



# **PUBLIC ACCOUNTS COMMITTEE**

**7<sup>th</sup> February, 2013**

## **ADVANCE BRIEFING FOR COMMITTEE MEMBERS**

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### **CONSIDERATION OF 2011 ESTIMATES**

#### **VOTE 32: Department of Transport, Tourism and Sport**

#### **2011 Annual Report of the C&AG and Appropriation Accounts**

<b>Vote 32 Current Department of Transport, Tourism and Sport</b>						
		<b>2011 REV</b>	<b>2011 OUTTURN</b>	<b>VARIANCE</b>	<b>2012 REV</b>	<b>2012 PROV OUTTURN</b>
		<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Administration</b>						
A.1.	Salaries, wages and allowances	30,646	30,663	-17	29,089	28,673
A.2.	Travel and subsistence	1,003	911	92	1,003	1,069
A.3.	Training and development and incidental expenses	2,208	1,609	599	2,360	1,644
A.4.	Postal and telecommunications	750	555	195	949	466
A.5.	Office equipment and external IT	932	932	-	933	763
A.6.	Office premises expenses	913	846	67	912	880
A.7.	Consultancy services and value for	599	397	202	599	568
<b>Roads</b>						
B.1.	Road improvement/maintenance	248,998	253,666	-4,668	225,973	225,973
B.2.	Road safety agencies and expenses	26,582	16,075	10,507	18,182	17,832
B.3.	Vehicle and driver licencing expenses	16,779	13,545	3,234	13,250	12,987
<b>Public Transport</b>				-		
C.1.	Public service provision payments	275,916	277,764	-1,848	253,995	289,865
C.3.	Public transport agencies and expenses	13,712	13,160	552	13,577	12,577
<b>Civil Aviation</b>						
D.1.	Aircraft accident investigation	495	476	19	444	443
D.2.	Regional airports	15,327	15,782	-455	10,000	9,854
D.3.	Payments to the Irish Aviation Authority	2,558	2,916	-358	3,250	2,657
D.4.	Miscellaneous Aviation services	123	60	63	300	4
<b>Maritime Transport and Safety</b>						
E.1.	Maritime safety and Irish Coast Guard	39,058	39,234	-176	45,902	44,651
<b>Miscellaneous Transport</b>						
F.1.	Subscriptions to international Orgs	8,337	6,611	1,726	8,337	7,158
F.2.	Miscellaneous services	13	10	3	13	8
<b>Tourism Services</b>						
G.1.	Faillte Ireland - (Grant in Aid)	62,622	62,622	-	64,491	64,491
G.2.	Tourism Ireland Limited - Grant for Administration and General Expenses	17,006	17,006	-	16,496	16,496
G.3.	Shannon Free Airport Development Company Limited (Tourism Development) (Grant in Aid)	786	786	-	746	746
G.4.	Tourism Marketing Fund (Grant-in-Aid Fund)	41,383	46,083	-4,700	39,354	39,354
<b>Sports and Recreation Services</b>						
H.3.	Irish Sports Council (Grant in Aid) (Part Funded by National Lottery)	46,837	46,837	-	44,495	44,495
H.4.	National Sports Campus	1,498	1,498	-	1,498	1,798
<b>TOTAL</b>		<b>855,081</b>	<b>850,044</b>	<b>5,037</b>	<b>796,148</b>	<b>825,452</b>

**Please note :**

1. 2012 Vote 32 was re-numbered to Vote 31 and re-structured in accordance with Performance Budgeting



## Vote 32 Capital Department of Transport, Tourism and Sport

		2011 REV	2011 OUTTURN	VARIANCE	2012 REV	2012 PROV OUTTURN
		€000	€000	€000	€000	€000
<b>Administration</b>						
A.5.	Office equipment and external IT	735	591	144	735	475
<b>Roads</b>						
B.1.	Road improvement/maintenance	1,010,000	1,017,000	-7,000	885,000	886,000
B.2.	Road safety agencies and expenses	1,000	1,000	-	500	350
B.3.	Vehicle and driver licencing	1,500	1	1,499	1,500	285
B.4.	Smarter travel and carbon reduction	21,865	17,674	4,191	17,400 plus 2,300 = 19,700	9,837 plus 2,300 = 12,137
<b>Public Transport</b>				-		
C.2.	Public transport investment	370,000	377,210	-7,210	257,203	254,231
<b>Civil Aviation</b>						
D.2.	Regional airports	4,000	4,000	-	6,100	3,667
<b>Maritime Transport and Safety</b>						
E.1.	Maritime safety and Irish Coast	15,000	15,740	-740	18,200	10,524
<b>Miscellaneous Transport</b>						
F.3.	Cross border initiatives	14,000	13,481	519	4,000	4,001
<b>Tourism Services</b>						
G.1.	Faillte Ireland - (Grant in Aid)	1,000	1,000	-	800	800
G.5.	Tourism Product Development (Grant-in-Aid)	24,790	14,790	10,000	21,200	20,200
<b>Sports and Recreation Services</b>						
H.1.	Grants for Sporting Bodies and the Provisions of Sports and Recreational Facilities	28,000 plus 5,000 = 33,000	23,403	9,597	21,200 plus 3,600 = 24,800	16,212 plus 3,600 = 19,812
H.2.	Grants for Provision and Renovation of Swimming Pools	6,650	9,528	-2,878	6,900	7,687
H.4.	National Sports Campus	3,500	676	2,824	4,300 plus 2,800 = 7,100	1,100 plus 2,800 = 3,900
	<b>TOTAL</b>	<b>1,507,040</b>	<b>1,496,094</b>	<b>10,946</b>	<b>1,253,738</b>	<b>1,224,069</b>

