

CENTRAL MANAGEMENT BRANCH



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Dear Paul

TRANSLINK FARE INCREASES

Thank you for your letter, dated 5 March 2015, following the Committee meeting which took place on 4 March 2015, requesting the Department to respond to the following queries:

- **Can the Department explain why it chose not to consult with the Committee and CCNI especially whenever the need for consultation was flagged up to it by Translink in correspondence dated 4 November 2014?**

The Minister has made clear that the process of consultation was not carried out as effectively as we would have liked but that exceptional circumstances did apply.

The Consumer Council was advised of the announcement of the fare increase prior to the Minister informing the media on **11 December 2014**. Subsequently, the Consumer Council met with representatives of the Department and Translink on **16 December 2014** to discuss the rationale for the increase and as a follow up to this meeting the Consumer Council, requested additional information, which Translink provided.

The Minister explained the position to the Consumer Council Chief Executive (acting) at a meeting on **19 January 2015**. He advised him of the exceptional circumstances of the budgetary position both for 2014-15 and 2015-16 and the urgency to advise

the general public of the introduction of fare increases in February 2015. Translink generally provide a minimum of eight weeks' notice for a fare increase, therefore to delay the decision would have pushed back the commencement date and increased the pressures on already challenging budgets.

It was our understanding that the Committee for Regional Development was advised of the announcement of the fare increases prior to the Minister informing the media on **11 December 2014**. However, it is noted the Chair stated that it was the Consumer Council that informed the Committee.

Subsequent to the 11 December the Committee was informed as part of the **October Monitoring Round discussions on 24 September 2014** of the increasing pressures on Translink due to the reduction in subsidy and that this would result in increased loss in Translink during 2014-15.

As part of the **presentation by the Department to the Committee on the Draft Budget 2015-16 on 3 December 2015** the Permanent Secretary set out the consequences of a reduction in support for Translink. He advised that Translink could tackle a proportion of that by delivering efficiencies and rationalisation of services but that it will also mean above-inflation fare rises, reduced frequency of some bus and rail services and the removal of some bus services, particularly the town service in a number of towns across Northern Ireland. The scale of savings referred to at that time, £15m, has reduced to £13m as a result of the final budget.

As part of the **January Monitoring Round discussions on 10 December 2014** the Committee was advised that a further £5m had been taken from Translink for the 2014-15 financial year and that the Translink Chief Executive had indicated that its reserves will be all but exhausted by March 2016 and there is a concern and a risk associated with the going concern aspect of the company.

- **Can the Department provide the Committee with copies of all correspondence from Translink relating to the fare increases announced on 11 December 2014, including any emails, minutes, approvals or other correspondence produced by the Department in respect of these increases?**

Discussions with Translink on financial issues are ongoing throughout the year. Fare increases are discussed in the context of the Corporate Planning process. During 2014-15 the in year budget for Translink reduced as part of monitoring rounds. The budget for 2015-16 developed and initial estimates were made known to Translink from October onwards. The following correspondence was in respect of fares proposals but should be considered in context of the draft budget and in year monitoring rounds as discussed with the Committee. The Minister formally approved the February 2015 fare increase on 11 December 2014, following a submission by officials. Only relevant correspondence prior to this date is included below.

Date	Topic
04/11/2014	Translink Fares Revision Proposals
06/11/2014	Ministerial Performance Review Meeting with NITHC
17/11/2014	Translink Draft Budget
21/11/2014	Draft Budget 2015/16 Paper
27/11/2014	Draft Budget 2015-16 Consultation Paper

- CCNI advised that they had written or emailed the Department with queries regarding the fare increases on 30 December 2014 but had yet to receive a response to these. Can the Department explain why this is the case?**

The Consumer Council wrote to the Minister on 16 December 2014 requesting a meeting to discuss the way in which the fare increase had been finalised and reported, this was acknowledged on 23 December 2014 with the Minister agreeing to a meeting and asking for a suitable date. The Consumer Council coordinated with the Minister's Diary Secretary and a meeting was arranged for 19 January 2015. The Department was of the opinion that the questions referred to in the email of 30 December 2014 would be addressed as part of the Minister's meeting with the Consumer Council's acting Chief Executive and no written response was issued as a result.

