Western Development Commission

Submission on

Public Consultation on the

Mid-term Review of Capital Plan

April 2017

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1. Introduction

The Western Development Commission (WDC) welcomes the opportunity to make a submission to the Public Consultation on the Mid-term Review of Capital Plan and regards it as a welcome opportunity to identify priorities for inclusion in the current Plan as well as considering longer-term priorities.

The WDC is a statutory body established by government to promote, foster and encourage economic and social development in the Western Region. It operates under the aegis of the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs (DAHRRGA). The WDC works in co-operation with national, regional and local bodies involved in western development to ensure that the Western Region[1] maximises its full development potential. It does this by:

- analysing economic and social trends and making policy recommendations;
- promoting the Western Region through the LookWest.ie campaign;
- supporting the rural economy through facilitating strategic initiatives (e.g. renewable energy, creative economy, rural tourism); and
- providing risk capital to businesses through the WDC Investment Fund.

One of the functions of the WDC is regional policy analysis. The WDC seeks to ensure that government policy reflects the needs and maximises the potential of the Western Region in such areas as capital investment in infrastructure, natural resources, enterprise and rural development. It also tracks the implementation of policies and recommends adjustments as appropriate.

The WDC will complete the Survey as requested but also provides a more thorough consideration of priorities and observations in this submission, which is structured as follows:

Section 2: Considerations for the Mid-Term Review of the Capital Plan (2016-2021)
Section 3: Prioritisation of Capital Expenditure and Selection of Projects/Programmes in current Capital Plan
Section 4: Long-term Capital Investment Framework (10 years).

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[1] Counties Donegal, Sligo, Leitrim, Mayo, Roscommon, Galway and Clare.

2. Considerations for the Mid-Term Review of the Capital Plan (2016-2021)

Introduction

The WDC discusses the considerations for the Mid-Term Review of the Capital Plan below. The WDC has also completed the Survey questions but has the following observations on Survey question 3.1.

The Survey Q3.1 asks that criteria that could be used to assess capital projects/programmes as part of the Mid-Term Review should be ranked based on the relative importance of different criteria and that no two proposals should have the same ranking.

The WDC considers that the criteria should not be seen as competing with each other and in reality some criteria will be weighted more strongly for one project rather than another depending on the nature of the project. As Table 1 in the Consultation document shows, capital investment is allocated across different Departments and some votes will naturally accord one criteria higher than another, for example Jobs, Enterprise and Innovation expenditure will likely fit the criteria of 'Economic benefits' more readily than the criteria of 'Consistency with the achievement of Climate and Energy goals'.

It is also likely that some outcomes will be realised over the long-term rather than the short-term, such as Climate and Energy Goals, which might be more likely to be relegated when considering short term capital expenditure.

Role of Infrastructure

The WDC believes that there are important overarching criteria that need to be considered when allocating public expenditure for capital projects/programmes under both the Mid-Term Review and Long-term Capital Investment Framework (10 years).

Investment in infrastructure is vital for national and regional development. Improvements in physical infrastructure can generate productivity gains for businesses and increase the attractiveness of an area for investment. Less developed regions need to have similar quality of infrastructures for their residents and businesses that are available in more successful regions. Infrastructural connectivity has a critical influence on choice of location for both indigenous and foreign investors. OECD[2] research emphasises that transport and other infrastructure developments are not enough by themselves; to have an impact on regional development they need to be associated with, and complemented by, human capital and innovation developments which also require capital investment.

The following criteria and observations should help frame consideration of investment in infrastructure to support both Ireland and the Western Region's development.

- **Short term needs, long-term impacts.** Decisions made on infrastructure now have very long term impacts. All investments will impact and influence our infrastructure networks for decades and therefore should take into account, as far as possible, likely future conditions and strategies reflecting them (e.g. population growth, spatial strategies such as the National Planning Framework (NPF), financial penalties associated with climate change objectives). It will be harder to meet long term goals and the full range of policy objectives, if the wrong decisions are made

[2] OECD, 2009, How Regions Grow: Trends and Analysis; OECD, 2009, Regions Matter: Economic Recovery, Innovation and Sustainable Growth

now. Whatever the urgent short term considerations, the long term implications of all investments must be considered carefully.

- To make the best use of existing infrastructure it would be **important to fully capitalise on state infrastructural investments already undertaken**:
    - **Join existing networks together and complete 'unfinished sections'**. For example once the Gort-Tuam motorway is complete, the priority should then be to improve the outstanding sections between Tuam and Sligo and in the longer term to ensure it is all dual carriageway, which when complete will ensure a high quality road network connecting Limerick, Galway and Sligo. This is also a key transport link identified in the Atlantic Economic Corridor (AEC).
    Another example is to complete the natural gas network by linking key centres in the North West to ensure national coverage.
    - **Identify and utilise existing available capacity**. For example there is capacity available for international air access at Cork, Shannon and Ireland West Airport Knock all of which have received significant state investment over many decades. Improved services at these airports will reduce the need for local populations to avail of services at Dublin Airport which in turn will reduce journey numbers through an already congested Greater Dublin Area.
    - **'Sweat' existing state assets.** For example, there was significant investment in the rail network, lines and rolling stock under Transport 21. While passenger numbers declined during the recession they have been increasing over the last few years. It would be important to sweat the rail asset, especially in the context of providing modal choice and its superior environmental record compared to the car.

- **Develop inter-regional linkages.** While connectivity to Dublin from most regions has improved considerably in the last decade, inter-regional connectivity is relatively poor. By improving inter-regional connectivity, such as improving the road network between the urban centres in the Mid-West, West and North West then the investment potential of regional locations can be enhanced. This is consistent with the objective of the AEC and better spatial balance.

- **Ireland, compared to many of our competitors is geographically small and relatively compact (unlike for example the Nordic countries) and does not have particularly challenging terrain, all of which is an advantage when deploying infrastructure**. Also, while our population density is low, it is relatively broadly dispersed, which means that investment in infrastructure can be deployed from coast to coast and serve the entire country in between. This is unlike for example Scandinavian countries or Canada or Australia, where extensive parts of the country are uninhabited, but the infrastructure needs to pass through these areas, with no benefit to users.

- **The majority of the population will continue to live in the historical settlement pattern and spatial planning such as the planned NPF is not likely to change that pattern significantly, even in the long term.** Over 40%[3] of the population (68% in the Western Region) live in rural areas and smaller settlements. While policy may wish to influence a different settlement pattern, the infrastructure needs of the current settlements pattern will need to be catered for.

- **The cost of investment in infrastructure in congested and brownfield sites can be multiples of that in less congested centres.** Public investments of a 'national' nature which are mainly located in Dublin contribute strongly to its economic growth and primacy. The relocation of

[3] Total population living outside centres of 1,500 in the State 1,858,327 (40.5% of national population). Total population living outside centres of 1,500 in Western Region 558,093 (68% of population). CSO Census of Population, 2011

some of these 'national' capital investments outside of Dublin and/or decisions to locate new 'national' investments outside the capital, would help ease congestion, bottlenecks and contribute to the Government goal of more effective regional development and are also likely to cost much less.

- **The public sector has a very clear and direct role in stimulating development both through capital investment and location decisions for public sector jobs[4,5].** The location decisions for public sector investment, or divestment, have a significant impact on national and regional development. This includes infrastructural investments in transport, broadband and energy (through semi-state agencies) as well as investment in economic and social capital such as hospitals, primary care centres, industrial development sites, schools, enterprise centres, recreational and cultural facilities.

- **Investment in infrastructure can strongly influence the location of other infrastructure with a detrimental impact on unserved locations.** Investment in infrastructure is usually decided on the merits of the individual sector-specific need. However in some cases the location of networks strongly influences the location of others. For example the location of the motorway and railway network has influenced the location of telecommunications networks through the laying of high speed telecoms ducts along the motorways.

- **More specifically, investment in transport is often considered on a mode specific basis and while there may be reference to other modes on specific routes the cumulative effect on specific geographic routes and regions is often not considered**. The North West of the country is at a disadvantage compared to other regions with regard to motorway access. This situation will be compounded if, as is planned, the proposed investment in rail is now focused on those routes with better road access (motorways), so that rail can be competitive. The cumulative effect of little funding for both road and rail on some routes (to the North West) is rarely evident from a broader, transport accessibility point of view.

- **The Capital Plan needs to be cognisant of the impacts of investments by the 'wider state sector'**. For example although provided by the 'wider state sector' (e.g. EirGrid and Gas Networks Ireland) energy investment needs to be a more integral part of the Capital Investment Plan "Building on Recovery".

