

Department of Public Expenditure and Reform
Government Buildings
Upper Merrion Street
Dublin 2
D02 R583

19th February 2021

Re: 'Review to Renew' – IDA submission to the review of the National Development Plan

Dear Sir / Madam,

IDA Ireland welcomes the opportunity to input into the review of the National Development Plan (NDP). The NDP's identification of thematic strategic investment priorities to underpin the delivery of a set of national strategic outcomes is an innovative and progressive step for sustainable and plan-led development that will improve Ireland's competitiveness and enhance the country's attractiveness as a place to do business. Notwithstanding the foregoing, there are areas where policy or legislative change could significantly aid project delivery, and in doing so assist IDA to deliver upon its mandate to attract, develop and retain foreign direct investment, as we set out to implement our new four year strategy, *Driving Recovery and Sustainable Growth 2021-2024*.

The importance of an efficient planning system to Ireland's economic competitiveness

Multinational investors require certainty not only in relation to the timelines for delivery of their own capital projects, but also on the timelines for delivery of the associated public infrastructure upon which their investments depend. This includes energy, transport, telecommunications and water services. Any avoidable delay in the provision of such infrastructure erodes our competitiveness and makes Ireland a less attractive place in which to do business.

IDA Ireland fully supports the need for appropriate checks and balances within Ireland's planning processes, however, in recent years the efficiency of Ireland's planning system, particularly the protracted nature of the judicial review process, has become an area of reputational risk to the State. In an increasingly competitive international marketplace, this hinders IDA Ireland's efforts to attract significant overseas investors. It also presents an additional obstacle to expansion and second-site investments from existing multinational clients.

As we outlined in our submission to the Department of Housing, Local Government and Heritage on the General Scheme of the Housing and Planning and Development Bill in 2020, we believe that the judicial review process can be conducted in a more efficient manner that adheres to certain well understood timelines, while continuing to respect public participation rights and fully complying with our obligations under EU and international law.

In this regard it is essential that we do not allow a situation to develop where judicial review could be perceived as a *de facto* additional step in Ireland's planning process for strategically important projects. Equally, we must guard against any potential for litigation to become a mechanism that delays investment and increases costs to such an extent that projects become commercially unviable, notwithstanding that the planning decisions underpinning those projects may ultimately be upheld by the courts.

IDA firmly supports the commitments contained in the programme for government to reform judicial review processes in the planning system and to introduce a planning and environmental court to ensure that such cases can be heard in an efficient manner by specialist judges. The prioritisation of the legislation to underpin these measures would significantly assist delivery of the NDP capital programme.

Realising our marine potential to deliver sustainable energy resources

The existing licensing and leasing regime governing development on the foreshore has its genesis in legislation dating from the early 1930s and pre-dates the modern planning system by over 30 years. Delays in the system can be significant and this acts as a disincentive to the development of Ireland's abundant offshore renewable energy resources. This places an unnecessary constraint on energy supply at a time when demands on Ireland's energy grid are increasing exponentially. It also negatively impacts upon the state's ability to meet its climate obligations and presents an obstacle to the development of marine related FDI. The urgent enactment of the proposed Maritime Area (Planning) Bill and the publication of the National Marine Planning Framework would complement the review of the NDP and provide the necessary policy and legislative framework to maximise Ireland's marine potential.

National Planning Framework and Enhanced Regional Connectivity

The NDP's specific focus on improving access to the regions is positive. In this regard the delivery of improved access to identified NPF development centres such as Sligo and Letterkenny will significantly enhance IDA Ireland's ability to market and promote regional locations to potential investors.

