



Submission to the Review of Supporting Economic Recovery
and Jobs – *Locally*

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Introduction

Chambers Ireland is the largest business organisation in the State. With over 50 member chambers, we represent the interests of those doing business in every region and sector in Ireland.

Due to the way in which the Chamber Network is structured, we have a unique insight into how businesses interact with Local Authorities. Through extensive consultation at local, regional and national level, we understand the concerns of the business community and are best placed to voice their opinions.

This Government must be given much credit for its reform of the entire structure and funding of Local Government in Ireland in the coming years.

The 'Action Programme for Effective Local Government – Putting People First'¹ includes an ambitious framework for reform, while 'Supporting Economic recovery and Jobs – *Locally*'² is a welcome recognition of the important and necessary work that must be done at a local level to complement national policy as the Government works towards its stated aim of making Ireland the best small country in the world in which to do business.

Furthermore, Section 6.5 of the Action Plan for Jobs,³ which commits Local Government to supporting businesses in a number of ways, is very welcome.

However, while progress is being made, more needs to be done.

We have identified four main areas where Local Authorities can do more to assist business and facilitate job creation:

1. Rents and rates
2. Procurement and tendering
3. Collaborating with business and Chambers of Commerce
4. Business supports

Central Government and Local Authorities must be sympathetic to the needs of businesses at all stages of their development: entrepreneurs taking their first steps; micro, small and medium-sized enterprises attempting to establish their role; and large indigenous and multinational companies striving to strengthen and sustain their position.

¹ <http://www.environ.ie/en/Publications/LocalGovernment/Administration/FileDownload,31310,en.pdf>

² <http://www.environ.ie/en/Publications/LocalGovernment/Administration/FileDownload,31194,en.pdf>

³ <http://www.djei.ie/publications/2012APJ.pdf>

Rents and Rates

Other than the collapse in demand that has faced all businesses in Ireland, members of the Chamber Network often cite the issue of rent and rates as their greatest challenge. The reform of Local Government presents an opportunity to reform the system and ease the pressure on struggling businesses.

Chambers Ireland has long supported the introduction of a Local Property Tax. We believe this new funding stream for Local Government introduces a once in a generation opportunity for Local Authorities to reduce commercial rates on an appropriately targeted basis to support town centres and create the best environment for businesses to survive and develop.

Chambers Ireland also views the abolition of Town Councils, along with their integration into surrounding City or County Council boundaries, as an opportunity to ease the rates burden. Where harmonisation of rates is required between two areas where there is an inconsistency between the commercial rates in a Town Council and County Council area, equalisation must be achieved by reducing the higher rate instead of increasing the lower rate. This will result in a lower cost to business, promote job creation and stimulate economic growth.

Chambers Ireland recently published 'An Alternative 10 Point Plan for Micro, Small and Medium-Sized Enterprises'.⁴ In this was included the following recommendation related to rents and rates:

1. A Targeted Rates Reduction for Businesses in Town Centres

We recommend the introduction of a rates reduction for companies, located within town and city centres, which provide much needed employment and contribute to the quality of life in these areas.

We recognise that this should be more nuanced than the Large Retail Levy and Expanded Small Business Relief Scheme⁵ currently in operation in Northern Ireland; however, the support it provides for small businesses can be the difference between these businesses remaining viable and ceasing to trade.

The French Contribution Economique Territoriale (CET)⁶ is one example of a local tax which takes into account the contribution made by a company as well as the rateable value of the property occupied by the business. Local Authorities are given considerable discretion over minimum rates and exemptions can be applied to new companies, called auto-entrepreneurs, who create new jobs.

While we recognise that the issues of rates and development contributions are reserved functions for Local Authorities, it is the role of the relevant Departments to provide the statutory and policy framework which enables these Authorities to implement initiatives focused on business development and job creation.

⁴[http://www.chambers.ie/assets/media/Images/Publications/Submissions/Chambers%20Ireland%20Submission%20on%20Reform%20of%20the%20National%20Micro%20and%20Small%20Business%20Support%20Infrastructure%20-%20FINAL\(1\).pdf](http://www.chambers.ie/assets/media/Images/Publications/Submissions/Chambers%20Ireland%20Submission%20on%20Reform%20of%20the%20National%20Micro%20and%20Small%20Business%20Support%20Infrastructure%20-%20FINAL(1).pdf)

⁵<http://www.northernireland.gov.uk/index/media-centre/news-departments/news-dfp/news-archives-dfp-dec-2011/news-dfp-151211-executive-decides-on-large.htm>

⁶<http://www.french-property.com/guides/france/working-in-france/starting-a-business/other-business-taxes/>

Finally, we also view the introduction of the Valuation (Amendment) (No 2) Bill, 2012 as an opportunity to help businesses. In our commentary on this legislation, sent to the relevant Government Departments and Dáil Committees, we called for a number of amendments, that would result in a more business friendly Bill.

