



**31<sup>th</sup> March 2017**

National Planning Framework Team,  
Custom House  
Dublin 1

**Re: National Planning Framework**

To whom it may concern,

On behalf of RHH International I am happy to provide a submission in relation to National Planning Framework consultations.

We cannot pretend to any special expertise in this area, other than that over the past two years since our founder John Moran left the Department of Finance, we have been involved in much dialogue about this subject. As a result, our own thoughts have evolved and been informed by much interaction with people more expert than us.

We believe the development of the NPF comes at a crucial time in Ireland's history and so we wanted to share some of our thoughts with you.

We believe that 2017 is the opportunity for Ireland to do much better forward planning. We would like therefore to encourage you to think big and recommend the radical but considered solutions now required for the structural problems building up in Ireland.

Our population remained largely constant from 1916 until the 1970s. Since it has expanded by 50% from 3 million to 4.5 million. Traffic congestion, poor infrastructure and housing shortages show how badly we have planned for this growth.

Facing into further increases of almost 2 million over 30 years, we must approach these next decades with a clear focus on where will these people live, work, be educated and play as well as asking how will they travel for daily chores and for longer trips. Government intervention can play a major role in this.

RHH International would like to take this opportunity, therefore, to submit to you (see annexes) some of our more relevant speeches or media articles hoping they will be helpful in advance of formal consultations in January. We also summarise some of our key messages below:

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**RHH INTERNATIONAL UNLIMITED COMPANY**

The Old Coach House, Chapelizod Road, Dublin 8, Ireland  
t [REDACTED] e [rh@ghmail.com](mailto:rh@ghmail.com)

**Directors:** John A. Moran, T. Brendan Moran

**1: Dublin's population growth has resulted in the city becoming unaffordable and uncompetitive in terms of quality of life.** Not addressing this issue we risks Ireland's ability to compete.

Therefore, either Dublin requires radical surgery (for which it is probably not able or willing) or we find alternative interconnected poles of population elsewhere on our island - ideally in the West - with due consideration also to Waterford and perhaps Sligo.

**2: In order to entice mobile inhabitants to locate in scale to these locations, best in class public services like education, health and public realm amenities must be prioritized even if to a standard higher to that of Dublin at the outset.**

Ideally, serious consideration should be given to the location of national level services where possible (ie: national Cancer services etc) to a concentrated centre of this alternative pole of economic activity and population.

Such a growth in services will in any way be necessarily to accommodate an additional 1-2 million increase in population. An overconcentration of such services in the capital where not otherwise necessary should be avoided

**3: The feasibility of such a plan requires better connectivity between the new urban growth centres.** For example, a motorway from Waterford to Limerick would, with one piece of infrastructure, connect all four cities by motorway whilst the Galway to Limerick motorway is also completed thereby opening up the southeast to the Western Economic Corridor.

Given that our largely uncongested Irish motorways are already permitted to travel at max speed then further investment in higher speed rail connectivity is necessarily both to reduce carbon emissions and to genuinely make distances 'shorter' between Dublin and the other cities starting naturally with the central location of the new economic area and Dublin.

However, even a reasonable speed train (300 – 350km/hr) travelling to a location such as Limerick with 300-400k people would also permit considerable reduction in travel times to Cork and Galway even without further investment on those lines.

Whilst resources become available, of course connecting the other cities in a similar fashion or at least more efficiently should be next priority.

Such a rapid rail service would also greatly facilitate the relocation of national level services even for those living in Dublin in turn creating a virtual circle of improved services which would also lead to increased population in turn leading to higher justification for the location of the services other than in the likes of St James's, Donnybrook or Belfield.

**4: Population/migration and growth in Ireland is creating an incredibly unfair situation** whereby new generations can not necessarily aspire to living standards seen by generations before even where they achieve more in terms of education and work as much if not even harder.

A solution to this problem as described above will of course require considerable investment in infrastructure and forward planning but this will be a small cost in order to realise an Ireland in which such unfairness between people who have lived on the Island for many years and those choosing to live here today.

We should probably say that we are likely to circulate some of these to others involved in the process to in the upcoming weeks.

We remain at your disposal for any further conversations or required clarification.

### **Sunday Business Post series**

Most recently RHH International was commissioned to write a series of three short key articles forming the main basis of our submission which set out:

- (1) Problems we identify with the existing development of Ireland
- (2) Why and how more capital spending needs to be a bigger part of the solution given the backdrop of under-investment in capital stock not just in Ireland but across the EU, and
- (3) Questions for which radical and ambitious solutions are required and what they might involve.

While the newspaper articles tried to remain somewhat neutral to stimulate debate in offering either of two choices, given our views of the likely resistance to wholesale change in Dublin's urban fabric at present, we strongly recommend building an alternative urban pole involving the four cities of Cork, Limerick, Galway and Waterford. This should accommodate by choice the lion's share of the population growth with the best available services and living accommodation.

As resources are too scarce to set up four independent poles, we recommend minimal transport expenditure at the outset so that the four be reoriented around a central focus (between Ennis and Cahir) and that public services be prioritized for this geographically central axis and no longer be provided from Dublin.

We also recommend this pole should be connected to Dublin by rapid transport (a decision to be evidentiary based not using only current populations but as a catalyst for a future distribution of sufficient scale in a more carbon friendly way). Accordingly, the country would operate much more as a single unit and some non-critical services and higher level capacity otherwise for the capital can even be located more efficiently in a lower cost environment in a new pole within 1 hour or less of Heuston Station. It should be easier to convince industry and talent to take advantage of lower cost living and locate elsewhere than Dublin where there is a vibrant local (not commuting) community but also short distances to and good connectivity with Dublin.

The assumption is that the new urban area is encouraged to grow in a carless public transport dependent way permitting much larger scale to be developed without the congestion and unaffordable living typical with car dependent central business unit cities. It is a case not of subsidizing a right to a car but facilitating and enabling people to exercise a right to be able to live without needing to have a car.