[4] In 2016, 26% of employment, 1 in 4 jobs, in the Western Region was in the predominantly public sector areas of Health, Education and Public Administration & Defence. However public sector employment has been in decline in the region; between 2007 and 2016 the number of people working in these sectors declined by -0.5% compared with a 12.2% growth in the rest of the state. CSO, Quarterly National Household Survey, Q1 2016, special run

[5] A study commissioned by the WDC[5] estimated the economic impact of the relocation of two Government offices to Carrick-on-Shannon, Co Leitrim and Tubbercurry, Co Sligo as a total of 153.7 jobs and associated annual GVA of €6.6m. WDC (2009), Moving West: An Exploratory Study of the Social and Economic Effects of the Relocation of Public Sector Offices to Towns in the Western Region

3. Prioritisation of Capital Expenditure and Selection of Projects/Programmes

Introduction

The WDC sets out its views on prioritisation of Capital Expenditure and Selection of Projects/Programmes for the remainder of the current Capital plan, below. First we set out some views on the selection methodologies.

Appropriate Appraisal and Evaluation Methods

Any prioritisation or selection of projects needs to be based on revised appraisal and evaluation methods. The capital appraisal and evaluation methods determining the costs and benefits of different investment projects need to be re-examined. There is a need for a capital appraisal methodology which accords the goals and objectives of the planned NPF a higher value. To realise more spatial balance, there will need to be a change to the conventional appraisal and evaluation methodologies which are typically used to determine what projects proceed. The traditional cost benefit approach will naturally favour the larger and often largest population centres as the impacts are likely to be felt by a greater number, wherever the project is being delivered[6]. The impact on the wider spatial balance of the country and the extent to which the investment is supporting the Programme for Government goals (PfPG) will need to be factored in. In addition there are areas where the need for infrastructural improvements make investment a priority even if the area is not expected to develop or grow significantly (e.g. in situations where water and wastewater treatment upgrade is required or where roads are dangerous or below standard).

An example of a broader appraisal method is the CBA process applied to the planned significant state investment in broadband (the National Broadband Plan). As part of the CBA, analysis was done on the health benefits arising from the investment, which illustrate additional significant benefits to be realised (equivalent to a reduction in national health expenditure of 2% per annum (or €261.5 million pa)). These cost efficiency gains were not included in the final CBA but illustrate the value of a wider, more comprehensive assessment of costs and benefits.

There should be consideration of the concept of Social Return on Investment[7] (SROI) which is a principles-based method for measuring extra-financial value (i.e., environmental and social value not currently reflected in conventional financial accounts) relative to resources invested. Bringing the SROI into consideration will help investment decisions to support planned development.

Measuring the social return on investment might lead to different outcomes when considering cuts to, or additional investment in, various services in regional locations. For example, decisions on the closure of public services offices, such as post offices, government outreach offices, garda stations etc. are usually based on cutting operational expenditure which can deliver immediate financial savings but this narrow view does not take account of the accumulated long term impact on the local economy and community. Taking into account the wider effects and impacts of increased migration from rural towns to larger urban centres (often the Capital), invariably adds to the need

[6] http://www.dttas.ie/sites/default/files/publications/corporate/english/common-appraisal-framework-2016/common-appraisal-framework2016_1.pdf
[7] https://www.bond.org.uk/data/files/Cabinet_office_A_guide_to_Social_Return_on_Investment.pdf
http://www.socialvalueuk.org/resources/sroi-guide/

for additional investment in infrastructure and services, which is often more expensive to deliver in congested urban areas.

WDC Priorities

While the Consultation document seeks responses which prioritise investment in some sectors over others, the WDC will identify those investments of particular need to the Western Region. The Consultation document does identify priority areas for increased capital investment which include transport and broadband which are also of particular importance to the Western Region. The Capital investment priorities are listed in no particular order.

When outlining priorities for additional capital expenditure over the remaining period of the Capital Plan out to 2021, there may be instances where the project is listed in the current plan, but no expenditure incurred due, for example, to planning delays. Alternatively expenditure may have commenced but has yet to be completed and in some instances extra funding may be needed to ensure completion. Therefore in order to be comprehensive the WDC will outline all projects of priority to the Western Region.

Allocating projects between 'short-term' (Current plan) and 'long-term' (10 year Capital Plan) is not straightforward. Some projects, from the initial planning to completion can take decades. There is also a perception that by designating projects as 'long-term' they are considered less important. The WDC has allocated projects to the long-term category based on a pragmatic view that all projects cannot commence in the current plan, but considers these as very important priorities nonetheless.

Since the publication of the Capital Plan in 2016, the policy context has changed considerably following the UK Government decision to leave the EU. Though the cessation process will take time and the full consequences are not clear, it is already evident that the uncertainly alone is impacting on the economy especially in Border areas. The WDC is particularly cognisant of this as the WDC region borders Northern Ireland at County Donegal and Leitrim. The impacts of Brexit will be felt across many sectoral areas and are included where relevant.

Finally while capital investment is needed in many areas, often a policy response is just as important. In the interests of presenting a more holistic view, the WDC also identified policy changes which may be required to support the effectiveness of additional capital investment or indeed may be the more appropriate course of action.

Strategic Regional Development Office (SRDO)

Key investments:
The Capital Plan 2016-2021 commits an allocation of €1 million each year in 2016 and 2017 *to establish a Strategic Regional Development Office in the Western Region under the Western Development Commission (WDC).*

It is important that this capital investment is disbursed for this purpose as soon as possible.

The Capital Plan 2016-2021 commits an allocation of €1 million each year in 2016 and 2017 *to establish a Strategic Regional Development Office in the Western Region under the Western Development Commission (WDC).* The Strategic Regional Development Office (SRDO) will enable the Western Region to continue supporting the national economic recovery and is an opportunity to develop coordinated responses to the challenges and opportunities facing our region. The SRDO over a three year time frame would establish and test key pilot programmes to establish a model for innovative rural regional economic development. This investment will demonstrate how a cohesive regional infrastructure that is focused on the sustainable economic future of the region can contribute and impact our national competitiveness.

Communications /Connectivity

Key investments:
The Capital Plan committed an initial allocation of €275 million of Exchequer funding to the NBP as part of the first six years of a 25 year contract. While the cost of the State intervention will not be known until the outcome of the bidding process, it is very likely to exceed the initial €275 million allocation.

It is also very likely that most of the cost is to be incurred at the rollout stage, expected to start in 2017 or 2018 (once the contract is awarded) and for the following few years. It is therefore imperative that the full funding is front-loaded and is available to complete the rollout of the state intervention under the current Capital Plan to 2021.

There are towns which have not yet had investment in Metropolitan Area Networks (MANs) infrastructure, (fibre rings enhancing broadband capacity in towns). These include Tuam and Westport and should be deployed.

Policy Issues:
To ensure the National Broadband Plan (NBP) can deliver on planned future EU target speeds as well as the current commitments, it is imperative that future proofed infrastructure is used in the deployment.

The Implementation Group of the mobile phone and broadband taskforce needs to ensure that actions to provide immediate solutions to the broadband/phone coverage deficit in rural Ireland take effect at the earliest opportunity.

Broadband is central to 21st century communications and its deployment has the power to transform a country's economic and social growth. Evidence[8] suggests that

- Doubling broadband speeds can add 0.3% to GDP growth.
- At the household level, an increase of 4Mbps increases household income by $2,100 per annum.
- Broadband adoption boosts a firm's productivity by 7-10% across both urban and rural locations and both high and low knowledge intensive sectors.
- Additional benefits can also be realised, some of which have been quantified. For example as part of the Cost Benefit Analysis (CBA), for the planned National Broadband Plan analysis was done on the health benefits arising from the investment, which illustrate additional significant benefits to be realised (equivalent to a reduction in national health expenditure of 2% per annum (or €261.5 million pa)).

Ireland positions itself as the home of some of the world's leading technology companies **but there is a significant imbalance in the equity of digital services; urban centres are generally well served but rural areas have poorer service levels and limited competition and investment.** Census 2016

[8] Socio-economic effects of Broadband Speed, Ericsson 2013. https://www.ericsson.com/res/thecompany/docs/corporate-responsibility/2013/ericsson-broadband-final-071013.pdf

Summary results show that overall, 76.2 per cent of the State's urban households had broadband compared with 61.1 per cent of households in rural areas.

Significant developments in the state intervention in next generation broadband rollout are expected in 2017 and 2018. Contracts are to be awarded to telecommunications providers to rollout a high speed broadband network as part of the much awaited National Broadband Plan (NBP). These decisions will influence the nature of telecommunications infrastructure investment in Ireland for the next 25 years.