**Please note :**

1. 2012 Vote 32 was re-numbered to Vote 31 and re-structured in accordance with Performance Budgeting

2. €8.7m Carryover from 2011 is shown as additions in Subheads B4, H1 and H4 in the 2012 REV Column

### Vote 32 Current and Capital 2011 and 2012 Overview

	2011 REV	2011 OUTTURN	VARIANCE	2012 REV	2012 PROV OUTTURN
<b>Current Expenditure</b>	<b>855,081</b>	<b>850,044</b>	<b>5,037</b>	<b>796,148</b>	<b>825,452</b>
<b>Capital Expenditure</b>	<b>1,507,040</b>	<b>1,496,094</b>	<b>10,946</b>	<b>1,253,738</b>	<b>1,224,069</b>
<b>Total Expenditure</b>	<b>2,362,121</b>	<b>2,346,138</b>	<b>15,983</b>	<b>2,049,886</b>	<b>2,049,521</b>

Details of the expenditure provided for under each of the Subheads follows.

**Subhead A1 (X.1) - Salaries, Wages and Allowances**

The Subhead provides for the payroll costs of staff serving in the Department.

**Subhead A2 (X.2) - Travel and Subsistence**

The Subhead provides for the cost of travel by the Department's staff in order to carry out their duties, both at home and abroad through active participation in the work of the European Union and other international organisations

**Subhead A3 (X.3) – Training and Development and Incidental Expenses**

This Subhead provides for a wide range of general administration costs such as general advertising, office cleaning, printing of publications, staff training and development provided by outside bodies, refund of education fees to staff, legal settlements and legal fees, costs associated with hosting and attending conferences, costs associated with investigating air accidents, etc.

**Subhead A4 (X4) - Postal and Telecommunications Services**

This Subhead covers the cost of postal services, telephone charges, data lines, mobile phones and internet connectivity

**Subhead A5 (X5) - Office Machinery and External IT Services**

This Subhead provides for the acquisition and maintenance of computer equipment, photocopiers and other office machinery, the purchase of routine office supplies and the cost of external IT resources

**Subhead A6 (X6) - Office Premises Expenses**

This Subhead provides for repair and maintenance expenses of the Department's office buildings, purchase of furniture and fittings and ongoing charges for the heating, lighting, waste disposal and recycling

**Subhead A7 (X7) - Consultancy Services and Value for Money & Policy Reviews**

The Subhead provides for payment for expert advice and input on complex issues, which are beyond the normal resources of the Department and the civil service generally, or in circumstances where independent input is required

**Subhead B.1 (B.3) Road Improvement/Maintenance**

This Subhead provides a block grant to the National Roads Authority (NRA) to fund the construction, improvement and maintenance of national roads and grants to the local authorities to assist in funding the improvement and maintenance of regional



and local roads. It also includes grants to the NRA for administration and general expenses. The subhead consists of five Subhead items:

- B.3.1 (Improvement of national roads),
- B.3.2 (Maintenance of National Roads),
- B.3.3 (NRA Administration),
- B.3.4 (PPP Operational Payments)
- B.3.5 (Regional and Local Roads Grants).

#### **Subhead B.2 (B.4) Road Safety Agencies & Expenses**

This Subhead provides funding for the road safety agencies i.e. the Medical Bureau of Road Safety (MBRS) and the Road Safety Authority (RSA).

- **Medical Bureau of Road Safety** The MBRS was established in November 1968 under Part V of the Road Traffic Act, 1968. The MBRS is attached to the Department of forensic medicine at University College Dublin.
- **Road Safety Authority** The RSA is a statutory organisation created by the Road Safety Authority Act 2006 and was established on 1 September 2006. It was assigned responsibility for a range of road safety functions including: functions of the National Safety Council in relation to road safety education and awareness; and functions formerly exercised by the Department.

#### **Subhead B.3 (B.5) Vehicle & Driver Licensing Expenses**

The Subhead provides for the maintenance and support of the National Vehicle and Driver File (NVDF) and expenses associated with a range of activities arising from the regulation of motor vehicles and drivers including the collection of motor tax (€1.1 billion) and penalty points. The majority of the expenditure is recouped from the Local Government Fund.

