

2.4 Luas Construction Costs

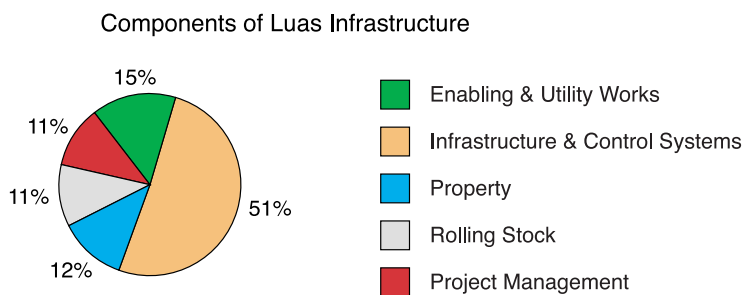


Figure 5: Luas Infrastructure

RPA's financial statements for 2004 show that Luas Infrastructure accounts for 99.9% of the total tangible fixed assets of RPA. The component parts of this asset are shown in the Figure 5. The most significant component, representing 51% of the entire asset class is comprised of Luas infrastructure and control systems. The expenditure made in this area was largely in respect of the main infrastructure contract for Luas for the laying of tracks, erection of overhead lines, supply and installation of control systems etc.

The remaining expenditure is concentrated over 4 cost categories:

- **Enabling and Utility Works:** Advance civil engineering works and utility diversions, the completion of which was necessary before the commencement of the main infrastructure contract.
- **Property:** Acquisition costs, including associated professional fees.
- **Rolling Stock:** Supply of trams.
- **Project Management:** Professional fees including design consultancy services, salaries and overheads.

RPA contractors are carrying out minor landscaping and other completion works on Luas during 2005. Completion of the remaining property acquisitions and final payments on the main infrastructure contract are the most substantial remaining costs to the project.

The construction of Luas is expected to be implemented by RPA within the budget plus risk provision of €775m approved by the Government in 2002.

3. Integrated Ticketing System

RPA's financial statements record intangible fixed assets of €7.26 million. These costs were accounted for by expenditure on the initial design and procurement of the Integrated Ticketing System. Expenditure on this asset will be transferred to fixed assets when the System becomes operational.

4. Corporate Activities

RPA reported costs related to administrative activities of €5.784m for 2004 (compared to €9.771m in 2003).

Administrative activities include costs associated with developing new light rail and metro projects to a stage to allow the submission of a Railway Order application under the Transport (Railway Infrastructure) Act 2001. Expenditure on project development reduced in 2004 from 2003 pending a decision on Metro by Government and the conclusion of commercial negotiations with private sector developers supporting the extension of the Luas Green Line from Sandyford to Cherrywood.

Expenditure in relation to the other administrative costs also reduced in 2004 from 2002 and 2003 due to a reduction in special costs which were associated with the establishment of RPA, after its formation in December 2001.



1. Introduction

The Railway Procurement Agency recently issued its Annual Report for 2004. The year was an historic one for RPA as it saw the commencement of passenger service on the Luas Red and Green Lines.

The Report includes audited financial statements for the year to 31 December 2004. In this Supplement we provide some additional information on certain aspects of our operating performance during the year, which are reflected in the financial statements, including the first six months of passenger service on the Green Line and the first three months of service on the Red Line. We also provide an indication of our performance to date in 2005.

2. Luas Passenger Services

2.1 Revenue from Luas

Luas has been designed to allow a substantial proportion of its operating cost to be recovered from fares and other revenue created by passenger operations, such as the sale of advertising and leasing commercial premises. The contract between RPA and the operator of Luas, Connex Transport Ireland Limited, allows both parties to benefit from the successful operation of the system.

Paid passenger service began on the Luas Green Line on 5 July 2004 and on the Red Line on 4 October 2004, following a short period of free services on each Line. Through the supply of the Luas system to Connex in 2004, RPA recorded a deficit of €1.453m, after accounting for charges for rates and insurance amounting to €1.343m.