The Capital Plan committed an initial allocation of €275 million of Exchequer funding to the NBP as part of the first six years of a 25 year contract. While the Intervention Area is now agreed[9] and contains fewer homes than originally envisaged, the cost of the State intervention will not be known until the outcome of the bidding process, however it is very likely to exceed the initial €275 million allocation. It is also not clear that the cost to the State will be any less than originally envisaged (and may cost more), as the State intervention will serve those areas least attractive to the commercial sector. It is very likely that most of the cost is to be incurred at the rollout stage, expected to start in 2017 or 2018 (once the contract is awarded) and for the following few years. It is therefore imperative that the funding is front-loaded and available to complete the rollout of the state intervention under the current Capital Plan to 2021.

The updated National Broadband Plan reflects the Digital Agenda for Europe (DAE) and states that:

- 100% coverage of download speeds of 30Mb will be available to all citizens by 2020; and
- 50% of Irish households will take up a minimum of 100Mb by 2020.

Current Government figures show that approximately 65% of the population is adequately served by the current broadband network with some 35% requiring State intervention to achieve the EU goals.

While the NBP targets include universal access to 30 Mbps download and 6 Mbps upload, there are indications from the EC that new EU targets are being planned.[10] For example there is a draft proposal that all European households will have access to connectivity offering at least a download speed of 100 Mbps by 2025. To ensure we can deliver the speeds of any future EU targets, the use of future proofed infrastructure delivering very high speeds has to be deployed in the planned investment to start next year.

Recognising that there is some poor 4G coverage and 'blackspots' for mobile voice calls, the Government established a Mobile Phone and Broadband Taskforce to identify immediate solutions to broadband/mobile phone coverage. The work of the Taskforce is being monitored by an implementation group which needs to ensure solutions are implemented in a speedy manner.

[9] http://www.dccae.gov.ie/documents/Press%20Release%2004%20Apr%202017.pdf

[10] In the US, the Federal Communications Commission has decreed that anything less than 25Mb can no longer be called broadband.

Transport

Historically, the investment in transport networks in particular have had the effect of promoting the development of Dublin in particular, with the road and rail networks developed in a radial fashion connecting all to the capital, with little connectivity between the other centres.

> *Investment in national transportation infrastructure creates beneficial effects in spreading economic benefits throughout the regions, but a transportation system that centres on a single city will ultimately reinforce its dominance (Krugman, 1996). The entire transportation system in Ireland is a radial one consisting of road, rail and airports links each with Dublin as the hub. (p163-167)*[11]

It is also important to consider the cumulative impacts of mode specific transport investments. Transport investment in Ireland has often been considered on a mode specific basis (motorways independent of rail investment), without much consideration of investment in other transport modes or integration between modes. **This has had the effect of ensuring that some regions are well served by various modes of transport, while others are poorly served and considered relatively 'inaccessible'.** The recent Bus Éireann highlighted the issue for those areas without rail access or commercial bus operators.

Transport - Connecting Europe Facility

The Connecting Europe Facility provides for additional sources of funding for various networks including the TEN-T transport networks. EU Designation on the TEN-T network can be as part of the core or comprehensive network. **The importance of designation on the core network is that it allows access to significant funding while those routes on the TEN-T comprehensive network cannot attract the same degree of funding.**

The EU Designation on the core TEN-T network, as currently defined in Ireland, extends from Dublin to Belfast and Dublin to Cork with a connection from Portlaoise to Limerick and Shannon Foynes. Other parts of the primary national road and rail network (such as the linkages from Cork to Galway and on to Sligo and Letterkenny) are designated as part of the comprehensive network and so excluded from this funding source. Additionally, in the absence of investment, the relative standard of a transport network vis a vis another transport network which does attract funding is a relative dis-improvement.

There has been a proposal in the current Programme for Government (PfPG) to revisit the designation of core and comprehensive network in Ireland so as to ensure that linkages between the second tier cities and urban centres can attract a greater degree of funding. **It is important that this designation is changed so that intra-regional linkages between other urban centres can be developed.** It is likely that discussions on revisions to the designation will go beyond the current PfPG and will extend over the medium term.

[11] Journal of Regional Studies, Peter Clinch and Eoin O' Neill (2009).

National Roads

Key investments:

The priority national primary road projects that need to be delivered include:

- N4 (Collooney–Castlebaldwin – in Capital Plan; Carrick-on-Shannon–Dromod; Mullingar–Longford)
- N5 (Westport–Turlough – in Capital Plan; Ballaghaderreen Bypass–Scramogue)
- N6 (Galway City Transport incl bypass)
- M17/18 Gort to Tuam completion – in Capital Plan
- N17 (Tubbercurry Bypass; Collooney–Tubbercurry)
- N13/N14/N15 (Stranorlar–Derry), N15 (Lifford–Stranorlar)
- N16 (Sligo–Glencar; Glencar–Glenfarne)
- New bridge and approach roads over the Garavogue River in Sligo – in Capital Plan.
- A5 from Derry to N2 near Aughnacloy – co-funding with UK Government.

National secondary routes are critical for inter-regional linkages and ensuring access from rural areas to services and employment in larger urban centres. Priorities include:

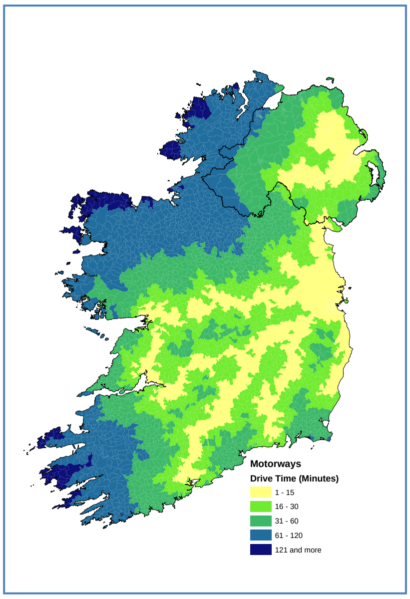
- N59 (Ballina Relief Road; Crossmolina–Ballina)
- N60 (Castlebar–Claremorris)
- N61 (Athlone–Boyle; Boyle Bypass; Roscommon Bypass)
- N83 (Ballyhaunis Outer)
- N84 (Ballinrobe Bypass)
- N56 (Dungloe–Glenties – in Capital Plan; Mountcharles–Inver – in Capital Plan)
- N59 (Moycullen Bypass – in Capital Plan).
- N5/N26/N58 Turlogh to Bohola.

In the last decade there has been very significant investment in the motorway network, however there are no motorways serving the West and North West, north of the M6 from Dublin to Galway (see Figure 1 below).

Figure 1: Two maps illustrating the motorway network

Transport Infrastructure Ireland Motorway network

Drivetime to the Nearest Motorway Junction



Source: E. Morgenorth, ESRI, 2016

Therefore these regions have become relatively less accessible compared to other regions with greater improvements in the road network. It should also be noted that air accessibility between Dublin and regional airports has also declined over this period, arising from the withdrawal of PSO supports on the Sligo and Galway services (with the resultant closure of Galway and Sligo airports to commercial services).

Research by the National Roads Authority (NRA), now Transport infrastructure Ireland (TII) found that **Sligo was the only NSS Gateway with no improvement in its 'accessibility to employment' indicator as a result of the substantial investments made in national road infrastructure between 2006 and 2010**.[12] Letterkenny, Ballina/Castlebar, Wexford and Monaghan had no or very small improvement. In contrast, Ennis, Kilkenny, Limerick, Galway and Mallow showed very significant improvement. There now needs to be a focus on improving the national road infrastructure in the West and North West (Galway city bypass, from Galway to Sligo, Letterkenny, Ballina and Castlebar and between these centres).

Intra-regional links improving labour supply

The WDC believes that the **regional cities can be developed more and have untapped potential, however better intra-regional linkages are needed**. While the cities are all accessible to the motorway network (though lack of motorway access to the North West has hindered development), that motorway network is focused on linkages to Dublin which has helped support the efficient movement of goods and people to the Capital.

With the success of Dublin in particular in attracting FDI or employment, and with consequent concerns now being expressed regarding capacity constraints such as commercial property availability, increasing rents and housing shortages in certain areas[13]; other centres without these constraints but with the same regulatory and tax regime should now be in a position to benefit more from mobile investment.

Improving intra-regional routes **can improve the appeal of these regions in attracting and retaining quality labour supply which is an important factor in supporting larger enterprise investments (foreign or indigenous).** It should also be noted that these distances (e.g. between Galway and Shannon) are relatively short in comparison to the extensive labour catchment of the GDA and its commuter belt. This is also a key priority for realising the initiative to develop an Atlantic Economic Corridor (AEC), being considered by the NPF, to link the Mid-West, West and North West is upgrading of the transport links across the area.

