



OIREACHTAS SPECIAL COMMITTEE ON COVID-19

Submission

June 2020



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1. INTRODUCTION

1.1 This note is in response to a request from Aileen Fallon, Clerk to the Oireachtas Special Committee on COVID-19, to make a brief written submission on the topic of travel restrictions.

1.2 As the representative body for Ireland's coach touring companies and Ireland's private bus operators the Coach Tourism and Transport Council of Ireland (CTTC) welcomes the opportunity and are delighted to make this submission. The CTTC's members are experts in all types of coach hire and transport solutions, including: tours, conferencing, school transport, and the provision of scheduled commuter services throughout the country.

1.3 The invitation asks for submissions to be based on the issue of travel restrictions. Some of the issues asked are best answered by other organisations with more relevance to the topic, such as restrictions for those entering and exiting Ireland, the issue of self-isolation and social distancing in airports and ports, ferries and airplanes. This submission focuses on those issues of particular relevance to our sector.

1.4 The key issues for the sector are the impact of the current travel restrictions on tourism and the movement of commuters within the country on a daily basis. These restrictions have caused immediate business hardship. Their continued presence could cause long-term damage to an essential part of the Irish economy.

1.5 Section 2 of our Submission provides a Background of our sector before COVID-19. In Section 3 we describe the impact of COVID-19 on our operators. Finally, in Section 4 we present our conclusions.

2. OUR SECTOR BEFORE COVID-19

Background

2.1 In normal times the private coach and bus sector plays a vital role in Ireland's transport, tourism and environmental management system. The industry employs 11,500 full time staff, many seasonal staff, and has a yearly turnover of over €600 million. The sector operates 90% of school transport services, the vast majority of Irish commercial bus services and plays a huge role in tourism provision. In normal times *we keep Ireland on the move*.

The Role of Private Operators in the Provision Coach Tourism

2.2 Over 2 million people choose coach tourism every year. Their numbers include overseas coach tourists, day trippers, cruise ship passengers, people attending conferences and domestic tourists. These coach tourists generate over €400 million of revenues into the Irish economy.

2.3 Coach tourism benefits every region of Ireland. Tours penetrate all four corners of the island, so the impact on employment and regional economics is significant. Thousands of people in SMEs throughout the country depend on these coach tourists for their livelihood.

The Role of Private Operators in the Provision of Scheduled Services

2.4 Private operators play an essential role in the provision of scheduled bus services in the country. These operators, along with Bus Éireann commercial services, carry over 27 million passengers each year. Many passengers are elderly or infirm and have no other means of transport. For them, these services fulfil a vital need in providing connectivity to basic needs such as shopping and medical appointments. We operate a modern fleet and provide a safe, efficient and affordable service, which were commercially viable prior to the imposition of the current restrictions.

2.5 Our services can range from daily, high frequency services, to student services operating to college on Sunday and from college on Friday. We operate on over 600 routes. As a comparison, the combined number of routes operated by both Bus Éireann and Dublin Bus is less than 400 routes.

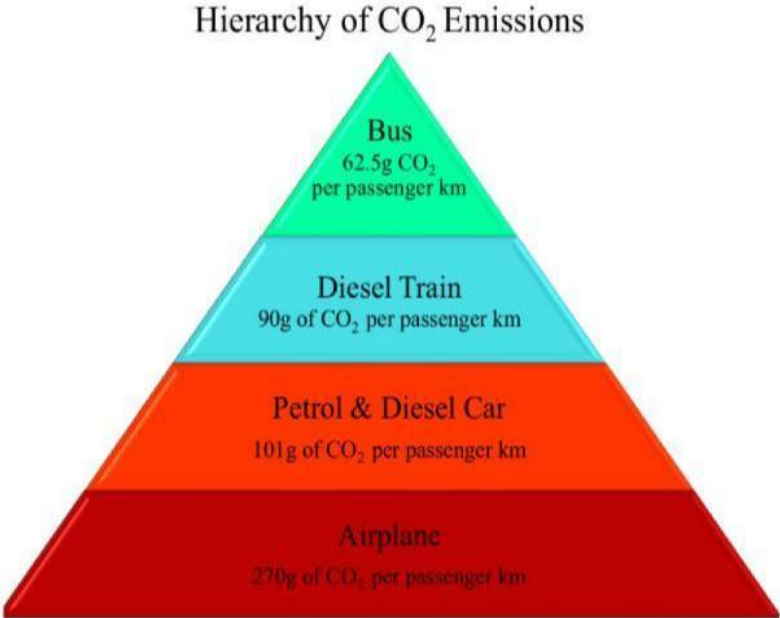
2.6 Our passengers view us as a valued part of their daily lives. Results of a recent survey by CTTC showed a customer satisfaction rating of 93% on services provided by private operators.

