus usage can significantly reduce noise pollution</td>
</tr>
<tr>
<td>➢ Bus use reduce GHG emissions</td>
</tr>
<tr>
<td>➢ Areas with good public transport links typically lower car ownership</td>
</tr>
</tbody>
</table>

---

12 ‘Bus Gate’ imposed a ban on private vehicles in the vicinity of the College Green in Dublin City Centre during the peak morning hours (7:00 to 10:00) and evening peak hours (16:00 to 19:00). This allowed the entry of only public transport vehicles during these times.
Provision of High Levels of Accessibility and Facilitation of Enhanced Social Inclusion

Social inclusion is closely related to transport mobility. Effective bus networks can therefore reduce economic and social disadvantages in terms of income, employment etc.\textsuperscript{15} Within this context, the impact of bus network remains crucial for the population comprising the young, low income, older, disabled, and jobseekers (pteg, 2013). Evidence by Stanley et al. (2011)\textsuperscript{16} confirms that mobility is positively correlated with social inclusion and can reduce risk of social exclusion. Similarly, the evidence from Loader and Stanley (2009)\textsuperscript{17} of the role of the public bus system found that “... service increases have successfully resulted in patronage gains in line with international evidence, and users are benefiting particularly from increased social and employment opportunities. This suggests the service upgraded have delivered increased social inclusion.”

Under a Direct Award Contract, Dublin Bus believes it provides a vital social inclusion role through its bus services and this should be taken account of in transport planning.

<table>
<thead>
<tr>
<th>Table 2.4: Role by Bus Network on Facilitation of Enhanced Social Inclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong link between mobility and social inclusion</td>
</tr>
<tr>
<td>Service increases can lead to increased independence for younger people and increase social capital and social inclusion</td>
</tr>
</tbody>
</table>

Increased bus usage due to integrated transport system

A significant proportion of public transport trips involve more than one medium of travel. Thus, there is an increasing need for multi-modal transport system that allow commuters to access different means of transport. The integration of public transport can lead to high bus patronage, as found in Zurich, where the post public transport integration measures led two-thirds of the population in the city travelling to work using public transport (Mees, 2010)\textsuperscript{18}. Heddebaut and Palmer (2014)\textsuperscript{19} also examine the impact of integrated transport within the European Research Project “City Hub” which highlighted the importance of such integration.

In Dublin, the NTA study of 2015 suggests that over 200,000 passengers travel to Dublin city centre each weekday in the peak morning period alone.\textsuperscript{20} This number is expected to increase by 20 percent by 2023, and the NTA and Transport Strategy for Greater Dublin Area (GDA) aim to increase opportunities for transfer between modes and services. Further, it is intended to provide high quality passenger interchange points at key transport locations in Dublin. A good example is Westmoreland and D’Olier Streets, which act as

\textsuperscript{18} Mees, P. (2010) Transport for suburbia. Beyond the automobile age. UK: Earthscan
\textsuperscript{20} National Transport Authority (2015). Dublin City Centre Transport Study.
focus points for the connection of Dublin Bus with transport services such as Luas, provincial buses, Dart and mainline rail services at Tara Street station. The results of customer satisfaction research show that 94% of Dublin Bus users were satisfied or very satisfied with the ability to make connections with other public transport. Dublin Bus believes that it is in a position to facilitate ongoing improvements in this area.

<table>
<thead>
<tr>
<th>Table 2.5: Impact on increased Bus Usage due to integrated Public Transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Increase bus patronage and reduce the number of private car trips.</td>
</tr>
<tr>
<td>➢ Importance of close proximity between bus stops and other transport nodes to encourage multi-modal commuting.</td>
</tr>
</tbody>
</table>

**Increase in Economic Growth and Employment**

Dublin Bus services also support economic growth and employment. This is aligned with international evidence. For example, Faulk and Hicks (2010)\(^ {21}\) bus systems can have a positive casual impact on key economic indicators including economic welfare indicators. They state:

“Relative to counties without bus systems, counties with bus systems have significantly lower unemployment rates…… and higher population and employment growth.”

**Value of a public bus network as alternative option for commuters**

One of the benefits of the Dublin Bus network is the option value for commuters. This is of benefit to commuters even if they seldom use the service. For most non-regular bus users in Dublin, the public bus service is usually an important alternative. Recent research\(^ {22}\) has shown that infrequent users place a value on ensuring that a bus service remains available. Chang et al. (2012)\(^ {23}\) conclude that such option values are very significant.

**2.3 Conclusion**

There are very significant economic and social benefits of an effective bus network for Dublin. It is important that these benefits are maintained under a Direct Award Contract to Dublin Bus.

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3 Current usage profile of Dublin Bus

3.1 Introduction

The current usage profile of Dublin Bus services is important for the NTA in considering the merits of an award of a Direct Award Contract. Recital 17 of Regulation (EC) No 1370/2007 states that “competent authorities are free to establish social and qualitative criteria in order to maintain and raise quality standards for public service obligations, for instance, with regard to minimal working conditions, passenger rights, the needs of persons with reduced mobility, environmental protection, the security of passengers and employees as well as collective agreement obligations and other rules and agreements concerning workplaces and social protection at the place where the service is provided”.

3.2 High Level of Bus Usage

Dublin Bus has maintained high levels of bus usage under the Direct Award Contract, both in periods when employment declined and also in periods of economic expansion.

![Figure 3.1: Total Passengers Using Bus Transport in Dublin and Employment Levels](image)

3.3 Serving All Areas and Demographic Groups

An important characteristic of bus usage in Dublin is the high level of accessibility for the population in the Greater Dublin Area. Dublin Bus has a much wider geographical usage profile than all other public transport modes in the Dublin area. Protecting the Direct Award Contract is of critical importance for reducing social exclusion and economic disadvantage.

CSO data from the Small Area Population Statistics (SAPS) for 2016 shows that the proportion of people within unique Electoral Divisions (EDs) using buses is significantly higher than proportion of people within EDs using other public transport services (see Figure 3.2). Moreover, while some non-bus modes primarily serves the area of Dublin on
the east coast, the availability of Dublin Bus services is more inclusive in terms of reach in and around Dublin and its environs.

Figure 3.2: Spatial Analysis of Bus Use

The fact that over 76% of areas in Dublin have at least 10% of population who commute by bus, (which is much higher than applies to other public transport modes), highlights the significance of Dublin Bus services.

Table 3.1: Accessibility Analysis of Public Transport Modes in Dublin

<table>
<thead>
<tr>
<th></th>
<th>By Bus</th>
<th>By Train, DART or LUAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of EDs with at least 10% of population who commute to work by:</td>
<td>76.1%</td>
<td>24.2%</td>
</tr>
<tr>
<td>% of EDs with at least 15% of population who commute to work by:</td>
<td>48.4%</td>
<td>15.2%</td>
</tr>
<tr>
<td>% of EDs with at least 20% of population who commute to work by:</td>
<td>14.6%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

The significance of Dublin Bus passenger journeys is also evident from the data overleaf which shows the number of passengers using Dublin Bus is highest across all forms of public transport in Dublin with a share of almost 54% being achieved in 2017.
Furthermore, the data on average daily flows (See Table 3.2) shows that the bus operation in Dublin for peak hours (7 AM to 10 AM and 4 PM to 7 PM) comprises 46.2% of average daily flow. This serves 29% of people entering Dublin city centre during the morning peak period who travel by bus (public and private). Moreover, the average flow between 10 AM and 4 PM is 35.8%, followed by 11.5% flow for the duration between 7 PM-10 PM. These figures indicate that bus services in Dublin consistently operate in and outside the peak traffic hours, serving the demand for both commuters as well as short journey city passengers.

<table>
<thead>
<tr>
<th>Hour</th>
<th>% Daily Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>00:00 – 06:59</td>
<td>2.7</td>
</tr>
<tr>
<td>07:00 – 07:59</td>
<td>7.3</td>
</tr>
<tr>
<td>08:00 – 08:59</td>
<td>8.5</td>
</tr>
<tr>
<td>09:00 – 09:59</td>
<td>5.5</td>
</tr>
<tr>
<td>10:00 – 12:59</td>
<td>15.8</td>
</tr>
<tr>
<td>13:00 – 15:59</td>
<td>20</td>
</tr>
<tr>
<td>16:00 – 16:59</td>
<td>8.3</td>
</tr>
<tr>
<td>17:00 – 17:59</td>
<td>9.3</td>
</tr>
<tr>
<td>18:00 – 18:59</td>
<td>7.3</td>
</tr>
<tr>
<td>19:00 – 21:59</td>
<td>11.5</td>
</tr>
<tr>
<td>22:00 – 24:00</td>
<td>3.9</td>
</tr>
</tbody>
</table>

Source: An Overview of Ireland’s Transport Sector 2018, Dept. of Transport, Tourism and Sport.
The 2016 CSO census data on commuting in Ireland shows that a total of 61,005 residents in Dublin use bus, minibus or coach to travel for school/college and work (see Table 3.3). Of these, the majority use of bus services is made by those aged 15 years and above, and students at school or college aged 19 years or above.

### Table 3.3: Age Distribution of Bus Commuters per day in Dublin (2016)

<table>
<thead>
<tr>
<th>Demographic Profile</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children at school aged between 5 and 12 years</td>
<td>2,547</td>
</tr>
<tr>
<td>Students at school or college aged between 13 and 18 years</td>
<td>6,707</td>
</tr>
<tr>
<td>Students at school or college aged 19 years and over</td>
<td>9,339</td>
</tr>
<tr>
<td>Population aged 15 years and over at work</td>
<td>39,865</td>
</tr>
</tbody>
</table>

Note: This table only refers to choice of transport for work/school. Therefore, it is an underestimate of Bus Usage.

The statistics on Free Travel Scheme (FTS); available to all persons aged 66 and above residing permanently in the State, show that the number of passenger journeys for Dublin Bus PSO services have increased in past few years. The strong growth rate in these passenger journeys is also of note in this particular market segment.

### Table 3.4: Free Travel Scheme Passenger Journeys (2013-2017)

<table>
<thead>
<tr>
<th>Year</th>
<th>Passenger Journeys (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>23.07</td>
</tr>
<tr>
<td>2014</td>
<td>23.8</td>
</tr>
<tr>
<td>2015</td>
<td>23.97</td>
</tr>
<tr>
<td>2016</td>
<td>25.58</td>
</tr>
<tr>
<td>2017</td>
<td>28.11</td>
</tr>
</tbody>
</table>

Accessibility is one of the key features of the service that is provided by Dublin Bus. As a result Dublin Bus provides important transport services to the wider Dublin Region.
3.4 Conclusion

The evidence presented above indicates the success of Dublin Bus, under a Direct Award Contract, in providing extensive bus services to all demographic cohorts and areas in Dublin.
4  Strong Performance of Dublin Bus under Direct Award Contract

4.1  Introduction

Dublin Bus is the largest public transport operator in Ireland. It carried 139 million passengers in 2017 and consistently meet or exceeded all the performance targets set down by the NTA. This level of patronage represents significant growth and has been achieved with a very high level of customer satisfaction.

4.2  Strong Passenger Growth with Declining Public Subvention

Dublin Bus has significantly increased the level of service and passenger numbers and has achieved this with a reduction in public subvention under a Direct Award Contract. The annual subvention paid to Dublin Bus in 2010 was approximately €76 million and by 2017, this declined to €47.5 million, a fall of 37%. This clearly demonstrates the continued focus by Dublin Bus over the lifetime of the current Direct Award Contract to reduce the net cost to both the Authority and Exchequer of delivering the PSO contract. This was achieved by continually addressing the cost base, driving revenue growth and providing value for money.

![Figure 4.1: Passenger Numbers and Annual PSO Subvention](chart.png)

*Source: Dublin Bus Annual Reports*
4.3 Excellent Track Record against Targets set

Dublin Bus achieved excellent performance for reliability and punctuality between 2015 and 2017 under a Direct Award Contract. The details for Dublin Bus performance achievements against the challenging targets set are shown in Table 4.1.

<table>
<thead>
<tr>
<th>Performance Obligation</th>
<th>Target</th>
<th>2015 Average</th>
<th>2016 Average</th>
<th>2017 Average</th>
<th>Running Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicles in Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weekday AM</td>
<td>98%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Weekday PM</td>
<td>98%</td>
<td>99%</td>
<td>98%</td>
<td>99%</td>
<td>99%</td>
</tr>
<tr>
<td>Saturday Peak</td>
<td>98%</td>
<td>98%</td>
<td>97%</td>
<td>98%</td>
<td>98%</td>
</tr>
<tr>
<td>Sunday Peak</td>
<td>98%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Driver Duties</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duties Operated</td>
<td>98%</td>
<td>99%</td>
<td>99%</td>
<td>100%</td>
<td>99%</td>
</tr>
<tr>
<td>Services Operated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>95%</td>
<td>96%</td>
<td>95%</td>
<td>96%</td>
<td>96%</td>
</tr>
</tbody>
</table>

Punctuality (High and low frequency punctuality)

<table>
<thead>
<tr>
<th>Total</th>
<th>95%</th>
<th>95.6%</th>
<th>96.4%</th>
<th>97.1%</th>
<th>96.4%</th>
</tr>
</thead>
</table>

Low Frequency Punctuality (2017 only)

| Total | 56% to 61% | NA     | NA     | 58% to 65% | 58% to 65% |

Source: Performance Report on Current Dublin Bus Direct Award Contract as part of Proposal to Directly Award a Public Bus Contract to Dublin Bus in 2019. Published by National Transport Authority (NTA)

In 2017, as shown in Table 4.2, Dublin Bus met or exceeded all of the targets set for reliability and punctuality by the NTA under the Direct Award Contract.

<table>
<thead>
<tr>
<th>No of Performance Targets which Dublin Bus failed to achieve</th>
<th>No of Performance Targets achieved by Dublin Bus</th>
<th>No of Performance Targets exceeded by Dublin Bus</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: based on Tables 4 & 5 in the NTA performance review
As shown in Table 4.3, web-analytics have revealed very high usage of the RTPI system in the last number of years. Dublin Bus believes the effectiveness of the RTPI system have led to increased bus patronage and improved the overall connectivity of the public transport system.

<table>
<thead>
<tr>
<th>Source</th>
<th>Views</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dublin Bus website RTPI queries</td>
<td>930,000</td>
</tr>
<tr>
<td>Dublin Bus App iPhone RTPI queries</td>
<td>7,500,000</td>
</tr>
<tr>
<td>Dublin Bus App Android RTPI queries</td>
<td>10,600,000</td>
</tr>
<tr>
<td>Total RTPI queries</td>
<td>19,030,000</td>
</tr>
</tbody>
</table>


The accuracy graph of RTPI is shown in Figure 4.2, which indicates that there has been very high accuracy of 97 percent for 2017-2018Q1. This is well above the minimum threshold and reflects high level of synchronisation between the Dublin Bus drivers and controllers.

4.4 High Levels of Consumer Satisfaction under Direct Award Contract

The NTA consumer satisfaction research conducted in 2017 (*) shows that the overall satisfaction levels for Dublin Bus averaged around 92% under the Direct Award Contract, with ‘Very High’ satisfaction levels being highest across all other public transport services (see Figure 4.3).

(*) An update to the NTA’s Customer Satisfaction Research was published in mid October 2018 as this paper was being prepared. The headline finding was that customer satisfaction with Dublin Bus, under the Direct Award Contract, increased by a further 3% from the 2017 finding to 95%.

![Figure 4.3: Satisfaction by Mode of Travel (2017 *)](image)

Source: NTA Consumer Satisfaction Research 2017

The high satisfaction level for Dublin Bus under Direct Award Contract is further corroborated from the customer experience statistics derived from mystery shopper surveys commissioned by Dublin Bus (see Table 4.4). The results show that Dublin Bus consistently met all parameters in relation to customer experience.

