

2016 PROGRAMME FOR GOVERNMENT

Briefing Note on Aspects relevant to the Logistics and Transport Sector

Introduction

The work of the new Government is underpinned by two documents:

- A Policy Framework for a Confidence and Supply Agreement to Facilitate a Fine Gael-led Minority Government, agreed between the Fianna Fail and Fine Gael parties;
- A Programme for a Partnership Government.

The principal features of both these documents have been widely reported in the media. This briefing note therefore concentrates on those aspects which have particular relevance for the logistics and transport sector.

The Policy Framework

The Policy Framework contains only a few brief references relevant to our sector:

- A commitment to increase capital investment in transport, broadband, education, health and flood defences following the mid-term review of the Capital Plan which is expected in mid-2017;
- An undertaking to prioritise regional development across all policy areas.

The Partnership Programme

The Programme commits the Government to a social economy model which will deliver a strong economy and a fair society built on four foundation principles:

- Sound public finances and a stable and broad tax base;
- A supportive environment for enterprise and employment;
- More investment in economic, regional and social infrastructure;
- A just and fair society and a more inclusive prosperity.

The Programme contains a number of key targets:

- A 2:1 split between public spending and tax reductions;
- Build 25,000 homes every year by 2020;
- Create 200,000 new jobs by 2020 – 135,000 outside Dublin;
- Reduce the unemployment rate to 6% and facilitate the return of at least 70,000 emigrants;
- Spend at least €6.75 billion more on public services by 2021 compared with this year;

- Reduce waiting times across the health service.

The Programme clearly states that the Government will not rely on unpredictable and fragile sources of revenue to finance permanent increases in spending and that reductions in personal tax rates will be largely funded through other tax measures. These include not indexing personal tax credits and bands, the removal of the PAYE tax credit from high earners, higher excise duties on cigarettes, a new tax on sugary drinks and increased action against fuel laundering.ÂÂ

The Programme does not contain a specific chapter on transport. Instead there are a range of references across other policy areas such as climate change and rural development. The paragraphs which follow attempt to summarise the principal commitments relevant to our sector.

Transport Investment

The Programme commits to protect the existing plans for overall capital spending of €42 billion in the period 2016-21 outlined in the previous Government's Capital Plan *Building on Recovery*. This Plan provided for a €9.6 billion investment in transport in the seven years to 2022 and was the subject of an earlier Institute briefing note.

The Government also promises to increase investment in transport and other areas of infrastructure following a mid-term review of the Capital Plan, scheduled for mid-2017. While this is welcome, it is potentially too little, too late. The Capital Plan published last Autumn provided for only very modest increases in capital expenditure on transport in the early years and was strongly back-loaded, with 40% of the total expenditure to take place in the final two years of seven (see the Institute's earlier briefing note in the policy section of our website). Traffic congestion has already returned in urban areas and on major roads such as the M50 as the economy grows again and employment increases. It is always too late to start spending to tackle congestion when it is already evident. There was substantial under-investment in transport during the downturn and significant damage to infrastructure as a result of severe Winter weather and this has not yet been redressed. If capital funding is to be increased from 2018 onwards, it is necessary to provide the funding for planning and design now or it will otherwise not be possible to get construction underway quickly when the funding becomes available.

Climate Change and Transport

The Climate Change and Low Carbon Development Act requires the Government to publish a national low carbon transition and migration plan for the period to 2050. The Programme commits the Government to publish this plan within six months. The plan will focus on four key sectors – transport, electricity generation, the built environment and agriculture. Regarding transport, it will concentrate on the development of a cost effective policy to reduce emissions and increase energy efficiency across all transport modes. It will examine the role of technology, sustainable land use patterns, modal shift, travel demand, alternative fuel options and the impact of proposed measures on other national policy objectives. It is not clear what this final statement means but it may refer to the impact which sustainable

transport measures might have in rural areas, for example. It is also unclear how possible conflicts between policy objectives might be resolved in a way which meets our EU and international obligations to substantially reduce greenhouse gas emissions.

The Programme proposes a range of measures to be taken in the transport sector to support climate change objectives:

- It renews the commitment in the Capital Plan published last Autumn to spend €3.6 billion on public transport investment up to 2022 to fund additional capacity to meet existing and future demand. There is a specific commitment to both Metro North and Luas Cross City in Dublin. However, there is no commitment to provide additional current funding to support the provision of additional public transport services generally.
- A full review of public transport policy will be undertaken to ensure that services are sustainable into the future and are meeting the needs of a modern economy. The principal challenge for this review will be how to find the resources to fund cost-effective investment in public transport infrastructure and services and how to ensure that other Government policies support the provision of viable public transport services.
- It promises that Ireland will become a leader in the uptake of electric vehicles and proposes to establish a task force to work on this goal, set ambitious and achievable targets and also to investigate the potential role and use of other fuels such as hydrogen. We will have to await the report of the task force to identify any specific measures to achieve this laudable objective and no additional funding is proposed to underpin its achievement.
- It proposes to extend the existing public bike schemes and to introduce similar schemes in other urban areas.
- It restates the commitment in the existing Capital Plan to provide €100 million for investment in smarter travel and carbon reduction measures. It also plans to prepare new national guidelines for the development of Greenways for cycling, guiding local authorities on public consultation, planning and construction.
- The Minister for Transport and the relevant Oireachtas Committee will review the framework for the national goods fleet and make any necessary recommendations on new measures to incentivise the upgrading or replacement of older vehicles. This is likely to require financial or taxation incentives to be successful.

