

Department of Transport, Tourism and Sport

Final Report

**to the Department of Public Expenditure and
Reform**

on the

**Comprehensive Expenditure Review
(Current Expenditure Programmes)**

Summary

Background

For the purposes of the Comprehensive Expenditure Review, the Department's expenditure was divided into 30 discrete programmes – see Appendix I to this Summary. Together these programmes account for all but €677k of the Department's estimated 2011 gross programme expenditure. (The €677k is accounted for by miscellaneous subscriptions to international organisations). Divisions within the Department were invited to review these programmes on the basis of the review template prescribed by the Department of Public Expenditure and Reform.

The Department's NCSSBs were invited at Chief Executive level to a briefing by the Secretary General and invited to make a submission to the Department based on the review template.

An internal cross-cutting team chaired by the Finance Division was established and tasked to review the various programme reports. The Team was briefed at its first meeting by the nominated liaison officer from the Department of Public Expenditure and Reform.

The assessment of the cross-cutting Team informed the deliberations of the Management Board which in turn made recommendations to the Minister culminating in this submission.

The review process has taken account of the need to consider on a zero-based budgeting basis the rationale for each expenditure programme and the guideline expenditure targets set down by the Department of Public Expenditure and Reform.

It also takes account of specific queries raised by the Steering Committee for the Comprehensive Expenditure Review and detailed responses are set out in Appendix XXI at the end of this Report (page158).

Overview of current expenditure

The Department's gross current expenditure is estimated for 2011 at €855m of which €37m relates to expenditure under the Administrative Budget for the Department. The guideline expenditure targets set down by D/PER are as follows.

	2011*	2012	2013	2014
Transport, Tourism & Sport	815	755	715	660
Cumulative change		-60	-100	-155

The 2011 base figure used by D/PER is slightly less than the published REV €815m rather than €818m. The Department's approach has been to deliver the cumulative savings as set out in the table on the final 2011 base.

Savings under the Administrative Budget will be achieved through the Croke Park process: it should be noted that the proposed adjustments to programmes do not have the effect of reducing the Department's staffing requirement.

Within the current programme expenditure which totals €818m, the DTTAS Vote is dominated by heavy expenditure in a small number of "major" programmes notably public transport subvention, road maintenance, tourism promotion and funding of sports.

	Agencies	Other	Total
Road maintenance	14,048	152,576	166,624
Public transport subvention	3,712	274,011	277,723
Tourism promotion	80,414	41,383	121,797
Sports funding	48,335		48,335
Subtotal	146,509	467,970	614,479

(Note: Road maintenance excludes PPP operational payments)

The expenditure identified in the table accounts for 75% of estimated 2011 programme expenditure. When account is taken of non-discretionary programme expenditure (see below) the “major” programmes account for 75 of the 82.4% of programme expenditure where there is some flexibility to achieve savings.

Non-discretionary programmes

In reviewing expenditure programmes it was quickly concluded that a number of expenditure programmes are non-discretionary i.e. termination is not an option and the costs, by reason of contractual commitments, international agreements etc., cannot be decided unilaterally by the Department. These nine programmes are colour-coded blue in Appendix I. They include significant expenditure programmes notably Operational Payments for PPPs which has a reducing expenditure profile and the Coast Guard’s Search and Rescue Helicopter Contract which has a sharply increasing expenditure profile in 2013 and funding of Tourism Ireland. In 2011 these programmes together account for €144m or over 17.6% of estimated 2011 programme expenditure. These programmes, in combination, give rise to a net requirement for additional expenditure of €7.8m. in the period to 2014. This additional spending requirement has to be balanced by a corresponding cut in the remainder of the Vote which of course must also bear the additional burden that arises because the non-discretionary programmes make no contribution to the saving requirement.

Programmes for which termination has been considered

The Department has assessed the implications of terminating the following expenditure programmes: Regional Airports; Rural Transport Initiative; and Green Schools. The conclusions reached was that termination of supports for these programmes is not recommended. The reasons for and implications are set out in the relevant Appendices.

Local Government Fund

It has been agreed in principle with the Department of the Environment, Community and Local Government that legislation should be introduced to close the legal provision for non-payment of motor tax for a period while a vehicle is reported to the Gardai as being “off the road”. It is

believed that there is considerable abuse of this provision and that the legislative change proposed is in the interest of overall fairness. The Department of the Environment, Community and Local Government will have responsibility for the legislation and it has been agreed that the proceeds should be shared equally between roads and local authorities. The full-year benefit to this Department, when fully implemented, will be at least €40m. We have assumed that it will take a couple of years for a full culture of compliance to emerge, and have therefore built in an expectation of around €13.5m in 2012, €26m in 2013 and the full €40m in 2014.

Summary of savings

The proposed savings to be achieved are summarised in the following table. The detailed analysis is set out in the Appendices as indicated.

Programme	Cumulative Savings over 2011			Appendix	Page
	2012	2013	2014		
<i>All figures are ,000</i>					
Public Transport Contracts - NTA	21,071	36,875	53,679	II	8
Grants to Regional & Local Roads	4,536	8,794	22,306	III	16
Fáilte Ireland	3,131	6,262	9,393	IV	20
Irish Sports Council	2,342	4,684	7,026	V	40
National Roads Maintenance	633	1,267	1,900	VI	62
Tourism Marketing Fund	2,069	4,138	6,207	VII	64
Road Safety Authority	1,333	2,667	4,000	VIII	71
Vehicle & Driver Licensing	3,529	3,679	3,779	IX	88
Regional Airports	5,327	5,327	6,327	X	99
National Roads Authority	1,171	2,341	3,512	XI	104
Rural Transport Initiative	850	1,487	2,124	XII	107
Railway Procurement Agency	750	1,500	2,250	XIII	111
Medical Bureau of Road Safety	300	300	300	XIV	122
Coast Guard (exc. SAR Helicopters)	0	0	0	XV	126
National Transport Authority	0	0	0	XVI	135
National Sports Campus	0	0	0	XVII	143
Green Schools Programme	0	0	0	XVIII	150
Railway Safety Commission	100	140	162	XIX	154
SFADCo. Ltd (Tourism Development)	0	0	0	XX	156
Non-discretionary programmes	-475	-5,290	-7,795		
Other	-167	-170	-170		
Expenditure reduction by year	46,500	74,000	115,000		
Increase in LGF funds	13,500	26,000	40,000		
Total Exchequer savings	60,000	100,000	155,000		

Principal sources of savings and implications

Public Transport PSOs - cut of 20% over 3 years (€53.7m)

The detailed analysis provided by the NTA suggests that a cut of up to 10% in PSOs, on average, could be offset by efficiencies and manageable fare increases. Going beyond this will involve difficult choices including the possibility of pay cuts (with consequent potential for industrial unrest), higher fare increases (which may be counter-productive) and service cuts. NTA's detailed analysis does not factor in any pay cuts, on the basis that this is a matter for Government policy. Consequently its analysis of a 20% reduction in PSOs shows significant service reductions, while a 40% reduction is shown to result in service closures on a very significant scale. It is not possible for the analysis to state definitively at this stage what precise service reductions might ensue, particularly as regards closures. The transport operators would have to work out these proposals for consideration by the NTA, once the exact cut in the subvention was known. It would also, of course, depend on the levels of fare increases as well as on any other decisions that Government might take (e.g. in relation to pay policy in commercial semi-states).

Regional and Local Roads – cut of 20% over 3 years (€22.3m)

A saving of €5m can be achieved upfront by the abolition from 2012 of the Local Improvements Scheme, which provides to grants for landowners for work on certain categories of private roads. The remaining cut of €17.3m over the 3 years will mean that outputs will fall well short of the required target to maintain the quality of the road network. Difficult decisions will have to be made in relation to how best to allocate available funds between different competing demands, including winter maintenance. Roads that require remedial preventative treatment will not receive it. They will deteriorate rapidly and fall into the category which requires the much more expensive strengthening work.

Agency expenditure reductions- total cut of €26.7m over three years

(Total of €26.7m comprises Fáilte Ireland – €9.4, Irish Sports Council €7m, Road Safety Authority €4m, NRA €3.5m RPA €2.3m, MBRS €0.3m, Railway Safety Commission €0.162m)

The main spending agencies are required to deliver savings in the range 15% to 25% over the three year period. (Exceptions include Tourism Ireland which is a North/South Body, the NTA which is already drawing on the surplus of the former CTR to meet its requirements, the MBRS which has limited scope for savings and some other small agencies) We will have more detailed discussions with the agencies on how the savings might be distributed across their programmes to have the least effect on those with the greatest priority in terms of the Government's objectives. The delivery of these savings will necessitate that there is effective redeployment of staff in the public service.

The NRA and RPA savings assume lesser workloads (particularly in RPA) on foot of the Capital Review, and efficiencies that will be achieved when the bodies are merged. The saving in the RPA could have been greater were it not necessary to take account of a projected significant increase in Luas maintenance costs. The RSA has identified potential efficiency savings of about €2.5m without impacting on service delivery. A further €1.5m is to be generated from other possible options such as increased fees and potential (although unproven) savings from outsourcing of driver testing.

Tourism Marketing Fund – cut of 15% - €6.2m over three years

The element of the marketing programme that is undertaken by Tourism Ireland is subject to an agreed expenditure reduction programme of 3% per annum. In order to achieve the total of 15% over the three years Fáilte Ireland will have to achieve efficiencies within the portion of the spending under its control or alternatively greater savings in the programme element of its grant in aid.

Vehicle and Driver Licensing –cut of 23% (€3.8m)

We are confident that these savings can be achieved as a result of the work that has been undertaken to achieve efficiencies, mainly through IT.

Rural Transport Initiative – cut of 20% (€2.1m)

The rationale here is that the Rural Transport Programme should be treated similarly to other subvented public transport.

National Roads maintenance –cut of 4% (€1.9m)

The proposed cut here is small because this heading has taken a 20% cut already in 2011 and the provision is less than is necessary having regard to the increasing proportion of higher quality roads (motorway and dual carriageway) in the national road network.

Other headings – no significant cut proposed.

The Coast Guard heading excludes the helicopter contract and covers the running cost of the regional service, volunteer's expenses etc. It has been cut by over 20% in the last three years. Pending the completion of a review of the service which is currently being carried out, it is not proposed to impose any further cut because of the risk to live-saving services at local level. The National Transport Authority's allocation already falls short of its operational expenditure and it is temporarily covering this by drawing on the accumulated surplus from taxi regulation. The Green Schools programme is proving itself both effective and efficient as set out in the submission in the Appendices. The National Sports Campus was cut by 64% this year. The other headings are relatively small; a small saving on one heading is offset by a necessary small increase on another.

Further initiatives

The Department has considered possibilities for reform in terms of agency restructuring, outsourcing and the introduction of new fees and charges that can lead to expenditure savings. In general such proposals raise issues that require deeper analysis. Taking account of the decision-making and implementation lead-times initiatives of this kind would not deliver significant savings before 2014.

Appendix II

Public Transport Contracts – NTA

Objectives and Benefits

The provision of quality public transport enables areas to thrive and to achieve their economic, environmental and social aspiration. Good public transport is vital to successful cities and regions – it enables people to access jobs and services, employers to access labour markets and business to reach the customers for its services in a safe and sustainable manner.

The affordable access provided by public transport to opportunities is essential to the development of a more inclusive society. No other transport modes can come close to the ability of public transport to safely and efficiently provide mobility to the population. Good public transport underpins the quality of life we enjoy today.

The current Programme for Government states “We recognise the need to rebalance transport policy to favour public transport” – subvention enables the provision of a network of public transport services which would otherwise not be provided (to the same extent) is consistent with that stated aim.

Economically speaking, subvention of public transport is considered to address the under-provision of a *merit good* and thereby addressing the *externalities* (e.g. pollution, congestion, social exclusion, and decreased safety) that would arise via increased use of private transport.

Interaction with other programmes

There is a high level of interaction between subvented public transport providers and the holders of the Department of Social Protection free travel passes and, to a lesser extent, schoolchildren under the Department of Education and Skills’ school transport scheme.

The Rural Transport Programme is a separate programme, with similar aims to the PSO subvention that addresses the mobility needs of the more remote rural areas.

On-going relevance of programme

This programme is becoming more relevant as a means of helping to address Ireland’s environmental performance and in enhancing sustainable development. Reliance on public transport and an adequate network of public transport services is likely to increase given the current economic downturn

Recent developments in the programme

In 2010 the National Transport Authority reviewed the performance standards in the public transport operators’ contracts and raised some of the standards required for 2011.

Enhancing the public transport offering

Investment in infrastructure and traffic management improvements are expected to deliver a more productive bus journey provision and should also attract more patronage and hence

revenue. In addition, the Real Time Passenger Information project and the introduction of Integrated Ticketing System will increase the attractiveness of the public transport offering.

The NTA is also undertaking a series of public transport network reviews around the country with the intention of ensuring value for money for the subvention paid, cost savings, increased patronage/revenue and integration of the service offerings.

Potential opportunities for cost savings, revenues and efficiencies

User charges

Increases in fares for Dublin Bus and Iarnród Éireann were approved by the NTA in 2011. In considering applications for fare increases the NTA has to take into consideration the financial position of the operators and the implications of any fare increase on the attractiveness of the public transport offering and its effect, in terms of social inclusion, on the more disadvantaged members of society. The Authority has allowed fares to increase across all operators as a means of offsetting lost subsidy.

Reduction in subvention levels

The hierarchy of options to address the 'financial gap' are:

1. Cost reductions (through critical examination of operators' expenses and overheads (including ancillary and central services))
2. Adding non-fare related revenue (ancillary revenues, additional passengers due to increasing attractiveness of services (e.g. RTPI, Integrated Ticketing, etc.))
3. Adding revenue through fare increases
4. Service provision/capacity reductions.

The aim of the NTA would be no further reductions on public transport services or capacity except where alternative travel is available or could be provided at a lower unit cost (e.g. in certain remote rural areas the Rural Transport Programme could be deployed more efficiently than Bus Éireann fleet or where there may be overlapping provision of public transport services between the different subsidised operators). Evidence of low demand for the services that may be discontinued would be a prerequisite.

For the purpose of this analysis each operator was asked, amongst a range of scenarios, to consider a 20% cut of their current subvention payment. However, it is likely that a uniform reduction would not be applied but would be tailored to minimise the impact on services.

Consideration of PSO options

High level overview

The National Transport Authority has held discussions with the three CIÉ operators in relation to the Government's expenditure review.

At a macro level, the CIÉ operators are at present committed to break even in a shorter time period than this review period. This commitment was given before the full impacts of the recession had been observed. Reduced consumer confidence has seen personal consumption fall and growth forecasts have been revised downwards. The latest IMF Review forecasts growth of just 0.6% in 2011, rising to 2.9% by 2014.

On the cost base of operators, the NTA considers, on assessing the information available, that cuts in costs (excluding fuel) are achievable through increased efficiency. A cumulative figure of approximately 5% (c1.6% p.a.) appears achievable across all operators. The NTA has not factored in a reduction of remuneration across the CIÉ companies as that is a matter for Government.

The imperative to cut exchequer expenditure also raises the matter of fare increases over and above inflation. Each operator is unique and fares increases would be different for each and would require a very careful approach so as not to reduce public transport use to a significant extent. Particularly in the case of Dublin Bus, the 2013 target would result in very high fares increases being front loaded with real risks of a major suppression in demand which would compromise the contribution of public transport in the city and also would result in diminishing revenue returns. In this context, the NTA believes the most appropriate approach is to ensure that fare increases are staged across the period in question.

Each of the operators has engaged in consolidation over the past number of years and service offerings would be critically compromised by reductions of 20% in PSO funding as cost efficiencies and fares increases could not generate sufficient income to offset such an order of reduction. In the event that cuts to services would arise, the NTA does not believe that these should be implemented uniformly across operators. Rather, services would need to be evaluated to consider the social benefit they provide relative to the PSO they receive.

In the area of free travel, each of the operators estimates that compensation received from the Department of Social Protection is insufficient to meet the costs imposed from providing this benefit. This leads to a poor understanding of the level of exchequer subsidy provided for this benefit and is compromising operators' ability to provide services across their customer base. The wider question of the appropriateness of blanket free travel, for broad range of passengers, is an issue for Government.

The Railway Procurement Agency has reported that LUAS is returning a deficit in the year to date and that there is likely to be a deficit at year end. RPA is considering a range of options to fund the forecast deficits but it is clear that it will be necessary to call on the accumulated cash reserves of the business which had stood at €22.2m at end-2010. These reserves were originally ring-fenced for funding heavy maintenance requirements on the lines.

The NTA suggests that any deficit that occurs on LUAS operations in the period 2012-2014 should be set against their cash surplus and/or fare increases. However, it is possible that the existing reserves may be exhausted in 2014 and Luas may therefore require a subvention in 2014 and 2015.

Irish Rail

When examining the scope for reducing Irish Rail's PSO, the Authority assesses as follows:

- 1) **Cost reductions:** Reductions in the costs base (excl. fuel costs) could be provided through increased efficiencies.
- 2) **Non-fare related revenue:** Improved services offering, through increased convenience, comfort and journey times, and provides the capacity to increase patronage. This figure would be modest, perhaps in the order of 1%.
- 3) **Fare related revenue:** Improvements in yield management should allow for increased fares on non-standard fares to better reflect consumers' level of demand. In advance of completion of our analysis of inter-city fares and a review of commuter

fares, it is difficult to propose greater than Irish rail's 3% increase scenario on the standard fare. The various fare products could also be scrutinised to ascertain whether relatively high discounts are warranted for frequent travel.

- 4) **Cuts in services:** To the extent that cuts in services are contemplated, the Authority considers these should focus on reductions in rural services, where alternative public transport options are available. Beyond that, there is limited scope for service reductions.

Bus Éireann

When examining the scope for reducing Bus Éireann's PSO, it should be noted that Bus Éireann is slightly better placed to take subsidy cuts compared to the other operators as this year the PSO fully covered its costs and allowed a small margin for legitimate PSO profit. The Authority assesses the Bus Éireann as follows:

- 1) **Cost reductions:** Reductions in the costs base (excl. fuel costs) could be achieved through increased efficiencies. Prior to the implementation of efficiency programmes, the Deloitte Efficiency Review considered Bus Éireann's efficiency in comparison to international providers. Bus Éireann's PSO payment in 2007 was c.12% total revenue which was comparatively low.
- 2) **Non-fare related revenue:** Opportunities in this area are likely to be marginal, however, the roll-out of real-time passenger information to regional cities and an integrated journey planner should increase the attractiveness of the product offering. These opportunities are considered to be modest, again in the region of 1%.
- 3) **Fare related revenue:** The current flat fare in regional cities could be graduated to increase in line with distance travelled. Also, certain rural and commuter services could sustain fares increases.
- 4) **Cuts in services:** The scope for cuts in services without significant impact is limited, however rationalisations may be possible by reducing the overlapping of bus and rail services on the same corridors.

Dublin Bus

When examining the scope for reducing Dublin Bus' PSO, the Authority assesses as follows:

- 1) **Cost reductions:** As a result of the review of the network of PSC-subservent services ('Network Direct') Dublin Bus have achieved significant savings in the operation of their services (roughly 20% reduction in fleet size and staff numbers to end 2011). Reduction in service level provision aside (and subsequent savings in fleet size and staffing levels), it is difficult to envisage substantial further savings in cost levels at Dublin Bus (payroll and fuel costs amounted to c.75% of overall operating costs in 2009) other than if the cost of fuel unexpectedly decreased.
- 2) **Non-fare related revenue:** Savings in this area are limited and estimated in the region of 1-2%. Where the NTA can make a difference is in helping to improve the overall attractiveness of the public transport offering and thus increasing patronage levels, e.g. Real Time Passenger Information provision of bus timings, the introduction of integrated ticketing and the continued investment in traffic management measures to enhance the timings and reliability of the bus schedules. Any such improvements however would be severely undermined by any reduction in the level of service provision.
- 3) **Adding revenue through fare increases:** In addressing the issue of a potential decrease in subvention, Dublin Bus have indicated a requirement for significant increases in fare levels in order to be in a position to break even. They contend

that these substantial increases (up to 20%) would need to be frontloaded, i.e. brought in at the earliest possible date, and be supplemented by a further increase in the level of cash fares when the integrated ticketing system is rolled out. Such levels of fare increases would undoubtedly impact on patronage levels and, being substantially higher than forecast inflation rates, would attract a serious level of adverse public reaction.

NTA considers that the target date for breaking even needs to be extended over a longer period. Particular consideration needs to be given to the rate of increases across the different stage levels (e.g. potentially a higher increase to the minimum fare or to the maximum fare levels, a potential simplification of the fares/stage structure, etc.) and the opportunities afforded by the introduction of the integrated ticketing system.

- 4) **Cuts in services:** Completion of the Network Direct Project in 2011 is seen as an absolute priority. The revised network should be supported by an accelerated programme of targeted investment in infrastructure/traffic management improvements that would produce additional efficiencies in bus journey times with resultant productivity gains and also attract more patronage/revenue.

The scope of the Network Direct Project may have to be curtailed with regard to proposals to enhance orbital routes and services. As a result, and as a minimum, the current orbital services and service capacity should be maintained. There is limited scope for further service and capacity reductions without having a significantly detrimental effect on the network.

PSO Summary

- The total subvention paid to the 3 CIE subsidiaries has been reduced from a high of €308.6m in 2008 to €262.9m in 2011 (a reduction of €45.7m or 15%).
- After several years of modest annual profits, the CIÉ Group has experienced operating losses in 2008, 2009 and in 2010. The outcome for 2010 is a loss of €53.6m after exceptional items (voluntary severance payments of €22.5m).
- The continuing high level of operational losses in 2010 is due to the decline in passenger numbers, the reduction in Exchequer subvention, the loss of the fuel rebate, the impact of the carbon tax and increased excise duty.
- The financial outlook for CIÉ Group remains challenging and in their recently submitted Budget 2011 figures forecast a deficit of in excess of €25m for the year.
- All three operating companies are forecasting a decrease in passenger numbers of 5% for the year and are targeting further cost reductions amounting to €21m in Iarnród Éireann, €14m in Bus Éireann and €18m in Bus Átha Cliath. These savings will be achieved through further reducing payroll costs and implementation of operational and business efficiencies.
- Further significant cost savings will be necessary to return the Group to breakeven.
- In not awarding national wage agreements or cost-of-living salary increases since 2008 and in maintaining this policy in the period 2012 to 2016, CIÉ has in effect implemented a reduction in salaries (5% to date, expected to be a further 8% over the period 2012 – 2016).
- The success of the industrial relations approach is evident from the significant changes that have been implemented, without resulting in industrial action, over several years.

- In order to maintain an IR environment conducive to further change, it is essential that CIÉ operates within the broad public sector policy frameworks.

Conclusion

A 20% reduction in subsidy will lead to substantial fare increases and service reductions. Following the implementation of efficiency programmes, by operators, over the past number of years, the scope for cost base reductions is limited. Prior to this programme, the Deloitte Efficiency Review found that Dublin Bus and Bus Éireann were efficient by international standards.

In broad terms, certain efficiencies can be realised and fares can be increased but these would realise a PSO saving very substantially less than 20%, perhaps in the region of 10% at most. A 20% reduction would necessitate a radical increase in fares and significant service reductions.

In the recent appointment of the new chairpersons of CIÉ and its subsidiaries, the Minister outlined the Government's mandate to them including the following: "At a time of economic downturn, reduced patronage and curtailed PSO subvention under NTA contracts with Dublin Bus, Irish Rail and Bus Éireann, to give priority to planning and implementing a programme of measures to achieve the CIE Group's financial sustainability by focusing on cost reductions ahead of fare increases or reductions in services or closures".

Given the level of losses in the CIE Group in 2008-2010 and further expected losses this year together with significantly reduced subvention for following years, the financial sustainability of the Group will be a key issue to be addressed by the new chairpersons.

Revised Programme-level Information

For each programme, identify the level of outputs achievable within the reduced level of resources:

Scheme/ Subhead/NCSA	2010 Outputs	2011 Output Targets	2012 Output Targets	2013 Output Targets	2014 Output Targets
Public Transport Contracts - NTA	275,854	263,391	242,320	226,516	209,712

For each Programme show the breakdown of savings identified.

	2012	2013	2014
Surplus staff identified			

Associated Payroll Savings

Other Programme Savings

Administrative Savings

Associated costs (if any)

Total Programme "A" Savings	21,071	49,338	53,679
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Appendix III

Grants to Regional and Local Roads

Rationale, Objectives and Continuing Relevance

The high level goal of the programme is to maintain the regional and local road networks in support of economic and social needs and safer use of the network.

The regional and local roads programme is important from economic, social and political perspectives. There are almost 91,000kms of regional and local roads in Ireland, which accounts for 94% of the country's roads network and they carry around 55% of all road traffic. These roads are often the sole means of access for local economic activity.

A Pavement Condition Study carried out in 2005 identified a substantial backlog of work on the regional and local road network in county council areas throughout the country. The cost of addressing this backlog has been estimated at a minimum of €2.7 billion. In addition it is estimated that ongoing expenditure of €430 million is required each year to avoid any further deterioration in the network.

Failure to commit sufficient expenditure to preserve the network will result in a rapid deterioration of the network and an increased longer term cost to the Exchequer.

The Programme for Government refers specifically to regional and local roads, when identifying priority areas for investment in the Government's initial years when resources are most constrained.

The monies which the Department of Transport, Tourism and Sport provides for regional and local roads is required to supplement own resources expenditure by local authorities. However, local authorities have increasingly come to rely on the Department's grant allocations as their own resources and other income sources have decreased and will continue to do so unless alternative means of funding local authorities is devised.

Programme Effectiveness

Current expenditure covers routine maintenance, including winter maintenance, necessary to operate the network. Where more extensive work is required to maintain/repair a particular road the work can fall into the capital expenditure category. The key to managing the road network cost effectively is to ensure that maintenance/repair works, whether current or capital, are undertaken on a timely basis with a view to minimising future problems.

The consequences of neglecting such works are severe both in terms of safety and in terms of deterioration of the road pavement. Ultimately during periods of severe weather conditions the failure to undertake winter maintenance can result in commerce being severely disrupted. The failure to maintain drainage or to repair or seal cracked pavements or potholes in road pavements allows water into the pavement structure. Even in normal weather conditions this will cause pavements to deteriorate over time; where successive freeze / thaw conditions occur the deterioration will be very rapid and will quickly reduce a road to a very poor and in some cases an unusable condition. Many examples of this process were seen on the road network after the two recent severe winters.

On average a road needs to be surface dressed every 10 years and strengthened/overlaid every 20 years; therefore a minimum of 4,375 km of regional/local roads need to be surface

dressed and 4,375 km strengthened each year in order to “stand still”. The approach taken by the Department in targeting resources towards preventative maintenance, where possible within budget constraints, is consistent with international best practice. The importance of maintaining the fabric of the network is underlined by the following extract from the World Bank Transport Note TRN-4:

“Postponing road maintenance results in high direct and indirect costs. If road defects are repaired promptly, the cost is usually modest. If defects are neglected, an entire road section may fail completely, requiring full reconstruction at three times or more the cost, on average, of maintenance costs.”

While the target of 4,375 kilometres per year was nearly achieved in the 1996-2007 period the position has deteriorated markedly since then as a result of cutbacks in expenditure.

Programme Efficiency

The Department is very conscious of the importance of maximising outputs. Each year the kilometres of road maintained and improved by the local authorities are monitored against the targets set at the start of the year.

Measures are being taken under a number of headings to achieve efficiency in the delivery of the programme as follows:

1. The use of Pavement Management software to optimise the management of the network.

This process is well underway through upgrading the “MapRoad” pavement management system. It will assist by estimating when interventions in terms of maintenance and rehabilitation are required for different categories of roads. However the system will not succeed if the maintenance and rehabilitation cycles are not adhered to. Clearly at present the required cycles are not being achieved.

2. Carrying out Direct Labour works more efficiently.

Considerable work has already been undertaken to achieve this through monitoring of unit rates for different work processes. A series of changes were brought in through the *Memorandum on Grants for Regional and Local Roads* in December 2010. This document includes the following:

- Maximum unit rates for surface dressing work
- New Limits on overhead charges which are inclusive of allowances
- With one stated exception no mark up is allowed on materials or items passing through a council’s machinery yard or stores when charging them to Department grants.
- machinery yard rates are being monitored

3. Works undertaken by Contractors

Essentially all macadam and asphalt overlay and rehabilitation works are contracted out by local authorities. This means that tenders are sought by local authorities on a regular basis so the price which is paid reflects the best value available at that time.

Previous Evaluation Work

The changes outlined above have been introduced as a result of evaluations undertaken by the Department of programme outputs.

Revised Programme-level Information

For each programme, identify the level of outputs achievable within the reduced level of resources:

Scheme/ Subhead/NCSA	2010 Outputs	2011 Output Targets	2012 Output Targets	2013 Output Targets	2014 Output Targets
Reg. & Local Roads	2,677kms	2,740,kms	2,510kms	2,280kms	2,050kms

As a result of the cutbacks it is proposed that the **Local Improvement Scheme for non-public roads will be discontinued with effect from 2012**. This will achieve a saving of €5 million per year. While the Local Improvement Scheme assists in maintaining access to rural houses and farms in remote areas it is not possible to continue with it in a situation where there is insufficient monies to maintain the public road network.

The reduction in expenditure of €22.3 million (20% reduction) will also mean that outputs will fall well short of the 4,375 km per year target with an inevitable deterioration in the network fabric. Difficult decisions will have to be made in relation to how best to allocate available funds between different competing demands, including winter maintenance.

If the minimum figure of 4,375 km of surface dressing is not achieved each year then roads which require remedial preventative treatment will not receive it. They will deteriorate rapidly and fall into the category which requires the much more expensive strengthening work. This point is emphasised in the submission from the County and City Manager's Association (CCMA) in the following extract:

"In layman's terms what will happen relatively quickly over a three or four year period, if we only sustain current funding levels, is that there will be a very significant expansion of the numbers of roads seriously deficient in terms of rutting, potholing and break-up. Within a five to six year period the scale of the problem would be such that it would see road conditions become a dominant political issue.

While deterioration of the road network asset is not obvious at the moment the reality is that it takes a few years to manifest itself as a problem and significant gaps in funding have only developed in the past couple of years (in reality after the supplementary budget in 2009). In any one year, the current years spend is used in the best manner possible to address the worst deficiencies. A continuous under spend of this nature, however, begins to manifest itself in years three and four and while the increase in the numbers of sub-standard roads is essentially linear in form, the public perception of it is that it is exponential.

This obviously is further fuelled by media and other interests so easily picking up on hard cases. In net effect we are in year 2 or 3 of the current problem. It is also true to say that the problem first manifests itself in areas/locations with poorer sub-grades and some indication of this is already evident, particularly when combined with the effects of recent winters.

If we were only to sustain the funding levels at the start of this year (i.e. €375 Million) it is inevitable that within four to five years Ireland would be back where it was in the 1980s in terms of the public perception of road conditions.”

Appendix IV

Fáilte Ireland (Subhead G1)

Role of Fáilte Ireland

The National Tourism Development Authority – Fáilte Ireland – was established under the National Tourism Development Authority Act 2003, following the amalgamation of Bord Fáilte Éireann and CERT, to encourage, promote and support tourism as a leading indigenous component of the Irish economy.

Responsibility for certain functions in relation to tourism are devolved from the Minister to Fáilte Ireland under the terms of the Act.

Fáilte Ireland's principal functions are the development of quality tourism product, domestic tourism marketing, tourism standards, enterprise support, capability building and human resource development for the tourism industry.

Trends in expenditure

The trends in Exchequer funding of Fáilte Ireland are set out in the table below. As can be seen, Fáilte Ireland's G1 funding has been cut by 23.45% in total since 2008.

Vote 32 Subhead	Description	2008 Outturn €000	2009 Outturn €000	2010 Outturn €000	2011 Estimate €000	% Change 2008 - 2011
G1	Fáilte Ireland (Grant-in-aid) Current	81,724	75,845	66,016	62,562	-23.45%
		81,724	75,845	66,016	62,562	-23.45%

Staff numbers have also reduced considerably. Following the transfer of regional staff from the Regional Tourism Authorities to Fáilte Ireland the authority had an approved staff complement of 405.19. At the end of 2010 the authority's headcount stood at 343.26 – a reduction of 18%. Fáilte Ireland's ECF target is for a further reduction of 35 staff in 2011 although it will rely heavily on redeployment if it is to achieve this target. It is also significant that, despite the agency receiving sanction for 80 temporary staff for Tourism Information Offices in 2011, the budget is such that only 40 such temporary posts can be filled.

In relation to Fáilte Ireland's overheads, this area has been subject to significant reductions since 2007. In 2011 alone this area was subject to a 10% reduction. This means that the remaining overhead is reduced back to its fixed base, all variable costs have been removed and any further reductions in this area will be marginal and small as a result, none the less a reduction of €100k is targeted for 2012. The prime components of the overheads are

- 76% Rent, Rates, Cleaning, Tel & Fax, light, heat and power, Health & Safety, insurance, postage, stationery
- 24% remaining includes Staff costs re Outsourced payroll and superannuation and training, Corporate Governance including Outsourced Internal Audit Fees, C&AG fees, Legal and Industry intelligence

Key Activities of Fáilte Ireland funded from G1

Fáilte Ireland's activities are divided into a number of programme areas, as follows:

Domestic Marketing

Description

The 'Discover Ireland' Home holidays element focuses on Ireland as a holiday destination for Irish people, now the largest market segment, accounting for €1.3bn in revenue, and critical to the sustainability and profitability of the industry.

The marketing supports programme is designed and implemented each year in close consultation with industry partners, and many of the programmes are jointly funded by the tourism industry. Fáilte Ireland is reviewing each programme element to maximise return on investment and incorporate technology solutions into the programme delivery where appropriate.

The marketing supports programme works in tandem with Fáilte Ireland's 'Business Support Programme', the focus of which is on supply side capability building. The marketing programme complements the business supports as it concentrates on driving the demand side with a particular focus on tourism businesses who are actively engaged with the business programme.

Rationale

The **Programme for Government (PFG)** identifies Tourism Marketing as 'an essential pillar of our Tourism strategy'. In addition the Programme for Government identifies making resources available for 'developing and co-ordinating niche tourism products and activity packages'. The core objective of this programme is the building on these two elements of the PFG by providing cost effective marketing and sales opportunities for Ireland's tourism industry, and communicating the country's tourism product and niche areas to the marketplace.

The programme is a major enabler of demand for Ireland's tourism product. Given the fragmented nature of the industry, the high proportion of SME's, and the costs of international promotion, it is difficult for enterprises to successfully access potential overseas consumers and trade customers. This programme provides cost effective sales and marketing platforms for the tourism industry and promoting the industry at 'destination level'.

The home market is the primary driver of cash flow, and accounts for the vast majority of business outside of the peak season. Given the international competitive set from which Irish holiday makers have to choose their breaks, every break taken in Ireland is in effect 'import substitution' as the revenue is retained in Ireland as against being spent overseas.

Fáilte Ireland manages a multi media advertising and promotional campaign to promote Ireland as an attractive holiday destination. The campaign uses a mix of TV, radio, press, web, and promotional activity to highlight the myriad of destinations, attractions, activities and events on offer in Ireland under the campaign banner "Discover Ireland". The Fáilte Ireland "Discover Ireland" programme has successfully driven an increase in Ireland's market share of the total trips taken by Irish people from 49% in 2007 to 53% in 2009. The campaign has won numerous national and international awards for its effectiveness and impact including the 'Best Promotional Campaign in Europe' at the recent European HSMIAI awards.

Programme effectiveness

The programme has a direct and measurable economic impact, and repays itself with very strong multiples.

In relation to the Home Holidays campaign, in 2009, a total of 8.3 million trips were taken within the Republic by Irish residents, with an associated expenditure of €1.3 billion. Independent 3rd party research has demonstrated that the Fáilte Ireland “Discover Ireland” home holidays campaign is highly effective, identified in 2010 as the single most effective campaign in any sector in Ireland, with almost half of the total market being motivated to have a break as a result of engaging with the campaign. The Fáilte Ireland home holidays campaign also resulted in 673 print media articles about holidaying in Ireland with a value of €5.8million. The campaign is measured for effectiveness and impact with regular quantitative and qualitative market research and media audits.

Evaluations

The investment in the domestic holiday market is audited annually by an independent 3rd party. The audits have identified the Fáilte Ireland programme as being among the most cost effective, and impactful campaigns across all sectors in Irish industry. Notwithstanding this, the audits identify areas where Fáilte Ireland can improve return on investment and, where feasible, all recommendations are being implemented.

Registration and Grading, Business Supports, and Skills & Employment

Description

Fáilte Ireland is responsible for ensuring accommodation standards meet visitor needs. It sets the minimum requirements for the various categories of accommodation and monitors the standards in hotels and all other forms of approved accommodation. Responsibilities include implementation of accommodation legislation, monitoring of product quality and customer relations, and the management of appointed sub-contractors for the inspection, registration and approval of accommodation categories.

Also, Fáilte Ireland works to enhance the competitiveness, productivity and entrepreneurship of Irish tourism through a range of business solutions including business excellence and quality initiatives, sectoral and industry supports.

The organisation builds human resource capability in the tourism industry by investing heavily in training provision and standards across the publicly supported educational system, through its own training network of outreach centres and also, increasingly, via its executive and management development programmes for the tourism industry.

Rationale:

The tourism sector accounts for 180,000 jobs (approx. 10% of the total workforce) and many of them are in rural communities that will struggle to secure other industries to fuel the local economy. The performance of the tourism sector is determined in large measure at the level of the firm. There are 18,000 small businesses operating within the tourism sector and it is the capacity and capability of individual firms to trade successfully that is key to developing tourism as an economic engine for Ireland. Most businesses have been struggling since late 2007 – first to control costs; then to win business in a shrinking marketplace; seeing

downward pressure on rates and profitability levels and ultimately struggling with cashflow and structural debt problems.