By improving these links between centres an alternative large labour catchment is available in Ireland. The international evidence suggests that policy can effectively influence the location of FDI. Research in the UK has found that regional policy can and did effectively alter the location of FDI in favour of the north. However when the policy weakened, investment reverted to an earlier location

[12] Table 5, NRA 'Impact of improvements in the road network on the accessibility and economic potential of counties, urban areas, gateways and hubs' 2012. This study is being updated by TII with Census of Population data 2011. (originally based on 2006 data).

[13] Minister for Finance reported in The Irish Independent 30 January 2014

pattern. This shows that **regional policy can alter the location decisions of mobile investment but to maintain effectiveness policy needs to continue to be regionally focused**[14].

To make the best use of existing infrastructure it would be important to **join existing networks together and complete 'unfinished sections'**. For example once the Gort-Tuam motorway is complete, there will be just a few outstanding sections on the N17/N15 needing improvements, which when complete will ensure a high quality road network (motorway or dual-carriageway for its entire length) connecting Limerick, Galway, Sligo and Letterkenny. Particular focus on the Galway-Sligo-Letterkenny section is required to help mitigate some of the negative impacts of Brexit for Sligo and Letterkenny.

[14] Wren, C. and Jones, J. 2012, *FDI Location across British Regions and Agglomerative Forces: A Markov Analysis,* Spatial Economic Analysis, June 2012. http://www.wdc.ie/wp-content/uploads/WDC_Policy-Briefing-no-6-Commuting-Final.pdf

Regional and Local Roads

Key investments:
Increase regional and local roads funding to allow road maintenance programme to be enhanced and to improve roads that have not been maintained to the appropriate standard.

Improvement (realignment/ widening/ surface works) for regional and local roads that provide access to key regional centres, key transport hubs and to the national road network.

Policy Issues:
The review of the Capital Plan needs to provide a clear plan for increasing spending on regional and local roads and providing certainty as regards the budget for these roads into the future. Without such certainty Local Authorities can find it difficult to plan for maintenance and upgrades.

There needs to be a clear recognition of the importance of regional and local roads alongside ensuring that those Administrative areas with lower Local Property Tax and other receipts can still maintain and improve regional and local roads.

The Capital Investment Plan – Building on Recovery, does not sufficiently address investment in regional and local roads. At the most basic level a good road network, commensurate with the population and demand level, is essential to allow people to travel to work, access services and to make areas accessible. Regional and local roads are the backbone of travel in Ireland and allow for travel within a rural region but are also important links to the national road and rail network.

There are almost 91,000 km of regional and local roads in Ireland (30,878 km in the Western Region), which accounts for 94% of the country's roads network and they carry around 54% of all road traffic. These are therefore very important to the Irish economy and society as a whole. Given the length and variety of regional and local roads in the Western Region the details of investment in individual road projects is not considered.

It is essential to ensure that communities isolated by distance or weak national roads have improved quality of road access to local towns, their key regional city and to ports and airports. Key routes to and from the existing motorway and national road network need to be prioritised in the Capital Plan in line with the NPF and the forthcoming Regional and Spatial Economic Strategies (RSES). It is important that these local and regional roads are maintained to a reasonable standard according to their traffic load for local importance. It is essential that there is a planned cycle of maintenance implemented by the Local Authorities who manage these roads.

Regional and local roads are often the sole means of access for local economic activity. These roads play a very important role in the Western Region because of the dispersed nature of the population, enterprises and industrial development and the importance of tourism and agriculture as generators of wealth and employment. The network of regional and local roads provides mobility within and between local areas and provides vital links to the strategic national road network and the ports and airports which are our links with the wider European and global economy.

Spending on regional and local roads has been severely reduced since 2008 and consequently maintenance has been cut back and the quality of the road network is disimproving.

Public Transport: Bus

Key investments:

- PSO services are socially necessary but financially unviable routes. As these services have a public service element, and are an important connection for rural residents to access services in urban centres or connect with inter-city public transport, the Capital Plan should clearly support continued public subvention of rural PSO routes.

- New and replacement buses: A scheduled programme of fleet renewal and expansion for the public bus companies should be clearly set out in the Capital Plan to provide for new and replacement buses to maintain fleet quality and safety. This programme should be set out up to 2021 and is also important for the long term capital plan to 2028.

- The Rural Transport Programme is particularly important to older, younger and socially disadvantaged groups living in rural areas, providing access to services in their local town or larger centre. With an ageing population, the demand for such services is likely to continue to grow. Maintenance of current services and increased investment should be included in the Mid-Term Capital Plan.

Policy Issues:

Options such as licensing 'bundles' of routes, where, in order for a commercial operator to receive a license for a profitable inter-city or urban route it would also be required to provide services on a number of rural PSO routes (and receive the PSO subvention) should be explored.

Improved timetabling and ticketing to encourage greater take-up of this, more sustainable, transport mode.

A Review should be undertaken of the entire public bus network to identify strategic locations for the creation of new, high quality transport hubs which would facilitate passengers to easily switch between services.

Any strategy to reduce carbon emissions must include initiatives to increase bus usage and reduce car dependency.

In the context of Brexit, cross-border bus services must be maintained and if possible services increased to encourage modal shift from car to bus. Current agreements in relation to use of travel passes should also be maintained.

As the most important mode of public transport (70% of all public transport journeys in 2015 were by bus and all forms of bus transport had increased journeys in 2015, National Transport Authority), and in the context of an ageing population and the need to achieve Ireland's climate and energy goals, infrastructure investments in bus transport must be central to both the Mid-Term Review of the Capital Investment Plan and the Long-Term Capital Investment Framework.

It is stated that one of the aims of the Mid-Term Review is to ensure that investment 'focuses available resources to best support continued, sustainable and equitable growth'. Bus transport is a key element in promoting both sustainable and equitable growth. Carbon emissions from transport can be reduced by encouraging modal shift from the private car to bus.

Bus transport services, as well as being used by commuters, are extensively used by younger and older age groups, those with a disability, recent immigrants and other relatively socially disadvantaged groups. Bus transport contributes to social inclusion and can be particularly important in a rural context to address social isolation and facilitate access to services. Bus transport is an important element in ensuring equitable development.

The current Capital Plan commitments in relation to bus transport is for funding of New and replacement buses and further upgrading of Quality Bus Corridors. While there is a commitment of €3.6bn to public transport in the Capital Plan, the vast majority of this investment is for rail projects, largely in the Greater Dublin Area.

Given the current crisis in the bus transport sector and the fundamental questions this has raised about the public service aspect of bus transportation, additional capital resources for public transport under the Mid-Term Review should focus on bus transport. There needs to be a far more detailed investment plan for bus transport included in the Mid-Term Review and Long-Term Framework.

In relation to the Capital Plan the key priorities are:

- **PSO services**: PSO services are socially necessary but financially unviable routes. In 2014 Bus Éireann was awarded a new contract for the provision of such services (outside the Dublin Area) for a period of five years. There is considerable debate about moves toward public tendering of some of the PSO routes in more populated areas (e.g. Dublin commuter, Waterford) while more rural PSO routes would be unlikely to be attractive to private operators. The very substantial reduction in the PSO subvention to Bus Éireann from €49.37m in 2009 to €33.71 in 2015 is a serious concern in relation to the continued provision of PSO services in less populated areas. The current financial difficulties at the company will place increased pressure on the provision of services on PSO routes. As these services have a public service element, and are an important connection for rural residents often to access services in urban centres or connect with inter-city public transport, the Capital Plan should clearly support continued public subvention of rural PSO routes.

  Options such as licensing 'bundles' of routes, where, in order for a commercial operator to receive a license for a profitable inter-city or urban route it would also be required to provide services on a number of rural PSO routes (and receive the PSO subvention) should be explored.

- **Timetabling and ticketing:** A key challenge in expanding bus transport is improved timetabling and smart ticketing to increase the integration of services. Current timetabling often does not facilitate passengers to transfer between services and reduces the attractiveness of bus as a mode of transport. As well as facilitating residents to access health, education, recreation and other transport services in urban areas, integration and timetabling are important for increased bus usage by tourists visiting regional and more rural locations.
- **Bus stations**: The standard and quality of facilities at a number of public bus stations, and notably the central Bus Station (Bus Áras), is extremely poor and in some cases entirely unacceptable. A planned schedule of refurbishment and upgrading of bus stations, including improved car parking facilities, based on an assessment of current conditions, should be included in the Long Term Capital Investment Plan.
- **Rural transport services**: In 2016 the Rural Transport Programme was consolidated into seventeen Transport Co-ordination Units (branded as Local Link) nationally. An estimated 1.765

million passengers accessed rural transport services in 2016 and the seventeen Local Link offices manage approximately 1,000 public bus services in local and rural areas which are a combination of scheduled services and door-to-door services. The Rural Transport Programme is particularly important to older, younger and socially disadvantaged groups living in rural areas providing access to services in their local town or larger centre. With an ageing population, the demand for such services is likely to continue to grow. They can also contribute to increased sustainability by reducing car dependence in rural areas. Maintenance of current services and increased investment should be included in the Mid-Term and Long-Term Capital Plan.