- **Can the Committee be provided with full copies of the PEDU review and the Transport Advisory Service (TAS) efficiency report?**

The Department of Finance and Personnel's (DFP) Performance and Efficiency Delivery Unit (PEDU) was asked to assist DRD in carrying out an efficiency study of the Translink companies. DRD subsequently engaged the services of the TAS Partnership, transport consultants, to carry out detailed benchmarking of the Translink companies in order to understand better the reasons for the apparent differences in efficiency between the Translink companies and private operators in Great Britain. DRD was made aware that the Department of Transport (DfT) statistics on bus operators' performance in GB, which had been used in the PEDU analysis had been significantly revised and the impact of this would require significant redrafting of the PEDU report.

It was considered that moving forward the detailed analysis provided by the TAS Partnership provided a more useful basis for finalising the current assessment of Translink's efficiency. It was agreed with DFP officials that the PEDU work could be concluded by the provision of a summary of the key recommendations arising from their work to date, which would be worth recording for future action. These recommendations along with the TAS Partnership's work on Translink's efficiency and the ongoing work on the Dungannon pilot would form the basis of a robust programme of efficiency and service improvements in the public transport network over the coming years.

Minister Kennedy wrote to Minister Hamilton on 28 October 2013 to advise him of this course of action and to thank his Department for their assistance. Minister Hamilton acknowledged this on 16 November 2013 and welcomed Minister Kennedy's intention to implement the main recommendations as part of the study.

The completed review of Translink's efficiency carried out by the TAS Partnership along with the PEDU recommendations was shared with the Minister in January 2014 and following discussions the decision was taken to ask the TAS Partnership to carry out additional work to include an analysis of comparisons of Ulsterbus and Metro with Bus Éireann and Dublin Bus. Most of this has been completed.

The TAS Partnership report is being taken forward as part of the Translink Corporate Planning process for 2015/16 and related cost reduction measures are being consulted upon currently. These have been shared with the Committee.

It is also important to point out that the TAS efficiency review was commissioned as part of the Departmental strategy to implement EU regulations and the Transport Act 2011 in relation to overcompensation. There are continuing discussions going on with the Committee about the commencement of this legislation and this may be a more appropriate mechanism to discuss the review.

- **Can DRD provide the Committee with the business case and all other documentation, including emails, in respect of the proposed Translink redundancy programme?**

Translink has produced a business case linked to a 'Voluntary Exit Scheme', which has been forwarded to the Department. This will then be subject to DFP scrutiny and approval, if it is to be included as part of the 'Public Sector Scheme'. This process is on-going.

- **Can the Department provide the Committee with a list of the town services to be considered as part of the proposed Translink consultancy exercise?**

The frequency of the 'Town Services' in the following areas are to be considered as part of the proposed Translink consultation process. Town services are expected to remain in these areas.

- Armagh
- Ballycastle
- Ballynahinch
- Banbridge
- Carrickfergus
- Newtownards
- Comber
- Cookstown
- Donaghadee
- Downpatrick
- Enniskillen
- Limavady
- Magherafelt
- Newcastle
- Newtownabbey
- Strabane
- Kilkeel
- Omagh

Details of all services under review are on the Translink website and Translink is due to attend the Committee on 15 April 2015.

- **Translink has indicated that significant numbers of customers will be facing above average fare increases. Can the Department provide details as to what levels these might be at and on what routes?**

Average fare increases which began on 16 February 2015 were 5.3% for Metro, 4% for Ulsterbus and 4.5% for NI Railways.

Translink holds statistics on passenger journeys rather than passengers so the percentages referred to below relate to journeys as opposed to passengers. This is the standard throughout the industry.

It is important to say that the percentages shown relate to all journeys undertaken but excluding concessionary journeys.

It is also important to say that the percentages are based on existing customer behaviour and could change.

Company	No. of Passenger Journeys Potentially Affected by a Higher than Average Fare Increase	% of Passenger Journeys Potentially Affected by a Higher than Average Fare Increase
Ulsterbus	7,913,946	52
Metro	12,010,439	61
NI Railways	4,667,046	44

The estimated percentages shown above are for those who will possibly experience a higher than average fare increase for each of the three operating companies. The remainder will either experience the average fare increase or below the average increase or do not pay a fare. It should be noted that Translink provides circa 80million passenger journeys per annum.

Translink also makes a considerable effort to advise customers of the best fares for their particular travel options and encourage passengers to move to better value ticket.

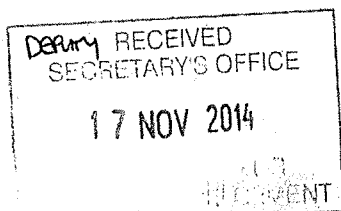
The content of this letter is fully disclosable under FOI.

I trust that this clarifies the position.

