



Bonneagar Iompair Éireann
Transport Infrastructure Ireland

Transport Infrastructure Ireland



Annual Report and
Financial Statements

2018

River Barrow Bridge, N25 New Ross Bypass PPP Scheme, Wexford, Ireland



Glossary

CAD	Computer Aided Design
CAV	Connected and Autonomous Vehicles
CCMA	County and City Management Association
CEDR	Conference of the European Directors of Roads
DPER	Department of Public Expenditure and Reform
DTTaS	Department of Transport, Tourism and Sport
EIB	European Investment Bank
EIS	Environmental Impact Statement
NRA	National Roads Authority
NTA	National Transport Authority
MMaRC	Motorway Maintenance & Renewals Contract (Contractors)
PPP	Public Private Partnership
RPA	Railway Procurement Agency
SEAI	Sustainable Energy Authority of Ireland
TII	Transport Infrastructure Ireland

About this Report

The Annual Report and Financial Statements for 2018 provides a brief overview of Transport Infrastructure Ireland (TII) and our strategy to provide, operate and maintain national road and light rail infrastructure. The report is intended to provide information to our stakeholders regarding TII's financial statements, strategy and governance framework. Our reporting approach on our activities focuses on providing a clear view of TII's accomplishments during 2018 and the goals set for 2019. The information in this report has been prepared in accordance with the Code of Practice for the Governance of State Bodies (2009).

Contents

Chairman and Chief Executive Statement 2018	1
Organisational Overview 2018	3
Strategic Objectives and Actions	5
Operations	7
Network Traffic and Operations	7
Asset Renewals	9
Commercial Operations	13
Luas and Tolling Business	13
Modernising the National Road and Light Rail Network	19
Capital Investment Plan	19
Major Projects Construction	19
Minor Road Projects	22
Professional Services	25
Strategic and Transport Planning	25
Land Use Planning	25
Archaeology and Heritage	26
Environment Policy and Compliance	26
Road Safety	27
Standards and Research	27
Construction Health and Safety	27
Light Rail Safety	27
TII Regulatory	30
Freedom of Information Act 2014	30
Access to Information on the Environment Regulations 2007 to 2018	30
Re-Use of Public Sector Information Regulations	30
Official Languages Act of 2003	30
Data Protection Acts	31
Disability Act of 2005	31
Customer Service	31
Energy Efficiency	31
TII Governance Statement and Board Members' Report	33
The Board (Photos and Brief Biographies)	33
Executive Team	35
Board Responsibilities	37
Board Structure	39
Risk Management	43
Statement of Compliance	43
Financial Statements	45 - 102



Statement 2018

Transport Infrastructure Ireland (TII) is responsible for maintaining 5,363km of national roads which carry 45% of all road traffic and over 90% of freight traffic. TII is also responsible for operating Dublin's Luas system, with passenger levels up over 20% following the extension of the Green Line, confirming that Luas is increasingly a vital component of Dublin's public transport network. TII provides and maintains the infrastructure which allows for people, goods and services to travel between all the country's major cities, towns, airports and ports. It is accurate to state that TII's activities impact on every citizen in and visitor to the State.

TII discharges its mandate on behalf of Government under the direction of the Department of Transport Tourism and Sport in partnership with local authorities and the National Transport Authority (NTA). At TII we maintain and improve our infrastructure's safety and efficiency for the direct benefit of the taxpayer through the implementation of Government policy.

At TII we continue to strive for improvements to safety throughout our entire infrastructure network which encompassed both national roads and Luas light rail. It is not possible to deliver on our mandate without strong collaboration between multiple stakeholders that include; the employees here within TII, the Local Authorities, the NTA, our Department of Transport, Tourism and Sport, supported by the engineering and construction industries working in Ireland.

During 2018, TII's continual investment in the national road minor works projects, which are localised improvements to address safety issues, such as poor alignment, poor visibility and narrow cross-section, oversaw the completion of the following projects; N55 Corduff to South of Killydoon, the N63 Abbeyknockmoy to Annagh Hill, the N76 Callan Road Realignment, and the N86 Lispole to Mountoven. These projects are not large in scale but deliver important high-value local safety benefits. The minor works programme will remain an integral part of TII's work to improve the safety of the national road network.

Modernisation of our networks continued at a pace during the past year. Work continued on the M7 motorway improvements between Naas and Newbridge, the M11 Gorey to Enniscorthy and the N25 New Ross Bypass. All three projects will be substantially complete and open to traffic by the end of 2019.

Also, TII working with the NTA, commenced the public consultation process on Ireland's largest single public transportation investment called MetroLink. MetroLink will integrate with other major transport hubs – not just Dublin Airport. It will connect with two major Iarnród Éireann lines, the north-western line from Sligo/Maynooth to Dublin, and the south-western commuter line from Newbridge/Hazelhatch to Grand Canal Dock. It will also connect with the DART and Iarnród Éireann services at Tara Street and Luas at Charlemont, O'Connell Street, and St Stephen's Green. Through this integration, MetroLink will not only serve greater Dublin but the country as well.

TII continued work to enhance the capacity of the Green Line operations during 2018, including placing an order for eight additional 55m trams. The first of these trams will enter service in 2020. Orders were also placed for the extension of 26 existing trams together with improvements to the Sandyford depot to accommodate longer trams and improve overall fleet operations.

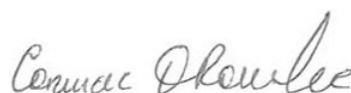
During 2018, the Government launched Project Ireland 2040 which built on the Government's publication of the National Development Plan 2018–2027. Project Ireland 2040 sets out Government's ambition for the long-term development of Ireland. The realisation of Project Ireland 2040 rests on twin pillars – the National Planning Framework (NPF) and the National Development Plan (NDP), published simultaneously in February 2018. Project Ireland 2040 is an ambitious statement of the Government's intent to shape our future growth and development out to the year 2040. This ambition is underpinned by the investment committed under the NDP to support projects and programmes aligned with the Strategic Investment Priorities. These will result in significant and sustained increases in the level of funding available across all sectors.

TII will remain a key delivery agency working on behalf of the Government to not only maintain our existing infrastructure networks in a 'Steady State', but also adhere to the principle that we maintain our networks to a high level that ensures quality of services, accessibility and connectivity to transport users as reflected in TII's Statement of Strategy. Last year saw a return to a more sustainable level of investment in pavement renewal activity, facilitated by a significant increase in exchequer funding for steady state investment.

TII will continue to apply the rigorous financial and economic appraisal requirements as per the Public Spending Code for all investment proposals to ensure that TII's infrastructure systems promise what is worth having, and then deliver what we promise.

We thank our Minister, Mr Shane Ross, T.D. and his officials in the Department of Transport, Tourism and Sport who regularly engage with and assist us in the planning and execution of key infrastructure projects for the country. We would also like to thank the Board for their support and guidance during the year. On behalf of the Board, we would like to thank the management team and all the staff of TII for their continued hard work and professionalism.

Chairman and Chief Executive



Overview

ASSET CLASS

- 1,281kms Motorways/Dual Cways
- 4,191kms Single Cways
- 43.6kms Luas
- 3 Motorway Service Areas
- 3 Tunnels (Cork, Dublin, Limerick)
- 7 Strategic Depots/Compounds

USERS OF NETWORK

- National Roads 6% of road network, 50% of all traffic
- M50 = 420,000 unique journeys per day
- Luas = 103,000 passengers per day

MAJOR PROJECTS DELIVERY

- M11 Gorey to Enniscorthy PPP (40km)
- N25 New Ross Bypass PPP (14km)
- Green Line Capacity Enhancement
- M7 Naas Newbridge Upgrade
- N56 Mountcharles to Inver
- N56 Dungloe to Glenties
- Small Schemes Programme (worst bends & safety)
 - 10 at construction
 - 4 going to construction
 - 50 in Active Planning and Design)
- Motorway Service Areas at Construction (M9 Kilcullen, M11 Gorey & M6 Athlone)

Total Value est €1 Billion (2018 to 2019)

OPERATIONS AND ASSET RENEWAL WORKS

- Motorways & Tunnels
- Luas (41m passengers in 2018)
- Motorway Service Areas
- 11 PPP Managed Motorways
- Winter Operations
- M50 eFlow Tolling Operations (55m passages in 2018)
- Pavement Renewals & Skid Resistance
- Bridge Inspections & Repair
- Intelligent Transportation Systems (ITS)
- Dublin Tunnel Tolling Operations
- Electronic Toll Collection Interoperability
- National Transport Model



CAPITAL INVESTMENT PLAN 2018–2027

BEING PREPARED FOR CONSTRUCTION

- M8/N25/N40 Dunkettle Upgrade
- N4 Collooney to Castlebaldwin
- N22 Ballyvourney to Macroom
- N5 Westport to Turlough
- N59 Moycullen Bypass
- N69 Listowel Bypass
- N5 Ballaghaderreen to Scramogue (subject to planning consent)

IN PLANNING

- MetroLink
- N72/73 Mallow Relief Rd
- N2 Slane Bypass
- N21/N69 Adare to Foynes
- N28 Cork to Ringaskiddy
- N6 Galway City Transport Project
- M20 Cork to Limerick
- N2 Ardee to Castleblaney
- M11 J4 M50 to Kilmacanogue
- N13 Ballybofey Stranorlar Bypass

- N13/N14/N56 Letterkenny Bypass & Dual Carriageway to Manorcunningham
- N14 Manorcunningham to Lifford

Strategic Objectives and Actions

Strategic Objectives	Strategic Responses
<p>Safety Improve national road and light rail safety.</p>	<ul style="list-style-type: none"> - Identify high collision locations from road traffic data on national roads and deliver safety measures - Conduct national road safety inspections - Improve the condition of the national road pavements - Improve the skid resistance of the national road pavements - Deliver a programme of minor realignments of national roads - Monitor adherence to the Safety Management System of Luas Operations - Establish flow optimisation measures on the M50 - Administer and develop design standards for roads and bridges - Provide Motorway Service Areas - Achieve Occupational Health and Safety accreditation to OHSAS 18001 - Monitor provisions for worker welfare and adherence to employment regulations on TII funded projects - Fund the national winter maintenance fleet - Procure salt stocks for roads nationally
<p>Sustainability Incorporate sustainability principles into the development and operation of assets in our care.</p>	<ul style="list-style-type: none"> - Achieve Steady State levels of renewal and maintenance activities on the road and light rail networks by 2021 - Manage and re-procure Motorway Maintenance and Renewal Contracts - Upgrade and enhance the resilience of the Motorway Operations and Control Centre - Establish demand management measures on the M50 - Operate and enhance the Pavement Asset Management System - Operate and enhance the structures management system, Eirspan - Develop and deliver energy efficiency measures - Expand and enhance ITS provision and operation - Undertake national and international research and development of standards to promote innovation, creativity and collaboration - Deliver a twenty year vision for the national road network in alignment with the National Planning Framework and the National Development Plan - Provide and oversee road maintenance grants to local authorities
<p>People Continue to build a professional organisation and promote a culture of leadership, collaboration and innovation.</p>	<ul style="list-style-type: none"> - Maintain and enhance specialist knowledge and expertise in light rail, national roads, service delivery and governance - Continue to provide opportunities for Continuous Professional Development - Continue to provide a supportive and positive working environment - Put in place systems, structures and resources to respond to a changing environment and priorities

Strategic Objectives

Strategic Responses

Investment

Maximise the contribution made to Ireland's development by the elements of land transport infrastructure entrusted to us.

- Prioritise funding to achieve NDP objective of Steady State levels of investment by 2021
- Re-procure, mobilise and manage the next generation Luas Operations & Maintenance contract
- Award and mobilise next generation eFlow operations contract
- Optimise operations of TII light rail and tolling systems
- Deploy resources to run TII's Interoperability Management Services to maximise efficient information exchange and revenue collection - Encourage compliance of toll customers through public information and enforcement
- Maintain and develop our National Transport Model
- Assess and comment on planning applications and land use plans that impact on our assets
- Provide and oversee national road grant allocations to local authorities

Service

Continue to build collaborative relationships with local authorities, similar organisations, stakeholders and customers to maximise the benefits of the services we provide.

- Deliver effective customer engagement and public information campaigns to maximise positive customer experience
- Share knowledge and data regarding national road and public transport networks
- Contribute actively to Management Advisory Committees for Road Design and Project Offices
- Hold regular meetings and provide information as required by the Department of Transport, Tourism and Sport and the National Transport Authority
- Attend and present at conferences and trade events that are relevant to our activities
- Maintain relationships with representative bodies of sectors that are impacted by our activities
- Respond to Parliamentary Questions and appear before Oireachtas committees as required
- Play an active and overseeing role on steering committees of TII funded projects

Delivery

Secure the delivery of the national road, light rail and metro elements of the Government's Capital Investment Plans.

- Achieve Railway Order approval and bring to construction Metrolink
- Complete the construction of and bring into service- Luas Cross City
- Complete construction of Capital Investment Plan projects including:- N25 New Ross Bypass, M11 Gorey to Enniscorthy, M7 Naas to Newbridge, M8 Dunkettle, N4 Collooney to Castlebaldwin and N22 Ballyourney to Macroom
- Develop a pipeline of major projects in preparation for future capital investment plans.
- Achieve planning approval for Capital Investment Plan projects including- N6 Galway City Bypass and N28 Cork to Ringaskiddy
- Undertake appraisal planning and design of Luas network expansion to Bray, Lucan, Finglas and Poolbeg in accordance with the Transport Strategy for the Greater Dublin Area and the NDP
- Design a bus rapid transit project for Galway City Council as requested by the NTA
- Foster relationships with the industry



Operations

Network Traffic and Operations

National Roads

This Division operates and manages the national road network in partnership with Local Authorities. Approximately 50% of the national primary network, amounting to 1,281 km of motorway and dual carriageway, is managed directly by TII. TII manages, operates and maintains 400km of the motorway network through eight Public Private Partnership contracts, with the balance of the network maintained by TII's three regional Motorway Maintenance and Renewals Contractors (MMaRC). Separately, TII manages the Dublin Tunnel, the Jack Lynch Tunnel and the Limerick Tunnel through TII's tunnel operator.

Network Traffic

M50 traffic volumes continue to increase, with over 420,000 individual trips made daily. On the busiest section, between junctions J7 (Galway road) and J9 (Red Cow), traffic volumes now exceed 155,000 vehicles per day. In 2018, traffic volumes increased by approximately 2%, which represents a reduced level of traffic volume increase as compared with the growth experienced in 2014–2016.

In 2018, TII commenced enabling works on the M50 in preparation for the deployment of variable speed limit and lane control signals. Deployment of the signals and associated variable message signs is programmed to commence in 2019 and be operational in 2020. The scheme will benefit M50 operations by limiting the variation in speeds along the M50, ensuring more consistent and reliable journeys and reducing the number of minor incidents.

Expansions work on to the existing Motorway Operations Centre in the Dublin Tunnel Control Building commenced in 2018. The upgrade is required to accommodate our increasing role in network operations. In 2018, TII also extended the emergency diversion route signing between junctions, which now covers the full extent of the M50 from J3 (M1) to J17(M11). This extension will benefit drivers in the event of breakdowns or incidents, and will also minimise the impact of such incidents on traffic flow.



Incident Management

Increased traffic volumes reflect renewed economic growth. Congestion has increased as have the number of network incidents. MMarC operators attended over 5,000 such incidents during 2018.

Dublin Tunnel

Traffic volumes continue to grow in the Dublin Tunnel. In 2018, the tunnel experienced an increase of 6%, bringing average weekday traffic to almost 23,000 vehicles per day.

The new Average Speed Camera Enforcement system continued to offer safety benefits in 2018 with a reduction in speeding in the tunnel.

Before the commencement of enforcement, 55% of vehicles exceeded the tunnel speed limit of 80 km/h, with 4% exceeding 100 km/h. Since the new enforcement regime commenced, the relevant percentages have reduced to 15% and 0.01%, respectively.

Winter Operations

TII manages a network of more than 100 weather stations. Our winter service provider operates a Road Weather Information System and, with forecast support from Met Éireann, enables local authorities and motorway operators to monitor weather conditions and make decisions on the deployment of salt gritters during the winter season.

TII is responsible for the purchase of salt for the winter treatment of all Irish roads. To ensure certainty of salt supply for national roads and minimise storage costs, TII has constructed four strategic salt storage depots at motorway maintenance compounds.

During 2018, TII's MMarC contractors carried out 5,000 winter treatments using 31,000 tonnes of salt over 65 days. Local authorities used over 58,000 tonnes of salt during the year. This usage was the highest quantity of salt used by MMarC Contractors since 2014. The higher than normal salt usage was mainly due to the severe snowfall associated with Storm Emma during late February / early March. Overall our network operators and contractors performed exceptionally well to ensure that at no time did any of our motorways have to close due to snow accumulation in spite of the extreme conditions encountered.

Energy Saving Initiatives

TII is working towards achieving national energy saving objectives by 2020. In 2018, TII undertook the replacement of existing lighting with LED on by-pass routes in the north-west of the country. The contract, led by Mayo County Council, covered counties Donegal, Sligo, Leitrim, Roscommon and Mayo. TII will continue the programme of energy reduction measures commenced in 2019, in line with our June 2016 policy document “Energy Reduction in Public Lighting on National Roads”. In 2018, TII undertook the removal of excess lighting at 26 motorway junctions in follow up to our 2017 pilot study at four junctions. We will continue to monitor the performance of the network at these locations and subject to review will continue the programme in 2019. In 2019, TII will design and develop a programme of works for the replacement of existing lighting in the Dublin Tunnel with LED lights.

Asset Renewals

The asset value of the national road network is approximately €2bn and requires ongoing reinvestment to maintain a return on the original investment. TII monitors the condition of our principal assets—pavements and bridges—through the use of pavement and bridge management systems.

Network Pavements

After several years of constrained funding, 2018 saw a significant increase in the funding provided for national road pavement renewals. This level of funding, if maintained in the coming years, will help ensure that the overall condition of national roads does not deteriorate. TII’s programme of pavement works in 2018 resulted in a total of 275km of pavement surface renewal.

Bridge Rehabilitation and Strengthening

TII continued with a programme of bridge rehabilitation and strengthening works. Under the umbrella of TII’s EIRSPAN bridge management system, TII undertook a programme of inspections of all 3,200 of our bridges over a five-year cycle. Major refurbishment works were completed on a total of 35 bridges and contracts were awarded for three new regional bridge maintenance contracts.

Signs and Lines

Maintaining the quality of lining and delineation is important in ensuring the continued safe operation of the national road network. In 2017, we completed 490km of network relining with the condition of our network delineation remaining constant through the year.

2018 Outcomes

Motorways

- Dealt with 5,050 individual motorway incidents;
- Extended the diversion route signing between M50 junctions which now covers all junctions between J3 (M1) and J17 (M11);
- Undertook 14,000km of mainline grass cutting;
- Undertook 8,500km of mainline road sweeping;
- Cut 1,100km of the mainline hedgerow;
- Collected 360 tonnes of litter;
- Cleaned 40,000 gullies; and
- Improved skid resistance at 85 sites.

2019 Goals

- TII will continue with the programme of works and its engagement with relevant stakeholders to manage the increasing traffic demand on the M50 and its immediate approaches;
 - TII will complete the retendering of our three MMarCs, with the three new contracts programmed to commence in Q3 2019;
 - TII will complete the construction of a new Motorway Operations and Control Centre (MOCC) at the Dublin Tunnel in 2019, in preparation for the deployment of the new variable speed limits and lane control regime that will be introduced on the M50 in 2020;
 - Pavement Asset Renewals: 220 schemes totalling 275 km;
- TII will commence the upgrading or replacement of a number of our key tunnel systems, including:
 - Replacement of the Public Address System at both the Dublin and Jack Lynch Tunnels.
 - Replace the SCADA (Supervisory Control and Data Acquisition) system by the end of 2019;
 - Replacement of CCTV camera systems in both tunnels to continue in 2019, with completion in 2020;
 - Commissioning of the newly purchased upgraded specialist firefighting equipment dedicated to the Dublin Tunnel.
 - Procurement of new tolling systems software for the Dublin tunnel, with upgrade complete in mid-2020;
 - TII will undertake maintenance works on more than 1,500 bridge structures as part of our new regional bridge maintenance contracts; and
 - TII will continue the renewals programme for road lines and studs. Also, TII will re-line 600km of single carriageway roads and 100km of motorway/dual carriageway in 2019.

Facts

M50 KEY NETWORK STATISTICS



13,345

Highest hourly flow recorded between the N4-N3 at 4pm on the 28th March



178,770

Highest Daily Flow Recorded between the N3-N2



1.52 billion

Vehicle km travelled. This represents a 1% increase on 2017.



