



Other Booklets in this Series published by the National Roads Authority include:

The National Roads Authority - an Overview of the Authority's Roles and Functions.

The National Road Needs Study.

National Roads Improvement Programme and the National Development Plan 2000 - 2006.

National Road Project Planning.

Compulsory Purchase Order Procedures and Compensation.

Road Safety.

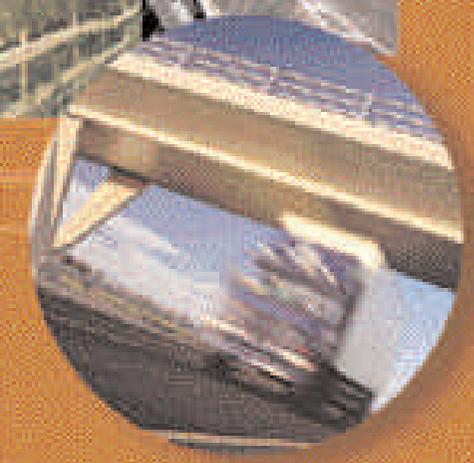
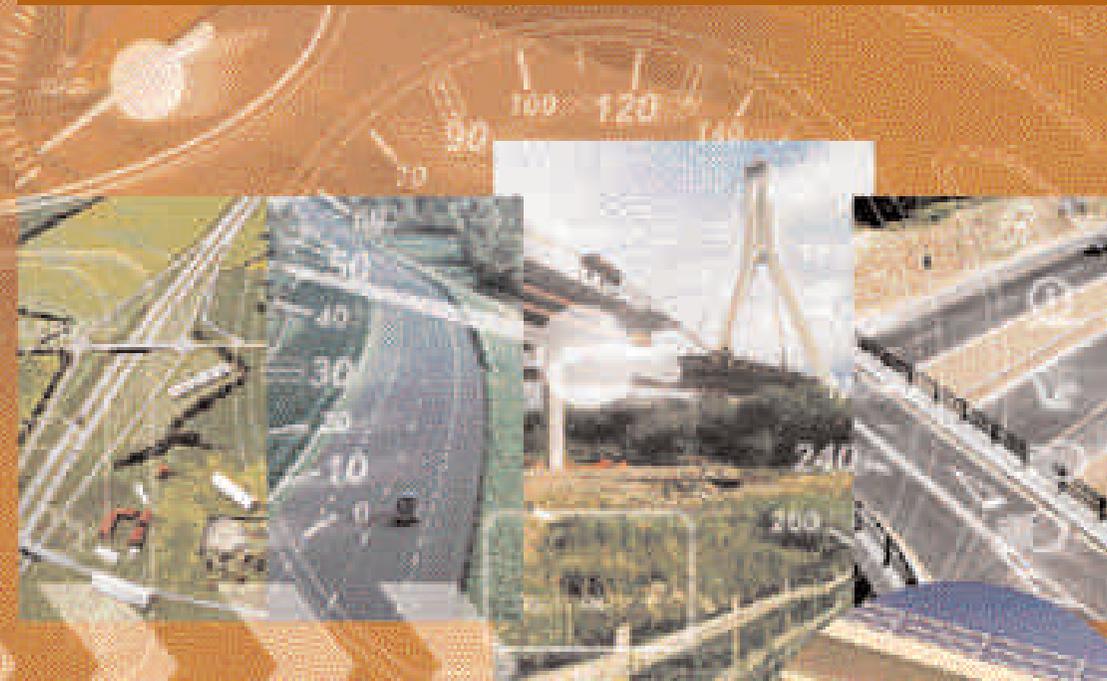
ITS (Intelligent Transport Systems).

Publications Unit,  
**National Roads Authority**,  
St. Martin's House,  
Waterloo Road,  
Dublin 4.

Tel: +353 1 660 2511.  
Fax: +353 1 668 0009.  
Email: [info@nra.ie](mailto:info@nra.ie)  
[www.nra.ie](http://www.nra.ie)

**NRA**  
National Roads Authority  
*An tÚdarás um Bóithre Náisiúnta*

## The National Roads Authority – *Going Places* **Public Private Partnership (PPP)**



**NRA**  
National Roads Authority  
*An tÚdarás um Bóithre Náisiúnta*

## What is a Public Private Partnership?

**A Public Private Partnership, or PPP, is an agreement between the public and private sectors with the purpose of delivering a project or service traditionally provided by the public sector.**

### Why a PPP Approach?

There is a major need for investment to upgrade national roads and the injection of private finance will accelerate the delivery of much needed road infrastructure.

PPPs are identified in the Government's *National Development Plan (NDP), 2000-2006* as being essential in helping to deliver the NDP's objectives, including those relating to national roads.