Yours sincerely

[signed]

ALAN DOHERTY
Departmental Assembly Liaison Officer



Highly Confidential

TRANSLINK

DRAFT BUDGET 2015/16

14 NOVEMBER 2014

This paper has been prepared in response to the letter received from John McGrath dated 10 November 2014. It should be read in conjunction with Option 2 of the 'January 2015 Fares Revision' proposal submitted to the Department on 4 November 2014. This paper assumes that the fares proposal outlined in the 'January 2015 Fares Revision' paper is implemented as proposed.

In preparing this paper we have assumed that the £15 million funding cut proposed by the Department includes the shortfall in funding for Concessionary Fares. That is, the letter of 10 November 2014 from the Department indicates funding for Concessionary Fares of £40.3 million. However, Concessionary Fares cost is c.£44 million which represents a shortfall of c.£4 million. We have assumed that this £4 million shortfall in Concessionary Fares is included within the Departments proposed cut of £15 million.

Given the urgency of submitting proposals to the Department this paper has not yet been circulated to, nor discussed by, the Board.

1. FARE INCREASE

Targeted increased revenue: £2.9 million (this includes application of the proposed increase to schools)

Care needs to be taken in estimating the potential yield for a significant increase in fares (or two smaller fare increases which are implemented in quick succession). The above targeted increased revenue broadly derives from a headline fare increase of c.5% delivering an assumed yield of c.3%. This is in addition to the January 2015 proposed increase.

Note that to deliver the increased revenue noted above this fare increase would be required to be implemented in advance of 1 April 2015 (following the fare increase proposed for January 2015). In our view a single combined fare increase at the start of 2015 is the preferred option.

TRANSLINK

JANUARY 2015 FARES REVISION

EXECUTIVE SUMMARY

This paper proposes a general revision of fares for Translink services to be effective from Monday 12 January 2015.

Two options have been presented. Option 1 is necessary given the financial impact of reductions in funding and inflationary pressures since the last review of fares. Under Option 1 the increase in fares is summarised in the table below:

	Proposed average fare increase (%)	Estimated average fare yield¹ (%)
NI Railways	4.5	2.9
Ulsterbus	4.0	2.5
Metro	5.3	3.6

These are the minimum levels of fares revisions necessary to help maintain financial viability (even with the fares revision proposed in Option 1 Translink is forecast to trade at a loss in each of the subsequent three years. Further measures would be required to return to a breakeven trading position and further measures may also be required to retain going concern status.)

We are mindful of, and are concerned by, the current public discussion surrounding budgetary pressures faced by the NI Executive and the resulting impact on departmental allocations. Departmental officials have indicated that significant funding reductions in the 2015/2016 year could be possible. We have presented Option 2 in this context. In this scenario it will be necessary to increase fares well in excess of Option 1 and as early in the 2015 year as possible. In addition, it would also be necessary to restrict the network and bus and rail services would be required to be reduced (with redundancies).

As requested by departmental officials, both options presented in this paper assume 100% funding of concessionary fares in each year. This is a fundamental assumption. Any reduction in concessionary fares funding below the level assumed in this paper may require an interim increase in fares and/or service reductions in order to retain the going concern status of Translink.

In order to facilitate the necessary operational actions required to give effect to the proposed fares revision final approval is sought by Friday 14 November 2014 (we have already commenced preparatory engagement with external ticket partners). Consultation will also be required with the Committee for Regional Development and the Consumer Council, to be led by DRD.

¹ The 'Estimated average fare yield' is the forecast actual increase realised by Translink and assumes migration to better value fares and reductions in passenger journeys of 0.9%, 1.0% and 1.1% for Metro, Ulsterbus and NI Railways respectively.

CONTEXT

Bus and Rail Fares in Great Britain (GB) and the Republic of Ireland (ROI)

The previous fares revision was 6 May 2013 (an intervening period of 20 months) when bus and rail fares were increased by 3% and 5%, respectively. Over the past four years fare revisions for bus and rail in Northern Ireland have been significantly below the averages in GB and ROI, as summarised in the table below:

Year	Northern Ireland			Great Britain		Republic of Ireland	
	Metro	Ulsterbus	NI Railways	Bus	Rail	Bus ²	Rail ³
	%	%	%	%	%	%	%
2014	nil	nil	Nil	3.1	3.1	5.4 – 11.0	9.4 per annum
2013	3.0	3.0	5.0	4.7	4.2		
2012	3.0	3.0	3.0	6.1	6.0		
2011	nil	nil	nil	4.8	5.8		

In January 2015, regulated fares in Great Britain will rise by 3.5% (RPI in July 2014 +1%). Under a 'flex' rule, train companies can raise fares by 2% above the average, as long as the overall average stays at RPI plus 1%.

