



**Chambers
Ireland**
Advancing business together

**Chambers Ireland Submission on the National
Recovery and Resilience Plan Public
Consultation**

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Contents

Executive Summary	3
Chambers Ireland’s Perspective on the National Recovery and Resilience Plan	4
National Recovery and Resilience Plan Priorities	4
Chambers Ireland and the Sustainable Development Goals	5
Taking into account the guidance provided by the European Commission, what are the areas Ireland should prioritise?.....	7
Green Transition	7
Decarbonisation of our electricity supply	7
Urban Centre Improvements.....	10
Digitisation.....	13
Workplace Reform/Gender Equality	14

Executive Summary

The EU's Recovery and Resilience Facility lies at the heart of the Union's response to COVID-19. Through this facility, it intends to make €835m in grants available to Ireland. To avail of this funding an application must be made to the Commission. Plans must devote a minimum of 37% of expenditure to climate (with the remaining 63% complying with the 'do no harm' principle i.e. not undermining environmental objectives) and 20% to digital investments and reforms.

Chambers Ireland welcomes the opportunity to provide input to Government on the types of initiatives this funding can be directed to. Using the Sustainable Development Goals as a framework, it is our view that through investing in the decarbonisation of our economy, upskilling our workforce, and supporting gender equality through investment in childcare, our National Recovery and Resilience Plan can begin to mitigate the economic and social wounds that have been inflicted on our country because of Covid-19 and Brexit.

Recommendations:

- Our Electricity supply needs to be moved to a more sustainable footing if we are to be able to meet our revised 2030 emissions targets. This means that our **Grid infrastructure needs investment to be modernised** so that we can move our renewably sourced electricity from the regional areas where it is produced to where it is needed.
- Investment in ports and in **research/innovation support** will be critical if we are to maximise our capture of the supply chain benefits and wealth creation that will be associated with the massive investment in offshore energy that we can expect to see over the coming decades.
- Creating more **liveable cities and towns in our urban areas** must also be at the heart of Government's application. Our high streets and urban centres have been blighted with vacancies and dereliction must also be a priority work programme. This "Town Centre First" approach and focus on urban centres will not only enliven our economy through strengthening the domestic economy, but it can also support ameliorating the housing crisis and supporting a shift from carbon intensive means of transport towards more active alternatives.
- In terms of **digital investment**, a town-centre first approach can also be supported through **investing in high-speed broadband to support co-working hubs** in urban centres, which will enable the return of workers to urban spaces, supporting footfall and the local economies of these areas.
- Finally, we must ensure that inclusion and gender-equality is at the heart of the National Recovery and Resilience Plan. This means that affordable, **accessible quality childcare must remain a priority for investment.**

Chambers Ireland’s Perspective on the National Recovery and Resilience Plan

Chambers Ireland is the State’s largest business representative network. We are an all-island organisation with a unique geographical reach; our members are the 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.

Our member Chambers are anxious to see the National Recovery and Resilience Plan accelerate the ambition of the Climate Action Plan and the National Development Plan. Due to the demands that the Brexit process and the Covid-19 crisis have placed on the political and administrative resources of the state, combined with the economic constraints of the pandemic and Brexit’s damage to supply chains, we are far from where we need to be if we are to meet the demands that the coming decades will place upon our capital infrastructure, our society, and our environment.

National Recovery and Resilience Plan Priorities

While the National Recovery and Resilience Plan must respond to the twin economic shocks of Covid-19 and Brexit, it is critical that it does so in a manner that reinforces the National Development Plan’s capacity to meet the needs of the National Planning Framework and the Climate Action Plan (due to be revised itself this year) in the context of the more stringent EU Climate Action CO₂ reduction targets, and opportunities for Ireland presented by the European Green Deal.

In consultation with our network, we have highlighted three areas where the ambitions of which should be fundamental parts of Ireland’s National Recovery and Resilience Plan:

- Urban Revival
- Decarbonising the Economy
- Inclusion and Gender Equality

Chambers Ireland and the Sustainable Development Goals

Our network of chambers uses the Sustainable Development Goals as a framework for policy analysis and recommendations with five of the Goals strategically prominent in our considerations:

- Decent Work and Economic Growth
- Sustainable Cities and Communities
- Gender Equality
- Industry, Innovation and Infrastructure
- Climate Action

As a business representative body, Decent Work and Economic Growth (Goal 8) is important to us, not least because our success at accomplishing the aims of the Sustainable Development Goals is underpinned by the general health of our economy.

