

Public Consultation on the Mid-Term Review of Capital Plan 2017

1. Introduction

1.1 The Capital Plan set out a six year framework for substantial infrastructural investment in Ireland out to 2021. Total state backed investment under the Plan amounts to €42 billion over the period. A core principle of the current Plan is to adopt a clearly prioritised approach to capital spending underpinning medium-term growth potential that ensures delivery of value for money.

1.2 The objective of this consultation is to ascertain the views of the public and key stakeholders on what our national infrastructure priorities should be in the context of the Mid-Term Review of the Capital Plan.

2. Building on Recovery: Infrastructure and Capital Investment 2016-2021

2.1 The Capital Plan, published in September 2015, assessed the existing capacity of the country's infrastructure and identified critical gaps to be addressed in order to support economic recovery, increased social cohesion and environmental sustainability.

2.2 The Plan set out a six year framework for infrastructural investment in Ireland out to 2021. Total state backed investment under the Plan amounted to €42 billion over the period.

2.3 As part of the Plan, to complement traditional procurement, alternative means of funding were explored, including 'off-balance sheet' methods allowed for under the fiscal rules. As well as the €27bn Exchequer and €14.5bn commercial State sector investment elements of the plan, a new third phase of Public Private Partnerships (PPPs) to a value of €500m was also announced.

2.4 The following table sets out the sectoral allocation of Exchequer capital resources on an annual basis under the Plan.

Table 1: Exchequer Capital Envelope 2016-2021							
	2016	2017	2018	2019	2020	2021	Total, 2016-2021
€ million							
Total	3,800	3,970	4,230	4,600	5,000	5,400	27,000
Agriculture, Food & the Marine	217	208	208	208	208	208	1,257
Arts, Heritage & the Gaeltacht	76	45	43	46	46	46	302
Children & Youth Affairs	22	22	23	23	23	23	136
Communications, Energy & Natural Resources	107	107	137	192	192	192	927
Defence	66	67	67	78	78	81	437
Education & Skills	545	599	623	654	700	700	3,820
Environment, Community & Local Government	539	623	709	685	700	700	3,956
Finance	25	25	25	25	25	21	146
Foreign Affairs & Trade	4	4	4	4	2	2	20
Health	414	454	473	550	570	600	3,061
Jobs, Enterprise, & Innovation	495	525	490	500	500	500	3,010
Justice	130	157	118	150	160	160	875
Public Expenditure & Reform [Less OPW]	9	9	8	2	2	2	32
Office of Public Works	102	102	127	137	147	157	772
Social Protection	11	9	8	8	8	8	52
Transport, Tourism, & Sport	1,039	1,015	1,167	1,238	1,607	2,000	8,065
Unallocated	0	0	0	100	32	0	132

2.5 Some of the major Exchequer projects included in the Plan are, for example, as follows:

- the Luas Cross City Project
- the Metro North
- the Dunkettle Interchange
- the new Children's Hospital
- the Schools Building Programme
- and the Housing Action Plan.

To read the Plan and find out what other projects are included please follow this [link](#).

3. Mid-Term Review of the Capital Plan

3.1 A commitment was made in the Capital Plan to conduct a Mid-Term Review in order to take stock of progress and provide the Government with an opportunity to reaffirm priorities.

3.2 The Capital Plan also highlighted that the Review would also provide Government with an opportunity to consider the scope for increased levels of investment should Ireland's economic growth and fiscal progress make this possible.

3.3 The substantial progress made in securing sustained economic growth and the further strengthening of the public finances, enabled the Government to commit to additional capital investment of €5.14 billion in the Summer Economic Statement 2016, exceeding the commitment of additional public capital investment of €4bn. included in the Programme for a Partnership Government (PfPG).

3.4 The priority areas which were identified to benefit from this increased capital investment in the PfPG included:

- transport;
- broadband;
- health;
- education; and
- flood defences.

1. Additional Capital Resources available under the Review

4.1 In light of the prioritisation afforded by Government to addressing the housing crisis, the Government also agreed that €2.2 billion of the additional capital should be allocated to the Government's initiatives aimed at tackling the housing crisis, as detailed

in the Action Plan on Housing and Homelessness, while in Budget 2017 the Government also allocated additional capital funding for 2017, with indicative allocations for 2018 and 2019.