1. Commercial properties must share the cost of the services they use; therefore, all exemptions must be removed.
2. The Bill must address the concerns of the business community. Revisions of the value of properties must reflect the profitability of companies in the current economic climate.
3. Businesses must have clarity and certainty over how their net annual value is set.
4. The Annual Rate of Valuation set by local authorities must be fair. There should be a mechanism in place to ensure the ARV set in neighbouring authorities do not hinder competition between businesses in each.
5. Any new Bill ought to include a 'hardship clause' and take account of ability to pay.
6. Where the Valuation Office inserts a new value, the occupier should not automatically be liable to pay arrears and interest on the same.
7. 'Targeted reductions' on rates must be introduced to guarantee revenues are sustained at a level that allows councils to provide a range of services while ensuring this essential sector of the economy continues to grow.
8. Rates must be flexible and sensitive to changes in the economy and the business environment. We believe that the rateable value of properties must be reassessed every five years at a minimum.
9. Compensation must be made available for tenants who, following revaluation, are found to have been paying excessive rates.

Procurement and Tendering

Chambers Ireland welcomes the establishment of the National Procurement Office and is committed to working with Chief Procurement Officer and others to ensure the best outcomes for business and best value for the State.

However, we are aware that not all public procurement goes through this office, with Local Authorities remaining responsible for their own tendering. There is a concern that Local Authorities may not have the requisite expertise to ensure the best outcomes for the business community.

We also believe that a fully centralised system is unlikely to result in the best outcomes for Small and Medium-Sized Enterprises (SMEs). It is essential that the type of process reflects the size of the job being tendered for and that the process is structured in such a way to ensure SMEs are not 'frozen out'.

Following a decision by the High Court on 29th May, 2013 that the Commissioners for Public Works were acting ultra vires by introducing a mandatory National Procurement Framework and recommending that all public bodies purchase supplies from centralised contractors rather than local businesses, we call on the Department of Public Expenditure and Reform to update their guidelines to ensure local firms are not excluded from tendering processes.⁷

⁷See *CopyMoore Ltd et al v the Commissioners for Public Works in Ireland* 2012 No. 918 J.R.)

Local Authorities, in particular, should be seen to take the lead on this issue and support local businesses. Goods and services such as stationary, office supplies, ICT consumables, energy products, janitor and cleaning products/services and motor vehicles are readily available from local suppliers.

We note that a programme of education on how SMEs can join consortia to tender for business from Government is being rolled out through Enterprise Ireland and InterTrade Ireland. However, we believe this is not the best route-to-market; instead we call upon the Department to look at the services offered and expertise provided by the Chamber Network to facilitate this.

In our 'Alternative 10 Point Plan' we introduced the concept of an 'Ireland Rate of Return' to show the benefits of tendering at a more local level, including job creation and benefits in terms of increased revenue.

Government departments and agencies need to be more mindful of the positive outcomes of awarding tenders to locally based suppliers. Rather than applying a 'value for money' criteria, consideration must be given to the value produced to the national economy in terms of jobs created, revenue increased and welfare costs reduced arising from awarding contracts.

The Department of Jobs, Enterprise and Innovation (DJEI) and the Department of Public Expenditure and Reform (DPER) need to work more closely to ensure their policies are complementary. The DJEI are putting incentives in place to encourage SMEs while the DPER may be adopting tendering and procurement policies which favour larger firms, often not resident in the State.

Cost efficiencies and savings must not be achieved at the expense of jobs. The Comptroller Auditor General (C&AG) should be mandated to review value for money critiques in the context of the wider return on investment achieved by awarding contracts locally. The Dáil Public Accounts Committee could then be empowered to review C&AG reports via a 'jobs and tax proofing' analysis of all contract awards.

We support cost containment and efficiencies by Government. However, this cannot be at the cost of our SME community. The business generated by Local Authorities is significant and plays a vital role in local communities in terms of job creation and economic sustainability.

Collaborating with Business and Chambers of Commerce

The County and City Managers Association (CCMA) report, Supporting Enterprise, Local Development and Economic Growth,⁸ includes a number of welcome mentions of Chambers Ireland and Chambers of Commerce throughout Ireland.

This is a recognition of the excellent outcomes that can be achieved when Local Authorities work with Chambers of Commerce to help local business communities. The Chamber of Commerce is often in a unique position as it is able to assess the specific needs of the business community and identify solutions to local problems and difficulties.

Subsequently, we call on Government to encourage further collaboration between Local Authorities and Chambers of Commerce.

