

# INFRASTRUCTURE INVESTMENT & POLICY REFORM

March 2018

## A 'perfect storm' of pressures

Effective investment in infrastructure is vital to enabling sustainability, health and wellbeing, and long-term prosperity. Yet we now face a 'perfect storm' of pressures on our infrastructure:

- Demographics: population of the island is expected to increase by up to one million in the next 20 years
- Climate action obligations: EPA projections suggest that greenhouse gas emissions in 2020 will only be approximately 6% below 2005 levels, far behind our 20% reduction target
- Uncertainty: political, economic, social and technological risks are threatening some large-scale projects. Uncertainty surrounding trade and connectivity post-Brexit poses particular challenges for competitiveness.

## Increase capital investment

Capital investment fell dramatically during the recession and there are now serious infrastructural deficits in many sectors. In 2016, Ireland invested the second lowest in infrastructure in the EU in terms of GDP (Fig.1). The European Commission's Country Report Ireland 2016 highlighted weaknesses in housing, water, public transport and climate change mitigation capacity. Meanwhile, the 2016 Global Competitiveness Report ranked "Inadequate supply of infrastructure" as the most problematic factor for doing business in Ireland.

Engineers Ireland strongly supports increased capital investment as part of a sustainable approach to enhance

the recent economic recovery and meet the needs of society. Organisations such as TASC and IBEC have estimated that capital investment would need to double to meet our infrastructural needs and support future growth and prosperity.

## Planning & prioritising investment

According to the OECD, best practice in strategic infrastructure planning points to providing "stable long-term direction to infrastructure investment whilst retaining the flexibility needed to deal with uncertainty over long horizons".

As a State, we need both civil infrastructure (transport, energy, water / wastewater, waste, communications) and social infrastructure (education, social housing, health, childcare). These facilities must be planned and prioritised to sustainably meet future needs and to transform land use patterns, where necessary.

The 10 year National Development Plan 2018-27 commits to increasing Exchequer capital investment to 4% GNI\* by 2024 (Fig.2). This level of investment should provide a strong pipeline of projects. It is essential that this investment is directed by strategic planning policies such as the National Planning Framework.

Due to fiscal constraints, it will still be necessary to explore alternative and innovative methods of infrastructure funding and financing and to identify priority projects. We strongly recommend institutional reform in this area (see overleaf).

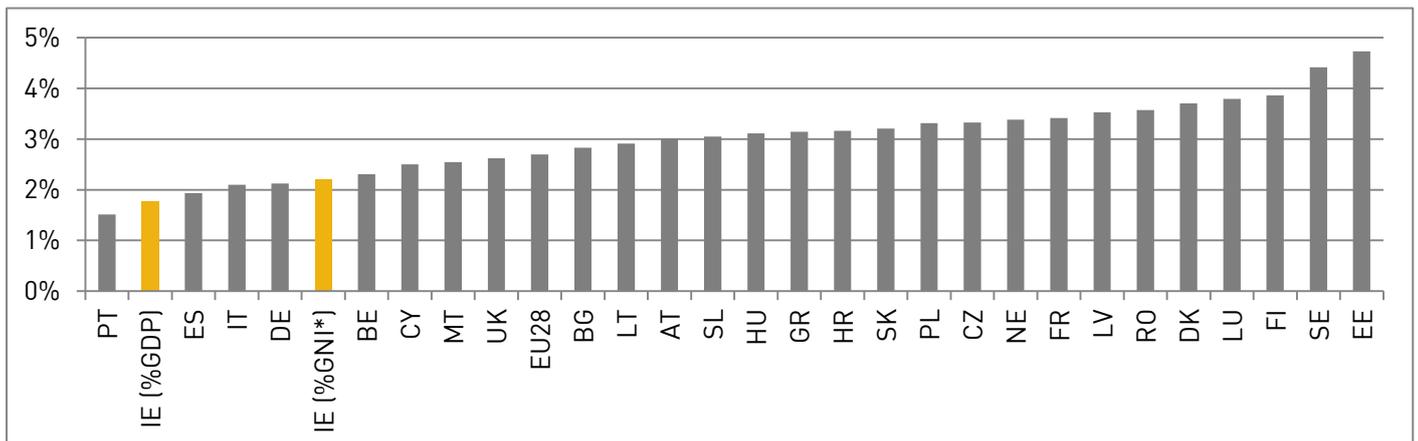


Figure 1. Government investment in infrastructure (%GDP) in 2016 [Eurostat]

