



## **Submission on the Review of the National Development Plan**

Dublin Chamber is the representative body for businesses in the Greater Dublin Area, with a cross-sectoral membership spanning the spectrum from small start-ups to major multinationals. The Chamber is committed to improving the city region's business environment and quality of life in tandem, and strongly supports a vision of Dublin with sustainability, urban density, and liveability at its core. We are therefore a strong advocate for the economic, social, and environmental benefits that are outlined in the National Development Plan (NDP) and have repeatedly emphasised the goals and visions of the NDP in our policy papers and submissions into both local and national government.

Dublin Chamber welcomes the opportunity to respond to the Review to Renew issues paper. This consultation comes at a critical time for the country, its residents, and its businesses. The Covid-19 crisis has had a significant impact on both our way of life and the economy. As the restrictions are lifted and the economy reopens, it is important to ensure that the NDP can and its significant capital investment projects, act as source of investment to increase productivity, growth, resilience, and help the economy recover. Most importantly, the review of the NDP must respond to the policy shifts and changes since its first iteration, it must reflect population pressures, climate change challenges, and the need for ambitious long-term investment in new infrastructure to address existing deficits and prepare for future growth.

This submission addresses six questions with reference to the Review to Renew issues paper:<sup>1</sup>

1. Is the overall level of public spending on capital investment correct?
2. What should the capital budget be spent on?
3. What types of capital investment should be prioritised?
4. How can the management and governance of public investment be improved?
5. How is the NDP affecting your region?
6. What is your feedback on Project Ireland 2040 communications?

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<sup>1</sup> Government of Ireland, 'Review to Renew', <https://www.gov.ie/en/consultation/d3f3a-review-to-renew-the-public-consultation-of-the-review-of-the-national-development-plan/>

## **1. Is the overall level of public spending on capital investment correct?**

### **1.1 Increasing levels of capital investment**

Ireland has a relatively low stock of capital infrastructure for a modern economy, following decades of underinvestment. More recently, the annual percentage of Public Capital Spending has risen above EU norms, when measuring as a percentage of GNI\* rather than GDP for Ireland. The current NDP was budgeted to run from 2018 to 2027 and pledged €116bn in Government spending. This ambitious annual level of spending should be extended out to 2030, with a view to accommodating additional projects that service the priorities outlined by the National Planning Framework, with a particular focus on investment in cities.

The review of the NDP comes at a critical time for the Greater Dublin Area and indeed the economy as a whole. The review should be seen as an opportunity to support a major investment stimulus, one that centres on building a resilient economy. The timeline for many projects that fit this criteria should be brought forward and prioritised and new projects that focus on that vision of a sustainable and resilient economy should be added to the plan. Dublin Chamber strongly encourages the Government to commit an additional €25 billion in additional funding for new projects and urge them to bring forward projects that are already in the pipeline.

Increased levels of capital investment provide a multitude of benefits to the economy, increases in productivity, growth and job creations, to more short term benefits relating to the initial construction and implementation of the project.<sup>2</sup> Without appropriate levels of capital investment Ireland, and in particular Dublin, will fail to maintain its competitive advantage as a place to do business. In Dublin we already see the significant negative impacts of failures to invest in infrastructure, the housing crisis, periods of water shortages and the significant congestion issues facing the city all undermine the capital cities international reputation as modern, resilient and smart city. Over one-third of businesses are located within the Dublin and Mid-East region, and the area accounts for 62.8% of total VAT internal, income, corporation, and capital gains tax collected annually. Workers in the GDA pay 59.7% of all PAYE and USC tax and 55.3% of all self-employed income tax. This highlights the importance of the region to the economy, but also the growing role of urbanisation and the need to invest proportionally and appropriately to achieve national economic growth.

### **1.2 Post-Covid investment**

The Government should also take advantage of the current very low interest rates and invest in capital infrastructure projects that will help kick-start the economy, providing both investment and jobs, post the pandemic. Within the context of the Covid-19 crisis, and its resultant impact on the economy and spending, it is essential that the Government does not repeat the mistakes of past recessions and practice false economy by failing to invest in capital projects appropriately. Capital investment can play a significant role in the economic recovery post Covid-19 and investment in infrastructure must focus not only on projects that grow the economy, but are sustainable and provide long-term resilient infrastructure.<sup>3</sup>

