



Northern Ireland
Assembly

Committee for Infrastructure

OFFICIAL REPORT (Hansard)

Role and Functions: Waterways Ireland

8 May 2024

NORTHERN IRELAND ASSEMBLY

Committee for Infrastructure

Role and Functions: Waterways Ireland

8 May 2024

Members present for all or part of the proceedings:

Mrs Deborah Erskine (Chairperson)
Mr John Stewart (Deputy Chairperson)
Mr Danny Baker
Mr Cathal Boylan
Mr Keith Buchanan
Mr Stephen Dunne
Mr Mark Durkan
Mr Peter McReynolds

Witnesses:

Mr John Mc Donagh	Waterways Ireland
Mr Garret McGrath	Waterways Ireland
Mrs Linda Megahey	Waterways Ireland

The Chairperson (Mrs Erskine): I welcome to the Committee Mr John Mc Donagh, chief executive of Waterways Ireland. It is good to see you again, John.

Mr John Mc Donagh (Waterways Ireland): Thank you, Chair.

The Chairperson (Mrs Erskine): We have Mrs Linda Megahey, director of finance and personnel at Waterways Ireland, and Mr Garret McGrath, northern regional manager of Waterways Ireland. It is really good to see you. Unfortunately, John, we are not in the salubrious Belle Isle Estate today, as we were when we were at the 10-year plan launch. It is really good to have you at the Committee today, and we are looking forward to your evidence. I think that you have a presentation that you are going to give to the Committee, so I will let you go through the presentation. We will then come to members' questions at the end.

Mr Mc Donagh: Chair and members, thank you for offering Waterways Ireland the opportunity to appear in front of the Committee. My colleagues Linda and Garret are with me, and the three of us will walk you through some presentation material. I am conscious that a certain amount of time is allocated, so, on that basis, we will move through the presentation material reasonably quickly. We want to make sure that there is enough time for members to ask questions.

I will kick off with slide number 1, which tells you a little about who we are and what we do. We are the largest of the six North/South implementation bodies. We celebrate our 25th anniversary in December this year. We are accountable to the North/South Ministerial Council (NSMC), and, on an operational basis, we are accountable to two sponsor Departments. In Northern Ireland, it is obviously the Department for Infrastructure and, in Dublin, it is the Department of Housing, Local Government and

Heritage. Our remit is to manage, maintain, develop and restore our navigation network. To put it in perspective, we have 1,100 kilometres of navigable waters, principally for amenity and recreational purposes. In addition to that, we are the leading provider of greenways in Ireland and Northern Ireland, with an estate of about 600 kilometres. If I point to the map that is attached to the presentation, without going through every one, you can see that we have at this stage eight navigations, the latest one being the Ulster canal restoration project. You can see that we stretch from the top of Northern Ireland at Coleraine the whole way down through the Shannon into Limerick. If you look across the country, you can see the network from the Shannon through the Royal canal and the Grand canal into the Grand canal basin and Spencer Dock in Dublin.

It is a big estate. Eighty-five per cent of the estate is in Ireland, and 15% is in Northern Ireland. We will come back to that point when we are talking about funding in a few moments. As a result of that, you can imagine that most of our people are in Ireland, most of our assets are in Ireland, most of the projects that we do are in Ireland and a good proportion of the funding is from Ireland; I want to say that at the start. We have about 350 permanent staff. Roughly, 260 people are based in Ireland, and 90 are in Northern Ireland. Our head office is in Enniskillen in Fermanagh, and we have offices in Carrick-on-Shannon, Dublin and Scarriff, close to the waterways. Our last piece of research established that over 3 million people visit the waterways annually to do on-water activity, such as private cruise hire, boating, kayaking and paddling, or to use the greenways off-water. The current valuation of our assets is around €1 billion. As the Infrastructure Committee, you can imagine that our infrastructure assets include bridges, lock gates and all the typical assets that you expect around waterways.

The second slide is on our governance structure. I will highlight a couple of things. I mentioned accountability to the North/South Ministerial Council and the secretariat in Armagh. We have two Ministers: Minister O'Dowd in Northern Ireland and Minister O'Brien in Ireland. I am the accounting officer, in addition to being the chief executive. We have an audit and risk committee with an independent chair, and there are two other independent members.

I want to highlight the middle of the slide, which shows that there is no board. No board was established in the formation of the body. The narrative on the right of the slide points to the fact that that is now being considered at the North/South Ministerial Council. It was mentioned at the meetings in May and November 2021, and it is on the agenda for the North/South Ministerial Council.

If I may, I will touch on corporate planning for a second. I have tried to condense it into one visual. I will start on the left-hand side. Our annual report and accounts for 2022 were laid in the Assembly and the Oireachtas in the past month. We have a business plan for 2024 that is in draft format. It has been approved by our sponsor Departments, but it is a draft, because it has to be approved at a sectoral meeting of the North/South Ministerial Council, which, we hope, will happen in June. Similarly, we have a corporate plan that runs from 2023 to 2025, and that will also be approved at the sectoral meeting. On the far right-hand side of the slide, you see our 10-year plan, which the Chair mentioned earlier. We launched it at the back end of 2023. This is the first time that we have had a plan that goes beyond the corporate three years. It is an important plan for our ambitions and aspirations for the future.

We have tried to cover a lot of things in the next slide. The first point is that the 10-year plan is a directional pathway towards where we want to be in the next 10 years. We have a clear purpose, which is about being the custodian of the navigations and reimagining, maintaining and developing them in a sustainable way for communities, the environment and heritage. We have a vision, which is to create inspirational experiences, and we have a set of values for our people that are around passion, collaboration, accountability and innovation.

