

# Opening Statement

**Budgetary Oversight Committee on Capital Investment - 1<sup>st</sup> July 2021**

**Mr Ronnie Downes, Assistant Secretary General, Department of Public Expenditure and Reform**

Chairperson, Members,

Let me begin by thanking the Committee for the invitation to appear here today. I welcome the opportunity to discuss Capital Investment and Phase 1 of the National Development Plan (NDP) Review.

## **The Role of the Department of Public Expenditure and Reform in Capital Investment**

I would like to take the opportunity to highlight again an important matter in respect of the Department's role in terms of capital investment and the three Votes referenced in the invitation. This Department's role in this regard is to set the overall capital allocations for these sectors, to monitor and report on spending against profile, to set the overall guidance on the spending of public funds and to provide technical reviews on the compliance of spending proposals with the requirements of the Public Spending Code. This Department does not have a role in the final prioritisation of spending within sectors and the approval of project and programme spending within allocated amounts. This Department also has a role, alongside the Department of Housing, Local Government and Heritage, in chairing and coordinating the Project Ireland 2040 Delivery Board and Coordination Group meetings, which is overseeing the implementation of Project Ireland 2040.

The Department notes that individual Ministers and Departments are answerable to their respective Sectoral Oireachtas Committees on decisions taken and the delivery of projects and programmes with allocations that they receive. The officials of this Department attending this meeting would not be able to discuss the rationale for decisions taken at a sectoral level.

## **Investment under the National Development Plan**

Project Ireland 2040 was launched in February 2018 and sets out a 10-year programme of capital investment, aimed at upgrading Ireland's infrastructure, enhancing our economic capacity and promoting balanced regional development. It includes €91 billion of Exchequer investment and €25 billion of investment by the commercial semi state sector, giving a total of €116 billion. This incorporated public investment reaches a target of 4 percent as a share of GNI\* and then maintains investment at this level over the remaining period of the NDP. In our role in setting overall capital expenditure, it is important to give Departments and sectors certainty in their overall capital allocations over a multi-annual period. This allows sectors the opportunity to strategically plan the delivery of key investment projects and plan to meet the national strategic objectives as set out in Project Ireland 2040.

The overall capital allocation for 2021 stands at almost €10.1 billion. This funding level is almost €5.5 billion or 119 percent higher than the amount allocated in 2017. This means that capital allocations have more than doubled under the NDP. When combined with a record 2021 carryover of almost €710 million, Departments and Agencies have potential to spend €10.8 billion this year.

This provision of investment is the highest in the history of the state and public investment in construction in Ireland has remained among the highest in the EU in spite of Covid-19, in recognition of the important role for capital investment.

## **Review of the National Development Plan**

As committed to in the Programme for Government (PfG), the planned review of the NDP was brought forward from 2022 to this year. The review commenced in October 2020 and will set out an updated NDP

for the period 2021 to 2030, and will provide an opportunity to reassess investment plans, to update project costings, and to highlight any new issues which need to be taken into consideration, particularly in light of the ongoing impacts and recovery from COVID-19.

The updated NDP will be aligned with the National Planning Framework (NPF), which together constitute Project Ireland 2040. Among the most important aspects underpinning Project Ireland 2040 is ensuring alignment of the spatial and investment plans to ensure that housing, jobs and infrastructure can be delivered.

We know that by 2040, Ireland's population is expected to increase by an additional one million people. This population growth will require hundreds of thousands of new jobs, new homes, and heightened cultural and social amenities, enhanced regional connectivity and improved environmental sustainability.

Moreover, the review will reinforce the Government's plans to support rural Ireland over the coming years through compact growth in our rural towns and villages. Ensuring integration of climate change adaptation and mitigation imperatives is also central to the development of the plan, and importantly, the review will also examine the capacity in the public sector to deliver major projects.

### **National Development Plan process**

The NDP review comprises of two phases; The Phase 1 Report of the NDP Review published on April 4th 2021 included Departmental submissions outlining strategic investment priorities and summarised the Public Consultation, and set out the evidence base for the decisions to be made as part of Phase 2 of the review and the continued implementation and delivery of Project Ireland 2040.

Phase 2 of the NDP review is progressing well. There has been substantial engagement between the Department of Public Expenditure and Reform and line Departments in setting out the new five year rolling Departmental capital allocations and overall ten year capital ceilings out to 2030 for inclusion in the revised NDP.

The new NDP is due to be published in the near future and will detail a vision for public investment in the period 2021 to 2030, including investment priorities, projects and allocations. Primarily, public investment will continue to support the economic recovery and provide confidence and certainty to sectors.