Business Supports:

The tourism **sector is dominated by SME's** that typically suffer in terms of weak managerial capacity and capability due to their **limited financial and manpower resources**. Many businesses require managers to cover multiple functional roles; or the owner/managers are so swamped by the struggle to manage their own businesses that they don't have the time to develop their skills and their business models or research what potential there may be to develop their business. This in the context where many tourism businesses are highly sensitive to changes in sales volume and selling price given their high fixed cost structure. Set against this backdrop, many **businesses are destined to struggle and will fail to achieve their potential** without Fáilte Ireland's enterprise development supports. **It is a classic example of where market failure is in evidence and the State must be active in mobilizing a response.**

Skills & Employment:

Supporting access to education and training services in support of employment in tourism is a provision of the National Tourism Development Authority Act (2003). Given the unemployment challenge at the centre of the Irish economy, investing in skills in order to support tourism employment continues to have a strong relevance. Our own consultations with the industry confirm the relevance of this programme, and most particularly the culinary skills element.

It should be noted also that there is a significant market failure in relation to tourism skills training. In terms of culinary training there is an internationally recognized standard ratio of 16 trainees to one tutor, for both for health and safety reasons and because of the practical nature of the subject being taught. Culinary training also requires a high level of investment in sophisticated plant and equipment, and the regular replacement of that plant and equipment as it goes through its life cycle. Overall, culinary training is a very expensive operation and it is difficult to recover the investment on the basis of 16 students. This is why most private cooking schools tend to be very high-end expensive to attend. Without state investment, such skills training would certainly be beyond the reach of most young job-seekers wishing to enter the tourism industry.

Objectives & Payback:

Business Supports:

The overarching objective of Fáilte Ireland's business supports activity is to make the individual firm more self-sufficient in terms of the operation of its business. More specifically, the objective of the business supports programme is to sustain and develop businesses and by extension to sustain and create jobs. Specific objectives revolve around the fundamentals of good management of the business:

- Develop better business planning skills
- Develop sound financial management skills
- Develop better sales and marketing skills
- Develop eCapability
- Develop excellence in craft and customer service skills

Skills & Employment:

- To preserve and grow skills in a skills-sensitive service industry such as tourism
- To support employment and standards in the industry
- To secure tourism's contribution to the government's jobs strategy

Using the benchmark presented in the 2011 Jobs Initiative (every new entrant to the workforce generates a €35,000 economic gain), investing in tourism skills represents a strong payback. A typical part-time course would cost approx. €2,500 per year for a three year programme.

Linkages to Other Programmes & Wider Policy Environment:

Business Supports:

The Business Supports Programme dovetails with the marketing activity generated by both the Fáilte Ireland and Tourism Ireland marketing teams – they make the 'promise' and the Business Supports team works with businesses to ensure they deliver to the consumers' expectations. The business support team focuses on helping firms access key markets and shape their product/price offering in the right way whilst the marketing teams prime the marketplace on their behalf and offer additional promotional platforms.

Within the context of the Programme for Government, areas of particular focus include **building marketing and selling skills** within small businesses and in particular **growing eCapability** at the level of the individual firm. The **ultimate aim is to make small businesses more self-sufficient in domestic and overseas markets and allow the State to take a step back.**

Under the Programme for Government, the Business Support Programme also links to the Capital Investment and Niche Product/Destination Development Programmes by delivering management and skills development activities that support the more effective operation of key businesses and community/marketing groups.

As part of the government's recent job creation package, changes such as the temporary reduction in VAT to 9%, lower rate of PRSI applying to jobs paying up to €356 per week, the potential removal of the air tax and reform of the visa application system will offer some opportunity across different parts of the industry – the Business Supports team will work with clients on their business plans to ensure they make best use of the opportunities afforded by these changes.

Skills & Employment:

Strong cross linkages exist into education policy, labour market policy, and market conditions in the industry.

Continuing Relevance:

Almost without exception the finances of tourism businesses are in a precarious state in terms of cashflow and overall profitability. There is a significant challenge to help them survive in the short-term and position them for growth in the medium-term as several of our key markets show some signs of recovery. Specifically businesses need help to get sound business plans in place; restore liquidity in their businesses; understand their key source markets better and shape their product offering accordingly; develop effective multi-channel sales plans; and

improve their eMarketing and eCommerce capability with a view to being easier to do business with from the consumers' and channel intermediaries' perspectives.

By sustaining and developing businesses we can protect and grow the levels of employment within the tourism sector and we can position tourism as a key economic engine in local communities in all parts of Ireland.

Programme Effectiveness

In terms of inputs, Fáilte Ireland has been delivering more for less in the area of Business Supports since the introduction of its new Corporate Strategy 2010-2013. Despite seeing both headcount and spend reductions, engagement time with industry has increased, as has the level of support offered to individual businesses. A major emphasis is placed on being relevant and responsive in resolving the practical issues impacting the industry.

Key Output Measures:

In 2012 Fáilte Ireland will support key accounts and deliver the following acute interventions:

- Mentoring (500 businesses)
- Professional Development (1900 businesses)
- Marketing & Sales Management Programme (1000 businesses)
- WebCheck – eMarketing Capability (1500 businesses)
- Skills Development (1350 businesses)
- Sales Connect (400 businesses)
- 2,000 trainees on skills training programmes (all HETAC level 6)

In addition, through its sectoral development supports and destination development activities, FI will deliver:

- B& B Development Programme (1700 businesses)
- Guesthouse Development Programme (280 businesses)
- Self Catering Development Programme (40 businesses)
- Caravan & Camping development Programme (90 businesses, hundreds of sites)
- VFI Pub Development Programme (100 businesses)
- Food Destination Projects (50 businesses)
- Café Development Programme (100 businesses)
- New Business Start-Ups (50 potential businesses)
- Other Destination Development Projects (200 ME's across accommodation, attractions and activity providers)

Employment Numbers (National & FI Key Accounts):

- 180,000 jobs sustained nationally
- 500 new jobs created through Sales Connect and other marketing/sales supports that lift the visitor numbers to be serviced

Evaluations

Business Supports:

Fáilte Ireland conducts an annual Client Satisfaction Survey with a view to tracking the outcome of its move to a key account management system in terms of the quality of its client service, the value of its business supports and their subsequent adoption and application within clients' businesses. The performance indicators are taken at a national level with breakdowns for each of the six regionally based teams to allow them to track their performance year on year.

The key national indicators in terms of satisfaction with Fáilte Ireland's ability to engage effectively with clients are as follows:

- Professionalism (92%)
- Understanding of clients' needs (82%)
- Happy with progress on action plan (80%)

The supports seen as most salient at present are eMarketing capability building (91%), Professional Development Programmes (87%), Business Mentoring (86%) and Online Advice/Benchmarking tool (66%).

Skills & Employment:

An annual Training and Employment Survey is conducted to measure skills needs and employment in the industry. Fáilte Ireland also supports research the Institute of Technology sector which focuses on training and labour market issues.

Quality and Standards

A final element in this programme is Fáilte Ireland's key work stream on quality and standards. This includes statutorily based elements such as the maintenance of a register for named types of accommodation, and the classification and grading of properties. There is also an approvals system for other types of property, a developmental role in relation to standards and the application of standards across all tourism products, and a programme supporting "best practice" based upon recognized international standards. There is a charging place and the programme is self-funding.

Visitor Engagement

Description

Fáilte Ireland operates a programme of 'visitor engagement' in order to provide accurate, relevant and timely information relating to a holiday experience in Ireland, while visitors are on holiday in the country.

Fáilte Ireland operates a programme of 'visitor engagement' in order to provide accurate, relevant and timely information relating to a holiday experience in Ireland, while visitors are on holiday in the country as it is an essential element in ensuring customer satisfaction and the long term sustainability of the industry. The Visitor Engagement programme is designed to:

- Service visitor information needs by being the public face of Ireland wherever those visitors are most likely to need information assistance, in line with visitor traffic patterns and needs.
- Direct increased levels of business and activity towards approved Irish tourism industry stakeholders.
- Deliver on the core country competitive positioning of Ireland as a 'welcoming' country.

Through the programme a number of key activities are undertaken to ensure information is collected, processed & disseminated to visitors, specifically:

1. The operation of the national tourist office network
2. Provision of series of printed guides and maps
3. Operation of a national tourist Telephone helpline and call centre systems
4. Provision of a national integrated ticketing system for a wide range of events and activities such as coach, water and walking tours, festivals and events, theatre and entertainment, GAA matches,
5. Maintenance and operation of the national Online Tourism Database. The National Tourism Database is updated through the visitor engagement programme and is the central tourism information databank for the country in addition to driving all state operated tourism domestic and overseas websites. The database also provides the information which activities such as trade & publicity familiarisation trips & events, and road signage planning.

The programme deals directly with in excess of 1.2 million holidaymakers annually through the network of 58 tourist information offices and flagship Discover Ireland Centres throughout the country. Fáilte Ireland's national network of information outlets provide accurate, timely and relevant information by creating awareness of the huge variety of things to see and do in Ireland. The information is presented to the visitor offer in exciting, easily accessible formats that can be accessed by the visitor themselves and aims to promote activities, attractions and entertainment in an exciting fashion in order to encourage participation and the extension of the holiday. This also encourages repeat business.

Rationale

The objective of the Visitor Engagement programme is to drive revenue, regional distribution, and satisfaction levels of holidaymakers in Ireland.

As in other international destinations, tourist information services are provided by the state as visitors demand unbiased, objective information and advice, as a base requirement of the holiday experience. In addition, a key driver of tourism demand is word of mouth recommendation, which is driven strongly by positive face to face and personal interaction and communication. Provision of accurate and timely information and personal interaction with visitors is a core function of the visitor engagement programme.

The nature of the tourism industry base, the majority of which are SME's and micro enterprises, with broad geographic dispersion presents particular challenges in the collation and decimation of information. Due to the reach and depth of its national coverage, the Visitor engagement programme is effective in the collection, processing & dissemination of information relevant to the business of tourism in Ireland. Accurate information is collected and or checked at local level by Travel Advisors throughout the TIO network and then distributed through a number of channels (outlined below). This ensures multiple use of the information and increases the rate of return of the investment.

Distribution channels for tourism information:

- **National Tourism Database: The "Tourism Content System" (TCS)** – The TCS is the system that feeds content into a wide variety of websites domestically and internationally, principally the discoverireland.ie and discoverireland.com sites, which have daily traffic of up to 60,000 visitors a day.

- **Town & local maps** - All TIO's (Tourist Information Offices) have simple, clean, visitor oriented A3 sized double-sided maps available to visitors on demand to guide them to accommodations, attractions, activities, and locations in the town and vicinity which they are visiting.
- **Regional Pocket Guides** - Research in 2010 confirmed that visitors require three things from a visit to a TIO – the services of a travel advisor to get local personalised advice, a simple local map, and printed information. The visitor engagement programme, in collaboration with other agencies, have utilised the information in the TIO's to produce six pocket guides – one for each region (i.e. the South West, North West, West, Lakelands, the South East and Dublin's Doorstep
- **Virtual Call Centre** – With effect from 2010, online software is being utilised to direct inquiry calls and emails from consumers and visitors in Ireland to available Travel Advisors in the TIO's when they have spare capacity, particularly in off peak periods of the tourism season.
- **Touch screens** – Visitor Engagement has expanded the range and use of modern IT equipment for providing accurate holiday information during out of hours and in visitor frequented locations where there is no Visitor Servicing at present. In addition to the provision of tourist information, the Visitor Engagement Programme provides a range of additional benefits to the tourism sector:
- **Accommodation Reservation Services** - Since 2010 Visitor Engagement has operated a cost and revenue neutral accommodation service giving availability and access to approved accommodation providers at all levels of the quality system. This system is informed by the TCS and generates significant business for the industry.
- **Ticketing Services** – Since 2010 Visitor Engagement has operated a cost and revenue neutral ticketing service for tourist oriented activities, events and festivals.

Market Information - Staff throughout the network gather comments, both positive and negative, regarding the tourism products and current trends which is fed back to stakeholders as appropriate.

The Visitor Engagement programme operates in collaboration with a large number of stakeholders to assist enterprises in disseminating their information and enable visitors to access this information including Local Authorities, OPW, Leader, NPWS, DAA, County Enterprise Boards, Craft Council, Ordnance Survey Ireland, Tourism Ireland, Northern Ireland Tourist Board.

The roll out of the national broadband programme has driven the adoption of web based information platforms. The construction of the national motorway programme has reduced the reliance on a number of regional tourist offices for information provision and have lead to new partnerships to provide information at service points on the motorways.

Programme Effectiveness

The National tourist office network has been segmented into 3 categories, gateways, hubs, and nodes. There are 58 Fáilte Ireland TIO's in Visitor Servicing, and they deal directly with

more than 1.2 million holidaymakers annually, of which 32 are seasonal (each opening for different duration, depending on location and local season characteristics).

Of the 58;

- 8 are major regional gateways which help drive visitors into all parts of the country,
- 14 are strategically located in tourist hubs (of which 3 are seasonal),
- 36 (of which 29 are seasonal) are smaller local tourist office nodes.

All of the above operated as normal last year, plus 60 Visitor Information Point's (unmanned units operated by a variety of local groups and communities). During this time significant change was implemented by withdrawing from retail activities in order to concentrate on the actual business of disseminating visitor information in order to motivate visitors to do (& therefore spend) more, stay longer and exceed their expectations. Also, costs taken out by putting ticketing and reservations online through 3rd parties. Performance metrics for the Tourism Information Offices in 2010;

- Total Visitors to the TIO's – over 1.2 million
- Total Phone queries (not including 30% of the year, such as public holidays and the summer period, when the service is outsourced) – over 108,000.
- Written queries & brochure fulfillment (not including 30% of the year when the service is outsourced) – over 16,500.
- Visitor surveys have consistently indicated a very high satisfaction rating (over 95%) from tourists for the services they receive through the tourist office network

The focus of Visitor engagement is now very much on visitor information as distinct from a retail offer of tourist products. This frees up human resources, floor space and simplifies administration systems so that the core activity of visitor servicing can be serviced well. In addition services such a reservations and ticketing have been outsourced on a cost and revenue neutral basis to commercial organisations with the relevant infrastructure and expertise.

Evaluations

TIO Information Needs Research by Red C Survey, 2010

This research was carried out in two tranches. A total of 1,040 visitors were interviewed, – 513 in March and 527 in August. Key results of the research were;

- The preferred information sources were travel advisor, printed information and maps, (80%)
- The visit to a TIO encouraged a change of plans by the visitor (48%)
- 30% of TIO users were locals on behalf of themselves or friends elsewhere
- 70% were visiting multiple TIO's
 - 93% satisfied with TIO visit, and 80 % satisfied with information sources

Further research is planned for August 2011 to establish trends beyond the benchmark set last year.

Event Tourism

Description

Fáilte supports and promotes major events (e.g. in business, cultural and sport areas) likely to attract a significant number of tourists and deliver a large number of bednights.

Events Tourism programme is a key driver of high yield, high value international visitors to the country a fact recognised in the programme for government. Accordingly the Fáilte Ireland Events programme is an enabler of employment throughout Ireland, it is a central component in the animation of the country as a world-class tourism destination, and is strong generator of international publicity and exposure for Ireland.

Unlike some traditional advertising and media campaigns, the events programme is highly measurable and delivers very strong return on investment for the industry in terms of generating incremental international revenue for the exchequer. The events sector has strong upside potential for growth and regional spread. The programme has been developed in response to major infrastructural investments in recent years, the most significant of which is the National Convention Centre in Dublin. The events programme is made up of three components:

1. Corporate Events
2. Sports Events
3. Cultural Events

The focus of Fáilte Ireland is on proactive leads generation in the association conference sector, identifying corporate meetings and incentive business for Ireland. For sports events Fáilte Ireland works to bring major international sporting events, such as Solheim Cup, to Ireland. In the cultural events arena Fáilte Ireland develops a portfolio of 161 festivals and events throughout the country, which animate the destination, provide employment, drive the domestic tourism market, and attract international visitors.

The events programme is one that is designed, managed, and reviewed in partnership with the industry. The events in general generate a substantial return on state investment, for example €183m of conference business leads were identified by Fáilte Ireland in 2008-10.

The programme is relatively new in Fáilte Ireland, but has already gone through a series of reviews and amends to ensure maximum return on investment. This process of continual review will progress into 2012 as Fáilte Ireland will invest in event tourism that exhibits (and delivers) international benchmarked return on investment. To win a greater number of international events Fáilte Ireland will continue to develop (with stakeholders) business processes and structure's to make sure Ireland is "best placed" to win international event business. With this in mind consideration should be given to:

- Full integration of the Dublin Convention Bureau with Fáilte Ireland
- The provision of a dedicated events "Bid Fund" will greatly enhance Irelands ability to pitch for international events

- Closer alignment of the Dublin Local Authority and Fáilte Ireland Events strategy.
- Re-develop Irelands “world class” events lead pipeline – create the appropriate structures that can ensure an increase in the number of “world class” Event Leads that Ireland can host.
- Improved collaboration with Enterprise Ireland, IDA and the Dept of Foreign affairs to ensure better co-operation and identification of business tourism corporate leads

Rationale

In the global events market, national tourism agencies take an active role in the promotion of their countries as events destinations as the sector is recognised as generating specific economic gains . The state organistaions, such as Events Scotland, sell their countries at the overall destination level first as no private operator has the scale of resources to sell effectively at this level.

The events market is a specialist sector with a particular sales lead process that typically requires the participation and co-operation of not just a single SME entity put a proposal from a wider destination group (eg hotel, venue, city/town etc). Irish companies also lack the financial resources to invest in trend-spotting, research, skills development and management capabilities that are needed to take advantage of this sector. This sector also has a highly sensitive sales process that requires excellent business processes – those destinations who have the appropriate business processes are successful in this sector, those who don't can't access this very attractive market.

Fáilte Ireland provides an event research sales leads service, develops and supports international event bids, co-ordinates and facilitates Irish SME's winning international events business, and markets Ireland as a destination that can meet the growing needs of the international event decision maker. Fáilte Ireland has developed a skill set in the sales research and development area – one that has delivered significant incremental sales revenue over the last 3 years. The programme also invests in the developemnt of the indigenous festival sector where private capital has limited possiblity to generate return and hence does not invest in the levels required to ensure a viable sustainable national festivals programme.

Meetings and Events market worldwide is worth US\$ 650 billion. In the UK the Business Visits and events partnership estimates the size of the UK sector at \$36.1 billion. Business Tourism is a high yield sector with visitors spending three times more than their leisure counterparts. The business tourism and events sector in Ireland is currently worth over €540 million euro and Festivals and events is estimated at €300 million. The business tourism sector alone supports an employment arising of 11,500 people, with a GNP arising of €565 million and a government revenue arising of €280 million

This sector also has a high percentage of promotable tourism visitors with recent estimates putting the promotable business tourism figure at over 60%. New research conducted in 2010 by Fáilte Ireland states that each *association conference* delegate is worth €1500 to the Irish economy.

The events programme is a specific element in the programme for Government, which states “*Event tourism will be prioritised to continue to bring major fairs and events to Ireland such as the Volvo Ocean Race or Solheim Cup.*”

The expected impact of the programme is as follows:

- Increase the number of international events held in Ireland
- Generate international business event leads for the conference, corporate and incentive business sector
- Actively support our tourism trade partners to increase revenue and visitors by facilitating programme development e.g. festival development or international association meeting bid process
- Increase the number of overseas visitors and overseas revenue
- Support Regional Tourism spread and animate destinations for visitors
- Support regional destination development

The Events programme works across other government Departments and agencies, and contributes significantly to the overall brand Ireland message. For example, the recent TM Forum conference which was secured by Fáilte Ireland (4,000 delegates) provided a platform for the IDA to pitch a strong 'Invest in Ireland' message to these key decision makers. The festivals programme is operated in close collaboration with the Arts Council and general arts sector, and the Sports programme with the relevant sporting sectors.

The significant State investment in the PPP for the National Conference Centre has enabled Ireland to compete at the highest levels internationally for corporate events, and recent investments in arenas, theatres, and access transport developments (eg T2, motorway network) have greatly enhanced the capability and attractiveness of Ireland as an international events destination.

There is considerable upside potential for Ireland to generate incremental foreign earnings by hosting events. In 2009 over 83% of conferences pitched for were secured and currently there is a strong and growing pipeline of events in process for Ireland. If the programme was ceased it would result in a very significant negative impact on the industry and exchequer as the cost benefit return is so high that it would have a disproportionately negative impact on the economy.

Effectiveness

The programme has a direct and measurable economic impact. In 2008 -09 Fáilte Ireland identified and developed **€183 million** 'Hot Leads' worth of potential conference business and the Dublin Convention Bureau has converted **€64m** worth with the remaining are at bidding stage. Fáilte Ireland invested €3 million in the ambassador conference programme in 2009/2010 representing a ROI of 20/1 on bids won and a potential return of 60/1 (if all Hot leads convert to sales).

The Sports and cultural Festival unit allocated €3.6 million to 161 festivals during the year 2.4 Million was invested influencing over 1.3 million holiday bednights. The 35 festivals are estimated to generate €160 million, with a return on investment of 1:46. Also 6% of overseas visitors engaged in cultural pursuits – with over 376,000 of them attended an Irish festival while visiting Ireland. One-in-three Irish adults or 1.1m people attended at least one festival in Ireland. In 2009, €8m was invested by the International Sports Tourism Initiative into The Volvo Ocean Race saw 650,000 visits over a two week period with an economic impact of €56m to Galway and Ireland.

The events programme also generates incremental international revenue, and as a driver of the home holiday market it contributes to import substitution by encouraging people to spend their disposable income in Ireland. The programme supports jobs in the conferencing, sales & marketing, hospitality, and festival sector, and is a driver of overseas publicity for Ireland.

The Business events programme objectives are agreed with the tourism industry at the beginning of each year. Over the last 3 year period the programme has grown its Sales Lead identification process;

Year	KPI	Actual	Value of Leads
2008	25	28	€1 Million
2009	50	60	€67.5 million
2010	65	93	€108 million
2011	37 Jan to Mar	95	€38 million Jan to March

In 2010 the programme also supported 152 conferences through the Conference Ambassador fund. The Sports programme is currently managing the States engagement with a number of international sporting events including the Solheim Cup, Volvo Ocean Race 2012, and Tall Ships

The business tourism lead generation process has consistently over delivered since 2008, the programme has increased its lead value from €21 million in 2008 to €108 million in 2010, against a backdrop of a declining overall tourism market. The Volvo Ocean Race in Galway considerably over achieved its objectives delivering additional revenue and visitors this was driven by a strong international marketing programme and the addition of an Irish entry in the race. There is currently no major event in the pipeline for Ireland for 2013 due to the lack of a bid fund to attract such an event.

Fáilte Ireland, in response to industry feedback regarding the need for more proactivity in the selling of Ireland for events, established the 'Business Tourism Forum'. The forum now oversees the sales, marketing and development plans for the industry.

In the Cultural events programme a comprehensive review has been undertaken of the biggest single event, St Patrick's Festival, resulting in the implementation of a new funding model and set of performance metrics. Also in 2011, following a review on the return on investment from a tourism perspective, of cultural events a new criteria of 'bednights generated by the event' was included as a key decision driver.

The key outputs of the programme are the generation of business events leads for Ireland, facilitation of Irish trade "winning" international conferences, the operation of 161 festivals and events and the securing of international sporting events.

The events programme has increased the value of its lead generation by 500% from 2008 to 2010 (from €28 million to €108). The return on investment in recent years has grown substantially, in part due to the new infrastructural investments

Evaluations

As part of the continuous improvement within the events programme, performance is not only measured by the internal KPI performance but is benchmarked against international best practice and industry peers.

Competitors in the general events market such as Events Scotland, Visit Glasgow, Visit Birmingham, Visit Wales events unit are currently using a return on investment threshold of 8 to 1. Fáilte Ireland event programme performance is significantly better (e.g conferencing 60:1). The output in this programme has also been acknowledged by its peer groups, with the new overseas website meetinireland.com winning an e government (best overseas website) and digital marketing award (best user experience).

Fáilte Ireland has recently undergone a comprehensive review of the business events programme resulting in new structures and set of KPI's for the operation of the programme. For cultural events, industry partners now have to demonstrate the tourism impact of their event (i.e. bednights, and where possible revenue). All major events into which Fáilte Ireland invests are the subject of a cost benefit analysis. Fáilte Ireland in 2010 ran an international festivals workshop, which showcased best practice from a number of global leading festivals for the festival operators in Ireland.

Overheads

In relation to Fáilte Ireland's overheads, this area has been subject to significant reductions since 2007. In 2011 alone this area was subject to a 10% reduction. This means that the remaining overhead is reduced back to its fixed base and all variable costs have been removed. Any further reductions in this area will be marginal and small. However, a reduction of €100k is targeted for 2012.

Future Expenditure Reductions

It is expected that further reductions of 15% will be achieved in Fáilte Ireland's operating budget during the period from 2012 to 2014 outlined below.

	Reduction 2012	Reduction 2013	Reduction 2014	Total
Marketing Supports	- 650	-	-	-650
Registration and Grading, Business Supports , Skills & Employment	- 361	-	- 194	-555
Visitor Servicing	- 600	- 600	- 600	1,800
Business Tourism & Events	- 1,846	-	- 1,400	3,246
Volvo		-		2,065

	-	2,065		
Overheads	- 100	-		100
Pay	1,000			1,000
	- 4,557	- 2,665	- 2,194	9,416

Effect of these Reductions on Programme Activity

Further details on each of these sub-programmes is contained in the attached annex outlining rationale, programme effectiveness, programme efficiency and previous evaluation work, but the implications of the reductions outlined above is outlined below..

Marketing Supports (-€650k)

- **Home Market (-650k)** stimulation reduced to the minimum level required in 2013/2014

Business Supports , Skills & Employment (-€555k)

- Reduced training centres activity
- End of Cornell Management Development Programme
- Cease all mentoring activity other than that which is centred on financial management, debt restructuring/refinancing the business, and organisation development.
- Cut Continuing Professional Development spend reducing the range and number of programmes to the industry focussing on selling techniques, pricing and yield
- Cease producing printed toolkits and move to online formats
- Increased charges and revised pricing model for business supports

Visitor Servicing (-€1.8m)

- Information distribution moved from print to other means of distribution
- Cut back Tourist Information Offices by half keeping the Gateways and Hub offices and others of high footfall

Business Tourism & Events (-€3.246m)

- **SOME TEXT RE-DACTED- COMMERCIALY SENSITIVE**

- **The Regional Festival Programme** will be reduced by €500k, allowing the focus to be on the events and festivals of scale and international appeal which have the biggest potential to drive tourism revenues. Smaller local festivals will suffer
- **No Provision** for sourcing or buying additional **Iconic Business Tourism** or **Iconic Sports Events**

Volvo (-€2.065m)

- Savings on completion of the Volvo Ocean race funding.

Staff and Pay (-€1m)

- **Dependent on a fully functioning redeployment programme removing excess staff above the ECF target** Fáilte Ireland estimate that in 2012 there would be pay savings of approximately €1m. There are also pay savings contained with the €1.8m TIO cut.

Overheads (-0.1m)

- Savings of €100,000 proposed in 2012

Total €9.416m

Revised programme level information

Staff cuts outlined below are in as per ECF target for end 2011 and not as identified by Fáilte Ireland. If the TIO option is pursued then there would be further staff savings.

	2012	2013	2014
Surplus staff identified	35		
Associated Payroll Savings	1,000		
Other Programme Savings	3,457	2,665	2,194
Administrative Savings	100		
Associated costs (if any)			
Total Programme "A" Savings	4,557	2,665	2,194

APPENDIX V:

IRISH SPORTS COUNCIL

INTRODUCTION

The Irish Sports Council is conscious of the current economic and expenditures issues facing the Government in these unprecedented times. In presenting these “suggestions”, the Council is attempting to address the remit outlined to the Council in the context of the Public Expenditure Programme Review currently underway and its own policy and strategic challenges/ vision.

The Council is of the view that there are five key areas of importance in considering decisions around our budget and in the views expressed in our submission:

- Participation/ Social Cohesion/ An Active Society
- Tourism Potential
- Employment Potential
- Retaining Key Supports for NGB's
- Retaining the High Performance Programmes

The Council is of the view that the Government should place all “Sports Related Funding” under the umbrella of the Sports Division of the Department of Transport, Tourism and Sport. This will ensure a clear delineation of budgeting and responsibilities and ensure a coherence of strategic and operational focus. This should include all sports-related health information/ activity funding involving other Government Departments.

What the Council specifically hopes is that the Expenditure Review will lead also to a synergy of expenditure, policy and delivery. The Council is ready to co-operate fully in developing such a strategy in order to keep our citizens, of all ages and in all sporting disciplines, in a period of recession and income stress/unemployment, on an active participative sport and recreational society.

The Healthy Society Perspective

Physical inactivity is now identified as the 4th leading risk factor for global mortality and is estimated to be associated with 1 million deaths (10%) per year in the World Health Organisation European Region. Widely accepted international standards recommend that people should aim to achieve an accumulated 30 minutes of moderate activity for five or more days per week as the minimum basis for good health. These standards are now reflected in the 2009 launch of the first-ever Irish physical activity guidelines by the Department of Health and Children. Sport is the main means by which many people get their physical exercise.

Those who participate in sports are healthier on average, even within age groups, than those who do not. This is true for both mental and physical health. Even those who participate, with limited regularity and / or with only light effort, still gain some physical and mental health benefit. The Sporting Lives Report (ESRI / ISC 2008) estimated that regular participation in sport is equivalent, in health terms, to being 14 years younger and that the health difference between someone with low past participation and someone with high past participation is equivalent to being three years younger.

Given the contribution of physical activity towards the health of the population and the contribution of sport towards overall activity levels, the promotion of sport as a matter of public policy has a significant role to play in raising the levels of physical activity within the population and is justified for this reason alone.

The promotion of sport and physical activity requires multi-sectoral efforts involving agencies from education, transport, environment, health sectors, and sports bodies – national and local – and private and voluntary groups. The ISC has been instrumental in the past 11 years in

leveraging support from all these sectors both directly and through the agency of the LSP network. Such support is fundamental in underscoring a National collective effort towards raising the overall activity levels of the population.

Key international research evidence from WHO and US Surgeon General's Office confirms that the greatest health benefit is achieved by making the transition from complete inactivity to regular, moderate activity with additional benefits being gained by engaging in more vigorous, more frequent, and longer durations of activity. Addressing sedentarism is one of the Irish Sports Council's strategic long-term goals as set out in its most recent strategy, "Building Sport for Life". The Council is seeking to reduce sedentarism (as defined) from 18% (the 2007 baseline) to 13% (by 2020). The latest results from the 2009 Irish Sports Monitor report show that the Council is well on track to achieve this objective with 15.5% of the adult population being described as sedentary according to that report.

Research undertaken by the ESRI (2004) and DCU/UCC/UL (2010) confirm that the contributions of extra-curricular and extra-school sport are significantly more important for children's physical activity than PE.

Economic & Social Value of Sport

Sport makes a huge and unacknowledged contribution to the Irish economy. It represents a major contributor to economic activity across a consistent series of indicators such as value added/GDP, employment, and household expenditure. This economic activity arises from very significant levels of engagement in every sector of the community. This participation in sport generates very significant value in terms of wellbeing, health, and social capital as well as the direct economic benefits. The main economic benefits are shown below.

Summary of Components of Overall Economic Contribution Sport and Sport-related Activities	
Component of Economic Impact / Year	2008
Consumers' Expenditure on Sport/Sport-related Goods & Services - € Million	1,886
<i>% of Total Irish Economy Consumers' Expenditure</i>	2.0%
Contribution of Sport/Sport-related activities to Value-Added/GDP - € Million	1,830
<i>% of Total Irish Economy Value-Added/GDP</i>	1.4%
Employment Supported through Sport and Sport-related activities – Full Time Equivalents	38,225
<i>% of Total Irish Economy Employment</i>	2.0%
Economic Value of Volunteering in Sport - € Million per annum	€322 - €582

Participation/Retention Investment

There is a very significant return on government investment and expenditure on sport in Ireland. For 2008, it is estimated that net income to the government sector arising from the sport economy amounted to €304.1 million. Or to put it another way, for every €100 of government expenditure, the government receives approximately €149 back in the form of taxes and other income arising from sport-related economic activity.

There are over 12,000 sports clubs in Ireland across 64 sports with over 1.7 million members while over 550,000 adults attended a sporting event at least once a week during 2009 and nearly 250,000 people volunteered their services for sporting activities at least once a week during the year. Sport is the number one activity for volunteering in Ireland.

PROGRAMME BY PROGRAMME ANALYSIS:

Over the past three years, the Council has experienced a substantial level of cutbacks within its operation that have resulted in a decrease in its overall budget from €57m to the current total of €46.8m. The majority of these savings were achieved by internal review and revision of overheads and discretionary expenditure. Furthermore savings of 4% have been made to NGB funding and a reduction of 26% has been made to the area of Participation. [The major reduction under this area was to the Gaelic Players grant, which was reduced from €3.5m to €1.05m over this period (70%)]. The Council has also asked that funding bodies seek to make savings and greater efficiencies in their operations in line with those made by the Council as a whole. This has meant that the level of reductions made to date have not had adverse affects on the quality or level of programme delivery, but NGB's are experiencing a struggle in obtaining other alternative funding and sponsorship.

NATIONAL GOVERNING BODIES

Rationale for Government investment

Since its establishment in 1999 the Irish Sports Council has recognised that the National Governing Bodies of sport are central to the administration and development of sport in Ireland. It is important to recognise that this is a strategic choice; the Council could work through other public, private and sports entities. However, there is a both legal and operational imperative to the Council's focus on NGBs.

The Council recognises 60 National Governing Bodies of Sport in Ireland. These organisations are legally responsible for the administration and organisation of their sports in Ireland. All athletes (& players) clubs, county boards and provincial associations must be affiliated to the NGB. All competitions, leagues and activities in the sport must come under the remit of the NGB. Crucially, they are the link to the international federations.

Operationally the Irish Sports Council relies on the NGBs as the key channel for its programmes. Code of Ethics, Anti-Doping, High Performance and other essential programmes are rolled out nationally using the NGBs as the implementation mechanism. It would not be possible to implement these programmes in another format. (60 NGBs against 12,000 clubs nationally).

The NGBs are the direct beneficiaries of a large proportion of the services and funding grants of the Irish Sports Council.

The long term vision is to grow and sustain Irish sport through the development of a strong NGB sector. The sector is not homogenous and each sport faces its own challenges. The Council works with each sport, on the principal of good governance, to address those challenges and to ensure each organisation delivers a return investment to the Exchequer. For some, that return is simply by surviving and ensuring the diverse & historic community of sport is intact. For others the return is substantial as they leverage the current and capital invested in them over the past decade; increasing participation and hence community

wellbeing, delivering world class performances, contributing to economic activity, supporting volunteering and other positive inputs to the community .

Justification for continuation of investment

In 2011 the Irish Sports Council has allocated €10.86 million to 57 NGBs for their core grant. The core grant covers administration, participation programmes, coach development, hosting events, implementing strategic plans and the employment of professional staff. In 2010 the core funding supported the employment of around 340 professional staff in the sports.

The other sources of income for the NGB will be membership fees, selling of rights, grants from international federations, sponsorship and gate receipts. The level of income will vary from sport to sport. All of the sources of income are under stress.

The NGBs rely heavily on the core grant to pay staff, cover administration and operate their essential programmes. Significant reduction in Council funding would result in job losses and a reduced level of effectiveness of sports. It is important to maintain a level of funding into NGBs to sustain progress made in the sector in the past decade, to retain the prospect of an independent and viable sports sector and to generate a return on the significant current and capital investment of the past decade

Scope for savings

The same principles that are in place for agency costs should apply to savings in client organisations. NGBs should be asked to provide an analysis of possible savings, shared services and other income including savings made to date. Sports that are generating good return are also likely to be the ones that have implemented savings already and should not be further targeted in a new round of cutbacks. It is envisaged that a cut of approx 3% would be possible for the overall NGB core budget and this would equate to €436,091 in 2012. A cut of a similar percentage would be included in both 2013 and 2014. Government needs to indicate its own priorities for NGB's and pilot it, considering the appropriate criteria for funding.

Possibility of shared services

The NGBs should be asked in the annual grant process on how they intend to share resources to generate good outcomes. There are examples of good practice.

Accommodation

The Irish Sports Council has provided more than 20 sports with premises (SportHQ) and many will move to Abbotstown. There are significant opportunities for savings in pay and administration available to them through this move (IT, reception, room hire, telephones, conferences, etc).

Communications

There are opportunities in communications, especially in the area of technology, for savings (although the issue is that NGBs probably don't spend enough on marketing and PR as it stands). Four sports recently held a joint media briefing to save costs and use to maximise their profile.

Incentives for NGB's for close cooperative enterprises in Shared Services

Professional Services

Accountancy & finance, legal, HR and others could be shared. Just Sport Ireland is a model of cheap service provided across the sector (in dispute resolution). However, the slow uptake indicates that there are issues within sports to partaking in a shared community project.

Development Officers

It may be that some sports have Development Officers that replicate the work of other sports. There may be some scope for looking at rationalising the work here, e.g. schools being approached by each sport individually

Other agencies involved and providing funding for programmes/sourcing alternative income

The other sources of income for the NGB will be membership fees, selling of rights, grants from international federations, sponsorship and gate receipts. Each sport will need to look at means to enhance other forms of income. For example, not all are efficient at collecting membership fees. Some sports allow private operators generate commercial income within their sports and need more diligent licensing procedures and revenue streams from sponsors.

Cooperation with Sport NI

Approximately 35 of the NGBs are all island sports and they draw down some income for the statutory authorities in Northern Ireland. However, there are strong collaborative relationships to ensure there is no double funding.

Some sports make a particular cultural contribution e.g. cycling in transport, swimming in marine safety, boxing in designated areas, and cricket with new communities. These sports may have the capacity to secure financial or other support from other statutory agencies by creating mutually beneficial partnerships.

