Limerick Chamber
Advancing business together

Limerick Chamber Budget Submission

Budget 2023

Contents

Limerick Chamber
Advancing business together

Introduction

Limerick Chamber is the largest business representative body in the Mid-West, with c. 400 member organisations supporting 50,000 jobs across the region.

Limerick Chamber welcomed the budgetary package for 2022 which included significant Covid-19 supports for businesses. Budget 2023 must focus on increasing the supply of affordable homes, mitigation measures aimed at reducing the cost of living, healthcare spending to decrease waiting times, education supports to retrain and upskill workers as well as other capital spending that addresses growth-constraining infrastructural deficits, particularly in the regional cities. Ultimately, Budget 2023 must provide a greater return for those living, working and paying tax in Ireland.

Limerick Chamber asks the government to consider Budget 2023 as an opportunity to think strategically about how to use this recovery to support balanced regional growth across the country, as well as overcoming challenges within our economy while building on our strengths. To that end we have made several recommendations across key sectors of the Irish economy that will help to aid not just businesses, but the people working within these businesses.

Given the scale of the housing crisis and its significant impact on businesses, workers and the wider population, our submission heavily focuses on recommendations to not only increase supply of housing in Ireland and the Mid-West but also recommendations targeted at increasing affordability and reducing dereliction and vacancy. Our submission also targets measures aimed at supporting smaller households and buyers of second hand homes. For business to succeed and for Ireland to remain an attractive place to do business, then people must have affordable and safe accommodation with access to appropriate supports and social infrastructure befitting Ireland's economic strength.

To continually improve our business environment, we must increase connectivity to other European nations. We have included several recommendations to increase strategic connectivity to and from Shannon Airport. To grow a strong region and adhere to the National Development Plan, there must be continued investment in air and land connectivity.

Businesses want to switch to a more sustainable form of operations. We are lucky in the Mid-West that we have access to the Atlantic Ocean and the significant floating offshore wind generation potential that this brings with the Shannon Estuary and accompanying coastline. Shannon Foynes Port Company, along with other stakeholders, have ambitious plans for the region, which will not just benefit Ireland but also our neighbours. We have the potential to become an energy exporter and reduce our exposure to international shocks. However, the correct political and regulatory environment should support this. The Maritime Area Regulatory Authority (MARA) and An Bord Pleanála (ABP) need to be adequately resourced if Ireland is to harness our comparative advantage in wind energy. This includes MARA being able to issue Maritime Area Consents (MACs) as soon as it is established. To increase the lead time of the process any further not only dwindles a significant investment opportunity, but also increases Ireland's susceptibility to international energy shocks - which we have seen in 2022 as having a significantly negative impact on the cost of living.

Furthermore, we must prepare ourselves for the future by investing in housing for elderly people, students and people of different abilities. We must invest in our health services to reduce waiting times in A&E, surgery and consultancy appointments and we must ensure a financially secure retirement through an appropriate auto-enrolment pension scheme. People are living longer lives and the services must be put in place now to be able to adequately deal with issues that are coming down the road.

Housing & Development

• Substantially increase the capital spend for affordable (purchase and cost rental) and social housing in urban areas identified by the National Planning Framework. Reducing reliance on Part V, Leasing and Turnkeys to deliver social housing. As part of this, there should be a requirement for Approved Housing Bodies (AHBs) to deliver cost rental as well as social housing in regional areas. Furthermore, it is important that increased supply comes in the form of appropriate homes. It is not sufficient to deliver just three- and four-bedroom homes. We need to deliver more one- and two-bedroom homes, as well as homes in higher density developments and homes / communities for elderly people. Delivering appropriate homes must be a matter of priority for home development in Limerick, the Mid-West and other regions.

• Under Housing for All there is a much welcome increase in the provision of public homes, there should be a core emphasis on direct build through Local Authorities, approved housing bodies and the Land Development Agency (LDA) to do this and reduce states reliance on turnkeys significant increased investment must be made in these organisations. Housing for All targets 54,000 affordable homes. Limerick Chamber asks that funding is increased to bring this in line with social home provision of c. 88,000. With appropriate county and city level yearly targets divided by the three organisations ultimately responsible for delivering public homes.

• Create guidelines on how Local Authorities apply construction duties and levies to ensure consistency across regions. The rebates of levies and charges should also be used to incentivise the completion of higher density developments. There is also scope to introduce targeted reductions in construction duties and levies for developments which are coherent with the National Planning Framework (NPF), with a significant amount of the development to be focussed on the provision of affordable housing.

• Introduce funding in the budget to develop a National Active Land Management policy and agency to ensure efficient land banking for the provision of homes through local authorities, Approved Housing Bodies (AHBs) and other state providers - some local authorities are beginning to run low on land for the provision of residential accommodation and most AHBs do not have access to a land bank, therefore introducing active land management measures and investment should ensure the delivery of homes. While initially the LDA were to play an active land management role, this has moved to a more development role in recent times with undertaking of land banking to develop in house. However, increasing funding to the LDA to carry out this role will negate the need for a new agency and would ensure efficiency.

• Competition between the state and potential owner occupiers must be reduced by a prioritisation of direct build by state organisations.

• Invest and allocate funding to scale up the resources and skills in planning departments at local and national level so that better planning decisions can be made at earlier stages which can survive scrutiny in the courts.

• Invest in the courts and judicial system so that it can speedily adjudicate on any planning decisions that come before it. The existing timelines within the planning and judicial system are delaying much needed housing development. Ensuring efficiency of process should boost annual housing commencement data.

• As outlined in the Irish Fiscal Advisory Council's (IFAC) Fiscal Assessment Report (May 2022), the exchequer has an over reliance on volatile and vulnerable corporate tax revenues. This should be reduced either by increasing payments into a rainy-day fund and / or investing in the mandatory pension programme as startup capital. With regards to the mandatory pension program, a portion should be invested in the construction and management of public cost rental homes. Cost rental homes will provide stable inflation linked returns with a potential small margin c. 2-3%. This will benefit the overall public pension pot with stable returns and unlock funding for housing. However, it is important that the pension is not over exposed to the property sector with potential scope to expand it into investment in renewable energy and other areas.