These conclusions were developed over a series of articles and other speeches the most important of which were:-

## **Planning Institute Conference October 2016**

At this conference RHH International highlighted the need for a new modern strategy if Ireland wants to remain competitive on the global stage. We suggested a need to quickly develop new spatial strategies and related planning rules and suggested Dublin particularly needs to improve dramatically its own urban fabric but we also need to see greater regional development as our population and economy expands.

We analysed four distinct types of development and stressed the need that we must not think we can develop a once size fits all planning approach or simply continue going as we have done in recent decades.

At the conference we suggested 'Putting the East on a diet' for a while, we suggested that Suburbia as the answer was not necessarily the right model and proposed an idea of "urbia", - Increasingly, young people and others all over the world are now turning their back on suburbia to want to live in denser urban spaces and those of us who grew up living in suburbia or rural Ireland hooked on cars need to recognise that if we want to retain and be attractive for our kids and the world's talented kids.

We proposed the idea of Ireland focusing energy on developing a small number of globally connected regionally distributed cities with a local feel – so called "glocal cities" - by densifying and modernising our urban models of planning there.

We noted how population centres can have different functions and stressed that we must also not look at all of our growing population centres in the same way. We need to draw a difference between how we approach a population centre which has expanded largely dependent on another larger space close by for its economic growth and those centres with sufficient clusters of activity and the growth potential to be themselves a "big city" for their hinterland.

The speech suggested a mindset change is required. This we can do by ditching overly restrictive regulations for example on height (but not necessarily just extra high buildings but broader 6-8 storey development), regulations designed to protect vested interests or unreasonable requirements for unnecessary parking or excessive minimum size apartments.

## **Dublin 2050 conference in association with Dublin Chamber**

Earlier in April 2016, RHH International spoke at the Dublin 2050 conference, organised by Dublin Chamber of Commerce where we called for a much greater focus to be placed on balanced regional development in Ireland. Another speaker addressed in more detail the failings in Dublin's current structure but concluded as an alternative in favour of a new model for continuing development of the Eastern seaboard.

We suggested by comparison a geographically central Limerick metropolitan area be encouraged to grow rapidly to a vibrant urban part of 600,000-750,000 or more. This would not only provide considerable relief to Dublin but it would ignite not just rural Clare and Tipperary and if properly connected could also service growth in Galway and Cork who would find new services only an hour away rather than the more than two hours to Dublin. While existing centres like Cork could lay a similar claim to be such a centre, our fear is that situated close to the sea, they like Dublin have a structural inefficiency to their hinterland where some 50% is not land-based.

The new area better connected to Cork and other regional cities would however attract more activity from Dublin into its core and the other cities and help greater economic spillovers into the areas between each of the cities, creating a new symbiotic relationship between our urban and rural living choices.

**SITT conference, Donegal, November 2016**

We further developed these ideas at the SITT conference in Donegal in November 2016 which was helpful as they could be debated and indeed were well received by representatives from DIT and the NTA in the panel discussion.

It was at this conference that we were more specific about the nature of the counterpole and the need to have some greater percentage of Ireland's future population development accommodated in a way which does not require a car and is in higher density accommodation.

Given that we were in an area geographically far from Dublin and the new urban pole, a focus of the debate was also on the need to find alternative competitive strengths to not see further decline in such areas. For example tourism or even as we suggested for Donegal retirement tourism so to speak and a redevelopment of Donegal towns and their health services to accommodate Ireland's growing retirees looking to downsize from valuable housing in Dublin.

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We hope that the attached goes some way towards identifying some of the key policy areas RHH International believes should be a key focus as we develop a new National Planning Framework.

RHH International would be keen to assist in the future development of the Framework and look forward to engaging further in this regard.

Kind regards,

**JOHN A. MORAN**  
Chief Executive

# **DESIGNING A FUTURE FOR IRELAND**

## **Part 1 – Could long term gains help with short-term pain?**

Writing in this paper two weeks ago, I called for a long range plan to debate competing spending priorities for Ireland.

This was against the backdrop of demands for faster pay ‘restoration’ from public sector unions who want to return to what were unsustainable 2008 pay levels.

We are now on the cusp of a real debate. That we are hearing from more interested parties is to be welcomed, as this affects us all. Our decisions affect not just us but also our children and their children.

Most people recognise that we have a finite amount of money. They also accept that poorly considered, knee-jerk reactions to the very many problems we currently face must be resisted. We do not want to return to groundhog-day where, faced with rising costs, we let wages and spending get out of control, exceeding so significantly what we as a country were really earning.

Ever-rising wages, like before, are not the answer as they do not address the fundamental problems we have; underlying structural problems and demographic pressures demanding action and investment costing multiples of the euro amounts at issue in the current wages battle.

We need to start thinking about how to do things differently

In this trilogy of articles, I hope to help frame that debate further by setting out some of the long term challenges (today), looking at the backdrop against which we must deal with those problems (next week) and then trying to identify some of the key areas for decisions (week 3).

### **Problems are building**

While we focus our attention on the struggle to alleviate the pressures of today, Ireland is facing unprecedented structural problems receiving too little attention.

I am not talking about Brexit or Trump.

I am talking about the consequences of our economic success and ongoing major population shifts, as well as our abject failure to create a vision and carry out adequate planning for the future.

Many of these problems were masked by the crisis which subdued demand temporarily. They are re-emerging. If we don't tackle them head on, they will worsen and cost even more to resolve.

Today, we have a population of just under 5 million. The Central Statistics Office predicts we will have 6.7 million people in Ireland by 2046, an increase almost equal to the population of greater Dublin today. This will be one of the most significant transformations in our country - and only over 30 years.

How do we plan where they will live, work, play - commute?

Will twice as many people ride our already crowded buses into Dublin city centre?

Will the congested roads out of Dublin double in size to carry twice as many workers home in the evening?

