2010-07-26

Metro, Dart Link Included in €39bn Revised Capital Plan

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News

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Mon, Jul 26, 2010, 01:00

The Government has announced a new €39 billion capital investment plan until 2016 that prioritises major projects such as Metro North, the Dart interconnector and the new DIT campus in Grangegorman but will result in delays for other promised infrastructure projects.

The new seven-year plan was unveiled at a press conference this afternoon by the Taoiseach Brian Cowen, the Minister for Finance Brian Lenihan and Green Party leader, the Minister for the Environment John Gormley.

The overall budget for the programme of €39 billion compares to €75 billion for capital spending announced in the National Development Plan 2007 to 2013.

Admitting that the economic downturn had led to a significant trimming of the sails as regards spending on capital projects, Mr Cowen pointed out that the Government was getting at least 30 per cent more value for money on capital projects.

He also said that in light of the recession and the changed political landscapes, a different programme was now needed. "We are identifying the priorities that will contribute to economic recovery," he said, adding that the Government no longer had the money to do the all the work envisaged in the National Development Plan.

However, a number of major projects will go ahead as planned, if not quite to the timetable originally envisaged. They include the Metro North underground railway as well as the new underground Dublin interconnector that will link all the different rail systems in Dublin city centre.

The major plan to bring all the colleges of the Dublin Institute of Technology together in once campus at Grangegorman will still go ahead.

However, a number of other major projects will be long-fingered or modified. They include the Western Rail Corridor, the new prison at Thornton Hall in North Dublin and some of the medium-term road projects.

Mr Cowen said that all the major motorway routes will be completed this year on time and on budget and thereafter, the emphasis will be towards improving public transport, in Dublin and other urban centres.

The programme envisages that some 270,000 jobs will be created directly or indirectly from the investment. Mr Lenihan said this would constitute Ireland's stimulus programme.

Investment in the programme amounts to 5 per cent of Gross Domestic Product as compared to a 2.9 per cent average in OECD countries.

The Taoiseach said he was not going to attempt to specify exactly how many jobs might be created under the programme.

"We are not running a Stalinist economy here. We do not set it out in those terms," he said. Mr Lenihan said the programme was "a hard-headed and realistic look at what should be our priorities".

"This has been considered in great detail in a number of Government meetings since Spring," he said. He also confirmed that €1 billion of the €3 billion cuts in next December's Budget would come from the capital Budget.

He said that there had been a lot of speculation in recent days about taxes and new charges being imposed in the Budget. He said that the Government's main focus was controlling its spending and that no decisions on taxes would be taken until well into the autumn.

"Public debate on tax is entirely premature," he said. In terms of departmental allocations, the departments that will lose funding compared to the NDP are: Transport (for roads' budgets); Environment (for housing), Health; and Education.

Both Mr Cowen and Mr Lenihan accepted that about 5 to 7 per cent of school buildings would be of a temporary nature.

But Mr Lenihan also pointed out that the 'modular-type' structures being used for schools were a vast improvement and could not be compared with traditional pre-fabricated structures.

The reduction in the budget for social housing in the programme is significant. It also reflects a change of emphasis from the State purchasing housing stock, to leasing houses and apartments, as well as initiating rental accommodation schemes.

Mr Gormley said the budget would be €4.3 billion. Department officials later confirmed that the State would look at vacant housing stock and estates with a view to leasing property for tenants.

Asked why the houses would not be purchased, a Department of Finance spokesman said the State did not have the money to buy houses upfront and to pay the borrowing costs.

News

- Ireland
- World
- Politics
- Crime & Law
- Social Affairs
- Health
- Education
- Environment
- Science
- Technology
- Consumer
- Galleries
- Video
- Weekly Quiz
- Weather
- The Anglo Trial
- Cities in Transition
- Digital Edition
- All Sections

Back to top