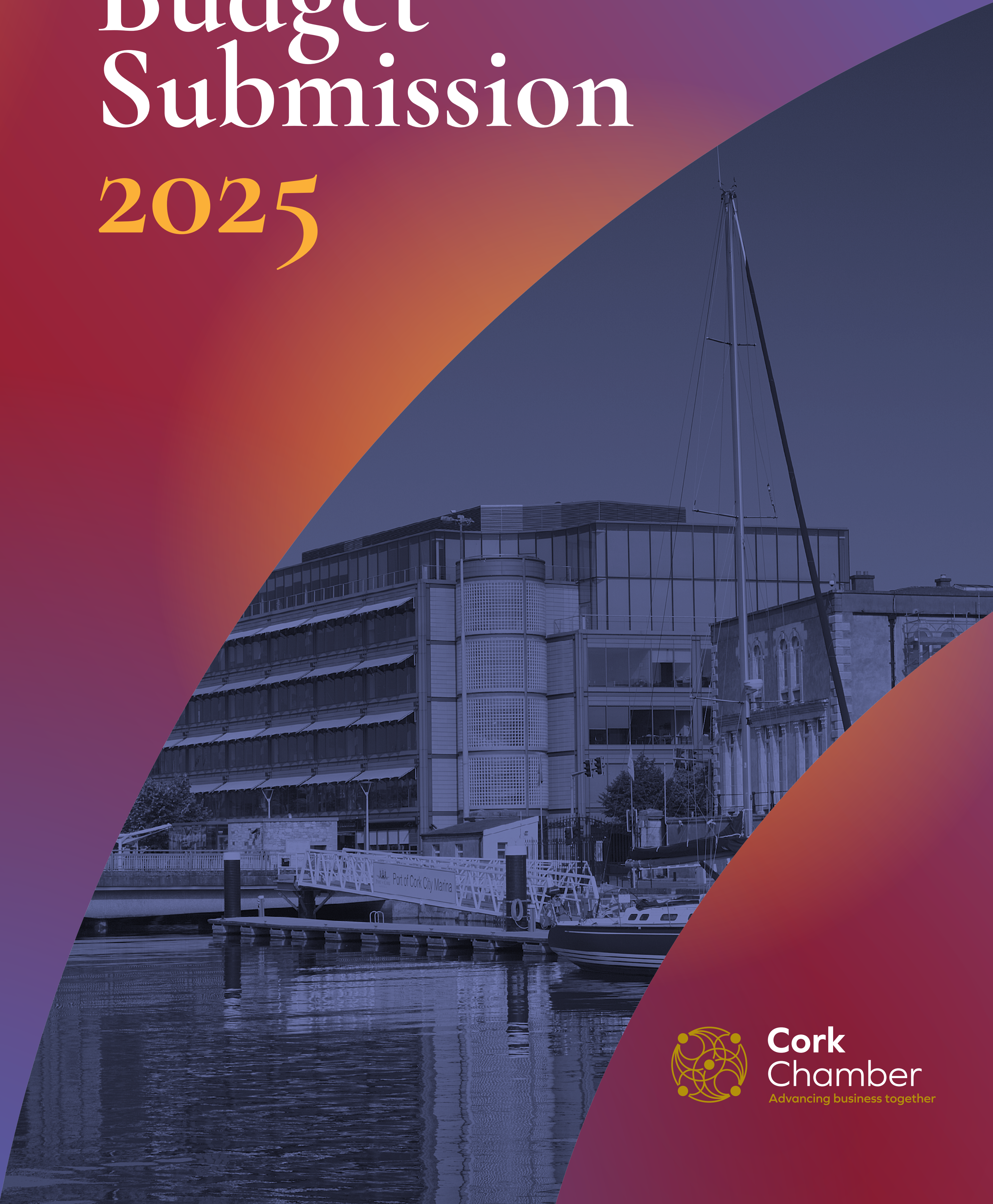
Budget Submission 2025



Cork Chamber
Advancing business together

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Our thanks to the budget committee who have volunteered their time to help prepare this submission.

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Foreword

As we approach Budget 2025, we are faced with both challenges and opportunities. The global economy and society have faced unprecedented disruptions from the recent pandemic, inflation and geopolitical tensions.

The climate crisis is demanding urgent and ambitious action to reduce emissions and build resilience. The digital transformation is accelerating and changing the nature of work and business while social cohesion is facing more pressure. These issues require collective and collaborative responses from all stakeholders, including government, business, civil society and citizens.

Cork Chamber, as the voice of business in the Cork region, is committed to playing its constructive role in shaping a sustainable, inclusive and innovative future for our city and county. We believe that Cork has the potential to be a world-leading hub for talent, enterprise and quality of life. We have a diverse and dynamic business community, a strong and vibrant culture, a rich and beautiful natural environment, and a collaborative and forward-looking spirit.

In this pre-budget submission, we outline our priorities and recommendations for Budget 2025, based on extensive consultation and engagement with our members and partners. Our submission is guided by our commitment to the United Nations Sustainable Development Goals, which provide a comprehensive framework for addressing the social, environmental and economic dimensions of development. We believe that these goals are not only essential for the well-being of people and the planet, but also for the competitiveness and resilience of businesses and regions.

We have structured our submission around four key themes: investing in housing and infrastructure; supporting enterprise innovation and competitiveness; enhancing skills and talent; and promoting social and environmental sustainability. We have proposed specific actions and measures that we believe the Government should take into account in Budget 2025 to help achieve these objectives and deliver positive outcomes for Cork and the wider national economy.

We hope that this submission will contribute to the ongoing dialogue and collaboration between the government, the business community and other stakeholders, and that it will help shape a budget that reflects the needs and aspirations of our members and our region.

On behalf of Cork Chamber, thank you to our members and our Budget Committee Aileen Daly, Andrew Guerin, Joanne O'Brien, and Larry O'Donoghue for their contributions.

Stephen Keohane, Budget Committee Chair

Conor Healy, Cork Chamber CEO

Introduction

Cork Chamber represents 1,200 members together employing 120,000 people throughout the city, metropolitan area and county. Our vision is to be a world leading Chamber of Commerce, delivering on a progressive economic, social and sustainability agenda at the heart of a vibrant business community. Our direction is guided by our formal pledge to uphold the United Nations Sustainable Development Goals, five of which have been identified by the Chambers Ireland network.