4.2 Consequently, under the Review there remains approximately c€2.6 billion of additional capital resources to be allocated over the period 2018-2021.

4.3 The current estimate of the annual allocation of these capital resources – distinguishing between capital formation and capital grants is set out in the following table:

	2018	2019	2020	2021	Cumulative
Unallocated GFCF ¹	175	355	475	510	1,515
Unallocated Capital Grants	0	180	380	580	1,140
Total Unallocated Capital	175	535	855	1090	2,655

Figures in the table are subject to rounding

4.4 **The Gross Voted Capital allocations set out in *Table 12: Budgetary Projections 2016-2021* of the *Budget 2017 Economic and Fiscal Outlook* (<http://www.budget.gov.ie/Budgets/2017/Documents/Economic%20and%20Fiscal%20Outlook%202017.pdf>) along with the unallocated c€2.6 billion capital set out in the**

¹ GFCF or Gross Fixed Capital Formation comprises tangible or intangible fixed assets produced as outputs from production processes that are used repeatedly, or continuously, for more than one year. This is defined by and in accordance with the European System of Accounts (ESA 2010, page 73). In line with the fiscal rules, GFCF of General Government benefits from the fiscal smoothing approach that is allowed by the EU Commission, whereby such expenditure is 'smoothed' by averaging its impact over a four year period. Other capital expenditure, that is not classified as GFCF of General Government (e.g. capital grants to bodies outside General Government or private companies, purchase of land etc.) will not benefit from capital smoothing.

table above are therefore the maximum Exchequer capital resources available under the Review.

2. Key Issue for Public Consultation

5.1 The key issue Government will be undertaking in the Review of the Capital Plan will therefore be to determine how the remaining unallocated capital funding should be allocated over the remaining period of the plan, having regard to the priority areas identified in the PfPG.

5.2 While the public finances are in a more sustainable position now to where they were when the Capital Plan was published, Ireland is now subject to the requirements of the Preventive Arm of the Stability and Growth Pact. Compliance with these requirements constrain public capital investment to the resource envelope set out above.

5.3 The Review of the Capital Plan is intended to refresh and update the existing public capital investment strategy and to ensure that it is both:

- consistent with Government priorities; and
- focuses available resources to best support continued, sustainable and equitable growth.

5.4 Consequently, it is crucial that the Review is underpinned by clear priorities, strictly related to our economic and social needs and which can be accommodated within the available capital resources.

On this basis, in order to contribute to the Review of the Capital Plan, views and evidence are now being sought on a number of important questions as set out below.

3. 10 Year Capital Investment Plan

6.1 The Taoiseach in his address to the Institute of European Affairs on 'Ireland at the heart of a changing European Union' on 15 February 2017 announced that the National Planning Framework Ireland 2040 will be complemented by a new 10-year National Capital Plan. While the current public consultation is focused on the allocation of available capital resources over the period out to 2021, views and evidence are also being sought on infrastructure investment beyond the period of the current Capital Plan.

4. The National Planning Framework Ireland 2040

7.1 The Department of Housing, Planning, Community and Local Government is currently leading the preparation of the National Planning Framework (NPF). It is intended that the Ireland 2040 Plan will be a high-level document that will provide the framework for future development and investment in Ireland. It will be the overall Plan from which other, more detailed plans will take their lead, hence the title, National Planning 'Framework', including city and county development plans and regional strategies. It is therefore crucial that the outcome of the Mid-Term Review of the Capital Plan is closely aligned with the new NPF.

7.2 While a draft NPF has not yet been published, a guidance paper produced for the recent consultation conducted by the Department of Housing, Planning, Community and Local Government noted that to ensure best value for money and efficiency in terms of infrastructural expenditure and to realise the significant potential of existing embedded infrastructure, any alternatives will need to:

- Identify nationally strategic infrastructural priorities;
- Promote the 'packaging' and sequencing of spatially related infrastructural projects on a phased basis to achieve optimal outcomes;

- Suggest where large-scale strategic urban extensions or new settlement types may be appropriate and what social infrastructure may be required;
- Identify mechanisms to capture the embedded infrastructural value that exists in many existing settlements and to support more attractive development at such locations;
- 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;
- Consider the availability of public and state lands for exemplar projects.

Submissions as part of the mid-term review of the Capital Plan should take these alternatives into consideration.

