Competitiveness and the Cost of Doing Business in Ireland

Submission to Joint Committee on Enterprise, Tourism and Employment by Chambers Ireland

August 2025

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About Chambers Ireland

Chambers Ireland is an all-island business organisation with a unique geographical reach. Our members are the affiliated Chambers of Commerce in the cities and towns throughout the country – active in every constituency. Each of our member Chambers is central to their local business community and all seek to promote thriving local economies that can support sustainable cities and communities.

Priorities of the Chamber Network

The policy priorities of our Network for 2025 are:

1. Competitiveness
2. Housing and Infrastructure
3. Energy and Sustainability
4. Workplace and Skills Development
5. Thriving Towns and Cities.

As a result of these priorities, the work of the Committee in this area is greatly valued.

Cost of Business Advisory Forum

We note the short timeframe for this submission. The Committee will be aware that the Department have recently established a Cost of Business Advisory Forum, of which Chambers Ireland is a member, to deep dive into specific areas over the next few months. We welcome this committee and its recommendations should also contribute in more detail to this discussion over the coming months.

Executive Summary

Adequate, efficient infrastructure is paramount to our competitiveness and critical considering the demands of our growing population which is anticipated to increase by up to 6.4 million by 2042[1]. While the housing shortage has been the most visible component, the underlying services critical to housing delivery such as energy, water and wastewater treatment and public transport require prioritisation in all regions of the State.

Compounding the lack of delivery are the frequent challenges to planning, judicial reviews and other delaying tactics. The impact of delays are numerous with the primary cost being paid by the consumer and contribute negatively to the cost of living. They include:

a) Dramatically increasing the cost of delivery of projects that are delayed, even if they ultimately proceed. For example this includes maintenance of the project during the delivery period, reapplying for planning approval or legislative requirements that are implemented while issues are being resolved; legal, interest and other costs obtaining the approvals; obsolescence of materials and equipment originally envisaged leading to need for redesign; and inflation pressures increasing the originally envisaged cost. Ultimately almost all these matters impact on costs and cost of living.
b) Drive up the cost of living by limiting access to essential services, increasing transportation and housing costs and reducing economic efficiency. The lack of availability consequently impacts productivity as people cannot access jobs or services efficiently, companies struggle to attract talent and there is a constraint on social mobility insofar as high living costs and limited access to services trap individuals in cycles of poverty.
c) Costs incurred by State on projects which are abandoned.
d) Opportunity cost of State resources, such as planners and the Court system, occupied on resolving planning and other legal issues which could be spent on other matters – particularly where such expertise is in short supply or constrained.

[1] https://www.cso.ie/en/releasesandpublications/ep/p-rpp/regionalpopulationprojections2023-2042/

Investing now is the most cost-efficient and strategically sound decision and the reality is that the State cannot afford indecision or delay. Each project deferred today will incur substantially greater expenses when eventually undertaken, which makes delay a more costly option. Our Network is hence united in the belief that acting now is essential to make up for the significant shortfalls that are present nationwide. This is why we have advocated for a whole of Government and State Agency approach where every lever in its collective power is pulled to facilitate and expedite the delivery of critical infrastructure and housing, including tax incentives and legislation if required.

Meanwhile our competitiveness is impacted by growing uncertainty in global trade which is driven by tariffs and protectionist decisions as well as the ever-increasing impact of climate change. While we are not the only country facing these challenges, the financial resources available to Government mean it is well-equipped to mitigate those challenges. Frontloading investment and prioritising infrastructure will provide the certainty businesses need to plan ahead, invest with confidence, create quality jobs and expand into new markets.

In terms of the cost of business, reducing legal costs, addressing labour shortages and easing administrative burdens are all essential to maintain our competitiveness. Ensuring tangible outcomes from initiatives like the Cost of Business advisory forum and moving away from goldplating EU legislation during transposition are both necessary measures to ensure productivity continues to grow.

There is also concern over rising energy costs among many businesses and the significant increases they are experiencing place strain on their cash flow and cause increased operational expenses. Companies are adopting mitigation strategies such as investing in energy-efficient equipment and adopting sustainability initiatives, however many supports are inadequate due to high entry costs and limited eligibility in addition to the complex processes involved in applying for them.