All our policy outputs, including our Budget 2025 Submission aim to work in support of
Goal 11 Sustainable Cities and Communities,
Goal 8 Decent Work and Economic Growth,
Goal 9 Industry, Innovation and Infrastructure,
Goal 5 Gender Equality, and
Goal 13 Climate Action.

What our members say

Cork Chamber has constant engagement with our members throughout the year to make sure that our work represents their priorities. We do this through individual member engagement, board meetings and through our Thought Leaders Council.

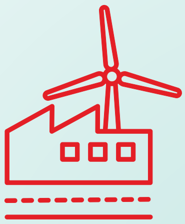
Our Quarterly Economic Trends is also crucial to this process.In the Q2 2024 Economic Trends survey, Cork Chamber members shared their priorities ahead of Budget 2025.

78% of respondents called for additional support measures for SMEs.
82% believe that Cork must receive more investment to achieve targets outlined in Project Ireland 2040.

TOP BUDGET PRIORITIES FOR MEMBERS

1. Housing Stimulus

2. Cost of Living Measures



3. Infrastructural Investment

Housing

Housing availability in Cork has remained a pressing concern in recent years and is one of the top priorities for Cork Chamber and our members.

There remains a considerable journey ahead to deliver the scale of housing our region needs to cater for the projected population increase in the coming decades. However, recent positive indicators can be attributed to government policy changes that have boosted housing delivery in Cork, including widening the cost-rental threshold, schemes like Croí Cónaithe and Project Tosaigh, and waiving development levies.

As we look ahead, ensuring the availability and affordability of housing is essential for fostering economic development in the region. It is imperative that housing delivery aligns with existing demand and anticipates the capacity required for planned future population growth.

HOUSING TARGETS TO REFLECT A GROWING POPULATION

Housing investment must reflect the needs of a growing population and requires more than the 30,000 units a year targeted under Housing for All. The budget should align with the Housing Commission's findings and the rapid growth of our economy and population, necessitating the delivery of at least 50,000 units annually across Ireland. At a local level, Cork needs to produce at least 7,500 – 10,000 units per year to keep pace with demand. Alignment is key between the priorities of Councils, developers and providers of crucial utilities to ensure efficient delivery of units. Any obstacles to the speedy delivery of housing must be targeted and removed.

HOUSING & INFRASTRUCTURE

The non-alignment of delivery plans for residential sites with the necessary infrastructure such as electricity, water and wastewater, has been highlighted as a restricting factor to development. There must be greater alignment of prioritisation between local councils, state and semi-state bodies and developers.

A triage system should be employed when projects enter the planning system where strategic infrastructure applications are accelerated and prioritised for processing to speed up delivery.

RAISING COST RENTAL INCOME LIMITS

We acknowledge the increases made to the cost-rental income limits last year, however these increases are still too modest and do not reflect couples' income in or around the average industrial wage. A further extension of the income limits for cost-rental is required to include higher incomes that reflect couples' income in or around the average industrial wage and currently do not qualify for cost-rental. The current cost-rental model locks a large proportion of the population out of the housing market, particularly middle-income couples, because they exceed the net income limit for the schemes.

- Introduce indexation to account for inflation to ensure cost rental remains affordable.
- Increase the investment in cost-rental in tandem with this to increase supply of units. Currently there are only a limited number planned and the current budgeted allocation is inadequate.

TIMEBOUND TAX-BASED MEASURES FOR APARTMENT DEVELOPMENT

Accelerated capital allowances were key to delivering high density apartments in Cork City Centre e.g., Blackpool, that would never have been built without them. A short-term introduction of capital allowances for less than 5 years would deliver a significant number of apartment units and is needed to turn the dial and deliver a step change in housing delivery.

APARTMENT VIABILITY

The unviability of apartments remains an ongoing concern that is inhibiting development from progressing beyond the planning stages, demonstrated in two Cork Chamber and CIF Southern Region reports completed by EY[1] and KPMG[2]. There are several recommendations within these reports that will increase viability of high-density housing developments, namely:

- Reduce the rate of VAT on residential construction activity to 5% for the period up to 2030.
- Provide tax depreciation of 4% per annum for apartment developments and explore accelerated capital allowances over seven years for Build to Rent (BTR) and Private Rental Sector (PRS).

ACCELERATED RELIEFS FOR BROWNFIELD SITES

City centre brownfield sites, such as those at the docklands in Cork, should be designated for accelerated tax reliefs over a time-limited period to unlock development. Construction levies and duties should have targeted reductions for high density development on these sites.

CGT rollover relief should also be available to businesses when they dispose of real estate and re-invest the proceeds in replacement business property, freeing up prime land for residential and other development while enabling businesses to move to more suitable locations.

UISCE ÉIREANN FUNDING

To ensure infrastructure delivery is aligned with the priorities of local councils and developers, Uisce Éireann must have a continued commitment from Government to grow investment in water services through a multi-annual funding structure. This will enable them to deliver large scale capital projects efficiently and effectively.

LAND VALUE SHARING TAX

The Land Value Sharing proposal contained in the Land Value Sharing and Urban Development Zone Bill (General Scheme) is fundamentally flawed as it is retrospective in nature and applies following a grant of planning. It is therefore another tax on housing output and should be paused for a full review.

1. Viability and Affordability of Apartment Building in Cork City, 2019
2. Addressing the Viability and Affordability of Apartment Development in Our Cities, 2021

RESIDENTIAL ZONED LAND TAX

This tax should not be applied to any housebuilder that has been delayed by factors outside their control such as judicial review, infrastructure capacity constraints, the phased development of lands for residential purposes or any matter related to the planning system, be it pre-application or planning process.

INCENTIVES FOR EMPLOYER DEVELOPED ACCOMMODATION

Introduce incentives within the business sector to develop and let properties to staff, either on a short-term or longer term basis. For example, taxing rents received by corporate employer from their employees at 12.5% (as opposed to the current 25% rate), employers receiving additional deductions or allowances in respect of the purchase/retrofit of 'green' properties, additional tax reliefs available to employees that lease retrofitted properties from their employer (e.g. additional income tax credits, reduced or ideally full relief from Benefit in Kind (BIK) where less than market rent paid to employer).

Rental income received should not be surchargeable income for the purposes of the close company surcharge. Such properties should be recognised as eligible assets for CAT Business Property Relief, if they are maintained as rental properties for employees.