⁸ Op-cit

Examples of how Chambers of Commerce throughout Ireland are involved in projects which could be replicated throughout the country are listed below:

1. South Dublin Chamber works closely with South Dublin County Council on a Business Sustainability Programme. It is exceptional as it assists employment creation and retention by uniting the Chamber and Local Government in a new partnership arrangement.
2. South Dublin Chamber has also worked closely with South Dublin County Enterprise Board on an innovative approach to procurement. This is aimed at supporting and enabling local companies to engage in the procurement process with national state funded agencies. This year the Chamber is introducing workshops where participants will work with procurement officers to complete a tender, guided by best practice. The synergies of the County Council, the Chamber and the Enterprise Board ensure that a wide range of supports and services are outlined to the participants and they gain an understanding of what is available.
3. The Enterprise Europe Network is a partnership between Enterprise Ireland and five regional Chambers of Commerce: Cork Chamber; Dublin Chamber; Galway Chamber; Sligo Chamber; and Waterford Chamber. The network is designed to help businesses trying to enter the international marketplace and offers assistance in areas such as international networking, business development, sourcing or licensing new technologies, advising on IP management and accessing funding and finance.
4. Letterkenny Chamber has introduced Shop LK⁹ as a way to improve the shopping experience in the town and subsequently support local businesses and jobs. The scheme, which also tackles the issue of parking in the town centre, achieved its target of €1 million in sales in 2012.
5. Cobh and Harbour Chamber runs the main tourist information office in the town.¹⁰ They provide a year round service, open 7 days a week, in this important gateway to the South-East region. This is an example of how chambers are at the vanguard of consolidating services; producing efficiencies for all stakeholders.
6. Ballyhaunis Chamber is an example of a chamber in a small town achieving big things. As well as lobbying and representing the interests of businesses, they are actively involved in many networking activities.¹¹ These include Business After Hours events, Business Information Seminars and Social Networking Events. Ballyhaunis Region & Community of Innovation & Enterprise (BRCIE) Ltd was set up through Ballyhaunis Chamber of Commerce in conjunction with the broader community to develop the Enterprise Centre & Enterprise Park. These provide supports such as work space and infrastructure, training, re-training and education. The Enterprise Centre was opened in 2003, part funded by Enterprise Ireland and local contributions. Subsequently BRCIE Ltd invested in an additional 22,000 sq ft area known as the Enterprise Park.
7. Ennis Chamber has worked to ensure the Town has received Purple Flag Accreditation.¹² The Purple Flag award is seen as a guarantee that a town is an

⁹ http://www.shoplk.ie/about_shop_letterkenny

¹⁰ <http://cobharbourchamber.ie/the-chamber/cobh-tourist-office/>

¹¹ <http://www.ballyhaunischamber.ie/node/38>

¹² <http://www.ennischamber.ie/ennis-gets-ready-for-purple-flag-accreditation/>

attractive destination for night time entertainment and has resulted in a considerable increase in tourism.

8. Cork Chamber is involved in joint initiatives with Cork City Council as part of their Economic Development Strategic Policy Committee. These are designed to support the creation and expansion of sustainable enterprises in the micro and SME sectors of the Cork economy. The objective being to create an environment in which these enterprises and economic activity in general would flourish and grow.
9. Chambers of Commerce around Ireland provide incentives for businesses to strive to be the best through the hosting of business awards.
10. Many Chambers of Commerce are the best option for business looking to increase their market share and develop their business through networking opportunities.

We note that following on from the Government's discussion paper, Better Local Government, Local Authorities can now establish committees which include individuals with "knowledge, qualifications or experience relating to the functions of the committee."¹³ We recommend that such committees, especially those relating to the economy and job creation, include representatives from the business community and Chambers of Commerce in particular. We would also call for the representatives from the business community to be the majority voice on such committees. Furthermore, these committees should be flexible in their sitting times to facilitate business representatives who may only be able to attend outside of office hours.

Chambers Ireland remains concerned that the Local Enterprise Offices (LEOs), which are due to replace City and County Enterprise Boards, will not result in the best supports for business. Throughout the consultation process leading to the establishment of these offices, we consistently called on the Government to ensure that these bodies would be exclusively focused on their core remit of helping start-up and small businesses with 0-9 employees.¹⁴ We further called for members of the local business community or Chambers of Commerce to have significant positions of authority within the Offices. Some Local Authority staff may not have the expertise required to assist businesses, so we reiterate our call for local business leaders - those best positioned to understand the needs of local business community – to play an active role in the offices.

