

Post-Budget 2014 Briefing: Impact for the Construction Industry

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Post-Budget Briefing 2014 – 7th Austerity Budget

Income levy to affect every taxpayer in tough Budget; Middle classes hit by wave of wealth taxes
Budget 2009 15/10/2008 (BL)

Measures target higher earners; spending cuts will be main focus in future; test of tougher things yet to come
April 2009 Budget 8/4/2009 (BL)

Welfare and capital spending among biggest casualties of cuts
Budget 2010 10/12/2009 (BL)

Every income group hit as budget increases taxes and cuts benefits
Budget 2011 8/12/2010 (BL)

Devil in the financial detail as cutbacks likely to have far-reaching consequences
Budget 2012 6/12/2011 (BH)

Range of rises in capital and indirect taxes
Budget 2012 7/12/2011 (MN)

Austerity Budget packs sixth successive punch
Budget 2013 6/12/2012 (MN)

Tough Budget tempered by €500m Jobs Stimulus Plan
Budget 2014 16/10/2013 (MN)

Post-Budget Briefing 2014 - Context

- ✓ Reaching Budgetary Targets
- ✓ Exiting the EU/IMF Bailout Programme
- ✓ Promoting Enterprise and Job Creation
- ✓ Generating Economic Growth
- ✓ New ways to fund Investment in Construction

“Still a long way to go” “fragile times ahead”

An Taoiseach, Enda Kenny, 12/10/2013

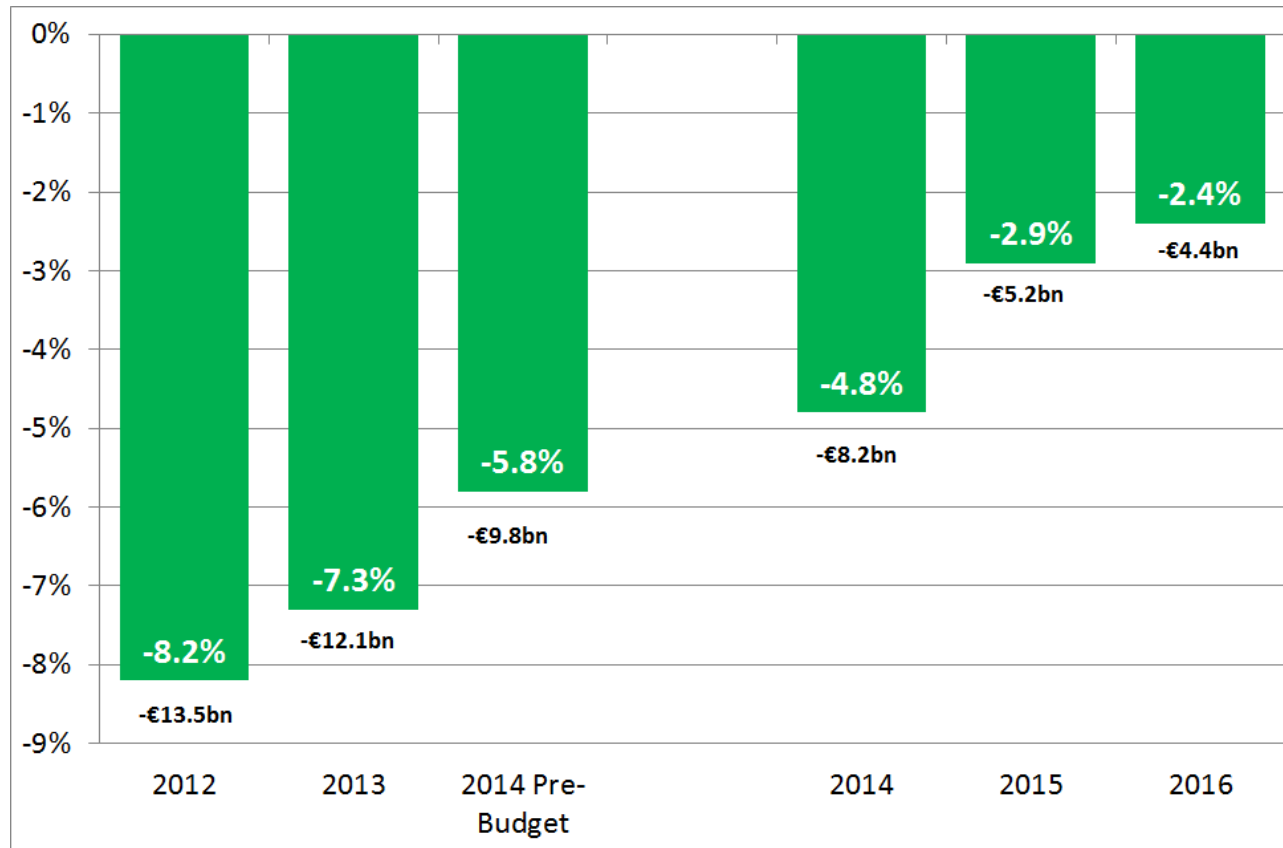
“ Still difficult decision to make...picking up speed...our goal is in sight “