The right-hand side of the exhibit shows that the plan has six strategic priorities; we are focused clearly on six things. The first is organisation, development and governance; the second is a sustainable funding model; and the third is our asset portfolio and how we manage it. The fourth priority is participation and reputation. In this instance, "participation" means growing the number of users who come to our waterways and greenways. The fifth priority is all about sustainable development. We recognise that we can develop, but we need to do it sustainably, given our assets. The sixth one is clearly about climate action, environment and heritage.

The bottom of the exhibit shows the 10-year plan. It has a foundation stage, which is the first three years. We are in that stage. We will finish that at the end of 2025 and then go into what we call "accelerated growth", which is more about transformative projects in the future. Following that, we will be into sustainable performance. All of that looks to generate value. Our purpose is to generate

economic, social and environmental well-being value for the public good in Northern Ireland and Ireland. That is our purpose; it is what we are here to do. When we talk about growth later, it will be about growing participation by having more people coming to our waterways. By doing that, we will grow value for the economies, the communities and the social aspect and do so in a sustainable way for the environment.

I will pass to Linda. I will do the navigation on the laptop so that she can concentrate on the next few slides. She will talk about funding, expenditure and value creation.

Mrs Linda Megahey (Waterways Ireland): I will explain where our financing comes from. We are funded via the Department for Infrastructure and the Department of Housing, Local Government and Heritage in Ireland. The capital funding, which is shown on the left-hand side, is specific to the jurisdiction in which the asset lies. On the other hand, 85% of our current funding is from Ireland, and 15% is from the North. Over the past eight years there has been growth, with significantly much more growth in capital than there has been in current. However, they are both growing. We have done quite well over the past eight years, particularly in the period from 2020 to 2024, which has seen significant growth in capital. I must point out that that does not include Ulster canal funding. That is separate, so we have not put it on the slides. Ulster canal funding is considered exceptional.

On the next slide you will see that 65% of our current expenditure is spent on staff costs and pensions, and the remainder is spent on running and maintaining our assets. On the capital side, 85% comes from Ireland and 11% from Northern Ireland. The remainder is a result of our partnerships with local councils and Fáilte Ireland, through which we enhance assets, mainly in the South of Ireland. That is where we get other funding from.

John mentioned our 10-year plan. We are conscious not only of the money that we bring in and spend on our assets but of the value creation that we bring to Northern Ireland and Ireland. As part of our strategic Waterways Ireland plan, we want to build inspirational inland navigation and waterway experiences. It is our ambition to create value with macroeconomic interventions. An example is the Royal canal greenway, which, in its first year, attracted 640,000 visitors. That generated £17 million for the local economy. We have engaged Indecon, which will be contracted to help determine our value creation over the next 10 years. That work will start in the next few months and will be used to aid us in aligning our vision with the participation, environmental and sustainable goals mentioned in our 10-year plan.

Garret will now go through the transformation projects.

Mr Garret McGrath (Waterways Ireland): Good morning, everybody. I will highlight some of Waterways Ireland's ongoing transformative programmes. I refer to our purpose, which John referenced earlier:

"to be the custodian of the inland navigations and collaborate to reimagine, maintain, develop and promote them to sustain communities, environment and heritage."

Let us take a look at each of those in turn.

Custodians: we are involved in revising our Shannon navigation and canal by-laws. The current by-laws are over 30 years old. We have carried out an extensive public engagement process, and we hope to finalise our new by-laws later this year. That will give us a new set of tools to manage our waterways and towpaths appropriately.

Collaborate: we have the Shannon tourism master plan. Waterways Ireland, as the lead partner, engaged 10 local authorities along the Shannon and the Shannon-Erne waterway, along with Fáilte Ireland, to develop a sustainable tourism action plan for the Shannon-Erne and the Shannon. It is about repositioning the Shannon as a tourism destination on the island of Ireland.

Reimagine: Waterways Ireland is responsible for restoring the Ulster canal from Lough Erne to Clones. That is a 13.5-kilometre stretch. We are delivering that in a phased manner. Phase 1 was completed in 2019, and you can travel from Upper Lough Erne to Castle Saunderson in County Cavan. Phase 2 will be finished at the end of May. It is an additional kilometre from Clones back to the Fermanagh border. We are currently working on the pre-planning stage of phase 3.

Maintain: Carnroe weir is a masonry weir on the Lower Bann. It is a scheduled monument that was built in the 1850s. It was in poor condition, so we commenced a rehabilitation project that will take us three years. We commenced it in 2022 and hope to finish it this year. It is a challenging project: it is on a live river environment on the Lower Bann. It is the largest investment in our assets in Northern Ireland, outside our headquarters building. It is a difficult project, but we hope to finalise it this year. As John referenced when talking about the development of greenways, we are the largest provider of greenways and blueways on the island of Ireland, with a total of 600 kilometres.

Promote: we have an ongoing programme of digital transformation in Waterways Ireland. We hope to launch our new Waterways Ireland website at the end of May. That will help us to promote our waterways, greenways and blueways across the island of Ireland and further afield.

Finally, sustain: we have a climate action plan and a draft biodiversity and heritage plan. That is about how we are aware of the twin challenges that climate action and loss of biodiversity present to the organisation. We are trying to embed a culture of and policies and procedures for sustainable development along our waterways.

Thank you very much. I will hand back to John to sum up.

Mr Mc Donagh: I will summarise, if I may; I am conscious of time. I have three things to mention in summary. Our 10-year plan is about targeted growth. It is targeted for a number of reasons. We want to grow participation on and along our waterways. By doing that, we will grow the value that we create economically, socially and environmentally. It has to be targeted, because there are many things going on and we cannot do everything at the same time. Obviously, there are funding requirements for doing that.

To grow, you have to have the human and financial resources in place. On the human resource side, we are in the middle of our first ever organisational review, which is supported by our sponsor Departments. We are working through that. That will give a sense of what the organisation needs to look like in its structure and staffing numbers. That is a big and important piece of work for the future. Obviously, there will be a cost around what that might look like. We do not know what that cost is yet and will not know until we close out that work.

