

**VALUE
FOR MONEY,
INVESTMENT
IN INFRASTRUCTURE,
& REDUCED INFLATION
MEANS STRONGER BUSINESS
FOR DUBLIN NOW & INTO THE FUTURE.
LET'S GET IT RIGHT FOR STEADY GROWTH.**



Budget Submission 2003
Dublin Chamber of Commerce
"Connecting Business -
Influencing Decisions"

Competition is the New Game.

DUBLIN COMPETES FOR INTERNATIONAL INVESTMENT. WE COMPETE FOR TOURISTS. WE COMPETE FOR JOBS. WE COMPETE TO BE IN THE PREMIER LEAGUE OF EUROPEAN CITIES.



Clive Brownlee
President
Dublin Chamber of Commerce

The World Competitiveness league tables show that we are sliding down the division. Budget 2004 can stop that slide, with three key strategies:

- Invest for future growth: infrastructure and research.
- Public spending must give maximum value for money.
- Get inflation down.

If these strategies are successful, our future is bright. If not, Dublin may be heading for the lower divisions.

Dublin has made dramatic strides in getting to the top. But continued success is never guaranteed. Increased international competition means we are in danger of losing our advantage.

Clive Brownlee, President
Dublin Chamber
of Commerce
October 2003

Why Dublin?

DUBLIN IS THE ENGINE OF IRELAND'S ECONOMIC GROWTH. IF DUBLIN DOES NOT COMPETE, IRELAND CANNOT COMPETE.

- Almost half (48%) of national output (Gross Value Added) and more than two out of five jobs are in the Greater Dublin Area.

- Dublin is recognised internationally as a centre of excellence for new economy industries - software, electronics, financial services and others.

- It is Ireland's tourism capital – the centre for short break holidays and the gateway to the rest of Ireland. Dublin can continue to drive the Irish economy to new heights. So we must get it right. What does Dublin need?

- It needs investment in transport – Metro, QBCs, LUAS extension to Docklands, the Suburban Rail and DART programme, the M50 completion, the Port Tunnel and more.

- Dublin companies must innovate. The bigger companies need tax credits for R & D. The smaller companies need the investment which the Seed Capital Funds and the Business Expansion Scheme (BES) can provide.
- All businesses, and households, need to solve the waste crisis. That needs investment in landfill, recycling and Waste to Energy facilities.
- The Conference Centre can re-invigorate the tourism sector. It is worth €50 million and 3,000 jobs a year.
- Every business must get its costs down. There must be a drive against inflation. Above all, the Government should not be adding to inflation through extra taxes and charges in the Budget - as it did last year.

Invest for Future Growth.

THE OPPORTUNITY TO BUILD THE NEW IRELAND IS HERE. IT MUST NOT BE LOST. A SUSTAINED INVESTMENT PROGRAMME IN INFRASTRUCTURE IS CRITICAL FOR THE ONGOING COMPETITIVENESS AND SUSTAINABILITY OF THE ECONOMY.

Infrastructure Investment

- This investment programme can be carried out through a balance of public and private investment (PPPs). To date, the PPP programme has not worked well and requires new direction. Government must recognise that privately funded projects require a return to the investor.
- Government itself can invest more. There is a strong case for additional Exchequer borrowing for infrastructure, within the limits of the Stability and Growth Pact. By pushing borrowing limits to the maximum allowed, up to €404 billion could be generated to invest in major capital projects.
- The International Conference Centre project must proceed in 2004.

Value for money

- Government current spending has risen, in nominal terms, by 48% between 2000 and 2003. That level of increase is unsustainable. Any spending increases in 2004 must be kept to a low level.
- The public service benchmarking awards are only affordable if there is genuine higher productivity. The most immediate and effective way to achieve this is through a reduction in the numbers employed. This can be done through mechanisms such as an embargo on recruitment (which worked very well in the 1980s) or a pooled staff saving programme between agencies.
- A break option for existing subscribers to Special Savings Incentive Accounts (SSIAs) scheme would reduce the Exchequer's future liabilities under the scheme, and provide a boost to consumer spending and VAT yields.

