



Rialtas na hÉireann
Government of Ireland

Construction Sector Group, Innovation Subgroup and Build 2022 Report

Dublin Economics Workshop 2022

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Focus of the Presentation

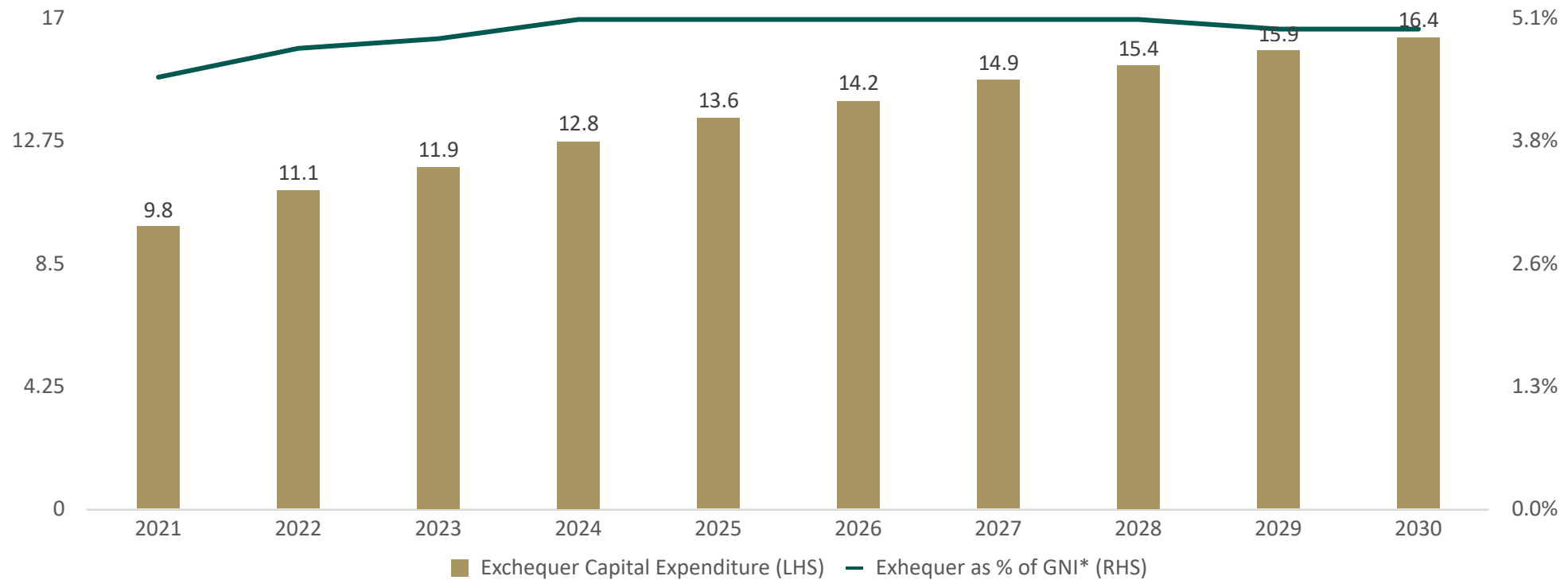
- Historical Capital Spend and NDP 2021 – 2030
- Construction Sector Group
 - Innovation and Digital Adoption Subgroup
- Key Publications of the National Investment Office
- Build 2022 report
 - Costs
 - Skills
 - Productivity

Historically volatile trend in Ireland's public capital investment



NDP 2021-2030

€165 billion in Exchequer and Non-Exchequer Investment out to 2030. Target level of investment at 5 percent of GNI*.



(Source: NDP 2021-2030)

NDP 2021-2030 – Allocations and Ceilings

Capital expenditure is concentrated in eight main areas:

- Roads
- Public Transport
- Housing
- Water services
- Schools & PPP payments
- Third level education
- Health building & equipment
- Health ICT

Table 4.2: Departmental Gross Voted Capital Allocations (in € millions)

