



# **Study on State asset management in the EU**

*Final study report for Pillar 2 – Ireland*

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# Ireland

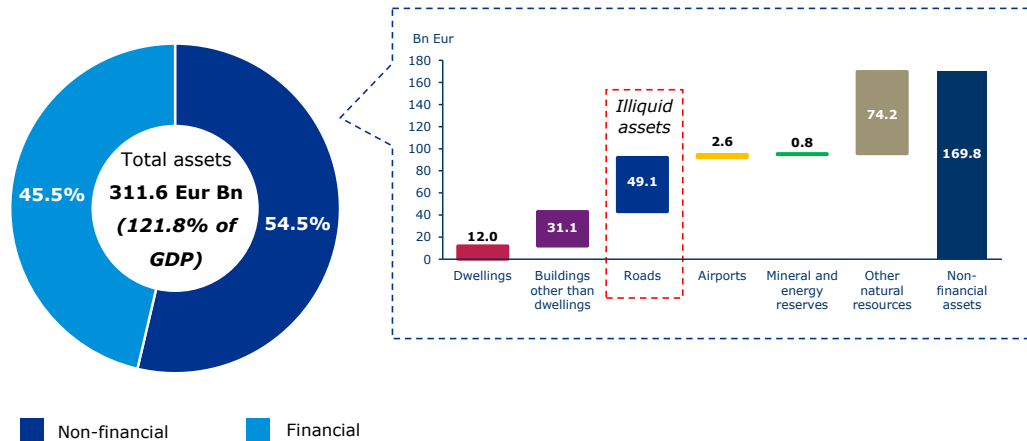
This Country fiche presents a quantitative overview of the mix of non-financial assets owned by the Irish General government.

A recap and a summary table on sources of data and valuation methods used to map and assess (as far as possible) non-financial assets owned by the Irish General government is reported in the Appendix (Table C).

## 1. OVERVIEW OF NON-FINANCIAL ASSETS

In 2015, the estimated value of Non-financial assets owned by the Irish General government was equal to 169.8 Eur Bn, accounting for about 54.5% of the estimated value of all assets (including Financial assets) owned by the General government<sup>1</sup>.

**Figure 1** General government's Financial and Non-financial assets (Eur Bn), Ireland, 2015



Source: KPMG elaboration. Data on Gross Domestic Product were directly retrieved from Eurostat on 19<sup>th</sup> September 2017.

- (1) Estimated values refer to 2015 as the latest available year for both financial assets and all clusters of non-financial assets.
- (2) In this chart, the "estimated value" of financial assets is reported in terms of Total Assets of the country's PSHs as weighted by the stake(s) owned by the Public sector into the PSHs themselves<sup>2</sup>.
- (3) Values of Non-financial assets are estimated according to the valuation approaches explained in the Methodological Notes for Pillar 2.
- (4) In this chart the estimated value of Other natural resources only includes the estimated value of lands.
- (5) In this chart, the values of Ports and Railways are not represented as they have already been accounted for in Pillar 1.
- (6) Since roads are an illiquid asset we applied a Perpetual Inventory Method (PIM). However, this valuation method tends to slightly overestimate the value of the asset. Therefore the chart shows the lower bound figure of the range of road and railways valuation estimates only.
- (7) The estimated value for Mineral and Energy reserves refers to the estimate computed on 2015 average prices. Since the prices of Oil and Natural Gas can present many fluctuations over the year, the average of all price points was used as an accurate representation of the annual value of this assets, in order to better account for possible outliers.

<sup>1</sup> As explained in the Methodological Notes for Pillar 2, Non-financial assets that are owned by PSHs are evaluated through the equity method. Therefore their value is not represented in this Pillar as it has already been accounted for in Pillar 1. The allocation of Non-financial assets between Pillar 1 and 2 is listed in Table A in the Appendix to the EU Fiche.

<sup>2</sup> For more details on how Total Assets for Financial Assets are calculated, please see Pillar 1.

## 2. DWELLINGS

Eurostat and other sources do not provide the value of Dwellings for Ireland, as Ireland was granted a derogation to start transmitting relevant data in 2017.