<table>
<thead>
<tr>
<th>Table 4.4: Customer Experience Performance (Dublin Bus)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target</strong></td>
</tr>
<tr>
<td>Each bus operated in service will be vacuumed internally and washed externally each day</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Each bus will receive daily attention to include the removal of rubbish, emptying of bins and attending to visible or identifiable soiling of a significant nature</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Each bus will internally be valeted on average every 4 weeks to include cleaning of all internal surfaces including windows, graffiti and stain removal</td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
</tr>
</tbody>
</table>
Dublin Bus will keep the public areas of Dublin Bus buildings clean

| Source: Performance Report on Current Dublin Bus Direct Award Contract as part of Proposal to Directly Award a Public Bus Contract to Dublin Bus in 2019. Published by National Transport Authority (NTA) |
|---|---|---|---|---|
| 2016 | 100% | 98.9% | 100% | 100% |

In addition to this, Dublin Bus demonstrated very high compliance to performance measures under the Direct Award Contract which included vehicle performance, bus equipment performance, bus driver performance, customer information, customer care, cleanliness, and stop maintenance, as shown in Table 4.5.

| Table 4.5: Customer Service Quality Performance (Dublin Bus, 2017) |
|---|---|---|---|---|
| Target | Year | Q1 | Q2 | Q4 |
| Bus Vehicle Performance (external branding and livery, specified vehicle capacity for route and time, age, correct number of doors) | 2017 | Target Not Met (100% Deduction) | Target Not Met (50% Deduction) | Target Met | Target Met |
| Bus Equipment Performance (including heating, lighting, wheelchair ramps, CCTV, ticket machine, route and destination displays) | 2017 | Target Not Met (50% Deduction) | Target Met | Target Met | Target Not Met (50% Deduction) |
| Bus Driver Performance (helpful, polite, drives smoothly, pulls into kerb at stop, stops at bus stops on request, informs of disruption) | 2017 | Target Met | Target Met | Target Met | Target Met |
| Customer Information Performance (fares display on buses, information at bus stops) | 2017 | Target Met | Target Met | Target Met | Target Met |
| Customer care performance (customer service desk, complaints response times, etc.) | 2017 | Target Met | Target Met | Target Met | Target Met |
| Cleanliness Performance (bus vehicles) | 2017 | Target Met | Target Met | Target Met | Target Met |
| Stop Maintenance Performance (Stop repairs, cleaning and being kept free of advertising) | 2017 | Target Met | Target Met | Target Met | Target Met |

| Source: Performance Report on Current Dublin Bus Direct Award Contract as part of Proposal to Directly Award a Public Bus Contract to Dublin Bus in 2019. Published by National Transport Authority (NTA) |

The strong performance of Dublin Bus under the Direct Award Contract is also reflected in the very low levels of complaints which also record a significant decline between 2015 and 2017.

| Table 4.6: Complaints as Percentage of Passenger Journey of Passenger Complaints |
|---|---|
| Year | Complaints |
| 2015 | 0.0128% |
| 2016 | 0.0154% |
| 2017 | 0.011% |

| Source: Performance Report on Current Dublin Bus Direct Award Contract as part of Proposal to Directly Award a Public Bus Contract to Dublin Bus in 2019. Published by National Transport Authority (NTA) |
4.5 Conclusion

The evidence shows that Dublin Bus have achieved a strong performance under the current Direct Award Contract with the NTA. This evidence and the proven track record is important in evaluating the merits of a continuation of the Direct Award Contract.
5 Dublin Bus Views on Direct Award Contracts

5.1 Introduction

The NTA is proposing to enter into a direct award contract with Dublin Bus in 2019 for the provision of bus services in the Dublin metropolitan region. This contract will commence in December 2019 and run until at least December 2024. The options available to the NTA are direct contract award or competitive tendering. EU Regulation 1370/2007 specifically allows for a direct award contract. Irish legislation (DTA Act 2008) reinforces this where the NTA “is satisfied that the continued adequacy of the public bus services to which the contracts relate can only be guaranteed in the general economic interest by entering into such direct award contracts”.

The NTA have outlined some of the advantages of a direct award contract and suggests that the only possible disadvantage is theoretical potential cost savings associated with competitive tendering. Dublin Bus believes that any such cost savings are very uncertain. In addition, the advantages of a direct award would greatly outweigh any such potential savings.

In relation to the review of a recent tender competition and €6m charge from CIE; a significant portion of this charge relates to rent and accommodation costs on sites owned by CIÉ and occupied by BAC. BAC provides its services from 8 strategically located depots throughout the Dublin area. These operational sites are occupied under lease arrangements with CIÉ covering rent, rates and utilities etc. In addition, CIÉ provide shared services in areas such as IT, Internal Audit, Legal, Claims, Insurance and Treasury. These services are supplied across the CIÉ Group of companies.

Some of the advantages of direct awards are outlined below.

<table>
<thead>
<tr>
<th>Table 5.1: Summary of Advantages of Direct Award Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Facilitates Integration with the rest of the public transport network;</td>
</tr>
<tr>
<td>□ Allows for continuity of supply in the context of the network re-configuration needed for Dublin;</td>
</tr>
<tr>
<td>□ Ensures continued integration of services and facilities;</td>
</tr>
<tr>
<td>□ Removes the need to address right of access issues associated with tendering;</td>
</tr>
<tr>
<td>□ Allows for flexibility in relation to changes in the operational environment;</td>
</tr>
<tr>
<td>□ Allows for flexibility in response to changes in the economic environment.</td>
</tr>
</tbody>
</table>

5.2 International experience of Direct Award Contracts in provision of Bus services

Direct Award Contracts have also been recognised as having major benefits in many other countries. The next table presents Dublin Bus’ research of cases where public bus service contracts have been awarded in other European countries by direct awards. In general, Direct Award contracts are the norm in many countries for the delivery of public bus services. In more than half of the cases, the Direct Award Contracts are for more than 5 years with a number running for 10 years, the maximum permissible under the EU
Regulation 1370. While there are some exceptions such as the UK, Scandinavia and parts of Poland, the advantages of direct awards means they have been commonly used.

| Table 5.2: Examples of Direct Award Contracts for Urban Bus Service Provision in Europe |
|---------------------------------|----------------|----------------|
| **Country**                     | **Cities**     | **Contract Award Type** |
| Ireland                         | All cities     | Direct Award     |
| France                          | Paris, Lille, Nice, Bordeaux, Marseille & Toulouse | Direct Award |
| Germany                         | All cities     | Direct Award     |
| Spain                           | Barcelona & Madrid | Direct Award |
| Belgium                         | Brussels       | Direct Award     |
| Hungary                         | Budapest       | Direct Award     |
| Italy                           | Rome           | Direct Award     |
| Netherlands                     | Amsterdam      | Direct Award     |
| Austria                         | All Cities     | Direct Award     |
| Austria                         | Innsbruck      | Direct Award     |
| Poland                          | Krakow         | Direct Award     |
| Czech Republic                  | Prague         | Direct Award     |
| Northern Ireland                | Belfast        | Direct Award     |
6 Risks associated with a move away from a Direct Award Contract

6.1 Introduction

There are a number of significant risks if there was a move from a direct award contract. These would be exacerbated during significant changes to the operation of the network (such as Bus Connects) and the interruptions arising from the MetroLink which will involve extensive construction in the city centre. The potential re-design of the network creates a further major risk for the efficient operation of the public bus system. Dublin Bus is best placed to minimise these risks and ensure the efficient and continued operation of an effective public bus system.

6.2 Overview of risks

Dublin Bus has identified 12 main risks that are important to consider in the context of the award of the Direct Award Contract and how such an award can mitigate successfully against these risks.

<table>
<thead>
<tr>
<th>Description of Risk</th>
<th>Mitigation by award under a Direct Award Contract to Dublin Bus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Re-structuring of the Bus Network</td>
<td></td>
</tr>
<tr>
<td>#1</td>
<td>A new bus network for the GDA may not be operationally effective.</td>
</tr>
<tr>
<td>#2</td>
<td>The Bus Connects programme is delayed or not delivered in full due to insufficient resource to manage this significant programme of change or knowledge and experience of GDA bus operational requirements</td>
</tr>
<tr>
<td>#3</td>
<td>Failure to deliver the ‘general economic interest’ as required by legislation due to inappropriate contractual structures with reduced control over outcomes and lack of resource to manage a significant programme of change.</td>
</tr>
<tr>
<td>Risks related to Technology replacement and loss of relevant expertise</td>
<td></td>
</tr>
<tr>
<td>#4</td>
<td>Significant business and reputational impact of failure of business critical technical and technology systems arising from insufficient resource and appropriate expertise to specify, procure and implement necessary technology replacements.</td>
</tr>
<tr>
<td>Risks of External Factors and Contract inflexibility</td>
<td></td>
</tr>
<tr>
<td>#5</td>
<td>Risk that the bus network / services in Dublin would not change with flexibility in response to infrastructural disruption and instability in the city (e.g. Metrolink construction, College Green Plaza, major events) due to contractual restrictions, lack of operational awareness and stakeholder relationships</td>
</tr>
<tr>
<td>#6</td>
<td>Risk that the bus network / services in Dublin may not change quickly enough to unforeseen economic shocks due to contractual restrictions and operator requirement to take an inflexible approach</td>
</tr>
</tbody>
</table>
Contract Dublin Bus demonstrated this in relation to the operational response to previous economic shocks. Tendered contracts do not facilitate such flexibility.

A direct award contract would not require the transference of functions and personnel to the NTA from Dublin Bus.

### Risks relating to Quality of Service provision

**#7** Industrial unrest, restrictive and costs arising from transference of functions from Dublin Bus to the NTA under TUPE.

**#8** An integrated, seamless service and economic benefits of a bus route network over the Greater Dublin Area.

**#9** The delivery of NTA Corporate and Board objectives are compromised or delayed due to insufficient resource or GDA specific bus operational knowledge and experience.

**#10** Constriction of economic growth in the GDA, reduction of productivity / competitiveness and compromising social inclusion due to a failure to deliver the necessary and significant programme of change and upgrade to the region’s bus network rapidly and flexibly while delivering customer satisfaction.

Dublin Bus will be contracted to deliver appropriate resource, competence and experience to supplement, support and assist the NTA in the delivery of corporate objectives across all relevant functions.

Under the terms of the current direct award contract, Dublin Bus integrates all routes routinely and as transport demands fluctuate from region to region, networks are changed accordingly.

In a direct award contract, Dublin Bus will apply its capability, expertise and competence as a proven effective, expert delivery partner in support of the NTA strategy, addressing Dublin’s economic and social threats and challenges.

Dublin Bus will be contracted to deliver appropriate resource, competence and experience to supplement, support and assist the NTA in the delivery of corporate objectives across all relevant functions.

### Risk Related to Not Achieving Passenger Numbers

**#11** There is a risk that a new operator would not achieve passenger numbers with resultant significant damage in terms of higher congestion costs to the economy.

Dublin Bus has achieved excellent passenger growth and maintained numbers even in economic downturn under a Direct Award Contract.

### Risk Related to a Potential New Contractor Becoming Insolvent

**#12** There is a risk that private companies with exposure in other markets could become insolvent as a result of market risks in overseas countries or due to other factors.

Dublin Bus is a commercial state company and is only focused on provision of services in Dublin and is less exposed to international risks.

Ultimately, each of these identified risks will lead to a poorer quality of service and to a less efficient transport system. Such risks if they resulted would also mean higher congestion. As discussed previously, a reliable effective bus system under a Direct Award Contract is central to the provision of public transport in the GDA and has significant impacts on its wider economy.

One of the economic benefits of a reliable extensive bus system in Dublin is the time it saves people in reaching their destinations. This time has an economic value. The Department of Transport, Tourism and Sport has issued guidelines that estimate a monetary value for this time saving. These values are shown in the table below. Dublin Bus effectiveness has resulted in significant time savings for commuters compared to what might result from a less effective provider.

### Table 6.1: Value of Time in 2011 Market Prices

<table>
<thead>
<tr>
<th>Market Prices (€/hour)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Work Value of Time</td>
</tr>
<tr>
<td>Leisure Value of Time</td>
</tr>
<tr>
<td>Commuting Value of Time</td>
</tr>
</tbody>
</table>

Source: DTTAS “Common Appraisal Framework”

If changes to the provision of bus services in Dublin resulted in a delay for bus commuters of even 10 – 15 minutes, given the number of passengers carried, this would result in an economic cost of millions of euro per annum. In addition, disruptions to the efficiency and effectiveness of Dublin Bus network would impact on wider congestion costs in Dublin. If
these amounted to 10% of congestion costs, this would result in a loss to the economy of over €34 million per annum.

<table>
<thead>
<tr>
<th>Table 6.2: Impact of Disruption to Dublin Bus Network resulting in 10% Increase in Congestion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimates by Department of Transport of Annual Dublin Congestion Costs</td>
</tr>
<tr>
<td>Impact of 10% Increase in Dublin Congestion Costs</td>
</tr>
</tbody>
</table>

In addition to the value of time savings, a very large economic cost of a disruption in the public bus network in Dublin would be in relation to the loss in Gross Value Added (‘GVA’) for workers who rely on the bus to commute to work. This could also negatively impact on employment prospects and the attractiveness of Dublin for investment.

6.3 Conclusion

Under the Direct Award Contract, Dublin Bus has demonstrated a strong record for quality of service including reliability and punctuality. In the 2014-2018 period, Dublin Bus had a recorded reliability score of 98%. This level of reliability is crucial to the operation of the economy and providing access to key services. Given the uncertainties facing the Irish economy from Brexit and other developments, Dublin Bus believes that the NTA should minimise the risks of any option which would damage the effectiveness of the bus network in Dublin.
7 Conclusions

Dublin Bus recommends that a Direct Award Contract is the only viable option for Dublin commuters and for wider transport policy. Some of the advantages of this option were outlined in the NTA consultation paper including Customer Satisfaction rates of 95% (NTA 2018 finding), increasing numbers of customer’s year on year, high rates of service delivery and a low and reducing subvention. Additional insights on these and other advantages of a direct award contract are presented in this submission by Dublin Bus.

Dublin Bus will require clarity on the implementation issues surrounding the proposed gross cost element of the Direct Award Contract, including ensuring that the customer is at the core of any incentive proposals and that quality incentives are mutually beneficial to Dublin Bus and the NTA.

The continued adequacy of the public bus services to which the contracts relate can only be guaranteed in the general economic interest by entering into a direct award contract with Dublin Bus and continue to build on a market structure that is effective, is strong in customer service and has a proven record of timely and quality delivery.

The economic and social benefits which have been delivered by the current Dublin Bus Direct Award Contract could be significantly compromised by a change of market structure. This is particularly the case given the wider risks to the Irish economy from Brexit and other developments. Dublin Bus believes it would be a mistake to damage the existing strengths of the bus market structure by moving from a Direct Award approach. This is particularly the case given the scale of transport network changes which are needed over the coming years to accommodate the population in the Greater Dublin Area.
Consultations on proposals to directly award contracts from December 2019 for Public Bus Services

Dear Anne,

Ibec, the group that represents Irish business, welcomes the opportunity to submit its views to the NTA on the proposal for direct award contracts to Bus Éireann and Dublin Bus. Ibec has long argued that an efficient economy with a growing population will require world class transport infrastructure. The gradual expansion of urban sprawl is symptomatic of a planning system that has not dealt with local and regional land use planning issues. As a result, the distances travelled by many commuters have grown. It is a remarkable fact that Irish citizens in 2016 were less likely to travel to work on foot, bike or by public transport than they were in 1986. This is a direct result of the fact that the number of people travelling longer distances to work has risen dramatically over the last 30 years.

One of the objectives of the National Planning Framework is for the majority of people to have no more than a 30-minute commute to work. Average commuting time for the State is currently 28 minutes thus devaluing the stated target for travelling to work. However, over 30% of the population have a daily commute of 30 minutes to an hour each way and 11% of the population facing a commute over one hour each way. The most extreme cases exist in the counties immediately bordering Dublin (Kildare, Meath and Wicklow) spend a minimum of two hours every day commuting. It is also particularly high in Laois, Offaly, Westmeath, Carlow and Cavan.

Ibec is broadly in favour to more competition rather than more regulation but given the pace of structural change in the bus system over the coming years through the BusConnects initiative, stability and continuity will be required to ensure effective bus services. With this in mind, Ibec is in favour of the pragmatic approach to direct award contracts taken by the NTA. We would like to acknowledge the improved performance of both bus companies over recent years with an increasing number of customers using the services. Their continued performance is crucial to limiting the negative effects of Ireland’s dispersed development and urban sprawl.

People should be able to move within and between city regions easily and efficiently. High quality public transport systems are essential to a mobile and agile city-regions. Dublin’s public bus networks form the backbone of its public transport system. In 2017, Dublin Bus carried over 136m passengers – more than half of all public transport passenger journeys in Ireland.1 Nationally, Bus Éireann was responsible for over 31m passenger journeys last year.

It is important that the services provided by Bus Éireann and Dublin Bus are backed up by rigorous state investment to ensure the needs of passengers are met, and that a reliable and efficient service can be provided. As reliability and efficiency improve, commuters are better disposed to using bus services. Successfully addressing intra and inter-urban connectivity requires a focus on modes of transport other than private vehicles. Ibec shares the NTA’s vision for a shift away from private car dependency. High quality public transport options contribute to greater intermodal transport, leading to reduced congestion and shorter travel times.

Congestion and excessive commuting times are a symptom of an inadequate public transport systems. Congestion adds unnecessary time to the daily commute; from this there are there are real social and economic implications. A shift away from dependence on private vehicles and towards a more intermodal, public transport orientated approach will improve quality of life, increase the catchment areas for skills across the country, and reduce emissions – all contributing to sustainable economic growth.

We would welcome the opportunity to discuss any of the issues raised in more detail.

Yours Sincerely,

Neil Walker

Neil Walker,
Head of Infrastructure
Re: BUS CONTRACTS - PUBLIC CONSULTATION

Dear Sir/Madam,

We are writing to you as part of the ongoing public consultation process on the proposed Bus Contracts. While we welcome the proposal to directly award the current Public Bus Service Contracts to both Dublin Bus and Bus Eireann from 2019 to 2024, we are totally opposed to the proposals to remove 10% of the Bus Eireann Services in 2021 with the intention to openly tender such services at that time. Such proposals are flawed and appear only motivated by an agenda that “competitive tension in the market is good for the consumer” or alleged “value for money” (both these phrases were used extensively by the NTA and the Department of Transport to justify the previous open tenders in 2016).