RPA believes that the delivery of attractive passenger services will ensure that Luas is a success in providing high quality public transport in a cost-effective way. It's a measure of the success to which this has been achieved to-date that both passenger numbers and revenue have met or exceeded projections. RPA had projected that the supply of the Luas system to Connex would break-even by the fourth quarter of 2006; however, we are now very hopeful that this objective will be achieved earlier than this.

2.2 Levels of Service

Trams on the Luas Red and Green Lines currently operate at a frequency of five minutes at peak times. Figure 1 sets out the frequency of passenger services over a week. For reasons of safety, passenger services were not operated to current frequency from the opening of each Line. The Luas Green Line achieved full service in August 2004. The Luas Red Line improved from an initial 10 minute frequency to a 7.5 minute frequency at peak times in December 2004 and in May 2005, reached full service, with the introduction of a 5 minute

service at peak times.

Figure 1: Luas Service Plan

Time	Monday to Friday	Saturday	Sunday
05:30	10 minute interval frequency		
06:30	10 minute interval frequency		
07:00	5 minute interval frequency		
09:30	frequency		
10:00	7.5 minute interval frequency		
13:00	7.5 minute interval frequency	7.5 minute frequency	
16:00	frequency	10 minute frequency	
17:30	5 minute interval frequency		
19:00	7.5 minute interval frequency		
20:45	7.5 minute interval frequency		
22:30	10 minute frequency		
23:30	15 minute interval frequency		
00:30			

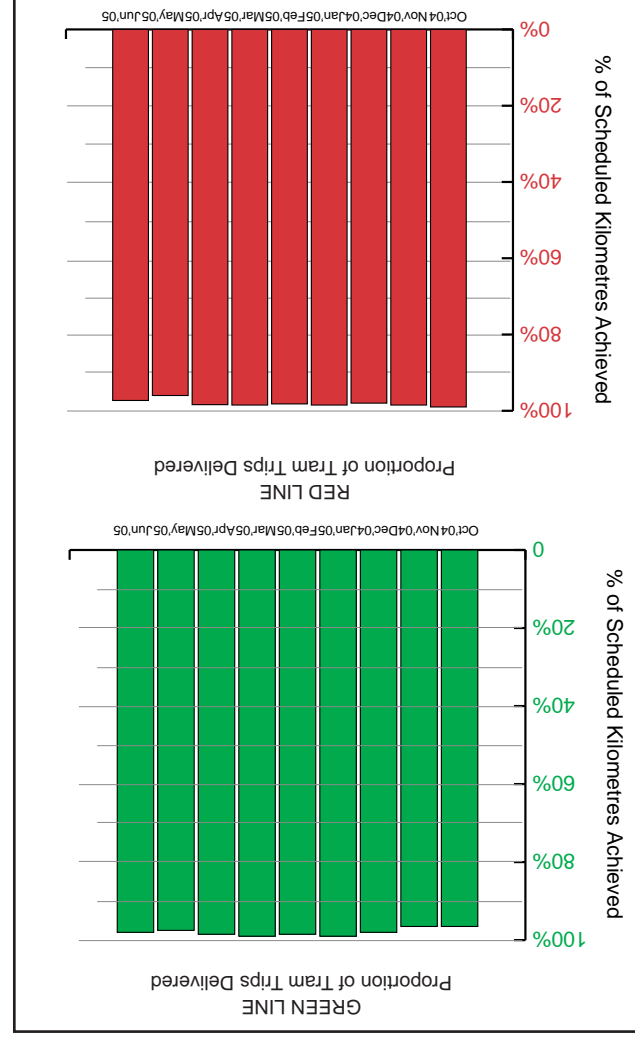


Figure 2: Service Performance Indicators

In the period from October 2004 to June 2005, represented in figure 2, passenger services on Luas achieved 98% of target levels for service capacity and 91% of frequency targets.

In the year 2005 to date, passenger services on the Green Line have consistently achieved more than 98% of service targets. The timing of services on that Line has also improved in this period, with over 94% of tram departures operating to timetable.

In the year 2005 to date, passenger services on the Red Line have achieved 97.5% of service capacity targets.