Corporate Plan

The current Corporate Plan assumes fares increases in both 2015 and 2016. The yield from the January 2015 fares increase assumed within the Corporate Plan is summarised in the table below but it did not recognise the additional 'in-year' funding cuts which have since been imposed (nor does it make any assumption regarding funding cuts in future years). The column, 'Proposed Increase after Funding Cuts', shows the increase necessary to help maintain financial viability.

	Corporate Plan before Funding Cuts	Proposed Increase after Funding Cuts
	Average fare yield (%)	Estimated fare yield (%)
NI Railways	3.0	2.9
Ulsterbus	2.0	2.5
Metro	2.0	3.6

Inflation

Since the date of the last revision in fares inflation has been 3.6%, as measured by the Retail Prices Index. Inflation from January 2015 to January 2016 is forecast to be 3.1%.

² Two values quoted are Bus Éireann and Dublin Bus. Average change in cash fares per year over past 3 years. Dublin Bus have now announced increase in cash fares of 8% and 'smart' fares of 3% for 2015.

³ Irish Rail - average change in cash fares per year over past 3 years.

Elasticities

Based on the assumptions shown in this paper, if implemented, the fares revision outlined in Option 1 is estimated to have the following impact on passenger journeys:

Metro: -0.9%
Ulsterbus: -1.0%
NI Railways: -1.1%

Exchange Rate

£ / € exchange rates are set periodically for conversion of cross border fares. These do not fluctuate with actual exchange rates as this would mean fares continuously changing, which is not practical. An exchange rate of £1 = €1.20 is currently used. The actual rate is ca. £1 = €1.25 and it is recommended that the exchange rate is now changed to this level. This will result in cross border fares changing.

OPTION 1

Metro

Cash fares will increase by 10p. It is not practical to change a cash fare by an amount other than a 'round' 10p as this would significantly slow boarding, transactions and journeys and involve unmanageable cash handling. This operational impact is not acceptable. Notably, the single most used fare will become £2, effectively a 'no change' option for many, this will have a positive impact on journey times and average speeds.

The differential between cash and Smartlink fares will be retained (over 35%); Smartlink fares will also generally rise by 10p. The significant savings from the use of Smartlink will be widely communicated to encourage on-going migration to the Smartlink fares. It should be noted that the fare of the recently introduced day tickets on smartcard (Daylink) will be unchanged.

The headline average increase in fares is 5.3%. The 'effective' average increase allowing for assumed migration to (better value) Smartlink fares is 4.5%. Including the anticipated loss of patronage the expected yield is 3.6%. Full details of the revision are in the table in Appendix 1.

Ulsterbus

The lowest fares mirror Metro exactly and will rise by 10p. The headline average increase in fares is 4.0%. The 'effective' average increase is 3.5%, allowing for assumed migration to (better value) Smartlink and iLink fares. Including the anticipated loss of patronage the expected yield is 2.5%.

Full details of the revisions to all fares bands are outlined below. The differential between cash fares and Smartlink is again retained to encourage the migration away from cash. Full details are in the table in Appendix 2, but some specific points to note include:

- Town Services
 - Day ticket Smartlink: no change
 - Day Ticket cash: Current £2.50 / proposed £2.60 (4.0%)
- One third off Goldline fares after 9.30am: no change.
- Initial cost of all Ulsterbus Smartlink card: no change (£1.00)
- Cross Border services: it is planned to increase the Cross Border coach fares (deferred from February 2014 because of the 2014 'Fares Freeze' announcement).

NI Railways

The headline average increase in fares is 4.5%. The 'effective' increase following migration to better value fares is likely to be ca.4.0% with yield estimated to be 2.9%. Specific points to note include:

- Current ratios between fares types (single, return, weekly and monthly) are to be maintained. Fares ratio used:
 - Singles to Returns = 1:1.55
 - Returns to Weeklys = 1:4