Public Bus Service Contracts must be about the provision of a vital Public Service, similar to Health, Education and Social Welfare services. Such contracts should be adequately funded by the exchequer, as they are socially necessary but not commercially viable, and not fall victim to profiteering and a race to the bottom in services and wages & conditions of employment.

The NTA’s own consultation paper states in Section 2.3 – Review of Recent Tender Competitions, in reference to the 2016 Waterford City and Dublin Commuter Services, that “The tender price offered by Bus Eireann was very competitive in both competitions and it is unlikely that much value could be achieved when looking at price alone”. These Bus Eireann tenders were against the backdrop of Bus Eireann’s recent significant financial difficulties yet this appears lost in the NTA’s proposals to achieve “value for money” for the exchequer!

The NTA’s consultation paper states that consideration must be given to “Customer Satisfaction” yet the paper further states that “Bus Eireann has achieved a high level of satisfaction in a recent customer survey”, the paper further identifies the Dublin Commuter and Waterford City Services as having the highest level of Customer Satisfaction across the Bus Eireann Services, yet despite this the NTA are proposing to put the Dublin Commuter Services up for open tender in 2021. This does not make commercial or business sense or indeed common-sense!

The NTA’s consultation paper states that consideration must be given to “Integration of Services”. Integration of services is wholly dependent on reliability and punctuality. In the NTA’s own document entitled “Performance Report on the Current Bus Eireann Direct
**Award Contract**” Bus Eireann exceeds the contractual requirements in such categories for each year reviewed (2015, 2016 & 2017).

The NTA’s consultation paper states that consideration must be given to “**General Economic Interest**” and under this section the NTA attempts to justify competitive tendering of public transport services by stating competitive pressure and market forces will reveal the most economically efficient provider and thereby leading to lower costs! This is contradictory to the NTA’s own earlier admission that value could not be achieved when looking at price alone. If as the NTA states that Bus Eireann has previously tendered very competitively then we must conclude that little if any difference existed in the previous prices submitted by interested contractors.

Furthermore, the NTA must be aware that both significant financial and Industrial Relations problems still exist within Bus Eireann. Workers, particularly within the Driver Grade, have experienced a severe lessening of their Terms & Conditions of Employment in the recent past. We now have driver duty spreads of 12, 13 and in some cases 14 hours (with only 8 hours of such paid time) and this is having an impact on driver fatigue and work life balance. This is a prime example of a “race to the bottom” scenario within Public Bus Service Contracts and should the NTA proceed with tendering of a further 10% of existing Bus Eireann Routes in 2021, the likely impact will be a further decline in Terms & Conditions and without doubt Industrial Action occurring in the Bus Service provision. This will not lead to any improvement in customer satisfaction, integration of services or indeed be in the general economic interest of those dependent on public bus services.

SIPTU is aware of the current wages and conditions of employment that apply within Bus Eireann compares favourably with the wages & conditions that apply within private operators, so we can only conclude that the profit margin is significantly higher than that which exists in Bus Eireann.

For these reasons SIPTU contends the proposals to openly tender 10% of the Bus Eireann Direct Award Public Bus Service Contract is flawed and should not proceed.

Yours sincerely,

_________________

John Murphy
Response to Bus Contracts Tender for the period from 1\textsuperscript{st} December 2019

Tender

1. There appears to be a confusing direction within the National Transport Authority (NTA) as to whether it wants to rubber stamp the status quo with the services provided by Dublin Bus, Bus Éireann or to enable private contractors to provide some or all of the services currently run by the existing operator.

2. This confusion is further compounded by the NTA’s desire to implement the seriously flawed “Bus Connects” programme alongside the re-tendering process. While attempting to modernise the provision of Dublin centred bus services, there is a perception that the NTA is tripping over itself with internally competing mandates in the absence of clear leadership or clarity of thinking.

Real Time Information

3. The provision of this service is at best patchy with only a minority of bus stops having this facility. However, it is seriously demeaned by being inaccurate or not being in service. Either this service undergoes substantial improvement, or it should be scrapped to provide a better phone and internet-based service with real incentives/penalties for excellent/poor service. An independent contractor should be appointed to oversee this service in order to put the spotlight on the NTA and/or the bus service provider.

Integrated services with other transport types

4. There is a serious flaw in the NTA’s thinking regarding transport integration. The NTA has clearly stated that services by bus will not be provided where these overlap with other transport modes. This is not a reality. There are no comparable services that match directly from one transport mode to the other except in very rare cases where transport links share the same terminus at one or both ends. This is not the provision of parallel services from a common-sense point of view. In any event, this type of thinking needs to be altered to provide a properly integrated suite of services so that there is a really joined up transport service that serves users fairly. This is especially needed should any version of the “Bus Connects” program ever come to fruition so that there are adequate facilities in terms of space, waiting areas, covered areas, sufficient bus parking facilities. Where bus services should integrate with train and Luas services, these must facilitate the smooth transfer of passengers from one mode to the other without excessive waiting times. Currently, buses do not integrate with other transport modes – in fact, the opposite is true as buses do not wait for the next train or Luas to connect but simply drive away to avoid picking up passengers. This should lead to the NTA being penalised until such integration is a proven reality.
Fares

5. Notwithstanding the NTA’s weak and timid approach to re-balancing fares and applying increases that are in excess of inflation, there are serious distortions that have not been corrected with regard to the imbalance of outer suburban fares compared with short journey stages. In effect, longer journey users are subsidising those on short journeys. This is manifestly unfair and is not justified. An example is the cost of the 84X fare from Dublin city centre to Bray @ €2.15 and from the city centre to Greystones or Kilcoole which is €2.90, a difference of 75c or 35%. Fare adjustments should be put in place by the end of December 2018 to regularise this issue.

Transport for Ireland Brand

6. Does anyone in the NTA seriously believe that Transport for Ireland (TFI) is a brand? Do passengers give one whit if a bus is branded Dublin Bus or Bloggs’ Buses? This is a case where group think has started to believe its own story. The latest round of colour changes does nothing to change services so put the paint sprayers away and improve the services first, please.

Bus Stops/Shelters

7. There is an urgent need to tidy up the proliferation of bus stops where there is more than one bus provider serving a common site. There should be a single bus stop with each provider having a slot on the stop. Bus stops should come under the direct control of the NTA without any input from local authorities, planning permission, bye law approvals and other unnecessary restrictions. Proper shelter provision has to be made in isolated areas with infrequent (> 30-minute intervals) and in particular, where interchange facilities are to be provided. Adequate provision for the disabled, elderly and young children needs to be part of this process.

Leap Cards

8. It is unclear why these cards have very restrictive use on the State’s bus services and trains when some operators e.g. Wexford Bus are happy to accept them from destinations in Wexford? These should be capable of universal use on all providers of bus service irrespective of situation and route. There is simply no excuse for the NTA not to make the use of these cards nationwide without delay.

Bus Fleet renewal

9. While it is noted that post 2019, consideration will be made in acquiring buses with reduced emissions. For many years, zero and low emission buses have been in use in cities such as Vienna, Amsterdam and Copenhagen – so, it is unclear why there needs to further evaluation of proven technologies. As the fleet will have to increased to meet the extra demands put upon it, low/zero emission buses should be acquired without further delay and the older more polluting buses in the fleet be confined to minor routes and as backups or extras when required.
Routes selected for the tender process

10. It is unclear how the process of route selection is made regarding routes that are earmarked for tendering. One Bus Éireann route from Wicklow to Dublin Airport and return which is number 133 is an example of a very poorly run route which should be significantly improved before going for consideration to tender. It is very erratic with missed services, drivers not knowing the route, poorly maintained buses. This needs to be perfected before assigning it to tender.

Summary

11. The NTA has a lot to do to ensure that all of the above mentioned issues are part of the tender process with effects on bus operators and the NTA itself. Clarity needs to be provided as to the precise role of the NTA (is it a procurer; is it a regulator; is it a consumer champion – just what is the role of the NTA?

 Alan Richardson
 Castlefield Lodge
 Killincarrig
 Greystones
 Co Wicklow
 A63 W928
Competition Advocacy Association

Bus Contracts,
National Transport Authority,
Dún Scéine, Iveagh Court, Harcourt Lane,
Dublin D02 WT20

30 October 2018

Submission to NTA statutory consultation
concerning its proposal\(^1\) to make a third 5-year direct award contract\(^2\)
to Dublin Bus without a competitive tender.

Dear Sir/Madam,

The Competition Advocacy Association (‘the Association’), of which I am a member, is a voluntary association of people concerned with issue of competition, economic regulation, and public governance in Ireland. We note the proposals of the NTA with respect to a further direct award of a 5-year contract to Dublin Bus without a competitive tender and we are very concerned at this prospect.

We have already written to you seeking information necessary to participate in the consultation on a fully informed basis, and explaining why that information was needed. Regrettably, there has been no response to our letter, hindering the ability of all interested parties to participate on best information. For that reason, the Association’s recent letter is attached as an annex to our submission. The submission makes reference to information omissions at certain places.

In our submission, the Association argues that the NTA proposal is

- not consistent with current EU and Irish law
- not consistent with government transport policy\(^3\)

\(^1\) Press statement dated 2 October 2018 entitled “NTA RECOMMENDS NO FURTHER TENDERING OF DUBLIN BUS SERVICES”.

\(^2\) To provide the same level of services as Dublin Bus will have in November 2019

\(^3\) For example, the very first ‘high-level goal’ in the Department of Transport’s 2016-2018 Statement of Strategy states: “Land Transport: to best serve the needs of society and the economy through safe, sustainable and competitive transport networks and services” (emphasis

Competition Advocacy Association October 2018
- not consistent with the General Economic Interest, and
- not consistent with the evidence and arguments of the NTA’s own reports published alongside the consultation document.

Consequently, it is our view that the NTA should not proceed with its direct award proposal but must instead reconsider the position and publish a revised proposal in line with the law, government policy, and where the general economic interest has been shown to lie, namely by recourse to competitive tendering.

The Association believes based on the considerations in its submission that a tendering exercise for a further set of bus routes is required, in addition to those that have already been made subject to competition, in order to protect the interests of the travelling public, or in other words, to serve the general economic interest.

We request that receipt of this letter and submission be acknowledged by the NTA. We also request to be informed if the NTA proposes to publish in full all the submissions you receive under the consultation exercise you are conducting, as it has done in the past.

Yours sincerely

_________________
Cathal Guiomard
Competition Advocacy Association
Submission to the public consultation on the NTA proposal\textsuperscript{4} to make a third direct award contract to Dublin Bus without a competitive tender.

A. Executive Summary

This submission argues that the NTA proposal to make a third direct award contract to Dublin Bus is

- not consistent with current EU and Irish law
- not consistent with government policy\textsuperscript{5}
- not consistent with the General Economic Interest, and
- not consistent with the evidence and arguments of the NTA’s own reports published alongside the consultation document, and dated 2 October.

For each and all of these reasons, the Authority has not justified departure from the statutory default position, which requires competitive tendering. Only where there an accumulation of argument and evidence that demonstrates that a departure from competitive tendering is justified would recourse to a direct award be justified. No such justification has been provided in this instance.

In addition, the Association is most concerned at the number of prior assumptions and decisions that appear to have already been made as part of this exercise. Those include a decision to opt for a gross contract but without any elaboration of the implications of that approach from a tendering perspective. Equally, there is no attempt to consider whether it might be possible to construct a basket of routes in respect of which a net contract (which is likely superior from a taxpayer perspective) might be viable. Crucially, such a contract would need to be awarded in compliance with the tendering provisions of Regulation 1370/2007.

Overall, the Association considers that the NTA should not proceed with its direct award proposal. As a result, it should withdraw its proposal and publish a new proposal that is in line with the law, the government’s policy, the general economic interest. A curious feature of this consultation exercise is that the Technical Report that accompanies the Consultation Paper make the case for competitive tendering in the general economic interest in largely unqualified terms. Despite that, in purported reliance on other considerations (some of

\textsuperscript{4} Press statement dated 2 October 2018 entitled “NTA RECOMMENDS NO FURTHER TENDERING OF DUBLIN BUS SERVICES”.

\textsuperscript{5} For example, the very first ‘high-level goal’ in the Department of Transport’s 2016-2018 Statement of Strategy states: “Land Transport: to best serve the needs of society and the economy through safe, sustainable and competitive transport networks and services” (emphasis added) http://www.dttas.ie/sites/default/files/content/corporate/english/general/statement-strategy-2016-2019/statement-strategy-english-version-2016-2019.pdf

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which are extraneous and others which present soluble challenges) the Authority fails to hold to the statutory default, which is very much in favour of direct tendering.

The Association believes that a tendering exercise for a further set of bus routes is required, in addition to the 10% or so that have already been made subject to competition, first and foremost to protect the advancement of the general economic interest as required by statute.

Regrettably, the Association considers that the NTA’s present consultation exercise is not in accordance with the Better Regulation principles of the Department of An Taoiseach and has not been undertaken in a way that allows for full engagement by interested parties. Furthermore the Authority has failed to provide elementary information and clarifications in response to a reasoned request from the Association.

Should the NTA consider that there may not now be enough time to reconsider its decision before the current direct award comes to an end in 2019, the NTA could of course make a short extension to the current award (for instance of twelve months). This option is not canvassed as such in the Consultation Paper. This is a very significant failure to consider relevant possibilities and an all the more glaring one considering that under Irish law, the default position is in favour of competitive tendering.

B. EU Law Context and Principles Applicable to the Proposed Award

A fundamental, but unstated assumption behind the Authority’s proposed award of another direct award to Dublin Bus is that it is permissible for it to do so under applicable EU law. The treatment of the proposed award from an EU perspective depends largely (but not exclusively) on the nature of the contract that is proposed to be awarded. The significance of that issue is in no way apparent from the various consultation papers that have been published by the Authority. There is no consideration of characterisation of the proposed award from an EU law perspective in any of the consultation documents.

One of the principal features of Regulation 1370/2007 (‘the Regulation’) is a general requirement for competitive tendering in accordance with its terms, except in the case of small contract awards. There is, however, built into the Regulation a significant general derogation from its requirements in respect of the award of public service contracts that amount to the grant of concessions under specified directives. As a result of this, only public service contract awards that also amount to the grant of a concession fall within the

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6 Despite this, the NTA appears to believe that if the renegotiation of bus services under the BusConnects project reaches an impasse over prices/subsidy, the NTA would then in fact be able to conduct a tender (Consultation Paper, p.12).

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Regulation. Instead, service contract awards that do not amount to the award of a concession are governed by Directive 2004/17/EC or 2004/18/EC, subject to the exceptions build into both of those directives.

Generally speaking under EU law, a public service contract award entails the granting of a concession where the rights conferred entail either the right to revenue from the underlying service provision or the right to that revenue in conjunction with compensation. In addition, it has been clarified over time, critical to the qualification of a contract as a concession is the assumption of commercial risk by the operator.

The question that then arises is what type of public service contract the Authority proposes to award and does it amount to the award of a concession. Surprisingly, those issues are not addressed directly in consultation papers. Instead, included in the Technical Report is a consideration of the advantages of what is described as a ‘gross contract’ arrangement. The Authority contrasts the position the position of a gross contract with that of a ‘net contract’ in respect of which the Authority says that “..., the Operator retains the revenue and the risk associated with the revenues not matching or exceeding operating costs.” The Authority then proceeds to consider some of the advantages and disadvantages of the two different contract models, having also alluded to the possibility of hybrids. The Authority ultimately comes down in favour of a gross cost contract ‘because it places risk with the parties best placed to manage it’. This it transpires is the Authority or in other words, the taxpayers.

Significantly, there is no analysis by the Authority of the contract type selection having regard to the feasible alternatives. Nowhere is there any assessment of whether, either in the aggregate, or possibly by splitting the routes that the subject of the current direct award, it might be possible to construct a basket of routes in respect of which a net cost contract would be both feasible and desirable. It is clearly in the interest of the taxpayers, or in other words, the general economic interest, that where feasible, commercial risk be assumed to the greatest extent possible by the providers, otherwise, incentives for cost containment are diluted very significantly.

Instead of engaging in a critical analysis of the potential for net cost contracts or of hybrids, the underlying assumption of the Authority is that it is a question of a gross or net contract taking the current contract bundle (i.e. routes to be covered) as part of the PSO as a given. This is a very serious failure to take into account a relevant consideration and one that the Authority is very well positioned to research given the powers conferred on it under DTA 2008. At the very least, it should have to hand comprehensive data of the profitability of
individual routes. All of this is separate and apart from the potential economic implications of the BusConnects project which are considered separately in Section C.

