

Daniel Murphy

From: Ministers Office <MinistersOffice@dttas.gov.ie>
Sent: Thursday 28 March 2019 12:42
To: Mary Somers
Subject: Ref:TTAS-MO-01159-2019

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Dear Mr. Murphy,

Thank you for your letter of 08 March 2019 regarding the motion passed at South Dublin City Council on 11 February 2019.

As Minister for Transport, Tourism and Sport, I have responsibility for policy and overall funding in relation to public transport. The National Transport Authority (NTA) has the statutory responsibility for the regulation of fares in relation to public passenger transport services.

The NTA also has statutory responsibility for securing the provision of public transport services by way of public transport services contracts in respect of services that are socially necessary but commercially unviable.

The funding of those services comprises both the fares paid by passengers and the subvention payments from the Exchequer. The main purpose of the subvention payment is to meet the gap between income from fares and the cost of operating services.

I understand that free public transport is available in some European cities and towns to encourage increased use of public transport. The objectives of such initiatives can be to reduce traffic congestion, to attract people into cities for leisure purposes, and to provide environmental benefits.

In 2017 (the most recently published figures available) passengers paid about €580 million in fares on subsidised bus and rail services. Therefore, if such services were to be provided free to passengers, then the expected cost to the Exchequer would be in excess of the €580m collected in fares in 2017. This amount would be additional to the 2019 Exchequer allocation of €287.5m for Public Service Obligation support and the further amount (€95m allocation for 2019) that the Department of Employment Affairs and Social Protection pays to public transport providers in respect of its Free Travel Scheme, which provides free transport to almost 1 million people in the State, including all people aged over 66 living permanently here, along with some other qualifying people. So taking round approximate figures, the cost to the taxpayer would be in the region of €600 million per year, in addition to the €400 million that the Exchequer already spends on public transport services. This is just the cost of the actual services; it does not count the Exchequer investment in public transport infrastructure which in 2019 is about €350 million and will be rising sharply over the coming years.

The NTA has advised that the estimates of the full year cost of providing free public transport do not factor in the cost of providing the additional fleet, depots, drivers, etc. to meet the likely resultant substantial increase in passenger numbers if fares were reduced or eliminated.

While I have no immediate plans to conduct a cost-benefit analysis of introducing free public transport for all users, which would require substantial additional funding by the taxpayer or from other sources, I am interested in hearing about innovative and radical ideas that would meet the needs of passengers, and encourage more people out of their cars and onto public transport, thus alleviating congestion and helping to tackle climate challenges.

With best wishes,

Shane Ross

Minister for Transport Tourism and Sport

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An Roinn Iompair, Turasóireachta agus Spóirt

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