On the subject of funding, we have what I call "normative" and "transformational" funding. Right now, we have normative funding, which enables us to do the things that we want to do in the now. As we go forward and move into that phase of accelerated growth, there will be a need for transformative funding, because we will look to have transformative projects in place. For example, we have specifically identified Dublin as being an area in which there are large opportunities for transformative development. Equally, in Northern Ireland, there are positions — in and around the Erne system, for example — where we would like to have more presence and representation. That will require funding as well.

I will stop there. I am conscious that we went through that reasonably quickly. I am happy to go to the Chair and Committee members for any questions that we can answer.

The Chairperson (Mrs Erskine): That is super, thank you. Thank you for that overview of the work of Waterways Ireland. It is really useful, and it is good to see what you are doing.

I will kick off with a question about funding. You talked about there being 85% from the Republic of Ireland and 15% from Northern Ireland. Do your funding arrangements prescribe or restrict how much each jurisdiction gets? How do you decide on the projects for each area?

Mr Mc Donagh: I should just say up front that 85:15 is a proportionality prescription from the formation of the body 25 years ago. Typically what happens is that we operate in two jurisdictions, so there are different budgetary arrangements in place. In Ireland, we operate a calendar year; in Northern Ireland, obviously, the financial year is from April to March. In Ireland, the Budget is usually set around October. On the back of that, we are provided with a budget from our Department in Ireland — in this case, the Department of Housing, Local Government and Heritage. That sets an amount. On the basis of that amount, our Department in Northern Ireland allocates its proportion. As a result, the two budgets are joined together, and that 85% and 15% become our budget.

For clarification, the allocation is around the current budget; it is nothing to do with capital projects, which I will come on to in a moment. That is allocated across our organisation, which operates across

the border. We do not separate it and say, "There is something for Ireland specifically, and there is something for Northern Ireland specifically". Our staff effectively work across the island of Ireland. Capital is funded by our Departments in Ireland and Northern Ireland, and that funding depends on where a project is located. If a project is in Northern Ireland, the funding comes from our Northern Ireland funding, and, if a project is in Ireland, it comes from our Ireland funding.

The Chairperson (Mrs Erskine): OK. You pointed to the fact that you do not have a board in place. I imagine that that is part of your point 1 when it comes to governance and organisational development.

Mr Mc Donagh: Yes.

The Chairperson (Mrs Erskine): In terms of accountability, I noted in your annual report that you have engagement with the Departments in both jurisdictions through quarterly monitoring.

Mr Mc Donagh: Yes. I will come in on that. A number of things happen on accountability: for example, there is a quarterly monitoring meeting with both sponsor Departments. We have an audit and risk committee that meets every quarter. Beyond the formality of that, obviously, we have a lot of ongoing interaction with our sponsor Departments.

The Chairperson (Mrs Erskine): As part of that interaction, do the Departments look at the breakdown of where the allocated funding is going and all of that?

Mr Mc Donagh: In the monitoring meetings, for example, we present quarterly progress against project and performance objectives etc, yes.

The Chairperson (Mrs Erskine): Your 10-year plan states that you will establish a strategic oversight group, a steering group and a project management office. Who, do you envisage, will sit on those bodies?

Mr Mc Donagh: The way that we are planning now, in line with the long-term plan, is that we have an extended leadership group in the organisation. They are heads of functions; there may be 40 or so people in total. The strategic oversight group will become the Waterways Ireland executive leadership team, and each strategic pillar will have a subgroup with a chair. The chair will report to the executive leadership group on behalf of the subgroup. That is how we will manage progress on the 10-year plan. We will bring the progress report to the quarterly monitoring meeting with our sponsor Departments.

The Chairperson (Mrs Erskine): You talked about increasing participation and things like that. Tourism is outside our remit, but will people like that be included in the likes of those groups?

Mr Mc Donagh: We have a number of things to go on at any given time, and Garret will give you a specific example. The Shannon tourism master plan is a collaborative piece between Fáilte Ireland and lots of local authorities. It is an exemplar plan that we now use for other navigations. There is one specifically in and around the Erne system, and Garret will give you a sense of the parties to that so that you understand who is involved.

Mr McGrath: In 2023, Fermanagh and Omagh District Council, Waterways Ireland and Tourism NI developed a visitor experience development plan for Lough Erne — well, for the district. Obviously, Waterways Ireland's interest is isolated to Lough Erne because that is our remit. It is really about how we can improve the experience of visitors to the district and the waterway. Launched in 2023, it is an ambitious 10-year plan for improving tourism and visitor experience in the region. That is ongoing: year 1 was last year, and we are now into year 2 of delivering on the projects.

An example of the projects that we have delivered to date under the plan is on Devenish Island, an iconic site on the Erne system. We have increased the mooring capacity at that location by 15 boats. That is done and is open. It will be open for the boating season this year. That is an example of the infrastructure that we are building on the Erne to improve the visitor experience.

The Chairperson (Mrs Erskine): In the context of that collaborative approach, I will move on to greenways. What is Waterways Ireland's role in the development of greenways in Northern Ireland, and how does it engage with the Government, particularly the Department for Infrastructure? For example, I think of land abandoned by DFI that could be transformed into greenways or the like, and I

wonder about the engagement with DFI and the work with councils that would be needed. Will you chat about that?

Mr Mc Donagh: Garret will take that again. We are actively involved in what we call the "Ulster canal corridor", which relates to the greenway. Garret will cover a number of general points on that.

Mr McGrath: Waterways Ireland is the lead partner in the development of the Ulster canal greenway, which is just under 200 kilometres of greenway, predominantly along the route of the old Ulster canal. It is a cross-border project, so a number of councils are involved: Armagh City, Banbridge and Craigavon Borough Council and Mid Ulster District Council, as well as Monaghan County Council, Cavan County Council and Fermanagh and Omagh District Council. We have a collaborative approach to developing the greenway over a period of time.

