



An Roinn Iompair
Turasóireachta agus Spóirt

Department of Transport,
Tourism and Sport

Oifig an Árd Runaí • Office of the Secretary General

Príomh Oifig
44 Sráid Chill Dara, Baile Átha Cliath 2, Éire.
Head Office
44 Kildare Street, Dublin 2, Ireland.

Lo-Call 1890 443311 +353-1 604 1348
+353-1 604 1349 www.dttas.ie
secretarygeneral@dtas.ie

14 February, 2013

PAC-R-842

Ms Niamh Maguire
Committee Secretariat
Committee of Public Accounts
Leinster House
Dublin 2

Correspondence 3A.10
Meeting 74 – 21/02/2013

Dear Niamh

I refer to my recent appearance before the Committee on the 7th February last and your letter of 13th February, 2013. In follow up to my appearance, I undertook to supply the following information:-

(1) A note on the implementation and profitability of the Free Travel Scheme for CIE, including details of how the figures and numbers of beneficiaries are quantified.

You will be aware that the Free Travel Scheme is the responsibility of the Department of Social Protection. I have obtained a briefing note and it is attached as Appendix I. In addition, CIE have confirmed to me that, based on their three companies' estimates of free travel usage, the payments currently received under the Scheme do not fully compensate them for the revenue foregone.

(2) A note on the implementation and profitability of the School Transport Scheme for CIE, including details of how the figures are quantified.

Similarly, this Scheme is the responsibility of the Department of Education and Skills and the briefing note which they have provided is attached as Appendix II. See in particular section 3 of that note which deals with the non-profitability of the Scheme.

(3) Details on the payment of maintenance costs to CIE by the Department of Education & Skills for transport Vehicles.

Bus Éireann has provided the following details in relation to the maintenance costs of its own school transport fleet. These costs are part of the total charge to the Department of Social Protection which is discussed in more detail in Appendix I.

Maintenance costs for the school transport fleet totalled €12.02 million in 2011 in addition to €6.409m in respect of fuel costs or a combined total of €18.429m. Total Running Costs have decreased from €19.108 m in 2008 to €18.429m in 2011. This decrease of 4% is due predominantly to a reduction in the number of Bus Éireann vehicles in the School Transport Scheme. This, for example, has reduced from 669 in 2008 down to 557 in 2011. The average maintenance cost per vehicle was just under €21,600 in 2011.

(4) Details of the salaries paid to the board members, each Chief Executive and the Chairman of CIE

This information is set out in Appendix III, attached.

(5) A note on the allegation of illegal discarding of commercial freight carriages.

Iarnród Éireann advises that this query appears to refer to a failed attempt by a third party to scrap and steal metal from its Dundalk freight yard. In November 2012, an unsuccessful attempt was made to remove disused wagons and steel keg pallets from Iarnród Éireann's Dundalk Freight Yard. The attempted theft related principally to 32 bogie flat wagons (units which carry containers) which had been disused for a number of years and were being stored at Dundalk Freight Yard. These were part of a much larger number of disused bogie flat wagons stored at a number of locations around the network. A contractor who had previously undertaken legitimate scrapping work for Iarnród Éireann engaged a sub-contractor to scrap and dispose of these wagons. This scrapping work was not contracted by Iarnród Éireann. The contractor organised for the pallets and wagons to be cut up on site. However, Iarnród Éireann identified the unauthorised access and stopped the removal of the scrap metal. The matter has been referred by Iarnród Éireann to the Gardaí in Dundalk. The investigation by the Gardaí is ongoing.

(6) A note on the purchasing, use and maintenance of locomotives used for pulling train carriages.

I understand this query to relate to the railcars which were the subject of some discussion at the meeting. These railcars come in sets with integrated engines so there is no requirement for locomotives. As requested by the Committee, the National Transport Authority has responded directly to the Committee in relation to the railcars and the material includes the Department's input. However, the note points out that of the 21 railcars which have been the subject of discussion, 9 were always planned as back-up so the actual surplus is 12, and I wish to point out that I inadvertently reversed the latter two figures in my own comments at the Committee.

(7) Details of the contract with consultants Grimes & Company who were commissioned to produce a report regarding the purchase of carriages.

I can confirm that Grimes & Company were not commissioned or contracted to produce any report by Iarnród Éireann, CIE or anyone acting on their behalf. CIE inform me that a Mr Michael Grimes has over a number of decades engaged in letter-writing to them at many levels, and state that the content of the letters is frequently inaccurate, abusive and defamatory. In the course of this campaign, he has from time to time claimed to have been commissioned or contracted by CIE and/or Iarnród Éireann and indeed has claimed to have been an employee. None of these claims are true.