PARTICIPATION

Programme: Local Sports Partnerships (incl. SIDO, Fundamentals & An Post Cycle Series)

2011 Budget: €6m (The Sports Council envisages this area as a key priority of its remit)

Rationale for Government investment (include legal or contractual basis if appropriate)

Function of Council under the ISC Act, 1999 “to develop strategies for increasing participation in recreational sport and co-ordinate their implementation by all bodies involved in promoting recreational sport and providing recreational facilities”.

The Council has created the Local Sports Partnership network to create a sustainable structure that ensures that all Irish people regardless of their ability or background have the capacity to become involved in sport and physical activity at a level of their choosing. The many documented gains to individuals from involvement in physical activity and sport cover a range of areas including physical and mental health, sense of community cohesion and personal and social development.

Justification for continuation of investment

The LSP network has the ability to deliver on a very cost effective and efficient basis a wide range of programmes and training interventions for a host of target groups including people with a disability, women and girls, those experiencing social exclusion and those in designated disadvantaged communities. They offer a service that has not previously been offered and would not be undertaken by other agencies or organisations. The network as a whole generates 50% of its own operational costs and as such delivers on the objectives of other statutory bodies such as the HSE. In 2010, over 139,000 people contacted LSP's looking for information on getting involved in sport and physical activity. This represented an 18% increase on 2009 figures. Almost 11,000 people took part in training and education courses within the LSP network. Over 135,000 individuals took part in projects organised locally by LSP's with an additional 18,000 females involved in specific women's projects.

The LSP network also rolls out highly effective mass participation projects such as the An Post Cycle Series which had over 10,000 people take part in five events across Ireland in 2010. The Series is being run again this year and already the first event in Sligo saw 1,800 take part. Alongside the obvious physical fitness and health benefits, there were considerable economic benefits to the town of Sligo with all hotel accommodation fully booked for the weekend of the cycle. This will be replicated later in the summer in other venues such as Ballyvaughan in Clare and Dungarvan in Waterford.

Implications of scaling back or ceasing the programme (include effects on consumers, economy, safety, well being, etc.)

There is a risk that certain areas of the country would no longer be able to access the services of the LSP for example Code of Ethics training, Buntus programme and specialist

programmes such as Link2BActive for the unemployed. There would be significant effects on the well being and health of target groups if projects were halted or scaled back. There would also be concerns that clubs would find it more difficult to access Code of Ethics training which provides them with information on their responsibilities under child welfare and protection. This is also a function of the Council under the 1999 Act, "to facilitate, through promulgation of guidelines and codes of practice, standards of good conduct and fair play in either or both competitive and recreational sport."

Scope for savings (efficiencies)

There is potential to limit the scale of some interventions and focus them on specific target groups e.g. focus Buntus on primary schools for 2012 and pre-schools thereafter. However, this is unlikely to represent any material savings as it would most likely result in a longer delivery time for interventions. Additionally, some interventions are being planned with the School Completion Teams and the HSE and so any reductions would need to be agreed with them. It should be borne in mind that considerable savings have already been made under this programme with a strong focus on LSP's generating their own sources of funding over the last two years. This effort has been greatly supported by the considerable benefit in kind provided by Local Authorities across the country. It would also be possible to make the Sports Inclusion Development Officer network a regional one by employing lesser numbers of staff and integrating their work in the wider LSP regional networks that have been developed.

Implications on employment levels (redundancies)

It is the Council's view that this programme is operating at its minimum effective funding level. If there were to be any reduction to it there would necessarily be redundancies within the network. This is particularly the case with regard to the SIDO initiative.

Possibility of shared services

Efforts are currently underway to merge the Galway City and the Galway County Sports Partnerships to create a single unit at local level which will create efficiencies with regard to administration and overheads. If Government plans are advanced to merge other Local Authorities the Council would support this through the LSP network.

Other agencies/Departments involved or providing funding for programmes

HSE (funding and programme development), Department of Education (joint programme delivery), An Post (funding), Local Authorities (major contributor to LSP's at local level particularly with regard to benefit in kind and specific project support) (this was already referred to separately in the introductory part of this document).

Capacity to source alternative income for programme (include sponsorship, consumer contribution, etc.)

The Council has sourced sponsorship for the Cycle Series from An Post and is actively exploring other potential funding streams but this is difficult in the current climate. There is also reluctance on our part to be seen to "suck up" funds that might otherwise be invested in sporting bodies themselves. It is our view that there is very little scope for consumers to pay for the services within this programme as our main target groups are those which are most likely to be economically disadvantaged.

Programme: Youth Field Sports

Budget 2011: €9.1m (FAI, GAA & IRFU only = €8.9m)

Rationale for Government investment (include legal or contractual basis if appropriate)

This funding stream was originally developed to address the low levels of participation, particularly by young people in disadvantaged areas in the three major field sports (GAA, FAI & IRFU). These organisations have the widest capacity and reach to allow them to offer a range of participation opportunities to the greatest number of young people.

Justification for continuation of investment

Over the last ten years, the three bodies have built up a sizeable expertise and infrastructure to enable greater participation in their sports. Despite this there are still pockets of the country in which young people are finding it difficult to access sporting opportunities due to a

wide range of issues such as disability, disadvantage, gender or race. These three bodies have the experience and expertise to engage with these young people using sport as a tool for social inclusion.

Disadvantages & troubles with scaling back or ceasing the programme (include effects on consumers, economy, safety, well being, etc.)

As indicated above a significant amount of the investment into these sports is focused on getting inactive children and young people involved in sport. If this programme was to be reduced or ended there would be long term effects in relation to health related expenditure, anti-social behaviour and reduced social capital. For example An Garda Síochána have indicated that when FAI Late Night Soccer Leagues are in operation in areas of Dublin's city centre, anti-social behaviour is considerably reduced and the police respond to less emergency calls.

Scope for savings (efficiencies)

The Council feels that there may be some capacity to enter into a dialogue with the three sports to reduce their funding over the time period indicated. This would equate to a reduction of €445,000 in 2012 and similar amounts in 2013 and 2014. This would allow them to restructure their organisations and projects to make further efficiencies. However, it is worthwhile noting that both the IRFU and FAI have already gone through staff reviews in recent years and made redundancies based on reduced revenue streams.

Implications on employment levels (redundancies)

As indicated above, there have been some small scale redundancies in the organisations concerned due to the down turn in the economy. Between the three organisations over 500 people's salaries are supported to some degree by ISC funding. As a result, any reduction to this funding will result in job losses but the hope would be that by gradually reducing the funding this could be managed by attrition and consolidation of projects, and greater cooperation.

Possibility of shared services

In some specific areas, such as disadvantaged communities, there could be possibilities to look at the deployment of sports specific Development Officers and take a shared approach to some of their time for generic sports development. This might particularly be possible where the posts are already supported by Local Authorities.

Other agencies/Departments involved or providing funding for programmes

The FAI receives funding from FAS for the operation of a training course. They also receive funding from Local Authorities for the employment of local development officers across the country.

Capacity to source alternative income for programme (include sponsorship, consumer contribution, etc.)

Each of the organizations already has significant sponsorship arrangements for the top end of their sport and their summer camps. It is unlikely in the present climate that much additional sponsorship is available or that sponsors would be interested in contributing to development staff salaries. Again, much of the audience for the projects rolled out by the three bodies would not have the capacity to make a financial contribution of any significance to them.

Programme: Gaelic Players Grant Scheme

2011 Budget: No specific budget was provided in the 2011 allocation to The Irish Sports Council

Rationale for Government investment (include legal or contractual basis if appropriate)

This scheme was introduced in 2008 to recognise the cultural significance of Gaelic Games and to recognise the contribution of individual players in the overall success of these Games. Direct payments were made to players based on mileage and expenses through the GAA. An original three year agreement was in place which ceased at the end of 2010. This agreement has not been re-signed (please refer to Minister's letter)

Justification for continuation of investment

An independent review of the scheme was carried out by Goldblatt McGuigan at the end of 2010. The review found that the scheme as currently operated did not have clear outcomes and as such value for money could not be ascertained. It also found that the ISC was not the appropriate body to recognise cultural contributions.

Implications of scaling back or ceasing the programme (include effects on consumers, economy, safety, well being, etc.)

This programme has no impact upon the wider general public.

Scope for savings (efficiencies)

Not applicable.

Implications on employment levels (redundancies)

Not applicable

Possibility of shared services

Not applicable

Other agencies/Departments involved or providing funding for programmes

Not applicable

Capacity to source alternative income for programme (include sponsorship, consumer contribution, etc.)

Under the new recognition agreement signed between the GAA and GPA, the GAA will make a sizeable investment in the GPA over the coming years. There may be scope for elements of the scheme to be funded through this mechanism or other County Board initiatives.

Programme: Women in Sport

Budget 2011: €1.7m

Rationale for Government investment (include legal or contractual basis if appropriate)

ISC and other studies have shown that women and girls are considerably less likely to be involved in sport and physical activity than boys and men. In 2005, the Women in Sport initiative launched to address the issue and particularly the finding that less than 1 in 5 females were regularly participating. The initiative would be seen to link closely with the overall ISC objective of increasing participation and used existing delivery mechanisms e.g. NGB's and LSP's.

Justification for continuation of investment

The ISC undertook an independent review of the programme in 2010 and the findings of the report were positive. The initiative had led to an increase in participation and also an increase in the profile of women's sport within NGB's. However, the report did make some recommendations that will impact on the future shape of the programme and on particular the level of funding that will be made available.

However, the review did indicate the highly successful programmes that had been developed when NGB's and LSP's linked together to promote the initiative. These include the Fit 4 Life running leagues which offer Meet & Train groups to women and girls to enable them to start jogging and then integrate into running groups to train for specific events such as mini-marathons. This model has been identified as extremely effective and cost efficient and may prove the basis for further programme development.

Implications of scaling back or ceasing the programme (include effects on consumers, economy, safety, well being, etc.)

Based on the findings of the review there is a good case for cutting back on certain types of taster programmes and focusing more on sustainable self directed activities particularly through the LSP network. The activities offered would have the capacity to be lifelong and would provide a social outlet as well as providing health benefits.

Scope for savings (efficiencies)

Fewer organisations would receive direct funding and greater joint delivery and partnership would be encouraged. Participants would be encouraged to take more ownership and become more involved in the organisation and shaping of their activity. There would be a strong focus on sharing of facilities and expertise. It is envisaged that savings in the region of €800,000 could be achieved over the timeframe and could possibly be front-loaded. This would be based on the recent Women in Sport Review which indicated that team sports programmes had been less successful than those organised and delivered by individual sports and Local Sports Partnerships.

Implications on employment levels (redundancies)

The Council would have to enter into negotiations with a limited number of NGB's to ascertain as to whether staff losses would be required. It is anticipated that if this is the case the majority of staff would be on specific purpose or fixed term contracts which would not require redundancy.

Possibility of shared services

Better synergies between NGB's and LSP's have been recommended in the Women in Sport Review.

Other agencies/Departments involved or providing funding for programmes

HSE (funding and programme development)

Capacity to source alternative income for programme (include sponsorship, consumer contribution, etc.)

There may be some capacity to source sponsorship for some elements of the programme but this would probably best be done at local level. The Council is actively exploring the greater use of consumer contributions to this programme to encourage long term sustainability.

Programme: Coaching Ireland

Budget 2011: €1.3m

Rationale for Government investment (include legal or contractual basis if appropriate)

Coaching Ireland, previously the National Coaching & Training Centre, pre-dates the establishment of the Council and has operated since 1992 in its role of providing training and support for sports coaches and tutors. Coaching Ireland has a quality assurance remit with regard to all NGB coaching and instructor courses and is currently working with HETAC to receive accreditation for its courses.

Justification for continuation of investment

At European level there is greater emphasis being put on the harmonisation of coaching qualifications and the standardisation of these. There is also a push toward licensing for coaches and instructors and an increasing focus on the need for Continuing Professional Development. Coaching Ireland is well placed to provide a lead role in this regard and also has an All Island remit with close linkages with Sport Northern Ireland.

The All Island element of Coaching Ireland's work has been recognised by both Sports Councils and is a vital element of North South cooperation on sport. Coaching Ireland's strategy covers the systems of both Councils and all NGB's that operate on an All Island basis. The partnership approach by both Council's has lead to greater harmonisation between coaching frameworks operating on the island and has also allowed communities of coaching practice be developed across the island.

Implications of scaling back or ceasing the programme (include effects on consumers, economy, safety, well being, etc.)

The Council would be reluctant to reduce the scale of the operation of Coaching Ireland for fear it would impact on the quality assurance aspect of their work. A thorough review of work practices is being undertaken in the organisation and it may be possible to remove or lessen inefficiencies in this regard. However, it is worthwhile to note the positive feedback Coaching Ireland's materials and courses receive from sports and international colleagues.

Scope for savings (efficiencies)

At present, Coaching Ireland staff are progressing a claim through the LRC with regard to pay and conditions including pension entitlements. Until such time as this claim is concluded it is difficult to indicate the scope for savings other than those that might be achieved by general efficiencies at operational level.

Implications on employment levels (redundancies)

Reductions in the budget for Coaching Ireland could result in the need for redundancies depending on their level. This would result in the need to make redundancy payments.

Possibility of shared services

It may be possible for Coaching Ireland to offer its services to a wider range of organisations over time but there would be a need for initial investment to explore this e.g. development of materials or courses.

Other agencies/Departments involved or providing funding for programmes

Coaching Ireland receive funding from Sport Northern Ireland and Peace 2 for their cross-border work. They also receive sponsorship funding from Lucozade Sport and benefit in kind support from UL where they are housed.

Capacity to source alternative income for programme (include sponsorship, consumer contribution, etc.)

The Board of Coaching Ireland is currently considering other mechanisms for income generation including changes to fee structures and a new agreement with Lucozade Sport.

ANTI-DOPING

Rationale for Government investment (include legal or contractual basis if appropriate)

The Irish Sports Council Act, 1999 mandates the Council "to take such action as it considers appropriate, including testing, to combat doping in sport" (Article 6(1)(d)). The Council is also obliged to establish an Anti-Doping Committee (Article 18 (3)) which should be chaired by a ministerial appointee (Article (18)(5)).

On an international level the Irish Government has ratified the Anti-Doping Convention of the Council of Europe and the UNESCO International Convention against Doping in Sport – both of which require the continued implementation of an effective national anti-doping programme incorporating effective testing and education programmes and appropriate support mechanisms.

Justification for continuation of investment

The spirit of sport is the intrinsic value of sport. The spirit of sport is the celebration of the human spirit, body and mind, and is characterised, amongst other values, by ethics, fair play, honesty, health and respect for, and compliance with, the spirit and letter of rules and laws. The Anti-Doping Programme seeks to preserve the spirit of sport. The purpose of the World Anti-Doping Code (which is the fundamental and universal document upon which the Irish Anti-Doping Programme is based) is to "protect the *Athletes'* fundamental right to participate in doping-free sport and thus promote health, fairness and equality for *Athletes* worldwide.." . The anti-doping programme must, in order to be effective, be fully up to date with advances in detection methods. This includes blood testing which is more costly than basic urine testing and will be increased from 2011 onwards. During 2011-2012 there will be a worldwide review of the World Anti-Doping Code. This will require the Council to also review the Irish Anti-Doping Rules and at the culmination of both reviews significant resources will be required to update the entire Irish Anti-Doping Programme to be aligned with the any changes. The Council will have a responsibility to contribute to these reviews at an international level through Council of Europe and EU mechanisms.

Implications of scaling back or ceasing the programme (include effects on consumers, economy, safety, well being, exposure of our sporting organisations, etc.)

The health risks and side –effects associated with abuse of performance enhancing substances in sport is considerable and is one of the key criteria in the establishment of the WADA list of prohibited substances. Anti-Doping in sport aims to protect athletes from these risks. The removal of the anti-doping programme would expose vulnerable young athletes to a very significant threat. Sources in the Irish Medicines Board have alerted the Council to the fact that Steroids are now one of the main drugs being seized on entry into the country by customs.

Scope for savings (efficiencies)

Substantial savings have already been introduced within the anti-doping programme over the past 2 years – the annual budget of the anti-doping programme reduced from 1,796,614 in 2008 to 1,157,721 in 2010 (these figures include staff apportionment). Increased efficiencies in the administration of the programme were achieved through the introduction of a bespoke data management system in 2009. Efficiencies were introduced through changes to the fees of testing sub-contractors and further costs have been reduced by bringing the management of the sample collection process in-house. An enhanced website was launched early in 2011 with a view to greater dissemination of education message electronically. National Governing Bodies have been giving greater responsibility for the management of their own anti-doping data through the introduction of a ‘Clearinghouse’ website, freeing up resources within the anti-doping unit. The Council is also currently negotiating with its contracted lab to try and arrange for electronic transfer of test results which can be uploaded into Council’s data management system.

Implications on employment levels (redundancies)

Not applicable.

Possibility of shared services

With the introduction of the anti-doping data management system the Council has now introduced a website for NGBs where they can access information inputted by themselves and by the anti-doping unit in order to monitor compliance of their own athletes, results of tests etc.

Other agencies/Departments involved or providing funding for programmes

National Governing Bodies are responsible for the education of their own members in relation to Anti-doping, with the co-operation and assistance of the anti-doping unit. The Council is currently in the process of finalising a memorandum of understanding between the Irish Medicines Board and the Council primarily with a view to sharing information.

Capacity to source alternative income for programme (include sponsorship, consumer contribution, etc.)

Income is currently generated through provision of testing for external bodies. Increasing the numbers of these tests would exceed the capacity of the unit to provide the service. The Council has previously considered opportunities for sponsorship of anti-doping education initiatives but due to the sensitivity of the issue and the potential for perceived conflicts of interest this has not been pursued. The Council will review this again now.

HIGH PERFORMANCE

Rationale for Government investment

The Irish Sports Council Act, 1999 mandates the Council “to encourage the promotion, development and co-ordination of competitive sport and the achievement of excellence in competitive sport”.

In pursuing this mandate the Council has overseen the delivery of the High Performance Strategy (2001) which is the primary policy document used for ongoing investment in High Performance sport.

Since the High Performance Strategy, there have been a series of documents that reinforce the policy and practice in this area, notably the Athens Review (2005) and the foundation document for the Institute of Sport (2006). These documents opened the way for a new

approach to high performance sport and were supported by substantial state investment. This has led the way to measurably improved performances at international level by Irish athletes.

International elite sport is a hugely competitive arena. In recent years the Council has demonstrated that, through the targeting of investment at National Governing Bodies of sport (NGBs), Ireland can be successful at global level. In particular, the Council has pursued a strategy of creating consistent success at elite level. This is defined as producing Irish athletes in the finals at European, World, Olympic and Paralympic level.

In order to achieve this goal, the Council invests in the current generation of world-class athletes, while simultaneously developing junior talent through a structured competition pathway from schools to world level.

The Council has established a High Performance Committee chaired by Eamonn Coghlan which is responsible for overseeing the delivery of the Council's High Performance policy and ensures effective delivery of programme investment. Through this committee, the Council continues to ensure the delivery of its High Performance mandate.

Justification for continuation of investment

The London 2012 Olympic and Paralympic Games represent a great opportunity for Ireland's elite athletes. The Council has established targeted support structures with NGBs to ensure Irish athletes can compete to the very best of their abilities in 2012. These supports include both financial investment from the Council and world class science and medicine delivery from the Institute of Sport.

In the Athens Review (2005), the Council set an ongoing target of six finalists in the Olympic Games and twelve finalists in the Paralympic Games. These targets were exceeded at the 2008 Beijing Games and each NGB has established targets for London 2012 which are in line with the Council's overall policy.

Through its investment in High Performance sport, the Council has enabled Irish athletes to succeed while remaining in Ireland. World class athletes such as Grainne Murphy and Katie Taylor no longer need to leave Ireland to maximise their talent. Through continued State investment they can remain in Ireland while receiving financial support and utilising facilities, coaching and services of the highest standard.

Establishing effective structures has resulted in measurable improvement in performance across a range of sports. In 2010, funded sports won 31 medals at European, World and Youth Olympic level. At the same stage of the Beijing Olympic/Paralympic cycle in 2006 funded sports won a total of 9 medals. This is more than a threefold increase in medal output and indicates that the programmes in place are delivering on the Council investment.

While these performances augur well for London, they also support the progress that has been made in establishing long term and sustainable High Performance structures in Ireland. Critically, they point to a tangible return on investment for the State.

Scope for savings

Through the ongoing performance planning process the Council has an opportunity to review its High Performance investment with the targeted NGBs. Since 2008, the Council has implemented a comprehensive Monitoring and Evaluation programme which ensures all NGB and Athlete investment is linked to the successful delivery of both system and performance goals. As it undertakes the 2012 Planning process, the Council will continue to critically assess its investment in High Performance sport, without impacting preparations for London, and apply savings where possible.

Possibility of shared services

With the introduction of the anti-doping data management system the Council has now introduced a website for NGBs where they can access information inputted by them and by the Anti-Doping Unit in order to monitor compliance of their own athletes, results of tests etc. The High Performance Unit and Institute of Sport will work closely with the ADU to ensure

shared usage of this system which should allow greater efficiencies. High Performance NGBs also continue to work closely with the Council Communications Unit. This work is integrated into the overall performance planning of the NGBs and enables the development of effective communications strategies within NGBs at least cost.

Other agencies involved and providing funding for programmes/sourcing alternative income

The Council has established All-Island High Performance Plans for 5 targeted National Governing Bodies. These plans have been established in conjunction with Sport Northern Ireland and have resulted in additional investment of over €2 million from Sport NI over 4 years.

All NGBs provide from their own resources to support their High Performance programmes. While this number has declined in recent years, total NGB contribution to High Performance programmes is in excess of €4 million in 2011.

Failte Ireland continues to provide ongoing support of approximately €60,000 for the Team Ireland Golf Trust.

INSTITUTE OF SPORT

Rationale for Government investment (include legal or contractual basis if appropriate)

The Institute of Sport Programme has been a key recommendation of successive Olympic reviews (Sydney 2000, Athens 2004 and Beijing 2008). It is an integral component of the Irish Sports Councils high performance strategy and an essential element of the Irish high performance sport system.

This programme is required to ensure Ireland as a competitor nation on the international and world stage has in place high level expertise, structures and support around its elite athletes and high performance sports. The Institute has been delivering and developing these critical supports effectively since 2008. This type of support structure is critical and provided by many of our competitors nations through institutes of sport models. The Australian Institute of Sport being the most celebrated however other nations of our size such as New Zealand have a very successful Institute in place.

Justification for continuation of investment

To realise the potential to put Irish Sports on World Podiums, by driving excellence in high performance systems, through the delivery of world class support.

The Institute deliver a suite of critical support programmes and services that are having a significant impact on the performance experience of elite athletes, coaches and sports. These programmes are delivering the following:

- Of the 103 athletes supported under the ISC international carding scheme at international, world class and podium level the Institute directly supports through their service team 87 of these athletes and all but one of the Podium athletes.
- The Institute through the planning process and consultation with sports have embedded science, medicine and lifestyle supports services through service plans in the performance programmes of sports.
- The Institute are providing elite coach development support and development in its Pursuit of Excellence Programme to 20 elite coaches across 10 sports
- Through capital funding from the department the Institute have put in place at its HQ in Abbottstown a high performance services centre providing medicine, science and lifestyle services through centralised clinics. Currently in the first phase the Institute are delivering 2 Physio and 2 Medical and various other services out of the centre. It is our aim to increase our clinics between now and London:

Implications of scaling back or ceasing the programme (include effects on consumers, economy, safety, well being, etc.)

The programme of work at the Institute is a substantial addition to the support available to elite athletes and sport and is having a direct impact on performance of the focus sports high performance programmes. The work that the Institute is involved in is not just about 'now'. Part of our focus is on the future performances of our athletes, coaches and sports, a return that will be seen through a continued and sustained approach to sports development.

Scope for savings (efficiencies)

Significant development work has taken place over the past two years to reduce costs, increase accountability and deliver greater service quality. These include:

- Fully integrated planning with revised and explicit assessment criteria
- Restructuring of the service delivery model from a relatively unmanaged system in which service providers received a fee-per-item payment to a fully planned and managed programme with economies of scale achieved through bulk purchase of service.
- Each sport and service area is subject to annual review

No savings are identified in the Irish Institute of Sport Programme. Rather greater efficiencies and better targeting of resources are recommended to increase the VfM of the Institute programme. The Institute operates at the minimum level viable to deliver support services to high performance athletes. Some additional controls will be added:

- Bulk contracting of specialist contractors to achieve economies of scale
- Tighter controls in service planning to ensure services are strategically placed for maximum impact
- Narrower focus on the sports with the greatest performance potential

Implications on employment levels (redundancies)

Not applicable

Possibility of shared services

The Institute has become accepted as the technical arm of the ISC in the area of high performance. In this regard the team at the Institute work hand in hand with the team in the high performance unit. We engage across number of areas most importantly sport performance planning and in the committee space of the ISC High Performance Committee and the London technical group.

Other agencies/Departments involved or providing funding for programmes

The Institute is currently housed in the same building as the National Sports Campus Development Authority.

Capacity to source alternative income for programme (include sponsorship, consumer contribution, etc.)

The only change associated with an Institute is the fee paid by applicants for professional accreditation. Fee is set at €100 but the number of applicants is typically less than 10 per year.

RECREATIONAL TRIALS PROGRAMME (NATIONAL TRAILS OFFICE)

Walking and cycling are two of the largest participation sports undertaken by Irish residents¹ and are two extremely important product offerings for the Ireland's tourism industry². The Irish Sports Council seeks to increase participation rates in these sports and operates a specific

¹ 46% of the adult population of Ireland (approx 1.5 million people) participate in recreational walking, 3% Cycling (Irish Sports Monitor 2009)

² In 2009 over 800,000 overseas visitors engaged in walking during their holiday to Ireland and over 800,000 domestic holiday makers engaged in walking during the holiday breaks in Ireland.

programme to support the development and maintenance of walking, cycling and other recreational trails in Ireland and also to encourage increased participation in these sports.

The Irish Sports Council launched its Irish Trails Strategy in 2007 which seeks to develop a world class recreational trail system in Ireland for both Irish residents and visitors to the country, has established a National Trails Advisory Committee (NTAC) to oversee this area of Council activity and provide a platform for a number of agencies involved in this area to work together.

This programme is national in focus, promotes standards for all trails in the state, maintaining a national trails database, providing technical advice and support on new trail development projects, coordinates development activities between a number of agencies in the state, undertakes various awareness building and promotional activities and maintains a prominent promotional website www.irishtrails.ie which provides up to date information to the public on all walking, cycling and other trails developed in the State.

Rationale for Government investment:

1. Contributing to Governments health promotion, sport and physical activity policy through the development and promotion of walking, cycling and other outdoor recreation activities to all Irish residents.
2. Contributing to Governments sustainable travel and transport policy by supporting the development of walking and cycling trails throughout the country and contributing to the planning and development of a the national cycling trail network.
3. Contributing to Governments tourism development policy by supporting the maintenance of existing trail infrastructure, identifying and supporting the development of new recreational trail products throughout the country (in conjunction with Fáilte Ireland other agencies) and ensuring standards are maintained on all trails.
4. Contributing to Governments Rural Development policy by supporting the implementation of the National Countryside Recreation Strategy (*Comhairle NaTuaithe / Department of Community, Equality & Gaeltacht Affairs*)

Justification for continuation of investment

1. Programme serves to increase participation rates in walking, cycling and other outdoor recreation sports among all Irish residents. These are life-long physical activities that can be undertaken by all Irish residence, delivering significant health benefit and significant health cost savings to the State in the long term.
2. Programme is contributing directly to the development of Ireland's tourism industry by supporting the provision of trails (walking, cycling and others) for visitors to the country and domestic tourists.
3. Programme ensures standards are maintained on all trails developed within the State.
4. Programme provides a coordinating platform (through Council's National Trails Advisory Committee) for a number of Government Departments and agencies to work together and for new projects to be advanced.

Implications of scaling back or ceasing the programme (include effects on consumers, economy, safety, well being, etc.)

1. It is likely that the quality and standard of existing walking and cycling trails will not be maintained leading to poor consumer satisfaction, decreased use and potential closure.
2. A discontinuation of the programme may have an impact of the future viability of many walking trails that are development with the permission of landowners, as public liability cover is extended to landowners through a policy which is managed by the Irish Sports Council.
3. It is likely that the register of trails developed in the State (*presently listing over 500 walking / cycling trails*) will not be maintained and it will be difficult to maintain the programme website www.irishtrails.ie
4. The programme has developed a high level of knowledge and expertise in the area of trails and outdoor recreation over the past 10 years and this is contributing to new

projects annually, including new off road cycling trails, water based trails, horse riding trails and shared use greenways. Should the programme be discontinued, this knowledge and expertise will be lost.

Scope for savings (efficiencies)

Programme has limited potential for savings as it is currently run on a tight budget.

Implications on employment levels (redundancies)

Not applicable

Possibility of shared services

Limited

Other agencies/Departments involved or providing funding for programmes

ISCs – Recreational Trails Programme has close working relationships with the following agencies and Departments; Department of Transport, Tourism & Sport, Department of Environment & Local Government, Failte Ireland, Coillte, Waterways Ireland and National Parks & Wildlife Service.

The programme provides funding to Coillte to deliver a forest recreation programme and also to provide a technical trail advisory service for the National Trails Office. The National Trails Office is also a funding partner of Leave No Trace Ireland.

Capacity to source alternative income for programme (include sponsorship, consumer contribution, etc.)

Some capacity may exist to source income for promotional activities but overall there are limited opportunities to source income for regular programme functions and activities.

CONCLUSION

In 2008 the then Department of Arts, Sport & Tourism carried out a Value for Money and Policy Review of the Irish Sports Council. One of the key findings was that while the ISC is a relatively new agency in comparison to similar agencies in other countries, it has been effective in delivering results since its establishment. It was therefore considered that the current structure is the most effective way of implementing Irish sports policy

Text redacted at this point - ongoing deliberative process

Consequences of Reductions to Budget

The main consequences of budget reductions of the magnitude of 20% or 30% would be on employment and also on participation levels. Within in the sports sector the ISC supports the employment of hundreds of people in development, coaching and administration roles. In particular the main proportion of the Youth Field Sports allocation supports the employment of staff at national, provincial and local level. The cuts proposed will have an immediate effect on loss of employment, increased reliance on social protection and loss of revenue through taxation. This would also hold true for the National Governing Bodies who would also have to let staff go. Within LSP's the elimination of the support for the SIDO programme would result in the loss of all these posts.

Participation levels would be highly detrimentally affected by the loss of these jobs, particularly with regard to target and low participation groups. The lion's share of the staff of the three Main Field Sports work to provide opportunities for young people and children to take part in sport. These opportunities would be dramatically curtailed with all the knock-on health impacts such as increased obesity, increased diabetes, poorer cardiovascular health, etc. The major Field Sports also work with young people at risk and those living in designated disadvantaged communities. If these young people are not provided with positive opportunities for their free time there is a strong risk that they will drift into crime and anti-social behaviour. This is particularly the case in urban areas where there is an added chance of becoming involved in drugs and related gang behaviour.

The ISC's programmes for low participation groups would also be eliminated such as those for people with a disability, women and girls and older people. This would erode much of the good work done in recent years and also ignore the research we have commissioned which shows that these groups still need to be worked with to reap health and lifestyle benefits. The long term costs of this will be borne by the Exchequer through hospital and related costs. Recent research in Canada has shown that the equivalent of one euro spent on sport/physical activity results in a saving of three euro on health costs to the State.

Reductions in funding and related staff numbers for National Governing Bodies would run counter to the work of the Council since its inception to increase the professionalism and corporate governance of sporting organizations. The loss of expertise and knowledge that would result in Irish sport would be very difficult to replace and could lead to sever curtailment in the programmes, coaching and training provided by sports. This would be particularly the case in individual sports which, according to our research, have the greatest contribution to make to lifelong involvement in sport and physical activity.

There will also be unintended negative impacts of these cuts particularly for the FAI and IRFU. These sports will be intending to fill the AVIVA Stadium to capacity in coming years but erosion of their penetration into our local communities will affect this. This will be evident most quickly for the FAI which does not have the buffer of committed ticket sales. If young people around the country are not introduced to soccer and the work of the FAI through the Regional Development network then they are less likely to want to attend matches and indeed

play themselves. This impacts directly in the case of non attendance at events but also has the secondary effect of narrowing the base of the participation pyramid that leads to the production of high performance players. The lack of quality players for the national team then in turn leads to poorer attendance and a vicious cycle is sustained. This would also be the case over time for the IRFU.

Cuts at the higher end will also result in the dismantling of the High Performance system that the Council has taken years to establish. This will result in a lesser number of sports and athletes being supported in the future and will naturally have a serious impact on the ability of Irish teams and athletes to challenge at World, European and Olympic level. There will also be related job losses and loss of expertise and talent within the system. At a related level, the Anti Doping programme will be scaled back and we will lose our place as a world leader in this field. There will also be greater risk of doping offences remaining undetected and cheats evading sanctions which could damage our reputation internationally.

Lastly, we will have to lose our research function and this will eliminate our evidence base for the value and impact of sport and the work of the Council into the future. This will ultimately lead to greater difficulty for us to make the case for funding and support in the years to come.

National Roads Maintenance

Rationale, Objectives and Continuing Relevance

Road infrastructure requires maintenance in order to retain its functionality and to avoid the premature obsolescence of its components. The principal areas of expenditure are:

Winter Maintenance: Ice formation risk forecasting; supply, distribution and application of salt to prevent ice formation; removal of snow and ice from roads.

Lighting: Public lighting on national roads in urban areas (for safety and security) and at junctions in rural areas.

Pavement Resurfacing: Resurfacing of pavement to provide adequate skid resistance, and closure of cracks and filling of potholes to avoid more serious structural failure occurring (note: structural rehabilitation is a capital expenditure, and not included here).

Bridge Maintenance: General housekeeping, repairs to barriers and expansion joints (note: structural rehabilitation is a capital expenditure, and not included here).

ITS Maintenance: Maintenance of network ITS equipment.

General Maintenance: Litter removal, grass and hedge cutting, incident clean-up, emergency response, drainage (it is very important to keep road structural layers drained), safety fence repairs, and the like.

Programme Effectiveness/Efficiency

The maintenance budget for national roads has already been cut from €59 million for a predominantly single carriageway network, to its current €43 million, when there is now approximately 1200kms of high speed dual carriageway/motorway recently opened to traffic. The NRA therefore considers that a further reduction will require a reduction in essential activity.

The necessary budget to carry out the functions mentioned above to normal Western European standards would cost close to €100 million per year.

The following measures are being taken in response to the current level of funding:

- a) Litter collection, cleaning and graffiti removal is reduced, leading to unsightly conditions
- b) Grass and vegetation cutting is reduced, as is the control of noxious weeds
- c) Damaged safety barriers and signs are repaired or replaced irregularly
- d) Drainage is not cleared as often as it should be
- e) Winter maintenance will (have to) be subsidised from another expenditure budget, as there is not enough money in the maintenance budget to pay the bills arising from recent severe weather and to make provision for the coming winter

As a result of the Department's review a further 4% reduction in spending is now projected. The NRA had indicated that if a further reduction were implemented then the Authority might have to consider some of the following measures:

- Ceasing winter maintenance on all national secondary roads
- Turning off the lights at rural motorway junctions
- Discontinuing the emergency telephone and VMS messaging systems
- Cutting back further on litter collection, cleaning, and vegetation cutting

The NRA also indicated that cuts in the maintenance budget will reduce employment in local authorities and in private sector maintenance companies. Much of the expenditure, apart from VAT which is returned to the Exchequer, is on labour so that each €1 million reduction in expenditure will lead to about 20 people being unemployed.

Changes in spend have little impact on Authority employment, as maintenance expenditure is overseen by about two or three full-time equivalents.

PPP Unitary Payments/West-Link Buyout

Rationale for Expenditure

These annual unitary payments are made to PPP companies in relation to PPP schemes in operation, and the buyout of West-Link on the M50.

The amounts payable are determined by contract, and are not susceptible to decisions to review or reduce in the same way as other budgets.

APPENDIX VII

Tourism Marketing Fund

VfM Test 1: Rationale, Objectives and Continuing Relevance

Tourism Marketing Fund is the programme funding for promotion of Ireland as a visitor destination overseas. The Tourism Marketing Fund is split into two slices.

The bulk forms the core funding for Tourism Ireland, which is matched by the Northern Ireland Executive in line with pre-existing agreements on a funding ratio of 2:1. In 2011, this amounts to €30.242m. This is used for advertising, marketing, e-marketing for the island etc. The remainder of (€11.1m in 2011) is used to fund the work of Failte Ireland which is responsible for promoting and developing regional, product and niche tourism. This includes specific regional campaigns and funds to support direct engagement by the industry with overseas buyers (especially tour operators and other trade), and to generate publicity through overseas media.

The Programme for Government makes two references to the TMF:

We will prioritise the Tourism Marketing Fund as an essential pillar of our tourism strategy and will ensure the best return on Exchequer spending.

And

Marketing campaigns will be developed in emerging long haul markets such as China, Russia, India, Japan and the Middle East, using the Tourism Marketing Fund. Recovery of market share in Britain will also be a key priority in a revamped tourism strategy.

There is extensive international evidence that, because tourists as consumers choose destinations rather than specific tourist service providers in the first instance, there is a fundamental market failure. Before a hotel or attraction can promote itself to a customer, the customer has to have chosen that destination. Without tourism marketing at State level, a niche destination like Ireland is significant disadvantaged and will not maximise tourism exports.

The high level objective of the Tourism Marketing Fund is to support renewed sustainable growth in overseas tourism visits and revenue.

