

JULY 2018



# **BUDGET 2019 SUBMISSION**

Construction Industry Federation



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# EXECUTIVE SUMMARY



## Executive Summary

The Construction Industry Federation recommendations fall under the headings: **People**, **Infrastructure** and **Housing**. These recommendations should be introduced as part of a package of new measures in Budget 2019 to allow for effective, high quality delivery of the National Development Plan 2018-2027, with no compromises.

### 1. People – Recommendations

- 1.1. Support research to assess the existing knowledge gaps and address current and future skills training in the construction industry in Ireland.
- 1.2. Ensure representation of the construction industry on both the *National Skills Council* and the *Expert Group on Future Skills*.
- 1.3. Support a campaign to attract young people to work in the construction industry. Establish a collaborative forum to actively and collectively market the construction industry as a viable and diverse career choice, with a particular focus on improving the gender diversity in the industry.
- 1.4. Facilitate zero-rate employers PRSI contributions for those engaging apprentices in trades in need of stimulus.
- 1.5. Target use of the National Training Fund (NTF), e.g. introduce a waiver for NTF contributions for those firms that engage apprentices.
- 1.6. Introduce an apprenticeship trainee grant for a limited time until the shortage of construction apprenticeships has been addressed.
- 1.7. Make available supports to Solas in recruiting instructors for certain apprenticeship categories and to make the positions more attractive to highly skilled instructors.
- 1.8. Following the review of Solas by BearingPoint, properly resource the Construction Services Unit in Solas to ensure industry can meet its statutory obligations under the Construction Regulations and the NDP.
- 1.9. Reintroduce payment of apprenticeship fees/levy in phases 4 and 6 as part of the apprentice's training from the NTF budget, which was removed in 2014.
- 1.10. Promote shared apprenticeship training between companies.
- 1.11. Develop an 'Approved Apprenticeship Employer' marketing initiative as a mechanism to promote and certify companies that employ apprentices.
- 1.12. Establish a Tunnel Academy ahead of MetroLink and other tunnel projects. Make use of the vast indigenous expertise in the area, which is mostly exported to the UK.
- 1.13. Ensure that Springboard+ 2019 offers new construction-related courses at a time when the industry is in a growth phase and concentrated on quality and competency (e.g. CIRI, CPD, etc.).
- 1.14. Introduce a tax allowance for relocation costs to assist the skilled diaspora return to Ireland and collaborate with industry to devise a marketing campaign and alleviate the barriers facing people returning home from abroad, e.g. the cost of insurance.
- 1.15. Reduce and cap redundancy payments for all employees OR reintroduce the statutory employer redundancy rebate as an incentive to employment. CIF further recommends that the Government commissions the ESRI, or a body of similar standing, to review the current redundancy situation and propose improvements, taking into account international best practice and submissions from interested parties.
- 1.16. Construction Employer Retirement Savings (CERS), a multi-employer pension scheme for the construction sector, is currently advocating for Pension Scheme Trustee Boards to be able to provide scheme controlled ARFs to increase competition in ARF provision. The provision of pension scheme controlled ARFs addresses key aspects of 'the consumer protection gaps already identified and will facilitate more cost effective group ARF products through in-scheme drawdown' as identified in the Government's *Roadmap for Pensions Reform* at section 3.14.

- 1.17. Identify policy actions within the area of skills development and R&D which aim to accompany the ten National Strategic Outcomes contained in the NDP 2018-2027 – for example by investing in skills promotion for the construction industry under NSO 5: *A strong economy supported by enterprise, innovation and skills*, i.e. through the development of a specific construction research funding mechanism.
- 1.18. Introduce an employer's tax credit on the costs of education and training, which would help to encourage the sector to increase the level of training provided to employees.
- 1.19. Construction research helps make construction workers more productive and the construction industry more globally competitive and profitable, construction research should become a critical variable in generating economic growth. Introduce a research fund to help support construction research so that innovations can spread across the supply chain.
- 1.20. Support bids for funding from the *Digital Disruption Fund* under the NDP towards funding the *Digital Transition Roadmap to 2021* through the establishment of a fully supported *Centre of Excellence for Construction*. This support should have specific focus on R&D for SMEs and indigenous, domestically orientated companies.
- 1.21. Support the establishment of a *National Construction Research and Education Working Group* to provide a coherent approach to addressing industry skills, educational and research requirements.
- 1.22. Progress the *Construction 2020* Strategy pledge to develop a public sector pilot market-led clustering programme to stimulate collaboration between Irish based construction sector firms, other relevant industry sectors and the research community to improve the industry's international competitiveness as well as to contribute to national level policy.
- 1.23. Widen the R&D Tax Credit scope in line with the UK in order to incentivise construction companies to get involved in R&D activities on a greater scale in Ireland. Construction companies who have tried to avail of the R&D Tax Credit in the past have found it very difficult to access the Tax Credit. Budget 2019 should examine any possible means to widen the parameters of the R&D Tax Credit to better encourage R&D investment by industry.
- 1.24. Commission new research (funding) on the future of infrastructure delivery. The proposed *Construction Research and Education Working Group* (see recommendation 1.21) could identify EU funding opportunities that would allow for collaborative submission across the industry and Higher Education sector.



## 2. Infrastructure – Recommendations

- 2.1.** Ensure the implementation of the OGP *Medium Term Strategy for Construction* recommendations to deliver appropriate procurement mechanisms that support a wide range of contractors and SME's and deliver value for money projects for the State.
- 2.2.** Ensure certainty of the forward work programme of the NDP 2018-2027 to investors, providers, designers and other agencies.
- 2.3.** Ensure the capital projects tracker is dynamic and designed in an easy-to-use manner and that information is provided by the Department or Agency responsible for procuring each project, and is updated regularly.
- 2.4.** Ensure regular review of the capital projects tracker so that over time, current projects, as well as any new projects, move along the project lifecycle, leading to a liquid pipeline of infrastructure opportunities.
- 2.5.** Progress and finance the forward planning and preparatory work for infrastructure projects identified in the NDP 2018-2027. The quantum of expenditure allocated to capital projects should be sufficient to cover maintenance and depreciation and tackle the backlog in a number of sectors, for example in water and wastewater infrastructure.
- 2.6.** Utilise appropriate Early Contractor Involvement (ECI) to improve the project management of the planning phase of major projects. This will not only mitigate any threat to the NDP but will improve project delivery significantly.
- 2.7.** Utilise appropriate Early Contractor Involvement (ECI) to improve the planning process with regard to the identification of borrow pits and 'tips' for unsuitable material for inclusion in the planning decision. This will mitigate against one of the threats to the delivery of the NDP.
- 2.8.** Address the critical issue of construction and demolition waste treatment and disposal.
- 2.9.** Replace the 'lowest price' award criteria with a collaborative model offering improved profits (+1%) in return for desired delivery outcomes in HSEQ and programme certainty.
- 2.10.** Increase the availability and use of evidence-based data and reinstate the annual *Construction Review and Outlook Report*, as previously commissioned by the Department of Housing, Planning & Local Government, so that all stakeholders can work off the same growth forecasts for the industry to allow for better monitoring of the NDP.
- 2.11.** Build the capacity and training of procuring authorities in receipt of capital allocations who will be subsequently engaging in public procurement.
- 2.12.** Build and resource the commercial capacity of regional and local planning authorities as development partners in the successful implementation and delivery of the NPF/NDP.
- 2.13.** Use the deep knowledge held within the wider construction sector to deliver new and resilient infrastructure in a way that understands the whole asset lifecycle by recognising the role that Early Contractor Involvement (ECI) and innovative construction methods can play.
- 2.14.** Examine ways in which smaller scale investments and reforms to the way infrastructure is planned, operated and delivered can also contribute to national economic development.
- 2.15.** Monitor, via the *Construction Sector Group*, newly emerging physical and social infrastructure needs at regular intervals.
- 2.16.** Publish detailed progress reports on the multi-annual capital expenditure programme.
- 2.17.** Ensure that the planned infrastructure investment is fit for the future based upon the deep knowledge held by the providers and designers of infrastructure and ensure that a channel of regular reporting on this matter is made open to the *Project Ireland 2040 Delivery Board / Infrastructure Projects Steering Group*.



### 3. Housing – Recommendations

- 3.1.** Extend the *Help to Buy* Incentive Scheme beyond the 31<sup>st</sup> December 2019 to retain the added certainty it provides in the residential construction industry.
- 3.2.** Budget 2018 increased the rate of stamp duty from 2% to 6% on all commercial transactions including the acquisition of residentially zoned land. Amend the time limitations provided for under Section 61 of the Finance Act 2017 to provide for lodgment of the Commencement Notice within 60 months of the execution of the Instrument. The date of 31<sup>st</sup> December 2021 should be amended to read 31<sup>st</sup> December 2024.
- 3.3.** Make available an enhanced provision to local authorities for roll out of the *Rebuilding Ireland Home Loan Scheme*. In addition, local authorities should be adequately resourced to handle all applications made on foot of the scheme and to effectively market the scheme.
- 3.4.** Enable the *House Building Finance Ireland* Initiative to lend funds on foot of license agreements for development of State lands and enable the Fund lend monies for acquisition of residentially zoned land, which has yet to secure planning permission.
- 3.5.** Building Control Amendment Regulations (BCAR) and 'Opt Out' facility for One-Off Houses: Reinstate the requirement for full BCAR compliance for all single unit housing projects which require a Commencement Notice under BCAR.
- 3.6.** Rental Accommodation: Adjust the taxation of private landlords to reflect the taxation system applicable for corporate landlords at a time when high numbers of private landlords are exiting the residential lettings market. Property tax for residential property should be allowable for taxation purposes, as is the case for commercial property where commercial rates are allowable for taxation purposes.
- 3.7.** Housebuilding input costs remain high. Explore all options as to how all-in house construction costs can be reduced so that the market value of completed new homes exceeds the all-in construction costs.
- 3.8.** Introduce a Tax Incentivised Savings Scheme for First Time Purchasers based upon the SSIA model.