Will we allow ballooning towns like Edenderry or Navan, which are not connected by train to Dublin, or other underserviced suburbs, continue to grow exponentially while Portlaoise or our regional cities with direct train links to Dublin plan much more muted growth?

The infrastructure logjams could even be worse than we project.

The CSO's projection is based on the fertility rate remaining steady, but its 30,000 net immigration projection is now questionable. Ireland could, after all, become the EU destination of choice for post Brexit UK citizens who want to live and work in the EU. It also seems conservative given international students already make up about 9 per cent of our 210,000 student body, a percentage expected to grow to 15 per cent.

Instead of playing catch up as so often before, why could and should we not in advance re- envision our country and prioritise the implementation of measures to accommodate this growth thereby also providing much relief for the current problems we face.

This will require serious investment.

### **Demographic pressures already evident**

Demographic changes, even if conservative, were predicted by Minister for Public Expenditure and Reform to require €500 million in additional annual public services spending.

It is likely that this is what is needed to stand still: not improve. Why should we not plan for improvement?

We also have another time bomb ticking away in our midst. We are projected to have over a million people aged over 65 by 2031. This will place enormous pressure on the sustainability of our pension system but also on our hospitals, nursing home, stay-at-home carers and call into question more fundamentally how and where these aging citizens might best live so as to have the safe and enjoyable retirements they deserve.

We are already responding to these demographic pressures and it will get more demanding. Public sector numbers (excluding local authorities) peaked at 285,000 in 2008. Far from being decimated since the bust, by 2018 the pay bill of €17.2 billion will pay for 294,000 workers. Add local authority workers into the mix and we are over 320,000. How many will be required when we hit 6.7 million? And what can we afford to offer those additional recruits as pay and pension conditions

Most users of services would probably argue we should have more public servants. But do we want more public servants or more highly paid ones?

### **Diminishing fiscal space**

Against these challenges, our economy is clearly losing momentum. The money we think we will have available to us - the fiscal space - could disappear in the face of external shocks to our recovery like Brexit or internal shocks coming from demands for additional pay spending.

This makes it essential to spend wisely.

We all know too well how painful austerity measures are and the high human and societal cost they extract, especially against a backdrop of post crisis legacy problems. We never want to go back there.

Many people are still struggling with the legacies of the bust. Spending pressures meant cutbacks in the provision of support services. The homeless, transport services and rural services have all been hit. So have services for children with learning difficulties, adults with mental disabilities or even elderly people needing greater care or relief for their home carers.

Many more of us are back in work than in 2012 (employment is back over 2 million people), but constrained wage levels coupled with soaring housing rents and climbing insurance premiums means many people are struggling to make ends meet on a monthly basis.

The fiscal spending demands for these issues are already very significant and we must find money to deal with the most deserving needs. But it is in better planning for the future that solutions can be found to today's problems.

### **Poor ranking for liveability**

We must strive for a best in class standard of living for all of our citizens.

Let's look first at Dublin.

The good news is Dublin has moved up four places in their index of Liveable Cities in research from the Economist Intelligence Unit. It measures cities over five criteria: stability, healthcare, culture and the environment, education and infrastructure.

The bad news is that this puts us only joint 46<sup>th</sup> on the list of 150 cities.

We can take scant comfort from the fact that other capitals like Lisbon, Athens, Budapest and Rome rank below us, while in a world of converging corporate tax rates and a battle for talent competitor EU cities like Vienna (2<sup>nd</sup>) and Helsinki (joint 10) are in the top ten and Australian and Canadian cities occupy 7 of the other top ten places.

Will Paschal Donohoe's €500m mean we stay at 46<sup>th</sup> in liveability or have we properly aspired to replace Melbourne at the top of the list?

Given how we have tended to locate our best health, educational and cultural services in Dublin, other regional cities, if included, are not likely to perform any better than Dublin's weak 46<sup>th</sup>.

Once you can make ends meet, other liveability factors become more important in mature societies.



Right now too many of our citizens cannot even make ends meet, and our infrastructure failings come at additional huge human and personal cost too.

Those forced to deal with the daily consequences of the increase of 14 per cent in traffic on our roads since 2013 know this. They agree with the sat nav maker who found that Dublin is one of the 10 most congested cities in the world. In Dublin, drivers having a 30 minute commute lose 96 hours a year to traffic jams (and with them often small children on the way to the crèche too).

Those who have visited our overcrowded antiquated hospitals with loved ones know what best in class does not look like.

We are also failing in investment in the education of our children and need to do even better to retrain those in long term unemployment.

Increasingly, parents struggle to come up with money to buy books for their kids, pay for higher level education or even just sporting opportunities. For some parents finding more money is not a reality and they live with the knowledge that their child may start out life at a disadvantage to kids from another neighbourhood.

That should not be our reality.

And even were that child to make it to our top ranked university, they would find that university struggles to be in the top 100 of the world and that they are disadvantaged to their peers from other countries where investment in higher education is more of a priority.

### **Unaffordable cost of living is worsening**

While our liveability ranking is low, our cost of living soars beyond even those on the national average wage.

AA Home Insurance has calculated that the annual cost of owning and maintaining a family home has climbed to €16,611. That is 45 per cent of the current average Irish national wage.

The situation is worse for many households as those numbers don't highlight the extreme cases paying soaring rents in many areas.

Although average property prices have increased to €215,000, this is still far below the average cost for those who bought in 2007 (€330,000) or the cost for many neighbourhoods in Dublin today.

These figures do not include costs such as food, social inclusion, communications, education and childcare, clothes and, for those who can afford them, health insurance and a car. These were calculated by the Irish Times to bring it all to a grand total of €45,013. That is far in excess of the average Irish industrial wage.

Given this backdrop, it is hardly surprising that so many people are suffering, feel angry and may be reliant on social welfare support.

Imagine if childcare became free. Imagine people trusted our public health system and did not feel compelled to buy supplementary private insurance. They would, according to the Irish Times, save €8363.

