



'Promoting Professionalism in Logistics, Transport and Supply Chain'

LET'S GET IRELAND MOVING NOW

A Submission from the Chartered Institute of Logistics and Transport concerning Budget 2018 and the Mid-Term Review of the Government's Capital Plan

KEY POINTS

Since the start of the financial crisis there has been sustained under-investment in transport. This needs to be reversed NOW if we are to remain competitive, continue to grow the economy, create jobs, tackle climate change and prepare for Brexit.

The Exchequer needs to spend €1.3 billion each year simply to stand still and maintain the existing land transport system in a satisfactory condition. We are currently spending €300 million less than required. Under the existing plans we will not reach the necessary expenditure level until 2020. This figure includes no provision for new investment to increase capacity and tackle congestion, nor does it address the substantial investment backlogs built up since 2009.

Based on international comparisons and national requirements, we should be spending at least €2 billion per annum on land transport from 2018 onwards. The 2017 Exchequer provision is €1.6 billion. The quality of our transport infrastructure has a low ranking in international competitiveness surveys and national assessments.

The following should be the priorities for future transport expenditure:

- Protecting existing transport capacity and maintaining existing transport infrastructure in a satisfactory state;
- Increasing public transport capacity to respond to growth in demand and help meet climate change objectives;
- Maximising the use of existing transport assets;
- Addressing the Brexit challenge.

Additional Exchequer funding will be needed to meet increased demand for public transport services resulting from economic and employment growth and to increase public transport's modal share as a way of helping to achieve Ireland's climate change obligations.

We should invest up to €100 million a year in smarter travel, including cycling and walking.

There is an established need for targeted new investment, particularly to tackle congestion which is very quickly re-emerging as the economy and employment grows and to address long term deficiencies across the transport network.

Road pricing should be introduced on a phased basis, beginning with multi-point tolling on the M50 and detailed preparatory work for a congestion pricing system in the Greater Dublin Area.

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Introduction

The Chartered Institute of Logistics and Transport in Ireland ("the Institute") is the independent professional body for people engaged in logistics and all modes of transport. The Institute is part of an international body with over 30,000 members worldwide. As a professional body, the Institute does not lobby on behalf of any sectoral interest, but seeks to take an independent, objective and considered view on matters of public policy.

Context

Total Exchequer expenditure on transport, as shown in the relevant Revised Estimates Volumes, declined from about €3.7 billion in 2008 to just under €1.6 billion in 2017. Within this overall total, Exchequer capital expenditure decreased from almost €3 billion in 2008 to just over €1 billion this year. According to Appendix 10 of the Revised Estimates of Expenditure for 2017, the decline in **total** public capital expenditure on transport (including non-Exchequer sources) has been even greater – from €4 billion in 2008 to under €1.6 billion this year, having reached a low of just over €1.2 billion as recently as 2014.

Exchequer current expenditure on transport has also declined over the same period – from €730 million in 2008 to €515 million this year. Some seventy percent of this current expenditure is accounted for by road maintenance spending and payments for public transport services under public service contracts (PSOs).

The Institute wishes to make an input into the preparation of Budget 2018 and the mid-term review of the Government's Capital Plan *Building on Recovery* against the backdrop of these sharp reductions in public expenditure on transport since 2008, the likely continuing constraints on the public finances and the urgent need to ensure that the State retains the transportation capacity required for recovery and sustainable growth.

The Socio-Economic Case for Public Expenditure on Transport

Transport investment has fallen substantially since the start of the financial crisis and, under current plans, is not expected to reach anything approaching an adequate level until 2020. Low investment in transport is a false economy and simply risks repeating the serious mistakes of the 1970s and 1980s. As a result of the decisions on investment priorities taken then, we were left with a crumbling transport system which was patently unfit for purpose and which required the State to make major investments in the latter part of the twentieth century simply to stand still.

There are strong and cogent reasons for increased public expenditure on transport:

- An efficient transport system is essential to economic prosperity, sustainability and a good quality of life. It is required to support economic development, both by ensuring the efficient movement of goods and by enabling employees to access places of employment. An inefficient transport system will be a significant deterrent to foreign direct investment on both efficiency and quality of life grounds. The full case for transport investment was cogently set out in *Investing in our Transport Future* (DTTAS, 2015) and the supporting technical papers. The Institute endorses that analysis.