# INTRODUCTION



The Government published its Summer Economic Statement 2018 on 19<sup>th</sup> June 2018. It states that the Stability Programme targeted a deficit of 0.1 per cent of GDP in 2019 to accommodate a budgetary package of €3.4 billion, of which €2.6 billion has been pre-committed to expenditure measures leaving €0.8 billion for further allocation. The Government has made clear that any unfunded taxation or expenditure measures that go beyond this will necessarily involve more borrowing and will result in a subsequent increase in the deficit position. The construction industry is supportive of the Government’s fiscal stance to reduce public debt and desire to avoid any pro-cyclical budgetary policies.

In light the Government’s position and the capital expenditure committed to in the *National Development Plan* (NDP 2018-2027), CIF recommendations fall under the headings: **People, Infrastructure** and **Housing**. These recommendations should be introduced as part of a package of new measures in Budget 2019 to allow for effective, high quality delivery of the NDP 2018-2027, with no compromises.

Table 1: **Real GDP Growth Forecasts**

	2018 E	2019 F
Department of Finance	5.6%	4.0%
Central Bank of Ireland	4.8%	4.2%
ESRI	4.7%	3.9%
European Commission	5.7%	4.1%
OECD	4.0%	2.9%

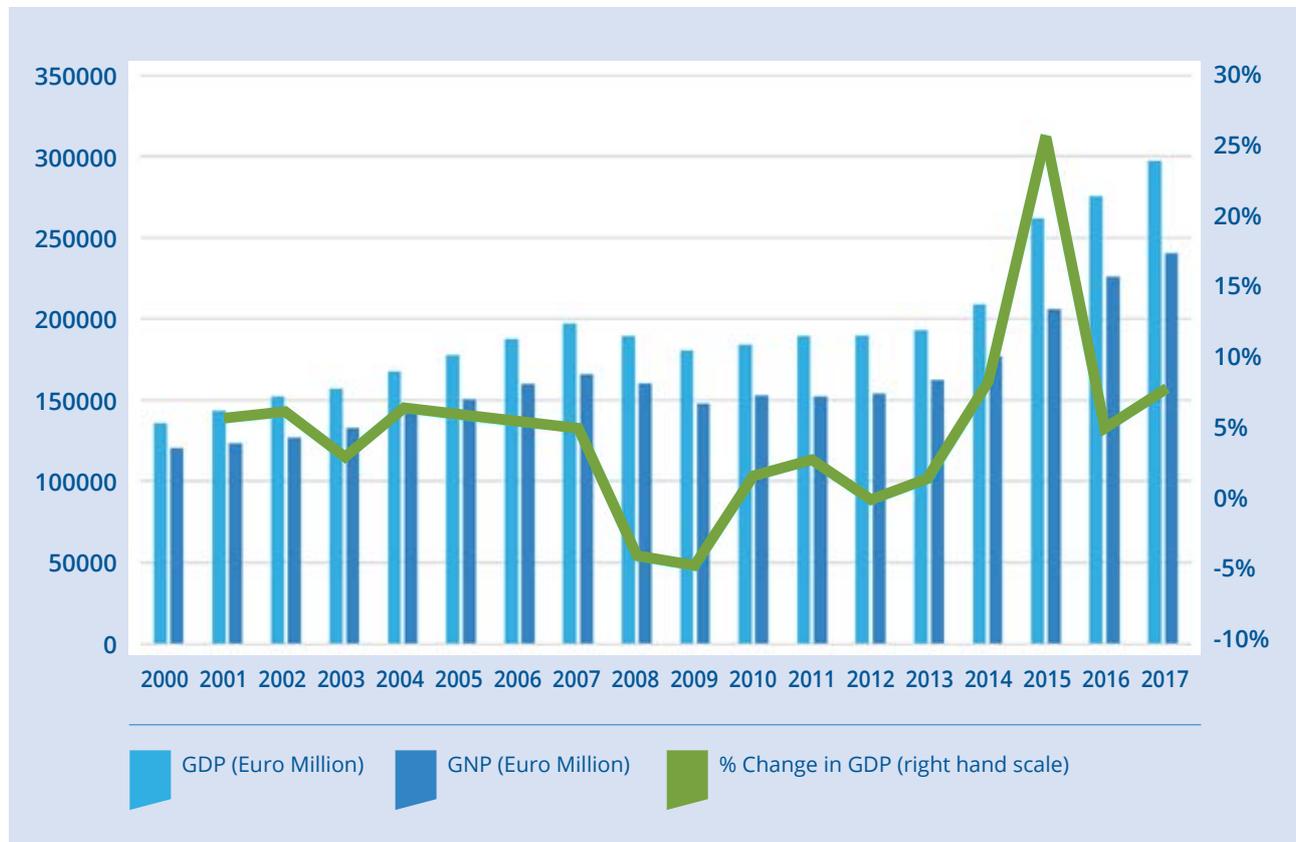
Source: various, as listed

As one of the strongest performing economies in Europe, Ireland’s economy grew robustly in 2017 by 7.8 per cent. International uncertainties and rising labour costs mean that growth will gradually slow and a more moderate growth rate is forecast in 2018 and 2019, at 4.8 per cent 4.2 per cent respectively.

The strong performance of the economy reflects positive growth in exports despite international uncertainty, and the normalisation of activity in the banking sector. Core underlying investment increased by 5.7 per cent in 2017, reflecting a strong increase in building and construction investment.<sup>1</sup>

<sup>1</sup> Central Bank of Ireland, Quarterly Bulletin, QB 2 April 2018

## GDP and GNP € Million Constant 2015 Prices

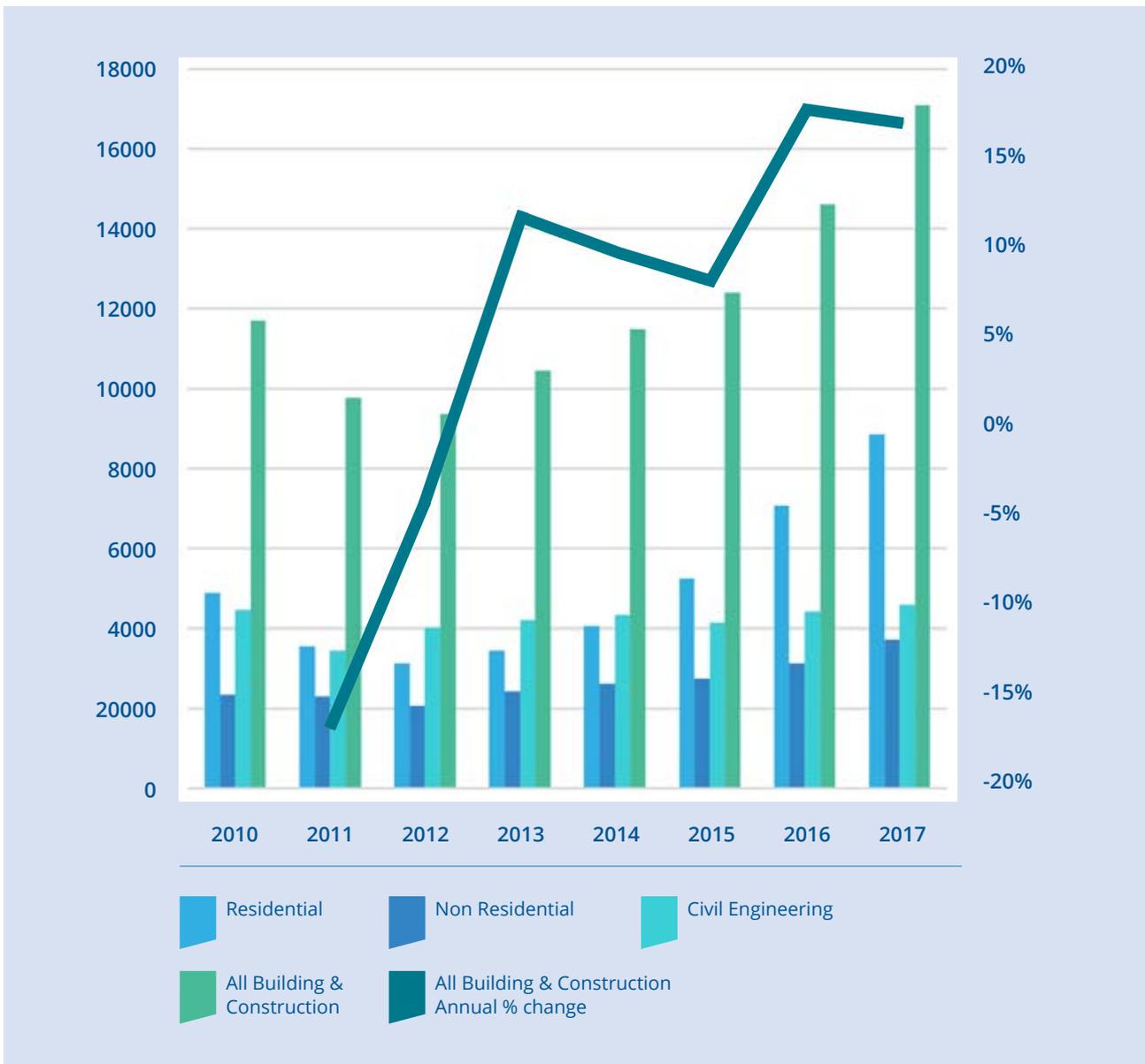


Source: Central Bank of Ireland

Brexit is a key risk to the Irish economy and there is also a concern that as the economy approaches near full employment, upward pressure on wages and skills shortages, as well as infrastructure deficiencies, could threaten Ireland's competitiveness. While it is too early to assess the full impact of Brexit on the economy, it is likely that there will be some reduction in economic activity in the medium term. Lower activity affects potential output and lower investment affects capital accumulation. Brexit could have a profound effect on the construction industry. A "no deal" would mean increased tariffs on construction material imports. The timely implementation of the NDP 2018-2027 and the commitments made to increasing capital expenditure and investment over the medium term will help to cushion its effects and safeguard the economy in the years ahead.

