



**The Chartered
Institute of Logistics
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‘Promoting Professionalism in Logistics, Transport and Supply Chain’

CILT SUBMISSION ON RAIL REVIEW

In its submission concerning Budget 2017 and Mid-Term Review of the Government's Capital Plan, CILT made the point strongly that there is insufficient expenditure planned to maintain our transport infrastructure in a steady state and that this needs to be done as a priority. In addition, expenditure is needed on enhancing public transport capacity in response to growing demand, due to population and economic expansion, and due modal shift to help meet climate change objectives.

The Rail Review 2016 Report highlights the financial requirement to maintain the existing rail network and services, also taking account of additional funds needed to make up for under-investment in infrastructure and financial losses at Iarnród Éireann in the past 7 years.

While acknowledging and supporting the need for additional expenditure on railways, CILT accepts that it is unrealistic to expect that we can maintain the entire current network and all the rail services that presently operate.

Key issues are:

- increase total expenditure on transport infrastructure, and specifically on public transport
- maintain current and capital expenditure on core and strategic railway network and services. The core, strategic rail network needs to be defined

- transport expenditure must be prioritised where there is best value for money to users, communities and to the economy. There must not be excessive expenditure on railways at expense of needs of other transport sectors, especially not at expense of bus network, both urban and nationwide
- close railways that are lightly used and have high unit expenditure relative to other rail routes, taking into account impact on users and alternative transport options.

The Report

The Rail Review 2016 Report is a good report in highlighting the funding needs of the railway; and in outlining the costs on a route per passenger basis. A measure of cost related to revenue by route would be more appropriate.

While anticipating growth, it does not in any detail look to the future and to the role that railways might or might not play in a developing Ireland. It needs to be read in the context of broader considerations, such as population and job movement from small towns to larger urban centres, commitments on climate change, and ongoing modal share impacts of road development.

Iarnrod Eireann

CILT acknowledges the hard work and considerable efforts by Iarnrod Eireann in maintaining a rail service in very challenging times. We note that substantial cost savings were achieved. Revenue declined because of fall off in customer numbers during the recession and arising from a significant cut in state funding. The infrastructure funding for longer term maintenance of existing network has been too low. The issues that are arising have far more to do with the external economic environment, rather than the running or management of the company. Iarnrod Eireann is expected to continue to run services on routes that are particularly difficult to sustain in any form.

CILT queries the proposed expenditure on maintaining the rail infrastructure. Has any independent analysis of this been done? Are there more cost effective ways to maintain the rail network to the same level of safety and of speed? Have any international comparisons been made, any benchmarking of costs and practices?

CILT also acknowledges that there is very significant spare capacity on InterCity trains at most times of the week, and that demand management needs to be used to increase the use of assets, both rail lines and stock, rather than investing in more assets that would only be required for small periods of time. Pricing can be used for this purpose, for example, by having higher fares on Friday evenings, with lower fares on other days to stimulate demand. Peak restrictions on Free Travel would be an essential part of such a strategy, in as much as with a funding crisis, it does not make sense to provide free travel at times that would require additional investment in assets. If this were done, InterCity should be able to cope with significant demand increase within existing stock capacity.

Rail in context of national priorities

The report is welcome and it contains much useful information, which sets out the challenges and choices arising. The report, however, looks more at the present state and does not give sufficient attention to the broader and more fundamental question of the role of the railway within the broader transport policy, within the direction of the country. It is not a static situation; there is on-going change. Changes in employment profiles, population and job movement to main cities are important factors. So too is climate change and our obligations on emissions. Solutions need to take account of these; it is not simply about rail funding.

Policy needs to look at public transport in the context of national development and regional planning. It needs to take an overview. If there is a set amount of funding, what are the priorities, objectives, criteria? How can funds be

allocated to give best returns, taking account of a range of criteria, economic, social, balanced regional development and sustainability?

The development of high frequency non-stop or very limited stop coach services using the motorway network has taken from the rail services and also undermined limited stop coaches which serve towns along a corridor. The non-stop end to end coach services are in fact quicker than indicated in the report. In many cases they have a similar or shorter journey time than the train. Their quality has improved, with toilets and Wi Fi. Ride quality on motorways is also smoother than on traditional bus services. On the other hand they only cater for the larger centres and do not stop along the way. How is the balance to be achieved between different needs and requirement within financial resources? Consideration therefore has to be given to the different public requirements and the overall policy for the development of the country.