- Notwithstanding the substantial investment in the 1990s and 2000s, the quality of Ireland's transport infrastructure and services is not on a par with many other developed countries. We rate relatively poorly in international competitiveness surveys. The World Economic Forum's *Global Competitiveness Index 2016-17* ranked Ireland 24th overall out of 138 countries assessed, but rated it 29th on infrastructure and 35th on transport infrastructure (compared with 31st in the previous year). The quality of our roads infrastructure was ranked 32nd, with rail 35th, ports 26th and air transport infrastructure 25th. The quality of our transport infrastructure was identified as by far the most problematic factor for doing business in Ireland and our transport rankings have been either static or declining in recent years.
- The Engineers Ireland report *State of Ireland 2016* rated our transport infrastructure as C overall – that is inadequately maintained, and/or unable to meet peak demand and requiring significant investment. Our motorways were rated B, while the remaining ratings were: other roads (D), sustainable transport (D), rail (C), seaports (C) and airports (B). The report recommended an acceleration of investment to increase the country's competitiveness and address our employment challenges.
- The present level of public expenditure on transport is well below what the International Transport Forum, an intergovernmental body within the OECD family, considers appropriate for a developed economy. According to *Investing in our Transport Future*, restoring land transport investment to the long term historic average of 1.1% to 1.15% of GDP would require an annual expenditure of around €2 billion based on 2014 GDP.
- As the economy improves and employment increases, congestion and system bottlenecks are quickly re-emerging and becoming constraints on development and detrimental to the quality of life.
- Ireland has to meet very challenging targets for reduced greenhouse gas emissions. Transport is a major source of emissions and a combination of technological changes and investment in sustainable modes of transport will be needed to help meet our targets. A recent study by the Institute of International and European Affairs estimated that Ireland could face fines of up to €610 million by 2020 for failure to comply with EU emissions targets and that they could reach between €3.7 and €5.5 billion by 2030 as the EU sets even more stringent targets.
- Brexit presents a major challenge for the Irish economy and increased investment in transport can help alleviate the impact.

Priorities for Future Transport Expenditure

The Institute considers that the following should be the priorities for future transport expenditure:

- Protecting existing transport capacity and maintain existing transport infrastructure in a satisfactory state;
- Enhancing public transport capacity to respond to growth in demand and help meet climate change objectives;
- Maximising the use of existing transport assets;
- Addressing the Brexit challenge.

Protect Existing Transport Capacity

The top priority for transport expenditure (capital and current) in the years ahead should be to maintain the transport capacity that already exists and that is currently in use. This transport capacity consists of the existing road and rail infrastructure and the network of urban and inter-urban bus and rail services. Irish and international experience shows that a failure to maintain transport infrastructure invariably results in a far greater cost to restore it than was saved in deferred maintenance.

Resources should be allocated first to the maintenance and renewal of those assets which are most productive and which are targeted to deliver increased productivity.

Maintain Existing Transport Infrastructure in a Satisfactory State

A key priority for transport expenditure (both capital and current) in the years immediately ahead should be the maintenance in good repair and the renewal of the existing transport infrastructure ("steady state"). According to the Government's own figures in *Investing in our Transport Future*, the cost of maintaining our land transport infrastructure in a steady state is estimated to be €1.6 billion per annum, of which €1.3 billion would have to be sourced from the Exchequer. According to *Transport Trends 2016*, steady state expenditure in 2015 was €300 million below the required level, a trend which has been evident since the start of the economic crisis.

The 2017 Revised Estimates provide just over €1.1 billion (capital and current) for land transport infrastructure and this total includes significant spending on new works which would not be regarded as steady state investment. Based on the figures in the Government's existing Capital Plan *Building on Recovery*, it is likely to be 2020 before spending on steady state maintenance and renewal reaches the required level. However even the increased 2020 allocation, while welcome, will still include an inadequate provision to address the substantial expenditure backlog of at least €300 million per annum that has built up since 2009 or to meet the need for new investment to deal with growth in demand for travel and increased congestion.

Briefing prepared for the incoming Minister for Transport, Tourism and Sport in 2016 suggested that a total of just under €5 billion would be spent on maintaining the road network in a steady state in the seven years 2016 to 2022. Based on estimates published in a detailed background report to *Investing in our Transport Future*, this is about €1.7 billion less than required and takes no account of the maintenance and renewal backlogs that have built up since 2009.