In particular, past economic downturns in Ireland have often been accompanied by a pro-cyclical decline in public capital infrastructure investment. This tradition of under-investment has not only made downturns more pronounced, this austerity-driven amplification process also put our economy onto long-run output trajectories. These have been characterised by lower economic production capacities (against pre-downturn levels) that has arisen out of economic scarring¹ and other hysteresis processes, such as emigration². Ultimately, these cycles undermine our competitiveness through the large opportunity costs associated with the failure to deliver on necessary investments.

Therefore, it is imperative that the National Recovery and Resilience Plan acts as an engine of economic growth to minimise the long-run consequences of the shocks our domestic economy is currently experiencing.

Nurturing a vibrant, sustainable and resilient economy must be a core element of the revised National Development Plan. We recommend that the framework of the Sustainable

¹ [Developments in the Irish Labour Market during the Crisis: What Lessons for Policy?](#) *Journal of the Statistical and Social Inquiry Society of Ireland*, Vol. 44, 2014-5 pp. 18-39

² [Return Migration and Optimal Tax Rules: A Hysteresis Case](#), *International Advances in Economic Research* volume 15, Article number: 487 (2009)

Development Goals act as a benchmark for how our economic goals can be achieved and how the National Development Plan itself can be delivered.

For example, developing Sustainable Cities and Communities (Goal 11) will not only support investment in our urban cores to support town centre living, it will improve the wellbeing of those who live and work there.. Further, with a robust economic core, we can more easily make advances in areas such as Gender Equality (Goal 5), through investment in affordable childcare and advances in building a flexible working culture.

Considering the guidance provided by the European Commission, what are the areas Ireland should prioritise?

Green Transition

Within the Green Transition package two capital investment areas have clear priority:

- Decarbonisation of our electricity supply
- Urban Centre Improvements

Decarbonisation of our electricity supply

We urgently need to see progress on the infrastructural elements that the greening of our electricity will be dependent on, in combination with the finalisation of the legislative/regulatory regime that will give certainty to potential projects, and the reform of our administrative system that will be needed if our planning regime is to be robust enough to ensure that these projects are to be delivered in a timely, fair and environmentally sustainable manner.

Upgrading our electricity grids

Our Electricity networks need upgrading, at the transmission level, to bring the electricity from where it is renewably sourced to where there is demand for it. Our low voltage networks need to be upgraded if they are to be capable of supporting the high-demand low carbon technologies (including heat-pumps and electric vehicles) which we will need if we are to reduce our carbon emissions to the 2030 targets.

Reforming our planning system

Within the administrative sector, we will need to see investment in An Bord Pleanála, to ensure that they have the capacity to manage the increased volume of infrastructural permissions that will be sought under the Strategic Infrastructure Act 2006. It is essential that decisions that are made will be robust enough to ensure that they survive the high degree of scrutiny that they will inevitably attract.

The National Parks and Wildlife Service will need a similar degree of investment as the offshore wind industry will be dependent on their being a secure and sufficient planning capability within

the NPWS to cope with the increased burden that will be placed on them as a result of the finalisation of the Marine Planning Legislation and the critical role they will play as part of the National Marine Planning Framework/Marine Spatial Planning regime.

Our Regional Assemblies should take on a role where they offer technical shared services to their constituent Local Authorities - particularly with regard to intra-regional/inter-authority transport and energy networks where they should have a role to play in ensuring that the Local Area Plans and County Development Plans interact appropriately with the National Planning Framework Guidelines to ensure that decisions that are made are robust enough to survive review by the Office of the Planning Regulator, and the risk of Judicial Review.

Complementary to the nurturing of an effective, consistent, and robust planning administration across the state (this consistency is vital when many major investment projects over the coming decade will need to see permissions being granted by multiple agencies and authorities) will the introduction of a dedicated environmental court, modelled on the existing commercial courts, which will be resourced to such an extent that it will be effective in minimising the delays that planning permissions will otherwise cause in the development of the infrastructure we need to meet our Green Transition targets.

