

Submission to the Department of Environment, Community and Local Government on Statement of Strategy 2015 – 2017

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3rd November 2014

Executive Summary

Dublin Chamber of Commerce believes the role of the Department of Environment, Community and Local Government in shaping, supervising and assessing areas of competitiveness has never been greater. This Statement of Strategy is of utmost importance, as the next three years will see many reforms implemented against a backdrop of economic growth.

Dublin Chamber recommends that the Department include the following priorities in its next Statement of Strategy:

Water

- Provide a combination of certainty and stability on pricing, while at the same time creating confidence in water services.
- Collect data on regional water supply capacity. Dublin must increase its head room for growth (which currently stands at just 2%) to meet the demands of future population and economic growth.
- Benchmark the price of water and waste water. Ireland is currently ranked as one of the most expensive countries when it comes to industrial water and waste water prices. Overall prices must remain competitive for indigenous and FDI large water users.

Waste

- Ensure that policy and regulatory decision-makers for the management of waste have a clear, coherent and cross-body commitment to deliver the strategy (in law where necessary).
- Meet EU environmental commitments, while at the same time keep the cost of disposing of waste in the lowest quartile of competing economies.

Planning

- Recognise in the planning systems the unique importance of Dublin as an international city region.
- Deliver on the revised Statement of Government Priorities which aims to “support the development of Dublin as an international city region that will have positive economic benefits for the entire country.”
- Provide details of the process for reviewing the National Spatial Strategy, which should reflect the above.
- Support construction of commercial and residential property by streamlining the planning process.

Local Government

- Strive towards effective, efficient and accountable local government. This requires the Department to set more rigorous and uniform standards in the preparation of

Local Authority financial accounts and non-financial outputs (N.B. activities are not generally measured as outputs).

- Take joint responsibility for addressing Dublin's requirement different local governance. Dublin needs a greater level of coordination due to the volume of cross-local authority movements and dependencies compared with other Irish regions. The proposal for a directly-elected mayor for Dublin remains the best option put forward and requires immediate action or an alternative proposal by the Department.

Housing

- Increase the supply of housing in Dublin to accommodate rising demand.
- Incorporate the Government commitment to eradicate homeless by 2016.

Department Website & ICT

- Improve user experience, timeliness of content updates, and overall sense that the website seeks to present actions of the Department on a clear and transparent basis in the future.
- Share the data collected by the Department – both existing and future. This could be done via an online resource along the lines of DPER's Databank (<http://www.per.gov.ie/databank/>).

Introduction

Dublin Chamber welcomes the opportunity to input into the development of this new Strategy which will set the broad agenda for the Department of Environment, Community and Local Government for the next three years.

Dublin Chamber is the largest chamber of commerce in Ireland with over 1,300 member companies. It is the most representative and broadly-based business group in the Greater Dublin Area, with policy work focusing on developing the Dublin region's infrastructure & transport, promoting competitiveness and improving local governance.

Over the course of the last strategy, many major changes were implemented. In the three-year period, the Department successfully introduced a Property Tax; effected wide-ranging local government reforms; and transitioned local government water assets into a new Government owned company.

The economic environment in Ireland has changed dramatically since the last Strategy period. Where 'recovery' was the watchword of the Department's last Strategy document, it could now be 'growth'.

The next three years will bring more opportunities for reform and improvement. Planning for growth and strategic investment in Ireland's future should be the overarching themes for the next Strategy period.

All the policy areas under the Department's control affect Ireland's competitiveness. In particular, the Department must focus on housing and water services. Supply of both of these fundamental resources is seriously constrained, especially in the Greater Dublin Area (GDA). 'One-size-fits-all' is a dangerous approach to these issues and indeed the updated Statement of Government Priorities recognises the need to "support the development of Dublin as an international city region that will have positive economic benefits for the entire country."

Water

For business and citizens alike, guaranteed access to a high quality water source is vital.

The last Departmental Strategy stated that investment in water services should be "targeted to meet demand in critical locations for industrial and commercial development, facilitating economic recovery and assisting job creation." The Greater Dublin Area is one of these critical locations, accounting for roughly half of all national output and two in every five jobs in Ireland. As the main driver of the Irish economy, water services in Dublin should be world class and dependable.

However, prolonged underinvestment has delayed delivery on this objective.

