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2011-11-11

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Stephen Collins

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Recommended Citation

Collins, Stephen, "Howlin Cuts Reduce Next Year's Capital Spending by €755m" (2011). *Media*. 28.
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News

Howlin cuts reduce next year's capital spending by €755m

Stephen Collins

Fri, Nov 11, 2011, 00:00

THE GOVERNMENT has been accused of destroying thousands of jobs by its deep cuts in the capital investment programme for the next five years.

The capital budget for next year has been cut by €755 million to €3.9 billion. A total of €17 billion has been allocated for the period 2012 and 2016.

The cuts were announced yesterday by Minister for Public Expenditure and Reform Brendan Howlin who also announced that the plan to link the Luas lines in Dublin would go ahead as would the new national children's hospital.

Among the major projects which have been deferred indefinitely are:

- * Metro North and Metro West
- * The underground Dart
- * Thornton Hall Prison
- * The new DIT campus at Grangegorman in Dublin
- * The Western Rail Corridor

At least €250 million has been spent on projects that have been deferred or abandoned. Metro North is estimated to have already cost €150 million; Thornton Hall €40 million; Dart Underground €35 million; Metro West €18 million; Luas Lucan €4 million and the M20 €2.5 million.

The cuts announced yesterday follow major reductions in planned spending announced by the previous government last November. When the National Development Plan was published in 2007 it envisaged capital spending in 2012 alone would be close to €12 billion. Now the figure for next year is less than €4 billion.

The latest cuts were attacked by the Opposition parties, a number of Labour Party TDs and the Construction Industry Federation (CIF).

Fianna Fáil spokesman on public expenditure Seán Fleming said the cutbacks would represent 9,000 fewer jobs in the economy next year and further job losses would follow.

Sinn Féin Enterprise spokesman Peadar Tóibín estimated that the capital cuts would cost a further 7,500 jobs and said it was proof that the bailout of private bondholders and its associated austerity was the biggest threat to the Irish economy.

Green Party leader Eamon Ryan accused the Government of getting it badly wrong by abandoning critical infrastructure projects and said the decisions would hinder recovery.

Tom Parlon, CIF director general, said 26,000 direct construction jobs would be lost next year. "It seems that the Government deemed it less politically risky to abandon these jobs than to look at additional savings in current budgets in which excess and duplication have been highlighted on a huge scale," he said.

A number of Labour TDs also criticised the cuts. Tommy Broughan said it was a major disappointment to the people of the Dublin region. He said €200 million had been spent on Metro North and that was now "money down the drain".

The cutbacks were announced at the launch of the medium-term exchequer framework was attended by Taoiseach Enda Kenny and Tánaiste Eamon Gilmore, as well as Mr Howlin. All three stressed that “jobs, schools and hospitals” were the Government’s priorities

Mr Howlin said the construction of the national children’s hospital at the Mater campus in Dublin would begin in 2013 with the construction period “just over two years”.

The Minister said an upfront payment for the National Lottery licence when it comes up for renewal on January 1st next would help pay for the project.

He would bring details of the funding arrangements to Government early in the new year but a source had suggested that somewhere between €400 million to €600 million could be raised. The estimated cost for building the hospital is €650 million.

Mr Howlin said existing planned levels of health capital investment would remain, allowing for the replacement of the Central Mental Hospital and the National Project for Radiation Oncology at St James’s Hospital.

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