



**Galway
Chamber**
Ag cothú gnó le chéile

BUDGET 2021

Submission



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Introduction to Budget 2021

Galway Chamber's vision is to make Galway the model in Ireland for inclusive innovation and economic growth, fuelled by the energy, drive, culture and diversity of the people of Galway city and county. We are the collective voice of over 400 members, who employ 25,000 people across Galway City and County. By actively engaging with our members, we know the issues and challenges facing business in today's uncertain economic climate.

Our Pre-Budget Submission 2021 comes following Government's July stimulus package in response to Covid-19 and the introduction of new country wide restrictions.

Prior to the Pandemic, Ireland's economic forecasts were stable; the Government finances were in surplus, unemployment was at less than 5%, and the general outlook was for continued economic growth.

Galway Chamber's General Election 2020 priorities were to ensure that the new Government would deliver on balanced regional development targets laid out in Project Ireland 2040, delivery of key infrastructure for Galway, allocation of funding to implement Galway Transport Strategy and progressing the commitments of the Climate Action Plan.

Post Covid, the economy has been severely impacted. As of September 2020, we now have an unemployment rate, including those receiving temporary COVID-19 jobless benefit, of 14.7% and Ireland's GDP is projected to contract by 8.5% in 2020.

However, if we are to achieve a sustainable recovery it is imperative that Government continues to invest and deliver on the commitments of PI 2040 and invest in a low carbon economy in order grow our attractiveness as a place to invest and do business.

Brexit, combined with the continued economic fallout from the pandemic, will make the work of the new Government even more challenging. As the consequences of these challenges unfold, we will be working closely with our members to ensure that the voices of our members are heard. Aligned with Galway Chamber's five 2020 strategic pillars, our Budget 2021 Submission makes a series of proposals to address these challenges. These recommendations include measures that will support businesses to survive and continue to trade throughout the Pandemic and enable Our Galway to recover. They also emphasise the importance of investment in infrastructure, the low carbon transition, and the delivery of affordable homes.

We have set out our recommendation for Budget 2021 under the five following headings.

1. Backing Galway Business
2. Get Galway Moving
3. Living: Galway Style!
4. Evolving Galway
5. Growing with/in Galway

We believe that our following suggestions for Budget 2021 are key to achieving our vision and associated goals and will help us achieve a sustainable recovery for Ireland's economy.

Kenny Deery, Galway Chamber CEO

J.P. Gilmartin, Galway Chamber President

Backing Galway Business

Covid-19 has had a devastating impact on business, particularly SMEs. While the July Stimulus introduced welcome extensions on wage supports and grants, some of the supports fell short of what is needed. This is particularly true of Commercial Rates, supports for the tourism and hospitality industry, and supports for the self-employed.

Even though we are entering into what is likely to be an extended economic downturn, it is critical that Government achieves the targets laid out in the National Planning Framework with regards to population growth and balanced development in the regions. It is important that Galway, as one of the designated five urban centres, receives crucial investment in infrastructure to meet these population and job targets.

Our City and County Councils should work with City Councils in the four other cities to ensure that the 'urban agenda' – particularly urban redevelopment – continues to be the primary driver of the country's economic well-being. This can be done through the mechanism of City Regions Ireland. www.cityregionsireland.ie

Additionally, funding for education and training will be essential to our economic recovery and the creation of new jobs lost to the pandemic. Government must work closely with industry and employers to ensure that the correct investments are being made throughout the education system so that life-long learning is prioritised, skills gaps are addressed, and increased labour force participation is supported.

Budget Recommendations 2021

COVID-19 supports if high level (Level 4/5) restrictions are activated

If higher levels of the Framework for Restrictive Measures are activated, the following supports will be necessary for businesses to survive another restrictive period:

1. Businesses will need ongoing enhanced wage subsidy support. The Employee Wage Subsidy Scheme (EWSS) terms should be increased to reflect the Temporary Wage Subsidy Scheme (TWSS).
2. A form of stabilization funding needs to be introduced by government to help businesses absorb additional costs and losses due to rolling restrictions.
3. We need a commercial rates waiver into Q2 of 2021.