Figures indicate that leakage levels in Dublin stand at around 28%, with regional rates considerably higher. The last Strategy document provided for "sustained investment in rehabilitation" in order to achieve leakage reduction in public water mains. Much success has already been achieved in Dublin leakages via the Water Mains Rehabilitation Project. The Department could deliver on its goals of openness and transparency by providing clarity on how these projects will continue, and the successes achieved to date.

Furthermore, Dublin's water supply currently operates at about 98% of full capacity, meaning that a mere 2% increase in demand would leave no room for further supply. In contrast, most capital cities in Europe have headroom of 15-20% to deal with demand shocks.

In recent years a number of adverse weather events and incidents in which water supply has been contaminated have led to water restrictions. For many companies, water is absolutely fundamental to day-to-day business. Interruptions to or reductions in supply mean losses in business activity, revenue, and ultimately jobs.

Against this backdrop, there is the concern that by 2031, demand in Dublin is projected to increase 45% from the current 550 megalitres per day to 800 megalitres per day. The major plan to meet future demand is the Water Supply Project-Dublin Region (WSP-DR), which will harness Lough Derg and the River Shannon as a major new source of water and ensure a reliable and sustainable water supply for Dublin.

Dublin Chamber recommends that the Department’s Strategy should prioritise the above issues, particularly supply to the GDA. The importance of the WSP-DR should be acknowledged, and its progression protected.

The price of water is also a major concern for businesses. Water charges make up a significant part of the cost burden on companies. As illustrated by the table below, the cost of water services for Irish enterprise is comparatively high.¹

Figure 30: Water Costs, 2012/2013⁴⁴

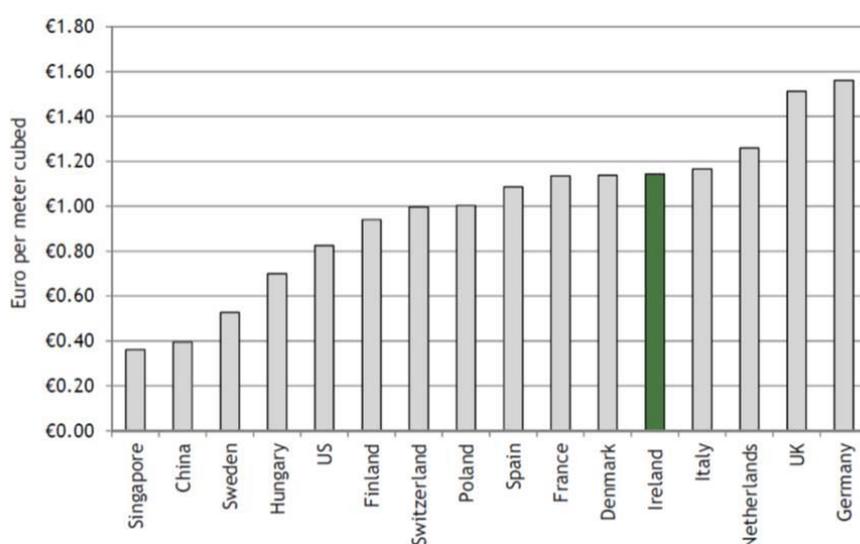


Figure 30 examines water costs for industrial users (but does not include the cost of waste water services). Given the complexities and inconsistencies in how water costs data is collected internationally, caution should be used when drawing inferences from this data. The average cost of water per meter cubed in Ireland is €1.15, making Ireland one of the more expensive locations among the group of 16 countries benchmarked.

Source: EIU World Investment Service, Local Government Management Agency

Dublin Chamber recognises that the responsibility for setting the price of water lies jointly with Irish Water and the Commission for Energy Regulation. However, we recommend that the Department include in its Strategy a high-level aim to ensure competitive water pricing in Ireland.

