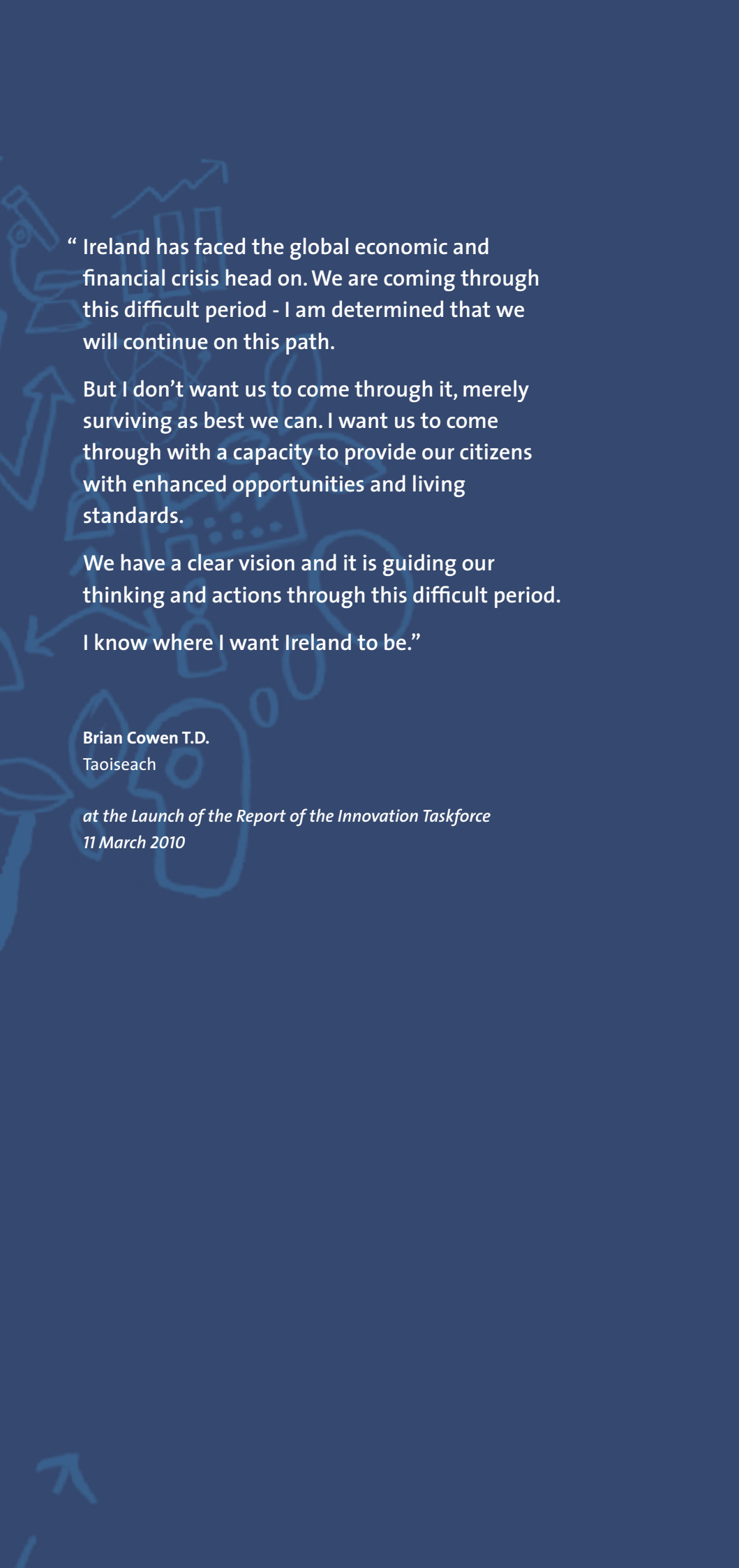




Irish Government Infrastructure Investment Priorities 2010 - 2016

Copy of full programme available at www.finance.gov.ie



“ Ireland has faced the global economic and financial crisis head on. We are coming through this difficult period - I am determined that we will continue on this path.

But I don't want us to come through it, merely surviving as best we can. I want us to come through with a capacity to provide our citizens with enhanced opportunities and living standards.

We have a clear vision and it is guiding our thinking and actions through this difficult period.

I know where I want Ireland to be.”

Brian Cowen T.D.
Taoiseach

*at the Launch of the Report of the Innovation Taskforce
11 March 2010*

INVESTING FOR GROWTH AND JOBS

A resolute response to the economic crisis means that Ireland has turned the corner and is now officially out of recession.