According to the background report for *Investing in our Transport Future*, the Exchequer should be spending in the range of €469 to 481 million per annum on the steady state maintenance of national roads. The Exchequer provision for national road improvement and maintenance in 2017 is €303 million, excluding PPP operations expenditure. It is therefore clear that the present level of expenditure is inadequate to maintain the national road network in a satisfactory condition. This situation has continued since the start of the economic downturn and each additional year of under-investment makes the situation worse. Under-expenditure of this scale is simply not sustainable, even in the short term. A large length of motorway (now totalling 916km) was added to the national road network during the 2000s. Much of this is now almost a decade old and includes an extensive area of carriageway and a large number of bridges and other structures which will require significant additional maintenance expenditure.

Traffic on national roads is growing strongly. According to the Transport Infrastructure Ireland (TII) *National Road Indicators Report 2016*, traffic grew by 4.6%, with the highest growth on the

motorways (5.7%) and the lowest on national secondary roads (2.9%). Significant sections of national primary road are operating at over 120% of capacity, particularly in the Greater Dublin Area and in Cork, Kerry, Mayo and Sligo. This problem is more extensive on the national secondary network. The level of service on national roads is poorest on routes approaching the principal cities, especially Dublin, Cork and Galway.

Exchequer expenditure (capital and current) to maintain the 94,000km network of regional and local roads in a steady state should be of the order of €480 million per annum. Total Exchequer expenditure in 2008 was about €600 million but this would have included some provision for new works. This had declined to €320 million by 2015. The provision this year is about €480 million. Local authority own-resources expenditure from the Local Government Fund, rates and development levies has also fallen. Failure to sustain maintenance and renewal expenditure at an adequate level will result in a rapid deterioration in road condition and undo the major renewal investment in the regional and local road network which began in the late 1990s. This problem has been exacerbated by the damage caused by flooding and severe cold in recent winters. Additional expenditure was subsequently required on winter maintenance and to repair the damage caused and this in turn further reduced the already inadequate spending on ongoing maintenance and renewal in those years.

The Exchequer invested substantial amounts on the renewal of the rail network over the past decade and a half and this greatly improved both safety and reliability. An estimated annual expenditure of €195 million is required to maintain the railway in a steady state condition, according to the *Investing in our Transport Future* background report. This figure was updated in the *2016 Rail Review* which identified an annual maintenance and renewal requirement of €214 million. According to that review, the annual average expenditure over the period 2011 to 2016 was €166.5 million, an annual shortfall of €47.5 million. Standards will quickly deteriorate again if an adequate level of maintenance and renewal expenditure is not sustained in the years ahead. The result will be slower speeds, less reliable journeys and reduced safety. This in turn will make the railway even less competitive with road travel at a time when there is already an established need to make it more competitive. There was also major investment in intercity and suburban rail rolling stock for over a decade. It is important that these vehicles are adequately maintained and that mid-life refits are undertaken at the right time. Failure to do this in a timely way will compromise safety and reliability and reduce passenger comfort, leading to a return to the poor and deteriorating services we experienced in much of the latter half of the twentieth century.

Since the end of the 1990s there has been substantial Exchequer, EU and company investment in buses which renewed the existing fleet and facilitated the expansion of services. The steady state investment requirement is estimated at €61 million per annum. There is a need for an ongoing programme to replace existing buses as they reach the end of their useful life. A failure to do this in a timely way will increase maintenance costs, reduce vehicle reliability and ultimately substantially diminish the quality and extent of bus services. Fleet renewal on its own is not sufficient to maintain the necessary standards and will need to be accompanied by improved bus priority measures and service enhancements – points addressed later in this submission.

The conclusion from this analysis suggests that the overriding expenditure priority should be a sustained Exchequer investment in the maintenance and renewal of the existing road and public transport infrastructure. Failure to do so will have an increasing and accelerating detrimental impact on the quality, reliability and safety of that infrastructure and will lead to a rapid build-up

of investment backlogs. Tackling the consequences of those backlogs at a later date will be much more expensive than investing now in adequate maintenance and renewal.

Support Enhanced Public Transport Services

The total current Exchequer provision for public transport PSO support payments in 2017 is €261 million, compared with a peak of €331 million in 2008. The Institute supported the measures taken by the public transport companies during the financial crisis to reduce costs, improve efficiencies and rationalise services. While there should be a continuing effort to increase efficiencies and match services to demand, it is unlikely to generate savings on a similar scale to the enforced reductions achieved in recent years. Most of the so-called low hanging fruit has already been picked.

