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Opening Remarks – 29th September 2021

Minister for Transport, Eamon Ryan T.D.

Select Committee on Revised Estimates 2021

General opening

Thank you for the opportunity to present the 2021 mid-year Estimate for the Department of Transport and for Programme ‘A’ of the Department of the Environment, Climate and Communications.

As Committee members will be aware, the budget for 2022 was set under conditions of uncertainty, due to the ongoing Covid crisis. Nonetheless, my priority as Minister is to ensure that the funding needed to progress the Government’s objectives under the Programme for Government, the Climate Action Plan and the National Development Plan is in place, and to take the necessary steps to ensure that this funding is well spent, getting value for money for the citizen.

Current Expenditure

My Department will continue to accelerate out spending programmes towards the end of the year, in line with spending profiles. My Department expects to spend €3.310bn this year, up 24.5% on last year, largely reflecting the Department’s increase in capital, and I am particularly pleased that the structure of spending has changed in line with double the amount expended on active travel for example than the year before. It is anticipated at this stage that, between the tapering of Covid emergency expenditure and

factors outside of our control such as planning and Covid related delays, the overall underspend for 2021 will be circa €247m or 6.9% of the overall Vote.

One of the sectors most impacted by Covid was, and is, Aviation. In the Department's voted budget for 2022, **Programme A, Civil Aviation**, is forecast to show a net underspend of circa €12m in terms of current expenditure, since contingency for customer compensation in the event of a commercial failure of a tour or travel operator business, was largely not required.

Programme B, Land Transport, is also forecast to show a net underspend for 2021, of circa €70m. This reflects the initial increase in public health restrictions and subsequently the gradual removal of restrictions on public transport and the recovery in passenger numbers and fare revenue. The need for emergency Covid funding is starting to taper as passenger numbers recover, and I expect this trend to continue into 2022.

Programme C, Maritime Transport and Safety, is forecast to remain within budget.

Capital Investment

Turning next to capital investment, I expect that there will be an underspend in 2021, of circa **€165m**, or **6.5%** of voted capital expenditure. It is my Department's intention to apply to the Department of Public Expenditure and Reform to carry this capital into 2022.

Programme A, Aviation, primarily funds small scale projects in Regional Airports in the Regional Airports Programme. The two most significant projects under the Aviation Programme are the completion of the Hold Baggage Screening project at Shannon

Airport, at a cost of €6.1m and the Cork Runway Overlay Project, with a funding allocation of €10m. Much of the programme for 2021 was funded via capital carryover from 2020 and an application for carryover of circa €7m into 2022 will now be made.

Programme B, Land Transport, constitutes the bulk of capital investment.

I expect the roads construction programme to remain on track with no significant underspends for 2021. This will see construction work continuing on projects such as the Dunkettle Interchange, and commencing on Ballaghderreen to Scramogue. Significant capital is also being invested in protection and renewal of the network. Almost **€1bn, 40%** of the Department's entire capital allocation for 2021, will be invested in PPP payments and in protection and renewal of the existing road network.

B.6, Carbon Reduction, is a subhead that will almost certainly require a supplementary vote towards the end of the year. This is due to the growth in Electric Vehicle sales in 2022, which has exceeded the capital allocation for grant support schemes. Electric Vehicles now represent almost **15%** of new car registrations and sales for 2022 show a year-on-year increase of **226%** on 2021. This may lead to sales and grant drawdown in 2021 which exceed allocated capital by circa €38m, but is a positive development given our target of almost 1m electric vehicles by 2030 as a key step towards carbon neutrality by 2050.

With the recent press comments on Metrolink in mind, I would like to take a moment to comment on the overall shape of sustainable mobility investment. I presently see investment here as occurring in two broad strands. One strand consists of large numbers of small to medium scale projects which can be rolled out steadily and consist of

moderate challenges that can be worked through either at a technical level, or local government level. Citizens should be able to see the increasing impact of these programmes already in their daily lives, be it a new Low Emission Vehicle bus, a new link of a greenway, a new footpath shortcut or a safe new cycle track or network for commuting or leisure. These are all changes that are happening now and happening rapidly.

The second strand of sustainable mobility investment constitutes large-scale projects that take longer to design and deliver and whose impact will be proportionately greater upon delivery. 2021 has seen steady progress on major projects, with the preliminary business cases for the construction components of the three Dublin mega-projects, BusConnects, Dart+ and Metrolink, due to go to Government before the end of the year. This is the basis for cost estimates, risk management, and future procurement strategies, so these are major milestones in project design and analysis. There is no lack of commitment to delivering on these projects but it is essential that we take the time now to ensure that they meet the needs of our citizens in terms of effective design and that we learn from the lessons of large-scale capital investment projects in other sectors so that the public finances are not put at risk.