1,164

Total No. of Incidents

TOTAL FATAL COLLISIONS ON THE NATIONAL ROADS (2014-2018)

2014

66

2015

61

2016

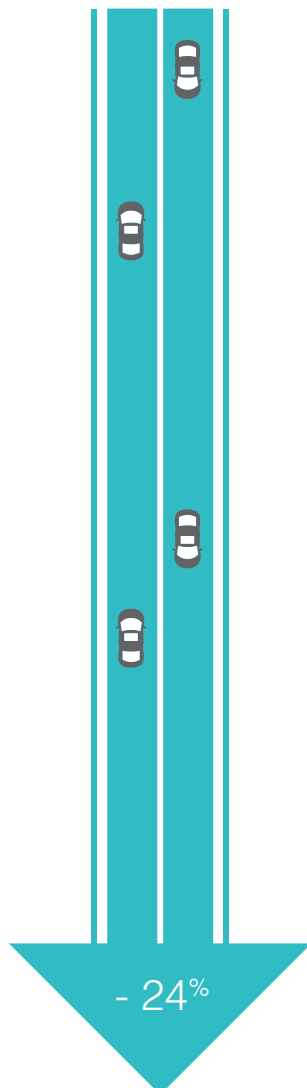
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2017

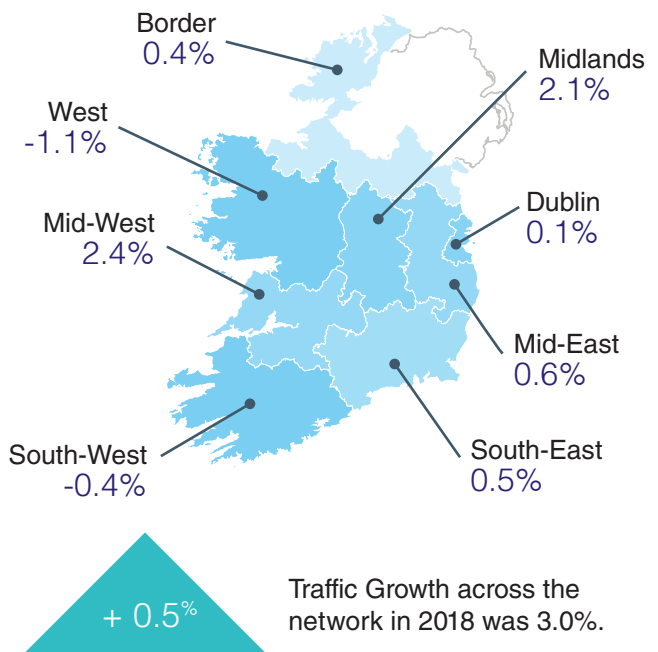
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2018

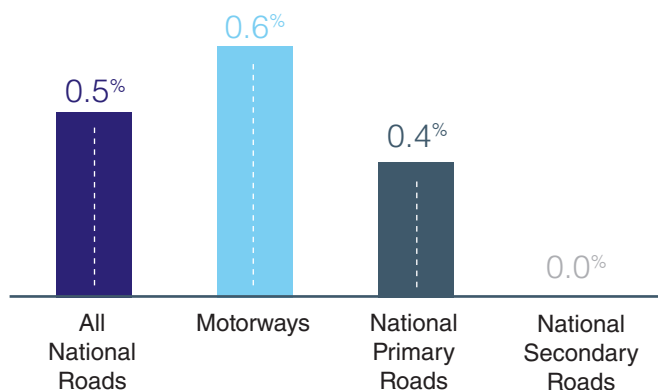
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TRAFFIC GROWTH



2018 TRAFFIC GROWTH





M50 Overnight, Dublin



Commercial Operations

Luas and Tolling Business

Luas

Working with the NTA, TII oversees the Luas operating contract with Transdev, along with vehicle and infrastructure maintenance contracts with Alstom.

Additional responsibilities include:

- Life cycle asset management of all Luas infrastructure and rolling stock;
- Service planning and timetabling; and
- Development of fare policy in conjunction with the NTA.

2018 Outcomes

Luas operated tram passenger services amounting to 4.06 million kilometres of trams in service in 2018. Luas operated 97.3% of scheduled service kilometres in 2018 (98.7% excluding Storm Emma). Passenger journeys amounted to 41.8 million in 2018, up 11% over 2017 levels. Passenger numbers on the Green Line went up 25.5% to 20 million in 2018, mainly attributable to Luas Cross City. Luas Cross City generated approximately an additional 4 million trips on the Green Line in 2018. A customer survey in 2018 showed that 97% of Luas Cross City customers are satisfied with the service overall.

2019 Goals

- A key priority is to continue the procurement of the next generation Luas Operating Contract; and
- Enhancing operational resilience, including measures to increase the resilience of key Luas facilities.



Tolling

The tolling operations section manages significant revenue generated from a broad customer base of over two million people per year.

TII's specific responsibilities include:

- Management of the M50 eFlow toll operation and Dublin Tunnel toll collections (in conjunction with Network Management Division) including the management of the respective operators providing operational services under contract to TII;
- Management of the M50 toll enforcement operations using an outsourced enforcement service provider and provision of appropriate public information to promote awareness about obligations to pay the M50 toll, its location and the means/methods of complying;
- Managing the national interoperability tolling hub and oversight of the related coordination and collection agreements; and
- Managing the relationship with a range of stakeholders with a remit in tolling and road user charging, including DTTaS and DG Move (the European Commission). Active participation in European tolling and road

user charging forums and engagement with National and European bodies about vehicle licensing, cross-border enforcement and regulatory matters.

2019 Goals

- Continue to manage and monitor the existing M50 toll operation to safeguard revenue collections, maintain service delivery and customer satisfaction and underpin compliance levels through the effective use of public information coupled with robust enforcement measures;
- Manage the delivery of eFlow's public information strategy, with particular focus on:
 - Building awareness among road users of the location of the M50 toll point, obligations to pay and the payment methods available, including self-service and automated registered account methods;
 - Expanding engagement with relevant stakeholders in the tourism market; and
 - Creating further awareness of the use of toll revenues by TII.

- Following TII's successful defence of the M50 operations procurement process through the Judicial Review process, to award the next generation M50 tolling operations contract at the earliest opportunity, subject to the outcome of both Judicial Reviews;
- Prepare to commence the mobilisation and transition work-streams in line with the new M50 tolling operations contract;
- Continue with exit management preparations to transition from the existing M50 tolling operations contract; and
- Continue to manage the national interoperability hub and related legal and commercial arrangements to which TII is a party.

2018 Outcomes M50 Toll Road

2018 saw another year of growth of traffic and revenues across TII's tolling operations continuing the upward trend experienced since 2010.

Revenues from TII's Tolling Business pay for the M50 Upgrade including the maintenance and operation of the M50 Motorway, as well as contributing to the funding of maintenance of the wider national roads network, including the Dublin Tunnel and the Jack Lynch Tunnel. M50 Tolling Income in 2018 was approximately €152 million of which €9 million was from Default Tolls (i.e. penalties). In terms of transactions, 53 million passages were made through the M50 eFlow Toll in 2018, which is an increase of 2% from 2017. Average Daily Traffic for 2018 was 145,000 up 2% from the prior year.

The overall compliance rate of 97.3% remains on a par with the prior year despite increases in traffic and is up from 96.6% in 2015. M50 Tolling costs amounted to approximately €52.3 million. (eFlow Operations = €36.7 million (incl. VAT), Enforcement = €5.3 million (incl. VAT), M50 Rates = €6.5 million, bad debt = €3.8 million).

Annual rates of traffic growth on the M50 Toll since 2010 are set out below. The rate of growth is expected to decline over the short to medium term due to the build-up of congestion on the M50 corridor and radials.

2010	2011	2012	2013	2014	2015	2016	2017	2018
8%	8%	2%	3%	5%	7%	7%	5%	2%

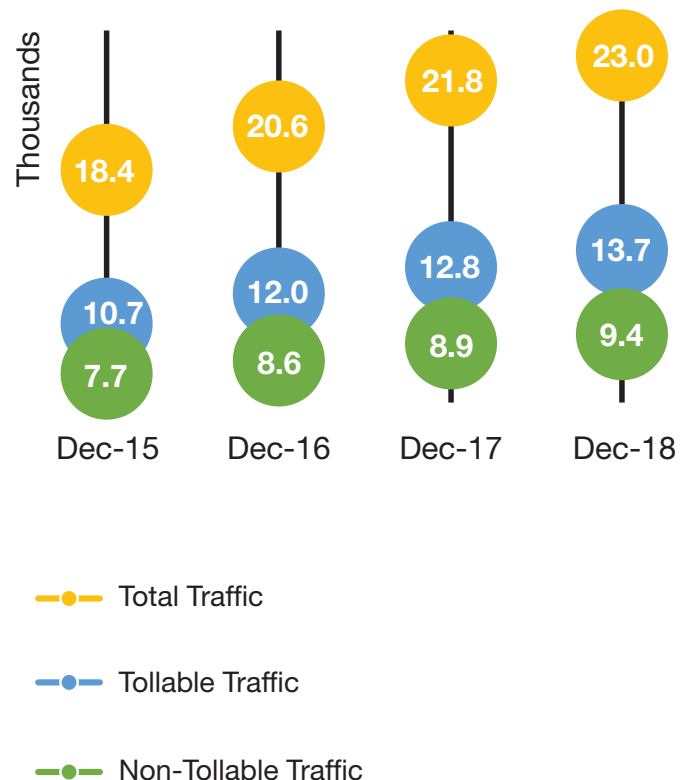
Dublin Tunnel Toll

The Dublin Tunnel opened to traffic in December 2006, has been integral to the improvements in road safety and the environment in Dublin City by facilitating the introduction of the HGV Cordon in 2007.

Toll income in 2018 was circa. €21 million, an increase of 12% from 2017. This increase is primarily due to an increase in traffic.

- Total traffic in 2018 was approximately 8.4 million trips which is an increase of 6% from 2017 (7.9 million trips);
- Annual Average Daily Traffic for 2018 was 23,046, an increase of 6% over 2017; and
- The split between tollable and non-tollable traffic is set out in the graph above.

Average Annual Daily Traffic ('000)



Tolling Interoperability

TII has been providing Interoperability Management Services for over a decade to facilitate the operation of all electronic tags on all toll plazas in Ireland. Interoperable Electronic Toll Collection (ETC) transactions and revenues continued to grow significantly with ETC traffic growth approximately double the rate of growth of collection using cash or cards.

The table below sets out the key statistics for 2018.

	2016	2017	2018	% 2016 - 2017
National Interoperable ETC Transactions	48.7 million	53.0 million	56.4 million	6%
Nationwide Interoperable ETC Revenue	€182.0 million	€194.8 million	€206.9 million	6%
Total National RoadToll Revenue*	€308 million	€325 million	€206.9 million	4%

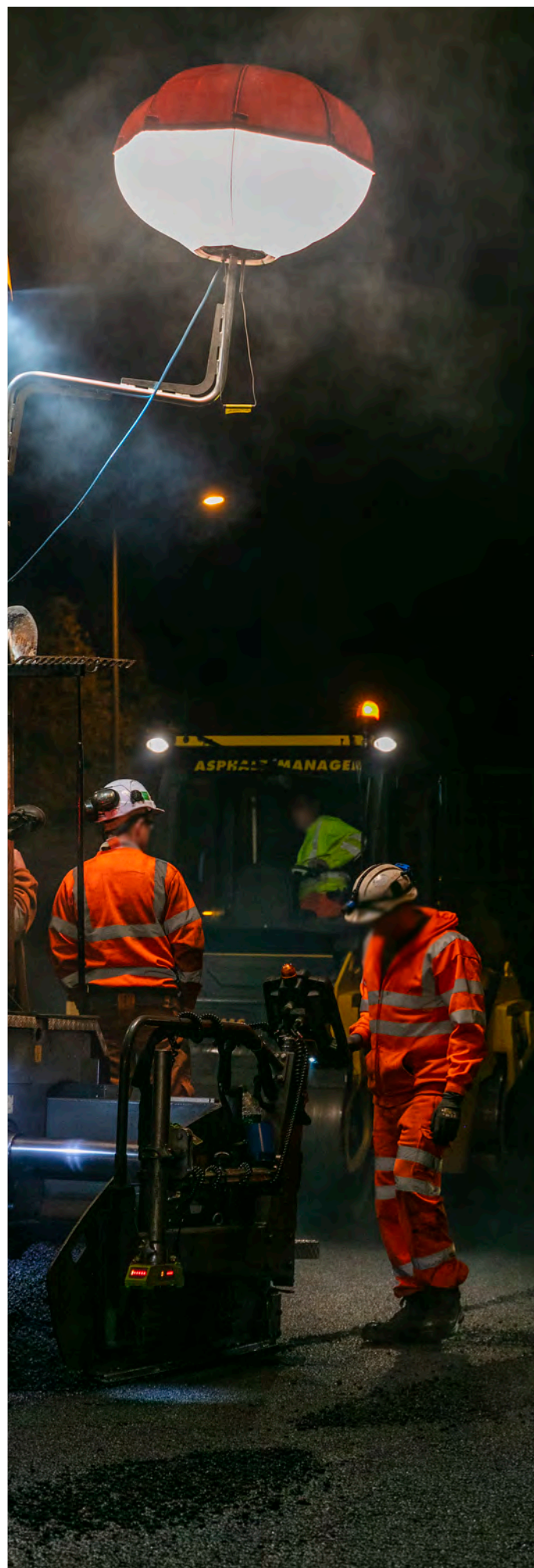
(*including VAT where applicable but excluding Ringsend Toll Bridge revenue)

Tranche 2 Motorway Service Areas

TII is procuring Motorway Service Areas on a design, build, finance, maintain and operate basis with a twenty-five-year contract. The Service Areas included in the contract are located on the M6 motorway approximately 5km east of Athlone, the M9 motorway approximately 10km south of the M7/ M9 junction and the M11 motorway approximately 10km north of Gorey.

In August 2015, before the award of the contract, one of the unsuccessful tenderers issued legal proceedings seeking a Judicial Review of the tender evaluation process leading to the selection of the preferred tenderer.

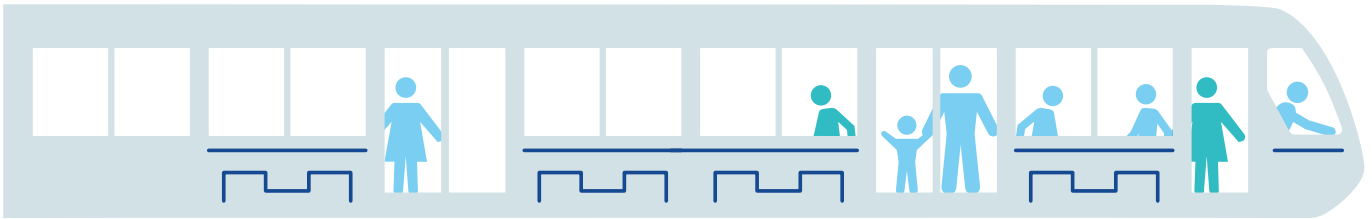
The Judicial Review was withdrawn at the end of April 2017. TII re-engaged with the Preferred Tenderer, and the contract was signed in July 2018. The Gorey service area opened in March 2019. Construction of the other service areas continues.



Facts

LUAS FACTS

Luas increased by **11.17%** to **41.8m** in 2018



NETWORK MANAGEMENT FACTS

Our winter service fleet consists of



327

demountable
snow ploughs



360

salt
spreaders

58,179

tonnes of salt were used on
National Roads Network in
2017



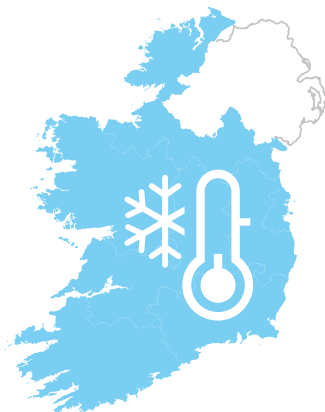
9,430

all emergency calls received
by Motorway Traffic Control
Centre including SOS phones



1,478

SOS phones in the country



103

nights in 2018 where
the temperature
reached below

ZERO



110

weather stations in
operation on the National
Roads Network



Luas Depot, Broombridge, Dublin



Modernising the National Road and Light Rail Network

Capital Investment Plan

The National Development Plan 2018-2027 (NDP) sets out the investment priorities that will underpin the implementation of the National Planning Framework, through a total investment of approximately €116 billion. This represents a very substantial commitment of resources and is expected to move Ireland close to the top of the international league table for public investment.

This level of capital spending will ensure ongoing employment, maintenance and create appropriate regional development. It will also provide clarity to the construction sector, allowing the industry to provide the capacity and capability required to deliver Government's long-term investment plans.

The National Development Plan also illustrates the commitment to reforming how public investment is planned and delivered. This is being achieved through a decisive shift to integrated regional investment plans, stronger co-ordination of sectoral strategies and more rigorous selection and appraisal of projects to secure value-for-money.

Transport Projects included in the Capital Plan to 2021: N4 Collooney to Castlebaldwin, N5 Westport to Turlough, N5 Ballaghaderreen to Scramoge, M7 Nass to Newbridge Bypass Widening, M8/N25 Dunkettle Interchange, M11 Gorey to Enniscorthy, N20 Limerick to Cork, N22 Ballvourney to Macroom, N25 New Ross

Bypass, N52 Ardee Bypass, N56 Dungloe to Glenties, N56 Montcharles to Inver Road and the N69 Listowel Bypass.

Major Projects Construction

PPP (Public Private Partnership) Construction Programme

The PPP construction programme progressed in 2018 includes:

- M11 Gorey to Enniscorthy PPP: the scheme consists of 27km of motorway and 4km of dual carriageway. The contract was awarded in October 2015. Construction continued during 2018 and is on target for completion during Q3 2019.
- N25 New Ross Bypass PPP: the scheme consists of 13.6km dual carriageway and 1.2km single carriageway. The project includes a 900m long bridge over the River Barrow. The bridge will be the longest bridge of its type in the world. The contract was awarded in January 2016. It is anticipated that this road will be opened to traffic by the end of 2019.



At construction

- M7 Naas Newbridge Upgrade Scheme: working with DTTaS, this project includes the new M7 Osberstown Interchange and the by-pass of Sallins. The contract, awarded in 2017, will come into full operation by the end of 2019.
- N4 Collooney to Castlebaldwin: following completion of the tender process in 2018, the winning contractor commenced works in early 2019.

Luas Cross City

During 2018 the project focussed on tram availability, junction functionality and completion of the public realm works. These were all successfully addressed following initial integration difficulties. Dublin City Council took all 33 sets of traffic signals into their charge on 1 December 2018.

Luas Green Line Capacity Enhancement

Measures to enhance capacity were progressed. Orders for the purchase of eight additional 55m long trams were placed. The first of these will enter service in autumn 2020. Work started on extending the length of the 26 trams in the existing fleet. The extension of facilities at Sandyford depot was ongoing.

MetroLink

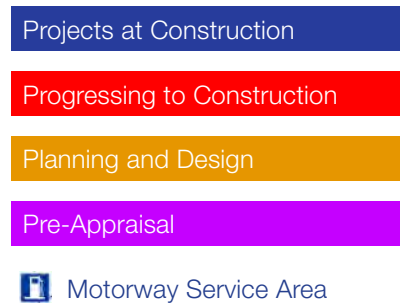
A non-statutory Public Consultation on the Emerging Preferred Route was conducted over seven weeks from March 2018. Over 8,000 submissions were received. TII analysed all submissions and developed proportionate responses to issues raised. These were incorporated into the developing design. In 2018 the process identified single bore, twin track as the preferred tunnel configuration. Also, the duration of interruption of the Luas Green Line service was defined. The second period of non-statutory public consultation about the Preferred Route commenced in March 2019. The intention is that the MetroLink scheme will be submitted to An Bord Pleanála, seeking a Railway Order, in the second half of 2020.

Additional Major Projects

Additional Major Projects active in Planning & Design include:

- N59 Maam Cross to Oughterard: tender documents were drafted for the section between Maam Cross and Bunakill;
- N59 Westport to Mulranney and N86 Tralee to An Daingean are being progressed in sections projects. The construction of a third section commenced during 2017;
- N13/14/15 Projects: planning and design works were advanced on the three priority projects;
- Motorway Service Area Tranche 4: sites were selected for three proposed service areas, located on the M3, M6 and M18; and
- The mid-term review allocated funding from 2019 to bring forward a list of pipeline projects. These projects have been the subjects of pre-appraisal in 2018 and progressed into planning and design in 2019.