Public transport passenger numbers have begun to increase again as a result of renewed economic and employment growth. According to the latest published data from the National Transport Authority, bus PSO passenger numbers increased by 3.4% and 2.8% in 2014 and 2015 respectively, while rail passenger numbers increased by 2.9% and 4.9% respectively. Luas passenger numbers grew by 6.9% and 6.1% in the same two years. While passenger numbers are still some way below the peak in 2007, they will continue to increase in line with improvements in the economy and jobs. This will require increases in Exchequer PSO support.

If we are to meet our EU and international climate change obligations, we will need to do more than enable public transport to grow in line with travel demand. Measures will have to be put in place to increase public transport's modal share consistent with the objectives set out in *Smarter Travel* which sought to transfer 500,000 daily commuting trips from the private car to alternative means of travel and to reduce the modal share for car commuting from 65% to 45% by 2020. The Government should update *Smarter Travel*, re-affirm its objectives, commit itself to the UITP (International Association of Public Transport) PTx2 objective of doubling public transport use by 2025 and provide the PSO funding required.

There were very significant fares increases during the crisis in the public finances, designed to close the funding gap. Thankfully they came to an end in 2016 because any continuation of increases of this magnitude would have been counter-productive and led to renewed reductions in public transport patronage. The Institute does, however, support modest annual increases in public transport fares provided that they are objectively cost-related and do not exceed increases in the CPI.

Maximise the Use of Existing Assets

A priority for capital investment should be to **maximise the use of existing transport assets** before considering the provision of entirely new infrastructure. Even if public finances were not as constrained as they will continue to be, it would always be a sensible and rational policy to maximise the use of the assets we already have before building or buying something new. If, as proposed earlier, funding priority is given to maintaining and renewing the existing infrastructure and to growing public transport services, limited funding will be available for large new infrastructure projects. There is also limited scope for further PPP investment. Most future PPP projects are likely to be remunerated by the Exchequer rather than user charges and this means that the annual PPP repayments will have a first call on limited future Exchequer funding and will pre-empt its use for other purposes. In the light of these factors, the paragraphs that follow put forward a number of practical suggestions for consideration by Government, aimed at

maximising the use of existing transport assets.

All of the State agencies involved in the provision and maintenance of transport infrastructure and services should be formally mandated to sweat their assets and to include in their strategies, business plans and investment programmes specific measures to achieve this objective. This may require a change in policy orientation by some agencies and the acquisition of different skillsets to those required for the development of new infrastructure.

In the case of roads, the preferred option should generally be the **upgrading of existing roads** rather than the construction of completely new roads. This could include projects such as road realignments, the provision of town bypasses and the implementation of pavement improvement works. Work should also be undertaken to facilitate sustainable transport, including where appropriate improved bus priority, cycle lanes and better pedestrian facilities. Both traffic forecasts and road engineering/level of service standards should be regularly reviewed in the light of changing economic circumstances.

In the case of public transport, urgent measures should be implemented to improve bus services. A lot of good work has been done by local authorities on the implementation of **bus priority measures**. However, this work should urgently be intensified and accelerated in the Greater Dublin Area and in the other main urban areas such as Cork, Galway and Limerick. The existing bus priority measures need to be reviewed and enhanced and urgent action should be taken to tackle the remaining bottlenecks and pinch points. This work should be based on the principle of delivering freeflow conditions for bus services operating on urban roads. Improved bus priority needs to be delivered not just on those sections of road where it is easy or convenient to do so but wherever required across the whole road network. This will be difficult and will be opposed by some interests, but is essential as the bus will continue to be the dominant provider of public transport services.

Bus rapid transit should be introduced without delay. There are about 100 bus rapid transit systems operational worldwide and a similar number are at various stages of feasibility study, design and construction. It is a proven mass transport technology and has demonstrated an ability to substantially increase public transport use. When correctly designed and implemented, it can provide capacity and quality on a par with or exceeding that of tram or light rail and in exceptional circumstances can provide capacity comparable to full metro. It should not be seen as an inferior alternative to rail-based investment, but as a high quality, lower cost public transport solution in many circumstances. We welcome the commitment by the National Transport Authority to develop BRT in Dublin and strongly urge that adequate public funding be provided to implement all three identified projects as soon as possible and well before the end of the existing capital programme.

