

Department of Transport, Tourism and Sport
Report on Proposed Capital Investment Programme 2012-2016
Transport Capital Investment Programme

JULY 2011

1. Transport Capital Investment Programme

As requested by the Department of Public Expenditure & Reform (DPER) the Department of Transport, Tourism and Sport (DTTAS) has reviewed the planned transport, tourism and sport public capital programme under the National Recovery Plan (NRP) in order to propose as required a revised programme for inclusion in the National Development Plan (2012-2016) and in so doing to identify those programmes and projects that would best support economic recovery. As part of the review of public expenditure, the Department has been requested to provide a detailed assessment of the capital programme broken down where necessary into relevant programmes and projects, to prioritise investment needs on the assumption of funding being cut to 70% of the NRP levels for each year and to indicate what programmes or projects it would prioritise if it had access to the remaining 30% over the period.

This section covers the **Transport Programme** which is divided into 3 programmes covering Roads, Public Transport and 'Other' which covers small sub-programmes for Smarter Travel, Maritime Sector, Regional Airports and Technology Support. Overall there are 16 sub-programmes and these are detailed in Appendix 1.

Submissions from the NTA, NRA, RPA and CIE companies were considered as part of the review.

2. Transport Sector Outlook

As with most sectors, the transport sector has not been immune from the effects of the recession, primarily through a fall-off in demand from both passengers and freight.

Public transport has suffered a marked decline in passenger numbers since 2007. Irish Rail mainline passenger numbers have declined by around 25% in the period since 2007. DART passenger numbers have fallen by around 16%, Dublin Bus by 19% and LUAS by 5% during this period. The profoundly negative impact of the financial crisis has also hit the aviation and maritime sectors, with passenger number and total tonnage handled suffering sharp declines. Traffic volumes on roads have been less affected with relatively slight declines in car demand as indicated by both car ownership levels and traffic counter data.

However, while there has been a reduction in patronage of transport infrastructure due to the impact of the recession, the recent release of preliminary results from Census 2011 showed unexpectedly strong population growth, tending to confirm that current trends of reduced usage are temporary and that capacity constraints may re-emerge during the Plan period. Importantly, as well as the strong population growth, the Census showed strong growth in new households being set up, with an increase of 13.7%, from 1,502,291 to 1,709,973. This household growth, with associated car ownership, implies the potential for future demand growth.

Whilst public transport has been hit by significant declines, it is important to note its central role in our cities, in particular in terms of commuting to and from work. It is essential that

future growth in our cities is not choked off by congestion, and that our cities remain an attractive option in terms of transport infrastructure to potential multinational investors.

Aside from passenger transport, efficient freight transport will clearly be essential in terms of supporting economic growth. While there have been very significant declines in freight volumes, construction related activity accounts for around 70% of the overall decline. The evidence is that demand remains strong from other sectors of the economy, and given the importance of exports for future growth, it is vital that the transport system continues to support efficient movement of goods both internally and internationally. In terms of present and future demand for transport goods, it is worth noting that 2010 exports have recovered to pre-recession levels in both value and volume terms, indicating sustained demand for the efficient movement of goods from the export driven sectors of the economy.

It has also to be emphasised that despite the significant investment over the past decade there are still infrastructure deficits around the country both in terms of roads and public transport.

Therefore, while recognising the fiscal challenges, it is important to ensure that there is an on-going programme of public investment which will contribute in a sustainable manner to the future social and economic requirements of the State. Further targeted investment has the potential to release productive capacity in the economy, enhance national competitiveness and create direct and indirect employment. Investment in public transport also facilitates alternatives to car transport, helping to reduce emissions and enabling the transport sector to cater for the demands associated with longer term population and employment growth in a sustainable manner.

The key challenge now is to weigh the implications arising from reductions in funding against the role that effective, efficient and sustainable transportation systems will play in facilitating economic recovery, and the immediate contribution that transport construction projects can make to stimulating the economy.

3. National Recovery Plan Allocations

There was a period of historically high investment in transport infrastructure from 2000-2009, but over the last 2 years the transport budget has suffered large reductions in line with the deteriorating financial situation. In 2010 two very significant cuts were imposed arising from the Strategic Investment Priorities in July 2010 and under the National Recovery Plan in November 2010. The former reduced the Transport Capital Budget for the period 2010-15 from €17.5 billion to €10 billion and the later reduced the budget by another €2 billion in the period 2010-14 representing a cut of almost 50% in less than two years.