(8) A note on an allowance of about €32,000 paid to a member of staff in 2011.

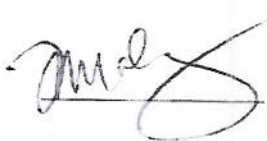
This figure refers to overtime paid over the course of a full year to one Services Officer. In that year only three Services Officers out of a complement of eight were in a position to do continuous overtime and the required overtime duties had therefore to be allocated to them on a disproportionate basis. The need for Services Officers to do overtime is dictated by staff needing to work late in our offices (particularly Kildare Street).

- (9) *A note on the closure of a number of desks, manned by independent businesses, in the Fáilte Ireland tourist office in Suffolk Street, Dublin 2.*

The operation of its network of Tourist Information Offices is a day-to-day matter for Fáilte Ireland itself. Mr. Ted McEnery, Clerk to the PAC wrote to Shaun Quinn, Chief Executive of Fáilte Ireland on 24th January regarding the withdrawal of a number of concession desks at the TIO in Suffolk Street. Shaun Quinn replied to Mr McEnery on 4th February setting out the reason for the decision, the level of consultation that took place prior to the situation and addressing whether there is a potential loss of revenue to Fáilte Ireland and whether any jobs have been put in jeopardy by this decision. Copies of the correspondence are attached at Appendix IV.

I hope that this information comprehensively addresses the Committee's requirements. Should you have any further queries, please do not hesitate to contact me.

Yours sincerely



Tom O'Mahony
Secretary General

Free Travel - CIÉ Services
(responsibility of D/Social Protection)

There are currently in excess of 745,000 customers eligible for free travel and when spousal and companion passes are taken into account, there are over 1.1 million customers with some free travel eligibility. The Free travel scheme is a long standing arrangement in place since 1967 following extensive discussions at the time between the then Department of Social Welfare and CIÉ. Payment was agreed on the basis of fares foregone. Over the years there were negotiations to increase the benefit and value of the scheme including the agreement of relevant discounts. The current payment to CIÉ is based on usage surveys which took place up to 1973/74. This base payment has been adjusted over the years to incorporate fares increases, extensions to the scheme, and the introduction of Luas. An overall survey has not been carried out for some time. While the CIÉ group conduct their own surveys, the Department of Social Protection has not conducted a joint survey.

Free travel is recorded by bus drivers on a dedicated button on the 'Wayfarer' ticket module in Dublin Bus and Bus Éireann. The driver records a free travel journey when a DSP travel pass is shown. The accuracy of the numbers recorded is dependent on the driver using the button every time a free travel pass holder (and companion if applicable) boards the bus. The verification of Passenger Journey by Free Travel Pass holders on rail services are based on ticketing for Free travel through the Crouzet ticketing system plus an allowance for "flash passing" on the DART network. This arose following a ruling from the Equality tribunal, which allows Free Travel Scheme pass holders to flash pass and not necessarily purchase a ticket on the DART network. The Crouzet system facilitates tickets to be issued for single, day return and companions and this data is then compiled.

All the public transport operators have reported that the proportion of journeys on their services taken by Free Travel Passholders has grown over the past decade. The companies' estimate of free pass passenger carryings for 2011 is as follows:-

Dublin Bus	22.8 million
Bus Éireann	9.9 million
Iarnród Éireann	4.2 million.

In line with the National Recovery Plan 2011 – 2014 expenditure on the Free Travel scheme has been frozen at 2010 levels for the duration of the plan (€77 million per annum). CIÉ received a total of €61,358,000 under the scheme in 2011. The PSO public transport operators have received approval for a number of fares increases to compensate for the reduction in subvention and rising operating costs. Traditionally, following a fares increase there would be an approval from the Department of Social Protection to increase the Free Travel Scheme Grant accordingly. However, the grant to those operators has not increased to reflect the increased fares since 2010. As there is a cap on the budget under the programme for Government 2011-2014, the Department of Social Protection has no facility to increase the amount paid to CIÉ.

An Inter Departmental Working Group has been established to carry out a review of the operation of the current Free Travel Scheme. The purpose of this review is to examine and report on the current operation and future development of the Free Travel scheme. The

Group, chaired by the Department of Social Protection, also includes representatives of the Departments of Public Expenditure and Reform and Transport, Tourism and Sport and of the National Transport Authority.