#### **Subhead B.4 (B.6) Smarter Travel & Carbon Reduction Measures**

This Subhead was first instituted in 2009 to support Smarter Travel Policy measures, principally investment in cycling and walking infrastructure measures and soft measures to support behavioural change and to encourage sustainable transport and travel.

#### **Subhead C.1 (B.7) Public Service Provision Payments**

The Subhead comprises three elements as follows :-

- **Public Service Subvention Payments**

To provide for the payment of an annual subvention to transport companies in respect of the provision by the transport companies of socially necessary but non-commercial transport services.



- **Rural Transport Programme**  
The Rural Transport Programme promotes the development of community-based public transport services in rural areas to address social exclusion arising from unmet public transport needs
- **Green Schools Programme**  
This Programme is aimed at changing school travel behaviour, i.e. encouraging cycling and walking and use of public transport, thereby reducing car use in school journeys.

### **Subhead C.2 (B.8) Public Transport Investment Programme**

This Subhead provides funding for the development of public transport infrastructure and the improvement of railway safety. Since 1st December 2009 the National Transport Authority (NTA) has responsibility for public transport infrastructure in the GDA. From 2011 the Authority is also administering the National Accessibility and Regional Cities Traffic Management programmes on behalf of the Department. The subhead is made up of:

- **Public Transport Projects:** This covers three areas (1) Accessibility (2) Traffic Management Programmes for the Regional Cities and (3) Technical Assistance relating to the Department's capital envelope.
- **Public Transport Safety & Development:** This funds the Railway safety programme and Bus & Rail projects outside the GDA.
- **Public Transport Infrastructure – NTA:** This is capital funding provided to the NTA for Luas/Metro, bus and rail in the GDA, Leap Card Scheme, RTPI in the GDA & regional cities, GDA traffic management and sustainable transport measures.

### **Subhead C.3 (B.9) Public Transport Agencies & Expenses**

This Subhead provides for expenses associated with the following agencies:-

- **The Railway Safety Commission** was established on 01 January 2006 with a statutory mandate to implement the Railway Safety Act 2005, approve safety cases of new and existing infrastructure and operations on the railway network, and investigate and report on railway incidents.
- **The Railway Procurement Agency** was established under the Transport (Railway Infrastructure) Act 2001 as an independent commercial State body with the responsibility of managing the construction and operation of Luas, to procure new light rail lines and Metro through a number of means including Public Private Partnership (PPP) and to introduce an integrated ticketing system for all public transport, initially in the Greater Dublin area.
- **The National Transport Authority** was established on 1 December, 2009 under the Dublin Transportation Act 2008. At a national level, the NTA has responsibility for securing the provision of public passenger land transport services. This includes the provision of subvented bus and rail services by



Bus Éireann, Dublin Bus and Irish Rail. The Authority also licences public bus passenger services. On January 1, 2011, the Commission for Taxi Regulation (CTR) was also absorbed into the NTA under the Public Transport Regulation Act 2009. The NTA also has responsibility for the development of an integrated transport system within the Greater Dublin Area (GDA).

#### **Subhead D.1 (A.4) Aircraft Accident Investigation Insurance**

The purpose of the Subhead is to provide for the cost of two aviation insurance policies:-

- **Aviation Third Party Liability Insurance** to indemnify the Minister and the Irish Aviation Authority (IAA) against the cost of claims by third parties for damages arising from aviation related incidents deemed attributable to negligence on the part of the Minister or the Authority in the exercise of their aviation related functions. These costs are refunded by the IAA. The cost of the Insurance is taken on a yearly basis and is subject to prevailing conditions in the insurance market at the time.
- **Aircraft Accident Investigation Insurance Policy** to indemnify the Minister against costs incurred in the investigation of major public transport aircraft accidents. The cost of the Insurance is contracted on a three year basis, renewable annually and is subject to prevailing conditions in the insurance market at the time.

#### **Subhead D.2 (A.3) Regional Airports**

This Subhead makes provision for

- (a) capital and non-capital support for regional airports, and
- (b) non-capital support for regional air services.

The primary objectives of the subhead are to facilitate continued safe and viable operations at the regional airports and to maintain and improve air access to the regions in the interests of facilitating balanced regional development.

#### **Subhead D.3 (A.4) Payment to the Irish Aviation Authority in respect of Exempt Services**

The purpose of the Subhead is to reimburse the Irish Aviation Authority (IAA), as provided by the Irish Aviation Act 1993, for the cost of aeronautical communication services and air navigation services provided by the Authority to certain specified classes of airspace users (e.g. military aircraft, State aircraft) which are exempted from paying for these services.

#### **Subhead D.4 (A.4) Miscellaneous Aviation Services**

The Subhead provides for expenditure on consultancies relating to the Aviation Sector.