If our infrastructure allowed us to dispense with the need for a car we would bring the costs down below the average national wage. That would have a dramatic impact on the standard of living for so many.

If we then brought the average cost of an average home to within 33 per cent of wages, which is a more reasonable international ratio, the cost of running a household would drop to below €30,000.

In a more ambitious longer range housing strategy, the government could achieve this by facilitating priority development of new accommodation which remains affordable over the long term and is both climate friendly and built more densely, perhaps in new more affordable urban areas. As it would allow for cheaper provision of public services, it should be easy to reward people volunteering to be 21st century frontier seekers.

All of these are better longer term solutions than universally accorded pay rises.

### **Over-concentration of Greater Dublin Area**

Dublin is both a key part of our solution but also at the core of many of our problems.

Despite advice to the contrary in the Buchanan Report in the 1960s, we have concentrated our activities and growth in a largely suburban Dublin that is structured around a relatively low density central business district.

Few countries have more than 30 per cent of their population living in the capital. Even in Greece with its well-known concentration, Athens only approaches 30 per cent. On the other hand, Dublin holds 40 per cent of the Irish population and it continues to grow. Do we really expect most of the 1.7 million of population growth to settle in the greater Dublin area moving us close to or above 50%?

Right now, jobs and workers gravitate to opportunity in our capital. Students stay after they graduate, leaving stagnant or declining populations in much of the rest of the country.

In Dublin, housing has become scarce and expensive. Roads are too crowded and public transport is insufficient.

To make it worse, we design our public services to follow - and possibly even drive - this population growth.

We should instead use public services as pull factors to encourage game-changing growth in one or a small number of other more affordable regional cities.

It does not seem to have occurred to us that as Dublin, an original Viking port, is on the east coast. Much of it is surrounded by water, which limits expansion, east of the centre.

That means it requires a circle with a radius double the size of an inland location to allow the same number of people to live within striking distance of the central business district and its services.

### **Rural Ireland falls behind**

While it not as bleak as some might like to think, the counties outside of the Dublin hinterland continue to fall behind.

Per capita jobs growth in the west has been less than a quarter that of Dublin.

CSO figures show employment in the Border region has fallen by 11 per cent in the nine years to June 2016 compared to 3.6 per cent in Dublin.

The rural urban dichotomy is further highlighted by broadband (Internet access) speeds, with some areas of the country having broadband speeds 36 times slower than parts of Dublin.

Investment that would create a new symbiotic relationship between the rural Ireland of 2050 and a new cluster of regional cities would address the problems manifest in rural Ireland.

### **A Frightening Picture: A New Opportunity**

The picture painted above is frightening at one level. It also presents great opportunity.

We as a country are facing a crisis borne out of our own successes. But it is this crisis which presents the opportunity for a transformative plan. It demands an end to status quo iterative improvements which will never be able to keep up. Most of all, it will require investment and alignment in a common direction.

In order for us to work together and make more personal sacrifices in the common good, our politicians and policymakers must provide a compelling vision for the future of Ireland.

They must show us a tomorrow that can be much better than today. They must reassure us that the results of any further individual sacrifices will benefit all not some of us.

It is not unrealistic to plan and implement now a vision that will allow us to create some of the best cities and rural hinterlands in the world in which to live. This can be done without leaving any of our fellow citizens behind.

# Future Proofing Ireland

## Part 2 – The need for more investment

### Background

In the first part of this series, I identified two sets of problems for Ireland: legacy problems, like overstretched hospital services, homelessness and over-indebtedness, dominating the public debate and much more important underlying structural problems.

The latter require a longer range comprehensive plan. Otherwise, we play a never-ending game of catch up, with not enough money to alleviate the short term problems to anyone's satisfaction.

Before the last crisis, we responded to similar issues with wage rises. We lost our competitiveness, developed a property bubble and our finances went off the rails.

We did not make the sacrifices of the last eight years to do the same again.

We now require strong leadership from Kildare Street to make the hard choices. Our elected representatives need to allocate funds for serious investment even if that does not please everyone today.

They must take ownership of these decisions for themselves, now that we no longer have the troika programme to blame.

### **Without investment our economy will not grow to potential**

We know that economies need investment to grow.

Investment in our economy is back to what appears to be a healthy 10%. It has returned to pre-crisis levels. But we've seen that a large surge in intangible investment (much caused by multinationals moving patents and related income to Ireland) is flattering our numbers.

The level of investment in the built economy, including housing, remains too low to catch up for years of under-investment. As Dan O'Brien recently observed "the inflation-adjusted €3.5bn that was spent on buildings and physical infrastructure was the same as in the late 1990s".

Little surprise therefore that we have a housing crisis.

With the private sector not investing, it is time for governments to step up. If necessary it should de-prioritise current spending to facilitate that. The Government was not in a position to divert large resources to housing during the crisis, but with interest rates at historically low levels, revenues back up and unemployment down below 7.5%, government must do more to stimulate activity more until private sector investment fully returns.

### **Our Capital Spend is Inadequate for our Future**

Capital investment is not just needed to provide affordable housing. It should be used to make the economy more productive, with, for example, broadband and public transport reducing wasted commuting hours. It could also be used to invest for the future in schools or to help tackle climate change or to simply make life more enjoyable and healthy for all by providing sports facilities, parks, or better cultural facilities.

A new €10 million pay rise is here today and tomorrow. It uses up expenditure bandwidth automatically every year going forward, multiplying the cost of the initial decision.

By contrast, capital expenditure allows new projects every year.

Capital spend as a percentage of total spending and of the economy shows if a government really has vision and whether it is interested in prioritising investment in our future.

In Budget 2017, some €68bn of voted and non-voted expenditure was allocated to different priorities. Capital expenditure is a mere €4.5bn or 6.6 per cent of that total.

And at €32bn for the period 2016-2021 the longer run average looks no better.