The planned improvement of the N2/A5, M3/N3 and M4/N4 road corridors should remain a key investment priority in order to support the overarching spatial strategy set out in the NPF and to assist the agency to deliver the benefits of FDI to all regions. Other major projects such as the Galway Bypass, Dunkettle interchange, and the M20 and M28 motorways would similarly provide significant benefits for FDI and aid the movement of road freight to our major ports and airports. In this regard, the national roads programme remains critically important in a regional context to support the work of IDA and future investment by our clients. *(Please see the appendix for a list of key strategic projects)*

Placemaking & Sustainable Mobility

The development of attractive and vibrant places is a central tenet of the NDP. This is consistent with the Government Policy Statement on FDI and Enterprise 2025 Renewed. The NDP's Urban and Rural Regeneration and Development Funds provide a unique central funding mechanism to deliver such enhancements. This is important as competition to win FDI is increasingly between towns and cities, internationally, rather than countries. Successful placemaking can provide a competitive edge when it comes to attracting and retaining the talent and skills on which FDI is reliant. Many improvements can be made by public authorities at modest expense by placing a strong policy focus on placemaking across their functional mandate. IDA supports the retention of these funds in the NDP.

Retention of current proposals to deliver Bus Connects, Metrolink, DART+, Luas and intercity rail enhancements will also assist by combatting urban congestion and contributing to decarbonisation of the transport sector.

Climate Action

Environmental sustainability is a key strategic imperative for IDA. At a time of climate and biodiversity crises, companies and governments alike are placing climate neutral and nature friendly actions at the centre of their growth agendas. Accordingly, it is essential that the NDP provides flexibility around future sustainability investment needs after the Climate Action and Low Carbon Development Bill is enacted.

Active consideration should be given to appropriately designed policy and funding mechanisms that support IDA strategy to win sustainable investments that can deliver positive developments, such as:

- decarbonisation infrastructure (e.g. renewable energy generation across wind, solar and biomass)
- emerging decarbonisation technologies (e.g. carbon capture and storage; green hydrogen)
- digital technology enabled sustainable production (e.g. advanced smart energy systems; ag-tech enabled sustainable agriculture)
- disruptive activities linked to the circular economy (e.g. renting and sharing business models; product design focused on life cycle approach)
- smart mobility activities (e.g. connected and autonomous electric vehicles; mobility as a service solutions)
- green finance (e.g. financing focused on climate innovation, renewable energy and ecosystems)
- strategic value chains underpinning the green transition (e.g. data solutions; essential components or raw materials)

Telecommunications

Ireland is currently overly reliant on the UK for fibre connectivity to continental Europe. Post-Brexit, this situation increases the operational risk of servicing the EU market. The provision of enhanced direct connectivity to the EU should be a strategic and national priority. IDA understands that the business case for developing such infrastructure may not be sufficiently viable for infrastructure providers (i.e. operators dependent on a range of content/data centre companies) and so state and EU support should be evaluated.

Education, Skills & Research

The availability of talent is critical to Ireland's future ability to attract FDI and to grow indigenous businesses. Addressing issues in relation to the long-term sustainable funding of third level education will be key to ensuring that Ireland remains competitive internationally. Allied to this, Ireland's investment in Research, Development and Innovation (RDI) falls short of our goal of 2.5% of GNP. In 2018, such investment was estimated at 1.46%. Targeted measures should be introduced to increase this in line with other countries.

It is also important that we continue to ensure that the skillsets of third level graduates, both technical and 'soft' skills such as critical thinking and innovation, are aligned with the needs of the economy and that funding contributed by companies through the National Training Fund is used for demand led programmes. Ireland needs to intensify efforts to boost high-level ICT graduate output from the education and training system in line with the target (70% of annual expected demand) set out in Technology Skills 2022. Linked to this, the National Competitiveness Council highlight the need to meet the Future Jobs Ireland target of bringing the proportion of workers with basic digital skills at least in line with the EU average by 2025.

The provision of good quality higher and further education infrastructure, as well as investment in eEducation, is also essential if we are to remain competitive. Improvements in the provision of further education and training is particularly important for upskilling and reskilling employees so multinational companies remain internationally competitive and those that have lost their job can be brought back into the workforce.

Water Services & Energy Supply

The availability of high quality, competitively priced and resilient water and energy supplies is vital to enable the agency to continue to attract high levels of foreign direct investment. This would include resource intensive clients in the life sciences and technology sectors. Population growth and increasing demand from enterprise requires infrastructure providers to continuously stay ahead of demand. In this regard, it is essential that sufficient headroom is available to enable the network operators to demonstrate the agility

necessary to meet the needs of international scale investments. Concerns around resilience and capacity, including those currently being expressed around the energy system, must be answered with clear plans, both short- and long-term for enhancement of networks and sources of supply. To do so, it is important that the wider public policy framework, including economic regulation and the planning system, is conducive to the delivery of the operators' capital programmes in a timely and efficient manner.