- Returns to Monthlys = 1:14
- mLink Weekly and Monthly fares to be the same as the cash / paper equivalent. 3 Day Flexi Ticket to remain at 2.5 times the Day Return.
- yLink discounts no change / per current level (33% discount).
- One third off day return fares after 9.30am to be continued / no change.
- Proposed average line increases reflect the necessity to move to a more consistent £ per mile fare across all lines (currently fares to the north west and Larne are lower in relative terms than Bangor and Portadown). Average changes per line are;
 - Bangor 3.5%
 - Portadown 3.5%
 - Larne 5.0%
 - L'Derry 6.0%
- Fares are to be rounded to the nearest 10p up to £10 and the nearest 50p above £10
- Minimum fare to be increased from £1.50 to £1.60 / maximum single fare to increase from £11.50 to £12.00
- Maximum Day Return to increase from £17.50 to £18.50 (5.7%).
- Maximum Weekly Fare to increase from £60.00 to £64.00 (6.7%)
- Maximum Monthly Fare to increase from £210.00 to £225.00 (7.1%)
- Maximum increase for any local fare to be 8.0%.
- Free weekend travel facility on monthly tickets to be valid for all tickets over £80.00 up from £75.00 (6.7%)

Enterprise

Fares will be increased in conjunction with Irish Rail. The objective is to bring the two sets of fares closer to the actual exchange rate.

Other Fares

For other fares see Appendix 3.

OPTION 2

This option seeks to highlight some of the measures which would be necessary in the event of a significant funding cut. It is not intended to be prescriptive. A significant funding cut would require significant additional planning and consideration of all options to seek to maintain Translink's financial stability.

It would be necessary to increase fares well in excess of option 1 and as early in 2015 as possible. The order of the increases would be similar to those imposed in the Republic of Ireland bus and rail networks; ca. 10% minimum – effectively up to a level where the negative impact on passenger numbers would not negate any revenue increases. In addition the network would be restricted and bus and rail services reduced (with redundancies) such that the level of delivery of this public service would not be comparable to that which currently exists. This is summarised below and would be in addition to cost reductions right across all areas of the group.

Ulsterbus

As Ulsterbus is the least commercial of the Translink businesses, it would bear the brunt of service reductions.

Many town services could be eliminated and the remaining town services would be critically reviewed which would lead to rationalization and the consolidation of routes into simplified patterns, with services to areas where demand is adequate and financially sustainable to justify provision. The links from small rural villages to larger towns may need to be effectively cut completely.

There would be a reduction in frequency on selected corridors on City Services, Metro and Foyle and a reduction in commuter services to Belfast. The weekend timetable would be reviewed including the elimination of a number of weekend services.

Goldline

An efficiency review has just concluded of this network, resulting in further service enhancement to a number of routes. The full network will be maintained, albeit opportunities will be taken to provide better co-ordination/integration with strategic Park & Ride sites and rail.

Metro

The network will be critically reviewed, with specific focus on performance of key corridors to ensure frequencies are justified. This may redefine certain corridors to 'secondary' service status (i.e. frequencies moving from say every 10 minutes to 30 or 60 minutes). Operational hours will in certain instances be reduced, particularly during early morning and late evening periods. Saturday service provision will be reduced, taking due regard of current demand.

NI Railways

We will build on the success of the existing rail services network, matching operated capacity to generators / attractors where potential demand (growth) and revenue / cost ratios are

greatest. The focus will be on train services that maximise potential for customer revenue i.e. a Belfast-Metropolitan network.

Critically examine relationship / synergies with existing bus network; lesser used services will be supplemented with Goldline and conventional bus services at times and to destinations that do not warrant a train service, i.e. evening peaks and weekends, e.g. Carrickfergus to Larne.

Enhance efficiency and value for money through more express and limited stop rail services; more efficient and lower cost per passenger kilometre than stopping services and journey times are reduced. Also achieve passenger growth and higher fares yield per passenger (although there is no charging differential for express services).

Associated Measures

In developing the above, a number of other matters need to be carefully considered such as capital measures to be undertaken in next 10-20 years. For example, the need to rationalise current stopping patterns and examine the need for a number of under-utilised stations and halts, e.g. Bangor line, Lisburn line and some on the Larne line and Newry line.

Urgently need to progress plans to provide centralised signalling control for the entire network to generate productivity and efficiency savings.

Other Considerations

This Option 2 would necessitate the need to review staff resources.

APPENDIX 1

Details of Metro fares (option 1)

METRO FARES PROPOSAL

OPTION	CURRENT FARE	JANUARY 2015	% change
Inner Zone Cash	£1.40	£1.50	7.1
City Zone/Ext Zone Low Cash Fare	£1.50	£1.60	6.6
Inner Zone Smartlink	£0.95	£1.05	10.5
City Zone Cash	£1.90	£2.00	5.3
City Zone Smartlink	£1.15	£1.25	8.7
Extended Zone Cash	£2.20	£2.30	4.5
Extended Zone Smartlink	£1.40	£1.50	7.1
Day Ticket – Peak Cash	£3.70	£3.90	5.4
Day Ticket – Off Peak Cash	£3.20	£3.40	6.2
Day Ticket Peak – Smartlink on-bus *	£3.50	£3.50	0
Day Ticket Off Peak – Smartlink on-bus*	£3.00	£3.00	0
Weekly Travel Card	£15.00	£15.50	3.3
Monthly Travel Card	£59.00	£61.00	3.4