Fifty per cent of the stages are in their pre-planning phase. In Ireland, Waterways Ireland is developing a greenway along the Ulster canal. When we are developing the Ulster canal, a greenway will be developed at the same time; we are not coming back at a later stage to develop a greenway. We are seeking a number of funding sources. In Ireland, that will involve Transport Infrastructure Ireland (TII) and the Department of Transport, and, in Northern Ireland, the district councils are exploring funding opportunities. There is ongoing engagement with the Department of Transport and our Department in Northern Ireland with respect to funding opportunities to develop that greenway over time.

The Chairperson (Mrs Erskine): In respect specifically of the abandonment of land, what engagement takes place in relation to developing abandoned land as greenways? The Committee previously had a specific matter relating to Conlig, and, as a result of the Committee's intervention, the council is looking at the feasibility of developing a greenway there. Is there a proactive approach to creating greenways in Northern Ireland? How much engagement takes place between Waterways Ireland and the Department for Infrastructure?

Mr Mc Donagh: It is important to point out that our remit concerns navigable waterways. In the main, we will look to develop greenways in and around our network. The reason for that is that, strategically, it is better for us to develop where we own the assets. In the case of the Grand canal and the Royal canal in Ireland, which have long stretches of greenway, we are building greenways on our assets. We do not own the assets along the Ulster canal corridor, with the exception of the Ulster canal project itself, where we own assets. The assets are owned by third parties — maybe councils, for example. That is a slightly different scenario for us. We do not proactively look to develop greenways that are not our assets. We support councils and other bodies that are looking to develop the greenways with our expertise and our people, but the models are different. It is important to point that out.

The Chairperson (Mrs Erskine): Thank you for that. I have one more question to ask in relation to greenways before I go to members. We are all aware that there are pressing issues to do with the refugee situation on the Grand canal. What are the difficulties around that for you? Do you have any budgetary concerns around that or around the engagement that is, perhaps, going on with government in relation to it at the moment?

Mr Mc Donagh: It is a difficult situation for everybody, so I want to look at it through a number of different lenses. It is difficult for the asylum seekers, who are in the position that they are in. It is difficult for residents and for business owners, and it is difficult for Waterways Ireland. At the moment, there are approximately 90 tents on a stretch of the Grand canal. It is difficult for all stakeholders. Right now, we are engaged with a multi-agency group to work out how we can quickly deal with the issue in a way that is empathetic and sympathetic to all of the different needs that exist. There are active conversations and discussions going on about how we might resolve that matter.

For us, it is really difficult insofar as there is a concentrated number of tents. We are not trying to deal with one, two or three tents in a singular way. The concentration makes it difficult, because it is of scale and requires an operation of scale to relocate. Relocation depends to a large extent on the availability of accommodation, and we are involved with multiple agencies to work out how that can happen. It is actively under consideration, but it is difficult for everybody, not just Waterways Ireland.

Mr Stewart: Thanks so much for coming along today and for your presentation and answers.

My first question is about finance. The presentation set out that there was quite a large uplift in the capital budget: I think that we all welcome that. Is that on the back of the 10-year plan and your proposals and pitches for the projected capital works that you want to carry out, or was additional

funding made available to you to spend as you please on capital works? I am curious about why there was such an uplift. Is there also a guaranteed year-on-year budgetary increase that you have received in the funding offering?

Mr Mc Donagh: I will answer first, and then I may look to Linda. There is no guarantee about funding.

Mr Stewart: Is there even a multi-year budget at this stage?

Mr Mc Donagh: No, we do not have a multi-year budget. That is a really important question. We would like to have that, but we do not. We do not have a guarantee.

Mr Stewart: I think that we would all agree with that.

Mr Mc Donagh: If you went back to 2015, 2014, 2013 or whatever — back to the austerity times and the economic crisis — you would see that our funding dropped to 45% or 50% of what we received in 2010. If you rebase our numbers from 2010 the whole way through to now, you would see that, at a point in time, we were down about 45% or 50%. There was then a period of stagnation through 2016, 2017, 2018, 2019 and 2020, after which there was some growth. That growth occurred as a result of conversations that we had with Departments and as a result of plans — not the 10-year plan, which I will come to, but other plans — and ambitions around projects that, we felt, could deliver value. We have been fortunate in that we have seen that level of increase. We have had an increase on the current side, although not to the same level. That is an important factor in understanding the proportionality between current and capital. Sometimes you can get a lot of capital and you need more current because you need the people, the resource and all the rest to make the projects happen. We watch that piece.

The 10-year plan has given us a vision around perspective, ambition and aspiration for the future. We are able to demonstrate to our sponsor Departments that there will be opportunities for transformative projects. That will require transformative funding. If the Ulster canal is completed in, say, the back end of 2028, the total will be something of the order of €125 million. From our perspective, that is transformative. We are a relatively small agency, so €125 million spread over time is a big number. Garret referred to the Shannon tourism master plan. That has a commitment from Fáilte Ireland of €76 million over 10 years. That is a big transformative piece. That is the difference. We came from a place where funding had declined significantly. Even though you see growth, it is only really bringing us back to where we were.

Mr Stewart: That is really useful. Having a multi-year budget would be massively beneficial in respect of those key projects. Clearly, that is something that you have continued to lobby for, as have other groups, so hopefully we will get to that stage.

Across the country, there seems to be a bit of a change in how greenways are delivered. Some councils and areas have been really successful, and others have not. Are there council areas in Northern Ireland or the Republic of Ireland that engage better with you? What expertise are they able to tap into from you to develop those greenways? We have had one on the cards in my constituency for 15 years, but it is dragging on through objections and complaints and does not really seem to be getting anywhere. What can councils do to access that support and expertise?