Brendan Howlin, T.D. 15/10/2013



Post-Budget Briefing 2014 – Economic Challenge

General Government Balance % of GDP

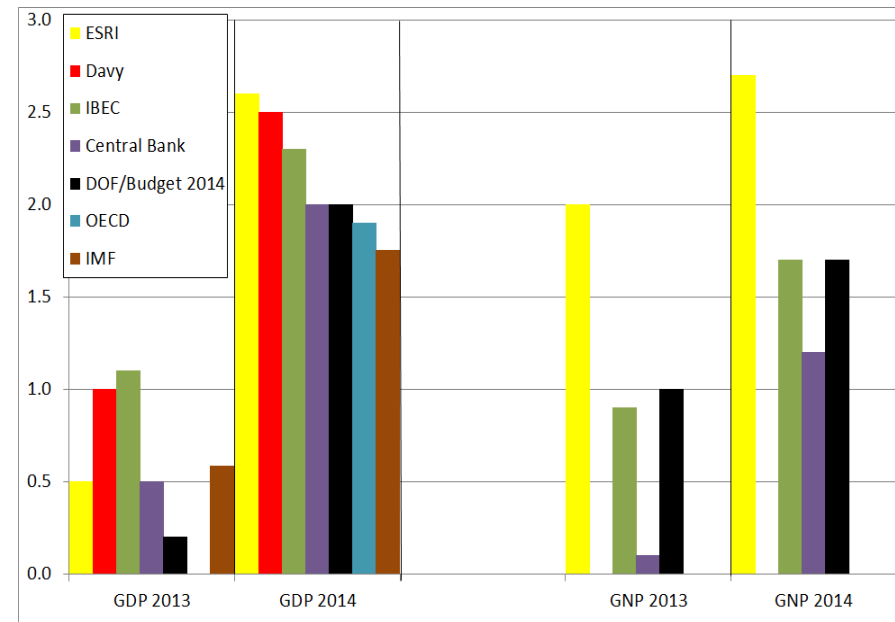


Post-Budget Briefing 2014 – Economic Growth

Budget 2014 Economic Forecasts

	2012	2013E	2014f
GDP	0.2	0.2	2.0
Nominal GDP (€m)	163,938	165,875	170,600
GNP	1.8	1.0	1.7
Consumption	-0.3	-0.2	1.8
Government	-3.7	-0.9	-1.9
Investment	-1.0	4.9	6.8
Exports	1.6	-0.6	1.9
Imports	0.0	-0.4	1.5
Employment	-0.7	1.6	1.5
Unemployment	14.7	13.5	12.4