PPPs offer the opportunity for improved value for money for carefully chosen infrastructure projects by utilising private sector enterprise and innovation, and by allocating risk to the party best able to manage it.

The Government, in the NDP, have set a target of securing €1.27 billion in private finance to supplement Exchequer and EU investment in the national roads programme, thereby increasing the scale of the programme and accelerating the commencement and completion of projects. This figure accounts for a significant element of the total NDP planned investment in the roads programme.

The commitment to the development of PPPs in Ireland is reflected in an agreement reached in 2001 on a *Framework for Public Private Partnerships* by the Public-Private Informal Advisory Group. This group was established by the Department of Finance and includes representatives of the business, construction and trade union sectors.

The framework fulfils the requirement in the *Programme for Prosperity and Fairness* which called for the development of a clear framework to assess the appropriateness of PPPs for infrastructure projects and to guide their implementation, taking into account the wider economic, social and environmental objectives that should guide infrastructural development, irrespective of the procurement method followed.

### PPP Benefits

- Faster delivery of much needed road infrastructure.
- More cost-efficient design, construction and operation of road schemes.
- Cost savings to the public sector resulting from risk transfer and private sector management skills, innovation and efficiency.
- High standard of service due to strong supervision and performance requirements.

A case study carried out by the UK Highways Agency on eight PPP road contracts in the United Kingdom concluded that there has been an average cost saving of 15% compared to traditional procurement.

### PPP Approach

The approach adopted by the NRA to all PPP projects is:

- Public sector decides what is needed and sets the standards
- Private sector agrees to design, build, operate and finance the project
- Public sector monitors performance and the private sector is paid accordingly
- The asset remains in public ownership



### Road Tolling

Tolling provides the key for drawing private sector finance into the NRA's Road Programme. This finance is additional to Exchequer and EU funds and so accelerates the commencement and completion of projects. Tolling is used world-wide to charge road users for the service benefits gained from improved roads.

### Principles Underlying PPP Tolloed Schemes

The NRA's PPP Programme is guided by a number of principles including:

- An alternative toll-free route must be available.
- A public subvention to be available for high-cost schemes ensuring that tolls are set at affordable levels.
- Tolloed roads to be spread throughout the network.
- Tolloed roads must deliver value for money.

### PPPs in Other Countries

Over one third of motorways in Europe are tolled. The most developed networks are in France, Italy, Spain and Portugal where a large number of cities, towns and villages are bypassed.

Tolloed roads are also found in other European countries such as Greece, Croatia, Slovenia and Turkey. In many of these countries there is a mix of tolled and non-tolloed national routes as is proposed for Ireland.

## Proposed Toll Charges

Toll charges are determined in accordance with procedures contained in the Roads Act, 1993, as amended by the Planning and Development Act, 2000. Charges are proposed at an affordable level with a public subvention paid where necessary to augment the charges.

The significant lengths of untolled sections on Irish routes will ensure that the overall charge for the entire route will be very low especially in comparison with whole journey charges in other countries.

