

IBEC/CBI Joint Business Council Press Release
For immediate release: Thursday, 28 October 2010

- **Governments must not take foot off capital projects spending**
- **Call for UK-Ireland public private finance initiative**

IBEC, the group that represents Irish business, jointly with the Confederation of British Industry (CBI) today said that the recently announced UK spending cuts, combined with the reduction of the State's capital infrastructure budget, will result in a 60% reduction in the amount of money being invested in the island of Ireland's infrastructure.

Today's IBEC-CBI Joint Business Council economy and public expenditure forum heard that the combined investment of the UK and Irish capital programmes will be reduced from pre-crisis levels of €15 billion per annum to just €6.5 billion.

Speaking at the event, Hugh Crossey, (Managing Partner PwC Northern Ireland) and JBC chairman, said: "IBEC-CBI Joint Business Council very much welcomes the detailed briefing on the recently published Comprehensive Spending Review for Northern Ireland provided at today's forum by the Head of the UK Treasury, Sir Nick Macpherson. The process has brought a sense of certainty around the scale of the fiscal challenge for the NI Executive.

"However, we are concerned by the cut in the annual capital budget by almost 40% in real terms to €1.0 billion over this period. This reduction, combined with commitments by the Irish government to reduce its capital programme by €1.0 billion to around €5.5 billion, is a very severe reduction and will have a negative impact on the businesses in both economies.

"On the basis of these figures the capital programme of the two economies will be reduced from a pre-crisis average of €15 billion per annum down to just €6.5 billion, an annual average reduction of almost 60%.

"The implications of these cuts in terms of upgrading infrastructure and the productive capacity of the all island economy are severe, particularly in the North where the infrastructure deficit is most in evidence.

"There are significant opportunities for the to utilize cross border cooperation mechanisms to reduce waste, duplication and cut costs which will contribute to maintenance of core public services in the two jurisdictions. Both administrations should also focus on mobilising private sector finance".

"We see in Britain an exemplar for this approach, with the coalition only last week launching a new and ambitious investment programme which is predicated around attracting a significant quantum of financial support from the private sector.

"In the context of the British Irish Council there is undoubted scope to bring forward an initiative where the administrations in both islands would engage with private sector specialists to mobilise of private finance. This could focus particularly on shared learning and on opportunities for engagement with the global investment community"

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Note to editors – Reg McCabe JBC Chief Executive is available for interview on [+353862420962](tel:+353862420962).