Any change to ratios – or indeed any change to funding, to personnel or to operations – is required to be agreed by the two “sponsor” Departments North and South and the two Finance Departments. In that context, the two Finance departments instructed that all N/S bodies are to achieve 3% “efficiency savings” per annum year-on-year from 2010 to 2013 and no further reductions are to be made without agreement all Departments.

Like all N/S bodies, Tourism Ireland operates under annual Business Plans and three-year Corporate Plans which set out their targets, plans and agreed funding for the periods – which are approved by sponsor Ministers at NSMC and also by Finance Depts. The key goals in the Tourism Ireland Corporate Plan 2011-2013, as noted by the North/South Ministerial Council, are to generate revenue for the island of Ireland of up to € 3.84bn (+22%) by 2013 of which the Republic of Ireland will account for € 3.43bn (+22%). Its priorities for 2011-2013 are promoting Ireland as a place to visit for holidaymakers using effective marketing programmes

which focus on the 4 major source markets (Great Britain, USA, France and Germany), to deliver growth in revenue by 2013 of up to €600m for Ireland overseas.

(It should be noted that all decisions in relation to programme and administration funding of North/South bodies are subject to agreement between the relevant sponsor and finance Departments, North and South. Substantive unmatched or unagreed reductions in contributions would fly in the face of international agreements.)

In effect, this means that any reduction will fall in the first instance on those elements which apply to the State only and not the core funding for Tourism Ireland to promote the whole island, i.e. product/niche and regional marketing by Fáilte Ireland, working with Tourism Ireland. This of course will make it more difficult to achieve the Programme for Government commitments to “target available resources at developing and co-ordinating niche tourism products and activity packages that are attractive to international visitors focusing on food, sports, culture, ecotourism, activity breaks, water-based recreation and festivals”.

Given the centrality of tourism and particularly overseas tourism to the Government’s Jobs Initiative, significant reductions in the TMF run counter to wider economic and employment policy. Drawing a direct correlation between changes in marketing spend and visitor revenue does not give a precise result. To illustrate, if there were a reduction in the Marketing Fund in 2014, it would be reasonable to expect that this would undermine the projected growth in tourism export revenue. It is difficult to quantify the impact of marketing investment. A recent attempt to do so in Australia produced estimates of a return on investment of between 7:1 and 36:1, depending on the source market analysed, Studies for Colorado estimated return on investment at 10.7:1.

The recently-revised Fáilte Ireland model for the impact of tourism on the Irish economy estimates an Exchequer return of 28 cent in every euro of tourism spending (excluding other General Government receipts e.g. rates), so any return of ROI over 3.5:1 indicates a net benefit to the Exchequer from Tourism Marketing spend.

VfM Test 2: Programme Effectiveness

Due to the economic downturn, major reductions in air access and the negative impact to Ireland's image in terms of value for money of the domestic inflation during the boom, our tourism visit numbers fell significant from 2008 to 2010. CSO figures for 2010 show that 6.037 million overseas visitors came to the Republic of Ireland last year, down 12.9% on 2009 figures. Expected earnings for 2010 are expected to be down, broadly in line with trip numbers. to just over €3 billion.

However, this decline should be seen in the context of the external factors. For comparison, Ireland was the first country to recover from the post 9/11 fall in tourism, in part because it was one of the few to maintain tourism marketing investment.

In 2010 the figures were broken down as follows:

Great Britain	2.73 million	(45 % of total visitors)
Mainland Europe	2.04 million	(33 % of total visitors)
North America	0.93 million	(15 % of total visitors)
Other Areas	0.31 million	(5 % of total visitors)

The number of visitors from Britain for 2010 was down by -15.9 % compared to 2009. The number of visitors from Mainland Europe was down by -14.2 % for the year. The number of visitors from North America was down by -4.6 % for the year. For Other (i.e. long-haul) markets, there was a +3.2% increase in visitor numbers for 2010.

Trips to Ireland for the first three months of 2011 were up by +8.6 % compared to the corresponding period in 2010. There were 1,177,600 overseas visits to Ireland during the three-month period. Mainland Europe was up by 8.9 % for the three months (399,000 visitors), and visits from Britain were up by 7.2 % (564,300 visitors). (Note: The total Outbound travel from the UK for Q1-2011 was flat as was outbound to Europe which shows Ireland has gained market share). The number from North America was up by +11.9% % for the first three months. For Other (i.e. long-haul) markets, there was a +12.0 % increase.

Trips abroad by Irish residents decreased by -11.7 % for the first three months of 2011 compared to the corresponding period in 2010. There 1,270,100 trips abroad by Irish residents in Q1-2011.

Tourism Ireland believes the situation remained positive for visitors to Ireland in the second quarter of 2011. April appears to have been a very strong month for Ireland. Industry sentiment remained strong through May with forward bookings holding up well across the US and European markets. There are some signs of British visitors returning to key Dublin attractions.

VfM Test 3: Programme Efficiency

According to the 2011 World Travel and Tourism Competitiveness Report:

Ireland ranks in 21st position out of 139 destinations – while this ranking is down from 18th position in 2009, Ireland maintained its overall score compared with 2009 and an additional 6 countries were added to the list in 2011. This position is an improvement on 2008, when we ranked 21st out of 130 destinations.

Ireland ranks 10th overall on 'effectiveness of marketing and branding' - this indicator is once again highlighted as a notable competitive advantage. An additional 6 countries were added to the list in 2011.

Tourism Ireland publicity programmes deliver over €200m Equivalent Advertising Value (EAV) annually.

(Admin expenditure falls under Tourism Ireland admin which is non-discretionary or under Failte Ireland.)

Revised Programme-level Information

It is proposed to achieve a 15% reduction in the Tourism Marketing Fund by 2014. This will be achieved by

9% cut from €30.242m to €27.52m in Tourism Ireland's core marketing programme investment (assuming that the NI authorities are agreeable to requiring a further 3% efficiency savings in 2014 on top of those already agreed for 2011, 2012 and 2013 of 3% per annum cumulative), and

31% cut from €11.141m to €7.656m in the expenditure by Fáilte Ireland on product, niche and regional marketing, which is not subject to cofunding with Northern Ireland.

	SUBHEAD	2010	2011	2012	2012 vs 2011 Savings	2013 Projection	2014	2014 vs 2011 Savings	% Savings
Prog 23	Tourism Marketing Fund	44,250	41,383	39,314	2,069	37,245	35,176	6,207	15%

In terms of the core marketing budget, more competitive rates will have to be secured for the purchase of advertising space on radio, television and print as well as a more competitive fee for advertising agency. The reduction in the core marketing amount will require continued strong controls and active pursuit of value for money opportunities in marketing and advertising, as well as prioritisation of markets and channels (e.g. by maintaining most activity in the four main markets and limiting investment in second and third-tier markets).

- Tier 1 GB, US, France, Germany
- Tier 2 Italy, Spain, Canada, Nordics, Australia
- Tier 3 Netherlands, Middle East, Other Asia, East Asia (India, China)

The 31% cut in investment in promoting regional tourism and products/niches will require the following actions:

International Regional Marketing Programme (-900k) to consolidate around the promotion of the three regional propositions of 'Ireland's West Coast', 'Ireland's East Coast', and 'Ireland's Lakelands'. The promotion of niche products, such as golf, will no longer be facilitated.

The Market Access Support Scheme and Trade Supports, allows FI to support third party representative bodies to engage in marketing activity that their members would not otherwise be engaged in. This fund has been reduced by 50% in 2011 and is being reduced by the remaining 50% to zero in 2012-2014 which will represent a reduction of €380k.

International Sales Programme will be reduced by consolidating and reducing the length of industry workshops.

International Publicity Programme (-150k) to focus on core international markets of GB, USA, and EU. The budget allocated to media visits from non-core markets will be reduced.

E-Capability - Given the critical importance of this area to the industry and its centrality to the Programme for Government, it is not envisaged to reduce activity or output for 2012.

Notwithstanding this, a saving of €150k is envisaged during the period 2012-2014 through the optimisation of the IT infrastructural budget and renegotiation with key technology suppliers.

Tourism Product & Niche

Overseas marketing campaigns in relation to individual tourism product areas of golf, angling and English language training will be discontinued. The planned reduction in this area over the period 2012-2014 is €385k.

Appendix VIII

Road Safety Authority

The RSA was established under the Road Safety Authority Act 2006 on 1 September 2006. It has responsibility for a range of road safety functions including:

- Those previously exercised by the National Safety Council in relation to road safety.
- Those formerly exercised by the Department of Transport in relation to road safety education and promotion including:
 - Driver testing and licensing;
 - Vehicle standards and related matters;
 - Drivers hours and rest periods, including tachographs;
 - Working time directive for mobile workers in the road transport sector;
 - Bus and lorry driver vocational training;
 - Enforcement of the above as well as the enforcement of bus operator, road haulage operator and bus route licences;
 - Functions in relation to road accident statistics and road safety research formerly the remit of the NRA.

The aim of the RSA is to save lives and prevent injuries by reducing the number and severity of collisions on the road. *Working to Save Lives* is the stated goal adopted by the Board of the RSA.

The RSA developed the Road Safety Strategy 2007-2012 and is tasked with reporting annually to the Minister on progress on the implementation of its 126 actions.

Fatalities on our roads have fallen in recent years and the number for 2010, at 213, is the lowest since records began. The number of fatalities in 2011 to date (2nd June) is 77, which is 12 fewer than at this date last year.

The core objective of the 2007-2012 Road Safety Strategy is to reduce road deaths to no greater than 60 fatalities per million population by the end of 2012. This is an average of 21 road deaths per month or 252 deaths per annum.

2010 saw the lowest number of road deaths on record at 212, an average of 18 road deaths per month. April 2011 is the safest month on record.

Allocations in Current and Capital Exchequer Funding (REV) for the period 2007 – 2010

	2007* €	2008 €	2009 €	2010 €	2011 €
Current	28,324,000	39,515,000	32,646,000	28,546,000	21,985,000
Pay		18,800,000	18,314,000	17,214,000	14,290,000
Non Pay		20,715,000	14,332,000	11,332,000	7,695,000
% Change		+39.51%	-17.38%	-12.56%	-23%
Capital	2,800,000	189,000	189,000	200,000	200,000
% Change		-60.29%	-83%	5.82%	nil

*Road Safety Division did not have corporate governance responsibility for the RSA in 2007.

Expenditure of Capital and Current for the period 2007 – 2010

	2007 €	2008 €	2009 €	2010 €

Current	28,563,000	38,922,000	32,645,000	23,806,000
Pay		18,800,000	18,313,000	16,302,000
Non pay		20,122,000	14,332,000	7,504,000
Capital	1,000,000	1,112,000	189,000	200,000

Estimate of Current and Capital Exchequer Funding for the period 2012 – 2014 (based on 80% (Current) and 70% (Capital) of 2011 amount)

	2012 €	2013 €	2014 €
Current	19,044,800	19,044,800	19,044,800
Pay	13,041,600	13,041,600	13,041,600
Non pay	6,003,200	6,003,200	6,003,200
Capital	140,000	140,000	140,000

Current 2012 - 2014

RSA NON EXCHEQUER CURRENT HISTORY

The Authority also has a range of Non Exchequer income that it generates from fees for service and the following is an outline of the Non Exchequer income recognised by the Authority since inception. The Total Income in the table below is the combined Exchequer and Non Exchequer Income for each year since inception.

	€	€	€	€	€
	2007	2008	2009	2010	2011
NON EXCHEQUER INCOME	15,577,700	19,155,387	15,182,731	18,990,039	23,412,982
% Change	-	23%	-21%	25%	23%
TOTAL INCOME	45,778,700	59,189,387	48,016,731	42,996,039	45,597,982
% Total Income - Exchequer	66%	68%	68%	56%	49%
% Total Income - Non Exchequer	34%	32%	32%	44%	51%

As can be seen from the table above, the Authority has made progress since inception to reduce its dependence on Exchequer Income and has moved to a position in 2011 where more than half its income is now generated from Non Exchequer sources. This has had a consequential impact on Exchequer Funding which has been reduced by €10.65m per annum since 2009 despite the RSA taking on a number of new additional functions with no new exchequer funding, including regulation of the driving instruction industry (ADI), Drivers CPC, ADR Dangerous Goods vehicle testing, CVRW Testing and Plastic Card Driver Licensing.

AUTHORITY'S CURRENT EXPENDITURE BUDGET 2011

The Authority has the following Current Expenditure Budget in place in 2011. The budget in 2011 is €39.3m and is funded in the following manner;

- Exchequer Funding - €21.985m

- Non Exchequer Funding - €17.315m
- The Authority's Current Expenditure Budget 2011 is outlined by Programme as follows;

No.	Programme	Cost €m	Function Fulfilled by Programme
1	Driver Testing Service	€ 14.87m	Delivery of Practical Driver Testing Service. Delivery of Driver Theory Testing Service.
2	Driver Licensing	€ 1.812m	Driver Licensing, policy and oversight. Penalty Points System queries and administration. Medical Fitness to Drive.
3	Digital Tachograph Card Administration & Enforcement	€3.458m	Digital Tachograph policy, and administration of card issuing Enforcement of Drivers Hours and Haulage Licensing rules.
4	Vehicle Standards Policy & Regulation	€1.22m	Vehicle Standards Policy and Regulation.
5	National Car Testing Service	€2.973m	Standards and delivery of National Car Testing Service.
6	Commercial Vehicle Roadworthiness Reform	€2.9m	Standard Setting for Commercial Vehicle Roadworthiness Testing Regime.
7	Road Safety Awareness & Driver Certificate Professional Competency	€9.23m	Road Safety Education and Public Awareness Campaigning. Delivery of Drivers Certificate of Professional Competency (CPC). Production and Monitoring of the Road Safety Strategy.
8	Road Safety Research	€ 0.925m	Road Safety Research.
9	Approved Driving Instruction	€1.873m	Regulation of Driving Instruction Industry.
	Total Current Programme Expenditure 2011	€39.261m	

PROGRAMME REVIEW 2012-2014

The Authority conducted its review of planned Current Expenditure for the period 2012 to 2014 on the following evaluation basis;

1. Rationale, Objectives and Continuing Relevance

This is where the Authority explored how consistent the Authority's programme was with high level government policy, the justification of the programme, the societal and economic impact of the programme and the statutory, legal or contractual basis of the programme.

No.	Programme	Rationale, Objectives and Continuing Relevance
1	Driver Testing Service	Fulfilling legal obligations under national and EU legislation. It aims to ensure that we have safe drivers on our roads and that drivers can secure a driving licence in a timely manner to support employment, migration and social inclusion.
2	Driver Licensing	Fulfilling legal obligations under national and EU legislation. It aims to ensure that a secure and compliant licensing system helps to contribute to safety on our roads and supports the effective and efficient enforcement of road traffic legislation and penalties.
3	Digital Tachograph Card Administration & Enforcement	<p>Tachograph and driver's hours rules promote road and public safety (e.g. excessive driving/fatigued drivers) by bus and truck operators as well as fair competition and market stabilisation and promote the health and well-being and protection of HGV/PSV drivers. Both functions fulfil legal obligations under national and EU legislation.</p> <p>The RSA aims to administer the digital tachograph card function so that commercial vehicle operators and drivers can always legally operate / drive vehicles. Digital tachograph cards are also necessary for enforcement authorities to enforce compliance with tachograph and driver's hours rules. Prompt efficient delivery is essential to support enterprise and reduce the administrative burden on industry.</p> <p>Member States are obliged to conduct a minimum level of roadside and premises checks each year. The minimum level to be checked is set to increase from 2% to 3% of days worked from 2012. RSA objective is to enforce the tachograph and driver's hours rules impartially, effectively and efficiently at minimal cost.</p>
4	Vehicle Standards Policy & Regulation	<p>Fulfilling legal obligations under national and EU legislation and applying to new road going vehicles entering the national fleet and vehicles already in use.</p> <p>The objective is to ensure that legislation is in place and policy is implemented so that Ireland can provide robust control on the standard of vehicles. It is also important for importers and Irish exporters to ensure that vehicles comply with EU standards.</p> <p>National and European Regulations require continuous updating to ensure that they reflect on-going developments in vehicle safety, technology and environmental impact.</p>
5	National Car Testing Service	<p>Under Directive 2009/40 EC all EU countries are required to have a system in place for the roadworthiness testing of vehicles. Testing of private cars in Ireland commenced on 4 Jan 2000 through the award of a single national contract.</p> <p>The NCTS is an outsourced service which carried out</p>

		<p>approximately 1.3m vehicle tests in 2010 at no cost to the State. The RSA exercises a supervisory role to ensure the service is provided in line with the Project Agreement between the RSA and the NCT Contractor. A consortium made up of PwC and the AA (Supervision Services Contractor – SSC) assist the RSA in this regard.</p> <p>Clearly, it is important to ensure that the service is provided to the highest standards. Vehicle testing enhances road safety, reduces environmental impact and supports efficient functioning of the roads network.</p>
6	Commercial Vehicle Roadworthiness Reform	<p>Fulfilling legal obligations under national and EU legislation. RSA current role is in relation to ensuring minimum testing standards and Ireland fulfils its EU obligation to carry out roadworthiness checks on commercial vehicles. The testing system is operated by over 140 private test centres which are supervised by 26 different local authorities. Vehicle testing enhances road safety, reduces environmental impact and supports efficient functioning of the roads network and reducing congestion / traffic delay.</p> <p>There are serious concerns about the roadworthiness of Irish commercial vehicles which have safety, competition and economic implications. The commercial vehicle roadworthiness reform programme will bring about a step change in the system through the implementation of 25 recommendations across 3 key strands – testing; enforcement and operator compliance. It will also offer administrative benefits to business. The reform programme is completely self-financing. It has been approved by the Department of Finance. It should be a net contributor to the Exchequer by 2015/ 2016 depending on when approvals for ICT, staffing etc. come through from the Department of Finance to enable the project to commence.</p>
7	Road Safety Awareness & Driver Certificate Professional Competency	<p>Under the provisions the Road Safety Authority Act and the Governments Road Safety Strategy 2007 to 2012, the RSA has obligations to deliver road safety education and awareness and to ensure that this is delivered at all life stages to our citizens in a cumulative, age appropriate manner commencing in preschool settings.</p> <p>Under EU directive <u>EU Directive 2003/59/EC</u>, the RSA is obliged to implement, monitor and control a system of Certificate of Professional Competency.</p> <p>Action 2 of the Government’s Road Safety Strategy 2007 to 2012 mandates the RSA to “Implement mass media campaigns which target the main causal factors for collisions, deaths and serious injuries for all road users but in particular the high risk groups. This activity must in turn be integrated with the policing plans of An Garda Síochána and other international enforcement agencies.</p> <p>“Studies and research on this subject have shown that, to achieve a significant improvement in compliance with the rules by road users, an overall approach is needed which combines police checks with education and awareness campaigns for users.” European Commission; European Road Safety Action Programme, 2nd June 2003.</p>
8	Road Safety Research	The Road Safety Authority is required to carry out a programme of

		<p>research specified in the Road Safety Strategy 2007-2012. This is necessary to provide accurate, timely and relevant information and data to improve decision making and policy development in the area of road safety in the following key areas:</p> <ul style="list-style-type: none"> • Maintenance of the road collision database and data system (<i>in compliance with section 8, Road Safety Authority Act, 2006</i>); • In-depth analysis of collision data; • Production of statistical reports on road collisions in Ireland; • Survey of speed, seat belt wearing, mobile phone use and other road user behaviours on Irish roads; • Systematic identification of high accident locations on the national road network; • Conducting multidisciplinary research to understand how road collisions and resulting injuries are caused; • Proposing and evaluating ways to prevent collisions and injuries; • Participation in national and international research projects in the field of road safety; • Participation in EU research programmes such as ETSC, SARTRE4, CARE, IRTAD and BESTPOINT; • Provision of information to the public, national and international bodies; • Research support to the Policy Advisory Panel. <p>The Department also liaises with the Garda National Traffic Bureau, the National Roads Authority, the Local Government Computer Science Board and other organisations on aspects of road safety research activities.</p>
9	Approved Driving Instruction	<p>SI 203 of 2009 - Road Traffic (Driving Instructor Licensing) (No.2) Regulations 2009. Ensure Learners have access to quality assured driver training, producing better safer trained drivers. The need for this scheme will exist as long as driver training is required.</p> <p>SI 172 of 2011 Road Traffic (Courses of Instruction) (Cars) Regulations 2011. Ensure all first time learner permit holders for Cars undergo Essential Driver Training in twelve high risk areas of driving. This will continue to be relevant as long as people are learning to drive.</p> <p>SI 173 of 2011 Road Traffic (Learner Permit Holders) Regulations 2011. Ensure all first time learner permit holders who obtained their Learner permit after 4th April 2011for cars undergo Essential Driver Training in twelve high risk areas of driving. This will continue to be relevant as long as people are learning to drive.</p>

2. Programme Effectiveness

This is where each programme in the Authority was evaluated as regards the following;

- To what extent have the objectives of the programme been achieved
- Can the objectives of the programme be delivered using alternative means on a more cost effective basis
- Has the performance under this programme been benchmarked with similar programmes in other jurisdictions?

No.	Programme	Programme Effectiveness
1	Driver Testing Service	Testing 150,000 drivers annually with short wait times for a test. A review of the service has been undertaken to establish if its suitable for outsourcing-the initial phase of this exercise is complete and the Report is now being considered.
2	Driver Licensing	The entire licence delivery system is being overhauled; this will involve a revamp of the RSA Unit and the entire licencing issue system. There is a potential for saving several million euro resulting in a self-funding system with no exchequer funding requirement. Reform of the delivery programme is now underway on foot of a Government decision.
3	Digital Tachograph Card Administration & Enforcement	<p>Since the RSA has assumed the digital tachograph administration function, operators and drivers have not at any time being faced with a situation where delays in processing applications for card could impact on their business. Customer service levels have been excellent with applications processed within a period of three weeks. It has a key role in reducing the administrative burden on industry and enabling participation by Irish operators in national and international markets</p> <p>Road Haulage Enforcement</p> <p>The RSA's overall objective is to improve compliance by road transport industry with tachographs and driver's hours rules through a mix of enforcement and education and awareness. The RSA has supported increased awareness through guidance material, educational visits etc. to assist operators in knowing and meeting their obligations. We take a risk based approach to ensure resources are targeted at non-compliant operators and compliant operators can go about their business with minimum disruption. We have put in place an escalation process whereby the vast majority of operators are given opportunities to improve before prosecutions are taken. The level of RSA enforcement activity has increased year on year despite the number of Transport Officers reducing from 17 to 14. In 2010, we did 510 roadside checks and 831 premises checks involving over 6,500 drivers. So far we have had 132 cases dealt with in the Courts. Just two have been lost on a point of law and they relate to on consignor liability. We review every case very carefully before we decide on whether prosecution is the appropriate course of action [we consider the operators compliance history and the gravity of the offence and the wider road safety implications]. There are currently a further 253 cases in the system.</p>
4	Vehicle Standards Policy & Regulation	<p>All EU vehicle legislation is transposed into Irish law within mandated timelines. National vehicle policy and legislation is continuously updated and currently reflects the on-going evolution of vehicles and their impact on safety and the environment.</p> <p>This is a policy role which the RSA has taken on from the Department of Transport. This programme could be outsourced to a team of specialist consultants, but, based on the RSA's experience the provision of legal and engineering advice by external consultants would be much more costly. Furthermore the RSA would still need to retain internal expertise to analyse the external advice and make decisions in relation to policy. This would result in duplication of work. The RSA has a relatively small</p>

		<p>team comprising just 6 engineers reducing to 5 next year.</p> <p>Since the RSA assumed the function, there have been a number of significant developments in vehicle standards in Ireland. For the first time Ireland has a whole vehicle type approval system in compliance with our EU Obligations. This means that our manufacturers can obtain approvals here, it reduces the likelihood of lower standard vehicles being brought into use on Irish roads. It also assists Revenue in completing vehicle registrations and collecting VRT. Based on our analysis and recommendations the Minister for Transport has introduced improved national standards for safety belts on buses, braking, spray suppression. Work is underway on improvements in relation to written off vehicles and mirrors for pedestrian protection.</p>
5	National Car Testing Service	<p>The RSA has a contract in place which requires the NCTS contractor to meet a number of specified performance standards. Failure to do so can result in financial penalties, rectification or default notices. The current contractor Applus is operating the contract since 4 January 2010. The re-procurement process resulted in a tender which was financially much more favourable to the State than the previous contract. The RSA will receive € 10m in a levy from the NCTS in 2011. Penalties of circa €719k have been imposed by the RSA for failure to meet test waiting times in 2010. The performance of the NCT in terms of customer service, integrity of the test (notwithstanding recent allegations of fraud perpetrated by a number of individuals) etc. is understood to compare favourably with the systems in other EU Member States.</p>
6	Commercial Vehicle Roadworthiness Reform	<p>The RSA has a detailed and timed implementation programme in place which is being progressed and delivered on target. However, ultimate timeliness of delivery of the programme is dependent on approvals from the Dept. of Finance for ICT and staffing. Delays in the programme will affect the financing of the programme which involves the introduction of a levy as operator benefits are delivered.</p> <p>Currently the RSA has just 4 Vehicle Inspectors. In 2010 they conducted 173 test centre inspections based on a risk based approach. They participated in 440 roadside checkpoints and checked 3,612 HGV's. These roadworthiness checks revealed that 1,706 vehicles had defects with 40% of these vehicles having defects serious enough to warrant immediate action, such, as impoundment, repair on site or a new test.</p>
7	Road Safety Awareness & Driver Certificate Professional Competency	<p>The RSA Education Programme which is linked to Goal 2 under the Road Safety Strategy continues to build on the investment made in the development comprehensive programmes over the last 5 year. Considerable research was conducted to establish appropriate content for each of the RSA education programmes and make each relevant. The programmes were each piloted and all feedback incorporated into the final version.</p> <p>These programmes are now established in all appropriate delivery channels - schools, community groups etc. and contributing hugely to Goal 2 of the Road Safety Strategy – <i>Create a culture of road safety in Ireland through Education, Public Awareness and mass media campaigns.</i></p> <p>In monitoring road safety awareness and attitudes from over 150,000 independent research interviews, hundreds of focus and</p>

		<p>pre-testing groups and over 4,000 data slides of collision analysis we can pinpoint clear changes in public attitudes and behaviour in road safety.</p> <p>In relation to the effectiveness of the TV advertising alone over 90% of adults have been influenced by the advertising. This evidence is derived from over 16 waves of tracking research, by independent research company Millward Brown, with samples of around 1000 respondents per wave.</p> <p>In 5,000 interviews between 2003 and 2009 the public reported that road safety advertising and education were the most important road safety measure in saving lives on our roads.</p> <p>The RSA also conducts numerous studies to evaluate behavioural changes among road users including;</p> <ul style="list-style-type: none"> • Annual Free Speeds Survey • Annual Seatbelt Wearing Survey • Observational Studies on mobile phone use, use of personal protection equipment by motorcyclists, bicycle helmet wearing and use of high visibility jackets by pedestrians. <p>Under Goal 4 of the Road Safety Strategy <i>Ensure that EU Directives and regulations in relation to driver training, testing and licensing are fully implemented</i> – The CPC has been implemented in full an on time in accordance with the EU directive. It is now 3 years in existence and further IT enhancements of the system are planned which will increase processing efficiency.</p>
8	Road Safety Research	<p>The Road Safety Authority has produced information and data which are widely published and used to inform National Roads Safety interventions. Much of these research projects are carried by outside agencies, which is the most efficient way of operating. The RSA oversee these projects and carry out additional statistical analysis where required. The main day to day function of the research department is the maintenance of the road traffic collision database. It is possible that the data inputting function could be carried out by an outside agency with reduced costs to the authority.</p> <p>The participation of the Research Department in the EU Commissions CARE and the OECD IRTAD database are a useful benchmark in how the Research Department operate. It also provides necessary data to allow international comparison on Ireland's road safety performance.</p>
9	Approved Driving Instruction	<p>The objectives are and continue to be achieved. Irish Driving Instructors now have an Internationally accepted Special Purpose Award at Level 6 on the National Framework (FETAC award).</p> <p>Alternative delivery is not thought practical. The role of the staff engaged in providing this task is a complex task for which the skill sets have been built up over a period of time. The predecessor (Voluntary register) proved that the necessary knowledge and skills were not available at the required quality level of quality.</p> <p>Benchmarked.</p>

		The provision of the service in Ireland has been recognised as incorporating very best practice and compares favourably to other similar organisations in western Europe. Ireland is now ahead of many European partners in this regard.
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3. Programme Efficiency

The Authority then moved onto review each programme in regard to the efficiency. This is where each programme was reviewed with regard to the following;

- What are the outputs of the programme?
- What performance measurements are in place for the programme?
- What is the trend in output and in unit cost per output in recent years?
- Can programme efficiencies be obtained in the programme as regards outsourcing, shared services and user charging?

No.	Programme	Programme Efficiency
1	Driver Testing Service	We have a range of KPIs that are reported both internally and to the Board of the RSA. We are using the Croke Park process to achieve more efficiencies. Output is largely a factor of number of testers assigned multiplied by number of test slots during each day which is fixed. Our new computer system has helped to target productivity and to maximise it. Service is being considered for outsourcing.
2	Driver Licensing	This Unit is largely delivering, policy, guidance and information on the driver licensing system. It is managed through PMDS and as the licence delivery system is being radically overhauled so also will this unit.
3	Digital Tachograph Card Administration & Enforcement	<p>The volume of applications is increasing and turnaround times are being maintained. Cards expire after 5 years and applications are expected to double from 2011 onwards. The RSA is introducing an online system and has made process and system improvements which means that additional staff resources will not be required to process the increased number of applications. It should also mean that the administration of the system will become cost neutral from 2012 onwards. Digital tachograph cards currently cost €50. The administration of the digital tachograph card has effectively been subsidised by the State since its introduction. In 2010 alone there was a net cost of circa €525k to the State.</p> <p>Outsourcing was considered as part of a comprehensive review of the system, however, it was not considered to offer additional value / saving to the State.</p> <p>Road Haulage Enforcement</p> <p>Road Haulage enforcement has a range of KPIs relating to the number of roadside and premises checks and drivers checked; number of prosecutions and achievement of EU targets for inspections. There has been an upward trend in output since the RSA assumed the function and despite a reduction in Transport Officers from 17 to 14. This has been achieved through scheduling, targeting of high risk operators, introduction of remote access to central system, the ability to upload data at premises and roadside eliminating duplication of input,. The RSA has also</p>

		recently introduced roadside enforcement vehicles which, <i>inter alia</i> , enhance access to the system and processing of cases at the roadside. This is highly technical and legal statutory enforcement function, so opportunities for outsourcing, shared services are limited. All RSA TOs have been intensively trained and have achieved City and Guilds Certification.
4	Vehicle Standards Policy & Regulation	<p>Since the RSA assumed the functions there has been a step change in vehicle standards systems in Ireland. The main outputs are policy proposals and draft legislation for approval by the Minister Of Transport. All proposed policy and legislation is subject to rigorous evaluation which typically includes a public consultation.</p> <p>KPI's measured include; number of consultations issued and number of draft legislation/policy proposals submitted to the Department Of Transport.</p> <p>Initially this programme was heavily reliant on external consultants and legal experts. However the formation in 2009 and subsequent up-skilling of the Vehicle Standards Engineering team has eliminated the need for more costly specialist external consultants and has reduced significantly the support requirements for legal expertise.</p> <p>It may be possible to outsource this programme of work. It is a specialist area so it will not be possible to share with other services and user charging is not possible as the programme is not targeted at specific user bases. It applies to the public as a whole.</p>
5	National Car Testing Service	The outputs of the programme are the NCT. The RSA just has 1 member of staff working on the supervision of the contract with the supervisory services contractor. There are no options for further outsourcing of this service.
6	Commercial Vehicle Roadworthiness Reform	<p>The performance measurements in place in relation to the current 4 VIs include the number of commercial vehicles checked at road side checks and the number of targeted commercial vehicle test centres inspections conducted.</p> <p>A full analysis of benefits and measure of delivery is in place in respect of the reform programme. The reform programme includes significant outsourcing in the form of an ICT managed service, Test centre inspections and operator premises inspections.</p>
7	Road Safety Awareness & Driver Certificate Professional Competency	<p>The RSA Education programmes are being delivered nationally in a cost effective manner generally via 'train the trainer' programmes.</p> <p>Efficiencies are being achieved in the CPC unit via the continued use of IT and streamlining of resources.</p> <p>The role of RSA's advertising in saving lives has been recently validated by three independent evaluations of the case study evidence:</p> <p>The global David Ogilvy Gold Award from the Advertising Research Foundation in New York for the seatbelts' TV case study, proving an economic payback of €15.75 for every €1</p>

		<p>invested in advertising.</p> <p>The European Social Marketing CARE Award from the European Parliament for the seatbelts' case study, proving an economic payback of €15.75 for every €1 invested.</p> <p>Gold Medal at the EU European Effies, The Longer Term Effects of Road Safety Advertising, proving an economic payback of €23.87 for every €1 invested in road safety advertising.</p> <p>The RSA recently re-tendered and appointed a new Advertising agency at a time when there is excellent value to be achieved from the market place. Media and agency costs have decreased considerably.</p> <p>The RSA has secured one of the most competitive contracts in the industry for media buying. For example the RSA has been able to purchase media at discounts of up to 30% - 50% on normal rate card prices.</p> <p>The RSA has secured the abolition of the agency rebate. Previously the agency was allowed to keep 10% of the 15% agency rebate offered by media outlets. All of this will now be handed back to the RSA, thereby securing excellent value for tax payers' money.</p>
8	Road Safety Research	<p>The Research Department have reviewed the way in which the larger projects it managed were carried out. The issue in relation to the collision database is detailed above and is a work in progress. To increase the efficiency of other complex projects the Research Department outsourced the collection of all other data resources such as the observation studies (speeding, seat belt wearing, mobile phone use, helmet wearing etc.) and attitudinal studies of Irish road users.</p> <p>The department also provides on-going research information to all the Road Safety Authority directorates, the Policy Advisory Panel, and other state agencies as well as to NGOs and the general public. This information informs the review of the Government Road Safety Strategy, the production on the Annual Ministerial Report and the publication of the Annual Road Collision Factbook.</p>
9	Approved Driving Instruction	<p>The Register of Approved Driving Instructors currently has 1950</p> <p>Performance indicators are set for every aspect of the service and measured on an on-going basis. There are 4 different types of test carried out under the scheme 3 relate to qualification and 1 to on-going quality assurance. The first qualification is outsourced to a service provider as it was determined that they could provide the service more efficiently.</p> <p>User charging can be introduced in relation to non-attendance for statutory quality assurance test appointments. It is proposed to introduce a charge where an approved driving instructor fails to attend for an appointment without reasonable cause.</p>

4. Previous Evaluation Work

The following evaluations have taken place in each of the programmes identified in the Authority (Value For Money Review, Policy Review, C&AG Report) and the extent of previous recommendations implemented are outlined below;

No.	Programme	Previous Evaluation Work & Recommendations Implemented
1	Driver Testing Service	A C&AG VFM report was published in February 2010 and the recommendations from that report are in place. A current DT Outsource Review Report commissioned by the Department of Transport is being considered.
2	Driver Licensing	No recent formal evaluation. The 2010 report on Driver Licence Process Reform commissioned by the RSA looking at the overall delivery of driver licences made some recommendations about the operation of the Unit and these are to be implemented as part of the licence delivery change programme which has just started on foot of a Government decision.
3	Digital Tachograph Card Administration & Enforcement	Review of possible options for the future administration of digital tachograph was completed by PwC in 2010. Based on that review and RSA own internal on-going review, process and system improvements have been introduced as well as online system which will be in place by September 2011.
4	Vehicle Standards Policy & Regulation	Not Applicable.
5	National Car Testing Service	The National Car Testing Service is subject to an annual review and mid-term review. The approach to car testing was also subject to a strategic review prior to the procurement of the new NCTS contractor. The procurement of the new NCTS contractor was subject to an internal audit review and there were no recommendations for improvement.
6	Commercial Vehicle Roadworthiness Reform	Commercial Vehicle Roadworthiness system was subject to a comprehensive review in 2007. The recommendations were approved by Government and form the basis of the reforms currently being implemented. Again the reform programme is totally self-financing.
7	Road Safety Awareness & Driver Certificate Professional Competency	<p>Awareness / advertising</p> <p>'Cost Benefit Analysis of Spending in Road Safety' By Peter Bacon, Economist, 1998 which demonstrated that for every €1 spent in road safety it contributed an €8 return on investment.</p> <p>In its review of the second Government Road Safety Strategy by Goodbody Economic Consultants, 2005 concluded that road safety advertising had contributed significantly to the changing of attitudes and saving of lives and also delivered excellent value for money.</p>
8	Road Safety Research	The Road Safety Strategy 2007-2012 requires a financial evaluation of the various interventions and actions within the strategy. The Research Department have carried out preparatory projects to assist in that eventual evaluation. These relate to Cost Benefit Analysis and towards a Safe Safety Systems for any future

		strategy after 2012.
9	Approved Driving Instruction	Not Applicable.

5. Outcome of Expenditure Assessment

The following is a breakdown of the total level of savings identified;

No.	Programme	2012	2013	2014	Total
		€m	€m	€m	€m
1	Driver Testing Service	Pay Savings €0.692m	Pay Savings €0.323m	Pay Savings €0.238m	€ 1.253m
2	Driver Licensing		Pay Savings €0.018m		€ 0.018
3	Digital Tachograph Card Administration & Enforcement		Pay Savings €0.018m	Pay Savings €0.057m	€ 0.075m
4	Vehicle Standards Policy & Regulation	Pay Savings € 0.067m	Pay Savings €0.018m		€ 0.085m
5	National Car Testing Service	Programme Savings €0.815m	Pay Savings €0.018m		€ 0.833m
6	Commercial Vehicle Roadworthiness Reform	-	-	-	-
7	Road Safety Awareness & Driver Certificate Professional Competency	Pay Savings € 0.052m	Pay Savings €0.058m		€0.11m
8	Road Safety Research		Pay Savings €0.036m		€ 0.036m
9	Approved Driving Instruction		Pay Savings €0.018m		€ 0.018m

Total		€ 1.626m	€ 0.507m	€0.295m	€ 2.428m

Please note that the savings identified in the above table from 2012 to 2014 expressed as a percentage reduction on the 2011 Exchequer Allocation for the Authority is as follows;

	Year	2012	2013	2014	Total
	Savings Identified in Review	€ 1.626m	€ 0.507m	€0.295m	€ 2.428m
	% Reduction on 2011 Exchequer Allocation	7.4%	2.31%	1.34%	11.04%

Options for saving money

The overall aim is to make the RSA self - financing. The only way this can be achieved is through the RSA increasing their fees substantially.