The value of residential buildings has been estimated through a market approach, as outlined in Methodological Notes. As Table 1 shows, the estimated value of Irish residential buildings is equal to 12 Eur Bn in 2015.

**Table 1** Estimated values of General government's Dwellings (Eur Mn), Ireland, 2010-2015

Data in Eur Mn	2010 (€)	2011 (€)	2012 (€)	2013 (€)	2014 (€)	2015 (€)
General government	6,587	5,973	6,180	6,662	8,983	12,008
Share of the total economy	2.1%	2.1%	2.3%	2.3%	2.2%	2.4%

Source: KPMG calculations on EU Building Stock Observatory and Eurostat data [downloaded in July 2017]. The country-specific capital value of the asset was directly retrieved from a global specific real estate database: MSCI Real Estate Analytics Portal.

(1) The share of Dwellings in the economy refers to the estimated value of Dwellings (rather than the number of Dwellings).

## 3. OTHER BUILDINGS AND STRUCTURES

- *Buildings other than dwellings*

Eurostat and other sources do not provide the value of Buildings other dwellings for Ireland, as Ireland was granted a derogation to start transmitting relevant data in 2017.

The value of non-residential buildings has been estimated through a market approach, as outlined in Methodological Notes. As Table 2 shows, the estimated value of Irish non-residential buildings is equal to 31 Eur Bn in 2015.

**Table 2** Estimated values of General government's Buildings other than dwellings (Eur Mn), Ireland, 2010-2015

Data in Eur Mn	2010 (€)	2011 (€)	2012 (€)	2013 (€)	2014 (€)	2015 (€)
General government	34,192	35,432	32,689	33,474	30,686	31,065
Share of the total economy	29.5%	29.5%	27.9%	27.9%	26.7%	26.6%

Source: KPMG calculations on ENTRANZE and Eurostat data [downloaded in July 2017].

(1) The share of Buildings other than dwellings in the economy refers to the value of Buildings other than dwellings (rather than the number of Buildings other than dwellings).

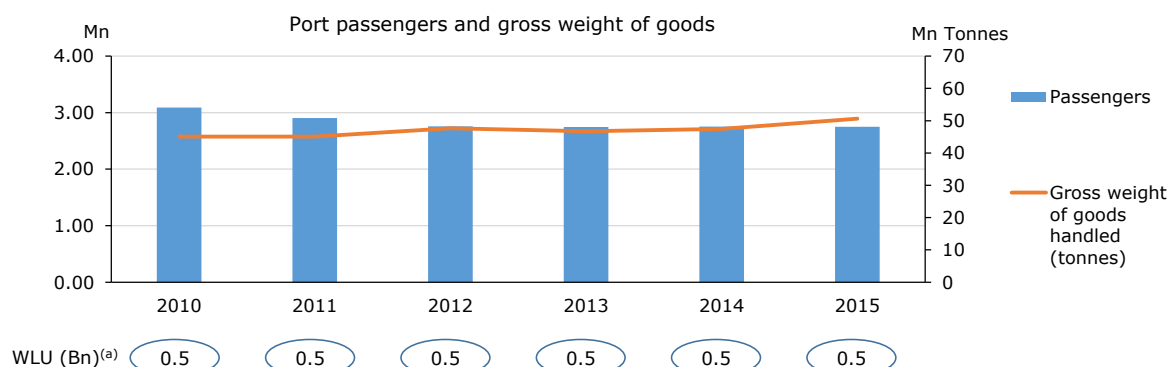
- *Ports*

Ports in Ireland adopt the so called landlord port management model whereby public port authorities maintain ownership of essential port assets, while the private operators provide services like cargo handling, stevedore and towage services.

However, following the *Harbours Act 2015*<sup>3</sup> (which substitutes the previous one of 1996), commercial state port companies were established under the ownership of the *Department for Transport, Tourism & Sport*.

<sup>3</sup> *Harbours Act 2015*. Available at: <http://www.irishstatutebook.ie/eli/2015/act/61/enacted/en/html> [Accessed 03<sup>rd</sup> November 2017].