Investing in our port capacity

Finally, there is a need to act quickly if we are to be able to upgrade our port infrastructure if it is to be able to deliver the offshore wind. Capacity will have to be created if we are to be able to maximise the window within which offshore construction will be possible. The longer the supply chains to offshore sites, the more opportunities for weather and other unforeseeable events to interrupt works, thereby lengthening the overall build time for those projects.

Given the long lead in times – port upgrade project schedules can often take many years to mature, particularly given the ongoing need to continue commercial activities – projects which start over the coming year will only be fully available in the 2030s at which point construction of windfarms off the west coast is expected to be commencing.

Meanwhile, along the Eastern and Southern Coasts the Operations and Maintenance activities which will be needed to support the 5GW of offshore wind that the Programme for Government

foresees will place inordinate demands on secondary ports that were largely constructed in the 19th Century.

Research and Innovation

Key to the success of the Green Transition will be the development of new techniques that allow for the reduction in the carbon intensity of many high energy demand processes. These need to occur at both the energy production/transformation stage and also in the energy storage stage.

At the energy production level there is significant research needed to ensure the viability of floating offshore wind turbines. We must also ensure that Ireland is prepared to harness the opportunities that floating wave and tidal energy supplies are likely to have.

Large supplies of near zero marginal cost green energy will allow the development of new industries centred around the production of energy dense compressed Hydrogen for use in thermal plants, the heavy transport sector, Green Ammonia for the aviation sector etc.

With thermal plants, there needs to be increased research in the use of Green Hydrogen as a primary fuel feedstock along with options that consider the use of biomethane in combination with Carbon Capture and Storage technology that will be necessary to achieve net negative carbon emissions.

Urban Centre Improvements

Increased, quality urban living not only supports the National Planning Framework by building Sustainable Cities and Communities, it also facilitates the development of lifestyles which are more dependent on active travel and so are less carbon intensive.

Upgrading and reusing the vacant premises (which are a deadweight on our cities, towns, and Local Authorities) will help us address social policy problems like the housing crisis and will do so in ways that will consume less of our carbon budget between now and net neutrality in 2050.

Upgrading the physical stock of our cities and towns offers us an opportunity to efficiently retrofit those buildings which will not only reduce cost of living for urban populations, but also have a disproportionate effect on reducing fuel poverty (which is largely an urban problem³).

Retrofitting of existing building stock

Another major area requiring capital investment will be the retrofitting of our existing building stock. Even before the Covid-19 Crisis, vacancies in cities and towns across the country were a blight on local economies. Underutilising our existing building stock forces us towards relying on new builds, which consumes a disproportionate volume of our Carbon budget. Under most circumstances it is faster, cheaper and more sustainable to renovate the existing stock than it is to⁴ build from scratch. Retrofitting and renovation also preserves the existing build heritage of our cities and towns which promotes ancillary industries such as tourism.

This approach, combined with legislation that allows for the conversion of existing vacant building stock to residential use, could have the additional benefit of increasing the supply of private and social housing, which is a notable area of deficiency in the Country Report Ireland 2020⁵.

Civic Realm Investments

A government programme of action that is focused on putting town centres first will facilitate the economic rebirth of urban centres. This will come about through the expansion of opportunities for businesses to benefit from populations that live locally, who will have with

³ Barrington Lecture titled *Has Fuel Poverty Changed and How Should Policy Respond? Charting fuel poverty in Ireland, 1987-2015*, by Dr. Niall Farrell of Queen's University Belfast.

⁴ [Town Centre First Initiative Six Pilot Towns Synthesis Report](#), Department of Rural and Community Development 2020

⁵ European Commission [Country Report](#) 2020

increased leisure time due to shorter commutes and increased disposable income as a result of the low-cost travel that efficiencies of scale bring to the transport options available in urban areas.

From an exchequer perspective, densifying our population, through making it easier to live in urban areas, will have the benefit of making the provision of public services both more efficient and more effective by concentrating future population growth in areas where service provision already exists (which avoids the stranded assets problem associated with a mismatch between where public service infrastructure exists, and where the demand is based).

As part of a stimulus programme, a revival of our urban environment has two major beneficial elements. Firstly, there is huge amount of work that needs to be carried out, particularly with respect to public realm improvements which are easily accessible (even considering the limitations which construction work is under even with the public health restrictions which Covid-19 makes necessary). The constrained economic environment that has existed over much of the last decade has led to much of the capital stock of our urban areas becoming degraded, this suggests that it will be possible to create large scale programmes which will be able to carry out a significant body of work, across the cities and regions, without triggering crowding-out effects that could result in inflationary pressures.