Appendix IX

Vehicle and Driver Licensing

VfM Test 1: Rationale, Objectives and Continuing Relevance

Is the programme consistent with high-level Government policy? How does the programme contribute to achievement of a specific aim of the Programme for Government?

The Programme covers the National Vehicle and Driver File (NVDF) and related activities which are administered through the Driver and Vehicle Computer Services Division located at Shannon, Co. Clare with a current staff compliment of 76 (72 posts)). The NVDF plays a vital and essential role in the collection of motor tax – over €1 billion collected in 2010. Motor tax, through the Local Government Fund, is the life-blood of local authorities. This source of funding, augmented by proposed changes to the motor tax system which will close existing loopholes will be critical in implementing the local government reform commitment in the programme for government.

The NVDF supports significant online channels, online motor tax and online change of vehicle ownership and proposed enhancements will involve supporting additional online services including an online driving licence channel.

Why is this programme required / what market failure is addressed by this programme?

Organization of Motor Tax and Driver Licensing

Responsibility for the Motor Tax and Driver Licensing systems rest with the Department of Transport, Tourism and Sport (DTTAS) and the Department of the Environment, Community and Local Government (DECLG) as follows:

- DECLG have responsibility for the Local Government Fund, for motor tax policy (increases in motor tax fees etc.) and for the delivery of motor tax and driver licensing services by local authorities through the network of local offices,
- DTTAS is responsible for driving licence policy (with the RSA), for motor tax and driving licence computer services through the NVDF. NVDF expenses are paid from the Local Government Fund.

Note: Driving licence services will cease to be provided by local authorities as part of the arrangements surrounding the introduction of the plastic driving licence card.

NVDF

The National Vehicle and Driver File (NVDF) constitute the national driver and vehicle registers and has a legal basis in Section 60 of the Finance Act 1993. The NVDF database contains details in respect of the registered vehicles (2.4 million currently taxed) and 2.65 million licensed drivers in the country. The NVDF plays a critical role in the collection of motor tax where over €1 billion was collected in 2010 with a further estimated €500 million derived from other activities such as parking enforcement where NVDF data is essential. The NVDF also fulfils legal obligations in relation to the recording of penalty points and provides vehicle and driver data to assist with the business objectives of a range of stakeholders.

The NVDF technical environment comprises a computer infrastructure covering core systems in Shannon, a Disaster Recovery site in Ennis, local systems spread throughout the country as well as online services most notably the online motor tax service www.motortax.ie which is among the most successful and prominent e-Government initiatives. Technical support of the NVDF infrastructure is achieved through contracted external service providers in partnership with Department staff.

In addition to obligations in relation to the NVDF technical environment, the programme also covers the central processing of some 500,000 change of vehicle ownership notices/annum. This covers some 60% of all such notices with the remaining 40% notified online through www.motortrans.ie.

What is the high-level objective of the programme?

The rationale for the NVDF may be summarized as follows:

- It provides the strategic national vehicle and driver registers.
- It delivers on motor tax and driver licensing policies.
- It provides driving licence and motor tax services at local Offices.
- It provides the platform for online services.
- It provides the infrastructure through which all motor tax revenue (over €1 billion/annum) is collected.
- It provides a data service to a range of stakeholders covering regulatory enforcement (estd. €0.5 million/annum)
- It provides the platform for delivery road safety objectives including penalty points and input to the Garda ANPR system.
- It provides the basis for driver and vehicle related statistical analyses and reports

How does the programme interact with other programmes within this or other Departments which target the same types of beneficiaries or address the same type of economic or social issue?

The programme interacts with other programmes as follows;

Revenue Commissioners – Revenue is the national vehicle registration authority who captures vehicle details at the time of payment of Vehicle Registration Tax (VRT) and supplies these to the NVDF i.e. Revenue derived data provides the basis of vehicle records on the NVDF. Vehicle Registration Certs issue from the NVDF jointly on behalf of both Revenue and DoT.

DTTAS and RSA – NVDF data critical to on the Road Safety programme through administration of the Penalty Points system

DECLG - Responsible for motor tax policy matters and the Local Government Fund. NVDF is critical to the collection of motor tax and issuance of driving licences and provides the computer services for local authorities to deliver these services.

How have developments in the wider policy sphere and broad economic developments affected the relevance of the programme?

The programme is particularly relevant in the current economic climate where emphasis is on optimisation of revenue sources. The programme has also played an important role in the successful delivery of the road safety agenda through its contribution to the penalty points system

- Should the programme be discontinued? Should a sunset date be put in place on the programme?

The programme is critical to the delivery of vehicle and driver related services including the collection of motor tax. Its discontinuation would have a detrimental affect on the ability to harness this revenue stream.

VfM Test 2: Programme Effectiveness

To what extent have the objectives of the programme been achieved? (provide as much quantitative detail as possible)

The NVDF plays a critical role in the collection of:

- (1) **motor tax** where over **€1 billion** was collected in 2010 and
- (2) a further estimated **€500 million** derived from other activities such as parking enforcement where NVDF data is essential.

These objectives require a system which is accurate, has maximum availability and optimizes motor tax receipts.

NVDF Accuracy

The NVDF is a 'real-time' system and consequently there is a high confidence level that both the driver and vehicle records in the NVDF are accurate and fit for purpose. Timeliness and accuracy of NVDF data is assisted through initiatives such as the online service to enable approved motor dealers notify the NVDF system about the purchase and sale of vehicles. Other initiatives to further improve accuracy levels which will be introduced over the coming year will involve PPSN verification and an interface with the national deaths register.

NVDF Availability

NVDF availability to stakeholders is monitored and recorded on an ongoing basis and has an availability level of 99.996%. Such high availability is achieved as result of dedicated back-office support as well as a system design which is robust and has elaborate back-up and recovery arrangements.

Motor Tax Receipts

The NVDF technical infrastructure plays a critical role in the collection of motor tax - €1.023 billion of which €438 million was collected through the online motor tax service in 2010.

Recipients of NVDF data

The NVDF also provides a data service to a range of stakeholders covering regulatory enforcement regimes and to assist with the delivery of road safety objectives;

Local Authorities – delivery motor tax and driving licence services and local traffic regulation (Estd €0.5 billion collected).

National Car Testing (NCT) - administration of car testing

An Garda Siochana - law and road safety enforcement

Revenue Commissioners – tax code enforcement

Dept Social and Family Affairs – social welfare code enforcement

NTA – taxi regulation

Motor Insurers – road safety considerations

Vehicle Owners - vehicle recalls to remedy defects which could endanger the safety of road users.

RoI/N exchange –mutual exchange for the purposes of traffic law enforcement, including parking offences and toll evasion.

Online Motor Tax (OMT)

The OMT service enables vehicle owners to pay their motor tax by secure link over the internet thus avoiding attendance at local motor tax offices or making application by post which can involve delays and inconvenience.

In 2010 just over 2.08 million transactions with a gross value of over €438m were processed via the online service and this represents 42% of overall motor tax activity.

Penalty Points

Notices confirming penalty points issue to drivers in accordance with legal requirements and all penalty point instances are noted on the NVDF.

Change of Vehicle Ownership Processing

In 2010 some 800,000 change of vehicle ownership notices were processed and recorded on the NVDF with some 300,000 notices being notified through the online channel introduced in 2008. The remainder was processed manually by staff in Shannon.

Where objectives have not been met, or have been considerably exceeded, provide detail of causes.

NVDF Output Comparisons

Outputs from the programme have increased substantially year on year. Over 9.6 million driver and vehicle related activities were handled through the NVDF in 2005, and this figure has increased year on year with 12.8 million activities taking place in 2010 – an increase of 33% over the 5 year period.

Online Motor Tax

Take up of the Online Motor Tax has increased consistently year on year and in 2010 nearly 2.1 million transactions with a gross value of over €438m were processed via the channel. At this stage, some 51% of vehicle owners nationally who are eligible to do so are taxing their vehicles online. Some 84% of vehicles can have their motor tax renewed online. It is expected that the bulk of remaining vehicles, notably commercial vehicles will be able to avail of the service in 2011.

Change of Vehicle Ownership Processing

300,000 online change of ownership transactions were processed in 2010, an increase of over 15% on the 2009 figure. Prior to the introduction of the online service, all notifications of vehicle ownership change were processed manually by staff of the Department in Shannon. Significant overtime working was required to maintain the volumes in check. Overtime working is now no longer a feature of the system and it estimated that savings in this area amount to €300,000/annum.

Motor Tax Evasion

Based on NVDF analysis it is estimated that up to 10% of vehicles may not be taxed at any given time. This translates to a loss of approx €80 million/annum to the LGF. False motor tax 'gapping' events i.e. where vehicle owner skips motor tax payment for one or more months through declaring that vehicle was not in use while the contrary was the case is a major contributor to evasion levels. Legislation by the Minister for ECLG will be required to remedy this and give effect to continuous licensing. Once the legislative base is in place the necessary enhancements will be made to NVDF systems to reflect the new approach.

Penalty Points – Foreign and Unidentified Drivers

There are penalty points instances which cannot be entered to the NVDF as required under the Road Traffic Act, 2002. This matter has been addressed in the context of the Road Traffic Act 2010 and it is planned to formally designate these as 'entries' to the NVDF and consequently it should be possible in many cases to associate them with the records of the holders of Irish driving licences where it is possible to establish the link as well as associating multiple penalty points instances incurred by foreign drivers.

What alternatives have been considered in attempting to meet programme objectives on a more cost effective basis? What was the outcome of these assessments?

The following cost saving measures within the NVDF programme have been introduced;

NVDF Support Contracts - New support contracts in respect of NVDF core systems involving expenditure of approx. €5 million over a two year period have been put in place for 2011 - 2012. The cost of these arrangements represents a very **significant reduction of some 47% on the costs associated with the previous contract, and equate to €4.5 million in monetary terms.**

Online Banking Services - A new contract with a financial institution for the provision of **banking services for the online motor tax service** has recently been put in place. It is estimated that **savings in the region of €700,000/annum** can be achieved in relation to online motor tax based on 2010 business volumes and credit card profiles. In percentage terms this represents a 20% saving on current costs.

Migration to GVPN - Migration to the Government Virtual Private Network (GVPN) makes better use of a shared national resource and facilitates joined up Government - most Departments and Local Authorities are connected to the GVPN. The estimated **savings amount to €250,000/annum.**

Online Change of Ownership Processing - The introduction of the online change of ownership service has reduced staffing and overtime requirements at the Shannon and it estimated that savings in this area amount to **€300,000/annum.**

Energy Efficiency - Energy efficiencies have been achieved as result of two significant virtualisation initiatives. The savings across the Solaris and Windows virtualisations are already over **€15,000** per annum. This efficiency strategy will also provide additional savings of an **€78,000 for 2011**, based on more efficient hardware usage strategies.

Software Licences - Saving of €160,000 per year achieved

The following cost saving measures within the NVDF programme are imminent /under consideration;

Reduced paper and Postage Costs -Reduction in volumes and cost (including significant postage costs) of printed motor tax renewal reminder notices issued to vehicle owners to advise that tax is due by using electronic correspondence. This service will commence in the next few months and when fully operational savings of over €250,000/annum can be achieved.

Motor Tax Discs- The specification of motor tax discs will be reviewed to establish if cost savings can be made in the context of a new contract in 2012.

Hosting of online motor tax website – the online motor tax website is currently hosted by a third party. This contract will expire in mid 2012 and the possibility of shared hosting (e.g Revenue facility) to reduce costs in this area will be explored.

Plastic card licence – Recent decisions around the administration of the driving licence service, including the use of a designated agency should also have a cost benefits in relation to NVDF support overheads.

Energy - An energy plan with the objective to decrease usage/costs by 10%-12%, which would equate to savings of up to €10,000 per annum. The potential for greater savings (up to 20%) will be explored.

Cloud Computing – The solution with potentially the greatest cost saving is the migration of the NVDF IT operation to a service based provision i.e. the Cloud Computing option. Given that a very significant amount of the ground work has been completed with SUN and Wintel and the recent deployment of a SAN platform ideally suited to virtualization all potential technical problems have been solved. Therefore it is possible to realistically consider, in consultation with the Department of Finance, the implications and potential savings from such a move.

To what extent has performance been benchmarked with similar programmes in other jurisdictions?

Performance has not been benchmarked against other jurisdictions – the business model used is significantly different and does not lend itself to comparisons

VfM Test 3: Programme Efficiency

- What are the outputs of this programme?

The scale and scope of business activity conducted via the NVDF applications is indicated by the following outputs achieved for 2010:

- €1 Billion in motor tax revenue collected
- €0.5 Billion (estd.) in revenue from traffic and toll enforcement (data source)
- 2.47 m. live vehicles in the NVDF database
- 2.65 m. driving licence holders
- 5.8 m. transactions processed overall
- 4.5 m. Motor Tax discs issued
- 530,000 Driving Licences issued
- 817,000 Vehicle Registration Certificates issued
- 739,000 Change of ownership transactions processed
- 298,000 Penalty Points Notices issued

What improvements have been put in place or are planned for performance measurement?

There are longstanding metrics in place for performance measurement including NVDF systems availability, processing timelines and objectives for the delivery of customer facing services and document delivery.

- What has been the trend in outputs produced in recent years? What is the trend in the unit cost per output in recent years?

Output has increased substantially year on year. Over 12.8 million activities were completed in 2010, compared with 9.6 million in 2005 - an increase of 33%. There was an increase of just over 6% in output for 2010 when compared with 2009.

The cost of the programme has decreased from a high of €21.5million (current and staff costs) in 2009 to just over €16.6 million in 2010. With outputs increasing, and costs being reduced, **the unit cost per transaction has fallen from €1.78 in 2008 to €1.30 in 2010, a reduction of 27% in the two year period.**

What is the trend in the level of administration costs for the programme in recent years?

Staff Costs – In the period 2008 – 2010 staff costs associated with the programme have **decreased from €3.9 million to €2.9 million (26%)**

Due to measures taken, particularly in the area of technical support, administration costs of the programme have decreased substantially in the past two years. **Current expenditure costs for 2009 were just over €18.4 million, which was reduced to €13.7 million in 2010, a decrease of over 25%.**

A significant portion of current expenditure is directly related to the collection of motor tax fees particularly through bank charges for the online motor tax service which in 2010 were €3.4 million and accounted for 25% of the NVDF current expenditure for the year. Ironically the more success that is achieved with the online motor tax service the greater this expenditure item. Consequently it is difficult to achieve reductions without putting the capacity to collect motor tax at risk.

Identify specific issues and steps which can be taken to improve programme efficiency (this can include measures to reduce costs, increase outputs with the same level of inputs, changing the staff mix or management/administrative changes which can remove barriers or bottlenecks etc). Is there scope for use of outsourcing, shared services etc?

Proposed measures to further reduce costs of NVDF operations are already outlined in this document.

A significant element of Change of Vehicle Ownership processing (involves 44 staff) could potentially be outsourced to private sector or local authorities (Motor Tax Offices). However the implications of this require more detailed consideration with particular regard to data protection implications and service delivery standards/timelines. Regard must also be had that staff savings would arise in Shannon and implementation lead-time means that savings are not likely to be delivered through this initiative for some time.

Are there user charges/appropriations associated with individual programmes? How are these charges set?

The arrangement whereby NVDF data is supplied to parties other than Govt and agencies to assist with the delivery of their business objectives involves charges to cover administrative and processing overheads.

The fees are not substantial - total fees amounting to €208,000 have been charged since 2008 for these services. The fees are a contribution of the cost of preparation and presentation of the data.

Previous Evaluation Work

List all previous evaluations, VfM and Policy Reviews, Comptroller and Auditor General Reports or studies in this policy area relevant to the programme.

No specific evaluation of programme – an Expenditure Review was carried out specifically in relation to the online motor tax service.

To what extent have previous recommendations been implemented? Are there further recommendations which could be implemented to yield staff or programme savings?

See response to previous question

Revised Programme-level Information

Programme X Vehicle and Driver Licensing - level of outputs achievable within the reduced level of resources:

Scheme/ Subhead/NCSA	2010 Outputs	2011 Output Targets	2012 Output Targets	2013 Output Targets	2014 Output Targets
Vehicle and Driver Licensing	13.716	16.779	13.250	13.100	13.000

Programme X Vehicle and Driver Licensing - Breakdown of savings identified.

	2012	2013	2014
Surplus staff identified			

Associated Payroll Savings

Other Programme Savings			
Administrative Savings			
Associated costs (if any)			
Total Programme "A" Savings	250,000	150,000	100,000

Consequences of the expenditure reductions proposed.

The savings predicted for 2014 levels are estimated at € 3.779 million or 23% below 2011 levels. It is difficult to achieve a reduction of this nature without putting the capacity to collect motor tax at some risk particularly as the NVDF system will required to play a central role in the implementation of measures to reduce tax evasion/avoidance.

A significant portion of current expenditure in this programme is directly related to the collection of motor tax fees particularly through bank charges for the online motor tax service which in 2010 accounted for 25% of the NVDF current expenditure for the year. The more success that is achieved with the online motor tax service the greater this expenditure item. Estimates for 2012-14 are predicated in these charges increasing at modest levels. However if significant increases are experienced such as could arise if it is decided to place an additional surcharge on business through other channels to favour the online outlet (a positive approach which is under consideration in context of a review of motor tax charges) then expenditure on this item will be more substantial.

As well as the costs associated with the online motor tax service the other significant cost headings included in this programme relate to maintaining the NVDF technical environment and postage charges arising from motor tax and driving licence renewal reminders, vehicle registration certificates and penalty points notices all of which experience substantial year on year increases and must issue to comply with legal and operational requirements. Measures already taken in the NVDF technical support area have resulted in significant savings and were responsible for a 25% expenditure decrease in 2010 over the previous year.

Appendix X

Regional Airports

Background

Three schemes make up the Regional Airports Programme in Ireland – (1) the PSO Regional Air Services Scheme under which contract payments are made to airlines for essential air services between Dublin and Regional airports, (2) the Operational Expenditure (OPEX) Scheme to cover operational losses by the airports and (3) the Capital Expenditure (CAPEX) Programme to fund capital infrastructure projects. The PSO Regional Air Services Scheme and the OPEX Scheme fall into the category of current expenditure. Total expenditure on the Programme in recent years is set out below:-

Exchequer Funding for Regional Airports 2007-2011

	2007 €m	2008 €m	2009 €m	2010 €m	2011 Rev Allocation €m	2011 Revised Allocation €m
PSO	15.5	15.3	14.7	15.08	10.8	10.8
Opex	2.3	2.7	3.4	4.81	0.6	4.5
Capex	3.3	9.0	4.7	1.29	2.00	4.0
Total	21.1	27.1	22.8	21.18	13.4	19.3

Rationale, Objectives and Continuing Relevance

The role envisaged for the Regional Airports Programme as set out in Chapter 4 of a Value for Money (VFM) Review of Exchequer Expenditure on the Regional Airports Programme completed in mid 2010 is summarised as follows:-

- The regional airports in Ireland should play a “complementary” role to Dublin Airport as the major gateway for Ireland and to the other two State Airports.
- Their role is also to connect the regions to Dublin Airport where alternative adequate surface transport does not allow for easy access to Dublin Airport.

In addition, the objectives of the regional airports are to:

- Enable better and quicker access to the regions to support inward tourism and inward investment.
- Allow for increased air service connectivity from the regions particularly for business users.

As regards the question of whether the programme should be discontinued, the VFM Review recommended the following:-

- All PSO routes under the Scheme with the exception of the Donegal-Dublin PSO route be discontinued;
- The Exchequer should continue to provide OPEX subvention for Donegal, Knock, Kerry and Waterford Airports but end OPEX subvention for Galway and Sligo Airports.
- Capital funding over the coming years should be confined to essential safety and security work and this would amount to approx. €17m. No further capital funding should be made available to Sligo and Galway Airports. The capital funding is necessary for the remaining four regional airports for projects considered by the IAA to have priority status from a safety and security compliance perspective.

Text redacted at this point - ongoing deliberative process

Programme Effectiveness

The Programme's effectiveness was examined in the VFM Review under a number of headings – access to the regions, air service connectivity from the regions and impact of the regional airport on business and tourism for the region/catchment area.

The Review concluded that the significant investment in road and rail infrastructure has opened up the regions as never before with the exception of Donegal. Galway and Sligo were regarded as performing relatively poorly under the access heading given their overlapping catchments with other airports nearby with jet capability at Shannon and Knock, hence their recommendations regarding those airports. As mentioned already, the Review recommended that all supports for Galway and Sligo be ended and this recommendation is now being carried through. Of the regional airports Donegal was acknowledged to be the most remote with Kerry being the second most remote which is why the previous Government decided to continue PSO air services on those routes.

As regards air service connectivity, the State Airports offer a wider range of routes and services and make a greater contribution to air service connectivity. However, the regional airports do provide a level of connectivity, with Kerry and Knock accounting for the largest proportion of the regional airports traffic.

In relation to the specific impact of the regional airports on inward investment, the IDA position is that having an efficient service and connectivity is important, with most companies happy to have an airport within approx. one hour from their place of business. As regards tourism, Kerry, Knock and Waterford were shown to be the most effective either in terms of their actual passenger numbers or potential for growth.

Programme Efficiency

The Programme's efficiency was also examined in the Value for Money Review and this was one of the factors taken into account in arriving at the Review's recommendations. The Review's analysis of the key indicators relating to the efficiency of the regional airports gave the following results:

- In terms of PSO numbers, **Sligo** and **Donegal** are completely reliant on the PSO to survive;
- The PSO service provides a very small percentage of overall passengers at both **Knock** and **Derry**;
- **Kerry** and **Galway** have substantial PSO numbers and a withdrawal of PSO services at either of these airports could have a significant impact on their finances;
- When compared to bus and rail travel, the subvention per passenger of regional air services is expensive;

- Of the regional airports with PSOs, the cost per passenger at **Kerry** is considerably less than at the other airports;
- **Kerry Airport** has operated most efficiently throughout the decade;
- The performance at **Knock Airport** has fluctuated somewhat, and it took a particular hit in 2009, suffering significant revenue falls despite passenger numbers only falling slightly;
- **Donegal** and **Sligo** have for the most part operated within their tight budget constraints. However Sligo's performance in particular has decreased since they lost the Manchester route in 2007. Both airports have been susceptible to the downturn in the economy and have needed larger amounts of subvention in order to break-even;
- **Galway** and **Waterford** are operating from an inefficient cost base at present, relative to the income they have available. Falling passenger numbers in 2009 exacerbated their problems and despite efforts to cut costs, significant losses were made which had to be offset by OPEX subvention. Unless there is an unexpected turnaround in performance, subvention of similar amounts will be necessary to ensure continued operation of scheduled services from these airports.

Previous Evaluation Work

As indicated above, a Value for Money Review of Exchequer Expenditure on the Regional Airports Programme was completed in mid 2010. Its conclusions and recommendations have been dealt with above.

Outcome of Expenditure Assessment

The decisions made by the previous and current Governments, which are now in the process of being implemented, are expected to yield savings of c. 35% when compared to the revised estimate of €15.3m for 2011 as outlined in the table below.

However, in the light of the current budgetary constraints and the difficult decisions to be made to achieve savings, it is proposed that the current programme be further reduced in 2014 by (1) discontinuing the PSO air services when the new contracts end in November 2011 and (2) reducing the funding to be provided to the airports to cover operational expenditure. It is projected that this would deliver a further saving of €1m which represents a saving of 41% in 2014 on the 2011 figure as outlined below.

Text redacted at this point - ongoing deliberative process

National Road Authority

Rationale, Objectives and Continuing Relevance

The Authority is a statutory agency with responsibility for the provision of a safe and efficient national road network.

The principal areas of activity for the Authority are:

Network Operations: The management of the network includes tunnel operations (with particular responsibilities as a result of the EU Road Tunnel Directive), oversight of level-of-service performance by PPP operators, ITS activities such as CCTV, emergency telephones, variable message signalling, traffic flow monitoring, weather stations and forecasts, maintenance activities, speed limits, road opening applications, and winter maintenance.

Network Commercial Operations: The management of commercial operations such as tolling operations and tolling interoperability, service area provision and financial oversight of PPP's with risk/revenue sharing.

Network Rehabilitation & Minor Works: Inspection, prioritisation and management of rehabilitation works to restore structural integrity to pavement and bridges; signage; lining; minor improvements such as widening of the pavement, junction improvements and other safety-related schemes frequently carried out in tandem with rehabilitation works.

Network Improvements: Planning and delivering improvements to the national road network through major upgrades or new road construction.

Other services include general administration (roads programme activities, corporate and regulatory matters and EU financial aid measures), strategic planning; land use planning; research; communications with the public and political worlds; road safety engineering such as road safety audits and collision data analysis (this role is being increased by the new EU Roads Safety Directive); design standards; procurement (with particular focus on compliance with EU Procurement & Remedies Directives); environmental engineering (with particular focus currently on the EU Noise Directive); archaeology; land acquisition, and occupational health and safety (with particular focus on statutory obligations and fulfilment of obligations under the EU Mobile Sites Directive), and support services to the Minister in relation to Regional and Local Roads.

Effectiveness/Efficiency

The main cost element in the Administration budget is payroll.

Considerable reductions have been made in payroll costs in recent years. Staff numbers have been reduced by 15%, and most of this reduction has been made possible by streamlining and automating business processes within the Authority. The process improvements extend across payroll, expenses, grant payments, tolling management procedures, pension, training, accounting, procurement, land use, planning applications and IT.

Considerable rebalancing of the work force has also taken place, with significant growth in network operations and in commercial operations workload, offset by considerable reductions in the numbers engaged in major scheme planning and implementation.

The reduction in active payroll costs is counterbalanced in part by increased pension costs, and while there is a hiring freeze, and pay has been cut, increments are still being paid. Consequently, the % savings in administration costs will be less than the % reduction in staff numbers.

The measures being taken in response to staff number reductions and an evolving work focus, include the following:

- The personnel that were engaged in the supervision of PPP schemes are being transferred to other duties as schemes close out their construction phases.
- The number of personnel assigned to the development and supervision of major schemes has been reduced, and will reduce further as accounts are settled, defects addressed and warranty periods expire.
- The time taken to complete the archaeological reports associated with major schemes will be extended, to reflect a reducing cadre of archaeologists.
- The level-of-effort expended on controlling and directing expenditure on maintenance, rehabilitation and minor works will be reduced to reflect the level of resources available.
- The level-of-effort expended on improving business systems, e.g. tolling operations, IT initiatives, tunnel operations will be reduced to reflect personnel availability.
- Internal and external audit activities will reflect the reduced levels of expenditure and the significant work undertaken previously.

Prior to the Department's review of projected expected the NRA had indicated that the reduction in numbers would continue, and that the Authority expected to reduce its numbers by a further 20% by the end of 2014 to a projected level of 103.5 full-time equivalents. The NRA had emphasised that its ability to deliver these reductions was contingent on the effectiveness of the redeployment scheme, or of an alternative scheme being introduced. As the outcome of the review is that an additional saving is now being sought from the NRA over and above that originally projected by the Authority to give an overall 25% reduction by 2014, this underlines the need to address the options open to the Authority to facilitate the reduction in staff numbers

Rural Transport

VfM Test 1: Rationale, Objectives and Continuing Relevance

The rural transport network is specifically recognised in the Government for National Recovery as vital for rural communities as a reliable and sustainable transport service. There is a specific commitment to maintain and extend the Rural Transport Programme with other local transport services as much as is practicable.

The Rural Transport Programme aims to address social exclusion caused by unmet transport needs of people and target groups in rural areas through the community-based delivery of transport services currently carried out by 36 RTP groups. Pobal (formerly ADM Ltd.) which is charged with the delivery of a range of community development programmes, administers this Programme on behalf of the Department of Transport, Tourism and Sport.

A rationale for policy intervention to address unmet transport needs in rural areas for identified target groups under a social inclusion policy objective is supported by the acknowledged market failure of public transport provision in rural areas generally. In addition, the conclusion of the Fitzpatrick Associates Report (2006) makes the connection between unmet transport need and the underlying problem of social exclusion in rural areas. Rural transport is a key consideration in a number of public policies for social inclusion, community and rural development, health and transport accessibility, etc. There is available evidence which suggests that there is a persistent problem of transport and access in rural areas for rural dwellers generally and in particular for older people.

The programme interacts with other public transport providers, including the CIE group and taxi services but also hospital services and school transport. The Department of Social Protection funding through the Rural Social Scheme (RSS) and the Community Services Programme (CSP) also benefits some RTP groups directly. The RSS provides income support for farmers and fisherpersons involved in community work. The CSP provides funding to groups that supply services to their local communities. In addition, the former department of Community, Rural and Gaeltacht Affairs also provided funding directly to 7 RTP groups for evening and night-time rural transport services under the Rural Development Fund with an objective to provide seed funding for rural development initiatives

VfM Test 2: Programme Effectiveness

With regard to the effectiveness of the Programme in terms of its social inclusion impact, it is acknowledged that there are difficulties in establishing a causal connection between the Programme activities and the final social inclusion outcome; as is common to all social inclusion programmes. Despite the lack of data sources to support performance indicators of social inclusion impacts, there is some evidence found in qualitative research and research carried out for this Review through a survey of RTP groups and interviews with stakeholders, that suggests the RTP has social inclusion benefits for its passengers, in particular for the target groups of older people and people with a disability.

Smarter Travel policy for sustainable transport provision nationally provides a policy context for exploration of options for greater integrated transport provision locally. The potential efficiencies savings as a result of locally integrated transport services among State funded transport providers, e.g. HSE, School Transport and RTP services is a key driver for policy in this regard. The Deloitte Cost and Efficiency Review of Dublin Bus and Bus Éireann (2008) suggests that, in light of the deteriorating financial situation facing the company, Bus Éireann would need to assess a number of strategic opportunities. That Bus Éireann should further

explore opportunities to combine dedicated services from multiple organisations (schools, Rural Transport Programme, conventional bus services, HSE services etc.).

A Review of the Rural Transport Programme was carried out in the context of the Government-wide framework of evaluation of public expenditure programmes under the 'Value for Money and Policy Review Initiative' and has recently been submitted to the Minister for Transport, Tourism and Sport and is being considered at present.

VfM Test 3: Programme Efficiency

	2004	2005	2006	2007	2008	2009
Total Funding ³ (thousands)	3,500	5,250	6,775	11,813	12,755	13,808
Passenger journeys (thousands)	514	651	791	998	1,200	1,289
RTP services	65	75	93	121	147	157

Based on the VFM consideration is being given to greater cost control mechanisms and performance targets and incentives to be incorporated within the contractual arrangements of Pobal and the RTP groups. A possible first step would be to set a maximum cost per service and minimum number of passengers to be applied across the different transport modes and models. Also Pobal and the Department of Transport, Tourism and Sport could agree and implement a Programme monitoring framework based on the recommendations of the Review, in particular a restatement of the Programme objectives and targets.

Based on the VFM study a range of measures to improve programme efficiency are being considered.

Previous Evaluation Work

Previous studies related to Rural Transport are listed beneath. These have been taken into account in the recently completed value for Money Review.

Cavan Area Rural Transport (CART) (2009), *Case Study: RTP Adding Value to HSE Services in Cavan*

Clare Accessible Transport (2009), *Case Study*

Department for Community, Gaeltacht and Rural Affairs (2009), *Review of the Pilot Rural Transport Night Scheme*

Fitzpatrick Associates (2006), *Progressing Rural Public Transport in Ireland*

Fitzpatrick Associates (2002), *Availability, Access and Choice. Report to the Inter-Departmental Committee on Rural Public Transport*, December 2002,

Fitzpatrick Associates (2010), *Review of Passenger Transport Services in County Louth, Louth County Council*

Joint Oireachtas Committee on Arts, Sport, Tourism, Community, Rural and Gaeltacht Affairs: *Report on Rural Transport Provision*, January 2010, Houses of the Oireachtas

McCarthy, C., (2009), *Report of the Special Group on Public Service Numbers and Expenditure Programmes*, Department of Finance

Mc Caul, T. (2010), *Rural Transport Programme Strategy 2011-2016*, Rural Transport Network

Pobal (2008&9), *Performance and Impact Report (2008&2009)*, Pobal

Revised Programme-level Information

For each programme, identify the level of outputs achievable within the reduced level of resources:

Scheme/ Subhead/NCSA	2010 Outputs	2011 Output Targets	2012 Output Targets	2013 Output Targets	2014 Output Targets

It is not possible to specify revised outputs at this stage as the future of rural transport is being considered against a background of an overall reduction in the level of support for public transport and the total level of service will need to be considered in the context of integrated transport service provided locally rather than in terms of this scheme alone. In this context it is intended, as mentioned earlier, that improved coherence will be achieved between the RTP and licensed services and Bus Eireann Services. The RTP will bear the same proportionate cuts as those to be applied to the general public transport.

For each Programme show the breakdown of savings identified.

	2012	2013	2014
Surplus staff identified			
Associated Payroll Savings			
Other Programme Savings	850	1,487	2,124
Administrative Savings			
Associated costs (if any)			
Total Programme "A" Savings			

Railway Procurement Agency

Rationale, Objectives and Continuing Relevance

Most of RPA's activities are focused on the management of capital projects with a much lesser amount of activity focused on managing the operation and maintenance of Luas by third parties and on planning future projects. This being the case, the identification of opportunities for expenditure reduction is inextricably linked to decisions to be made relating to RPA's remits to deliver capital projects.

RPA recognises the need for expenditure reduction and, notwithstanding decisions to be made on capital project remits referred to above, expenditure reduction opportunities will be identified and implemented across all areas of RPA activity. Given the dominant effect of capital projects on RPA's expenditure levels, expenditure reductions in associated budgets will be determined in the context of and finalised following the capital programme review. These expenditure reductions will be in proportion to those reductions in capital activity and expenditure.

RPA recognises that the economic circumstances in which the comprehensive review of expenditure is being undertaken calls for a "no holds barred" approach in identifying and pursuing expenditure reduction opportunities and is committed to such an approach.

RPA has already taken significant steps in the context of expenditure reduction. These include:

- the cessation of work on some projects;
- the implementation of redundancies associated with certain projects not being advanced;
- the launch of a voluntary severance scheme to ease the requirement for further compulsory redundancies;
- Initiatives to bring salary benchmarking in line with the realities of the current jobs market;
- decisions not to pay the most recent phases of wage increases agreed under the National Wage Agreement and not to pay bonuses; and
- The introduction of programmes to reduce overhead expenditure

Expenditure reduction opportunities will arise in the context of the proposed RPA-NRA merger in due course. In the interim RPA will consider any opportunities arising under the heading of shared services.

For the purpose of this exercise the full range of RPA activities has been considered and activities have been grouped into the following blocks/programmes, numbering six, as follows:

- 1 Managing Lines in Operation
- 2 Managing Lines under Construction to Contractual Close-Out
- 3 Managing Lines Post-Railway Order Applications
- 4 Managing Luas Extensions Pre-Railway Order Applications
- 5 Managing the Development of Bus Rapid Transit Infrastructure
- 6 Managing Asset Refurbishment, Minor Projects and Capacity Enhancement

The dominant effect of capital budgeting considerations referred to earlier will be immediately apparent in the context of all programmes except programme 1.

It is felt that the approach adopted of considering the totality of RPA activities in sensible “blocks” or programmes provides clearer overview and context and avoids the risks associated with trying to identify opportunities while constrained by distinctions between capital and current expenditure.

The following sections deal with each programme in turn.

Programme 1 – Managing lines in operation

Description

Work under this programme focuses on:

- Management of Luas operations contracts to ensure delivery of high quality passenger services and maintenance of infrastructure, systems and rolling stock;
- Managing customer retention and recruitment and ongoing customer experience enhancement;
- Management of stakeholder relations associated with this high-profile public transport system;
- Management of revenue related agreements (ticketing, cooperative agreements with other operators and Dept of Social and Family Affairs reimbursement arrangements).
- Transfer of operations related experience to teams developing new lines;
- Property and insurance matters on Red and Green Lines; and
- Exploitation of commercial opportunities.

Continue/Curtail /Terminate?

- Work under this programme is essential to ensure the high quality and safe performance of the Luas network and the realisation of Luas’ potential to contribute to transport policy objectives including those relating to smarter travel and congestion relief.

Do differently?

- Work undertaken by RPA and other parties relating to operation of the Luas network takes account of respective organisational competencies, motivations and cost-effectiveness considerations and the need for long-term safeguarding and development of RPA infrastructure, systems and brands.

- Consideration will be given to expenditure reduction opportunities which might involve reassignment of responsibilities to contractors as contract procurement/renewals are considered.

Better use of resources

- See initiatives under “Do Differently?”.

Use of external/shared resources

- Decisions as to whether internal/external resources are used are made on the basis of cost effectiveness.
- RPA will give positive consideration to resource sharing possibilities which arise.

Potential for agency – role change/merger

- Possible opportunities for improvement arising from the planned merger with NRA will be considered in due course. The merger steering group identified synergies between RPA’s management of Luas operations and NRA’s management of toll collection contracts. Similarly, there may be overlap in the identification and management of commercial opportunities associated with property acquired as part of infrastructure development but residual to the technical requirement.

