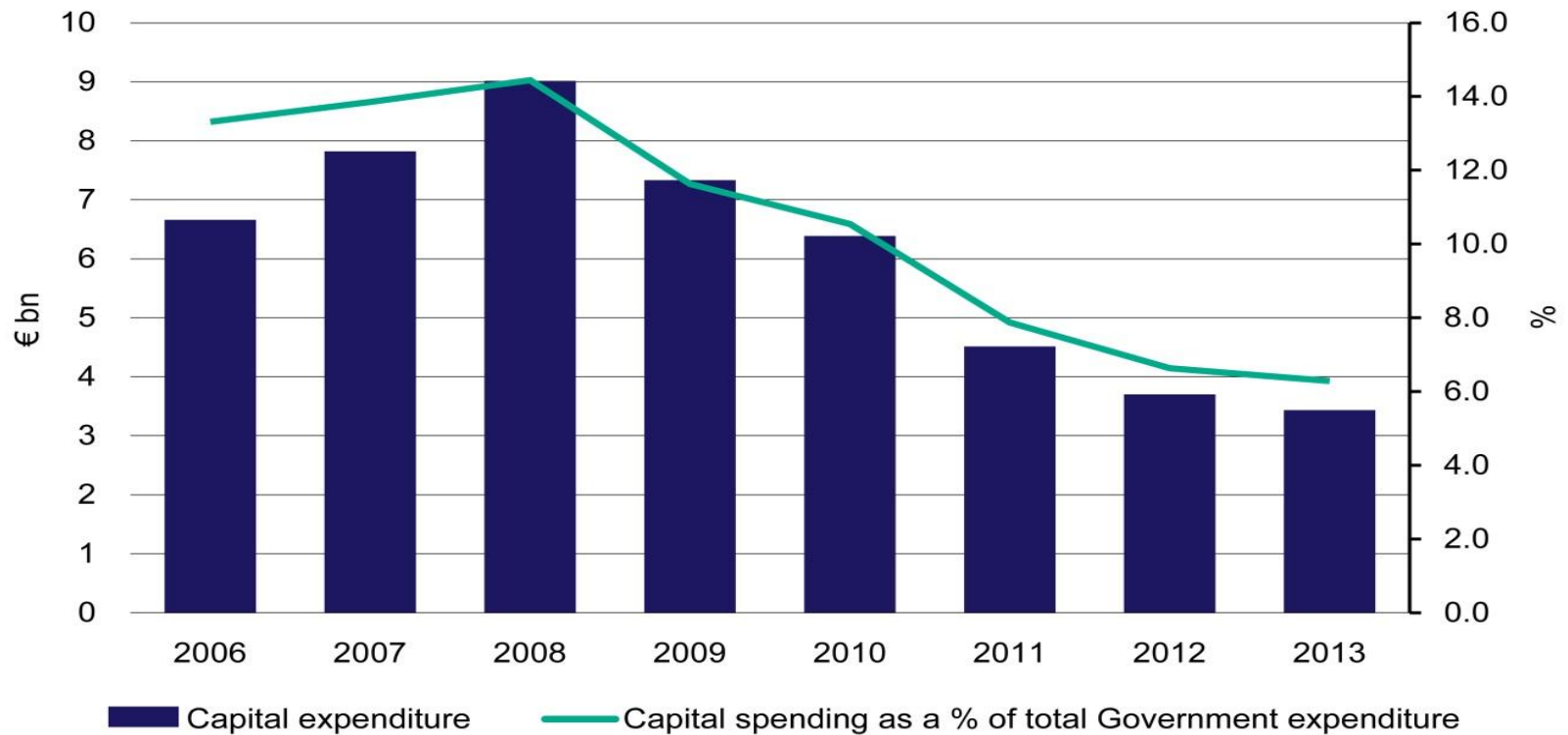


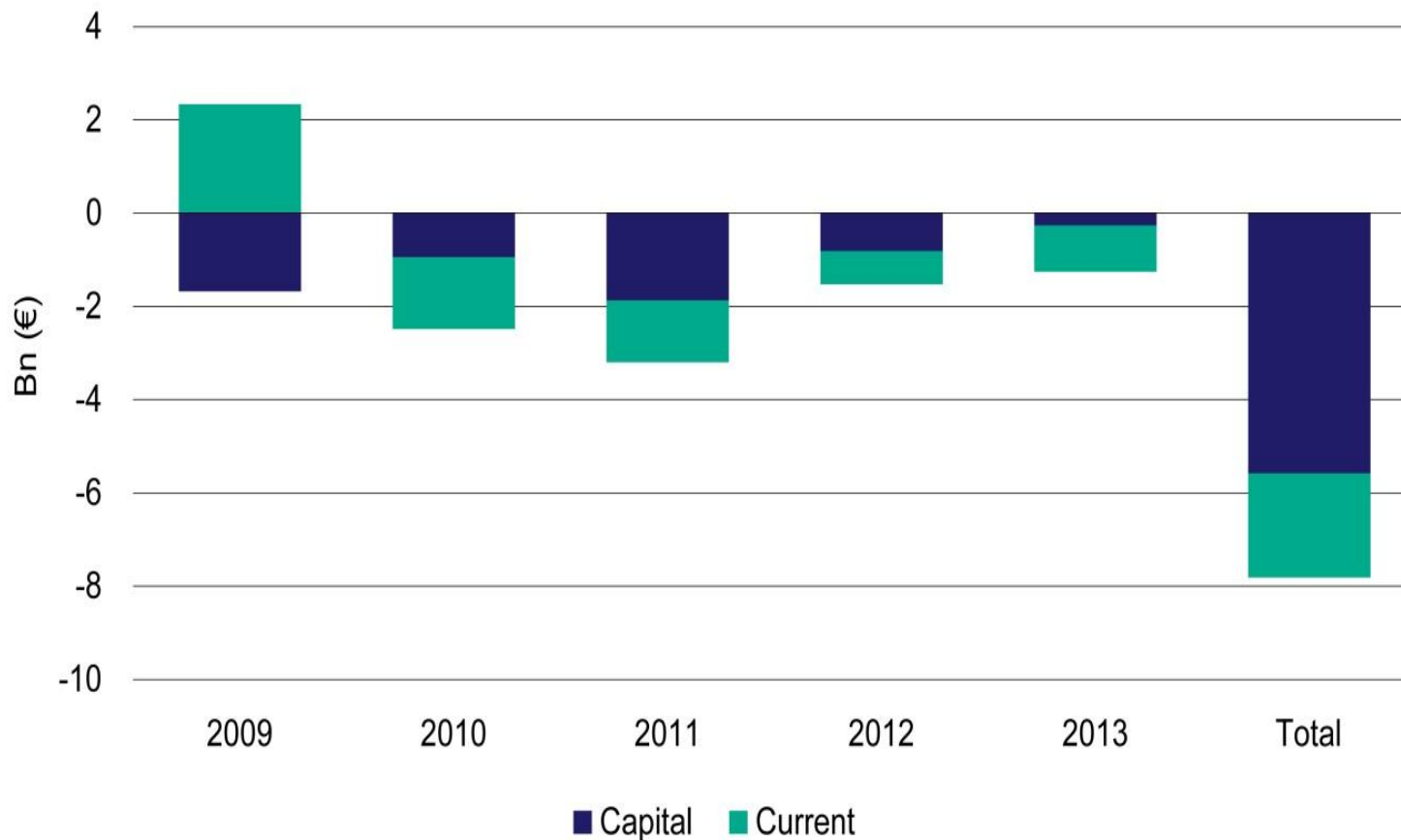
Infrastructure 2020: Building beyond the bailout