Many indicators are now more encouraging: consumer confidence has improved, retail sales are starting to recover, foreign direct investment remains strong, while the labour market shows signs of stabilising.

The Government has now completed a comprehensive review of its Public Capital Investment Programme to support recovery with prioritised investment in productive and employment-supporting sectors, including enterprise and innovation, education, public transport and environmental services.

Changes in the Irish economy since 2008 require a revised approach and we will continue to respond flexibly to emerging economic trends. The Public Capital Programme provides a stimulus to the economy which re-orientates investment to support sustainable growth in line with the economic renewal strategy set out in *Building Ireland's Smart Economy: A Framework for Sustainable Economic Renewal*.

Over the 2010-2016 period we will invest close to €40 billion, creating substantial employment opportunities, and supporting the transition to a low-carbon economy.

- + Investment of up to 4% of Gross National Product or €40 billion on capital projects in the period 2010-2016
- + Proportionately this will be amongst the highest in the EU and double the EU average
- + Much greater value for money expected, with tender prices down by 30% on those seen during the peak
- + Exchequer investment will be supplemented by significant private investment through Public Private Partnerships (PPPs) in major public transport projects, roads and social infrastructure projects
- + This will be complemented by significant investment by commercial semi-state companies in areas such as energy, ports and airports



SUPPORTING EMPLOYMENT

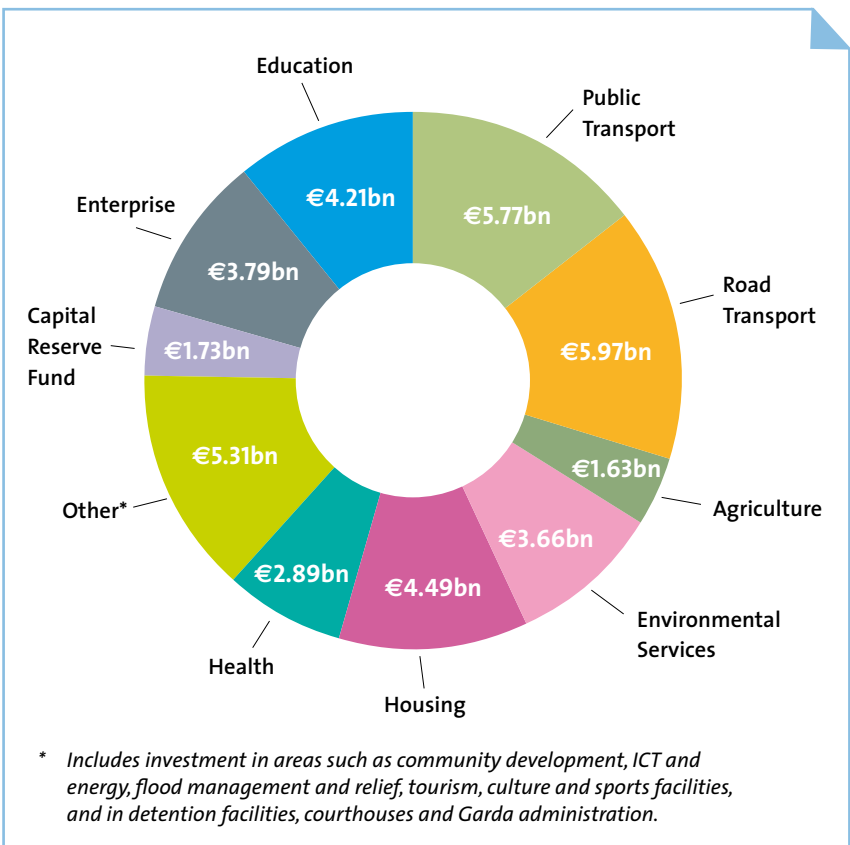
While the Irish economy has begun to recover, unemployment remains at unacceptably high levels. The effect on people's lives, and the impact across society as a whole, means that tackling the unemployment problem is the key focus of Government policy for the period ahead.

Investment in infrastructure helps to drive productivity growth and improve competitiveness, thereby supporting sustainable long-term job creation. That is the primary goal of the investment programme, as well as providing direct support to existing and new enterprises, in particular the export sector. It is estimated that over 270,000 jobs will be supported by IDA Ireland, Enterprise Ireland and Science Foundation Ireland during the period.

There will also be significant employment generated in the delivery of infrastructure and this investment of €40 billion has the potential to support 30,000 direct jobs per annum in the Irish economy.