*(5 Day & 10 Day options also remain unchanged)

APPENDIX 2

Details of Ulsterbus fares (option 1)

ULSTERBUS FARES PROPOSAL

STAGE	Present Single (£)	Proposed Single (£)	% Change	Present Return (£)	Proposed Return (£)	% Change	Present Smartcard (£)	Proposed Smartcard (£)	% Change	% Discount on Cash
1	1.50	1.60	6.7	-	-	-	0.95	1.05	10.5	34.4
2	1.90	2.00	5.3	-	-	-	1.15	1.25	8.7	37.5
3	2.20	2.30	4.5	3.90	4.10	5.1	1.40	1.50	7.1	34.8
4	2.60	2.70	3.8	4.70	4.80	2.1	1.70	1.80	5.9	33.3
5	2.90	3.00	3.4	5.20	5.40	3.8	1.95	2.00	2.6	33.3
6	3.40	3.50	2.9	6.10	6.30	3.3	2.25	2.30	2.2	34.3
7	3.70	3.80	2.7	6.70	6.80	1.5	2.45	2.50	2.0	34.2
8	4.20	4.40	4.8	7.60	7.90	3.9	2.85	2.90	1.8	34.0
9	5.00	5.20	4.0	8.80	9.20	4.5	3.30	3.45	4.5	33.6
10	5.80	6.00	3.4	10.50	11.00	4.8	3.75	3.90	4.0	35.0
11	6.50	6.70	3.1	11.50	12.00	4.3	4.40	4.45	1.1	33.6
12	7.80	8.00	2.6	14.00	14.50	3.6	5.20	5.30	1.9	33.8
13	9.00	9.30	3.3	16.00	16.50	3.1	5.90	6.10	3.4	34.4
14	10.00	10.50	5.0	17.50	18.50	5.7	6.70	6.90	3.0	34.3
15	11.50	12.00	4.3	17.50	18.50	5.7	7.60	7.85	3.3	34.6

APPENDIX 3

Details of other fares (option 1)

iLink

It is proposed to increase all iLink fares; see tables below for details. This would be the second time that iLink fares have been increased since it was launched in October 2009. It is proposed to retain the cost of the card at £1.00.

Link Adult Fares (Top - Up)

	Zone 1			Zone 2			Zone 3		
	Current	Proposed	% Change	Current	Proposed	% Change	Current	Proposed	% Change
1 Day	£5.30	£5.50	3.8	£9.50	£10.00	5.3	£13.00	£13.50	3.8
1 Week	£21.00	£22.00	5.0	£37.00	£39.00	5.5	£49.00	£51.00	4.1
1 Month	£74.00	£77.00	4.1	£130.00	£135.00	3.8	£172.00	£180.00	4.6

	Zone 4			North West Zone		
	Current	Proposed	% Change	Current	Proposed	% Change
1 Day	£15.50	£16.50	6.5	£13.00	£13.50	3.8
1 Week	£57.00	£60.00	5.3	£49.00	£51.00	4.1
1 Month	£200.00	£210.00	5.0	£172.00	£180.00	4.6

Sunday Fares

Ticket Type	Current	Proposed	% Change
NI Railways	£7.00 (promotion)	£9.00	28.6
Ulsterbus	£9.00	£9.00	0

Airport Fares**Airport Express 300**

Ticket Type	Current	Proposed	% Change
Single	£7.50	£7.50	0
Monthly Return	£10.50	£10.50	0
10 Journey Smartlink	£48.00	£48.00	0

No increase proposed due to similar fares being applied on services to Dublin Airport, low car parking tariffs at BIA and potential negative publicity associated with tourism/events/inward investment etc.

Airport Express 600

Ticket Type	Current	Proposed	% Change
Single	£2.40	£2.50	4.2
Monthly Return	£3.60	£3.80	5.6
10 Journey Smartlink	£15.00	£16.00	6.7

Metro Weekly/Monthly Travel Cards will be accepted on the 600 service. Metro Day Ticket will also be accepted.