5. Other factors to Consider in Submissions

Submissions as part of the public consultation might consider the following factors:

1. On the basis of current projections prepared by the Department of Finance of estimated fiscal space in the period to 2021 there is a **limit on increased capital spending of approximately €2.6bn** - as set out above in this paper. Proposals for increased capital spending made in submissions should therefore be strongly informed by this resourcing constraint and identify priority areas for use of this increased public capital investment.
2. **A clear ranking of prioritisation for any suggested new project/programme spending, or acceleration of projects/programmes within the plan.**
3. Analysis has shown that there can be significant benefits from **maintenance expenditure**, as opposed to expenditure on new projects, in terms of enhancing the productivity of both the public and private capital stock.

4. **Factors impacting reprioritisation of projects within the existing capital plan.**

These may be in light of developments since the Plan was published such as: Brexit; the provisional results of census 2016; the emerging position on the draft new National Planning Framework, etc.

5. **Proposals for additional funding from the €2.6 billion available**, whether to be used to accelerate the delivery of key projects within the Plan, or to initiate new priority projects not currently featured in the Plan. However, any such proposals must be investment ready and capable of being implemented in the timeframe over which the additional funding is being sought i.e. 2018-2021.

6. It would be helpful if respondents would **identify the key research** and/or data sources relevant to their particular proposals, and upon which they rely, when seeking to establish infrastructure capacity and estimate potential future demand for such infrastructure.

7. Any impacts - positive and negative – of the proposals in the context of meeting Ireland's existing and forthcoming **Climate and Energy goals** should be considered. Proposals should also be cognisant of the upcoming National Mitigation Plan and National Adaptation Framework (Sections 4 & 5 of the Climate Action and Low Carbon Development Act 2015 refer).

8. Any projects or programmes proposed will ultimately need to comply with the value for money appraisal and evaluation requirements of the **Public Spending Code**, even where a Government decision has been made.

6. Making your Submission

Giving your views through the survey provided as part of the public consultation is strongly encouraged.

Please feel free to also submit any further comments, suggestions or larger submissions. When doing so, please make such submission by one medium only, either electronic or hard copy.

You can email your submission to the following email address only capitalreview2017@per.gov.ie

Or, post your submission to the following address:

Capital Review 2017 Submissions,
Capital Expenditure Unit,
Department of Public Expenditure and Reform,
Government Buildings,
Upper Merrion Street,
Dublin 2,
D02 R583.

7. Timeframe for Submissions

Submissions will be accepted up until **30th April 2017**.

Submissions will not be accepted beyond that deadline. All submissions must include your name and details of any organisation, community group or company you represent, along with an address for correspondence.

8. Publication of Submissions

Please note that all submissions and comments submitted to the Department of Public Expenditure and Reform as part of this public consultation process may be subject to release under the Freedom of Information Acts 1997 to 2003. After the consultation has closed, proposals may be published on the Department's website.

1. Privacy Notice

1. Forename: _____

2. Surname: _____

3. Address: _____

4. Email Address: _____

5. Please indicate if you are submitting your proposal on behalf of:

an organisation

or

as an individual

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As is normal in relation to a multi-annual capital programme, a commitment was made in the latest Capital Plan to conduct a Mid-Term Review in 2017 in order to take stock of progress and provide the Government with an opportunity to reaffirm priorities.

The priority areas which were identified to benefit from this increased capital investment in the PfPG included transport, broadband, health, education and flood defences.

Due to the identified need for additional investment in housing, the Government also agreed that €2.2 billion of the additional capital should be allocated to the Government's initiatives aimed at tackling the housing crisis, as detailed in the Action Plan on Housing and Homelessness, while in Budget 2017 the Government also allocated additional capital funding for 2017, with indicative allocations for 2018 and 2019.

There remains approximately c€2.65 billion (based on latest projections), of the committed €5.14 billion announced in the Summer Economic Statement, which is yet to be allocated over the period 2018-2021.

The key task to be undertaken in the review of the capital plan will therefore be to recommend how the remaining unallocated capital funding should be allocated over the period of the plan, having regard to the priority areas identified in the PfPG.

We are interested in your views which will be structured in three sections:

- **Considerations for the Mid-Term Review of the Capital Plan (2016-2021)**
- **Prioritisation of Capital Expenditure and Selection of Projects/Programmes**
- **Long-term Capital Investment Framework (10 years)**

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

Q3.1 Please rank, in order of importance, the following criteria that could be used to assess capital projects/programmes as part of the Mid-Term Review: Indicate the "highest importance", 1, "lowest importance", 5 and no two proposals should have the same ranking.