### **Subhead E.1 (C.3) Maritime Administration and Irish Coast Guard**

The Subhead provides for the expenditure of the Irish Coast Guard (IRCG), the Maritime Safety Policy Division (MSPD), the Marine Survey Office (MSO), the Mercantile Marine Office (MMO), the Marine Radio Affairs Unit (MRAU), and the Maritime Transport Division. The main expenditure areas are as follows :-

- **Helicopter Search & Rescue** The IRCG provide a 24/7 Search & Rescue Helicopter service from four bases around the country at Dublin, Waterford, Shannon and Sligo. These aircraft respond to emergencies at sea, inland waterways, offshore islands and mountains throughout the 32 counties. They can also be used for assistance in flooding, major emergencies inland, intra-hospital transfers, pollution, and aerial surveillance.
- **Commissioners of Irish Lights (CIL)** Funding the management of all lighthouses buoys and beacons in Britain and Ireland is vested in three General Lighthouse Authorities (GLAs). CIL is the authority for all of Ireland, the Northern Lighthouse Board for Scotland and the Isle of Man and Trinity House for England and Wales
- **Weather Buoy Network** The Weather Buoy Network provides for real time data from the coastal region of Ireland to enable more accurate weather forecasts and therefore decrease the number of lives lost at sea.
- **Marine Casualty Investigation Board** The function of the MCIB is to carry out investigations into marine casualties that take place in Irish waters or involve Irish registered vessels. All Board members are engaged on a part-time basis.
- **Marine Rescue Sub Co-ordination Centres (MRSC)** Following the successful upgrade of MRSC Malin, work on the MRSC Valentia buildings has commenced, with an expected completion date mid-2013.
- **Pollution & Salvage Equipment** Part of the remit of IRCG is to develop and co-ordinate an effective regime in relation to preparedness and response to marine casualty incidents and spills of oil and other hazardous substances from vessels and offshore platforms within the Irish Exclusive Economic Zone. Expenditure covers the provision of pollution and salvage equipment stored at three centres around the country.

### **Subhead F.1 (A.4)(B.10)(C.4) Subscriptions to International Organisations**

The purpose of this Subhead is to provide for Ireland's subscription to a number of international organisations

- In the aviation sector, Ireland is a member of Eurocontrol, ICAO (International Civil Aviation Organisation, ECAC (European Civil Aviation Conference), and ABIS (Austria, Benelux, Ireland, Switzerland and Portugal). The Eurocontrol,



ICAO and ECAC subscriptions are recouped from the Irish Aviation Authority under Section 61 of the Irish Aviation Authority Act, 1993.

- In the **maritime** transport sector Ireland is a member of the International Maritime Organization (IMO), the International Hydrographic Organization (IHO) and the Paris Memorandum of Understanding on Port State Control (PMoU)
- In the **land transport** sector Ireland is a member of ERTICO. - ITS Europe is a multi-sectoral, public-private partnership pursuing the development and deployment of Intelligent Transport Systems in Europe

#### **Subhead F.2 (B.10) Miscellaneous Services**

This Subhead provides for payment of grants to CIE in respect of redundancy compensation.

#### **Subhead F.3 (B.10) Cross Border Initiatives**

The purpose of the Subhead was to provide funding for :-

- **Roads** : To provide funding towards the cost of upgrading the A5 road between Derry and the Boarder at Aughnacloy.
- **Aviation**:To provide funding for cross-border capital projects, in the interests of enhancing North/South Co-operation generally.

#### **Subhead G.1 (E.3) Fáilte Ireland (Grant-in-Aid)**

The purpose of this Grant-in-aid is to cover the general operating and administration expenses of Fáilte Ireland, under the following broad headings:

- promoting and supporting the development of Irish tourism;
- running a network of Tourist Information Offices;
- stimulating demand for tourism product by selective investment in appropriate markets including running a Home Holidays Campaign;
- Enterprise, Strategic and Market Development in line with Fáilte Ireland strategy;
- promotion of events based tourism including supporting specific sporting events (e.g. golf, angling, sailing, equestrian), managing the Festivals and Events Initiative to expand regional tourism through festivals, cultural and participative events and growing Business Tourism (building on the opening of the Convention Centre Dublin);
- developing destinations by supporting initiatives in outdoor activities (e.g. cycling, walking, water-based activities, etc.), cultural activities (e.g. arts, traditional music, crafts, etc.) and attractions (e.g. built heritage, gardens, etc.);
- provision of business and management supports for tourism enterprises and education and training of the tourism workforce;

- pay and Pensions for Fáilte Ireland staff. Administrative costs including overheads such as rent, heating, electricity, IT and equipment costs; and
- capital allocation provides for Tourist office and other building's maintenance and development and smaller items such as IT equipment.

#### **Subhead G.2 (E.4) Tourism Ireland Limited – Grant for Administration & General Expenses**

The Subhead provides funding towards Tourism Ireland Ltd's administration and general expenses

#### **Subhead G.3 (E.5) Shannon Free Airport Development Company Limited (Tourism Development) (Grant-in-Aid)**

This Subhead provided for the general administration costs of Shannon Development in relation to its tourism activities in the Mid-West Region. The subhead will be amalgamated into the E1 Fáilte Ireland subhead from 2013 onwards.

