Limerick Chamber
Advancing business together

Limerick Chamber Pre-Budget Submission 2020

Autumn 2019

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Introduction

Limerick Chamber is the largest business representative body in the Mid-West, with over 450 member companies who support over 50,000 jobs across the region.

In the latest Stability Programme Update 2019, the Department of Finance expects GDP growth of 3.9% in 2019, and 3.3% in 2020. The Labour Force Survey (Q1 2019) identifies a national unemployment rate of 4.8%. These are positive indicators however they can hide regional disparities as the Mid-West region has a higher than average unemployment rate of 5.5%.

Against this background of existing disparities, recent analysis has highlighted that the regions are likely to be most impacted by Brexit. Pharmachem and Food & Beverage are the largest sectors in the Southwest, accounting for 40% of total employment. These sectors have been identified as having the highest exposure to Brexit.[1] The Chamber recommends that any support measures put in place to mitigate the negative consequences of Brexit should be reflected in regional allocations.

The budgetary package for 2020 is €2.8 billion, with €700 million earmarked for tax cuts or spending increases. With a limited package available, priority must be given to capital spending that addresses growth-constraining infrastructural deficits, particularly in the regional cities such as Limerick.

Limerick Chamber asks the Government to consider Budget 2020 as an opportunity to think strategically about how to create more regionally balanced growth and make the best use of today's prosperity in preparing for the challenges that face Limerick, the Mid-West and Ireland.

[1] Department of Finance 2016

1. Future-Proofing the Economy

The National Planning Framework (NPF) and the National Development Plan (NDP) aim to provide a better quality of life for communities and safeguard our environment, while delivering infrastructure that meets the future needs of our economy and society. If the goals of the NPF are to be successfully delivered the government must ensure, regardless of the uncertainty surrounding the economic impact of Brexit, that there are no cuts to investment spend particularly in the areas of infrastructure (roads and housing), transport and education.

Irish population is expected to grow by 20 per cent from 2016 to 2040; this increase in demand will undoubtedly have a major impact on our infrastructure. The NDP transport projects must be delivered to ensure that bottlenecks do not emerge in the coming years. The uncertainty around the Brexit negotiations shows how important it is for us to reconfigure and reinvest in our external sea and air connections. Internally, our inter and intra urban transport networks need investment to tackle congestion through projects like BusConnects, rapid transport corridors and rail infrastructure.

Historical underinvestment in infrastructure, particularly housing, is a significant threat to our competitiveness and to the sustainability of our economic recovery. The shortage of affordable housing is negatively impacting both employees and employers. The government must act decisively to ensure that there is no return to the early days of this century when our economy was hamstrung by the adverse quality of life consequences that follow when the rate of infrastructure development does not keep pace with economic growth. This impact is being increasingly felt countrywide and the government must ensure that housing remains a top priority in Budget 2020.

The desire to build economic resilience into an economy necessitates a portfolio approach to sectoral development that must be characterised by innovation, productivity and competitiveness across all sectors. A resilient economy will exhibit robust increases in job creation and the Higher Education Institutes (HEIs) have a key role to play in supporting this growth. Student enrolment is set to increase significantly over the next decade, however, HEIs continue to be underfunded. Given the crucial role that HEIs will play in addressing the skills shortage that is emerging across several industries, increased funding is required as a matter of urgency.

As an island nation, air transport is vital for our economy. Air connectivity plays an important role in attracting inward investment. The key objective of the NPF is to promote balanced regional growth and air connectivity to our regional airports is of fundamental importance to this. Dublin Airport's increasing dominance poses a significant threat to the development of our regional airports. Moreover, current National aviation policy prevents Shannon Airport from availing of funding under the Regional Airports Programme. This places State airports at a competitive disadvantage in comparison with their private counterparts.

1.1 Roads

The network of Chambers in Ireland has identified real progress in capital spending, as outlined in the NDP, as their priority issue in Budget 2020. Funding which has already been committed must translate into new project start dates and commencements, improved delivery timelines and stringent budget oversight.