2018 Major Schemes



Preparing Schemes for Tender/ Construction

The following major national road improvement projects are being progressed to construction under the Capital Investment Plan. The date for construction start is determined by the timing of funding being made available.

- M8/N40 Dunkettle Interchange Upgrade Project is located at a busy transport hub on the approach to Cork City, adjacent to sensitive ecology and large employment centres. The procurement process commenced in 2017, and the tendering process was completed in 2018. The successful tender team is now developing the design and establishing the target cost under Stage 1 of the contract. Award of Stage 2 will be the subject of approval of Government and could be achieved in Q3/2019;
- N5 Westport to Turlough and N22 Ballyvourney to Macroom: the procurement process for both projects is well advanced. Shortlisting of tenders was completed in 2018 and the tender competitions are underway to award both contracts in 2019, subject to approval;
- N56 Dungloe to the Glenties: this scheme is being delivered in sections. Two sections are complete, a further section is under construction and tender documentation preparation is well advanced on the remaining two sections;
- N56 Mountcharles to Inver: this scheme is being delivered in two sections. The first section is actively under construction and tender documents are being prepared for the second section;
- N59 Moycullen Bypass: the tender documents are being prepared with a view to progressing to tender in mid-2019;
- N52 Ardee Bypass: tender documentation is being advanced; and
- N69 Listowel Bypass: tender documentation is under preparation to progress to tender in 2019.

Projects in Planning

- N2 Slane Bypass: route selection and design is ongoing;
- N6 Galway City Bypass: the documentation for the scheme was submitted to An Bord Pleanála on 26th of October 2018. A date for the oral hearing is expected later in 2019;
- N21/N69 Foynes to Limerick: the business case was completed and submitted for approval to proceed to publication of statutory orders. It is anticipated that the scheme will be submitted to An Bord Pleanála in Q3/2019;
- M28 Cork to Ringaskiddy: the scheme was approved by An Bord Pleanála in July 2018 and has been a subject of Judicial Review;
- N5 Ballaghaderreen to Scramoge: this scheme was approved by An Bord Pleanála without modifications on 18th of January 2019; and
- N20 Cork to Limerick: technical advisors have been appointed to progress the appraisal and planning & design.

Minor Road Projects

Minor works projects are localised improvements which primarily address safety issues such as poor alignment, poor visibility and narrow cross-sections. Construction of four such projects was completed in 2018, and a further seven were under construction. A further six minor works projects will proceed in 2019 to award.

2018 Outcomes

Minor schemes that opened to traffic in 2018:

- N55 Corduff to South of Killydoon Phase A;
- N63 Abbeyknockmoy to Annagh Hill;
- N76 Callan Road Realignment (Tenypark); and
- N86 Lispole to Mountoven.



Minor schemes under construction or being procured in 2018

- N70 Kilderry Bends Safety Improvement;
- N2 Monaghan to Emyvale P3;
- N30/R700 Roundabout;
- N56 Coolboy to Kilmacrennan;
- N59 Westport to Mulranny Kilmeena LVNS;
- N60 Laganamuck; and
- N61 Coolteige.

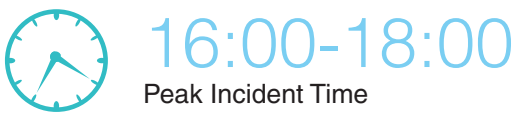
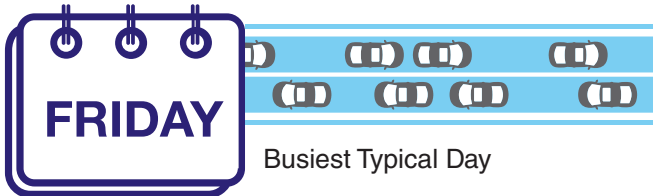
2019 Goals (Modernising the Network)

- Award Design and Build for the construction phase of the contract for the M8/N40 Dunkettle Interchange;
- Award the N22 Ballyvourney to Macroom
- Award the N5 Westport to Turlough
- Award the N60 Oran;
- Award the N4 Sligo Urban Improvement Scheme;
- Award the N67 Ballinderreen Kinvara;
- Award the N80 Maidenhead;
- Award the N81 Knockroe Bend Realignment;
- Award the N52 Cloghan to Billistown Phase 2 Awarded;
- Progress to tender N69 Listowel;
- Progress to tender N59 Moycullen;
- Progress to tender N52 Ardee Bypass;
- Progress the statutory process for N6 Galway City Ring Road and N21/N69 Foyes to Limerick;
- Complete the Luas Green Line Sandyford Depot extension;
- Complete the integration of seven new 55m-long trams into the Luas Green Line fleet; and
- Progress sections of the Galway City bus corridor project to planning approval, as requested by the NTA.

Facts

M50 PERFORMANCE SUMMARY

The M50 is the most heavily trafficked road in the country with nearly 145,000 vehicles using several sections on an average day.



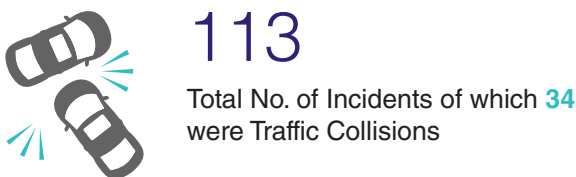
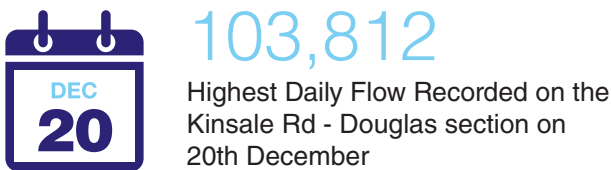
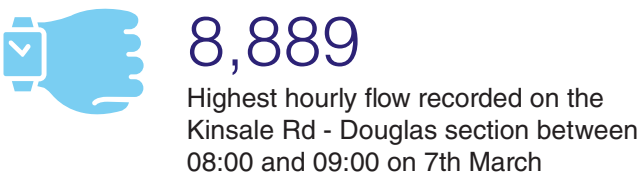
1,164
Total No. of Incidents of which **541** were Traffic Collisions



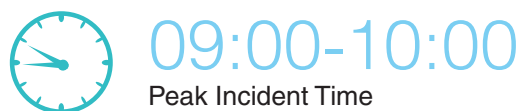
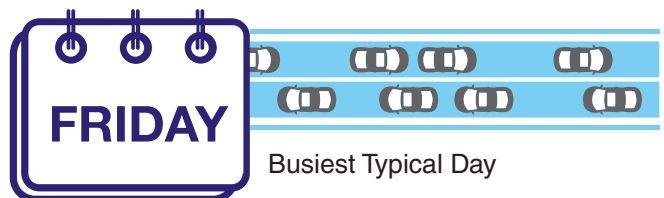
13 minutes
Average Response Time

N40 PERFORMANCE SUMMARY

Several sections of the N40 Cork Southern Ring Road carry in excess of 80,000 vehicles on an average day.



0.34 billion
Vehicle km travelled.
This represents a 3.1% increase on 2017





Professional Services

The Professional Services Division provides technical support to other TII Divisions, as follows:

- Strategic and Transport Planning;
- Land Use Planning;
- Archaeology and Heritage;
- Road Safety;
- Rail Safety;
- Environmental Policy and Compliance;
- Standards and Research; and
- Health and Safety – Occupational and Construction.

Strategic and Transport Planning

The function of Strategic and Transport Planning is to monitor the performance of the national road and light rail network, to assess future network needs and to carry out strategic studies. In 2018, TII's National Transport Model was updated to reflect CSO 2016 census and was recalibrated using data from TII's Traffic Monitoring Units. There are approximately 370

of these traffic counters on the national road network. The National Road Network Indicators report for 2017 was published in March 2018 and included some enhancements to the 2017 indicators. During the year the team provided input to DTTaS's Planning Land Use and Transport Outlook 2040 (PLUTO) strategic infrastructure plan which will outline Ireland's land transport needs up to 2040, to align with Project Ireland 2040.

The business cases for three major national roads projects included in the NDP (2018-2023) were reviewed before their submission to the Strategic Research and Analysis Division of DTTaS. Also, twenty Project Appraisal Plans for road projects at pre-appraisal and early planning were reviewed.

Land Use Planning

TII has responsibilities for land use planning, in addition to the requirement to obtain statutory approval for TII projects. As a statutory consultee, TII provides input into national and regional policy and reviews County and Local Development Plans. In 2018, TII reviewed over 2,621 planning applications ranging from large mixed-use urban developments, industrial estates, single rural houses and approximately 75 Environmental Impact Statement scoping requests. TII reviewed approximately 80 Plans, including National and Regional Strategies, Development Plans, Local Area Plans, Strategic Development Zones and Masterplans.



TII made submissions to the three Regional Assemblies about their Regional Spatial and Economic Strategies.

In accordance with our statutory consultee role within the Irish planning system, TII processed 2,621 planning applications and made 11 appeals to An Bord Pleanála.

Archaeology and Heritage

Archaeology and Heritage is managed on all TII projects to ensure compliance with legislation, to reduce archaeological project risks and to maintain public trust. During 2018, TII was concerned with archaeology on more than 75 schemes and oversaw archaeological site work on more than 20 schemes. These works ranged in scale from projects such as the Tuam pavement rehabilitation works (two medieval burials discovered) to archaeological monitoring on major Public Private Partnerships such as the N25 New Ross Bypass. Significant archaeological excavations were undertaken in counties Roscommon, Laois, and Wicklow. Archaeological field-works were completed on the N22 Baile-Bhuirne to Macroom project in county Cork.

TII developed a GIS Macro to assist in the identification of works requiring notification to the Minister for Culture, Heritage and the Gaeltacht for pavement schemes.

In terms of dissemination, 500 reports were added to the TII Digital Heritage Collections. In collaboration with Geological Survey Ireland

(GSI) TII's LIDAR mapping was added to the GSI open access platform—the Open Topographic Data Viewer. More than 750 people attended one or more of TII's Heritage Week 2018 events around the country. Three schools participated in an osteo-archaeological workshop held in the National Museum of Ireland as part of Science Week.

Environment Policy and Compliance

TII embeds environmental considerations into the planning, construction and operations of all national road and light rail projects by ensuring that TII's Environmental Design, Assessment and Construction guidelines/standards and other policies are included in all TII-funded projects and operations. During the year TII updated its Environmental Strategy which summarises TII's proactive approach to the protection of the environment.

To mitigate climate change, TII aims to lower greenhouse gas emissions in the planning, construction and operational phases of national road and light rail projects. To this end, TII developed a country-specific calculation tool for assessing lifecycle carbon emissions for national road and light rail infrastructure projects in Ireland. This tool can help TII understand the carbon impact when assessing several transport infrastructure options and the tool was piloted on a road scheme in 2018.

TII continued its treatment programme of Invasive Alien Plant Species on all national roads. The objective of this programme is to control the spread of Japanese knotweed and other knotweed species on the national road network. The programme commenced in 2016 and surveys indicated that the treatment is progressing well.

Road Safety

TII's statutory remit includes the provision of a safe and efficient network of national roads. A key objective, therefore, is to reduce the number of fatalities and serious and minor injuries occurring on national roads.

In 2018, the total number of fatalities due to road traffic collisions was 148, of which 52 occurred on national roads. These figures were the lowest on record for both national and non-national roads. Work continued on TII's actions outlined in the Government's Road Safety Strategy (2013–2020). During 2018, TII attended regular meetings with the RSA, An Garda Síochána, local authorities and other State agencies.

During 2018, TII provided funding for 69 Safety Schemes on the national road network, of which 33 commenced construction in 2018. These schemes are identified by prioritising high collision locations following analysis of road traffic collisions and traffic volume data. Each local authority designs and implements safety measures where engineering-based solutions are identified.

Also, TII commenced the Road Safety Inspection implementation programme, in three of the four regions in 2018, this was further to a successful trial in County Wexford in 2017. These works were identified from Road Safety Inspections carried out on the single carriageway national road network in 2016-17. TII also undertook the second round of Road Safety Inspections on the Motorway Network in 2018. Furthermore, TII continued ensuring that safety at road work sites are in line with best practice and carried out safety inspections for that purpose.

Standards and Research

TII maintains and regularly updates a wide range of standards, guidelines and technical documents relating to the planning, design, construction, maintenance and operation of national roads. In 2018, TII published over 80 new or revised standards and technical documents on the TII publications website <http://tiipublications.ie/> and carried out three training programmes relating to TII standards for local authorities.

TII organises a research programme covering technical areas associated with road and light rail infrastructure. The aim is to promote practical measures that will contribute to reducing costs, enhancing quality and encouraging best practice. TII's Research Strategy provides the framework for the procurement of short-term commercial research in response to our business needs, as well as for longer-term fundamental research projects through universities and research institutes. Also, TII carries out collaborative research projects with other European road administrations. These transnational research projects are organised through the Conference of the European Directors of Roads (CEDR). TII is currently engaged on research projects relating to a wide range of topics including Road Safety, Connected and Automated Vehicles, Biodiversity, Innovations in Road Pavement Materials and Design, Climate Change, Water Quality, Traffic Noise and Flood Risk Prediction.

Construction Health and Safety

The Board is acutely aware that the building and maintaining of roads and light rail are inherently hazardous activities. TII carries out regular safety audits to monitor and check the safety performance of its projects to ensure that the duties under the Safety Health and Welfare at Work (Construction) Regulations 2013, the Safety, Health and Welfare at Work Act 2005 and associated legislation, Codes of Practice and Guidance are being effectively applied. TII ensures that its project safety controls are followed in the planning, design and construction phases of TII projects.

Also, TII engages health and safety advisors to carry out independent safety inspections on TII-funded major national road project sites every quarter. These inspections monitor compliance with health and safety legislation and highlight good practices and areas for improvement. TII carries out independent monitoring to ensure the provisions for worker welfare and employment regulations are adhered to on TII-funded projects.

TII also has a role in ensuring safety measures at roadworks on national roads are in line with best practice and carries out periodic safety inspections for this purpose.

TII collects data on accidents, incidents and near misses on TII construction projects. The reporting system gathers monthly safety statistics from major construction sites. This data allows measurement of TII's annual construction safety performance and facilitates trend analysis. In 2018, there were thirteen Lost Time Accidents, and this is an increase of six over the previous year. One Reportable Dangerous Occurrence and 25 Near Misses were reported from all TII major road projects, light rail projects, and motorway maintenance and renewals contracts.

Light Rail Safety

TII is subject to the provisions of compliance with the Railway Safety Act 2005 and applicable Regulations, Codes of Practice and Guidance. TII continually monitors the safety performance of the Luas system and carries out monthly analysis of incidents and accidents to identify trends and emerging safety issues.

Accident trends from the commencement of Luas Operations to 2018 are downward. Regrettably, during 2018, there was one fatality on the Luas network. There were a total of 25 Road Traffic Collisions. Red light infringements by motorists accounted for 13 of these collisions. Twelve collisions were caused by road vehicles infringing into the swept path of the tram along the on-street sections of the tramway. Nine contacts between pedestrians and trams and one contact between a tram and a cyclist. The number of injuries following a Luas accident is down from 17 in 2017 to seven in 2018.

In 2018, TII continued to work collaboratively with the Luas Operator, key stakeholders and interested parties to ensure a high level of safety performance on the Luas network. During 2018 Luas safety campaigns included Child Safety and Luas Safety, targeting motorists, cyclists and pedestrians. The Luas Operator held its Luas Safety Forum in September attended by TII, the Commission for Railway Regulation, the Railway Accident Investigation Unit, Health and Safety Authority, the Emergency Services and An Garda Síochána.

Also, during 2018 TII continued to collaborate international Tram operators to share experience on safety issues, participate in formulating best practice and contributing to enhancing the safety of tramways TII is represented on the Railway Safety Advisory Council and the Commission for Railway Regulation's Road Rail Safety Working Group. TII is also a member of the UK Tram Guidance, Safety, Standards and Assurance Group and of the Tram Heads of Safety Group, and attends meetings of the European Tram Urban Safety Forum.

2018 Outcomes

- Provided inputs to the three Regional Spatial and Economic Strategies, prepared by the Regional Assemblies as required by National Planning Framework 2040;
- Updated the National Transport Model to reflect the 2016 Census data on population, employment and travel published by the Central Statistics Office in 2017;
- Provided input to DTTaS's strategic investment plan, i.e. Planning Land Use Transport Outlook 2040. (PLUTO 2040) to be published in 2019;
- Published 2017 National Road Network indicators on TII's website;
- Co-ordinated and managed TII's response to 2,641 planning applications;
- Updated and published over 80 standards on TII publications website;
- Carried out three training programmes on TII standards for Local Authorities;
- Funded the planning, design and construction of 69 road safety schemes on national roads, of which 33 commenced construction in 2018;
- Carried another round of Road Safety Inspections (RSI) on the motorway network and commenced the Road Safety Inspection implementation programme on the single carriageway national road network;
- Completed carbon proofing tool for TII projects and piloted it on a roads project;
- Updated TII's Environmental strategy;
- Introduced new quality criteria in the procurement of TII's archaeological services; and
- Applied for ISO 45001 accreditation of TII's Safety Management System.

2019 Goals

- Publish 2018 National Road Network indicators on TII's website;
- Complete TII's National Road Network 2040 study to align with PLUTO 2040;
- Review TII's 2014 Service Area Policy for the motorway & dual carriageway network;
- Develop and implement road safety schemes at high collision locations;
- Update TII specifications and pricing documents to align with TII's waste management standard published in 2017;
- Publish TII's Project Managers Manual for Major Projects;
- Support DTTaS in the preparation of Ireland's bid to host Transport Research Arena conference in 2024;
- Coordinate TII involvement in CEDR research programmes and disseminate results;
- Publish TII's Connected and Automated Driving strategy;
- Publish new standards on landscape character assessment, landscape visual impact assessment and noise for the planning and construction of national road projects;
- Update TII's Archaeological strategy; and
- Achieve ISO 45001 accreditation of TII's Safety Management System.

TII Regulatory

Freedom of Information Act 2014

The Freedom of Information (FOI) Act 2014 provides that every person has, subject to certain exemptions specified in the Act, the following legal rights:

- The right to access official records held by Government Departments and all public bodies that conform to the provisions of Section 6 of the Act;
- The right to have personal information held on them corrected or updated where such information is incomplete, incorrect or misleading; and
- The right to be given reasons for decisions taken by public bodies that affect them.

Since 2016 TII has published details of FOI requests received for non-personal information in an FOI Disclosure Log, in accordance with the requirements of the Department of Public Expenditure and Reform's Code of Practice for Freedom of Information for Public Bodies. The Disclosure Log is available to view in the FOI section of our website. A dedicated email address (foi@tii.ie) has been made available to facilitate FOI requests.

Access to Information on the Environment Regulations 2007 to 2018

The European Communities (Access to Information on the Environment) Regulations 2007 to 2018 give legal rights to those seeking access to information on the environment from public authorities. Under regulations, information relating to the environment held by, or for, a public authority must, subject to certain exceptions, be made available on request to any person. A dedicated email address (aie@tii.ie) is available to facilitate requests under the Regulations.

Re-Use of Public Sector Information Regulations

Under the European Communities (Re-Use of Public Sector Information) Regulations 2005, as amended by S.I. No. 525 of 2015, public sector bodies are required to facilitate the re-use of most public sector information. Re-use includes copying, modifying, translating, adapting and distributing.

During 2018, TII continued to supplement the information made freely available for re-use on the Government's Open Data portal: www.data.gov.ie.

Official Languages Act of 2003

The primary purpose of the Official Languages Act 2003 is to promote the use of Irish for official purposes in the State by increasing and improving the quantity and quality of services provided for the public through Irish by public bodies. The Act, and Regulations made under the Act place specific requirements on public bodies, including TII, about the use of Irish; for example, in responding to correspondence received in the Irish language, the use of the Irish language on stationery, signs and the publication of certain documents bilingually.

An important provision of the Act is the requirement under Section 11 for public bodies to prepare a scheme detailing the services the public body will provide through the medium of Irish, through the medium of English, and both languages. TII's current scheme covers the period from 2017 to 2020 and is published on the Official Languages section of our website.

Data Protection Acts

2018 was a very significant year for data protection, following the application of the General Data Protection Regulation (GDPR) on 25 May, the commencement of the Data Protection Act 2018 and the establishment of a new Data Protection Commission. This new legal framework has significantly enhanced the data protection rights of individuals and strengthened the responsibilities of organisations when processing personal data. TII continued to develop policies, systems and procedures, placing considerable emphasis on staff awareness and training, aimed at ensuring our compliance with the requirements of data protection legislation. A dedicated email address (dataprotection@tii.ie) has been put in place to facilitate data protection queries.