#### **Subhead G.4 (E.6) Tourism Marketing Fund (Grant-in-Aid Fund)**

The Subhead provides funding for overseas tourism marketing efforts.

#### **Subhead G.5 (E.7) Tourism Product Development (Grant-in-Aid)**

The Subhead provides for the support of tourism product development, in the form of capital grants administered by Fáilte Ireland

#### **Subhead H.1 (D.3) Grants for Sporting Bodies and the Provision of sports and Recreational Facilities (Part funded by National Lottery)**

This Subhead provides for payments of sports capital grants towards the provision of sports facilities to sports clubs and organisations and to voluntary and community organisations throughout the country. The Subhead is part funded by the proceeds of the National Lottery

#### **Subhead H.2 (D.4) Grants for Provision and Renovation of Swimming Pools**

This Subhead provides funds for grant aiding the provision of new and refurbished local authority swimming pools

#### **Subhead H.3 (D.5) Irish Sports Council (Grant-in-Aid) (Part funded by National Lottery)**

The Subhead provides for expenditure on sports programmes, including grants to the Irish Institute of Sport, Coaching Ireland, the National Governing Bodies of Sport; Local Sports Partnerships; the International Carding Scheme; and support for other sporting bodies and institutions.



**Subhead H.4 (D.6) National Sports Campus**

Subhead D.6 comprises a capital allocation for the National Sports Campus project at Abbotstown and a current allocation for the operating costs of the National Sports Campus Development Authority (NSCDA), the statutory entity established under the National Sports Campus Development Authority Act 2006, to develop and manage the project.

**Subheads I1 – I13 (F1-F13) Appropriations in Aid**

	2011 Allocation €000	2011 Outturn €000	Difference	2012 Allocation €000
Current	161,749	158,318	-3,431	165,770
Capital	271,500	270,001	-1,499	284,038
Total	433,249	428,319	-4,930	449,808

**Breakdown of Income**

	Description	2011 Allocation €000	2011 Outturn €000	Difference
I.01	Recoupment for Seconded Staff	450	0	-450
I.02	Road Transport Licence Fees	1,150	1,007	-143
I.03	Irish Aviation Authority Refund of Subscriptions to International Organisations	7,560	6,511	-1,049
I.04	Irish Aviation Authority Recoupment of Rents, etc.	305	305	0
I.05	Irish Aviation Authority Associated Costs	2,200	2,268	+68
I.06	Recoupment of Costs of IAA Safety Audit	0	0	0
I.07	Miscellaneous Receipts	260	224	-36
I.08	Receipts from Local Government Fund	415,780	410,788	-4,992
I.09	National Toll Roads	0	0	0
I.10	Receipts under the Merchant Shipping and Wireless Telegraphy Act	480	562	+82
I.11	Pension Contributions from the CTR	0	1,196	+1,196
I.12	Tourism Ireland Pension Receipts	258	333	+75
I.13	Receipts from Pension-related Deduction on Public Service Remuneration	4,631	5,125	+494
	Total	433,074	428,319	-4,755





## **Advance Briefing Material for C & AG PPP Chapter**

In relation to **public transport projects** no PPP has as yet been brought to a successful conclusion.

Under Transport 21 it was envisaged that DART Underground (sponsoring agency Irish Rail) and Metro North and Metro West (sponsoring agency RPA) would be progressed as PPP projects but supported also by substantial Exchequer funding.

As a result of the deteriorating fiscal position and the sovereign debt situation the three proposed PPP projects were all postponed. The position for each project is summarised in the following paragraphs:

### **DART Underground**

- Arising from the reduced allocations under the National Recovery Plan (NRP) in December 2010 it was clear that the main works on both Dart Underground and Metro North could not proceed during that Plan period. As Metro North was the most advanced at that stage it was prioritised. Provision was made in the NRP for the continuation of planning and design work on major projects with a view to the earliest possible delivery as financial resources became available. In this regard, while the planning process for **DART Underground** continued, the PPP procurement process (which had not progressed beyond the pre-qualification of bidders) was terminated.
- Costs to the end of 2012 on Dart Underground amount to €43.844m. See Schedule attached.
- The **DART U Tunnel** has been estimated to cost in the region of €2.6 billion. Electrification, resignalling, rolling stock and other ancillary works would amount to an additional €1.44 billion giving a total of just over €4 billion.
- The Railway Order for the DU was granted in December 2011 for 10 years but has not become operational as a result of judicial review proceedings relating to the ABP decision.

