

BUILDING A BETTER IRELAND

INVESTING IN
INFRASTRUCTURE AND
THE BUILT ENVIRONMENT
TO SUPPORT
IRELAND'S SMART ECONOMY

CONSTRUCTION INDUSTRY COUNCIL JUNE 2010

EXECUTIVE SUMMARY

Since 2007, the construction sector has accounted for half of the decline in jobs in the Irish economy. In the absence of political commitment to investment in infrastructure and the environment - and advancing current project pipelines - a further 120,000 jobs will be lost in the next two years.

The CIC urges Government to consider the impacts, both social and economic, of this loss of employment and vital skills in one of the key sectors of the Irish economy.

“Every €1 bn cut from the capital programme costs the Government €510m in reduced tax receipts and increased social welfare payments, without any infrastructure delivery.”

CIC 2009 Report to Government

The CIC also questions the wisdom of withdrawing investment in infrastructure at the very time when a construction stimulus would lead the wider economy from recession to recovery, and fill the infrastructure gaps which have impacted on both our quality of life and economic competitiveness.

A window of opportunity now exists to plan and build the projects identified in this report, which are urgently needed and guarantee a long-term return to the State.

Postponing key projects - and the lead-in planning and design work necessary for the timely delivery of these projects in the future - is neither sustainable nor consistent with Government policy on job creation, eco-

nomical recovery or the “Smart Economy”.

The CIC’s 2009 report noted that for every €1bn invested, the actual cost to the Government is €490m, and vital infrastructure is delivered for public benefit. Conversely, every €1bn cut from the capital programme costs government €510m in reduced tax receipts and increased welfare payments, and without any infrastructure gain.

In summary, the facts are:

In its 2006 review of the NDP, the ESRI recommended an ongoing public capital programme of €8.6bn. Planned exchequer investment for 2011 has been reduced to €5.5bn.

CIC research on current project pipelines indicates that expenditure in 2011 and 2012 will fall well short of these reduced targets, effectively winding down the NDP.

Despite the decline in tender prices, reductions in the capital budget of this magnitude represent a significant diminution in the infrastructure investment targets in the NDP.

The current absence of lead-in planning and design will affect the State’s entire infrastructure development programme going forward.

Investment would not only create employment, it would reduce the Exchequer’s social welfare bill and help revive confidence and activity in the wider economy.

The Construction Industry Council is calling on Government to reaffirm the importance of the construction sector by investing in the priority actions set out in this report.

- **Prioritise investment in infrastructure to restore the construction sector to its optimum level of €18bn and 250,000 jobs in direct and indirect employment (equivalent to 12% of 2008 GNP).**
- **Maintain the Public Capital Programme at a minimum of €5.5bn per annum over the period 2011 to 2016, and increase investment wherever possible.**
- **Prioritise investment in infrastructure based on employment generating potential, both in the construction phase and long-term whole-life benefits to society and the economy.**
- **Adopt an integrated approach to planning and infrastructure delivery through an urgent review of both the National Development Plan and The National Spatial Strategy.**
- **Utilise innovative mechanisms to finance the delivery of infrastructure, including off-balance sheet funding such as the CIC proposed infrastructure bond.**
- **Ensure that revenue raised through alternative funding mechanisms, is additional to the Public Capital Programme.**
- **Reinstate rolling five-year capital investment envelopes to allow government departments plan and deliver projects effectively.**
- **Review planning and public procurement procedures to reduce tendering costs and effect efficiencies in delivering infrastructure.**
- **Use the current recession in construction to deliver first class public infrastructure and high quality living environments at excellent value to the exchequer.**
- **Retain vital skills in Ireland, save job losses in construction and the wider economy, and stimulate growth to lead Ireland from recession to recovery in 2011.**