Under the National Recovery Plan (NRP) the capital budget for Transport for the three years 2012-2014 is €3.405billion. Allowing the same allocation for 2015 and 2016 as for 2014 as per D/PER instruction gives a budget of **€5.407billion for 2012-2016**, the term of the

proposed new National Development Plan (NDP). The table below sets out the breakdown by sector by year:

Allocations based on original NRP

	2012 €m	2013 €m	2014 €m	2015 €m	2016 €m	Total €m
Roads						
National	600	260	240	240	240	1,580
R & LG	285	250	240	240	240	1,255
	885	510	480	480	480	2,835
Public Transport						
GDA-NTA	253	387	400	400	400	1,840
Safety/Development	118	123	76	76	76	469
PT Projects	21	17	17	17	17	89
	392	527	493	493	493	2,398
Other(1)	52	38	28	28	28	174
Total	1,329	1,075	1,001	1,001	1,001	5,407

Note (1) Other includes Smarter Travel, Regional airports, Irish Coast Guard, Harbours, Cross Border Initiatives.

4. Focus for Investment - 2012-2016

In critically assessing its capital investment plans and base- line proposals for future capital investment the Departments focus for investment has been, in order of priority;

- to protect existing investment and maintain safety standards,
- to meet capacity deficits and support small 'add value 'projects on existing infrastructure,
- to eliminate infrastructure deficits with any remaining resources.

The following has also been specifically taken into account;

- the need to meet financial and policy commitments,
- support for economic recovery including sustainable job creation as well as employment in the delivery phase,
- consistency with the Programme for Government wish to stimulate the economy and create employment given that much of the capital investment in transport is labour intensive and could support in the range of 10-14 jobs per €1million spend,
- return on investment,
- impact on current spending where relevant,
- affordability,
- contribution to smarter travel/ climate change commitments including modal shift.

5. Financial Commitments

In determining the appropriate level of funding for the period 2012-2016 regard must be had to the existing level of financial commitments. These are as follows:

	2012 €m	2013 €m	2014 €m	2015 €m	2016 €m	Total €m
Roads						
National	470	249	101	46	35	901
R&LG	28.2	21	10	0.7	0.5	60.4
Public Transport	80.7	10.1	5	0	0	95.8
Other	26.4	20.1	4.7	1.7	1.7	54.6
Total	605.4	300.2	120.7	48.4	37.2	1,111.9

The bulk of the commitments relate to the NRA close out payments in 2012 and 2013 for the major road projects already completed or in relation to land for projects not yet in construction such as Gort / Tuam and Arklow/Rathnew which were planned to proceed as PPPs prior to the financial crisis. The public transport commitments relate mainly to orders for rolling stock for Irish rail, for buses and ticket and information equipment and systems.

In addition to contractual commitments, regard must also be taken of policy commitments in relation to various programmes and projects, e.g. the recent decision to increase capital funding for Regional Airports over the next 3 years, the commitment to smarter travel policies, funding for harbours to facilitate transfer to Local Authority ownership.

6. Minimum Requirements for Programmes:

The NRP allocations have been reviewed with the relevant agencies to determine a base line minimum allocation requirement for **safety and basic maintenance and commitments to 2016**.

6.1 Minimum Requirements- ROADS

NRP Allocations €M

	2012	2013	2014	2015	2016	Total
National Roads	600	260	240	240	240	1,580
Regional & Local Roads	285	250	240	240	240	1,255
	885	510	480	480	480	2,835

Investment in National and Regional & Local Roads currently represents 53% of the overall transport capital allocation for 2012-2016. **Protecting the NRP funding levels for roads to the maximum extent possible has been deemed a priority given that these levels from 2013 onwards are already inadequate to protect existing investment and maintain safety standards.** In coming to this conclusion regard was had to the following –

- the NRP allocation for **R&LRs** as set out above is already an inadequate minimum baseline level to protect existing investment where at least €430 million spend annually (capex and opex), as against the 2011 total allocation of €375 million, is needed in order to achieve a ‘standstill’ situation and with no impact on the backlog
- From 2013 **national roads** allocations fall sharply to €260 million and then from 2014 onward to €230 million, with €200 million of this required to cover asset management /network rehabilitation and network operations. The €40 million above the minimum available to the NRA in 2014-2016 when no major project can be funded, would cover some final close out payments (in 2014) and also minor improvement works including small safety projects and limited rehabilitation /upgrades of sections of the national secondary roads mainly in tourist areas.
- possible cuts to R&LR and NRA **current** budgets
- the increased cost long term of reducing maintenance and rehabilitation budgets ,
- the geographical spread of road spend and job creation potential,
- the high level of financial commitments to be met in 2012 and 2013 mainly relating to close-out payments for already completed national roads projects.