Mr McGrath: There are generally four challenges in the development of greenways. The first challenge is funding. The second challenge is land acquisition. If you do not own the land, you have to acquire land. The third challenge is capital development. The final challenge is maintaining it. All of the councils that we have worked with in Northern Ireland have been proactive in engaging with us and are keen to see the delivery of greenways in their council area, and we assist them where we can. It is about having a strategy like the Ulster canal greenway strategy and then seeking funding opportunities to allow you to progress to the vesting, as it is in Northern Ireland, or, in Ireland, the compulsory purchase order (CPO) process for acquisition of land. That is a difficult process to deliver, but we have great working relationships with the district councils and local authorities. We all have the same vision to develop the greenways, but there are challenges in doing so when you do not own the land initially.

Mr Stewart: In your presentation, you said that there was a financial or funding relationship to a degree — certainly, financial overlaps — between the local councils in the Republic of Ireland. Is that the same with councils in Northern Ireland, or do they pay when they tap into your expertise for assistance in greenway development?

Mr Mc Donagh: I should say one thing on which Garret might come in: we do not get direct funding for greenways.

Mr Stewart: OK.

Mr Mc Donagh: Funding comes through different agencies. I want to make that point. Garret, you talked about TII, so will you expand a bit on that?

Mr McGrath: In Ireland, a number of funding streams for greenways — Transport Infrastructure Ireland, the Department of Transport and the Shared Island Fund, to name but a few— help us to deliver the greenways on our property or on other people's property that has been CPO-ed or vested. In Northern Ireland, the funding opportunities are more challenging, and I know that the district councils are actively engaging in looking at potential funding opportunities to allow them to deliver the greenways in their area. We will support them where we can.

Mr Stewart: OK.

Mr Mc Donagh: It is also important to point out that we do not have vesting powers in Northern Ireland. We work with DFI officials, who are helping us massively in that space around the Ulster canal phase 3 project. I want to make you aware of that.

Mr Stewart: If I may, Chair, I have a final point, which is about the 10-year plan. According to strategic priority 4, on participation and reputation, Waterways Ireland will have succeeded if it increases:

"participation on and alongside the waterways and in all recreational, tourism and volunteering activity categories".

We would all welcome and want to see that, I think. I am curious about how levels of participation in those area up to this point have been baselined and how such success will be measured going forward, because it is a key priority.

Mr Mc Donagh: To date, measurement has tended to be done through quantitative research. We do that periodically. It is a quantitative exercise: we go out and ask a nationally representative sample of 1,300 people, and we get a bunch of data back. Linda made a point about where we are going in relation to value creation and about the fact that we will be working with an economic consultancy firm in the next number of months. It will help us to put in place methodologies that we can update and into which we can feed the data annually, so that we can address the question that you asked.

To work out the value — an actual value — we have to have inputs and methodologies. We are looking not just at the obvious economic or social things. There is a piece in here around natural capital accounting, and we are finishing a piece of work on natural capital accounting. That work has not really been done to date, but it looks at biodiversity growth and loss and all the rest of it. That will also feed into the calculations. By the end of the year, we will have the methodologies in place, and we will know the baseline against which we will measure year-to-year changes.

Mr Stewart: Excellent. That was useful. Thank you very much.

The Chairperson (Mrs Erskine): I think that Mark was disappointed there. I saw him scrubbing out a question.

Mr Durkan: Another one off my bingo card: "natural capital value".

The Chairperson (Mrs Erskine): Before I come to Mark, I will bring in Cathal.

Mr Boylan: Thanks, Chair. All my questions have been scrubbed out. There is no point in worrying about it now.

Thank you very much for your presentation. I have a couple of points. Hopefully, I am going to see the Armagh match in Clones. I welcome the work that is going on over there. It is a fantastic project, and it will give a good boost, especially on the Clones side. Good luck with it.

I will start on the Ulster canal project. Will you give us a progress report on what has happened and where you see the road map going?

Mr McGrath: I referenced the fact that the North/South Ministerial Council extended Waterways Ireland's remit to restore the Ulster canal from Lough Erne to Clones. That is a 13.5-kilometre stretch. We completed phase 1 in 2019. It provided an additional 2.5 kilometres of navigation from Upper Lough Erne to Castle Saunderson, adjacent to the International Scout Centre in Cavan. That involved the dredging of the River Finn, a new road bridge and navigation arch at Derrykerrib bridge and a new floating jetty at Castle Saunderson. That has been operational since 2019.

At the moment, our focus is on an additional 1 kilometre from Clones back to the Fermanagh border at Clonfad. Works commenced on site in August 2022, and the project will be complete at the end of the month. That will be a further additional kilometre in the Clones section. If you are there this weekend, you will see it.

Phase 3 is about connecting phase 1 and 2. That is a further 10 kilometres. We are actively involved in the pre-planning and planning stages of the delivery of that project. We set up a project team specifically to look at that. As John Mc Donagh referenced earlier, for phase 3, there is potential investment in excess of €100 million, so it is a large, transformative investment in our waterways.

Mr Boylan: I would like to be ambitious about it. I keep getting asked about Armagh City, Banbridge and Craigavon Borough Council, which is my area, and Mid Ulster and the likes of Portmore or up around Blackwatertown and the opportunities to connect. I would like to think that, in time, there will be work with councils because it is a most beautiful stretch. It is an absolutely beautiful tourism product, and there are major opportunities. Maybe there will be further conversations, and we will keep that on the clár. [*Translation: programme*] I also want to talk about greenways. We try to encourage the Middletown to Monaghan section of the greenway, but my question is in the context of the vision for cross-border cooperation. You said that the funding is slightly different for greenways. Are there opportunities to connect greenways North and South?

Mr McGrath: I refer to the Ulster canal greenway. We are collaborating with Armagh City, Banbridge and Craigavon Borough Council on that cross-border link from Monaghan to Middletown and beyond. There is ongoing, regular engagement, using our expertise as the larger provider of greenways and blueways on the island of Ireland and how we can help to develop that project over time.