The Role of Private Operators in the Provision of School Transport

2.7 Private operators carry 90% of children going to school on school buses. In 2018 over 41 million school journeys were made, of which the vast majority were carried by private operators. Almost 120,000 children were carried to their place of education on 7,000 different routes, to 3,000 different schools. Almost 13,400 of these were children with special needs.

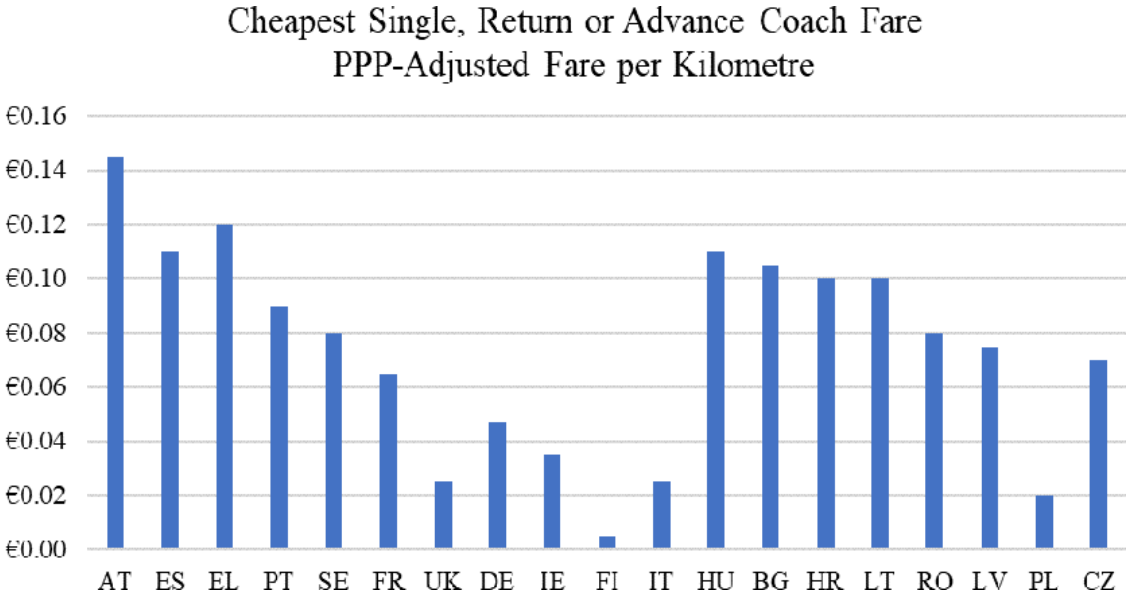
Our Impact on the Environment

2.8 All of our new vehicles comply with current rules on harmful emissions. We are an environmentally-friendly mode of travel; the relative impact of buses compared to other transport modes is illustrated in the following hierarchical pyramid.



Our Impact on Passengers

2.9 The growth in private scheduled services has had a significant and quantifiable benefit for Irish passengers over the past decades, including lower fares on contested routes, greater frequencies and significant innovation in transport provision across Ireland – for instance the bus hub at Dublin Airport. Our fares are amongst the lowest in Europe, as shown in the following chart.



Our Role in Rural Ireland

2.10 In 2016, 37% of Ireland's population lived in settlements of fewer than 1,500 people or in individual rural houses. The provision of public transport in rural areas plays a critical role in addressing "*quality of life*" concerns, providing access to services and combatting social exclusion, in particular for disadvantaged members of society in rural areas.

2.11 Smaller operators in particular play a key role in combatting social exclusion, providing services such as bingo runs, transport to local sports events and running services which are not provided by the state operators. They have become embedded in the fabric of rural life.

The Challenges Ahead

2.12 Operators expect and hope to play a growing role in the provision of scheduled bus services in the country in the future. Even before the impact of COVID-19 there were a number of key areas which we requested action on, to ensure that the industry could continue to grow. These include issues such as increased bus lanes, the cost of tolls, the need for safer traffic segregation and the requirement for coach parking provision in Dublin.

2.13 To address these challenges the sector has for some time been calling for the establishment of a Transport Task Force, whose remit would be to ensure that Ireland's infrastructure proposals are more closely aligned with our transport needs and emission commitments.

3. THE IMPACT OF COVID-19

Holiday-makers and Commuters are staying at home

3.1 COVID-19 has hit our sector hard. Since the Taoiseach's announcement on the 12th of March international and domestic tourism has ceased. Cancellation of existing bookings was almost total and so each coach operator effectively closed the following day and has not been able to open since.