**Figure 2** Port passengers and gross weight of goods, Ireland, 2010-2015



Source: Eurostat database, 2010-2015 [downloaded in March 2017]. Country level - passengers embarked and disembarked in all ports by direction (available at: [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=mar\\_mp\\_aa\\_cphd&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=mar_mp_aa_cphd&lang=en)) and Gross weight of goods handled in all ports by direction (available at: [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=mar\\_go\\_aa&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=mar_go_aa&lang=en)).

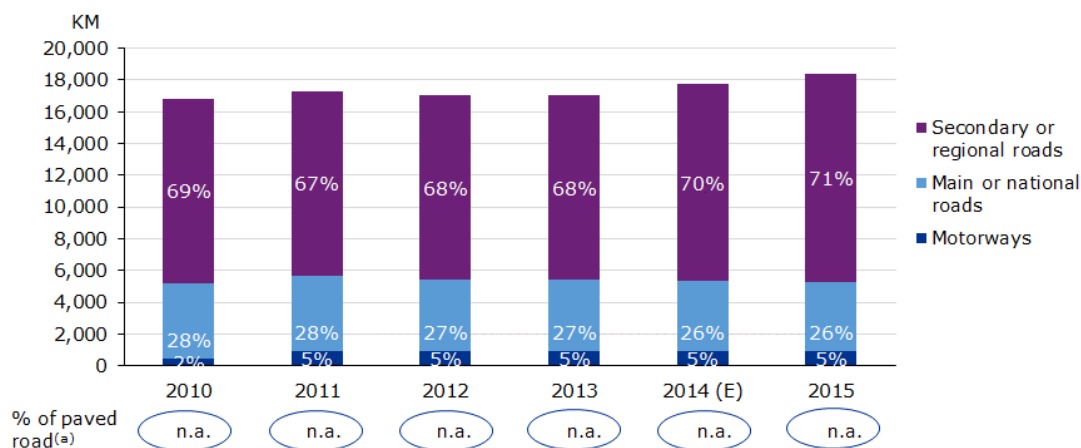
- (1) With regard to passengers, all passengers embarked from and disembarked to all maritime ports within the country have been considered.
- (2) With regard to the gross weight of goods handled, the Gross weight of goods handled in all maritime ports within the country have been considered.
- (a) A Workload Unit (WLU) is defined as one passenger or 100 kg of cargo.

Since port authorities in Ireland are PSHs, then the value of assets is assessed using the equity method (please see the Methodological notes for Pillar 2 for more details), and results are reported in Pillar 1 of this Study.

- Roads

According to the current legislation, motorways and other national roads are owned by the Irish state. *Transport Infrastructure Ireland* operates, maintains and improves the national road network in Ireland although approximately 320 kilometres of motorway network is being operated through Public-Private Partnerships.

**Figure 3** Length (in km) of Motorways, Main or national roads and Secondary or regional roads, Ireland, 2010-2015



Source: Directorate-General for Mobility and Transport (DG MOVE) database, 2010-2015 [downloaded in September 2017]. Values for percentage of paved road were calculated using Eurostat data on length of other roads by type of surface.

- (1) DG MOVE's data does not report the length of Main or national roads and Secondary or regional roads for year 2014. Therefore, the values for the year 2014 have been estimated as average between 2013 and 2015 values.
- (2) For the sake of accuracy and comparability among the EU28 Member States, the valuation includes Motorways, Main or national roads and Secondary or regional roads only.
- (3) According to DG MOVE's data, the extension of the Irish road network is equal to 98,898 Km (including the length of Motorways, Main or national roads, Secondary or regional roads and Other roads) in 2015.
- (4) Eurostat does not report the length of paved road network for years taken into account.

(a) The percentage of paved road has been calculated based on the total extension of the road network (including other roads). It represents the length of paved road network over the total length of road network.

Table 3 reports the results of the valuation exercise carried out according to the valuation procedure described in the Methodological Notes for Pillar 2. In this respect, please be reminded that, to ensure accuracy and comparability, the valuation includes Motorways, Main or national roads, and Secondary or regional roads only.

In Ireland, overall, in 2015, the estimated value of roads ranged between 49 Eur Bn to 53 Eur Bn. In 2015, on the whole the estimated value of roads in Ireland ranged from 49 Eur Bn to 53 Eur Bn. Main or national roads and Secondary or regional roads take the lion's share with a total estimated value between 40 Eur Bn and 44 Eur Bn, almost evenly distributed among them.