Rural Development

Reflecting the changed political landscape, there are extensive policy commitments on rural development. The following are the principal commitments relevant to transport:

- The Programme acknowledges that the capital budget for local and regional roads is “still recovering after the economic crash” and promises to increase the relevant budget by approximately 50% in the years ahead “as the national finances are repaired”. It is not clear how this commitment will be achieved without a significant increase in the provisions in the existing Capital Plan and

it seems to pre-empt the mid-term review of that Plan proposed for mid-2017. There is an urgent need to redress recent under-investment in regional and local roads and the commitment to do so is welcome but it must not be done at the expense of other areas of transport investment.

- The Programme also says that “key radial routes will be prioritised from the existing motorway network, to ensure that communities isolated by inadequate national primary roads, have direct access to ports and airports”. The language is somewhat obtuse but it appears to be a commitment to upgrade national roads, particularly those accessing ports and airports from the regions. These might include roads such as the N5, N52, N69 and N80 among others. It further says that Transport Infrastructure Ireland will be encouraged to commence planning other road projects to match/complement the National Action Plan for Jobs. It is not clear how these commitments can be satisfactorily addressed within the existing constrained funding allocations.
- A fully funded Local Improvements Scheme will be reinstated to support the maintenance of non-local authority roads. These are not public roads and in the past there was pressure on local authorities to take over responsibility for these private roads once they had been repaired with LIS funding. This increased the stock of public roads and spread the available funding for these roads even more thinly.
- The Programme proposes to set aside an additional €100 million in capital funding “to take the Wild Atlantic Way to the next level”. This includes the Atlantic blueway route, the Ireland Way, further development of a national Greenway network and the doubling of funding for the Rural Walks Scheme from €2 million to €4 million. The focus of these proposals is primarily on the development of walking and cycling facilities for leisure and tourism purposes. The blueways are cycling and walking routes along waterways such as the Shannon and Royal Canal, while the Ireland Way is an 840 km cycling and walking route from Castletownbere to Ballycastle.
- It is proposed to provide an additional €10 million for regional airports to help them prepare for a future where they can operate on a standalone commercial basis. This is in addition to the €28 million commitment in the existing Capital Plan. Again this proposal appears to pre-empt the promised mid-term review of the Capital Plan.
- There is a commitment in the Programme to examine how best to improve the integration of rural transport services (the rural bus network, school transport and HSE transport). A report will be sent to the relevant Oireachtas Committee within six months examining how existing routes can be made more sustainable and accessible and the potential for new routes.
- The Government will provide for an independent costing and review of Phase 2 of the Western Rail Corridor between Athenry and Claremorris for both passenger and freight use. It also undertakes that no measures will be taken which would prevent “the future reactivation of this corridor for rail use”. This review will be undertaken in a context where the completed first phase of the Western Rail Corridor was assessed as having a negative rate of return on investment and in a period of continuing constraints on public expenditure. It is also unclear how this proposal relates to the commitment in the Strategic Investment Framework for Land Transport *Investing in our Transport Future* to develop a new rail policy to address the future role of rail in transport in Ireland.

- The Government will apply to the EU within three months to include the Western Arc in the TEN-T CORE Network. The Western Arc is a multi-modal transport corridor linking Cork, Limerick, Galway, Sligo, Derry and Belfast and providing a counter-balance to the existing TEN Corridors radiating out of Dublin. Including this Corridor in the Trans-European Network would enable the Government to access EU funding for planning and construction work on this Corridor. It is doubtful that EU agreement to this proposal will be readily forthcoming and, even if it is, the available funding is likely to be modest.

Physical Planning

The Programme promises to promote higher urban densities in terms of housing design, particularly in public transport corridors. It also promises to complete a new National Planning Framework to replace the existing National Spatial Strategy by the first quarter of 2017. It proposes to undertake a “root and branch” review of the planning system to reduce the uncertainty and length of the planning process. ÂÂ

Accessibility of Transport

The Programme includes a number of commitments to protect and improve accessibility to transport:

- There is a promise to protect the free travel pass and to work with public and private operators to keep services on which the pass can be used operating on as many routes as possible.
- The provision of transport services for young people with disabilities will be examined to ensure that it is fit for purpose and consistent with their needs.
- There is a commitment to make public transport services more accessible for people with disabilities, including increased wheelchair access to bus and rail stations and audio announcements on train and bus services.
- Taxi companies bidding for public contracts will be required to ensure that at least 10% of their fleet is wheelchair accessible.

Northern Ireland

The Programme undertakes to deliver on the commitment made by the Irish Government in the Stormont House and Fresh Start Agreements to support the upgrading of the A5 road (Derry-Aughnacloy). It also promises to work with the Northern Ireland Executive to undertake a review of the Narrow Water Bridge project to identify options for its future development.

Other Policy Proposals

The 0% rate of airport tax will be retained.