December 2013

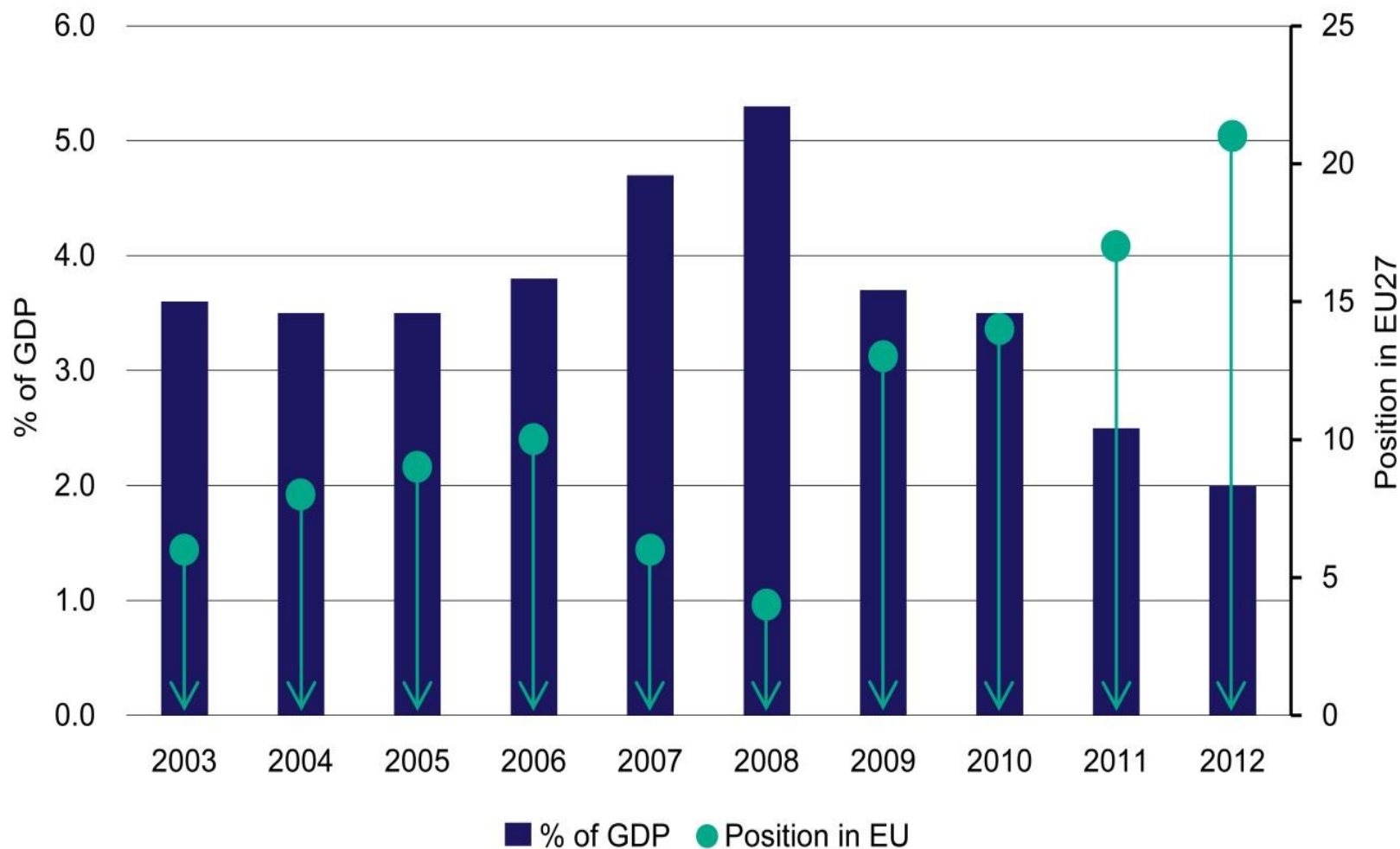
Government capital expenditure fell by over 60% since 2008



Since 2008 capital has made up 70% of total expenditure cuts



Slipped from 4th to 21st in EU over five years.



Rationale for infrastructure investment

- **Economic competitiveness**

The World Economic Forum's competitiveness report for 2013 ranked Ireland 35th in the world and 22nd out of the 34 OECD members in terms of quality of infrastructure

- **Demographic challenges**

Ireland is expected to see the strongest population growth in the EU up to 2060, with the population increasing to over 5.1 million by 2025 and 6.6 million by 2060 (almost 50%). Far in excess of the average increase of just 3% projected for the EU-27 as a whole.

