

OPENING REMARKS

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Select Committee on Budgetary Oversight

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Good afternoon, Deputies,

Thank you for the opportunity to speak to you today, on behalf of the membership of the Institute of Professional Auctioneers and Valuers (IPAV), on the critical matter of how Ireland's taxation regime can be future proofed to address key social needs now and in the years to come. We are enormously grateful to contribute today as securing a stable and sustainable property market that delivers for the people of Ireland is an acute problem that requires examination also in the context of the design of the taxation system.

The Commission on Taxation and Welfare has correctly identified that sweeping demographic change, the drive towards sustainability and broad changes to our economy will create challenges for public finances that need to be addressed. However, we would stress that these changes will also affect Ireland's property market which needs to be taken account of in the context of designing the tax system as Ireland faces these transformations.

In these remarks, I will outline some of these challenges to the property market in the face of sweeping structural shifts and highlight some concerns we have with the approach proposed by the Commission on Taxation and Welfare in its final report.

By way of background, IPAV was established in 1971 as a representative professional body for qualified, licensed auctioneers, property service providers, valuers and estate agents throughout Ireland. IPAV currently represents over 1400 Members from across the country. Over 50 years, our organisation has seen great change in the property market, and we harness the depth and breadth of our membership's expertise to track the latest developments in the property market and to bring these insights to the attention of policymakers and the public as a whole. We further work with other representative bodies in related sectors to commission research and highlight issues of common concern.

I will turn now to the shifts in Irish society and the economy which will affect both the public finances and the property market. The Commission on Taxation and Welfare has rightly highlighted the demographic changes will undergo in the coming decades. These will have a profound effect not just on the public services provided by the State but also on the scale and nature of the housing needs of the people of Ireland. Expected population growth will further drive the need for the increase of housing supply. The provision of supply will need to be agile to facilitate the changing requirements for a larger population both in terms of accommodating new people settling in Ireland and those already resident here making decisions on where they live based on changes to their personal or professional circumstances. Furthermore, the changing age profile of the population will affect both the types of dwellings that are needed as well as the facilities that housing units will need to accommodate. This will necessitate both construction of new houses but also the adaptation of the existing stock. Taken together, these demographic shifts will require vast private and public investment as well as a nimble property market which in turn rely on supportive policy.

I would also highlight the effects of adapting to a greener economy on the building stock. The Government has correctly identified that in pursuit of its climate ambitions, concerted action is needed to make buildings more efficient and sustainable. In addition to the State's direct involvement, the adaptation of existing buildings including derelict and vacant and the construction of new stock to match the latest standards will require significant private expenditure. The State will need to be consistent in facilitating property owners, from owner-occupiers to businesses with large commercial facilities in making the necessary investments.

As we face global economic shifts Ireland's physical infrastructure, most notably its building stock, will need to be flexible to match the changing demands for commercial property. Foreign investors and indigenous enterprises alike will need basis for confidence in the investments

that they make and the State has an important role in setting the right incentives to secure Ireland's competitiveness. A flexible property market is also needed to match evolving trends in work practices, with the rise of remote working changing the needs that workers have for their homes.

In short, Ireland's property market in the coming decades will require responsiveness to shifting demands and the facilitation of investment. As such, we are deeply concerned by the heavy reliance on property and capital taxes in the proposals of the Commission on Taxation and Welfare which the Irish Fiscal Advisory Council pointed out last week in its assessment of the Commission's final report. While the State clearly needs to raise revenue to take on the demographic, economic and climate adaptation challenges of the coming decades, placing an excessive burden on the property sector will be counterproductive to Ireland successfully managing these changes.

It is critical that we get the balance of the taxation base right and set the right incentives which will facilitate the growth and adaption needed in Ireland's building stock. At IPAV, we look forward to being an engaged and constructive partner as the Government and the Oireachtas seeks to find the right taxation mix.

Thank you very much for your time.