Equally striking, there is no indication in the consultation papers that the proposed award of a gross contract probably means that the direct award is not a concession, in which case the competitive tendering requirements of the Regulation are capable of being escaped, subject to the position under Irish law considered in the next section. That, as will be seen, is not actually the entire position but it is of serious concern that the wider implications of the contract specification (itself the subject of an erroneous assumption) are not tackled head on. Instead, the Authority emphasises a number of service requirements and specifications (such as the type of vehicles) as being vital for it to control. That type of output regulation is in not necessarily incompatible with a decision to opt for a net contract or for that matter a decision to make a net contract award using competitive tendering for some of the routes that are currently covered by the direct award.

As already indicated, even though the Regulation may not actually apply to the manner of the contract award in this instance (even though the Authority appears to have implicitly but impermissibly overlooked the alternatives), it remains the position that the award must be made in accordance with Directive 2004/17/EC or 2004/18/EC, as applicable. This is another very important matter on which the consultation papers are entirely silent. In this context, Directive 2004/18/EC is the relevant instrument and if the Authority considers that the exclusion provided for in Article 12 of that directive applies, then it should set that out in a fully reasoned manner.

Furthermore, even if Directive 2004/18/EC does not apply to the award or although applicable did not require competitive tendering in accordance with its terms, the principles of transparency, non-discrimination on the grounds of nationality, and equal opportunity apply where a proposed direct award apply. As a result, it is clear that the Authority should by now have engaged in some type of ‘market testing’ exercise with a view to determining possible interest from operators in other Member States in competing for the proposed award to Dublin Bus. In addition, the Authority should have used such a consultation exercise to solicit industry views on the appetite for a gross contract, net contract, or some type of hybrid for part or all of the current PSO routes.

The Authority faces another significant difficulty in terms of not engaging in competitive tendering in that whether the legal treatment of the proposed direct award under Regulation 1370/2007, Directive 2004/18/EC, or otherwise under any other secondary legislation, Ireland must still ensure compliance with the principle established in the
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TeleAustria judgment of the European Court of Justice. In particular, the obligation of transparency – which is in no way satisfied by this consultation exercise – requires a degree of advertising sufficient to enable the services market to be opened up to competition and the impartiality of procurement procedures to be reviewed. That has not been done.

C. Domestic Law Principles Applying to a Decision on Tendering

In the context of making a decision on the making of a further direct award to Dublin Bus, the NTA has identified one of the legal constraints that apply to a decision not to tender, namely, section 52(6)(c)(ii) of the Dublin Transport Authority Act 2008 (‘DTA 2008’). This statutory provision provides, in very clear and unambiguous terms that a direct award may only be entered into where the continued adequacy of the public bus service “can only be guaranteed in the general economic interest by entering into such direct award contract”. At the very least, this creates a strong presumption in competitive tendering, which may only be departed from in the very exceptional situation where the general interest can only be fulfilled by direct tendering. In short, the default position under Irish law is competitive tendering. That is separate and apart from obligations with respect to competitive tendering under EU law.

Regrettably, the Authority’s various papers do not provide any clear guidance as to how it will go about making that assessment in a systematic and methodical manner consistent with its principal statutory objectives. What is clear, at least from the Technical Report, is that the statutory presumption in favour of competitive tendering is strongly corroborated by the empirical research and experience on which the Authority relies. There is more than a prima facie case established that to go out to tender is the exemplary way of giving effect to the general economic interest. Yet, despite both the statutory presumption and the wider experience of tendering, nevertheless, the Authority is proposing a direct award. Perhaps more importantly, and although it has identified the BusConnects Project as a significant background factor, nevertheless, the Authority is proposing a direct award that is likely to go well beyond the period for implementation of whatever configuration is ultimately determined as part of that exercise.

Instead, the approach of the Authority appears to be based on a collateral attempt to second-guess the benefits of competition, through some type of unspecific assessment of the efficacy of the Go-Ahead contract award. As part of this, a number of considerations (several of dubious relevance), such contracting and logistical challenges (in particular as to

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7 See Case C-328/98 TeleAustria ECLI:EU:C:2000:669
the use of depots and other infrastructure) are put into the mix. Perhaps most disappointing of all, the Authority seems to rely on the limited time available ahead of the expiry in 2019 of the current Dublin Bus direct award as a reason for why the option of competitive tendering may be foreclosed. Presumably, that is on the basis that a competitive tender might take too long to organise. If indeed that was a concern, based on the previous experience gained in connection with Go Ahead, the Authority should have commenced the current consultation in good time so as to ensure that inertia did not needlessly foreclose any option. In any event, for reasons that will be elaborated upon, there are obvious solutions to these timing issues, several of which should be apparent to the Authority given the resources that it has at its disposal.

In order to make a decision as to whether or not to depart from tendering, section 52(6)(ii) of DTA 2008 requires the identification of clear and convincing reasons backed up by appropriate evidence that the general interest can only be fulfilled through a direct award. That requires that the Authority first assess and quantify what are inevitable the negative effects associated with a decision not to engage in a competitive tender. That is crucial if the statutory presumption in favour of tendering is to be respected. For that purpose, it is essential that the Authority make some type of welfare gain assessment under a number of scenarios (for example, based on a single or multiple contract award). This analysis needs to incorporate estimates as to the allocative efficiency gains associated with tendering but should also incorporate other efficiency gains that may be realisable under competitive tendering, e.g. technological or environmental innovation. This then represents the likely loss from a general economic interest perspective that will be incurred if a decision is take not to engage in a direct contract award.

Such an assessment would provide a reference point with respect to considering any countervailing considerations (that are relevant and permissible in law) that would militate against competitive tendering. More importantly, only where those countervailing considerations are very substantial and in welfare terms exceed the value of the losses that inevitably arise from the value to engage in competitive tendering would a decision not to tender begin to be justified. Unless this type of method is deployed then the statutory presumption in favour of tendering, which translates the Authority’s duty to demonstrate the superiority in the general interest of on-going incumbent provision, will not have been respected. Reliance on a fairly favourable record of contractual performance by Dublin Bus does not suffice for that purpose.

In this regard - and this is very much a concern given the tone and content of the Consultation Paper - this is not a question of the benefits of competitive tendering having to
first be established. As a result, in so far as the Authority is proposing to do precisely that by considering whether or not the Go-Ahead award has delivered economic benefits, then that approach is mistaken in several respects. The Oireachtas has, through the creation of a presumption in favour of tendering, already concluded (in line with the empirical experience itself cited by the Authority in its Technical Report) that competitive tendering is in the general economic interest. As such, the role of the Authority should be to quantify the potential benefits associated with competitive tendering (whether that be for a single or multiple contracts) so that the scale of potential dividend is used to provide a meaningful marker against which any relevant downsides can be assessed properly.

In relation to the identification of potentially countervailing factors, two considerations arise from a legal perspective. The first is whether the factors that have been identified by the Authority as seemingly militating against tendering (although the Consultation Paper is not entirely clear on this) are relevant considerations not just in the abstract, but also by reference to its principal statutory objectives. The second is whether the Authority consideration of and deliberation with respect to the factor in question are clear, coherent and logical. While the next section of this reply to the consultation engages with the reasoning of the Authority with respect to the various consideration identified by the Authority, the following are some comments primarily as to relevance, but also touching upon the coherence of the Authority’s reasoning.

A preliminary difficulty with the approach of the Authority is that there is no systematic effort made to identify and explain what considerations are relevant in terms of justification for a possible departure from tendering. This is a very serious failing. Arguably, those issues should have been identified and flagged in a proper pre-consultation exercise in keeping with the practice of several of the established regulators in Ireland. Even if that was not feasible – which we doubt – at the very least the consultation paper should have explained why the factors relied upon are relevant as well as giving some sense of the weight or import that might attach to their assessment.

While it could be said that any general interest consideration is relevant, that is at such a level of abstraction as to be of little practical use. Instead, we suggest that the test of relevance should be guided and constrained by the general objectives of the authority set out in Section 10 of the DTA 2008. Paraphrasing, those requirements concern

a) The development of an integrated transport system contributing to environmental sustainability, social cohesion, and economic progress
b) The provision of a well-functioning, integrated and safe system of public transport
c) Improving access for all to that system, including for those with disabilities
d) Increasing the use of public transport
e) Regulated competition in the provision of licensed public bus passenger services
g) Increased cycling and walking
h) Value for money.

At p.7 of the Consultation Paper, the Authority has identified a number of factors, five in total, that it says are relevant when entering into any public bus service contract, but it is not entirely obvious where they are derived from. No legal provision is cited for their applicability, and while they have some correspondence with some of Authority's principal objectives under section 10 DTA 2008, it is significant that the objective of regulated competition is omitted entirely. In this context, such competition extends not just to competition at service provision level but also includes competition in the award of public service contracts through competitive tendering.

It will be obvious that out of the eight criteria set out above, items (d), (e) and (h) reflect both the importance of and benefits associated with competitive tendering. They are also perfectly consistent with the statutory presumption in favour of tendering, while again revealing the nature and size of the evidential burden faced by the Authority if it is to proceed with yet another direct award. Competitive tendering should reduce the cost of State subvention, may lead to fare reduction, and could encourage greater use of bus services, which while although no longer declining, has yet to reach historic highs despite significant population growth.

In terms of these section 10 objectives, item (g) can be disregarded, which means that countervailing consideration must fall fully and fairly within one or more of criteria (a), (b), and (c) in particular in order to be relevant and therefore lawful. To take one of the issues that is considered at some length in the Consultation Paper – namely the impact on existing and planned integration initiatives - it will be clear that this falls within (b) and possibly (a). As such, it is a relevant consideration.

It may be that under certain conditions, competition would preclude the realisation of certain integration benefits, but that is only very exceptionally and there is no suggestion to that effect by the Authority in this instance. In any event, it is necessary to bear in mind that Ireland has seen very modest public transport integration initiatives to date despite a more
or less entire State monopoly in Dublin for decades until the advent of the LUAS. More presciently, none of the principal integration initiatives highlighted by the Authority are in any way incompatible with the principle of tendering. In very simple terms, there is no reason to believe that they could not be achieved, respected, and implemented if an award was made based on a competitive tender. Similarly, if more than one contract was awarded, these integration requirements are realisable through rigorous contract specification, something that should be well within the competence of the Authority.

By contrast with the issue of integration, we note that among the considerations identified by the Authority appears to be the issue of the possible employment consequences. In particular, the possibility that a competitive tender would lead to Transfer of Undertaking Protection of Employees (‘TUPE’) obligations being triggered because of the deeming provisions in the Regulation. We say that this ‘appears’ to be a consideration because on one view of the Consultation Paper it is, while on another, this discussion seems to be extraneous commentary. To be very clear, we consider that this is not a relevant consideration from a legal perspective and certainly not one that weighs in the mix against competitive tendering. It is impossible to reconcile the possible triggering of TUPE with any one of the relevant criteria identified in section 10 DTA 2008. Even if one regarded this as social cohesion oriented (which, under (a) is we think concerned with cohesion at the level of people as users), the operation of TUPE is a safeguard for workers thereby removing what might be regarded (albeit we would say, wrongly) as an impediment to competitive tendering.

Similarly, and as alluded to above, the issue of the time that is available to organise competitive tendering does not appear to be a relevant consideration, or at the very least, in principle, it is not a relevant matter, especially since the 2019 deadline has been long known to the Authority without any material change to the applicable legal regime in the intervening period. It cannot be lawful for a statutory agency to rely on its own failures as a reason not to proceed. Did the Oireachtas contemplate that such an avoidable difficulty should weigh in the balance as to whether or not to tender? More precisely, is that a consideration that legitimately overcomes the presumption in favour of tendering? We think not.

In any event, section 52(8) of the DTA 2008 gives the Minister the power to issues various directions in other to further the implementation of government transport policy and/or the Regulation. As such, it must be open to the Minister, to direct both the DTA and Dublin Bus to extend the current contract for a short period if indeed that was necessary, which in any event has not been established by the Authority. As it happens, and for reasons that are
expanded upon in the next section we consider that the more appropriate course here is for the Authority to only make a further direct award for two years, by which time decisions on the implementation of the Bus Connects project should be taken.

To conclude in relation to applicable legal regime, while we consider that the Authority should have made some estimate of the potential welfare losses associated with not tendering, even without it, the statutory presumption in favour of tendering cannot be easily displaced and it is not set easily aside by any of the factors actually relied upon by the Authority. In the next section, we demonstrate how none of the matters relied upon, either in isolation or in the aggregate, justify the proposed departure from competitive tendering.

D. Response to Substantive Issues Raised in NTA Consultation Paper

The Consultation Paper sets out the Authority’s rationale for its proposal for a third direct award contract to Dublin Bus from December 2019. In this section of the present submission, we review that rationale and find it clearly insufficient to support the direct award proposal. There are three elements to the rationale offered by the NTA:

- issues related to completed tender (section 2.3 of the Consultation Paper),
- issues related to BusConnects project (section 2.6 of Consultation Paper), and
- the General Economic Interest (section 2.7 of the Consultation Paper).

In summary, the NTA argues that:

- it is too soon to evaluate the merits of tendering;
- there would be substantially higher financial risk to the NTA under tendering from the restructuring under the BusConnects project; and
- the literature shows enhanced value for money from tendering but these findings do not necessarily apply to Ireland; in any case, the BusConnects programme and tendering being “untested” (p.14) mean the General Economic Interest is served by a direct award.

Each aspect of the rationales earns about one to 1.5 pages of consideration by the Authority. The Association’s response to these sets of issues is set out in the following sections of the submission.
1. NTA rationale related to the completed bus tender

The Consultation Paper states (p. 10) that “The Authority is carrying out a detailed assessment of the results of the recently completed tender competition for Dublin bus services. At this stage, there are a number of issues that would need to be taken into account if further open tendering is to be considered. These are:

a) Whether, or to what extent, there has been cost savings to the Authority through the tendering process;
b) How the quality of service provided through the competitive tendering compares to that provided through the direct award contract with Dublin Bus;
c) Lack of access to existing bus depots in CIÉ and no immediate proposals by NTA to provide depot facilities.”

In relation to a) above, we expect that, in selecting the winning bid for these tenders, the Authority has already taken account of, inter alia, the cost savings in the form of the required subvention. The very nature of a tender means that the Authority should - indeed, must - already know the the cost savings arising from the selection of the winner bidder in the concluded tender process compared to the losing bidder(s). This factor does not provide a relevant or adequate rationale for the NTA decision not to tender. As indicated in the previous section, to the extent that the Go-Ahead award is relevant, that should only be by way of input into the assessment of the likely welfare loss associated with not tendering. In this regard, we assume that a gross contract was awarded to Go-Ahead (and as such will disclose some type of unitised cost measure) and the position on the same or a similar unit cost measure must already be known for Dublin Bus, especially if it participated in the tender.

The consultation paper mentions (p.10) other possible other costs that are needed in order to calculate of the net gain from tendering. These include overhead costs, “the costs of the competition” and costs borne in regard to services required of Dublin Bus but not Go-Ahead (e.g. marketing). The Authority argues that tendering would not yield a saving from such costs as depot costs and overheads because “presumably” these would still need to be paid and/or are “fixed”. This is a familiar claim in the regulatory world - but is normally made by service providers not regulators.

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8 In regard to the last of these, the difference between the Dublin Bus 2016 cost base per km (€5.87 in the table on p.9) versus €4.90 per km net of marketing and other overheads (the number given by the NTA on p.10), suggests some €45.7m of a total 2016 subvention of €59.7m - or three quarters - goes on marketing, advertising and depot repairs. This suggests the Dublin Bus PSO transport services in 2016 actually almost broke even and required no subvention. Inter alia, marketing and advertising costs are obvious candidates for tendering.

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For the Authority to offer this argument against tendering is a concern regarding its understanding of its role, and highlights the ever-present danger of ‘regulatory capture’. The role of the Authority is not to ‘presume’ how to re-assign overhead (or any other) costs of any service provider (public or private); its role is to protect the public from paying excess costs which a well-run transport business would reduce in line with reduced demand.

A final tendering cost mentioned in the Technical Paper (p.17) is that “it is not clear whether any depot costs associated with any further opening” would outweigh “the advantages of the costs saving...of ‘competition”. The depot costs relied upon by the Authority in making this statement are not available to participants in the consultation and that is despite having been requested.

In short, the Authority’s consultation paper argues that the direct savings from the tender itself are not known, and that there are other costs (also not measured by the Authority) that also need to be included in a net calculation. It is disappointing that over the past five years, the Authority’s work programme does not appear to have included the preparation of basic and rather straightforward calculations to leave the NTA with the information needed in 2018 to consider all policy options to support the public interest. Again, however, the failure to prepare a proper welfare analysis (i.e. one that takes account of the total welfare loss attributable to not tendering) is not a failure that somehow reverses the statutory burden of proof on the Authority to demonstrate that to tender is not in the general economic interest.

In relation to b) above, the obvious and widely used way to prevent a tendered service being supplied at an unsatisfactory standard is to include penalty clauses in the contact, such that the service provider is only paid for the service supplied.