Mr Boylan: You always have to keep it parochial when you get an opportunity.

I have two other questions. You mentioned the key performance indicators (KPIs) and external benchmarking. That is how it is measured. Will you expand on that first, please?

My final one is on the 3.2 million users of the waterways. How often are those figures measured? How do they compare year in, year out?

Mr Mc Donagh: I will go back to the previous question on that. The measurement is from 2021-ish. That was by way of quantitative research. That is not necessarily something that we want to do every year. It is expensive because you are reaching out to a representative sample of 1,300 people. We will do as I said. We are working to put in place the research and methodologies to measure, and we will measure a range of things. It will not be just about participation, but participation will be one of them. There will be research involved in that, whether it is a full quantitative analysis every year or a full quantitative piece in year 1, a smaller version in year 2 and a bigger one in year 3. That is probably what the measurement of the external piece will look like.

Internally, we measure a series of KPIs in our operational performance. Linda could maybe add something to that. They are managed monthly through a management team, and they are shared with our sponsor Departments in the quarterly monitoring piece. They are more internalised.

The question that you asked may be more about the external piece and participants and users. My answer to that is the former piece, which is around the mix of the quantitative analyses and the methodologies that we will put in place.

Mr Boylan: Are you using councils as part of that mix to gather information and research?

Mr Mc Donagh: Not formally.

Mr Boylan: There is an opportunity there.

Mr Mc Donagh: Yes, there may be. It is a good point. We work with a number of our strategic partners. We share research, we get research, we get resources from people in Tourism Ireland, Tourism Northern Ireland, Fáilte Ireland and the Irish Tourism Industry Confederation (ITIC). We work with them on data sets, but your question is fair, and we will take that away.

Mr McGrath: John, if I can just add that, in developing business cases, we reach out to district councils for baseline information of what they have in their area, and that allows us to develop the business case looking forward to how we would like to add value to that project. We do that on an ongoing basis.

Mr Boylan: There is a big role to play going forward. I will leave it at that. I have a couple more questions, but I will let others in.

Mr Durkan: Fáilte romhaibh. [*Translation: You are welcome*] You spoke about your assets having a capital value of £1 billion, but your natural capital assets are worth so much more than that £1 billion, if we focus on the rebuild costs of those capital assets. It is fantastic to hear about the range and volume of work that you do. This question is a wee bit political, but has there been a negative impact on the running of your organisation from the absence of a functioning North/South Ministerial Council for five out of the last eight years?

Mr Mc Donagh: It can impact us negatively insofar as it means that certain things have to be approved retrospectively. I will give you an example. Under corporate planning, the obvious things — the business plan, the corporate plan and the annual accounts, for example — cannot get approval until there is a sectoral meeting and an NSMC meeting to approve them. We do all the work to prep and have those ready, and we are in that position now for a sectoral meeting that, we hope, will happen in June. If we had a board and there was a requirement for the appointment of a chair or board members, that would fall into the same category and could be trickier depending on the time frame involved. We are not in that position.

Generally speaking, we try to do what we can within our control. That is the approach that we take. Where we can — we get a lot of support from our sponsor Departments — we manage our projects and deliver our projects. Where there are tricky situations, we seek guidance from our sponsor Departments, and, on occasion, we have to get retrospective approval from the sectoral meeting.

Mr Durkan: With regard to the funding model and the 85:15 percentage split, the 85% always comes before the 15% because of the budgeting cycle and the way that it works in the North.

Mr Mc Donagh: In the way that it works, yes.

Mr Durkan: What communication is there between the Governments North and South through you and around you on your budget? We know that things are going well at the moment in the South financially; that has not always been the case. If the Government were inclined to increase your budget significantly, would there be a consultation with DFI to say, "Well, that is our 85%", and DFI say, "Sorry, the cupboard is bare. We cannot give any more than we did last year."?

Mr Mc Donagh: I will speak generically, if I may.

Mr Durkan: OK.

Mr Mc Donagh: Let us assume that one party was able to provide more money and the other party could not match it. In that scenario, there would be a conversation with Waterways Ireland and conversations between the sponsor Departments directly. That is the reality of the world. Where possible, we try collectively to find a position that works for us.

Mr Durkan: So there is flexibility, maybe, around the 85:15 split.

Mr Mc Donagh: Well, everybody tries to be as flexible as they can be.

Mr Durkan: Is there more flexibility maybe? *[Laughter.]*

Mr Boylan: Is there more money?

Mr Mc Donagh: It is a fair question, and I will try to answer it openly. The reality is that nobody will ever come in and say that they do not want money. Most agencies are looking for money. We tend not to ask for money. We tend to say, "Here is our plan. We think there is a lot of goodness in it. Will you support it?".

Mr Durkan: Therefore, it is important that your set-up does not force you to refuse money.

Mr Mc Donagh: In fairness to the people that we work with, they have been supportive of the plans that we have put on the table. There are prescriptions that have been there for 25 years. There are some difficult prescriptions, not just around funding. For example, going back to the organisation, there is a prescription around maximum staff numbers. We cannot have more than a certain number of staff in place, and that prescription is set out on a page with the organisation structure.

Mr Durkan: Is the staff split North and South prescribed?

Mr Mc Donagh: No. The overall number is prescribed. The organisation review that I referred to is the first opportunity for Waterways Ireland and its sponsor Departments to work out what the structure should look like and the staffing required to deliver on its plans. At least that is happening, and we are happy that it is happening. It will take a little time and engagement with various people, but it is a good thing. However, that goes back to a very old prescription.

Mr Durkan: Just one more thing, and it is on the current expenditure categories. There is a difference between pensions North and South. It is 1% in the North and 9% in the South. Given that the staff split is 260 in the South and 90 in the North, there are, let us say, three times as many people in the South. Has that always been the way? Why is the pension difference so big? Are a lot of employees in the North resident in the South?