It would appear that there is no overall policy in regards to the interurban market which explicitly identifies the role of each mode and the extent to which they will be funded and supported by the State. A review of the interurban travel market which looks at the totality of movement, existing and future funding needs to be undertaken. Policies should then be developed for future investment and support, taking account of balanced development, economic and social factors, value for money and particularly the delivery of modal shift to meet climate change targets.

There is a good case for investment in the Greater Dublin area on Commuter routes such as Dundalk – Dublin and Maynooth – Dublin corridors, and addressing the capacity at Connolly station. If Dublin is to continue to develop and expand, it will have to address its future transport needs and how they are going to be served. It cannot keep going without significant investment in public transport; it is not workable and sustainable. Substantial change is required, with public transport playing an increasing role within value for

money criteria. The question then arises, which public transport mode is appropriate for the different needs?

Decisions on the future of the railway have to take into account balanced regional development; the contribution to tourism; rail's role in meeting climate change targets; the potential for long-term rail electrification.

CILT sees the Dart Underground (interconnector) project as a national strategic investment, not just a Dublin commuter project, as it links up and integrates all the rail corridors with its consequential benefits. It could deliver a substantial advantage for both the economy as a whole and rail travel. It is somewhat disappointing that the DTTAS Statement of Strategy recently published does not make reference to this significant project

Route Profitability Analysis

CILT acknowledges the value of and the professionalism of the analysis done on route profitability, and cost per passenger. However, some other ways of comparing routes with each other would have been helpful. Some examples are:

- rather than just cost per passenger, it would be helpful to see cost relative to revenue for each route (on the basis that a local DART passenger cannot be compared with an InterCity passenger). CILT has compiled this table, based on data in the Rail Report. It clearly ranks the various rail lines in order of cost relative to revenue earned:

Rail Route Profitability

	total revenue €M	uniq&shared EBITDAC % of revenue	cash result % of revenue
DART	42.7	4%	-29%
Belfast	10.5	-5%	-71%
Northern suburban	18.4	-53%	-125%

Galway	16.9	-62%	-126%
Kildare suburban	10.3	-64%	-110%
Tralee	11	-70%	-139%
Waterford	11.5	-95%	-166%
Cork	27.7	-101%	-201%
Western suburban	13.3	-104%	-158%
Cork commuter	5.3	-160%	-225%
Westport/Ballina	9.8	-161%	-269%
Limerick	8.9	-176%	-280%
Sligo	10.3	-184%	-308%
Rosslare	4.4	-359%	-525%
Limerick - Galway	1.4	-714%	-950%
Lim Junc - Wford	0.2	-4200%	-5900%
Lim - Ballybrophy	0.2	-4500%	-5800%
Freight	4.7	-30%	-38%
Total	207.5	-91%	-165%

- it would be useful to have "load factors", i.e. passengers per train, or passengers as a % of seats, either average over total journey, or at peak point on the journey. It is not clear if some routes have fuller trains than others

Rail line closures as part of solution

Given the extent of the financial situation facing Iarnrod Eireann, and the funding required for maintenance of the rail infrastructure, it is clear that some line closures are necessary. CILT supports the immediate closure of Limerick to Ballybrophy and Limerick Junction to Waterford, on the basis of excessive cost per passenger carried; alternative bus being available, with reasonable journey times and comfort; limited inconvenience to regular users (virtually no daily commuters) and probably positive for our emissions targets, as value of rail for emission reduction only applies when trains are well used.

CILT did not support the Western Rail Corridor. CILT is of the view that railways are valuable when there is a large market and/or potential for large market share for rail; when they help ease road congestion; when they save time for users; when they help reduce emissions from the transport sector. Western Rail Corridor does not fulfil any of these criteria. Despite the significant investment in reopening this line, we support its closure as continued financial support is draining the limited money available, which could be put to better use in sustaining railways better used, and in sustaining the finances of IE. Rail is not an essential part of infrastructure for economic, social and mobility needs, in cases on low population density. Good quality roads with good bus services can fulfil all these functions in regional development, and is more appropriate for markets such as Limerick to Ennis to Galway.