It should also be noted that despite the downturn ,car ownership declines are insignificant compared to previous growth, and 2010 ownership is still 42% more than 2000 levels. Moreover on the freight side export volumes and values in 2010 are at pre-recession levels, and so therefore is the related road transport demand.

6.2 Public Transport Minimum funding requirements 2012 -2016

The position re the three public transport programmes -

- Public Transport Infrastructure GDA,
- Public Transport Safety & Development (Outside GDA) and the
- Public Transport Projects (Accessibility Grants & Traffic Management in the Regional cities

is as follows:

6.3 Public Transport-NTA GDA

NRP Allocations €M

	2012	2013	2014	2015	2016	Total
PT Infrastructure - NTA	253	387	400	400	400	1,840

A minimum requirement of €600 million for the NTA-GDA programme covering safety/maintenance, asset renewal, small added value projects, traffic management grants is proposed to cover the following:

- Heavy rail - covering re-signalling, rolling stock, Central Traffic Control Centre
- Luas /Metro - covering asset renewal, Park & Ride, Safety, Power upgrade

- Bus/BRT - covering bus replacement and bus priority projects
- Information/Integration - covering Integrated Ticketing, Real Time Passenger Information and the National Journey Planner
- Smarter Travel/ Traffic Management covering Marlborough Street Bridge, Dublin Bikes and Smarter Travel/Traffic management projects in GDA seven Local Authorities (including QBCs, cycling, walking and safety projects).

A key decision as to the appropriate level of investment in the GDA to 2016 is whether or not to progress, and to what degree a major project. The level of cuts will ultimately determine what is 'affordable'. This is covered in later paragraphs dealing with cuts.

6.4 Public Transport - Railway Safety and Development (NRP Allocations €m):

	2012	2013	2014	2015	2016	Total
PT Safety & Development	118	123	76	76	76	469

Investment in the Public Transport – Safety and Development programme is managed by Iarnród Éireann (IÉ) and covers the Non-GDA area. The bulk of funding goes to the Railway Safety Programme (RSP). IÉ advise that circa €105 million is required per annum in order to provide a network of safe and cost effective services. According to IÉ unless a decision is taken to close a significant portion of the rail network there is no possibility of reducing the cost of the Safety Programme. IÉ emphasise that lack of maintenance is short sighted as apart from increasing risk levels it eventually leads to more and earlier renewal costs. **It is proposed to conduct a review of the RSP later this year.**

IÉ have identified a minimum funding programme which, in addition to railway safety, also includes funding for further essential rolling stock and for completion of on-going ticketing systems and equipment and other small projects. The total minimum funding requirement proposed by IÉ over the period to 2016 is €570 million.

In addition, IÉ have identified a set of projects which would contribute to the improvement of the bottom line profit and loss situation. These include road crossing automation and line speed improvement on the intercity lines. These are not included in the baseline figure.

To provide the IÉ baseline figure of €570 million requires an increase to the NRP allocation of €101 million for 2014 -2016. Final decisions on the level of capital funding for IÉ will also have to take account of the impact of any reductions in the PSO subsidy on capital requirements.

6.5 Public Transport Projects –(NRP Allocations €m)

	2012	2013	2014	2015	2016	Total
PT Projects	21	17	17	17	17	89

There are two grant schemes under the Public Transport Projects programme - public transport accessibility measures and traffic management schemes for the regional cities. In 2011 the budget for these schemes was €16 million of which €10.5 million has been allocated for accessibility projects and €5.5 million for traffic management grants in the regional cities. These are relatively small programmes in the overall transport envelope, currently representing less than 2% of the overall programme.