### **Metro West**

- Arising from the Capital Expenditure Review in 2011 the Minister on 23rd September 2011 instructed the Railway Procurement Agency to withdraw the Railway Order application for **Metro West** from An Bord Pleanála.
- This decision was taken as this project is unlikely to proceed for some considerable time having regard to current economic circumstances and higher priorities. Metro West has always been considered a longer-term project, for delivery after Metro North.
- The spend on Metro West at end 2012 is €18.7m. See Schedule attached.
- **Metro West** was estimated to cost in the region of €1.4b.



## **Metro North**

- Also arising from the 2011 Capital Expenditure review and the resultant capital allocations for transport infrastructure to 2016 as set out in the Infrastructure & Capital Investment 2012-2016 – Medium Term Exchequer Framework published in November 2011, the Government decided to postpone **Metro North** for review in 2015 and to instruct the NTA and RPA to cancel the PPP procurement process (the next step of which would have been the seeking of 'best and final offers' from the two short-listed bidders).
- The costs to end 2012 on Metro North are €165.233m. See Schedule attached. As a result of the cancellation of the PPP the two short-listed PPP bidders, the Celtic Metro Group and Metro Express, were entitled to reimbursement of their bidding expenses, capped at €1m each and these costs are included in the total. This was approved by Government as part of its January 2008 Decision on Metro N procurement.
- **Metro North** has been estimated to **cost in the region of €3 billion**.
- The Railway Order for Metro North became enforceable in December 2010 and is valid for 10 years.

## **Future of the projects:**

The Minister is committed to reviewing Dart Underground and Metro North in advance of the next capital programme. Both projects remain key elements of the overall future integration strategy for public transport in the GDA.

## **Details of Costs:**

Schedules relating to expenditure on Metro North, Metro West and Dart Underground are attached.

## **Comments on Expenditure Schedules:**

- 1) The schedules incorporate all costs including sunk costs.
- 2) There are **no property costs incurred by Dart Underground or Metro West**.
- 3) **Property costs of €25.7million were incurred for Metro North**. These costs were incurred /contracted around the peak of the property 'boom'. A reasonable estimate would be that a 60% approx. reduction in value has occurred leaving an estimated residual value attaching of approx. €10 million. Of the 13 properties acquired by the RPA, 10 are currently occupied or let, 1 is currently on the market for letting and the remainder would need substantial investment to bring them to standard for letting. Monthly rental income of €8,800 is currently accrued from these properties. The RPA are also at an advanced stage of completing agreements with 3 separate mobile phone operators to place equipment on one property and these will yield a total of circa. €40k per annum.



4) RPA believe and have estimated that:

- 15.9% (€26.2m approximately of the total of €165.2m) of **Metro North** costs have no value going forward with the remaining cost having value on the basis that the project progresses in the future.
- 14.4% (€2.7m approximately of the total of €18.7m) of **Metro West** costs have no value going forward with the remaining cost having value on the basis that the project progresses in the future.
- the full costs of these projects will have no value and no residual values (beyond the €10 million in property values noted in point 3 above relating to Metro North) will arise in the event that the projects do not progress in the future.

5) Irish Rail believe that costs incurred on **Dart Underground** have **full value** going forward in the event that the project progresses and that there are no abortive costs incurred, based on the following assumptions:

- DART Underground is implemented within the constraints of the existing Railway Order;
- The procurement method for construction of DART Underground is not changed from the proposed PPP contract method;
- There are no significant changes to Irish and European standards (no significant changes are currently foreseen by Irish Rail);
- Continued administration of the DART Underground to safeguard the Railway Order and the route during the deferral period.

In addition Irish Rail are satisfied that the reference design is robust and will remain valid should DART Underground be recommenced within a reasonable timeframe. Irish Rail are satisfied that the Railway Order as approved by An Bord Pleanála confirms the reference design.

**31 JANUARY 2013**





## Metro North Expenditure to end of December 2012

Expenditure Categorisation	2006	2007	2008	2009	2010	2011	2012
Total	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Alignment Feasibility Study & Route Selection	1,979	2,265	-286	1	0	0	0
Ground Investigations & Surveys	7,439	1,352	2,941	2163	105	111	0
Reference Design & RPA Design & PPP Procurement Costs	32,778	5	9,479	9222	3,986	3,426	1,105
Railway Order Preparation	10,477	807	4,288	4831	10	0	0
Oral Hearing & Prep for Depot Railway Order	5,482	0	0	653	647	1,218	-28
PPP - Legal, Financial Commercial and Insurance advisers	20,670	3,639	6,199	6059	585	2,272	0
Property	25,681	0	0	21600	1,687	-19	13
Enabling Works	60,727	0	0	22740	4,722	7,789	9,669
<b>Total to 31 December 2012</b>	<b>165,233</b>	<b>8,068</b>	<b>22,621</b>	<b>67269</b>	<b>11,742</b>	<b>14,797</b>	<b>10,759</b>