### **1.3 Sustainable capital investment**

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<sup>2</sup> Department of Public Expenditure and Reform, *Public Capital Programme 2016 to 2021: 'Labour Intensity of Public Investment'*, <https://igees.gov.ie/wp-content/uploads/2016/05/Capital-Review-Labour-Intensity-of-Public-Investment-.pdf>

<sup>3</sup> World Economic Forum, 28 July 2020, Marie Lam-Frendo and Katherine Davisson, *'Why Covid-19 stimulus needs to account for future infrastructure risks'*, <https://www.weforum.org/agenda/2020/07/covid-19-coronavirus-stimulus-future-infrastructure-risks-green-economy-economic-recovery/>

The cost of not investing appropriately in infrastructure has significant impacts on society, the environment and the economy. Significant capital investment is needed in sustainable and resilient infrastructure if the State is to meet its 2030 emission targets and avoid multibillion EU fines.<sup>4</sup> The Chamber strongly urges the Government to seek funding for qualifying projects through the EU Green Deal and EU Recovery Fund, through which significant funding has been made available to member states.<sup>5</sup> In particular, transport infrastructure and renewable energy projects outlined in the NDP should be earmarked for the Government to seek financial support through EU mechanisms. Ireland will require spending to reboot for a more environmentally sustainable and resilient economy post Covid-19. In light of fiscal constraints due to the unprecedented spending to keep citizens and businesses afloat during the crisis, the European Green Deal can considerably aid in providing the funding to boost capital investment.

## **2 What should the capital budget be spent on?**

### **2.1 Alignment with National Planning Framework and City Regions agenda**

It is of paramount importance that the revised NDP maintains alignment with the objectives of the National Planning Framework. This requires support for its focus on the development of city regions as the most effective basis for regional development on a national level; and support for its ambitious targets with respect to urban densification, brownfield redevelopment, and sustainability. Reversing the historic pattern of suburban sprawl and one-off development will be critical to intelligently address Ireland's deficits in infrastructure and housing capacity and to meet the economic and environmental challenge of carbon emissions reduction.

In this context it is crucial to note in that while Covid-19 has accelerated the digital transformation in respect of work practices, both qualitative and quantitative feedback from the business community demonstrates clearly that the widespread adoption of remote working in response to the pandemic does not spell the end of the office or the shared workspace. When the Covid-19 crisis passes, the majority preference both among employers and employees is for a blended model, with time spent both in the office and at home, rather than for full-time remote working. Flexible working is not a panacea for policy challenges in effective regional development and must not be cited as an excuse to avoid the challenge of managing the urbanisation process in an intelligent and forward-thinking manner. Dublin Chamber has been a leader in developing policy on flexible working and will continue to support businesses as they transition to new work practices. However, the rise of flexible working does not fundamentally change the compelling logic of a city regions-based

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<sup>4</sup> Kevin O'Sullivan, 2019, *'Ireland would face multibillion EU fines over emissions target failure'*, Irish Times, <https://www.irishtimes.com/business/transport-and-tourism/ireland-would-face-multibillion-eu-fines-over-emissions-target-failure-1.3924909>

<sup>5</sup> Kate Abnett & Matthew Green, 2020, *'EU makes world's biggest 'green recovery' pledge - but will it hit the mark?'*, <https://www.reuters.com/article/us-eu-summit-climate-change-idUSKCN24N231>

approach to national spatial development. This must remain primary guiding principle of the revised NDP.

## **2.2. Supporting our Urban Future**

Increasing levels of urbanisation are a worldwide trend, with over half of the global population now living in urban areas.<sup>6</sup> Ireland is no different, and the current and future demographic pressures facing the Dublin and Mid-East region must inform the NDP review.

Each city supports the counties that surround it. In Dublin's case, in addition to the 718,000 people working and living here, the city provides direct employment to a further 140,000 people living in the commuter belt. This is equivalent to just under a third of all employment in the surrounding 8 counties of the Mid-East and Midlands, and the housing, transport and social needs of this metropolitan workforce demands substantial investment to ensure that Dublin remains competitive and continues to drive growth in the overall economy. In supporting our urban future the NDP must be cognisant of which areas and infrastructure drive the economy and invest appropriately as these investments will offer the greater return on investment in terms of economic growth.