The main priorities post 2011 for accessibility grants will be the wheelchair accessible taxi subsidy scheme, a rolling programme of upgrading bus/coach stops and the on-going refurbishment programme for existing railway stations. It is proposed to allocate €8 million per annum- a reduction on the current level of €10.5 million divided between a contribution to a new Taxi grant scheme , funding for accessible bus stops/bus bays and for rail station upgrades.

In relation to the regional cities (Cork, Galway, Limerick and Waterford)traffic management grants there is a significant deficit in public transport in the regional cities, manifesting itself in a low mode share for public transport and high reliance on car-based commuting. Investment levels across the four regional cities has fallen to €5.5 million 2011. By comparison with investment levels in the Dublin region, the regional cities rate very poorly in terms of funding for public transport. It is proposed to increase this allocation to €12 million per annum for the plan period.

In summary these two schemes combined require a small increase to 2016 of €11 million (to €100 million from €89 million).

6.6 The baseline/minimum requirements for public transport to 2016 is summarised in the following table:

Estimated Public Transport Minimum requirements - no new projects

	2012 €m	2013 €m	2014 €m	2015 €m	2016 €m	Total €m
NTA -GDA	125	120	120	120	115	600
PT Safety & Development	118	118	114	110	110	570
PT Projects	20	20	20	20	20	100
Total	263	258	254	250	245	1,270

6.7 'Other' Programmes -NRP allocations €174million

These include programme such as Smarter Travel, Regional airports, Irish Coast Guard, Harbours and Cross Border Initiatives. These programmes represent only €174 million of the total €5.4 billion available to transport over 5 years based on NRP allocations, just 3% of the overall transport capital programme. The focus of any cuts in this area would have to be the Smarter Travel programme(which implements the Governments sustainability agenda particularly as regards carbon emissions from transport) which is allocated about two-thirds of the total of uncommitted expenditure for all of the 'Other Programmes'. The largest other programme relates to the Irish Coast Guard, but due to the high level of financial commitment relating to the new helicopter search and rescue contract a minimal saving of less than €2 million can be achieved. Other areas such as regional airports and harbours require increased allocations.

In total a cut of 8.4% or €12.4 million is the maximum achievable from the programmes covered under this heading. See Appendix 1 for details.

7. Programmes / projects prioritised if allocation was cut to 70% over the period

Proposed Allocation 2012-2016 (30% Cut)

	2012 €m	2013 €m	2014 €m	2015 €m	2016 €m	Total €m	% Reduction
Roads							
National	540	250	190	150	150	1,280	19.0%
R & LG	240	225	210	200	200	1,075	14.3%
	780	475	400	350	350	2,355	16.9%
Public Transport							
GDA-NTA	125	120	120	120	115	600	67.4%
Safety/Development	118	118	114	110	110	570	-21.5%
PT Projects	20	20	20	20	20	100	-12.4%
	263	258	254	250	245	1,270	47.0%
Other	51	43.3	23.1	22.1	22.1	161.6	8.4%
Total	1,094	776.3	677.1	622.1	617.1	3,786.6	30%
Total Reduction	235	298.7	323.9	378.9	383.9	1,620.4	
% Cut	17.7	27.8	32.4	37.9	38.4		

With a 30% cut amounting to €1.620 billion the reduced budget of €3.787 billion would not be sufficient to cover maintaining our existing transport infrastructure, protecting safety levels, and funding other non-discretionary payments. **In this scenario there would be no question of funding any major public transport project in the Dublin area or any new road project anywhere.** Overall transport investment would be below the care and maintenance level.

The cut would have to be applied heavily to public transport (47%) and at the level of circa 17% to roads. This ratio would be necessary in order to retain as much as possible of the road maintenance budget which is already below the minimum requirements and to also

retain minimum funding for public transport. Furthermore, cuts of 30% would not be possible in 2012 or 2013 due to commitments (the bulk of which relate to final close out payments on roads projects).

Investment in Public Transport Infrastructure in the GDA would bear the brunt of cuts totalling almost €1.25 billion over the 5 years. This would mean no major project or pilot BRT project could proceed and many smaller added value projects related to existing services would be cancelled.

The issue of how the roads funds reduction should be split between national and non-national and the timing would have to be carefully considered given the NRA commitments level in 2012 and 2013 totalling €768 million. Whatever the split the level of cut proposed at approximately €500 million would reduce the budget for rehabilitation and maintenance of both national and non-national roads with severe immediate and long term consequences.