• Prioritise infrastructure which aligns with the National Planning Framework, multimodal, and transport orientated development (TOD) principles; this includes housing and transport developments.

• Water infrastructure is critical to the development of housing and commercial space. Therefore, it is imperative that water infrastructure is prioritised from an investment perspective with state organisations able to finance investment in infrastructure. Furthermore, ongoing investment in water infrastructure ensures the sustainability of supply into the future and ensures the safeguarding of the environment through the elimination of the discharge of untreated water into rivers and seas.

• Funding should be put in place under the budget to introduce a land price register similar to the property price register, this would ensure transparency around land transactions and also provide insight into the final cost of delivering homes. To tackle the housing crisis at its root cause a bank of data should be built up and be publicly available, a land price register would be a significant step in this regard.

• While there are merits to the tenant purchase scheme in increasing home ownership, it removes much needed social housing stock from the system while the replacement costs of a similar home would likely be much higher. This must be rectified if the state is to meet its long-term social housing target.

• While the repair and leasing scheme (RLS) is a welcome scheme to bring vacant and derelict homes back into use it should be expanded to include cost rental homes to encourage increased provision of cost rental.

• The stock of properties which supply the commercial and residential rental sectors is far below the quality we need if we are to meet our Climate Action targets, given the current incentives. A tax rebate for small landlords which helps to reduce the cost of environmental improvements to homes will be necessary if we are to future proof existing homes. In conjunction with this, the efficacy of an "NCT" type system for rented accommodation should be carried out to analyse if such a system could work in an Irish context to ensure regular upkeep of accommodation. However, care must be taken in case the "burden" of renting becomes too large on smaller landlords which may encourage them to leave the market

• Create a pilot fund to support Co-operative housing Associations and implement targets for the set-up, promotion, and regulation of this potential market. This could also be done in conjunction with public landowners to build permanently affordable housing. Liaising with financial institutions is key in this regard.

• Increase funding for the Cost Rental Equity Loan Scheme (CREL) and Affordable Housing Fund (AHF) with attached yearly targets for delivery of cost rental and affordable homes by Approved Housing Bodies (AHBs) and Local Authorities.

• Resource Local Authorities to implement planning department one-stop-shops in every Local Authority to streamline planning for homes, this one stop shop could help with engaging with Irish Water, ESB, the planning department, An Board Pleanála (ABP), etc. by bringing all strands of the planning process together.

• Resource the creation of a national vacant and derelict registry of all property, homes and land in urban and wider metropolitan areas & set a deadline for when this registry must be completed in order to tackle this issue sufficiently.

• Having reviewed the vacancy rates, the Department of Housing, Local Government and Heritage should set vacancy reduction targets for local authorities at the electoral district level. However, due to the nature of vacancy rates, they will decrease naturally as more new homes are delivered. Therefore, a percentage calculation / vacancy rates are not sufficient to analyse and must be done on a total stock basis.

• Introduce a levy / tax for vacant commercial and residential properties (including derelict) to encourage productive use of the property – this should be collected via an efficient mechanism and collection should fall on the Revenue Office. A charge should be placed on the property until such time that the levy / tax is recouped. However, it is important to note that with such a scheme there are several reasons a property may be vacant; dwelling listed for rent or sale, owner recently deceased, dwelling being renovated, owner in a nursing home / hospital etc. It must be a priority with this levy / tax that it targets long-term vacancy rather than short to medium term vacancy. Furthermore, location should play a part in the levy / tax and it should be targeted at areas of high demand rather than rural locations where demand is less of an issue.

The Living City Initiative (LCI) is a great initiative but lacks impact. Therefore, the LCI should be expanded to make it more attractive with a greater impact. Limerick Chamber has a number of recommendations in this regard:

• The qualifying period for the LCI should be extended past 31st December 2022 and be established on a more long-term basis.

• The LCI should be expanded to include properties built post-1915 up to a certain date – this will allow "younger" housing stock to fall within the LCI and thus have a greater impact on targeting vacancy and dereliction, as well as reviving areas.

• To fund the initial cash flow for an occupier, a suggested amendment is to introduce retrospective tax relief which will allow part of the qualifying expenditure incurred to be deducted against prior periods income tax liabilities (which is not currently possible as it is over a 10-year period), this would be similar to the 'Help to Buy' scheme.

• Like the retrospective tax relief, halving the number of years over which a claim can be made to five rather than ten years, would give owner occupiers a more meaningful line of sight on likely tax savings at the point of purchase.

• If all the owner occupier relief for one year cannot be used in that year because of insufficient income, the excess cannot currently be carried forward and is lost. As we have seen during the Covid-19 pandemic, income can fluctuate due to unforeseen circumstances, therefore we suggest allowing owner occupiers to carry forward unutilised tax credits.

• In the event of a sale of a property, the relief is not available for subsequent owners potentially making it unattractive and unviable, this should be changed to allow subsequent owners access to the available tax credits for the qualifying period of relief which will allow people to trade up or down on a property.

• Expenditure on an extension will only qualify for relief if building regulations require it, e.g. a bathroom extension to an old derelict house. Residential relief should be extended to works to all buildings qualifying under the LCI.

• Expansion of Special Regeneration Areas (SRAs) should be included to bring more potential housing stock under the LCI.

• The legislation governing the rented residential and commercial elements of the scheme provides for a maximum level of tax relief (as distinguished from expenditure) of €200,000 per project. The EU de minimis rule imposes a maximum amount of State aid of €200,000 that an undertaking can avail of in any rolling 3-year period. Other Irish tax provisions, e.g. Aviation Services Facilities allowances, provide for tax relief of €200,000 over a 3-year period albeit the overall tax relief can be greater than €200,000 over time. A similar rolling 3-year approach could be considered.