Family & Friends Ticket

Ticket Type	Current	Proposed	% Change
Family & Friends	£20.00	£22.00	10.0
Additional Child	£4.00	£4.00	0
Metro Family & Friends	£9.00	£9.00	0

Sprucefield Park & Ride

Ticket Type	Current	Proposed	% Change
Single	£3.40	£3.50	2.9
Return	£6.10	£6.30	3.3
10 Journey Smartlink	£22.50	£23.50	4.4

Blacks Road Park & Ride

Ticket Type	Current	Proposed	% Change
Single	£1.90	£2.00	5.3
Return	£3.60	£3.80	5.6
10 Journey Smartlink	£11.50	£12.50	8.7

Cairnshill Park & Ride

Fares are aligned to standard Metro fares

Goldline 212

Ticket Type	Current	Proposed	% Change
Single	£11.50	£12.00	4.3
Day Return	£17.50	£18.50	5.7
Monthly Return	£20.00	£21.50	7.5
10 Journey Smartlink	£60.00	£64.00	6.7

Plus Bus Add Ons

Ticket Type	Current	Proposed	% Change
Metro	£3.00	£3.50	16.7
Ulsterbus	£2.00	£2.50	25.00

TaxSmart for Metro – increase from **£500 to £520 (4.0%)** and from **£250 to £260 (4.0%)** for an add-on fare.

Ulsterbus and joint Ulsterbus / Metro TaxSmart card prices will increase due to the increase applied to Ulsterbus Multi-Journey Smartlink fares.

Belfast Visitor Pass

Ticket Type	Current	Proposed	% Change
1 Day	£6.30	£6.50	3.2
2 Day	£10.50	£11.00	4.8
3 Day	£14.00	£14.50	3.6

Prices include an initial £1 charge for the card

MINISTERIAL PERFORMANCE REVIEW MEETING WITH NORTHERN IRELAND TRANSPORT HOLDING COMPANY (NITHC) 6 NOVEMBER 2014

Present Department

Minister
Rodney McCune, Special Advisor
Barney McGahan, Permanent Secretary
John McGrath, Deputy Secretary
Governance, Policy and Resources
Ciaran Doran, Director Public Transport
Services Division
Liz Stewart, Minutes

NITHC

John Trethowan, Chairman
David Strahan, Group Chief Executive
Philip O'Neill, Chief Operating Officer

Welcome

The Minister welcomed everyone particularly David Strahan and John McGrath both of whom were attending for the first time. The Minister said that there were several important issues which he wanted to cover today.

The Minutes from the meeting held 20 June 2013 were accepted as an accurate record of that meeting. The 12 action points from that meeting were also recorded as complete.

ITEM	DISCUSSION	ACTION
2.00	<u>Financial Plans 2014/15 and 2015/16</u>	
2.01	David summarised the position regarding the deficit forecast for the current year at around £10m based on current funding and anticipated movement on income and expenditure. For 2015/2016 he asked for clarity on the actual budget cuts and funding for Translink. Explaining that until this was known he was unable to say what the % increase for fares needed to be. The Minister acknowledged the importance of the fares increase and said that they should move on this in January 2015 assuming an inflationary increase at least.	David Strahan

**MINISTERIAL PERFORMANCE REVIEW MEETING WITH NORTHERN IRELAND
TRANSPORT HOLDING COMPANY (NITHC) 6 NOVEMBER 2014**

ITEM	DISCUSSION	ACTION
2.02	Barney advised that funding for concessionary fares next year will be approx. £40m. He also advised that the budget cuts will be £15m on all other revenue grants. Translink need to advise what this will mean for fares and services as well as the projected loss.	David Strahan

Liz Stewart

7 November 2014

From: Lisa Ross

Sent: 21 November 2014 16:23

To: 'john.mcgrath@drdni.gov.uk'

Subject: FW: Draft Budget 2015/16 paper - For John McGrath

John

Please see attached Draft Budget 2015/16 paper.

Password to follow in a separate e-mail.

Regards

Lisa

TRANSLINK

DRAFT BUDGET 2015/16

21 NOVEMBER 2014

1. CONTEXT

This paper sets out Translink's proposals in seeking to respond to a £15 million reduction in funding received from the Department for Regional Development (DRD).

Our overriding concern in considering how we would manage a £15 million reduction in funding has been, as far as possible, to protect front line services. We support the principle of making public transport services available as widely available as possible, however, a reduction in funding of this magnitude cannot be made without a direct impact on front line services.

In order to provide some context it is worth noting that £15 million equates to the:

- Total employment costs of Translink's entire complement of executive, managerial, professional and technical staff;
- Cost of fuel for the entire NI Railways and Metro fleets; or
- Employment cost for c.550 bus drivers.