Programme 2 – Managing lines under construction to contractual close-out

Description

Work under this programme focuses on:

- completion of construction close-out on Luas Docklands (Line C1) and Luas Cherrywood (Line B1) including snagging, construction of P&R facilities on Line B1 and finalisation of accounts with contractors. This will be substantially completed by end 2011.
- Completion of the construction of Luas Citywest (Line A1) by July 2011 and managing subsequent construction close-out.

Continue/Curtail /Terminate?

- This programme is essential and will be substantially complete by Q1 2012.
- This work must continue to completion.

Do differently? (consider: efficiency, effectiveness, cost, return on investment)

- This programme of work is almost complete.
- At this stage, for outstanding work elements of this programme, no opportunities for improvement by doing things differently present themselves but experience gained in the implementation of this programme will be applied in the context of similar future work programmes.

Better use of resources

- See comment under “Do Differently” above.

Use of external/shared resources

- The implementation of this programme has involved contract-governed cooperative arrangements with private developers, the letting of contracts to contractors and use of external resources where appropriate and subject to cost effectiveness considerations. Cumulative experience gained will be applied to future projects.

Potential for agency – role change/merger

- For remaining work elements under this programme no opportunities present themselves under this heading for immediate exploitation.
- Possible opportunities for improvement available from the proposed merger with NRA will be considered in due course.

Programme 3 – Managing lines post-Railway Order applications

Description

- *Luas Broombridge*: Work on this line is currently focused on contributing to the railway order oral hearing convened by An Bord Pleanála and progressing design of utility and enabling works packages.
- *Metro North*: Work is currently focused on finalising arrangements for the procurement of enabling works packages and the procurement of subsequent works by means of PPP and focused on contributing to the railway order oral hearing.
- *Metro West*: Work is currently focused on preparatory work for Oral Hearing and orderly completion of activities in hand with a view to placing the project on hold in a manner which allows for reactivation of the project in the event of a future decision to do so, while preserving the value of work completed to date.

Continue/Curtail /Terminate?

- Decisions relating to continuance, curtailment or termination of elements of this programme are subject to the outcome of the review of the capital expenditure programme currently underway.

Do differently?

- The approach being adopted in relation to elements of this programme will be reviewed in the light of decisions impacting upon RPA's overall and specific remits such as are anticipated by way of output from the review of the capital expenditure programme. This review may point to opportunities for doing things better.
- Experience gained will be applied and best practice adhered to with the overriding emphasis throughout being on maximising the return on investment to the Exchequer.
- Opportunities to improve efficiency, effectiveness, cost and return on investment will be identified, considered and exploited as appropriate throughout the implementation of the programme.

Better use of resources

- Any opportunities stemming from decisions by way of output from the capital expenditure programme review will be considered.

Use of external/shared resources

- The continuance of this programme will involve the use of contract-governed cooperative arrangements with private developers, the letting of contracts to contractors, the use of external resources where appropriate and the PPP's. Decisions throughout are governed by return on investment, cost effectiveness and related risk considerations.

Potential for agency – role change/merger

- Possible opportunities for improvement involving exploitation of benefits available from the proposed merger with NRA will be considered in due course.

Programme 4 – Managing Luas extensions pre-Railway Order applications**Description**

- Luas Bray/Fassaroe (B2): Work on this line has been stopped
- Luas Lucan (F1): Limited work on reference design underway with a view to readiness for RO Application
- Luas Liberties (F2): Work on this line has been stopped.

Continue/Curtail /Terminate?

- Decisions relating to reactivation or termination of elements of this programme are subject to the outcome of the review of the capital expenditure programme currently underway.

Do differently?

- The approach to be adopted in relation to elements of this programme will be reviewed in the light of decisions impacting upon RPA's overall and specific remits such as are anticipated by way of output from the review of the capital expenditure programme.
- RPA organisational experience gained will be applied
- Opportunities to improve efficiency, effectiveness, cost and return on investment will be systematically identified, considered and exploited as appropriate.

Better use of resources

- Any opportunities stemming from decisions made in the context of the overall capital expenditure programme review will be considered.

Use of external/shared resources

- The implementation of this programme will involve the use of contract-governed cooperative arrangements with private developers, the letting of contracts to contractors and the use of external resources where appropriate. Decisions throughout are governed by return on investment, cost effectiveness and related risk considerations.

Potential for agency – role change/merger

- Possible opportunities for improvement involving exploitation of benefits available from the proposed merger with NRA will be considered in due course.

Programme 5 – Managing the development of Bus Rapid Transit infrastructure

Description

Work under this programme is focused on:

- Progress the development of the Bus Rapid Transit (BRT) concept and possible alignments in cooperation with NTA and key stakeholders and support the development of the necessary legal framework for approval of BRT proposals.

Continue/Curtail /Terminate?

- Decisions relating to progression of plans for BRT are seen in the context of the outcome of the review of the capital expenditure programme currently underway.

Do differently?

- The requirement for the development of a BRT concept stemmed from a desire to address the question of whether benefits similar to those obtained from Luas lines could be obtained for a lesser cost.

Better use of resources

- Development of plans for BRT would ensure the valuable skill-set resource developed by RPA in recent years is applied productively.

Use of external/shared resources

- This programme is in an early stage of implementation. The use of external/shared resources will be considered with decisions governed by return on investment, cost effectiveness and related risk considerations.

Potential for agency – role change/merger

- The implementation of this programme will require the expansion of RPA's remit beyond the current focus on light rail and metro infrastructure.
- Possible opportunities for improvement involving exploitation of benefits available from the proposed merger with NRA will be considered in due course.

Programme 6 – Managing asset refurbishment, minor projects and capacity enhancement

Description

Work under this programme is focused on ensuring the continued delivery of the highest standards of safety, reliability, availability/accessibility and quality in Luas

passenger services. The programme is planned, approved and implemented under the headings:

- **Asset Refurbishment:** going beyond regular maintenance and necessary to ensure that the safety and performance capability of existing infrastructure, rolling stock and systems is maintained;
- **Minor Projects:** carefully selected initiatives which enhance the safety, reliability, availability/accessibility and quality standards of Luas passenger services.;
- **Capacity Enhancement:** the planning and implementation of measures to ensure that the Luas system (comprising infrastructure, power, rolling stock and other sub-systems) can accommodate increased demand while maintaining existing quality and safety standards.

Continue/Curtail /Terminate?

- Work carried out under this programme is essential to maintaining safe operations and developing the Luas customer experience upon which the continued success of Luas, viewed from financial, economic and wider policy perspectives, is critically dependent.

Do differently?

- The existing planning and approval processes in place can ensure that in assessing the costs and benefits of possible initiatives full account is taken of the realities of the economic environment. Approved initiatives are implemented in accordance with best project management practice.

Better use of resources

- The pursuit of carefully selected worthwhile initiatives under this programme would ensure the valuable skill-set resource developed by RPA in recent years is maintained applied productively.

Use of external/shared resources

- The use of external/shared resources will be considered. Decision making is focused on return on investment, cost effectiveness and related risk considerations and is otherwise unhindered.

Potential for agency – role change/merger

- Possible opportunities for improvement involving exploitation of benefits available from the proposed merger with NRA will be considered in due course.

Implications of proposed cuts

The RPA has indicated that the required annual savings of €2.25m from 2014 can only be achieved if certain assumptions, set out below, can be met. The RPA also believe that while the target for 2014 may be achievable, the necessary compulsory redundancies that RPA would have to implement to achieve the earlier targets for 2012/2013 would be extremely disruptive to the work of the organisation and could result in challenge. This adds to the time required to implement change. Changes of

this nature would need further consideration by RPA Board and Management before they could be regarded as having been agreed with RPA.

The RPA have set out below how the required savings of €2.25m might be achieved through reductions in staff numbers and related salary costs (approximately €1.25m), with the balance of €1.0m of reductions coming from corporate support costs, legal and professional fees.

Salary costs.

Based on the assumptions set out below and having aligned our staff resources with a new and reduced mandate we are forecasting a reduction of 107 in total Agency staff numbers by 2014 from 300 at end 2010. This represents a 36% reduction in our staff numbers when compared with our opening 2011 position and will only be achieved through the introduction of significant change in the organisation responding to a reduced work program and mandate.

Achieving the staff reductions requires significant change and reorganisation due to the interdependence of our project and corporate budgets where very few staff are charged 100% to either but support both project and corporate activities. As you are aware we have already commenced a change program with a voluntary redundancy scheme in place and open until July 31st. To deliver the savings outlined in this letter we will need to extend the scope and accelerate our change program and have it successfully completed during 2012.

Planned reductions in staff numbers are forecast to generate an annual reduction in salary cost of €1.25m from 2014. This represents a 30% saving on the forecast corporate salary costs in 2011. The potential saving is calculated based on an average total 2010 cost for payroll pension and social insurance €0.074m per person.

The differential between the % staff and salary savings forecast (36% and 30% respectively) relates to an expected change in the average charge out rate of staff to project funded activity. We expect the charge out rate to projects (C2) for the revised overall staff levels to stabilise at 80% on average. To- date we have achieved average charge out rates of 82% or better due to high levels of project activity.

Corporate support costs

Proposed reductions in corporate support costs will rely on and be proportionate to the reductions in staff numbers. Some of these costs are fixed for a period of time and it will require renegotiation of contracts and service level agreements in order to deliver savings of approximately €0.7m. A renegotiation of contracts could involve an up-front cost to the Agency to achieve savings over time.

Costs we are targeting for reduction include the costs of servicing of our staff with computers, software, training and other administrative support services. Costs reductions will also be delivered from accommodation related activities of cleaning, lighting and securing our office buildings. All of these areas have been reduced significantly in the last two years so further savings will be difficult to achieve and take time. Reductions in these accommodation related costs will be made by

consolidating reduced staff numbers and allowing the closing of one of our office buildings.

Further cost reductions could be achieved in this category through the termination of one of our lease agreements for offices at Parkgate St. This would require a considerable outlay of expenditure now **Text redacted at this point - commercially sensitive** and would be premature given the possibility that a merged RPA/NRA entity might be seeking similar accommodation in the near future.

Legal and professional fees

Reductions in legal and professional fees of €0.3m will be made on the basis of reduced corporate activity due to our reduced mandate and the continued transfer of responsibility for professional advice to our own staff. This transfer of responsibility to our own staff is something which we have managed successfully over recent years and with significant cost savings. To achieve the full forecast savings we will also need to revisit our significant professional services contracts with the objective of negotiating fees in line with our reduced mandate. We believe that we can be successful in this regard. Specialist services associated with pensions and external audit will continue to be required and careful management of the price and cost of these services will be necessary to achieve forecast savings. No provision has been made for external advice on pensions or other matters in relation to the merger.

The key assumptions made by the RPA in support of achieving the required savings are;

- RPA will be mandated to proceed with implementation immediately on one major Luas or Metro project, the development of Bus Rapid Transit to project implementation, continue with the capital enhancement and capital refurbishment of Luas Infrastructure and the implementation of the minor projects program. RPA can then ensure the correct alignment of project and corporate support resources with the revised work program. This is critical to ensuring the corporate C3 budget is not burdened with unsustainable payroll charges.
- Confirmation of adequate funding for this revised mandate over the life cycle of the constituent projects and activities will be available in adequate time to commence and complete activities and reorganisation necessary to deliver €2.25m of C3 cost reductions by 2014.
- The RPA Board approve the changes and reorganisation necessary to deliver the annual savings of €2.25m by 2014.
- Incremental costs arising in the short term from the merger of RPA and NRA have not been budgeted for in the expenditure forecasts provided. Therefore any significant incremental costs arising from the merger of the NRA and RPA must be funded from a separate budget.

- No significant contingencies arise from end 2013 that would impact on the costs of the Agency and which would rely on funding from the C3 budget.
- No wage inflation or inflation of waged related costs takes place in the period under review
- The Agency receives approval to introduce a compulsory severance scheme.

The voluntary and compulsory severance schemes can be utilised to release sufficient staff with the average salary range necessary to deliver savings **Text redacted at this point - commercially sensitive** by 2014.

Text redacted at this point - Negotiations (industrial relations) of public bodies and also ongoing deliberative process

- Sufficient C2 funding continues to be available in 2011 and is made available in 2012 to meet the severance costs of the 107 staff reductions proposed. In summary, the required total savings of €2.25m could be achieved by 2014 but this depends on the RPA's key assumptions being realised.

Text redacted at this point - commercially sensitive and deliberative process

Revised Programme-level Information

For each programme, identify the level of outputs achievable within the reduced level of resources:

Scheme/ Subhead/NCSA	2010 Outputs	2011 Output Targets	2012 Output Targets	2013 Output Targets	2014 Output Targets
Railway Procurement Agency	9,248	9,000	8,250	7,500	6,750

For each Programme show the breakdown of savings identified.

	2012	2013	2014
Surplus staff identified			

Associated Payroll Savings

Other Programme Savings

Administrative Savings

Associated costs (if any)

Total Programme "A" Savings

750

1,500

2,250

Appendix XIV

Medical Bureau of Road Safety (MBRS)

The MBRS and its Functions

The Medical Bureau of Road Safety (MBRS) was established in November 1968 under Part V of the Road Traffic Act, 1968. The MBRS is attached to the Department of Forensic Medicine at University College Dublin and moved with that Department to purpose built premises at UCD Belfield at the end of 2007. UCD provide the staff of the Bureau on a secondment basis.

The Bureau's principal function is to carry out analyses, for their alcohol content, of specimens of blood, urine and breath provided for the Gardaí by people suspected of drink driving offences. The Bureau issues certificates in respect of the results of these analyses, which may be used as evidence in prosecutions for such offences, and staff often have to attend court cases as an expert witness.

Other functions of the Bureau include analyses of blood/urine specimens for the presence of a drug or drugs, the provision of equipment to the Gardaí for the taking of such specimens and the approval, supply and testing of apparatus for indicating the presence and the concentration of alcohol in breath (i.e. EBT machines and breathalysers). The MBRS conducts research on intoxicated driving. It also provides expert professional expert evidence in court cases and continues to provide independent professional expert support to assist the courts in the administration of justice.

Current and Capital Exchequer (REV) Allocations for the period 2007 – 2010

	2007 €	2008 €	2009 €	2010 €	2011 €
Current	2,196,000	3,983,000	3,898,000	4,357,000	4,597,000
Pay	1,217,000	2,369,000	2,356,000	2,215,000	2,215,000
Non Pay	979,000	1,614,000	1,542,000	1,542,000	2,382,000
% Change		+81.37%	-2.13%	+16.91%	+5.51%
Capital	3,715,000	465,000	465,000	800,000	800,000
% Change		-87.49%	Nil	+72.04%	nil

Estimate of Current and Capital Exchequer Funding for the period 2012 – 2014 (based on 80% (Current) and Capital (70%) of 2011 amount)

	2012 €	2013 €	2014 €
Current	3,677,600	3,677,600	3,677,600
Pay	1,772,000	1,772,000	1,772,000
Non pay	1,905,600	1,905,600	1,905,600
Capital	560,000	560,000	560,000

Expenditure of Capital and Current Exchequer Funding for the period 2007 – 2010

	2007 €	2008 €	2009 €	2010 €
Current	2,708,500	3,723,000	4,608,420	4,357,000

Pay	1,515,000	2,116,000	2,601,420	2,215,000
Non Pay	1,193,500	1,607,000	2,007,000	2,142,000
Capital	3,770,000	465,000	465,000	800,000

Rationale Objectives and Continuing Relevance

Each of these programmes is consistent with high level Government policy. The functions of the Bureau are set out in the Road Traffic Acts 1968 - 2010 and include:

- The receipt and analysis for intoxicants of specimens of blood and urine forwarded to the Bureau.
- The issue of certificates of analysis.
- The provision of equipment for the taking or provision of specimens of blood and urine.
- Approval, supply and testing of equipment or apparatus for indicating the presence of alcohol in the breath.
- Approval, supply and testing of equipment or apparatus for determining the concentration of alcohol in the breath.
- Research on drinking and drugs in relation to driving, including the methods of determining the amount of alcohol or drugs in a person's body and the epidemiology of driving under the influence of intoxicants.

The role of the Bureau and its programmes are also set out in the Road Safety Strategy 2007-2012. The number of blood, urine and breath specimens for alcohol and drug analysis by the Bureau is determined by the enforcement functions of An Garda Síochána. The overall objectives of the Road Traffic Acts and the Road Safety Strategies are to improve road safety and a major part in this is to address the issue of driving under the influence of intoxicants. The outcome of this is a reduction in Road Traffic crashes and a decrease in the fatalities and injuries as a consequence of these collisions.

Programme Effectiveness

The effectiveness of the Road Traffic Acts and Road Safety Strategy in the area of driving under the influence of intoxicants may be measured very crudely by the continuing decrease in road fatalities and injuries. The Bureau programmes are of course part of the much wider picture involving all of the agencies in the Road Safety Strategy.

One of the current major changes having a direct impact on the alcohol programmes is the lowering of the blood, urine and breath alcohol concentrations prescribed under the Road Traffic Act 2010. In that regard one of the three major projects has been the procurement, testing, approval and supply of the new generation evidential breath testing instruments in accordance with the time schedule provided to the Department. In addition the roadside alcohol testing devices are also part of a programme for the changeover to reading dual limits provided for in the Road Traffic Act 2010. The third is the complete change over of equipment for the taking or provision of specimens of blood and urine and its implementation for the alcohol programme.

The objectives of having 86 new generation evidential breath testing instruments commissioned and in operation in two phases continues on schedule with 64 instruments to be replaced by Autumn 2011 and a further 22 instruments to be replaced in the second phase. The number of roadside alcohol testing devices (Draeger 6510s) for conversion to reading the dual alcohol limits will be the entire 1,000 currently available to An Garda Síochána.

The drugs analyses in blood and urine have been expanded and outsourcing to the Laboratory of the Government Chemist (UK) for certain confirmatory analysis has ceased with the establishment of confirmatory analyses at the MBRS in its UCD, Dublin premises.

The objectives and targets of the programmes have been met.

Programme Efficiency

The Bureau continues to carry out alcohol and drug analysis as soon as practicable as required under the Road Traffic Act for all specimens received under the Road Traffic Act. The time taken for such analysis has been and continues to be subject to Court scrutiny.

The Bureau continues to provide expert professional expert evidence in court cases relating to the different programmes. In 2011, the Bureau has been given notice of attendance as expert witnesses in over 100 cases.

Previous Evaluation Work

Annual Audit of Financial Statements

Annual Visit by INAB

Medical Bureau of Road Safety Five Year Strategies

Report on Staffing and Structure dated 20th October 2010

Outcome of Expenditure Assessment

Current Expenditure

Following the relocation of the Bureau to its new premises the Bureau during 2009 performed a value for money audit and has maintained a close monitoring of all aspects of expenditure. This has resulted in the Bureau achieving significant reductions and savings within a number of areas. The relocation of the Bureau has the advantage of using a further number of shared services with UCD i.e. IT, telephones, procurement, use of UCD's preferred suppliers list and many more. As a result it has already seen major decreases within its current Non Pay expenditure.

a) **PAY**

The Bureau intends to meet the agreed sanctioned PAY figure as provided by the Department and in accordance with the Employment Control Framework.

b) **NON PAY**

i) **General Programme including Alcohol Programme**

The Bureau has achieved reductions in a number of areas including insurance, building utilities, telephone, office and laboratory supplies. It intends to maintain and further reduce expenditure where possible by continuing to negotiate and implement value for money management.

ii) **Breath Alcohol Analysis**

With the introduction of the new evidential breath testing instruments the Bureau expects to reduce the running costs of this programme. It will accomplish reductions in consumable costs and maintenance which will prove to be cost effective in the running of this programme for the future.

iii) **Blood and Urine Drug Analysis**

There was a significant decrease in expenditure within this programme during 2010 due to the reduction of the out sourcing of MBRS drug confirmation programme. The Bureau has already demonstrated savings in the region of 40% in this area and intends for further savings to be made.

c) **CAPITAL**

The Capital requirement for 2012 is €350,000. This will allow for the purchase of the second phase of a further 22 instruments within the Evidential Breath Testing programme and also includes the purchase of essential equipment for the alcohol and drug programmes.

Other Source of Funding

Statutory Instrument number 435 of 2010 entitled "Road Traffic Act 1994 (Section 22)(Costs and Expenses) Regulations 2010" came into operation on 1st September 2010. These regulations provided for the increase in the maximum contribution from successful prosecutions towards the costs and expenses by the Bureau in the performance of its

functions under Section 22 of the Road Traffic Act to €250 in the case of analysis for the concentration of alcohol and to €350 in the case of analysis for the presence of a drug or drugs. This provision is carried over into Section 21 of the Road Traffic Act 2010. Having regard to the number of prosecutions for intoxicated driving (both alcohol and drugs) as set out in the statistics for 2009 from the Central Statistics Office and the Courts services, it appears that a significant amount of the cost of the running of the Bureau could be recovered if this Section 22 were applied. This would be the case even allowing for a 70-80% conviction rate for alcohol driving offences and a 50% conviction rate for drug driving offences with a 50-75% application of the contribution by judges. It appears to the Bureau that the Courts service, An Garda Síochána and the Office of the Director of Public Prosecutions (including the Chief Prosecution Solicitor's Office) should be informed of this updated provision. Of course it is properly a matter for the Judge to make such an order for costs of the prosecutions but the wording of the Section is quite clear that "the Court shall, unless it is satisfied that there are special and substantial reasons for not so doing, order the person to pay to the Court a contribution towards the costs and expenses incurred by the Bureau in the performance of its functions not exceeding such amount as may, for the time being, stand prescribed." This updated provision could have a significant impact on the costs for the Department in funding of the Bureau and thus be very important in the current comprehensive review of expenditure.

Appendix XV

Coast Guard (exc. SAR Helicopters)

The Coast Guard's Current expenditure over the last three years has been approximately €32 million.

	2008	2009	2010	2011
Administration ¹	75	37	136	30
Helicopter SAR ²	26,169	27,212	27,523	28,000
Volunteer Services & Training ³	2,077	2,582	2,589	2,300
Rescue Grants ⁴	361	355	361	270
Water Safety ⁵	192	23	29	35
SAR Operations ⁶	356	292	282	273
Pollution/Salvage ⁷	105	187	211	240
Marine Emergency Contingency ⁸	549	188	24	0
Engineering ⁹	1,103	1,507	1,407	1,200
Stores ¹⁰	873	31	28	20
Total	31,860	32,414	32,590	32,368

¹ Administration - this provision is to cover IRCG HQ administration expenditure (telephones and mobiles for on call volunteer team leaders, office consumables, volunteer conferences and workshops, publications (maps, books, marine law publications, etc.), marine long service, gallantry and meritorious award expenses, equipment and office maintenance, and specialist training).

² Helicopter SAR – this is the bulk of the annual current expenditure. The current helicopter search and rescue services are provided under contract from bases in Dublin, Waterford, Shannon and Sligo by CHCI. The cost of provision under the current contract increases by 2.5% per year under the inflationary index within the contract. The service is provided on a 24 hour basis 365 days a year.

³ Volunteer Services and Training – this programme allows for the management, training, equipment and support of approximately 900 volunteers in 52 locations nationwide that are on call day and night to respond to emergencies at sea, on our cliffs or on our coast. The teams utilise rescue and compliance monitoring boats, cliff rescue equipment, 4x4 vehicles, ATV's, vans, medical supplies, search equipment and PPE.

⁴Rescue Grants - funding for current grants for community rescue lifeboats and mountain and cave rescue.

⁵Water Safety - this programme allows IRCG to improve the marine safety culture and awareness through publication, talks, displays, demonstrations and workshops. Currently at a level that only supports the re-printing of booklets.

⁶SAR Operations - this programme covers the day to day running of the National Maritime Operations Centre Dublin, and the two Sub Co-ordination Centres in Malin and Valentia

⁷Pollution/Salvage - this programme allows for the maintenance of the national stockpile of pollution prevention equipment, oil and HNS prevention training and membership of relevant international organisations concerned with pollution prevention.

⁸Marine Emergency Contingency - this provision was to enable IRCG to handle unforeseen events that may impinge on the Coast Guards capacity to respond, in particular salvage and pollution incidents.

⁹ Engineering - this programme allows for the maintenance of the IRCG communications systems, e.g. paging system, radio comms, and mast maintenance.

¹⁰Stores - this provision is for the maintenance and running of the IRCG Stores offices in Ballycoolin.

	Current Allocation 2011 – 2014		
	2012	2013	2014
	€000	€000	€000
E1 Maritime Administration and Irish Coast Guard	36,192	36,192	31,246.4
Irish Coast Guard			
- Helicopter SAR	33,458	53,380	58,927
- Operating costs	4,845	4,865	4,870
E1 Totals	38,303	58,245	63,797

1. Rationale, Objectives and Continuing Relevance

High level objectives.

The overarching objective of the Irish Coast Guard (IRCG) is to provide an effective maritime emergency management service, the main core service being to provide an offshore, coastal, inland, and mountain marine search and rescue service. The major investment for the IRCG is the provision of the search and rescue helicopter service, the maintenance of the Coast Guards infrastructure – its national maritime communication, AIS (ship tracking), paging, Navtex, manned 24/7/365 coordination centres, pollution response equipment, emergency response assets and the training, equipment and management of approximately 900 volunteers in 52 locations nationwide that are on call day and night to respond to emergencies at sea, on our cliffs or on our coast. Under the Programme for Government the programme meets a number of objectives:

At page 63 of the PFG - **Coastal communities, fisheries & marine environment** it states:

- *Marine responsibilities will be merged under one Department, for better co-ordination in policy delivery. We will develop an integrated marine and*

coastal planning process in order to maximise the potential of Ireland's coastline in fishing, aquaculture, ocean energy and tourism.

- *Safety at sea and decent working conditions must underpin the development of the fisheries sector.*
- *We will explore the provision of an emergency towing vessel for the Coastguard.*

Should the Government decide to lease an Emergency Towing Vessel for the Coast Guard to intervene in ship casualty and pollution incidents for are not catered for in this submission as any additional monies would have to be considered on foot of a review of need. Expected costs for vessel leasing on the second hand market would be €3 m yearly operating costs. Otherwise within this heading the entire Coast Guard programme supports the capacity of the fishing and marine industry to sustain and develop employment by having in place communications, alert and notification, navigation warnings, weather forecasts, fishing safety advice and emergency response capacity to meet the demanding challenges of the Atlantic thereby enabling the industries exploit their opportunities safely.

Improving our tourism product on PfG page 12 States:

- *We will target available resources at developing and co-ordinating niche tourism products and activity packages that are attractive to international visitors focusing on food, sports, culture, ecotourism, **activity breaks, water-based recreation and festivals.***
- *Event tourism will be prioritised to continue to bring major fairs and events to Ireland such as the Volvo Ocean Race or Solheim Cup.*

In like manner to the fishing and commercial sector the Coast Guard programme supports the leisure, tourism and recreational industry by effectively providing an ambulance and rescue service on our seas, coasts, offshore islands, inland waterways, mountains and caves. The negative impact of any failure or inability to rescue, care for or recover tourists in difficulty would be significant. In like manner the failure to intervene and manage a major shipping casualty off our coasts with a resulting pollution of our natural resources has been shown internationally to have multi billion euro impacts on coastal communities' touristic, economic, social and environmental wellbeing.

Energy (page 59)

- *We will provide efficient foreshore licensing and leasing process for marine energy.*
- *We will ensure that future wind farms are built in locations where wind regime is best and that they are built in large numbers or in clusters to reduce cost of connection to grid under new 'plan led' Gate 4 process, as opposed to existing 'developer led' system.*
- *We will incentivise and promote off-shore drilling and streamline planning and regulatory process for bringing ashore these reserves and seek to maximise the return to the Irish people.*

Enhancing the quality of the environment

We will clamp down on environmental crime, such as illegal dumping and graffiti and noise pollution by allowing for on the spot fines, and providing for mediation between neighbours.

The Coast Guard plays a significant role in the licencing of offshore installations with a view to safety of navigation and emergency planning and in the detection and prosecution of illegal discharges of pollutants at sea. The introduction of additional offshore exploration or renewable installations will demand increased monitoring of traffic and risk.

2. Programme Effectiveness.

The following are the outputs for the Irish Coast Guard Programme:

Protect, prevent or minimise the number and severity of accidents on our waters.

Prepare the necessary emergency response resources, procedures and strategies.

Respond to marine and other emergencies including pollution by oil and hazardous substances from vessels and offshore installations.

The following are the core services of the IRCG:

Lifesaving Services

- Provide an offshore, coastal, inland and mountain search and rescue service;
- Provide an air ambulance, emergency and humanitarian response service to the off-shore islands;
- Manage, train, equip and provide for the health and safety of a National Coast Guard volunteer service on the coast and inland waterways of Ireland. The volunteers are trained in a multiple of core competencies including lifeboat skills, cliff and heights rescue, legislative compliance patrolling and shore search.
- Provide search services over land in aid to An Garda Síochána;
- Assist the Health Service Executive in aeromedical services, intra hospital transfer, remote area patient transport and life support;
- Assist other primary emergency agencies and services during major emergencies or as requested such as An Garda Síochána or the HSE;
- Provide helicopter search and rescue services in Northern Ireland and the UK Search and Rescue Region when requested

Services to Shipping

- Provide a coastal vessel traffic management and information system;
- Act as the National independent decision making authority in places of refuge incidents including the authority to overrule other statutory authorities;
- Provide a response to marine casualty incidents and to monitor/intervene in marine pollution or salvage operations including the authority to overrule other statutory authorities;

- Provide the National Maritime Assistance Service (MAS) to provide a single point (SPOC) of contact between vessels and coastal states;
- Provide the National SPOC in maritime shipping and port security incidents;
- Develop and co-ordinate an effective regime in relation to marine pollution including Plan Approval for harbours, oil and gas rigs, wind farms, oil reception facilities and local authorities;

Services to Aviation

- Provide a search and rescue and salvage and recovery service for downed aircraft or flight recorder recovery on behalf of the Irish Aviation Authority and Air Accident Investigation Unit;

Communications and Safety Services

- Provide the National maritime safety telecommunications and responder alerting and notification service;
- Provide the National Automatic Identification System (ship tracking)
- Act as SafeSeaNet 24/7 Coordinator for the European Maritime Safety Authority
- Act as the National co-ordinator for Radio Navigational Warnings;
- Act as the National co-ordinator for Maritime Safety Security and Information Services; and
- Provide a safety awareness and public information service in relation to the discharge of the functions set out above.

3. Programme Efficiency

The Coast Guard respond to 2000 incidents annually peaking daily in the afternoon and annually in the late summer. Of the 3500 persons we assist we consider that of those 160 would have perished but for Coast Guard intervention i.e. €200,000 per life. The statistics show that the use of our waters have become more popular with the public with pleasure craft incidents increasing to 600 per year with a corresponding increase in the number of helicopters, lifeboats and coastal rescue units tasked. This increase is in line with other countries. The programme makes maximum use of voluntary services with 900 Coast Guard, 2,000 RNLI, 300 community rescue boat and 500 mountain and cave rescue volunteers providing a service that would be unaffordable if carried out by full time staff and is the envy of other States.

Search and Rescue Statistics 2005-2010

	2005	2006	2007	2008	2009	2010
Incidents	1802	1807	1961	1876	1893	1839
Persons saved/assisted	4709	4266	3488	3155	3127	3570
Pleasure Craft	551	547	696	594	667	576

Merchant Vessels	75	63	64	63	47	45
Fishing Vessels	297	265	278	221	142	188
Pollution Reports	34	34	47	45	51	41
IRCG Coastal Units tasked	663	720	822	707	766	795
IRCG Helicopter tasked	452	458	469	450	512	470
IAC Fixed wing aircraft tasked	5	13	20	21	17	8
RNLI tasked	754	711	736	679	709	740
Community Rescue Boats	105	148	96	99	146	122
Gardaí Units & Divers	58	70	58	50	53	51
False Alarms	126	142	142	136	132	144
Hoax	20	27	23	17	13	188

In any one year the Irish Coast Guard expect to:

- evacuate medical patients off our Islands to hospital on 100 occasions;
- assist other nations Coast Guards about 200 times;
- make circa 6000 maritime safety broadcasts to shipping, fishing and leisure craft users;
- carry out a Safety on the Water (SOTW) campaign that targets primary schools and leisure craft users including at sea and beach patrols;
- investigate approximately 50 maritime pollution reports.

In our ongoing effort to reduce costs the Coast Guard and support the built in increase in the helicopter costs each year we have reduced our safety awareness and education budget to a level that only supports limited printing, 20% reduction on volunteer support, 30% reduction in rescue grants, the cancellation of the emergency contingency fund and reductions in administration, Stores, engineering and SAR operations.

4. Previous Evaluation Work

The Comptroller and Auditor General is currently undertaking an audit of the Department, part of which includes the procurement process of the 2012 helicopter contract. The Coast Guard has been reviewed in 1999 the PWC in an efficiency audit, Deloitte and Touché in 2002 in an organisation review and 2006 by Farrell Grant Sparks on its Volunteer services.

The Coast Guard regularly benchmarks itself against other Coast Guards most notably the MCA. What is significant from these peer reviews is that the staffing levels are significantly lower (between 40% – 80%) than the MCA for the key performance indicators. This has led to some concern to upgrade the services we provide on a number of fronts:

- a. The safety, health welfare and general care of our volunteers who go out onto the seas and cliffs in the dead of winter in difficult conditions and perform lifeboat and cliff recovery duties with no full time staff oversight.
- b. Our capacity to respond to a major pollution event;
- c. Our capacity to integrate with major emergency structures at regional level;
- d. Our capacity to increase the utilisation of our aircraft in support of other State entities;
- e. Our capacity to handle a mass evacuation;
- f. Our capacity to audit third parties
- g. Our capacity to review incidents and act on lessons learnt and
- h. Our capacity to monitor shipping and intervene to prevent incidents.

As a result of these staffing concerns the Department is commissioning a review of the Coast Guard services. The review is being carried out in the context of a significant reduction in numbers employed within the Department of Transport, Tourism and Sport under the National Recovery Plan 2011-2014. The review will:

- i. Examine the existing provision of services by the MSOIRCG and review the cost and efficiency of such service provision;
- ii. Examine and report on the range of functions performed by the MSOIRCG;
- iii. Examine the scope for enhanced efficiencies in the delivery of the services, including enhanced use of ICT;
- iv. Examine the scope for alternative means of delivering the services or elements of the service, such as outsourcing or other options;
- v. Examine future additional service obligations which will arise from International legal obligations, EU Regulations or Directives;
- vi. Prepare a comprehensive report on the efficiency of the service and make recommendations with regard to options for the future organisation and delivery of the service;
- vii. The analysis should address in particular;
 - a) Financial implications for the Exchequer;
 - b) Implications for public service employment numbers; and
 - c) Appropriate regulatory oversight and public, international and industry confidence in the effectiveness of the regulatory regime.

5. 20% Current funding reduction

	Current Allocation 2011 – 2014		
	2012	2013	2014
	€000	€000	€000
E1 Maritime Administration and Irish Coast Guard	36192	36192	31246.4
Irish Coast Guard			
- Helicopter SAR	33458	53380	58927
- Operating costs	4845	4865	4870
Total	38303	58245	63797
Review Estimates	29974	29974	25877.7
E1 Totals			

As the funding envelopes post 2011 do not contain costs related to the new helicopter contract SAR 2012 the overall E1 figures cannot be calculated and adjusted as required by the Review template. Only the annual operating budgets of €4.85m are available for consideration. In order to achieve a saving of this magnitude (€970,000) the following options are available:

- a. Cancel grants to voluntary organisations that can fundraise. Saving €270,000
- b. Close 20 Coast Guard Voluntary Units. Savings €700,000

National Transport Authority

The National Transport Authority and its objectives

The Dublin Transport Authority Act 2008 and the Public Transport Regulation Act 2009 established the National Transport Authority and assigned associated powers and responsibilities.

In the Greater Dublin Area (GDA) the Authority is tasked with developing an integrated and accessible transport system which contributes to environmental sustainability, social cohesion and economic progress. We are to provide a safe, integrated, attractive and accessible public transport system, and we are to promote the increased use of public transport as well as cycling and walking.

The Authority's national functions mainly relate to the regulation of public transport services through the procurement of public transport services under Public Service Contracts, the licensing of commercial bus services and regulation of taxis. The Authority also has important responsibilities relating to the interaction of transport and land use planning at a regional level as well as enforcing EU law on rail passenger rights.

Rationale

The NTA has an on-going funding requirement in order to maintain provision of the Authority's statutory functions including:

- Strategic Transport Planning and Implementation
- Transport Investment Planning including project justification, CBA reviews and post-project evaluation
- Administration and control of Capital Grant process
- Administration of PSO contracts including Performance Monitoring of Bus and Rail Services
- Implementing transport integration measures
- Managing delivery and operation of the Integrated Ticketing Scheme
- Implementing fares and information schemes
- Regulating fares and encouraging increased public transport use
- Managing and Regulation of the Taxi/SPSV industry
- Planning and Investment in Sustainable Transport Measures
- Regulation of bus services including licensing and enforcement

The Authority has a number of administrative support functions including:

- Finance
- Procurement
- HR
- Legal
- IT
- Communications including FOI, data management, environmental Information, parliamentary questions and public queries, website management.

Efficiencies to date

Staffing

The Authority is an organisation that requires specialist qualified personnel to discharge its functions. The NTA has already submitted its plan to meet the revised target staff complement under the Employment Control Framework (ECF). Operations and staffing requirements of the NTA were examined in detail to see how an October 2010 figure of 90.9 (67+23.9 Department of Transport assignees) could be reduced to a figure of 84.9 (61+23.9).

Text redacted at this point - Deliberative process, negotiations (industrial relations) of public bodies

The maximum of 23.9 assigned personnel are to return to the Department by the end of 2012. During the assignment period the payroll costs of the 23.9 personnel is funded directly by the Department and is not included within the NTA budget or Current Grant. Arrangements will need to be put in place so that the Authority will be able to replace personnel who transfer back to the Department over the next 18 months. Payroll costs for replacement of assigned personnel from the Department is likely to be Exchequer Neutral via redeployment, **however**, the NTA budget will need to be adjusted upwards consistent with a transfer of budget from the Department of Transport.