Ultimately, ensuring the State's long-term competitiveness across sectors must be a central pillar of policy in the years ahead and achieving this will depend fundamentally on sustained investment in infrastructure. Accordingly we urge Government to prioritise capital spend and critical infrastructure as it plans for the next budget over other measures in the interest of our medium- and long-term success. Investment in infrastructure supports all businesses, regardless of size.

The need for Government to commit to multi-year budgets for capital expenditure is also critical. In a world where so many economies are seeking to diversify, open new markets and build key energy infrastructure, we need the ability to contract for equipment which we know will be required in the medium term or we risk exponential cost increases or even lack of availability.

Fostering trade is also vital. Given current global uncertainties, investment in supporting indigenous companies (importer and exporters alike) to improve use of the EU Single Market and Free Trade Agreements is essential. Completion of the Unified Patent Court and Mercosur should also be a priority.

Finally, we look forward with interest to the outcomes of the consultation by the Local Democracy Taskforce. In our submission[2] to that group we called for greater devolvement and highlighted the role local authorities can play in terms of infrastructure delivery and quality of life into the future.

[2] https://chambers.ie/wp-content/uploads/2025/08/Local-Democracy-Taskforce-Submission-by-Chambers-Ireland-August-2025-1.pdf

Key actions

Below are a series of recommendations with tangible actions which should be adopted to further our competitiveness and help with the cost of doing business. These form part of our pre Budget recommendations but many of them require a multi-year focus and cannot be resolved in a single Budget.

Infrastructure:

- Investment should be increased in water infrastructure with the commitment of a multi-annual funding structure. Additionally, the various consenting regimes should be streamlined to create efficiencies for the delivery of large-scale national water and wastewater projects.
- To optimise investment in capital projects and infrastructure, greater transparency and an open approach to infrastructure funding models are necessary.
- Develop tax-incentivised investment channels to facilitate households to move savings into investments that support infrastructure expansion and green energy projects.
- Develop a robust network of inter-urban and intra-urban public transport networks.
- Accelerate the delivery of keystone urban infrastructure rail programmes. Trainlines should be extended to ports and intercity rail services should be updated and developed
- Include State-owned airports in the new Regional Airports Programme (RAP) given the commitment made in the Programme for Government to continue to invest in the RAP and to develop a new RAP 2026 – 2030 to ensure the successful delivery of capital programmes required for operational efficiency, safety, and long-term sectoral resilience in the aviation sector.
- The aviation strategy should be improved to facilitate multi-annual funding allocations for capital expenditure, operational expenditure, and marketing activities.
- Accelerate the decarbonisation of public transport in accordance with the Avoid-Shift-Improve (ASI) framework.

Planning and local authorities:

- Strengthen planning professionals in local authorities and relevant state agencies.

- Continued investment in the Courts and the Judicial System is essential to mitigate delays and improve competitiveness.
- All Local Authorities must be empowered and provided with the right resources to establish planning department one-stop-shops in every growth city and town.
- Streamline the regulations and processes currently in place for changing the use of existing properties.
- Introduce clear and coherent planning guidelines for all planning officials to improve decision-making and minimise inconsistencies. Additionally, introduce provisions for critical infrastructure projects to be prioritised in decision-making processes by all consenting authorities to help achieve national objectives, including housing targets.
- Increase investment in Regional Assemblies

Housing:

- Increase the Housing for All target from 33,000 units per year to at least 60,000 units per year.
- Set regional targets for housing in all regions of the State to ensure balanced regional growth.
- Introduce a transparent plan with clear priorities for implementing the recommendations of the Housing Commission Report.
- Expand and streamline financial supports for brownfield site development.
- The Derelict Sites Act 1990 should be strengthened to incentivise infill and brownfield construction.
- Raise income limits for cost rental to include higher incomes.
- Increase the supply of affordable homes for purchase or rent in line with social housing targets.
- A land value model of taxation of land should be adopted which is ambivalent to the current use of the property.
- Introduce a legislative framework for Compulsory Sales Orders (CSOs) to encourage appropriate development of residential zoned sites.