CSO data shows that on an annual basis, the volume of output in building and construction increased by 20.6 per cent in the first quarter of 2018 when compared with the fourth quarter of 2017. Output volumes increased by 30.0 per cent, 10.1 per cent, and 8.1 per cent respectively in residential building, civil engineering and non-residential building work in the year to end Quarter 1, 2018. There was an increase of 18.1 per cent in the value of production in the same period. The value of construction output reached approximately €20 billion in 2017 or just under 7 per cent of GDP.

## Volume and Percentage Change in Construction Output 2010-2017 € Million (2010 Prices)



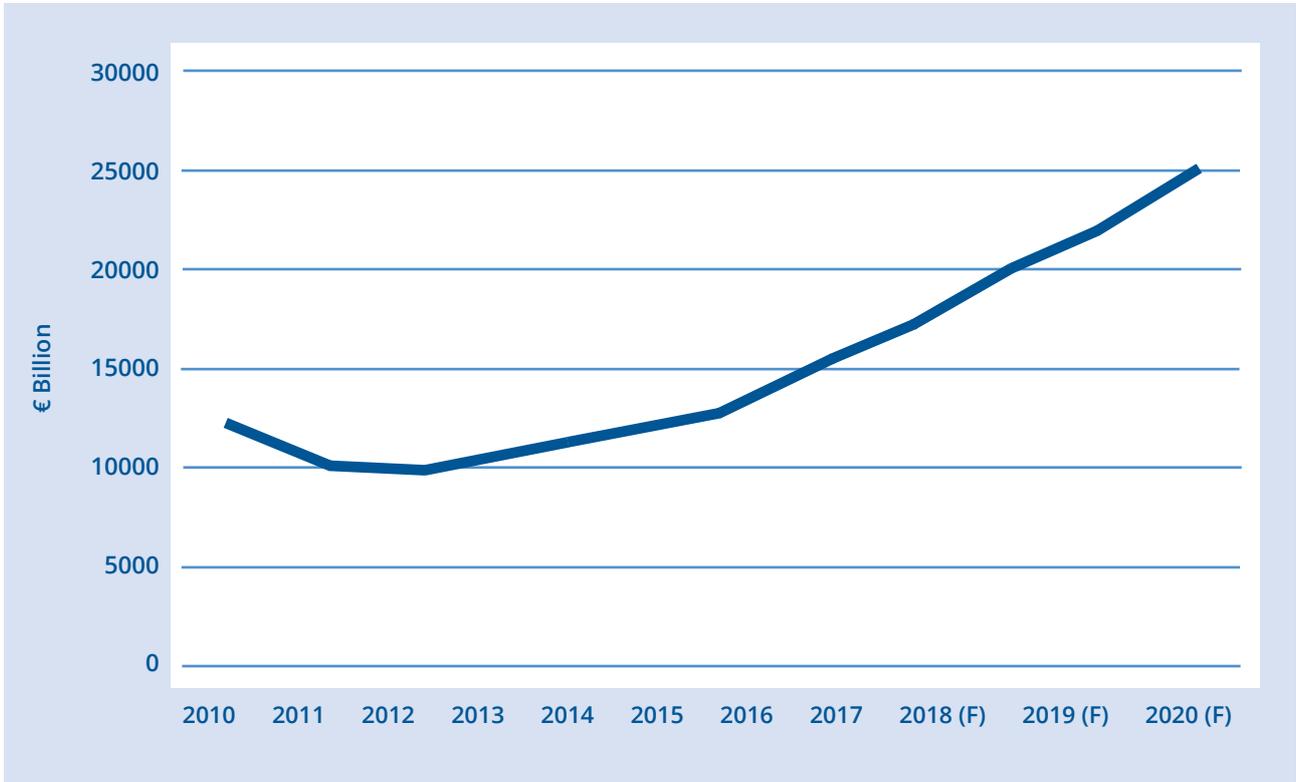
Source: CSO, Production in Building and Construction Index

EY-DKM Economic Consultants forecast that the overall volume of construction output will increase by 11.1 per cent in 2018, followed by 6 per cent in 2019 and 4.2 per cent in 2020. The average annual growth rate in the period 2017-2020 is projected at 7 per cent. According

to EY-DKM the volume of construction output by 2020 is forecast to reach €25 billion (in 2017 prices) or €30 billion in current prices.<sup>2</sup>

<sup>2</sup> EY-DKM Economic Advisory, 85th EUROCONSTRUCT Report June 2018

**Volume of Production in Building & Construction in € Billion (seasonally adjusted) & Forecast**



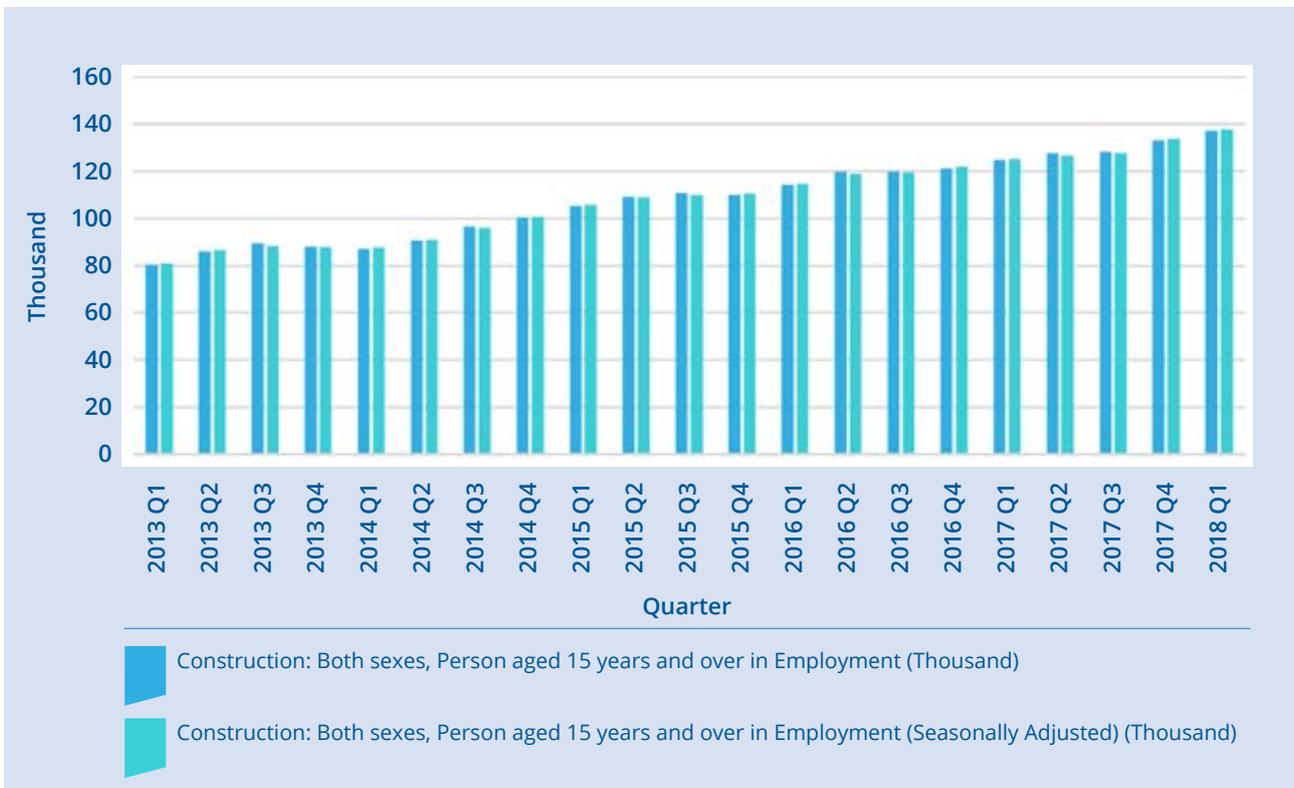
Source: CSO, EY-DKM

As the country approaches near full employment in 2018, the industry is faced with the challenge of attracting skilled workers. Construction has always had a major impact on employment. As output in the industry increases, so too does the number of those employed. Direct construction employment now stands at 137,300 persons in Quarter 1 2018 (+3,900 persons

since Quarter 4 2017). This translates into almost 6.2 per cent of the total Irish workforce. During the 2007 to 2013 period, the construction industry shed approximately 160,000 jobs, representing almost 65 percent of all construction jobs according to the CSO. This loss was the most severe among all industries in terms of percentage lost and number of jobs lost.

*“As the country approaches near full employment in 2018, the industry is faced with the challenge of attracting skilled workers.”*

## Persons aged 15 and over employed in construction



Source: CSO Labour Force Survey Q1 2018

The CSO has published new projections for population and labour force growth to 2051. Ireland’s population, which stood at 4.74 million in April 2016, is projected to reach 6.69 million in 2051 (a rise of just under two million persons) if there is high net inward migration and high fertility. Even with lower net inward migration and declining fertility, Ireland’s population is still expected to reach 5.58 million in 2051.

From Ireland’s perspective, the timely implementation of the National Planning Framework (NPF) and the National Development Plan 2018-2027 (NDP) is essential to meet the critical physical and social infrastructure needs of a growing country – especially in areas such as transport, housing, health and education. The industry, therefore, welcomes the fact that the Department of Public Expenditure and Reform has established a *Project Ireland 2040 Delivery Board* with senior representatives from all of the infrastructure and investment Departments to oversee implementation of the plan and ensure fluid project management.

