SIPTU Submission to the Department of Transport, Tourism and Sport regarding the departments Statement of Strategy for 2017-19

August 2016
Introduction

SIPTU is the largest trade union in Ireland representing over 170,000 workers and their families right across the island of Ireland. In particular we organise and represent the interests of workers in sectors such as transport, (including public and private bus, rail and light rail), ports and docks, aviation, tourism and sport. Through our active representation of members in these sectors we are aware of the importance of decent jobs and terms and conditions of employment in these critical services, not just for the workers who provide such quality services to the public, but also to ensure that citizens have easy access to high quality services which are important for economic, recreational and social reasons.

Transport

The Transport, Energy, Aviation and Construction (TEAC) Division of SIPTU represent the interests of over 22,000 workers in their workplace and across the economy and society in these 4 defined sectors. We also understand that our members as citizens should have access to the provision of quality and well-resourced public services. The area of public transport particularly bus and (heavy and light) rail play a crucial role in both the Irish economy and society and is a key public service. Aviation and our ports and docks are also critical industries given we are an island nation.

Public Transport

It is clear that accordingly to a variety of economic indicators the economy has started to grow again in recent times after years of recession and we believe that a properly funded and resourced public transport system has the potential to be a spur for sustainable economic growth. However, public transport in Ireland is at a cross roads having suffered from both chronic underfunding and a decrease in passenger numbers during the period of the economic crash. We now need an ambitious yet realistic and viable vision for public transport in Ireland to 2020 and beyond. We in SIPTU which represent thousands of workers who deliver public transport want to contribute to this debate from the perspective of not only supporting our members who deliver these services but also for the tens of thousands
of citizens many of them members of our Union and other Unions who rely on public transport as an economic and social necessity and good.

Below are a number of strategic choices which we believe the department and any government which has an interest in an integrated and sustainable public transport system to 2020 and beyond should support.

1. **Increase public funding for public transport to support and underpin a growing economy.**

The government needs to commit to each year incrementally increase the subvention to bus and rail over the next 4 years in order to re balance the chronic underfunding endured by Bus Eireann, Dublin Bus and Irish Rail from 2008-13. We acknowledge that during the economic crisis with the narrow tax base the exchequer relied upon, there was less capacity to properly invest in public transport. However, the fall in subvention endured by the 3 companies cited above was not and is not sustainable if we are to have a properly resourced and socially desirable public transport system. Even in 2009 the Deloitte Cost and Efficiency review into Bus Eireann and Dublin Bus stated, “**PSO funding for Dublin Bus and Bus Eireann is relatively low when compared with comparable operations in other countries.**”

Subsequent years saw a year on year fall whereby both bus companies suffered a decrease in funding of 25% and 18%. For Irish Rail, since 2008 the decrease was approximately 30%. The Luas whilst not receiving PSO funding has been experiencing some deficits from 2011 in terms of revenue versus operating costs despite the fact that since 2009 passenger numbers have continued to increase year on year. Clearly (and despite the welcome end to the cuts in subvention in 2014/15) public transport remains under funded and this needs to be addressed urgently.

PSO funding for CIE companies from 2008 - 13

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Dublin Bus</th>
<th>Bus Eireann</th>
<th>Irish Rail</th>
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<tbody>
<tr>
<td>2008</td>
<td>€85.63m</td>
<td>€41.83m</td>
<td>€181.15m</td>
</tr>
<tr>
<td>2009</td>
<td>€83.20m</td>
<td>€49.37m</td>
<td>€170.62m</td>
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2. **Review the remit and performance of the National Transport Authority, (NTA).**  
We need a comprehensive review of the remit and performance of the National Transport Authority. We in SIPTU strongly support the role of a regulator in transport, as a regulator has the capacity to ensure a level playing pitch in the provision of services and can also ensure that the commuters’ interest is catered for. However we are particularly concerned at the apparent overlap and possible conflict in the policy role and regulatory role carried out by the current regime at the NTA. As the body responsible for the administration and allocation of significant tax payers monies, (according to the NTA Annual Report 2014 bus and rail contracts to 2019 are worth in excess of €1.6bn), it is appropriate that such a public review takes place. We are of the opinion that the role of the NTA in the public tendering of 10% of the routes currently operated by both CIE bus companies demonstrates quite clearly that they are not in favour of a level playing pitch when it comes to the private sector and the commercial semi state sector. This fact is demonstrated by the NTA’s flat refusal to take the cost of the provision of labour (or at least minimise significantly the price of labour in the overall award criteria for a contract) out of competition when deviating from the tried and tested direct award model for PSO (publically subvented) routes. Indeed we are to understand that “price” will be the largest single determining factor or criteria with a 65% weighting in this tendering process. A balance has to be struck between getting a fair deal for the taxpayer and ensuring that social dumping and a race to the bottom in terms of pay and conditions is not the result.