- Prioritise direct procurement of new housing to ensure that Local Authorities (LAs), Approved Housing Bodies (AHBs) and the Land Development Agency (LDA) contribute to additional housing supply rather than displacing private market availability.
- To support the sustainable development of cities and communities, the Living City Initiative (LCI) should be extended and established on a long-term basis until 2040. Additionally, the LCI should be expanded to include long-term vacant commercial properties built after 1915.
- In alignment with the National Planning Framework, the LCI should be extended to all cities and towns specified in the framework.
- To stimulate housing stock and promote sustainable development, Special Regeneration Areas (SRAs) should be expanded in cities where they are active. Additionally, tax disincentives associated with investing in vacant properties should be addressed.
- To support homeowners investing in LCI properties, an upfront scheme similar to the 'Help to Buy' should be introduced.
- Monitor and evaluate the effectiveness of the Vacant Home Tax. Expand the tax to include commercial properties and integrate it with broader land value capture strategies.
- The Department should establish vacancy reduction targets for local authorities at the electoral district level.
- Establish a dedicated Taskforce of cross-sector experts with a clear remit to identify and remove regulatory, financial, and structural barriers to Above the Shop conversions. The group should be empowered to recommend policy reforms, pilot solutions, and coordinate across agencies to unlock underused urban space.
- The government should deliver on its commitment to establish a procurement framework for off-site manufactured housing projects. The framework should include multi-annual funding commitments and set annual fixed targets to ensure a steady demand for modular housing.
- Implement tax credits and low-interest loans to help stimulate a Modern Methods of Construction sector.

- To optimise land resources, movable modular housing should be considered as a "meanwhile-use" option for landbanks that are unlikely to be developed in the short term.
- Establish clear planning criteria and funding guidelines to ensure that ground-floor conversions in town centres preserve space for commercial units.
- Government should review both the targets for social housing outlined in Housing for All and the means for delivering them.
- Implement tax credits and low-interest loans to help stimulate a Modern Methods of Construction sector.
- To optimise land resources, movable modular housing should be considered as a "meanwhile-use" option for landbanks that are unlikely to be developed in the short term.
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- Government should review both the targets for social housing outlined in Housing for All and the means for delivering them.
- The Croí Conaithe Cities scheme should be revised and the requirements to avail of it should be reduced to allow a percentage of apartments to receive support but be sold on the open market without the requirement for 100% owner occupancy.

Building Resilient Towns and Communities:

- Increase funding for the Town Centre First Initiative.
- Continue supports for Ireland's postal network.
- Undertake a review of Garda resourcing and investment to realign needs with population growth.

Innovation

- Introduce a €200 million Strategic Capital Investment Scheme over five years to support large scale, high growth projects across key sectors

- Expand and simplify the eligibility criteria for R&D tax credits to encourage research activities in medium-sized enterprises.

Renewable energy and decarbonisation:

- Reinforce and upgrade our grid infrastructure as part of Price Review 6 (PR6) through front-loaded investment to effectively support Ireland's renewable energy generation capacity.
- Permitting for existing wind energy assets should be extended where the asset has reached end of life and repowering or redevelopment is being pursued by the developer.
- Invest in battery storage at all generation sites to effectively ensure a steady, sustainable reserve of power.
- Develop ambitious post-2030 targets for renewable energy.
- Establish a comprehensive funding and policy framework that supports research, infrastructure readiness and market stimulation for clean technologies, particularly focusing on clean technologies like Biomethane and Hydrogen. This should include dedicated R&D funding, infrastructure upgrades, targeted subsidies and demand-side measures to accelerate renewable energy production and adoption.
- Provide funding and implement an ambitious strategy for Irish ports, with a specific focus on the delivery of offshore wind farm construction.
- Accelerate the pace of development and implementation of wind energy generation projects.
- Accelerate and expand non-domestic retrofitting supports.
- Refocus the retrofitting programme to prioritise large-scale shallow retrofits and amend Section 97B of the Taxes Consolidation Act 1997 to incentivise retrofits of rental properties beyond 31 December 2025. In addition, prioritise the retrofitting of households in receipt of the Winter Fuel Allowance.
- Provide funding for re-training programmes to facilitate the transition from fossil fuel-dependent jobs to low-carbon employment opportunities in sectors such as energy retrofitting, sustainable forestry, renewable energy, peatland restoration and renewable energy.

