



**CHAMBERS
IRELAND**
IN BUSINESS FOR BUSINESS

Chambers Ireland

**Synopsis of Submission to the
Oireachtas Committee on Business,
Enterprise and Innovation**

Cost of Doing Business

October 2017

Chambers Ireland is Ireland's largest business network, with 45 Chambers of Commerce across the country representing over 10,000 businesses ranging from SMEs to large corporations. We welcome the opportunity to contribute to the work of this Committee concerning the costs of doing business in Ireland. Our views are based on specific input from our Network in which the concerns of a variety of businesses and industries, both geographic and sectoral, are outlined. As a general point our network has called this year for priority to be given to infrastructure build over other potential budgetary measures such as reducing marginal rates of tax.

Labour Costs - Labour costs account for one of the largest outlay for businesses in the country and are therefore of huge interest and concern. The topics of most concern to business are the high cost of living which needs continued focus and the rising cost of housing, both of which will contribute significantly to demands for increased pay.

We would also refer to the Minimum Wage and the process adopted this year. In future we would like to see the Low Pay Commission report being published and discussed in advance of any announcement by Government on changes in rates. In addition we continue to believe that this process should take place as part of the Annual Budget cycle so all impacts to incomes through tax, welfare, social insurance and so on are dealt with in conjunction with each other, not separately.

Property – While significant developments of commercial property are now under way and coming available there remains some uncertainty about whether the amount under construction will meet demand. In between rent levels are escalating very significantly and are a threat to competitiveness. However investment in housing is, as we all know, now critical. The national housing crisis is also a business-critical issue. Business is anxious that long term solutions are adopted and applied, not just addressing the short term issues. We welcome initiatives such as Home Building Finance Ireland (HBFI) and the introduction of a site value tax from 2019.

Our network also has concerns about the stagnation surrounding Local Property Tax while noting Government's plan for a comprehensive review of same. Failure to reset values and further exemptions from LPT carries with it the risk that businesses will be expected to make up the shortfall arising in funding through commercial rates. Concerns about significantly increasing values leading to a surge in the individual rate of tax can be addressed by adapting bands and rates appropriately.

Transport –Infrastructure development generally is a priority, but nothing more so than transport. We welcome the work being put into the National Planning Framework to create a template for strategic investment in the future, focusing on roads, ports and public transport Journey times to work ultimately become a business cost for example.

Access to Finance – Access to credit appears to be less significant of an issue now than during the recession. The main challenge facing businesses now is the absolute cost of credit in Ireland and the need for alternative sources of finance such as equity investment.

Regulation – This came through as a particular concern.

Government departments should undertake regular Regulatory Impact Assessments in advance of any new legislation.

Businesses are also very concerned with the implications of the General Data Protection Regulations and Brexit.

Insurance Costs – We welcome the work of the Cost of Insurance Working Group and emphasise the importance of implementation of its recommendations. In particular claims costs and types appear to be a significant issue. We welcome the enactment of the Mediation Act as a means to assist in more cost and time effective resolution of disputes.

Utilities – Businesses are particularly concerned about funding of our water infrastructure into the future and high speed broadband services. We are members of the CRU non domestic advisory group and are worried that business will bear the cost of cross-subsidising this infrastructure.

Climate Change Impact & Adaptation

Storm Ophelia caused damage across the country estimated at €1.5 billion. It is predicted that these storms will become more frequent due to climate change. If true, this would likely necessitate insurance companies raising premiums for consumers.

In addition, the EU has set renewable energy targets for 2020. If these targets are not met, taxpayers will foot the bill for fines which are estimated to be in their millions.

For example, in Cork in recent weeks we have had two red weather warnings including Ophelia. Flooding is a persistent threat to our City Centre. It is essential that there is continued investment in mitigation and adaptation measures such as flood defence schemes and correlating insurance protection to remain competitive as a reliable destination for investment.

Infrastructure

Our infrastructure must be fit for purpose as our economy and population continues to grow. Cork 2050 envisages a population of 846,000 people and an additional 120,000 jobs by 2050. Investing in infrastructure such as the M20 is warmly welcomed and is an absolute necessity in light of this projected growth.