- **Short-term economic impact**

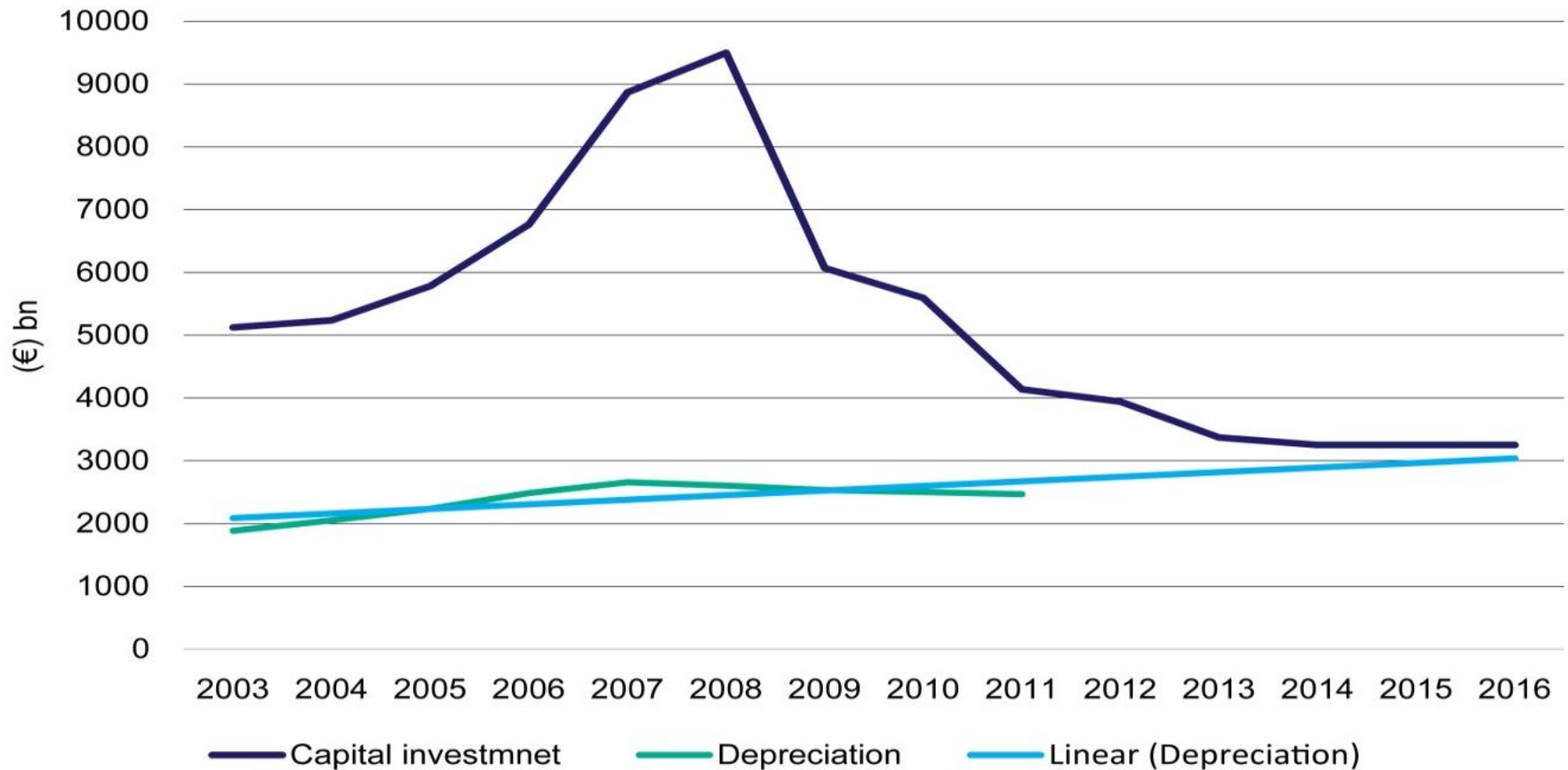
Employment in the construction sector is now down over 60% on its pre-recession peak. Investment in infrastructure will support construction workers who were most affected by the economic crisis