One specific area of concern for many businesses located within town centres is car parking. Many Chambers of Commerce actively campaign for a fresh approach to car parking which takes into account the needs of business rather than a drive to increase revenue. We call on the Government to develop a national policy which creates a level playing field between businesses located within town centres and out of town shopping centres. In this context, the model applied in Letterkenny, through agreement between the Council and Chamber, has resulted in significant improvements in consumer footfall in the town centre.

¹³http://www.citizensinformation.ie/en/government_in_ireland/local_and_regional_government/local_authority_committees.html

¹⁴[http://www.chambers.ie/assets/media/Images/Publications/Submissions/Chambers%20Ireland%20Submission%20on%20Reform%20of%20the%20National%20Micro%20and%20Small%20Business%20Support%20Infrastructure%20-%20FINAL\(1\).pdf](http://www.chambers.ie/assets/media/Images/Publications/Submissions/Chambers%20Ireland%20Submission%20on%20Reform%20of%20the%20National%20Micro%20and%20Small%20Business%20Support%20Infrastructure%20-%20FINAL(1).pdf)

Business Supports and Examples of Best Practice

The County and City Managers Association (CCMA) report, Supporting Enterprise, Local Development and Economic Growth,¹⁵ highlights much of the good work done by Local Authorities in the area of ‘Enterprise and Employment Supports’.

Finances, networking, marketing of local areas, facilities, infrastructure and festivals and events can all be provided by Local Authorities and do much to support businesses and job creation in local areas.

Chambers Ireland recognises the best of such schemes in our annual Excellence in Local Government awards.¹⁶ These awards, sponsored by the Department of the Environment, Community and Local Government, not only highlight best practice, they also stimulate ideas and offer encouragement to Local Authorities to go further in their attempts to assist local businesses.

Each year, the successful Authorities (those shortlisted and the ultimate winners) provide a benchmark for how working smarter and embracing new ideas can deliver more for all stakeholders in local communities.

We would encourage the Department to continue its support of these awards and promote them in all appropriate meetings and literature, to ensure that all Local Authorities recognise their value and the importance of supporting their local business community.

In 2012 the following projects, all of which resulted in considerable benefits to the local economy, were among those recognised:

- In the Supporting Active Communities category, Dundalk Town Council’s Open 24 Hours Art Gallery was rewarded for the contribution it not only makes to local people but also for its contribution to businesses within the town centre through the encouragement of new and interesting approaches to art in public spaces.
- Festival of the Year was won by Waterford City for the positive benefits brought to the town through the Tall Ships Races. This event brought an estimated €7.7 million spend by overseas visitors.
- The Parks and Recreation category was won by Limerick City Council for the Baggot Estate Amenity Enhancement Works. Observations suggest over 250 visitors enter the site daily, with obvious benefits for the local economy.
- In the Sustaining the Arts category, Roscommon County Council’s support of the county’s Youth Orchestra was recognised for its promotion of music among young people and its support of young people from disadvantaged backgrounds.
- Enniscorthy Town Council was successful in the Supporting Tourism category for Enniscorthy Castle – View from the Keep. This project attracted an extra 30,000 visitors to the town in quarters 3 and 4 of 2011.

More specifically designed to recognise what local Authorities do to assist businesses, is the Partnership with Business category. In 2012 the following projects were recognised:

¹⁵ http://www.lgma.ie/sites/default/files/newsfiles/supporting_enterprise_local_development_and_economic_growth_2012.pdf

¹⁶ For details see: <http://www.chambers.ie/events/excellence-in-local-government-awards/>

- Dún Laoghaire-Rathdown County Council for Rewarding Excellence and Innovation in Environmental Management;
- Cavan Town Council for Cavan Town Business Floral Enhancement Initiative;
- Kilkenny County Council for Supporting the Economic Development of the Agri-food Industry in the South East;
- Leitrim County Council for Leitrim – One Call to Success; and
- Navan Town Council for the Navan Town Renaissance Project.

All of these projects contribute much to the local business communities. It is important that Local Authorities receive the necessary funding and encouragement to continue with such schemes and strive to provide the best services which result in both direct and indirect supports for business.

Conclusion

The ongoing reform of Local Government presents many opportunities to improve existing structures and mechanisms. Chambers Ireland believes much can be done to further improve the relationship between Local Authorities and the business communities they serve.

Financial support, through the easing of the rates burden, procurement policies that value and support local business and improving the links between key stakeholders are all practical and easily achieved outcomes, which could offer crucial support to many businesses in these difficult times.

Chambers of Commerce should be central to this process. Members of local chambers are in the best possible position to understand the needs of the business community and are willing to work more closely with Local Authorities to produce the best possible outcomes in communities throughout Ireland. Working together, the main stakeholders can make Ireland not only the best small country in the world to do business, but also the best country in the world to live and work.