Limerick Chamber
Advancing business together

• Increase of the Zoned Land Tax (ZLT) to encourage development and discourage hoarding of land to capture a value uplift in the future, with funding raised from the ZLT to be directed (ringfenced) towards servicing sites for development using Urban Development Zones (See: Germany) or for the provision of affordable housing. In its existing form, the ZLT only applies to sites that are serviced; this should be expanded to include sites that have the potential to be serviced and have no inhibitors to being serviced specifically in areas of high demand. A charge should be placed on the land until such time that the levy / tax is recouped.

• Introduce a fund similar to Help-to-Buy (HTB) for the renovation of second-hand properties (vacant and derelict) that will fall out of the expanded LCI mentioned above. This should be targeted at homes that need major to moderate work prior to being habitable.

• This budget needs to introduce more innovative measures for tackling the housing crisis. One of these measures is the construction of modular housing and investment in a modular housing facility that can deliver at scale. It has been shown that modular housing can significantly decrease the time taken to build a home, and sometimes, decrease the cost. This should be a matter of priority. The modular homes must be quality long-term accommodation. The state also has a role to play in investing in a facility to develop modular housing. It is important that this facility is close to a port for the importing of materials and close to a rail line to transport homes around the country, as well as being well connected to the road network. Foynes in Co. Limerick is an ideal location for such a venture. This investment could possibly be done through the Ireland Strategic Investment Fund (ISIF) or other avenues.

• It is important that measures are included in this budget to support owner occupiers purchasing second-hand homes. While existing government schemes are focused on decreasing the affordability and supply gaps for new homes. There is little focus on secondhand homes and decreasing the affordability gap for those people. For example, in Limerick we have a low stock of homes for smaller households (1 person) if this person needs state support to bridge the affordability gap their only route is to buy a new home which is overly focused on larger households. Therefore, it encourages people to buy larger homes they may not need because support isn't there to facilitate a home appropriate to their needs.

With regards to Croí Conaithe Cities, there are some changes which could be made to make it a more viable method of delivery outside Dublin.

• Firstly, the subsidy could be provided up front to help with upfront capital costs rather than on the backend.

• In areas where there are legacy apartment delivery issues (outside Dublin) the height requirement could be reduced to three stories to encourage more viable delivery.

• Apartment delivery could be part of a larger development of residential homes and a minimum requirement of 40 homes is prohibitive for apartment delivery in the regions. This should be revised downwards depending on the area.

• In order to quell the reported exodus of smaller landlords from the rented sector, there is scope to ease the tax burden on rental income which could be treated as a separate tax class. Smaller landlords could pay tax on their rental income at the standard income tax rate of 20%, i.e. a maximum of 32% including PRSI and USC. There could be an added stipulation that they must invest in improving the rental home (if required), provide long-term rental and adhere to price caps on increasing rental. This might work in encouraging more homes to come to the rental market, particularly in areas, such as the Mid-West, where there is an absence of large scale landlords.

• With regard to VAT on housing, we understand that the European Union VAT Directive [2022/542] does not have the scope to reduce VAT rates on the provision of housing to the super reduced rate of between 0-5%. However, the VAT rates on the provisions of housing can be at the reduced rates under the Irish VAT system (i.e it could be reduced to 9%). This is something that should be investigated and could be used to reduce the viability gap for developers but also the affordability gap for the end home users.

• To increase viability and affordability of apartments, consideration should be given to the introduction of a targeted scheme whereby eligible expenditure on the purchase of a new apartment could be deducted against PAYE over c. 7 years for purchasing owner occupiers in higher density residential developments in designated areas to be identified by local authorities; this scheme would apply up to a maximum number (1) of apartment purchases by any one individual.

• The state needs to reduce reliance on the Housing Assistance Payment (HAP) and other long-term leasing measures by directly building social housing. HAP and other long-term leasing measures do not represent value for money for the state and expenditure will eventually become unsustainable. The only solution is to build appropriate social housing directly.

• There should be a commitment to analyse all current and future proposed taxation, legislative, housing programmes and regulatory measures to undertaking an economic impact assessment, a cost benefit analysis, or a regulatory impact analysis to ensure they do not increase development and construction costs as well as examining whether new programmes will have an inflationary impact on housing prices.

• Funds raised from taxation measures to be introduced under the Housing for All Plan should be ring-fenced for the provision of essential infrastructure to enable the efficient delivery of residential development.

• There is a concerning lack of homeowners in the current housing market. A recent ESRI report found that the number of 25 to 34-year-olds living independently, who own their own home, more than halved between 2004 and 2019, falling from 60% to just 27%. Limerick Chamber expresses concern over what will happen to this cohort when they reach retirement age, with the cost of renting in the private market likely being too much for a person's pension (if they have one). The provision of appropriately sized housing for this age cohort must be delivered now in order to tackle future demand. The danger with not securing long term affordable housing now is that down the line when people age and retire, it is likely that their pension will not be able to support them paying market rents. They will either need to have their own home with no-mortgage or large-scale public housing aimed specifically at older cohorts will need to be available.

• While the state has taken measures to disincentivise bulk buying of homes by the private sector, this has proved to not be sufficient in some cases with the purchasing company absorbing the additional stamp duty cost and likely passing it on to the end user. Therefore, budget 2023 should have a large focus on disincentivising bulk purchasing of homes that would otherwise have been available to owner occupiers. There are a number of avenues for further disincentives; decrease the tranche size from 10 to 5 and increase the stamp duty, with careful consideration to whether the increased price will be passed on to the end user. Alternatively, the state could outright ban bulk purchases of homes, with nothing stopping private providers buying market land and building their own homes and increasing supply. Also, the state could enter the market and attempt to pay a fair price for these homes and allocate them to affordable housing but ultimately ensuring value for money. It is also worth mentioning that the state should take careful consideration to competing with owner occupiers and buying homes before they hit the market or competing with owner occupiers on the market through various organisations and schemes, with this ultimately removing potential stock for owner occupiers and increasing competition. Limerick Chamber's Mid-West Economic Insights for Spring 2022 found that just 30% of new homes delivered in 2021 went to owner occupiers in Limerick (Clare: 44% and Tipperary: 34%).