The Department has also committed to further developing the ‘*Capital Projects Tracker*’, which was first introduced in late 2017, to ensure full public transparency on infrastructure project priorities, timelines and performance targets. This is a priority initiative for industry and will be closely monitored.

Another positive development to emerge from the new NPF/NDP is the establishment of a *Construction Sector Group*, which will work to ensure regular dialogue between Government and the construction industry. It is widely acknowledged that a healthy, sustainable, competitive and well functioning construction industry, which offers good long-term quality employment and construction output, is essential to the achievement of the goals of the NPF and the delivery of the priority projects as outlined in the NDP. Policy actions within the area of skills development and R&D should be aiming to accompany the national strategic outcomes identified within the NDP and set out in Table 2 overleaf.

Table 2: **Public Capital Investment Programme, NDP 2018-2027**

National Strategic Outcomes		Investment (billion) 2018-2027	Examples of Investment Priorities
1.	Compact Growth	€14.5 billion total	e.g. €2 billion allocated to an Urban Regeneration and Development Fund
2.	Enhanced Regional Accessibility	€7.3 billion total	e.g. N4 Collooney to Castlebaldwin / N24 Waterford to Cahir
3.	Strengthened Rural Economies and Communities	€8.8 billion total	e.g. €1 billion allocated to a Rural Regeneration and Development Fund / investment in regional and local roads such as Shannon Crossing and Killaloe Bypass/R494 upgrade
4.	Sustainable mobility	€8.6 billion total	e.g. Metro Link (Dublin) / BusConnects Galway – €200 million
5.	A Strong Economy, supported by Enterprise, Innovation and Skills	€9.4 billion total	e.g. Expanding IDA Regional Property Programme to attract investment to regions / consolidation of further education and training in modern fit-for-purpose facilities
6.	High-Quality International Connectivity	€4.8 billion total	e.g. Regional Airports Programme / €27 million capacity extension works at Shannon Foynes Port Company
7.	Enhanced Amenity and Heritage	€1.4 billion total	e.g. National Concert Hall renovation / the Cork Event Centre
8.	Transition to a Low-Carbon and Climate-Resilient Society	€21.8 billion total (€7.6 billion Exchequer / €14.2 billion non-Exchequer)	e.g. gas infrastructure projects to support regional/rural development / investment in energy efficiency of existing commercial and public building stock / upgrades to homes increasing to 45k per annum from 2021 to achieve BER Rating B
9.	Sustainable Management of Water and Environmental Resources	€8.8 billion total	e.g. Eastern & Midlands Water Supply Project / Kerry Central Regional Water Supply Scheme - €33 million / Cork Lower Harbour Main Drainage Project - €55 million
10.	Access to Quality Childcare, Education and Health Services	Education: €8.8 billion total Health: €10.9 billion total Other: €3 billion total	e.g. maintenance and minor works grant schemes for schools – to reach €100 million per annum from 2020 approx. / post and primary school buildings €8.4 billion / NRH redevelopment / Portlaoise 40 bed residential unit / Garda Station Refurb Programme / Provincial Courthouse Refurb Programme

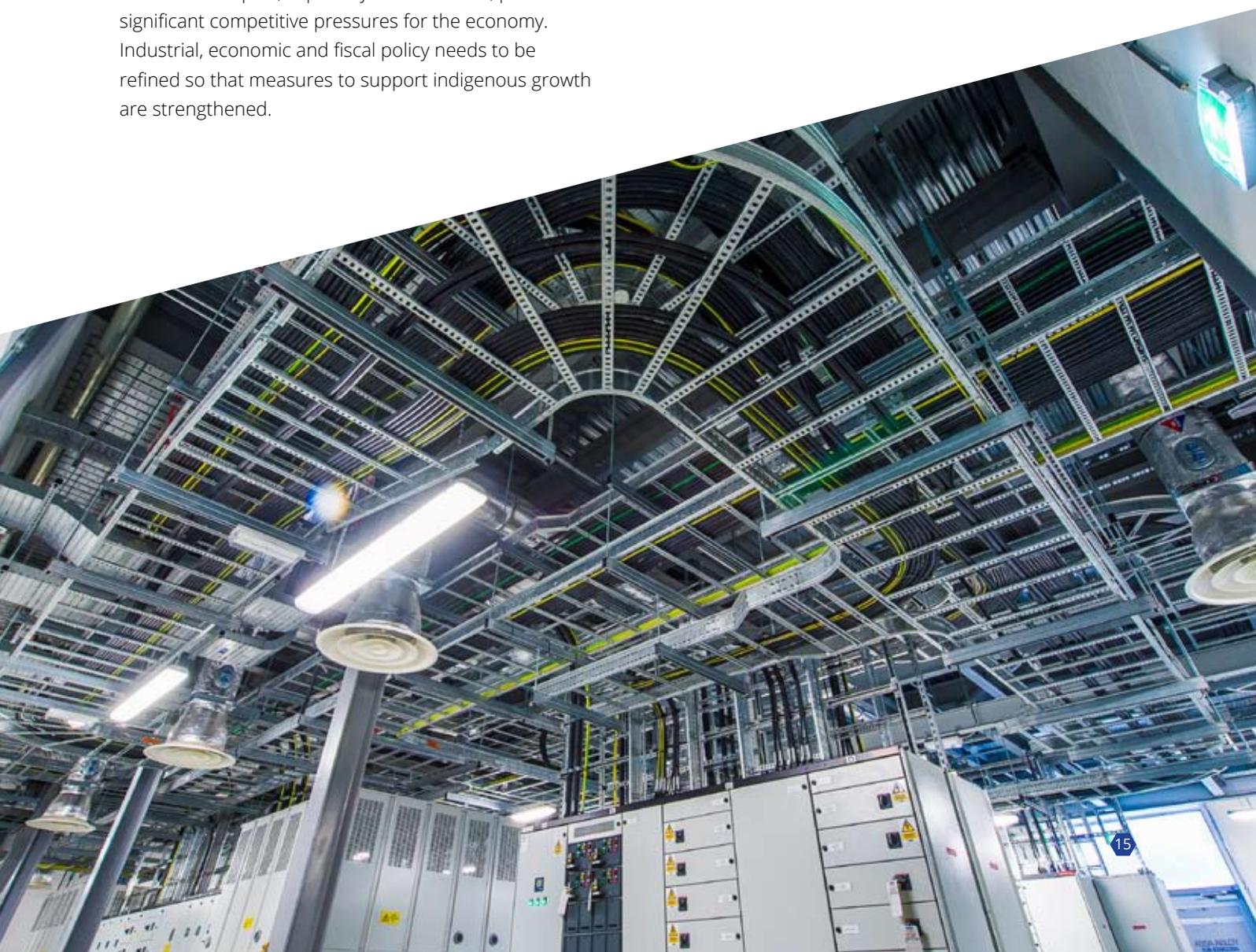
Coherent implementation of the NDP 2018-2027 promises to boost all sectors of the industry – in particular, the civil engineering sector, which has seen major cuts in public spending since 2008. However, no major output growth is expected until after 2019, with positive growth in public construction being forecast at 4.7% for 2020.

The medium-term prospects for the construction industry are generally positive following the introduction of the longer-term spatial planning framework and capital investment plan. The plan will help to moderate the influence of external factors, such as Brexit, and place the construction industry, along with the wider economy, on a more sustainable path to growth.

However, as the attraction and retention of talent is fast becoming one of the most critical issues for all industries across Ireland, the availability of managerial and human capital, especially for Irish SMEs, presents significant competitive pressures for the economy. Industrial, economic and fiscal policy needs to be refined so that measures to support indigenous growth are strengthened.

The industry recommends that consideration is given to various budgetary enablers set out thematically in the sections below. The recommended budgetary enablers are focused on achieving the greatest return on investment from existing and planned expenditure in terms of delivering a better quality of life for all citizens, improving Ireland's economic competitiveness and addressing capacity constraints across the economy and the natural environment.

CIF's recommendations fall under the headings: *People*, *Infrastructure* and *Housing*. These recommendations should be introduced as part of the package of new measures in Budget 2019 to allow for effective, high quality delivery of the NDP 2018-2027, with no compromises.



# 1. PEOPLE



Addressing the skills capacity in the construction industry is vital in order to ensure the industry can respond to medium term demands for residential and infrastructure provision. The Government should assess up-skilling and re-skilling programmes and work with the construction sector to devise an innovative campaign to attract school leavers to choose careers in the industry and the diaspora to return to Ireland to supplement the skills demand. In addition, the OECD has recommended increasing the use of direct public support for business research and development such as grants; and increasing the share of funding dedicated to training for those in employment and financial support to workers undertaking postgraduate courses as a means to target the widening productivity gap between foreign multinationals operating in Ireland and Irish firms.

One of the key economic drivers of the construction industry is its labour productivity. Employment in the industry has shown a general recovery trend since 2013. Initiatives such as the National Skills Strategy 2025 and the Action Plan for Jobs aim to train and re-skill workers, to create 50,000 new apprenticeships and 200,000 net jobs across the whole economy by 2020.

The construction industry advises that it has no representative on either the National Skills Council or the Expert Group on Future Skills at present. This undermines the desirable long-term strategic planning for the industry, which is a threat not only to the sustainable development of the industry itself, but also to the wider economy. The CIF could play a role on the Council and Expert Group by improving linkages through more academic-industry collaboration and partnerships to develop research-informed and evidence-based curriculum and pedagogical development continuously informed by industry best practice.

