

Budget 2021: Infrastructure Highlights in Ireland's Largest Ever Budget

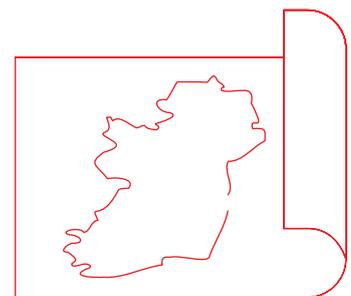


Ireland's Budget 2021 is the largest spending package in the country's history. In a departure from previous practice, the Irish Government has aligned its capital investment priorities with its sustainability-focused political policies. This is good news for stakeholders in the infrastructure industry, as Budget 2021 provides firm political and financial support for major projects in transport, education, healthcare, renewable energy, water and telecoms amongst others.

Some key highlights of particular relevance to infrastructure stakeholders are summarised below.

Project Ireland 2040 and the National Development Plan

- The €116 billion ten year National Development Plan (“NDP”) shall be reviewed in 2021 to “advance capital investment priorities” in the context of climate change, housing policy, transport policy and regional development. The Government is expected to remain committed to (or perhaps increase support for) projects in the NDP that underpin sustainable development policies (eg, major public transport and renewable energy projects).
- Gross voted core capital expenditure in 2021 on NDP-related projects will total over €9.7 billion (as compared to, for example, €4.6 billion in 2017 prior to the commencement of the current NDP).
- A new [Investment Projects and Programmes Tracker](#) (useful for private sector stakeholders who wish to identify potential opportunities in the Irish project pipeline) will be published in Q4 2020.



Transport

Funding for the Department of Transport is to be increased by €600 million in 2021 (to almost €3.5 billion) to progress major capital projects including:

- the acquisition of rolling stock for the DART+ heavy rail project (a 600 carriage (EMU and BEMU) framework agreement to be signed in 2021 (bidders include Bombardier and Siemens)) and the acquisition of 41 InterCity railcar carriages (under the existing Hyundai Rotem framework);
- the Metrolink (underground metro-standard light rail to be delivered mostly by PPP – Railway Order application to be submitted in 2021);
- DART+ (heavy rail electrification, track and civil works elements – Railway Order application for DART+ West to be submitted in 2021);
- BusConnects (new bus routes, fleet and road infrastructure – planning application for Dublin BusConnects Core Bus Corridors to be submitted in 2021); and
- the N56 (Donegal), N4 (Sligo), N5 (Mayo), N22 (Cork), Dunkettle Interchange and M50 (Dublin) variable speed national roads projects.



Energy and Climate



- An extra €240.5 million shall be allocated to the Department of Environment, Climate and Communications (“DEEC”) (bringing its allocation to €771 million) which will issue a detailed Budget 2021 energy and climate update in the coming days.
- Carbon tax to increase by €7.50 from €26 to €33.50 per tonne of CO₂ (to be applied to auto and heating fuels).
- Explicit support is expected for Ireland’s renewable energy sector and the implementation of a supportive regulatory regime for offshore renewable energy development in particular (including offshore grid policy, the enactment of the MPDM Bill and a specific RESS auction for offshore) is expected in the coming months.

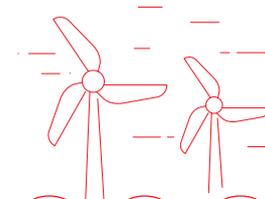
Housing

- An additional €500m shall be spent on the construction of social and affordable housing (including the delivery of 9,500 new social housing units in 2021) and a separate €100m shall be provided for the deep retrofitting of existing housing stock.
- New allocations shall be made to the Serviced Sites Fund and Local Infrastructure Housing Activation Fund of €50 million and €38 million respectively to support the delivery of site and local infrastructure to facilitate housing delivery, coupled with announced 2021 commitments of €65 million, €73 million and €13 million for retrofit, regeneration and void remediation programmes.
- Land Development Agency (“LDA”) to spend €205m in 2021 in advance of its imminent capitalisation with €1.25 billion in Ireland Strategic Investment Fund (“ISIF”) funding (to support construction at up to nine LDA sites with the potential to deliver around 4,000 new homes).



Water, Education and Connectivity

- Irish Water shall receive over €1.3 billion in 2021 for projects including the Ringsend Waste Water Treatment Plant upgrade, Vartry Water Supply, Cork Lower Harbour Waste Water Treatment Plant and Lee Road Water Treatment Plant.
- Higher Education PPP – Bundle One shall be signed and commenced (delivering new education facilities at six higher education campuses nationwide).
- The National Broadband Plan (being delivered by National Broadband Ireland and its partners) shall receive €132 million in 2021 to accelerate its fibre roll-out.



We expect that further details and information on specific projects (including some upcoming PPPs which were not expressly mentioned) will emerge over the coming months. Please feel free to get in touch with the contacts listed below or your usual Matheson contact to discuss the above or any Irish project that may be of interest to you.

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