

NCPC

National Competitiveness
& Productivity Council
An Chomhairle Náisiúnta
Iomaíochais agus Táirgiúlachta



www.competitiveness.ie

Managing Domestic Risks in an Uncertain World

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Current Uncertainties – New Challenges

- Inflation Rates / Interest Rates
- Global / Geopolitical Challenges
- De-Globalisation Trends and Strategic Responses Required
- Pace of Climate Change?
- Nature and Pace of digital change?
- Focus of NCPC is on medium term and alignment to the present



Challenges to Strategic Capacity

- Do we have the structure(s)/capacity to address key decisions ?
- Do we deal with the legacy of risk aversion?
- Annual Budget should reflect medium term priorities
- National Risk Assessment – should we develop it further ?
- Investment Backlog in face of growing economy and population:
 - 'Prioritise everything'?
 - Need to identify real priorities and constraints



Three Major Sets of Capital Projects identified

**Housing
for All**

**Public (NDP)
Infrastructure**

**Climate,
Energy,
Comms**



Housing for All

- Targets an increase in the supply of total new housing units by an annual average of 34,750 over 2022-2030, including an annual average of:
 - 9,822 new social homes
 - 5,978 new affordable and cost rental homes
 - 18,950 new private rental and private ownership homes

- Review Targets following Census

- Urban and Rural Regeneration

Housing for All

- Targets an increase in the supply of total new housing units by an annual average of 34,750 over 2022-2030:

Projected Housing Output (New Build) 2022 - 2030

	2022	2023	2024	2025	2026	2027	2028	2029	2030
Social Homes	9,000	9,100	9,300	10,000	10,200	10,200	10,200	10,200	10,200
Affordable & Cost Rental Homes	4,100	5,500	6,400	6,400	6,100	6,300	6,400	6,300	6,300
Private Rental and Private Ownership Homes	11,500	14,400	17,750	18,200	19,800	20,400	21,500	23,000	24,000
Total Homes	24,600	29,000	33,450	34,600	36,100	36,900	38,100	39,500	40,500



National Development Plan (NDP)

Public transport

- BusConnects
- DART+
- MetroLink

Roads

- N69 Foynes
- N/M20 Cork to Limerick
- M28 Ringaskiddy

Schools

- Delivery of 150 to 200 school building projects annually over 2021-2025

Water Infrastructure

- Eastern & Midlands Water Supply
- Greater Dublin Drainage Project

Public Hospital Building Programme

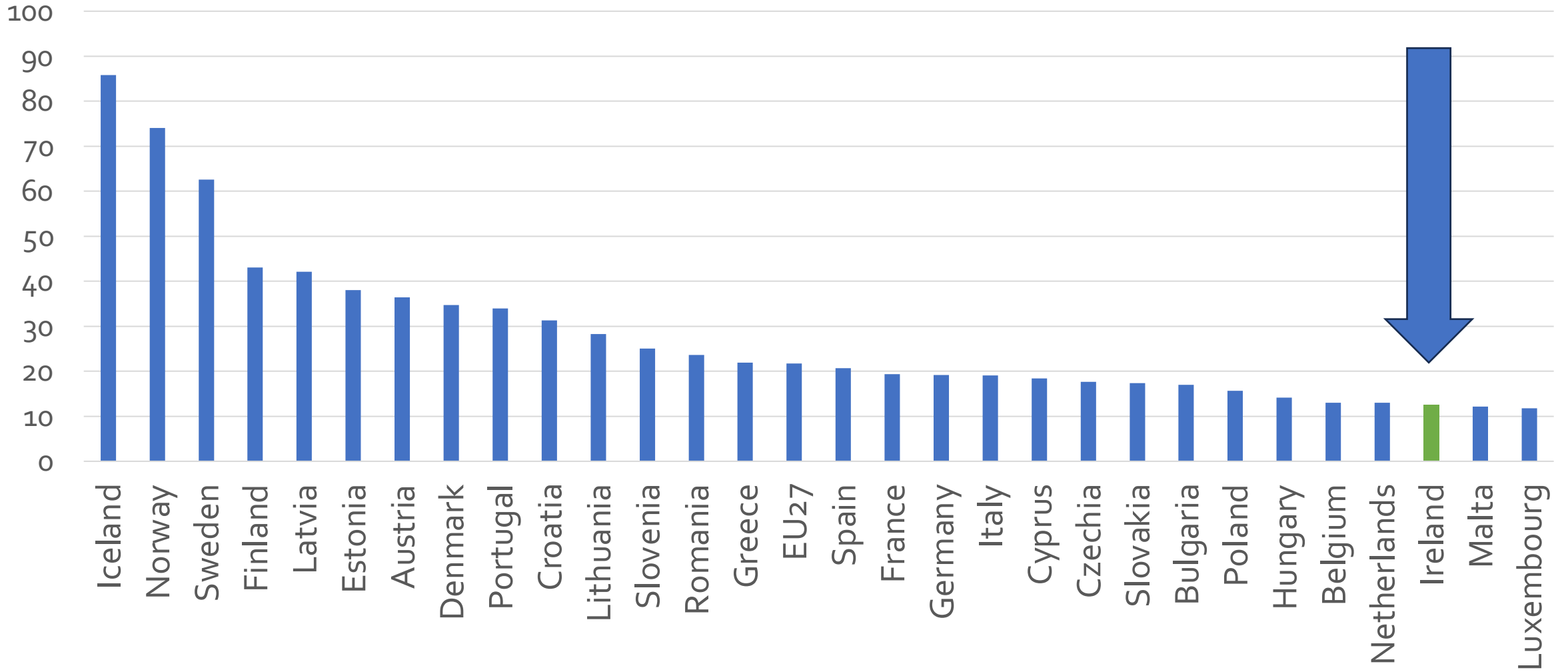
- New Elective Hospitals & Surgical Hubs
- Completion of Nat Children's Hospital