Limerick Chamber has identified the M20 corridor, the completion of the Northern Distributor Road, the N69 Foynes to Limerick upgrade and the Adare bypass as the key capital infrastructure projects that need to be delivered to support growth in the region. Long-Term ring-fenced funding must be committed to facilitate timely completion as a matter of priority.

The M20 is a critical investment for the future of the Southern Region. Connecting Ireland's second and third largest City regions is essential for their sustainable economic growth and to achieve balanced regional development. The current route was at 120 per cent capacity in 2017 and is under increasing pressure. Ultimately, the M20 will support an additional 4,000-5,000 direct jobs and provide a gross positive exchequer impact of up to €128 million per annum.[2]

The development of the Northern Distributor Road in Limerick is vital to the creation of a 'knowledge corridor', that will link the Shannon Free Zone, the LIT Campus at Coonagh and the University of Limerick, in addition to improving accessibility to the National Technology Park, which is critical to attracting further FDI.

Shannon Foynes Port Company (SFPC) is recognised by the European Commission as one of the three core ports in Ireland under the Trans-European Transport Network (TEN-T). Expansion and infrastructural development in the deep-water Port of Foynes offers significant growth potential, particularly in a post Brexit climate where timely delivery of goods and

[2] See, https://static.rasset.ie/documents/news/m20-executive-summary-june-2017.pdf

materials will be of such critical importance. Delivery of the N69 Foynes to Limerick road is vital to the future development of SFPC as a cargo hub on Ireland's Western seaboard.

Recommendations

- Deliver key Project Ireland 2040 road infrastructure projects, most notably the M20 Cork-Limerick motorway, the Limerick Northern Distributor Road and the N69 Foynes to Limerick upgrade.
- In light of the recent announcement of Adare as Ryder Cup host in 2026, the delivery of the Adare bypass should be prioritised as a matter of urgency.

1.2 Transport

Investment in properly integrated and efficient inter- and intra-city public transport benefits not only our urban centres, but also acts as a growth enabler for wider regions.

Approximately 42 per cent of Ireland's energy needs are associated with transport.[3] As a significant contributor to Ireland's greenhouse gas emissions, we much invest in adopting transport options that are sustainable and will enable us to meet the challenging carbon reduction goals that have been set in Climate Action Plan 2019.[4]

Currently, efforts to reform motor policy are disjointed and segregated across a variety of areas, ranging from motor tax to VRT to tolls, from excise duties and lack of charging points to benefit-in-kind. The piecemeal changes in motor policy and taxation have contributed to a lack of clarity for both customers and businesses alike on the best choices for them. A clear strategy on the future of motor policy and taxation should be delivered to enable citizens to effectively plan their investment decisions. This strategy must facilitate a transition to greener options within reasonable timeframes.

Recommendations

- Increase investment in rapid transport corridors to effectively address congestion points in and around Ireland's urban centres. The government must set bold targets for a significant increase in public transport and introduce a reward system that incentivises public transport providers to achieve these targets.
- The transport projects announced under Project Ireland 2040 must be delivered upon, to facilitate trade and economic growth. The importance of Ireland's road network and port infrastructure are bound to increase, following the UK's exit of the EU.

[3] See, https://www.seai.ie/resources/publications/Energy-in-Ireland-2018.pdf
[4] See, https://www.dccae.gov.ie/en-ie/climate-action/publications/Pages/Climate-Action-Plan.aspx

- The private sector must be incentivised to introduce sufficient ‘fast’ charging points on forecourts to address ‘range fear’, the key EV take-up blockage. The government should increase the grants available for electric vehicles and chargers. As it stands there is a maximum grant of €5,000 for EVs and a grant of up to €600 for chargers. This must increase if we are to increase the EV take-up.
- Increase funding allocated to cycling initiatives as suggested in successive plans, e.g. Limerick Metropolitan Cycle Network Study and Limerick’s Smarter Travel Initiative.