There are a number of challenges currently facing the construction industry with regard to the demand for skills and the threat of building inflation. Following a decade of flat costs, a recent development has been the upward trend in building cost and tender price inflation, the latter of which is currently running at 6.3 per cent per annum. This is indicative of the lost capacity in the industry during the financial crisis as well as the rising cost of labour and materials, and the increasing specialisation of sub-contractors in the industry. Today,

the construction industry is experiencing a tightening in the supply of skilled labour; a natural outcome resulting from the fact that there has been almost a decade during which the number of new graduates and apprentices with construction related qualifications has dramatically reduced. One of the other challenges is the lack of foresight or strategic planning over a 5-10 year period. This could be where the Higher Education sector comes in with scenarios for possible futures, i.e robotics, 3D-printing, AI, Circular Economy, etc.

A report prepared by EY-DKM Economic Advisory, in conjunction with the Skills and Labour Market Research Unit (SLMRU) within Solas,<sup>3</sup> for the CIF in 2016 found that the total labour requirement is projected at around 112,000 (expansion and replacement) over the four years 2016-2020. Given the positive quarterly growth in construction employment since 2013, it is estimated that the construction industry which currently employs 137,300 persons will require an additional 80,000 persons approximately by the end of 2020. However, it is important to note that following the introduction of the *Labour Force Survey* at the end of 2017 it is both important and necessary for the CSO to carry out a back-casting exercise at the occupational level to enable Solas SLMRU to better assess the microdata and make robust projections for total construction employment by construction occupation. It is hoped that this work will be completed by the end of 2018.

<sup>3</sup> 'Demand for Skills in Construction to 2020' Report, EY-DKM Economic Advisory, 2016.

The construction industry is comprised predominantly of SME and micro-enterprises. Over 97 per cent of businesses in the construction industry employ less than 10 people. Over 65 per cent of people employed and engaged in construction work in small companies (<10 persons). As a result, the industry is highly sensitive to the impact of regulation and administrative costs of doing business, (e.g. labour costs, transport costs, insurance costs, planning costs, energy costs and taxation). Small businesses face a disproportionate burden of regulation and administrative costs, and are often the companies most in need of business supports, training and access to finance. The rising costs of construction have made productivity a very important issue for the industry. As a result it is now very important to facilitate businesses across the industry to scale up and become more efficient, thereby maximising the return on any investment by the State.

The construction sector contributes to the productive potential of the economy by providing and maintaining the physical infrastructure and buildings, which are critical for competitiveness. Moreover, other businesses back through the supply chain also contribute to the economy through the various output and employment multipliers, as the additional wages and profits generated in these firms are spent on goods and services in the wider economy. Independent estimates suggest that 10 direct and indirect FTE (full-time equivalent) work years are generated per €1 million of construction investment. In terms of Gross Value Added (GVA), the direct and indirect multiplier associated with a €1 million investment in construction raises economic activity by €0.7 million.

Across the industry contractors, sub-contractors and craftworkers have devised ways to identify and eliminate unnecessary costs and to improve management and craft skills and efficiencies. The OECD published its 2018 Economic Survey of Ireland<sup>4</sup> earlier this year. The survey provided a menu of policy recommendations to target the widening productivity gap between foreign multinationals and Irish firms. The OECD's

recommendations are particularly relevant to the many Irish firms operating in the construction industry and the CIF encourages Government to take cognisance of them - particularly in relation to supports for lifelong learning and R&D. The OECD recommends increasing the use of direct public support for research and development such as grants; and increasing the share of funding dedicated to training for those in employment and financial support to workers undertaking postgraduate courses.

Research-informed and evidenced-based practice should be embedded into the design, construction and operation of the built environment. The CIF recommends that the role of R&D in construction is placed on the agenda of the newly established *Construction Sector Group*. It is further recommended that a *National Construction Research and Education Working Group* be established that would provide a coherent approach to addressing industry skills, educational and research requirements. According to a global forecast for the construction industry to 2030 published by Oxford Economics, the global construction market is expected to grow at a faster pace than world GDP over the next decade. Irish construction firms are well-placed to compete and thrive on the international market and may be better supported once they operate in an economy which values and invests in industry related research, development and innovation.

Government support and funding for research and other initiatives to improve efficiency and value in the construction industry is almost non-existent. Given that the State spends a significant proportion of its budget on buildings and infrastructure, there is a clear logic that it should promote and support initiatives to make the construction process more efficient, thereby providing better value for all.

<sup>4</sup> OECD (2018), OECD Economic Surveys 2018.

## 1. PEOPLE - RECOMMENDATIONS

<b>1.1</b>	Support research to assess the existing knowledge gaps and address skills training in the construction industry in Ireland, both in terms of current skills training and possible future skills training needs.
<b>1.2</b>	Ensure representation of the construction industry on both the <i>National Skills Council</i> and the <i>Expert Group on Future Skills</i> . The construction industry has no representative on either at present. This undermines long-term strategic planning for the industry, which is a threat not only to the sustainable development of the construction industry itself, but also to the wider economy.
<b>1.3</b>	Support a campaign to attract young people to work in the construction industry. Establish a collaborative forum to actively and collectively market the construction industry as a viable and diverse career choice, with a particular focus on improving the gender diversity in the industry. The introduction of such a campaign would help to ensure that talent is available to deliver on the future infrastructural requirements of a growing country. This could also link in with the Higher Education sector activities in attracting students. With the National Training Fund in mind the State has the opportunity to help fund a multi-annual promotional campaign to attract young people into careers in the construction industry.
<b>1.4</b>	Facilitate zero-rate employers PRSI contributions for those engaging apprentices in trades in need of stimulus.
<b>1.5</b>	Target use of the National Training Fund (NTF), e.g. introduce a waiver for NTF contributions for those firms that engage apprentices.
<b>1.6</b>	Introduce an apprenticeship trainee grant for a limited time until the shortage of construction apprenticeships has been addressed. Apprentices should be incentivised. Young people should be encouraged to take up apprenticeships by the Government through a subsidised top-up on their wages or in the form of higher education grant aid.
<b>1.7</b>	Make available additional funding to support Solas in recruiting instructors for certain apprenticeship categories and to make the positions more attractive to highly skilled instructors.
<b>1.8</b>	Following the review of Solas by BearingPoint, properly resource the Construction Services Unit in Solas to ensure industry can meet its Statutory obligations under the Construction Regulations and the NDP.
<b>1.9</b>	Reintroduce payment of apprenticeship fees/levy in phases 4 and 6 as part of the apprentice's training from the NTF budget, which was removed in 2014. Support for apprentices in phases 4 and 6 of their apprenticeship, which take place in Institutes of Technology, was removed in Budget 2014. Prior to 2014 the fees were paid by Solas as part of the apprentice's training from the NTF budget. The facility was removed in 2014 with the intent that the apprentice would pay the fee (approximately €2,750) themselves. In reality the employer is paying the fee.
<b>1.10</b>	Promote shared apprenticeship training between companies.
<b>1.11</b>	Develop an 'Approved Apprenticeship Employer' marketing initiative as a mechanism to promote and certify companies that employ apprentices.

**1. PEOPLE - RECOMMENDATIONS** Continued

<b>1.12</b>	Establish a Tunnel Academy ahead of MetroLink and other tunnel projects. Make use of the vast indigenous expertise in the area, which is mostly exported to the UK.
<b>1.13</b>	On 4 <sup>th</sup> June 2018, the Government launched Springboard+ 2018 offering 8,088 places on 245 courses leading to awards at certificate, degree and post-graduate level. This scheme facilitates free higher education courses for unemployed persons, those previously self-employed and those returning to work. Additionally (for 2018 entry), courses will now be free for employed people on NFQ Level 6 courses or heavily subsidised for NFQ level 7 – 9, with participants required to contribute just 10% of the fee. The CIF was pleased to learn that there are now 21 construction-related courses to choose from (compared to just 2 courses in 2017) and recommend that Springboard+ 2019 offers new construction-related courses at a time when the industry is in a growth phase and concentrated on quality and competency (CIRI, CPD, etc.).
<b>1.14</b>	Introduce a tax allowance for relocation costs to assist the skilled diaspora return to Ireland and collaborate with industry to devise a marketing campaign and alleviate the barriers facing people returning home from abroad, e.g. the cost of insurance. Government should work with industry to devise a campaign to attract the skilled diaspora back to Ireland. Government could examine potential ways to alleviate the barriers currently in place facing workers returning home from abroad. High taxes and the cost of insurance are two barriers to those returning home to Ireland to work or to establish a new business. The introduction of a tax allowance for relocation costs could be introduced to assist people returning to Ireland.
<b>1.15</b>	<p>Reduce and cap redundancy payments for all employees OR reintroduce the statutory employer redundancy rebate as an incentive to employment.</p> <p>Redundancy payments are a fundamental issue for SMEs. According to the <i>DIT Trades and Skills</i> survey which was published in February 2018 (a survey undertaken within DIT for the Construction Industry Federation), one of the barriers to employment was the cost of direct employment of construction trades. The Government should provide necessary supports to SMEs to encourage and assist employers in providing sustainable employment. CIF propose that the Government consider reducing and capping redundancy payments for all employees:</p> <p>Proposed Employee entitlements:</p> <ul style="list-style-type: none"> <li>• Half a week's pay per year of service for employees under 41</li> <li>• One week's pay per year of service for employees over 41</li> <li>• Cap on the length of service</li> </ul> <p>In the UK, the length of service is capped at 20 years with the maximum amount of statutory redundancy paid in the amount of £15,240. An employer can contribute further to the employee redundancy pay.</p> <p>CIF further recommends that the Government commissions the ESRI, or a body of similar standing, to review the current redundancy situation and propose improvements, taking into account international best practice and submissions from interested parties.</p>