Disability Act of 2005

TII has an Accessibility Committee tasked with ensuring that the requirements of the Disability Act 2005 are fully observed. The Committee seeks to ensure, as far as possible, that all appropriate measures and facilities are available for customers with physical or intellectual disabilities. Measures introduced include the provision of an induction loop system to assist the hearing impaired in the reception area and meeting room, parking bays for disabled drivers, updating the TII website to be fully compliant with W3C WAI-AA standards. These measures ensure that the site is accessible to all, and the publication of corporate documents in a style that is as clear and jargon-free as possible. Disability equality training has also been provided for staff to ensure awareness of accessibility issues for both internal and external customers.

Customer Service

The provision of quality customer service is central to TII's activities and we strive to continually improve our business practices to provide the highest standards in our dealings with our customers.

How TII honours its commitments to providing quality service and monitors performance are set out in the TII Customer Charter and Action Plan 2016–2019.

Energy Efficiency

Strategic Commitment

TII is committed to working in collaboration with its operating and maintenance partners and with the support of the Sustainable Energy Authority of Ireland (SEAI) towards the delivery of more energy efficient operations. This commitment is outlined in the TII Statement of Strategy and is set in the broader context of developing more sustainable road and light rail networks. TII's approach reflects imperatives associated with energy efficient targets set for public sector bodies for 2020 by Government. TII has commenced a programme of formal energy management for TII activities and during 2019 plans to achieve certification to ISO 50001:2018 Energy Management Systems standard for energy consumption directly managed by TII. TII continues to collaborate with our contractors on efforts relating to improving energy efficiency on the assets they operate and maintain. All new operations and maintenance contracts will include a requirement for contractors and operators to implement formal energy management practices, where appropriate.

For 2019, TII has identified a suite of energy efficiency initiatives to improve energy efficiency across our operations. These include continuing to develop bespoke energy efficient lighting solutions for national road network; supporting our local authority partners and engaging with the Roads Management Office (RMO) on major route lighting upgrade projects. TII also engages with and supports the Luas operator and tram fleet manufacturer to develop solutions to meter tram energy consumption and the development of a more energy efficient solution to control the operation of the tram heating and lighting systems.

TII will continue to research to increase our knowledge and understanding of sustainable technologies for roads and light rail and how new technologies can be used to manage and reduce energy consumption.



M50 Red Cow, Dublin

TII Governance Statement and Board Members' Report

The Board (Photos and Brief Biographies)



Cormac O'Rourke (Chairman)

Cormac O'Rourke is a Director of Goodbody Corporate Finance specialising in energy, infrastructure and healthcare. He has over 30 years of experience in investment banking, covering energy, infrastructure/public private partnerships and Telecom. He was previously European Head of Project Finance of KBC Bank NV and Investment Director of ESBI. He was appointed Chairman of both the National Roads Authority and the Railway Procurement Agency in January 2013 and became the first Chairman of TII following the merger in August 2015. Cormac O'Rourke was re-appointed Chairperson from the 26th February 2018 for three years.



Michael Nolan (CEO)

Michael Nolan was appointed the first Chief Executive Officer of Transport Infrastructure Ireland on the 1st August 2015. Before taking up this role, Michael worked for the National Roads Authority for thirteen years and held a range of responsibilities, including the positions of Head of Major Projects and Head of Programme Management. Most of his career has been in public service, mainly with Local Authorities. Michael is a Chartered Engineer and a Fellow of Engineers Ireland.



Jacqueline Cross

Jacqueline Cross is a solicitor with over 20 years' experience. Her experience includes advising on Corporate and Commercial matters, Company Law, Corporate Governance and Public Sector Advisory Work. She has previously spent a total of five years in-house as a senior legal adviser in the public sector. Jacqueline also has extensive experience in advising on Legislation and the legislative process.



David O'Connor

David O'Connor was County Manager for Fingal County Council from 2006 until 2013. He was first appointed to the RPA and NRA Boards and subsequently TII since 2011. Post-retirement he acted as Senior Responsible Officer for the of Local Government Reform programme and later in the Housing Delivery Office. He served as Director of Planning, previously serving as County Architect in Fingal. He has practised in the private and public sectors as an architect. David's term of office ended in June 2018.



Gary Comiskey

Gary Comiskey is a Director with Ernst and Young, where he leads the Government and Public Sector Advisory group. With a background in information technology, risk management and controls assurance, Gary has worked with a wide range of public and private sector organisations. Currently, his focus is on the delivery of projects in the areas of organisational improvement and change.



Joe O'Mahony

Joe O'Mahony was Managing Director of Northern Ireland Electricity from 2011 to 2014 following its acquisition by ESB. He has over 20 years of managing major power infrastructure projects including a €3bn investment network renewal program for ESB Networks. He is a board member of KTL, Lagan Hibernian and the Centre for Competitiveness in Northern Ireland.



Senan Turnbull

Senan Turnbull is a specialist in governance working primarily in the not-for-profit sector. He previously had a career in various public service bodies. Senan is a chair/member of several State and voluntary organisation boards. Senan's term of office ended in September 2018.



Ms Virginia O'Dowd

Virginia O'Dowd is a former Educator and Town/County Councillor. She served two terms as Mayor of Nenagh, County Tipperary. She is Chair/Member of several voluntary organisations and State Boards.



Seamus Neely

Seamus Neely is the Chief Executive of Donegal County Council and is currently the Chairman of Donegal Tourism Ltd. Following a period in the private sector, Seamus has over 29 years of varied Public Service experience with over twenty years at Senior Management Level.



Aebhric McGibney

Aebhric McGibney (M. Litt (Econ), MBA, C Dir) is the Public & International Affairs Director with Dublin Chamber of Commerce. He is a Chartered Director and has previously served on the Board of Córas Iompair Éireann, chairing its Finance and Property Committee. Previously, he has worked as a lecturer with Trinity College Dublin, an economic consultant with Fitzpatrick Associates and as Senior Economist with IBEC. Aebhric was appointed to the Board in October 2018.



Mary O'Donovan

Mary O'Donovan is a Chartered Director with Board experience in the public, private and charitable sectors. She is currently a Board member of the Residential Tenancies Board and a Board Member of An Post. She has broad experience at a senior level in operations, systems and general management and has held senior roles including Customer Services Director, Chief Information Officer, Chief Operations Officer and General Manager in the Telecommunications and BPO sectors. Mary was appointed to the Board in October 2018.

Executive Team



John Maher
Director
Business Services

John Maher is Director of Business Services for TII. He is a Fellow of the Association of Chartered Certified Accountants. He joined the NRA in 1995 as Head of Finance and prior to the NRA he worked as an accountant for 15 years in the private sector. John has almost 25 years experience at executive director level with responsibilities across a range of portfolios.



Pat Maher
Director
Network
Management

Pat Maher is Director of Network Management for TII. He is a chartered engineer and holds Masters degrees in civil engineering from UCG and from the University of Calgary, Canada. Having previously worked with consulting engineering firms in the UK and Ireland before he joined the NRA in 1999 and became Head of Network Operations for the NRA in 2006.



Nigel O'Neill
Director
Commercial
Operations

Nigel O'Neill is Director of Commercial Operations for Transport infrastructure Ireland. Nigel has BSc and MSc degrees in engineering and is a Chartered Engineer and member of the Institution of Engineers of Ireland.

Nigel has 28 years' experience in the private and public sectors including civil engineering, project management, public procurement, strategic transport planning, Public Private Partnerships (PPP), tolling operations and light railway operations



Ger Hannon
Director
Corporate
Services

Ger Hannon is Director of Corporate Services in TII. He has almost 40 years' experience across different environments mainly in the commercial state sector and including 16 years at executive director level responsible for a range of portfolios.



Helen Hughes
Director
Professional
Services

Helen is Director of Professional Services Division for TII. Her previous role was the Head of Strategic and Transport Planning in the National Roads Authority. She has over 30 years of experience in transport planning, project appraisal and project management in the UK, France and Ireland. She is a Chartered Engineer and holds a Bachelor of Civil Engineering degree and a Diploma in Project Management.



Peter Walsh
Director
Capital
Programme
Management

Peter Walsh is Director of Capital Programme in TII. He has over 39 years' experience in Civil Engineering.

The Capital Programme Division covers all the transportation infrastructure development, investment and programme management across TII's national road and public transport portfolio. The division also includes project services and property services.



Sean O'Neill
Director
Corporate
Communications

Sean O'Neill is Director Corporate Communications for TII. He has over 20 years working as a communications professional across a diverse range of business sectors from biotechnology to major infrastructure projects. He joined the National Roads Authority as Head of Communications in 2005. He is a member of the Public Relations Institute of Ireland and holds a Masters in Communications Management.



Edel McCormack
Head of
Governance &
Legal Secretary to
the Board

Edel McCormack is Head of Governance and Legal at TII and Secretary to the Board. She is a qualified Solicitor and joined the Railway Procurement Agency (RPA) in 2013 as in-house Property Lawyer, managing all legal property issues for RPA. Edel became Head of Governance and Legal in 2015, with oversight of the provision of legal services to TII and corporate governance matters. Edel holds a degree in Civil Law, a Masters in European Law and Diplomas in Arbitration and Public Relations. She is also admitted to practice in England and Wales.



Board Responsibilities

Matters Reserved for the Board

The Code of Practice for the Governance of TII outlines all the matters specifically reserved for Board decision. The following key matters are reserved for Board decision:

- approval of TII's Code of Practice;
- approval of Annual Report, Annual Budget and Corporate Business Plan;
- approval of the Financial Statements;
- terms of reference of the Board committees;
- delegated authority levels, treasury policy and risk management policies;
- any decision to perform a function directly rather than through a Local Authority;
- the establishment of new toll schemes or revocation of a toll scheme; and
- new bye-laws for a toll scheme or a rail system.

To ensure that the Board may fulfil its responsibilities with regards to the strategic direction of TII, the following approvals are reserved to the Board for major schemes, defined for consistency with the Public Spending Code as schemes of capital value over €20 million. Any decision to:

- submit a major road scheme CPO and EIS to An Bord Pleanála;
- submit a major Railway Order to An Bord Pleanála;
- commence construction of a major scheme; and

- enter a PPP contract (all PPP contracts reserved, even if non-major); and Under the Government's Capital Works Management Framework, TII is obliged to use the Public Works Contracts (PWC) suite of contract forms. Where these PWC forms are not suitable for use on TII projects, TII may seek a derogation from the Government Contracts Committee for Construction (GCCC) under Section 6 (c) of DPER Circular 01/2016. Before seeking the sanction of the GCCC for such derogation, the approval of the board is to be obtained. Board approval is also required for any significant variance in contract terms and conditions from those which are either approved by DPER or the GCCC.

Delegation by the Board

The Board has delegated the following:

Use of the Seal, to the CEO, the Director of Business Services, Director of Commercial Operations and the Head of Legal and Governance as Secretary to the Board (the use of which is to be recorded in the CEO Report to the Board);

- approval of Speed Limits, to the CEO or any member of staff that is so authorised;
- planning issues, to the CEO or any member of staff that is so authorised;
- recommendations to the Commissioner of An Garda Síochána about the Road Traffic



Acts, as provided for in Section 23 of the Roads Acts;

- appointment of authorised persons, about inspection, surveying and the like, as provided for in Section 78 of the Roads Act; and
- giving directions to Local Authorities as provided for in regulation 3(7) of the Road Infrastructure Safety Management Regulations.

Statement of Responsibilities

The Roads Acts 1993 to 2015, require TII to prepare financial statements for each financial year in such form as may be approved by the Minister for Transport, Tourism and Sport with the consent of the Minister for Public Expenditure and Reform.

The Board of TII is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of TII and which enable it to ensure that the financial statements comply with the Roads Acts 1993 to 2015.

TII is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud or other irregularities.

In preparing those financial statements, TII is required to:

- select suitable accounting policies and then apply them consistently;
- ensure that any judgements and estimates that are made are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ensure the financial statements present a true and fair view of TII's financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that TII will continue in operation.

The Board is responsible for approving the annual plan and budget. The performance of TII as against the annual plan and budget is evaluated at every Board meeting. The Board considers the financial statements give a true and fair view of the financial performance and the financial position of TII on 31 December 2018.

Board Structure

The Board's composition is a matter for the Minister as is the appointment and reappointment of Board Members and terms and conditions of their appointment. Under the Code of Practice, where the Chairperson considers that specific skills are required on the Board, he/ she can advise the Minister in advance of Board vacancies arising so that the Minister may take the Chairperson's views into account when making appointments.

The Board is satisfied that its Members are free from any business or other relationship that could materially affect, or could appear to affect, the exercise of their independent judgement. All Board Members disclose any interest and absent themselves from Board discussions and decisions where they are conflicted or gave a direct or indirect interest as required by the Code of Practice.

Board Members annually complete a Board self-assessment evaluation questionnaire while Audit and Risk Committee members complete a checklist for the effectiveness of the Audit and Risk Committee.

The Board has an effective Committee structure to assist in discharging its responsibilities. The Board has established two committees, as follows:

1. Audit and Risk Committee

The Audit and Risk Committee comprises of four Board members and an Independent Chairperson – Aidan Horan. The role of the Audit and Risk Committee (ARC) is to support the Board in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness of assurances in meeting the Board's assurance needs and reviewing the reliability and integrity of these assurances. The responsibilities of the ARC are outlined in its written terms of reference, which are reviewed annually by the Committee and approved by the Board.

The ARC formally reports to the Board providing such information or advice, as deemed appropriate through the ARC's Chair's regular presentations to the Board about committee activities, issues and related recommendations. The ARC provides the Board with an annual report, timed to support the finalisation of the annual report and financial statements and the review by the Board of the effectiveness of the system of internal control, summarising its conclusions from the work it has done during the year.

Board Members - Schedule of Fees and Expenses

	Board Member	Role	Date of First Appointment	Current Term Ends
1	Michael Nolan	Chief Executive Officer	01.08.15	31.07.20
2	Jacqueline Cross	Ordinary Member	01.03.10	28.02.19
3	Gary Comiskey	Ordinary Member	07.09.12	06.09.19
4	Cormac O'Rourke	Chairperson	10.10.12	25.02.21
5	Joe O'Mahony	Ordinary Member	14.02.13	30.06.19
6	Senan Turnbull	Ordinary Member	26.09.13	25.09.18
7	David O'Connor	Ordinary Member	27.06.11	30.06.18
8	Virginia O'Dowd	Ordinary Member	08.07.14	07.07.19
9	Seamus Neely	Ordinary Member	01.11.15	31.10.20
10	Aebhric McGibney	Ordinary Member	15.10.18	14.10.21
11	Mary O'Donovan	Ordinary Member	15.10.18	14.10.21

2. Strategy Committee

The Strategy Committee comprises of five Board members. The role of the Strategy Committee is to assist the Board in the preparation and adoption of a strategic plan for Transport Infrastructure Ireland. The responsibilities of the Strategy Committee are outlined in its written terms of reference, which are reviewed annually by the Committee and approved by the Board.

Both Committees formally report to the Board, providing such information or advice as deemed appropriate, through the Committee Chairperson's presentations from time to time to the Board about Committee activities, issues and related recommendations. Both committees provide the Board with a report, timed to support the finalisation of the Annual Report and Financial Statements, summarising its conclusions from the work it has done during the year.

Note 1: Non-commercial Public Service Bodies Category 2 Board fees (Chairperson €0,520, Director €1,970) apply from 14 July 2015. In accordance with the Department of Public Expenditure & Reform's "One Person One Salary" principle, Michael Nolan and Seamus Neely did not receive a fee for serving on the Board.

David O'Connor's fee for 2018 is for the period to 30.06.18

Senan Turnbull's fee for 2018 is for the period to 25.09.18

Aebhric McGibney fee for 2018 is for the period 15.10.18 to 31.12.18

Mary O'Donovan fee for 2018 is for the period 15.10.18 to 31.12.18

Note 2: Expenses paid to Michael Nolan during the year were incurred in his capacity as Chief Executive during 2018 and not as a Member of the Board.

Board Members - Schedule of Fees and Expenses

				2018	2018
				Fees	Expenses Paid
1	Michael Nolan	Chief Executive Officer	Note 1 & Note 2	0	0
2	Jacqueline Cross	Ordinary Member		11,970	0
3	Gary Comiskey	Ordinary Member		11,970	0
4	Cormac O'Rourke	Chairperson		20,520	0
5	Joe O'Mahony	Ordinary Member		11,970	0
6	Senan Turnbull	Ordinary Member	Note 1	8,788	0
7	David O'Connor	Ordinary Member	Note 1	5,985	0
8	Virginia O'Dowd	Ordinary Member		11,970	385
9	Seamus Neely	Ordinary Member	Note 1	0	5,059
10	Aebhric McGibney	Ordinary Member	Note 1	2,558	0
11	Mary O'Donovan	Ordinary Member	Note 1	2,558	0
Totals				88,289	5,444

Board Members - Schedule of Attendance

	Board		Audit & Risk Committee		Strategy Committee	
	A	B	A	B	A	B
Cormac O'Rourke	11	11	-	-	10	10
Jacqueline Cross	11	11	7	7	-	-
David O'Connor	6 ¹	6	-	-	5 ¹	5
Gary Comiskey	11	9	7	6	-	-
Joe O'Mahony	11	11	-	-	10	10
Senan Turnbull	6 ²	5	6	5	-	-
Virginia O'Dowd	11	9	6	5	1 ³	1
Seamus Neely	11	11	-	-	10	10
Michael Nolan	11	11	-	-	10	10
Aebhric McGibney	2	2 ⁴	1	1	-	-
Mary O'Donovan	2	2 ⁵	1	-	-	-

Column A indicates the number of meetings held during 2018 when the Board Member was a member of the Board and/or Committee. Column B shows the number of meetings attended during 2018 when the Board Member was a member of the Board and/or Committee.

Key Personnel Changes

There were no key personnel changes during 2018.

Disclosures Required by the Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that TII has complied with the requirements of the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code.

¹ David O'Connor's term of office ended in June 2018

² Senan Turnbull's term of office ended in September 2018

³ Virginia O'Dowd was appointed to the Strategy Committee in November 2018

⁴ Aebhric McGibney attended mandatory induction in line with the Code of Practice in October 2018. He attended the next meeting following this training requirement.

⁵ Mary O'Donovan attended mandatory induction in line with the Code of Practice in October 2018. She attended the next meeting following this training requirement.

Consultancy Costs

Consultancy costs include the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

	2018	2017
	€'000	€'000
Legal advice	1,193	1,596
Tax, financial/actuarial advice	105	234
Other – Project Management and Business Support	639	527
Total Consultancy Costs	1,937	2,357
Consultancy costs capitalised	26	0
Consultancy costs charged to the Statement of Income and Expenditure	1,911	2,357
Total	1,937	2,357

Legal Costs and Settlements

The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs, settlements, conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred about general legal advice received by TII which is disclosed in consultancy costs above.

	2018	2017
	€'000	€'000
Legal fees – legal proceedings	971	2,036
Conciliation and arbitration payments	71	27
Settlements	100	0
Total	1,142	2,063

These legal costs comprise costs for 8 cases. Included in these legal costs is an amount of €Nil (2017: 69k) in relation to on-going matters involving the Revenue Commissioners. Additional costs and settlements were paid by TII's insurers. The conciliation and arbitration costs above relate to those costs directly incurred by TII and do not include conciliation and arbitration payments paid by Local Authorities.

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2018	2017
	€'000	€'000
Domestic		
- Board	5	6
- Employees	562	537
International		
- Board	0	0
- Employees	137	139
Total	704	682

Hospitality Expenditure

The Income and Expenditure Account includes the following expenditure:

	2018	2017
	€'000	€'000
Staff hospitality	7	8
Client hospitality	2	2
Total	9	10



Risk Management

The Board has overall responsibility for determining the nature and extent of the significant risks it is willing to take in achieving TII's strategic objectives.

While the ultimate responsibility for risk management rests with the Board, it is supported by the ARC, which reports the findings of its reviews to the Board. The ARC receives regular reports from the Corporate Risk Manager and the internal and independent auditors and checks progress against agreed action plans to manage identified risks.

- **TII Risk Management Policy**

TII's Risk Management Policy is subject to annual review and approval by the Board to verify that it follows best practice and meets the requirements of the Code of Practice for the Governance of State Bodies (2016).

- **TII Risk Management Framework**

TII has adopted an enterprise risk management framework to support its Statement of Strategy and Annual Plan and Budget. The framework includes a tailored risk management process to ensure principal risks are identified, prioritised, managed, monitored and reported consistently across all areas in TII.