- ☐ Economics benefits e.g. jobs or productivity
- ☐ Positive impact on equality and social inclusion
- ☐ Consistency with the achievement of Climate and Energy Goals
- ☐ Alignment with the new National Planning Framework
- ☐ Addressing current bottlenecks

Q3.2 Are there any other criteria which should be used when considering what projects/programmes public capital expenditure should be allocated to in the Mid-Term Review?

Yes

☐

No

☐

If Yes, please specify:

Q3.3 What one sector do you think will be most in need of increased capital expenditure in order to directly address the potential impacts of Brexit based on current evidence and research?

- ☐ Public Transport
- ☐ Road Transport
- ☐ Housing
- ☐ Education
- ☐ Health
- ☐ Energy
- ☐ Broadband
- ☐ Water
- ☐ Enterprise
- ☐ Agriculture
- ☐ Other (specify)

Q3.4 Are there any potential specific effects of Brexit which you believe should be taken into consideration as part of the mid-term review of the Capital Plan?

Yes

☐

No

☐

If Yes, please specify:

Q3.5 Are there any other issues which you believe should be taken into consideration as part of the mid-term review of the Capital Plan? If Yes, please specify

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

Q4.1 Please rank the sectors below in terms of prioritisation for additional capital expenditure over the remaining period of the Capital Plan out to 2021. Indicate the "highest priority", 1, "lowest priority", 11 and no two proposals should have the same ranking.

- ☐ Public Transport
- ☐ Road Transport
- ☐ Housing
- ☐ Education
- ☐ Health
- ☐ Energy
- ☐ Broadband
- ☐ Water
- ☐ Enterprise
- ☐ Agriculture
- ☐ Other (specify)

Q4.2 What one project/programme not currently included in the Capital Plan out to 2021, would be your top priority for inclusion?

Please provide:

- a. Description of the capital proposal
- b. Objective of the capital proposal – Text should include a statement of the proposal’s rationale (why it is required) and what it is intended to achieve (what will be the result or outcome of its implementation).
- c. Any key research and/or data sources supporting the rational

Q4.3 What one demand management practice do you think has the greatest potential to achieve more efficient use of Ireland’s existing infrastructure?

- ☐ road pricing
- ☐ smart ticketing
- ☐ smart metering
- ☐ real time traffic management
- ☐ smart grid management
- ☐ user charges
- ☐ Other (please specify)

Q4.4 Is there any project/programme which you think would be particularly suitable to be delivered by a Public Private Partnership?

If yes, please provide:

a) Description of the capital proposal

b) Why it is particularly suitable to be provided by a Public Private Partnership?

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

Q5.1 What factors, in order of priority, do you believe should be taken into consideration when formulating Ireland’s 10 year Capital Plan? Indicate the

"highest priority", 1, "lowest priority", 7 and no two proposals should have the same ranking.

- ☐ Economic Growth
- ☐ Demographics
- ☐ Spatial considerations
- ☐ Climate and Environment
- ☐ Behavioural Changes
- ☐ Technology
- ☐ Maintenance

Q5.2 Are there any other issues that you believe are of importance for infrastructure planning over the long-term and should be taken into consideration when formulating Ireland's 10 year Capital Plan? If yes, please specify

Q5.3 Technological change will have a significant impact on the future supply and demand of infrastructure in Ireland e.g. creating the need to build new infrastructure or reducing the demand for certain infrastructure. What do you think will be the most significant impact of technology on Irish infrastructure over the next 10 years?

Q5.4 What implications will this have for capital allocations?

Q5.5 Taking into account the inherent uncertainty of predicting demand for infrastructure the further into the future you look, what one project not currently included in the Capital Plan would you recommend for inclusion in a 10 year Capital Plan over the period out to 2028?

Please provide:

a) Description of the capital proposal

b) Objective of the capital proposal – Text should include a statement of the proposal’s rationale (why it is required) and what it is intended to achieve (what will be the result or outcome of its implementation).

c) Any key research and/or data sources supporting the rational

Thank you for taking the time to provide your views. Any further comments, suggestions or larger submissions can be e-mailed directly to capitalreview2017@per.gov.ie