Get Inflation down

- The Budget should not add to inflation in 2004. That rules out further increases in VAT, excises and other charges.
- It also rules out the continuation of the stealth taxes which have hit both consumers and business in recent years, and which have damaged Ireland's reputation as a place to do business-employers' PRSI, bank levies, Health Contributions, stamp duty on property and bank cards, local authority charges and many more. The level of employers' PRSI contributions should not adversely affect employment.
- Failure to index the tax bands last year has driven more taxpayers into the higher tax rate. That is a reversal of the recognised tax strategy. The standard tax band must be increased in line with inflation for next year.
- Innovation and R & D should be stimulated through a combination of the tax system and the continuation of the BES scheme.

In Our Opinion:

“GIVE US AN EVEN PLAYING FIELD, AS CLEARLY OUR INTERNATIONAL COMPETITORS HAVE MAJOR ADVANTAGES OVER DUBLIN”.



Tony Boyle
Sigma Communications



Sam Smyth
Plant Life



Darrell Kavanagh
Image Now

Innovation

As Managing Director of the Sigma Communications Group, which supplies mobile communications products and systems and designs and manufactures mobile antennae for the international market, Tony Boyle is conscious of the need to ensure Irish business costs remain competitive in the international marketplace and that the our R & D base is expanded. "The rises in VAT, PRSI and BIK that were introduced in last year's budget drove up prices of day-to-day items for ordinary workers, resulting in inflated

wage demands. Similar increases in the upcoming budget would inevitably have the same effect on my staff's wage demands would consequently further undermine our already compromised international competitiveness". "If the Government is serious about Ireland moving up the international value chain, it must take steps to both grow Irish-based research and development and incentive international R & D operations to relocate here".

Tony Boyle, Sigma Communications Group

City Transport

Sam Smyth is proprietor of Plant Life Unlimited, interior landscape contractors and horticultural specialists, who cater for the plant needs of offices throughout the Greater Dublin Area. "The service Plant Life provides depends on the ability of our team to move around the city from one client to another. It is vital that the upcoming budget provides increased funding for transport infrastructure, particularly the upgrading of Dublin's road network, so that projects like the M50 upgrade can be started". "If the Government is serious about encouraging development and growth of the indigenous small business sector, they must ensure that Capital Gains Tax is not increased in this budget. Set against the backdrop of many of the new EU member states, Ireland's CGT rate is high".

Sam Smyth, Plant Life

Competitiveness

"It's a bit like this: Being a Dublin city centre-based firm, we once relied heavily on couriers and physical means to send and receive visual artwork - which is the product of our firm. Over the last number of years due to the chronic city centre traffic problems we began to invest in IT and use online methods as a means to 'digitally' manage our clients needs. However due to poor investment and management by government of our current and potential digital assets we now face growing difficulties in servicing our clients needs online as well! If we, as a Dublin-based creative agency, are to win and compete for business against our international peers, then at least the government should endeavour to give us an even playing field, as clearly our international competitors have major advantages over Dublin and Ireland".

Darrell Kavanagh, Image Now Design and Film

Dublin Chamber of Commerce

“CONNECTING BUSINESS - INFLUENCING DECISIONS”.

Web Address
www.dubchamber.ie

Phone and Email
01 644 7200
info@dubchamber.ie

Postal Address
Dublin Chamber
of Commerce
7 Clare Street
Dublin 2

For further information,
please contact Gina Quin,
CEO, or Declan Martin,
Director of Policy.

Budget Working Group

Peter Killen,
Anglo Irish (Chair)
Donal de Buitléir,
Allied Irish Bank
Gerry Delaney,
Delaney Financial
Consultancy
Joe Byrne,
Coyle Hamilton
Pat McArdle,
Ulster Bank
Group Centre
Pam Kearney,
Optimum
Conor Holmes,
First Active
Seán Fitzpatrick,
OSK Financial
Accountancy Services
Declan O'Neill,
Ernst and Young
Declan Martin,
Dublin Chamber
of Commerce

