

Investment Reboot:

Infrastructure for Better Lives, Better Business

Briefing Document

March 2021



Executive Summary

Our ambition is to make Ireland a better place to live and work.

- Investment in public infrastructure is fundamental to creating the conditions necessary to catalyse the economic recovery and sustain long-term national prosperity.
- Decades of chronic underinvestment in key infrastructure however undermines the policy ambition of making Ireland a great place to live and work. Ireland must offer people good living and working conditions to deliver economic success and remain attractive to local and global mobile talent pools, particularly as we emerge from the Covid crisis and adapt to the new post-Brexit landscape.
- Government must be ambitious in its longer-term planning and infrastructure goals. For prosperity and quality of life to go hand in hand, we need to build an Ireland that better manages economic growth and demographic change.

Executive Summary

Substantial increase in investment and ambition required.

- The Mid-Term Review of the National Development Plan comes at a critical time for the Irish economy and society. Although the initial plan was launched less than three years ago, it is evident that several factors have significantly changed the policy landscape in the intervening period.
- Even before the twin crises of Brexit and Covid emerged, severe problems were manifesting in the Irish economy and society in areas such as housing affordability and supply, rising congestion, inadequate provision of education and healthcare, amongst others.
- Such conditions erode the attraction of Ireland as a great place to live and work. A substantial increase in investment and ambition is now required from Government to correct this and the NDP affords a golden opportunity to do so.

Executive Summary

An "NDP Plus" programme must be central to economic recovery.

- Ibec is calling on Government to embed a substantially enhanced and more ambitious, more sustainable infrastructure investment strategy as a central pillar of the economic recovery.
- An 'NDP Plus' programme of investment is required to provide infrastructure to support better lives and better business. The revised plan cannot simply be a re-prioritisation of projects. New projects are required to support sustainable, inclusive, and resilient recovery and growth. Government should increase the national infrastructure budget by €70 billion over the revised Plan timeframe out to 2030.

Key recommendations for infrastructure investment

Key recommendations

- **Reimagine our cities, towns and regions:** We need to reimagine and revitalise our cities and towns and maximise the new and unexpected employment and investment opportunities for our regions. Changes to ways of working are a potential game-changer in achieving the holy grail of more effective regional development; but this can only be achieved through targeted and ambitious investment, and in particular connectivity, across our regions.
- **Put quality of life at the top of the policy agenda:** The role and scale of the State will be greater than before and addressing quality of life challenges in areas such as housing, environment, health, childcare and commuting will become a much more important factor in life satisfaction, and ultimately national competitiveness and prosperity.
- **Plan better to achieve increased ambition on climate change:** The scale of ambition on emissions reduction has been greatly enhanced at both the domestic and EU level since 2018, including through the Programme for Government. This greater ambition must now be translated into a detailed plan with costed climate change action and adequately resourced investment.

Key recommendations

- **Accelerate the delivery of the digital economy:** The significance of critical digital infrastructure has never been greater and must be a priority area of further investment allocation. Government must support enhanced connectivity in infrastructure provision, including removing obstacles to the rapid delivery of the National Broadband Plan and ensuring a supportive regulatory environment for the successful rollout of 5G.
- **Support the experience economy:** The experience economy of hospitality, travel and related industries has suffered the greatest economic cost in the crisis. Many businesses will unfortunately not reopen and thousands of jobs will be lost.

The sector can reinvent itself, however, and new opportunities will emerge. Government has a key role to play in providing increased investment for product, skills, and marketing development for the renewal of the experience economy.

Key recommendations

- **Prioritise our health and care sectors:** The crisis has shone a light on the implications for our economy and society of under-investment in our health, eldercare and childcare sectors. Healthcare investment priorities will include the rapid completion of ongoing projects such as the National Children's hospital, new investment in maternity and palliative care and the prioritisation of resourcing for mental health services. Sufficient resourcing of childcare and delivery of an integrated long-term care strategy must also be key elements of the review.
- **Upskill and get people back to work:** The crisis will leave significant scars in the labour market requiring increased levels of investment in all areas of upskilling, reskilling and labour market initiatives. Government must address the long-term underfunding of higher education which continues to pose a significant threat to national economic competitiveness.

Delivering an ambitious NDP

Delivering an ambitious NDP

- **Increase the budget for NDP by €70 billion:** The policy ambition of world class public services and infrastructure and enhanced quality of life can only be achieved through a substantial increase in resourcing. For the revised NDP period out to 2030, the total budget should increase by circa €70 billion in order to maintain an investment target of 4% of national income. This target should be maintained over time in order to support a smooth and consistent public capital investment programme which can make significant progress in addressing Ireland's comparatively low level of public capital stock.
- **Place greater emphasis on the Shared Island agenda and significantly increase the Shared Island fund to €5 billion:** The ringfencing of the Shared Island Fund in Budget 2021 was a significant development for investment in the all-island economy. Over the remaining NDP timeframe much more substantial funding of €5 billion will be required to address long-standing connectivity challenges and maximise the post Brexit opportunities for the all-island economy.