Mr Mc Donagh: No, it is not that. The proportionality in terms of the number of people and pensioners, who are pensioners now in Ireland —

Mr Durkan: Yes, I suppose so.

Mr Mc Donagh: It is where the bulk of the people are, rather than anything else.

Mr Durkan: No worries. Thank you.

The Chairperson (Mrs Erskine): Before I let Cathal back in, I have a few more questions. The sustainable funding model, under "Strategic Priority 2", states that you:

"lag significantly behind other navigation authorities in terms of total expenditure and number of employees".

What would be appropriate funding for you?

Mr Mc Donagh: That is a really difficult question to answer, and I will try to explain why. I will do the easy piece first.

Let us look at staffing. I ran benchmarking, and we reckon that we have something like 0.32 of a staff member per kilometre of waterway. That is the 350 permanent members of staff. The average across a sample of navigation authorities internationally that we looked at was at least 0.5. I want to be fair to everybody here. It is hard to compare an apple with an apple, and I will explain why.

Scottish Canals has only canals, and its figure is 1.2 staff per kilometre. Other navigation authorities have only rivers. We have both. We have over 400 kilometres of canals and the remaining 600 or 700 kilometres of the network are rivers, so it is important to say, "Apple compared with an apple — very difficult". However, on the basis of just the numbers in annual accounts, that is what it looks like. We are at about 0.32; the average is 0.5; and then there are individual navigation authorities that are well

above that. At a high level, looking at staffing, we are well below the international comparator. That is the first thing to say.

It is difficult to work out actual funding. We could work out the staffing piece on the basis of what I have said. As Linda showed, including pensions, that accounts for probably two thirds of the funding that we would require.

Mrs Megahey: Yes.

Mr Mc Donagh: Roughly. After that, you are into the big buckets. A big bucket is maintenance. No matter whom you talk to in Waterways Ireland or anyplace else, they will say, "We need more money for maintenance"; that is the thing. So, maintenance is a big bucket.

There is science around the maintenance because we have an asset management team that is looking at the conditionality of our assets and pushing plans, over many years, into the capital programme and the maintenance programme. There is a science there that is now beginning to help us.

We do not have enough information to date around development opportunities. That is where we have a gap, and we are looking to fill it over the next 18 months. We need to have development plans for every navigation that will then be consolidated into one development plan. On the back of that, we will have a much better sense of the ongoing current and capital funding that we need for that.

The Chairperson (Mrs Erskine): Thank you, that answers some of my other questions. That strategic priority also mentions lagging behind in generating income to support your expenditure and profile needs. How do other navigation authorities generate income, and can you implement similar measures?

Mr Mc Donagh: I will give you a short answer, and then Linda will give you a longer answer.

The short answer is that we do not generate enough revenue or income relative to the international navigations — the ones that I am comparing staffing with. We have looked at their ability to generate revenue or income. I will let Linda take that one.

Mrs Megahey: The closest model to ours is Scottish Canals. It probably gets 70% funding from government, and the remainder is from commercial activity. It owns a lot of land and has a lot of developments and so on. We do not own resources in the same way as Scottish Canals, and we have not evolved in the same way that it has. It is a different model from the way that we work. The Canal and River Trust gets 23% government funding. It has a massive number of boat licences and moorings, which generates nearly £50 million, and it has utilities and water, which generates £40 million in income. It has a very different set-up, and its width is 3,200 kilometres, never mind all the other assets that it owns. It is a much bigger animal than we are. We have evolved to be much more localised into our local assets.

We are not funded in the same way, but, under that strategic priority 2, we are looking at an estate management strategy and a revenue income strategy. The plan for the revenue income strategy is nearly finalised. We hope to go through that and see where the low-hanging fruit, as they call it, is and where we can escalate and increase that, because we currently generate around £1 million in income. The other one is the estate management strategy, which is only about to be awarded. We are looking at that to see how we can use our property, our land and our buildings in a different format to generate some income.

Mr K Buchanan: Thanks for the information so far. My question follows on from Mark's. For clarity, when the Department of Housing, Local Government and Heritage gives 85% of the funding, Northern Ireland generally follows on with 15%.

Mr Mc Donagh: Yes.

Mr K Buchanan: Generally.

Mr Mc Donagh: Yes.

Mr K Buchanan: Have they done that to date?

Mr Mc Donagh: Yes. All the time.

Mr K Buchanan: OK. I am looking at the pie chart on page 9 of your written evidence. It shows that, of the total expenditure, staff costs are 55%, administration costs are 19% and maintenance costs are 16%. I have an understanding, but I want you to explain it to me. What are the administration costs? Is that for capital projects? What is the difference between staff costs and administration costs?

Mrs Megahey: Administration is your rents, your rates, the heat, the buildings, utilities and all that kind of thing. The maintenance is what we spend in order to keep our assets in their current condition.

Mr K Buchanan: Fair enough.

This is my last question, and Cathal mentioned it briefly. I need to be careful how I word this. I could use the word "boat", but maybe that is not the proper term for Waterways Ireland, is it? Is a "boat" good enough?

Mr Mc Donagh: "Boat"?

Mr K Buchanan: Yes.

Mr Mc Donagh: "Boat" is fine.

Mr K Buchanan: Are you happy enough with "boat"?

Mr Boylan: Absolutely, Keith. "Boat" is OK, mate.

Mr Mc Donagh: "Boat" is fine. Yes.

Mr K Buchanan: You can travel from the Atlantic down through, first, the lower Bann to get into Lough Neagh. You are stuck on Lough Neagh because you technically cannot get out of Lough Neagh, even on to the edge of the Blackwater. You are probably aware of that issue. You have also talked in your 10-year plan about accelerated growth. Do you see that linkage ever happening so that you can get from the north Atlantic straight through?