At only 1.6% of our GDP, this put us among the EU governments investing least in the future of their countries. How could we be happy with this? How can our elected representatives all stand over it?

### **Even so, limits are required.**

Irish governments have largely done a bad job at breaking from a boom to bust cycle. This makes spending and investment very difficult to manage.

Pressure to distribute economic gains, especially if there is an election, can be very difficult for politicians to resist. But increases in current spending, such as social protection payments, made during good times can be very difficult to reverse. Capital expenditure often takes the first hit when bad times come. This was very much our case in recent years.

But I am not suggesting that we should we just open the taps recklessly on capital spending.

European and now Irish rules force governments who lost their way to reduce deficits which are over 3% and considered too large.

Additionally, the “preventative arm” of the rules require us to balance our books better and to finance increases in expenditure with stable sources of revenue, not once-off windfall gains or from revenues from over-heated economies.

While restrictive, these are sensible.

Given our national debt is coming down, though, the case exists for flexibility to ring-fence some of the windfall revenues (and frankly this includes our corporation tax increases right now) for capital spend rather than debt reduction. This should include our corporation tax increases as the might so quickly reverse direction.

You are all familiar with signs showing that a new train or school or road was part financed by European Structural Funds. Imagine how powerful it would be if we started erecting signs on new infrastructure that said “paid for by corporation tax”.

### **When is spending not public spending – the Eurostat rules**

We do not have to finance all of this through current year general taxation though.

Across Europe and beyond, critical infrastructure is financed without using up critical headroom in expenditure or debt ceilings using public private partnership (“PPP”) and other similar off-balance sheet structures.

The risk and rewards are largely transferred to private investors. Additional user fees like for example bridge and road tolls are charged on those who use the new infrastructure to repay the borrowing to build it in the first place.

Our recent track record of adopting these structures is poor with the Irish Water debacle. If our Oireachtas cannot show better leadership what other necessary infrastructure will have to be long-fingered?

### **And funding options are being wasted**

Right now, to supplement limited government spending, we rely very much on existing semi-state investment.

We have only €500m of PPP investment planned until 2021.

During the darkest years of the crisis, banks and others were not prepared to lend to Irish projects but now they are back and we also have two other funding sources, the Strategic Investment Fund and the European Investment Bank.

These sources are not being tapped to their full potential.

Some €8bn was ring-fenced from the former national pension fund to kick-start investment into our future. Billions remain waiting to be invested in transformative projects.

The European Investment Bank (EIB) which is Europe's policy bank, funds infrastructure development and small and medium enterprises.

Lending some 70 billion a year it uses pan-European support to greatly reduce the interest rate and lengthen the time for repayment for financing for social housing, energy retrofitting, green energy funds, energy infrastructure, educational facilities, transport projects and much more.

I am on the board of the EIB. Every month, I sit at the board meetings and think Ireland could leverage this option more if we prioritised better long term investment.

### **Our "new politics" has some hard choices to make**

While off-balance sheet structures, such as PPPs may help they are not the only answer.

Our government and the Oireachtas also need to step up and take hard decisions to prioritise capital.

There is already pressure to raise spending on public pay.

Against this backdrop, we can see that rising bond yields suggest higher annual interest bills on the €50 billion or so of government debt that will have to be refinanced in the next four years.

In other countries with a stronger left-right divide, key issues get debated each election. People make their choices. What size should our government be? What should total tax take be and from whom? How should we spend that?

In Ireland the inevitability until recently of either a Fianna Fáil or Fine Gael led government made such important debates largely irrelevant in the past.

Not so anymore.

It is time to have a proper debate, settle on our direction, and develop a plan for the future.

Governments can no longer simply impose and vote through a choice they believe is right. Nor should they be able.

New media facilitates pleas from one deserving sector or another to drown out the bigger picture and often other deserving cases.

Responsible government can look unfair and sensible commentary can be easily dismissed as being some biased “establishment” view.

Social media makes it easier to play the opponent not the ball.

Government needs to excite the electorate with a new credible vision for the future so we understand and agree why short term compromises need to be made.

### **With the troika gone, we need everyone stepping up to their responsibilities...**

During the troika period, the bailout programme set out the broader plan. It served us well to establish momentum and identify the direction of travel clearly.

But we wanted our sovereignty back.

Now we have it, the Oireachtas needs to be brave.

A new long-term vision and plan is needed to avoid an unstable world of street protests, strikes and mid-year u-turns.

Everyone should engage in the debate on the type of country we want to create.

I welcome the intervention of the Fiscal Council this week into the public pay debate. But why though did this body, set up as our watch dog, wait so long to enter the debate so strongly?

Would things have been different otherwise these past couple of weeks?

And then there are many others whom we still have not heard!

Being late is regrettable but being silent is not forgivable given what groupthink did to us before the last crisis.

### **The Big Ticket Items in 2017**

So what should we look out for?

At least four important documents get decided in 2017; the National Planning Framework, the Comprehensive Spending Review, the Capital Expenditure Plan and the Budget 2018.

The National Planning Framework is a key document that will determine how to deal with many current structural problems and the rural-urban (Dublin) divide. “Expert” views will bump up against the politics of how to get re-elected where local issues have often been allowed to trump national interest. Can we finally break this cycle?

The Comprehensive Spending Review will review all expenditure before recommending priorities for Budget 2018. Will government finally start to allocate funding first to high-level priorities or simply continue to adjust starting with departmental expenditure allocations from last year?

The Capital Expenditure Plan will decide the winners and the losers for capital spending. Let’s hope we decide on the direction of the National Planning Framework first so that we add services where

we actually want our new rapidly growing population to live. How will any amounts not already targeted for housing be allocated?

Finally, we have the annual budget for 2018. We usually focus on the drama of what this means in each of our pockets.

All too rarely do we see key decisions seriously debated about the size of government, who and how to tax and how to spend the money the state has (or will borrow).