Delivering an ambitious NDP

- **Maximise non-Exchequer financing opportunities:** Covid has led to a substantial increase in the financing options for investment projects, including greater EU funding, an expanded EIB lending capacity and intensified interest from private finance to fund long-term infrastructure projects. The NDP should set out an ambitious long-term pipeline of Public Private Partnership (PPP) projects which would develop a stronger interest amongst international project financiers in Irish market opportunities. The NDP must also incentivise greater private sector investment in town and city centre renewal and should explore the opportunities of leveraging non-Exchequer financing opportunities through a model similar to the UK City Deals initiative.
- **Accelerate project delivery timelines:** For the NDP to achieve its purpose and realise a meaningful improvement in quality of life, investment projects must be delivered much more quickly. We believe that with the required changes to procurement, planning, compliance processes and project delivery mechanisms, project timescales could be reduced by up to 50%. The revised NDP should set out this bold ambition and a detailed plan to radically improve capital project delivery timelines.

Key Policy Areas



National cross-cutting priorities

Climate Action and transition to Net Zero

Water and wastewater infrastructure

Digital Infrastructure

Digitalisation of public services

Housing and sustainable urban development

Transports and sustainable mobility

Preparing for the Future of Education

Boosting Enterprise's innovation capacity

Healthcare

Childcare

Long-Term Care

Tourism, Culture, Heritage & Sport

Underinvestment over recent years has depleted the country's stock of critical infrastructure, further widening the range and number of areas that have become urgent investment priorities.

The following cross-cutting priorities are critical to supporting the national recovery effort and underpinning long-term sustainable growth. Addressing these areas in the NDP will provide major investment stimulus across the economy, society and in all regions.

For further insights on each policy area, click [here](#).

Effective regional development

- The current infrastructure deficits in the regions have the potential to undermine national economic recovery efforts.
- One of the most effective means of stimulating regional economies is by investing in infrastructure including housing, education, transport, broadband, health and making urban centres vibrant and attractive places to work and live.
- The NDP must ensure that underpinning infrastructure and appropriate capital investment occurs in the five metropolitan city areas, all regional growth centres, and all key towns across the country designated under the NPF process. These have been targeted to deliver the compact, urban growth objective. They are drivers of sustainable economic, social and employment growth across their respective regions.
- *For further insights on regional policy priorities, click [here](#).*

The Shared Island

- The twin crises of Covid-19 and Brexit have demonstrated the ongoing importance for substantive all-island collaboration to address the collective challenges faced by business on both sides of this island's border.
- This collaboration is imperative to both overcoming and recovering from the Covid crisis and adapting to the economic and social challenges posed by the new Brexit-induced North/South dynamic.
- Significant investment in essential infrastructure across both jurisdictions will be required to sustain economic gains. Failure to do so will result in chronic infrastructure deficits negatively impacting both competitiveness and quality of life.
- *For further insights on Ibec's Shared Island priorities, click [here](#).*

Innovative Funding Solutions

- Although Government is the principal funder of national infrastructure projects there is a need to embrace a greater diversity of funding and co-funding options.
- Non-Exchequer funding sources need to be fully integrated into long-term national infrastructure planning. The NDP review is timely as the potential sources of finances to allow greater diversification in how infrastructure is funded has never been greater.
- This includes: the use of *City Deals*; EU funding opportunities such as through the Recovery and Resilience Facility (RRF) under the Next Generation EU; InvestEU initiative; Irish Strategic Investment Fund (ISIF); innovative partnership models between public and private enterprises; and [much more](#).

Accelerating project delivery

- Accelerated delivery of infrastructure projects must be a central plank of the NDP review process. The stop-start trend that has plagued past national development plans must be tackled head-on.
- Progress necessitates the urgent removal of barriers to delivery. Government commitment is not enough. The challenges detailed in Ibec NDP submission highlight the priority is to get projects delivered much more rapidly.
- Ibec's submission highlights the need for: enhancing the role of public procurement in improved infrastructure delivery; ensuring flexible engagement with contractors; enhanced project management and governance through digitalisation; the need for project delivery to be supported by a streamlined compliance process; and [more](#).

Further information

Aidan Sweeney, Senior Public Sector and Regulatory Executive

Email: aidan.sweeney@ibec.ie