Investment in many smaller scale projects which are geographically dispersed will also help ensure that employment can be sustained on a regional and local basis.

Infrastructure Investment Priorities 2010 - 2016



INVESTING IN THE FUTURE: EDUCATION AND SCHOOLS

Knowledge is the key source of competitive advantage in today's advanced economies. That is why the Government is committed to improving our schools and continuing to invest in our third level institutions.

Our schools provide a platform for economic and social development and investment will target upgrading of existing facilities as well as new developments to meet future demand.

A comprehensive suite of school enhancement projects will be rolled-out. Some €3.1 billion will be invested in upgrading and expanding our primary and secondary schools. The investment will see new schools being built where they are most needed and will also deliver small scale improvement works. This will ensure we meet the continuing demand for more primary school places which is driven by demographic trends.

In excess of €250 million will be invested in ICT in schools. This investment will build on the improvements over the last 10 years and will be focussed in the areas where it can have the most advantageous effect on educational outcomes.

Improving our education infrastructure:

- + 70,000 additional permanent places will be delivered in primary schools by 2016
 - 35,000 of these will be delivered in existing primary schools, and
 - 35,000 through the construction of new schools
- + 15,000 additional permanent places will be provided in new post-primary schools
- + In the next two years 730 secondary schools around the country will have hyper-fast broadband



INVESTING IN RESEARCH AND INNOVATION

Ireland's economic success depends on building up our base of human capital, and ensuring strong links between third and fourth-level sectors and enterprise.

Our continued success in attracting foreign direct investment and our ability to build our own enterprise base depends on a supply of well-educated young people.

We will invest over €650 million in third level capital facilities over the period. We must also ensure that the existing capital stock is used effectively and efficiently and we will be working to ensure a more efficient deployment of resources.

We must also continue to enhance our research infrastructure. We will invest in excess of €2.4 billion through Science Foundation Ireland and Enterprise Ireland's Science Technology & Innovation programmes, with a stronger emphasis on prioritisation of research funding, commercialisation of research outputs, and linkages to industry. Funding will be available for the implementation of many of the recommendations of the Innovation Taskforce.

The fifth round of the Programme for Research in Third Level Institutes (PRTLII) will provide €360 million for research infrastructure. In addition, significant expenditure will be provided for sectoral research agendas – in areas like energy, food, the marine and the environment.

A €500 million Innovation Fund – Ireland will attract leading international Venture Capital companies to locate here, helping to make Ireland a Global Innovation Hub.



This investment will ensure by 2016:

- + Establishment of nine new industry-led applied Competency Centres
- + A 30% increase in the number of firms with 'significant R&D'
- + A 10% increase in the number of firms with 'meaningful R&D'
- + Science Foundation Ireland will fund over 330 Principal Investor-led research teams
- + Significant further growth in the number of patents and licensing agreements

SUPPORTING ENTERPRISE

Ireland must invest in the areas that improve competitiveness and that is at the heart of this overall investment programme.

In order to ensure long-term sustainable growth, we must restore competitiveness and galvanise the export-oriented sector of the enterprise base.

To assist this process, in the 2010-2016 period an unprecedented level of resources will be made available to the enterprise agencies through investment of almost €1.2 billion in the enterprise development programmes of IDA Ireland and Enterprise Ireland. The percentage of the overall programme allocated to enterprise, research and innovation has been doubled.

The Agri-food sector remains a cornerstone of the Irish economy as outlined in the recently-published Strategy for the Agri-food and Fishing industry. We will provide for investment of €1.5 billion in the sector, including over €600 million in support for afforestation which will help us to meet climate change targets.

ICT investment is vital if Ireland is to become a hub for globally traded services and cloud computing. ESRI forecasts suggest that over 50% of employment and 70% of exports will be in the services sector by 2025.

Over €300 million will be invested in enhancing the country's information and communications technology. This investment will be complemented by non-exchequer policy approaches to facilitate private investment, improve connectivity and drive competitiveness.

In the region of €190 million will be invested in tourism related infrastructure to promote Ireland as a high quality tourist destination.