We have considered income generation opportunities. The Olympic and Commonwealth Games provided opportunities for maximizing revenue in the current and previous years. However, no events of this scale are planned for the 2015/16 year¹.

In seeking to minimize the impact on front line services we have firstly examined the scope for achieving efficiencies in the organization followed by fare increases and finally service adjustments. This forms the basis for the structure of the remainder of this paper.

Given the urgency of submitting proposals to DRD this paper has not yet been circulated to, nor discussed by, the Board.

3. FARE INCREASE (£2.9 MILLION)

A fare increase would target additional revenue of £2.9 million (this includes application of the proposed increase to schools with the resulting impact on the schools budget).

Note that this proposed fare increase is in addition to the fare increase which was proposed in the 'January 2015 Fares Revision' paper submitted to DRD on 4 November 2014.

We have considered raising fares prior to any service adjustments as we consider it preferable to maintain services, albeit at a higher cost to passengers, rather than reducing services.

¹ Note that local events like the Irish Open (18-21 May 2015) and Tallships (2-5 July 2015) are incorporated in our forecasts.

Care needs to be taken in estimating the potential yield for a significant increase in fares (or two smaller fare increases which are implemented in quick succession). The above targeted increased revenue broadly derives from a headline fare increase of c.5% delivering an assumed yield of c.3%. This is in addition to the proposed increase as set out in our 'January 2015 Fares Revision' paper.

Note that to deliver the increased revenue noted above this fare increase would be required to be implemented in advance of 1 April 2015 (following the fare increase proposed for January 2015). In our view a single combined fare increase at the start of 2015 is the preferred option. This would be a fare increase with a headline rate of c.10% which would deliver a yield of c.6%.

A more significant fare increase, in our view, would result in real income yields which are so low as to make a higher fare increase ineffective.

Public transport services

1. Translink has indicated that some efficiency savings can be made. For example, early reductions in senior and middle management levels, reorganising bus engineering facilities, and reductions in areas of general administrative expenditure. However, a £15 million reduction in funding would inevitably lead to a combination of increased fares and reductions in, and the cessation of, some bus services. Service reductions would be expected to focus on the least profitable routes, including complete withdrawal of town services from a number of towns and a reduction in the frequency of other bus and rail services.
2. It is generally accepted that fare levels in Northern Ireland are well below those in Great Britain and the Republic of Ireland. A routine fares review has been undertaken and this is currently with the Minister for consideration. Given the Executive's Draft Budget proposals and the scale of the reductions which the Department has to manage a further review of fares will be necessary and an above inflation increase in fares cannot be ruled out. Not to do so would only increase the extent of service delivery cuts required or add to Translink's losses.
3. In summary, whilst efficiency measures will be taken forward a reduction of £15 million in the balance of funding made available to Translink means that an above inflation increase in fares cannot be ruled out and significant reductions in service delivery focused on loss making routes would be unavoidable. There are significant limits on the extent to which Translink can run at a deficit without facing auditing issues about the future viability of the company.

E-mail Message

From: [Hogg, Brian \[EX:/O=NIGOV/OU=EXCHANGE ADMINISTRATIVE GROUP \(FYDIBOHF23SPDLT\)/CN=RECIPIENTS/CN=0341796\]](mailto:Hogg, Brian [EX:/O=NIGOV/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=0341796])
To: [Hogg, Brian \[SMTP:Brian.Hogg@drdni.gov.uk\]](mailto:Hogg, Brian [SMTP:Brian.Hogg@drdni.gov.uk])
Cc:
Sent: 9/4/2015 at 16:07
Received: 9/4/2015 at 16:07
Subject: FW: Official Sensitive - Draft Budget 2015-16 Consultation Paper - Public Transport Services

Attachments: Doc1.docx

From: McNeilly, Deborah
Sent: 27 November 2014 11:46
To: HYPERLINK "mailto:david.strahan@translink.co.uk"david.strahan@translink.co.uk
Cc: HYPERLINK "mailto:lisa.ross@translink.co.uk"lisa.ross@translink.co.uk; McGrath, John (DRD); Wylie, Annemarie; Doran, Ciaran; Barnes, Stewart; May, Peter (DRD); Baxter, Clare; Hinds, Sandra
Subject: Official Sensitive - Draft Budget 2015-16 Consultation Paper - Public Transport Services

David

We are expecting to publish our draft consultation paper today, subject to Minister's approval.

The attached extract reflects the text currently incorporated in the consultation document in respect of public transport services and should not be shared until the consultation document itself is published.

Regards

Deborah