

IRISH CONGRESS OF TRADE UNIONS
NORTHERN IRELAND COMMITTEE

Submission by NIC.ICTU to the DRD Assembly Committee

1.1 As well as representing the affiliated trade unions in the public transport sector in Northern Ireland, NIC.ICTU (Congress) represents in excess of 222,000 workers covering over 30 trade unions. These workers are employed in all sectors of economic and social activity who are both tax payers and users of public transport.

Congress policy on public transport is therefore rooted in a net welfare gain for all citizens of Northern Ireland.

1.2 Congress is extremely disappointed that, despite repeated references to 'consultation with the key public transport stakeholders', **no** engagement on public transport reform has occurred between the Department, employee representative trade unions nor, indeed, Congress.

1.3 Congress supports fully the implementation of the Regional Transport Strategy designed to achieve increased use of public transport within economic, social and sustainable objectives premised on the concepts of maximum efficiency and value for money.

1.4 This support is best illustrated by the commitment of the bus workers in both Belfast city and Ulsterbus who, through the acceptance of major operational changes allied to major changes in terms and conditions of employment in the Driver Change Programme, contributed significantly to greater efficiencies, improved services for passengers and greater value for money to the tax payer. This success story is evidenced by the increase in passenger numbers.

1.5 Congress is of the view that it is essential that public transport be designated as an essential public service, the operation of which would place public access and safety ahead of commercial interest and profitability which, to be assured, demands the provision of public transport remains under public control. If the State is to confine itself to merely defining an appropriate standard for public transport and to leave direct provision open to a range of private operators will ensure the demise of quality and quantity of public transport provision.

1.6 Congress has always opposed outright the privatisation of public transport in Northern Ireland. This position however is not based on an ideological opposition to private ownership and competition, but rather a belief (proven in GB and other EU country models) that the interests

of the travelling public, the State (including the tax payer) and the employees in the public transport sector are not best served by implementing such models.

- 1.7** As a result of the failed models mention above, Congress welcomes EU Regulation 1370/2007. The Regulation provides the basis upon which public transport services are to be procured in Member States. The Regulation provides that Member States can procure public transport services by way of competitive tendering. However, where a Member State decides that provision of services is best served by the making of a direct award to a transport operator it is free to do so providing the operator in receipt of the award is operating efficiently and public funding is open and transparent with a shift from capital to revenue funding.
- 1.8** Congress advocates that services be awarded, as allowed for under EU Regulation 1370/2007, to Translink companies, i.e. Ulsterbus and Metro, with compliance of the conditions associated with this EU Regulation. Congress therefore favours the DRD option of an enhanced Northern Ireland Transport Holding Company (NITHCo) which, in our analysis, can meet the objectives of:
- a. Separation between democratically elected Assembly who devise policy and operational functions to meet the policy implemented by and enhanced NITHCo.
 - b. Meets the requirements of a small regional economy such as Northern Ireland.
 - c. Compliant with EU Regulations.
 - d. Builds and continues on the current success of Translink management and workers in contributing to huge improvements in service provision.
- 1.9** Congress prefers the above option to either that of 'doing nothing' or the creation of a new 'agency' middle tier best described as another unnecessary quango.
- 1.10** Congress opposes the 'do nothing' option as an unsustainable one as we favour a continual commitment to ensuring, through change, maximum efficiency and a value for money, state of the art, public transport system. Such a system cannot and never will be realised without innovative and evolving change which negates a theory of 'do nothing'.
- 1.11** Congress is deeply concerned at the concept of the proposed 'agency' middle tier option for the following reasons:
- 1.12** It is an additional, unnecessary, quango which will create a costly bureaucracy in comparison to the expertise which is already contained within the Translink companies. This expertise (network design and contractual) is in short supply in Northern Ireland and it defies logic as

to how other expertise will be employed and paid for out of the public purse in the new quango.

1.13 The reference to ‘the package of routes into viable contracts...’ is nonsense unless specific to large urban areas where economies of scale may prevail. The division of Northern Ireland into a number of distinct franchises with, one assumes, a number of different operators, means that, in effect, there will be multiple smaller monopolies replacing the current large, de facto, monopoly. This will most likely result in a greater cost to the tax payer as the State would have to support the establishment of a number of separate administrative bureaucracies for each of these distinct franchised areas.

1.14 Congress is quite puzzled by references in documents previously to Translink being the ‘majority’ operator but which is now downgraded to ‘lead’ operator. Perhaps the Committee may be able to elicit from Departmental Officials what term is actually in vogue and what exactly does either mean?

For example what percentage of the Translink operation between 51% and 99% is to be retained by Translink as the “lead” or “majority” operation?

What plans are there for dealing with the staffing issues which will arise from displacement of Translink staff with that of private operators?

How do these proposals relate to the commitment of July 25th by the Minister to Congress “.....and the Minister has made it clear that the privatisation of public transport is not on his agenda or that of the Executive.”

1.15 It would appear that a function of the Middle Tier is to regulate costs and revenues of operations. However, the one cost area where no regulation will apply is in the area of wages and employment conditions of those working in the public transport sector.

This presents a scenario of private sector operators to compete solely on the basis of forcing down the wages and eroding the working conditions of those employed in the sector. As a consequence of this race to the bottom to paraphrase Professor William Brown a noted Oxford University Academic is that of an industry driven with Industrial Relations instability resulting in an adverse impact on the travelling public.

1.16 Congress cautions the Committee to be wary of those who advocate a “perfect competition” economic theory for public transport. This is a flawed argument which if pursued will have catastrophic implications for public transport in Northern Ireland.

The noted transport economist Bill Tyson argues that “public transport by its very nature is monopolistic”. Any study of public transport models will endorse our view that perfect competition does not prevail in the industry.

- 1.17** Congress submits the proposition that to achieve an integrated ticketing system across different modes of public transport then the fewer actors engaged in the provision of public transport then such aspiration can be met more expeditiously.

Experience shows that private bus companies display a marked reluctance to co-ordinate their services with each other or operate joint ticketing schemes. In fact there are many examples of bus companies in Britain deliberately trying to drive competing firms out of the market in order to establish monopoly control for themselves.

- 1.18** Congress expresses its deep concern at any attempt to establish private sector involvement in public transport. It is our experience that this proposal for a middle tier with functions as outlined will inevitably if ever implemented lead to a private monopoly operating public transport across Northern Ireland.

- 1.19** On the issue of a transfer of passenger facilities to an Agency, Congress again warns of the direct consequences for the Department which includes:

- Control of a separate infrastructure;
- Accounting and budgetary implications;
- Capital outlay on maintaining of new builds;
- Massive staffing problems.

- 1.20** Congress reiterates its robust opposition to the public transport reform plan as outlined by the Department while also reiterating our commitment to the provision of a first class publicly owned public transport system which is efficient, value for money and passenger centred.