	2021	2022	2023	2024	2025
Agriculture, Food and the Marine	271	281	284	287	290
Children, Equality, Disability, Integration and Youth	32	33	40	50	100
Defence	131	141	141	142	142
Education	740	792	860	940	1,040
Enterprise, Trade and Employment	432	523	558	584	611
Environment, Climate and Communications	579	700	850	950	1,100
Finance	18	22	22	22	23
Foreign Affairs	13	25	25	25	25
Further and Higher Education, Research, Innovation and Science	500	538	579	620	652
Health	905	1,010	1,127	1,255	1,360
Housing, Local Government and Heritage	2,766	3,400	3,516	3,866	4,016
Justice	258	270	272	274	278
Office of Public Works	206	270	270	288	310
Public Expenditure and Reform (less OPW)	15	33	30	20	20
Rural & Community Development	169	192	196	200	205
Social Protection	16	16	16	16	17
Tourism, Culture, Arts, Gaeltacht, Sport and Media	172	202	206	210	214
Transport	2,511	2,547	2,614	2,664	2,665
Shared Island Fund	50	50	100	150	150
European Regional Development Fund	-	70	100	115	115
Annual Priority Reserve	-	-	51	148	267
Government Expenditure Ceiling	9,784	11,115	11,857	12,826	13,600
Share of GNI*	4.5%	4.8%	4.9%	5.1%	5.1%

(Source: NDP 2021-2030)

The Construction Sector Group

- The role of the CSG is to ensure regular and open dialogue between Government and the construction sector.
- The CSG will focus on issues that may impact on the successful delivery of the NDP on a value-for-money basis for the State.
- The CSG is made up of each of the key segments of the industry along with officials from relevant Departments and Agencies.

The CSG's remit includes

- Working with industry and government bodies to (a) benchmark and improve productivity and environmental sustainability and (b) to modernise public works deliver
- Considering opportunities to introduce reforms within the sector that will help in controlling construction price inflation, improving efficiency and delivering value for money for investment.
- The supply of necessary skills and measures enhancing capacity (including potential use of overseas contractors)
- Issues arising from inadequate or ineffective regulation, poor performance and systemic poor quality