The Report suggests partially closing the Rosslare line, south of Gorey. The CILT view is that such a closure would remove a considerable number of customers, who would take the bus all the way rather than change at Gorey. This loss of revenue would make the remaining services even less sustainable. It would be possible to close this line south of Wexford town without putting revenue at risk. However, this is one corridor on which bus services have been very successful and seem to have taken a large market share. Journey time to Dublin by bus is acceptable, and in many cases is faster than the train. The combination of poor financial results and good quality bus alternative makes the complete line from Greystones to Rosslare very weak. The Rosslare element of this corridor is poorly supported; however, we have to be conscious of possible fall out from Brexit. In the case of a hard Brexit there could be a shift for both passenger and freight, towards direct ferry services to continental Europe, rather than going through the UK land bridge. Rosslare harbour provides the shortest sea crossing. In the event of a decision to curtail the route it is recommended that the infrastructure be maintained in working order until such time as the fallout from Brexit is clear.

Continuation of rail services in some cases should be linked to spatial planning and housing development. A good example is Midleton. While rail infrastructure was developed to Midleton, most of housing expansion in Cork in recent decades has been elsewhere (Ballincollig, Carrigaline). Midleton rail service is under-performing, and its future should be linked to population growth in this part of Cork. Midleton and Cobh might, for example, be better served by converting the rail lines to Light Rail or BRT (Bus Rapid Transit), giving higher frequency at lower cost, and better penetration of Cork City Centre and beyond. This could be assessed in the context of transport developments in an expanding Cork city.

Given the scale of the financial need, it is hard to see how additional line closure can be avoided. Factors to be taken into account are:

- could the money being used be used more effectively on other transport needs?
- can the needs of existing rail users be met by other transport, specifically by bus, while providing comparable levels of comfort, reliability and journey time?

Bus fares also tend to be cheaper, as it is a lower cost product to provide. The extent to which the market has chosen bus for price over rail for comfort needs to be known. In markets where a significant number of journeys are now made by bus, this implies that the bus product is considered acceptable to users. There is evidence that shorter markets, such as Wexford in particular, but also Waterford and even Limerick, are more amenable to using bus, while longer journeys, such as Sligo and Mayo, are still predominantly by rail. This is an important factor to consider in determining the future of each rail line.

Other issues

Areas for Savings: In attempting to close the €642m funding gap (over 5 years), the report (p. 43) identifies savings in two areas – free OAP travel

(€31m.) and line closures (€37m.). However, given that the Free Travel savings involve additional Exchequer subsidy (albeit from a different Department), the total Exchequer contribution to funding rail would rise by €605m. from 2017 – 2021. Given the many competing demands on the Exchequer for funds, the report seriously underestimates the willingness and capacity of Government to close the rail funding gap.

The Dept of Transport, Tourism and Sport issued a new CAF (Common Appraisal Framework) for projects/programmes in excess of €20M in March 2016. It is important that any decisions to fund the railway are subject to this Appraisal Framework.

The role of rail freight in the context of sustainability and climate change needs to be examined and the assessment fed into policy decisions.

It is believed that electrification of key corridors on a phased basis could make the rail service more effective and efficient, along with contributing to sustainability and meeting climate change targets. This option should be considered for the medium term and a cost benefit analysis undertaken

Summary

It would appear that there is no overall policy, which explicitly identifies the role of each transport mode and the extent to which they will be funded and supported by the State. The Rail Review report 2016 did not examine the broader picture of the role of rail in the future of Ireland. It cannot be viewed in isolation but considered in the context of other modes, infrastructure development, land-use planning. While financial viability of the rail network is an important element, future developments for Ireland should also be considered in order to reach an optimal decision on an effective, efficient, and safe transport network. It is one of the objectives of the program for Government that there is a review of Public Transport Policy. This should look at the totality of movement, existing and future funding. Policies should then

be developed for future investment and support taking account of, economic and social factors, integration, balanced development, value for money and particularly delivering modal shift to meet climate change targets.