Of course, there is more to transport infrastructure investment than just these three projects, so in tandem with these, you'll see in subheads **B8.1**, **B8.5** and **B8.6** active travel investment. The investment agencies and Local Authorities are continuing to scale up to invest the available capital and ensure that the project design and delivery framework is in place to deliver. The allocated capital increased from €180.6m in 2020 to €335.13m in 2021 under the same Active Travel subheads, represent an almost doubling of capital. Carryover into 2022 will be circa €90m. Half of this capital

carryover is due to delays in the progression of greenways due to the impact of Covid on construction, as well the utilisation of capital carried over from 2020, but these projects will continue to be advanced.

Under **B8.2** the contract for maintenance of the rail network continues to deliver in accordance with Iarnrod Eireann's maintenance schedules. The new Dart Fleet contract has been awarded and an initial down payment will follow. The Inter-City railcar project will now see railcar delivery in Q3 of 2022. I was pleased to see Pelletstown rail station opening, the first new station for 8 years, and the National Train Control Centre continues construction.

Under B8.3, the new Low Emission buses are starting to appear on Dublin streets as the BusConnects project continues rollout. Two spines of BusConnects have been launched, with two more due before the end of the year. Again, to remind deputies, BusConnects is a three-strand project: Low Emission Vehicle fleets and new capacity; reconfiguration of the entire network to make it more efficient, better connected and easier to use; and the construction phase. The Luas capacity enhancement project is complete and the preliminary business case for Metrolink will go before Government before the end of the year. New Bus Eireann fleet is being rolled out and detailed analysis of the transport requirements of our regional cities in advance of significant investment in the years to come, is underway.

I expect combined carryover under B8.2 and B8.3 to be circa €40m or 5% of the allocation to the subheads.

Finally for Transport, touching on the **Maritime Programme**, delays to the construction of two new Coast Guard stations at Greystones

and Westport, mean that it is unlikely that the capital allocation under C.3 will be spent in 2021. As a result, I anticipate a carryover application of circa €8m.

While much of the underspends relate to planning, and Covid, I remain committed to further developing the systems across the transport sector to minimise underspends in future years. The proposals in next week's National Development Plan Review, which will include a significant increase in funding for transport, will facilitate more active competition between agencies for use of the funding available for large scale transport investment on a timely basis.

Programme A - DECC

I will now turn my attention to the Communication Programme of the Department of the Environment, Climate and Communications.

This programme has a key role in delivering my Department's vision for a climate neutral, sustainable and digitally connected Ireland. The goal of the programme is to support universal access to high-speed broadband for better connected communities while ensuring that service providers are properly regulated and strengthened with cyber security.

Overall, over €233 million has been allocated to the Communications Programme in 2021. Almost €15 million current and €218 million

capital. An additional €15.2 million capital was carried over from 2020 for the delivery of the National Broadband Plan.

By mid-year, my Department incurred current expenditure of €5.6 million and capital expenditure of €62.4 million under the Programme. This represents 88% of planned current expenditure and 79% of planned capital expenditure for the period.

Current expenditure mainly relates to the Department's governance over key programme deliverables including Eircode and the National Broadband Plan.

By far the biggest item of capital expenditure within this programme is the national broadband plan at €212 million. With an additional €15.2 million carried over into the year. The Covid-19 pandemic has highlighted the importance of high capacity and reliable broadband to ensure that people, communities and businesses across Ireland can avail of the opportunities presented by the digital economy.

National Broadband Ireland commenced connections to the new fibre network in January of this year and build work is progressing across the 19 Deployment Areas with 251,000 premises now surveyed. Expenditure to mid-year was €60m. The Covid 19 pandemic has impacted the delivery of the network and National

Broadband Ireland has revised their target for premises passed by the network to 60,000 by the end of 2021. A 40% reduction on the target for the year.

The Department is working closely with National Broadband Ireland to put in place a remedial plan and mitigation measures under the Contract to address the impact of the pandemic on the project for 2021 and into the future, and to ensure that momentum in the build programme gets back on track.

Expenditure on the Digital Hub Development Agency and the National Digital Research Centre is on profile at mid year.

Additional funding was allocated in the 2021 Estimates for the development of a temporary facility for the National Cyber Security Centre and the OPW has identified a suitable location. Work on the design and procurement for the fit-out of this facility is underway and my Department anticipates that the full allocation will be spent by year-end.

The Communications Programme is a cornerstone in the delivery of the Departments strategy to 2023. While the Covid-19 environment has created some challenges in the rollout of the National Broadband Plan all options available are being considered with a view to bringing delivery back in line with planned levels.

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