



Submission to the National Transport Authority

Greater Dublin Area

Draft Transport Strategy 2011-2030

2030 Vision

Submission S/11/004

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The Competition Authority
An tÚdarás Iomáiochta

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1. SUMMARY

- 1.1 The Competition Authority appreciates the opportunity to comment on the National Transport Authority's ("NTA") Draft Transport Strategy 2011-2030, 2030 Vision, for the Greater Dublin Area (the "Draft Strategy"), published on 28th February 2011. We welcome the Vision set out in the Draft Strategy *"Our vision for Dublin 2030 is for a competitive, sustainable city-region with a good quality of life for all"*.
- 1.2 We are concerned that the Draft Strategy makes no mention of how to use competition to achieve the Vision, in particular the two sub-objectives of ensuring value for money in transport expenditure and supporting business agglomeration and competition. Measures proposed to ensure value for money and economic competitiveness in general, are focused on transport-specific strategic planning.
- 1.3 It is surprising that the Draft Strategy does not identify the economic drivers which would help to achieve the Draft Strategy's objectives. The current economic climate makes it all the more urgent that the measures contained in the Strategy that require state expenditure are competitively priced, and that transport services are provided at a competitive cost. Therefore, economic measures which help to achieve a competitive and sustainable city-region transport system are an essential part of the Strategy.
- 1.4 The Draft Strategy does not recognise the vital role that competition can play in ensuring that public expenditure is minimised, and value for money maximised, in achieving the Vision. Competition keeps prices for consumers down by stimulating rivalry between businesses. If competition is not even mentioned in the Strategy, it will be difficult for the next step – the Implementation Plan - to address it.
- 1.5 Also the Draft Strategy does not appear to be consistent with National Plans, which is required by Section 12(7) of the DTA Act 2008. Specially, the Draft Strategy does not take into account the National Recovery Plan 2011-2014's action point on ensuring greater competition for public transport routes.
- 1.6 We recommend the final Strategy should make it clear that greater competition for public transport services will be introduced, such as:
- All public bus transport service providers will have equal opportunity to compete to provide the subsidised Public Service Obligation routes ("PSO"), when the contracts with Dublin Bus and Bus Éireann expire.
 - Any proposed new public bus transport services will be subject to open competition.
- It would not be sufficient for these points to be considered in the context of the Implementation Plan only, as the Strategy is the key document which will set the parameters for the Implementation Plan.
- 1.7 If competition is not a feature of the plan to achieve transport objectives, the Vision will be difficult to reach. The Competition Authority would welcome the opportunity to meet the NTA to discuss this submission.

2. GREATER COMPETITION FOR PUBLIC BUS SERVICES

Greater competition for public transport services should be introduced, such as

- All public bus transport services providers should have equal opportunity to compete to provide the subsidised PSO services, when the current contracts with Dublin Bus and Bus Éireann expire.
- Any proposed new public bus transport services should be subject to open competition.

2.1 The aim of the Strategy is to establish the essential policies and measures required to support achieving the Vision. Some economic policies and measures will be vital in achieving the Vision. Competition is an effective way to achieve value for money and increase economic competitiveness. It benefits consumers, businesses and economy as a whole. It keeps prices and costs down, and improves choice and quality for all.

2.2 Competition fosters innovation in the form of new products and services and supports economic growth. These benefits arise because competition encourages businesses to compete for customers. Customers of goods and service benefit from paying less and receiving more choice and quality for their money. When consumers benefit from competition, the economy does too.

2.3 Where there is a lack of competition, businesses are not incentivised to customers. For example, Dublin Bus and Bus Éireann are the sole service providers of PSO services. There are not sufficient incentives or external pressures on Dublin Bus and Bus Éireann to deliver high quality PSO services in an efficient way. As a result, the consumer suffers higher prices, less choice and lower quality, and the public finances pay higher subsidies than are needed.

2.4 We understand that the NTA is required to ensure that the Strategy is consistent with a number of national and regional Plans and Programmes, which includes the National Recovery Plan 2011-2014. One of the action points for transport within the National Recovery Plan 2011-2014 is:

“Government will ensure greater competition for public transport routes following the establishment of the National Transport Authority. This will have further positive effects on competitiveness”.