The emphasis should be on the **consolidation of existing rail investment**. Land use policies can be used to achieve this by directing development to corridors which have benefitted from recent investment and which have spare capacity. Examples include the Saggart/Citywest Luas extensions, the four-tracked section of the Kildare commuter rail line and the Midleton rail line. This could be reinforced by a clear Government statement, backed up by action, that failure to pursue effective land use policies which support these existing investments will have negative consequences for future public transport investment in the area.

Examples of what could be done from a land use perspective include the location of high density residential development and employment intensive development in public transport corridors

and the construction of park+ride facilities close to commuter rail and Luas stops. Pressures to opt for lower density residential development in public transport corridors should be strongly resisted as environmentally unsustainable and seriously damaging to the economics of public transport. High density residential development does not equate to high rise but, when well designed, can provide a very attractive alternative to the traditional lower density housing.

The *2016 Rail Review* raises a number of important issues relating to the **future of the railways** in Ireland. The Institute made a detailed submission to the public consultation which can be accessed at <http://www.cilt.ie/Policy/Submissions>. Our submission acknowledged and supported the need for additional expenditure while accepting that it is unrealistic to expect that we can maintain the entire current network and all the rail services that operate at present. The Review identified a funding gap between existing funding levels and appropriate funding levels for the period 2017 to 2021 of €642 million, which includes a total of €125 million to address underfunding in the period 2010 to 2016. While our submission raised some concerns about the methodology underlying these figures, it is clear that a funding gap of anything approaching this order of magnitude is not sustainable, even in the short term. The Government must make decisions on the future role of the railways as part of the present spending review. However these decisions should be taken in the context of an overall transport policy which identifies the role of each transport mode and the extent to which each will be funded by the Exchequer.

The implementation of **Integration measures** such as high quality public transport interchange facilities and park+ride at appropriate locations can help maximise the use of existing transport assets.

The proposed National Planning Framework and the regional social and economic strategies can be used to provide a **spatial and land use policy framework which is supportive of public transport**. However, implementation of these policies through local authority development plans and individual planning decisions will be the key to successful public transport provision.

Information technology can be used very effectively to improve the efficiency, increase the capacity and enhance the quality of the transport system. There is already a good basic platform on which to develop this capability. Many vehicles are currently equipped with devices that can receive **Intelligent transport systems (ITS)** services or function as data generators or probes. There has been significant investment in IT-based integrated ticketing, real time passenger information and travel planners. Most public transport users have access to increasingly sophisticated mobile phones. ITS investment in the road network needs to be accelerated. Information technology applications in public transport, such as improved signaling, automatic vehicle location, public transport vehicle prioritisation, real time passenger information and automated ticketing, should be intensified. The scope for increased use of sophisticated urban traffic management systems needs to be more fully exploited, including priority for buses at traffic signals. We should be seeking to exploit to the maximum extent possible ITS innovations developed in Ireland and internationally. This will require substantial expenditure, but will still be relatively low cost when compared with the construction of new infrastructure and will deliver higher returns on investment.

Relatively modest investment in bus-based public transport, cycling and walking facilities, traffic management and ITS in the **regional cities and other major towns** has the potential to generate significant returns and to contribute towards more sustainable urban transport. These urban

areas provide an excellent opportunity to implement a cohesive sustainable transport strategy based on existing transport assets which can transform the travel experience, improve the quality of life, enhance economic potential and deliver real reductions in transport emissions – at a modest cost.

Invest in Sustainable Transport

Transport is acknowledged to be a major contributor to greenhouse gas emissions in Ireland and the transport investment programme needs to tackle this issue in a substantive way. Transport accounts for nearly 20% of national CO₂ emissions and is the second largest contributor after agriculture. Road transport accounts for the bulk of those emissions. Transport emissions increased by 4.2% in 2015. This was the third consecutive year of growth following a fall of 25% in emissions from 2007 to 2012. According to the Environmental Protection Agency, emissions are forecast to grow by at least 10% by 2020 and the increase could be greater as economic growth continues and more vehicles are bought. During the COP21 negotiations in Paris at the end of 2015 the Irish position on the implications for agriculture of emerging climate change proposals were clearly articulated. However, there is also a need for an equivalent assessment of the implications for transport of achieving the overall national emissions reductions required by EU law and international obligations.