## 1. PEOPLE - RECOMMENDATIONS Continued

- 1.16** The construction industry has had a pension scheme for construction workers since 1965 – the Construction Workers Pensions Scheme (CWPS). Construction employers and other stakeholders recognise the importance of having a supplementary pensions scheme through an SEO for labour in a mobile industry, such as construction, to support them and their partners in retirement. CIF welcomes the Government’s intention to introduce an automatic enrolment system by the end of Quarter 1, 2020.
- The Construction Employer Retirement Savings (CERS) is a multi-employer pension scheme for staff and management of construction firms. CERS currently has over 200 unrelated employers participating in its multi-employer scheme and is run by an experienced Trustee Board.
- CERS is currently advocating for a Pension Scheme Trustee Boards to be able to provide scheme controlled ARFs to increase competition in ARF provision while providing better value and greater security for retiring members because of the fiduciary role of Pension Trustees who have to act solely in the best interests of their members.
- The provision of pension scheme controlled ARFs addresses ‘the consumer protection gap and the potential to facilitate group ARF products or in-scheme drawdown’ as identified in the Government’s Roadmap for Pensions Reform at section 3.14.
- 1.17** Budget 2019 should focus on identifying policy actions within the area of skills development (apprenticeships) and R&D which aim to accompany the ten National Strategic Outcomes contained in the NDP 2018-2027 – for example by investing in skills promotion for the construction industry under NSO 5: A strong economy supported by enterprise, innovation and skills, i.e. through the development of a specific construction research funding mechanism.
- 1.18** Introduce an employer’s tax credit on the costs of education and training, which would help to encourage the sector to increase the level of training provided to employees. In Ireland, an employee can access tax credits for education/training directly, the employer cannot. Government should consider introducing an employer’s tax credit on the costs of education and training.
- Several European countries have set up tax incentives (allowances, exemptions, credits, relief, deferrals) to foster national education and training activities. The need to provide continuing training for the workforce has led to several cost-sharing (co-financing) schemes across Europe, including tax incentives, loans, training funds, and individual learning accounts. Therefore, tax policy has the potential to be incorporated into some initiatives to enhance incentives and means for financing lifelong learning. The OECD’s recommendations refer.
- 1.19** Construction research helps make construction workers more productive and the construction industry more globally competitive and profitable, construction research should become a critical variable in generating economic growth. Introduce a research fund to help support construction research so that innovations can spread across the supply chain.
- Although the generally accepted perception of the construction industry views innovation as a rare occurrence, in actuality it occurs consistently throughout the industry. Construction innovation offers the potential for significant company, industry, and societal benefits. As the demand rises for increasingly complex construction projects, and the traditional sources of skilled labour shrinks, many construction firms are looking for design and technology innovations to improve their products and services and reduce their costs. Clients and construction companies are seeking construction innovations to increase the technical feasibility of their proposed projects and improve the performance of the completed project.

## 1. PEOPLE - RECOMMENDATIONS Continued

<p><b>1.19</b></p>	<p><i>1.19 continued</i></p> <p>Underinvesting in R&amp;D reduces the potential for research-inspired innovations that contribute to substantial national benefits—namely constructed facilities that are more user and environmentally friendly, affordable, productive, and that are easier, faster, and more life-cycle cost effective to build, operate, and maintain. Given the impact of construction spending on the economy, and that construction research helps make construction workers more productive and the construction industry more globally competitive and profitable, construction research should become a critical variable in generating economic growth. Research-informed practice would demonstrate the savings and impact more clearly.</p> <p>A research fund would frame these innovations in a way that would improve the construction sector's image and would identify knowledge transfer mechanisms to diffuse these innovations across the supply chain.</p>
<p><b>1.20</b></p>	<p>Support bids for funding from the Digital Disruption Fund under the NDP towards funding the <i>Digital Transition Roadmap to 2021</i> through the establishment of a fully supported Centre of Excellence for Construction. This support should have specific focus on R&amp;D for SMEs and indigenous, domestically orientated companies.</p> <p>The Centre of Excellence would need a 'home' somewhere but it could also have a thematic cluster of hubs across the country.</p>
<p><b>1.21</b></p>	<p>It is further recommended that a <i>National Construction Research and Education Working Group</i> be established that would provide a coherent approach to addressing industry skills, educational and research requirements.</p>
<p><b>1.22</b></p>	<p>Progress the <i>Construction 2020</i> Strategy pledge to develop a public sector pilot market-led clustering programme to stimulate collaboration between Irish based construction sector firms, other relevant industry sectors and the research community to improve the industry's international competitiveness as well as to contribute to national level policy.</p> <p>The <i>Construction 2020</i> Strategy published in 2014 pledged to develop a public sector pilot market-led clustering programme to stimulate collaboration between Irish based construction sector firms, other relevant industry sectors and the research community to improve the industry's international competitiveness as well as to contribute to national level policy goals particularly in terms of climate change targets. Such a project should encompass activities from applied research to pilot production (e.g. smart infrastructure). As far as the CIF is aware despite this being an attractive proposal no progress has been made on this pledge to date. Topics for R&amp;D might include: sustainability, disaster resilience, infrastructure renewal, faster and less costly construction, ICT and lifecycle cost value. If public sector clients. i.e. the HSE, OPW, etc. and more especially the Higher Education Sector could lead the way on research-informed practice then we would already have a substantial body of work to be undertaken.</p>

## 1. PEOPLE - RECOMMENDATIONS Continued

**1.23** Widen the R&D Tax Credit scope in line with the UK in order to incentivise construction companies to get involved in R&D activities on a greater scale in Ireland. Budget 2019 should examine any possible means to widen the parameters of the R&D Tax Credit to better encourage R&D investment by industry.

If a company spends money on research and development activities in Ireland, these activities may qualify for the R&D Tax Credit. The credit is calculated at 25 per cent of qualifying expenditure and is used to reduce a company's Corporation Tax. To qualify for the R&D Tax Credit currently, a company must carry out research and development activities that meet the following conditions. The research and development activity must:

- Involve systemic, investigative or experimental activities;
- Be in the field of science or technology;
- Involve one or more of these categories of R&D: basic research, applied research, experimental development;
- Seek to make scientific or technological advancement; and
- Involve the resolution of scientific or technological uncertainty.

*Construction companies who have tried to avail of the R&D Tax Credit in the past have found it very difficult to meet the above conditions and it is recommended that Budget 2019 examine any possible means to widen the parameters to better encourage R&D investment by industry. In addition, other topics such as 'behaviour change' are becoming a real core research activity internationally. There needs to be a clear incentive for companies to get involved in R&D activities on a greater scale in Ireland.*

**1.24** Commission new research (funding) on the future of infrastructure delivery.

New research on the future of infrastructure delivery will support our collective capacity to provide world-class infrastructure that continues to respond to the needs of the economy, technological change, environmental challenges and consumer behaviour. The Construction Sector Group is a potential vehicle through which to examine this recommendation in more detail. In addition, one of the roles of the proposed Construction Research and Education Working Group (see recommendation 21) would be to identify EU funding opportunities that would allow for collaborative submission across the industry and Higher Education sector.

*“Introduce an employer’s tax credit on the costs of education and training, which would help to encourage the sector to increase the level of training provided to employees”.*

## 2. INFRASTRUCTURE



From Ireland's perspective, the timely implementation of the National Development Plan 2018-2027 (NDP) and National Planning Framework (NPF) is essential to meet the critical physical and social infrastructure needs of a growing country – especially in areas such as transport, housing, health and education. The prioritisation and timeframe for delivery of the projects is a vital business planning consideration for companies operating in the Irish construction industry. Implementation of the OGP *Medium Term Strategy for Construction* recommendations to deliver appropriate procurement mechanisms that support a wide range of contractors and SME's and deliver value for money projects for the State is critical.

The Government's *Summer Economic Statement 2018* noted that a high-level *Project Ireland 2040 Delivery Board* has been established and met for the first time on 1<sup>st</sup> May 2018. The Board is jointly chaired by the Secretaries-General of the Department of Public Expenditure and Reform (DPER) and the Department of Housing, Planning and Local Government (DHPLG) to ensure that there is a strongly co-ordinated and whole of Government approach to NDP and NPF delivery.

Initial priorities identified by the Board include:

- Updating and further developing the Major Projects Capital Tracker;
- Establishing a Construction Sector Group;
- The development of a Lands Agency; and,
- The implementation of the four funds in the National Development Plan.

CIF acknowledges the preparatory work being undertaken by Government in identifying and preparing the above priorities.

**Table 3: NDP Investment 2018-2027**

€ billion*	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Exchequer-Gross Voted	5.8	7.3	7.9	8.6	8.9	9.4	10.0	10.5	11.0	11.6	91.0
Non-Exchequer**	2.6	2.7	2.6	2.6	2.4	2.4	2.4	2.4	2.4	2.4	24.9
Total Cap Ex	8.4	10.0	10.5	11.2	11.3	11.8	12.4	12.9	13.4	14.0	115.9
Exchequer as % of GNI*	2.9%	3.5%	3.7%	3.8%	3.8%	3.9%	4.0%	4.0%	4.0%	4.1%	

The industry is seeking clarification on the development of 'Major' Capital Projects Tracker. The industry had previously been of the understanding that the Capital Projects Tracker would include a range of projects and programmes committed to by Departments over the period of the NDP 2018-2027 measured against the total capital expenditure outlined in Table 3. While CIF understands that the tracker cannot provide an exhaustive list of all capital expenditure,

it should include a list of the majority of projects and programmes and should not be reductive in terms of selection of projects and programmes for inclusion.

The industry cannot overstate the importance of the Capital Projects Tracker, which will provide clarity to the construction industry and allow it to plan and provide the capacity and capability required to deliver Government's long-term investment plans.