In relation to (c) above, this factor was identified as a consideration in the context of the last direct award to Dublin Bus in 2013. In the absence of an answer from the Authority to the Association’s query on this matter (see Annex), we can do no better than suppose that the Authority does not seem to have progressed its consideration of the issue of access/ownership of depots (under ultimate State ownership) with Dublin Bus, the Department of Transport Tourism and Sport or any other public agency in the past five years. If this factor is only now considered “to need to be taken into account” (p.10) in order to consider further tendering, this is completely unsatisfactory. An obstacle to competition/tendering, which is the default setting under Irish and EU law, seems to have remained unaddressed all through the period of the current direct award and is now again offered as a rationale to make another direct award. Moreover, this has been to the business advantage of one of the companies in the industry and is not obviously consistent with the NTA acting in a non-discriminatory manner.

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Finally, the Association considers it striking that the Authority posits as an obstacle to tendering the lack of access to existing bus depots when section 52(5) of the DTA 2008 permits the Minister to issue legally binding directions. This might be considered the obvious channel to foster bus competition in the Dublin area, but is nowhere mentioned by the Authority. In any event, in circumstances where, for example, a contract based on competitive tendering was awarded on a nodal basis, this would be expected to lead to a situation where if Dublin Bus no longer operated from a specific depot, that depot would either be sold on to a new provider or at the very least leased to it for the term of any award. Again, there is no sign whatsoever of the Authority having given any thought to this possibility or for that matter the other legal basis that might be invoked by the Minister with respect to access to publicly financed and owned assets.

2. NTA rationale related to the BusConnects project

The second part of the Authority’s rationale for making a direct award to Dublin Bus, as opposed to conducting a tender, concerns the need to vary the terms of an award to take account of the revised bus routes and services required by the BusConnects project. The consultation paper states “The Authority considers that there is significant financial risk to it in any negotiation, post contract award, with a bus operator over the cost of service variations of the scale contemplated by Bus Connects. These risks could be substantially larger in the case of a bus operator who has tendered for the operation of a network that is subsequently radically re-specified shortly after contract award.” Similar claims of higher risks from tendering are made in other parts of section 2.6 of the consultation document.

No explanation let alone rationale for these claims, whether in terms of argument, evidence or anything else, is provided in the consultation document or either of the other documents. In particular, no reason is given as to why those risks would be greater in the case of a proposed awardee of a tender as opposed to Dublin Bus following a direct award. This factor therefore simply does not provide any rationale for the NTA proposal. The logic of the BusConnects programme is to remove route duplication and to connect passengers with their destination more directly and speedily. On the face of it, then, such rationalised services should be less, not more, costly to operate, and require a lower subvention from the Authority. The redeployment of the subvention to subsidise additional services would presumably also involve efficient, direct routes.

No consideration of alternative ways to a direct award, to deal with the overlap between the new licensing period and the introduction of the BusConnects programme, are considered by the Authority. Just one option would be to make a short extension to the
current award (for instance, for twelve months). This is another significant failure to give proper consideration to salient matters and to explore more proportionate (and time bounded) departures from the principle of competitive tendering. To be clear, the Association acknowledges that the BusConnects project is a relevant consideration, but does not accept that it justifies another 5 year direct award to Bus Eireann. It does not.

3. **NTA rationale related to the General Economic Interest**

The Authority’s rationale for its conclusion that it is in the General Economic Interest to make a direct award involved the following steps:

- competitive tendering reveals the most efficient provider and so lowers costs
- customer service quality can also be improved by tendering
- international experience confirms that tendering can yield benefits
- but Dublin is a major and strategic bus market and “the costs and risks from an ill-considered competition are substantial”
- tendering for the whole Dublin market would not be prudent or in line with initial tenders undertaken internationally
- and considering the BusConnects changes and that the NTA has not “tested” the current tender
- leads the NTA to conclude that it is in the general economic interest to make a direct award to Dublin Bus.

Some initial comments from the Association are:

- The NTA does not dispute the customer benefits from a competitive tender
- The NTA offers no data in respect of these benefits (though they are readily available in the literature as well as in other NTA publications); this makes it hard to weight up the pros and cons of tendering
- The NTA argument about the scale of the Dublin market works both ways - the scale of the benefits as well as the risks are large
- No one has proposed opening the full market to tendering; this is a straw man
- Further tenders would not be an ‘initial’ opening of the Dublin market which is already open as announced in August 2018 on the NTA website
- The NTA bases its general-interest argument on factors other than the general economic interest, namely the BusConnects programme and the concluded tender not having been “tested”.

This submission has earlier dealt with the BusConnects programme consideration, and with the fact that the NTA is in possession (or should be in possession) of the net savings from...
tendering without the need of an ex post assessment, three years hence. Significantly, this part of the NTA’s reasoning draws on the Technical Report published alongside the consultation document. The arguments that the technical report presents, (let alone scrutiny of the voluminous literature in this area) points strongly to the conclusion that the scale of the savings available to the taxpayer via competitive tendering is very large – perhaps running into tens of millions of euros per annum. As such, the Authority must justify why that saving must be foregone in the general economic interest. To be more precise, it must show that the general economic interest can only be fulfilled through another direct award. It has not done so.

5. Response to the NTA Performance Paper

Given the importance attributed by the Authority to having confidence in the service quality of tendered services and the NTA’s objective of “value for money for the Exchequer”, it would be expected that the NTA performance report would assess the performance of Dublin Bus in a thorough and non-discriminatory way.

The Performance Obligations placed by the NTA on Dublin Bus are set out in Table 1 of the report. All are explicit and quantified, except for the efficiency targets. Even though in the consultation report focuses on the question of cost savings from tenders, its only statement of Dublin Bus’s efficiency is that the Efficiency and Cost Reviews were “Implemented as planned” (item 18 of Table 1). No information on the saving targets set and how far they were these achieved is provided.

Observers familiar with regulatory history and challenges will not be surprised by the statement on page 16 of the performance report that “Financial reporting is not published as it contains commercially sensitive information.” One of the great obstacles to effective regulation in the consumer interest, across sectors and jurisdictions, is what the academic literature refers to ‘asymmetric information’ - the gap between the information held by the regulated firm and that available to the regulator’s office. Regulated firms seek to operate without effective scrutiny by keeping information private, citing mostly bogus reasons like ‘commercial confidentiality’. Dublin Bus has a monopoly granted by the Authority for the last 10 years, and proposed to be extended by another five, on 136 routes. Commercial confidentiality does not arise in these circumstances.

To be effective, regulators need to be alert to, and to effectively resist, regulatory capture.

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9 Notwithstanding this, section 4.1 of the performance report does publish the explicit costs of certain sets of service changes.

Competition Advocacy Association October 2018
After 2017, the NTA appears to require no further efficiency improvements from Dublin Bus. No explanation for this seeming decision is offered, nor does the Authority explain how such a decision is compatible with the NTA’s objective of “value for money for the Exchequer”.

The Performance Report states (p.2) that “Overall, Dublin Bus reported a generally good level of compliance with the required performance obligations from 2015 to 2017.” The Report also states that 10% of the compensation paid by the NTA to Dublin Bus in each quarterly period is withheld until the NTA is satisfied with the company’s performance. Failures by Dublin Bus to satisfy the NTA’s performance requirements are detailed in Tables 4-8 of the performance report. However, the NTA is silent on whether it withheld any compensation for these failures. The Association asked for this information but received no response.

6. Response to the NTA Technical Paper

The Association shares the Authority’s view that the international experience shows that “substantial cost savings” are achievable from the move to competitive tendering, as well as improved service quality.

Although we would dispute some of the Authority’s detailed reasoning and arguments, given the overall agreement, it is not necessary in this part of the submission to deal with the technical paper at any length. The Association does wish to make two additional arguments.

First, there are disappointingly few source references given to the literature discussed in the NTA technical paper. One such reference is a paper by van de Velde and others entitled Public Transport Tendering in the Netherlands. The NTA technical paper refers to a rather minor aspect of the report, which is strongly positive about tendering:

“The experience of franchising of local transport services in the Netherlands is characterised by:

- Significant investment in vehicles leading to a modern bus fleet meeting high emission and accessibility standards
- Significant enhancements in service levels and the overall local public transport offer

- Though there are tensions between the local and national, and operators and authorities, integration remains a key feature
- Patronage data is not sufficiently robust to allow for a sophisticated analysis of impacts but the data suggests that local bus patronage remains stable
- Substantial improvements in labour productivity
- Falling costs of provision
- Rising levels of customer satisfaction
- High degree of fares integration but greater specification of local fares offers and all within the overall context of fares rising above inflation
- Formal role for passenger groups in franchise development and changes.” (Executive Summary).

Second, just over one year ago, on 10th August 2017, the NTA issued a question and answer note on the opening of the Dublin Bus market, and announced that the UK bus company Go-Ahead was the preferred bidder. The Q&A included this passage:11

“Why is this [bus market opening, BMO] good for passengers?

The reason we are doing this is ultimately to improve bus services for Dublin. Dublin Bus is very successful company and has managed to provide good quality bus services for its customers, for the city and for the region. It knows its market and it knows its business. But it is never the case that a company can have a monopoly on wisdom or experience, and we believe that bringing in a new operator into the market will bring a fresh dimension to the way that services are offered. We can all learn something from the likes of Go-Ahead and introducing new providers encourages everybody to focus on their customer’s needs. It also encourages innovation and improvements to service quality. It has also been the experience internationally that introducing some level of competitive tendering into PSO service like this, usually results in a much better deal for passengers and for the public in general. A process like this can often result in savings of 20-30% in operating costs, which frees up money for NTA to invest in introducing new services and improving existing ones.

Cost savings can reduce need for State subsidies or can be shared with public transport users in the form of lower fares, encouraging people to use public bus services, and reducing congestion." (emphasis added)

In weighing the cautious assessment of the Authority’s technical report, interested parties should be aware that not a single one of the above arguments taken from its 2017 Q&A document is considered in the 2018 technical paper. The emboldened phrases above suggest that the NTA - after the successful bidder had been selected from the tender - had rather a positive view of the merits of tendering.

Other matters relevant to the consultation exercise and the proposed direct award

As set out in the Annex to this submission, participation in the present consultation exercise is hindered by basic date omissions in the documents published by the NTA, including:

- the parameters on the basis of which the compensation payments to Dublin Bus for its PSO services are calculated
- information as to whether any Dublin Bus services fall outside the PSO subvention (i.e. are not loss-making)
- the aggregate cost savings arising from the selection of the winner bidder in the concluded tender process compared to the losing bidder(s)
- the cost data relied on by the Authority for its judgements (e.g. that tendering would entail higher financial risk than direct awards to the NTA because of the BusConnects programme, the depot costs that could outweigh the direct savings from tendering)
- whether, and if so how much, compensation was withheld from Dublin Bus for failing to meet performance targets set by the Authority
- the obligations on Dublin Bus arising from the Cost and Efficiency Reviews
- the efficiency savings achieved each year by Dublin Bus and how these compare to the efficiency targets
- the reason the Authority appears no longer to set efficiency targets for Dublin Bus and the basis for this being compatible with the NTA objective to “ensure the provision of high-quality and accessible bus services at best value for money to the Exchequer” (consultation paper, p.7).

Please see the attached Annex for further elaboration of these matters.
Annex to Competition Advocacy Association to NTA Submission to NTA statutory consultation concerning its proposal to make a third 5-year direct award contract to Dublin Bus without a competitive tender.

Competition Advocacy Association

Bus Contracts,
National Transport Authority,
Dún Scéine, Iveagh Court, Harcourt Lane,
Dublin D02 WT20

22 October 2018

Re: Statutory consultation - request for information omitted from NTA consultation documents

Dear Sir/Madam,

The Competition Advocacy Association (‘the Association’), of which I am a member, is a voluntary association of people concerned with issue of competition, economic regulation, and public governance in Ireland. We note the proposals of the NTA with respect to a further direct award of a 5-year contract to Dublin Bus without a competitive tender and we are very concerned at this prospect.

The NTA states\(^\text{12}\) that the general interest would be best served in the coming five years by Dublin Bus retaining the same level of services as they will have in November 2019 and that there should be no reduction or diminution in overall service levels currently provided by Dublin Bus.

Under section 52 of the 2008 DTA Act, when a direct award proposal of this kind is made, the NTA is required to invite and consider submissions from (inter alia) interested parties, including users of the public bus services that are the subject of the contract.

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\(^{12}\) Press statement dated 2 October 2018 entitled “NTA RECOMMENDS NO FURTHER TENDERING OF DUBLIN BUS SERVICES”.

Competition Advocacy Association October 2018
I am also a user of Dublin Bus services and together with the Association wish to make a submission to the NTA as part of the consultation exercise. I understand that in order for this consultation exercise to be meaningful, all relevant information bearing on the proposed decision of the NTA should be placed in the public domain.

Unfortunately, the NTA documentation dated 2 October 2018 and available from your website omits key information and reasoning that prevents both me, the Association and indeed any interested party from responding properly. On behalf of myself and the Association, I request that the NTA provide me with the information set out in the Annex to this letter. I am more than happy to receive the requested information electronically at this address.

In order to allow me and the Association to consider that information and take it into account in the submission to be made, I propose that the deadline for submissions be extended by at least 10 days after the date at which the requested information is provided to me. I would be grateful if you could confirm this.

I look forward to hearing from you.

This letter and annex is being sent to the NTA both by email and by post.

Yours sincerely,

_________________
Cathal Guiomard
Competition Advocacy Association
Annex:
Information omitted from NTA consultation documents of October 2018 regarding NTA proposal to make direct award of bus services to Dublin Bus

1. Section 52 of the DTA Act requires that all compensation made available by the NTA for the provision of public passenger transport services be made in accordance with Regulation 1370/2007.

Article 4 of Regulation 1370/2007 requires that a competent authority establish in advance, in an objective and transparent manner, the parameters on the basis of which the compensation payment, if any, is to be calculated (emphasis added).

The October 2018 NTA documents do not state these parameters. It is vital to have a clear understanding of them since in effect the choice here is between a price determined through competitive tendering and one that is determined administratively. Although no such administrative price fixing is likely to deliver the same consumer benefit as a market determined price (leaving aside the other non-price benefits of tendering), there may be a material impact on the level of gain that is forfeited. That is highly relevant in terms of the decision as to whether a failure to tender is justified. The description of a 'gross contract model' and/or the potential for an incentivisation mechanism is not sufficient for that purpose. Request 1 - Please provide details of those proposed parameters or of the alternative being considered for the purpose of the statutory consultation.

2. The NTA’s consultation paper dated 2 October 2018 states (page 6) that “In the case of Dublin Bus and Bus Éireann, the companies identified certain services which they operated on a commercial basis, and these services remained outside the PSO contracts.” While the annexes to the consultation paper list the bus routes included in the proposed award, the Dublin bus services outside the award, if any, are not listed. Request 2 - For the purpose of the statutory consultation, please provide a list of commercial services, if any, that fall outside the PSO subvention. That is important so as to understand the precise scope of the commercial opportunity in respect of which tendering may not occur.

3. The NTA’s consultation paper dated 2 October 2018 states (page 10) that “The Authority is carrying out a detailed assessment of the results of the recently completed tender competition for Dublin bus services. At this stage, there are a number of issues that would be need to be taken into account if further open tendering is to be considered. These are:

a) Whether, or to what extent, there has been cost savings to the Authority through the tendering process;

b) How the quality of service provided through the competitive tendering compares to that provided through the direct award contract with Dublin Bus;

c) Lack of access to existing bus depots in CIÉ and no immediate proposals by NTA to provide depot facilities.”
In relation to part a) above, we expect that, in selecting the winning bid for these
tenders, the Authority has already taken account of, inter alia, the required
subvention. **Request 3** - Please provide the cost savings arising from the selection of
the winner bidder in the concluded tender process compared to the losing bidder(s).
This is also critical for the purpose of generating a rough quantification of the
potential gains for tendering as opposed to the direct award proposed.

Separately, we note the statement on p.6 of the Technical Report that “Currently,
these [Dublin Bus] depots are not available for use by other bus operators.”
(emphasis added). In order that this issue does not unnecessarily stymie the pursuit
of tendering in the general economic interest, it is essential to better understand the
Authority’s deliberation and reasoning in greater detail.

**Request 4** - Please also state, how the Authority envisages compliance by the State
with the requirements of the EU Regulation that services be tendered, if it is the view
of the Authority, that it has no ability to mandate access to bus depot facilities.

**Request 5** - Please also provide full details of how the Authority has progressed its
consideration of the issue of access/ownership of depots under ultimate State
ownership with Dublin Bus, the Department of Transport Tourism and Sport or any
other public agency since it was identified as a consideration in the context of the last
direct award to Dublin Bus.

**Request 6** In addition, with respect to the indication in the Technical Report that ‘it is
not clear whether any depot costs associated with any further opening’ would
outweigh ‘the advantages of the costs saving’…of ‘competition’, please indicate the
depot costs that were relied upon for the purposes of this statement.