However, this policy is not reflected in the Draft Strategy.

2.5 Five overarching objectives appear in the Draft Strategy. “Improve economic competitiveness” is the second objective. The Draft Strategy identifies six transport-specific sub-objectives for improving economic competitiveness:

2.1 Improve journey time reliability for business travel and the movement of goods;

2.2 Reduce overall journey times for business travel and the movement of goods;

2.3 Ensure value for money of transport expenditure;

2.4 Support business agglomeration and competition;

2.5 Improve access to GDG ports and Dublin airport;

2.6 Provide for efficient goods distribution, servicing and access to material;

2.6 The sub-objective 2.3 is “*ensure value for money of transport expenditure*”. The measures outlined to achieve value for money, however, do not contain any substantive economic analysis. In general they relate to logistical or financial issues, such as how to best utilise fleets, how to use road revenues, parking incomes, etc.¹ There is no mention of using competition to get value for money.

2.7 We understand that issues related to the availability of funding will be addressed in the implementation plan which will be published within 9 months of Ministerial approval of the Strategy. It is unrealistic to develop the Draft Strategy without mentioning an overarching economic policy which helps achieve the best possible outcome under the current constraints on public finances.

2.8 In this context, it is vital that the Draft Strategy recognises the important benefit that competitive tendering can bring to the public finances, businesses and consumers in achieving the Vision, especially for public bus transport services.

Public Service Obligation

2.9 The use of competitive tendering for the right to operate subvented public bus services would ensure that (a) the money paid to fund the public bus service is minimised and (b) Ireland has a high quality of these services at competitive prices.

2.10 For bus services to be fully competitive in Ireland, all bus companies should have an equal opportunity to compete to provide the subsidised PSO services currently provided by Bus Éireann and Dublin Bus. This can be done through competitive tendering procedures.

2.11 Despite the high level of subsidies currently paid to CIE for PSO services, it is not clear to the public and to potential competitors which services are commercial and which are PSO services. Instead both companies simply receive a block allocation and define all of their services as non-commercial PSO services. Without a higher degree of transparency as to which routes are profitable and which actually require a subvention in order to operate, it will be very difficult (a) for any competing company to tender successfully and (b) for the Government and taxpayers to know whether or not they are getting value for money.

2.12 The current system of a block subsidy for the socially desirable services does not guarantee value for money to taxpayer. There is no

¹ Details for measures associated with sub-objective 2.3 are outlined in the Appendix.

incentive to encourage Dublin Bus and Bus Éireann to provide the services with the lowest possible level of subsidies which will allow public service targets to be met.

- 2.13 We understand that the current public transport contracts between the NTA and Dublin Bus and Bus Éireann are for 5 years, to 2014. There appears to be no economic or social rationale for not carrying out a tender procedure for the PSO services when the current contract expires.

New Bus Services

- 2.14 The sub-objective 2.4 (Paragraph 2.1) is “*supporting business agglomeration and competition*”. The measures to achieving sub-objective 2.4 relate to how the reliability of public transport can be increased by improving public transport infrastructures, reducing congestion, and creating better access to/between job clustered areas.² There is no mention of competition.
- 2.15 Improving competition among the bus service providers has an important role to play in developing a well functioning, attractive, competitive, integrated and safe public transport system. Both the reality and the threat of competition ensure that bus services providers are focused on meeting the needs of consumers, and doing it in an efficient and cost-effective way. This reflects the action point within the National Recovery Plan 2011-2014 mentioned in Paragraph 2.5 above.
- 2.16 The Draft Strategy proposes a series of new bus services, for example, frequent and direct bus services from the Metropolitan Designated Towns to Dublin city centre, inner suburban bus services operating across the city centre, and bus rapid transit (BRT) on some quality bus corridors.³
- 2.17 It is not clear from the Draft Strategy whether those new bus services are subject to the current public bus contracts between the NTA and Dublin Bus/Bus Éireann. We would be concerned if the NTA were to award these new bus services to Dublin Bus and Bus Éireann without open competition. This could seriously damage competition in the market for public bus services in the Greater Dublin Area and undermine the Vision.
- 2.18 Open competition for these new services will drive the operators to provide their services in the most cost-effective way. The routes and the quality of the services will respond to the actual consumer demand, rather than being decided by one company.