• There needs to be a greater emphasis in Budget 2023 of taxing institutional investors and landlords and closing any "tax efficiencies" which allow them to pay low effective tax rates – especially for homes that they did not directly build themselves.

• In order to increase the speed at which development takes place, with regards to being able to obtain a stamp duty refund at 7.5% on acquisition of land for residential housing, the 30-month rule should be reduced to encourage more time efficient development.

• In some instances, there are issues with Local Development Plans (LDPs) de-zoning land which could have been used for a residential or commercial purpose. While Limerick Chamber understands that this land could have been laying idle for some time, we encourage greater incentivization of carrying out development rather than de-zoning the land and ensuring that nothing will happen on that land for a number of years.

• There needs to be a greater emphasis on Purpose Built Student Accommodation (PBSA) in Budget 2023, either by the state helping to directly build more or else helping Higher Education Institutions to build and manage more. Student Accommodation is often left out of the affordable housing discussion; however, Limerick Chamber urges a plan for the building of new student housing which is not just focused on cities but anywhere where there is a large student population that is forecasted to grow in the future. If not adequately supplied, it will make life more difficult for domestic students and make Ireland less attractive for international students.

Employment, Enterprise & Trade

• Introduce training portals with appropriate funding and marketing to level 5 applicants, early school-leavers and others who wish to enter into training with the view to upskilling or returning to work this will aid with building micro-credentials to increase job opportunities.

• Introduce a new skills tax credit to incentivise employers to invest in training for workers with no or low qualifications and to upskill existing employees. However, this must be a robust system with returns provided to ensure quality education has been provided by a reputable provider.

• Increase tax-free voucher bonus scheme for employees.

• Reform the Employment Investment Incentive Scheme (EIIS) to simplify the qualifying criteria and prioritise flexibility to improve investor participation.

• Reduce the Capital Gains Tax rate of 33% for non-passive investment in order to promote more all-island alignment on tax policy. This move will also help the exchequer to benefit from taxation dividends that arise from CGT as individuals will have less incentive to engage in regulatory arbitrage though availing of foreign taxation regimes. A reduction towards 25 per cent would also protect competitive advantage against the UK CGT tax regime, which encompasses two rates, 18 and 28 per cent (depending on the category of gain).

• Increase the lifetime limit of €1 million in qualifying capital gains under Entrepreneurs Relief to improve the attractiveness for repeat investors and to encourage increased investment in Irish business.

• Review and simplify the reliefs which are available, such as Retirement Relief, and integrate it within a more expansive Entrepreneurs' Relief – including simplifying the process for the intergenerational transfer of trading companies.

• Resource the Trade and Investment Strategy to facilitate target driven SME engagement with international trade, both within and outside the EU. This will support SMEs to be more productive and will also help SME traders to adapt to the UK being outside the EU

• Provide additional supports for businesses, including retail, who wish to expand their activities in e-commerce with a view to becoming more engaged in the Digital Single Market.

• Provide additional supports to businesses to support doing business "outdoors" more for example restaurants and coffee shops, this will increase the vitality of towns and cities and has proved a success during and after the pandemic period.

• Introduce a mechanism where entrepreneurs can apply for a "small business rollover" where entrepreneurs can rollover or defer part of capital gain made from an event into a new business. This is common within Australian Tax Policy.

• Improve conditions to enable greater access to financial, venture capital and private equity markets to grow

• It would be beneficial to introduce a third rate of income tax which eases the burden on middle income earners. Currently, the higher rate of income tax (40%) is applied too early to earners, and this could be replaced by a lower amount and moving the 40% out to higher earners. This should help ease the cost-of-living burden on middle income earners who do not qualify for state support across several areas.

• Invest in re-training programmes to support the transition from jobs reliant on fossil fuels to low carbon jobs in areas such as energy retrofitting for buildings, sustainable forestry, renewable energy and peatland restoration

• 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. The provision of opportunities to engage in education, training and skills courses in order to adjust to the ever-changing demand of skills in the market is crucial to this. Limerick has seen exponentially growing rates of both graduates and new enrolments in Mid-West HEIs over the last few years. However, analysis conducted in a report on the Future of Limerick City by Indecon highlighted that Limerick still lags behind other Irish cities such as Dublin (35.8%), Galway (41.2%) and Cork (29.2%) for the per cent of the population with at least a bachelors degree at 25.2%.

• Introduce a government apprenticeship scheme, similar to the scholarship programme at the Central Bank of Ireland, where people can gain hands on experience while pursuing higher education with the support of the supplier. This should be expanded across the civil and public service.

• The roll out of new apprenticeships and traineeships through the National Skills Strategy 2025 was a welcome development in the education sphere. However, an accurate regional skills deficit assessment must be conducted in line with this strategy in order to assist sectors which may be struggling more than others. This scheme has the potential to identify and appropriately address clear skills gaps within regions.

• 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 is the fastest growing population age category. Government policy must recognise this increase in older workers in the economy and provide the support they need to use their knowledge in other parts of society once they retire.

• Limerick Chamber supports access to the workforce for all and would like to see greater incentives for businesses to employ people with disabilities. Discussion around ways to incentivise businesses to employ people with disabilities should involve key local stakeholders.

• Amalgamate all current supports in the Reasonable Accommodation Fund banner into one overall grant and guarantee that funding for specialised equipment is received and controlled by the employee while ensuring the supports are fit for purpose in a modern workplace. As part of this there should be increased investment in evidence-based employment supports that support individuals with disability to enter the workforce.

