



**Galway
Chamber**
Ag cothú gnó le chéile

BUDGET 2022 **SUBMISSION**

INTRODUCTION TO BUDGET 2022

Galway Chamber is the premier business organisation in Galway City and the region. We currently represent approximately 500 companies employing 27,000 people in Galway city and county. It is a privately constituted organisation that works for the interests of businesses, and for the economic development of the City and Region.

The message from our vision statement is that Galway will strive to be the best at whatever it undertakes, to achieve excellence in everything, to be to the fore in new developments and to be the leading location in every endeavour it undertakes. This vision can be applied to all aspects of life and business in Galway and is underpinned to our values of ensuring Galway is progressive & inclusive, committed to sustainability, committed to innovation & excellence, and committed to building communities.

At the core of our strategic plan lie five pillars, namely:

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

Our Pre-Budget Submission 2022 comes as we emerge economically from the Covid-19 pandemic and return to normal business and living conditions with the relaxing of country wide restrictions.

We have set out our recommendation for Budget 2022 in line with our five strategic pillars.

We believe that our following suggestions for Budget 2022 are key to achieving our vision and associated goals and will help us achieve a sustainable recovery for Ireland's economy.

Kenny Deery
CEO, Galway Chamber

Aengus Burns
President, Galway Chamber

BACKING GALWAY BUSINESS

Ongoing provision of business support programmes that aid businesses to adapt and thrive in #OurGalway.

In our view, 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 other four 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.

Budget Recommendations 2022

Stimulus and Supports for Local Businesses

- Extension to the waiver on commercial rates for impacted businesses to the end of 2021 with the shortfall in funding to be refunded to Local Authorities by central Government. This extension should be paired with more accessible criteria to enable the speedy processing of applications.
- Reintroduction of a Redundancy Rebate Scheme for sole traders and SMEs for a defined period of time.
- Extend the EWSS and BRSS in a limited manner to support only the worst affected areas of business continuing to receive support. The current schemes are acting as a barrier to recruitment leading to acute labour shortage in certain sectors, in particular construction and hospitality.
- Extend the small benefits exemption to benefit-in-kind to allow employers to give a voucher in 2022 or 2023 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.
- Reform the "Stay and Spend" tax credit for the tourism and hospitality sector and immediately replace it with a form of local voucher for all adults that can be spent on tourism and hospitality for a defined period of time, targeted at the 'shoulder season'.

- Extend the reduced VAT rate for hospitality & tourism businesses until the end of 2023.
- Ensure adequate staffing resources are afforded to local authorities to enable the effective and speedy implementation of out-door dining and public realm grants, that support dwell time and healthy streets within our town and city centres.
- Ensure the 'Think Small First Principle' is applied to all grant applications to support SMEs.

Create a Structure for Growth

- 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.
- Introduction of a rollover CGT regime for serial investors and entrepreneurs supporting up and coming high potential start ups. Denying the 10% ER rate to investors who mentor several companies and cannot meet the working time condition for any of them is a barrier to increased investment.
- 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.
- KEEP in its current form is not "accessible and user friendly"! It needs to be completely simplified so that companies can implement a scheme with certainty that it will comply with the rules and those thresholds should be set at the date of grant, not the date of exercise. The thresholds need to be reduced or removed altogether – they are too low given the stated aim of attracting a high quality workforce who might be taking a paycut but are happy to do so if it's supplemented by meaningful share based remuneration.
- Commit to maintaining Ireland's 12.5% rate of corporation tax.
- 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. The West of Ireland is the most remote 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.

- 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.
- 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.
- 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 & Skills Investment

- Further Education and Training requires significant capital investment in the infrastructure for apprenticeships, which is currently at capacity, and expects a significant increase in areas such as construction related skills. Capital investment for online delivery is also required, to support individuals and communities where access (physical) to Further and Higher Education should be improved.
- GMIT infrastructure (Galway campuses) – significant growth being experienced in STEM disciplines, in line with employer demand for talent, but there has been a historic underinvestment in both STEM education infrastructure and recurrent funding. GMIT is unable to borrow for infrastructural investment, so a borrowing framework to allow this would be helpful, if direct funding is not available.
- Student accommodation – GMIT is unable to build its own student accommodation due to the lack of a borrowing framework, so shortage of affordable student housing is an issue for Galway generally and GMIT specifically.
- 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.
- 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.

GET GALWAY MOVING

Drive the stakeholder agenda to significantly improve the sustainability and efficiency of the transport network in #OurGalway.

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 and lack of suitable alternatives to car use 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, but it has also raised the question amongst companies of follow-on investment. Our goal is to drive the stakeholder agenda to significantly improve the sustainability and efficiency of the transport network in #OurGalway.