Mr Mc Donagh: I think, as a visionary plan, that is something that people would want to see, including Waterways Ireland, but we have to be realistic and put it in context. The Ulster canal stretch that Garret described will complete in and around 2028 or 2029. I have given you a sense of the funding need there and the expenditure: £125 million. We will add it all up and keep it simple: say, 15 kilometres. The original Ulster canal was of the order of 92 or 93 kilometres. Just think about the rest of it and the time and the money.

Mr K Buchanan: For a small amount of money, you could travel from Lough Neagh to Blackwatertown.

Mr Mc Donagh: I am not disputing that.

Mr K Buchanan: So why can that not be done?

Mr Mc Donagh: First of all, it is not within our remit. That is the main reason. It goes back to what Garret said: our remit was extended back in 2015. When we talk about growth, we are also talking —.

Mr K Buchanan: We are following that. Cathal is aware of this one. Armagh City, Banbridge and Craigavon Borough Council and Mid Ulster District Council are having this debate with DFI. People cannot get up and down that river. The council blames DFI, and I am looking at Waterways Ireland, but we are just going round in a circle and not getting the issue resolved. How would you resolve that issue?

Mr Mc Donagh: We are looking to grow, and, in looking to grow, we are looking to do things that we talked about earlier. Specifically, over time, we would like to grow our navigation network. We would like to extend, where we can.

Mr K Buchanan: Who gives you the green light to do that?

Mr Mc Donagh: The North/South Ministerial Council.

Mr K Buchanan: Can you ask to get that done? Can you ask to increase that to provide a waterway from the south of Lough Neagh — we will call it that — down to the Blackwater? That is literally hundreds of thousands of pounds. It is not a lot of money.

Mr Mc Donagh: We can have a conversation, formally and informally, with our sponsor Departments to do that extension, yes.

Mr K Buchanan: My last point is that DFI has given you 15% for revenue; we will call it running costs or whatever. How does DFI monitor that to see whether it is getting its 15%-worth from you?

Mr Mc Donagh: The sponsor Department, DFI, does it through the quarterly monitoring meetings and monthly reports that it receives directly from us. We send it reports monthly.

Mr K Buchanan: They are marked to get the value of its 15%.

Mr Mc Donagh: Totally.

Mr K Buchanan: My very last point is on capital. Is that an 85:15 split? I see that it is up and down a bit.

Mr Mc Donagh: No.

Mr K Buchanan: How does that work? Is that based on what the 15% spend is, if you understand what I mean?

Mr Mc Donagh: No, it is not. Just for clarity, they are totally separate, which can be a good thing or a bad thing — I will not go there. The capital funding comes from each jurisdiction and is based on projects in the jurisdiction. We go to a Department and say, "We have a programme that looks like the following. We think that we need to do 10 projects, and they will end up at £10 million". We go and present that. If the funding is available —.

Mr K Buchanan: Do you base that on the 15% that you have to manage?

Mr Mc Donagh: No.

Mr K Buchanan: Maybe you are not that tight on that.

Mr Mc Donagh: No.

The Chairperson (Mrs Erskine): It would be really good if you would follow up with us on conversations on that connection.

Mr Mc Donagh: We have taken a note.

The Chairperson (Mrs Erskine): That would be really good for two — maybe three — people in the Committee.

Mr Boylan: Well, Chair, to be fair, it takes partners. The councils play a big part. Obviously, there are certain remits, but, as I said in my contribution, we should certainly have that conversation because we are having it at local level in councils.

Mr Mc Donagh: By the way, when the plan was published, that launch had a reach of around three million people.

The Chairperson (Mrs Erskine): Very good.

Mr Mc Donagh: On the back of that, we have received enquiries from various places on the kinds of questions that the member was asking. I just want to make you aware of that. It is not sitting in isolation.

The Chairperson (Mrs Erskine): Thank you. You are updating by-laws from 30 years ago. Obviously, things have changed substantially in how we use waterways and safety around waterways, which is vital. As a constituency MLA for Fermanagh and South Tyrone, with Lough Erne on my doorstep, I get an awful lot of queries on by-laws on the waterways. What will the updating of those by-laws entail — I was going to say "on the ground" — on the waterways?

Mr McGrath: As I referenced, we are in the process of revising the Shannon navigation and canal by-laws. They are over 30 years old. They are not fit for purpose. They do not give the inspectorate the tools with which to manage the waterways or its land-based assets. In the past 30 years, we have reference to 600 kilometres of greenways. For the most part, current by-laws are silent when it comes to managing land-based assets. We want an up-to-date set of by-laws to allow us to manage that property for the benefit of the public in an appropriate manner, going forward.

With respect to the Erne by-laws, once we complete the Shannon and canal by-laws, we will look back at lessons learned, how we approached it and how we delivered it. Then, there would be an aspiration that, at some time in the future, we would revisit the Erne by-laws to update them as well.

The Chairperson (Mrs Erskine): Do you have a timescale for that?

Mr McGrath: We hope to complete the Shannon navigation and canal by-laws this year. Once that is done, we will take a bit of time, sit back and look at the lessons learned with a view to, at some stage in the near future, revisiting the Erne by-laws.

The Chairperson (Mrs Erskine): I would not want too much time, though, *[Laughter]* to sit back and look at them.

Are members content? Does anybody have any other questions? No.

Thank you very much for coming to the Committee. We really appreciate your time and the overview of the work that goes on. Thank you.

Mr Mc Donagh: Chair and members, there is an open invitation to visit us in Enniskillen. We would be delighted to bring you on a boat *[Laughter]*, which is fine.

Mr Boylan: You can bring your own oar with you, kiddo, if you want.

Mr Mc Donagh: We might have to bring you on a boat, out and about, and actually get on the waters and see what it is we are talking about. That invitation is open.

The Chairperson (Mrs Erskine): Lovely. Thank you very much. We really appreciate it.