COVID-19 Stimulus and Supports for Local Businesses

1. Extend the waiver on commercial rates for impacted business to 12 months, with the shortfall in funding to be refunded to Local Authorities by central Government
2. Extend the small benefits exemption to benefit-in-kind to allow employers to give a voucher in 2020 or 2021 up to the value of €1000, which can be drawn down in two parts, on a tax-free basis, and will stimulate retail spend in local economies.
3. Reform the proposed tax credit for the tourism and hospitality sector by replacing it with a Benefit Scheme, which will entitle workers, the self-employed and retired people who have the required number of social insurance (PRSI) contributions to benefit from the equivalent of the existing tax rebate for use in registered tourism and hospitality business. This will reduce the administration involved, making it more attractive to a wider group, and increasing the stimulus to the tourism and hospitality sector
4. Implement the recommendations of the Expert Taskforce on Aviation and on Tourism and Hospitality Taskforce

5. Fund a new six-month accelerator programme for existing and new tourism companies, where such a programme would support companies and entrepreneurs to improve how they attract quality tourists to Ireland, digital offerings, generate productivity gains and cost savings for tourism businesses, and increase revenue for tourism businesses / visitors' spending.

Create a Structure for Growth

1. The continuation of support for Enterprise & Innovation Centres across Galway
2. Parity in acceleration funding for the regions, as per Ireland 2040 policy that state-funded programmes should focus on achieving 50% growth in Dublin and 50% in regions outside the capital.
3. Increase the lifetime limit of €1 million in qualifying capital gains under Entrepreneur's Relief to improve the attractiveness for repeat investors and to encourage increased investment in Irish business
4. Simplify the R&D tax credit system for SME's to provide for upfront credit relief, rather than claiming over a 3-year period. Furthermore, a pre-approval mechanism should be provided for credit claims of SME's.
5. Connectivity is the key issue for the West of Ireland and is inclusive of broadband, road, rail, port and airports and without these components, no other initiative will have any significant impact for the future economic growth of the region. Post Brexit, the West of Ireland will be the remotest part of Europe. In this context, we call for the Government to ensure that significant capital spend is directed towards Galway and the West to ensure that it continues to grow and develop.
6. The National Broadband Plan must be rolled out without delay to allow for Ireland's regions and rural areas to have access to high quality broadband and the economic and social benefits which this brings. Regional and Rural Ireland cannot be left behind on such a vital basic element of modern life, which is an enabler to generate economic activity amongst local businesses.
7. Develop a programme of capital investment on infrastructure (new hospitals and schools) in the West Region that reflects the goals and targets for capital projects in PI 2040.
8. We call for Government to ensure that central funding for both Galway City and Galway County Councils are increased to at least parity with other local authorities. The County Council in particular, is under-funded when compared to other county councils.

Education and Training

1. Continue the rollout of increased apprenticeships and traineeships
2. Conduct research into the construction sector's future skills needs
3. Improve the use of the National Training Fund to support in-work training and education
4. Commit to a review of the existing third level funding structures so that a sustainable long-term funding model can be put in place that will address the current and capital funding needs of these institutions

Get Galway Moving

Accessibility of a city is vital for the growth of the local economy and quality of life of its inhabitants. The highest priority issue for our members throughout the city and county is the chronic traffic congestion leading into, out of and around Galway city. The traffic congestion is a severe deterrent to both businesses currently operating in Galway and those hoping to invest here.

Not only is the length of time spent in traffic having a detrimental effect on peoples' lives, it has also led to the loss of significant job opportunities. For example, some major businesses have decided not to expand their Galway operations further because they are unwilling to add further to traffic congestion and all the problems it creates for staff, suppliers, customers, etc. These issues are directly experienced by visiting Senior Management of Galway based multi-national companies which leads to decisions not to expand.

Our recommendations for the 2021 budget to address the key traffic and transport issues including bus lanes, cycling and walking.

Budget 2021 Recommendations

1. Allocate specific sufficient annual funding to Galway City Council to implement the non-Ring Road direct initiatives within the Galway City Transport Plan, particularly public transport corridors, park & ride and cycle-ways as well as improved pedestrian routes to actively encourage shift from private to public transport. To be done in parallel with, **not after**, planning and completion of N6 Galway City Ring Road. In addition to the provision of cycleways it is imperative that secure bike parking can be provided for commuters throughout the city.
2. Adequate funding must be made available to (i) overcome the short-term, but job destroying, traffic problems in the Parkmore area and (ii) contribute to an annual budget for the development and implementation of a multi-year transport strategy for Galway.
3. The creation of a Master Plan for Galway, incorporating a mass transit strategy extending out to the Ardaun area of Galway city, including Sandy road, as well as Galway Airport, the new industrial and enterprise zones, park and ride facilities and cycleways.
4. Allocate funding to ensure the process supporting the completion of the Galway Ring Road runs smoothly.
5. We ask Government to ensure that the expansion of Galway Port to facilitate larger vessels and free up inner Harbour lands for development, which is a vital infrastructure development for the West, is adequately supported as part of the 2021 budget measures.
6. We also call for the development of (i) a high-speed rail network between Galway and Dublin. In order for this to happen, Galway/ Dublin line needs to be included in the feasibility study launched by Irish rail into the future of the network.
(ii) increased public transport within Galway city and across the county, including bus and rail.
7. As initial measures we ask for funding for (a) a double train line out of Galway and (b) increasing the level of commuter train services between Galway city and Athenry. These would alleviate significant commuter traffic. Extension of the parking facilities will also be required.
8. Align National Aviation Policy to target additional funding to regional airports. Airports outside of Dublin have a critical access role particularly in relation to high tech FDI and knowledge intensive firms. Therefore, these airports are a key driver of regional economies.

