

The Society of Chartered Surveyors



**Joint Press Release – IBEC, ICTU, Dublin Chamber and CIC
For immediate release: Monday 21 June 2010
Business groups and trade unions call for Government investment in Ireland's
infrastructure**

Today, representatives from IBEC, ICTU, Dublin Chamber of Commerce and the Construction Industry Council joined together to call on Government to reinvigorate the economy by investing in Ireland's infrastructure. The groups said that now is an ideal time for the Government to invest in strategic projects that will support Ireland's renewed economic growth by creating jobs in the indigenous sectors of the economy.

The groups believe that the Public Capital Programme should be maintained at a minimum of €5.5 billion per annum over the next five years, with a target of 5% of GDP for Government capital expenditure. Given Ireland's remaining infrastructure deficit, this level would represent a positive investment plan relative to our EU partners. An increase in domestic demand will also reinforce the improving performance of the export sector and will ensure a balanced return to growth.

Speaking at today's press briefing, IBEC director general Danny McCoy said: "With Ireland beginning to emerge from recession, it is vital that the Government reviews its capital investment priorities or risk losing the momentum built up over the last number of years. Despite current economic conditions, the challenge of funding a capital investment programme is by no means insurmountable, and the urgent need for a reduction in public spending should not compromise Ireland's future prosperity. Capital investment that supports economic development must therefore be fast tracked.

"The cost-benefit arguments of a strong capital programme that delivers necessary infrastructure and gets workers off the Exchequer's social welfare bill have been well rehearsed already. Since 2007, more than 140,000 construction jobs have been lost, with employment in the sector dropping from 270,000 to 130,000. Government has a huge role to play in halting this process. With construction prices have fallen by 30%, now is an ideal time for Government to put in place specific investment plans representing good value for money to protect jobs and generate a return for the economy."

Also speaking at the briefing, ICTU general secretary David Begg underlined the link between growth and jobs, saying: "The only sustainable route out of this crisis is through job protection and the creation of new work opportunities. It is worth noting that whatever our differences on other major issues, there is consensus between unions and employers on the

centrality of jobs to any recovery. Unfortunately, Government has been noticeable by its absence and its inaction.

“It is our belief that the National Development Programme has already been cut back too far and this will damage our capacity for growth and future development. Unless there is sufficient investment in key infrastructure, there is a very real danger that we will erode and decimate our national skill base. A depleted skill base is hardly a sound foundation on which to build a smart economy.”

Peter Brennan, president of Dublin Chamber of Commerce notes the link between investment and competitiveness: “If an ambitious and strategic public capital programme is not announced the competitiveness of the Dublin City Region, and as a consequence Ireland as a whole, will worsen.”

At the event, the Construction Industry Council launched its manifesto “Building a Better Ireland”, which calls for an immediate, tangible commitment to specific projects.

Paul Keogh, president of the Royal Institute of Architects in Ireland noted: “While the 2010 budget set out a commitment to maintaining a level of capital spending for the period 2011 to 2016, the current flow of tenders in construction and professional services does not reflect such a commitment. Now is the time to act and plan for the future.”

Construction Industry Council

Building a Better Ireland: Investing in hospitals, schools, water, energy, transport

Executive Summary

The Construction Industry Council Manifesto provides a blueprint for moving Ireland out of recession, transforming the country's physical infrastructure and environment, and turning Government rhetoric on the Smart Economy into reality.

The Manifesto urges Government action now.

Since 2007, the construction sector has accounted for half of the total decline in jobs in the Irish economy. In the absence of a firm commitment on infrastructure funding and project pipelines for the next three years, at least half of the remaining jobs in the sector will be lost. The result will be, by the end of 2011, the disappearance of a further 120,000 Irish jobs.

Government and the wider political system are being asked to consider the impacts, social and economic, of additional unemployment on this scale.

The Manifesto also asks whether it is the right strategy to withdraw from infrastructure investment at the very time that our economic future is dependent on our ability to deal with the gaps in our public infrastructure.

A unique window of opportunity exists to plan for and build the hospitals, schools, water, transport and energy projects that are needed and which guarantee a long-term return to the State. This is also a chance to provide badly needed employment, reduce the Exchequer's social welfare bill and help revive confidence and activity in other parts of the Irish economy.

The current policy of delaying, postponing and canceling badly needed construction projects, and the lead-in planning and design work necessary to maintain a viable Public Capital Investment Programme, is neither sustainable nor is it consistent with what Government continues to say about job creation and economic recovery.

The Manifesto demonstrates that for every €1bn invested, the actual cost to the Government is €490m and a vital piece of infrastructure is put in place. Conversely, every €1bn cut from the Capital Programme costs the Government €510m as a result of reduced tax receipts and increased social welfare payments, but no infrastructure is built.

The facts are:

- Planned Exchequer investment in public infrastructure in 2011 has already been reduced from €10.7bn to €5.5bn, and in 2012 from €10.6 to €5.5bn
- Despite the recent decline in tender prices, reductions in the capital budget of this magnitude represent a significant diminution in infrastructure investment
- In reality, it is clear from project pipelines that actual investment in 2011 and 2012 will fall far short of these reduced targets
- There is a total absence of lead-in planning and design projects with the effect that the State's entire infrastructure development plan is being effectively wound down

The Construction Industry Council Manifesto is calling on Government to reaffirm the credibility of the Public Capital Investment Programme by:

- Launching the Revised National Development Plan immediately
- Maintaining a capital budget of at least €5.5bn per annum over the period 2011 to 2016
- Ensuring that any revenues raised through alternative funding mechanisms, such as the Infrastructure Bond proposal set out by the CIC in April 2009, are used in addition to this minimum Exchequer commitment
- Reinstating the practice of providing rolling five-year capital envelopes to allow individual government departments plan and deliver projects