The budgets for 2013 onwards for **national roads** are already reduced to levels which do no more than cover essential maintenance, asset management and network operations with a small amount of funding available for safety projects, bottleneck improvements and some works on national secondary roads.

In relation to **Regional and Local Roads**, significant additional cuts, on top of the cutbacks in recent years, would be required in key grant categories resulting in further deterioration in the network. Reductions would have to be made against the Restoration Improvement Programme, Specific Improvement Grant and Discretionary Grant. This would not only have a significant impact on the road network due to a reduction in the proportion of the regional and local road network being strengthened it would also result in the loss of jobs. Indeed with cuts under this scenario serious consideration would have to be given to the abandonment and de-designation of some public roads particularly in rural areas.

Funding for the **Public Transport Safety and Development Programme** would be set at €570 million to maintain safety levels. Funding for **Public Transport Projects** would be **increased** by a small amount based on the existing low level of investment for public transport for regional cities by comparison with investment levels in the Dublin region. There would be no funds for development type projects which would reduce operating costs or for projects to improve competitiveness such as to increase speed times on Cork /Dublin. Rail would become even less attractive relative to road with a further drop in passenger numbers likely. Closure of less used lines would be likely.

In relation to '**Other Programmes**', only the Smarter Travel budget could take a cut approaching 30%. Based on the level of commitments in place for a number of smaller programmes, a 30% cut would not be possible overall (e.g commitments for the Irish Coast Guard and Regional Airports) resulting as mentioned earlier in an overall cut of 8.4% (€12.4 million).

8. DTTAS Proposed Allocation 2012-2016

Having examined a variety of scenarios and taking account of commitments and minimum levels of funding required to protect existing investments and maintain safety standards, it has been concluded that a further 10% cut (€540million) in the transport capital budget is the maximum that can be borne consistent with retaining a reasonable level of investment in transport infrastructure and also contributing to the overall need for reductions in spending. This would leave a budget of €4.867bn for the five years to 2016.

In reaching this conclusion, regard has been had to the Governments wish to stimulate the economy and create employment. Capital investment in transport is labour intensive and could create in the range of 10-14 jobs directly for each spend of €1 million, depending on the type of project. Due regard has also been taken of other policies including the need to rebalance transport policy in favour of public transport, the carbon emissions and climate change agendas, the smarter travel policy and public health policy.

The Programmes/ projects prioritised if allocation was cut to 90% over the period are set out in following paragraphs-

Proposed Allocation 2012-2016 (10% Cut):

	2012 €m	2013 €m	2014 €m	2015 €m	2016 €m	Total €m	% Reduction
Roads							
National	600	290	270	280	240	1,680	-6.3%
R & LG	285	250	240	240	240	1,255	0.0%
	885	540	510	520	480	2,935	-3.5%
Public Transport							
GDA-NTA	155	217	241	219	217.7	1,049.7	43.0%
Safety/Development	118	133	134	120	115	620	-32.3%
PT Projects	20	20	20	20	20	100	-12.4%
	293	370	395	359	352.7	1,769.7	26.2%
Other	51	43.3	23.1	22.1	22.1	161.6	8.4%
Total	1,229	953.3	928.1	901.1	854.8	4,866.3	10%
	100	121.7	72.9	99.9	146.2	540.7	
% Cut	7.5	11.3	7.3	10	14.6		

This would mean the annual transport capital budget falling to €855 million in 2016 from €1,438 million in 2011. Consequently, a cut of 10% overall means that spending in 2016 will be 40.5% lower than in 2011 and 66% lower than in 2008 when the budget peaked.

In the allocations under a 10% cut, the aim has been to firstly cover commitments and then to protect the base line requirement for maintenance and safety.

For **Roads** this would mean retaining the existing NRP allocations. However, it would also be proposed to increase the provision for national roads by at least €100 million in order to have some new projects (modest bypass type projects and national secondary road upgrades in tourist areas) proceed from 2013. This would bring the allocation for roads to €2.935 billion.

While the situation for PPPs remains difficult, the NRA continues to try to progress the PPPs for the two motorway projects - Gort /Tuam and N11/Newland Cross. These efforts will continue and will be supported if possible.