**Table 3** Estimated road value for Motorways, Main or national roads and Secondary or regional roads only (Eur Mn), Ireland, 2010-2015

Data in Eur Mn		2010	2011	2012	2013	2014	2015
Motorways	Min	8,156	8,610	9,052	9,233	9,415	9,553
	Max	8,261	8,714	9,156	9,336	9,516	9,653
Main or national roads	Min	18,011	18,096	18,265	18,146	17,993	17,780
	Max	21,642	21,714	21,891	21,731	21,530	21,259
Secondary or regional roads	Min	21,254	21,549	21,930	21,906	21,860	21,743
	Max	22,135	22,427	22,809	22,776	22,718	22,587
<b>Total</b>	<b>Min</b>	<b>47,421</b>	<b>48,256</b>	<b>49,246</b>	<b>49,285</b>	<b>49,268</b>	<b>49,076</b>
	<b>Max</b>	<b>52,038</b>	<b>52,855</b>	<b>53,856</b>	<b>53,843</b>	<b>53,764</b>	<b>53,500</b>

Source: KPMG calculations on Directorate-General for Mobility and Transport (DG MOVE) and Eurostat data [downloaded in July 2017].

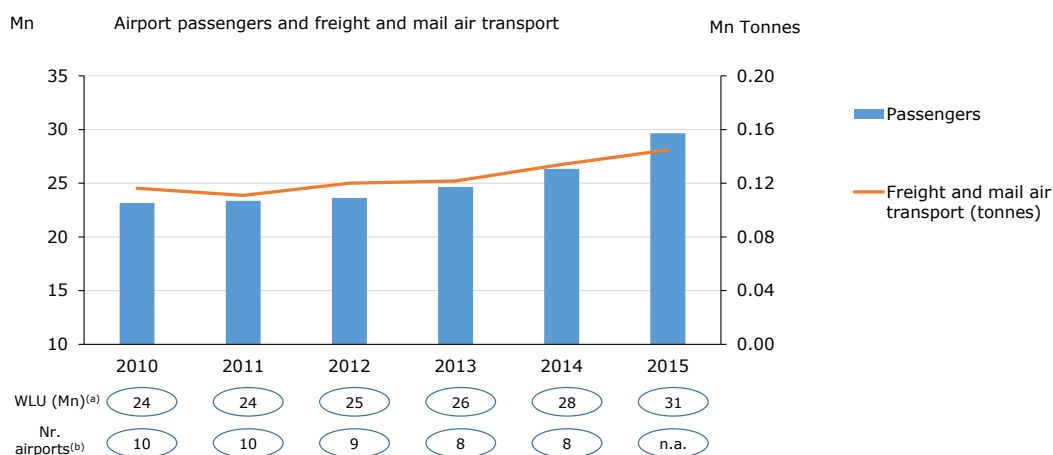
- Airports

In compliance with current Irish legislation, there are two types of airports in the country:

- State airports;
- Regional airports.

However, in both cases, airports are state-owned and their management is entrusted to many airport operators.

**Figure 4** Airports passengers, freight and mail air transport, Ireland, 2010-2015.



Source: Eurostat database, 2010-2015, [downloaded in March 2017]. Air passenger transport by main airports in each reporting country (available at: [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=avia\\_paoa&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=avia_paoa&lang=en)), Freight and mail air transport by main airports in each reporting country (available at: [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=avia\\_paoa&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=avia_paoa&lang=en)).

[http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=avia\\_qooa&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=avia_qooa&lang=en)) and Number of commercial airports with more than 15,000 passenger units per year (available at: [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=avia\\_if\\_arp&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=avia_if_arp&lang=en)).

(1) The number of passengers refers to all on board passengers.

(2) All freight and mail air transport is included.

(3) Eurostat does not report the number of commercial airports for 2015.

(a) A Workload Unit (WLU) is defined as one passenger or 100 kg of cargo.

(b) Total number of airports (with more than 15,000 passenger units per year).

To assess the value of airports, an income approach was applied (for more details, please see the Methodological Notes for Pillar 2).

According to the estimates reported in Table 4, in 2015, the overall estimated value of Public Airports was equal to about 2.6 Eur Bn, with an increase of about 25.9% since 2010.