Priority Actions of the Innovation and Digital Adoption Sub-Group



National Investment Office, DPER - Key Publications



Evidence base for revised NDP

Build 2022, Prospects 2022, Annual and Regional reports 2021



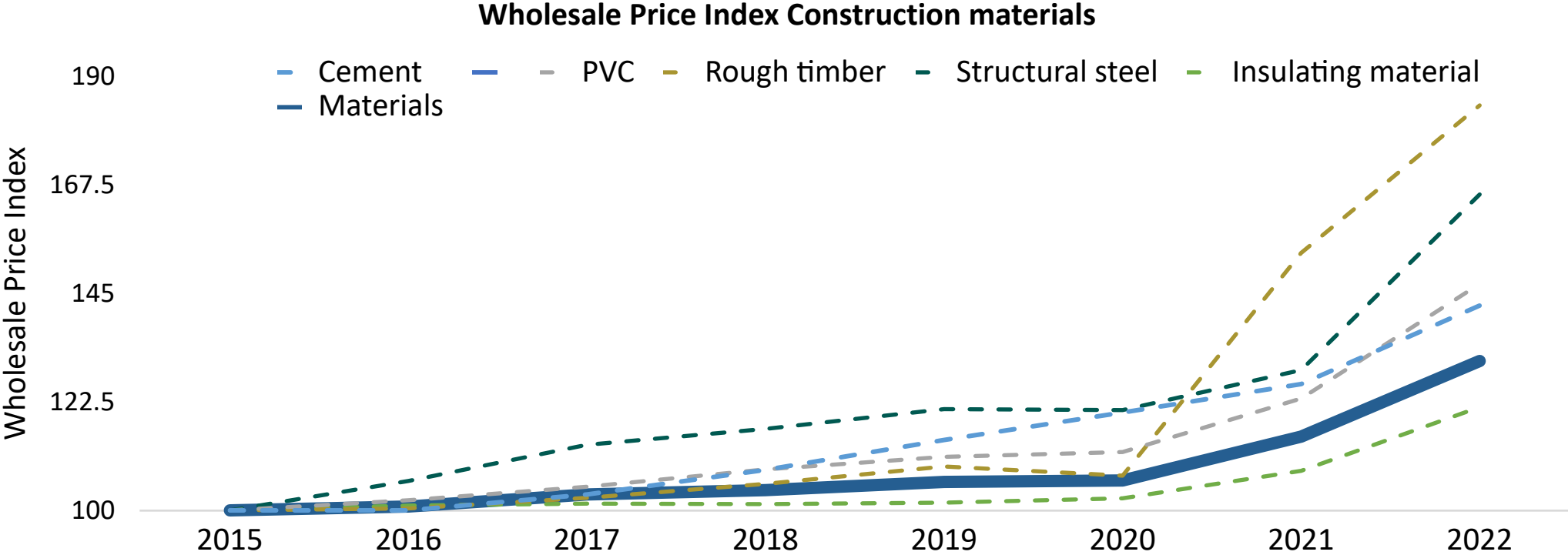
Build 2022 report



- Published in July 2022.
- Comprehensive overview of the performance and prospects of the construction sector.
- Qualitative commentaries were provided by Industry representatives and stakeholders.
- Chapters:
 - Investment and Output
 - Sustainability
 - Employment and Enterprise
 - Productivity
 - Costs
 - Skills

Construction Costs

WPI for 'All Materials' increased by 13 percent between January and July 2022. In the same period, notable increases of 52 percent in Structural steel and 15 percent for cement were observed.



(Source: Build 2022 Report)

Construction Costs – Measures and Initiatives

- Office of Government Procurement
 - January 2022 - Construction Material Price Inflation – Amendments to CWMF
 - May 2022 - Inflation Cooperation Framework
- DHLGH Residential Construction Cost study

Minister [Michael McGrath TD](#) introduces measures to address the impact of Construction Material Price Inflation on Public Works Projects. Read more: <https://lnkd.in/gYXx6i28>



Construction Skills



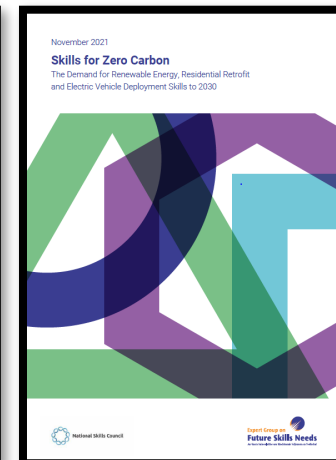
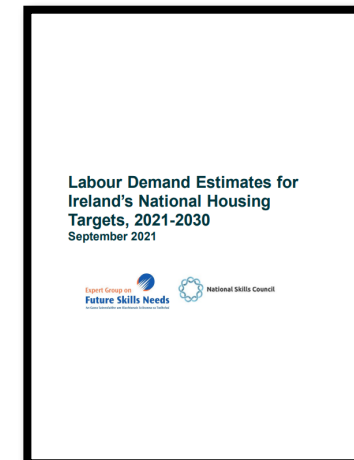
+13,000
Skills for zero carbon



+27,500
Housing for All

How our skills profile is currently being fulfilled:

- 12 percent of the graduates in 2020/2021 were in the engineering, manufacturing and construction.
- Work permits issued:
 - 580 in 2021,
 - 1009 in 2022 (as at 12th Sept)