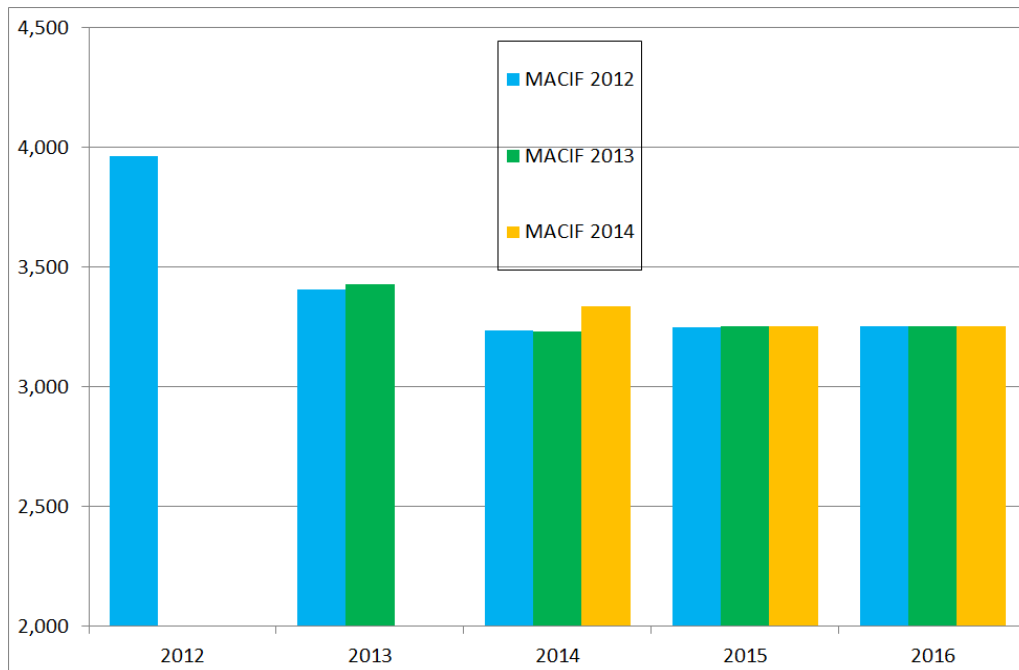
Vs. other Economic Forecasts



Investment picks up at a modest rate in 2014 - housebuilding

Post-Budget Briefing 2014 – Capital Envelopes

	2012	2013	2014	2015	2016	2014-2016
MACIF 2011	3,935	3,373	3,253	3,253	3,253	9,759
MACIF 2012	3,962	3,407	3,236	3,250	3,253	9,739
MACIF 2013		3,431	3,230	3,252	3,255	9,737
MACIF 2014		3,431	3,335	3,252	3,255	9,842
Other PCP		2,240	2,629			
Total PCP		5,671	5,964			



2014 revised to include additional monies for:

- Stimulus €110m
- Lottery €200m
- Other €20m
- Transfers to current - €252m.

Exchequer capital expenditure flat lining 2015-2016

Further programme of capital expenditure in 2014

Excludes non-Exchequer and PPP funding

Post-Budget Briefing 2014 – MACIF Main Spending Departments

Budget 2014		2014	2015	2016		2014-2016
TT&S		899	818	818		2,535
DECLG		311	331	334		976
DES		540	475	415		1,430
HSE		397	390	390		1,177
OPW		100	100	100		300
NL Investments		200				200
Sub-total		2,447	2,114	2,057		6,618
% of Total MACIF		73%	65%	63%		67%
Change 2014 vs 2013		2014	2015	2016		2014-2016
TT&S		20	0	0		20
DECLG		-217	-240	-240		-697
DES		65	0	0		65
HSE		7	0	0		7
OPW		0	0	0		0
NL Investments		200				200
Sub-total		75	-240	-240		-405

Main capex. spending departments = 73% of total Exchequer capital investment.

Spending down by €405m 2014-2016

DECLG reduction reflects the establishment of Irish Water (from Exchequer to other public capital investment).

Post-Budget Briefing 2014 – Measures for Construction

- ✓ Exchequer capital programme 2014-2016 = €9.84bn.
- ✓ July 2012 Stimulus €2.25bn.
 - €1.4bn in new PPP projects (5 out of 9 issued to the market)
 - €200m for Grangegorman to issue next week
- ✓ July 2013 Stimulus of €150m of Exchequer Funds – pipeline of €250m projects being prepared
- ✓ NAMA €2bn. in loan finance - to complete developments 2011-2015
 - 4,500 new houses and apartments; offices and retail projects
- ✓ NAMA €2bn. in vendor finance - to prospective purchasers

Post-Budget Briefing 2014 – Measures for Construction

- ✓ Lottery Funding: c.€400 million
 - €200m. For National Children's Hospital (commence 2016)
 - €200m. Invested in 2014:
 - Road maintenance and repair works
 - Sports Capital Grants
 - Building a new National Indoor Training Arena
 - The Better Energy Programme
 - Housing adaption grants for older people with a disability
 - The National City of Culture Initiative
 - Development of a multi-functional events centre in Cork
 - Wild Atlantic Way Driving Route Tourism project
 - A number of 1916 Commemoration Projects