3. **Support derogation for Ireland in the application of the 4th Railway Package to protect our Railway system.**  
This government needs to continue to support the demand for a clear derogation from the 4th Railway package which the EU Commission have accepted and propose
to implement from 2019. Aside from the problems associated with the liberalisation of a public utility such as the railways, the 4th railway package is not fit for purpose for Irish needs. The market is small and the scale of the railway by European standards is also small. Unless we achieve a comprehensive, long term derogation from the 4th Railway package we will see international operators seeking to cherry pick what they consider to be economically attractive routes. We will see a displacement of workers and social dumping along with the tax payer having to essentially part fund selective private sector operators profits. The privatisation of the railways in the UK was a disaster while passenger numbers increased by 59% during that period exchequer funding increased by over 300%, this was the tax payer essentially funding private company profiteering.

4. **Review and amend current legislation to bring it into line with the relevant EU Directive.**

The Dublin Transportation Act 2008, which set up the Dublin Transport Authority which subsequently became the National Transport Authority needs to reviewed and amended in light of developments in recent years. The NTA itself acknowledges on the issue of public tendering versus direct award in the bus market that Irish legislation goes much further than the requirements in the EU directive governing this area. It also needs to address the anomaly that irrespective of government policy the legislation as is, may require the NTA to tender 100% of PSO routes operated by Dublin Bus and Bus Eireann out to the private sector in 2019! This would be chaotic and have far reaching consequences for public transport not to mention industrial relations and needs to be addressed immediately. The NTA should also be directed by the Minister to set up the consultative group of relevant stakeholders including the Irish Congress of Trade Unions as provided for in the Act but to date not enacted. The length of period for direct award should also be lengthened to 10 years as per the EU Directive and not 5 years as currently operating given the scope and scale of such contracts.
5. **Support a Sector Employment Order in both the PSO part of the market should 10% be given to the private sector and support a Sector Employment Order for the commercial bus market to ensure decent conditions of employment in the industry.**

The current policy of the NTA to tender out 10% of routes currently operated by both Dublin Bus and Bus Eireann has shone a bright light on a clear ideological policy position espoused by the NTA. The Authority stated they want “**value for money for the tax payer**” and that “**competitive tension in the market will improve services for the commuter.**” Both of these objectives are, on first glance laudable. However, in reality what the NTA had hoped to achieve is to sweat more savings from both Bus Eireann and Dublin Bus workers in addition to the 2 restructurings that the workers in both companies have engaged in and the dramatic fall in subvention. Both companies through the work of staff and Unions have made considerable savings of tens of millions of euros in the last number of years. When comparing both bus companies with private sector operators the key difference (along with economies of scale and a comprehensive corporate memory and experience) is the cost of labour. Essentially fuel, fleet and other infrastructural requirements to run a bus service or network of services are similar, however, labour costs, which are a significant factor in the provision of the overall service are different. Both Bus Eireann and Dublin Bus recognise their staffs right to free collective bargaining and the right to be in a Union that the company recognises. The majority (but not all) of the private sector does not. Hourly rates of pay by the very presence of a trade union are better in both commercial semi state companies. The average rate of pay for a driver in the commercial semi state sector is around €16 an hour. The pension (which workers contribute to) after 40 years of service is also very modest at approximately €130 per week. However we are aware of examples where in some private sector companies who will compete for contracts with public funding pay some drivers as little as less than €10 an hour. On an exclusive cost basis decent companies cannot therefore compete. Surely we do not want a type of public transport system that features such low conditions of employment. Surely a sustainable and viable public transport system has to be properly funded, properly and fairly regulated with decent rates of pay applying to those who deliver the service. Taxpayers’ money in particular should not be utilised to improve the profits of such private operators at the expense of
those who provide the service, the drivers. The newly enacted Industrial Relations (Amendment) Act 2015 provides for the provisions whereby the Labour Court can investigate the conditions of employment in an industry and set basic legally enforced conditions of employment. This should happen in the bus market now.