1.3 Housing

On housing, the lack of appropriate and affordable homes is a crisis that demands emergency state action. Since the publication of “Rebuilding Ireland” housing supply in urban areas has not improved and the housing shortage has spread to the regions, severely impacting the economies of our smaller towns and regions. The housing supply crisis is a significant drag on the domestic economy and is a threat to our competitiveness which is contributing to dramatic increases in the cost of living. Furthermore, difficulties in finding appropriate and affordable housing risks making Ireland a less attractive target for foreign direct investment. Housing costs directly hurt local businesses and SMEs by making it harder to hire and retain key staff. These costs lead to increased wage demands incommensurate with domestic growth which is adding to the recruitment challenges that companies are reporting in every sector of the economy.

Budget 2020 interventions within the housing space need to be focused on initiatives which will increase the availability of accommodation that is both affordable and appropriate to the needs of a disproportionately young and mobile workforce in our small open economy.

The supply constraints and price pressures in the residential housing market have now spread from the capital to the regions. New Rent Pressure Zones have been set up in Limerick City North and West, joining the already existing zone in Limerick City East. Housing supply has been identified as a national crisis and this must be fully reflected in any budgetary measures enacted in 2020.

<u>Recommendations</u>

- Maintain the help-to-buy scheme for first time buyers in the upcoming budget. As rental cost pressures spread across regional cities, it is crucial for first time buyers to have the necessary support available to access the housing market.
- Extend the Living City Initiative (LCI) beyond the May 2020 deadline, while also broadening its scope to include long term vacant commercial properties built after 1915.

- Encourage new investment in the key regional cities, by incorporating the costs of buying LCI qualifying properties into the relief and reduce the inheritance/CGT tax disincentives investment in certain properties by allowing the unused capital allowances attached to a property to be transferred with ownership.
- Consider extending the cost-rental model, currently in place in Inchicore and Ballymun, to the regional cities.
- Maintain and increase funding to the Residential Tenancies Board to provide proper oversight in Rent Pressure Zones and to radically increase the quality and quantity of property available to citizens.
- The Rebuilding Ireland home scheme funding should be increased to meet the unanticipated high level of demand. The scheme should also consider supporting renovations as part of the funding scheme in order to supply more properties for the market. The funding available should be reflective of the renovated market value.
- A targeted tax incentive, such as the former Section 23 relief, could be introduced to stimulate investment in student accommodation in Limerick city. As well as dealing with the anticipated increasing demand for student housing, it should also relieve pressure on the existing stock. The Land Development Agency could help in identifying suitable sites for development.
- Given the current housing shortage and the borrowing restrictions for Institute of Technology, we recommend a budgetary allocation of €150M specifically to Institutes of Technology for funding of student accommodation using a PPP model.

1.4 Education and Skills

Alignment of education and training capacity in a region to the current and future structure of the jobs market is fundamental to preserving strong employment levels as well as attracting new FDI. As we rapidly approach 'full employment', employers face increased challenges related to productivity, sourcing employees with the right training, and skills mismatches in the workforce. As such, it should be as easy as possible for businesses to access skills and training provision for their employees.

The Irish Universities Associations (IUA) calls for real and sustained increase in core funding (€117 million), capital programmes (€210 million) and research activities (€50 million). Student enrolment in Ireland increased by 13% between 2012 and 2018 and is predicted to increase by a further 19 per cent before 2030. Further capital investment (particularly in new facilities and IT) will be required in the coming years to ensure that bottlenecks do not emerge in the system. Irish HEI's have slipped in global industry rankings and a concerted effort is needed to reverse the decline in performance and protect our future competitiveness. Our third level institutions support business and employment and Limerick Chamber supports the call on government for increased funding.

Budget 2019 increased funding to the National Training Fund for Class A and H employees by 0.1 per cent or €77 million in a full fiscal year. The Training Fund has established a ring-fenced funding line, the Human Capital Initiative (HCI), to deal with future jobs skill needs as well as managing the fallout from Brexit. Research has shown that the so called Nuts III region, the Border, Midlands and West is anticipated to suffer the greatest impact from Brexit amongst all European NUTS III regions. Local educational institutions such as LIT or UL should be resourced intelligently to address skills shortage needs. The Chambers, through the Skillnet programme, can help in upskilling the strategic workforce.

In line with the IUA pre-budget submission, Limerick Chamber welcomes the extra funding provided under the HCI. However, it also observes that this is time-limited support and the government should consider longer term structured financing of the education sector to enable strategic objectives to be achieved.