Punctuality targets on the Red Line have been more difficult to achieve than on the Green Line due to the higher number of road junctions on the Line and the additional caution taken in the city centre due to erratic behaviour by pedestrians and drivers of other road vehicles. Nevertheless, through active management by Connex, service punctuality has improved to the extent that in June 2005, 88% of all Red Line tram departures operated to timetable.

2.3 Passenger Numbers

During commercial passenger service in 2004, an estimated 6.6 million trips were made on Luas. This was in addition to approximately 675,000 trips made during the promotional periods at the opening of both Lines. The Green Line is estimated to have carried 4.4 million trips.

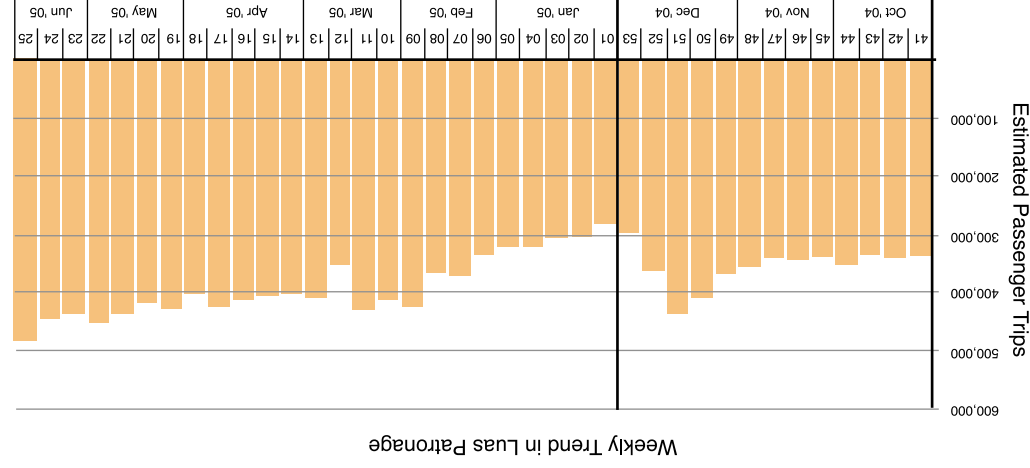
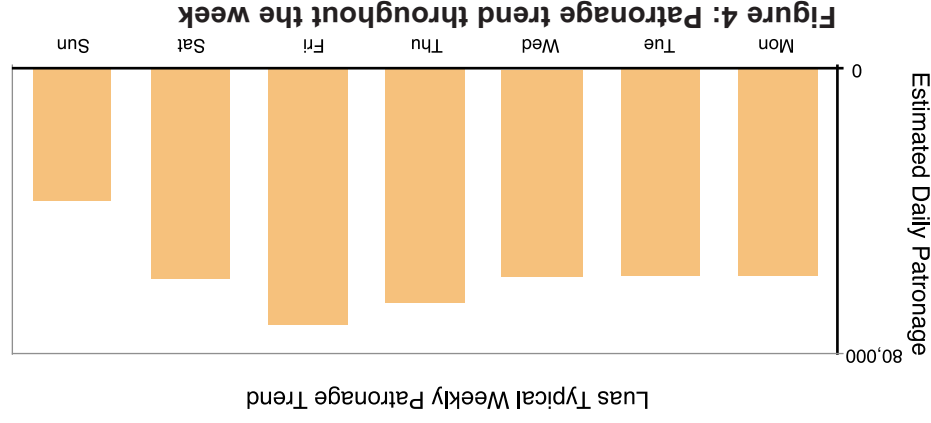


Figure 3: Luas Weekly Patronage



Luas is also displaying definite patronage trends throughout the week as shown in figure 4, with Thursdays and Fridays being the busiest days. This is as a result of additional customers using Luas for leisure and shopping activities, especially as Luas serves the shopping areas of Tallaght, Jervis Street, Henry Street, Grafton Street and Dundrum. The use of the Red Line to and from Heuston Station is emerging as a critical factor affecting passenger numbers and this is reflected particularly in passenger figures for Fridays on that Line.

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