• Develop a strategy to ensure the older cohort of employees are supported to remain in the workplace for longer (if they desire). Additional leave entitlements and flexible and agile working arrangements will be a key part of supporting this strategy.

• Limerick Chamber fully supports the promotion of workplace equality through promoting flexible working, assisting employees looking to enter the labour force who may be unavailable for full-time work, as well as promoting gender equality in the workplace. The current demand for skills in the Mid-West is evident from our business sentiment survey, and introducing supports to assist anyone who wants to, can enter the workforce must be a priority.

• Introduce a coherent and integrated flexible working policy which aligns remote working, work/life balance act leave, and part-time work are available to all employees so that parents are not seen as less desirable employees.

• Introduce specific training and funding opportunities that are directed at increasing workforce participation and boosting employee retention – SkillNet, administered through local Chambers of Commerce is one avenue for this.

• Expand and simplify eligibility criteria for the R&D tax credit rate to medium sized enterprises. The simplification of the documentation requirements & qualification criteria should be provided for SMEs. The introduction of a pre-clearance system for first time claimants through Revenue, along with an enhanced tax credit rate of 50% for small and micro companies should be introduced.

• Given the changes in corporate tax it would be prudent for Ireland to increase the R&D tax credit upwards from 25%. This would ensure that any increases in corporate tax will not affect Ireland's ability to attract and retain R&D. Furthermore, given the value shown by R&D during the Covid-19, the government should increase funding to indigenous and educational based R&D and bring expenditure as a percentage of overall budget allocation in line with European counterparts.

Case Study: Limerick Chamber Business Sentiment Survey:

• Limerick Chamber conducted a Business Sentiment Survey as part of our recent Mid-West Economic Insights report for Spring 2022. The Survey looked to identify the current stance of businesses in the Mid-West on core issues and concerns, as well as gaining insight regarding their performance over the past year and how they view their own outlook going forward.

• Regarding the demand for skills, 87.5% of respondents stated their intent to recruit staff within the next 6 months. This is something that must be supported with adequate funding, given that unemployment levels are below pre-pandemic levels despite the demand for staff. An appropriate analysis of the skills deficit in each region should be conducted, with funding targeted towards sectors which are underrepresented and in demand. Over half of businesses identified the cost of labour and skills shortages as the two main factor which limited their ability to increase their activity levels.

• Insurance premiums have become a recurring issue among businesses in the Mid-West, with 75% of respondents stating that they had experienced at least an 11% rise in insurance premium costs over the last year. It is crucial that any growing costs in insurance premiums are offset with the appropriate supports as businesses deal with high inflationary pressures in their day-to-day operations.

• The increased cost of living and the issues around the supply and affordability of housing were cited as the two most common concerns for the Irish economy by businesses. While this submission has identified core recommendations around these issues in the 'Housing & Development' and other sections, it is important to highlight how businesses in the region feel on these issues. While the Mid-West has a strong record of FDI and talent generation, a failure to deliver appropriate and affordable housing for these future employees will only hinder the region.

• Continued investment in broadband infrastructure and connectivity will be essential for regional areas given the advancement of remote and hybrid work and common practice in many workplaces. 65% of businesses expect to continue a hybrid model of work approach going forward. Continued investment of adequate remote working hubs in more rural areas will be crucial to support this new way of working.

75%

of businesses have had an insurance premium increase of 11% or more

83%

of businesses think cost of living is the top issue facing the Irish economy over the next 12 months

65%

of businesses think that supply and affordability is a top issue facing the Irish economy over the next 12 months

• Resource local authorities to provide infrastructure to support active transit through linking residential areas with civic and economic centres and ensuring that Transport Oriented Development (TOD) principles form the core of new developments.

• Adequately resource the Limerick-Shannon Metropolitan Area Transport Strategy (LSMATS) which prioritises traffic reduction, active travel and public transport measures. It is also important that congestion mitigation and other improvement measures are part of this infrastructure (i.e. slip road on the M7 and New Port Roundabout, strategic road connection between education providers, enabling new health infrastructure and opening up areas of social and economic disadvantage). This should also include measures to decarbonise public transport, however we note that Limerick, along with Dublin are due to receive new electric buses. This is most welcome.

• Develop inter-urban and intra-urban public transport networks and invest in the urban built environment to promote local active transport networks that extend the utility of public transport particularly working towards decreasing train journey times between cities.

• Fastrack the implementation of BusConnects projects in Limerick. The current LSMATS is being finalised but there is currently another 2-year waiting period for the delivery of the Limerick BusConnects program.

• Allocate full autonomy to Local Authorities for the decision and planning process regarding the implementation of cycle lanes in their respective areas. The current system goes through national level and results in significant delays which could be avoided.

• Initiate feasibility studies, and cost benefit analyses – including carbon accounting – on upgrading the links between the National Development Plan growth cities through the rail network. These studies must include detailed information of costs, timelines, and environmental KPIs.

• Invest in the extension of passenger train lines to also include commercial freight to increase connectivity and trading logistics options to trading seaports. The Foynes to Limerick route is an example of such a rail line that has the appropriate infrastructure to accommodate both public and freight transport.

• Fund a pilot scheme on existing rail routes focusing on cutting down journey times between major cities (including no stops). As well as fund research into the potential of introducing high-speed rail in Ireland.

• Invest in the accelerated rollout of a national fast charging network for electric vehicles (EVs) with a focus on regional areas, while also providing for public transport in urban settings.

• The TaxSaver Commuter Ticket Scheme in Ireland currently operates on the basis that commuters can avail of tax relief on the cost of a monthly or annual commuter ticket, the pricing structure of which is based on a five-day commute. There is merit in offering a more flexible style, three-day ticket, given there is little reason for people to purchase a monthly or annual ticket under the current scheme if they will only travel to their place of work two or three times per week. This is all the more relevant now that hybrid working has become the norm.