Smarter Travel was published in 2009 and should be updated to reflect the new realities, including the impact of the severe economic downturn and renewed growth, the continuing constraints on the public finances and developments in the transport sector. There are also a range of commitments arising from recent climate change legislation and the Government Programme which need to be addressed. These include the publication of a climate change adaptation plan, followed by a sectoral adaptation plan for transport.

Cycling and walking are the most sustainable modes of transport and are particularly suitable for short to medium length journeys, particularly in urban areas. Evidence from other countries shows that the implementation of a sustained and coherent cycling and walking investment strategy can result in a much larger modal share than is currently achieved in Ireland. Even the limited investment to date in cycle lanes and bike rental schemes has shown impressive returns. Results from Dublin City Council's annual canal cordon count show that the number of cyclists crossing the cordon increased by 250% between 2006 and 2016. The corresponding increase in the number of pedestrians was 25% despite a significant decline during the years of the economic crisis. The number of cars crossing the cordon declined by 12% during the same period. However, the emphasis of this investment policy should be on creating networks which reflect existing and changing travel patterns. Increasing numbers of cyclists using shared bus lanes can have a negative impact on bus speeds and may require the development of separate facilities for cyclists. Greenways are primarily tourism and leisure facilities and do not perform any significant transport function. Therefore, they should not in future be funded from the transport budget.

There should also be increased investment in the Green Schools programme, in smarter travel initiatives and in the promotion of sustainable travel, including individual and workplace travel planning and the promotion of eco-driving and sustainable freight operations.

The existing Capital Plan provides for a total investment of €100 million in smarter travel and carbon reduction measures. The Institute considers that this provision will need to be substantially increased if sustainable transport is to become a realistic objective. The

Government should provide for a phased annual increase in this spending to enable it reach at least €100 million per annum at the end of the programme.

As mentioned earlier, Ireland is facing large EU fines for failure to meet its greenhouse gas emissions targets. Surely the money would be better spent on measures which will contribute to a sustained reduction in those emissions?

Brexit Investment

Brexit is the biggest challenge facing the Irish economy and requires an investment response based on a considered impact assessment. There is still great uncertainty about the shape of any future Brexit agreement but the Institute has identified the following areas as likely to require investment in the years immediately ahead:

- The UK has firmly stated that it intends to exit the Single Market and the Customs Union. This means that our future trading arrangements are at best likely to be based on a limited free trade agreement or at worst on WTO rules. The Government must deploy adequate resources to ensure that we are ready to deal effectively with the new reality. It will be particularly important that the Revenue Commissioners have the necessary staffing, IT and other technical resources to administer the new customs and trade facilitation arrangements effectively from day one. The recruitment and training of staff with customs expertise should commence immediately. Other Government Departments and agencies also need urgently to review their skills and resource requirements and commence the necessary preparations now.
- Consideration should be given now to what, if any, infrastructural investments are required to facilitate the new customs, immigration and other administrative procedures which will be introduced post-Brexit. Will there be a requirement for additional holding/inspection areas at ports and airports? Will there be a need for holding/inspection sites on approach roads to the land border? Will border crossings be limited to specified corridors and, if so, will additional investment be required to enable those corridors cope with the increased traffic? Will improvements be required to cross-country roads in the border area to enable easier access to the designated crossing corridors? Are there likely to be changes in the patterns of seaborne trade that necessitate investment at ports?
- Industry generally and particularly SMEs and logistics and transport providers need to be well prepared to meet the serious challenges presented by Brexit. Government has an important role to play in helping them undertake this preparation by providing good quality advice and technical supports, by identifying necessary skills requirements, by providing training supports through apprenticeship programmes, Skillnets and other training initiatives and by providing targeted financial support.

It is critically important that Budget 2018, subsequent Budgets and the updated Capital Plan include adequate financial provisions to address the Brexit challenge.

Targeted New Investment

The need for large scale new transport investment may not always be immediately evident. The major motorway programme has been completed, the railways renewed and the bus and rail fleet modernised. Urban congestion ceased to be a problem during the economic downturn. The difficulty is that, based on experience in the 1970s and 1980s, urban congestion can ease substantially during a recession but emerge again very rapidly when the economy recovers. This is exactly what is happening now and we risk of repeating past mistakes. Road traffic is growing steadily across the national road network as detailed earlier. Congestion is re-emerging on urban road networks, particularly on the M50. Commuter public transport is growing strongly and capacity constraints are beginning to appear. The problem is that when congestion becomes an important political issue, it is already too late to start taking effective action to redress it.