- Classify SEAI-supported retrofitting projects as 0-5% VAT rated products.
- Provide core funding for EU-mission climate-neutral cities.
- A migration plan for the inexorable move away from diesel and petrol fuelled cars and the impact on taxes raised must be formulated.

Skills:

- Roll-out the single permit system for living and working in Ireland without delay.
- Increase employer funding for apprenticeships and invest in more STEM-focused apprenticeship programmes.
- Establish a National Renewable Energy Skills Mapping Initiative to align workforce capabilities with the projected skills demand in the renewable energy sector by 2030.
- Reform tax rules to enable better worker mobility between Northern Ireland and Ireland.
- Amalgamate the funding streams for the technological universities and traditional universities.
- Introduce a Working Age Payment that provides a time-limited, income-tested subsidy equivalent to 80% of previous welfare entitlements for long-term unemployed individuals (12+ months) who take up part-time employment (minimum 15 hours/week). Additionally, implement a tapering process for the reduction in welfare supports to individuals re-entering the workplace after an extended absence.
- Extend the Human Capital Initiative funding for a further 2 years.
- Update and expand Ireland's Lifelong Learning Strategy beyond 2025, with a focus on inclusion, digital transformation, and green skills.
- Increase staff resources and funding for the Regional Skills Fora in line with population needs
- Increase funding for apprenticeships in the construction sector to ensure a pipeline of skilled talent in the sector for the future.
- Deploy a portion of the National Training Fund surplus to deliver intensive language
- courses to people seeking international protection.

Business reliefs:

- Defer the implementation of the €10 million lifetime cap on Retirement Relief for business transfers by individuals aged 55–69, pending a full impact assessment and stakeholder consultation.
- Increase the accelerated capital allowances granted for all plant and machinery purchases against Corporation Tax and Rental Income from 12.5% per annum to 25%.
- Reform the Employment Investment Incentive Scheme (EIIS) by simplifying the qualifying criteria and prioritising flexibility to encourage broader investor participation.
- Extend the Key Employee Engagement Programme (KEEP) until 2030 and conduct further reviews and reforms to simplify the programme and ensure its accessibility and user-friendliness.
- Extend energy supports for businesses to 2030.
- Reduce the Capital Gains Tax rate of 33% for non-passive investment. Additionally, increase the lifetime limit of €1 million in qualifying capital gains under Entrepreneur's Relief.
- Establish a Taskforce within the Department of Finance to consolidate existing tax legislation into a unified and accessible legal framework.
- Review and simplify the reliefs available such as Retirement Relief and integrate them into a more comprehensive Entrepreneurs' Relief.
- Ensure all completed SME Tests are published and their findings are clearly integrated into policymaking processes.
- Introduce targeted tax incentives to encourage SMEs to invest in workplace health and wellbeing.
- Modernise the current system for tax relief on pension scheme contributions for the private sector.

Trade:

- Broaden the scope of industries eligible for trade supports to include sectors such as Green and Sustainable products, Skills, Culture and all SMEs seeking to export to the EU.

- Support initiatives that encourage Irish exporters to adopt sustainable and ethical trade practices, including certification programmes and green supply chain management.
- Allocate additional resources to the Trade and Investment Strategy and optimise the Enterprise Europe Network (EEN) to actively support small and medium enterprises (SMEs) in engaging with international trade.

Childcare and gender equality:

- Build upon the recent increases in investment in early learning and care (ELC) and school-age childcare (SAC) by further raising the universal subsidy above €2.14 per hour and increasing the income threshold beyond €60,000 under the National Childcare Scheme (NCS).
- Increase core funding for childcare providers, especially small and medium-sized providers, to ensure an adequate supply of childcare places nationwide.
- Significantly increase funding dedicated to specialised supports and comprehensive training for childcare providers, enabling them to effectively accommodate children with additional needs and disabilities. This should include investment in specialist staff, adaptive learning materials, and accessible facilities.
- Commit to a 5-year programme of continued investment in Early Years and School Age Childcare.
- Expand mentoring programmes like "Better Start" that focus on improving the quality of childcare and early childhood education.
- 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.
- Establish funding initiatives such as microfinancing loans that specifically target female business owners. Furthermore, collaborate with Irish universities to implement start-up accelerators specifically designed for female-led businesses.