## Metro West Expenditure to end of December 2012

Expenditure Categorisation	2006	2007	2008	2009	2010	2011	2012
Total	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Alignment Feasibility Study & Route Selection	2,079	693	1,101	285	0	0	0
Railway Order Preparation	10,173	0	0	2,840	1,715	67	0
Oral Hearing	918	0	0	0	201	717	0
PPP - Legal, Financial Commercial and Insurance advisers	37	0	0	0	0	37	0
Property	0	0	0	0	0	0	0
Design & Procurement	5,493	0	0	0	3,865	1,463	165
<b>Total to 31 December 2012</b>	<b>18,700</b>	<b>693</b>	<b>1,101</b>	<b>3,125</b>	<b>5,551</b>	<b>2,284</b>	<b>165</b>

## DART Underground Expenditure to end of December 2012

Expenditure Categorisation	2006	2007	2008	2009	2010	2011	2012
Total	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Iarnród Éireann & CIÉ Staff costs & OHD, incl property referencing	11,057	43	255	1,809	3,751	1,635	232
Design Team	20,144			219	5,649	7,097	223
Geotechnical	3,449				277	242	
Railway Order Application	1,711	12	14	32	575	561	276
Progression of PPP Process	2,180			48	1,635	413	
Consultants	4,688	368	2,382	230	1,058	125	
Information campaign	616				328	127	4
<b>Total to 31 December 2012</b>	<b>43,844</b>	<b>423</b>	<b>2,651</b>	<b>2,338</b>	<b>14,758</b>	<b>10,200</b>	<b>734</b>





## **PUBLIC ACCOUNTS COMMITTEE**

**7 February, 2013**

### **BRIEF FOR COMMITTEE MEMBERS**

#### **2011 Annual Report of the Controller and Auditor General (C&AG) and Appropriation Accounts**

#### **Chapter 26: Collection of Motor Taxation**

- The Controller and Auditor General (C&AG) examined the processes involved in the collection and enforcement of motor tax. Discussions were held with this Department with regard to data maintained on the National Vehicle and Driver File (NVDF). As part of the examination, the C&AG also engaged with Environment and An Garda Síochána, both of whom play a role in the collection, administration and enforcement of motor tax.
- Chapter 26 of the C&AG Report reviewed:
  - the management of motor tax exemption 'gaps'
  - the systems in place to monitor evasion of motor tax
  - the system in place for maintaining the register of vehicles
  - issuance of motor tax renewals
  - the deterrent effect of fixed charge penalties on non-payment of motor tax

##### **1. Management of motor tax exemption 'gaps'**

- Motor tax 'gap' is the term applied where a vehicle owner retrospectively declares, witnessed by a member of An Garda Síochána, that a vehicle was not in use on the roads while it was not covered by tax.
- Based on NVDF analysis of non-use declarations over a 27 month period more than 1.1 million declarations at a value of over €226 million were made. The C&AG concluded that there is no system in place to verify the validity of off-the-road declarations. In addition, where there is a change of ownership, there are no procedures in place to collect any arrears from previous owners.
- While it is accepted that there is a significant level of abuse of the current system, a certain proportion of the declarations made are for genuine reasons. Analysis of the traffic samples suggests that approx 50% of declarations could be considered illegitimate. On that basis €113 million might better reflect the total level of

evasion over a 27 month period, equating to approx **€50 million** over a 12 month period.

- Notwithstanding this, the Department fully agrees that a more robust system to deal with situations where vehicles are off the road must be introduced.
- Legislation to be introduced by the Minister for the Environment, Community and Local Government (DECLG) (who have responsibility for motor tax policy matters) and which is at advanced stage of drafting, will provide for a system of declaring vehicles off the road for motor tax purposes **in advance** and will close the evasion loophole whereby owners declare retrospectively. The current system whereby a person can go to a Garda Station and make a declaration retrospectively that a vehicle was off the road, without having to pay outstanding motor tax, will cease.
- The 'gapping' measures will be similar to that in operation in the UK where a system of continuous licensing has been in place since January 2004.
- Based on recent NVDF analysis it is estimated that an additional **€54.2 million** should derive from the 'gapping' provisions in a full year – motor tax rates have recently been increased so the additional revenues derived from the new anti-evasion measures should be greater than the €50 million evasion level mentioned in the report which reflects 2011 motor tax rates.

## **2. Systems in place to monitor evasion of motor tax**

- Data in respect of vehicles that travelled the M50 on four separate days during 2010 and 2011 was analyzed against data held on the NVDF to determine their tax status. This analysis estimated that the underlying evasion level was 5%.
- An evasion rate of 5% equates to an under collection of motor tax in the region of €50 million/annum, based on sums collected in 2011 (€973 million).
- Enforcement of motor tax has always presented challenges particularly since it is only detection of a vehicle in use in a public place without current tax which constitutes an offence. Consequently enforcement 'on the ground' and the role of An Garda Síochána and traffic wardens is critical in that regard.
- The NVDF provides the motor tax technical environment for the online motor tax service ([www.motortax.ie](http://www.motortax.ie)) and this has contributed greatly to the efficient and effective collection of motor tax. Over 50% of tax is collected through this channel. **Motor Tax 'gap' declarations have never been facilitated on the web site.** The Dept is continuing to develop this channel and it was recently extended to commercial vehicles, which means that all the national fleet are now enabled to



tax online. Advance notice to motorists of tax becoming due through email (rather than paper notice through the post) is at pilot phase and it is also planned to use SMS (mobile) technologies to assist with this task and ensure that vehicle owners are aware of their obligations.

