

Statement by Hildegard Naughton
Minister of State for Transport
Joint Committee on Transport and Communications
Supplementary Estimate
25 November 2021

I thank the Chairman and the Committee for this opportunity to present details of this Supplementary Estimate for the Department of Transport and in addition for the Department of the Environment, Climate and Communications.

Taking the Department of Transport first, the Supplementary Estimate is divided into two parts, a Substantive Estimate, voting additional funds to the Department, and a Technical Estimate, voting the re-allocation of savings within the Department's subheads.

The Supplementary Estimate for the Department of Environment, Climate and Communications is a Technical Estimate, voting the re-allocation of savings within the Department's subheads.

Substantive Supplementary

As agreed in the budget, €90 million will be allocated to Aviation Covid supports. The aim of additional financial support will be to provide the State Airports with the necessary funds to incentivise air routes, provide discounted airport charges and ultimately accelerate the restoration of air connectivity. The funding will be provided to the Airport Authorities. The Airport Authorities are best placed to determine where the supports should be targeted to restore lost connectivity, including on long-haul routes where relevant.

€1.348 million will address the shortfall that arose as a result of the introduction of an emergency HGV Covid testing scheme. On 28 January 2021, France introduced a legal requirement whereby commercial vehicle drivers travelling on ferries direct from Ireland to France had to have proof of a negative COVID-19 test result, from either a PCR or antigen test, obtained within 72 hours prior to embarking on a ferry journey to France. The French decree which included this legislative requirement was published on 24 January 2021, giving very short notice for truck drivers to meet these new requirements. It was considered appropriate for the State to pay for private antigen tests for truck drivers to ensure essential supply chains remained open (and given the precedent in the UK (free COVID-19 testing for HGV drivers since 23 December 2021)). Government Decision S180/20/10/0648H dated 19 January 2021 noted that unplanned spend between €2m and €5m could arise. A total of €1.348m was spent before the scheme was discontinued.

Technical Supplementary – Allocation of Funds

Turning to the Technical Supplementary, €30m is being allocated to Transport Infrastructure Ireland for National Roads Protection and Renewal. The funding will assist in maintaining the national road network to a high standard and is in addition to the €294.1 million in Exchequer funding already allocated for protection and renewal works in 2021. The funding is being invested by TII in protection and renewal of the existing road assets, with a particular emphasis on safety and repavement works.

€46m is being allocated to address the shortfall in EV grant funding. Responsibility for the grant schemes to incentivise the transition to electric

vehicles transferred to this Department from the Department of Environment, Climate and Communications on the first of January this year. The SEAI administers these schemes on behalf of the Department and was allocated €36.5m for this purpose from the Department's vote. The schemes are demand led and the grants operate on a commitment basis; once an agreement is made to purchase an EV, the grant will be awarded, even if it is some time before the EV is physically available for purchase.

To meet the Climate Action Plan target, a significant and sustained ramp up in EV purchase levels is required, notwithstanding recent progress. The Department of Transport has developed a trajectory for EV share of the fleet on a year-on year basis to 2030, to support policy monitoring and evaluation. As a result of the purchase trajectory, the Department anticipates that Subhead B6, Carbon Reduction, is likely to be significantly overspent by year-end due to an extraordinarily high level of demand placed on both programs in 2021 by a marked, and welcome, increase in consumer demand for EVs.

Technical Supplementary – Subheads with Underspends

The following savings have been identified with the Department's Vote, totalling €76 million earmarked for re-allocation.

€29 million had been allocated in 2021 to support the A5 Border to Derry Road. The A5 Border to Derry scheme has not yet commenced as it is the subject of a Northern Ireland Planning Appeals Commission inquiry. The funding is ringfenced within the Department's vote. Normally, the ringfenced funds would be returned to the Exchequer at the year of the end. However, as it is not

expected that the scheme will proceed until 2023, the Department of Public Expenditure has sanctioned the use of the unspent funds in the Supplementary.

€6 million is being utilised arising from unspent funds as a result of continued delays to the commencement of construction on new Coast Guard buildings for Westport and Greystones. A €16 million underspend in commercial EV grant schemes is being utilised to address the overspend in the non-commercial EV grant scheme. This is supplemented by €25 million in underspend on cycling and walking programmes, as these programmes continue to ramp up their capacity to absorb the full allocation of annual ring-fenced funding.

Department of Environment, Climate and Communications - Forecasted Year End Surplus

I will now turn to the 2021 Technical Estimate for the Department of the Environment, Climate and Communications, and the proposed reallocations within the Department's Vote. By year end the Department is forecasting a substantial Capital surplus of €246 million arising mainly due to the impact of COVID-19 on the delivery of two of the Department's largest projects. €80 million on the National Broadband Plan and €132 million on the Sustainable Energy Programmes. The extensive COVID-19 related restrictions on construction activity between January and mid-April had a significant impact on activity on both the National Broadband Plan and the Sustainable Energy programmes this year.

National Broadband Ireland commenced connections to the new fibre network in January of this year and build work is progressing across the 20 Deployment Areas with 277,000 premises now surveyed. Make ready works are underway

in a further 16 Deployment Areas. However due to the impact of COVID-19 National Broadband Ireland has revised their target for premises passed by the network to 59,432 by the end of 2021. A 40% reduction on the target for the year. National Broadband Ireland has also faced further complexities working with existing networks which have also impacted on progress. This includes significant tree trimming and remediation of ducting.

On the Energy side waiting lists on the warmer homes scheme have grown and SEAI data indicates that for homes completed in the first half of 2021, the average time from application to completion was almost 26 months.

Every effort is being made to maximise activity output since the recommencement of construction activity in the residential and commercial sectors in mid-April. However, it is inevitable that a substantial budget underspend will accrue by the end of the year.

Department of Environment, Climate and Communications – Technical Supplementary Estimate Allocations

The Department is seeking to reallocate €52.5 million from the Communications Programme. €28 million to be reallocated to the Energy Programme. This will be added to the €132 million forecasted capital underspend on Energy Programmes to facilitate the transfer of €160m to the Energy Efficiency National Fund. The transfer to this Fund will provide additional supports to households impacted by rising energy prices. The remaining €24.5 million to be reallocated to the Environment and Waste Management Programme to provide additional funding in 2021 for Climate Financing, litter initiatives and additional carbon credit purchases. In addition, funding is being provided for the reimbursement

of the Climate Action Fund for 2021 expenditure on the Bord na Móna Bog Rehabilitation Project.

There is no additional cost to the Exchequer associated with the initiatives being brought before the committee today. They are being funded from within the 2021 allocation for the Department of Environment, Climate and Communications on a once off basis.

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