



CONSTRUCTION

2016 AND BEYOND



BUILDING ON THE ECONOMIC RECOVERY AND ENSURING A SUSTAINABLE CONSTRUCTION SECTOR

JOBS



Our industry created new jobs at an average rate of 1,000 per month in 2015



127,000 employed – with room for 45,000 more



CAO applications for construction courses, engineering, and architecture increased in 2015: up 15%. Despite this, there is a growing skills shortage

CAPITAL PROGRAMME



€27 billion over next 6 years



Opportunity to create 45,000 jobs



Immediate implementation of major infrastructural projects will help secure Ireland's future



The provision of 35,000 additional social housing units by 2020

HOUSING



25,000 houses per annum needed in Ireland



10,000 new homes is 25,000 construction jobs

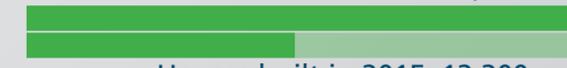


100,000 more people living in Dublin by 2020



Population increase leads to Demand increase

Houses built in 1973: 24,660



Houses built in 2015: 12,300

REGIONS



Complete Ireland's motorway network



Appropriate procurement models to ensure the widest participation of contractors possible



Increase IDA/Enterprise Ireland investment



Investment in flood management should become a top priority



Encourage more FDI in regional hubs

The construction industry is a key pillar of economic growth for our country. With a supportive policy framework from the next Government, the construction industry can provide solutions to a wide array of

economic and social needs. These include: job creation, attracting and sustaining FDI, career upskilling, infrastructural needs, housing solutions, and the provision of better healthcare and education services.



PRIORITY 1 Building a strong economy

GOVERNMENT CHALLENGE: Implement measures that strengthen our position as the fastest growing economy in the EU.

CONSTRUCTION INDUSTRY SOLUTION: The construction industry can make a considerable impact on GNP activity. There are €15.6 billion worth of construction projects in the pipeline for 2016, but more can be achieved with a supportive policy framework. Currently the industry represents only approximately 7% of GNP but global guidelines refer to a healthy construction sector being in the region of 12% of GNP in a developed economy.

HOW THIS CAN BE ACHIEVED: By implementing the actions outlined in Construction 2020.



PRIORITY 2 Creating more new jobs

GOVERNMENT CHALLENGE: Getting more people back to work and replacing jobs that were lost in the recession. Maintaining our position as the highest jobs provider in the EU.

CONSTRUCTION INDUSTRY SOLUTION: There is capacity within the sector to expand and recruit. The sector currently employs 127,000 people and added new jobs at a rate of 1,000 per month in 2015.

HOW THIS CAN BE ACHIEVED: If the target set out by the Government of construction reaching 12% of GNP, our industry can provide a total of 60,000 jobs.



PRIORITY 3 Prioritising investment in infrastructure

GOVERNMENT CHALLENGE: A recovering economy and growing population brings challenges for the State. These include increased traffic, pressure on public transport, water usage and treatment, further demands on State healthcare, education and adapting to climate change.

CONSTRUCTION INDUSTRY SOLUTION: Our industry and labour force is in a position to provide first class infrastructure to underpin the continued economic recovery of our country as well as solutions to existing infrastructural needs.

HOW THIS CAN BE ACHIEVED: Detailed and coherent time-lines need to be put in place as a matter of urgency for the Public Capital Programme with regard to:

- a) **Transport:** Complete the motorway network and ensure greater road safety standards on regional roads.
- b) **Healthcare:** Large scale investment in healthcare facilities is essential, including investment in hospitals and nursing home units to provide solutions to the lack of available beds.
- c) **Flood defences:** There is an engineering solution to all flooding risks. Address the threat of climate change throughout the Regions with State investment and invoking of EU legislation to rapidly procure works in areas of risk. Gaps in planning policy over the past number of decades must also be addressed.

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PRIORITY 4 Attracting and maintaining FDI to Ireland

GOVERNMENT CHALLENGE: Ensuring Ireland remains a top location in which to do business for multinationals.