The scope for raising **additional funds** from expanded road tolling is under review and proposals in this regard are being examined with the NRA. Any proposal arising from this examination would be on the basis that any additional funds arising should be ring-fenced to fund new national roads projects close to where the tolling occurs in order to make it more acceptable to motorists. Given the lead in time of up to 36 months (including the need for EU approval) any additional funding would not be available until 2014.

On the **public transport** side, the total budget available would be €1.77 billion of which around €1 billion is required for maintenance, asset renewal and safety (of which €520 million is for the Railway Safety Programme and €120 million for bus replacement). A further €100 million is required for the accessibility programme and for the regional cities traffic management programme. A further €175 million is required for QBC upgrades, cycling, walking, safety projects, ticketing equipment, integration measures, information projects etc. Much of this funding is divided between the seven local authorities in the GDA.

For the remaining funding of €490 million there is a host of very good competing, developmental projects which would add value to the existing infrastructure and improve integration.

It is clear however that the remaining funding available will not be sufficient to meet the Exchequer contribution required for the **Metro North PPP**. Uncertainty surrounding the successful outcome of the PPP procurement process, together with the level of Exchequer funding required of around €730 million to 2016, has led to the conclusion that the only solution is to postpone the project to beyond this new Plan period. The PPP process will lose credibility at some stage and, in order to retain credibility as to the intention to construct Metro North while keeping the PPP process alive, a commitment from the State to fully fund the project if the PPP process should ultimately fail would be required. Such a commitment could not be given in the current circumstances.

In conjunction with NTA and RPA various other options have been examined, including phasing the construction of Metro North, but none offer an acceptable or realistic solution. They either change the scope of the project, compromising significantly on project objectives and in some cases they require an amendment to the existing railway order, and/or they increase the overall cost. In the circumstances it has been concluded that Metro North cannot proceed at this time. [Text redacted at this point – ongoing deliberative process]

The **Dart Underground Programme** has also been reviewed. The PPP tender for the tunnel element was suspended last year following publication of the NRP which prioritised Metro North. Obviously the same uncertainty as regards the PPP process for Metro North applies to this project as a PPP. To be fully Exchequer funded the Dart Underground Tunnel (on a phased basis) would require in the region of €1.2 billion to 2016 and therefore it has also been ruled out for the plan period. An Bord Pleanála have also as yet to rule on the Railway Order and this is unlikely before the end of the year. Certain elements of the overall Dart Underground Programme which bring benefits separate from the overall programmes will be progressed during the plan period such as city centre re-signalling, the traffic control centre and possibly some further electrification/extension of DART.

Various supporting documents are available in relation to Metro North and Dart Underground which cover the above issues in some detail and these can be provided if required.

The **Dart Spur to the Airport** which has also been proposed to further integrate heavy rail has been the subject of some preliminary appraisal. A detailed business case, including specific cost estimates, for the project is awaited. On the basis of a preliminary appraisal by the NTA it seems there is limited passenger demand along the line and limited potential for growth given the airport noise exclusion zone and the need to maintain a competitive journey time from the city centre. Overall, it appears the project demonstrates insufficient value for money to justify its prioritisation above other infrastructure schemes.

LUAS BXD, with a revised funding requirement of between €270 million and €330 million to 2016, would be affordable to construct to 2016 or to commence in the period. The cost range here is dependent on the level of provision for certain Metro North works which should be carried out in conjunction with BXD works in order to minimise the construction impacts on BXD services when Metro North is ultimately constructed. The base cost for BXD to 2016 at €270 million is also dependent on proceeding to construction in 2012, thereby taking advantage of current value available in the construction sector.

With Metro North and Dart Underground, Luas BXD makes up the three projects deemed essential to a fully integrated Public Transport system for Dublin - it is a key element of the NTA GDA strategy for the next 20 years. It will link the Luas Red and Green lines and will bring the benefits of light rail to communities on the northwest of Dublin. An outline business case has been provided for BXD and this demonstrates a strong economic case for the project. Once the Railway Order is confirmed by ABP (likely in the autumn) a final business case will be prepared.

Within the remaining discretionary funding for public transport, it would also be possible to provide around €100 million to progress Bus Rapid Transit on some QBC corridors in the period. BRT has the potential to address congestion and capacity issues on some public transport corridors. The NTA in conjunction with the RPA are conducting a feasibility study on a pilot corridor (Stillorgan QBC) to identify all the issues and test the system concept. A BRT solution may help to address the public transport deficit in North Dublin in the 2012 -

2016 period and upgrades of the Blanchardstown and /or Swords QBC could be prioritised in that regard.