Waste

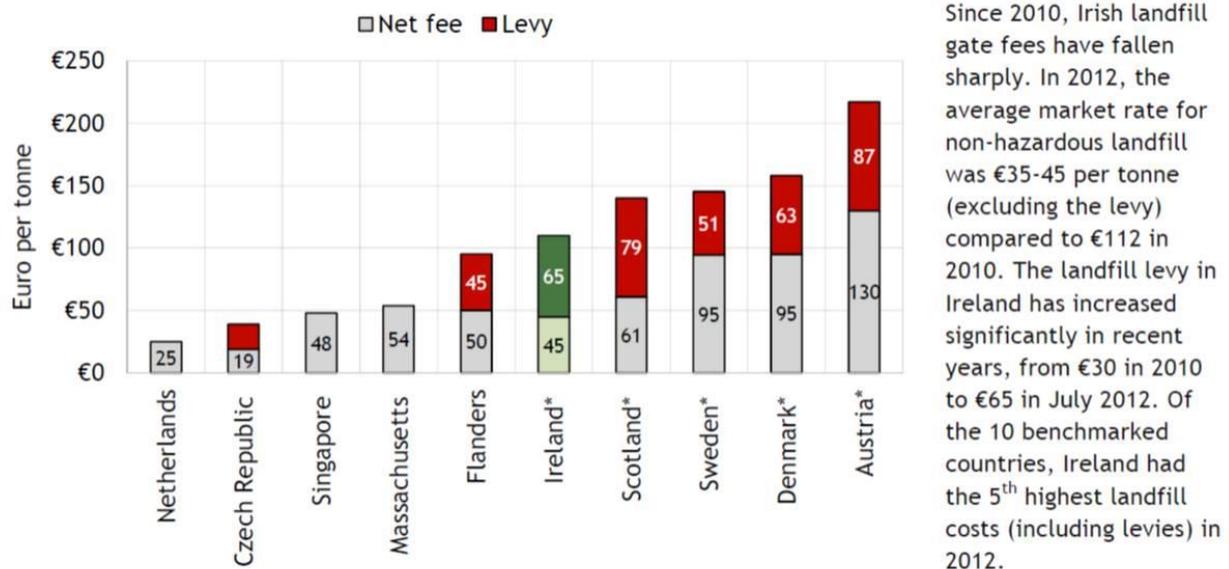
In September 2014, the Minister for the Environment made a number of announcements regarding his intention to reform the waste sector, highlighting the varying levels of customer service across waste providers. He indicated that a number of changes would be introduced for all customers in 2015.

¹ http://www.forfas.ie/media/01042014-Costs_of_Doing_Business_in_Ireland_2014-Publication.pdf, p.37

The Chamber welcomes this commitment to reform from Government, and recommends that the departmental Strategy also aim to ensure the highest possible quality of service while ensuring price competitiveness. An efficient service is particularly important for businesses which rely on waste collection for the smooth running of their day-to-day operations and clean shop fronts to attract customers.

Furthermore, as work begins on the Energy-from-Waste Facility at Poolbeg, the Department’s Strategy must aim to ensure that waste costs in this country are competitive. The National Competitiveness Council *Costs Of Doing Business* report for 2014 indicated that landfill costs in Ireland are 5th most expensive out of 10 benchmarked countries.²

Figure 32: Landfill Gate Fees (incl. levy) for Non-hazardous Waste (€ per tonne), 2012⁴⁵



Source: RPS Consulting, Forfás Calculations, 2012

Investment in waste and recycling facilities has been severely curtailed due to policy uncertainty. Changes to policy have been locally and politically motivated rather than based on principles.

A reform strategy for waste policy and regulation – from the EPA and An Bord Pleanála to Local Authorities and the Department’s own licencing role – is necessary to regain lost confidence.

Planning

Growing jobs and achieving economic growth was a focal point of the Department’s Strategy 2011-14. International research suggests that investing in city regions is an excellent way to achieve growth, as they generate more than 80% of global GDP and contain over half of the world’s population.

Dublin Chamber believes the Department’s next Strategy should reflect these realities, and recognise the special role of the Greater Dublin Area (GDA) as the engine that propels the national economy forward.

A vibrant, energetic and prosperous Dublin city region will consolidate the recovery of the Irish economy, and Dublin’s future economic prospects are contingent on investment in modern, world-class infrastructure. The Department’s Strategy should recognise and

² http://www.forfas.ie/media/01042014-Costs_of_Doing_Business_in_Ireland_2014-Publication.pdf, p.37

embrace the use of public private partnerships (PPPs) to deliver these infrastructure projects for Dublin and Ireland.³

Dublin Chamber looks forward to participating in the 2015 review of the National Spatial Strategy, and expects that the departmental Strategy will provide details for this process.

The Department must ensure that national planning follows a logical hierarchy: from the NSS, to the Regional Development Plans, to the local development plans. These strategies must be developed chronologically, informing one another. As planning issues in the Dublin region often transcend local authority boundaries, joined-up thinking is essential.