RENT A ROOM RELIEF

Increase the threshold, which has remained unchanged for over half a decade, and incentivise the take up and awareness of this practical tax relief available to individuals who rent rooms in a qualifying residence, where income earned less than €14,000 a year, is exempt from tax. The relief may be adjusted such that the €14,000 is exclusive rather than inclusive of reimbursement payments which may be made to the owner by licensees for utility bills etc.

ACCOMMODATION RECOGNITION PAYMENT

The Accommodation Recognition Payment is available to private individuals who are providing accommodation to a person or people who arrived in Ireland under the EU Temporary Protection Directive since March 2022. This has mitigated some of the impact of lack of private rented housing available to Ukrainians fleeing the conflict in Ukraine. We understand that there are now approximately 19,700 beneficiaries of temporary protection in 'pledged or offer a home' accommodation and we are concerned that the discontinuation of this payment would lead to a significant loss of accommodation.

The Accommodation Recognition Payment should be renewed until March 2026.

Competitiveness, Talent & Skills

It is critical that Budget 2025 addresses the complex dynamics of competitiveness, skills, and talent in Ireland. It must strike a balance between leveraging foreign direct investment (FDI) and nurturing domestic enterprises. While FDI injects capital and expertise into our economy, fostering a supportive environment for local businesses is essential for sustainable growth and economic resilience.

Ireland produces, attracts and develops highly skilled talent nationwide and retaining this advantage is paramount to enhancing Ireland's global competitiveness. The ability to harness a diverse pool of skills not only drives innovation but also strengthens our position in the global market. However, we face significant challenges such as inflationary pressures and rising employment costs, which threaten to undermine our economic stability.

This is in addition to an increasingly competitive and complex international tax landscape where, since the introduction of a global minimum corporate tax rate, we will see increased focus on the relative attractiveness of incentives such as the R&D tax credits, regime characteristics such as foreign dividend participation exemptions , interest deductibility and territorial regimes, as well as the cost of employment.

Fostering inclusive economic growth across all sectors, and in particular for domestic enterprises so as to broaden the tax base while mitigating well flagged FDI concentration risks, and supporting the workforce will be imperative to strengthening Ireland's competitive position in a global market.

IMPROVE THE COMPETITIVENESS OF IRELAND'S PERSONAL TAX REGIME

- Lessening the cost and burden of our progressive tax system and high marginal income tax rate, by increasing the point at which individuals pay the top rate of tax, eliminating the 3% USC surcharge for self-employed individuals and capping the amount of income subject to PRSI.

- With a rate of 33%, Ireland's capital gains tax (CGT) ranks as the third highest in Europe. This rate acts as a deterrent to the execution of capital transactions, subsequently impacting the revenue generated for the exchequer through CGT. We propose a reduction of the CGT rate to at least 25%, or ideally 20% which could potentially stimulate a substantial increase in revenue. Additionally, this reduced rate could ease the process of business ownership transition by mitigating the risk of incurring substantial and unsustainable capital taxes. It could also encourage investors in SME companies.

- Simplify the overly complex taxation regime applicable to investors in investment funds, supporting increased diversification for Irish investors. Consideration should also be given to encouraging or incentivising investment through the Irish stock exchange, for example the UK has operated a targeted ISA regime for several years.

RETIREMENT RELIEF

The planned introduction of the €10 million cap on retirement relief next year should be removed and given further detailed consideration. As noted by the Commission on Taxation and Welfare report, Retirement Relief helps maintain the viability of businesses and farms, which is vital if Ireland is to meet its stated objective of growing the domestic business base as a counterbalance to the FDI sector.

INTEREST DEDUCTIBILITY

The existing domestic tax rules, coupled with various anti-avoidance measures, have rendered Ireland's interest deductibility regime one of the most complex internationally. The recent addition of EU corporate interest deductibility rules has further exacerbated this complexity. Consequently, businesses find navigating these rules overly restrictive and exceedingly complicated. We commend the Minister's commitment, as announced in the previous Budget, to engage stakeholders on Ireland's interest deductibility rules. In light of the mounting challenges businesses face and intensified global competition, we underscore the urgency of progressing from review to legislative reform to streamline and simplify these rules.

ANGEL RELIEF

The introduction of the new Capital Gains Tax (CGT) relief for investment in innovative businesses in last year's budget was welcomed. However, the rules as currently drafted are overly complex and difficult to comprehend with many investors put off by the level of complexity and penalties for getting it wrong. Additionally, many of the conditions are not aligned with the commercial reality for many start-ups and SMEs, for example:

- The "qualifying subsidiary" requirement (i.e. 51%) means joint ventures would be disqualified from relief.
- A "qualifying subsidiary" should also include a subsidiary resident in a tax treaty jurisdiction (not just Ireland, the UK and EEA states).
- The connected party rules should be amended to allow an individual that already holds an interest in the company (e.g. a loan) to qualify.
- Remove the "wholly" test that applies to holding companies as it disqualifies a holding company in receipt of interest income where monies are placed on deposit for a short period prior to use in the business.
- The definition of "initial risk finance investment" should be amended to ensure that a company is not disqualified where the first issue of eligible shares is on incorporation of the company.

Fundamentally, the relief is targeted toward high risk initial investment where a proportion of investments may not realise gains. While relief on upside gains is welcome it is also important to consider downside exposure on losses realised.

We would also propose a revision to the current legislation that would permit interest accrued on loans given to private businesses (start-ups and SMEs) by angel investor corporates to be taxed at the 12.5% corporation tax rate, rather than the existing 25% rate. This proposal also includes an exemption from the close company surcharge. These loans would have to be allocated to eligible businesses and utilised for legitimate business purposes. We believe this measure would enhance the return on investment for "riskier" loans, making them more attractive to angel investors. A lifetime cap, akin to the one applied to Revised Entrepreneur Relief, could be imposed on these loans.

IMPROVE CGT ENTREPRENEUR RELIEF BY:

- Applying a reduced 10% tax rate to both dividends and capital gains, thereby making it tax neutral for the entrepreneur whether they receive a return in the form of dividend income or a capital gain and reducing the incentive to sell high growth SMEs and start-ups early;
- Increasing the lifetime limit to €5 million (or €1 million per venture) as these proposed

revisions are more in line with the level of investment that many private businesses need to develop and grow given relentless rising costs;

- Opening the relief to passive investors thus encouraging private investors to invest risk capital in start-ups and in turn support the broadening of Ireland's domestic corporate base; and

- Clarification on a legislative basis of the application of relief in holding company liquidation cases i.e. where the trading company has been sold and a holding company is liquidated to access the sales proceeds. The relief should apply to trading groups that may have dormant entities within their group structure.