A voucher model for skills and training courses would enable employers to choose educational providers from the private sector based on reputation, excellence and relevance to skills requirements. The initiative could be modelled on the 'Innovation Voucher' scheme, administered by Enterprise Ireland and accessible to SMEs, to promote the up-skilling or re-training of key employees. This can help to establish demand led educational choice in the Irish labour market and stimulate the provision of offerings through state and private institutions.

Increased provision to Solas for the rollout of new apprenticeships and traineeships has been a positive development in the education sphere. Limerick Chamber wishes to stress the importance of continued commitment to this model, along with increased awareness campaigns on the benefits of the apprenticeship model for both students and employers, particularly targeting career guidance counsellors in secondary schools.

Third level institutions are an excellent study set to assess the design and enforcement of sustainability and energy efficiency policies. Furthermore, HEIs are at the forefront of sustainability science and as such can generate and disseminate important knowledge. The Chamber supports LIT's call for a multi-annual programme to invest in energy efficiency projects across the education sector. The programme should focus on the following areas: a comprehensive LED lighting upgrade programme; heat recovery opportunities; building fabric & air tightness upgrades; smart controls & engagement solutions; renewable energy generation;

and, electric vehicle charging. Due to the number of campuses in the higher education sector and their geographic dispersion throughout the island of Ireland, this sector has the potential to act as an exemplar within the regions, to showcase what is possible across the community in achieving energy efficiency goals and to provide leadership to wider society.

Recommendations

- Increase funding to the higher education sector in line with the growth in population. It is noted that the performance of Ireland's HEIs has weakened significantly this century in an international context and additional investment is urgently required to secure our future competitiveness.
- Enable HEIs to fastrack the recruitment of new talent in strategically important areas where the skills deficit is particularly acute.
- Following the commitment of Government to refocus the National Training Fund, regular consultation with employers and industry is essential. HEIs that access the NTF should provide proper evidence of consultation with an industry board as a prerequisite for any funding.
- The NTF should incentivise the development of programmes where tangible cooperation between industry and HEIs is seen to exist. Grant aid support should be available to enable industry practitioners to impart their knowledge in a HEI setting
- Government should recognise the disproportionate impact of Brexit on the South-West region and utilise the surplus from the NTF, as outlined in the Human Capital Initiative, to respond to regional needs.
- The NTF should formally recognise and support the continuous professional development that is necessary to keep workforce innovation at the forefront of Ireland's value proposition to FDI
- Commit to the continued roll-out of increased apprenticeships and traineeships in a wider range of fields, particularly in professions that will support the delivery of housing and the transition to a low-carbon economy.
- Provide funding to education sector for energy efficiency projects.

1.5 Connectivity

As an island nation, aviation plays a crucial role in connecting Ireland to the global economy. The ability of firms located in Ireland to do business internationally, and the attractiveness of Ireland for foreign firms, labour, and tourists depends on aviation. The dependency of economic growth in Ireland on aviation is strongly emphasised in the Irish National Aviation Policy (NAP).

Air connectivity is particularly important for more isolated locations, and airports are key drivers of economic growth in the regions. Aviation policy and initiatives to support airport growth are therefore necessary to support the implementation of Project Ireland 2040. A recent report by Copenhagen Economics finds that Shannon Airport adds €3.6 billion to national GDP and supports 43,700 jobs.

At present, London Heathrow is the only hub airport accessible to the catchment area of Shannon. With Brexit posing a real threat to the viability of the route, the government needs to enact measures which maintain and grow the connectivity of regional airports such as Shannon. The loss of a connection to an EU hub after Brexit is a foremost concern of stakeholders in the region.

Air links to hubs in the US and Europe via London are critical for effective regional development and necessary if the Government's ambitions to drive 75 per cent of growth outside the capital by 2040 are to be realised. Cooperative marketing of air routes by Tourism Ireland is vital to supporting new and existing air services to Ireland. However, the lack of a strong focus and appropriate funding on regional access is hampering the development of critical routes for both Tourism, FDI and our indigenous exporting sector.