Post-Budget Briefing 2014 – Measures for Construction

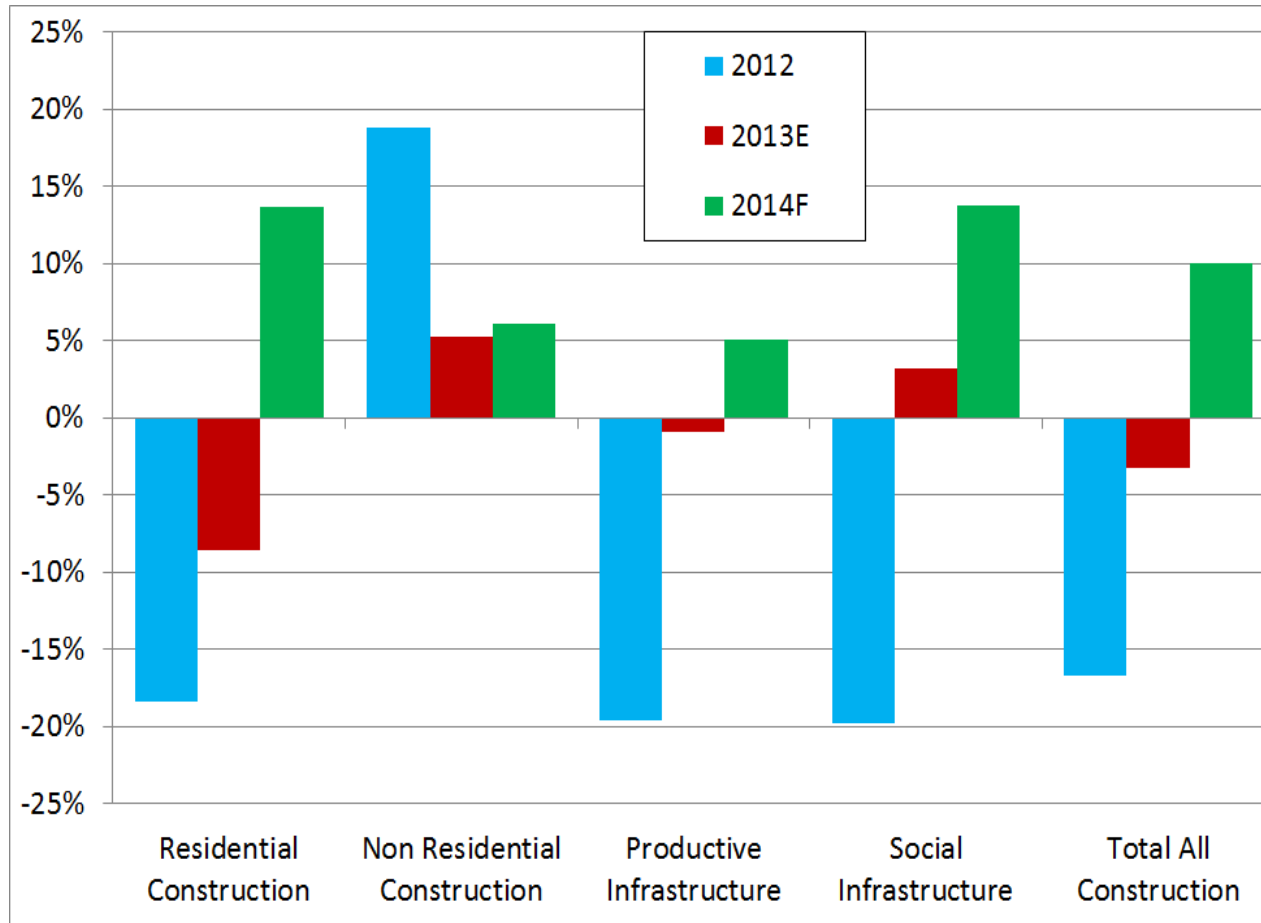
- ✓ Home Renovation Incentive (HRI) scheme
 - For PPR in 2014 and 2015
 - Credit at 13.5% on €5k to €30k of expenditure
 - Reduce shadow economy – support tax compliant builders
- ✓ Living City Initiative extended
- ✓ €10m Priory Hall
- ✓ €10m Unfinished housing estate resolution
- ✓ €30m State housebuilding programme (500 units)
- ✓ €9m roll out of Intreo offices “one stop shop”

Post-Budget Briefing 2014 – Impact on Construction in 2014

Budget 2014	2014	July 2012 Stimulus	
TT&S	899	PPP Projects:	
DECLG	311	Education	90
DES	540	Health - 20 PCC	35
HSE	397	Public Buildings	60
OPW	100	Roads	200
NL Investments	200	June 2013 Stimulus	
Sub-total	2,447	Repair of local roads	25
75% into Construction	1,835	New school projects	50
		Energy Efficiency 25,000 LA Homes	25
		Sub-total	2,320
		Other Budget 2014:	59
		Non-Exchequer (60% of 2,629)	1,577
		TOTAL PUBLIC SECTOR	3,957

Impact of NAMA; HRI Scheme ??

Post-Budget Briefing 2014 – Construction Outlook



Expect 6,500 dwellings built in 2014

Boost to Private Housing RM&I (+5%)

Education and Health driving Social Infrastructure (+13.8%)

Modest recovery in non-residential (+6%)

Strong recovery in 2014 (+10%)

Assume capital allocations are spent

Thank you

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