- Both DECLG and this Department will consider options in relation to the measurement of evasion.
- The objective of the anti 'gapping' legislation to be introduced in this country will be similar in many respects to the continuous licensing system applied in the UK. Prior to the introduction of this system evasion levels were also in the region of 5%. The measures are credited with dramatically reducing road tax evasion in the UK – the latest evasion rate levels in the UK are 0.7%.

### **3. System in place for maintaining the register of vehicles**

- The report noted the NVDF had a list of 5.8 million vehicles, of which 5.1 million were classed as "current". However, of these just 2.5 million were taxed at the end of March 2012, thereby making the status of the other 2.6 million "unclear". The report also states that just under 170,000 vehicles on the NVDF have registered with Revenue but never paid motor tax. In addition, there are some 800,000 vehicles on the NVDF that have not been taxed since January 2001, which could potentially represent a significant amount of unpaid motor tax.
- With regard to the 5.8 million vehicles currently stored on the NVDF system, it should be noted that this figure comprises vehicles recorded from the 1970's onwards. There are 2.5 million currently taxed and 0.7 million designated as end-of-life, exported etc. The remaining 2.6 million are in an inactive state - the term 'current' is a status indicator of a technical nature on the system and may only change where a vehicle is formally notified as scrapped, end-of-life, exported.
- Of the 2.6 million, 1.8 million transferred in 1998 from an older computer system which was in place before the NVDF and some 0.5 million of these have had no activity vis-à-vis motor tax, change of ownership events etc in the intervening period. Further analyses of the 2.6 million records also reveal that nearly 1 million vehicles in this grouping are over 20 years old (0.25 million are over 30 years old) strongly suggesting that these are not circulating on the roads and are scrapped.
- NVDF analysis of the 170,000 vehicles registered with Revenue but that were never taxed, suggest that a high % of these are agricultural or other specialized vehicles that are not normally used in a public place e.g. tractors, excavators, forklifts, harvesters. Passenger car type vehicles (saloon/hatchback) and vans account for about 70,000. Given that the data stretches back to 1993 when Revenue became the registration authority, this is considered a reasonable number

of vehicles to retain untaxed status given the likelihood of events after registration such as accidents, vintage/veteran rebuilds etc

- The Department accepts that it is essential to separate vehicles which have potential motor tax liability from those which are scrapped etc. The new off-road motor tax provisions will encourage greater tax compliance levels and consequently should facilitate more effective management of the computer records and should facilitate archiving of a very significant number of the inactive records.
- The regulatory requirement for owners to notify this Department of vehicle scrapping and the formal arrangements with motor insurers whereby write-offs are notified electronically are already contributing to a more accurate database.
- More robust measures to ensure notification of current vehicle status for scrapped and exported vehicles will be addressed in the context of proposed consolidated motor tax legislation to be brought forward by DECLG.

#### **4. Issuance of motor tax renewal notices**

- The report recommends that DECLG and the Department of Transport should review procedures to ensure there is adequate follow up of those who do not renew their tax.
- The Department accepts this recommendation. The Department already provides data on untaxed vehicles to An Garda Síochána, for interaction with their own Automatic Number Plate Recognition (ANPR) system. This file consists of non-compliant vehicles and includes all those to whom final notices issued.
- It is not possible for the NVDF in its own right to determine if these vehicles are in use or not. For example, an untaxed vehicle could be off the road for necessary repairs, owner may have left the country temporarily etc. Prosecution under current motor tax legislation is based on vehicle use in a public place.
- It is also proposed to explore options for data sharing from cameras as an anti-motor tax evasion measure.



## **5. The deterrent effect of fixed charge penalties on non-payment of motor tax.**

- The report recommends that both DECLG and the Department of Transport, along with An Garda Síochána, should review the effectiveness of fixed charge notices as a deterrent and try to devise better procedures to ensure that tax is paid when a charge is imposed.
- An analysis by the C&AG of fixed charge notices relating to just over 185,000 vehicles for the period 2008 to 2011 concluded that 22% had paid no motor tax between the period to which the fixed charge notice related and April 2012. In response to the data set out above, An Garda Síochána pointed out that the fact that 78% of those who receive fixed charge notices do subsequently pay motor tax was a clear indication that such notices act as an effective deterrent.
- The proposed gapping legislation by DECLG will contain enhanced penalty provisions penalties for making a false or misleading off the road declaration, as well as penalties for using, in a public place, a vehicle that has been declared to be off-the-road. This should lead to better motor tax compliance.