School Transport Scheme
(responsibility of Department of Education and Skills)

1. Quantifying usage of the School Transport Scheme:

Bus Éireann has clarified that usage is quantified on the basis of the number of tickets issued to children who are deemed eligible for school transport facilities under the criteria of the Department of Education & Skills School Transport Schemes (Primary, Post Primary, Special Needs), as well as the number of tickets issued on behalf of children who are ineligible under the terms of the Schemes but for whom application was made on a concessionary basis.

The number of tickets issued includes school transport tickets issued by Bus Éireann as agent of the Department of Education & Skills for use on dedicated school transport services provided by Bus Éireann directly and also by private operators under contract, as well as public and privately operated licensed bus and rail services, including city services, intercity services, and national and suburban rail services.

In the 2012 2013 school year some 114,000 children are utilising school transport including some 8,000 special needs children.

2. The composition of the €152m figure (2011):

The Statement of Account for School Transport for 2011 shows a net charge to the Department of Education and Skills of €151.804m. Receipts from fare paying passengers amounted to €11.486m.

Of the net charge of €151.804m, a total of €105.476m (or 69%) was paid to private contractors who operate school transport services.

Bus Éireann incurred charges of €30.599m (or 20%), in respect of drivers and vehicles supplied by Bus Éireann broken down as follows:

BE School Bus Drivers	€10.764m
Maintenance of Fleet and Fuel	€18.429m
Insurance and Claims	€1.358m
Road Tax	€0.048m
Total	€30.599m

Direct school transport clerical costs and supervisory costs (Inspectors who would check both BE and Contractors services) for the School Transport Scheme amounted to €6.010m while depreciation and interest costs amounted to €2.1m

The charge for children carried on scheduled services amounted to €2.405m

The charge for indirect and other direct costs (more correctly described as a Transport Management Charge and Indirect costs) amounted to €16.7m in 2011 (11.75%).

Summary of Net Amount Chargeable to the Department of Education - €151.804m

Contractors Costs	€ 105.476m
BE Fleet Provision	€ 30.599m
School Transport Clerical and Supervisors Costs	€ 6.010m
Depreciation and Interest	€ 2.100m
Children carried on Scheduled Services	€ 2.405m
Indirect and other direct costs	€ 16.700m
Receipts from fare-paying passengers	(€ 11.486m)
	€ 151.804m

3. Profit

Bus Eireann has confirmed that it does not earn a profit from the School Transport Scheme nor does it cross subsidise commercial services from the operation of the School Transport Scheme.

The indirect and other direct costs for school transport paid to Bus Eireann, which should in fact be described as a Transport Management Charge and Indirect Costs, has reduced significantly in recent years, falling from €18.7m in 2009, €18.2m in 2010, €16.7m in 2011 and €15m in 2012.

A detailed breakdown of the 2010 figure of €18.2m was provided previously to the Committee on 1st June 2012. Each year this covers some direct costs, indirect support costs, indirect regional costs, property and a contribution. An apportionment of the overall company total of these costs is allocated to the School Transport Scheme.

A breakdown of the actual 2011 costs totalling €16.7m is set out below:

	€m
1. Direct Element	3.6
2. Indirect Support	2.8
3. Indirect Regional	4.3
4. Property	2.5
5. Bus Éireann Contribution	3.5
Total	16.7

In relation to the Bus Éireann Contribution, none of which is used to cross subsidise commercial services, this provides funds exclusively for school transport for areas such as:

- Specific capital investment in School Transport services and administration for example IT to deliver future cost savings.
- Portion of general capital investment for example garage equipment that serves all three businesses – Commercial, PSO and School Transport.
- Reduction of cost base through voluntary severance for schools staff (direct and support).
- Return to risk associated with School Transport business.

Fees Payable to Chairpersons and Directors of CIÉ and subsidiaries and senior staff salaries

The Government, on the recommendation of the Minister for Transport, Tourism and Sport, made the following appointments with effect from 29th June 2011 for a period of 3 years:

Vivienne Jupp as Chairperson of CIE Board;
 Paul Mallee as a Director of CIE Board and Chairperson of Bus Éireann;
 Phil Gaffney as a Director of CIE Board and Chairperson of Iarnród Éireann;
 Kevin Bonner as a Director of CIE Board and Chairperson of Bus Átha Cliath.

The fees payable to the appointees are in accordance with Department of Finance guidelines. Revised fees for the non-executive chairpersons and members of the boards of State bodies were approved by Government effective from 1 May 2009. The revised fees were 10% lower than the fees which applied until 30 April 2009. State bodies are classified under different categories and rates of fees payable vary between categories.