Active Transport Networks

Even if we were not facing an existential threat arising from our CO2 emissions, resolving the transport problem would be amongst the highest priorities of the business community. As the Department of Transport's own excellent research has demonstrated, congestion is costing the city of Dublin €100's of millions each year, and soon to be billions each year. Using live travel data TomTom ranks⁶ Dublin as the 17th most congested city in their sample, with typical commuters spending in excess of 213 hours in congestion in a given year.

Independently, Inrix⁷, using a very different methodology (which looks at the absolute economic cost of congestion by weighting congestion by the size of the city), ranked Dublin as the 53rd worst city for congestion that they examine. In terms of hours lost due to congestion (246

⁶ https://www.tomtom.com/en_gb/traffic-index/dublin-traffic#statistics

⁷ https://static.poder360.com.br/2019/02/INRIX_2018_Global_Traffic_Scorecard_Report_final_.pdf

hours/commuter), Inrix ranks Dublin as the second worst city in Europe, behind only Rome (254 hours per commuter), with Dublin having the slowest average speed for the last mile of travel (among cities in Europe).

In 2018, TomTom's data has Dublin's congestion disimproving by 3% year on year, Inrix puts the rate of congestion increase at 4%. Both surveys charted a decline in commutability in 2018 relative to 2017. For TomTom, that 2017 data was an increase of 3% from 2016 at which point only 190 hours per year were added to the typical Dublin commute in 2016⁸. Where we have data about the National Development Plan growth cities, the findings are similar – while the duration spent trapped in congestion is related to the size of the city, the pace at which it worsens has been a cumulative 2-3% p.a. in all our major urban centres. Methodological changes make direct comparisons between current reports and earlier ones less reliable, but the trend, where available, has been consistent.

Our urban areas need to move towards locally active travel nodes, with efficient and affordable public transport linkages between urban nodes and Chamber Ireland⁹ has consistently argued for greater and better investment in our transport infrastructure not only because of the quality-of-life benefits, but also for the economic competitiveness benefits, and the environmental benefits. Our member chambers are united in the vision of an Ireland where localities are transformed to become more person-focused and getting the active transport infrastructure right is fundamental to that.

⁸ <https://www.independent.ie/irish-news/revealed-the-worst-irish-city-for-congestion-where-drivers-spend-more-than-the-average-work-week-sitting-in-traffic-every-year-35467969.html>

⁹ [Chambers Ireland Submission to the Department of Transport's Sustainable Mobility Policy Review – February 2020](#)

Digitisation

A central objective of the European Commission's Recovery and Resilience Facility is to improve the digitisation of societies across member states. One of the chief problems in Ireland with respect to digital investment is correctly addressing the problem which is to be solved. As the EU Commission has repeatedly noted¹⁰ while Ireland has a relatively good availability of workers with strong digital skills, a "...low percentage of the population has basic digital skills, which might hinder their active participation in a society increasingly reliant on digital tools."

This is creating Labour market problems with "**Skilled-labour shortages are becoming more pressing...** With a large majority of jobs requiring strong digital skills, the relatively low level of basic digital skills in the workforce is a barrier for greater uptake of innovation."

Chambers Ireland agrees with the Commission in so far as measures have been taken to increase basic and advanced levels of digital skills, but significant further efforts are needed because only "53% of the adult population had an overall basic or above basic level of digital skills, still below the EU average (58%)." Further, while there are more ICT specialists in Ireland there is also greater demand for them than is typical in the EU with "more than half of the firms who tried to recruit such specialists experienced difficulties."¹¹

Beyond the Labour market aspect, our SME sector is relatively good at selling only, and to selling to individuals in other EU states. However there's a lot of internal efforts where Irish businesses lag behind their EU competitors. "Irish SMEs are just near or below the EU average when it comes to adopting other e-business technology (e.g. supply chain management, enterprise resource planning, customer relationship management, radio frequency identification, etc.) According to the EIB the construction and manufacturing sectors, which together account for almost a third of SMEs in Ireland, are lagging behind other sectors in adopting digital technologies."¹²

Considerable efforts need to be made to help businesses upskill on their internal digitisation efforts, both to promote productivity across the economy at large but also to ensure that

¹⁰ European Commission [Country Report 2020](#)

¹¹ [Digital Economy and Society Index June 2019 – Country Report – Ireland](#)

¹² European Commission [Country Report 2020](#)

workers in firms that are vulnerable to economic shocks will be appropriately skilled if they are forced to re-enter the jobs market in the coming years.