An improved mechanism to support airlines establish new routes into the regions outside of Dublin is urgently needed. A properly funded co-operative marketing scheme for the airports located in the regions with a focus on developing strategic routes will ensure better use of regional assets in line with the objectives of Ireland 2040 and will overall provide better value for money for the Exchequer. The regional focus adopted by the IDA strategy has already recognised the need for a regional approach to drive the National economy. Implementing Regional Targets for Tourism Ireland that develop new airline routes will also address Government's ambition to drive regional and seasonal growth opportunities.

Furthermore, EU rules dictate that airports with over 1 million passengers and less than 3 million passengers are eligible for Government funding for capital expenditure on safety and security investment. Shannon Airport has thus far been denied access to government funding for this, despite such funding being legitimate and clearly desirable as evidenced by the governments targeting of generous support for privately owned airports in Kerry, Knock, Donegal and Waterford. In 2019 alone, the privately owned airports received a total of €14m to fund these capital-intensive projects.

This lack of support by Government puts Shannon at a huge competitive disadvantage compared to other privately owned Irish airports. Recently, Shannon Airport has taken on debt of €14m to resurface its main runway whilst an upgrade of Hold Baggage Screening, which is mandated by EU border security regulation, will cost a similar amount. The costs associated with this investment will not generate any additional revenue and will undoubtedly limit the money available to the Airport for projects including the development of new strategic airline routes.

Recommendations

- Increase route marketing funds available to Tourism Ireland to support the development of new routes into the regions, particularly EU hub connectivity which will be critical in the context of Brexit.
- Assess the costs and benefits of increasing the number of Irish airports eligible for state aid under the Regional Airports Programme.

2. SMEs and Entrepreneurship

Small businesses, accounting for more than 99 per cent of enterprises, are the lifeblood of the Irish economy, while Entrepreneurs are the innovators and change-makers in industry. This submission proposes a range of measures to improve the environment for Irish business owners through measures that improve competitiveness and stimulate the environment they operate in. Helping our SMEs remain competitive must be taken seriously by Government, as smaller businesses are more vulnerable to the impact of increases in costs and changes in regulation than larger companies. The "Think Small First" principle must be more deeply embedded in Irish policy making consciousness.

2.1 Tax Fairness

Ireland's taxation system should ensure that innovators, investors and entrepreneurs are recognised as contributors to growth and are taxed fairly and transparently. Government must do more to support entrepreneurs and enable microbusinesses to grow and succeed. Small businesses face significant barriers to growth and scaling, due to the costs associated with hiring often much-needed extra staff. We propose a range of measures to improve the environment for Irish business owners and ask Government to implement changes to the taxation system, to support entrepreneurship and drive growth in our economy.

<u>Recommendations</u>

- In this Budget cycle, Government must, as previously committed, bring Earned Income Tax Credit for self-employed in line with the Employee Tax Credit. Following Budget 2019, the total earned income credit for self-employed individuals sits at €1,350 annually, leaving a discrepancy of €300 with the Employee Tax Credit.
- Self-employed earners earning more than €100,000 are faced with an additional USC burden of 3 per cent when compared with a PAYE worker earning the same amount of income. Government should introduce full equity in taxation between the self-employed and PAYE workers.

2.2 Capital Gains Tax (CGT)

Ireland has the 3rd highest rate of Capital Gains Tax (CGT) amongst OECD countries. The current high rate of 33 per cent has the potential to disincentivise investment by both domestic and foreign entrepreneurs.

A change in the CGT rate would not only boost economic activity and make Ireland more attractive for foreign investment, it would encourage the use of property and land assets for development.

In order to improve Ireland's competitiveness, which is particularly important in the context of Brexit, the rate of CGT should be brought closer in line with the OECD weighted average of 23.3 per cent.

Limerick Chamber asks that the government send a clear signal to international investors by making a firm commitment to reducing CGT over four consecutive budgets.

Lower CGT rates have been proven to increase activity in an economy and thus benefit the Exchequer, offsetting a significant portion of the cost of any tax reduction. This was found to be the case when CGT was reduced to 20 per cent in Budget 1999 and CGT revenues increased by 77 per cent the following year.