Climate, Energy and Communications

- **Overarching**: 51% reduction in GHG emissions [2021 to 2030]; net-zero emissions no later than 2050
- **Renewable Electricity**: % of renewable electricity to 80% by 2030
 - Targets: 9 GW onshore wind; 8GW solar; 5 GW offshore wind
- **Retrofitting homes**: 500,000 homes to a BER B2 rating by 2030
- **Electric vehicle recharging**: expand infrastructure
- **National Grid upgrade**
 - Powering Up Dublin /Celtic Interconnector by 2026 / Upgrades across multiple regions
- **National Broadband Plan** – complete rollout

Share of final energy consumption from renewable energy sources, 2021





Do we have the Structure(s)/Resources to address these challenges ?

- Joined up Government linked to capital expenditures
- Spending Priorities - identification of synergies, binding constraints
- Sequencing of delivery of priorities
- Planning System – longstanding issues
- Overall Carrying Capacity

Capital Projects: All competing for same resources ?
All need to be viewed together - NDP plus

Housing

**Public (NDP)
Infrastructure**

**Climate,
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Public Sector Carrying Capacity

- **Need to evaluate it**
 - The right resources in the right places
 - Build and develop specialist skills
 - Next stage of development for IGEES?
- **Infrastructure challenges**
 - Delays cannot be assumed to be costless
- **Willingness to prioritise robustly**
- **Managing Churn in the labour market**



Dealing with domestic risks

- Ignored medium term issues risk becoming short term crises
- Improve understanding of risk needed in public debate and society
- Legacy impact of GFC on risk appetite for enterprise/innovation
- Address public sector risk aversion: recognise cost of “non-action”
- Role of National Risk Assessment



National Risk Assessment (NRA)

- “The NRA is not a risk management exercise” but “seeks to inform risk management exercises and strategic planning” in public bodies
- NRA is based on a consultative process and classified by Geopolitical, Economic, Societal, Environmental, Technological (WEF taxonomy)
- NRA seeks to provide a “safeguard against ‘group think’ in identifying strategic risks”
- **How should it develop over the next ten years?**



Appropriate Government Responses in period of uncertainty

- **Budgetary interventions should move country in right LT Direction:**
 - Control of inflation / fiscal sustainability
 - Multiannual budgetary / fiscal system
 - Avoid creating uncertainty in policy environment
 - More efficient use of energy - more sustainable supply
 - Ensure there is an incentive to innovate
 - Timely delivery of key public infrastructure and housing



NCPC looks at business risks

- New competitiveness challenges
- Concentration by sector and company
- Geographic risks associated with poor spatial planning
- Appropriate support for SMEs
- Major infrastructure risks of scale
- Housing model for 21st century – MMC?



Perennial Messages from NCPC

- **Deal with medium as well as current issues**
 - Government decisions to be more joined up
 - Improved decision making – data and analysis
 - More active use of National Risk Assessment?
- **Prepare for new threats / opportunities**
 - Twin climate and digital transitions
- **Act promptly on analyses done, awaited, e.g.**
 - *Plethora of published reports now need action*
 - *Query delayed actions*



Areas of Focus in *Ireland's Competitiveness Challenge 2023*

- **Immediate Issues**

- Inflation and cost of living crisis / fiscal sustainability / capacity constraints

- **Business Costs**

- Cost challenges
- Impact of measures to improve working conditions
- Banking sector competition
- Data to allow more granular cost monitoring
- Legacy issues – legal costs



Areas of Focus in *Ireland's Competitiveness Challenge 2023*

- **Planning, Development and Delivery of Public Infrastructure**
 - Reform and modernization of the planning system
 - Improved spatial planning – revision of the National Planning Framework
 - Adoption of Modern Methods of Construction
 - Public utilities – e.g. water/waste-water

- **Energy supply to meet climate targets**
 - Laggard performance a concern
 - Key strategic infrastructures



Areas of Focus in *Ireland's Competitiveness Challenge 2023*

- **Boost productivity and Innovation**
 - Comprehensive policies needed – e.g. Digital/Green
 - Breakthrough technologies require strategic focus
 - Effective supports for increased innovation- SMEs
 - Build skills in new growth areas - deploy NTF surpluses
 - Full range from apprenticeships to PhDs
 - Women, older people, people with disabilities