Enterprise Risks are reviewed by an Enterprise Risk Committee and feed into the Board and ARC wider discussions. All Enterprise Risks are assigned an owner from the Executive team who regularly review their assigned risks.

The Executive team use the strategic objectives to identify potential risk and uncertainty. The output from these exercises is used to review

and refresh all risk registers across TII. A defined risk appetite supports and enables prioritisation and mitigation planning.

TII regularly reviews its risk management framework and the application of its risk management practices to ensure that the risk management framework remains current and relevant.

TII implemented a new Risk Management Framework in 2017. The Framework is subject to annual review and approval by the Board.

- **TII Risk Appetite**

Strategies for controlling risk are tailored to the level of TII's willingness to accommodate risk, in line with TII's Risk Appetite Statement. TII managers consider whether current risk controls and mitigation activities are adequate to bring the potential likelihood or consequence of the risk to a tolerable level. Further actions are defined and implemented if the risk is not deemed to be within appetite.

Our Risk Appetite is subject to annual review and approval by the Board.

Statement of Compliance

TII has instituted appropriate measures to comply with the Code of Practice which sets out principles of corporate governance which the boards of state bodies are required to observe.



TII was in compliance with the Code of Practice for the Governance of State Bodies for 2018.

Compliance with Legislation

TII complies with corporate governance and other obligations imposed by the:

- Roads Acts 1993 to 2015;
- Ethics in Public Office Act 1995 (as amended);
- Standards in Public Office Act 2001;
- Official Languages Act 2003;
- Disability Act 2005;
- Safety, Health & Welfare at Work Act 2005;
- Freedom of Information Act 2014;
- Regulation of Lobbying Act 2015;
- Protected Disclosures Act 2014; and
- Data Protection Acts 1988 & 2003 and associated legislation.

Protected Disclosures

The mechanism whereby TII's staff may raise concerns, or make disclosures in the public interest, in accordance with the Protected Disclosures Act 2014, is outlined in TII's Protected Disclosures Procedure. No disclosure was made in 2018 which could be construed as a Protected Disclosure under the Protected Disclosures Act 2014.

Prompt Payments

Details	No. of Payments	Value €	% of Total Payments Made
Total payments made in 2018	2,536	459,883,219	100%
Number of payments made within 15 days	1,967	353,000,089	69%
Number of payments made within 16 to 30 days	569	106,883,130	31%
Number of payments made in excess of 30 days	0	0	0%

Cormac O'Rourke
Chairman
30th June 2019

Financial Statements for the year ended 31 December 2018

Information	46
Report of the Comptroller and Auditor General	47
Statement on Internal Control	49
Statement of Income and Expenditure	53
Statement of Comprehensive Income	54
Statement of Changes in Capital and Reserves	55
Statement of Financial Position	56
Statement of Cash Flows	57
Notes to the Financial Statements	58

Information

Chairman

Cormac O'Rourke

Board Members*

Gary Comiskey
Jacqueline Cross
Seamus Neely
Michael Nolan
David O'Connor
Virginia O'Dowd
Joe O'Mahony
Senan Turnbull
Aebhric McGibney
Mary O' Donovan

Solicitors

McCann Fitzgerald
Riverside One
Sir John Rogerson's Quay
Dublin 2

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2

Bankers

Bank of Ireland
College Green
Dublin 2

Allied Irish Bank
52 Upper Baggot Street
Dublin 4

Ulster Bank
Head Office
Georges Dock
Dublin 2

National Treasury Management Agency
Treasury Building
Grand Canal St Lower
Dublin 2

Auditors

Housing Finance Agency plc.
46 St. Stephen's Green
Dublin 2

Comptroller & Auditor General
3A Mayor Street Upper
Dublin 1
Ireland

Registered Address

Parkgate Business Centre
Parkgate Street
Dublin 8

* Board Members' appointment terms are set out in the Governance Statement



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas Transport Infrastructure Ireland

Opinion on the financial statements

I have audited the financial statements of Transport Infrastructure Ireland for the year ended 31 December 2018 as required under Article 5 of the third schedule to the Roads Act 1993. The financial statements comprise

- the statement of income and expenditure
- the statement of comprehensive income
- the statement of changes in capital and reserves
- the statement of financial position
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of Transport Infrastructure Ireland at 31 December 2018 and of its income and expenditure for 2018 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of Transport Infrastructure Ireland and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

Transport Infrastructure Ireland has presented certain other information together with the financial statements. This comprises the annual report including the governance statement and Board members' report, and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

28 June 2019

Appendix to the report

Responsibilities of Board members

As detailed in the governance statement and Board members' report, the Board members are responsible for

- the preparation of financial statements in the form prescribed under Article 5 of the third schedule to the Roads Act 1993
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under Article 5 of the third schedule to the Roads Act 1993 to audit the financial statements of Transport Infrastructure Ireland and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists

related to events or conditions that may cast significant doubt on Transport Infrastructure Ireland's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause Transport Infrastructure Ireland to cease to continue as a going concern.

- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

Statement on Internal Control

Scope of Responsibility

On behalf of Transport Infrastructure Ireland (TII) I acknowledge the Board's responsibility for ensuring that an effective system of internal control is maintained and operated. The system of internal control includes financial, operational and compliance controls and risk management systems that support the achievement of TII strategic priorities whilst also safeguarding the public and other funds and assets for which TII is responsible.

This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions appropriately authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in TII for the year ended 31 December 2018 and up to the date of approval of the financial statements.

Capacity to Handle Risk

TII has an Audit and Risk Committee (ARC) comprising four Board members and one external member, with financial and audit expertise, one of whom is the Chair. The ARC met six times in 2018.

TII has an Internal Audit function the work of which is informed by analysis of the risk to which TII is exposed. The analysis of risk and the internal audit plans are endorsed by the ARC and approved by the Board.

TII has developed, and the Board has approved, a risk management policy, risk appetite statement, and risk management plan. A Corporate Risk Manager has been appointed in TII to support the identification, measurement and management of risk and promote a risk management culture within TII. The risk management policy has been issued to all staff.

Risk and Control Framework

An Enterprise Risk Committee comprised of TII senior management ensures that appropriate procedures are in place to identify emerging risks, assess and manage risk from a strategic and operational perspective and to monitor implementation of risk management procedures.

Enterprise and divisional risk registers are in place which identify the key risks facing TII, the category of risk, the risk appetite and the controls in place.

The ARC review risk registers, policies, appetite and plans. The enterprise risk register is reviewed by the ARC at each ARC meeting. Their work supplements the contribution of the Board Members to the Board's management and oversight of risk and serves to inform its review and approval of the enterprise risk register together with risk policies, appetite and plans.

The Board and senior management have taken steps to ensure an appropriate control environment is in place with the following elements:

- establishing an ARC and a Strategy Committee as sub-committees of the Board;
- a dedicated procurement section within TII and best practice corporate procurement guidelines;
- a dedicated governance and legal section within TII;
- a Governance Committee consisting of senior members of staff to support TII as regards its responsibilities for issues of corporate governance and compliance, including risk and internal control, particularly the comprehensiveness of assurances in meeting the requirements of the Code of Practice for the Governance of TII and the ARC and Board's assurance needs;
- establishing various committees such as Enterprise Risk, Learning and Development, Health and Safety, Corporate Procurement, Data Protection, Property and Cyber Security;
- adoption and implementation of the Public Spending Code as related to public expenditure in accordance with DTTAS and TII guidelines for capital projects, capital and operational programmes and PPP projects;
- establishing project governance arrangements for complex/high risk/value projects and operations including MetroLink, Tolling, Luas, PPPs and national roads projects;
- a Code of Business Conduct requiring Board members, management and staff to maintain the highest ethical standards;
- ensuring compliance with the requirements relating to Declaration of Interests as specified in the Ethics in Public Office Acts and Section 40 of the Roads Act 1993;
- policies and procedures for staff performance management and continuing professional development;
- systematic reviews by Internal Audit of internal controls;
- documented procedures for all key business processes;
- specific training and awareness programs designed to mitigate identified risks related to current and emerging threats and significant compliance issues;
- restricting authorisation of disbursement of monies to authorised signatories;
- the assignment of financial responsibilities and corresponding accountability at management level;
- a comprehensive budgeting system with an annual plan and budget which is subject to Board approval;
- systems and processes in place regarding annual/multiyear budgets, allocations and future commitments process;
- systems and procedures in place aimed at ensuring the security of the information and communication technology systems;

Statement on Internal Control (continued)

- financial control systems in place to ensure stewardship of financial resources and the safeguarding of assets;
- control procedures over grant funding to local authorities to ensure the funding has been applied for the purpose intended and in accordance with guidelines issued;
- procedures for determining and reporting significant control failures and ensuring; and
- appropriate corrective action.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes. Where control deficiencies are identified the necessary improvements are agreed with those responsible for taking corrective action and appropriate reporting made to management, the ARC and the Board.

The system of internal control is based on a framework of regular management reporting, administrative procedures including segregation of duties and a system of delegation and accountability. In particular, it includes:

- key risks and related controls have been identified, documented and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies;
- ongoing monitoring by the Board and senior management of actual expenditure/predicted outturn compared to the approved annual plan and budget;
- regular reporting to DTTAS regarding annual/multiyear budgets, allocations and future commitments processes; and
- regular reviews by senior management of periodic and annual performance of both financial and non-financial reports which indicate performance against budgets and other relevant standards.

Regional & Local Roads

TII administers the payment of Local Authority claims for Regional and Local roads for DTTAS through the Project Reporting System (PRS). This incorporates:

- Allocations and drawdown profiles are set and amended throughout the year by DTTAS;
- Regional and Local road allocation data is supplied by DTTAS and is then imported into PRS. Reports of budget amounts imported are sent to DTTAS for verification;
- DTTAS staff carry out approval of Local Authority claims for Regional and Local road projects; and
- Regional and Local Road Expenditure reports (including detailed reports by claim number) and financial reports are sent monthly to DTTAS.

Procurement

I confirm that TII has procedures in place to ensure compliance with current procurement rules and guidelines and that overall during 2018 TII complied with those procedures. In instances where a requirement for improvements to the design or implementation of those procedures was identified an appropriate response was agreed between the responsible parties and implemented by management under the supervision of the ARC.

Review of Effectiveness

TII's monitoring and review of the effectiveness of the system of internal control is informed by the review and consideration of the programme of Internal Audit and consideration of its reports and findings; review of regular reporting from Internal Audit on the status of the internal control environment and the status of issues raised previously from their own reports; the ARC, which oversees the work of Internal Audit; the Executive Team within TII, who have responsibility for the development and maintenance of the internal control framework; and comments made by the Comptroller and Auditor General in his management letter or other reports of any material internal control issues.

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2018.

Internal Control Issues

Internal Audit presented 22 reports during 2018 to the ARC (13 in respect of work undertaken directly by the Internal Audit function while 9 were commissioned from external parties). These reports resulted in a number of recommendations which have been implemented or are in the process of being implemented.

No weaknesses in internal control were identified in relation to 2018 that require disclosure in the financial statements.



Cormac O' Rourke
Chairman

25 June 2019

Statement of Income and Expenditure

For the year ended 31 December 2018

	Note	Administration 2018 €'000	Light Rail & Metro 2018 €'000	Road Network 2018 €'000	Total 2018 €'000	Total 2017 €'000
State Grants	2	26,769	82,640	902,655	1,012,064	877,048
Grant Transfers	2a	(4,540)	4,540	0	0	0
Grant Refunds	3	0	0	900	900	1,151
Toll Income	4	0	0	258,973	258,973	169,733
Other Income	5	3,806	13,098	3,786	20,690	17,433
Total Income		26,035	100,278	1,166,314	1,292,627	1,065,365
Expenditure	6	(24,448)	(61,559)	(1,025,923)	(1,111,930)	(851,346)
Transfer from/(to) Capital	12	338	(30,772)	(17,523)	(47,957)	(70,501)
Operating surplus		1,925	7,947	122,868	132,740	143,518
Finance Charges	11	(1,708)	0	(32,095)	(33,803)	(35,613)
Interest Receivable		0	0	4	4	23
Retained (deficit)/surplus for the year		217	7,947	90,777	98,941	107,928

All income and expenditure for the year relates to continuing activities at the reporting date. The Statement of Cash Flows and notes 1 to 26 form part of these financial statements.

On behalf of the Board of Transport Infrastructure Ireland:



Cormac O' Rourke

Chairman

25 June 2019



Michael Nolan

Chief Executive Officer

25 June 2019

Statement of Comprehensive Income

For the year ended 31 December 2018

	Note	2018 €'000	2017 €'000
Retained Surplus for the Year		98,941	107,928
Experience Losses on Defined Benefit Retirement Obligations		(198)	(973)
Changes in Assumptions Underlying the Present Value of Defined Benefit Retirement Benefit Obligations		3,712	(1,901)
Total Actuarial gain/(loss) in the Year	20c	3,514	(2,874)
(Increase)/ decrease in Irrecoverable Surplus on Defined Benefit Retirement Scheme	20c	(948)	236
		2,566	(2,638)
Adjustment to Defined Benefit Retirement Obligations	20e	(2,720)	2,623
Net movement in the Year		(154)	(15)
Other Comprehensive Income for the year		98,787	107,913

The Statement of Cash Flows and notes 1 to 26 form part of these financial statements. On behalf of the Board of Transport Infrastructure Ireland:



Cormac O' Rourke

Chairman

25 June 2019



Michael Nolan

Chief Executive Officer

25 June 2019

Statement of Changes in Capital and Reserves

For the year ended 31 December 2018

	Retained Revenue Reserves Administration €'000	Retained Revenue Reserves Light Rail & Metro €'000	Retained Revenue Reserves Road Network €'000	Capital Account €'000	Development Levies and Contributions €'000	Total €'000
At 31 December 2016	17	30,388	288,007	2,088,187	49,048	2,455,647
Retained (deficit)/surplus for the year	(370)	9,134	99,164	0	0	107,928
Movement in Development Levies and Contributions [Note 21]	0	0	0	0	6,982	6,982
Income used to purchase fixed assets or fund capital payments	0	0	0	145,968	0	145,968
Amortisation in line with depreciation/finance charge	0	0	0	(74,225)	0	(74,225)
Transfer to provisions/creditors	0	0	0	33,384	0	33,384
Asset disposals and impairments	0	0	0	(1,242)	0	(1,242)
Other recognised losses	(15)	0	0	0	0	(15)
At 31 December 2017	(368)	39,522	387,171	2,192,072	56,030	2,674,427
Retained surplus for the year	217	7,947	90,777	0	0	98,941
Movement in Development Levies and Contributions [Note 21]	0	0	0	0	13,877	13,877
Income used to purchase fixed assets or fund capital payments	0	0	0	132,203	0	132,203
Amortisation in line with depreciation/finance charge	0	0	0	(83,830)	0	(83,830)
Transfer to provisions/creditors	0	0	0	64	0	64
Asset disposals and impairments	0	0	0	(416)	0	(416)
Other recognised losses	(154)	0	0	0	0	(154)
At 31 December 2018	(305)	47,469	477,948	2,240,093	69,907	2,835,112

The Statement of Cash Flows and notes 1 to 26 form part of these financial statements. On behalf of the Board of Transport Infrastructure Ireland:



Cormac O' Rourke
Chairman
25 June 2019



Michael Nolan
Chief Executive Officer
25 June 2019

Statement of Financial Position

At 31 December 2018

	Note	2018 €'000	2017 €'000
Fixed Assets			
Property, Plant and Equipment	13	3,575,400	3,552,829
Current Assets			
Receivables	14	49,549	18,197
Cash and Cash Equivalents		101,264	60,497
		150,813	78,694
Creditors (Amounts Falling Due Within One Year)			
Payables	15	(153,744)	(152,810)
Net Current Liabilities			
		(2,931)	(74,116)
Creditors (Amounts Falling Due After One Year)			
Payables	16	(579,051)	(639,716)
Provisions for Liabilities and Charges	19	(158,634)	(165,128)
Retirement Benefits			
Defined Benefit Retirement Obligations	20d	(92,367)	(91,411)
Defined Benefit Deferred Retirement Funding	20d	92,367	91,411
Defined Benefit Pension Surplus	20f	328	558
Total Net Assets			
		2,835,112	2,674,427
Financed By			
Reserves			
Capital Account	12	2,240,093	2,192,072
Development Levies and Contributions	21	69,907	56,030
Retained Revenue Reserves (as per Statement of Changes in Net Equity)		525,112	426,325
		2,835,112	2,674,427

The Statement of Cash Flows and notes 1 to 26 form part of these financial statements. On behalf of the Board of Transport Infrastructure Ireland:



Cormac O' Rourke
Chairman
25 June 2019



Michael Nolan
Chief Executive Officer
25 June 2019

Statement of Cash Flows

For the year ended 31 December 2018

	2018 '€000	2017 '€000
Net Cash Flows from Operating Activities		
Retained Surplus for the Year	98,941	107,928
Depreciation, impairment and disposal of Fixed Assets	63,432	52,859
Amortisation of levies and deferred credits	(1,565)	(1,554)
Transfer to Capital	47,957	70,501
Interest	0	(23)
Pension charge	77	69
(Increase)/decrease in Receivables	(4,231)	1,799
Decrease in Provisions	(6,494)	(30,469)
(Increase)/(decrease) in Payables	17,945	(14,144)
Net Cash Inflow from Operating Activities	216,062	186,966
Cash Flows from Investing Activities		
Payments to acquire Property, Plant & Equipment	(162,344)	(236,901)
Purchase of Guaranteed Notes	(23,646)	0
Disposal of Property, Plant & Equipment	11	0
Development Levies and Contributions	10,684	7,885
Bank interest received	0	24
Net Cash Outflow from Investing Activities	(175,295)	(228,992)
Cash Flows from Financing Activities		
Refunded Exchequer advances	0	(12,499)
Net Cash Outflow from Financing Activities	0	(12,499)
Net Increase/(Decrease) in Cash and Cash Equivalents	40,767	(54,525)
Cash and cash equivalents at 1 January	60,497	115,022
Cash and cash equivalents at 31 December	101,264	60,497

The Statement of Cash Flows and notes 1 to 26 form part of these financial statements. On behalf of the Board of Transport Infrastructure Ireland:



Cormac O' Rourke
Chairman
25 June 2019



Michael Nolan
Chief Executive Officer
25 June 2019

Notes to the Financial Statements for the year ended 31 December 2018

1. Accounting Policies

The basis of accounting and significant accounting policies adopted by Transport Infrastructure Ireland (TII) are set out below. They have all been applied consistently throughout the year and for the preceding year.

a) General Information

TII has its head office at Parkgate Business Centre, Parkgate St., Dublin 8.

TII's primary objective is the provision of a safe and efficient network of national roads, light rail and metro infrastructure.

TII is a public benefit entity.

The presentation and functional currency of these financial statements is Euro. All amounts in the financial statements have been rounded to the nearest €1,000.

b) Statement of Compliance with FRS 102

The financial statements of TII for the year ended 31 December 2018 have been prepared in accordance with generally accepted accounting practice in Ireland including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council, as promulgated by Chartered Accountants Ireland.

c) Basis of Preparation

The financial statements have been prepared under the historical cost convention, except for certain assets and liabilities that are measured at fair values as explained in the accounting policies below. The financial statements are in the form approved by the Minister for Transport, Tourism and Sport with the concurrence of the Minister for Public Expenditure and Reform under the Roads Acts 1993 to 2015. The accounting policies have been applied consistently.

d) Foreign currency

Transactions in foreign currencies are translated to TII's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Income and Expenditure.

e) Revenue

State Grants Revenue is generally recognised on an accruals basis. State Grants however are recognised on a cash receipts basis. Grants which fund capital expenditure are transferred from the Statement of Income and Expenditure to the capital account and amortised to the Statement of Income and Expenditure as the related assets are depreciated.

Grants are received directly from the Department of Transport, Tourism and Sport [DTTAS] and from the National Transport Authority (NTA) under their Capital Funding Programme, the Exchequer funding for which is provided by DTTAS under the capital envelope for transport capital projects, i.e. Greater Dublin Area (GDA) capital programme.

Notes to the Financial Statements for the year ended 31 December 2018

1. Accounting Policies (Cont'd)

e) Revenue (Cont'd)

Development levies and contributions

Development levies and developer contributions received by TII and which (subject to the provisions of relevant agreements) are utilised to fund capital expenditure are retained in a development levies and contributions reserve and amortised to the Statement of Income and Expenditure as the related assets are depreciated. Development levies are collected by local authorities under the relevant legislative provisions. Developer contributions arise through the conclusion of bilateral agreements with private individuals, companies or partnerships.

Refunds of grants paid to Local Authorities

Grant refunds reflect the actual amounts received from local authorities in the year.