Will commendable new objectives like a 40% debt to GDP and a “rainy day” fund ever be supplemented with a legislated minimum floor for capital expenditure to make sure it is never again the easy sacrificial lamb on the altar of austerity?



## Future Proofing Ireland

### Part 3 – Achieving regional balance for greater equality of opportunity

These past two weeks and today, I have examined how well we are future proofing our country to prevent another major crisis. The picture is not pretty.

We face a future with major structural problems but without a vision and a willingness to invest in that vision.

In this third article, I examine the fundamental choices we are not confronting.

We may not like to admit it but our preference for car-based suburban and rural living model discriminates among our population.

It reinforces privileges for those rich enough to be able to afford a car, fortunate enough to have their own private garden space or lucky enough to have been around in time to buy a home when buying a home was more affordable or even those granted an affordable house in the centre of an ever increasingly unaffordable but an increasingly prosperous Dublin.

An alternative approach could instead open up much more equal opportunity for all of our citizens, including those not yet born or those who will move to our island as our population grows by a further 2 million or so in the next 40 years.

We have an opportunity to come together to develop a plan robust and radical enough to deal with these issues.

The National Spatial Strategy was prepared in 2002 and is only now being revised despite the turmoil of recent years. The climate change mitigation plan was published in 2007 but expired in 2012 – five years ago - as we undershoot our 2020 climate targets despite all of the help from the recession which subdued our economic activity and emissions.

Will 2017 finally be the year when Ireland gets the will or is forced to do forward planning?

#### **We do not do forward planning well.**

Our population remained largely constant from 1916 until the 1970s. Since it has expanded by 50% from 3 million to 4.5 million. Traffic congestion, poor infrastructure and housing shortages show how badly we have planned for this growth.

Now we face a further monumental increase of almost 2 million.

Where will these people live, work, be educated, play? How will they travel for daily chores and for longer trips?

Why are we not concerned?

Has post-Famine low and stable post-population dominated so much of our modern history that we have become incapable of appreciating and planning for this level of rapid growth?

Our public and political debate devours the minutia of current day-to-day problems; not a debate on a holistic plan to wisely invest in our future.

### **There is a need for a plan.**

We've run out of houses, our overcrowded buses are passing people by at bus stops again and our roads and hospitals are congested and amazingly we're still not credibly planning for the future?

We have an estimated Fiscal Space of 9.3 billion over the next four years. Diverting one half to capital expenditure, would double our capital budget to 8 billion per annum in the 2020s.

We would no longer have one of the lowest capital spending levels in the EU?

Our draft Capital Expenditure plan will likely identify projects within current spending limits.

Why not produce and debate a second option where our capital spending in the 2020's is 80 billion?

Do we actually know what our top projects for this extra 40bn spending should be?

Only in this way could we see what missed opportunities we have in not doing more to address the following issues.

### **Dublin**

The first and most important decision – Do we continue to grow Dublin as our primary engine for growth or do we build a counterbalance to reduce the percentage of our total population in the greater Dublin area, say closer to 25%?

As with all choices, each comes with consequences.

If Dublin is to continue its current trend to likely house 50% of our population, say 3 to 4 million people, then we have to penalise car use and invest in public transport until it becomes the only practical way the inhabitants of or visitors to our city get around.

We also need to quickly stop Dublin sprawling and put an end to the two storey, private garden model aspired to by so much of our capital city.

Otherwise we consign those not yet in situ to commuting further and further each day and the social and health problems that go with that.

### **Suburbia is not sustainable**

Our historical inner suburbs just outside the canals (Ringsend, Sandymount, Ranelagh, Crumlin, Phibsborough, Glasnevin) and beyond were not built with a city of two million people or more in mind.

When cities like London, Paris or Madrid were built for scale, higher density neighbourhoods continued far beyond walking distance of the city centre.

Our plan would need to overcome nimbyism (“not in my back yard”) to rebuild higher density in this historical ring. Politicians cannot laud their efforts to stop higher density in-fill projects within a short distance of the city centre, a distance less than that from Canary Wharf in London to Piccadilly Circus or La Defense to the Louvre.

Perhaps Dublin's leaders and a desire to retain its history make this all impossible.

If Dublin prefers to retain quiet residential suburbs in an inner city band and car based living, then it is time to see its leaders unite with our leaders from other parts of the country. Together, they

should implement a plan to support very significant investment for another city or group of cities that are willing to take a more rational view of the future and what sustainable living looks like.

It should not be a matter of Dublin versus the rest but rather what choice allows the country to advance, is good for the majority of its citizens not just to protect the vested incumbents.

### **Cars – transportation demons?**

It's easy to demonize the car. But, it is hard to imagine people able to live without cars in Ireland given the challenges to developing a network of public transport with low density housing and our under investment in rail when we had stagnating populations.

But it's not so much cars themselves. It's how we use them: individually. Most circulate with just one person in them: the driver.

Then worse, cars sit idle 96% of the time! As a result, up to a fifth of the land in some cities is used for storage.

Multiple car spots for each car use valuable land in our cities. We don't measure the opportunity cost of not using it for homes, schools, bike lanes or parks. If parking is needed until public transit is improved, let the local authorities transitionally provide it and then retake the space for other public realm later.

With great public transit like in New York, the subway doesn't get to everyone's front door. Why should car-users expect then to park their car at their front door?

This is the insanity of the way we've designed and continue to design our cities today. Build more roads and you get more cars.

Is Ireland ready to invest to protect not the right to have a car but the right to be able to live without one?

### **A counterbalance to Dublin**

It is not just because I grew up outside Dublin that I see another alternative to Dublin.

It is because I live in Dublin that I see the problems and fear it is not yet willing to implement the radical intervention needed.

It is why I believe we need to aggressively pilot an alternative pole of activity and show there is another better way.

This will not be easy. Given the decades of under-investment outside of Dublin and centralisation of services in Dublin (main airport, national children's hospital, largest universities, national broadcaster, most of our public administration) this will require considerable force of action.