<u>Recommendations</u>

- The Capital Gains Tax rate of 33 per cent should be gradually reduced to 25 per cent. This rate would also protect Ireland's competitive advantage against the UK CGT tax regime, which encompasses two rates, 18 and 28 per cent (depending on the category of gain).
- Align the lifetime limit of the Entrepreneur Relief with that of the UK whereby a lifetime limit of up to STG £10M can be availed of (subject to certain conditions). The importance of making enhancements to Ireland's Entrepreneur Relief is of course underlined by Brexit, which is expected to pose a shock to our economy and reinforce the need for local entrepreneurship to be attractive.

2.3 Key Employee Engagement Programme (KEEP)

Irish businesses are operating in an increasingly competitive employment market and this is particularly challenging for start-up businesses and SMEs when competing with larger companies to attract new staff. Employee share options are an ideal way in which SMEs, start-ups and scale-ups can attract employees and benefit from current economic growth.

In addition, employee share options schemes for businesses will benefit the wider economy through promotion of increased growth in scale-ups and productivity in SMEs. The UK version of the scheme, the Enterprise Management Incentive Scheme, has been proven to significantly benefit the UK exchequer annually through increased revenues from CGT, VAT receipts and corporate tax.

As it currently stands, KEEP is overly complex and too restrictive, and it does not provide the easy-to implement, productivity-enhancing incentives that would make it an attractive option for a start-up business or SME. Getting this scheme right could be hugely positive for Irish start-ups and scale-ups, as well as the wider economy, and as such Limerick Chamber recommends several amendments to make this scheme work better for business.

Recommendations

- The total market value of share options should be revised. The current market value caps (€100,000 in any one year, €250,000 over 3 years or 50 per cent of annual remuneration of an individual) are overly restrictive and mean that a successful business can quite easily outgrow the scheme.
- We recommend that the salary cap be replaced with a system similar to the UK's rules for its employee share options scheme, whereby each employee can hold share options of a maximum of STG£250,000 (€286,360) at the time of grant only, thus facilitating substantial growth in share value options.
- Under current rules, companies operating within the 'financial activities' sector or related activities are not eligible to enter KEEP. FinTech is a growing segment within the financial sector and the exclusion of 'financial activities' should be revised to enable FinTech companies to enter the Programme.

2.4 Employment and Investment Incentive Scheme (EIIS)

A key element of our national enterprise strategy is to develop SMEs and Start-ups. This is vital for sustainable economic growth and more importantly, balanced regional development. Start-up companies face many obstacles in accessing risk capital and the EII programme can potentially play a role in addressing these difficulties.

Indecon published a report in September 2018 that outlined a number of recommendations for the EIIS. While several of these recommendations were introduced as part of the Finance Act 2018, further changes are needed to encourage increased participation in the programme.

Recommendations

- Increase the annual investment limit from €150,000 to €1.5 million.
- Full relief should be provided in the investment year rather than being phased over a four-year period.
- Review the current direct ownership requirement. The legislation now obtains that the investee company cannot be under the control of another company or be allowed to control other companies. This restricts companies from holding their investment through a personal holding company (PHC) which can in many cases be a more commercially favourable option.

3. An Inclusive and Future Focused Workplace

The employment indicators in the Irish economy are strong. There are headwinds and risks ahead however such as the potential fallout of a badly managed Brexit. The traditional role of government in industrial policy is to act as enablers of enterprise and facilitators of employment for those who want a job. Certain labour market activation policies which the Chamber supports include: providing a fair and affordable childcare system; increasing access to workforce for individuals with disabilities; and, increasing the work-life balance of employment through family friendly work practices.

3.1 Childcare

The cost of childcare is a real barrier to entering the workforce in Ireland for many families. This is a particular issue for Limerick city which has recorded the highest proportion of single parents in the country. The high price of childcare means it is often not cost-effective to both work and pay for childcare. An analysis should be published which helps to clarify the real costs and societal benefits to be derived by the delivery of childcare so an informed decision can be made by policy makers and parents alike.