3.2 The message of "Stay at Home" has effectively stopped almost all travel on scheduled services.

3.3 The combined impact has been that operators are in a desperate struggle to survive. The next challenge will be resurrecting them and getting them back in operation.

Our Response to the Crisis

3.4 In April 2020 the CTTC set up a Steering Group to formulate a sectoral response to the COVID-19 crisis. The first step was to undertake a consultation exercise with members to determine which measures were considered to be most important to tackle in response to the crisis. In all, 50 different measures were suggested by members. Each of these was discussed by the Steering Group and a decision was taken as to whether to include them in the list of priorities for action. Some measures (for instance cancellation of council rates and water charges) are being dealt with elsewhere or by others and therefore are not prioritised for inclusion in our Action Plan.

3.5 A total of 9 measures were selected as priorities for action. The first of these, an awareness raising campaign has already commenced and indeed this submission helps to raise awareness for our issues. The other 8 measures are listed below.

Direct Government Support – Action 1

3.6 The Wage Subsidy Scheme should continue until the tourism and transport sector returns to normal. In addition, there should be a turnover-linked direct Government grant to assist with liquidity and restoration of the fuel rebate for the sector. These measures will help retain key workers and protect the employment of seasonal, Gaeltacht and over 66 year-old workers.

Reclassification of VAT Status to harmonise the island's VAT system – Action 2

3.7 Northern Irish operators have an advantage over Southern operators because they can claim VAT back on what they spend. Operators in the South can't reclaim VAT. The impact of COVID-19 and the potential consequences of BREXIT mean that it is imperative that the Irish government removes this anomaly.

Supporting Scheduled Services – Action 3

3.8 Social distancing means increased costs. Vehicles may need adapting and capacity will reduce. Without government help these services will not make enough money to operate, leading to an increase in vehicle emissions as people switch to car use. Supporting scheduled services will ensure the sustained and professional delivery of services in the short to medium term.

Tourism Task Force – Action 4

3.9 The CTTC lobbied for the Tourism Recovery Task Force to be set up, and had hoped to be appointed as members of the Tourism Recovery Task Force in our own right, because our sector is vital to the recovery of tourism. This has not happened and so we will be liaising with members of the Task Force and seeking their help to progress a number of issues including:

- *Quarantine issues:* we need guidance on the quarantine proposals for tourists entering the country and we need a roadmap for the removal of quarantine, so we can convey the message to our overseas customers and get tourism moving as quickly and safely as possible.
- *Social distancing guidelines:* how they will impact on the capacity of our services? We need clear guidelines to follow from the HSE. We need the authorities to set these guidelines so that the best practice is in place and it's a safe and level playing field for all operators, their staff and customers.
- *Financial aid:* we need specific supports to stay in existence, and then financial assistance to reopen. We will also need funding to implement safety protocols on our vehicles (e.g. fogging machines, masks for staff and customers, hand-sanitisers, plexiglass protection for drivers etc.)
- *Marketing plans:* we need Fáilte Ireland to fund an advertising campaign specifically to advertise coach holidays to domestic and foreign markets.
- *Conference and business travel:* Fáilte Ireland needs to publicise Ireland's attractiveness as a Conference venue.

Initiation of a new Public Transport Recovery Task Force – Action 5

3.10 This should have an independent chair and its own budget and be made up of all key organisations involved in public transport. The Task Force should advise on how to re-start the industry with social distancing measures and advise on post-COVID-19 transport changes, particularly in relation to infrastructure provision, active transport and the climate crisis.

Coach Deregistration – Action 6

3.11 It should be possible to deregister all coaches registered in 2020 at the request of the operator. Currently brand new buses, registered in the first quarter of this year in anticipation of the commencement of the tourist season, are now not being used. This may continue for the remainder of the year. This means that for tourist season 2021, these unused new buses will be penalised as they will be deemed to be one year old. Deregistering

them now, and reregistering next January, will extend the working life span of these brand new buses.

Insurance Refunds – Action 7

3.12 Operators are continuing to pay premiums for vehicle insurance, and various other policies such as public liability, fire and theft etc. At the same time operations have virtually ceased. Insurers are seeing fewer claims as a result of general inactivity. We believe that insurance premiums should be refunded for the duration of the crisis at a level commensurate with the reduction in risk profiles.

