

Select Committee hearing on DTTaS Revised Estimate 2016

– 29 June 2016

Thank you for the opportunity to present the Revised Estimate for 2016 for my Department today.

The Chair has proposed that I make some opening remarks to introduce each of the five programmes in the Department's Vote which I am more than happy to do.

I would like to first take the opportunity to make some general remarks now which are relevant to all the programmes and avoid having to repeat myself.

As we know, the budget allocation was agreed and published by the previous administration as part of the Budget last year. The Revised Estimate for all Departments was published after Government agreed it in December. As the general election was called, we are only now in a position to proceed to the next step of seeking Dail approval.

We are now six months into 2016 and therefore, a significant portion of the Department's budget is of course already spent. I have not yet effected any changes to this year's budget to take account of new commitments made in the Programme for Government. At this point, I am not proposing to make any changes to the Revised Estimate as published for 2016.

Many of the commitments contained in the Programme for Government for Transport, Tourism and Sport are medium to long term. I will therefore come back to you later in the year to discuss how these can be addressed in the context of the 2017 Estimate and beyond.

As you are well aware, the tourism and transport sectors have proven track records in creating employment and driving growth in the economy. Sport also has a vital economic role to play but its societal and health benefits are key. The 2016 budget allocation has been developed to support and underpin policies designed to maximise the economic, employment and societal benefits of these diverse sectors.

As regards the implications of last week's Brexit vote in the UK on the 2016 funding allocation, I do not foresee any immediate issues arising. However, there are clearly impacts further down the road which we will have to take into account, particularly in relation to the tourism sector, where Britain remains our single most important market in terms of overseas visitor numbers to Ireland. My Department has been actively participating in the contingency

planning led by the Taoiseach's Department and I am satisfied that we are in a good position to address the key challenges which this decision presents to sectors under my remit.

With an overall budget allocation of €1.74 billion this year and a multi-annual capital commitment of €10bn over 7 years in the context of the Capital Plan, resources are being allocated to target investment in our transport network, support our tourism sector and promote sport to drive our country forward.

The 2016 allocation provides for an additional €125m on last year, representing an 8% increase on the €1.6bn available last year. This is the first year since 2011 that this Department's initial Estimate allocation for capital investment has exceeded the €1bn mark.

The vote comprises 5 spending programmes – aviation, land transport, maritime, sport and tourism. The Department's administrative programme - its pay and operating costs - represents less than 2% of the overall vote and these costs are distributed proportionately across all the programmes as you see them in the Revised Estimate.

So turning to the Aviation programme, specifically.

Programme A: Aviation Programme

The Aviation programme has an allocation this year of €26 million, representing 2% of the Vote. The largest element of the programme is the regional airports programme (at €12.6m). Funding is also ear-marked to cover costs associated with our membership of Eurocontrol, costs incurred by the Irish Aviation Authority for exempt services and subscriptions to international organisations.

The key priority for investment in the aviation programme over the short to medium term is to support the four regional airports (Donegal, Knock, Kerry and Waterford) for safety and security related projects and activities under the Regional Airports Programme 2015-2019. This is also a key priority in the Programme for Government. This year's allocation to the Regional Airports Programme represents an increase of 5% - or €600,000 - on last year.

At this point in the year, I would expect to see this allocation fully spent given the level of demands on the programme.

Programme B: Land Transport

Programme B – Land Transport is the largest programme by far in the Department's Vote, representing 80% of my overall budget. A large portion of this is capital investment. The main components of the programme are: roads improvement and maintenance funding (with an overall budget of €720m); the public transport investment programme (at €347m) and public service provision payments (at €250m). The programme also includes provision of €13m towards the Smarter Travel / Carbon Reduction Programme and operating costs of the National Vehicle Driver Licencing system (at €15m).

As the economy recovers, the demand and associated costs for increased service level and quality grows. Fiscal constraints over the last number of years have meant that the funding available for the land transport programme has fallen short of where it needs to be. Addressing the projected growth in transport demand needs careful planning, analysis and investment. While transport policy may be shifting towards dealing with growth rather than decline, the prudent fiscal regime in which we must operate dictates that funding for transport like other capital hungry sectors is likely to be more constrained than we would wish for some years to come. While the Capital Plan provides for a substantial increase in land transport over the 6 years of the plan, increasing from €1 billion this year to almost €2 billion in 2021, this follows a significant period of underinvestment in our network during the financial crisis which must be addressed.

The additional funding provided for roads, rail infrastructure and public transport investment in the Plan, will enable us to reach steady state funding levels by 2020, i.e. to ensure that the existing infrastructure and rolling stock remain safe and fit for purpose, and only at that point will we be in a position to begin delivering modest but important improvements to passenger transport users, the freight sector and private car users.

Funds are being allocated in 2016 to facilitate the ongoing construction of the new Luas Cross City line. This major Public Transport project is being delivered within budget and is on schedule for completion in 2017.

Given competing demands across the system and the continuing need for restraint, the challenge is to maintain existing levels of funding for key programmes and seek modest increases where these are justified and represent value for money.

A key priority will be to ensure funding for public service obligations, including the Rural Transport Programme, is at a level that the increased level of

demand being placed on our public transport system can be met. I am happy that this year's Estimate provides a 14% increase (or €28m) to support increased public transport services. The priorities for this funding are to respond to passenger demand by intensifying key routes on Dublin Bus and Bus Eireann services, the opening of the Phoenix Park Tunnel for commuter services and DART service improvements.

I expect all of this funding to be fully spent by year end.