ENHANCE THE CURRENT INVESTMENT AND START-UP INVESTMENT INCENTIVES SUCH AS:

- Employment Investment Incentive Scheme (EIIS) – through simplifying and relaxing the conditions for relief and improving certainty for participants on qualification for the relief.

- Under the current regime, controlling founders are prohibited from having personal holding company structures in place. This creates a dilemma for personal planning for future reinvestment purposes versus the need for funding under the EII scheme. A simple legislative amendment would eliminate this anomaly and be well received in the market.

- Consideration should be given to further enhancing the relief towards sectors of strategic importance, such as the green transition.

- Start-Up Relief for Entrepreneurs (SURE) – through expanding the relief to include previously self-employed individuals (currently only available to previously employed and unemployed persons).

- Start-Up Relief for Entrepreneurs (SURE) - Introduce an awareness campaign targeting recently unemployed who are thinking about setting up their own business.

CAPITAL ACQUISITIONS TAX (CAT) BUSINESS PROPERTY RELIEF - SURPLUS CASH

We would propose reclassifying cash as a qualifying asset for CAT Business Property Relief in trading businesses, until it is invested in non-qualifying assets. The pandemic highlighted the importance of cash reserves in businesses, with those lacking such reserves facing high lending costs. Additionally, surplus cash often gets reinvested in qualifying business assets, a process that can take time. Current rules can dilute CAT Business Property Relief due to this surplus cash, contradicting the relief's main objective.

INDEXATION

The high inflation rates in recent years have notably affected the real incomes and expenses of both business and individuals. We suggest conducting a comprehensive examination of all tax thresholds, reliefs and bands to accommodate this extraordinary phase of recent elevated inflation. The tax system should take account of inflation through automatic indexation in areas such as:

- Personal Tax Allowances and credits and standard rate cut off bands

- USC and PRSI thresholds

- Pension thresholds for contributions and the Standard Fund Threshold (SFT)

- CGT annual exemption

- CAT class thresholds

- CAT small gift exemption

- VAT registration thresholds

Similarly, indexation should be re-instated for the computation of CGT gains to ensure that only the gain in real terms is subject to taxation.

Applicable rates for capital allowances, including industrial buildings allowances, should also be increased to take account of the time value of money loss of writing off over the same period in a higher inflation environment.

LATE PAYMENT RATES

The interest rates in relation to the late payment of tax should be 3% per annum across all tax heads to aid business cash flow.

CHILDCARE PROVISION

The need for high-quality, accessible, and affordable childcare services in Ireland is evident. Our members have expressed concerns about the lack of options, the high cost of childcare, and the impact it has on their employees' ability to work effectively, in particular women in the workforce[3]. This issue is not unique to our region but is a nationwide concern that requires urgent attention.

The shortcomings in the childcare sector in Ireland have been well-documented. The lack of affordable options, long waiting lists, and inconsistent quality of care have created a significant barrier for working parents. This situation is exacerbated by the current economic climate, where the cost of living continues to rise, making it increasingly difficult for families to afford childcare. The following proposals aim to address these issues.

Promoting Parental Leave Equality

Conduct a thorough review of parental leave supports, including maternity, paternity, and parental leave, to identify obstacles to uptake and barriers to achieving greater parenting equality. This review will provide valuable insights into the challenges faced by parents and inform the development of more inclusive and flexible parental leave policies. Simplifying parenting leave options can empower more families to decide how to allocate various leave options between parents. By providing flexible and simplified parental leave options, we promote greater parenting equality and support parents in balancing their work and family responsibilities.

Enhancing Access to and Investment in Early Learning and Childcare

Build upon the increased investment made last year in early learning and care (ELC) and school-age childcare (SAC) by providing sustained support for childcare services, early education infrastructure, and schools.

This support should extend to the establishment of breakfast clubs and after-school childcare programmes across all regions, enabling working parents to access quality care for their children. By investing in the necessary infrastructure and expanding childcare services, we can better support working parents and ensure that children have access to high-quality early learning and care facilities.

Commit to continued investment in the Early Childhood Care and Education (ECCE) programme. The ECCE plays a vital role in providing accessible and affordable early education for all children. By allocating resources to the ECCE programme, we enable children to benefit from quality early education experiences, promoting their holistic development and preparing them for future learning success.

Mentoring Programmes

Expand mentoring programmes like "Better Start" that focus on improving the quality of childcare and early childhood education. These mentoring initiatives provide valuable support to childcare providers, fostering continuous improvement and ensuring that children receive the best possible care and educational experiences. By investing in mentoring programmes, we can enhance the quality and standards of early childhood education, setting a solid foundation for children's development.

3 Economic Trends Q1 2024 Survey

Increase funding

Increase core funding for childcare providers, particularly small and medium-sized providers to ensure adequate supply of childcare places across the country in face of inflation in cost base.

EDUCATION, SKILLS AND TALENT

Higher Education Funding

In May 2022 the Government launched Funding the Future. That initiative identified a €307m per annum core funding gap and made a commitment to close that gap over successive Budgets. This gap current remains open.

Higher and Further education is crucial to Ireland's competitiveness. It is essential that the Government properly funds the sector and that there is increased investment in further and higher education for capital projects and an ongoing funding pot to ensure talent and skills pipelines in Cork.

The surplus in the National Training Fund continues to grow. It is now between of €1.5 billion and €2 billion. This is money levied on employers that is explicitly earmarked to support skills development and training for the workforce. The surplus in the NTF has grown in tandem with a widening skills shortage in both the public and private sectors. Legislative and policy measures are needed to unlock spending for skills development from the growing NTF surplus in line with the Government such as increased funding for Skillnet Ireland.

Apprenticeships

It is important to recognise that people benefit from different paths to employment and not every profession or person is the best fit for traditional higher and further education. We must make alternative paths, such as apprenticeships, more viable and attractive for prospective employees and businesses alike. Therefore, there must be increased funding to expand, research and market apprenticeship programmes across targeted industries and sectors with a specific focus on STEM.

Student Housing

The availability of student housing remains a pressing concern. The capacity of Higher Education Institutions to build and manage their own Purpose Built Student Accommodation (PBSA) should be increased in Budget 2025 to alleviate these pressures.