The proposed National Childcare Scheme due to be rolled out this year requires full participation of all stakeholders to ensure its success. Non Government Organisation's such as the Limerick Childcare Committee can help in effective delivery of the Scheme. As part of the network of 33 Childcare Committees across Ireland, it supports "the implementation of national childcare policy at local level on the behalf of the Department of Children and Youth Affairs, in particular to provide information, training and support to childcare services and to parents."

Limerick Chamber recognises the importance of these local committees and requests that the Government provide adequate funding to support the roll-out of the National Childcare Scheme.

<u>Recommendations</u>

- Funding must be provided to support the new National Childcare Scheme due to be rolled out in Autumn 2019.
- Engage with key stakeholders in the assessment of current and future capacity in the childcare sector, with the aim of identifying constraints or lack of facilities.
- Deliver a value-for-money cost analysis as per the commitment in the Programme for a Partnership Government 2016.

- Ensure local Childcare Committees have the funding required to support the delivery of the new National Childcare Scheme.
- Construction standards for new school builds should provide facilities for breakfast club/after-school care.

3.2 Flexible Family-Friendly Workplaces

The creation of flexible work arrangements has two main effects. It increases productivity levels in the economy by enticing more people into the jobs market, as well as providing a greater work-life balance to those already in employment. The Chamber supports measures which aim to deliver a more flexible, family-friendly work environment.

The National Broadband Plan has been highlighted as an opportunity to support more flexible working arrangements in the Irish labour market. Employers such as Apple already provide work from home opportunities which are limited to those with a strong and reliable internet connection. An increase in the penetration of high-quality broadband opens these jobs to a greater cohort, as well as attracting other employers to this form of employment.

The Parental Leave Act (Amendment) 2019 is due to come into effect from September 2019 and extends unpaid paternity leave entitlement from 22 to 26 weeks. Limerick Chamber welcomes this initiative. In line with Chartered Institute of Professional Development (CIPD) Ireland, we however call for greater clarity on the operation of the scheme. The change in the act should be properly supported with a public awareness campaign.

<u>Recommendations</u>

- Deliver nationwide access to high speed broadband which will support flexible and agile workplaces.
- Introduce a national strategy on agile and remote working, which will bring together trade unions and employers to develop a set of guidelines that supports greater uptake of flexible and agile working.
- Utilise the National Training Fund to provide investment in training for line-managers and employers to implement SME-friendly agile work practices, which can include remote, flexible and compressed working hours.

3.3 Inclusion in the Workplace

As people live longer and healthier lives it is expected that they will work beyond the traditional retirement age. Census data highlights that the over-65's are the fastest growing population segment. State pension policy has changed to reflect this demographic shift, with the age eligibility for the payment increasing to 67 in 2021 and 68 in 2028. Government policy must recognise this increase in older workers in the economy and provide the support they need to become full and productive participants.

As we continue to near full-employment, competition in the labour market is steadily increasing. Everyone should have the opportunity to pursue a career and enjoy the benefits of a long rewarding working life. Limerick Chamber supports access to the workforce for all and would like to see greater incentives for businesses to explore the under-tapped workforce of people with disabilities. This should involve key local stakeholders such as Employability Limerick, which works with those with disabilities in sourcing sustainable employment.

In line with Chambers Ireland Pre-Budget Submission, Limerick Chamber would like to see greater employee autonomy in the provision of supports to return to employment. Employer controlled supports may have the perverse effect of trapping the disabled person in the specific employment space, as well as placing the burden on the employer. Empowering the employee gives them the confidence and resources needed to independently source employment.

Recommendations

- Develop a strategy to ensure the older cohort of employees are supported to remain in the workplace for longer. Additional leave entitlements and flexible and agile working arrangements will be a key part of supporting this strategy.
- Amalgamate the current range of supports covered by the Reasonable Accommodation Fund into one overall grant that will cover everything needed to accommodate an employee with a disability at work.
- Reform how funding for specialised equipment and supports is allocated, by ensuring that it is directly received by the prospective employee with a disability, thus empowering the jobseeker to seek work independently and with supports already in place. Linking the supports to the place of work can reduce flexibility and may be a deterrent for prospective employers in hiring an individual with a disability.