Administration Costs

Committed Payroll Savings under the ECF

The plans submitted by the NTA to meet the revised ECF targets will deliver the following savings from 2011 to 2014:

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2011 Non-Pay Savings Program

The Authority recently assimilated the Commission for Taxi Regulation on 1st January 2011. In advance of the integration of the Taxi Regulator into the NTA a detailed budget and savings

programme was developed for 2011. This 2011 savings programme focuses on consolidating support functions and supplier services and it is expected to reach full year savings target of €750k in 2011, with €1.028m each year thereafter.

A list of the individual savings elements is listed in Table 1 below:

Table 1: 2011 Non-Pay Savings Program

Saving	Savings per annum from 2011	Savings to date April 30th 2011	Once Off Savings in 2011	Drivers
Communication and Advertising Costs	450,000	150,000		Elimination of discretionary advertising post consolidation.
Call Centre Costs	190,000	63,333		Improved efficiency in business model including more streamlined back-office activities at Call Centre.
Fulfilment/Distribution	105,000	35,000		Improved efficiency in business model and reduction in distribution/storage of printed material.
Travel & Subsistence	60,000	20,000		Reduction in discretionary travel and more efficient planning of Taxi related inspections.
Accounting Services	54,000	18,000		Elimination of outsourced accountancy service in Taxi Regulator post consolidation. €4,500 per month saved monthly as day-to-day accounts work, including preparation of mgmt. accounts transferred to NTA.
Insurance Costs	41,963			Retender in 2011 of combined NTA and TRD and ITS insurance requirements.
Consultancy Costs	44,000	14,667		Increased scrutiny and usage reductions.
Mobile Phone Costs	15,000			Transfer of Taxi Regulator Mobiles to NTA account utilising Government contracted rates
Landline Calls	25,000			Rationalisation of subsidy towards 1890 - Taxi Regulator industry and consumer phone lines
New NTA Phone System / Internet			40,000	Implementation savings delivered from utilising Department of Transport VOIP Shared Service
Payroll Processing	12,108	4,036		Consolidation of NTA and TRD Payroll Processing under one out-source provider. €1,009 per month saving by eliminating Payroll outsource provider to Taxi Regulator.
Internal Audit	8,000	2,667		Consolidation of NTA and Taxi Regulator Internal Audit Function under one single provider
Accounting Services	8,750	2,917		Consolidation of Taxi Regulator Accounting Function into the NTA delivering savings of €8,750 per annum previously paid to outsource provider to prepare management accounts and annual financial statements.
External Audit Fees	5,000	1,667		Estimated reduction in External Audit Fees due to requirement for C&AG to perform a single annual audit post consolidation of NTA and Taxi Regulator.
Procurement Services	9,000	3,000		Procurement costs for the Taxi Regulator saved in 2011 as this function now absorbed by the NTA.
Total Savings Identified to Date as at April 30th 2011	1,027,821	315,286	40,000	

Combined savings under the Pay and Non-Pay headings above amount to €1m in 2011 or a 12% reduction against the Authority's net administration costs.

The combined Pay and Non-Pay savings increase to €1.4m in 2013 and 2014 equivalent to a 16% annual reduction in net administration costs.

The Authority's administration costs are funded from a Current Grant (currently €3.712m in 2011) and also offset by income from Taxi Licensing and Regulation (€6.2m f/c in 2011). However, these two funding sources do not completely cover the Authority's administration costs and the shortfall (€3.31m f/c in 2011) will be funded from surplus funds acquired as a result of consolidation of the Taxi Regulator and as required in a Department of Finance letter dated 10th December 2008, sent to Department of Transport.

Table 2 below outlines administration costs, income and savings for the years 2011 – 2014.

Table 2 – Summary of Administration Costs and 2011 Savings Program

	2011 €m	2012 €m	2013 €m	2014 €m
Administration Cost Model pre-consolidation and before 2011 Efficiency Program				
NTA Administration Cost (excl Taxi Regulator) *	6.84	6.84	6.84	6.84
Taxi Regulator Administration Cost **	7.33	7.33	7.33	7.33
Total NTA Administration Costs	14.17	14.17	14.17	14.17
NTA - Taxi Regulator Income	6.20	5.58	5.25	5.25
NTA - Net Administration Costs (incl. Taxi Regulator)	7.98	8.60	8.92	8.92
2011 Savings Programs in Progress				
2011 Non-Pay Savings Program	0.75	1.03	1.03	1.03
Payroll Savings - 'Croke Park' commitments	0.21	0.27	0.39	0.39
Total Savings	0.96	1.30	1.41	1.41
% savings reduction	12%	15%	16%	16%
NTA - Net Administration Costs after savings	7.02	7.30	7.51	7.51
Exchequer Neutral payroll costs for replacement of assigned personnel from DoTTS***	A	B	C	D
Net Administration Costs	7.02 +A	7.30 +B	7.51 +C	7.51 +D
Current Grant (2011 level)	3.71	3.71	3.71	3.71
Shortfall (funded from Taxi Surplus Funds acquired at consolidation on 1st Jan 2011)	3.31 +A	3.59 +B	3.80 +C	3.80 +D

Notes:

* Excludes depreciation (non cash) and deposit interest yield from the Taxi Regulator Surplus carried forward, which diminishes over time. Deposit interest on surplus funds carried forward is non-operational and augments the operational funding shortfall.

** Taxi Regulator total expenditure reduced from €10.6m in 2010 to €7.3m in 2011 post consolidation budget.

*** Payroll costs for replacement of assigned personnel from DoTTS likely to be Exchequer Neutral via redeployment however NTA budget to be adjusted consistent with downward movements from Redeployment Donor budgets.

Potential opportunities for further current expenditure savings

The 2011 Savings Program targets significant annual savings rising to €1.4m or 16% in 2013 and 2014; however, the Authority has also identified further potential opportunities for cost reduction and income generation but each has associated issues that would require careful examination.

One key area is that of taxi regulation where costs of running the function exceed the annual revenue collected from industry participants (€1.13m shortfall f/c for 2011). The opportunities listed below have the potential to shift taxi regulation towards a more self-financing business model. However, it is worth noting that some opportunities such as increased license fees,

vehicle inspection charges and alternative service models would need to be fully evaluated in terms of industry impact and the allied consumer impact. Nonetheless, such opportunities are also included below to facilitate a more complete picture of alternatives that can be considered.

Implementation of On-line Solution for Driver and Vehicle Licensing

The Authority's taxi regulation section has completed 80% of a three year IT strategy which includes the building of a database warehouse and licensing front end which streamlines the licensing processes, supports enhanced compliance by linking all data relating to one licence holder/ customer, and allows the introduction of online transactions for licence renewals and other mature processes. The streamlining of the licensing services replaces a number of manual, paper-based processes with more secure online checks, and allows the section to replace paper with electronic communications (letters, newsletter).

The Authority has submitted, in its 'Start of Year Submission for 2011' to CMOD, a proposal to complete the remaining elements of the project which would facilitate a significant move away from paper processing and 3rd party service providers towards a more cost effective online model for service delivery.

Some of the key benefits and potential savings from online service provision include the items in Table 3 overleaf.

Table 3: Some key benefits and potential of Online Service Provision

Area	Assumption	Potential Annual Saving
Vehicle License Renewal	40% of licence holder choose to use online service	€150k pa through reduced outsourced administration costs
Renewal administration, driver	40% of licence holders use the service	€30k pa through reduced outsourced administration costs
Licensing portal and/or electronic reminders	40% use service (Policy to opt in for electronic communications only would double this saving)	€60k pa through reduced fulfilment, postage and number of call centre staff
Utilise Internet to a greater degree to provide information to industry and consumers with a view to diverting contacts away from call centres towards a more online self-service approach.	Changed Service Model acceptable to industry and consumers.	€150k pa primarily through reduced outsourced call centre and administration costs
Fulfilment. Eliminate confirmation and reminder letters for vehicle testing and license renewals, and substitute with electronic confirmations.	Changed Service Model acceptable to industry and consumers.	€30k pa primarily through reduced printing, postage and administration costs
Fulfilment. Eliminate printing and postage of quarterly newsletters and substitute with electronic version (eZine by email and online).	Changed Service Model acceptable to industry and consumers.	€25k pa primarily through reduced printing, postage and administration costs
Total Potential Annual Saving		€445k

Increase to Vehicle Licensing Fee

The renewal fee for drivers is currently €125 and has remained at this level since 2001. Since 2009 an additional vehicle assessment component has been added. This currently costs €25 per vehicle and is not passed on to drivers. Increasing the fee to say €175 to account for inflation since 2001 and additional service element would yield an additional **€850k pa** based on a fleet size of ~17k. This scenario would obviously need to be assessed further in terms of economic impact on industry participants and the associated impacts on consumers.

Driver Licensing Fee

Currently a SPSV driver licence is valid for 5 years. Given resource constraints in enforcement, the license renewal process provides a useful opportunity to check compliance. A reduction in the license duration from 5 to 3 years has the potential to improve compliance and increase revenue by up to €1m pa. This scenario would obviously need to be assessed further in terms of economic impact on industry participants, legal implications and the capacity of other stakeholders (including An Garda Siochana) to work within reduced timeline for processing applications, vetting etc.

Revised Programme-level Information

For each programme, identify the level of outputs achievable within the reduced level of resources:

Scheme/ Subhead/NCSA	2010 Outputs	2011 Output Targets	2012 Output Targets	2013 Output Targets	2014 Output Targets
National Transport Authority	3,712	3,712	3,712	3,712	3,712

For each Programme show the breakdown of savings identified.

	2012	2013	2014
Surplus staff identified			
Associated Payroll Savings			
Other Programme Savings			
Administrative Savings			
Associated costs (if any)			
Total Programme "A" Savings			

Appendix XVII

Mr. Tom O'Mahony

Secretary General
Department of Transport, Tourism & Sport
44 Kildare Street
Dublin 2

26th May 2011

Re: Comprehensive Review of Expenditure

Dear Secretary General,

I refer to your e-mail of 13th May last in relation to the Government decision to undertake a Comprehensive Review of Expenditure, and in particular your request that each body under the Department's aegis undertake a review of their roles and responsibilities to feed into this wider process.

I am now enclosing a review of the role and activities of the National Sports Campus Development Authority as requested. At the outset I should state that NSCDA's exercise in this regard is framed against a background of the Authority having a very specific and defined remit and the absence of what may traditionally be viewed as ongoing or "discretionary expenditure programmes".

In considering the potential for savings from NSCDA programmes, the Authority is of the view that reductions in Exchequer allocations to NSCDA over the past number of years give little of no scope for further savings if the Authority is to continue to operate and fulfil its responsibilities. With regard to capital expenditure, projects undertaken by NSCDA are in general very specific in nature (for example the refurbishment of the existing buildings on the Abbotstown site) and as such attract specific, dedicated capital allocations when required.

Finally, as a range of issues related to the National Sports Campus – including options for future development of facilities – are the subject of a Memorandum to Government at present, the future direction (and related funding requirements) of NSCDA will be informed by any decisions taken by Government in due course.

Yours sincerely,

Barry O'Brien
Chief Executive

Current Expenditure

Regular Current expenditure undertaken by the NSCDA at present is broadly divided into 2 main categories or “programmes”. (1) **General Administration** and support for the work of the Authority; and (2) the annual **operational subsidy** provided to the **National Aquatic Centre**. The NSCDA does not operate or facilitate any grant schemes or operate any other programmes. However, the Authority will soon take on a third “programme” when it assumes overall responsibility for the maintenance of the Abbotstown complex (following the complete decant by the Department of Agriculture, Food and Fisheries).

Programme	Rationale & Justification	Impact of Reductions
<p>1. General Administration</p>	<p>Under NSCDA’s establishing legislation, the Authority is responsible for the development and operation of a Campus of sporting facilities on the Abbotstown site. NSCDA is also mandated to encourage and promote the use of such facilities at all levels (professional, amateur and local/community). To this end NSCDA has prepared a Master Plan for the development of approx. half of the Abbotstown site as a Campus of elite training facilities as well as community facilities.</p> <p>The Authority is also responsible for the day-to-day operation and management of the National Aquatic Centre; the Morton Stadium, Santry (the National Athletics stadium); the Irish Institute of Sport HQ and the former Marine Institute building.</p> <p>A range of items concerning the future development of the Campus and the Abbotstown lands are the subject of a Memorandum to Government to be submitted by the Minister in June 2011. These include proposals from NSCDA for both Incremental and Partnership Development Strategies. In the event of a favourable decision on future development, NSCDA will</p>	<p>NSCDA has seen significant reductions in its Current allocations to date. Further cuts will:</p> <ul style="list-style-type: none"> • Affect adversely the day-to-day functioning of the Authority. • Affect adversely NSCDA’s ability to meet statutory and other obligations as a body corporate. • Restrict NSCDA’s ability to deliver future development of the facilities for which Planning Permission is in place (subject to necessary approvals). • Impact adversely the continued operation of existing Campus facilities (the National Aquatic Centre; the Morton Stadium, Santry; the Irish Institute of Sport HQ; the FAI HQ and the Abbotstown complex in general) and the ongoing maintenance and stewardship of State assets at Abbotstown.

	require continued current funding to support its development activities.	
2. National Aquatic Centre subsidy	<p>NSCDA is the owner and operator of the National Aquatic Centre.</p> <p>In addition to being a public swimming and leisure facility, the NAC is also home to Swim Ireland's High Performance Centre as well as the base for most National and regional swimming competitions in Ireland. NSCDA provides free pool hours to Swim Ireland and affiliated clubs & organisations as part of its remit to assist in the development of aquatic sports in Ireland.</p> <p>Furthermore, all "carded" elite athletes (supported by the Irish Sports Council) can avail of the facilities of the NAC without charge.</p> <p>In 2008, NSCDA commissioned an independent Financial Assessment and Benchmarking Report on the NAC. This report compared the NAC to similar facilities across Europe & North America.</p> <p>In summary the report outlined the significant supports made available to other such facilities (up to €2.5 million per annum). The report recommended annual subventions for the NAC in the order of €1.5m per annum.</p> <p>The report was submitted to the then Minister for Arts, Sport and Tourism and in recognition of the need for continued State support to a national facility such as the NAC, an operational subsidy of up to €1.03m was sanctioned for 2008</p>	<p>While an independent International Benchmarking report recommended increasing levels of support for the Centre, due to the deteriorating economic and Exchequer climate, it has been necessary for NSCDA to effectively reduce subsidy levels to date below the recommended international norms.</p> <p>Any further reduction in subsidies to the Centre will:</p> <ul style="list-style-type: none"> • Impact negatively on the ability of NSCDA to maintain the Centre to required standards of excellence as the National centre for aquatic sports in Ireland. • Impact NSCDA's ability to maintain the Centre from a health and safety perspective. • Necessitate periodic closure of elements of the Centre and possible consequential effects on the 100 staff employed at the Centre and the revenues generated (this in turn would exacerbate the reliance on subsidies). • May necessitate the reduction/removal of the subsidised hours provided to Swim Ireland and local community clubs – with resultant effects on both high performance and development of swimming in Ireland, and in turn impact on international swimming success. • Require Swim Ireland to seek increased funding from the Irish Sports Council to allow for continued use of NAC facilities. • Removal of access to the ISC "carded" elite athletes.

	<p>but was never increased to the recommended 1.5m. Indeed, the reduced level of current funding to NSCDA has brought the effective subsidy down to €0.82m in 2011.</p>	
<p>3. Abbotstown Site Maintenance</p>	<p>Proposals are due to be submitted to Government to allow for the transfer of the Abbotstown complex to the Authority (in accordance with NSCDA's establishing legislation).</p> <p>If the transfer the Abbotstown lands proceeds (and if the National Sports Campus is to be developed, even on an incremental basis) NSCDA will be charged with maintaining and securing the State properties in Abbotstown. Such additional responsibilities will require additional funding.</p> <p>Over the past number of years there has been a gradual withdrawal from the Abbotstown complex by existing/former occupants and users. The State Laboratories and the Marine Institute re-located to new purpose-built premises in 2005 and 2006 respectively. Over the course of the past 2 years, the Department of Agriculture farm operations on site have wound down and relocated to a new facility.</p> <p>The last remaining Agriculture operations are due to cease in May 2011 at which time D/Agriculture will have no more involvement in the complex. Security and maintenance services previously provided by D/Agriculture have been withdrawn and the additional, unbudgeted costs of same are</p>	<ul style="list-style-type: none"> • At present no direct funding is provided to NSCDA, nor is provision made within existing resources, in respect of the maintenance of the Abbotstown complex. • Additional funding (including that from the proceeds of the leasing of agricultural land at Abbotstown) will be required by NSCDA to discharge its future responsibilities. • Further reductions in the current funding to NSCDA will have consequences for NSCDA's ability to properly maintain and secure the Abbotstown complex and the assets contained within the site.

	<p>currently being met by NSCDA.</p> <p>However, the Department of Agriculture has entered into leasing/licensing arrangements with a commercial farmer for use of c. 320 acres of the Abbotstown lands – to assist in the costs of maintaining the lands. NSCDA would require the benefit of the proceeds of such an arrangement to enable it to discharge future responsibilities for the site.</p>	
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Appendix XVIII

Green Schools Programme

This Programme is operated by An Taisce and is aimed at changing school travel behaviour, ie encouraging cycling and walking and use of public transport, thereby reducing car use in school journeys. The Programme was first piloted in the Greater Dublin area in 2007, when it delivered an average 10% decline in car use for school journeys in the participating schools, as a result of an 8% increase in walking / cycling in particular. In the school year 2010/2011 the Programme reached some 650 schools and approx. 152,000 pupils.

VfM Test 1: Rationale, Objectives and Continuing Relevance

- *Is the programme consistent with high-level Government policy? How does the programme contribute to achievement of a specific aim of the Programme for Government?*

Smarter Travel, the sustainable transport & travel policy to 2020, commits in Action 7 to ensuring that every school and college in Ireland has a school travel plan to encourage students to take alternatives to the car. The *Programme for National Government* commits both to a Climate Change Bill to ... provide a clear pathway for emissions reductions, in line with negotiated EU 2020 targets and to continuing to invest in the *National Cycle Policy* which requires interventions in the areas of infrastructure, communication and education. The Green Schools Travel Programme is a cornerstone of delivery of all three national policies.

The swing towards active travel in schools partaking in the Green Schools Programme also meets a key objective of the Department of Health plan to combat childhood obesity. It is also increasingly the case that, as part of the grant of planning permission for schools, local authorities increasingly seek development of such travel plans.

- *Why is this programme required / what market failure is addressed by this programme? How have developments in the wider policy sphere and broad economic developments affected the relevance of the programme?*

Nationally car use to school increased from 29% in 1991 to 46% in 2006, although the average distance to school did not increase significantly. This equates to 347,000 school related car trips each morning. 22% of primary school children are driven less than 1km to school, and 33% of secondary school children are driven less than 2km to school. 60% of parents who drove their children to school don't go onto work. Based on estimated annual congestion costs of €2bn/annum it is estimated that even a 20% reduction in the number of school related car trips on the road in the am peak hour would save €11m/annum.

The pattern of physical activity established in childhood is the key determinant of adult behaviour⁴. This relates particularly to cycling and has long term ramifications for travel choices in Ireland, as every public transport journey starts or finishes with a walk or a cycle, this pattern will also have an effect on public transport usage in the future. Based on figures supplied by the Task Force for Obesity, for every child that starts to walk or cycle to school (return trip at least 15mins) the savings in treating obesity are approximately €50 per child per annum.

- *What is the high-level objective of the programme?*

The key objectives of Green Schools – Travel are –

1. To increase the number of schools participating from 278 in 2008 to over 1000 in 2012

⁴ Kuhl and Cooper, 1992, "Physical Activity at 36 Years:Patterns and children predictors in a Longitudinal Study", *Journal of Epidemiology and Community Health*, 46,pp.114-119

2. To increase the number of children participating from 100,000 in 2008 to 265,000 in 2012;
 3. To achieve and to sustain a shift from reliance on the private car for school transport
- *How does the programme interact with other programmes within this or other Departments which target the same types of beneficiaries or address the same type of economic or social issue?*

The Green Schools Travel programme (operating in a quarter of the schools in the country) is an outsourced programme, delivered by An Taisce where its administration benefits from the synergy of being part of the overall Green Schools Programme (Water, Waste, Energy) covering 85% of the schools in the country.

- *Should the programme be discontinued? Should a sunset date be put in place on the programme?*

The programme has instigated a culture change in 650 schools with a ripple effect on the other 3,500 schools in the country. A tipping point will not be reached without continuation. Curtailing the programme now would impact not just on schools that are set to join, but cause slippage by schools being maintained in the programme resulting in wasted investment. Discontinuing/restarting the programme in a few years would lose the culture change underway, the goodwill of the schools, and staff expertise and would require a good deal of expense and effort just to return to current levels.

If funding is discontinued post December 2012 (when current SLE with the Department expires) then only 1/3 of all schools registered in Green-Schools will have undertaken the Travel module. This is a loss of 2,000 schools or approximately 500,000 students. Continuation of the programme to 2018 at a budget of €2 million per annum would secure the roll out of the travel module to all 2,000 schools, educating at least an additional 500,000 students about the benefits and cost effectiveness of sustainable travel. This is a relatively small amount of investment with good long term outcomes with respect to GHG emissions, obesity, congestion and economic competitiveness.

VfM Test 2: Programme Effectiveness

- *To what extent have the objectives of the programme been achieved? Where objectives have not been met, or have been considerably exceeded, provide detail of causes.*

Results from a survey conducted of 10,000 pupils participating in the programme from 2008 to 2010 showed:

- 27% decrease in car use; from 58.8% to 42.7%
- 31% increase in walking; from 18.4% to 26.6%
- 25% increase in cycling; from 3.6% to 4.8%
- The number of staff travelling to school by car also dropped by 11%

These results have far exceeded the targets set for the programme in the service level agreement in 2008, which aimed for a 14% reduction in car use and a 9% increase in walking and cycling in 2010.

- *What alternatives have been considered in attempting to meet programme objectives on a more cost effective basis?*

Over 24,000 pupils and their families have switched from car to walking or cycling every morning, with associated health, safety and congestion reduction benefits. To put this shift in context, a LUAS line is capable of carrying 5,000 people each way in the morning peak.

- *To what extent has performance been benchmarked with similar programmes in other jurisdictions?*

Schemes, under the general heading of *Safer Routes to School (SRTS)* programmes, have been established in the UK, Canada, and Australia and throughout Europe to redress the

trend in school travel. The success of Green Schools in Ireland outstrips what has been achieved in the UK, where the overall reduction in car use to school is in the order of 8- 15%.⁵

VfM Test 3: Programme Efficiency

- *What are the outputs of this programme? What has been the trend in outputs produced in recent years? What is the trend in the unit cost per output in recent years?*

The initiative, at €2 million per annum is designed to deliver increased cost-effectiveness year on year:

Sept 2009: 140,000 pupils (cost per capita = €14.28)
 Sept 2010: 153,000 pupils (cost per capita = €13.07)
 Forecast Sept 2011: 222,000 pupils (cost per pupil = €9.01)
 Forecast Sept 2012: 265,000 pupils (cost per pupil = €7.55)

- *What is the trend in the level of administration costs for each programme in recent years? Identify specific issues and steps which can be taken to improve programme efficiency Is there scope for use of outsourcing, shared services etc?*

The Green Schools Travel programme is an outsourced programme, delivered by An Taisce where its administration benefits from the potential synergies of being part of the overall Green Schools Programme. Green Schools, by its nature, is a programme which seeks to be cost effective and sustainable through the reduce, reuse and recycle ethos, an ethos governing all aspects of the organisation in terms of working practices and individual behaviour. Accordingly, the programme is operated in as cost effective way as possible. Unit labour costs are also low. The total number of Green-Schools Education Officers is 28, these staff work directly with Travel schools as well as working with schools who are starting the travel theme in the following year. In 2008 the ratio of staff to schools was at 1:15, however this has increased to 1:25 in 2010 with staff now working at maximum capacity. The programme has already reduced spend per pupil year on year. Reduction in funding would have a corresponding reduction in the numbers of pupils in the programme.

- *Are there user charges/appropriations associated with individual programmes? No*

Previous Evaluation Work

- *List all previous evaluations, VfM and Policy Reviews, Comptroller and Auditor General Reports or studies in this policy area relevant to the programme.*

Quantitative analysis of the Green Schools Programme has been carried out. This analysis considered the monetised benefits of emissions reductions and congestion reductions directly associated with the target of “a 13% reduction in car use” for trip to and from school. In reality schools surveys are showing a reduction of 22%, significantly exceeding the target.

Considering only the congestion and carbon reduction benefits yielded by achieving the target gives a carbon reduction cost of €8/tonne. This is less costly than the market price for a carbon credit of €15/tonne. A range of other benefits were not considered, such as the monetised health benefits, and the longer term change in travel behaviour of those targeted. These benefits, along with the fact that the targeted reduction is being exceeded, would further reduce the cost per tonne value for this scheme.

Revised Programme-level Information

For each programme, identify the level of outputs achievable within the reduced level of resources:

Scheme/ Subhead/NCSA	2010 Outputs	2011 Output Targets	2012 Output Targets	2013 Output Targets	2014 Output Targets

⁵ Cairns, Sloman, Newson, Anable, Kirkbride & Goodwin 2004 - Smarter Choices Changing the Way we Travel - Final Report to the Department for Transport UK.

Green Schools	153,000 pupils	222,000 pupils	265,000 pupils	New SLA to be agreed	New SLA to be agreed

For each Programme show the breakdown of savings identified.

	2012	2013	2014
Surplus staff identified	0	0	0
Associated Payroll Savings	0	0	0
Other Programme Savings	0	0	0
Administrative Savings	0	0	0
Associated costs (if any)			
Total Programme "A" Savings	0	0	0

Railway Safety Commission

The Railway Safety Commission and its objectives

The role of the Railway Safety Commission (RSC) is to foster and encourage railway safety and to enforce the Railway Safety Act and other legislation relating to railway safety. The RSC employs 9 people including the Commissioner, 6 inspectors and 2 admin staff.

The Railway Accident Investigation Unit (RAIU) is a functionally independent unit within the RSC. The RAIU's investigations are carried out in accordance with the Railway Safety Act and the European Railway Safety Directive 2004/49/EC.

The safety regulation system in place is fully in line with that specified in the EU's Railway Safety Directive. Our legislative and institutional arrangements follow closely the system and procedures mandated at EU level and implemented throughout the EU.

The subhead provides for expenses associated with the Railway Safety Commission, which was established on 1 January 2006 under the 2005 Railway Safety Act. The Railway Safety Commission is charged with the enforcement of the provisions of the Railway Safety Act and any other legislation relating to rail safety, including EU legislation; fostering measures for improved railway safety; and investigation and reporting on railway incidents.

The Railway Safety Commission is funded in part by the Exchequer and in part by a levy on railway undertakings. In 2010, the Commission was funded by Exchequer grant of €860,661 and a levy on railway companies of €1.512m. In 2010 the RSC had a saving of €152k this was due to the RSC been able to reduce the amount spent on legal fees, training and there were also no expenses incurred by the Railway Safety Advisory Council (RSAC). The Railway Accident Investigation Unit (RAIU) were also able to reduce the amount they spent on legal fees, on training and on external assistance with investigations.

Implications of cut

The RSC have a strategy in place to reduce operational expenditure by 10% in 2012, by 5% in 2013 and by 3% in 2014. For 2012, these savings will be made by reducing expenditure on training by €25,000, legal fees by €8,000, IT by €10,000, consultancy by €25,000 and office and technical equipment by €33,000.

Revised Programme-level Information

For each programme, identify the level of outputs achievable within the reduced level of resources:

Scheme/ Subhead/NCSA	2010 Outputs	2011 Output Targets	2012 Output Targets	2013 Output Targets	2014 Output Targets
Railway Safety Commission	861	1,000	900	860	838

For each Programme show the breakdown of savings identified.

	2012	2013	2014
Surplus staff identified			
Associated Payroll Savings			
Other Programme Savings			
Administrative Savings			
Associated costs (if any)			
Total Programme "A" Savings	100	140	162

**SHANNON FREE AIRPORT DEVELOPMENT
COMPANY LTD – ADMINISTRATION AND GENERAL
EXPENSES (TOURISM DEVELOPMENT)**

Description and Scope of Subhead

Shannon Development is the Regional Tourism Authority for the Shannon Region which includes Clare, Limerick, North Tipperary and South Offaly. As is the case with other regions, has a Regional Tourism Development Board, which works closely with the executive of Shannon Development and the main Board of Shannon Development on tourism matters. Shannon Development tourism subsidiary company, Shannon Castle Banquets and Heritage operates a portfolio of tourism attractions and evening entertainments in the Shannon Region e.g. Bunratty Castle, King John's Castle that generate in the order of 500,000 visitors each year. The subhead provides funding to Shannon Development to fund promotional and tourism related activities throughout the Shannon Region, although the bulk of its funding is provided through its own resources income. These are derived from its tourism commercial activities and, in particular, from its industrial property portfolios. In 2011, Shannon will receive €786k from the Department.

Functions and Rationale

The functions and rationale for the organisation is set out below:

- Shannon Development engages in marketing of the product of the Shannon Region, and the region as a destination, in Ireland and overseas, to help achieve the national objective of more balanced regional tourism growth. This includes significant use of direct sales to key national and international operators, in market promotions and activities, e-marketing/social networking sites and online marketing programmes, combined with the more traditional marketing techniques. The significant use of sales and marketing contracts/agreements with major international operators, agents and airlines to drive business to the Shannon region.
- The research, promotion and active stimulation of investment in new, high-standard tourism products in the Shannon Region (e.g., Walking/cycling trails; Doonbeg Golf Resort, Birr Castle Historic Science Centre, Ballyhoura Mountain bike park, Burren and Limerick Riverside City). Also the delivery of national grant programmes and delivery of BES and Seed Capital Schemes.
- The development and marketing, through its subsidiary companies Shannon Heritage & Kilrush Creek Marina, of its own tourism products – e.g., Bunratty Castle and Folk Park, Medieval Banquets, King John's Castle, Kilrush marina, etc.
- The management and development of the activities of its Tourist Information Office network and self-catering product.

Effectiveness and Efficiency

Shannon Development acts as a regional authority for tourism for the Shannon region. It is separate from Fáilte Ireland in its tourism functions in the mid-west region, but Fáilte Ireland is the primary provider of many of the tourism services in the region e.g. business supports, training, capital grants, festival and other events funding and the bulk of the domestic marketing advertising. Shannon Development's operations are primarily focused on running of the tourism information offices in the region, advocating for the region, promotion of tourism

investment in the region, promotion of the airport and marketing of the region, both domestically and overseas, through direct engagement with tour operators.

The company's agency statement shows that while the Department contribute €786,000 ,SFADCo spends an additional €3.6m which is funded from own resources. The tourism staff numbers is approximately 32 WTE employees out of a total for the company of approximately 130.

Evaluations

No evaluations have been carried out in the recent past.

Options

In this context, further consideration should be given as to the future of this institutional arrangement and to whether a consolidation of the tourism agencies might be desirable. Although a merger of SFADCo's tourism functions with Fáilte Ireland would not generate immediate savings due to the funding model for SFADCo and the time involved to bring it about, it would reduce the number of tourism agencies and simplify the institutional landscape. Consideration would also have to be given to the treatment of Shannon Castle Banquets and Heritage as this function would not fit with the remit of a national tourism development authority. A merger may also require redeployment of some staff.

The future of this subhead will be very much dependant on decisions taken in relation to the rationalisation of State agencies. If it is decided to leave the institutional arrangements as they are, then a 20% cut out to 2014 could be applied. This would just amount to 3.6% of Shannon's overall budget given that the bulk of the budget comes from their own resources and the cut would have a minimal impact on its own, however, their own resources are under considerable stress as well and it is likely that they will have considerably less to contribute to their tourism arm.

Revised programme level information

The savings are dependent here on decisions on the future of the tourism function of SFADCo. Pending decisions in that regard, a straight 20% cut is set out below

Total Programme "A" Savings	52	52	53.5

APPENDIX XXI

**Response to queries received from the Steering Committee
for the Comprehensive Expenditure Review**

Introduction

The Steering Committee asked that the following matters be considered and that the Department's views be reflected in this final report:

- Analysis of headcount trends within the CIE Group over the past five years as against passenger numbers and service levels. Comment on the scope for a deeper, more targeted efficiency programme in this area to deliver substantial cost savings;
- The scope for and barriers to a more radical overhaul of the public bus network in the Greater Dublin Area by the National Transport Authority, drawing on the full recommendations of the 2009 Deloitte Cost and Efficiency Review;
- The scope to prioritise maintenance of the regional and local road network over any further expansion of the motorway and national primary network;
- The benefits of introducing weight restrictions on local roads as a means of reducing wear and tear, and the steps required to curtail damage caused by third parties carrying out temporary works (e.g. utilities companies);
- The potential to make further savings on the sports programme by prioritising supports for multi-use sports facilities; and
- The scope for further reducing Exchequer expenditure on tourism support services and in place attracting a larger contribution from the sector; and

Comments on each of these issues are set out below.

Analysis of headcount trends within the CIE Group over the past five years as against passenger numbers and service levels. Comment on the scope for a deeper, more targeted efficiency programme in this area to deliver substantial cost savings

CIÉ were asked to provide a response which is reproduced below.

The broad conclusions are that CIE has been very successful in reducing its cost base to offset the reduction in total revenue through a series of measures including headcount reduction and efficiency measures. The proposed 20% reduction in subvention in the period 2012-2014 will present significant financial challenges to the CIE subsidiaries.

Dublin Bus

Efficiency Trends

Dublin Bus point out that between 2006 and 2011, the following efficiencies/improvements will have been achieved:

- The fleet will be reduced by 19%
- While subvention will have increased by 4%, total State financial support (taking account of the abolition of fuel duty rebate) will have fallen by 14%
- Staff numbers will have fallen by 6%

The acceleration of cost reductions and efficiencies since 2008 to date has achieved the following:

- The fleet will be reduced by 21%
- Subvention will be cut by 15%
- Total State financial support (taking account of the abolition of fuel duty rebate) will have fallen by 29%
- Staff numbers will have fallen by 16%
- Total State financial support per passenger will have fallen by 12%
- Total State financial support per staff member will have fallen by 15%.

The above efficiencies and reduced State financial support have taken place at a time of a significant reduction in passenger numbers. Passenger numbers are estimated at 115.5 million in 2011 as against 146.3m in 2006 and 143.5 m in 2008 (a reduction of 20% on 2008 and 21% on 2006). At the same time kilometres operated will have reduced by 11% from 2008 and will be back to 2006 levels.

The detailed figures on headcount trends are outlined in the table below.

Appendix 1

**Dublin Bus
Headcount Trends**

	2006	2007	2008	2009	2010	Estimates 2011	Comparison 2008 v 2011	Comparison 2006 v 2011
Total Staff	3,455	3,740	3,891	3,602	3,430	3,260	-16%	-6%
Passenger Numbers	146,300,000	147,500,000	143,500,000	128,500,000	119,000,000	115,500,000	-20%	-21%
Subvention	69,845,000	80,078,000	85,629,000	83,199,000	75,682,000	72,400,000	-15%	4%
Total State Support (TSS)	79,845,000	92,078,000	96,629,000	83,099,000	75,582,000	68,700,000	-29%	-14%
Fleet	1,102	1,163	1,132	998	952	897	-21%	-19%
Ratios								
TSS/Staff	€23,110	€24,620	€24,834	€23,070	€22,036	€21,074	-15%	-9%
TSS/Passenger	€0.55	€0.62	€0.67	€0.65	€0.64	€0.59	-12%	9%
TSS per Bus	72,455	79,173	85,361	83,266	79,393	76,589	-10%	6%
Passenger per Bus	132,759	126,827	126,767	128,758	125,000	128,763	2%	-3%
Passsenger/Staff	42,344	39,439	36,880	35,675	34,694	35,429	-4%	-16%
Kilometre per bus	54,083	54,342	59,717	65,030	64,916	66,890	12%	24%
Kilometre per staff	17,250	16,898	17,373	18,018	18,017	18,405	6%	7%
Kilometres Operated	59,600,000	63,200,000	67,600,000	64,900,000	61,800,000	60,000,000	-11%	1%

In summary since 2008 the level of service activity and the financial support from the State will have fallen at least in line with the trend in passenger numbers.

Dublin Bus has responded vigorously to the extremely challenging economic environment of recent years and has taken strenuous actions which will achieve annual cost savings of €58m by end-2011 as set out below, in order to offset the customer revenue losses which will amount to approximately €55m per annum.

Dublin Bus' overall strategy in dealing with the financial difficulties arising from the recession has been and will continue to be:

- (i) Reconstruct and modernise the route network through the Network Direct project to provide more direct routes on all corridors with regular, frequent services.
- (ii) Adjust service timetables and resources in line with running time improvements, bus priority measures and changes in demand.
- (iii) Achieve fleet reductions through (i) and (ii) above to reduce the need for fleet replacement during the difficult years of the recession.
- (iv) Continue the drive to reduce staff costs and expenditure across all areas of the Company.
- (v) Implement the following customer service improvements and promote the benefits of these developments for customers and also to attract non-users of the service:
 - (a) Automatic Vehicle Location System and improved service quality management
 - (b) Real Time Passenger Information in all formats
 - (c) Reloadable Smartcard System
 - (d) Improvements in bus stop and website information
- (vi) Implement strong marketing campaigns to complement the introduction of Network Direct and the other improvements for customers outlined above and to ensure that the public are aware of the benefits of using the redesigned service.