Critical Skills Visa

The base pay requirement for critical skills visas with a degree could rise to €44,000 in January 2025 from the current threshold of €38,000, which was set in January 2024. This would be an extraordinary increase from the 2023 threshold of €32,000 and will severely impact the ability of certain businesses to fill the graduate roles they are already struggling to recruit for in a very challenging labour market. The potential consequences of such a significant threshold increase are concerning.

This proposed abrupt rise in salary requirements could inadvertently deter companies from recruiting graduates from overseas to address skill shortages. This scenario may result in a significant challenge for consultancies and other businesses seeking to bridge skill gaps from outside the European Economic Area (EEA). Such a measure may price certain employers out of the market and hinder their ability to access essential talent pools.

We urge careful consideration of the new roadmap for increasing salary thresholds within the employment permit system and urge the Government to keep the current salary threshold for Employment Permits for Critical Skills with a degree.

Schengen Area Visa Restrictions

Ireland is at a disadvantage when seeking employees from countries outside of the Schengen area to fill roles in areas where there are skills shortages. Ireland is not in the Schengen Area, one of only two EU countries who have opted not to join because we are in a separate Common Travel Area with the UK. This means that non-EEA citizens living in Ireland need a Schengen visa to travel to the Schengen Area, even if they have a valid Irish Residence Permit (IRP). Conversely, non-EU nationals living in the Schengen countries or visiting the EU as tourists, exchange students or for business purposes can travel through the Schengen countries without going through border controls. This issue needs to be resolved as a matter of urgency to ensure that Irish based companies are on a level playing field when attracting international talent.

Share Schemes

Share schemes are crucial for SMEs, serving as an effective tool for incentivising, retaining, and recruiting staff, thereby enhancing productivity. To compete on a global scale, SMEs require a variety of share plans.

The Key Employee Engagement Programme (KEEP) has witnessed increased adoption recently, but it needs further enhancements for wider appeal. We suggest the following amendments:

- The scheme should support various structures of trading groups that have grown organically, eliminating the need for restructuring. The emphasis should be on the group's overall trading activity.
- There should be explicit guidelines on the preparation and validity of valuations. If a valuation is unintentionally incorrect, the relief should not be forfeited. Instead, income tax could be levied on the undervalued amount at the time of the final share sale.
- To enable share buybacks, the 5-year holding period should commence from the option grant, not from the exercise. This prevents the employee from having to make a cash outlay and encourages equity in private companies not anticipating a sale.
- The provisions should be revised to allow a KEEP option to be "rolled" during a company reorganisation.

For non-KEEP share plans, we recommend the following measures:

- An income tax/USC/PRSI charge arises when free shares are awarded to an employee. Postponing this charge until a liquidity event would assist SMEs with cashflow issues.
- Lower the Benefit-in-Kind (BIK) on preferential loans for share purchases to a commercial rate. Employers could consider this as a funding mechanism. The current 13.5% rate is not competitive on an international scale.
- We advocate for the introduction of Employee Ownership Trusts (EOTs) in Ireland, offering an alternative exit strategy for retiring SME owners and aiding in the retention of businesses and jobs, especially in rural communities.

Infrastructure

Connectivity and accessibility are crucial for the sustainable development of Ireland. Quality road infrastructure with multi-modal transport options play a pivotal role in stimulating economic and social development. Additionally, they provide access to efficient and effective public transport options. Road infrastructure has implications beyond just the use of cars, for example, it opens opportunities such as relocating the Port of Cork's industry further down the harbour.

The Government must consider the increased cost of delaying decisions on necessary infrastructure projects. Procrastination not only inflates the expenses associated with construction and development but also hampers the country's economic and social progress. Thus, accelerating the decision-making and implementation process is imperative.

Ireland needs robust infrastructure to support its ever diversifying and growing population. This includes social infrastructure—health, education, culture, and community facilities—that ties communities together. Proper funding for these sectors is essential to promote social cohesion and enhance the quality of life for all citizens.

The context for all these proposals is a more rapidly growing population than what was planned for and forecasted under the National Planning Framework (NPF) and National Development Plan (NDP). Investment plans need to be recast to meet the needs of this burgeoning population, particularly in the face of our lagging performance on urgent climate targets.

By prioritising the speed of delivery in infrastructure projects and ensuring comprehensive, forward-looking investment, we can meet the current and future needs of Ireland, fostering a thriving, resilient, and sustainable society.

ACCELERATION OF THE PUBLIC SPENDING APPROVAL FOR INFRASTRUCTURE

The urgency of infrastructure delivery across energy, transport and housing is being unnecessarily delayed by approved projects getting delayed in the extended review and elongated approval processes. This process should be streamlined and shortened as it is a key barrier to Ireland meeting its targets across housing, transport and energy to support economic growth. At a minimum the process should be shortened with set deadlines for completion to provide certainty for project delivery.

DEDICATED FUND FOR CLIMATE NEUTRAL CITIES

The commitment from Government in Budget 2024 to invest in climate change through the creation of the new €14 billion Infrastructure, Climate and Nature Fund was a welcomed step to address the challenges we will face in the years to come. However, funding and an investment plan is needed now to address the challenges we are already facing today.

Cork and Dublin have been designated as EU mission cities for climate neutrality to 2030. We welcome the support from the National Mirror Group in coordinating the Smart Cities Mission at national level, providing strategic leadership, governance and decision-making support. For Cork and Dublin to achieve these climate objectives, funding is essential.

A dedicated fund should be established by central government to fund the next six years of investment to meet that target of climate neutrality for Cork and Dublin by 2030. Currently no such dedicated funding exists and is urgently required to meet our climate targets.

ACCELERATION OF CORK'S LIGHT RAIL

Accelerating the development of the light rail network in Cork to achieve delivery within the next 10 years is clearly feasible and should be actioned immediately. Doing so will significantly enhance Cork's efforts in fulfilling the ambitions of the Climate-Neutral and Smart Cities Mission and is needed to better cater to the region's growing population.

The demand for a light rail network is evident now, and there are examples of light rail networks operating in other European cities with similar populations as Cork. Many of these light rail lines have been operating for several years with plans to expand.

- Odense, Denmark; Population 182,000
- Brest, France; Population 215,000
- Lund, Sweden; Population 94,000
- Vitoria-Gasteiz, Spain; Population 249,000
- Olsztyn, Poland; Population 170,000
- Mulhouse, France; Population 247,000

ENHANCE INTERCITY RAIL SERVICES

Only when travelling by train becomes a realistic alternative to the car will rail become the prevalent mode of transport in the mind of the consumer. Irish Rail needs to establish a higher-speed, seamless rail line connecting Cork, Dublin and Belfast. This strategic initiative is needed to enhance connectivity, reduce travel times, and foster economic growth across the island of Ireland. A direct rail service between Cork and Limerick should also be developed.