• Ireland has committed to having 936,000 EVs on roads by 2030, with 845,000 of these to be private passenger cars. According to recent statistics, only 8.24 percent of all passenger cars sold in Ireland were fully electric. The accelerated allowances scheme that applies to Electric and Alternative Fuel Vehicles is based on the lower of the actual cost of the vehicle or the specified amount of €24,000 referred to in section 380K(4) TCA 1997. Where the cost of such a car exceeds €24,000, the capital allowances are restricted to the “specified amount” of €24,000. Given the current cost of EVs, particularly passenger cars which in the main cost more than €40,000, the specified amount should be increased to the amount of €40,000 at least to move it more in line with the market and encourage uptake among businesses.

• Consideration should be given to reducing the VAT rate on EVs in order to bring the cost of these vehicles down to a more competitive level with ICE vehicles.

• We have seen over the years how important major sporting events are for the regional economy in the Mid-West, attracting tourists from all over both domestically and internationally. This is evident in the recent JP McManus ProAm tournament held in Adare Manor. However, in tandem with this build-up of activity comes a significant strain on the transport and connectivity resources in the area. Adare is already victim to a large amount of traffic congestion via passing through traffic outside of these events. Adare will host the 2027 Ryder Cup, a significant sporting event and rare opportunity for the Mid-West to generate high levels of tourism and local spend. However, the current road infrastructure in Adare is not appropriate to handle such expected volumes of activity. The Adare bypass was included in the latest Government NDP update, an encouraging sign for Limerick and the Mid-West region. However, Limerick Chamber expresses concern over the delivery time of this project. Decisions on this project have been pushed back several times by An Board Pleanála over the last number of months. In order for this crucial piece of infrastructure to be delivered on time for the 2027 Ryder Cup, further delays must be avoided. The benefit that this road will have not just for this event in 2027 but also in improving connectivity in the area will be of great value to the region, including improved links with Shannon Foynes Port.

• Publish a national aviation strategy that will target and allocate multi-annual funding for CapEx, OpEx and marketing expenditure. These supports for airports will help those vulnerable to the impacts of the pandemic to retain existing routes and develop new routes further afield, which will subsequently support growth of tourism and economies in these regions as part of the post-Covid-19 recovery. This aviation strategy should be focused on regional growth and also align with enterprise policy to grow certain business areas while providing increased connectivity.

• Resource state agencies to increase levels of investment in niche areas that distinguish Ireland as a destination, such as Ireland's growing potential as a place for unique and high-quality food and active tourism. Further promotion of the West of Ireland in tandem with Shannon Airport will help future / potential tourists identify that there is an option much closer than Dublin Airport to these niche areas along the West coast of Ireland.

• While inclusion of Shannon Airport in previously allocated funding for the Regional Airports Programme (RAP) was much welcomed; Shannon Airport should be permanently admitted to an expanded RAP, encompassing all Irish regional airports. Such inclusion is provided for in EU frameworks, which permit State aid to airports processing less than 3m passengers per annum. RAP funding is focused on safety and security related airport activities, and also supports sustainability / climate action objectives. It is also consistent with Ireland's balanced economic growth objective.

• Provide funding to Fáilte Ireland targeted at advertising the State Regional Airports to aid with retaining and attracting both new routes to improve direct and indirect connectivity, and old routes lost throughout the Covid-19 pandemic. This tourism strategy should also focus on the opportunities available at airports outside of Dublin such as the overlapping catchment areas between Dublin Airport and Shannon Airport to highlight the alternate options available to potential tourists.

• Given the expected timeframe for full recovery of international tourism and continuing geopolitical uncertainty, Limerick Chamber also recommends that exchequer funding for route support activities should continue to be provided to Shannon and other regional airports. This support should include provision for the introduction of new routes seen as having the potential to deliver additional economic and tourism benefits for Limerick City and County, and surrounds, during this difficult period.

• Fund Enterprise-focused strategic routes (e.g. Amsterdam, Frankfurt, Copenhagen etc.) for Shannon Airport until these routes can run independently. Enterprise focused routes are often slow in gaining traction and need funding to ensure that they can function while starting out. Such funding will promote regional balance, in line with the NPF through allowing Shannon and the Mid-West to attract and develop business ties with other regions among Europe. It is essential for Limerick and the Mid-West region to secure direct access from Shannon Airport to at least one (preferably two) European Hubs (e.g. Frankfurt / Amsterdam / Copenhagen), through support for the provision of an EU approved cross-border PSO route.

• The tourism and hospitality sector continues to feel the impact of Covid-19 despite the reopening of the Irish economy. The slow recovery of the aviation sector hinders pre-pandemic levels of tourism, while the low unemployment rate currently is causing difficulty in hiring and retaining key staff in a number of tourism-related businesses. Limerick Chamber would welcome introducing supports for the cost of staff in culturally significant businesses that would struggle to operate otherwise.

Renewable Energy / Energy Security / Sustainability:

• The Maritime Area Regulatory Authority (MARA) must be fast-tracked, adequately funded and resourced as part of Budget 2023 in order to act as a one-stop-shop that will coordinate the activities of An Board Pleanála (ABP), National Parks and Wildlife Service, and Grid operators to deliver energy quickly. We have already seen the impact of poor marine planning, with the withdrawal of Equinor from Shannon Foynes towards the end of 2021 with the regulatory environment being cited in the news as the main reason. Furthermore, ABP must be adequately staffed and resourced to deal with applications that come through MARA.

• The Environmental and Planning Court needs to be introduced at the earliest opportunity to provide the capacity needed to deliver strengthened grid infrastructure that is needed to take the greatest benefit from our renewable's opportunity

• The National Hydrogen Strategy must be completed to give certainty to the industry. Shannon Foynes Port has the potential to become a trailblazer in Offshore Renewable Energy (ORE) and Green Hydrogen production and should be supported sufficiently with policy and funding. However, it can only do this with the correct regulatory environment, that means sufficiently staffing both MARA and ABP with relevant professionals, as well as the ability to apply for Marine Area Consents (MAC) as soon as MARA is established.