² Details for measures associated with sub-objective 2.4 are outlined in the Appendix.

³ It is a high quality bus service, with high levels of priority on certain corridors, including the “blue Line”. The characteristic of BRT mean buses can operate in a more tram-like manner.

APPENDIX: MEASURES FOR SUB-OBJECTIVES 2.3 AND 2.4

In the draft strategy, two of the sub-objectives within the “improve economic competitiveness” high level objective are:

- 2.3 Ensure value for money of transport expenditure, and
- 2.4 Support business agglomeration and competition.

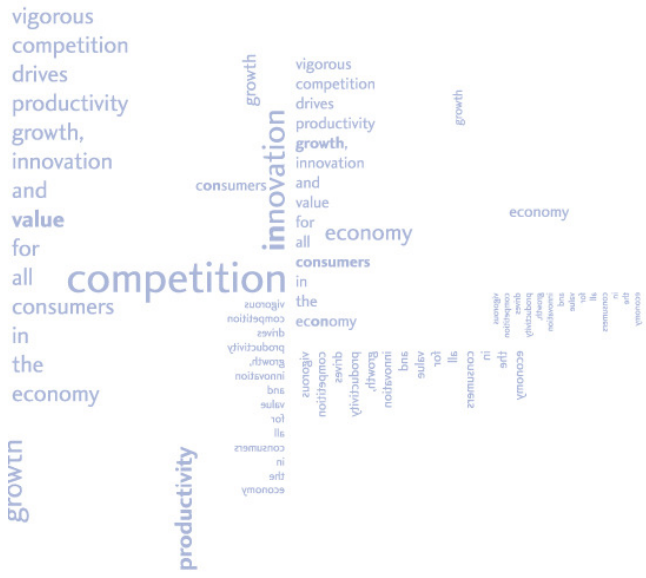
There are 18 measures to support sub-objective 2.3:

- i. LUI Priority locations for development
- ii. LU2 Designated District development plans
- iii. LU3 Designated Town development plans
- iv. LU4 maximum parking standards
- v. WCY1 Traffic restrictions in town centres
- vi. WCY8 Planning policies to support walking
- vii. WCY 17 Cycle facilities at schools and workplaces
- viii. WCY 16 Planning policies to support cycling
- ix. WCY 19 Cycle information and promotion
- x. INT 7 Planning policies to support public transport
- xi. ROAD4 Traffic management on local authority roads
- xii. ROAD5 Traffic management on strategic roads
- xiii. ROAD 7 Management of roadworks
- xiv. ROAD 8 Management of parking, waiting and loading
- xv. TDM1 Traffic control measures
- xvi. TDM2 Parking charges and levies
- xvii. TDM 3 Road use charging
- xviii. TDM 4 Travel behaviour change measures

There are 16 measures to support sub-objective 2.4:

- xix. LU1 Priority locations for development
- xx. LU3 Designated Town development Plans
- xxi. BUS2 Metropolitan bus serviced improvements
- xxii. BUS5 Express bus links to Dublin City Centre
- xxiii. DUB7 Bus Rapid Transit

- xxiv. RAIL1 DART Underground
- xxv. RAIL2 Northern line capacity and electrification
- xxvi. RAIL3 Kildare line capacity and electrification
- xxvii. RAIL4 Maynooth line electrification/extension
- xxviii. RAIL 5 South East line removal of constraint
- xxix. RAIL7 Metro North
- xxx. RAIL8 Metro West
- xxxi. RAIL9 Green line Metro upgrade and extension
- xxxii. RAIL10 New Luas line Lucan to Poolbeg
- xxxiii. RAIL11 New Lucas line to Tallaght via Kimmage
- xxxiv. RAIL 12 Metro and Luas service frequencies



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