Our recommendations for the 2022 budget to address the key traffic and transport issues recommend movement alternatives including bus lanes, cycling, park & ride facilities and walking as well as greater utilisation of existing rail infrastructure

Budget 2022 Recommendations

- 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.
- Allocate sufficient immediate funding to expand city centre pedestrianised areas.
- Review and enforce commercial vehicle access timeframes.
- Expand cycling routes around and through the city.
- Allocate specific sufficient annual funding to Galway City Council to implement the initiatives that are not dependent on the Galway City Ring Road, 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

- Expedite the delivery of park & ride services on the east and west sides of Galway City to reduce inbound traffic.
- Allocation of funding to fast-track staff recruitment in Galway City Council, particularly in roles supporting infrastructure and transport projects.
- Allocate funding to ensure the successful completion of the Galway City Ring Road.
- 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 2022 budget measures.
- As Galway is one hour away from the closest regional airports and 2 hours from Dublin airport, we also call for reduced journey times and more frequent services for the Galway/Dublin rail service.
- Increased public transport within Galway city and across the county, including bus and rail.
- With the majority of traffic entering the city from the south and west, there is a need to provide alternative approach possibilities to a newly developed city centre. 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 and additional commuter stations will also be required.
- 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.

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 2022 budget look at social as well as affordable housing, density, public realm and education.

Budget 2022 Recommendations

- "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 for a time bound period and for certain types of development 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.
- Consider the re-introduction of the "living over the shop" scheme for specific areas of Galway City Centre to increase the pool of city centre residential accommodation.
- Ensure the introduction of the recently announced Government Plan "Housing for All" is rolled out in a timely manner with planning applications accelerated in areas of acute housing needs.

- 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 Government Equity scheme for house buyers and Cost Rental initiatives on sites for renters.
- Reduce VAT on the construction of residential properties from 13.5% to 5% for a time bound period in areas of key housing need for the period up to 2030.
- Review the tax regime for small scale landlords to encourage the retention of apartments and houses in the private rented sector.
- 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.
- 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.
- Suspend development levies on residential development in areas of strategic importance for two years.
- Consider giving tax breaks for investing in innovation and the adoption of new technologies in construction.
- Give local authorities flexibility over rates to encourage an attractive retail mix in town centres.
- 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.
- 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 2022 must include accelerated and ambitious funding for policy measures that promote sustainability and resilience. 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 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 2022 budget suggest measures to address climate change and increased use of green energy, as well as supporting innovation in the Galway region.

Budget 2022 Recommendations

Climate Action

- 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. A redeveloped Port of Galway will have an important role in the deployment and service of offshore windfarms and in assisting Ireland to become a large energy exporter. This is the single biggest opportunity for the West of Ireland in the coming decades.
- 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
- 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
- Develop and implement national policy on Ocean Energy such as offshore wind and tidal. National policy is also required in respect of the hydrogen opportunity arising from this energy resource.
- Commit increased investment in the electricity grid to ensure that it is future-proofed and has the capacity to meet decarbonisation targets.
- Prioritise appropriate budget allocation to facilitate necessary flood defence infrastructure, technology investments and support for flood resistance and resilience measures
- Commitment to an “Electric Vehicle First” procurement requirement for all State transport unless there is a service-related justification
- 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.
- Ongoing investment in water infrastructure to ensure the sustainability of supplies into the future and ensuring we safeguard our environment through the elimination of the discharge of untreated water into our rivers and seas

Supporting entrepreneurs & Innovation

- 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.
- Introduce a mechanism where entrepreneurs can apply for a “small business rollover”, which would support serial entrepreneurship.
- Increase funding and responsibility of Local Enterprise Offices to encourage high tech business for the domestic as well as export markets.
- 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.
- Continue support for Enterprise & Innovation Centres across Galway.
- 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.
- Increase investment in secondary and third level education for STEM and languages.

GROWING 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 2022 Recommendations

Affordable Quality Childcare

- 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 investment in the Early Childhood Care and Education (ECCE).
- Increased investment in services and infrastructure that enable childcare providers to expand places for children under the age of three.
- Expand mentoring programmes like “Better Start” that aim to improve the quality of childcare and early childhood education.

Supports for Parental Equality

- The CSO reported that almost half (45%) of fathers entitled to paternity benefit did not take it in 2018. Budget 2022 must set aside funding to enable a review of Paternity Benefit to better understand any obstacles for take-up to support parenting equality.
- 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 and ensuring these benefits are extended broadly to our LGBTQI+ parent community.

Flexible and Inclusive Workplaces

- Review and Reform the existing e-working allowance to support workers and employers who are continuing to engage in remote working.
- 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).
- Allocate funding to deliver equality, inclusion, diversity, and disability awareness training for organisations. This must be coupled with enhanced mental health services which are ever critical as people revert to a more normalised level of interaction from varied states of isolation and distancing.
- Fund a workplace access programme to support labour participation for people with disabilities.