## 2. INFRASTRUCTURE - RECOMMENDATIONS

<b>2.1</b>	Ensure the implementation of the OGP <i>Medium Term Strategy for Construction</i> recommendations to deliver appropriate procurement mechanisms that support a wide range of contractors and SME's and deliver value for money projects for the State.
<b>2.2</b>	Ensure certainty of the forward work programme of the NDP 2018-2027 to investors, providers, designers and other agencies. This is a vital business planning consideration for industry and one which the multi-annual spending envelope can further support.
<b>2.3</b>	Ensure the capital projects tracker is dynamic and designed in an easy-to-use manner and that information is provided by the Department or Agency responsible for procuring each project, and is updated regularly.
<b>2.4</b>	Ensure regular review of the capital projects tracker so that over time, current projects, as well as any new projects, move along the project lifecycle, leading to a liquid pipeline of infrastructure opportunities.
<b>2.5</b>	Progress and finance the forward planning and preparatory work for infrastructure projects identified in the NDP 2018-2027. The quantum of expenditure allocated to capital projects should be sufficient to cover maintenance and depreciation and tackle the backlog in a number of sectors, for example in water and wastewater infrastructure.
<b>2.6</b>	Utilise appropriate Early Contractor Involvement (ECI) to improve the project management of the planning phase of major projects. This will not only mitigate any threat to the NDP but will improve project delivery significantly.
<b>2.7</b>	Utilise appropriate Early Contractor Involvement (ECI) to improve the planning process with regard to the identification of borrow pits and 'tips' for unsuitable material for inclusion in the planning decision. This will mitigate against one of the threats to the delivery of the NDP.
<b>2.8</b>	Address the critical issue of construction and demolition waste treatment and disposal.
<b>2.9</b>	Replace the 'lowest price' award criteria with a collaborative model offering improved profits (+1%) in return for desired delivery outcomes in HSEQ and programme certainty.

## 2. INFRASTRUCTURE - RECOMMENDATIONS Continued

<b>2.10</b>	Increase the availability and use of evidence-based data and reinstate the annual <i>Construction Review and Outlook Report</i> , as previously commissioned by the Department of Housing, Planning & Local Government, so that all stakeholders can work off the same growth forecasts for the industry to allow for better monitoring of the NDP 2018-2027 and capacity planning for the related industry and education sectors.
<b>2.11</b>	Build the capacity and training of procuring authorities in receipt of capital allocations who will be subsequently engaging in public procurement.
<b>2.12</b>	Build and resource the commercial capacity of regional and local planning authorities as development partners in the successful implementation and delivery of the NPF/NDP.
<b>2.13</b>	Use the deep knowledge held within the wider construction sector to deliver new and resilient infrastructure in a way that understands the whole asset lifecycle by recognising the role that Early Contractor Involvement (ECI) and innovative construction methods can play.
<b>2.14</b>	Examine ways in which smaller scale investments and reforms to the way infrastructure is planned, operated and delivered can also contribute to national economic development.
<b>2.15</b>	Monitor, via the Construction Sector Group, newly emerging physical and social infrastructure needs at regular intervals.
<b>2.16</b>	Publish detailed progress reports on the multi-annual capital expenditure programme.
<b>2.17</b>	Ensure that the planned infrastructure investment is fit for the future based upon the deep knowledge held by the providers and designers of infrastructure and ensure that a channel of regular reporting on this matter is made open to the Project Ireland 2040 Delivery Board / Infrastructure Projects Steering Group.



### 3. HOUSING

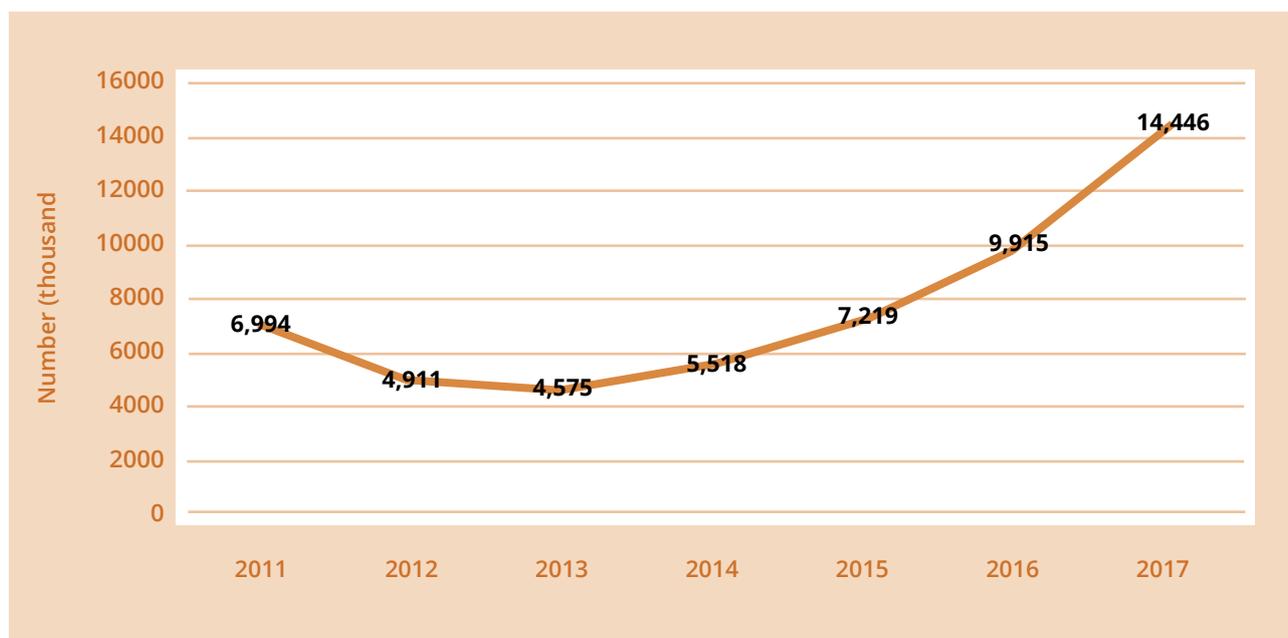


There is no doubting that residential construction is currently in an expansionary phase, however, in light of the new dwelling completion data published by the CSO the CIF has revised its forecast for the total number of new units to be completed in 2018. CIF now forecast that approximately 19,000 units will be completed by the end of 2018 (+30 per cent year on year).

The National Planning Framework's National Policy Objective 32 targets the delivery of 550,000 additional households to 2040. A 'Housing Need Demand Assessment' is to be undertaken for each local authority area to correlate and accurately align future housing

requirements. Increasing urbanisation will also see the RMI market grow. The key drivers of the RMI market include the demand for energy efficiency and increasing modification of use (for example, commercial to residential).

## New dwelling completions

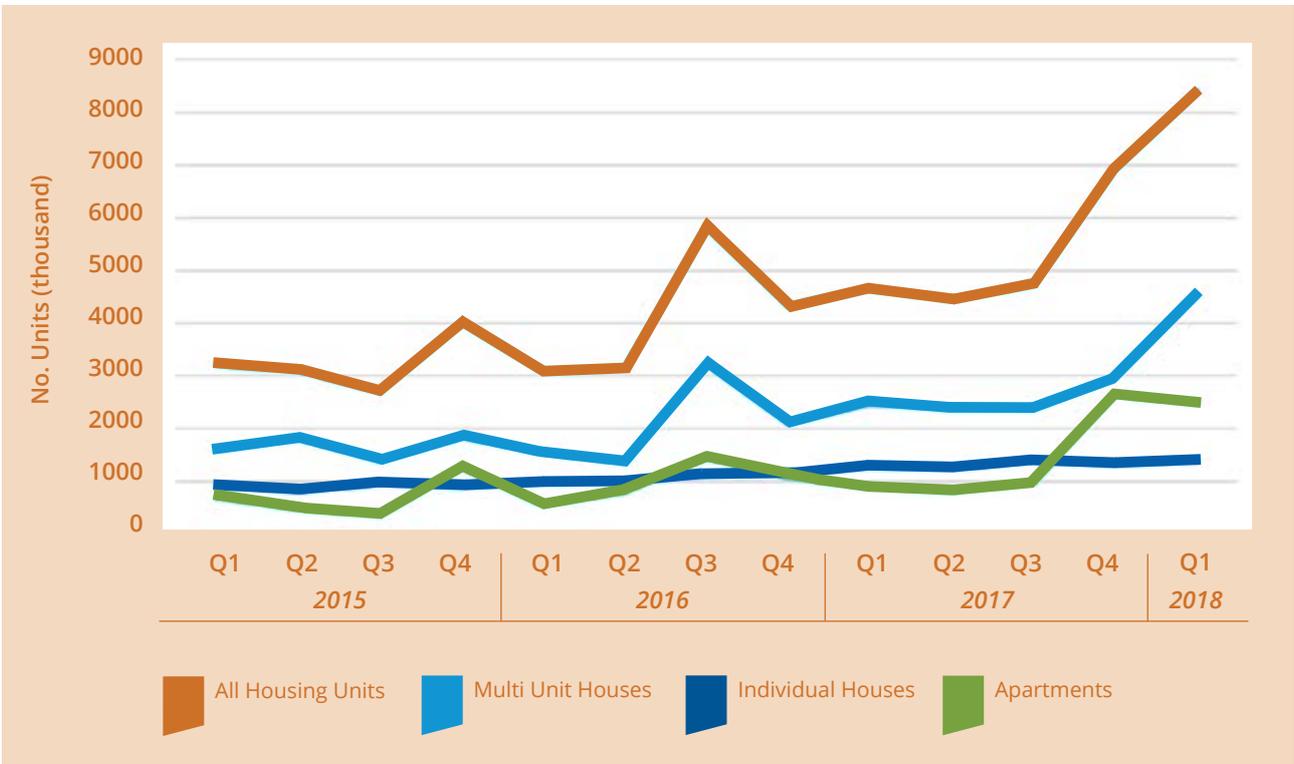


Source: CSO

While the new completion data points to an even greater level of supply constraint in the market at present, other leading indicators such as planning permissions show positive intended increases in future supply. In the first quarter of 2018, planning permissions were granted for 8,405 dwelling units,

compared with 4,650 units for the same period in 2017, an increase of 80.8 per cent. Quarter 1 2018 also saw the first permissions granted by An Bord Pleanála through Strategic Housing Development Applications, which accounted for 62 per cent of the quarterly increase in dwelling units.