Toll Income TII recognises toll income due from operators on an accruals basis. The toll income represents charges levied by toll operators after deduction of certain charges and interoperability payments. Between 2010 and March 2017, TII remitted VAT on M50 (Westlink) and Dublin Tunnel tolls to the Revenue Commissioners. On foot of a Court of Justice (EU) decision in January 2017, TII received a refund of VAT for that period of €6.3m. This amount has been reported as toll income in 2018. TII no longer remits VAT on tolls.

Toll income also includes amounts received in respect of the revenue sharing arrangement under the M4 Kilcock/Kinnegad and M1 Dundalk Western Bypass PPP schemes.

Provision of Luas infrastructure TII licences the Luas infrastructure to an operator. Where revenues collected by the operator exceed the licence fee, a surplus arises for TII and where revenues collected by the operator are less than

their fee, a deficit arises for TII. The surplus or deficit is recognised in the Statement of Income and Expenditure on an accruals basis.

Revenue generated from Luas associated assets

TII generates income from Luas associated assets. This income arises from the provision of Park and Ride facilities, advertising income generated from tram wraps, on-board advertising and advertising at the Luas stops. Income is also generated from the rental of kiosks along the lines. This income is recognised on an accruals basis.

Other Revenue

Other revenue is recognised on an accruals basis.

f) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation, adjusted for any provision for impairment.

Capitalisation

Light rail & metro projects

Expenditure is capitalised in respect of rail transport infrastructure assets and passenger transport facilities under construction and development activity on Government approved capital projects. For the purposes of these policies, Government approval for light rail or metro projects has been defined by reference to the date of submission of a railway order application except where agreement has been obtained from the Government to fund capital expenditure in advance of the receipt of a railway order.

Expenditure on feasibility studies and preliminary design for potential but unapproved capital projects is charged to the Statement of Income and Expenditure in the year of expenditure. All expenditure on the acquisition of capital assets, or expenditure which significantly adds to the value, capacity in use, or useful economic life

of existing assets, including certain staff costs, are capitalised as a fixed asset. Assets received from third parties as a result of commercial agreements pertaining to the provision of light rail and metro projects, are capitalised in fixed assets.

These assets are measured at market value. A corresponding creditor is recognised as deferred income and released to the Statement of Income and Expenditure in line with the depreciation charge on such assets.

Where expenditure relates to the acquisition or creation of an asset that is not operational or in service at the balance sheet date then such expenditure is presented as “Assets under Construction” and is not depreciated. Assets under Construction are assessed for impairment each year.

Expenditure relating to the consideration on the acquisition of property assets is capitalised as a fixed asset only when the property transaction has been fully completed.

Expenditure relating to consideration incurred in respect of property assets prior to completion of the transaction is included in prepayments.

Road network

Road assets acquired under PPP service concession arrangements are capitalised and accounted for using the finance lease liability model in the year the concession agreement is signed. The assets comprised in the M50 buy out agreement have also been valued using the finance lease liability model and all costs incurred in this agreement have been capitalised. When a PPP contract is signed, the value of the infrastructure asset and the service concession liability is recognised as the net present value of the future minimum lease payments – calculated on the basis of construction payments set out in the contract, made directly by TII. TII selected a discount rate

of 4% following consultation with the National Development Finance Agency [NDFA] on the basis that it reflects an appropriate rate for long term infrastructure assets.

TII has a contract in place for the operation of the Dublin tunnel, the Jack Lynch tunnel and the motorway traffic control centre. While TII receives toll income from the Dublin tunnel, ownership of these three assets rests with the relevant local authority. Accordingly, this contract has not been accounted for as a service concession arrangement. The relevant payments are charged to the Statement of Income and Expenditure in the period they arise.

New road assets acquired under traditional procurement methods are capitalised from the date on which relevant statutory approvals are obtained.

Road asset expenditure relating to signage, maintenance depots and M50 eFlow is recorded at historical cost or an appropriately discounted cost if payment terms extend over several years.

Depreciation

Road assets incorporating motorway service areas are not depreciated where they have been acquired or are managed under service concession agreements which guarantee residual useful lives and operating capacity at the end of the concession term that would be equivalent to that of the asset when it was first commissioned. Luas infrastructure assets are depreciated from the month they enter revenue service and any grants received in respect of their purchase are amortised on the same basis. Other fixed assets where subject to depreciation are depreciated for a full year in the year of acquisition.

Notes to the Financial Statements for the year ended 31 December 2018

1. Accounting Policies (Cont'd)

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure in the year. Depreciation methods, useful lives and residual values are reviewed

if there is an indication of a significant change since the last annual reporting date in the pattern by which TII expects to consume an asset's future economic benefits.

Depreciation is provided on all other property, plant and equipment, other than freehold land, at rates estimated to write off the cost less the estimated residual value of each asset on a straight line basis over their estimated useful lives, as follows:

	Years
Bridges, underpasses, civil works & enabling works	50
Buildings	30
Track	10-50
Control & communication systems	10-25
Power	20-25
Fare collection	5-15
Park & Ride	30
Luas rolling stock & equipment	15-24
Furniture & fittings, lifts and spares	10-25
Office fixtures and equipment	3-10
Enhancement to leasehold premises	10*
Motor vehicles	5
Directional signage	20
Safety & sundry equipment	10
Service areas	33
Maintenance depots	33
M50 eFlow assets	20**

*Leased assets are depreciated over the shorter of the lease term and their useful lives.

**M50 eFlow assets are depreciated over 20 years or the contract life.

g) Leases

Leases in which TII assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease.

At initial recognition, a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

h) Receivables

Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a general provision and is established when there is objective evidence that TII will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure.

i) Operating Leases

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure over the life of the lease. Expenditure is recognised on a straight-line basis over the lease period. Any lease incentives received are recognised over the life of the lease.

j) Interest receivable and interest payable and similar charges

Interest payable and similar charges includes interest payable, finance charges on finance leases recognised in the Statement of Income and Expenditure using the effective interest method and unwinding of the discount on provisions. Interest income and interest payable are recognised in the Statement of Income and Expenditure as they accrue, using the effective interest rate method.

Notes to the Financial Statements for the year ended 31 December 2018

1. Accounting Policies (Cont'd)

k) Employee Benefits

Short-term Benefits

Short-term benefits such as holiday pay are recognised as an expense in the year and benefits that are accrued at year-end are included in the Payables figure in the Statement of Financial Position.

Retirement Benefits

The financial statements reflect, at fair value, the assets and liabilities arising from TII's pension obligations and any related funding, and recognise the costs of providing pension benefits in the accounting periods in which they are earned by employees. Retirement benefit scheme liabilities are measured on an actuarial basis using the projected unit credit method. Where a scheme is in surplus, the maximum amount of surplus that can be recognised on the Statement of Financial Position is limited to the value of an employer contribution holiday in perpetuity, measured using the FRS 102 basis. Any irrecoverable amount is recognised in the Statement of Comprehensive Income.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income. A corresponding adjustment is recognised in the amount recoverable from DTTAS for the Unfunded Defined Benefit Scheme only. TII operates the following pension schemes:

Defined Contribution Pension Scheme [Closed to new members]

TII operates a defined contribution pension scheme. Pension benefits are funded over the employees' period of service by way of employee and employer contributions to a defined contribution scheme. Employer contributions are charged to the Statement of Income and Expenditure as they become payable.

Funded Defined Benefit Pension Scheme [Closed to new members]

TII operates a defined benefit pension scheme which is funded by TII and contributions from members.

Unfunded Defined Benefit Pension Scheme [Closed to new members]

TII operates a defined benefit pension scheme which is funded annually on a pay as you go basis from monies provided by DTTAS. Pension costs reflect pension benefits earned by employees and are shown net of staff pension contributions which are retained by TII. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Single Public Services Pension Scheme ("Single Scheme")

TII operates the Single Scheme, which is a defined benefit scheme for pensionable public servants appointed on or after 1 January 2013. Single Scheme members' contributions are paid over to the Department of Public Expenditure and Reform (DPER). The costs, liabilities and assets related to the operation of this scheme have been included in the disclosures in relation to the unfunded defined benefit pension scheme.

l) Reserve

Surpluses generated from the Luas infrastructure business are transferred to the Light Rail & Metro Revenue Reserve. This reserve is ring-fenced by agreement with the NTA to fund future refurbishment of the Luas infrastructure, future operating deficits and the Luas Cross City project.

m) Provisions for Liabilities and Charges

Within certain concession contracts, variable operational payments provide for payments to the operator where traffic volumes fall below specified levels. Estimates of future liabilities are provided for in the financial statements (note 19). The total forecast value of variable operational payments were recognised as a charge to Reserves on the Statement of Financial Position of TII together with a liability for future obligations under the related service concessions. The valuations and that of the related liability are based on the discounted value of the variable operational payments forecast to be made directly by TII. An appropriate discount

rate of 4% has been chosen to discount the future liabilities arising from these concession agreements and has been arrived at in consultation with the NDFA. The forecasting of variable operational payments is performed annually and any movements in the provision are expensed in the Statement of Income and Expenditure.

State grants provided for the implementation of certain projects for which development levy schemes are adopted may subsequently be designated repayable to DTTAS in accordance with the terms of a project specific Ministerial Direction. Where such obligations exist, estimates of the repayable amounts of any grants received are made based on the information available and the terms of the Ministerial Direction. The amount of grant income that has been received and is estimated to be repayable is retained as a long term liability. In arriving at the estimated amount, management must consider a number of risks and uncertainties including development risk, premature cessation of levy scheme, project completion risk and change of law.

Provisions for track restoration and exchequer advances repayable are recognised when TII has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

TII does not make provision for legal or insurance claims or tax refunds, the outcome of which are uncertain.

n) Payments to Local Authorities

Payments to local authorities in respect of road construction, improvement, maintenance and management are the actual grants paid in the year.

o) Service concession agreements (Public Private Partnerships)

TII has entered into a number of public private partnerships or service concession agreements with private sector entities to construct (or upgrade), operate and maintain infrastructure assets for a specified period of time (concession period).

TII controls or regulates what services the operator must provide using the infrastructure assets, to whom, and at what price; and TII controls the residual interest in the assets at the end of the term of the concession period.

Notes to the Financial Statements for the year ended 31 December 2018

1. Accounting Policies (Cont'd)

TII makes payments over the life of the concession for the construction, financing, operating, maintenance and renewal of the infrastructure assets and the delivery of services that are the subject of the concession.

In some cases TII may be entitled to a share of the toll revenue earned by the concessionaire while certain concessions provide for variable operational payments if traffic volumes fall below specified levels.

The service concession assets are recognised as assets on the Statement of Financial Position of TII together with a liability for future obligations under the related service concessions. The asset valuations and that of the related liability are based on the discounted value of the construction payments made directly by TII and any reliably measured capital element of operational payments. An appropriate discount rate of 4% has been chosen to discount the future construction related liabilities arising from concession agreements and has been arrived at in consultation with the NDFA. This rate is consistent with the effective rates of interest in the concession agreements for which asset valuations have been reached under FRS 102. Operational and financing payments made under the concession agreements are recognised in the Statement of Income and Expenditure in the year they are paid. Obligations to make payments of an operational nature over the life of the concession are disclosed in the notes to the financial statements.

p) Critical Accounting Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year.

However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

Road Network: Valuation, Depreciation and Residual Values

Road assets acquired under PPP service concession arrangements and comprised in the M50 buy-out are capitalised and accounted for using the finance lease liability model in the year the concession agreement is signed. The value of the infrastructure asset and the service concession liability is recognised as the net present value of the future minimum lease payments, calculated on the basis of construction payments made directly by TII and any reliably measured capital element of operational payments. The PPP capitalisation model supports TII's assumptions regarding the split of payments between capital and revenue when valuing the asset.

TII selected a discount rate of 4% following consultation with the NDFA, on the basis that it reflects an appropriate rate for long term infrastructure assets.

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

Infrastructure assets acquired under service concession agreements are, under specific contractual obligations in those agreements, handed back to TII at the end of the concession term with useful lives equivalent to that of the asset when originally commissioned. Performance of the "hand back" provisions is guaranteed by significant financial retentions and penalties provided for in the concession agreements. As a result of these provisions TII does not charge depreciation on these assets.

Provisions and estimates

Significant estimates are made in relation to the calculation of provisions for exchequer advances repayable and variable operational payments.

Exchequer Advances Repayable:

State grants provided by the Exchequer for the implementation of certain projects for which development levy schemes are adopted may subsequently be designated repayable in accordance with the terms of a project specific Ministerial Direction. Where such obligations exist, estimates of the repayable amounts of any grants received are made based on the information available and the terms of the Ministerial Direction. The amount of grant income that has been received and is estimated to be repayable is retained as a long term liability (note 19).

In these circumstances the amount of grant repayable is equal to the total amount of levies estimated to be collected over the life of the scheme less any levies used to offset eligible expenditure up to the amount of exchequer funds advanced.

An estimate of the total levies likely to be received over the life of the scheme is critical in the calculation of the provision for exchequer advances repayable. The levy receipts are estimated with the assistance of the local authority's professional town planners who make critical assumptions regarding the rate and volume of commercial retail and residential development over the life of each scheme. To the extent that these assumptions hold true then the amount provided for the repayment of exchequer advances and the actual amount repaid will not vary significantly. If the conditions underlying the assumptions vary significantly, that may have a significant impact on actual outcomes.

Variable Operational Payments:

Two concession (Public Private Partnership) contracts, (M3 Clonee/Kells and the N18 Limerick Tunnel) provide for variable operational payments to the operator where traffic volumes fall below specified levels.

Variable operational payments continue to be payable on both of these contracts and estimates of future liabilities are provided for in the financial statements (note 19). The estimates of future liabilities are based on observed traffic data, forecasts of traffic growth and inflation. Inflation indices are derived from the forecast Consumer Price Index on the assumption that toll charges will rise in line with that index. Where outturn traffic growth and/or inflation differ from forecasts this will impact on the variable operational payment amounts provided for.

Accruals

TII provides for all material capital and current expenditures incurred before the reporting date for which a liability exists at the reporting date.

Retirement Benefit Obligation

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels and mortality rates) are updated annually by an independent actuary based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans. The assumptions can be affected by:

- (i) the discount rate, changes in the rate of return on high-quality corporate bonds; and
- (ii) future compensation levels, future labour market conditions.

q) Inventory

All consumables are written off in the year of purchase.

Notes to the Financial Statements for the year ended 31 December 2018

2. State Grants

State grants of €1,012m (2017: €877m) were received in 2018 from the Department of Transport, Tourism and Sport (Vote 31) and the National Transport Authority (NTA) under the following subheads:

	2018 €'000	2017 €'000
Administration:		
B 3.3 Administration	26,891	26,170
TII invoiced amounts to DTTAS for road material testing	68	73
Less Single Pension Scheme contributions remitted	(190)	(31)
	26,769	26,212
Road Network:		
B 3.1 National Road Construction and Improvement	312,013	266,490
B 3.2 National Road Maintenance and Management	35,783	37,658
B 3.4 Public Private Partnership Operations	122,098	132,620
B 3.5a Regional and Local Road Construction and Improvement*	377,010	279,417
B 3.5b Regional and Local Road Maintenance and Management*	50,359	42,685
TII invoiced amounts to DTTAS for Salt Stock for Regional Roads	5,392	2,564
	902,655	761,434
Light Rail and Metro:		
NTA GDA Capital Funding programme	80,723	84,641
NTA PSO Grant**	0	6,678
Transfer from/(to) Creditors - NTA PSO Grant**	1,917	(1,917)
	82,640	89,402
Total Grants	1,012,064	877,048

Grants may only be used for the purposes for which they have been approved.

*Historically, both the National Roads Authority and DTTAS made payments to local authorities for the construction, improvement, maintenance and management of local and regional roads. In 2014, DTTAS assumed responsibility for the management of these payments including approval for payment. TII now acts as a paying agent and issues the relevant payments on instruction from DTTAS. In 2018, TII issued payments totalling €27.3m (notes 9a and 9b) to local authorities from funding received by it from DTTAS (2017: €322.1m). DTTAS has always been and continues to be responsible for determining the annual allocations to local authorities in respect of regional and local roads. In addition to the above, DTTAS makes some payments directly to local authorities for regional and local roads.

**In 2017, TII received funding from NTA in the form of a Public Service Obligation (PSO) grant for the mobilisation of Luas Cross City. €1.9m was deferred and brought to account in 2018.

2a. Grant Transfers

In 2018 €4.540m (2017: €6.023m) of administration grants were used to fund payroll and overhead costs associated with Luas capital projects. These costs have been capitalised in line with accounting policy note 1f.

2b. EU Grants

In 2018 €0.275m (2017: €0.13m) was received by the Central Fund in respect of the Trans European Transport Network programme.

3. Grant Refunds

Grant refunds from local authorities were as follows:

	2018 €'000	2017 €'000
National Road Construction and Improvement	823	1,134
National Road Maintenance and Management	77	17
	900	1,151

4. Toll Income

	2018 €'000	2017 €'000
Dublin Tunnel	21,286	19,085
M50 eFlow	154,554	145,229
VAT refund on tolls	76,257	0
M1 Dundalk Western Bypass	1,675	1,395
M4 Kilcock/Kinnegad	5,201	4,024
	258,973	169,733

Toll income represents:

- Charges levied by toll operators after deduction of certain charges and interoperability payments.

Between 2010 and March 2017, TII remitted VAT on M50 (Westlink) and Dublin Tunnel tolls to the Revenue Commissioners. On foot of a Court of Justice (EU) decision in January 2017, TII have now received a refund of VAT for that period of €76.3m. This amount has been reported as toll income in 2018. TII no longer remits VAT on tolls.

- A share of revenue due under the terms of the PPP contract for the M4 Kilcock/Kinnegad and M1 Dundalk Western Bypass schemes.

Notes to the Financial Statements for the year ended 31 December 2018

5. Other Income

	Note	2018 €'000	2017 €'000
Administration	5a	3,806	3,313
Light Rail & Metro	5b	13,098	11,543
Road Network	5c	3,786	2,577
		20,690	17,433

5a. Other Income - Administration

	Note	2018 €'000	2017 €'000
Net Deferred Funding for Pensions	20e	3,676	3,176
Sundry Income		130	137
		3,806	3,313

5b. Other Income - Light Rail & Metro

	2018 €'000	2017 €'000
Surplus on Provision of Luas Infrastructure	8,662	7,343
Surplus generated from Luas Associated Assets	2,700	2,455
Rental Income	224	233
Amortised Levies and Deferred Credits	1,512	1,512
	13,098	11,543

5c. Other Income - Road Network

	2018 €'000	2017 €'000
Sundry Income	1,020	624
Motorway Service Area Revenue Share	1,910	1,911
Insurance Risk Sharing Income	803	0
Amortisation of Deferred Credit	53	42
	3,786	2,577

5c. Other Income - Road Network (Cont'd)

Motorway Service Area Revenue Share: TII entered a PPP Contract for Motorway Service Areas on the M1 and M4 on 08 October 2009. The contract includes revenue share provisions. Revenue due for 2018 amounted to €1,910k (2017: €1,911k).

Insurance Risk Sharing: A number of PPP projects have an insurance risk-sharing clause. Under this clause, the insurance costs are reviewed every three years, and depending on costs incurred in the period, compensation may be paid to TII, or payable by TII. There were no reviews conducted in the prior year.

Insurance Risk Sharing	2018 €'000	2017 €'000
N18 Limerick Tunnel	302	0
N25 Waterford City Bypass	406	0
M1 Dundalk Western Bypass	0	0
M3 Clonee/Kells	0	0
N6 Galway/Ballinasloe	0	0
N8 Rathcormac/Fermoy	0	0
M7/M8 Portlaoise	0	0
M50 Upgrade	0	0
N11 Arklow/Rathnew	95	0
M17/M18 Gort to Tuam	0	0
M11 Gorey to Enniscorthy	0	0
N25 New Ross Bypass	0	0
	803	0

Notes to the Financial Statements for the year ended 31 December 2018

6. Expenditure

	Note	2018 €'000	2017 €'000
Administration	7	24,448	22,416
Light Rail & Metro	8	61,559	48,004
Road Network	9/10	1,025,923	780,926
		1,111,930	851,346

Hospitality of €9k (2017: €10k) is included in the above figures.