CONSTRUCTION INDUSTRY SOLUTION: Ireland's construction engineering industry provides global-leading facilities for international clients. We have particular world-class expertise in developing complex construction projects to the highest safety and quality standards. FDI employment has hit an all-time high in Ireland of 187,056 jobs, with one in five private sector jobs sourced from IDA supported clients. The IDA estimates that for every 10 jobs generated by FDI, another seven indirect jobs are generated in the wider economy, particularly in the construction phase.

HOW THIS CAN BE ACHIEVED: The Construction industry can assist with the IDA and the Department of Jobs, Enterprise, and Innovation in engaging with potential FDI investors and maximising existing client relationships.

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PRIORITY 5 Solving the housing crisis

GOVERNMENT CHALLENGE: Bring residential construction activity to a sustainable level of 25,000 units per annum. Provide citizens with access to good quality, affordable housing.

CONSTRUCTION INDUSTRY SOLUTION: Home builders are ready, willing, and able to meet the demands placed upon housing due to the growth in population. However, the operating environment has become unviable in many parts of the country due to the high building costs involved. These include:

- a) Access to finance
- b) The planning process
- c) Availability of mortgage's, particularly for first time buyers

Social housing commitments outlined by the Government can be met by collaborating with the construction industry at the outset of such policy making decisions.

HOW THIS CAN BE ACHIEVED:

- a) Reduce VAT to 9% for the provision of all new housing
- b) Shorten the planning process
- c) Revise the central bank macro-prudential lending rules and provide a Help to Buy Scheme for first time buyers
- d) Replace current social housing contributions with a 1% levy on sales of all residential units

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PRIORITY 6 Creating more office space for businesses

GOVERNMENT CHALLENGE: To provide adequate office space to meet the needs of our expanding indigenous business and FDI market. Demand for office space across the country totalled 2.87 million sq ft in 2015. The Dublin city centre vacancy rate for 2016 is in decline, most recently reported as 3.9%, and it's even lower for Grade A space. This is about half the normal vacancy rate for a European capital, and many of the new-builds are pre-let. Therefore, supply is likely to continue to fall throughout 2016 unless construction activity increases substantially.

CONSTRUCTION INDUSTRY SOLUTION: The construction sector has the capacity to respond to the tightening of availability of prime office space, particularly in cities. The industry has the expertise and experience to deliver to the highest standard.

HOW THIS CAN BE ACHIEVED: The availability of zoned and serviced land is a top priority for the new Government if the demands for office space are to be met. The Government must set out a vision and programme that will lead to better financial confidence in developing more commercial hubs throughout the country.

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PRIORITY 7 Offering an attractive & skilled career for life

GOVERNMENT CHALLENGE: Create a third level education system that is attractive for school leavers and that provides for a range of career options.

CONSTRUCTION INDUSTRY SOLUTION: There is currently a skills shortage within the construction industry, which is affecting the ability of our sector to respond to future and current demands in infrastructure and housing. Attracting school leavers to the industry will be a key challenge over the coming decade. With the right measures in place, the construction sector will recruit more people, and offer well paid jobs and apprenticeships.

HOW THIS CAN BE ACHIEVED: Provide incentives to employers to take on apprentices by removing current student levies, extend the JobsPlus scheme to the 'Wet Trades' and ensure that construction related courses are prioritised by career guidance councillors across the country.



New Minister for Infrastructure & Construction



The construction industry is well positioned to assist the new Government in achieving economic success, via the seven key steps outlined above. However, for this to happen, it is imperative that we see a holistic approach to policy making for our industry. This requires the need for a new Minister for Infrastructure and Construction.

We call on the next Government to establish a new seat in Cabinet for a Minister for Infrastructure and Construction with responsibility for the delivery of all policies related to our industry. Currently, responsibility for construction related activity lacks focus and 'joined-up thinking'. Relevant policy activities are dispersed across a number of Government departments including the Department of the Environment, Community and Local Government; Jobs, Enterprise and innovation; Education and Skills; Communications, Energy and Natural Resources; and Transport, Tourism and Sport.

We believe that there is a growing need for action from Government to ensure all agencies and departments coordinate to sustain a thriving construction sector.