5. Section 2.6 of the consultation document states:

“The Authority considers that there is significant financial risk to it in any negotiation,
post contract award, with a bus operator over the cost of service variations of
the scale contemplated by Bus Connects. These risks could be substantially larger in the
case of a bus operator who has tendered for the operation of a network that is
subsequently radically re-specified shortly after contract award.”

Similar claims of higher risks from tendering are made in other parts of section 2.6 of
the consultation document. No rationale for these claims is provided in the
consultation document. In particular, no reason is given as to why those risks would
be greater in the case of a proposed awardee of a tender as opposed to Dublin Bus
following a direct award.

**Request 7** - For the purpose of the statutory consultation, please provide the
Authority’s reasoning that led to the above statements.

6. In Section 2.3 of the Performance Report on Current Dublin Bus Direct Award
Contract there is a weblink to the Service Specification of the current contract. This
does not appear to work. **Request 8** - For the purpose of the statutory consultation,
please provide a working link.
7. The Performance Report states (p.2) that “Overall, Dublin Bus reported a generally good level of compliance with the required performance obligations from 2015 to 2017.” The Report states that 10% of the compensation paid by the NTA to Dublin Bus in each quarterly period is withheld until the NTA is satisfied with the company’s performance. Request 9 - For each quarter of the period 2015-17, please state the compensation and the proportion of compensation withheld by the NTA for failure by Dublin Bus to satisfy performance requirements, as detailed in Tables 4-8 of the Performance Report. This is relevant considering that a direct award to Dublin Bus is proposed thereby necessitating a consideration not just of over-performance but also of under-performance, if that has occurred.

Each of the Performance Obligations placed by the NTA on Dublin Bus (as set out in Table 1 of the Performance Report) is explicit and quantified. However, no detail is provided in respect of the Efficiency Targets. Request 10 - Please provide the underlying obligations that Dublin Bus is required to meet arising from the Cost and Efficiency Reviews and Revenue Protection. Again, this is essential given the NTA’s current proposal to make a direct award to Dublin Bus.

Table 2 of the Performance Report includes no Efficiency Targets. Request 11 - Please explain the Authority’s reasoning for, as it seems, discontinuing the setting of Efficiency Targets, particularly in light of the NTA’s statutory objective of “value for money” (section 10(f) of the Act).

8. Request 12 - In respect of the Efficiency Targets set for Dublin Bus by the NTA arising from the Cost and Efficiency Reviews and Revenue Protection, please provide the savings achieved each year by Dublin Bus and how these compare to the Efficiency Targets. Again, this is essential to understand the performance of the proposed awardee of another direct contract.
Ms. Anne Graham  
Chief Executive Officer  
National Transport Authority  
Dun Scéine  
Harcourt Lane  
Dublin 2, D02 WT20

30 October 2018

Consultation on proposals to directly award contracts for public bus services from December 2019

Dear Anne,

Thank you for your letter of 5th October inviting CIE to respond to the current NTA consultation on proposals to directly award new contracts for public bus services from December 2019.

(1) Within the Dublin region to Dublin Bus, and  
(2) Outside the Dublin region to Bus Éireann

CIE appreciates the opportunity to respond to the consultation in relation to item 1 above – the new Direct Award contract within the Dublin region to Dublin Bus. CIE very much welcomes and supports the NTA proposal for the new Direct Award contract to Dublin Bus as set out in the consultation paper. The proposal builds on the existing strengths and experience of Dublin Bus to continue to deliver quality bus services across the region in an environment which is dynamic, a network that is evolving and an operating environment that is complex and challenging.

At the outset, CIE acknowledges the NTA’s statutory remit and indeed the complexity of the task the Authority is faced with in responding to changing customer travel needs and experiences and balancing this with a requirement to ensure value for money, quality service delivery and a viable business model for bus operators.

The enabling legislation for CIE’s and its Subsidiary Companies’ imposes certain statutory duties on CIE related to public transport. The enabling legislation for the NTA establishes it as the competent authority for the purpose of defining public service obligation requirements and awarding contracts whether directly or otherwise.

In essence, the Board’s social role is now contained in the contracts made between the NTA and the subsidiary companies, which are designed to ensure that the obligations imposed on CIE under Section 7 of the Transport Act are adhered to.

Bus transport is critically important to Dublin and its future role in facilitating modal shift from private car usage, in line with national policy. Dublin Bus is the workhorse of the Dublin region’s transportation network and is a recognised and successful brand. In 2017 Dublin Bus operated 58 million vehicle km and carried 139 million passengers across the network. It is a vital component of the transportation network contributing to the social, economic and environmental development of the region.

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1 S7 Transport Act 1950; S 7 Transport Act 1858  
2 S 7 Transport Act 1986 (Re-organisation of CIE Act)  
3 SS2 Transport Act 2008 (Dublin Transport Authority Act)
CIE welcomes in particular the NTA acknowledgement that Dublin Bus is exceeding its KPIs across a range of performance metrics. As an organisation CIE is fully committed to supporting Dublin Bus in the delivery of high quality bus services. We will continue to play a strong supporting role to Dublin Bus in striving for continuous quality improvement, enhancement of the customer experience and delivery of value for money.

In recognising and appreciating the complexity of the challenges facing the NTA, as the Authority with responsibility for overseeing bus service provision within the Dublin region, CIE sets out hereafter a number of key strategic points that we consider are important for the NTA to include in its future considerations and deliberations.

International practice regarding the operating model or combination of models for operating bus services in metropolitan areas and their respective hinterlands is not a one-size-fits-all panacea. Figure 1 and 2 below highlights that Dublin is quite similar in scale and population to a cohort of cities that includes Barcelona, Amsterdam, Frankfurt and Stockholm. However, it is not in the comparator scale of a mega city such as London. It is also clear that a mix of models exist across the cities highlighted, including those cities that are comparable in size to Dublin.

Figure 1. Dublin City Benchmark Comparators
Figure 2. Public Bus Service Operating Model Variability

Figure 2 shows that the appropriate comparators to Dublin are closer to direct award net cost contracting than gross cost tendering.

It can be demonstrated that while competitive tendering has, in some cases, delivered lower costs and improved quality (e.g. Netherlands) it has also had the opposite impact in other jurisdictions e.g. Adelaide & Melbourne in Australia. In the pursuit of lower costs in these key Australian cities, operators sought ways to cut costs to sustain the low bid price to win the contract. Service standards suffered as a direct result, and in some cases safety was compromised with a number of buses reportedly having to be removed from service due to safety defects. The Auditor General in the State of Victoria has recently reported that competitive tendering has also not delivered value for money. For this reason, CIÉ welcomes the proposal to manage the provision of public bus transport in Dublin, through a period in which dynamic change is both anticipated and required, to support the continued social and economic development of the city.

It is noted internationally that implementation of direct award contracts has been particularly successful where there is a constructive co-operation between the authority and the operator, which finds the right balance between allowing the operator to leverage its operational expertise and allowing the authority to undertake their duties of monitoring the operator’s delivery. CIÉ supports the continuation of the strong collaborative approach which is in evidence in the operation of the current Direct Award contract.

While various models exist and have delivered differing results, case study evidence suggests that long-term planning, committed funding and incentivisation are key contributing elements to achieve cost efficiency in the provision of bus services.

CIÉ agrees with the NTA observation that “the market opening that has occurred remains untested”, there will inevitably be a lead-in time before a credible benchmark of this method of providing public
bus services can be made vis-à-vis other models. It will be important at that stage that a robust cost benefit analysis of the impacts of competitive tendering is undertaken. CIE agrees with the NTA analysis that such an evaluation will need to assess the likely significant incremental costs of contracting versus the benefits that potentially arise.

It is noted that in jurisdictions where mixed contracting models exists (combination of direct award and competitive tender), cost benchmarking between the internal operator and operator on competitively awarded parts of the network is often difficult and contentious, and is not systematically undertaken. CIE considers it important that there is full transparency of the financial and operating performance data associated with competitive tendering, including the method of data collection, to ensure an accurate assessment and to enable a robust benchmark with other methods including direct award when the opportunity permits. Dublin Bus is subject to the Code of Practice for the Governance of State Bodies, this provides an assurance on the reasonableness of disclosures related to the financial performance of the Direct Award contract.

It is essential that whatever approach is adopted that it is based on a thorough market needs assessment. CIE welcomes the analysis that shows that Dublin Bus’s performance has been exemplary in terms of reliability and punctuality including the provision of services at a reasonable cost. This supports the proposal to directly award a public bus service contract to Dublin Bus in 2019.

Dublin Bus currently operates PSO services under a net cost contract, this means that it has a direct interest in maximizing customer revenue. To achieve this objective Dublin Bus devotes considerable resources to maintaining clear communication with its customer base, Dublin Bus is “close to its customer base” and is best placed to interpret and to respond in an agile fashion to emerging trends in customer behaviour. Changing to a gross cost contract with incentives models gives rise to the following considerations

(i) Will the implication of removing the direct incentive to maximize revenue dilute the incentive which currently exists to anticipate and to respond to developments in customer behaviour?

(ii) Developing and implementing appropriate proposals that are required to ensure the smooth transition of roles and responsibilities associated with revenue maximization that are currently discharged by Dublin Bus to the Authority

(iii) Are the potential complexities of replacing the revenue imperative with alternative performance incentives justified in the current circumstances?

It is important that public bus services are provided in a manner which avoids duplication. In this regard the issue of gross cost versus net cost contracts requires a thorough assessment as alterations to the contracting model gives rise to alteration in the manner in which bus services are financed and delivered. Related issues which CIE considers will require very careful examination include, revenue risk, incentivisation to improve service quality, and revenue control and protection. A gross cost approach inevitably reduces the direct incentive on the service provider to protect the revenue. In addition, careful consideration is required of whether removing the operator’s reliance on fare revenue is more appropriate for the Exchequer in the long run.

CIE acknowledges that significant challenges lie ahead regarding the shared collective aim of achieving a sustainable public transport system in the Dublin region. Very encouragingly around fifty percent of all transport trips into Dublin city centre in the peak period are now made on public transport modes. However, congestion is a major ongoing challenge and is rising to almost critical levels in the peak periods across parts of the Capital. CIE welcomes ongoing bus priority initiatives and measures aimed at improving the operating environment and making bus services more
attractive to users and potential users. The major restructuring and redesign of the bus network in Dublin, proposed under the ‘Bus Connects’ initiative, is a challenge and opportunity for all stakeholders to improve the customer experience and integrate the public transport network to better serve the needs of the travelling public. CIÉ believes that Dublin Bus can make a very effective contribution to addressing these challenges in the context of a Direct Award contract.

As an established operator of scale, Dublin Bus has the requisite and proven experience to respond positively to these changing needs. Dublin Bus also benefits from important economies of scale as an established network wide operator in the region, which allows for a fully integrated approach to transport planning.

CIÉ is fully committed to meeting the changing travel needs of a growing and dynamic Capital city and its hinterland. CIÉ, in conjunction with Dublin Bus, will continue to strive to provide enhanced customer service standards at a competitive cost base in line with our statutory remit and we look forward to continued ongoing positive collaboration with the NTA in the future delivery of bus services in the Dublin region.

Yours sincerely,

Ronan Gill
Acting Chief Operations Officer
CIÉ
Consultations on Proposals to directly award Contracts from December 2019 for Public Bus Services

Dublin Town (formerly Dublin City Business Improvement District) is the city centre’s Business Improvement District. Its mandate was provided by the city centre’s 2,500 businesses following a plebiscite in 2007. This mandate was renewed by a further vote of businesses in 2012 and again in the summer of 2017.

We welcome the opportunity to make this submission in relation to the award of public bus service contracts. The bus is the largest mode of the public transport by volume of passengers. Research conducted on behalf of the NTA noted that 42% of customers used the bus to access the city. Their combined spend amounted to 38% of city centre revenue. Therefore, Dublin Town and our members have a strong interest in maintaining a reliable, consistent and quality bus service. At a time when retail is increasingly challenged by on-line sales, city businesses cannot afford any diminution in the quality of the city’s bus service.

Introduction and background

We don’t believe that important decisions in relation to crucial public transport infrastructure should be made for ideological reasons but rather any introduction of new service providers should be for the benefit of the passenger in relation to quality and frequency of service and also in relation to cost of service to the passenger.

Any new service provider must be able to demonstrate that they will add value to the service and be able to show clear and unambiguous benefits for the travelling public.

Dublin Town is a member of a number of networks of town centre managers. There is a broad consensus amongst many UK town managers that they experienced a reduction in total service and quality when new entrants entered the bus market. This is particularly the case in North of England towns and cities.

Closer to home, Dublin Town takes the view that the liberalisation of the waste management market also led to a reduction in the service provided to businesses and the public. It also came with increased costs. We would therefore, require assurance that the tendering of routes and services will indeed, add to the total Dublin experience; that there would not be wasteful duplication; that promised reductions in passenger costs are achievable and will be delivered and that the frequency of service will be improved.
Coordination of services and passenger impacts

We would not like to see buses competing with each other leading to traffic congestion on profitable routes while leaving other routes underserved. It would not be acceptable or beneficial to the city’s economic well-being to see such wasteful duplication.

We further believe that, there should be a consistent flow of communication to the passenger regardless of carrier, this should include RTPI points at bus stops and on mobile apps. New routes and new providers will create change in the network and it is vitally important that any change for the passenger is minimal and seamless. It falls to the NTA to ensure that there is appropriate co-ordination of all services to avoid potential pitfalls.

Dublin Bus undertakes important social functions, that are additional to standard Corporate Social Responsibility measures. These are very much appreciated by the local community. DublinTown has had experience of dealing with Dublin Bus in relation to issues such as disability access and also as part of the Age Friendly City initiative. In our experience Dublin Bus has taken their responsibilities to groups that may be marginalised seriously and has been proactive in identifying solutions. Dublin City should be open to all citizens and visitors regardless. Any new bus operators should be compelled under the contract tender to allocate sufficient resources to provide comparable supports on their routes to those provided by Dublin Bus.

Crucially all passengers need a consistent quality of service irrespective of supplier.

DublinTown
Level 1
43-45 Middle Abbey Street
Dublin 1
Fianna Fáil Submission on NTA proposals regarding Operation of PSO bus routes

Introduction

Fianna Fáil recognises the immense value of our public transport network. Public transport creates healthier, happier communities by making it easier to get from A to B for work, leisure, or shopping, and reduces congestion and pollution in our living environments. In this regard, public transport is an important public service and one which must be protected and enhanced by the government.

It was for these reasons that Fianna Fáil, throughout our time in government, invested in Ireland’s public transport network. It was Fianna Fáil that established Ireland’s national public transport provider, Córas Iompair Éireann, in 1944 in order to improve public transport services in Ireland. Following this, Fianna Fáil completed a number of important projects, such as the construction of Bus Áras, which provided a vital hub for Ireland’s burgeoning transport network.

More recently, Fianna Fáil has made other important strides to improve the service quality and accessibility of our transport system, including the introduction of the Free Travel Scheme in 1967 and the delivery of the Luas system in 2004. Throughout our history, we have recognised the vital role the state must play in the delivery of quality public transport services.

Overview of existent PSO contracts

As it stands, two state operators, Bus Éireann and Dublin Bus, deliver the majority of Ireland’s Public Service Obligation routes. This is set out by the most recent contracts (which ran from the period of December 2014 to December 2019) for the delivery of bus services in the Dublin Area and the rest of Ireland, which stipulate that Dublin Bus will receive a direct award contract for 90% of routes within the Dublin Area and that Bus Éireann will receive the same for routes outside of Dublin. The remaining 10% of both contracts have been put out to competitive tender.

In the case of the Dublin area, Go-Ahead, a private transport operator won and was awarded the contract to operate about 10% of routes in the Dublin area. The operation of these routes
is being transferred on a phased basis, beginning in Autumn 2018 and concluding in early 2019.

A similar tendering process for PSO routes outside of Dublin saw two tenders being put out for routes in Waterford city and on commuter services from Kildare to Dublin. The latter tender resulted in the award of a contract to Go Ahead Dublin, which is due to commence in early 2019.

It is within the gift of the NTA to place further portions of these contracts out for competitive tender, which would essentially mean further privatisation of Ireland’s bus network.

This submission relates to the NTA’s proposals regarding the renewal of each of these contracts, which will take place in December 2019. Both proposals leave room for further privatisation. In the case of the Dublin area, the proposal is to continue to directly award the contract to Dublin Bus for the operation of “a substantial proportion of the Public Service Obligation bus services in Dublin”. The anticipated implementation of the Bus Connects plan may, however, change this contract and the NTA reserves the right to competitively tender out more routes following this.

In the case of the contract for outside of Dublin, the NTA proposes tendering out a further 10% of routes.

*Potential Advantages and Disadvantages of Privatisation*

There are numerous potential advantages and disadvantages associated with privatising public transport provision.

Chief among the advantages of privatisation is the competition that it introduces. In short, by introducing an element of competitiveness, privatisation can increase overall service quality and reduce the costs borne by the state.

Proponents of privatisation in the United Kingdom, for example, have highlighted the introduction of more comfortable trains, better timetables and more responsiveness to passenger needs. Private industry may introduce service improvements, such as charging points on board, that then become standard across the transport sector.