7. Expenditure - Administration Costs

	Note	2018 €'000	2017 €'000
Remuneration and Other Pay costs	7a	23,099	22,336
Accommodation costs	7d	2,422	2,525
Other Administration costs	7e	2,761	2,864
Depreciation		716	712
Disposal of Fixed Assets		(10)	2
Total Administration costs		28,988	28,439
Less: Capitalised salary and overhead costs		(4,540)	(6,023)
Included in Statement of Income and Expenditure		24,448	22,416

7a. Remuneration and Other Pay Costs

	Note	2018 €'000	2017 €'000
Salaries		18,320	17,838
Overtime		72	115
Health Insurance		2	2
Allowances		4	7
Pension Costs	20a	3,415	3,676
Employer's Contribution to Social Welfare		1,745	1,682
Board Members' Emoluments and Expenses		94	89
		23,652	23,409
Less: secondment income		(553)	(1,073)
		23,099	22,336

Pension Related Deduction (PRD) of €600k (2017: €490k) has been deducted and paid over to DTTAS.

No termination payments have been made in the year (2017: €Nil).

Notes to the Financial Statements for the year ended 31 December 2018

7b. Employee Benefits Breakdown

Range of total employee benefits earned in the year From To	Number of employees 2018	Number of employees 2017
Total number of Whole Time Equivalents	250	254
€60,000 - €69,999	38	48
€70,000 - €79,999	32	33
€80,000 - €89,999	36	28
€90,000 - €99,999	22	30
€100,000 - €109,999	20	6
€110,000 - €119,999	7	5
€120,000 - €129,999	5	3
€130,000 - €139,999	1	3
€140,000 - €149,999	2	0
€150,000 - €159,999	1	0
€160,000 - €169,999	0	1
€170,000 - €179,999	1	0

The table includes employees seconded to other public sector bodies.

7c. Key Management Personnel Compensation

Key management personnel, incorporating the Board, the Chief Executive, the Directors of Commercial Operations, Network Management, Business Services, Professional Services, Corporate Services and Capital Programmes, are those persons having authority and responsibility to plan, direct and control the activities of TII. The total value of employee benefits for key management personnel are set out below:

	2018 €'000	2017 €'000
Salaries and Board Member's Fees	1,092	1,018
Health Insurance	1	1
	1,093	1,019

This does not include the value of retirement benefits accrued in the year. With the exception of the members of the Board, the key management personnel are members of TII's funded and unfunded defined benefit pension schemes and their entitlements in that regard do not extend beyond the terms of those schemes.

7c. Key Management Personnel Compensation (Cont'd)

Remuneration in respect of Michael Nolan (Chief Executive) included in key management personnel compensation is as follows:

	2018 €'000	2017 €'000
Salary	176	170
	176	170

The Chief Executive is a member of TII's unfunded defined benefit pension scheme and his entitlement in that regard does not extend beyond the terms of the model public sector service pension scheme. The value of retirement benefits accrued in the year is not included in the salary reported.

7d. Accommodation Costs

	2018 €'000	2017 €'000
Rent, Rates and Services	1,989	2,012
Light, Heat and Cleaning	318	398
Repairs, Maintenance and Security	115	115
	2,422	2,525

Notes to the Financial Statements for the year ended 31 December 2018

7e. Other Administration Costs

	2018 €'000	2017 €'000
Telephone and Postage	169	231
Printing and Stationery	75	97
Computer Charges	839	681
Staff Training and Development	83	99
Staff Travel and Subsistence National	562	537
Staff Travel and Subsistence International	137	139
Audit Fees	76	77
Books and Periodicals	16	18
Insurances	145	152
Repairs and Maintenance - Equipment	62	53
Sundries	432	509
Consultancy	105	91
Legal Fees	60	173
Staff Appointment Costs	0	7
	2,761	2,864

8. Expenditure – Light Rail & Metro

	2018 €'000	2017 €'000
Depreciation	53,026	42,957
Local Authority Rates	762	603
Asset Impairments	341	39
Deficit on Disposal of Fixed Assets	38	1,194
Project Development Costs	6,538	162
Luas Cross City Mobilisation Costs	854	3,049
	61,559	48,004

9. Expenditure – Road Network

	Note	2018 €'000	2017 €'000
Road Construction and Improvement	9a	751,311	560,045
Road Maintenance and Management	9b	98,444	85,457
PPP, Tunnel Operations and Tolling	10	166,846	127,470
Depreciation		9,285	7,948
Deficit on Disposal of Fixed Assets		37	6
		1,025,923	780,926

Notes to the Financial Statements for the year ended 31 December 2018

9a. Road Construction and Improvement

	2018 €'000	2017 €'000
Payments to Local Authorities – National Roads	288,435	212,559
Payments to Local Authorities – Regional and Local Roads [Note 2]	377,010	279,417
Other Payments	85,866	68,069
	751,311	560,045

Expenditure in 2018 includes payments of €1.4m (2017: €1.6m) made to local authorities to cover costs as a result of conciliation and arbitration proceedings arising from roads construction projects. Figures include VAT, legal, engineering advisors and resolver fees.

Other payments include expenditure on asset renewal projects on the motorway network including pavement overlays, signs and lines, barrier replacement and repairs, bridge renewal works, food relief and safety measures.

9b. Road Maintenance and Management

	2018 €'000	2017 €'000
Payments to Local Authorities – National Roads	25,171	26,900
Payments to Local Authorities – Regional and Local Roads [Note 2]	50,359	42,685
Other Payments	22,914	15,872
	98,444	85,457

Other payments include expenditure on; purchase and storage of salt; routine road maintenance on the motorway network including grass cutting, winter service and maintenance of drainage systems; the monitoring of national road pavement assets; and provision of winter weather monitoring and treatment predictive systems.

10. Public Private Partnership, Tunnel Operations and Tolling

	Note	2018 €'000	2017 €'000
Ancillary Costs	10a	16,431	16,003
Public Private Partnership Scheme Operation Charges	10b	85,203	55,738
Tunnel Operations and Tolling	10c	65,212	55,729
		166,846	127,470

10a. Ancillary Costs

Ancillary costs incurred relate to scheme planning, scheme supervision, financial, legal and technical advisory services, tolling interoperability services, statutory notices and marketing.

10b. Public Private Partnership Scheme Operation Charges

	2018 €'000	2017 €'000
N25 Waterford City Bypass	6,490	6,985
N18 Limerick Tunnel	2,526	4,005
M50 Upgrade	18,792	18,747
N6 Galway/Ballinasloe	1,916	20,193
M3 Clonee/Kells	18,345	15,584
M7/M8 Portlaoise	871	1,973
M1 Dundalk Western Bypass	181	173
N8 Rathcormac/Fermoy	2,926	3,047
M4/M6 Kilcock/Kinnegad	357	279
N11 Arklow/Rathnew	12,292	12,440
M17/M18 Gort to Tuam	24,358	1,958
M11 Gorey to Enniscorthy	0	1,754
Payments to Local Authorities – PPP schemes	1,060	1,625
N25 New Ross Bypass	1,172	0
N18 Limerick Tunnel unwind of provision*	(5,918)	(25,892)
M3 Clonee/Kells unwind of provision*	(165)	(7,133)
	85,203	55,738

There are no amounts included in operation charges arising from settlements (2017: €Nil).

*Certain concessions provide for variable operational payments if traffic volumes fall below specified levels. The amount of the provision changes from year to year to reflect changes in the value of the remaining provision due to changes in the traffic volumes occurring on the relevant road. In 2018, there was a reduction of €6.1m (2017: €33.0m) (note 19) in the total provision for these payments.

Notes to the Financial Statements for the year ended 31 December 2018

10c. TII Tunnel Operations and Tolling

	2018 €'000	2017 €'000
Dublin Tunnel	18,955	13,870
M50 eFlow	42,979	38,514
Jack Lynch Tunnel	3,278	3,345
	65,212	55,729

These costs relate to operational costs, toll collection costs, bad debt charges and local authority charges of the Dublin Tunnel; toll collection costs, bad debt charges and local authority rates of the M50 eFlow and operational costs of the Jack Lynch Tunnel.

10d. General description of schemes

N25 Waterford City Bypass

The Celtic Roads Group (Waterford) Ltd. consortium was awarded the N25 Waterford City Bypass PPP contract in April 2006. The contract is for a 30 year concession period. The scheme comprised the construction of the N25 bypass extending from Kilmeaden in County Waterford to Slieverue in County Kilkenny. The route crosses the River Suir at Grannagh thus providing Waterford with a second major bridge over the Suir and allowing traffic on the N25 Cork to Rosslare route to bypass the city. The scheme comprised approximately 23km of dual carriageway, a bridge over the River Suir of approximately 475m in length and approximately 4km of single carriageway construction. The contract included an additional 11km of side roads and tie-ins and a 2km railway realignment. The scheme, which is tolled, opened to traffic in October 2009.

N18 Limerick Tunnel

The DirectRoute (Limerick) Ltd consortium was awarded the Limerick Tunnel PPP contract on a 35 year concession basis in August 2006.

The Limerick Tunnel PPP Scheme involved the construction of approximately 10km of new dual carriageway along with associated link roads and side roads. The tunnel crossing of the River Shannon involved an immersed tube tunnel, approximately 0.9km in length, linking the townland of Coonagh on the northern bank with the townland of Bunlicky on the southern bank of the Shannon. The scheme, which is tolled between junction 2 and 4, opened to traffic in July 2010.

M50 Upgrade

The M50 Upgrade PPP contract was awarded in September 2007 with a contract period of 35 years to M50 Concession Limited. The M50 Upgrade PPP Contract construction comprised the widening of 24km of the M50 from south of the M1/M50 Turnapin interchange to the N3 interchange and from south of the Ballymount interchange to the Sandyford interchange, including the upgrade of junctions along these sections. The official opening of the upgraded sections of the M50 was in September 2010.

In addition to the M50 Upgrade PPP contract, separate contracts were awarded for (i) the widening of almost 8km of mainline carriageway between the N4 (Junction 7) and Ballymount (Junction 10) and the upgrading of the N4, N7 and Ballymount interchanges and (ii) the widening of 1.3km of motorway south of the N3 interchange, all of which were completed in 2008. The PPP Co. will recoup its investment costs through availability payments paid by TII. Commercial and domestic traffic is tolled between Junctions 6 and 7 by means of a separately procured toll service provider contract.

N6 Galway/Ballinasloe

The N6 Galway/Ballinasloe PPP contract was awarded to the N6 (Concessions) Limited consortium in April 2007. The contract is for a 30 year concession period. The scheme involved the construction of approximately 56km of new dual carriageway, a 7km link road to the Loughrea bypass, 32km of side roads and five grade-separated junctions.

The scheme extends from Doughiska, east of Galway City to the existing N6 east of Ballinasloe in County Roscommon. The scheme, which is tolled between junctions 15 and 16, opened to traffic in December 2009.

M3 Clonee/Kells

The M3 Clonee/Kells PPP contract was awarded to the Eurolink Motorway Operations Ltd consortium. The contract was awarded in March 2007 and is for 45 years inclusive of the construction phase.

The scheme, which provides bypasses of Dunboyne, Dunshaughlin, Navan, Kells and Carnaross, involved the construction of a motorway of approximately 47km in length which is linked by ancillary roads within the pre-existing road network through grade-separated junctions at Pace, Dunshaughlin, Blundelstown, Kilcarn, Athboy Road and Kells. The full scheme also includes 10km of new N3 Dual Carriageway road from Kells to North of Carnaross and 4km of the Kells N52 Bypass.

A further 4km of National Secondary Type 1 Dual Carriageway and a total of 40km of Regional and Local Roads were constructed. In addition over 100 structures consisting of 62 bridges and various culverts and retaining walls were required. The scheme, which is tolled between junction 5 and 6 and also junctions 9 and 10, opened to traffic in June 2010.

Notes to the Financial Statements for the year ended 31 December 2018

10d. General description of schemes (Cont'd)

M7/M8 Portlaoise

The M7/M8 Portlaoise PPP contract was awarded to the Celtic Roads Group (Portlaoise) consortium. The contract was awarded in June 2007 and is for a 30 year concession period. The project, which provides bypasses of Abbeyleix, Durrow, Cullahill, Mountrath, Castletown and Borris-in-Ossory, involved the construction of a tolled motorway of approximately 41km total length. There are grade separated junctions at Portlaoise, Borris-in-Ossory and Rathdowney as well as a partial motorway to motorway interchange at Aghaboe. The scheme also included a new 3km regional link road from the motorway back to Borris-in-Ossory along with approximately 15km of side roads. The scheme, which is tolled, opened to traffic in May 2010.

M1 Dundalk Western Bypass

The M1 Dundalk Western Bypass PPP contract was awarded to Celtic Roads Group (Dundalk) Ltd. consortium in February 2004. The contract is for a 30 year concession period. The scheme involved the construction of an 11km stretch of road forming part of the N1/M1 national primary route in the vicinity of the town of Dundalk, Co. Louth, together with approximately 8km of associated side roads and tie-ins. The construction works were completed in 2005. The PPP Contract also includes the operation and maintenance of existing motorway with an approximate length of 42km, i.e. the Dunleer Bypass and the Dunleer/Dundalk Motorway as well as the operation and maintenance of the tolling facilities between junction 7 and 10 on the M1 (Gormanston to Monasterboice) scheme.

N8 Rathcormac/Fermoy

The N8 Rathcormac/Fermoy contract was awarded to the Direct Route (Fermoy) Ltd. consortium in June 2004 and is for a 30 year concession period. The PPP contract involved the design, construction, operation and maintenance of approximately 17.5 km of motorway. The scheme includes three grade separated interchanges at Rathcormac South, Corrin, and Moorepark and a 450m long viaduct spanning the Blackwater Valley. The scheme, which is tolled between junctions 14 and 17, opened to traffic in October 2006.

M4/M6 Kilcock/Kinnegad

The M4/M6 Kilcock/Kinnegad PPP Contract was awarded to Eurolink Motorway Operation Ltd in March 2003. The contract is for a 30 year concession period. The scheme involved the construction of 39km of motorway, including 19 overbridges, 7 underbridges and 3 underpasses. The scheme, which is tolled between junctions 8 and 10, opened to traffic in December 2005.

N11 Arklow/Rathnew

The N11 Arklow/Rathnew PPP contract was awarded to N11 Arklow Rathnew PPP Limited in April 2013. The N11 Arklow/Rathnew PPP contract includes the design, construction, operation and maintenance of approximately 16.5km of dual carriageway on the Arklow to Rathnew section of the N11, the operation and maintenance of an additional 30km section of the existing M11/N11 route (Arklow-Gorey and Arklow Bypass), the design and construction of the N11 Gorey Service Area and the design, construction, operation and maintenance of the N7 Newlands Cross Junction Upgrade.

The Newlands Cross section was completed in November 2014 and the Arklow/Rathnew section opened to traffic in July 2015. The contract operational period is 25 years from

scheme completion and the PPP Co will recoup its investment costs through availability payments paid by TII.

M17/M18 Gort to Tuam

The M17/M18 PPP Scheme was awarded to the DirectRoute (Tuam) Ltd. consortium in April 2014. The M17/M18 PPP Contract comprises the design, construction, operation and maintenance of approximately 53km of motorway along with the design and construction of 4km of dual carriageway. The scheme provides bypasses for the towns of Clarinbridge, Claregalway and Tuam. The contract operational period is 25 years from scheme completion and the PPP Co will recoup its investment costs through availability payments paid by TII. The scheme opened to traffic in September 2017.

M11 Gorey to Enniscorthy

The M11 Gorey to Enniscorthy PPP contract was awarded to Gorey to Enniscorthy M11 PPP Limited in October 2015. The PPP contract includes the design, construction, operation and maintenance of approximately 31.4km of dual carriageway (M11 and “N80 Link Road” routes) and the design, construction and financing of 8.0km of single carriageway (N30 route). The contract operational period is 25 years from scheme completion and the PPP Co will recoup its investment costs through availability payments paid by TII. The scheme is expected to open to traffic in 2019.

N25 New Ross Bypass

The contract for the N25 New Ross Bypass PPP Scheme was awarded to New Ross N25 Bypass Designated Activity Company in January 2016. The proposed N25 New Ross Bypass includes the construction of sections of both the N25 and N30 routes. More particularly it is envisaged that the PPP project will comprise works of approximately 13.6km of dual carriageway (N25 and N30 routes) and 1.2km of single carriageway (New Ross N30 route). The contract operational period is 25 years from scheme completion and the PPP Co will recoup its investment costs through availability payments paid by TII. The scheme is expected to open to traffic in late 2019/early 2020.

Notes to the Financial Statements for the year ended 31 December 2018

11. Finance Charges

	2018 €'000	2017 €'000
Pension Scheme Finance Charges	1,708	1,540
Finance Lease Costs	34	40
Finance charge relating to Service Concession Liabilities	27,701	29,692
Finance charge relating to M50 Buy-Out Liability	4,360	4,341
	33,803	35,613

Under FRS 102, the net of the interest on the defined benefit scheme pension liabilities and the expected return on assets of €1.708m is recorded as a finance charge adjacent to interest (2017: €1.540m) see note 20b.

12. Capital Account

	2018 €'000	2018 €'000	2017 €'000	2017 €'000
At 01 January		2,192,072		2,088,187
<u>Administration</u>				
Income used to purchase fixed assets	378		654	
Amortisation in line with depreciation	(716)		(712)	
Disposals	0		(3)	
Per Statement of Income and Expenditure		(338)		(61)
<u>Light Rail and Metro</u>				
Income used to purchase fixed assets	81,298		92,225	
Amortisation in line with depreciation	(50,147)		(41,162)	
Disposals/Impairment loss	(379)		(1,233)	
Per Statement of Income and Expenditure		30,772		49,830
Transfer from provisions		0		31,341
Transfer from/(to) creditors		64		2,043
<u>Road Network</u>				
Income used to purchase fixed assets	9,479		11,046	
Income used to fund service concession liability	40,821		41,816	
Income used to fund finance lease liability	227		227	
Release in line with finance charges	(23,682)		(24,403)	
Amortisation in line with depreciation	(9,285)		(7,948)	
Disposals	(37)		(6)	
Per Statement of Income and Expenditure		17,523		20,732
At 31 December		2,240,093		2,192,072

13. Property, Plant and Equipment

	Light Rail & Metro Infrastructure €'000	Light Rail & Metro Assets Under Construction €'000	Rolling Stock & Equipment €'000	Road Network Infrastructure €'000	Road Network Under Construction €'000	Furniture Fixtures & Equipment €'000	Enhancement to Leasehold Premises €'000	Total €'000
Cost								
At 1 January 2018	1,424,864	40,032	201,783	2,168,985	247,331	4,392	9,191	4,096,578
Additions in period	25,643	44,320	6,210	9,555	0	207	80	86,015
Disposals and impairments*	(178)	(341)	0	(548)	0	(1,372)	0	(2,439)
Transfers	9,586	(43,718)	34,132	0	0	0	0	0
At 31 December 2018	1,459,915	40,293	242,125	2,177,992	247,331	3,227	9,271	4,180,154
Accumulated Depreciation								
At 1 January 2018	355,104	0	127,349	55,391	0	3,861	2,044	543,749
Depreciation charge	41,874	0	11,151	8,823	0	302	877	63,027
Disposals and impairments	(140)	0	0	(511)	0	(1,371)	0	(2,022)
At 31 December 2018	396,838	0	138,500	63,703	0	2,792	2,921	604,754
Net Book Value At 31 December 2018	1,063,077	40,293	103,625	2,114,289	247,331	435	6,350	3,575,400
Cost								
At 1 January 2017	1,096,560	253,183	197,711	1,982,073	425,859	4,521	9,105	3,969,012
Additions in period	1,012	118,289	4,072	9,256	4,071	272	86	137,058
Disposals and impairments	(4,148)	0	0	(4,159)	(784)	(401)	0	(9,492)
Transfers	331,440	(331,440)	0	181,815	(181,815)	0	0	0
At 31 December 2017	1,424,864	40,032	201,783	2,168,985	247,331	4,392	9,191	4,096,578
Accumulated Depreciation								
At 1 January 2017	325,433	0	116,978	47,449	0	3,958	1,633	495,451
Depreciation charge	32,586	0	10,371	7,948	0	301	411	51,617
Disposals and impairments	(2,915)	0	0	(6)	0	(398)	0	(3,319)
At 31 December 2017	355,104	0	127,349	55,391	0	3,861	2,044	543,749
Net Book Value At 31 December 2017	1,069,760	40,032	74,434	2,113,594	247,331	531	7,147	3,552,829



LUAS, Dublin

Notes to the Financial Statements for the year ended 31 December 2018

14. Receivables

	2018 €'000	2017 €'000
Toll Income Debtors	10,364	9,591
Prepayments and Other Debtors	11,410	8,606
Purchase of Guaranteed Notes	23,646	0
VAT refund on tolls	4,129	0
	49,549	18,197

Toll income receivable at year-end in respect of Dublin Tunnel and M50 eFlow is stated after a provision of €5.1m (2017: €4.9m) for eFlow toll charges deemed uncollectable. This provision is based on M50 toll collection rates over a rolling two year period.