Huge productivity gains are to be made through integrating existing platforms and tools into the work processes of Irish domestic firms (particularly within Medium sized firms). The National Training Fund has considerable resources than can be deployed to fill in this gap between the very basic levels of ICT skill development (e.g. the International Computer Drivers Licence) and the more formal training programmes that are available at the ICT Skillnet level. It may be that more investment is required in mentoring programmes and scheme akin to the Trading Online Voucher, but which are focused upon areas beyond sales where ICT can play a role (e.g. cybersecurity, digital marketing, CRM/Inventory management etc.)

Complementing the need for investment in ICT skills is the need for investment in digital technology infrastructure.

Access to broadband, whether cable, 5G, or otherwise was a considerable concern for our network even before the Covid-19 crisis. The gaps that have been revealed since then only highlight the need to see the availability of widespread access to broadband at the earliest opportunity.

Workplace Reform/Gender Equality

Given the ongoing disruption to the traditional workplace, we have an opportunity as part of the post-pandemic recovery to mitigate some of the structural barriers to female workplace engagement – if we tune out policy choices appropriately.

It is well documented¹³¹⁴¹⁵ that the burden of Covid-19 has fallen disproportionately on women and an essential part of recovering from it.

¹³ United Nations [Whose Time to Care](#) 2020

¹⁴ Irish Times, [Gender equality has 'taken a big step back' during Covid-19](#) 2021

¹⁵ The Lancet [The indirect impact of COVID-19 on women](#) 2020

Data tells us that that the impact of the Covid-19 crisis, has been felt harder among women in our communities, due to a combination of increased job losses¹⁶, over-concentration of women in front-line sectors¹⁷ and notably in relation to reduced access to childcare. ¹⁸ Women have faced higher levels of unemployment arising out of working disproportionately in the vulnerable and part-time sectors. Difficulty in accessing childcare, even during periods outside of Covid-19 restrictions, have exacerbated the unfair distribution of caring work and has led to more women giving up paid work relative to men. It is vital that extra efforts are made to ensure that economic inequalities and pay gaps are not further exacerbated as a result of Covid-19.

Skills shortages in numerous areas are also significant problems across our economy, meanwhile labour participation for working age women who have more than one child collapses precipitously, and does not recover, as a direct result of the lack of access to affordable and quality childcare. More resources are needed to invest in childcare to ensure that labour activation becomes a possibility for many of the women that are currently excluded from the labour market. While significant progress has been made in addressing the affordability of childcare through the introduction of the National Childcare Scheme in November 2019, this investment needs to be sustained and increased over the next several years. In Ireland, the net cost of childcare is 28% of the average wage of a couple, while the EU average is 12%.³¹ Increased investment in the National Childcare Scheme must be partnered with a flexible workforce strategy that supports working families.

Greater flexibility in managing how, when and where an individual works can of course improve work-life balance and ease the pressure on working families. This is where the recently published National strategy on remote working can play a positive role in boosting labour participation rates. However, remote working should not be viewed as a panacea to childcare. However, the consideration of remote working and provision of childcare should be co-ordinated. For example, we would welcome engagement from both the Department of Children and

¹⁶ <https://www.solas.ie/f/70398/x/7384d25edd/autumn-skills-bulletin-2020.pdf>

¹⁷ https://www.nwci.ie/women_and_covid_19

¹⁸ <https://www.cso.ie/en/releasesandpublications/er/sic19wm/socialimpactofcovid-19onwomenandmenapril2020/>

Department of Enterprise on how childcare in communities can be organised and aligned alongside the provision of remote working hubs.

We cannot continue to lose much talent, and some of our best workers, during the most productive years of their work live. Labour participation rates and economic equality must improve if we are to seek to maintain our relatively high living standards. If the necessary reforms and investments are not made as part of the National Recovery and Resilience Plan, we will see further damage to our national productivity and competitiveness.