### A summary of Planning Permissions granted for New Residential Units by Quarter



Source: CSO

The construction industry sets out its Budgetary recommendations relating to housing below. These recommendations are reasonable and are intended to maintain the current expansionary phase in the residential construction sector so that the targets set out in the NPF are both feasible and deliverable.



### 3. HOUSING - RECOMMENDATIONS

#### 3.1

Extend the Help to Buy Incentive Scheme beyond the 31<sup>st</sup> December 2019 to retain the added certainty it provides in the residential construction industry.

Tax expenditure on the HTB scheme is still very relevant. While residential construction is currently in an expansionary phase, new dwelling completion data published by the CSO illustrates how the industry is not yet completing enough units to meet current (40,000+ units) and future demand (25,000 units pa). The CIF forecast that approximately 19,000 units will be completed by the end of 2018 (+30 per cent year on year). Meanwhile, the National Planning Framework's National Policy Objective 32 targets the delivery of 550,000 additional households to 2040.

CIF maintains its opinion that the crisis in housing supply in Ireland warranted the introduction of the HTB scheme in 2016 to assist in: (1) the viability of new residential building, and (2) the ability of first time buyers to purchase a new home.

The HTB scheme is justified by the positive impact it is having in terms of both boosting supply, stemming from greater investment in residential building, and in ability of first time buyers to purchase a newly built home. CIF members can confirm that residential building has been made more viable in key locations on account of its introduction by assisting prospective house purchasers with the deposit level that is now required under the Central Bank's macro-prudential mortgage lending rules on Loan to Value.

Most crucially the HTB scheme is just one measure in the Government's overall strategy concerning housing. It demonstrates coherence with other policies and initiatives being introduced such as the Local Infrastructure Housing Activation Fund - LIHAF. The HTB scheme ultimately contributes to generating other taxable incomes via employment and linkage effects.

The residential building industry must be confident that a market exists for purchase of new homes when constructed. This is required at the outset in order to secure development finance. Any doubt over the ability of first time buyers in having the required deposit and in securing an adequate mortgage to enable them to pay the all in cost of their new home will result in these new housing units not being constructed.

The *Action Plan for Housing and Homelessness*, published in July 2016, recognised the complex environment surrounding residential building activity, the reasons which restricted growth in new housing supply, and put in place measures under the range of headings to stimulate new residential construction activity.

All measures of residential construction activity and housing output are strengthening, and this improvement in activity can be attributed in large part to the HTB scheme. It is the CIF's position that this trend will continue throughout 2019 if the policy environment remains on course and if implementation of the Government's *Action Plan for Housing and Homelessness* is allowed to proceed in its entirety.

The HTB scheme has been a major factor in the ability of housebuilders to present viable residential development proposals to their funders to secure the required development finance and commence development. This is reflected in the increase in residential building since the introduction of the HTB scheme.

### 3. HOUSING - RECOMMENDATIONS *Continued*

#### 3.1

##### *3.1 Continued*

The HTB scheme has had a positive impact on the increased supply of new residential building activity. It should also be borne in mind that the residential construction sector relies heavily on its funders having confidence in their investment decisions. Investment decisions have already been made on the basis of the suite of policies currently in place and the stability afforded under the Government's housing strategy.

A premature end in Government policy before the desired outcome is achieved in full will have a disruptive impact on increasing residential construction activity levels at a time when industry needs to double current output levels. This would add further impediments to an industry attempting to ramp up construction activity to address the current crisis in housing supply.

A clear indication/ commitment should be given by Government that the HTB scheme will be extended beyond 31<sup>st</sup> December 2019. This could be effected in the Budget 2019 Statement. This will avoid uncertainties and mean that funders and builders will have a greater level of confidence in planning future first time buyer residential schemes that will be completed in the years 2020 and beyond. This essential statement and commitment from Government to the continuation of the HTB scheme beyond 31<sup>st</sup> December 2019 will assist the industry in maintaining an increase in residential building activity as is evident since introduction of the HTB scheme, and is a critical requirement for supporting the revival of residential construction in provincial towns countrywide.

#### 3.2

Budget 2018 increased the rate of stamp duty from 2% to 6% on all commercial transactions including the acquisition of residentially zoned land. Amend the time limitations provided for under Section 61 of the Finance Act to provide for lodgment of the Commencement Notice within 60 months of the execution of the Instrument. The date of 31<sup>st</sup> December 2021 be amended to read 31<sup>st</sup> December 2024.

Section 61 of the Finance Act 2017 provides for, subject to conditions, a refund of two thirds of the stamp duty (4%) paid on acquisition of residential land. Qualifying conditions for refund include:

- Execution of the Instrument for the acquisition of the land after 11<sup>th</sup> October 2017;
- Lodgment of the Commencement Notice within 30 months of the execution of the Instrument and not later than 31<sup>st</sup> December 2021; and
- The 6% stamp duty rate having been paid.

Residentially zoned lands which are not serviced with water supply are currently being purchased with the expectation that the water services will be in place in circa three to four years. This means that the 30 month period from execution of the Instrument and not later than 31<sup>st</sup> December 2021 for lodgment of a Commencement Notice as provided for under Section 61 of the Finance Act 2017 cannot be adhered to in order to recoup the additional 4% stamp duty paid.

Industry requests that the time limitations provided for under Section 61 of the Finance Act 2017 be amended to provide for lodgment of the Commencement Notice within 60 months of the execution of the Instrument and that the date of 31<sup>st</sup> December 2021 be amended to read 31<sup>st</sup> December 2024.'

*"The industry has welcomed the HBFI Initiative as included in Budget 2018".*



### 3. HOUSING - RECOMMENDATIONS

- |                   |  |
|-------------------|--|
| <p><b>3.3</b></p> | <p>Rebuilding Ireland Home Loan: An enhanced provision should be made available to local authorities for roll out of the Rebuilding Ireland Home Loan Scheme. In addition, local authorities should be adequately resourced to handle all applications made on foot of the scheme and to effectively market the scheme.</p>  |
| <p><b>3.4</b></p> | <p>House Building Finance Ireland Initiative: The industry has welcomed the HBFI Initiative as included in Budget 2018. Enable the House Building Finance Ireland Initiative lend funds on foot of license agreements for development of State lands and enable the Fund lend monies for acquisition of residentially zoned land, which has yet to secure planning permission.</p>   |
| <p><b>3.5</b></p> | <p>Building Control (Amendment) Regulations (BCAR) and 'Opt Out' facility for One-Off Houses: SI No 395 of 2015 enabled individuals building their own house to 'opt out' of BCAR requirements. This in turn facilitates the shadow economy, results in a loss of revenue for the Exchequer, does nothing to support compliance with the building regulations, and creates an unlevel playing field with unfair competition supporting a non-compliant industry. Government should reinstate the requirement for full BCAR compliance for all single unit housing projects which require a Commencement Notice under BCAR.</p> |
| <p><b>3.6</b></p> | <p>Rental Accommodation: As landlords exit the residential lettings market, Government should look at the taxation system and ascertain how the taxation of private landlords can be adjusted to reflect and resemble the taxation system applicable for corporate landlords. In addition, the taxation system for residential property should not be any more punitive than that for commercial property. For example, in the case of commercial property, commercial rates are allowable for taxation purposes while property tax for residential property is not allowable for taxation purposes.</p>                       |

### 3. HOUSING - RECOMMENDATIONS Continued

<b>3.7</b>	<p>Housebuilding input costs remain high. Government should explore all options as to how all-in house construction costs can be reduced so that the market value of completed new homes exceeds the all-in construction costs.</p> <p>For example, costs can include: the implementation of new building regulations (such as the revised Part B of building regulations and nZeb); planning delays, application fees and costs (e.g. for developments of 100+ units); Part V; wholesale building price inflation; soil and stone waste disposal; development contribution levies; delays in provision of utility services; bond conditions (there should be provision for the release of bonds and roll over as overall development progresses through the construction stage); and taking in charge delays (which create unnecessary costs to the construction process).</p>
<b>3.8</b>	<p>Introduce a Tax Incentivised Savings Scheme for First Time Purchasers based upon the SSIA model.</p> <p>A scheme similar to the former SSIA scheme, whereby Government contributes €1 for every €4 saved by first time purchasers, should be introduced to stimulate a savings culture and further assist first time purchasers assemble their deposit for purchase of their first home.</p>

*“An enhanced provision should be made available to local authorities for roll out of the Rebuilding Ireland Home Loan Scheme”.*



*“Extend the Help to Buy Incentive Scheme beyond the 31<sup>st</sup> December 2019 to retain the added certainty it provides in the residential construction industry”.*



#### **CIF Headquarters**

**Construction House**

Canal Road  
Dublin 6

**Phone** 01 406 6000

**Email** info@cif.ie

#### **CIF Cork**

**Construction House**

4 Eastgate Avenue  
Little Island  
Cork

**Phone** 021 435 1410

**Email** Cork@cif.ie

#### **CIF Galway**

**Construction House**

8 Montpelier Terrace  
The Crescent  
Galway

**Phone** 091 502680

**Email** Galway@cif.ie

[www.cif.ie](http://www.cif.ie)

@CIF\_Ireland