In the period to 2016:

- + Enterprise Ireland has a target of 63,000 direct new jobs in Irish firms, supporting an estimated 44,000 additional indirect jobs
- + 75 High Potential Start-up companies will be identified and supported in 2010, rising to 100 per annum by 2016
- + Provision has been made for funding at least 640 new Foreign Direct Investment (FDI) projects
- + This will create 98,000 direct jobs in FDI firms, and an estimated additional 68,000 indirect jobs

Key areas where labour intensive investment will deliver productive infrastructure:

- + Energy efficiency schemes
- + Water services
- + School enhancement projects
- + Local and regional road improvements
- + Tourism projects



INVESTING IN SOCIAL INFRASTRUCTURE

The Government will continue to invest heavily in areas such as health infrastructure, social housing and urban regeneration. This spending will assist in improving quality of life, developing communities and transforming areas of disadvantage.

We will invest close to €4.5 billion in meeting the social housing needs of tens of thousands of households. However, a new approach is being taken to delivery of social housing objectives with greater emphasis on leasing of capacity. This will facilitate greater support for major regeneration schemes in Limerick, Fatima Mansions and Ballymun, with associated social dividends for these disadvantaged communities.

We will also invest almost €2.9 billion in health infrastructure, focusing in particular on the provision of primary, community and continuing care facilities in support of the health transformation agenda, as well as acute hospital facilities. The HSE are also progressing provision of infrastructure through disposals of surplus assets, leasing arrangements and other alternative financing methods.

We will invest in excess of €460 million in disadvantaged communities, in rural development and Gaeltacht areas through capital programmes.

In the region of €370 million will be invested in sports programmes to support higher participation, community engagement and associated health benefits.

Health related infrastructural investment will focus on the following areas:

- + Mental health care
- + Disability care
- + Long-term residential care
- + Primary care
- + Paediatric care

Impacts of housing investment include:

- + meeting the social housing needs of 63,000 households
- + continuing the roll-out of the Rental Accommodation Scheme

Investing in disadvantaged communities:

We will invest €337 million over the next four and a half years in the Limerick Regeneration Programme

SUSTAINABLE TRANSPORT



Ireland's transport network has been transformed in recent years and investment between now and 2016 will build on these achievements.

In total some €12 billion will be invested in building a sustainable and economically valuable transport system – the largest single area of investment.

Continued investment in the remaining road networks will include completion of the major inter-urban routes, progression of the Atlantic Corridor, the N11, the cross-border route linking Dublin to Derry and Donegal and other strategic routes.

Significant investment in local and regional roads will help to support direct employment.

However, the focus of public investment will increasingly switch to public transport infrastructure, offering alternatives to car travel.

Investment in sustainable travel modes such as walking and cycling will help meet targets in the Smarter Travel Strategy and thereby contribute to reductions in greenhouse gas emissions.



Transport Investment:

- + By 2016 LUAS will be carrying 42 million passengers and will remove 12 million car trips from the road annually
- + In its first year of operation, Metro North will remove 13 million car trips from the road network
- + Passenger numbers on the DART and Greater Dublin commuter network will grow from a 2009 base of 29 million toward a target of 36 million
- + Cycling and walking will account for an increased percentage of travel journeys
- + Journey time on major inter-urban road connections will fall significantly

ENERGY AND ENVIRONMENTAL SUSTAINABILITY

A major focus throughout the entire programme is investment to promote environmental sustainability and energy efficiency.

The programme includes significant investment in water services, energy efficiency, and waste management in particular. Alongside the introduction of a carbon tax these measures will help safeguard our environment and tackle climate change.

There are also significant economic benefits from these programmes of investment: water services infrastructure will enable industrial development over the medium term, while retrofitting of housing will create alternative employment opportunities for construction workers.

€880 million will be invested in a national energy efficiency retrofit programme spanning public and private housing, industry and the public sector – delivering major cost savings for consumers and reducing CO₂ emissions.

We will invest close to €3.5 billion in developing water services infrastructure in light of existing and anticipated demand and to satisfy environmental requirements. Over €480 million is also being provided for Flood Management and Relief Schemes.

Investment is being aligned with the National Spatial Strategy while provision is being made to re-establish the Gateways Innovation Fund with an indicative level of funding of €200 million from 2012.

- + Reducing energy use in our building stock
- + Target of 10,000 jobs for the retrofit scheme when fully operational
- + Making Ireland a world leader in the deployment of renewable energy supplies (Ocean and Wind)
- + Development of a new industrial base in the use of ICT to improve energy efficiency
- + Ireland is an ideal test bed for new “Smart Grid” applications such as building energy management systems and electric vehicles
- + Our new €20 million International Energy Research centre will partner with industry to solve energy management problems with global applications





Department of the Taoiseach

www.taoiseach.ie

July 2010