In addition, the previous Government decided in January 2016, after the Revised Estimate was published, to allocate €106m to assist in the repair of storm and flood damage to transport infrastructure. This represented an additional €96m over and above the provision included in the Revised Estimate for Land Transport.

Following this decision funding for the repair of regional and local roads has been allocated to local authorities in 2 tranches. The 1st tranche of €85 million was allocated in February to help local authorities to start repairs as quickly as possible and the balance was held back and allocated in May to allow some time for the further investigation and evaluation of certain proposed works, for example in relation to bridges.

To date €15.7m has been drawn down in respect of repair works on regional and local roads. Separately €8 million has been allocated to Transport Infrastructure Ireland for repair works on national roads and a further €8 million has been allocated to Irish Rail for repairs to the rail network.

The formal allocation of this funding to the Vote will be done by way of a Supplementary Estimate later in the year.

Programme C: Maritime Programme

At €95m, or 5% of the Vote, the Maritime Programme provides primarily for the operating costs of the Irish Coast Guard, the bulk of which relate to the SAR helicopter service. It also part funds the Commissioners of Irish Lights and the building and renovation programme for Irish Coast Guard stations.

The Irish Coast Guard service requires a strong resource commitment on the part of the Exchequer. The SAR helicopter has seen a stepped change in the quality of service on offer and that will remain a priority. Future developments in IT will also ensure the Coast Guard service remains best in class internationally.

At this point in the year, I expect to see this programme allocation fully expended.

Programme D: Sports Programme:

2016 sees the overall sports programme allocation increase by 40% to €126 million; strong recognition by Government of the value of sport in all aspects of Irish society. The current expenditure allocation for the recently established Sport Ireland for 2016 is €47 million. This is an increase of €3 million on the total current funding provided to the Irish Sports Council and the National Sports Campus Development Authority last year. This funding will assist the National Governing Bodies of Sport and our High Performance athletes in their preparations for the Olympic and Paralympic Games in Rio in August and September.

Further funding of €4.5 million is being made available for sports measures through Dormant Accounts Funding. The focus of this funding will be to support the implementation of the National Physical Activity Plan in disadvantaged communities. Sport Ireland will continue to support the Community Sport Hubs, which were piloted last year through the Local Sports Partnerships under Dormant Accounts Funding. In recent years there has been an increase in the popularity of activities like walking, running, cycling and swimming. I propose to allocate Dormant Accounts Funding through Sport Ireland and the National Governing Bodies of sport for the further development of the Get Ireland Walking programme and the development of new Get Ireland Cycling, Running and Swimming programmes. Investment will also be made in programmes to address the high drop-out rates from sport among specific groups.

Almost €25 million is being provided for the development of the National Sports Campus, including completion of Phase One of the National Indoor Arena. Other major components of the sports programme include the Sports Capital Programme and Local Authority Swimming Pools programme. Provision has been made for the Páirc Uí Chaoimh redevelopment and for the Kerry Sports Academy in Tralee. It is possible that spending originally envisaged for both of these projects in 2016 may not happen until 2017, but it is still too early in the year to be definitive.

Programme E: Tourism Programme

A strong Exchequer funding commitment to the sector will be key to achieving the ambitions set out in the tourism policy; 'People, Place and Policy – Growing Tourism to 2025'. 2016 sees an additional investment of €2 million in key elements of Fáilte Ireland's and Tourism Ireland's programmes along with continued capital investment next year and beyond to 2022. This funding will enhance supports to the new experience brands of the Wild Atlantic Way, Ireland's Ancient East and Dublin, provide funding needed for the Rugby World Cup 2023 bid and increase overseas marketing activities in key destination markets.

Within the overall additional investment of €2 million, half will be used in the allocation for overseas tourism marketing activity. This is the first increase in this funding since 2008. This will enable our strong overseas marketing campaigns to continue in our key target markets and help ensure that our ambitious targets for further growth are met.

On the impact of the Brexit vote, I would like to make a few quick comments.

The Vote has clear implications for the tourism sector given the relative importance of the British market. It should also be noted that, while the GB market accounts for about 40% of overseas visit numbers, it accounts for around 25% of the total associated revenue from overseas visits. This is due to the fact that visitors from further afield generally tend to stay longer when on holidays here. Even prior to the referendum result, there was a commitment in the Tourism Policy Statement to prioritising tourism marketing efforts towards those markets providing higher revenue returns.

Tourism Ireland is monitoring the situation in Britain and has been in contact with relevant players, including members of the Central Marketing Partnership Group (CMPG). Tourism Ireland's CEO is travelling to London this week to meet with key industry there and has been in contact with organisations like VisitBritain, the European Tour Operators Association and UK Inbound (long-haul tour operators to the UK), among others. On the back of these consultations, Tourism Ireland will decide on what further actions, if any, are required in the short term.

It is important to remember that at the moment, there are no planned changes to how people can travel between Ireland and the UK including Northern

Ireland. In his response to the referendum result, the Taoiseach committed the Irish Government to doing its utmost in upcoming discussions to maintain the Common Travel Area and minimise any possible disruptions to the flow of people between the islands.

It is also important to state here that there are no changes to how north/south bodies including Tourism Ireland operate. Again, the Taoiseach's statement made it clear that the maintenance of the strong spirit of partnership that has developed since the Good Friday Agreement will be a priority for the Government.

Concluding remarks (if necessary)

I would like to conclude by thanking the members for their questions and their interest. For questions I was unable to answer, I will revert in due course. We are making good progress across all the programmes under my Department's remit. I look forward to further engagements with the Committee as we prepare the estimate for 2017.