- **Sustainability**: Increased use of bus services will reduce car dependency. Any strategy to reduce carbon emissions must include initiatives to increase bus usage. Increased frequency of services, integration of services and Quality Bus Corridors will all be needed to increase modal shift to bus. Opportunities for the use of biogas in bus services is another route to improved sustainability.

- **Cross-border bus services:** In the context of Brexit, cross-border bus services must be maintained and if possible services increased to encourage modal shift from car to bus. Any impact from Brexit on the current all-island agreements that facilitate provision of cross-border bus services should be minimised. Current agreements in relation to use of travel passes should also be maintained.

Rail Transport

Key investments:
Continue investment to subvent and support increased frequencies and service levels (rolling stock) on routes serving the Western Region.
Passing loops (passenger and freight capacity) in the short-term, consideration of double-tracking in the long-term.
Investment to support a more competitive fare structure.
Better car-parking facilities.

Policy Issues:
The Government committed to a feasibility study in advance of the Mid Term Review of the Capital Plan designed to identify what supports are required to increase the share of rail freight. This study needs to be advanced to help inform both investment needed to support the current rail freight traffic and the policy decisions to support a greater modal shift to rail freight so as to realise further emissions savings.

The Rail Review should not take any decisions on the short and long-term potential of the rail network until the NPF is published.

There was significant investment in the rail network, safety, the network and rolling stock under Transport 21. While passenger numbers declined during the recession they have been increasing over the last few years. It would be important to sweat the rail asset, especially in the context of providing modal choice and its superior environmental record compared to the car. There should be greater consideration of the long term benefits of rail (both passenger and freight) in the context of a growing population, climate change and low carbon objectives.

Despite the investment under Transport 21, the research undertaken as part of the SFILT[15] process noted that rates of investment in land transport are lower in Ireland than elsewhere. The comparison with other EU countries on relative rail and road investment illustrates the relatively low funding of rail in Ireland (approximately 18% in Ireland), compared to most West European countries, where rail's share of land transport investment has been increasing in line with EU policy (currently 40%).

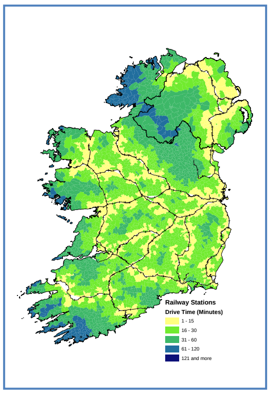
Rail services to the Western Region

The importance of the railway network in serving most regions of Ireland, except the Border, is illustrated in the map on drive time to the nearest railway station, (see Figure 2 below). Though not as widespread as before, the railway is still fairly extensive and this is an advantage which can be capitalised upon in terms of the delivery of transport services nationally and over the long term.

Of course accessibility to railway stations is one element, factors such as service levels and stations served are also important considerations. The WDC believes that generally across lines serving the Western Region, service levels, the fare structure and supports to improve the attractiveness of rail (such as better car parking facilities) are needed to increase patronage levels.

[15] A Strategic Framework for the Investment in Land Transport p19-21

Figure 2: Drivetime to the Nearest Railway Stations



Source: E. Morgenorth, ESRI, 2016

The WDC made a submission[16] to the National Transport Authority Department of Transport, Tourism & Sport Rail Review 2016, the purpose of which *is to start a national debate on the current and future role of rail in transport in Ireland.*

The WDC agrees with the view expressed in the Rail Review that the forthcoming National Planning Framework will be a very important overarching policy framework designed to influence population settlement patterns and the travel patterns arising. Therefore there should be no major decisions on route development - expansion or contraction, until the NPF is finalised[17].

The relatively high patronage levels on the Dublin-Sligo line (the third highest passenger numbers after Dublin-Cork and Dublin-Galway lines), noted in the Rail Review, illustrate the importance of the line as a transport mode serving the route to/from Dublin and the North West region.

The proposal to reduce rail journey times on some inter-city routes and not others is in direct response to the improvements in the road network on those same routes and the relative competitiveness of rail versus road. For example proposed investment in rail is now focused on those routes with better road access (motorways), to stay competitive. The cumulative effect of little funding for both road and rail on some routes (to the North West) is rarely evident from a broader, transport accessibility point of view. This thinking is also evident when considering proposed electrification of some lines. Proposals for investment in shorter journey times and electrification should include the lines serving Galway and Sligo as regional centres with a need to improve accessibility.

While commuting by rail is 'relatively' negligible outside of the Dublin area, this in part reflects the services available to commuters, which are relatively limited. In the Western Region the only notable commuting services are Ennis to Limerick and Athenry to Galway. Commuting by rail to many urban centres is likely to increase following further population and economic growth and where the road network becomes congested and there is an attractive rail offering.

[16] http://www.wdc.ie/wp-content/uploads/WDC-Submission-to-Rail-Review-2016-Jan-2017.pdf
[17] https://www.nationaltransport.ie/wp-content/uploads/2016/11/151116_2016_Rail_Review_Report_Complete_Online.pdf (p.43)

Rail Freight

The Capital Plan contained a commitment that, *In advance of the Mid Term Review, the Government will commission a feasibility study to examine options for expanding freight transport on the railways.* This study needs to be advanced to help inform both investment needed to support the current rail freight traffic and the policy decisions to support a greater modal shift to rail freight so as to realise further emissions savings[18].

Rail freight, where available, offers several advantages over road transport, for example it generates less than a quarter of the emissions of road haulage, removes heavy goods traffic from the roads and it can provide an alternative efficient route to market for business in the West, avoiding congested routes.

While rail currently moves less than 1% of surface freight across Ireland, Irish Rail plans to quadruple national rail freight traffic within four years. Most of this rail freight originates in the Western Region with three of the four rail freight routes originating there[19]. Rail is particularly suited to high volume freight, carried over relatively long distances and for import/export via the ports. A projected 4% modal share by 2020 would reduce combined emissions from road and rail freight in Ireland by 3% or a reduction of nearly 35,000 tonnes CO_2e_4.

[18] http://www.wdc.ie/wp-content/uploads/WDC-Rail-Freight-Insights-Feb_2016.pdf
[19] http://www.wdc.ie/wp-content/uploads/WDC-Rail-Freight-Study-Final-Report-18-12-15.pdf

Air Transport

Key investments:

- Ireland West Airport requires funding for various maintenance and improvements to the main runway, Apron and car parking facilities which are the subject of capital and operational expenditure requests to the Department of Transport, Tourism and Sport subject to EU State Aid rules.

- The Government needs to support Ireland West Airport Knock in seeking approval for the highest aid rate possible.

- Funding for road improvements connecting to Ireland West Airport and Shannon such as the N17 and N19.

Policy Issues:
In view of capacity constraints at Dublin Airport there should be efforts to fully utilise the international aviation capacity and state investments undertaken to date at the other State airports such as Shannon, as well as Ireland West airport.

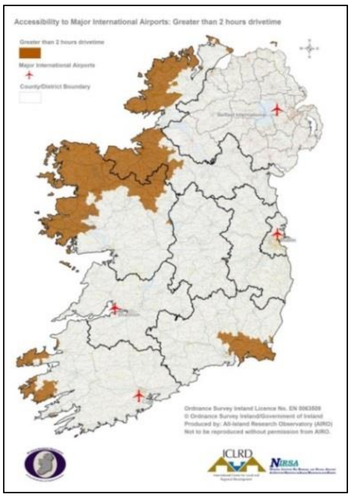
There is an increasing focus on regional airports to be commercially independent with declining State aid rates over a 10 year period to 2025. The impact of this restriction needs to be reviewed over the period so as to minimise impacts on the viability of airports in the Region.

When considering infrastructure needs it is important to identify and use existing available capacity. There is capacity available for international air access at Shannon and Ireland West Airport Knock which have received significant state support over many decades. Improved services at these airports will reduce the need for residents in regional locations to avail of services at Dublin Airport which in turn will reduce journey numbers through an already congested Greater Dublin Area.