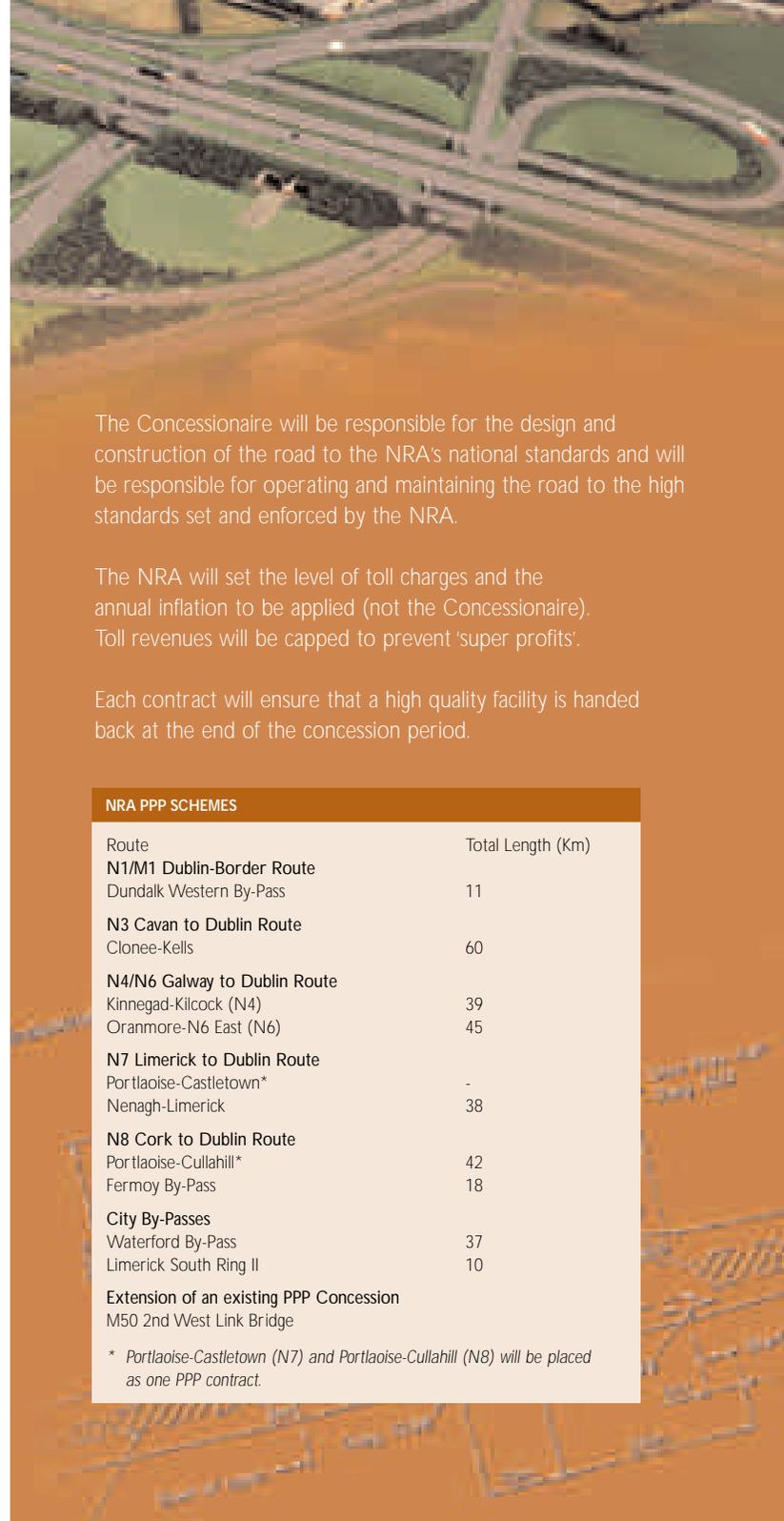
The following example illustrates this, showing the anticipated toll charges on the Dublin to Galway route compared with the equivalent French charges for a journey of the same length:

TOLL CHARGES		
	Expected Car Toll Cost per Kilometre	Charge (inc. VAT)
Dublin to Galway 220 km	2 cents	€4.60
Toll Charge in France for similar journey:	7 cents	€15.40

## Key Features of the NRA's PPP Contracts

Each PPP road project will have a number of common conditions and standards including the following:

The Private Sector ('Concessionaire') will design, build, finance and operate the scheme for a 30-year concession period (period can vary from project to project).



The Concessionaire will be responsible for the design and construction of the road to the NRA's national standards and will be responsible for operating and maintaining the road to the high standards set and enforced by the NRA.

The NRA will set the level of toll charges and the annual inflation to be applied (not the Concessionaire). Toll revenues will be capped to prevent 'super profits'.

Each contract will ensure that a high quality facility is handed back at the end of the concession period.

NRA PPP SCHEMES	
Route	Total Length (Km)
<b>N1/M1 Dublin-Border Route</b> Dundalk Western By-Pass	11
<b>N3 Cavan to Dublin Route</b> Clonee-Kells	60
<b>N4/N6 Galway to Dublin Route</b> Kinnegad-Kilcock (N4) Oranmore-N6 East (N6)	39 45
<b>N7 Limerick to Dublin Route</b> Portlaoise-Castletown* Nenagh-Limerick	- 38
<b>N8 Cork to Dublin Route</b> Portlaoise-Cullahill* Fermoy By-Pass	42 18
<b>City By-Passes</b> Waterford By-Pass Limerick South Ring II	37 10
<b>Extension of an existing PPP Concession</b> M50 2nd West Link Bridge	

\* Portlaoise-Castletown (N7) and Portlaoise-Cullahill (N8) will be placed as one PPP contract.

## Conclusion

It is clear that failure to make substantial investment in the network of national roads will have serious economic and social implications for the country and result in a rise in traffic congestion on the network.

To help keep the Irish economy strong and competitive we must invest so as to provide a world-class network of roads.

PPPs will help ensure the earliest provision of such a high class network of roads, resulting in shortened journey times and increased safety. Access will be improved throughout the country, underpinning national spatial strategy and facilitating employment creation and a better spread of economic benefits.

More detailed information on the NRA's PPP Programme can be accessed at [www.nra.ie](http://www.nra.ie) or by contacting the PPP Unit at the following telephone number: 01 660 2511.