• Begin the process of upgrading our electricity network in the West of Ireland in tandem with the current developments off the East coast. While the development off the East coast will begin to generate offshore energy, obtaining long-term energy security at scale can only be done by significantly investing in floating offshore energy on the West coast, particularly at Shannon-Foynes. Seizing our floating offshore opportunity, and not letting our comparative advantage dwindle, can also create the potential to develop a much-needed supportive role to relieve the Irish economy of its overreliance on corporate tax receipts.

• Strategic investment must be directed into the Mid-West through Shannon- Foynes Port for the construction of floating offshore wind farms to take maximum advantage of the Programme for Government's commitment to delivering of offshore wind. Shannon Foynes have stated their intent to be an industry leader in this given the planned improvements in infrastructure to and from the port in the coming years, along with the plans recently announced around investment in offshore wind. Up to 85GW of offshore wind capacity exists

along the West coastline. When using Denmark as a case study, analysis shows that 1 GW of offshore wind energy generates employment equal to 14,600 man-years for Danish suppliers from direct, indirect, and derived job effects.

• Ringfence all exchequer returns from Carbon Tax and strategically invest in green infrastructure, public transport, and funds that will support communities to transition to green transport and heating alternatives.

• Refocus retrofitting programme to deliver a large volume of shallow retrofits at scale and complement this with a scheme for household's dependent on peat for fuel to transition to sustainable biomass forms of heating. This is particularly relevant in urban spaces with large stock levels of Georgian housing such as Limerick City, where many of these Georgian houses lie vacant due to the associated expensive retrofitting costs. Modernising urban centres housing stock will play a key role in attracting people to live in city centres. The European Union VAT Directive [2022/542] has the scope to reduce VAT rates on home energy and sustainability improvements to the super reduced rate of between 0-5% and this should be investigated.

• Classify retrofitting projects and infrastructure as zero VAT rated products where possible in accordance with the European Union VAT Directive [2022/542].

• Introduce a subsidy scheme as part of government tendering for Hydrogen which ensures that there will be 3/5/8/10 year targets for a minimum state demand for Hydrogen with an appropriate floor price to incentivise production.

• Publish a schedule of increases in Carbon Tax between 2021 and 2030, so that businesses have greater certainty on expected costs. Following any phased increases to the Carbon Tax, Government must commit to carrying out impact assessments on the consequences for SMEs, commuters and border communities.

• Expand the network of local authority energy agencies to act as local one-stop-shops providing practical advice to households and businesses on reducing carbon emissions, retrofitting homes and availing of Government supports/advice from agencies like the SEAI or the Climate Action Regional Office.

• Increase R&D spend and target funding to support making our gas networks transition ready so that they can be adapted to supply renewables. Including allocating funding and resources to research innovative technologies such as Carbon Capture Storage, Hydrogen, Biogas and Anaerobic Digestion.

• The Renewable Heat Obligation should be put into effect with segregated 3/5/8/10 year targets set to meet certain reductions in GHG for each sector depending on their overall carbon emission reduction requirements in the Climate Action Plan.

• A strategic risk assessment of our energy supply and storage is needed to ensure that there is an energy supply contingency plan in place should international supply reduce exports to Ireland.

• Introduce Green bonds coherent with ESG and EU Taxonomy to support NDP investments in green infrastructure.

Future Investment:

• There are reports of increasing PRSI contributions now to support keeping the public pension age at 66. This will represent a significant inter-generational wealth transfer from those younger cohorts struggling to make ends meet because of the general cost of living, including childcare and housing, to those older cohorts in society who now likely own their own homes. Limerick Chamber urges caution when increasing the tax burden on those younger generations working as this cohort of society are already under significant strain. The IFAC outline that if the Pension Commission recommendations were adopted, and the pension age was to remain the same it would represent c €2,000 in additional taxes. This will be a significant portion of income for some households to bear. Other revenue generation measures should be examined.

• Increase investment in childcare services, early education infrastructure and schools that are reopening to facilitate breakfast clubs and after school childcare in all parts of the country to help working parents and mitigate against the reduction in supply of childcare places that has arisen from Covid-19.

• Continued engagement with relevant stakeholders focusing on understanding the core issues that the cost of childcare creates and ways to approach the issue effectively.

• Expand mentoring programmes like "Better Start" that aim to improve the quality of childcare and early childhood education.

• Ensure continued investment in the Early Childhood Care and Education (ECCE) such as increased investment in services and infrastructure that enable childcare providers to expand places for children under the age of three.

• Introducing a childcare tax credit would likely encourage more people to enter the workforce, this is especially important the closer we move to full employment, but also the tax credit could likely be a net gain considering the increase in income tax and other revenue associated with employment.

• Conduct a review of parental leave supports (maternity, paternity and parental leave) that the state provides over the course of an individual childhood, to better understand any obstacles to take-up and barriers to greater parenting equality.

• As per the the Irish Fiscal Advisory Councils (IFACS) Fiscal Assessment Report (May 2022). There is expected to be an estimated remaining contingency of €2.5 billion. This includes any potential humanitarian spending to aid Ukrainian refugees in Ireland. This excludes other accounted funding for planned Covid-19 and Brexit related expenditure (€3 billion) and contingencies for cost of living and Covid-19 related expenditure (€1.5 billion). Therefore, it is likely the remaining contingency will be less than €2.5 billion. However, Limerick Chamber calls for any remaining contingency to be spread between further affordable housing investment (by building new homes) and also programmes to combat cost of living increases for households.