**Table 4** Estimated value for airports (Eur Mn), Ireland, 2010-2015.

Data in Mn Eur	2010	2011	2012	2013	2014	2015
Airports	2,083	2,073	2,098	2,184	2,336	2,624

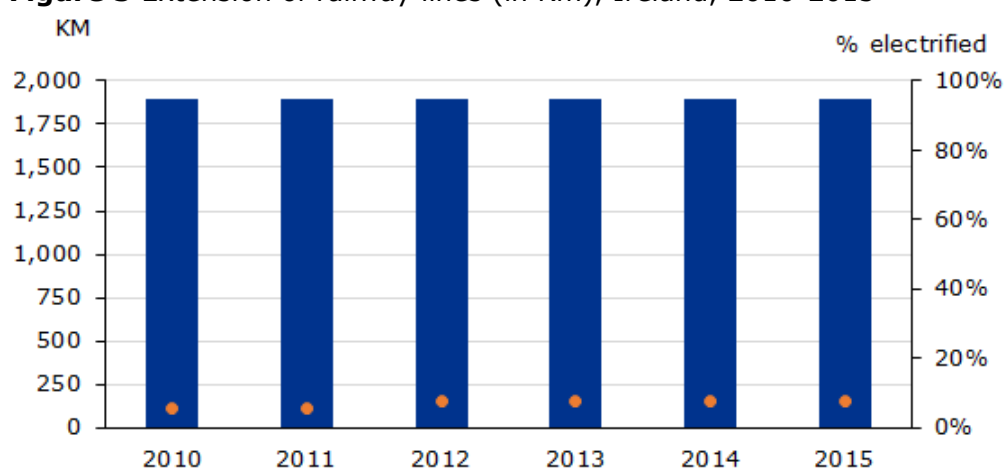
Source: KPMG calculations on Eurostat database, 2010-2015 [downloaded in May 2017].

(1) The WLUs used to calculate the value of airports do not match those represented in Figure 4 as they were computed by adding the WLUs of all airports considered within the scope of this Pillar (see Table A in Appendix).

- **Railways**

The Irish railway network is owned and managed by a PSH, *Iarnród Éireann*, which was formed under the *Transport Act 1986*<sup>4</sup>. *Iarnród Éireann* owns, operates and maintains the railway infrastructure in the country. *Córas Iompair Éireann* (a statutory body wholly owned by the Government of Ireland) holds 100% of the issued share capital of the Company.

**Figure 5** Extension of railway lines (in Km), Ireland, 2010-2015



Source: Directorate-General for Mobility and Transport (DG MOVE), 2010-2015 [downloaded in October 2017]. The percentages of electrified lines were calculated using Eurostat database "Railway transport - length of tracks" available at: [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=rail\\_if\\_tracks&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=rail_if_tracks&lang=en) [downloaded in October 2017].

(1) The percentage of electrified network represents the length of electrified railway tracks over the total length of railway tracks for year.

<sup>4</sup> Transport (Re-Organisation of *Córas Iompair Éireann*) Act, Number 31 of 1986. Available at: <http://www.irishstatutebook.ie/eli/1986/act/31/enacted/en/print.html> [Accessed 19<sup>th</sup> September 2017].

Since the Irish railway network is owned by a PSH, then its value is assessed using the equity method (please see the Methodological notes for Pillar 2 for more details), and results are reported in Pillar 1 of this Study.

#### 4. NATURAL RESOURCES

- *Mineral and Energy reserves*

According to the Irish *Mining Development Act* of 1999<sup>5</sup>, any minerals or exclusive mining rights which vested in the *Irish Land Commission* under or by virtue of the *Land Purchase Acts*, the *Land Law Acts*, the *Congested Districts Board (Ireland) Acts*; or by any other means shall, for the purposes of paragraph (a) of section 5 of the *Minerals Development Act* be deemed to be and to always have been the property of the state and vested in the state.

Ireland does not have Oil proven reserves.

**Table 5** Proven reserves of mineral and energy reserves, Ireland, 2015.

Data	Oil (Barrels)	Natural gas (cubic meters)
Proven reserves	0	9,911,000,000

Source: Central Intelligence Agency (CIA). World Factbook Database, 2015 [downloaded in March 2017].

