



COACH TOURISM & TRANSPORT COUNCIL OF IRELAND

OPENING STATEMENT

JOINT OIREACTHAS COMMITTEE ON
TRANSPORT AND COMMUNICATIONS

Opening Statement

Thank you, Chair and Members of the Oireachtas Transport Committee for inviting the Coach Tourism and Transport Council of Ireland (CTTC) to appear before you today to address the crucial issue of spiralling fuel costs currently crippling the industry. We are delighted with this opportunity which will allow us to outline the detrimental impact of this crisis on the bus and coach industry and the integral role the sector can play in alleviating the cost of living crisis for many. My name is JJ Kavanagh and I am joined by my fellow Executive Council members of the CTTC, William Martin and Brendan Crowley here today.

At the outset, I want to acknowledge the desire of the CTTC to work in tandem with Government, in addressing this crisis. We are Ireland's largest representative body for the private bus and coach sector, with a comprehensive membership spanning mostly indigenous, family-run, operators, working across scheduled services, international tours, private hire and school transport.

The private bus and coach sector is an integral part of Ireland's national transport network, and collectively, the sector is responsible for carrying over 75 million passengers per year, helping to sustain 11,000 direct jobs and contributing in excess of €600 million to our national economy. Private operators are responsible for attracting one-fifth of all tourists (2 million) that visit Ireland annually which has an enormously positive impact on regional retailers, hospitality outlets, visitor attractions and other relevant businesses across the country.

The sector is also largely responsible for the provision of school transport, with over 90% of the 41 million school journeys being carried out by private operators. On an annual basis, more than 120,000 children are transported to their place of education, on 7,000 different bus routes, to 3,000 separate schools.

As such, commercial operators are the essential foundation stone of the Irish transport network, and the smooth carriage of thousands of passengers and school commuters remains dependent on the viability of the sector. However, the recent invasion of Ukraine has resulted in soaring fuel costs that continue to rise at a level which, simply put, is unsustainable for the sector. Having spent the past two years grappling with the unprecedented reduction in passenger levels as a result of the Covid-19 pandemic, we are now in the midst of another crisis - one which is pushing the sector to the brink of collapse.

Commercial operators, for the most part, have been left with little choice but to absorb the financial repercussions of crippling fuel costs. While scheduled service operators with direct award contracts have the benefit of fuel variation clauses contained therein, which helps to insulate operators to an extent, this status quo ends in June. Correspondingly the situation is somewhat bleak for coach tour operators and school transport providers. This is owing to the fact that many of these operators have signed up to contracts either with Bus Eireann or private tourism companies, with previously agreed rates, in some cases, lasting up to five years, which are now unviable, unworkable and worse still, threaten the livelihood of these businesses.

In particular, the lack of alignment in state contracts and government procurement is troubling and we need to see legally enforceable fuel variation clauses introduced in school transport contract so operators have protection against extreme variations in fuel costs – which they currently do not have. Fuel variation clauses are a progressive means of protecting all parties to a contract and essentially, act as a safeguard against the risk and uncertainty associated with the sudden change in the price of essential materials needed to give effect to the contractual obligations. These clauses are designed to support sectors and industries which are susceptible to external events and beyond the control of the parties. They allow for prices to rise or fall as the relevant circumstances prevail which gives a large degree of certainty and comfort to all.

Many of our members are at the forefront of school transport provision - and a recent research survey bleakly highlighted the impact of external events on the sector:

- **Two-thirds of operators have seen fuel costs increase by up to 60%** over the course of the last twelve months;
- **90% of operators need up to a 35% increase in contract rates** to continue to operate their services and;
- **95% of school transport providers are unable to guarantee service provision** up until the end of the academic year in June.

Furthermore, the coach tourism sector in Ireland is facing a competitiveness issue as the country is at the higher price range for visitors and given recent events, it will be increasingly challenging to continue to position Ireland as an attractive tourist destination. This in turn, risks jeopardising our once-thriving international and domestic tourism markets responsible for independently attracting 2 million tourists and, threatens the viability of thousands of businesses and jobs across the country.

The fact of the matter is that every facet of public transport has been impacted by pre-existing contracted rates which if not resolved, will have a detrimental impact on congestion, our decarbonisation ambitions, and strategic transport provision across the country. Commercial bus companies cannot continue to provide the same level of service, and maintain current schedules while grappling with an average 50-60% increase in the price of fuel. Given that the majority of our members operate routes outside of Dublin, any adverse impacts on general service provision will have a disproportionate impact on the regions.

In order to alleviate the worst impacts on general route delivery and service provision, Government needs to implement a number of crucial policies without delay:

- **Reduce the VAT on fuel to 9%.** This worked very well for the hospitality sector when it was in crisis and a similar policy must be adopted to safeguard the mass transportation sector during a time of extraordinary financial hardship. Just last week, the CTTC wrote to Government, recommending a temporary reduction in VAT, the details of which can be worked out in consultation with industry stakeholders.
- **Align all State transport contracts** to ensure the inclusion of fuel variation clauses which will insulate school transport operators against further diesel hikes, which are expected.
- **Introduce a special fund for embattled coach tourism operators** who have pre-existing contractual arrangements in place with international tour companies so, that they can continue to attract millions of international visitors this year.
- **Encourage members of the public to take public transport** as a means of off-setting the cost of living crisis. Buses serve as a feasible solution while offering crucial regional connectivity, alleviating city congestion and helping to reduce the country's carbon emissions. In ordinary times, buses are a cost-effective transport option for commuters, and collectively, our sector has a vital role to play in helping Ireland to realise its sustainability objectives. It is imperative that we safeguard this.

One full coach takes 40 cars off the road. As a country, we should be deploying every available incentive and strategy, to encourage a modal shift away from private vehicles, towards public transport - and I acknowledge the crucial steps taken by Government so far in this regard. Asking operators to shoulder the financial burden of crippling fuel costs, is, however, the antithesis of this and absorbing these price shocks will ultimately, undermine efforts by operators to electrify their fleets so we also need to look at ways and means to facilitate this transition in a meaningful way by enabling commercial operators unfettered access to purchase EVs. Without essential support at this time, the industry will be in jeopardy which will render the 2050 zero emissions target impossible.

At the outset, I was keen to emphasise the CTTC's desire to engage proactively with Government, in seeking to address this crisis. It is in that same spirit, that I wish to thank the Committee for this opportunity to contribute. I look forward to answering any questions that members may have.



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