PRIORITISE STRATEGIC INFRASTRUCTURE INVESTMENT

The new National Planning Framework needs to prioritise strategic infrastructure developments, considering strategic roads and multimodal connectivity, social and community infrastructure, and other key development areas.

Ensure Budget 2025 carefully positions the public finances to be able to accelerate the design, planning, final investment decisions, and timely delivery of the major infrastructure projects in the pipeline for Cork, including:

- Suburban and light rail
- Intercity rail
- BusConnects Cork
- M/N28 Cork to Ringaskiddy Road
- M/N20 Cork to Limerick Road
- N25 Carrigtwohill to Midleton
- R624 (Belvelly Bridge)
- Northern Distributor Road
- Lower Lee (Cork City) Flood Relief Scheme
- Cork City Docklands
- Social infrastructure such as health, education, culture, and community
- The Event Centre

TAXSAVER SCHEME

Full exemption from all Income Tax benefits in relation to the provision of certain public transport benefits to employees should be introduced (such as the Taxsaver Commuter Ticket Scheme). This has the dual benefit of allowing businesses to support employees with increased costs associated with commuting without increasing wages and encourages greater use of public transport.

ALTERNATIVE FUELS INFRASTRUCTURE

Businesses with ambitions to electrify their fleet of vehicles require significant infrastructure changes at their premises, with the installation of vehicle charging points capable of powering the fleet. Lack of national grid network capacity presents significant challenges as part of these roll outs. Upgrading the existing grid infrastructure to accommodate alternative fuels, scaling biomethane production and associated infrastructure of anaerobic digesters, and providing incentives to early adopters are needed to accelerate the transition to sustainable technologies.

SECOND-HAND ELECTRIC VEHICLES (EV)

To stimulate the second-hand EV market, introduce tax incentives and extend grants to buyers. High costs hinder many potential buyers, slowing progress towards our target of 845,000 private and 95,000 commercial EVs by 2030. Grants can improve affordability and support battery replacements, making second-hand EVs a more attractive green choice

ELECTRIC VEHICLE CHARGING INFRASTRUCTURE

The delivery of local electrical vehicle charging infrastructure by Local Authorities to help reduce transport emissions must be prioritised.

SUSTAINABLE CRITICAL INFRASTRUCTURE INVESTMENT STANDARDS

Ensure that all critical infrastructure investment is aligned with the European Commission's 'Sustainable Finance' definitions.

Renewables and Energy System Integration

An energy revolution in Ireland is within our grasp. Progress in this sector will serve as a key advantage for Ireland, attracting talent, investment and foreign direct investment. With investors and businesses increasingly prioritising sustainability, Ireland's leadership in energy will be a major draw and economic catalyst.

However, advancing all renewable energy sources, particularly offshore renewable energy, which plays a pivotal role in Ireland's decarbonisation, requires more than just available resources. Without the necessary infrastructure, these opportunities cannot be realised.

Budget 2025 can lay the groundwork for Ireland to fully realise the potential value of prioritising and facilitating renewable development. By investing in strategic infrastructure now, Ireland can advance renewable projects which are imperative to achieving our climate targets and unlocking substantial economic and social benefits.

INVESTMENT IN PORTS

Port investment is crucial to delivering on our renewable energy targets and to realise the benefits and spin off job creation from the development of our abundant offshore wind resources. The Port of Cork is of national importance as it is the only port in Ireland with planning permission to build the essential structures to support the development of the offshore wind sector by 2030.

The recent announcement that the Port of Cork Company (POCC) is to receive €38.4 million in funding under the EU's Connecting Europe Facility for Transport is very welcome. This decision from the EU further endorses the strategic importance of developing this critical infrastructure. However, a funding gap still exists. Immediate funding is essential to deliver this critical port infrastructure. With the current planning permission expiring in 2025, any delays would be nationally damaging. Government needs to move quickly to ensure investment in all our major ports to deliver both on our climate targets and the economic growth associated with renewables development.

ENERGY TRANSPORT INVESTMENT AND INTERCONNECTION

Ireland needs to implement the energy transport investment plans already in place and unlock investment to substantially upgrade our electricity grid and gas network, enabling enhanced capacity, project viability and reduce dispatch down for both onshore and offshore. This will make it a network fit for the needs of the 21st century.

Reinforcing and building out Ireland's electricity grid is a national priority as we strive to support a growing supply from renewables and meet increasing electricity demand. Currently, the grid lacks sufficient capacity to harness the full potential of renewable sources and is unable to support increased demand. Projects in EirGrid's "Shaping our Electricity Future" must be delivered to support this demand and achieve a zero-carbon electricity system.

Ireland must also be prepared to connect its future electricity grid with Europe and the suitability of such connection with an energy hub on the south coast at Cork presents obvious synergies.

The national gas network and renewable gases are crucial for meeting Ireland's climate objectives, ensuring energy security, and protecting economic growth and foreign investment. Support is needed for strategic undertakings like energy storage facilities that enhance supply security and align with decarbonation commitments.

Ireland's €2.8 billion gas network can help achieve climate targets by transporting green hydrogen and developing a national hydrogen network. By using the existing gas interconnectors to Scotland, Ireland can connect to the European hydrogen network, providing export opportunities. In 2025, Government must provide clarity to Gas Networks Ireland and the offshore sector to convert and transport excess wind and energy, ensuring sufficient indigenous gas to meet demand.

BIOMETHANE DELIVERY

Biomethane enables organisations to decarbonise with their existing equipment without the need for expensive retrofits. However, the industry is in its infancy and needs support similar to the support given to the wind industry when it was developing. The recent biomethane strategy outlines support for 2024-25. An exchequer funded operational support is needed to grow biomethane production. Additional work should be completed over the next year to design the operational support i.e., a minimum guaranteed price for producers in order to grow the biomethane industry to achieve the 5.7TWH target by 2030.

DESIGNATION OF CORK AS A NATIONAL AND INTERNATIONAL RENEWABLE ENERGY HUB

Cork Harbour, including Bantry, is of national strategic importance for delivering our climate and energy targets. The energy, port, grid access, education, and research infrastructure are already in place in Cork. Cork Harbour's strategic location as a gateway to the EU's market, Ireland's enormous maritime jurisdiction, and the complementary scale and location of the deep water in Bantry Bay combine to make Cork a prime region to be designated as the first national renewable energy hub and a central plank towards delivering Ireland's and the EU's climate action targets. While various regions around Ireland need to be developed to deliver on these targets, Cork is best positioned now to enable Ireland to start on this journey.