## Engineers Ireland Policy

Click [here](#) for more policy briefs on Strategic Planning & Infrastructure

### Further reading

Government of Ireland (2018)

National Planning Framework 2040 & National Development Plan 2018-2027

CIF (2017) Enhancing Ireland's Infrastructure

World Economic Forum (2017)

Global Competitiveness Report

NIC (2017) National Infrastructure Commission framework document

OECD (2017) Strategic Infrastructure Planning: International Best Practice

TASC (2016) The need to be ambitious: Greater investment ensures prosperity

European Commission (2016) Country Report Ireland 2016

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### Engineers Ireland

With over 25,000 members, Engineers Ireland is the voice of the engineering profession in Ireland. Engineers Ireland was established in 1835 making us one of the oldest and largest professional bodies in the country.

Members come from every discipline of engineering, and range from engineering students to fellows of the profession. For more information, see [www.engineersireland.ie](http://www.engineersireland.ie).

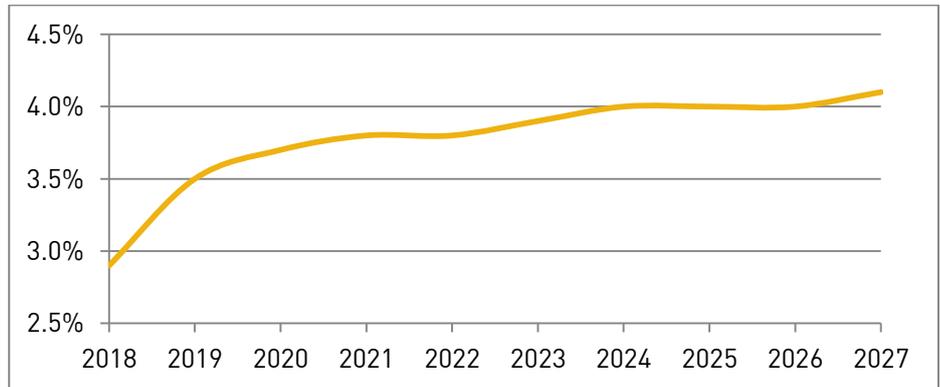


Figure 2. Public capital investment (by Exchequer as a percentage of GNI\*)

### Establish an Infrastructure Policy Centre

To achieve integrated policy objectives and the effective use of resources, an Infrastructure Policy Centre should be established – and placed on a legislative footing – to bring together the institutions and policy instruments which are currently involved in infrastructure. This Centre would work collaboratively with external experts (such as engineers, planners, architects, economists etc.) to develop a long-term vision and strategy, identify priority projects, and explore innovative financing and funding mechanisms.

The Centre would support the determination and implementation of policy on infrastructure in key areas such as transport, education, health, energy and the digital economy. The Centre would seek to build cross-party and cross-sectoral consensus, as well as public and media understanding and support, on infrastructure policy under a range of possible futures. This approach would greatly assist in the development of integrated plans aligned with existing Government policy.

The Centre should learn from the UK National Infrastructure Commission (see box), which has begun to build collaborative relationships with a network of expert stakeholders while placing significant emphasis on its links with political actors, engaging existing policy and building high-level consensus. Other models, such as in Switzerland, Australia, Canada and New Zealand, should also be explored to identify the most appropriate solution for Ireland.

### UK National Infrastructure Commission (NIC)

The NIC was established on an interim basis in 2015 and was set up permanently as an executive agency of HM Treasury in 2017. The purpose of the NIC is to provide expert advice and make recommendations on infrastructure.

The NIC carries out three main functions:

1. National Infrastructure Assessment of long-term infrastructure needs once per Parliament
2. Studies on significant infrastructure projects (e.g. Crossrail 2) at the request of Government
3. Monitoring reports on progress made against recommendations accepted by Government

The NIC comprises a chair and 9 other non-executive commissioners (politicians, engineers, economists etc.). It has a secretariat of 35 civil servants, led by a Chief Executive, and two expert advisory panels (technical and analytical) drawn from industry and academia.