6. **A new model contract for the Luas**

   The Luas is a key and successful piece of public transport infrastructure for Dublin city. Year on year since 2009 passenger numbers have increased to a record high 34.6m passengers in 2015. Government had decided at the outset that the Luas would be operated under a 5 year fixed price contract by the private sector and this is and remains the government prerogative. However, what became clear in the lead up to the recent industrial dispute between SIPTU and the current Luas operator, Transdev was that the terms of the current (3rd) contract were much more stringent and onerous than the previous 2 contracts, from 2004-09 and 2009-14. Again while it is critical that the government and TII (Transport Infrastructure Ireland) seek to ensure a fair deal for the tax payer lessons need to be learned by state stakeholders for future contracts. For example any future fixed price contract for the operation of the Luas must avoid the nonsensical and illogical position whereby the current contractor received less money in 2015 for operating the Luas than in 2014 even though they carried more passengers (than in 2014) and generated more revenue for the state (than in 2014). This is not credible and needs to be corrected for the future.

**Ports and Docks**

   SIPTU previously submitted its opinions regarding the departments’ national ports policy which was launched in late 2013. There is no requirement to re state previously made positions, however we would make the following observations.

   - It is essential that the state maintains the ownership of its current network of *ports of significance*, in order to leverage its strategic influence as an island nation.
• Contracts awarded to internal operators in state owned ports should be of a longer duration than currently, given the amount of investment in infrastructure required. Therefore, the norm should move from 5-10 years to 10-15 years.

• Clear social clauses which amongst other matters respect collective bargaining agreements and norms should be weighted and inserted in all tendering criteria to be an internal operator in all state owned ports.

Aviation

The aviation industry plays a critical role in Irish economic and social life. Not only does it make a valuable contribution to Irish GDP, the industry itself along with related industries underpin and support a network of tens of thousands of jobs related sectors including manufacturing and tourism. We are conscious that the department in recent years has adopted an aviation strategy and SIPTU through the ICTU made its views known in previous submissions therefore we do not intend to repeat previously made points other than to make 2 following observations.

• It is essential now more than ever particularly with the recent sell of the remaining stake of the states shareholding in Aer Lingus to IAG that the state maintains its strategic leverage of the airport network, i.e. maintaining Dublin, Cork and Shannon airports as commercial semi state companies.

• The daa is currently progressing the north runway at Dublin airport which is expected to see the creation of over 30,000 new jobs over the next 15-20 years and will add over €2bn to the Irish economy. It will also guarantee enhanced connectivity, choice/competition and address flight bottlenecks, which are restricting continued aviation growth on the island of Ireland. Given this projects strategic national and international importance, any short term strategy should make reference to the need for an expeditious planning process, so as to ensure that the amendments being sought to existing planning restrictions are dealt with promptly.

Tourism
SIPTU’s Hotels, Catering, Sport and Leisure Sector represents workers in the tourism sector across a number of different industries including hotels, restaurants, cafes, sport and leisure amenities and tourist attractions.

State agency initiatives to boost domestic and overseas tourism such as the development of the Wild Atlantic Way, Ireland’s Lake Lands and Ireland’s Ancient East offering, along with further development of a nationwide greenways network have seen a steady increase in visitor numbers and satisfaction. This is most welcome.

Approximately 200,000 people are employed directly or indirectly in the tourism sector in Ireland. Employment in the sector accounts for 11% of total employment and has the potential for further growth. Tourism is a labour intensive industry and the quality of the visitor experience is heavily reliant on the interaction that visitors have with workers with whom they interact. The workers who are the backbone of the industry deserve decent jobs and to be treated with dignity and respect.

SIPTU welcomes the success of aspects of the State’s Action for Jobs Strategy. However, we have serious concerns about the quality of jobs in the tourism sector. In particular we are concerned about the propensity within the sector for low wages, involuntary low working hours and precarious employment. There has been a marked decrease in employment quality in the hospitality sector since the collapse of the Joint Labour Committee system for setting minimum wages and working conditions in 2011. The State restored the Joint Labour Committee System in 2014 as the mechanism for setting minimum wages and conditions for workers in accommodation and hospitality. Despite this, the employer representative bodies in the industry have effectively vetoed the system and there currently is no social dialogue framework where workers can bargain for a living wage, secure working hours or robust health and safety protections.

SIPTU would welcome the Department’s intervention to secure the engagement of the employer side of industry with the employee side in Joint Labour Committees in the tourism sector.
We are of the view that as long as the industry veto the State’s wage setting mechanism, the State should not subsidise the industry in the form of a reduced VAT rate. Since 2011, Government has provided a reduced VAT rate of 9% to the hospitality industry thereby foregoing significant exchequer revenue.

SIPTU would welcome a more robust system of inspection of labour law and health and safety law v SIPTU supports calls for the voluntary introduction by Local Authorities of a 1% bedroom tax on accommodation. The revenues generated from such a measure could be ring-fenced for enhancement of tourist, artistic and cultural infrastructure.