CORK'S CLEAN ENERGY PARK

Develop an energy park in Cork for the production of renewable liquid fuels and green hydrogen. This will deliver energy security and independence for Ireland, remove Ireland from the extraordinary cost of energy importation, and enable Ireland to become a renewable liquid fuel exporter. The current energy related infrastructure, large energy users, off takers such as Irving Oil, and skilled workforce in Cork makes it the ideal location to do so. Government investment should be concentrated in this area to reap the full benefits.

RESOURCING AND DELIVERY

A dedicated team with timelines for the delivery of Phase 3 and the Future Framework needs to be resourced so that Designated Marine Area Plans (DMAPs) for Phase 3 can be developed in parallel with Phase 2. A continuous programme of DMAPs, including a plan and timeline is needed now to cement investor confidence.

Ireland must harness the maritime expertise necessary to deliver its extraordinary offshore wind climate action targets and attract and hold FDI. Industry membership of these teams is essential to assist understanding and improve certainty of how such ambition can be achieved within a maritime environment that brings a raft of new challenges.

RESOURCING OF REGULATORY AUTHORITIES

Key regulatory bodies and authorities must be adequately resourced to effectively support the development of renewable energy projects. The Maritime Area Regulatory Authority (MARA) requires enhanced capability and capacity to efficiently manage applications for renewable assets. Similarly, An Bord Pleanála (ABP), the National Parks and Wildlife Service (NPWS), the Commission for Regulation of Utilities (CRU), EirGrid, and the Electricity Supply Board (ESB) all need significant additional resources to facilitate the decarbonisation of our society.

RENEWABLE ELECTRICITY SUPPORT SCHEME 4

Recent interest rate hikes have raised the cost of financing, which must be factored into future auctions. Potential reductions in the price cap applied in the auction could undermine the deliverability of projects and the viability of the RESS 4 auction. Previous auctions (RESS 1 and RESS 2) took place at a time when cost of capital was at all-time lows and inflationary/supply chain pressures were not as prevalent. It is critical that renewable projects are profitable to attract the capital required to enable the decarbonisation of our economy. The price cap must be adjusted to reflect these financial realities to ensure the successful implementation of the RESS 4 auction.

CAPITAL ACQUISITIONS TAX ON SOLAR

Capital acquisitions tax (CAT) on utility-scale solar projects poses a significant barrier for farmers and landholders. Addressing this issue could promote the development of more solar farms. A key component of Ireland's decarbonisation strategy is the Government's goal to achieve 8 GW of solar energy by 2030. This ambitious plan will necessitate around 25,000 acres dedicated to solar farms over the next decade, making the cooperation of farmers across the country essential. When developing renewable energy projects, developers typically lease land from landowners. Current CAT regulations allow beneficiaries who inherit agricultural land to receive 90% relief on the market value of the asset, but this is conditional on ensuring that the land used for solar panels constitutes less than 50% of the total landholding. It is crucial for the Government to collaborate with all stakeholders, including the solar industry and farming bodies, to identify solutions that can eliminate this barrier.

RETROFIT INCENTIVISATION

There is an increasing need for focus on retrofit of existing commercial buildings, particularly those occupied by SMEs which often suffer from split incentives, and with a move by large multinational companies to new office buildings that meet new sustainability requirements. A clear focus and incentive package are required to retrofit and decarbonise our existing commercial building stock.

- Introduce measures to incentivise both private individuals and the private business sector to invest in green properties. Some suggested measures in this regard include additional 'green' tax reliefs in respect of Capital Gains Tax liabilities arising on the disposal of properties that have been retrofitted.
- Extend help to buy scheme to include 'help to insulate' second hand homes with attention to households on the brink of living in energy poverty to support a just transition.
- Introduce a reduced rate of stamp duty, or indeed an exemption from stamp duty, where a retrofit of a second-hand property has taken place within a specified time period after the initial purchase of the property.
- Encourage a regional approach to financial retrofitting initiatives by fostering partnerships between local authorities and the financial sector, drawing inspiration from the effective strategies adopted in Parma[4] and Melbourne[5].
- Explore the implementation of Environmental Service Agreements, which link tax incentives to the progress made by local authorities in their endeavours to decarbonise buildings within the region.
- Create a regional task force focused on local retrofitting, bringing together representatives from the public, private, and financial sectors to encourage cooperation among stakeholders and lead the efforts in decarbonisng the built environment.

4 Financing the energy renovation of residential buildings through soft loans
5 Environmental Upgrade Agreements: Your guide to Australia's finance innovation for building retrofits

Urban Evolution

In the aftermath of the global COVID-19 pandemic, Ireland's towns and urban centres have undergone significant changes, highlighting both challenges and opportunities. Alongside these shifts, there has been a concerning rise in anti-social behaviour.

To ensure their continued vibrancy and appeal, it is imperative that we evolve and re-invigorate these crucial areas. Delivering vibrant urban centres is essential for Ireland's economic and social vitality. Our vision is to create living cities that are dynamic, welcoming, full of amenities, and highly accessible to all.

Budget 2025 has the opportunity to introduce initiatives designed to enhance urban living, promote sustainable development, and foster inclusive communities. For too long, potential above-shop living spaces have remained dormant, with stringent regulations holding back their development. Flexibility, innovation, and solution focussed actions are needed now to make city-centre living a reality and ensure Ireland can continue to attract and retain talent. Ireland, as a multicultural country, presents a unique opportunity to embrace diversity and leverage it for economic and social growth. However, we must be proactive in ensuring integration, combating tensions and false narratives, and being actively anti-racist. Investing in the evolution of our towns and cities while also addressing issues of safety and social cohesion will ensure Ireland's reputation as a location for talent and investment.

URBAN EVOLUTION DEALS

Urban Evolution Deals should be introduced to empower cities and regions across Ireland to evolve, driving sustainable growth and enhancing the quality of life for their residents. The Urban Evolution Deals could be modelled on City Deals in the UK[6]. City Deals have been highly successful in the UK, stimulating local economies by leveraging unique regional strengths and addressing specific challenges.