Living: Galway Style!

Fostering an affordable, sustainable, friendly, diverse and entertaining residential environment in #OurGalway.

Covid-19 has highlighted many of the problems in our society which we have known to exist – the problematic street architecture, the lack of public open spaces in the city and the lack of affordable housing.

A core objective of the National Planning Framework is that 50% of the population growth should take place in existing urban and brownfield locations. However, the achievement of this target is largely dependent on the Government's actions on curbing the build cost to enable houses and apartments to be completed at a sales price commensurate with the mortgages available under the Central Bank rules.

To ensure that there is appropriate housing stock available in Galway City, Galway Chamber, has called for higher buildings and higher density in Galway's Central Business District. We also have called for Galway City Council to assume direct responsibility for the provision of social housing until housing waiting lists are reduced to an acceptable level. This should include refurbishment of existing unoccupied Council-owned or leased properties.

Our recommendations for the 2021 budget look at social as well as affordable housing, density, public realm and education.

Budget 2021 Recommendations

1. "The Living City Initiative" (Special Regeneration Areas (RSA)) be extended in size and focus not just on City Living but also on encouraging City Working - tax breaks be extended to encourage inner city employment projects such as developing City Centre Innovation Districts. Consideration should also be given to including newly constructed apartments and mixed use developments on brown field sites, target tax relief at owner occupiers and small-scale investors.
2. Produce a measurable action plan to enable the roll out of the National Retrofits Project (as per the Programme for Government). This project has the potential to upgrade existing city centre housing stock to meet Ireland sustainability targets and to enable the delivery of more liveable communities.
3. Encourage development of affordable housing in Galway City Centre by, for example, partnering with state or semi-state landowners and developers to achieve the density goals required by Project Ireland 2040. This should also include the utilisation of Govt Equity scheme for house buyers and Cost Rental initiatives on sites for renters.
4. Reduce VAT on the construction of residential properties from 13.5% to 9%.
5. Review the tax regime for small scale landlords to encourage the retention of apartments and houses in the private rented sector.
6. In addition, attention should be given to "accidental land-lords" whose properties remain in negative equity. Consideration should be given to a state fund to assist such landlords to exit the market, perhaps with sales to Local Authorities or First Time Buyers.
7. Expand the scope of the Standard and Enhanced Social housing lease schemes by clarifying the landlord obligations and the relationship between the landlord and the appointed Approved Housing Body. This has the potential to bring greater investment into the Social housing sector and enable it to meet current targets.
8. Suspend development levies on residential development in areas of strategic importance for two years.
9. Freeze stamp duty on commercial property transactions to allow the sector to recover from the impact of Covid 19 and to assist the exchequer to reduce its reliance on transactional taxes.
10. Consider giving tax breaks for investing in innovation and the adoption of new technologies in construction
11. Give local authorities flexibility over rates to encourage an attractive retail mix in town centres.
12. Provision of sport and recreational centres of excellence. With established links to third level institutes like NUI, Galway, and GMIT, such facilities could become centres of excellence and provide great benefit to the student population as well as the local population. Such centres of excellence would play a key role in promoting healthy lifestyle choices for everyone.

13. A new acute hospital to service Galway and the region, incorporating a medical campus to support greater integration between Higher Education Institutions, medical devices companies, technology providers, pharmaceutical companies and the health service.
14. Funding for Public realm projects across Galway city with the aim of creating a more 'liveable' environment.

Evolving Galway

Building sustainability in #OurGalway through transportation, energy, and innovative projects.

Budget 2021 must include accelerated and ambitious funding for policy measures that promote sustainability and resilience as we move through this crisis.