As shown in Table 6, the estimated value for Natural gas reserves in Ireland in 2015 was equal, on average, to 0.8 Eur bn.

**Table 6** Estimated value of oil and natural gas proven reserves (Eur Mn), Ireland, 2015.

Data in Mn Eur	Min	Max	Average
Oil	-	-	-
Natural gas	537	1,053	803
<b>Total</b>	<b>537</b>	<b>1,053</b>	<b>803</b>

Source: KPMG calculations on World Factbook Database, 2015 [downloaded in March 2017].

(1) Proven reserves are valued using the average prices for 2015.

(2) Range is calculated using the minimum and the maximum prices for 2015.

- *Other natural resources*

Eurostat and National Statistics do not provide the valuation of the cluster of "Other natural resources" in Ireland.

The value of Other natural resources has been estimated through a market approach, as outlined in Methodological Notes. As Table 7 shows, the estimated value of Other natural resources is equal to 74 Eur Bn in 2015.

**Table 7** Estimated values of General government's Other natural resources (Eur Mn), Ireland, 2010-2015

Data in Eur Mn		2010 (E)	2011 (E)	2012 (E)	2013 (E)	2014 (E)	2015 (E)
Land (net)	General government	76,856	78,933	75,300	71,323	71,273	74,206
	<b>Share of the total economy</b>	<b>13.0%</b>	<b>13.0%</b>	<b>13.2%</b>	<b>13.1%</b>	<b>12.7%</b>	<b>12.4%</b>

Source: KPMG calculations on Eurostat database, 2010-2015 [downloaded in July 2017].

(1) The share of the economy refers to the estimated value of natural resources (rather than the volume of the natural resources).

<sup>5</sup> Irish Mining Development Act 1999. Available at:

<http://www.irishstatutebook.ie/eli/1999/act/21/enacted/en/pdf> [Accessed 18<sup>th</sup> May 2017].



## Appendix I Ireland

**Table A** List of airports, Ireland, 2015 (Number of airports: 5)

List of airports
Non-financial (Pillar 2) <sup>(a)</sup>
CORK airport
DUBLIN airport
IRELAND WEST airport
KERRY airport
SHANNON airport

Source: Eurostat database, 2015 [downloaded in May 2017].

(1) The list above includes the airports defined by Eurostat as "main airports", which meet the following criteria: at least 150 000 passenger movements per year.

(a) Within the scope of this Pillar.

**Table B** List of ports, Ireland, 2015 (Number of ports: 18)

List of ports
Financial (Pillar 1) <sup>(a)</sup>
Bantry Bay
Castletownbere (Castletown Bearhaven)
Cork
Drogheda
Dublin
Dundalk
Galway
Greenore
Killybegs
Kinsale
Limerick
New Ross
Rosslare Harbour
Sligo
Tralee
Waterford
Wicklow
Youghal

Source: Eurostat database, 2015 [downloaded in March 2017].

(1) The list above includes those ports defined by Eurostat as "reporting ports", for which statistics of inward and outward maritime transport flows are compiled.

(a) Not valuated here since they are not in the scope of Pillar 2.

**Table C** Overview of the valuation approaches and the sources used to value Non-Financial assets in this Study, Ireland

Clusters of Non-financial assets	Valuation approach	Sources
Dwellings	Market value	- EU Building Stock Observatory - Eurostat
Buildings other than dwellings	Market value	- ENTRANZE - Eurostat
Ports	Equity method (Pillar 1)	- Bureau van Dijk (BvD) Orbis
Roads	Perpetual Inventory Method (PIM)	- DG MOVE - Eurostat - EIB - Other sources
Airports	Market value	- Eurostat
Railways	Equity method (Pillar 1)	- Bureau van Dijk (BvD) Orbis
Mineral and Energy reserves	Market value	- World Factbook Database
Other natural resources	Market value	- Eurostat

Sources: KPMG elaborations

(1) For more details on "other sources" used to carry out road valuations, please see Table 3, Table 4, and Table 5 at the Annex.

(a) n.a. = not available as it was not reported by Eurostat or by any other relevant sources.