The 20% reduction in PSO subvention for the years 2012 to 2014 will present significant financial challenges to Dublin Bus. In its view, those challenges can only be addressed through a combination of

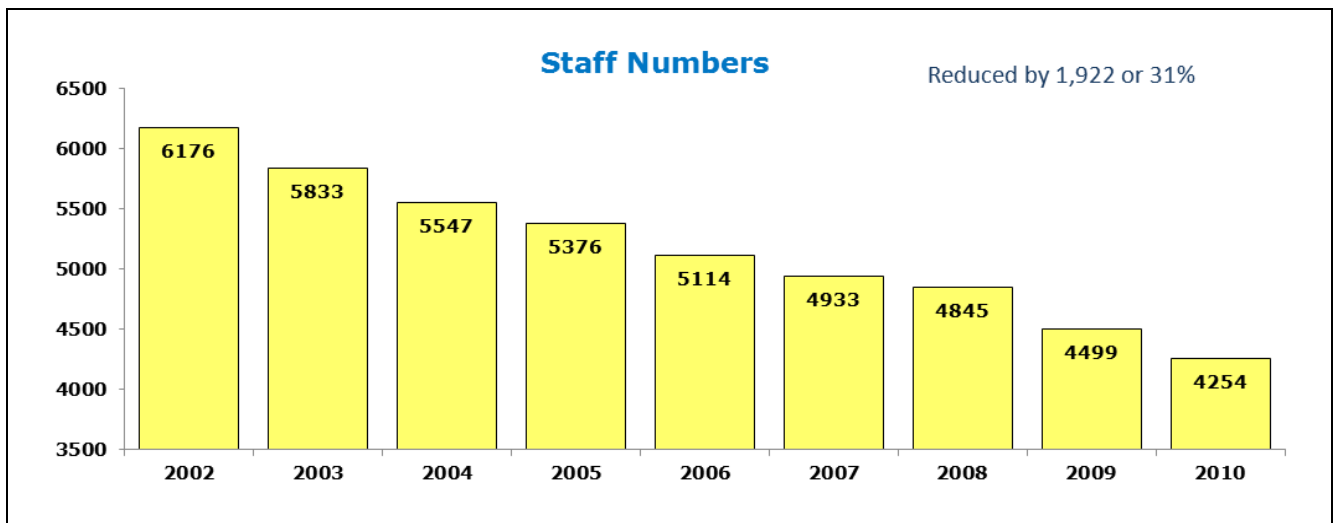
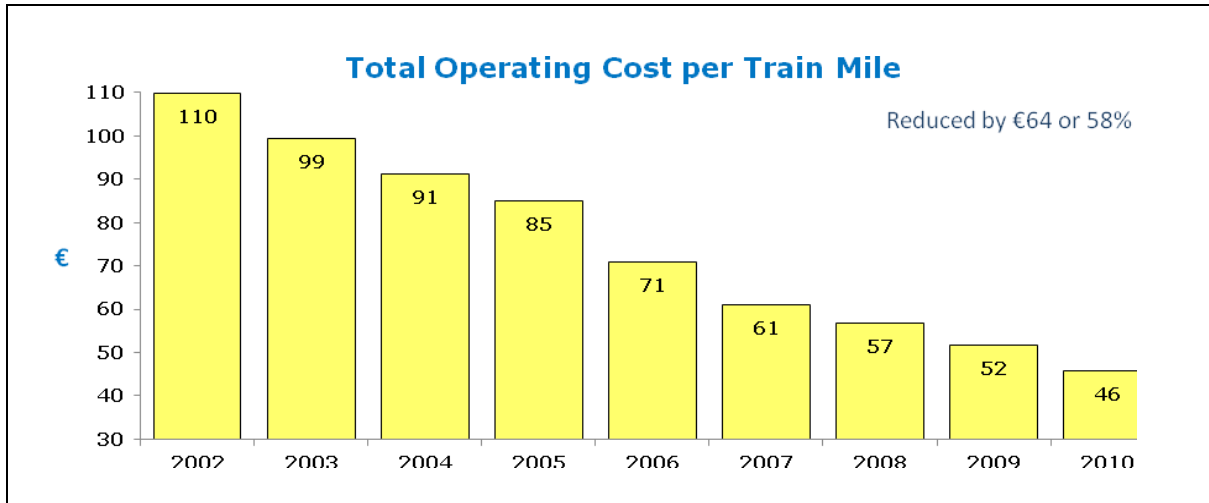
- fares increases across the board;
- further service cuts that would undermine the benefits of Network Direct and because of the staff reductions required would lead to serious industrial relations issues;
- Dublin Bus to continue the current program of cost savings and efficiency improvements.

Accordingly, there is no further scope for PSO reductions in Dublin Bus.

Iarnród Éireann

Efficiency Trends

- Total operating costs reduced by €75m over 3 years 2008-2011.
- Government subvention reduced by €44m over 3 years 2008-2011.
- Headcount reduced from 6,180 in 2001 to 4,250 by the end of 2010, through a long term programme of manpower efficiencies, the introduction of new technology and work practices.
- **Text redacted at this point - Commercially Sensitive, negotiations (industrial relations) of public bodies**
- Operating costs per passenger train kilometre reduced by 50% between 2002 and 2010. Over same period train kilometres doubled while total ops cost reduced by circa 25%.
- Passenger journeys per employee increased by 46% from 5,900 in 2002 to 8,600 in 2010.
- Further details of efficiency gains in Iarnród Éireann are set out in the following:



Financial Challenges facing Iarnród Éireann

Iarnród Éireann will find it extremely difficult to deal with the financial challenges of a subvention cut of 20% in the period 2012-2014 as will be apparent from the 5-year forecast outlined below:

	2011	2012	2013	2014	€m 2015
Revenue					
Passenger	155.3	165.7	175.9	186.5	198.9
Freight	9.4	9.6	9.9	10.2	10.5
Other	<u>16.9</u>	<u>17.0</u>	<u>17.1</u>	<u>17.3</u>	<u>17.4</u>
	181.6	192.3	202.9	214.0	226.8
Subvention	147.5	136.9	127.1	118.1	118.1
Total Revenue	<u>329.1</u>	<u>329.3</u>	<u>330.0</u>	<u>332.1</u>	<u>344.9</u>
Expenditure					
Materials	73.6	74.8	77.8	79.4	81.4
Fuel	34.0	34.5	34.5	34.6	34.6
Payroll	198.5	190.6	185.9	182.3	178.7
Financial Charges	3.1	3.4	3.7	3.7	3.7
Depreciation	<u>29.7</u>	<u>31.1</u>	<u>32.4</u>	<u>33.8</u>	<u>35.2</u>
	<u>338.9</u>	<u>334.3</u>	<u>334.3</u>	<u>333.8</u>	<u>333.5</u>
Operating Surplus / (Deficit)	<u>(9.8)</u>	<u>(5.1)</u>	<u>(4.2)</u>	<u>(1.7)</u>	<u>11.4</u>
Voluntary severance cost	<u>(10.0)</u>	<u>(13.6)</u>	<u>(9.4)</u>	<u>(8.0)</u>	<u>(8.0)</u>
Net Profit / (Loss)	<u>(19.8)</u>	<u>(18.6)</u>	<u>(13.7)</u>	<u>(9.7)</u>	<u>3.4</u>

Among the measures that Iarnród Éireann believe will be necessary to implement the 20% reduction in PSO subvention are the following:

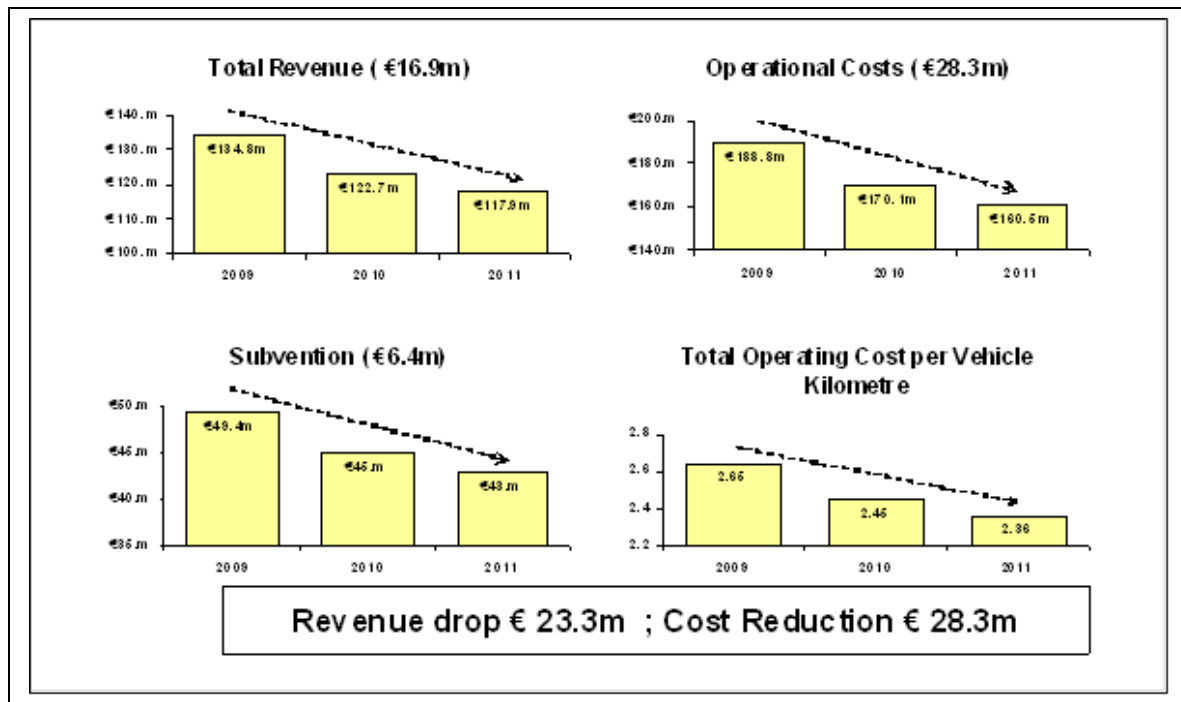
- Fares increase by average of 8% in 2012 and 4% p.a. thereafter
- Revenue growth from service improvements – 2% p.a. from 2013
- **Text redacted at this point - Deliberative Process, negotiations of public bodies**
- Reduction in pension costs following rules amendments - €3.0m p.a.
- Reduction in older fleet - €1.9m p.a.
- **Text redacted at this point - Deliberative Process, negotiations of public bodies**

Accordingly, there is no scope to achieve major cost savings/efficiencies if the national rail network is to be sustained. In addition there will have to be a major focus on measures to maintain Iarnród Éireann's financial health in the circumstances outlined.

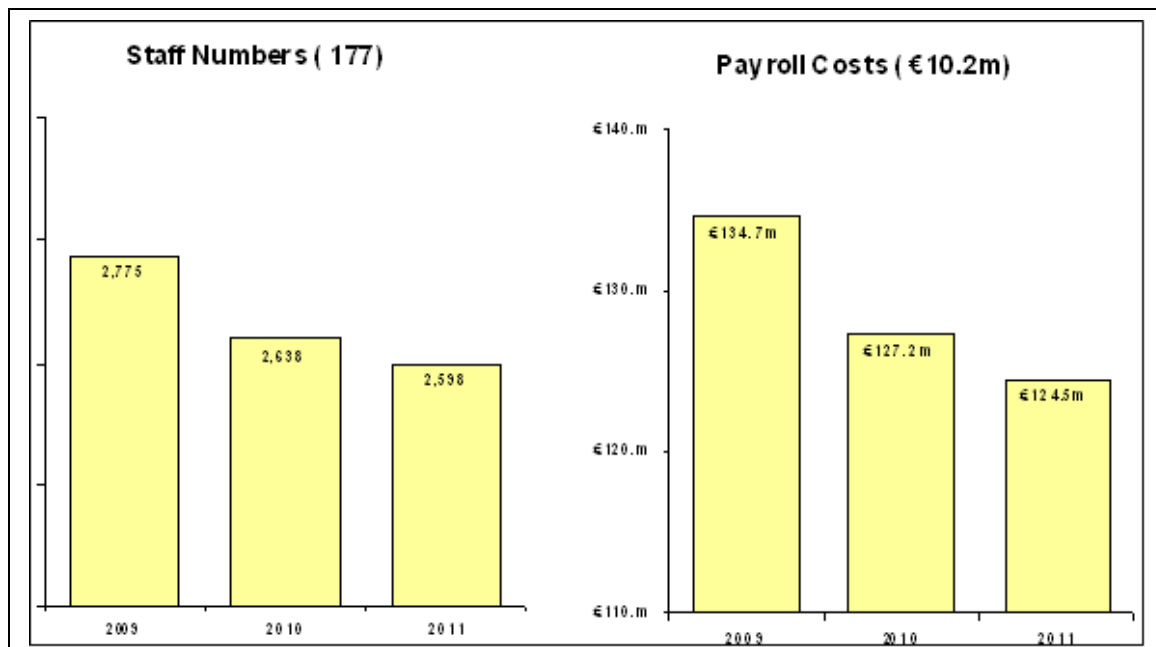
Bus Éireann

Efficiency Trends

Bus Éireann have succeeded in making significant cost savings in recent years as illustrated in the Table below:



Furthermore Bus Éireann's staff numbers will have reduced to less than 2,600 by the end of 2011 which represents a reduction of 177 employees since 2009. As a result payroll costs will have reduced by €10.2m by the end of the year to €124.5m.



Like the other CIÉ subsidiaries, Bus Éireann will have serious financial difficulties arising from the need to deal with potential subvention cut of 20% in the period 2012-2014 as illustrated in the Table below:

PSO	2010	2011	2012	2013	2014	2015
	Actual €000	Forecast €000	Forecast €000	Forecast €000	Forecast €000	Forecast €000
Total Revenue	66,893	65,381	65,870	67,351	69,639	72,031
Expenditure Excluding Fuel	98,683	94,263	93,441	92,941	91,956	93,754
Fuel	13,249	14,176	15,098	15,098	15,098	15,098
Total Expenditure	111,932	108,439	108,539	108,039	107,054	108,852
Net Position	(45,039)	(43,058)	(42,669)	(40,688)	(37,414)	(36,822)
Subvention	45,039	43,058	40,188	37,318	34,446	34,446
PSO Deficit	0	0	(2,481)	(3,370)	(2,968)	(2,376)

To address the financial challenges there will be a need for Bus Éireann to balance a mixture of fare increases and cost savings. In the case of cost savings there are potential service reduction and IR implications that will have to be assessed very carefully.

The scope for and barriers to a more radical overhaul of the public bus network in the Greater Dublin Area by the National Transport Authority, drawing on the full recommendations of the 2009 Deloitte Cost and Efficiency Review

The NTA were asked to examine this issue and the response is reproduced below.

The broad conclusions are that major savings have been achieved in the implementation of the bus network review and that the drive should now be to stabilise passenger numbers and to grow the bus market rather than make any further radical changes and to encourage a modal shift to bus. The NTA is committed to examine the bus market to open up part of the PSO services to tender for 2014 in the lead up to full open tendering in 2019.

Introduction

The 2009 Deloitte Cost and Efficiency report represented a very detailed examination of Dublin Bus and Bus Éireann's operations under three key areas:

1. operational efficiency,
2. the effectiveness and appropriateness of the network of services being operated by both companies
3. external issues that adversely impacted on efficiency, effectiveness and sustainability of service delivery

I have examined the recommendations in the report under these headings. In the following paragraphs, I have outlined the comprehensive delivery which has been achieved by the bus operators and the National Transport Authority in the 30 months since the report was published.

Operational Efficiency

The report found that the operation of both companies was generally efficient. It found potential for efficiencies in routes and schedules operated by Dublin Bus and Bus Éireann. Deloitte carried out a comprehensive analysis of one route which led to a conclusion on the areas of efficiencies that should be pursued. This formed the basis of the Network Direct project.

Bus Éireann have worked to drive efficiencies in their schedules over the last two years and have reduced operating cost by €28.3m by the end of 2011 as a result. Deloitte states that "we have found Bus Éireann's network to be as efficient as its peers. It will not be possible to make major cost savings on the Bus Éireann network without reducing services."

The key costs for both companies are fuel and wage costs. Fuel costs are recognised by Deloitte as being outside of the control of the companies. However the companies have driven average wage costs down by changing rosters and reducing overtime with a reduction of 7% being achieved in Dublin Bus.

Effectiveness and Appropriateness of the network of services

The report recommended that the Dublin Bus network be simplified and redesigned and even headways between departures introduced. Dublin Bus responded to the report by carrying out a comprehensive redesign of its network. They were supported by the Dublin Transportation Office and now the NTA in this project. Implementation of Network Direct will be completed by the end of this year which will result in 235 buses being removed from the fleet and a reduction in total staff numbers of 630 and savings of € 55m per annum by the end of 2011.

The Dublin Bus network is such that any further reductions in services as a result of future reductions in the PSO will be difficult to achieve without undermining the efficiency of the overall network. There will be very little flexibility to respond to peaks in demand which were not forecasted.

The report found that Bus Éireann's network is as efficient as its peers and no instances of network complexity or cost inefficiency was found.

The reduction in PSO payments for Bus Éireann over the last two years has resulted in rationalisation of services with reductions of 180 buses and 177 staff and savings of €28.3m. The Authority developed a Social Impact Estimation Methodology to assist us in assessing those changes.

The Authority has also gone further than the recommendations in the report by examining in detail the efficiencies of all the regional cities along with one geographical region (the South East Region). These reports will shortly be finalised and the changes recommended will be implemented over the next 6 months starting in Galway city. The Authority is also proposing to carry out a similar study in the Mid-East region extending to commuter towns such as Drogheda, Arklow etc. to identify any efficiency that can be achieved on the main commuter bus services operated by Bus Éireann in the Greater Dublin Area.

External Issues that impact on Service delivery

Monitoring Services

The contracts that the Authority has in place with both bus operators have a comprehensive quarterly monitoring process which is being continually strengthened. Targets were raised on performance indicators for Dublin Bus and for Bus Éireann from January 2011 and the frequency of reporting was increased on other performance measures. The Authority is currently examining other penalty systems to include in the contracts from January 2012 in terms of delivery of integrated measures such as Real Time Passenger Information and Integrated Ticketing to further drive efficiencies in delivery of services.

The Mystery Shopper reports now come directly to the Authority rather than to the operators solely.

Reliability of services

The introduction of AVL in Dublin Bus which was completed this year has allowed the company to monitor services more comprehensively and to introduce intermediate timing points which has improved reliability. This AVL data will also assist the Authority in assessing the performance of the operator and to identify any other “pinch-points” that may need intervention and some capital investment to improve running times.

Congestion levels have improved with the reduction of overall journeys made. The introduction of the College Green bus gate has dramatically improved running times particularly for Dublin Bus which has allowed fewer buses to do the same number of trips on a route.

Demand management measures could be considered in order to get further modal shift but the Authority has no role in road pricing measures and the Minister has stated that a “congestion charge” will not be introduced.

Any new bus that will be purchased in the future by Dublin Bus which is grant aided by the Authority will allow for entry and exit doors not just single doors. This will significantly reduce dwell times at bus stops and improve efficiency.

Support services

The Authority took over responsibility for the delivery of Real Time Passenger Information. To date our agents Dublin City Council have erected 170 signs with 300 to be in place by September. Bus Éireann services will be included later this year. A web and SMS text service will be introduced with Dublin Bus for all their stops in the GDA in September. An integrated web and app service will be introduced for all bus stops in the GDA for Dublin Bus, Bus Éireann and LUAS by the end of the year. It is planned to include the private operators in the service next year. The system is also being further developed to allow other operators to access the system easily following any tendering of PSO services.

In relation to fares, the Authority now controls prepaid discounted fares as well as the standard fares. The Authority will work towards a more simplified fare structure where possible given the constraints of the reducing fare box and PSO payments. The introduction of the Integrated Ticketing Scheme by the Authority later this year will reduce dwell times at stops and improve efficiency. The Authority has examined the provision of off-bus ticketing systems and has found the capital costs to be prohibitive at this stage given the benefits that would accrue.

The Authority has commissioned a National Intermodal Journey Planner which will be available to customers early in 2012. This will allow both new and existing public transport customers to plan their journeys. It will be housed on the same site as the Real Time Passenger Information which further enhances the passenger information and encourage consumer use of public transport and grow operator revenues.

Fleet Acquisition

While keeping the age profile at around 6 years as an objective, the Authority has sought to improve the efficiency of existing resources by refitting certain buses within the Dublin Bus fleet.

Bus Licensing

The Authority assumed responsibility for the licensing of commercial public transport services in November 2010. New bus guidelines have been instituted which are operating a quick decision turnaround time for decisions and appeal. Explanations are given for decisions thereby attempting to aid new entrants and encourage competition. Compliance of licensed services has also accelerated which also facilitates market competition

Tendering of PSO services

The Authority had an ambition to use some of the PSO monies to tender a new PSO service, outside the existing PSO contracts, within the state prior to 2014. However the level of reduction of the PSO subsidy forecast over the next 3 years makes it extremely difficult when services will possibly be reduced in other parts of the country.

However, the Authority has developed a timetable leading to the possible tendering of some or all of the PSO services in 2014 as set out in the Dublin Transport Authority Act 2008.

	2011	2012	2013	2014
Procurement timetable	Develop road map by year end	Call for Prequalification in Sept with closing date in Nov	Shortlist tenderers in Feb Commence tender competition in April for receipt by July Assess tenders	Tender award Jan/Feb Operations start by Dec
Key Decisions	Contracting Strategy Contracting timetable	Preferred tendering model Definition of PSO network	Selection of shortlisted and preferred bidder	Managing changes to contracted services Ensuring continuity of service
Key Activities	Market assessment	Affordability Analysis	Tender documentation	Mobilisation of operator

		Market soundings Preparation of Prequal docs	Tender Evaluation Negotiations	Controlling operators leaving the market
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As can be seen from this outline there is a significant lead in time to a new PSO bus contract but in any event there are executed contracts in place with the bus companies which run until December 2014.

Summary

From the Authority's perspective, major efficiencies have been achieved in the bus network in the Greater Dublin Area. The drive should be to stabilise passenger numbers and to grow the bus market rather than make any further radical changes at this time. Any radical change should look at the demand management measures which would encourage a modal shift to bus. In the meantime the Authority is committed to examining the bus market to open up part of the PSO services to tender for 2014 service in the lead up to full open tendering in 2019.

The scope to prioritise maintenance of the regional and local road network over any further expansion of the motorway and national primary network

There is no such scope. The position is that, given the limited current and capital funding available, maintenance of national, regional and local roads is being prioritised with no significant capital projects possible on the motorway or national primary network (the only possibility is one PPP project).

The approach taken in considering different funding scenarios in terms of current and capital expenditure from 2012 onwards for both national and for non-national roads has been based on the following:

- concentrating most available resources on maintenance and rehabilitation work rather than major new road projects
- meeting commitments on projects including completing land acquisition where commitments are in place
- undertaking cost effective safety projects
- undertaking a limited number of new schemes which involve starting construction work primarily in 2011 e.g. Tralee and Longford bypasses and Cork Southern ring road junctions. No other significant projects are scheduled to start in the period to 2016 unless the NRA can source funding for one of the N11 and N17/N18 PPP projects on acceptable terms.

It should be noted that capital expenditure on national road projects has reduced greatly in recent years:

2009	€1,406 million
2010	€1,115 million
2011	€ 680 million

Under the National Recovery Plan the capital figure for national roads is due to fall to €600 million in 2012, €260 million in 2013 and €240 million in subsequent years. A considerable proportion of the amounts proposed for 2012 and 2013 will be needed to cater for committed expenditure (both payments to contractors and land payments). It is estimated that a minimum of approximately €200 million per year is needed for national roads simply to cover asset management /network rehabilitation and network operations (in addition only €42.9m. reducing to €41m. has been proposed for national road maintenance under the current expenditure heading). This figure would include minor improvement works including small safety projects and limited rehabilitation /upgrades of very sub-standard sections of the national secondary roads mainly in tourist areas. Because of the high level of existing contractual commitments for 2012 and 2013 this minimum figure of €200 million for asset management/rehabilitation will not be achieved in those two years even with some rescheduling of commitments into subsequent years.

Overall therefore there is no scope to further reduce the national roads current and capital amounts in order to increase the monies available for the maintenance and rehabilitation of the regional and local road network.

The benefits of introducing weight restrictions on local roads as a means of reducing wear and tear, and the steps required to curtail damage caused by third parties carrying out temporary works (e.g. utilities companies)

Weight Restrictions on Roads

Consideration could also be given to asking local authorities to provide additional weight limit restrictions on minor roads. It is heavy goods vehicles that cause almost all of the pavement damage which is attributable to traffic. Hence restricting heavy goods vehicles from using certain minor roads would help to protect road pavements. It would also assist pedestrians and cyclists by providing a largely truck free environment. In considering implementation of such a restriction in a particular location, road authorities would need to take account of any additional costs to industry.

It should be noted that the sign which prohibits trucks above a certain weight from entering a road does not apply to heavy goods vehicles when it is their only means of access to a premises or location (e.g. an oil truck delivering heating oil to a house, bulk milk tankers collecting from premises, forage harvesters accessing fields or truck access to rural enterprises).

The power to restrict heavy goods vehicles from using certain roads (except for access) has been available to road authorities since 1997. Principally it has been used in urban areas to prevent "rat running". It has also been used on a more limited basis on rural roads which have been deemed unsuitable for large trucks. It is more effective on urban roads since sometimes trucks (and other traffic) choose to use local tertiary and local secondary roads to avoid congestion on main routes and the application of a weight restriction can rid minor urban roads of most such trucks. However in rural areas the heavy goods traffic is likely to consist of large agricultural vehicles such as tractors and trailers and forage harvesters and these vehicles are usually using the roads to access premises or fields (in which case they are exempted). Thus, the imposition of a weight restriction may have no practical effect.

Damage to Roads by Utility Companies

A "Guidelines for the Opening, Backfilling and Reinstatement of Trenches in Public Roads" was issued to Road Authorities in 2002. Since then much attention has been given by road authorities to limiting and managing more effectively trenches in public roads (including footways). A range of measures which are now undertaken by the most effective road authorities include the following:

- Checking the temporary and permanent reinstatements which have been undertaken by utilities/contractors
- Charging of appropriate road opening fees
- Carrying out the permanent reinstatement themselves at a cost where the road authority is not satisfied with the standard of permanent reinstatement carried out by the utility company
- Charging for long term damage to the road since the pavement life will have been reduced by the trench opening, irrespective how well the repair is carried out.
- Advising utilities in advance where road works are to be carried out thus allowing them the opportunity to carry out any proposed works programme that they have for those roads in advance of the pavement rehabilitation / strengthening works
- Implementing moratoria on certain roads which have been improved thus preventing any trenches being opened within a given timeframe.
- Using an on-line road works control system to manage road openings

A revised specification for use on all national roads was introduced by the NRA in 2011. The Department is continuing to work with road authorities in developing a comprehensive pavement management system (which incorporates the on-line road works control system) through the Local Government Management Agency.

It should be noted that any programme to introduce the provision of water meters could impact adversely on roadway and footway pavements if the meters are located under these pavements and require trenches to be dug.

The potential to make further savings on the sports programme by prioritising supports for multi-use sports facilities;

There has not been a new round of the Sports Capital Programme since 2008. This has resulted in a build-up of demand for the development of new sports facilities and the refurbishment of old sports facilities around the country. The Department plans to meet this demand with new rounds of allocations under the Sports Capital Programme in 2012 and 2014. We believe that two rounds of the Programme between now and 2016 is a proportionate and sustainable response to the demand for modest sports facilities that will enable more people to participate in sports with all of the resulting societal and individual benefits. One of the benefits of the economic downturn has been an improvement in the value that clubs and sporting organisations can get in the market place in terms of the cost of construction. Investment in the Sports Capital Programme can have a positive impact on employment.

As it can take grantees a number of years to draw down a grant, the amount of funding needed each year to meet the draw down requirements is entirely determined by the amount allocated in preceding years and has no relationship to the nature of the facilities funded. An indication of the spend is set out in the following table:

	2012	2013	2014	2015	2016	Total
Outstanding start of year no new commitments	58.435	39.37	23.57	18.77	15.27	NA
Funding required with no prog	15.8	4.8	3.5	2.5	2.5	48.17
with 40m in 2012 and 40m in 2014	23.80	15.33	19.68	17.12	12.68	88.61

It is a stated aim of the Sports Capital Programme to encourage the multi-use of sports facilities at local, regional and national level. This objective, coupled with the commitment in the Programme for Government, which commits the Department to “prioritise projects which further greater participation in sport on a local and national level”, will be the guiding principles for future rounds of the Sports Capital Programme.

Multi-use facilities will be prioritised by giving extra marks in assessing applications. In the current economic environment it is inevitable that more applications will be joint applications from different sports clubs and community groups coming together to best utilise scarce resources.

There will of course always be a case to fund facilities for particular clubs where these clubs may be the only sports organisations in an area.

The scope for further reducing Exchequer expenditure on tourism support services and in place attracting a larger contribution from the sector.

The Department has reviewed the scope for “further reducing Exchequer spending on tourism support services and in place attracting a larger contribution from the sector”. In that regard it should be noted that Fáilte Ireland will raise €2.3m plus from the industry in 2011 through charges for training, co-operative marketing, registration and grading fees etc. The amount raised has, however, been falling – down from €8.7m in 2010 – in recent years and given the current financial position of the hotel, restaurant and leisure sector, there is little scope for getting more **Text Redacted – commercially sensitive** The areas which might be regarded as prime targets would be as follows:

Tourism Marketing Fund and Tourism Ireland

There is no realistic scope for increasing the contribution from the tourist trade to Tourism Ireland and the overseas tourism promotion funded by the Tourism Marketing Fund.

There currently is a small contribution to this expenditure from the tourism sector. This is in the form of participation at trade shows, with a contribution to the costs of those shows being made by the participant, by co-operative advertising with Tourism Ireland, both Tourism Ireland and the trade partner paying a share of the costs of a specific series of adverts and from a contribution to costs for participation in direct mail and ezine campaigns. All the trade partners who contribute to costs, get to attend the trade show, get their product or service specifically mentioned in the advertisement as they are paying for a percentage, or get specific mention in the direct mail or ezine materials.

Tourism Ireland actively seeks to increase the trade’s contribution to its costs and their participation in marketing activities. In terms of maximising the industry contribution to Tourism Ireland, they offer a series of co-operative programmes to offer small industry players the ability to enter markets for which they are individually too small, or to obtain economies of scale in purchasing for the larger industry players. Tourism Ireland actively promote the co-operative opportunities, to maximise the industry contribution.

However, in practice, trade contributions are incremental to the core spend by Tourism Ireland, not a replacement for core funding.

A table of the income received for the last 5 years and the percentage of TI’s total core funds that this represents is below.

Year	Trade Income	Percentage of TI	
	€000's	Core Funding	
2006	1,546	2.4%	Actual
2007	1,894	2.7%	Actual
2008	2,247	2.9%	Actual
2009	1,321	1.9%	Actual
2010	1,388	2.1%	Actual
2011	1,137	1.7%	Budget

There would be major difficulties with attracting a larger contribution from the tourism sector. The budget available to the sector for their own marketing is under pressure, due to very significant falls in industry turnover over 2008-2010. As can be seen from the table, Tourism Ireland saw industry's contribution fall over the past three years – more rapidly than the overall Tourism Ireland budget funded by the two jurisdictions, North and South.

In any case, the marketing undertaken by the sector with Tourism Ireland at present is part of the sector's allocation decision of its marketing resource. Any additional funding of Tourism Ireland by the sector, which was a replacement of Tourism Ireland core funds, would lead to reduced investment at enterprise level and result in a net reduction in the overall spend on marketing the Island of Ireland as a tourist destination. Furthermore, contributions currently received are where the trade partner receives some form of specific mention e.g. all airline co-operative advertising includes the name of the airline and makes specific mention of a route/fare, as well as showing the attractiveness of Ireland as a holiday destination. Given the lack of obvious benefits from destination marketing to a particular firm, there would be significant reluctance by firms to fund such marketing, notwithstanding the need for it in terms of how customers choose holidays.

Tourism Ireland's core marketing activities are deliberately not specific to one supplier or product supplier and attracting a contribution for activities which equally advertise a product supplier's competitors is not likely and not as attractive to the sector as advertising which advertises the supplier's specific product.

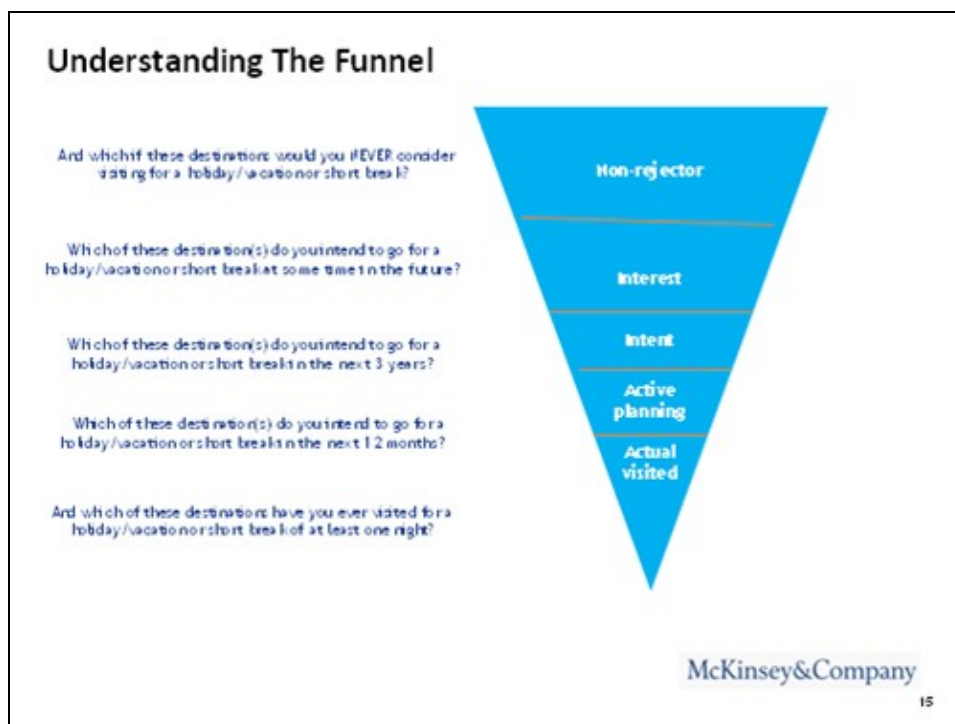
When we look at how tourists choose to spend their money, it supports the argument for continued state funding of overseas promotion of Ireland as a destination. The so-called "purchase funnel" sets out a purchase process

from becoming aware of the destination =>

through increasing levels of interest =>

to active planning and purchase.

The role of TI (which would not happen in the absence of government funding) is to gather consumers into the funnel and move them through interest to active planning at which point they move into the ambit of the small indigenous players in the tourism industry.



The time lag (which can be years) between generating general interest in visiting and the ultimate purchase of a holiday means that no single player could rationalise the investment in interest-building, and would rightly reject any suggestion that they should fund the essential but unrewarding generic promotion piece. The main beneficiary of the generic promotion leading to interest and loose intent is the state through jobs and revenue, rather than any individual identifiable enterprise through much-later revenue and profits. The chart above describes the process.

This is all the greater in Ireland, where the inbound tourist industry is exceptionally fragmented with the leading player accounting for approximately 1% of inbound visitors, with thousands of other players. On the demand side, with roughly 1.5 visitors for every indigenous resident, the scale and share of overseas tourism in Ireland is high by relevant international standards. Nonetheless, our status as a peripheral and small island necessitates a high spend per attracted visitor versus a more densely populated mainland destination. From the viewpoint of firm-level marketing investment, the limited size of the domestic market means that indigenous enterprises will struggle to achieve the scale needed to generate marketing funds to be deployed against anything broader than very parochial promotion of their specific offer.

Tourism Brand Ireland is a valuable asset, in which the State has invested significantly. Tourists do not choose between competing accommodation operators – or even tour operators – let alone transport providers, in the first instance. Customers choose a destination; in some cases, they make a parallel choice of accommodation, tours or other options (e.g. activities, conference facilities) at the same time – but they always choose a destination to start. If customers are not aware of the island of Ireland, or are not favourably predisposed to Ireland and what we have to offer, they will not choose Ireland and the economy as a whole loses out. Because tourism enterprises are competing for business within the consumer's choice of destination, they have little incentive to market destinations alone.

Business Supports:

Fáilte Ireland have a number of approaches in this area as listed below. Fáilte Ireland is

1. Currently renewing the portfolio of products and services available to industry with a view to reducing or deferring high cost programmes – e.g. FI / Cornell University Senior Managers Programme.
2. Developing a comprehensive on-line learning programme to improve efficiency of learning options to a wider audience and reducing direct training costs.
3. Up-skilling staff to reduce costs of external specialist in delivering business analysis services.
4. Reviewing the duration of support services to reduce costs e.g. mentoring service.
5. Introduce some limited charges for services, mostly aimed at those businesses which are operating in a sound financial basis.

The cumulative impact of these actions will lead to a saving on the business support budget in the region of 2 – 3 %

Fáilte Ireland need to be very careful about any schedule of charges in the current climate, the needs of the industry continue to shift thereby requiring Fáilte to develop new supports. – most businesses' finances are still very 'trying' and the notion of 'we can help you for a price' will jar. Fáilte Ireland will explore a limited schedule of charges for those interventions that are 'developmental' rather than 'life saving' but it is early days yet to be offering these in the current exercise.

Trade Shows:

These are already run on a self-financing basis and given the pressures on the industry very little scope exists to increase charges.

Marketing:

Fáilte Ireland's match funding campaigns, (where marketing is funded on a 50/50 basis), give rise to costs rather than savings. Every euro that a company is persuaded to spend on these campaigns must be matched by Fáilte Ireland. In addition the campaigns tend to divert business support staff from other areas. As the scope for individual businesses and their willingness to spend contracts in tandem with FI resources, there will be contraction in the number of these campaigns.

Text Redacted – commercially sensitive