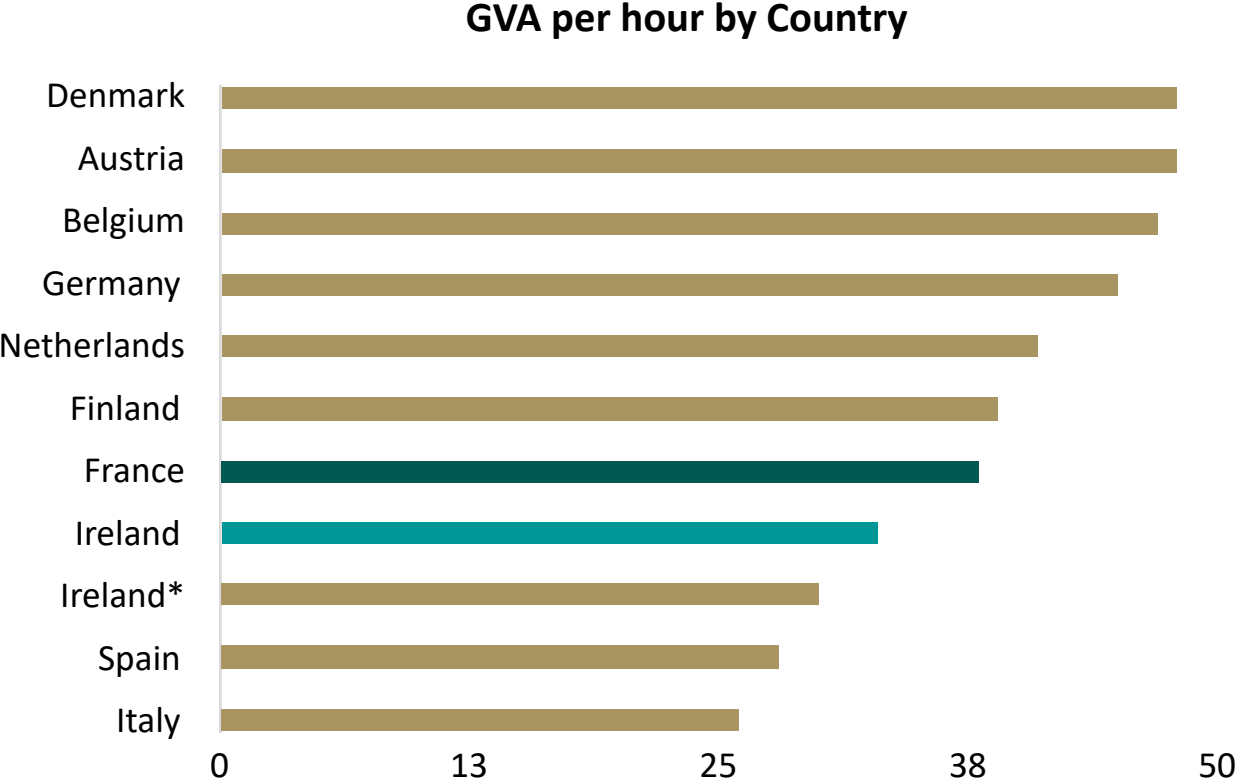


Construction Skills – Ongoing Initiatives

- Construction Sector Skills & Recruitment Group
- Apprenticeships
 - Record levels in 2021 and 2022
 - National Apprenticeship Office and National Apprenticeship Alliance
 - Employer grant of €2,000 for every apprentice
- Near Zero Energy Building (NZEB) Centres

Construction Productivity

Gross value added per hour (2020) for construction is €33.



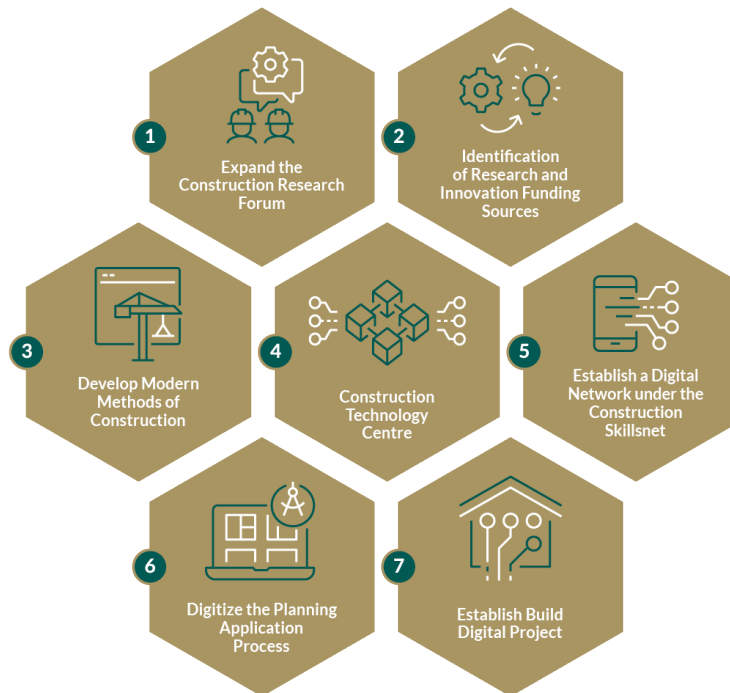
Source: CSO and Eurostat. The GVA per hour according to CSO data is €30 while €33 is according to the Eurostat data.

Productivity – Actions

- Industry actions to increase productivity include:
 - Modern Methods of Construction (MMC)
 - DETE Leadership and Integration Group
 - Demonstration Park for MMC at Mount Lucas

- Build Digital Project

- €2.5 million over 5 years
- Digital adoption
- BIM
- Living labs



Challenges and Opportunities in Building Capacity

- Public Capital Programme commitment – NDP 2021-2030
- Cost pressures/ Inflation
- Labour/skills shortages – capacity challenges
- Productivity and innovation – digital adoption



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