



JOBS AND INFRASTRUCTURE: A PLAN FOR NATIONAL ECONOMIC RECOVERY

Summary of a Submission to Government from the
Construction Industry Council

June 2009



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The CIC has presented a plan to Government that will ...

- **Save 70,000 jobs linked to vital new infrastructure**
- **Retain vital skills in the industry**
- **Deliver much needed schools, hospitals, roads and clean water & benefit from the value for money currently available**
- **Provide innovative “off balance sheet” funding solutions**
- **Restore Irish pension funds by providing a new asset class**
- **The choice is between:**
 - Losing 70,000 Jobs - this will €2.6bn per annum in social welfare & lost tax
 - Saving 70,000 jobs at a net cost of €2.4bn funded by pension funds & EIB



The industry is in rapid decline

Year	Turnover	Employment*	Job Losses
Q1 2007	€38.5 bn	401,240	
Dec 2008 (e)	€27.8 bn	302,000	99,240
Dec 2009 (e)	€ 16.9 bn	210,000	191,240
Dec 2010 (e)	€ 12.4 bn	147,000	254,240
Dec 2011(e)	€ 10.2 bn	126,000	275,240

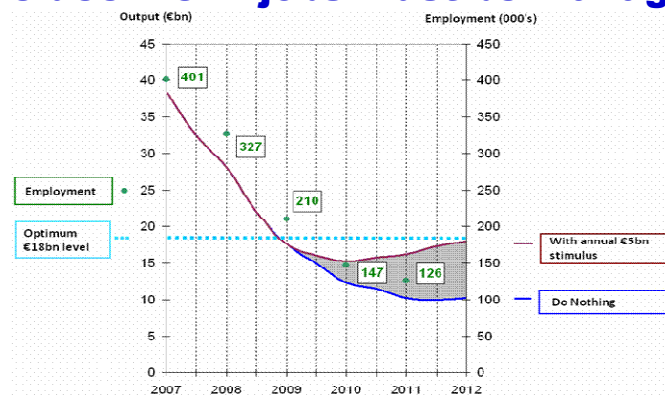
- Construction is in rapid decline – Dec 2011 Projection last seen in 1994
- The Industry is already below its optimum size of €18bn
- The human cost of this decline will be devastating
- Skill loss will damage the industry's capacity to deliver in future
- Economic dislocation will be unnecessarily severe

* Direct + Indirect Employment

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The decline in jobs must be managed



- A stimulus package can avoid an overshoot in unemployment
- The stimulus must be in addition to the budgeted public capital programme
- A failure to invest will leave the industry almost 50% below its optimum size
- Loss of key skills will undermine ability to attract high-tech foreign investment

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A Stimulus Package of €5bn will keep 70,000 off the live register

Stimulus Package	€5 bn
Total Jobs Created	70,000
Tax Take @ €15k pp	€1.3 bn
Social Welfare Saved (@ €18.5k pp)	€1.3 bn
Total Avoided cost	€2.6 bn
Net Additional cost	€2.4 bn
Funded by Private Pension Funds (€2bn) & EIB	€2.4 bn

- ***The net cost of funding €5bn of infrastructure is €2.4bn. We believe €2bn of this can be funded from private pension funds with the balance funded from the EIB.***
- ***95% of Irish pension funds are currently invested abroad – these funds could provide much needed infrastructure in Ireland.***

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Critical infrastructure projects

- **EDUCATION:**
 - All Primary and Secondary Schools to modern, high quality standard – similar to the UK initiative of “Building Schools for the Future”
 - Build Third Level support for “Knowledge Economy”
- **HEALTHCARE:.**
 - Complete centres of excellence (Mater, National Children's, North East, National Rehab.)
 - Community nursing/Step down units
 - Primary Health Care Centres
- **NATIONAL ROADS: Complete inter-urban network and Major Secondary Roads**
 - Atlantic Corridor – Cork to Sligo
 - Dublin to South-East
 - NRA to progress Secondary Roads Programme
 - Progress Dublin Outer Orbital
- **WATER + WASTE WATER**
 - Programme to modernise water and waste water systems (eg Galway)
- **FLOODING**
 - Complete works to protect urban areas at risk of flooding (eg Clonmel)
- **OTHERS**
 - Garda stations; prisons; OPW cultural projects

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What we believe Government should do

1. **Adopt the CIC stimulus package & implement it for a 3 year period.**
2. **Urgently prioritise public infrastructure projects, on basis that they:**
 - Generate an economic rate of return above their costs.
 - Are employment intensive
 - Add to the productive potential of the economy.
3. **Agree the funding mechanism with Pension Funds.**
4. **Establish a high level Implementation Group to standardise procurement and contractual arrangements.**
5. **Fast track planning and procurement – on the basis that it is a national emergency**

The industry is in crisis. To save jobs these actions need to commence now & be concluded by the Summer of 2009.

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CIC Vision

***To save 70,000 jobs over the next three years,
maintain highly skilled productive resources in Ireland
and
deliver necessary infrastructure at excellent
value for money for the public benefit,
without
additional State borrowings***

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