This includes removing any regulatory and financial barriers which inhibit the green economy transition and embrace the opportunities that new technologies and innovations can make to the transition to a low carbon economy.

Climate change represents a significant challenge for the city and the reduction in our carbon footprint must be embedded through, for example, the delivery of sustainable land use patterns, sustainable transportation initiatives, protection and enhancement of the green network and enhancement of biodiversity, promotion of renewable energy technologies and Sustainable Urban Drainage Systems.

The majority of Ireland's potential ocean energy resource lies off the west coast and the challenge is its commercial exploitation to the benefit of both the region and nation. The Port of Galway is ideally placed along the western seaboard to tap into emerging marine enterprises particularly in the sustainable energy sector and off-shore renewable energy.

Another significant challenge we are facing is new technologies transforming our economy. In order to achieve a sustainable Galway we need to embrace these technologies and foster and support an innovative eco-system. We also need to foster a greater entrepreneurial spirit to encourage the development and growing of domestic businesses.

Our recommendations for the 2021 budget suggest measures to address climate change and increased use of green energy, as well as supporting innovation in the Galway region

Budget 2021 Recommendations

Climate Action

1. Strategic investment must be allocated to renewable energy generation. The Programme for Government includes a provision for the development of 30GW (almost 4 times our national consumption) from offshore floating wind power in our deeper waters in the Atlantic. Galway is the best location for this; therefore, the development of the Port of Galway is imperative to service the offshore windfarms and become a large energy exporter. This is the single biggest opportunity for the West of Ireland in the coming decades.
2. Ringfence all Exchequer returns from Carbon Tax and strategically invest in green infrastructure, public transport, and funds that will support the transition to green transport and heating alternatives
3. Increase investment in the decarbonisation of public transport, particularly in cities, such as investment in bio-methane vehicles and the electrification of trains and buses. Road usage plans must also prioritise public transport
4. Develop and implement national policy on Ocean Energy including, offshore wind & tidal

5. Commit increased investment in the electricity grid to ensure that it is future-proofed and has the capacity to meet decarbonisation targets.
6. Prioritise appropriate budget allocation to facilitate necessary flood defence infrastructure, technology investments and support for flood resistance and resilience measures
7. Commitment to an “Electric Vehicle First” procurement requirement for all State transport unless there is a service-related justification
8. Incentivise business to use the latest in energy and waste reduction technologies and also promote research and development into technologies aimed at reducing our collective carbon footprint.

Supporting entrepreneurs & Innovation

1. Prioritise a Start-Up Relief for Entrepreneurs (SURE) awareness campaign. Additional enhancements to allow tax relief against USC (currently only PAYE is refunded) and expanding the scheme to include self-employed workers should be considered.
2. Introduce a mechanism where entrepreneurs can apply for a “small business rollover”, which would support serial entrepreneurship
3. Increase funding and responsibility of Local Enterprise Offices to encourage high tech business for the domestic as well as export markets
4. Develop a national strategy to support existing co-working and digital hubs and drive development of new regional digital hubs where they don’t exist
5. Continue support for Enterprise & Innovation Centres across Galway
6. Parity in acceleration funding for the regions, as per Ireland 2040 policy that state-funded programmes should focus on achieving 50% growth in Dublin and 50% in regions outside the capital.
7. Increase investment in secondary and third level education for STEM and languages

Growing with/in Galway

Encourage businesses and their employees to extend working in Galway to participating in the future of #OurGalway.

The importance of community has been reinforced throughout these trying times. Galway is proud that it is the most multi-cultural city in the Country, with approximately one in every five residents being non-Irish nationals.

To be an attractive city for FDI and to grow our vibrant and innovative start-up community, we must attract and retain a highly skilled talent pool. In order to do this we need to show that Galway is an attractive place to live with affordable childcare, flexible and inclusive workplaces, and a good quality of life.

Budget 2021 Recommendations

Affordable Quality Childcare

1. 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
2. Continued investment in the Early Childhood Care and Education (ECCE)

3. Increased investment in services and infrastructure that enable childcare providers to expand places for children under the age of three

Flexible and Inclusive Workplaces

1. Review and Reform the existing e-working allowance to support workers and employers who are continuing to engage in remote working
2. Increase the individual tax rebate for working from home, which can currently be claimed against 10% of the costs of home working (e.g. electricity, broadband, heating)
3. Increase resources, both in staff and funding, to Regional Skills Fora, in line with population, to support their efforts to address skills needs around the country
4. Increase investment in the Irish Naturalisation and Immigration Service
5. Progress the strategy to introduce Auto-Enrolment in pensions