But the alarms bells are ringing.

Happily, to give Dublin breathing space, we may not even need to focus on moving those already living in Dublin. We have 1.7 million other people to accommodate by 2046.

Our plan should ask how to make somewhere else the location of choice for significantly more than half of these people and not live in another congested and under-serviced suburb of Dublin.

I have suggested the development of a Western Economic Corridor. A simple decision to build a motorway from Limerick to Waterford would mean Cork, Waterford and Galway would be each only

one hour (by bus) from a centrally located Colbert Railway Station in Limerick, a distance not much longer than it takes to get from O'Connell bridge to the edges of the Greater Dublin Area.

Our new networked urban cluster can provide a genuine alternative affordable quality of life to Dublin.

Governmental decisions to prioritise the building of higher quality services (health, transport, schools, innovation hubs, childcare, sports and leisure) there would reinforce this.

Not all major health and educational services need to be in the capital.

Other areas outside the natural hinterland of these cities should also be supported to adopt differentiated plans too – for example, perhaps Donegal could build new best in class infrastructure to become the location of choice for our rapidly increasing population of retirees as they downsize and take advantage of more leisure time.

The implementation of our plan needs action in many areas.

### **Housing at the core**

With a fresh start elsewhere, we could design a model of really desirable affordable multi-family sustainable city housing grouped around beautiful public parks and animated squares.

We should use savings from delivering in higher density as an excuse to provide better not less services keeping the spending per capita constant.

Also, the cost of new housing and related funding challenges reduce measurably when you leave Dublin's expensive cost base without reductions in quality.

### **Public Transport and congestion**

Walkable living city design can become our priority supported by public transportation.

Daft.ie only this week showed how people pay a premium to live close to efficient public transport. Much improved public transport options are key to rebalancing our country.

To minimise duplication of governmental services, public transport could also reduce travel time between urban centres, especially for those without a car in their driveway. Neighbouring EU countries have trains with average speeds of 250km. Ours struggle to go at half that speed.

High speed transport could connect our new urban cluster with Dublin and shrink the width of our country? Dubliners could go to that other city in less than an hour for their services too and allow the annual lower cost of providing the services at the other end of the train to be a factor in the value proposition for the investment.

### **Education**

The QS World University Rankings 2016/17 show Trinity as the top ranked Irish university at 98, a fall of 20 places. That's the best we can do with a system starved of resources.

Many of our other primary and secondary schools are also starved of resources particularly in many inner city schools, discriminating against children living there.

We know top class education can be a compelling reason for people to want live in an area.

Prioritising our regional cities as we invest for more third level places and to raise standards to world class and for piloting better education models in other schools would realign with new national objectives for balanced regional development.

### **Climate Change and the Environment**

The plan needs to fairly cost and compare multifamily urban living with single family detached housing and train journeys with car usage so that this forms part of public policy decision making.

The EPA recently showed a 3.7% rise in emissions last year across all sectors. The Minister for Climate Action suggested our emissions might only be 6-11 per cent below 2005 levels – far below the 20% target.

The EPA tells us that transport is responsible for 19.5% of our emissions, expected to rise, and we build more roads and suburbia! Targets for car-less accommodation not for parking would be better for our new housing stock?

And when will at least one of our Irish cities sign up the Compact of Mayors initiative to reduce emissions which has already 607 participants, including neighbouring cities all over Europe?

### **Broadband**

Some areas have broadband speeds 36 times slower than parts of Dublin. This is not fair.

But resources are scarce.

Is it more realistic and more consistent with the desirable “densification” of our population, to consider first how quickly could we supply high speed community hubs in towns throughout our rural landscape to reward those willing to live within walking distance of those centres and make speeds in our regional cities comparable or even better than those in Dublin?

### **Health Services**

Solving this requires funding we do not have in our back pockets.

Meanwhile trolley numbers increase and waiting lists do not get shorter.

Health care workers understandably look for more wages to meet their own rising costs.

Why can't our plan provide non-critical services at the end of a 1 hour train journey in a less expensive regional city rather than in Dublin?

### **Culture and the Public Realm**

This is where it all comes together.

How we use and resource our public spaces should not be an after-thought struggling for funding after people have moved into soulless housing.

We live in a world of increasingly unequal opportunity. Public realm can battle against that.

A new inner city public park or town square can provide happiness for thousands for generations irrespective of their wealth.

On the other hand, zoning to provide parking or allow valuable space to be used as private garden space provides amenities only for those rich enough to be able to afford them and removes land from other productive uses.

Even inner courtyard gardens in gated apartment blocks mean potential public space wasted to the city and inhabitants who cannot afford to live in that particular block.

Significantly improved public realm, investment in libraries, in cultural and museum services and the like can become a great force in equality of opportunity.

Animated public spaces can bring our lifestyles back out into the public and make urban living more desirable.

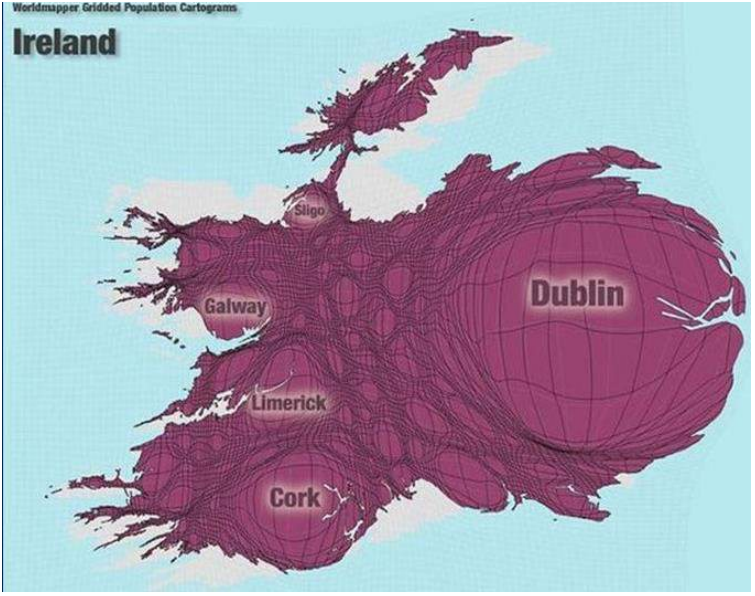
This reduces the costs to our state of supplying best in class public services to more people. It creates more sustainable living but most importantly provides greater equality of treatment to our younger and new citizens and not just to the few whose privileges are already vested.