International air access via Shannon and Ireland West Airport Knock is very important to ensure good international connectivity for the Western Region. These airports provide efficient access both to and from the region to destinations in the UK, Europe and the US in particular, vital to supporting the various businesses across the region as well as tourism access. Shannon Airport is particularly important to the Limerick, Shannon and Galway regions and is the only airport on the Western seaboard with hub connectivity via London Heathrow. It also offers pre-clearance facilities to the US.

Ireland West Airport Knock serves the West and North West with over 20 international connections and has grown to serve those areas of Ireland beyond the catchments of the State airports (displayed in Figure 3 below). The map demonstrates that parts of the West and North West are very poorly served, with most of counties Mayo, Sligo, Leitrim, Donegal and part of Roscommon inaccessible; with a greater than two hours drive time to any of the State airports.

Figure 3: Accessibility to State Airports and Belfast International



Source: All Island Research Observatory, 2010

Following a revision of EU State aid rules[20], there is an increasing focus on all airports to be commercially independent within a 10 year timeframe. Since then the regional Local Authorities have taken an equity shareholding in Ireland West Airport Knock, illustrating their recognition of the benefit of the airport to the regional economy.

The EU Guidelines recognise that airports with fewer than 1 million passengers per annum may face difficulty and, subject to a case-by-case assessment, an aid rate in excess of 75% (up to 90%) may be justified in exceptional circumstances, subject to EU approval. Ireland West Airport requires funding for various maintenance and improvements to the main runway, Apron and car parking facilities which are the subject of capital and operational expenditure requests to the Department of Transport, Tourism and Sport. The Government needs to support Ireland West Airport Knock in seeking approval for a higher aid rate.

Investment is needed to support greater connectivity to Ireland West Airport Knock and Shannon Airport with improvements from the national road network to the connecting road network a priority.

[20] http://www.dttas.ie/sites/default/files/publications/aviation/english/european-commission-decision-re-state-aid-sa.39757-2015/n-irelands-regional-airports-programme-2015-2019/eu-decision.pdf

Ports and Harbour Facilities

The Western Region's many valuable marine assets are relatively under-developed. The region is in a position to take advantage of potential in seafood products, tourism, amenity, ocean energy and marine innovations for the lifesciences sector. Our ocean resource and the research infrastructure and research orientated FDI and SME base, offers potential for developing the blue economy in a sustainable manner.

Investment in dedicated marine infrastructure, coastal economies, off shore platforms, incubation and enterprise support centres is required to integrate the key actors; innovators, policy makers, investors from the marine, maritime and energy sectors with those from other marine industries and the broader community of entrepreneurs and with our coastal and inland populations. This marine focus will drive accelerated marine economic, societal, innovation and infrastructural growth.

Located on the extensive western coast, both Galway and Killybegs ports play an important role in supporting the marine and fishing sectors as well as providing key transport access points and contributing to the tourism offering, with further potential to grow. Ports are also important service centres for naval facilities as well as Search and Rescue services.

Galway Port is planning a major expansion which will include a new deep water port which will support tourism through new berthing facilities for cruise ships as well as a marina.[21] Better freight facilities are also planned. The Capital Plan should be cognisant of the long term value of ports and harbour facilities and should support developments at these ports.

[21] http://www.galwayharbourextension.com/

Energy

Key investments:
Progress and complete all commitments in the Capital Plan.

- Grid West- a clear decision needs to be made on the form this investment will take and progress to planning should be accelerated
- The 220kV line from Srananagh to South Donegal (North West Project) which is part of the (Renewable Integration Development Project (RIDP)) should be progressed.
- North Connaught 110Kv reinforcement Project. A decision needs to be taken on progressing this to ensure there is no risk of overload from existing generators.

Policy Issues:
There needs to be a corresponding focus on energy efficiency (for electricity and for heat) so that the region makes the best possible use of energy produced and consumed.

Ensure there is continued focus on the development of a low carbon economy and ensuring that the Western Region can benefit from its asset potential for RE production.

It is important that investments in electricity network reinforcement are made, which will both allow for the transmission of significant amounts of renewable energy from the region, as well as providing high quality electricity infrastructure for enterprise in the region (both existing and potential).

The WDC regards the provision of quality electricity transmission and distribution networks as important elements of the infrastructure required to underpin the economic development of the region. A commitment to investment in energy infrastructure is important to achieving regional development goals through the NPF.

Electricity transmission and distribution networks are likely to be needed to support the increase in renewable electricity to be used in transport and heat. The west of the country has some of the best conditions for wind energy in Europe and it has very significant potential for ocean energy (both off shore wind and wave), and so it is likely that the transmission infrastructure will be needed at key points along the West and North West coasts.

Distribution infrastructure may also be needed to connect wind farms to the transmission network and to increase connections of cities and towns to support more electric vehicles. However EirGrid and ESB plan the network and estimate demand and so they are in the best place to assess infrastructure need.

While the focus of the capital plan is on exchequer investment there is recognition that investment will also be delivered by commercial state bodies especially in the area of energy.

In the Capital Investment Plan it was noted that around €5¾ billion invested during the course of the Capital Plan in energy transmission and distribution networks, renewable and conventional power generation, and smart metering by ESB, Ervia (formerly Bord Gáis Éireann), Bord na Móna, and EirGrid. The key projects to be delivered between now and 2021 include:

• North-South Transmission Line – to add a second electricity interconnector between Ireland and Northern Ireland

• Smart Metering – to upgrade energy meters to allow consumers to monitor their energy use

• Grid Link and Grid West – to increase the grid capacity and secure electricity supply to the south and east of Ireland.

- Grid West- a clear decision needs to be made on the form this investment will take and progress to planning should be accelerated.
- The 220kV line from Srananagh to South Donegal (North West Project) which is part of the (Renewable Integration Development Project (RIDP)) should be progressed.
- North Connaught 110Kv reinforcement Project. A decision needs to be taken on progressing this to ensure there is no risk of overload from existing generators.

Natural Gas infrastructure

Key investments:

- Connection of Athenry to grid and then Ballyhaunis and Knock all three of which qualified for connection in 2006.
- Complete the natural gas network by linking key centres in the North West to the natural gas network, starting with Sligo and Letterkenny.

Policy Issues:
The focus of further natural gas infrastructure investment should be to the North West and in particular the need for natural gas infrastructure in towns in counties Donegal, Sligo, Leitrim and Roscommon.

As with the electricity network, investment in natural gas infrastructure is made through the commercial state sector, but it should be co-ordinated and monitored through the Capital Investment Plan.

Lack of gas infrastructure may become a disincentive to investment, reducing a region's competitiveness and increasing existing disparities. The long term Capital Plan needs to be clear about the requirement for natural gas infrastructure in the North West, in particular in the larger towns of Sligo and Letterkenny.

There is no natural gas transmission infrastructure in the North West (specifically it is not available in the counties of Donegal, Sligo, Leitrim and Roscommon). In Northern Ireland however, there is significant investment in progress to bring natural gas to the west of NI. Consideration should be given to linking this NI infrastructure to key towns in the Western Region and so to enable development of the gas network. This can be used for both natural gas and also biogas and so can contribute to the development of a lower carbon emission economy (with natural gas use) and help us move towards a fossil free future. Priorities include:

- Connection of Athenry to grid and then Ballyhaunis and Knock all three of which qualified for connection in 2006.
- Complete the natural gas network by linking key centres in the North West to the natural gas network, starting with Sligo and Letterkenny.

Education

Key investments:

- Further capital investment in enhancing infrastructure and facilities at NUI Galway, Galway-Mayo Institute of Technology, Institute of Technology Sligo and Letterkenny Institute of Technology is needed to ensure that the full benefit of previous state investment can be realised and that the role of the higher education institutions in economic growth can be maximised.
- Investment in further education and training centres and facilities across the region is also needed to ensure upskilling across all skill levels.

Further and higher education has an important role to play in regional development and growth. Educational institutions build a region's human capital assets, attract and retain talent. Higher education brings knowledge creation, knowledge transfer, cultural and community development and innovation to regions. It can also stimulate entrepreneurship.

Within the Western Region, NUI Galway is a key regional asset and economic driver. It greatly contributes to the economic development of Galway city and its wider hinterland and is an internationally recognised centre of research and teaching excellence. In addition the region is home to three Institutes of Technology (Sligo, Letterkenny and Galway-Mayo) that are currently co-operating under the Connacht/Ulster Alliance, an initiative that has the potential to expand the contribution of higher education to regional development in this area.

Further capital investment in enhancing infrastructure and facilities at NUI Galway, Galway-Mayo Institute of Technology, Institute of Technology Sligo and Letterkenny Institute of Technology is needed to ensure that the full benefit of previous state investment can be realised and that the role of the higher education institutions in economic growth can be maximised.