Assistance from Financial Institutions – Action 8

3.13 Over 90% of operators have been in touch with their Banks and Financial Institutions as a result of COVID-19. Of those, 90% have sought to change the terms of vehicle loans. When it comes to banks, this is the number 1 priority for the majority of members. Other actions, such as help with commercial mortgages and cashflow financing have been sought by almost a quarter of operators.

3.14 The general perception of the banks is that they have been straightforward to deal with. Most operators have managed to get a payment freeze, the majority being of 3 months duration. The recent announcements on a 6 month freeze are welcome. However, with limited income from scheduled service and virtually no income from coach tourism until the summer of 2021 at the earliest, this freeze needs to be extended. A freeze should be left in place for as long as operators are experiencing a reduced income due to COVID-19.

Facilitating people getting to work using public transport

3.15 The Oireachtas COVID-19 request for submissions specifically asks for thoughts on how to facilitate people getting to work, which is the area of most relevance to our operators. The Government Roadmap indicates that the intention is that Ireland will re-open in various phases. As cases of COVID-19 decrease the country will progressively re-open.

3.16 Passengers are likely to return over time. But initially there is likely to be a miss-match between passenger numbers, fare revenues and the costs of operation. This will be down to a number of factors, including:

- Lower demand because some business sectors have not re-opened.
- Reluctance on the part of some to travel on public transport.
- Social distancing requirements.
- Government guidelines advising people to avoid public transport.

3.17 The result of this miss-match will be that operators have insufficient revenues to operate a service. At this stage the industry is “*running on empty*”, with little working capital and certainly no spare funds to subsidise unprofitable services.

3.18 When the crisis finishes Ireland will still need to move lots of people to school, work and on recreation. One can expect that the demand for scheduled services will return to pre-COVID-19 levels and that the services will return to profitability again.

3.19 In the meantime they are unprofitable to run and there is a real danger that scheduled services, which have taken decades to build up will disappear, if they are not supported through this crisis.

3.20 This could manifest itself in a number of ways:

- Drivers may leave the industry if the Wage Subsidy ends.
- The statutory redundancy payments to which employees are entitled could push some operators over the financial cliff, if they have to instigate a programme of redundancies.
- Companies may go bankrupt if they are forced to pay back vehicle loans.
- Companies may sell off assets to meet loan repayments or operating costs.
- Companies may decide to pull out of some routes and divert business resources to other routes or avenues of work.

3.21 The impact of one or more of these will be a reduced capacity within the sector, with an inability to replace this capacity in the short-term. The result would be that Ireland's recovery would be constrained.

3.22 Such an outcome can be avoided by putting in places measures now to ensure that scheduled services are supported. It therefore recommended that the DTTAS and the NTA put in place financial support measures until services return to profitability. Potential funding mechanisms should be examined for workability. Without being prescriptive these could include designating services as PSO services, introducing operational grants, cost per km grants, seat purchasing or other arrangements. Measures such as these would provide operators with sufficient time to enable them to rebuild their passenger numbers and farebox revenues.

4. SUMMARY

4.1 Private bus operators are an essential part of scheduled bus services in Ireland. In normal times they carry millions of passengers to work, school and college, employing many thousands of people nationwide and contributing millions in taxes.

4.2 COVID-19 has had a huge impact on the demand for services. Coach tourism has ceased and the numbers of passengers on scheduled services has drastically reduced. As a result, operators are faced with significant financial difficulties.

4.3 As the crisis recedes passenger demand will increase, but initially not to the extent whereby scheduled services will break even. If government does not step in to cover the short-term revenue shortfall then some services may disappear forever. The impact would be very damaging to the economy.

4.4 Coach tourism normally contributes in the order of €400 million to the Irish economy. This has ceased due to COVID-19, and is unlikely to return for the remainder of 2020, with a partial return in 2021. The publication of guidelines for social distancing requirement would provide some certainty for potential clients and would help the sector to recover. In addition, tour operators and individuals typically start booking in Autumn for the following year's summer holiday. Therefore, by Autumn we need clarity about the position in relation to quarantine restrictions. *"Ireland is open for business"* as a tourist destination will be an easier message to sell if there is greater clarity on the issue of quarantine.

4.5 Our sector has drawn up a 9 point action plan to enable us to recover from the crisis. Of key relevance to the Oireachtas Committee's deliberations are:

- The need for additional government support for the sector.
- A new Transport Task Force should be instigated, charged with planning for transport provision in the post-COVID-19 landscape.
- Supports should be put in place to enable schedule services to operate and survive.

4.6 Ireland depends on the private bus and coach sector to move our tourists, our workers and our schoolchildren around. Without support now, the sector will be structurally damaged and may not be able to resume its role as the backbone of the Irish transport system.