## **2.3 Sustainability**

Both nationally and internationally, public discourse with respect to climate change has progressed considerably since the National Development Plan was published three years ago. The low proportion of capital expenditure earmarked for climate change measures in the existing NDP, 4.9% of the capital allocations,<sup>7</sup> is indicative in this respect. Dublin Chamber argues that the revised NDP should have action on climate change at its core. In particular, the National Development Plan should give regard to Ireland's commitment to the UN Sustainable Development Goals; establish clear sustainability and carbon emissions reduction criteria for project selection and prioritisation; and provide for use of green public procurement in large infrastructure projects. Finally, Dublin Chamber proposes that carbon foot-printing should be carried out on a regional basis, in particular in urban settings. This would provide a solid data base for impactful regional plans and assist in decisions about prioritisation of funding.

## **2.4 Education and Skills**

The ongoing availability of talent to attract and retain FDI and to grow indigenous businesses in the future is critical in maintaining Dublin's international competitiveness. Government must maintain the current level of spending on further education and training, in particular to focus on the area of lifelong learning as we look to reinvigorate the economy post-covid and respond to the future challenges of an ever increasing digital world.

The Dublin & Mid-East Region is currently home to the majority of third level institutions, four universities (DCU, NUIM, TCD and UCD), one technological university (TU Dublin), one institute of Art, Design and Technology (IADT), one college of Art and Design (NCAD), one college of Surgeons (RCSI), the National College of Ireland (NCI), private colleges and four Education and Training Boards. Significant funding is required to maintain the high standards expected in these institutions as well as enabling them to grow, develop and meet the needs of a growing student population. Capital funding can transform educational

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<sup>6</sup> United Nations, 'Urbanization', <https://www.un.org/development/desa/pd/themes/urbanization>

<sup>7</sup> Government of Ireland, 'Review to Renew', <https://www.gov.ie/en/consultation/d3f3a-review-to-renew-the-public-consultation-of-the-review-of-the-national-development-plan/>

experiences as well as providing a focus point for regeneration which is evidenced by the ongoing work in the TU Dublin Grangegorman campus. The Government should also look to prioritising research and development funding in areas that would assist with other aspects of the NDP, for example the funding of research in climate change or disruptive technologies, encouraging innovation and the development of skills that address national challenges.

### **3 What types of capital investment should be prioritised?**

#### **3.1 Urban Infrastructure**

In keeping with the overarching principles of alignment to NPF densification goals and environmental sustainability, Dublin Chamber proposes that capital investment in urban infrastructure should be the priority in the revised National Development Plan. Capital investment in urban infrastructure will be critical to meet NPF densification targets by providing for the growing population in Dublin and Ireland's other cities. Ireland must not fall back into the past mistake of a scattergun approach to public infrastructure investment, which neglects to provide adequately for the growing populations of Irish city regions while simultaneously failing in its attempt to build sustainable critical mass in alternative locations. Investment in cities, in priority areas such as broadband and public transport, also offers the greatest potential in terms of achieving climate emissions reduction due to their geographic concentration of population and economic activity. Moreover, the National Competitiveness Council has long observed that enhanced city performance has positive spill-over effects on the country as a whole. Prioritising investment and initiatives to develop the competitiveness of our cities is a most effective use of Exchequer funds.<sup>8</sup>

Dublin has particularly acute needs in public transport, active travel infrastructure, water infrastructure and social and affordable housing. The capital city region suffers from a legacy of underinvestment over many decades, with implications both for economic competitiveness and quality of life. For example, before the Covid-19 pandemic Dublin ranked among the most traffic-congested cities in the world, with an average of 154 hours lost per driver annually.<sup>9</sup> This traffic congestion in the Dublin region costs the Irish economy €350 million per annum by a conservative estimate, rising to €2 billion per annum by 2033.<sup>10</sup> Similarly recent periods of water shortages in Dublin have highlighted the vulnerability of the cities supply and impacts negatively on the city's ability to cater for its growing economy and population. These costs must be factored in to any analysis of costs associated with capital infrastructure investment.

In response to the ongoing problem of congestion within Dublin, the emerging trends in flexible working and the policy requirement for compact growth and urban density, the Chamber recently produced a report setting out our vision of Dublin as a 15 Minute City.<sup>11</sup> Projects that help to achieve the urban planning vision of a 15 Minute City should be prioritised across all of the cities. The Chamber's vision for Dublin calls for significant

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<sup>8</sup> Forfás, National Competitiveness Council, *Our Cities: Drivers of National Competitiveness*, April 2009, p. 7

<sup>9</sup> INRIX Global Traffic Scorecard 2019, <http://inrix.com/scorecard/>

<sup>10</sup> Dáil Question No: 346, John Lahart TD. Ref No: 1857/17, Proof: 348, Answered by the Minister for Transport Tourism and Sport Shane Ross

<sup>11</sup> Dublin Chamber, 2020, *'Dublin: The 15 Minute City'*,

[https://www.dublinchamber.ie/DublinChamberofCommerce/media/banners/Dublin\\_The-15-Minute-City.pdf](https://www.dublinchamber.ie/DublinChamberofCommerce/media/banners/Dublin_The-15-Minute-City.pdf)

investment in public transport and infrastructure projects, both within the city and wider GDA, to enable us to reach the level of public transport that enable modal change. To achieve this vision, similar investment in active transport, walking and cycling, and the public realm will also be required.