Urban Evolution Deals should be bespoke agreements between the Government and cities to give the latter more control over certain powers, funding, and responsibilities in exchange for pursuing strategies to boost economic growth and development. These deals should aim to empower local authorities to tailor policies to their specific needs. Each deal would focus on areas such as urban greening, infrastructure development, skills and employment, business support and housing. They would be designed to encourage collaboration between local councils, businesses, and other stakeholders to ensure effective implementation.

Many urban centres in Ireland require revitalisation to address issues such as derelict buildings and inadequate social and economic infrastructure. Urban Evolution Deals will enable targeted investments in urban regeneration projects, transforming neglected areas into vibrant, attractive places for living, working and leisure.

6 UK City Deals

GARDA RESOURCING

A greater Garda presence is needed on the streets of cities and towns. An increase in crime and anti-social behaviour is having a detrimental effect on the safety and attractiveness of urban centres, as well as harming local businesses both directly in terms of theft and other criminal activity and indirectly in terms of reduced footfall and business traffic.

Garda visibility is a prime deterrent to anti-social behaviour. It is critical that An Garda Síochána resources are increased in line with population growth in order to police cities such as Cork in a safe manner and to enable the increased visual presence on streets to deter and detect crime.

A review of Garda resourcing should be undertaken to realign needs with population growth.

VACANCY AND DERELICTION

Vibrant towns and city centres rely on people living in the urban heart. Currently throughout Cork and Ireland there are buildings being underutilised with many remaining vacant and derelict. Therefore, vacant potential urban centre housing units, such as those over shops, should be targeted to remove impediments from converting these spaces into living quarters. Obtaining planning permission and fire certification are top barriers to repurposing these buildings. Innovative options to develop these units without compromising safety need to be explored. Bringing residents back into the urban centre is a vital cog in growing vibrant, safe and liveable towns and cities.

A multi-stakeholder taskforce should be funded to explore solutions to current barriers that prevent the conversion of vacant and derelict buildings into housing units in urban centres.

MIGRANT EDUCATION AND TRAINING

The integration of migrants including those seeking international protection is vital to ensuring social cohesion across our communities. With an increasing number of people seeking international protection in Ireland, social and economic pathways must be provided to newcomers.

Investing in the education and training of migrants and those seeking international protection can not only enhance their skills, but will allow their contribution to the overall human capital of this country which in turn will benefit the economy by creating a more skilled and adaptable workforce. Many legally residing migrants however face restrictions in accessing further education and training courses and English language provision.

The Education and Training Board imposes immigration restrictions on accessing courses. Those excluded include spouses and children of employment permit or critical skills permit holders. These restrictions are posing barriers to Ireland's economic growth resulting in an underutilisation of the workforce.

Proficiency in English is vital for the successful integration of migrants. However, English language classes typically follow the academic calendar, leaving gaps during the summer. This can negatively impact language retention and poses difficulties for newly arrived migrants who must wait until the next academic year to enrol in classes. In Ireland, English skills are essential for most employment opportunities, and those with limited language proficiency often find themselves restricted to low-paying, low-skilled jobs, regardless of their qualifications or experience.

Irish SUSI grant qualification criteria prevent many legally resident migrants from accessing third-level education, preventing young people from attaining higher education thus limiting the potential of a diverse and innovative workforce.

The Vocational Training Opportunities Scheme (VTOS) offers a valuable second chance for education and training, but its age limit of 21 creates barriers for young migrants aged 18-21. Many of these individuals have completed secondary education but lack the resources or qualifications for further studies. Consequently, they face limited opportunities to enhance their education and advance their careers.

We recommend the following to remove these barriers and contribute to the full economic integration of migrants in Ireland:

- Expand access to ETB Further Education and Training courses to all legally resident migrants, regardless of immigration status.
- Resource the ETB to provide English language classes throughout the year. Summer classes could be offered on a reduced schedule to ensure continuous learning opportunities.
- Unlock a portion of the National Training Fund surplus to deliver intensive language courses to people seeking international protection. A €3,000 investment in delivering an intensive English language course that focuses on business English and a minimum standard of C1 level, should support an individual in finding meaningful employment, becoming independent and the costs will be exchequer neutral within 12 months by reducing reliance on social supports and increasing income tax receipts.
- Make SUSI grants available to all legally resident migrants.
- Reduce the minimum age to access the Vocational Training Opportunities Scheme.

Tourism

Tourism is a significant economic driver across Ireland, with thousands of direct and indirect jobs depending on it. Prior to the pandemic, the tourism market delivered €5.9 billion in revenue and welcomed 11.3 million visitors, supporting 330,000 jobs on the island of Ireland. Cork County and City boast an abundance of tourism offerings and unrivalled scenic views, along with a rich cultural and arts scene and numerous festivals throughout the year.

As Ireland's largest county and a maritime haven, Cork is uniquely positioned with both the Wild Atlantic Way and Ireland's Ancient East. However, Cork Chamber members and the wider tourism sector have highlighted challenges related to economic viability and talent attraction. Budget 2025 must address these issues to ensure the continued success and sustainability of the tourism industry.

REINSTATE 9% VAT ON FOOD-RELATED HOSPITALITY SERVICES

Cafés, restaurants and coffee shops are often at the heart of villages and towns across the country bringing life to these urban centres. Given the severe impact on food-related hospitality businesses, many of which are facing enormous financial pressures, it is crucial to revisit last September's VAT increase in the upcoming budget.

INCREASED FUNDING FOR TOURISM IRELAND

Many towns and villages around Ireland are very reliant on our ability to attract visitors from abroad to Ireland. Tourism Ireland do a great job in promoting Ireland as a holiday destination overseas. To boost promotion efforts in key international markets the Government must ensure that Tourism Ireland is properly resourced to help to attract more tourists to Ireland.

GREEN INITIATIVES

Funding and incentives for hotels to invest in sustainable practices, such as energy efficiency upgrades and waste reduction programs.

SKILLS DEVELOPMENT

Investment in training and upskilling programs to address labour shortages and enhance service quality in the hospitality industry.

IMPROVEMENT OF TOURISM INFRASTRUCTURE

Investment in transportation and tourism infrastructure to enhance the visitor experience and improve accessibility to various destinations.

REDUCTION OF RED TAPE

Streamlining of regulations to reduce the administrative burden on hotels and other tourism related operators making it easier to do business.

SUPPORT FOR REGIONAL TOURISM

Initiatives aimed at promoting tourism in less-visited regions to ensure balanced economic development across the country.

We are Cork.

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