NDP Communications

The NDP annual report, project tracker and regional briefs are excellent resources which significantly aid the agency in our engagements with multinational clients. These resources should be maintained and updated in any review of the NDP. Consideration should be given to the frequency of updates and the potential to further develop these resources in line with technological developments.

Budget Management and Multi-Annual Investment Ceilings

Budgetary over-runs and delays to project delivery are an ever-present risk to all forms of capital expenditure. The revised Public Spending Code provides a comprehensive mechanism to control and manage such risks. However, there may be scope for additional actions that could drive further efficiencies and give certainty around the delivery of key projects.

For instance, the multi-annual capital allocations published in the budget expenditure report and the detailed programme allocations agreed as part of the annual estimates process promote prudent financial management of major capital projects and provide a budgetary line of sight that is not available from annual allocations. The multi-annual ceilings in the NDP should be retained while consideration should be given to providing greater budgetary certainty to public authorities over a medium-term horizon.

Implementation

The efficient delivery of the key projects identified in the NDP is of paramount importance to Ireland's future economic and social development. This is even more important in the context of the challenging economic environment facing the country as the economic shock triggered by the Covid-19 pandemic continues to reverberate with elevated levels of unemployment and lasting disruption in certain sectors. Furthermore, against a backdrop of declining global FDI flows in an increasingly competitive market for investment, it is crucial that a strong emphasis continues to be placed on implementation of the plan in order to eliminate delays and maximize Ireland's value proposition for Foreign Direct Investment.

Conclusion

IDA Ireland is grateful for the opportunity to contribute to the NDP review process and looks forward to the publication of the revised plan later this year. If you have questions in relation to any aspect of this submission, please do not hesitate to contact me.

Yours faithfully,



Martin Shanahan
Chief Executive Officer

Appendix: Key Projects and Outline of Underlying Rationale for Investment

Access to the North West (N2/A5, N3 & N4)

Delivery of planned improvements to the N2/A5, N3 and N4 road corridors to the North West will be critical in assisting the agency to successfully promote the region for investment.

M28 Cork to Ringaskiddy

The M28 will provide enhanced access to the Port of Cork's new facilities at Ringaskiddy and improve access to the significant life sciences cluster in the area.

N6 Galway Bypass

The N6 bypass will relieve traffic congestion on the existing urban road network and present opportunities for enhanced sustainable mobility solutions within the city.

Metrolink

The proposed Metro will offer a landmark sustainable mobility solution for north Dublin and offer reliable and efficient connectivity between Dublin City Centre and our busiest airport.

Luas Capacity Works

Investment in the Luas network will add significant value to the quality of the existing public transport offering and provide improved access to several IDA properties and major clients.

Bus Connects

The various Bus Connects proposals offer a major opportunity to reverse the current overreliance on private cars in our cities and in doing so will combat urban traffic congestion.

N5 Westport – Turlough

The N5 is a key access route to the west and one upon which many of our clients rely. Improvements to the route will support the operations of key clients in the region.

N21/N69 Limerick-Foynes

This road scheme will provide significantly improved access to Shannon Foynes Port and reinforce the attractiveness of the Mid-West Region for investment.

M20 Cork to Limerick

The proposed M20 will enable economic synergies to be realised between the clusters of FDI clients in Cork and Limerick and will make a major contribution to implementing the NPF.

Dunkettle Interchange

The M8 / N25 / N40 interchange is a vital cog in the national road network in Cork and its improvement is key to providing for the road freight and business travel needs of key clients.

NTA Sustainable Travel Initiatives

Several IDA properties are impacted by the effects of urban traffic congestion. It is important that the NTA is adequately funded to deliver walking, cycling and junction improvements.

Urban road improvement projects that support NPF or RSES development centres

Projects that open key landbanks or address network pinch points should be supported. Examples include M50 motorway operational enhancements and the Limerick Northern Distributor Road.

Rail Network

IDA strongly supports the ambitious programme of heavy rail investment in the current NDP.