Investment in further education and training centres and facilities across the region is also needed to ensure upskilling across all skill levels. Investments by the Education and Training Boards need to be closely aligned to identified regional skill needs. In more rural areas, while courses on general subjects e.g. computer skills, may be provided locally, if participants want to progress or specialise they often need to travel. Access constraints can be addressed through flexible learning options e.g. part-time, online/distance education, outreach centres. The widespread availability of high speed broadband is required to facilitate distance education and upskilling. As well as the roll-out of the National Broadband Plan, it is necessary to invest in centres for public access e.g. libraries, for those without high speed home access.

4. Long-term Capital Investment Framework (10 years)

The WDC believes that capital investment which is by its nature long-term investment should be undertaken within the context of a longer term planning framework as is proposed in the National Planning Framework 2040. The WDC has made a detailed submission to the NPF consultation conducted by the Department of Housing, Planning, Community and Local Government[22].

The WDC considers that to ensure best value for money for infrastructural expenditure the following considerations set out in the Guidance paper for the recent NPF Consultation are very important.

• **Identify nationally strategic infrastructural priorities**: Ultimately, the nationally important infrastructure projects will be those projects that will help support the objectives of the NPF and associated RSESs to achieve more effective regional development. If it is accepted that the spatial pattern of development which is described in the NPF Consultation as 'business as usual', is not desirable, then an alternative approach is required. If the second tier cities, other larger urban centres and rural areas are to play a greater role in the economic and social development of the country, these centres will need to be supported through investment in infrastructure.

• **Promote the 'packaging' and sequencing of spatially related infrastructural projects** on a phased basis to achieve optimal outcomes: A good example of this is additional investment in road infrastructure to join existing networks together and complete 'unfinished sections'. For example in the West/North West. These are often infrastructure requirements needed to satisfy current as well as future demand.

• **Identify mechanisms to capture the embedded infrastructural value that exists in many existing settlements and to support more attractive development at such locations**: As outlined previously, the state should capitalise on the capacity already available and 'sweat' the state investment already made, such as in transport, for example the rail network and the international airports with spare capacity such as Shannon and Ireland West Airport Knock. Other examples include educational infrastructure (Institutes of Technology), Health facilities and Housing.

• **Enable greater policy integration and joined up investment decisions** across planning, health and transport policy sectors, which are proven to help to make sustainable and active travel more attractive alternatives to the private car. A good example is the benefits which could be realised through increased e-Working. Greater rates of e-Working can reduce transport demand, traffic congestion and emissions. It has been estimated that if just 10% of the working population of 2.1 million were to work from home for 1 day a week, there would be a reduction of around 10 million car journeys to work per annum[23]. Benefits arising from higher broadband speeds and greater levels of e-Working include time savings, enhanced communications, increased sales and productivity gains[24].

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[22] http://www.wdc.ie/publications/reports-and-papers/

[23] Department for Transport, *Smarter Travel: A Sustainable Transport Future, A New Transport Policy for Ireland 2009-2020* http://www.smartertravel.ie/sites/default/files/uploads/2012_12_27_Smarter_Travel_english_PN_WEB%5B1%5D.pdf#overlay-context=content/publications. p.35

[24] Indecon International Economic Consultants, July 2012. *Economic / Socio-Economic Analysis of Options for Rollout of Next Generation Broadband*. Analysis undertaken on behalf of the Department of Communications, Energy and Natural Resources (DCENR) as part of the Government's National Broadband Plan, 2012. http://www.dccae.gov.ie/communications/SiteCollectionDocuments/Broadband/National%20Broadband%20Plan.pdf

However as the WDC has noted[25] it is over fifteen years since e-Work was promoted as a policy objective but with little implementation, e-Work is not as widespread as it might be and e-Work has fallen 'between the cracks of various departments of government'[26]. To promote greater take-up, e-Work needs to be prioritised as a policy objective and a cross departmental approach is required. Lead departments would include the Department of Jobs, Enterprise and Innovation and the Department of Communications, Climate Change and Environment.

Policy will also influence the infrastructure investments needed. The need to lower carbon emissions will help influence infrastructural investments (for example supporting cleaner transport modes).

Additional Considerations for 10 year Capital Investment Plan

Additionally the WDC believes planning of infrastructure when formulating Ireland's 10 year Capital Plan needs to take the following into account:

- There is a need for an appraisal and evaluation methodology which accords the NPF goals and objectives a higher value. To realise better spatial balance, there will need to be a change to the conventional appraisal and evaluation methodologies, which are typically used to determine what projects are given the go-ahead. The traditional cost benefit approach will naturally favour the larger and often largest population centres as the impacts are likely to be felt by a greater number, wherever the project is being delivered.[27] The impact on the wider spatial balance of the country and the extent to which the investment is supporting the NPF goals will need to be factored in.

- Capital spending on new infrastructure should focus on supporting better spatial balance as well as supporting those citizens and that part of the country which is relatively poorly served. Quality infrastructure is one of the necessary conditions for regional development. As noted in the WDC Policy Briefing, *Why care about regions? A new approach to regional policy*[28], lagging regions need to have a similar quality of infrastructure as is available in more successful regions, both to attract new industries and to allow those already established to be competitive both nationally and globally. The evidence shows that many parts of Ireland and especially the West and North West have not benefited as much as other parts in the capital spending that has taken place over the last 20 years. This has led to a country with unequal access to infrastructure and services (the road network and broadband infrastructure), this is inequitable and also an impediment to attracting further investment – enterprise and jobs – to second tier cities and urban centres in the North West.

- While it is difficult to know for certain the infrastructure needs in 10 years time – to 2028, demographic trends will help inform what will be required. Robust data collection and analysis will be key to informing future demands. Demographic trends such as ageing and smaller households will help identify the levels of infrastructure investments needed, such

[25] WDC (2017), e-Working in the Western Region: A Review of the Evidence

[26] Hynes, M. *Telework Isn't Working: A Policy Review*, 2014.The Economic and Social Review. Vol 45, No 4, Winter, 2014. http://www.esr.ie/article/view/231 http://www.eurofound.europa.eu/it/observatories/eurwork/comparative-information/telework-in-the-european-union

[27] http://www.dttas.ie/sites/default/files/publications/corporate/english/common-appraisal-framework-2016/common-appraisal-framework2016_1.pdf

[28] WDC, 2010, *Why care about regions? A new approach to regional policy*

as level of school and health investment. The Capital Plan should then heavily influence the location of these investments.

- Technological trends will also influence planning of the investments needed as well as the benefits that can be realised. Technological change suggests that the ever increasing need for greater broadband speeds is not abating and the EU may be revising upwards their minimum standards. There is a draft proposal that all European households will have access to connectivity offering at least a download speed of 100 Mbps by 2025. To ensure Ireland makes the best use of the planned NBP investment, the use of future proofed infrastructure delivering very high speeds should be deployed in the planned state investment.

  There is significant potential to make the most of the opportunities provided by trends in technology development, the growth of services employment, a move to more varied working hours, and greater remote and home working opportunities as well as incentives for enterprises to offer different work arrangements (timing of day, e-working) to reduce transport emissions[29].

- Allocating projects between 'short-term' (Current plan) and 'long-term' (10 year Capital Plan) is not straightforward. Some projects, from the initial planning to completion can take decades. There is also a perception that by designating projects as 'long-term' they are considered less important. The WDC has allocated projects to the long-term category based on a pragmatic view that all projects cannot commence in the current plan, but considers these as very important priorities nonetheless.

Specific projects

Communications

Key investments:
- Ensure the National Broadband Plan NBP can deliver on planned future EU target speeds it is imperative that the planned state investment deploys future proofed infrastructure.

Ensure the National Broadband Plan NBP can deliver on planned future EU target speeds it is imperative that the planned state investment deploys future proofed infrastructure.

While the NBP targets include universal access to 30 Mbps download and 6 Mbps upload, there are indications from the EC that new EU targets are being planned. There is a draft proposal that all European households will have access to connectivity offering at least a download speed of 100 Mbps by 2025. To ensure we can deliver such speeds, the use of future proofed infrastructure delivering very high speeds has to be deployed in the planned investment to start next year but will be ongoing for the next 25 years.