The actual bad debt charge for the year was €3.8m (2017: €3.5m). TII remitted VAT on toll income until March 2017 and no VAT was remitted thereafter.

Prepayments and Other Debtors include €0.2m due after one year (2017: €0.1m).

15. Payables (Amounts Falling Due Within One Year)

	Note	2018 €'000	2017 €'000
Trade Creditors and Accruals		58,860	46,664
M50 Buy-Out Liability	18	53,410	52,137
VAT		4,416	4,939
Service Concession Liability	18	30,567	40,821
Variable Operational Payments	18	4,399	4,244
CityWest Luas Deferred Income		1,309	1,309
Salaries		556	552
Obligations under Finance Leases	18	227	227
Deferred Income		0	1,917
		153,744	152,810

16. Payables (Amounts Falling Due After One Year)

	Note	2018 €'000	2017 €'000
Service Concession Liability	18	543,450	550,369
M50 Buy-Out Liability	18	7,818	56,868
CityWest Luas Deferred Income*		26,165	27,475
Trade Creditors and Accruals		580	3,774
Obligations under Finance Leases	18	1,038	1,230
		579,051	639,716

*Creditors includes deferred income reflecting the value of property and services provided by third parties in relation to the CityWest Luas development. This income is released to the Statement of Income and Expenditure in line with the depreciation on the related assets.

17. Commitments

17a. Operating Lease Commitments

At 31 December, TII had lease payment liabilities under non-cancellable operating leases for each of the following periods:	Land & Buildings 2018 €'000	Land & Buildings 2017 €'000
Payable within one year	1,579	1,579
Payable within two to five years	6,315	6,315
Payable after five years	11,072	12,651

Operating lease payments recognised as an expense were €1.6m (2017: €1.6m)

- TII entered into a 16 year and 7 month lease from 01 January 2015 in respect of accommodation at Block A, Parkgate St., Dublin 8. The lease expires on 31 July 2031 and the rent payable is €0.6m per annum.
- TII took over two leases from RPA in respect of accommodation at Parkgate St., Dublin 8:

Block B: A 25 year lease from 01 August 2006 to 31 July 2031. The rent payable is €0.5m per annum.

Block C: A 28 year lease from 29 September 2001 to 28 September 2029. The rent payable is €0.5m per annum.

Notes to the Financial Statements for the year ended 31 December 2018

17a. Operating Lease Commitments (Cont'd)

At 31 December, TII had lease payment liabilities under non-cancellable operating leases for each of the following periods:	Motor Vehicles 2018 €'000	Motor Vehicles 2017 €'000
Payable within one year	27	0
Payable within two to five years	43	0
Payable after five years	0	0

Operating lease payments recognised as an expense were €0.01m (2017: €Nil)

TII entered into a 3 year lease from 13 August 2018 in respect of 4 electric vehicles. The lease expires on 12 August 2021 and the rent payable is €0.07m per annum.

17b. Road Network Forward Commitments

DPER, under the Public Spending Code (version November 2013), has revised the forward contractual commitments limits from those previously set by the Department of Finance. TII has analysed forward contractual commitments, which are forecast costs that are subject to quantum and timing variances, and these are as follows:

Year	Commitment € Million	Department of Public Expenditure and Reform approved capital funding for TII 2018-2020 € Million	Commitment as % of annual allocation	Department of Public Expenditure and Reform sanctioned commitment as % of annual allocation
2019	327	515	63	75
2020	300	659*	46	60
2021	269	755*	36	50

*Grant Allocation to be confirmed

17c. Public Private Partnership Forward Commitments

Nominal Amount:	2018 €'000	2017 €'000
N25 Waterford City Bypass	24,897	31,814
N18 Limerick Tunnel	26,837	28,835
M50 Upgrade	656,625	686,880
N6 Galway/Ballinasloe	28,687	30,927
M3 Clonee/Kells	225,917	247,386
M7/M8 Portlaoise	4,759	5,595
M1 Dundalk Western Bypass	2,738	2,932
N8 Rathcormac/Fermoy	9,694	12,620
M4/M6 Kilcock/Kinnegad	4,671	5,003
N11 Arklow/Rathnew	369,777	402,570
M17/M18 Gort to Tuam	850,463	887,636
M11 Gorey Enniscorthy	473,707	474,740
N25 New Ross Bypass	308,019	307,902
	2,986,791	3,124,840

These commitments are exclusive of VAT and incorporate total payments to concession companies. The payments comprise construction, financing, operational and lifecycle costs for the remaining life of the agreement. They are indexed @ 2% to approximate CPI and are not discounted to present value. The capital element of these forward commitments is €914.6m (2017: €44.4m) and is reflected as a liability in note 18 at its discounted amount.

17d. Light Rail and Metro Capital Commitments

	2018 €'000	2017 €'000
At the year end the following capital commitments had not been provided for in the financial statements:		
Contracted but not provided for	67,073	69,205
Authorised but not contracted for	12,173	10,355
	79,246	79,560

Notes to the Financial Statements for the year ended 31 December 2018

18. Finance Lease Commitments

The future minimum lease payments at 31 December 2018 are as follows:	Service Concession €'000	Variable Operational Payments €'000	M50 Buy-Out €'000	Donegal National Roads Office* €'000	Total €'000
Not later than one year	30,567	4,399	53,410	227	88,603
Later than one year but not later than five years	137,554	24,438	10,492	907	173,391
Later than five years	752,786	110,092	0	226	863,104
Total Gross Payments	920,907	138,929	63,902	1,360	1,125,098
Less: Finance Charges	(346,890)	(43,544)	(2,674)	(95)	(393,203)
Carrying amount of liability	574,017	95,385	61,228	1,265	731,895
Classified as:					
- Payables (amounts falling due within one year)	30,567	4,399	53,410	227	88,603
- Payables (amounts falling due after one year)	543,450	0	7,818	1,038	552,306
- Provisions	0	90,986	0	0	90,986

The future minimum lease payments at 31 December 2017 are as follows:	Service Concession €'000	Variable Operational Payments €'000	M50 Buy-Out €'000	Donegal National Roads Office* €'000	Total €'000
Not later than one year	40,821	4,244	52,137	227	97,429
Later than one year but not later than five years	138,157	23,133	63,902	907	226,099
Later than five years	782,750	123,889	0	453	907,092
Total Gross Payments	961,728	151,266	116,039	1,587	1,230,620
Less: Finance Charges	(370,538)	(49,942)	(7,034)	(130)	(427,644)
Carrying amount of liability	591,190	101,324	109,005	1,457	802,976
Classified as:					
- Payables (amounts falling due within one year)	40,821	4,244	52,137	227	97,429
- Payables (amounts falling due after one year)	550,369	0	56,868	1,230	608,467
- Provisions	0	97,080	0	0	97,080

*TII entered into a twenty year lease from 1 March 2004 with Donegal County Council in respect of accommodation for Donegal National Roads Office. The rent is €0.2m per annum.

The above finance lease liabilities are measured at amortised cost.

19. Provisions for Liabilities and Charges

	Variable Operational Payments €'000	Exchequer Advances Repayable €'000	Project Provisions €'000	Track Restoration €'000	Total €'000
At 01 January 2018	97,080	62,618	567	4,863	165,128
Payments made in year	(3,909)	0	0	(299)	(4,208)
Reduction in provision	(6,238)	0	0	(101)	(6,339)
Unwinding of discount associated with provision	4,053	0	0	0	4,053
	90,986	62,618	567	4,463	158,634

The provisions have been made in accordance with the accounting policies as set out in notes 1(m), (o) and (p) to these financial statements.

Variable Operational Payments

In the case of two PPP concession schemes (i.e. M3 Clonee-Kells & N18 Limerick-Tunnel) the PPP agreement provides for variable operational payments if traffic volumes fall below specified levels. TII has made a full provision for the amount it expects to pay in relation to these variable operational payments over the remaining life of the relevant PPP contract. The provision changes from year to year to reflect changes in the value of the remaining provision due to changes in the traffic volumes occurring on the relevant road. In 2018, these changes reduced the total provision by €6.1m (2017: €33.0m).

The element of the total provision relating to amounts due within one year decreased by €0.2m (2017: increase €1.7m). €3.9m was payable to Direct Route (Limerick) Ltd under the variable operation payment mechanism in 2018. No payments arose on the M3 Clonee-Kells scheme as traffic volumes are currently in line with the guarantee threshold levels.

Exchequer Advances Repayable

State grants repayable include State grants provided as advance funding for the implementation of certain projects for which development levy schemes are in place and have been deemed repayable in accordance with Accounting Policy note 1(m). These advances are repayable over the life of the levy schemes and as a result the provision is unlikely to fully unwind in the medium term.

There was no change in the provision in 2018 (2017: reduction €31.3m).

Project Provisions

TII has adequately provided for project liabilities where the timing of their payment is uncertain. This provision relates to Light Rail and Metro liabilities.

Notes to the Financial Statements for the year ended 31 December 2018

19. Provisions for Liabilities and Charges (Cont'd)

Track Restoration

Track restoration provisions relate to remediation and improvement costs to be incurred. TII expects that the provision will be utilised over the life of the related assets and as a result the provision is unlikely to fully unwind in the medium term.

In 2018, TII made payments of €0.3m (2017: €0.2m) in respect of remediation costs and reduced the provision by €0.1m.

20. Retirement Obligations

Details of TII's pension schemes are provided below:

Defined Contribution Scheme [Closed to new entrants]

A defined contribution pension plan was set up in 2003 for former RPA staff who did not qualify for membership of the funded defined benefit scheme noted below. This plan does not give rise to any funding liability to TII under FRS 102.

Defined Benefit Scheme – Funded [Closed to new entrants]

In order to comply with the provisions of sections 24 and 25 of the Transport (Railway Infrastructure) Act, 2001 RPA established a defined benefit scheme in 2003 to provide for pension entitlements of those employees transferring from the CIE 1951 defined benefit scheme. The new scheme was set up using the template model scheme for public sector pension arrangements as issued by the Department of Finance, modified as necessary in order to replicate the benefits provided under the CIE 1951 defined benefits pension scheme.

An independent professionally qualified actuary carried out a full valuation (April 2019) of the assets and liabilities of the scheme as at 31 December 2018. Those assets and liabilities were valued using the projected unit method.

A pension surplus of €0.3m considered to be recoverable over the life of the scheme has been reported in the Statement of Financial Position. The valuation of the surplus under FRS 102 rules indicated a technical surplus of €8.2m.

However, the maximum amount of surplus that can be recognised is limited to the value of an employer contribution holiday in perpetuity, measured using the FRS 102 basis. Under these rules only €0.3m is considered recoverable and as a result the pension surplus has been reduced by €7.9m to limit the surplus to the estimated recoverable amount of €0.3m.

Defined Benefit Scheme – Unfunded [Closed to new entrants]

The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current 'model' public sector scheme regulations.

This scheme was only available to former NRA employees who joined before 1 January 2013. The scheme provides a pension (one eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouses' and children's pensions.

Normal retirement age is a member's 65th birthday and pre-2004 members have an entitlement to retire without actuarial reduction from age 60. Pensions in payment (and deferment) normally increase in line with general public sector salary inflation.

An independent professionally qualified actuary carried out a full valuation (February 2019) of the liabilities of the scheme as at 31 December 2018. Those assets and liabilities were valued using the projected unit method.

Single Pension Scheme – Unfunded

TII operates the Single Scheme, which is a defined benefit average salary scheme for pensionable public servants appointed on or after 1 January 2013. Single Scheme members' contributions are paid over to the Department of Public Expenditure and Reform (DPER). The costs, liabilities and assets of TII in relation to the Single Pension Scheme have been included in the disclosures on the Defined Benefit unfunded scheme.

20a. Analysis of total pension costs charged to Statement of Income and Expenditure

	2018 €'000	2017 €'000
Defined Benefit Unfunded Scheme:		
Current Service Cost	3,350	3,121
Employee Contributions	(444)	(377)
	2,906	2,744
Single Pension Scheme:		
Employee Contributions	(190)	(31)
	(190)	(31)
Defined Benefit Funded Scheme:		
Current Service Cost	86	80
	86	80
Total Defined Benefit Scheme costs	2,802	2,793
Defined Contribution Scheme costs*	613	883
Total	3,415	3,676

*The pension charge in respect of the defined contribution scheme plan is equal to the contributions payable by TII for the year.

Notes to the Financial Statements for the year ended 31 December 2018

20b. Analysis of finance charge recognised in Statement of Income and Expenditure

	2018 €'000	2017 €'000
Defined Benefit Unfunded Scheme:		
Interest on pension scheme liabilities	1,718	1,550
Defined Benefit Funded Scheme:		
Interest on pension scheme liabilities	89	84
Return on scheme assets	(99)	(94)
	(10)	(10)
Total finance charge	1,708	1,540

20c. Analysis of amount recognised in Statement of Comprehensive Income

	2018 €'000	2017 €'000
Defined Benefit Unfunded Scheme:		
Experience loss	444	808
Change in assumptions underlying the present value of the scheme liabilities	(3,164)	1,815
	(2,720)	2,623
Defined Benefit Funded Scheme:		
Experience (gain) / loss	(246)	165
Change in assumptions underlying the present value of the scheme liabilities	(548)	86
	(794)	251
Total actuarial (gain)/ loss	(3,514)	2,874
Change in irrecoverable surplus	948	(236)
	(2,566)	2,638

20d. Movement in net retirement benefit obligations/assets during the financial year

Defined Benefit Unfunded Scheme

	2018 €'000	2017 €'000
Net defined benefit retirement obligation at 01 January	91,411	85,612
Current service cost	3,350	3,121
Actuarial loss	(2,720)	2,623
Interest cost	1,718	1,550
Pensions paid in the year	(1,392)	(1,495)
Net defined benefit retirement obligation at 31 December	92,367	91,411

Defined Benefit Funded Scheme

	Scheme Assets €'000	Scheme Liabilities €'000	Pension Surplus €'000
At 1 January 2018	12,760	(5,275)	7,485
Current service cost	0	(86)	(86)
Actuarial gain	177	617	794
Expected return on scheme assets	99	0	99
Interest cost	0	(89)	(89)
Contributions by scheme participants	24	(24)	0
Benefits paid	(77)	77	0
At 31 December 2018	12,983	(4,780)	8,203

Notes to the Financial Statements for the year ended 31 December 2018

20e. Deferred funding for retirement benefits

Defined Benefit Unfunded Scheme

The Board recognises amounts owing from the State for the defined benefit unfunded deferred liability for pensions on the basis of a set of assumptions at note 20 (g) and a number of past events. These events include the statutory basis for the establishment of the pension scheme and the policy and practice currently in place in relation to funding public service pensions, including contributions by employees and the annual estimates process. The Board has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

The net deferred funding for retirement benefits recognised in the Statement of Income and Expenditure was as follows:

	2018 €'000	2017 €'000
Funding recoverable in respect of current year retirement benefit costs	5,068	4,671
State grant applied to pay retirement benefits	(1,392)	(1,495)
	3,676	3,176

The net deferred funding for retirement benefits recognised in the Statement of Comprehensive Income was as follows:

	2018 €'000	2017 €'000
Adjustment to Deferred Retirement Benefit Obligation	(2,720)	2,623

The Defined Benefit Deferred Retirement Funding at 31 December 2018 amounted to €92.37m (2017: €1.41m).

20f. History of defined benefit obligations, assets and experience gains and losses

Defined Benefit Unfunded Scheme:

	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
Defined benefit obligations amount (€'000)	(92,367)	(91,411)	(85,612)	(72,040)
Experience adjustments on scheme liabilities amount (€'000)	(444)	(808)	1,967	(632)
As a percentage of scheme liabilities (%)	0.5%	0.9%	2.3%	0.9%
Assumption adjustments on scheme liabilities amount (€'000)	3,164	(1,815)	(12,502)	(640)
As a percentage of scheme liabilities (%)	3.43%	1.99%	14.6%	0.9%

The cumulative actuarial loss recognised in the Statement of Comprehensive Income up to and including 31 December 2018 is €32.5m (31 December 2017: €35.2m).

Notes to the Financial Statements for the year ended 31 December 2018

20f. History of defined benefit obligations, assets and experience gains and losses (Cont'd)

Defined Benefit Funded Scheme:

	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
Defined benefit obligations amount (€'000)	(4,780)	(5,275)	(5,222)	(7,212)
Defined benefit assets amount (€'000)	12,983	12,760	13,028	14,706
Defined benefit surplus	8,203	7,485	7,806	7,494
Irrecoverable surplus on retirement benefit scheme	(7,875)	(6,927)	(7,163)	(7,010)
Defined benefit pension surplus	328	558	643	484
Experience adjustments on scheme liabilities amount (€'000)	69	143	139	131
As a percentage of scheme liabilities (%)	1.4%	2.7%	2.7%	1.8%
Experience adjustments on scheme assets amount (€'000)	177	(308)	736	(620)
As a percentage of scheme assets (%)	3.3%	2.41%	5.6%	4.2%

The cumulative actuarial loss recognised in the Statement of Comprehensive Income up to and including 31 December 2018 is €1.967m (31 December 2017: €1.813m). Expected contributions for the following year are €Nil.

20g. General description of the scheme and actuarial assumptions

Defined Benefit Unfunded Scheme

The principal actuarial assumptions at the balance sheet date:

	31 Dec 2018 %	31 Dec 2017 %
Discount rate	1.90	1.90
Future salary increases	2.70	2.87
Future pension increases	2.20	2.37
Inflation rate	1.70	1.87
Future State pension increases	1.70	1.87

20g. General description of the scheme and actuarial assumptions (Cont'd)

The mortality basis adopted allows for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The table below shows the life expectancy for members attaining age 65 in 2018 and 2038.

Year of Attaining Age 65

	2018 Years	2038 Years
Life Expectancy - Male	21.4	23.8
Life Expectancy - Female	23.9	25.9

Defined Benefit Funded Scheme

The principal actuarial assumptions at the balance sheet date:

	31 Dec 2018 %	31 Dec 2017 %
Discount rate	1.80	1.70
Future salary increases	2.70	2.87
Future pension increases	2.20	2.37
Inflation rate	1.70	1.87

Assumptions regarding future mortality are set based on advice from published statistics and experience. The mortality assumptions are based on standard mortality tables which allows for future mortality improvement in the assumptions.

There are three current pensioners in the scheme. Longevity for members retiring at 60.

	31 Dec 2018 Years	31 Dec 2017 Years
Male	25.1	26.1
Female	27.9	29.0

Notes to the Financial Statements for the year ended 31 December 2018

20g. General description of the scheme and actuarial assumptions (Cont'd)

At 31 December 2018 the scheme assets were invested in the Irish Life Consensus Fund, the Irish Life Cash Fund, Irish Life 10 Year AAA Bond Fund and Irish Life Netherlands 2042 Bond Fund. The Trustees, with the input of their professional advisors, decide on the mix of assets based on the risk profile of the scheme.

The fair value of the scheme assets as a percentage of total scheme assets are set out below:

(as a percentage of total scheme assets)	31 Dec 2018 %	31 Dec 2017 %
Equities	0.0	0.7
Bonds	62.1	60.5
Cash	37.9	38.8

Scheme assets do not include any of TII's own financial instruments, or any property occupied by TII.

21. Development Levies and Contributions

	2018 €'000	2017 €'000
At 1 January	56,030	49,048
Development levies and contributions	14,080	7,185
Amortisation of levies	(203)	(203)
At 31 December	69,907	56,030

As outlined in note 1(e), development levies and developer contributions received by TII are retained in a development levies and developer contributions reserve. Where levies are used to fund project delivery, they are amortised to the Statement of Income and Expenditure as the related assets are depreciated.

22. Litigation and Claims

TII is involved in a number of legal cases the outcome of which are yet to be determined. TII has not made provision for any costs arising.

23. Related Party Transactions

Please refer to note 7c for a breakdown of the remuneration and benefits paid to key management. TII adopts procedures in accordance with the guidelines issued by the Department of Public Expenditure and Reform covering the personal interests of Board members. In the normal course of business, TII may approve grants or enter into other contractual arrangements with entities in which TII Board members are employed or are otherwise interested.

In cases of potential conflict of interests, Board members do not receive relevant Board documentation or otherwise participate in or attend discussions regarding these transactions. A record is maintained of all such instances.

During the year there were no related party transactions.

24. Comparative figures

Certain comparative figures have been reclassified to accord with their treatment in the current year.

25. Subsequent Events

Adjusting Events

There have been no significant events since the year end that would result in adjustment to the financial statements.

26. Approval of Financial Statements

These financial statements were approved by the Board on 25 June 2019.