CIÉ is listed in category 1 and the three subsidiaries are listed in category 2. The fees for the four chairpersons are as follows:-

Vivienne Jupp	€31,500 (Category 1)
Paul Mallee	€21,600 (Category 2)
Phil Gaffney	€21,600 (Category 2)
Kevin Bonner	€21,600 (Category 2)

In the case of the Chairpersons of the subsidiary boards, the fee payable is in respect of their combined role as Chairperson of the relevant subsidiary and member of the Board of CIÉ. Directors of CIÉ are paid a fee of €15,750 and directors of the subsidiary companies are paid €12,600.

The salaries of the Chief Executives of the 3 Subsidiary Companies are as follows:

Iarnród Éireann (David Franks)	€225,000
Bus Átha Cliath (Paddy Doherty)	€189,905
Bus Éireann (Martin Nolan)	€189,905

There are 88 CIE staff out of 9,712 on salaries in excess of €100k. The breakdown by company is as follows:

Irish Rail	46
CIÉ Group	20
Bus Éireann	13
Dublin Bus	9.

**An Coiste um Chuntais
Phoiblí**
Teach Laighean
Baile Átha Cliath 2

Tel: (01) 6183867
Ríomhphost:
pac@oireachtas.ie



**Committee of Public
Accounts**
Leinster House
Dublin 2

Tel: (01) 6183867
Email: pac@oireachtas.ie

24th January, 2013

Mr. Shaun Quinn,
Chief Executive,
Fáilte Ireland,
88-95 Amiens Street,
Dublin 1.

Dear Chief Executive

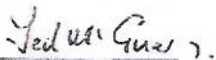
I write regarding recent developments at the Suffolk Street information office of Fáilte Ireland where it appears that concession desks have been withdrawn from a number of third party tourism bodies. This correspondence arises from contact made with Members of the Committee who asked me to get an up-date on it.

Could I ask that you give a note to the Committee on developments in this regard at the Information Office in Suffolk Street in Dublin 2. If concessions were withdrawn, could your note include the following:-

1. The reason for this decision.
2. The level of consultation that took place with affected third parties prior to the decision.
3. Whether there is a potential loss of revenue to Fáilte Ireland and whether any jobs have been put in jeopardy by this decision.

My number here is 01-6183867 if you want to clarify any issue about the matter I have raised above.

Yours sincerely,



Ted Mc Enery
Clerk to the Committee

4 February 2013

Mr Ted Mc Enery
Clerk to the Committee
Committee of Public Accounts
Leinster House
Dublin 2

Dear Mr Mc Enery

I refer to your letter of 24th January regarding recent developments at the Suffolk Street Tourist Information Office (TIO). The amalgamation of Dublin Tourism with Fáilte Ireland in January 2012 has required an on-going integration of the former Dublin Tourism tourist offices into those of our national TIO network. This has resulted in a number of efficiency gains for the taxpayer to date.

Please find answers to your specific questions as follows:

1) The reason for this decision

Based on changing visitor behaviour and international benchmarks, the Suffolk Street Tourism Information Office, as is currently configured, is not delivering the type of visitor information or assistance which our international competitors are providing in their capital cities. As seven out of ten of all our international visitors pass through Dublin, it is imperative that we provide a tourism information service that matches (and competes with) best international practice elsewhere.

Accordingly, we are actively exploring two possible options regarding Suffolk Street operations, one is to relocate, and the other is to invest in refurbishment and reconfiguration of the existing site. Either of these options will necessitate the withdrawal of the concession desks in Suffolk Street.

2) The level of consultation that took place with affected third parties prior to the decision.

We provided notice of our intention to terminate these arrangements at least three months in advance - with each third party body being consulted with during 2012 and informed that we would not be entering into a new commercial licence agreement with them in 2013. Further written confirmation was provided where requested.

3) Whether there is a potential loss of revenue to Fáilte Ireland and whether any jobs have been put in jeopardy by this decision.

Tourism in Dublin generates €1.2bn in revenue and supports thousands of jobs in the accommodation, hospitality and retail sectors. Future revenue and the sustainability of such employment are very much dependent on the capital city competing aggressively with other international competitor destinations – including the way we provide our visitor services. We need to ensure that we provide a more appropriate experience for the 21st Century visitor, incorporating greater digital media and consumer interaction.

We very much appreciate that the traditional concession desks provided a sales channel for those select third party bodies concerned, but please be assured that Fáilte Ireland is in a position to provide alternative channels for them and we will promote and sell all their approved tours through our e-ticketing platform where feasible.

I trust this clarifies the position.

Yours sincerely,

Shaun Quinn,
Chief Executive.