### **3.3 Climate Action**

Dublin Chamber argues that the level of capital expenditure earmarked for climate change is too low and shows a lack of ambition in current circumstances. Failure to comply with the requirement to reduce carbon emissions will be come at a high cost, both in terms of EU fines and missed opportunities for innovation and modernisation. This must be considered in any cost-benefit analysis of carbon reductio measures. In particular, Dublin Chamber notes that the expenditure on roads is considerable in comparison to that on public transport. Sustainable mobility is identified as a strategic objective in the National Development Plan; real commitment to this objective will require a shift in priorities in favour of public transport and active travel infrastructure. Furthermore, renewable energy infrastructure, energy efficiency, and overall energy security should be prioritised and considered in light of the NDP's Strategic Investment Priority of Climate Action.

### **3.3 International Connectivity**

International connectivity is vital to Ireland's economic wellbeing and has taken on a new importance in light of Brexit, calling into focus the role of our ports and airports. Dublin Chamber has long argued that Ireland should position itself as a major aviation hub and establish direct connections to new markets in the Asia-Pacific region. With this in mind, we support the continued development of Dublin Airport which in normal circumstances welcomes over 80% of visitors to Ireland and will remain the main reception point for tourists and business travellers in the post-pandemic future. The growth of Dublin Airport, including the development and effective operation of the North Runway, will play a vital role in national recovery. Internal connections and transport to and from our airports and our ports is also vital, investment in key road infrastructure must be maintained and the MetroLink will provide a vital missing transport link from Dublin Airport into the city centre. With respect to development of other ports and airports, Dublin Chamber advises that departure from a city regions-based approach in terms of investment choices should take place only where it is necessary to meet evolving national requirements in the context of Brexit.

### **3.4 'Shovel ready' projects**

Projects which are 'shovel-ready' should be progressed without delay. In light of recent events and post-pandemic, there might be a temptation to go back and review plans and re-begin consultations on major infrastructure projects, the majority of which have been discussed and planned over the course of years. The reality of the pandemic and its impact and aftermath is that at most it has changed the dial by a few percentage points or has acted as a catalyst in speeding up or slowing down change and trends that were already happening. In the context of the Covid-19 crisis and its resultant impact on the Irish economy, it is essential that the Government does not repeat mistakes of past and fail to deliver on these projects, many of which have already gone through extensive multi-million design and consultation processes.

## **4 How can the management and governance of public investment be improved?**

### **4.1 Improved Planning System**

Ireland's historical infrastructure deficit has led to significant inadequacies across areas including transport, water, waste, electricity, broadband and housing. While there has been a significant focus on addressing these challenges through the NPF and NDP, it is also clear that the current planning system requires reform to assist delivery of these key projects. As Ireland emerges from the Covid-19 crisis it is important that Government refocuses its efforts on addressing the infrastructure deficit and meeting the targets outlined in the NDP, an improved planning system will assist in this process and contribute to economic recovery. In particular, the following three areas should be prioritised:

- Ensuring the planning process is resourced effectively: Additional staffing, training and appropriate resources are required to achieve a faster decision-making process and a more effective planning system.
- Achieving Brownfield Development Targets: Identifying the challenges with the development of brownfield sites and encouraging close and continuous engagement with the business community to develop the necessary policy tools for delivery of these sites.
- Reform of the Compulsory Purchase Order: The consolidation of CPO legislation to facilitate a more accessible and efficient CPO process.
- Expedite the delivery of the Planning and Environmental Law Court: Committed to in the Programme for Government, the establishment of this court reflects the specialised nature of planning and environmental law. Having specialised judges in place should result in faster decision making and should assist with reducing the length of and associated costs of hearing.