Limited commitment out to 2016

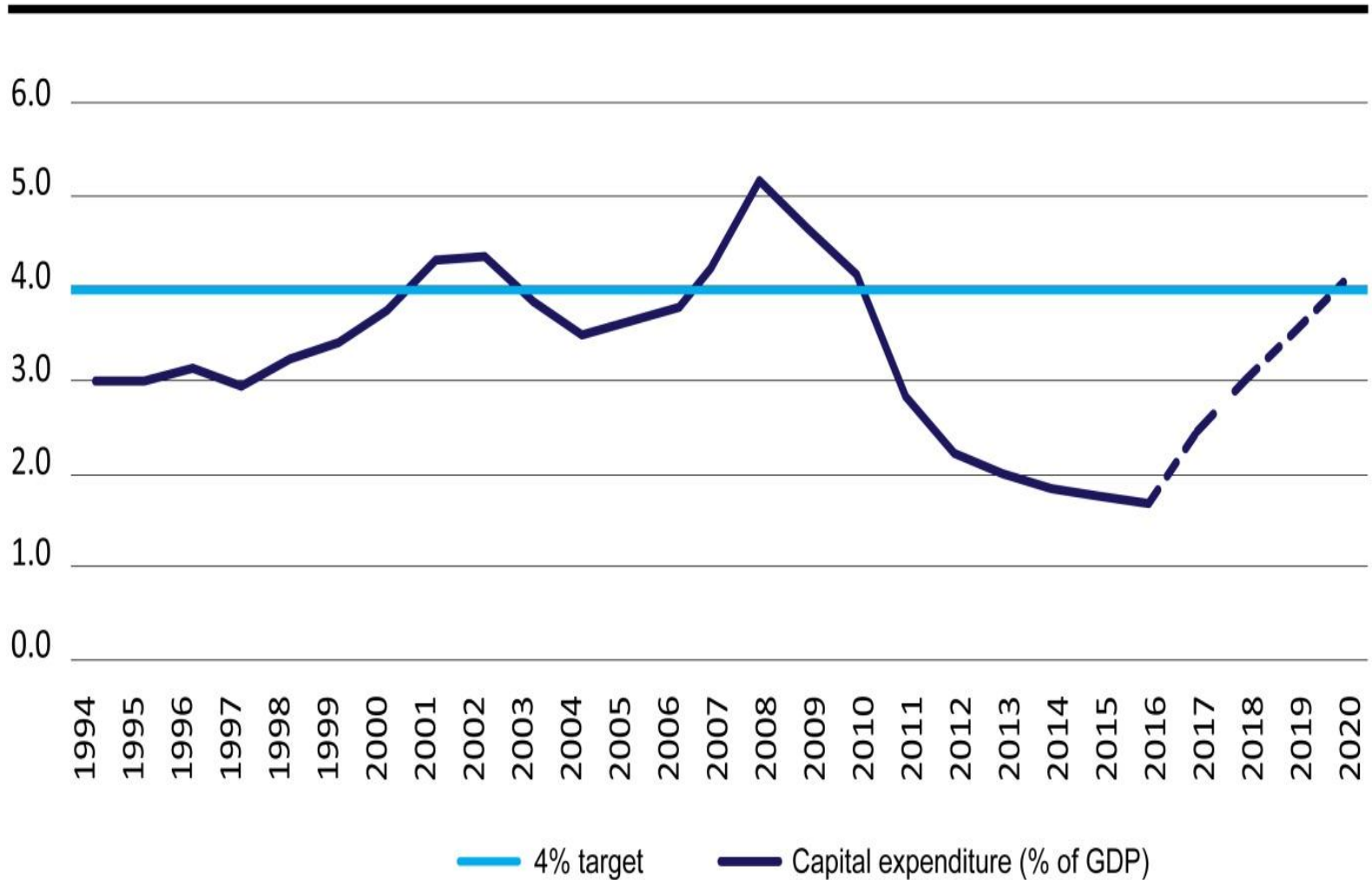
Government capital expenditure commitments

Year	Capital expenditure(€bn)	% of GDP	% of Gross Govt expenditure
2012	3.9	2.4	5.8
2013	3.4	2.0	4.9
2014	3.3	1.9	4.9
2015	3.3	1.8	5.0
2016	3.3	1.7	5.1

Capital investment will become even more focused on maintenance



Ibec's Ambition – Spend 4% of GDP on capital expenditure by 2020



Infrastructure investment to 2020

- **Government will remain the primary funder of infrastructure but there is a growing role for the private sector.**
- **Government must embrace innovative funding sources of finance infrastructure delivery and planning.**
- **Investment needs certainty in the market place – no high profile delays/cancellations.**
- **Need to market Irish infrastructure investment opportunities internationally.**

Example of a national diversified funding strategy

The future capital programme must make ambitious use of the following funding mix:

- Direct capital investment by the State
- Co-funding (split between public and private sources)
- Innovative financing structures
- EU support (e.g. align priorities with the EU2020 strategy; EIB etc)
- Ireland Strategic Investment Fund (i.e. NPRF)
- NewERA (investment in utilities)
- Sale of state assets (e.g. national lottery licence).

Need for a new National Spatial Strategy

- **Rationale for a new National Spatial Strategy**

Need for a coherent spatial blueprint to guide long-term economic and physical development across the island. It should:

- Prioritise effective regional development (e.g. Atlantic Corridor, new Cork-Limerick city region etc).
- Guide regional population growth, maximising investment in transport, water services, health and education infrastructure.
- Facilitate urban regeneration in brownfield sites in our major cities.

- **Emphasise counterweights to Dublin**

The new strategy should provide uplift for those parts of the country that are acknowledged to be lagging behind Dublin and the Eastern region in terms of both the share of population growth, economic development and job creation.

Addressing institutional issues

- **Ensure effective delivery of projects**

The infrastructure delivery process in Ireland should be streamlined. All unnecessary non-construction costs and delays should be rationalised.

- **Tackle the planning process**

The planning process should be reformed to take into account economic and strategic considerations. A faster process will enable certainty in project delivery.

- **Designate a Government champion for infrastructure**

Too many departments responsible for infrastructure policy. Government should formally assign responsibility for co-ordination for infrastructure delivery to an existing minister.

Summary

- **Government must develop an 'Infrastructure 2020' strategy to head off serious competitiveness and demographic challenges.**
- **Ibec's ambition is for Ireland to spend 4% of GDP on capital expenditure by 2020.**
- **There is a role for the private sector in a diversified funding strategy.**
- **Plan must include a new national spatial strategy and address institutional issues.**