At the same time, however, there are disadvantages associated privatisation. First, subsidy levels do not always decrease. Following the privatisation of British Rail, the state subsidy to
the network rose from £1 billion in the late 1980s to a high of over £6 billion in 2006-2007. The economics researcher Paul Starr has highlighted how a private company can be equally, if not more, incentivised to lobby for increased state spending and can thus drive up subsidy levels. This may not be to the benefit of the wider public.

Second, service levels will not always increase. In the United Kingdom, there have been considerable increases in fare prices along popular routes, harming the core objectives of creating accessible public transport for all. Privatisation can harm working conditions for transport workers. This can be both intrinsically harmful and result in negative impacts on customers’ experience.

Furthermore, in many cases where a service is economically non-viable but socially necessary, private transport operators can simply fail to deliver, meaning that the state must step in. This was very recently the case on the east coast mainline in the UK, after operators Virgin and Stagecoach could no longer meet the promised payments in the £3.3bn contract.

*Fianna Fáil’s view*

For the reasons outlined above, Fianna Fáil believes that prudence is needed with regard to privatisation. Given that private operators have only started operating PSO routes in the last year, it is simply too early for the impacts of privatisation to be ascertained.

We believe that there must be a trial period and a full evaluation of the impacts of privatisation on existent services, before further competitive tenders are undertaken. Given the huge importance of Ireland’s bus networks, we believe that this is a highly necessary check and balance measure. To this end, we have introduced a bill in the Houses of the Oireachtas requiring that, prior to any further privatisation being undertaken, a minimum of five years to elapse following the award of the existent contracts to private operators and that a full review of the impacts of this privatisation be undertaken.
To whom it may concern

All buses should be fully accessible, lower floor buses where possible and all infrastructure needs to be accessible

Regards

Joan Carthy
Advocacy Officer
Irish Wheelchair Association

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Irish Wheelchair Association (IWA) Awarded Best Not-for-Profit Company for Quality Management Systems in Ireland at the National Q Mark Awards
Submission by the

Coach Tourism and Transport Council of Ireland

On

Proposals to Directly Award Contracts for Public Bus Services from December 2019

October 2018
Introduction

Coach Tourism and Transport Council

The Coach Tourism and Transport Council (CTTC) is the representative body for Ireland’s coach touring companies and Ireland’s private bus operators. The CTTC’s members are experts in all types of coach hire and transport solutions, including: airport transfers, day tours, extended touring, incentive travel, golf tours, school transport and provision of scheduled services. In addition to specialising in long distance scheduled services, many of CTTC’s members also operate licensed bus services in towns and cities throughout Ireland.

All CTTC members are family owned companies, with a combined fleet of over 1,500 coaches, employing over 3,500 people directly. The CTTC comments and makes representations regularly on matters of concern to its members such as public transport, school transport, the coach tourism sector and the tourist industry generally.

Opening Statement

The Coach Tourism and Transport Council (CTTC) welcome the opportunity to make this Submission on Proposals to Directly Award Contracts for the Provision of Bus Services in the Dublin Metropolitan region to Dublin Bus from December 2019. In addition, CTTC welcome the opportunity to submit its views on awarding direct contracts to Bus Éireann in December 2019 for the provision of public bus services outside the Dublin Region and to amend that contract in 2021 to reduce the services within that contract by 10% and provide the removed services through a separate contract through an open tender process.

The provision of good quality public bus services, which is properly integrated with all other forms of public transport, is a key component to economic growth, quality of life and acts as a conduit to the fundamental fabric of society in terms of access to work places, healthcare facilities and social amenities and provide an affordable alternative to commuters without access to a private car in rural and urban communities. While CTTC acknowledge that the National Transport Authority are governed by EEC Regulation 1370/2007, the Dublin Transport Authority Act 2008 and the Public...
Transport Regulation Act 2009, the organisation is of the opinion that Contracts for its provision should take into account previous knowledge and experience of countries that supports the contention that competitive tendering for public bus services yields benefits.

A key element of the experience gained from the previous 10% tender process is that there needs to be a formulae whereby the vast majority of indigenous operators are not precluded from the tendering process, in order to benefit from their vast experience in providing Scheduled Route Licensed Services to the public on a daily basis.

Proposals to Directly Award Public Service Contracts to Dublin Bus in 2019

On examination of the documentation in relation to the above proposal, CTTC are disappointed with the Authority’s proposed decision to directly award to Dublin Bus a new contract to operate public service obligation bus services in the Dublin area from December 2019. It is CTTC’s contention that the continued adequacy of public services to which the contract relates would be best served by tendering out further services in the Dublin Metropolitan Area. Competitive tendering ensures a wider choice of operators and brings market forces to bear, potentially reducing cost of provision and allowing enhanced level of customer service quality and potentially greater flexibility. In addition, the presence of competition in the market allows for benchmarking of performance.

CTTC notes the concerns of the Authority, particularly in relation to the extent of change that would be brought about in the proposed BusConnects Programme within the next five years.

While the BusConnects project will involve significant challenges, particularly in relation to bus priority infrastructure, disruption to existing services and the introduction of potentially new routes, it is the view of CTTC that greater benefit would accrue by the Authority, indicating to potential bidders the potential scale and timeframe of these proposed changes. By not doing so, the Authority is solely dependent on one individual entity.
Proposals to Directly Award Public Service Contracts Outside of the Dublin Region to Bus Éireann in 2019

The Coach Tourism and Transport Council welcome the proposal from the National Transport Authority to amend the proposed contract to Bus Éireann in 2021 and to reduce the services within that contract by up to 10% and provide those services with a separate contract following an open tender process. Considering the importance of this contract in terms of delivering a vital transport lifeline to rural Ireland, CTTC questions the NTA rationale in awarding the majority of the PSO contracts to a company who, by the Authority’s own admission in their Consultation paper, have provided substandard performance in the Dublin Commuter area, individual Eastern routes, and certain Regional cities.

In addition, given the fact that the company came close to bankruptcy in the recent past, coupled with the negative industrial relations in that period which resulted in the non-delivery of PSO services for a period of three weeks, consideration should have been given to the potential threat of further industrial unrest and potential accruing losses, bringing the company’s long term viability and its ability to deliver into question.

Recommendations

1. A key obstacle to any further tendering process is the tender specification, as noted from the previous tender, whereby the financial criteria stipulated precluded the vast majority of indigenous operators from participating. Private operators currently provide a wide range of scheduled services to the general public in a cost efficient, safe and affordable manner, under contract to the NTA, without financial pre-condition. CTTC would recommend that the option to provide a designated bonding alternative be put in place to safeguard the State against non-delivery of service obligations in any future contracts.

2. As stated in the documentation, there is a distinct probability that new routes will be undertaken in Galway, Cork and Dublin as a result of service re-organisation through the Bus Connects programme. CTTC recommend that these additional services be put out to an open tender process.
3. The current position whereby Dublin Bus and Bus Éireann have sole ownership of the majority of bus depots, despite the fact that a large proportion of same have been upgraded and refurbished with public funds in the past, gives both these companies an unfair competitive advantage. In order to progress future tenders in a meaningful way, CTTC recommend that resources should be allocated for the provision of infrastructure for any future tenders.

4. CTTC recommends that consideration be given to amending the current legislation to reduce the duration of the PSO contract period to provide the Authority with greater flexibility in relation to future proposed changes as a result of BusConnects and other significant infrastructural changes during the period of said contracts.

5. CTTC recommends a fundamental review of the PSO position, as it is our contention that significant savings could be achieved through the use of small to medium high quality accessible vehicles which would connect from rural communities to mainstream commercial services in a “collect and connect” feeder system, thereby reducing the requirement for large State funded PSO vehicles, effectively running parallel with commercially viable services. The provision of such feeder services could be achieved through the extension of the Rural Transport Programme, by sub-contracting the proposed services through an open tender process, thus achieving greater flexibility, substantial cost savings and better quality of customer service.

Conclusion

While CTTC commends the Authority’s proposed initiative to place 10% of the Bus Éireann direct awards contract outside of Dublin out to tender by 2021, we are disappointed that a higher percentage of same will not be tendered. In addition, that fact there will be no further tendering of services in the Dublin region is very disappointing.
By granting the majority of PSO contracts to two companies, the Authority have limited control over costs of service provision which rose by 6% in the Dublin region and 9% outside of Dublin in the three years from 2015 to 2017.

It is the view of CTTC that additional tendering would have ensured greater certainty to the continued adequacy of public services as specified under Subsection 3a. Furthermore, a higher percentage of tendering would bring market forces to bear, potentially reducing the cost of provision, enhancing customer service quality and benchmarking of performance.
Dear Sir/Madam

The Licensed Vintners Association (LVA) is the representative body for the publicans of Dublin and Bray.

The LVA believes a good public transport network is essential for access to, and from, our members’ licensed premises across the capital.

Bus Éireann has been providing services from Kildare, Meath, Wicklow and all of the GDA into Dublin City for over three decades.

Their services are provided to a professional and high standard and are used by both our staff who work in the bar industry, along with our customers who travel into our members’ establishments. This public transport service is essential to the employment and commercial sustainability of the Dublin licensed trade.

We note the NTA are looking at tendering out a further 10% of the company’s routes. The LVA are supportive of Bus Éireann and the important social and public transport services they provide, and hope they can continue to do so into the future.

Yours faithfully

Donall O’Keeffe
Chief Executive
Licensed Vintners Association
Anglesea House
Anglesea Road
Ballsbridge
Dublin 4

Tel: 016680215
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Re. Submission to the National Transport Authority (NTA) on the Dublin Bus Direct Award Contracts

Dear Sir/Madam

This submission has been prepared by Fáilte Ireland, the National Tourism Development Authority, in response to the NTA public consultation process relating to their proposal to retain direct award contract with Dublin Bus.

At present in Ireland, the tourism and hospitality sector support in the region of 220,000 jobs. Overseas visitors contributed an estimated €5 billion to the national economy in 2017. Domestic tourism expenditure is estimated at €1.9 billion. This total out-of-state and domestic tourism expenditure represents in the region of 4.0% of GNP in revenue terms. As the National Tourism Development Authority, Fáilte Ireland’s role is to support the tourism industry and work to sustain Ireland as a high-quality and competitive tourism destination. In doing so, its chief aim is “to grow the economic and social contribution of tourism to Ireland through sustainable tourism development”.

Context
Dublin accounts for 55% and 68% of the national total - making this the single largest centre for tourism in Ireland. This region, thus plays a crucial role in sustaining and improving a nationally significant activity of economic and social importance.
Internationally, and in Ireland, as is reflected within the supporting consultation documentation (Performance Report on Current Bus Éireann Direct Award Contract and the Performance Report on Current Dublin Bus Direct Award Contract - where passenger numbers increased by 3% and 14% respectively over the period 2015-2017), greater numbers of people are using public transport. In addition to those figures, overseas tourism to Ireland has seen steady growth since 2011 with a 10% jump in 2017 on 2016 figures alone.

There is a fundamental link between tourism and many other sectors (including transport), which needs to be acknowledged, and which should result in an increase in the level of integrated policy and strategy cross-compliance, and the consideration of potential cross-sectoral benefits, as well as the impacts on tourism in the development of policy, strategy or implementation. The tourism sector does not directly own or manage the tourism assets which underpin the sector, and therefore is reliant on this cross-sectoral alignment for the sustainability of the sector.

Public access and transport are thus seen as vital to enabling tourist movement and transit to and between Ireland’s key tourism destinations and heritage attractions and positively addressing the ongoing challenge of regional spread of visitors throughout Ireland. Therefore, a high degree of policy and strategy convergence between the tourism and transport sectors is crucial.

Thus, public transport plays a critical public service by serving and sustaining the quality, competitiveness and attractiveness of the tourism offering in this region. 70% of visitors to Dublin do not use a car, therefore public transport is vital to aid visitor movement throughout Dublin City and County.

For these reasons it is important that Fáilte Ireland should take every opportunity to avail of opportunities for public consultation about public transport provision in order to raise awareness, and to make specific observations about the need for reliable, regular and appropriate public transportation arrangements to key destinations - both for the benefit of visitors and for those employed in the hospitality sectors.

**Specific Tourism Resources in the Dublin Bus Catchment**
Public Transport is required for access, within Dublin City and its immediate environs, between accommodation, major transportation hubs [airport, port, train stations and regional bus termini] and the main tourism attractions – monuments, museums, amenities, hospitality and entertainment venues.
While many tourists use coaches and hired cars when travelling between regions, within the city region most tourists rely heavily on public transport.

In addition to journeys within the region, there are a number of principle typical day trips within the Dublin Bus Service area. Some of these include:

- Howth and Dalkey Hills
- The Coastal Villages north of Dublin,
- Dublin/Wicklow Mountains
- Newgrange
- Dublin Zoo

It will be important, in this for future considerations of Public Service Contract Awards, to ensure continuation of service levels [timetable - especially at weekends and evenings] to these locations.

The need for off-peak mobility is particularly important for staff in the hospitality sector who, by virtue of age and income levels, often have limited access to private sector and are, therefore dependent on public transport.

**Specific Tourism Resources in the Dublin Bus Catchment**

It is necessary to highlight the need to service key tourism attractions and destinations. Particular to help promote and develop the Dublin coastal villages and the Dublin Mountains.

Public transport ‘hop-on hop-off’ services which operate between attractions and not just between towns and villages, should be supported where possible. In Dublin for example, a bus service from O’Connell Street to the Dublin Mountains, allowing visitors to be collected at numerous locations along the way, operating to a schedule that encourages usage and opens up access to the Mountains for visitors, is a key Dublin tourism requirement...also linking its coastal villages and towns.

**Public Transport & Tourism in Ireland**

The ITIC paper, *A Review of Public Transport & Tourism in Ireland*, published in June 2016, identifies that there are opportunities “for public transport operators to grow their business from tourists by adopting 3 primary strategies:

- Service improvements
- More effective pricing
- Improved Promotion
In respect of the above, a number of recommendations are advocated as to how increased use of public transport by tourists could be encouraged, including:

- “Agree and establish forms of measurement with regard to tourists’ utilization of public transport and monitor on an ongoing basis;
- Improved promotion of scheduled services to visitors by operators and state agencies;
- Encourage rural (and other) transport operators to integrate scheduled services with key tourism facilities during peak season;
- Promote scheduled services to tourists as short break products, particularly with a focus on securing regional spread;
- Promote scheduled services, individually and as part of a bundle, to tourism segments that have the greatest potential to use such services. More looped regional transport routes would help alleviate the need to return to Dublin’s key bus or rail stations;
- Develop a number of themed experiences for visitors, based on scheduled services;
- All future investment in public transport and planning to take account of tourists needs”.

Fáilte Ireland is looking to create a ‘visitor orientation strategy’. The development of clear tourism related products and increased access gives compelling and motivating reasons to experience more across the geography of Dublin. With this in mind we are also working on developing a five-year visitor orientation strategy and implementation plan for Dublin. The objective is to help visitors travel around Dublin by public transport, bike and on foot – and to do this with ease and confidence. This strategy is supported by the four local authorities as well as the National Transport Authority and is funded by Fáilte Ireland. This will mean better navigation to improve overall visitor satisfaction levels encouraging visitors to experience not only the Dublin city centre offering, but also our coastal villages and mountain experiences.

**Previous Fáilte Ireland Submissions relating to planning and transport in the Region**

Fáilte Ireland previously prepared a submission to the Eastern & Midlands Region -Draft Regional Spatial and Economic Strategy, which states the following regarding Public Transport (provided by State and private operators):

International tourists visiting here expect a high-quality transport system. A good transport system is a key enabler to creating a great tourist experience. Public access and transport are vital to enabling tourist movement and transit to and between our key tourism destinations and heritage attractions. For the most part, Fáilte Ireland and the tourism industry have no control over where our major heritage attractions are located. However, for tourists to experience these, accessibility is key. Therefore, a high degree of policy convergence between the tourism and transport sectors is crucial.

Initiatives that increase access to tourist attractions and activities must be encouraged. For example:
• Public transport ‘hop-on-hop-off’ services that are tourist-centric and operate between attractions and not just between towns and villages;
• The development of a number of local transport management plans for destination towns currently experiencing traffic-congestion issues;
• Establishing good public transport infrastructure in our natural landscape destinations. These areas have either very poor tourist numbers for the quality of the asset or have traffic problems at peak tourism times. This can lead to tourists having a poor experience or, worse, not visiting at all if word of mouth is unfavorable. Public transport has a key role to play in addressing these issues and opening up access to the abundance of natural assets. In addition, provision of off-road links (walking and cycling), from the termini of the public transport connections to these natural amenities, would not only improve access, it would actually enhance the tourist experience.

