



**Shannon
Chamber**
Advancing business together

Pre Budget-Submission 2020

Introduction

As an active member of the Chamber Ireland Network, by way of Board representation and a participant in Chambers Ireland's Budget Working Group charged with preparing the Network's Pre Budget-Submission 2020, already forwarded to the Department for consideration, Shannon Chamber presents herein, key issues that particularly resonate with its membership at a local and regional level.

An ardent contributor to a number of government plans and submission requests, most notably the National Planning Framework: Ireland 2040; the Draft Regional Spatial & Economic Strategy and; Limerick Shannon Metropolitan Area Network Transport Strategy, our concern, as a Chamber representing over 300 businesses and their 10,000+ employees in the greater Shannon area, is that balanced regional development should not be presented as an aspiration but a tangible reality. The financial provision to make this reality a reality must therefore be evident in the compilation of Budget 2020 and in all Budgets for the lifetime of the above-named Plans.

Shannon Chamber would therefore request that the following be taken into consideration when compiling Budget 2020.

1. Air Connectivity to Global markets

The economic success of the Shannon region is critically bound up with our ability to successfully trade abroad, support FDI and promote our tourism sector. In this regard, and in the context of Ireland 2040, if the Government is to achieve its vision, in terms of attracting jobs to our regions and ensuring an equitable distribution of economic growth in Ireland, it is vital that the necessary infrastructure and links to global export markets are in place across the island of Ireland.

As an island nation, Ireland's global connectivity relies on its aviation network. It is critical therefore, that the Government supports airports in delivering the necessary infrastructure and connectivity to meet the ambitions of Ireland 2040.

For this reason, Shannon Chamber herewith calls on Government to implement measures to support infrastructure investment and regional connectivity at Shannon Airport in Budget 2020.

a. Government Funds for Capital Expenditure – Safety & Security

Under EU rules, airports with over 1 million and less than 3 million passengers are eligible for Government funding for capital expenditure to fund safety and security investment. However, Shannon Airport does not

get Government funding for such capital expenditure despite being eligible for such funding and despite the fact that the Government is supporting this type of investment at privately owned airports at Kerry, Knock, Donegal and Waterford: the above named privately-owned airports have received a total of €14m in 2019 alone to fund these capital-intensive projects.

This lack of Government-funded CAPEX support for Shannon Airport places it at a disadvantage compared to other Irish airports. For example, Shannon Airport recently took on debt of €14m to resurface its runway, whilst an upgrade of Hold Baggage Screening, which is mandated by regulation, will cost a similar amount. The costs associated with this investment will not generate any additional revenue for the Airport; it limits the money available to the Airport for other projects, including the development of new airline routes.

Shannon Chamber would therefore request that Government funding, under the Regional Airports Programme, be extended to Shannon Airport to assist with capital-intensive safety and security projects

b. Regional Targets and Increased Co-operative Marketing Funds for Tourism Ireland

Air links to hubs in the US and Europe are critical for effective regional development and support the Government's ambitions to drive 75% of growth outside the capital by 2040.

Tourism Ireland provides vital co-operative marketing supports to airlines to help establish new routes. However, the lack of a strong focus on, and appropriate funding for, regional access is hampering the development of critical routes for both tourism, FDI and our indigenous exporting sector.

An improved mechanism to support airlines establishing new routes into the regions outside of Dublin is urgently needed. Implementing regional targets for Tourism Ireland's Co-operative Marketing Support Scheme along an increase in the marketing funds available to support airlines in developing new routes in the region is vital.

The regional focus adopted by the IDA strategy is already recognising the need for a regional approach to drive the national economy. Implementing Regional Targets for Tourism Ireland to support the marketing of new airline routes will also address Government's ambition to drive regionality and seasonality.

Shannon Chamber therefore calls for the implementation of Regional Targets for Tourism Ireland to support airlines develop new routes into the regions alongside an increase in their route marketing funds

2. Broadband connectivity

In tandem with air connectivity, the availability to high-speed broadband is also a key infrastructural asset in the drive to attract and sustain FDI into the Mid-West and entire western seaboard.

Broadband is also required to support remote workers (which is an acknowledged key direction for workers of the future) and also to support small and medium-sized enterprises to locate in the towns and villages outside the large 5 cities – another element of the National Development Plan: Ireland 2040.

Whichever route the Government chooses to take, the ‘current’ plan or an alternative, the overwhelming view of our members is that it has to be the current broadband plan – as any further delay in delivering this long-awaited essential piece of infrastructure is effectively a 5 or 6 -year delay – which is unacceptable to businesses particularly with the economic challenges that lie ahead. Given that any new plan will take in excess of 5 years to roll out, time is of the essence to companies struggling to retain a viable business without an efficient broadband system.

3. Supporting Entrepreneurs and SMEs

Shannon Chamber fully supports the requests included in Section C of Chambers Ireland’s Pre Budget-Submission 2020 – SMEs and Entrepreneurs, given that businesses of this nature and size are a critical component of economic growth. Shannon Chamber’s key requests in this regard are:

- A gradual reduction in Capital Gains Tax (CGT) in line with the UK
- PRSI relief for micro business owners as opposed to tax relief
- Indexing of tax relief for employees to generate increased spending power into the economy: the gains to the economy would be increased spending ability and associated payback to the economy

4. Supporting Growth

With the country close to full employment, labour and skills’ shortages are evident in a number of sectors for the proper functioning of the economy.

The focus of the current Critical Skills Employment Permit list is on Level 8 plus roles or skills with salaries in excess of €60,000 for Critical Skills and is currently not fit for purpose in a near full-employment economy where;

(a) most roles are difficult to fill and;

(b) the social welfare system disincentivises the taking on of additional hours of work. Some social welfare schemes will result in the loss of 1 day’s benefit even if the individual works 1 hour while other schemes result in the loss of all benefits if the individual works in excess of 20 hours per week.

There is currently a shortage of trained carers to look after the disabled and elderly in their own homes. This position is supported by Home Care Community Ireland (HCCI) and senior personnel in the HSE responsible for care in the Community. National Policy currently favours employment permits being obtained for higher-

paid nurses to maintain people in hospitals while it is not possible to obtain permits to bring in carers with the benefits of:

(1) Caring for people in their own homes

(2) at a much lower cost to the State and;

(3) freeing up valuable hospital beds thereby reducing waiting lists. Likewise, individuals on social welfare cannot take up an extra-hours' work without losing a greater amount in social welfare payments.

Shannon Chamber therefore asks that:

- The Eligible List for granting Employment Permits is updated to include Carers who work in the Community and;
- Social Welfare rules are amended to remove the disincentive to work additional hours or days.

5. Naturalisation and Immigration Service

Irish companies are increasingly encountering skills shortages in many industries, particularly in the multinational sector. It is very important for Irish companies to readily hire suitably qualified, highly skilled people from other countries who are willing to come to Ireland to take up such positions.

However, as highlighted to our local political representatives, Shannon Chamber is concerned about the delay occurring in the processing of employment permits. We are also aware of delays in obtaining residence permits. These delays are causing serious concern to the firms concerned and to national and regional business organisation like Shannon Chamber who represent their interests.

We concur with the contents of Chambers Ireland's Pre-Budget Submission where it states that we need to ensure that when employers are required to address skills gaps through the employment of migrant workers, that the system is robust and can process these requests as efficiently as possible.

Shannon Chamber would therefore call for increased investment in the resources and capacity of Irish Naturalisation and Immigration Service so that skilled work visas and employment permits can be processed rapidly and efficiently.