• IFAC's report further outlines that €3 billion has been set aside in Government expenditure for Ukrainian humanitarian support in 2023. This assumes 100,000 Ukrainian refugees at a cost of €30,000. To date c. 40,000 Ukrainians have arrived in Ireland. Limerick Chamber recommends that this funding be allocated to capital expenditure where possible to build houses for these people and others and remove the need for hotel rooms. Once the Ukrainian crisis is over these newly built homes remain for others to live in, ensuring efficiency in expenditure and providing much needed housing for people. We welcome the move to undertake a pilot project for building affordable homes, it is important that these are quality homes that can be used long term.

• The report outlined further research from Zsolt Darvas with Bruegel using various reports to analyse the cost of hosting refugees. The analyses outlined the cost per refugee in Finland is €15,100, €15,200 in Belgium, €15,900 in Germany and €16,400 in Austria. Irish spending per refugee, at c. €30,000, represents almost a doubling of that spent by European neighbours. It is important that transparent spending and procurement processes are followed when providing support and value for money is sought. Ultimately building homes for these people and providing them with other enterprise focused support is an approach worth pursuing in conjunction with other supports.

• As urban centres such as Limerick City transition towards a more sustainable way of life / operation, it is important that the loss in funding from sources that will be phased out over the coming years are accounted for and that appropriate replacement revenue sources are identified. For example, Limerick City and County Council will likely begin to see a decline in revenue from on-street parking in Limerick City Centre over the coming years as more sustainable and active methods of transport are introduced. A full review of Local Authority funding should be conducted to identify these revenue sources that do not align with the Governments compact growth targets, and will no longer exist once phased out. Local Authorities rely on current revenue streams to fund important projects for their areas which play a key role in implementing compact growth and placemaking policies. Revenue raising measures under this review must be aligned with core goals of the NPF and discourage sprawl and encourage development within urban footprints.

• The Directly Elected Mayor (DEM) is one of the most significant pieces of local government reform to be brought forward in recent times. The potential that a DEM has to transform Limerick is an exciting prospect, although the appropriate resources must be allocated to them. While Limerick Chamber understands that drafting the legislation and gaining cooperation among various Government departments is a difficult process, it is important that the appropriate executive functions are allocated to this future DEM. These functions must also coincide with the previous 2019 report that was published in the aftermath of the plebiscite, recommending what the role and functions of the DEM would be. While Limerick Chamber understands that the process of drafting and publishing the legislation is ongoing, we want to emphasise the importance of a significant and effective budget being included in this process. A situation where an elected DEM in Limerick still would still have to lobby for central Government funding to implement any projects / programmes would hinder development and overall success of this important local government reform negatively impacting on future potential DEM campaigns in other Local Authority areas.

• The Atlantic Economic Corridor (AEC) is an opportunity that has shown the significant economic and social potential that exists along the West Coast of Ireland. There is potential to use the AEC as a tool and roadmap to promote and develop regional balanced growth and increased investment through development of key infrastructure. Several Multinational and indigenous companies already exist on the West Coast, with the AEC offering significant clustering benefits to the Irish economy and investors through availability of land and a well-educated workforce as well as proximity to Higher Education Institutions (HEIs). By investing in the region and nurturing its human and knowledge capital, as well as its significant potential for offshore wind energy generation the State can create an attractive investment region for public and private enterprises. By increasing linkages of HEIs along the AEC, a West Coast knowledge and research and development corridor could flourish, again increasing Ireland's attractiveness for investment. For Budget 2023, we ask for the allocation of funding and human capital resources to scope and encourage the true potential of the AEC. For example, the Shannon Estuary and surrounding coastline has the potential to generate up to 85GW of electricity through sustainable means, this can be replicated along the AEC with the economic spillovers increasing economic prosperity of the accompanying areas.

• Budget 2023 must aggressively target clearing the backlog of people waiting for medical procedures and consultant appointments as well as reduce waiting times at A&E while increasing capacity. However, recent years have shown that the health service is well funded when compared to other services and there must be a wider strategic plan.

• As there is Government policy for people to live more densely in existing urban footprints under the NDP, it is important that cities and An Garda Síochána are correctly resourced to police cities in a safe manner and increase visual presence on streets to deter and detect crime.

• Given that the 65+ age cohort is the fastest growing based on available census data, it is crucial that the appropriate level of spend is committed in order to match the growing average life expectancy of the Irish population. Ireland currently has the largest health spend in Europe, and with data continuing to show that people are living for longer, this demand is only going to grow. An appropriate population health assessment needs to be carried out to ensure that the current system understands how to deal with the changing demographics going forward.

• By 2045, it is forecasted that the Mid-West region will have the joint oldest age profile (along with the West) within the context of the new proposed health regions. This only emphasises the need to invest in improving the standard of living for this age cohort, Current resources within the health sector in terms of both staff and facilities will likely come under more significant strain in the coming decade if adequate investment is not made now.

About Limerick Chamber:

Limerick Chamber is the largest business representative body in the Mid-West, with over 400 member organisations who support over 50,000 jobs across the region.

Championing business growth and investment, Limerick Chamber is dedicated to fostering a thriving Limerick and Mid-West. We are a catalyst in the promotion and progression of the city and region. We support the economic and social development of Limerick through our work with other stakeholders and businesses, our proactive approach to policy development, and our lobbying to impact decisions that benefit the region.

Specialising in SME, Retail and Hospitality and Corporate, Limerick Chamber has three separate business strands so we can better serve our members. We run a wide variety of innovative and inclusive business events and cutting-edge training courses, including a dynamic Regional Leaders programme.

We proactively develop policy and we effectively lobby to deliver decisions that support the economic and social development of the city and region. We support business and investment growth within the city and region, working with relevant stakeholders where appropriate. Limerick Chamber is one of few chambers with a dedicated full time policy team.

Limerick Chamber strives to be the "first port of call" and the leading source of knowledge and expertise in establishing business and investing in the city and region.

Limerick
Chamber
Advancing business together