There are substantial investment backlogs across the network. For example much of the national road network, particularly national secondary roads, is sub-standard. There are many suspended projects across the national network and Transport Infrastructure Ireland has published needs studies which demonstrate that there are substantial investment requirements across the neglected national secondary network. Many regional and local roads are in need of strengthening and reconstruction, reflecting the fact that they were never built to take the traffic volumes and axle loads that they carry today.

Studies have been published which identify a requirement for continuing transport investment. The most recent of these is the *Transport Strategy for the Greater Dublin Area 2016-35*, published in early 2016, which recommended a 20-year investment programme with a total capital cost of €10.3 billion and an ongoing operational cost growing to €200 million per annum over time. The NTA has commenced work on its *BusConnects* project which is intended to transform the bus network in Dublin in a radical way and which may require up to €1 billion in investment. There are also other existing regional transport strategies which require investment support such as the *Cork Area Strategic Plan* and the *Galway Transport Strategy*. These strategies will be updated and similar strategies developed for other cities and their hinterlands which need to be taken into account when updating transport investment plans.

The Institute considers DART Underground to be a national strategic project, not just a Dublin commuter project, because it would link up and integrate all the rail corridors with consequential benefits. It could deliver a substantial advantage for both the economy as a whole and for rail travel. We would be anxious to see funding provided in the updated Capital plan to progress its planning and implementation.

In a North-South context, explicit provision should be made in the updated Capital Plan for Exchequer financial support for A5 road project and for the continuing improvement of the Dublin-Belfast rail service. The commitments in the existing Capital Plan and in the Government Programme are vague and should be firmed up given the economic importance of these transport links and the new challenges presented by Brexit.

Summer Economic Statement

The Institute welcomes the commitment in the recent Summer Economic Statement to provide an additional €500 million per annum from 2019 to 2021. From the analysis presented above, it is clear that accelerated investment in transport needs to commence immediately and extend beyond 2021. Failure to do so will have long term economic, social and environmental consequences which will be more difficult and expensive to redress in later years.

We also welcome the reference in the Statement to the forthcoming National Planning Framework, particularly its emphasis on aligning investment and spatial planning. However, we were disappointed that there was little recognition of the important role that transport plays in delivering a sustainable and efficient spatial policy.

Coherent Transport Investment

Any future transport investment programme has to be more than a series of modal investment proposals brought together between two covers and presented as a strategy. It needs to demonstrate integrated thinking and present a coherent approach to investment. It should be guided by the review of public transport policy promised in the Government Programme. The proposed investments need to be mutually reinforcing, not pulling in different directions. Potential projects need to be evaluated using a common evaluation framework. Because of the scarcity of finance, we need to choose those projects and programmes which provide the best return on investment and best assist the development of Ireland as a sustainable economy and society. Project selection should be guided by the requirements identified by the State's enterprise development agencies. As emphasised earlier, future transport investments should be conditional on the implementation of a supportive land use policy.

Importance of Timely Project Planning

During the crisis in the public finances, expenditure on project planning was sharply reduced. This was quite understandable in the challenging economic situation which then existed. However, that decision should now be reversed. Past experience shows that congestion very quickly returns once the economy begins to recover and employment starts to grow. This is particularly true of major urban areas but also for bottlenecks on the wider transport network. There is already clear evidence of increased congestion in urban areas and on the M50. Demand is increasing strongly on commuter public transport services. It is too late to begin project planning when the congestion is already evident. It needs to begin in anticipation of the problems emerging so that the projects can be implemented as a timely response, subject to the necessary finances being available. The Institute therefore recommends that adequate Exchequer funding be made available for a carefully targeted programme of project planning.

Introduce Pricing Policies

This is an ideal time to begin the implementation of appropriate road pricing policies. The economic case for road pricing as a demand management tool is already well established. It provides an effective means of managing demand on congested networks, as well as a way of raising additional funding for transport and contributing to the achievement of a more sustainable transport system.

Work should begin on the development of a congestion pricing system for the Greater Dublin Area and a road pricing system for the national road network. The technical planning and the

preparation and passage of the necessary legislation are likely to take some time. Now is the time to begin this work, not when severe congestion becomes a reality once again as strong economic growth continues. A lengthy period will also be required to increase public understanding of the need for such measures and this is perhaps the most significant challenge to be addressed.