The remaining funding of €50 million is proposed to be provided to Irish Rail to carry out road crossing automations on the main intercity lines (these improve safety and reduce operating expenses) and to make some progress in delivering increased speeds on the Dublin-Cork line. This is necessary in the light of increased competition from the motorways. Progress here will be limited in the period to 2016, given the funding available.

9. Cross Border Initiatives

A5 Project (NI) Aughnacloy – Derry – Letterkenny Route

The NRP 2012 transport allocation includes an amount to cover the final Stg£3million payment for the **preparatory phase** of this project. Funding for the **construction** of this project is not included in any scenario presented in this paper.

In the context of the St. Andrew's Agreement leading to the restoration of the Northern Executive in 2007, the Irish Government made a commitment to provide funding of £400/€580M which will contribute to a roads investment package for Northern Ireland which includes the upgrading of the A5 road from Aughnacloy to Derry/Letterkenny to dual-carriageway standard.

The project is being implemented by the Roads Service of Northern Ireland (RSNI) with management of the project being undertaken by a Cross Border Steering Group which includes the RSNI, the National Roads Authority (NRA) and representatives of the Department of Transport. Planning and design work commenced in 2007. The A5 project milestone and payment schedule was agreed by the Cross Border Steering Group and the North-South Ministerial Council (NSMC) Transport Sector in 2010 and formally approved by the NSMC Plenary on 21 January 2011. This schedule envisages construction starting in late 2012 and finishing in 2015.

The first payment of €9 million from the Irish Government's contribution to the planning and design phase was made in 2009. The second payment of approximately €13 million (Stg£11 million) is now due and is currently being processed. The third and final payment of Stg£3 million for this phase is scheduled for drawdown in 2012 on reaching the fourth project milestone i.e. end of public enquiry. These are the only payments agreed by this Department with Department of Finance/PER for inclusion in the vote. *No provision was made in this Department's NRP allocations for scheduled drawdowns for the construction cost to 2016. The Department of PER has indicated that it is envisaged that payments will be met from within the overall Government capital envelope.*

The anticipated drawdown profile for the **construction phase** is currently:

2013 - Stg£10million

2014 - Stg£130million

2015 - Stg£120million

2016 - Stg£118million

[Total 2013/2016 - Stg£378million]

At the NSMC Plenary on 10th June 2011, the Council agreed that the Departments of Public Expenditure Reform and Transport, Tourism and Sport would form a group with the NI Departments of Finance and Regional Development to examine the scope for reducing costs of the A5 project given the difficult fiscal position in both jurisdictions. The Northern side was to lead on the issue.

10. Conclusion:

The above analysis demonstrates that a 10% cut while providing further savings to the Exchequer would also deliver a balanced transport programme for the next five years. This programme attempts to protect existing investment and safety standards while also allowing for some 'added value' projects to be progressed which maximise the potential of existing transport infrastructure and services and which can be built on when the economy recovers.

The necessity for a programme of the scale as outlined is clear. There is still a transport infrastructure deficit in many parts of the country. Existing evidence is that car demand has not declined significantly due to the recession, and recent Census figures showing a 13.7% increase in the number of occupied households since 2006, illustrates the potential for further significant demand growth. This demand must continue be catered for if local economic activity and growth is to be facilitated. It is also vital that the transport system continues to work effectively for our exporters, so that export driven growth can continue to contribute to our overall recovery. Finally, public transport, which is under pressure in terms of user numbers, must continue to be supported so that urban congestion does not cut off future growth potential, so that our cities can continue to attract investment from the large multinationals, regional development can be supported and to help meet our international commitments on climate change.

The programme proposed has regard to the Government's wish to stimulate the economy and create employment. Much of the capital investment in transport is labour intensive and could support in the range of 10-14 jobs for each spend of €1million, depending on the type of project.

Finally, the programme also has regard to other policies including the need to rebalance transport policy in favour of public transport, the carbon emissions and climate change agendas, smarter travel and public health policy.

Full details of the sub programmes currently funded under the transport capital programme are provided as prescribed by Department of Public Expenditure and Reform in Appendix 1. ENDS