

DUNDALK CHAMBER BUDGET SUBMISSION

This submission should be read with Chambers Ireland submission, as we play an active role in developing proposals. This submission is more focused on the region we represent, while taking into account Chambers Ireland views.

BACKGROUND

The primary focus of Budget 2022 now 23 must be to regain the economic momentum lost by Covid and Brexit. Business needs certainty and a clearly defined roadmap into the medium and long term. Business had been aware for some time of Brexit and the various State organisations were available throughout 2019 and 2020 offering advice both before and after the formal departure of the UK. The border economy received a hard-fought win with the adoption of the Northern Ireland protocol in December 2019. While this has given stability to North South trade it does not solve the east west position, particularly between GB and NI.

Covid on the other hand was a shock to Irish business and has had long term impacts in many areas, including retail; remote working and social interaction.

INFLATION/COST OF LIVING

The sudden rise in inflation and the protection of the disadvantaged, be they those on fixed income or SME sector with limited resources/price takers must be a priority.

If the Government believe that the inflation rate will stabilize then as a temporary measure supports to meet the cost of energy and related “knock-on” rises is justified. However, these should be targeted to those in most need whether the disadvantaged or the SME.

Movement in VAT, excise and other indirect taxation needs to recognise the effects of inflation and cross border reactions. Anything that encourages shoppers to cross the border has a direct impact on that good but also displaces other shopping

RECOMMENDATIONS

As stated above we set out below those matters that are regionally focused for the Northeast

Infrastructure

The Living City Initiative needs to be reformed in order to be fit for purpose. It also needs to be expanded to the Hubs identified in the 2040 National Development Plan AND THEREFORE FOR BOTH Drogheda and Dundalk in this region. This point is specifically covered in Chambers Ireland's submission.

In the Dundalk region there is now considerable housing pressure due to the success of FDI, the demand of DkIT and the proximity of Dublin and Belfast. Any housing initiative, such as the Living City, which can bring quick wins, needs to be focused in line with the 2040 Plan

As called for in Chamber Ireland's submission the Regional Assemblies should be given more resources to coordinate and plan the various Local Authorities initiatives within their area.

M1 Corridor

The M1 Corridor consists of local Chambers and other organisations. As the National Plan 2040 also identified Newry as part of the area support from **the Shared Island Fund** should be made available. On the same logic the wider C8 which includes the 8 Local Authorities from Dublin to Belfast should be supported.

Offshore wind

Offshore wind is key to improving our energy supply security and to reducing our emissions. Adequate resourcing of Government agencies including An Bord Pleanála, the National Parks and Wildlife Service, the Commission for Regulation of Utilities, Eirgrid and the Department of Environment, Climate and Communications is necessary to expedite the delivery of our offshore wind resources.

The North-West Irish Sea is ideally located for the development of offshore wind, due to its proximity to the large electricity demand and population centered on the East coast and the suitability of offshore conditions in the area. Existing electricity transmission grid infrastructure in the region can be

used to connect the first phase of offshore wind projects without the need for expensive and contentious upgrades.

Support should be provided to ports to assist the development of suitable operations and maintenance bases to service the offshore wind parks that will be built in the next few years. This will enable the maximum economic benefit from this new sector and help to revitalize the maritime economy in the region. The supply chain opportunity for servicing offshore wind is not just on the East coast of Ireland but extends throughout the Irish sea including the West coast of GB.

Local Government

Clarify the long-term position regarding parklets. Are they to become permanent and will there be a need for planning?

Increase and train staff numbers in the planning area in order to streamline and accelerate development.

Introduce a national vacancy Land registry and introduce as a matter of priority a site tax and other initiatives to free up brown field sites.

There is a need to increase resources in the planning departments in order to fast track housing and other infrastructure.

Recovery

Dundalk Chamber and others launched the M1 Corridor in February 2019 as a response to the 2040 National Development Plan which recognised the validity of our submission re the Drogheda; Dundalk Newry region. At that time, we saw the potential of the region, due to its connectivity in all forms of transport and broadband to attract

1. Green field investment, whether FDI or other
2. Second location for companies suffering congestion
3. UK companies requiring an EU presence.

Each of those three is still valid. However, with the permanent shift in employment practices to flexible /hub working the need to encourage the second above is greater. We would call on the Government to introduce a permanent tax structure recognising the costs of working from home both recurring and one off and remove any impediments in this area, such as Capital Gains,

The operation of remote working for both employers and employees along the border needs urgent attention. If our members allow remote working then it must be open to all employees. However, if the employee lives in Newry, it means the employer must operate UK payroll and may be exposed to UK Corporation/ income tax. The current rules and tax treaties were not designed for hybrid working.

Redundancy rebate

The abolition of the redundancy rebate scheme, without any corresponding reduction in Employer PRSI, was effectively a stealth tax. There are a considerable number of self-employed employers who are caught in a catch 22. They need to reorganize/close their business but cannot due to the cost of meeting redundancy. The option, particularly with employees close to retirement age is to limp on carrying an inefficient structure. The employee is aware of this and as a result all suffer, the employee, the employer the business and the community.

We therefore request the reintroduction of the redundancy repayment scheme for the self-employed for a defined period

Cross border initiatives

Despite Brexit there is a need to strengthen the All-Island economy. We have repeatedly called for the mutual recognition of the EIS and equivalent schemes in the UK for businesses and individuals based on the island of Ireland. This would allow a Dundalk resident person to invest in a Newry company and vice versa. We recognise that this would require planning by Dublin, London and Stormont.

We also believe that resources need to be allocated to developing the Boyne Valley and the Mourne/Gullion/ Cooley region, the is the area up to 100km north and west of the greater Dublin area. This region's potential either for foreign or domestic tourism has never been fully exploit

Tax

€500 scheme

Dundalk Chamber has been exceptionally successful in promoting its Shop Local Voucher scheme. This scheme has seen over €5,000,000 being injected

directly into the local economy in the last 3 years. When the impact of increased activity is taken into account through retail employment, rates etc. the actual impact has been considerably greater.

We would like to see the scheme expanded to allow employers make two payments of €500 maximum per year rather than the single payment.

Employers could then give the traditional Christmas bonus and one other for either a bonus or at summer holidays.

BIK

BIK on EVs with OMV less than €50k to be retained at 0% beyond 2022 in order to encourage use of green vehicles.

Stay and spend scheme

We welcome the stay and spend initiative but believe that a voucher scheme would be easier to implement.

We believe there is a need to encourage spending of part of the savings generated.

Personal taxation

We believe that the economic recovery needs to be well established before any increases in taxation should be considered. There is also the need to recognise that tax credits have remained constant for several years and would urge

- a. An increase in the tax credits
- b. A widening of the 20% band
- c. We would favour both of the above rather than a 30% additional rate on the grounds that the latter favours only a limited number of people.

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