The backlog in the development of new commercial and residential property is a matter of grave concern. New developments remain difficult to finance, and the up-front costs can be considerable. The Department must address the availability of commercial land and office space, especially in the Dublin region. The latest figures from JLL show a continued drop in the vacancy rate in across the board in Dublin, now standing at 15% down from 16.6% in Q2 2014. Supply is even tighter in core central locations, and the number of modern available buildings can be counted on one hand.

In pursuing its high-level goal of incentivising sustainable and responsible development, the Department could waive, stagger or delay development charges. The same could be done for project-specific levies which add considerable cost without necessarily adding value.

Finally, the Department should prioritise the freeing up zoned land that is capable of being developed. These sites should be utilised for development, not hoarded, and a vacant site tax could encourage this. However, this measure should only be considered once the Government has removed the barriers that genuine developers face.

Housing

In the context of very constrained funding, the previous departmental Strategy prioritised the completion of housing developments rather than new builds. At that time, the Department's vision was to provide "better quality housing in sustainable communities".

However as economic growth returned, housing needs changed. Current and future housing demand is closely linked to population distribution and growth. Dublin City and County has a population of 1.27 million, while 1.8 million people live in the Greater Dublin Area. The CSO estimates that this figure will reach 2.1 million persons by 2021.

Of the 90,000 houses needed in Ireland by 2021, 60,000 are needed in Dublin. In other words, Dublin needs 60% of the new units with the commuter belt counties Louth, Meath, Kildare and Wicklow requiring a further 26% of new units. The Housing Supply Taskforce identified that there is enough zoned land in Dublin for 46,000 new homes.

The construction of new housing is now an absolute necessity and must be fast-tracked if the GDA is to meet the needs of its current and future inhabitants.

The last departmental Strategy aimed to "maintain progress in meeting the Programme for Government commitments in relation to homelessness". The homelessness crisis has worsened in recent years, especially in Dublin. As well as destroying the lives of those affected, homelessness impacts on business in the city. Ending this crisis is in everyone's interest, and the Department must pursue new avenues to address it.

Local Government

³ PWC (2010) *Infrastructure Investing: Global Trends and Tax Considerations, Part II*, 1

Over the last Strategy period, the Department implemented wide-ranging local government restructuring. However, an opportunity for reform was missed at the 2014 local elections when the plebiscite on a directly elected mayor for Dublin did not occur.

The new departmental Strategy should, like its predecessor, aim to achieve “a strongly democratic and accountable local government system, responsive to the communities it serves, appropriately resourced for its tasks, delivering quality services efficiently and contributing through local action to national recovery”. For Dublin, this means driving efficiencies between the four Dublin local authorities with strategic guidance and coordination from one single, accountable point.

Dublin’s four local authority areas are already intrinsically linked – for example, more than two thirds of workers from the Fingal region work in Dublin City Centre. Dublin Chamber believes that a directly elected mayor is needed for Dublin to improve joined-up thinking in the local governance. The responsibilities of the mayor could include, among other things, the management and delivery of transport infrastructure; housing and waste management facilities; planning and land use; economic planning; budgetary oversight of the four Dublin local authorities.

Dublin Chamber believes that this Strategy should provide for a more active role for the Department in progressing this agenda. The Department should aim to work closely with the Dublin local authorities. If, for example, a forum of local authorities was called again in the future, the Department and not Dublin City Council should act as secretariat. Only the Department can provide the necessary knowledge, expertise and links to other Government departments that allows for progress.

Department Website & ICT

The previous Strategy included an aim of improving the Department’s ICT capacity to enhance delivery of services to customers. The document also set out the key objectives of “openness and transparency; consultation and partnership; and commitment to society and citizens”. These objectives should be advanced over the next Strategy period.

A key step in this process is frequent communication and engagement with the public, delivered via a regularly updated website that all citizens can use with ease. This improves transparency and accountability, and can encourage the public to engage with the Department’s work.

Ease of navigation on the current website could be improved, and the various sections and statistics updated more regularly. Particular attention should be paid to the Public Consultations section which provides the main portal for citizen participation.

The Department should make the data it collects openly available. This should be done via an online resource along the lines of DPER’s Databank (<http://www.per.gov.ie/databank/>).