### **4.2 Transparency re project selection criteria**

Greater clarity and transparency in respect of the selection process for approval of funding for infrastructure projects is needed, including expeditious publication of cost benefit analyses. It is often unclear what 'rubric' is used in project selection and prioritisation, but criteria beyond raw cost-benefit should include the extent to which they support urban density targets in alignment with the NPF, and their contribution to carbon emissions reduction.

### **4.3 Green public procurement**

Green procurement for largescale infrastructure projects could have a significantly positive impact on Ireland's long-term sustainability and on emissions. This should be prioritised in the NDP. Provision should be made for innovation from the private sector, allowing those responding to tenders the option to provide solutions to aid climate action in projects.

### **4.4 Meaningful Governance Structures**

Dublin Chamber welcomes the recent announcement that the Department is developing a new governance and assurance process for major projects, in line with international best practice. Meaningful governance structure and review processes are necessary in significant investment plans to ensure value for money and that targets are met. A review of the governance structure, the check and balances of the NDP and NPF should be undertaken. The governance of such significant capital allocations should be transparent, consistent and above reproach to ensure public accountability.

## **5 How is the NDP affecting your region?**

### **5.1 Greater Dublin Area**

Globally, cities are constantly being challenged to innovate and compete to attract both people and investment. With the significant population growth expected in the Dublin region in the coming years and an increasing urban population nationally, there is a demand to address the factors that will sustain that urban future as outlined in the NPF.

Significant and sustained capital investment is required to provide the Dublin and Mid-East region with world-class sustainable infrastructure capable of meeting the economic and social needs of its rapidly rising and ageing population. Historically, population projections for Dublin underestimate the numbers who move from other parts of the country to the city. We believe it is prudent to plan for an increase of Dublin's population of 400,000 persons by 2030, an increase of 30% on 2016.

Dublin Chamber's vision is for the Greater Dublin Area to have world-class infrastructure capable of supporting economic and social needs for the existing and future population. Dublin's aspiration to being a sustainable and resilient city is currently threatened and the poor state of Dublin's infrastructure is consistently cited by businesses as among the biggest challenges to the region's economic competitiveness. The projects and capital investments outlined in the NDP are vital in addressing these shortfalls.

### **5.2 Transport**

Dublin Chamber recently made a submission on the review of the Greater Dublin Area Transport Strategy, informed by our document on Dublin as a 15 Minute City. We outlined the continued need for a modern integrated transport network that is linked to land-use policy across the metropolitan region. Continued investment in, and maintenance of, the road network is also vital in the broader region. Connectivity is key and Enterprise requires efficient and reliable road network infrastructure for the movement of goods and supplies, particularly in connecting to our Ports and Airports.

Our priorities include delivery of the following essential infrastructure projects, many of which are at advanced design and consultation phases.

- DART+ Programme
- MetroLink
- BusConnects
- Luas Expansion
- GDA Cycle Network Plan
- Pedestrian infrastructure and public realm improvements

### **5.3 Water**

In recent years parts of Dublin have witnessed the vulnerability of existing water infrastructure and the pressure placed on it by current demand. Another example of the impact of delayed capital investment as this project has been in development since the mid-1990s. There is now an urgent need for the NDP to progress with the planned investment in the Eastern and Midlands Region Water Supply Project to provide water security for the region, to sustain current services and enable future development.

## **6 What is your feedback on Project Ireland 2040 communications?**

### **6.1 Understanding the need for density**

Broad-based support for Project 2040 will require a better understanding of the population projections and targets which are contained in the National Planning Framework and which ought to underly the capital investment decisions in the National Development Plan. There is particular concern that at a local level, localised population figures contained are being understood as caps or limits rather than targets in the service of urban densification goals. Dublin Chamber advises greater communication with respect to the rationale for the spatial development aspects of Ireland 2040, with a particular focus on elected officials at national and local level, and members of local authorities. This would be helpful in widening political support for the investment plan and deepening public understanding of the value of a city regions-based approach.

### **6.3 Communicating changes to new plan**

Particular care should be given to communication around the new plan following the review. There has been a strong tendency in recent years to announce and re-announce projects, it should be made clear what elements of the revised NDP are new and which aspects of the old plan have been de-prioritised. Clarity and consistency on delivery dates for significant infrastructure projects is also a concern of the business community. When planning significant private investments, such a new businesses campuses or the locations of a new warehouse or production facilities, infrastructure requirements are key components to be considered. It is extremely difficult for businesses to plan with certainty when delivery dates are constantly in flux. Greater consideration must be given to deliver accurate delivery dates for projects.