National Roads

Key investments:
- Ensure completion of all road improvements outlined in priority list for current plan, but not yet complete.
- Complete N6 (Galway City Transport incl bypass)

[29] WDC (2017), e-Working in the Western Region: A Review of the Evidence

- Progress any outstanding elements in Atlantic Road Corridor (e.g.M17/18/19/M20), also advocated by Atlantic Economic Corridor (AEC)
- N13/N14/N15 (Stranorlar–Derry), N15 (Lifford–Stranorlar)
- N16 (Sligo–Glencar; Glencar–Glenfarne)
- New bridge and approach roads over the Garavogue River in Sligo – in Capital Plan.
- A5 from Derry to N2 near Aughnacloy – co-funding with UK Government.
- N59, N17, N4
- Identify and address emerging bottlenecks/improvements needed to support border communities in light of Brexit.
- Identify and address emerging bottlenecks needed to support the objectives of NPF.
- National secondary routes not completed in Current Capital Plan

Regional and Local roads

Key investments:

- Ensure In the long term it is important that we continue to prioritise investment in key regional roads in line with NPF and RSES priorities. It is also important to ensure that funding is available for the maintenance of local roads so that, at a minimum, they are in suitable condition for travel without causing vehicle damage.

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Rail

Key investments:

- Investments to support increased frequencies to all routes serving the Western Region.
- Electrification of routes for shorter journey times and emissions savings, in the first instance Dublin to Sligo and Dublin to Galway, thereafter the other routes in the Western Region.
- Double tracking to accommodate increased rail traffic, Athenry to Galway.

The focus of rail transport policy should be on providing for a rail network and services that can support a greater modal share of travel journeys, due to its better record environmentally.

Driven by rolling stock depreciation and the need to reduce our transport emissions and diesel use, electrification of Ireland's railways will be an important policy decision with a need for significant investment. Electrification will have the added benefit of improving journey tomes and increasing rail patronage and reducing car use.

The WDC believes that proposals for investment in the electrification of some lines should include the lines serving Galway and Sligo as regional centres with a need to improve accessibility.

Currently rail freight traffic from Ballina to Waterford Port is routed through the Greater Dublin Area. Increased use of railways and congestion of routes around the Greater Dublin Area, may make the case for re-opening the unused line between Athenry and Sligo which if undertaken should be to passenger and freights standards.

Air

Key investments:
Ireland West Airport requires funding for various maintenance and improvements to the main runway, Apron and car parking facilities which are the subject of capital and operational expenditure requests to the Department of Transport, Tourism and Sport. Increased patronage levels will help support the Airport's viability. New EU State Aid Guidelines permit additional aid in exceptional circumstances. The Government needs to support Ireland West Airport Knock in seeking approval for a higher aid rate.

Policy Issues:
There is an increasing focus on regional airports to be commercially independent with declining State aid rates over a 10 year period to 2025. The impact of this needs to be reviewed over the period so as to ensure the continuing viability of airports in the Region.

Following a revision of EU State aid rules[30], there is an increasing focus on all airports to be commercially independent within a 10 year timeframe. These EU Guidelines recognise that airports with fewer than 1 million passengers per annum may face difficulty and, subject to a case-by-case assessment, an aid rate in excess of 75% (up to 90%) may be justified in exceptional circumstances, subject to EU approval. Ireland West Airport requires funding for various maintenance and improvements to the main runway, Apron and car parking facilities which are the subject of capital and operational expenditure requests to the Department of Transport, Tourism and Sport. The Government needs to support Ireland West Airport Knock in seeking approval for a higher aid rate.

Bus

Key investments:

- The Exchequer should fully support continued public subvention of bus services in less populated, rural areas through PSO services and the Rural Transport Programme.

- Refurbishment and upgrading of bus stations, including provision of adequate free or competitively priced car parking, based on an assessment of current conditions.

- New high quality transport hubs with convenient and free or competitively priced car parking facilities,

- Maintenance of current services and increased investment for the Rural Transport Programme.

As the most important mode of public transport, and in the context of an ageing population and the need to reduce carbon emissions, modal shift from car to bus transport must be central to capital investment over the longer term.

The WDC believes that the Exchequer should fully support continued public subvention of bus services in less populated, rural areas through PSO services and the Rural Transport Programme as a key public service for rural residents, including allowing them to access services in urban areas.

[30] http://www.dttas.ie/sites/default/files/publications/aviation/english/european-commission-decision-re-state-aid-sa.39757-2015/n-irelands-regional-airports-programme-2015-2019/eu-decision.pdf

Increased frequency of services, improved integration and quality bus corridors will all be needed to increase modal shift to bus.

Bus stations: The standard and quality of facilities at a number of public bus stations, and notably the central Bus Station (Bus Áras), is extremely poor and in some cases entirely unacceptable. There can be a strong variance in the quality of the facilities available at bus and train stations e.g. deplorable toilet facilities at Bus Áras compared with quite good facilities at Connolly Station. Sub-standard facilities at bus stations discourage the use of bus transport and create a very negative impression for visitors. A planned schedule of refurbishment and upgrading of bus stations, including provision of adequate free or competitively priced car parking, based on an assessment of current conditions, should be included in the Long Term Capital Investment Plan.

New transport hubs: As well as current bus stations, a review should be undertaken of the entire public bus network to identify strategic locations for the creation of new, high quality transport hubs with convenient and free or competitively priced car parking facilities, which would facilitate passengers to easily switch between services. An example could be Charlestown, Co Mayo where North-South routes from Limerick/Galway to Sligo/Donegal intersect with East-West routes from Castlebar/Ballina to Dublin. Public/Private approaches to the development of such transport hubs could be considered.

The Rural Transport Programme
The Rural Transport Programme is particularly important to older, younger and socially disadvantaged groups living in rural areas providing access to services in their local town or larger centre. With an ageing population, the demand for such services is likely to continue to grow. They can also contribute to increased sustainability by reducing car dependence in rural areas. Maintenance of current services and increased investment should be included in the Long-Term Capital Plan.

Electricity

Key investments:

- Completion of Grid West to increase capacity and ensure secure supply
- Long term interconnection with France will significantly increase opportunities for exporting renewable electricity.

It is important that investments in electricity network reinforcement are made, which will both allow for the transmission of significant amounts of renewable energy from the region, as well as providing high quality electricity infrastructure for enterprise in the region (both existing and potential).

The WDC regards the provision of quality electricity transmission and distribution networks as important elements of the infrastructure required to underpin the economic development of the Western Region.

Long term interconnection with France will significantly increase opportunities for exporting renewable electricity. There is also a need to ensure there is continued focus on the development of a low carbon economy and ensuring that the Western Region can benefit from its asset potential for RE production.

Gas

Key investments:

- Infrastructure priority is natural gas transmission connection for Sligo and Letterkenny
- Natural gas for transport- fuelling points to be planned and developed in off grid areas for areas
- Development of feed-in options for biogas into the natural gas grid.

Lack of gas infrastructure may become a disincentive to investment, reducing a region's competitiveness and increasing existing disparities. The 10 year Capital Plan needs to be clear about the requirement for natural gas infrastructure in the North West, in particular in the larger towns of Sligo and Letterkenny and other towns in counties Donegal, Sligo, Leitrim and Roscommon.

The WDC believes it is important that there is a commitment to improve regional energy infrastructure, to examine the benefits of natural gas infrastructure and to invest in this infrastructure.

- Infrastructure priority is natural gas transmission connection for Sligo and Letterkenny.
- Natural gas for transport- fuelling points to be planned and developed in off grid areas for areas
- Development of feed-in options for biogas into the natural gas grid.

It is likely that further development of the natural gas grid into the North West could be important for the transmission of biogas which will be used to fuel freight vehicles, into or out of that region. However it is important that it is planned so as to connect as many towns and users as possible.

Health Services

Key investments:

- The location of additional health services in Sligo to service the North West region.
- There should be good, extensive car parking available at a free or reasonable price at all health facilities

The catchments served by health institutions and centres of excellence in particular, are extremely large in some regions, with patients in Donegal having to travel to Galway to access some critical and life-saving services. The location of additional health services in Sligo to service the North West region would greatly improve the quality of life for patients in the North West and contribute to regional development. This is made even more imperative as Brexit is likely to reduce opportunities to access health services in Northern Ireland.

Good access to primary, secondary and tertiary health services is very important. Local GP services need to be a focus of health planning, and access to secondary and tertiary health services needs to be well designed and take full account of the needs of those who are distant from the service. This means there should be good, extensive car parking available at a free or reasonable price, and for those who cannot drive or be driven, that a co-ordinated travel service for hospital appointments is available.

It is also critical that investment in transport infrastructure takes account the needs of patients to access services. For example patients in Co. Roscommon who need to travel to Galway for A&E services have to travel on extremely poor and often substandard roads and face traffic congestion in the city increasing the time taken to access services. Improvements to the N17 are also critical to improve journey times for those accessing services in Galway from Mayo, Sligo and Donegal.

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