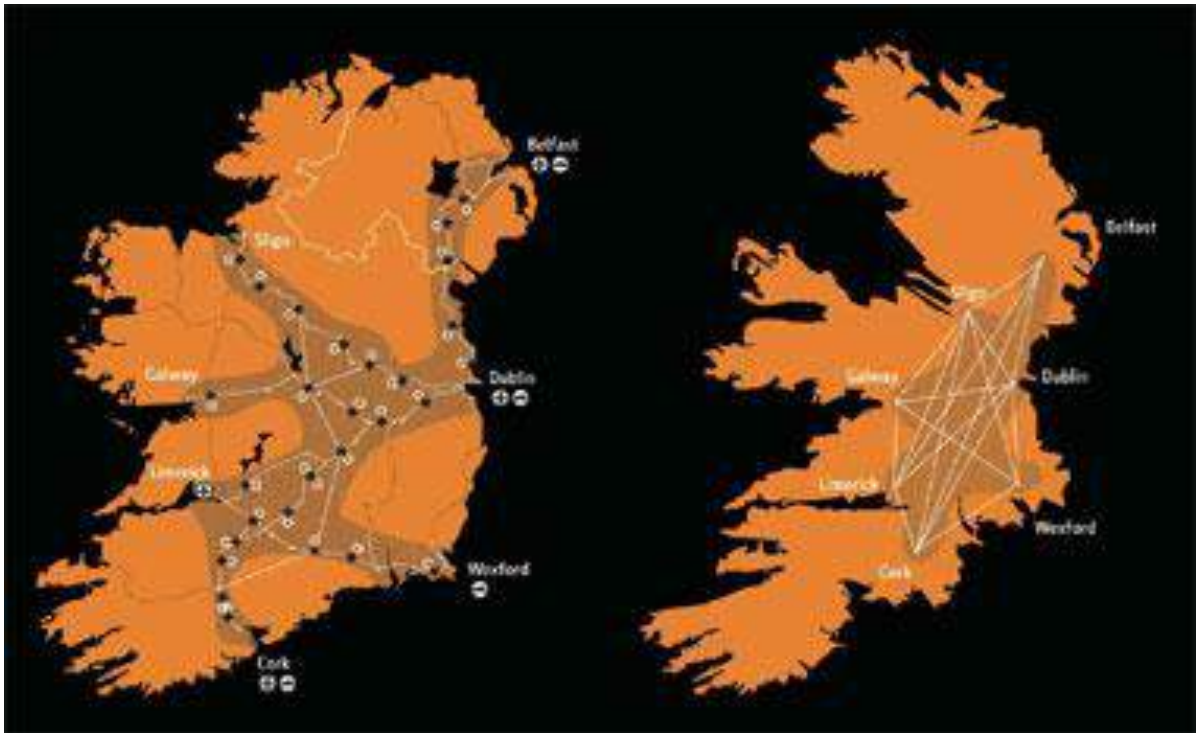
Investment of this type in an alternative counterbalance to Dublin based on this new living environment would open up opportunities for all and go a long way to reverse the growing inequality that is eating at the heart of our nation.

*John Moran is CEO of RHH International, a consulting and social entrepreneurship company. He is the former Secretary General at the Department of Finance. This is the final part of his three part series on Future Proofing Ireland.*

Worldmapper Gridded Population Cartograms

# Ireland

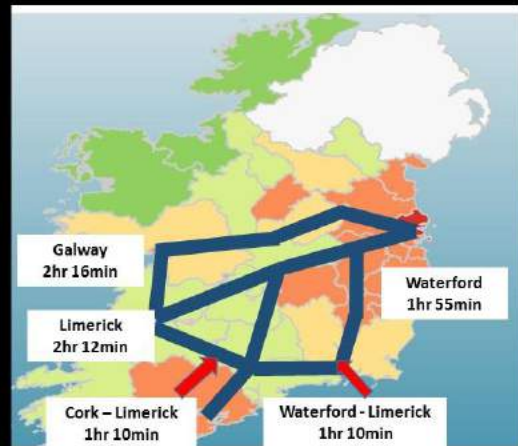




### Road travel times to Dublin

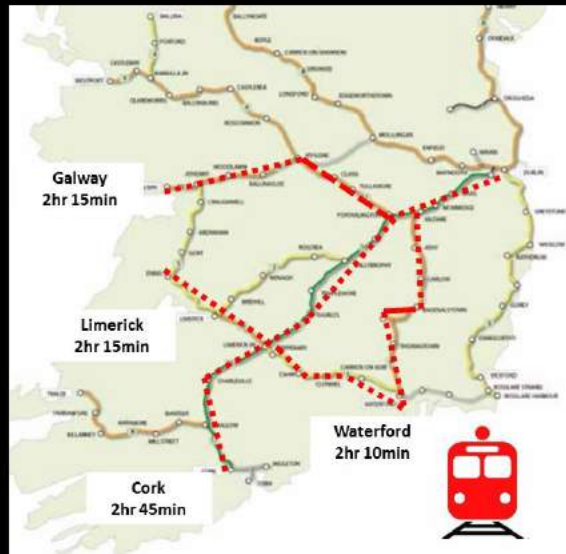


### Spot the difference?





## Rail travel times to Dublin



## However...