Traffic on the M50 is growing strongly. TII traffic count data shows growth in average annual daily traffic (AADT) of between 7 and 8% across most sections of the motorway between 2015 and 2017. The proportion of the M50 motorway operating in freeflow or stable flow conditions declined by 10 percentage points between 2015 and 2016. This already unsatisfactory situation is likely to dis-improve further as the economy and employment continue to grow. Remedial action to improve the management of the motorway is therefore essential. As an interim measure, multi-point tolling could be introduced on the M50. It would quickly generate additional revenue for investment and provide a starting point for very necessary demand management on this critical link in our motorway network. The level of toll charged at any one point should be much lower than the existing WestLink toll and the total toll charged should reflect the length of the M50 traversed by a vehicle. The tolling regime should be structured so as to encourage the use of the motorway by goods traffic and should take account of the fact that HGVs going to and from Dublin Port are required to use it to access the Dublin Port Tunnel.

A demand management strategy for the M50 has to be developed and implemented in the near term before it reaches or exceeds its traffic capacity. Over 140,000 vehicles per day are already using the busiest sections of the road. Failure to act will result in an increasingly congested road which no longer performs its strategic bypass function (see Section 3.3.6 of the *Transport Strategy for the Greater Dublin Area 2016-35* for a more detailed analysis). The M50 Demand Management Study, published in 2014 by Transport Infrastructure Ireland, provides a very useful context for this work.

A regional pricing policy for both on and off-street car parking should be developed and implemented for the Greater Dublin Area. The purpose of this should be to ensure a coherent charging policy across the capital region which optimises the turnover of parking spaces, avoids price competition between individual areas and ensures the continuing viability of city centre retailing.

Make a Targeted Investment in Regional Airports

A provision of €28 million for regional airports is included in the Government's existing Capital Plan. This is being used to fund safety and security enhancements at regional airports "to ensure connectivity for balanced regional development" in line with the policy set out in *A National Aviation Policy for Ireland*. Future expenditure provisions should be wholly consistent with the following policies as set out in that aviation policy document:

- Exchequer support for capital expenditure will continue to be limited to safety and security related investment.
- Exchequer support for operational expenditure will be phased out within ten years.
- PSO supports will be limited to Donegal/Dublin and Kerry/Dublin services.
- Clear business plans will be needed to support investment proposals and account will be taken of regional involvement, including investment by local authorities and/or business.

The overall objective of the investment policy must be to establish viable self-sustaining regional airports.

It has been the consistent view of the Institute that the interests of business and tourism, from both a national and regional perspective, will always be best served by ensuring that we have viable commercial airports at Dublin, Cork and Shannon which provide the optimum number of air connections to the rest of the world. Efforts should continue to improve access to, and widen the catchment populations of, those airports by further improvements to the road network, particularly the Atlantic Road Corridor and access roads to the northwest, and further development of the public transport system, especially direct bus services to the airports. A greater catchment population will help strengthen the viability of these airports and enable them to retain existing air services and convince airlines of the commercial case for the development of new routes. It is important that regional airport policy is consistent with this overall approach.

Use an Effective Evaluation Framework

Decisions taken by Government on its transport investment priorities should be based on a coherent policy framework and use objective and transparent evaluation criteria. The basis for these decisions and the full business case for individual projects should be published. Draft business cases should be published and open to public comment in a consultation process.

Smarter Travel provides a good starting point for a coherent policy framework but further multi-modal policy work is required. The socio-economic return should be primary criterion for project selection. If additional selection criteria are used, they should be made public, as should information on how they are measured and evaluated and what relative weighting is attached to them. In this regard, we welcome the publication by the Department of Transport, Tourism and Sport of the updated and strengthened *Common Appraisal Framework for Transport Projects and Programmes*.

The achievement of the full return on an investment is often dependent on other factors such as the implementation of a particular policy (for example the delivery of higher density land use development in a public transport corridor or the implementation of travel demand measures). It is vitally important that any decision to proceed with an investment is accompanied by a firm commitment to implement the supporting policies or measures. If such a commitment is not forthcoming, the return on investment is likely to be lower and the decision to proceed should be reviewed using that lower return. The consequences of not implementing the supporting actions should be spelt out in the business case for a project. Investment priorities should be particularly informed by the additional transport benefits of a project rather than the total benefits.

**Chartered Institute of Logistics and Transport in Ireland
1 Fitzwilliam Place
DUBLIN 2**

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