The submission to the draft Regional Strategy also draws attention for the need for Access to the Countryside and Coastal Areas. A key motivator for visitors in choosing to come to Ireland is our landscape and scenery, and access to this is imperative to support the work that Fáilte Ireland, tourism stakeholders and the industry is undertaking to both maintain and grow the tourism sector in Ireland. In the last number of years Ireland has seen the development of a number of greenways and blueways across the country which provides increased access to Ireland’s countryside, rivers, lakes and coastline. These developments are very welcome, but the quantity, variety and indeed investment at a national level in these assets lags well behind our competitor and indeed best in class destinations.

Access to the countryside and coastal areas can be poor in many areas for a number of reasons, including landowner issues, insurance, planning, a perceived conflict in business activities, etc. Increased access to our shoreline and countryside is required, be it through existing or new infrastructure, or by establishing new ways of working so that public resources can be shared with private enterprises.

The submission also describes The Dynamic Nature of Tourism – a Challenge to Planning. It outlines that tourism is an activity that presents challenges to traditional spatial planning concepts that associate a particular use to a particular place. Tourism has a dynamic nature. A visitor/ tourist may visit many places in different regions of Ireland during a single visit. Indeed, the activity of tourism itself consists of moving from place to place.

Tourism is also an increasingly self-directed activity. Visitors choose where they wish to go and what they wish to do. These can be subject to change over time.

Because of the dynamic and mobile nature of tourism, regional planning needs to play close attention to linkages and inter-dependencies in tourism. In particular, it is important to take
account of the reality that places where people visit may be in different places from where they overnight.

An emerging feature of Ireland’s tourism is the growth of day trips from Dublin to rural areas – increasingly as far as the west coast. This change has been facilitated by the maturing motorway network – but it presents a new challenge to efforts to increase visitor dwell-time and spend in rural areas.

Furthermore, the submission to the regional strategies describes the Needs of Future Tourism – Challenges to be Overcome.

As with all sectors, the tourism sector faces a number of challenges. It is important for plans and strategies to anticipate and accommodate issues which may arise as a result of these challenges, as there is growing evidence that a failure to anticipate, accept and deal with tourism-related adverse effects can give rise to significant harm to visitor numbers and earnings. Fortunately, most of the solutions to these issues can be readily dealt with by monitoring and early identification of emerging problems.

The submission specifically highlights the issues of Congestion and Public Transport.

In terms of congestion there is a need to include provision for monitoring road and destination traffic, identify emerging bottlenecks, identify and implement, short and long-term solutions, and the prioritising of funding. The identification of alternative and seasonal routes for public transport is also considered important by Fáilte Ireland in order to both address congestion whilst also enabling tourists to access areas and attractions with greater ease and efficiency.

Fáilte Ireland would also encourage public transport providers to coordinate with other activities, land-uses and actors (also including other transport providers) in order to best serve attraction areas, and also make integrated plans based on scenarios of different rates and levels of growth. Engagement with local communities, land-use and transportation planners to provide sufficient services to areas of high demand will also be pivotal in increasing accessibility to prime tourism destinations.

The following recommendations regarding transport and key Infrastructure were made for inclusion into the Regional Spatial and Economic Strategy for the Eastern & Midlands Region:

- Facilitation of capacity at major regional air, rail and public bus transport access points
- Facilitate monitoring for the identification of emerging or future capacity shortfall in order to ensure timely provision of new capacity – especially for key sectors such as transportation
- Facilitate and co-ordinate improved seasonal public transport provision between tourism hubs and rural amenities.
• Integration of rural access and transportation provision for forestry, fishery, energy and agriculture with the provision routes and access for new walking, cycling and water sports routes and facilities.

• Facilitate greater access to both public transport and trail infrastructure for walking, cycling, watersports etc.

• Explore opportunities for shared provision of public transport access at designated key rural sites for target activities – including walking, cycling, water sports, golf

• Include provisions for improving infrastructure to help visitors get around and to navigate easily, to open regional opportunities. Local area transport plans that support both ‘always on’ and ‘seasonal’ destination towns and access to attractions and activities are a key priority.

• Include provision for monitoring road and destination traffic, identify emerging bottlenecks, identify and implement, short and long-term solutions, prioritize funding.

• Identify alternative and seasonal routes, and interim/ temporary traffic management solutions

• Establish a framework and ensure the co-ordination of the provision, management and funding of supporting infrastructure – especially for transportation, to achieve multi-party use and sharing of infrastructure.

• Ensure further readily available and ease of access to transport information (e.g. bus schedules) available to tourists through various means (online, apps, information leaflets etc.), particularly at major transport points (e.g. airports, rail stations, ports).

Conclusion

It is very important to include the support and facilitation of tourism by public transport as a public service.

There is a need for integrated ticketing between public transport offerings and active promotion of multi-modal transport.

It is necessary to provide a consistent platform of information and tools to support the visitor in exploring Dublin City and County.

The service is provided both to the visitors themselves and, of equal importance, to those employed in the hospitality sectors, who are often critically dependent upon public transport, often at times at the very beginning and end of the working day.

Consideration of whether to retain or remove future contracts should take account of the need to retain service levels and routes that meet the needs of the tourism Sector – particularly along the coastal villages north of Dublin City and the mountain areas south of the city.
Fáilte Ireland welcomes the opportunity to review the consultation paper for the Proposal to Directly Award a Public Bus Service Contract to Dublin Bus in 2019.

Please do not hesitate to contact us if you have any further queries or questions.

Yours sincerely,

Fiona Monaghan

Head of Activities, Fáilte Ireland
NDA Submission on NTA’s Proposal to Directly Award a Public Bus Service Contract to Dublin Bus in 2019

**Introduction**

The National Disability Authority (NDA) is the independent state body providing expert advice on disability policy and practice to the government and the public sector, and promoting Universal Design in Ireland.

The NDA is pleased to be invited to make a submission to the National Transport Authority (NTA)’s proposal to directly award a Public Bus Service Contract to Dublin Bus in 2019. Our submission contains the following key points.

**Positive Developments**

The NDA notes the NTA’s proposal to directly award the Public Bus Service Contract to the Dublin Bus in 2019. A direct award contract is one awarded to an operator without competitive tendering, as permissible under national1 and European Union legislation2. The NDA welcomes this proposal because it will ensure that there is no disruption regarding the provision of current bus services to persons with disabilities. This proposal also provides Dublin Bus with the opportunity to continue to progress work on increasing the accessibility of their services.

The NDA is aware that Dublin Bus is committed to developing and delivering universally designed public transport services. Dublin Bus has consulted and continues to work with older people and persons with different disabilities to implement measures to ensure that their services that are accessible to everyone regardless of age, size, ability and disability. Some of the key measures that have been implemented include:

1. **Dublin Transport Authority Act 2008 (DTA Act)** and the **Public Transport Regulation Act 2009 (PTR Act)**.
2. **EC Regulation 1370/2007 – on public passenger transport services by rail and by road** was adopted. The Regulation creates a framework regulating how Member States award exclusive rights and pay compensation for transport services which include Public Service Obligations (PSO).
• The bus livery for the Dublin Bus fleet is yellow on the front and sides of the bus, ensuring that the bus is visible and recognisable to older people, visitors and tourists, persons with intellectual disabilities, persons with autism spectrum disorders, persons with visual impairments and persons with hearing impairments
• The poles in the interior of the buses are yellow in colour and are highly visible to all passengers including older people, visitors and tourists, persons with different disabilities
• The buses are 100% wheelchair accessible
• The buses have audio and visual announcements so that all passengers including persons with disabilities are provided with information on travel destinations and health and safety procedures. The NDA advises that these audio visual services should be operational at all times.
• Dublin Bus provides disability awareness training to all staff including drivers
• Dublin Bus operates a Travel Assistance Scheme in the Greater Dublin Area that provides people with disabilities with the skills and confidence to travel independently on public transport
• Dublin Bus is working with Headway to provide relevant supports for people with acquired brain injuries and/or other hidden disabilities including mental health issues
• The National Transport Authority is supporting a multi-agency initiative, launched in October 2017, of a new awareness campaign which highlights the importance of the dedicated wheelchair zone on every Dublin Bus. The initiative aims to demonstrate the negative consequences which can impact a wheelchair user if they are unable to access the wheelchair zone on Dublin Bus services and encourages commuters to leave the wheelchair zone vacant for those who need it most

Future Developments

The NDA is aware that the livery for Dublin Bus will be changing in 2020. The NDA advises the NTA that a public consultation should take place with a range of service users including older people and persons with different disabilities to ensure that this livery remains accessible, visible and recognisable to everyone.

It is important that Dublin Bus’s website is universally designed and that it complies with the accessibility criteria laid out in the EU Directive on Web Accessibility 2016/2102. This Directive will be implemented in Irish law at a future date and will cover all public sector websites. Government Departments
and related agencies will be required to prepare an accessibility statement on potential deviations from the criteria. The NDA is working closely with the Department of Communications, Climate Action and the Environment on the implementation of this Directive in Ireland.

The proposed Bus Connects programme has many implications for public transport services in Dublin including Dublin Bus. The NDA has been and will continue to advise the NTA on this programme and other developments in the public transport sector. The complexity of these issues however is beyond the scope of this submission.

**Tendering for Services**

The Go Ahead Bus Fleet won the contract to deliver 10% of bus services across the Dublin regions. The NDA notes that this service is managed by the NTA and that it must meet the criteria of the Public Service Contract. The NTA and the NDA held a very productive consultation event on the bus livery and design of these buses in July 2018. Following in from the event, the NDA has been in contact with the NTA regarding implementing our guidance to ensure these buses are accessible to everyone.

The NDA notes that the NTA has conducted research on international practices and experience regarding the tendering of public transport services. The NTA therefore considers that tendering of the services would encourage good competition at tender stage and would provide a satisfactorily sized operation for on-going benchmarking of existing services.

If the NTA is considering going out to tender again for the provision of public bus services in the Dublin area, the NDA would welcome the opportunity to host a joint consultation event with the NTA before the final contractor is selected. This consultation event, with a diverse range of stakeholders, would help to guide the service design requirements for this new fleet of buses. This consultation event will also help the NTA to meet its commitments under the UN Convention and the National Disability Inclusion Strategy 2017-2021 to develop and deliver integrated universally designed public transport services.
National Transport Authority
Dún Scéine
Harcourt Lane
Dublin 2
D02 WT20

By email to: 2019buscontracts@nationaltransport.ie 6 November 2018

Dear Sir/Madam,

I refer to correspondence to Isolde Goggin regarding the public consultation issued by the National Transport Authority (NTA) on its proposals to directly award two public bus services contracts; one in the Dublin region to Dublin Bus and one outside the Dublin region to Bus Éireann.

We understand that in the Dublin region, the NTA is proposing to enter into a further direct award contract with Dublin Bus from 1 December 2019 to 30 November 2024. Dublin Bus was previously awarded a direct award contract which had a provision to remove approximately 10% of services from the direct award contract and award them to a provider through a competitive tender process.

We understand that outside Dublin, the NTA is proposing to enter into a further direct award contract with Bus Éireann, which will allow for the competitive tendering of 10% of the routes awarded to Bus Éireann (mainly Dublin commuter routes), leaving Bus Éireann with 90% of the remaining market.

The proposals continue the approach taken by NTA since 2014 in terms of the level of competitive tendering being introduced in Ireland. It is regrettable that the proposals for 2019 to 2024 will not provide for further competitive tendering in these markets.

We also note however that the NTA reserves the option to competitively tender certain services in Cork and Galway, following a major reorganisation of the bus network for implementation in 2020, if the ability of Bus Éireann to meet required performance standards is in doubt.

One of the CCPC’s legacy organisations, the Competition Authority, previously advocated for the introduction of competitive tendering for public service obligation (PSO) bus
services within and outside of the Dublin region. It was first recommended in the Competition Authority’s 1999 report on the Bus and Rail Passenger Transport Sector. The Government accepted this recommendation in principle and the Dublin Transport Authority Act 2008 and the Transport Regulation Act 2009 included provisions to help facilitate the introduction of competition in the provision of PSO bus services.

In 2013 the Competition Authority provided a submission to the NTA consultation on the direct award contracts that are currently in place for Dublin Bus and Bus Éireann services from 2014. That response detailed the benefits of competitive tendering, compared to direct award contract, and outlined some practical issues associated with implementing competitive tendering. It concluded that “the competitive tender procedure can actually give the NTA greater power and a stronger framework to achieve [its] goals than a Direct Award contract”. This was reflected in the current NTA consultation papers which acknowledged that a move to competitive tender enhances value for money and customer service levels.

The CCPC supports the principle of opening up bus routes in a manner that provides for effective regulatory oversight from a competition perspective, where the tender process is designed in a manner that can deliver improvements in quality, reliability and punctuality by operators for consumers.

The CCPC also supports the NTA’s proposal that “The Authority will maintain a fairly tight contractual specification of required service (routes, frequencies and so forth)”. The Competition Authority’s 2013 submission stated that “Clear contracting terms and monitoring schemes for evaluating the performance delivered in exchange for public funds is vital during the process of competitive tendering”. We welcome the fact that this issue been highlighted by the NTA. Inadequate service specification, effective collusion during the tendering process and poor ex-post control on contract execution can lead to fewer and fewer bidders over time. In this regard, anti-competitive practices in relation to bid rigging are a concern generally for the CCPC and we are actively working with public bodies to raise awareness of the potential for bid rigging in procurement, and produced resources to assist businesses1.

We acknowledge that the NTA supports competition and its benefit for consumers. As stated in the consultation papers, “the clear finding of the literature is that enhanced value for money is available through a move to competitive tendering” and, “A further

benefit put forward for moving to competitive tendering relates to the potential for enhanced customer service levels”. The CCPC continues to hold the view that opening up the public bus market within and outside of the Dublin region, through competition, benefits consumers and businesses.

The CCPC would urge further consideration to be given to the ways in which greater competition can be facilitated and we would welcome the opportunity to discuss these matters with the NTA.

Yours sincerely

_______________________
Áine Carroll
Director
Communications & Policy

aine.carroll@ccpc.ie
01 470 3611
7 November 2018.

Ms. Ann Graham
Chief Executive Officer
National Transport Authority
Dún Scéine
Harcourt Lane
Dublin 2
D02 WT20.

Re: Consultation on proposals to directly award contracts for public services from December 2019.

Dear Ms. Graham

I refer to your letter of the 5 October 2018 to Patricia King inviting Congress to submit views on the Authority’s proposals to enter into new direct award contracts with Dublin Bus and Bus Éireann for a five-year period commencing in December 2019.

Could I begin by apologising for the delay in responding to your invitation - it was not possible to complete our internal consultation process by the closing date of the 30 October 2018.

Congress as you will be aware is the largest civil society organisation on the island of Ireland representing close to 800,000 workers. Our affiliated unions represent workers who are employed by Dublin Bus and Bus Éireann and thousands of our members are users of the excellent services provided by these companies.

We have carefully studied the proposals for the ‘direct award contracts’ from December 2019 and we would like to make the following observations for the Authority’s consideration:

- In the case of Dublin Bus, the Authority is proposing that the bus routes and service levels included in the December 2019 contract will match the current Dublin Bus network at that time. However, the Authority in awarding the contract, proposes to reserve the right to tender an unspecified number of routes once the planned re-organisation of the Dublin Bus Network (Bus Connects) has been completed. Given the scale of the proposed re-organisation of the Dublin Bus network (Bus Connects), any decision to tender services in the middle of a direct award contract has the potential to destabilise the financial positon and operational capacity of Dublin Bus;
• In the case of Bus Éireann, the Authority is proposing to amend the current contract to reduce the services within those contracts by approximately 10% and to provide the removed services through contracts following an open tender process from 2021. The Authority has identified eight routes which they propose to tender and these are routes which form part of the Dublin Commuter service operated by Bus Éireann;

• One of the purported benefits of tendering of public transport services is that it can result in significant improvements. Proponents of tendering claim that it results in improved customer experience and better value for money for the taxpayer. As part of the current consultation, the Authority has published a performance report on the current Bus Éireann Direct Award Contract. As part of this report, the performance of Bus Éireann against punctuality and reliability metrics for 2015, 2016 and 2017 is measured. A closer examination of this data will show that the Bus Éireann Dublin Commuter Services matched or exceeded the target performance levels. It is reasonable, therefore, to question the rationale for the selection of Bus Éireann Dublin Commuter Services for tendering in 2021;

• The consultation document relating to the award of a revised contract to Bus Éireann from December 2019 also points to the recent financial difficulties in Bus Éireann. The Authority notes the work to stabilise the financial position of the company. In light of this, it seems to us reckless to propose to remove further service from Bus Éireann. In our view, to do so will damage the financial position of Bus Éireann and undermine its operational capacity. It could possibly precipitate another financial crisis at the company.

Congress does not support the contention that competitive tendering automatically leads to better public services. There is strong international evidence to show that it is often used as a means of driving down terms and conditions of employment and lowering standards. Public procurement should be a tool that is deployed in such a way that it delivers the best outcomes for those who rely on services and those who work to ensure the delivery. Congress is not convinced, and we do not believe, that evidence presented in the documentation supports increased tendering. Therefore, we would encourage the Authority to reconsider this aspect of its proposal.

Yours sincerely

Liam Berney
Industrial Officer.