



# **Small Firms Association**

## **Submission on the National Planning Framework Ireland 2040 – Our Plan**

**Presented to:  
Department of Housing, Planning,  
Community and Local Government**

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## Introduction

The Small Firms Association (SFA) is the trusted partner of small businesses in Ireland, with 8,500 members and four affiliated organisations in all sectors and parts of the country. Its mission is to deliver business-focused advice and insights to member companies, influence government policy to the benefit of small businesses and connect its members in a thriving community.

The SFA has a vision of Ireland as the most vibrant small business community in the world – supporting entrepreneurship, valuing small business and rewarding risk takers. In this context, the SFA welcomes the opportunity to make a submission to the Department of Housing, Planning, Community and Local Government on the development of a National Planning Framework, based on our knowledge and experience of the small business community, which comprises over 235,000 businesses, employing half of the private sector workforce.

## Overview

Planning Ireland's future must take into account the needs of small businesses. These businesses provide employment in every city, town and village in the country and are responsible for more than 50% of employment in 21 of the 26 counties. The performance of local economies and the vibrancy of many communities depend on the existence of small businesses.

In terms of the National Planning Framework, the overarching priority for the small business community is that development will take place in a **planned** way, focused on the factors that can boost Ireland's **competitiveness** and backed up with the necessary capital **investment**.

The Ireland 2040 'Issues and choices' document states that "...it is important that Ireland continues to position itself for growth and success in an increasingly competitive global environment." The SFA strongly supports this objective but believes that, in order to achieve it, major policy changes are needed. A poor record of capital investment, coupled with Ireland's evolving demographics, has resulted in bottlenecks in transport, education, broadband, water, health and other public infrastructure. This economic model is not sustainable if Ireland is to maintain its economic performance, and it is certainly not a recipe for improved competitiveness.

It is time to place as much impetus behind the competitiveness agenda as was behind macro-economic stability during the recent economic crisis. This means striving for competitive advantage across a range of policy areas, making people want to live and work in Ireland for a unique set of compelling reasons. This submission will outline the underlying principles supported by the SFA and identify some specific proposals in relation to regional development, infrastructure and services.

## Industry and jobs

Ireland continues to have Europe's fastest growing population, due to natural increases (births – deaths), a returning diaspora and inward migration. This can be hugely positive for the Irish economy, and the SFA supports the vision developed by Ibec of pursuing an island of 10 million people by 2050.

Small firms account for half of private sector employment. Newly established firms in Ireland are the second fastest growing in the EU in terms of employment. The SFA estimates that small firms (existing and new) will create 20,000 new jobs in 2017 in a scenario of incremental policy changes. In a scenario of transformative policy changes under the National Planning Framework and the Mid-term Review of the Capital Spending Plan, leading to significant increases in Ireland's competitiveness, the conditions under which businesses operate and the start-up environment, the projected annual growth in small firm employment in the coming years could almost double, according to the SFA's ['Vision for small firms in Ireland'](#).

The consultation document poses the question: "Where will jobs be located and what will those jobs be?". While jobs in small businesses will continue to be extremely widespread, two important aspects to focus on are clustering and town centre regeneration.

Clustering has been successful in Ireland to date, for example in the medical technology sector. Existing clusters can be built out and new clusters developed. The location of clusters should be selected with the aim of improving the spread of economic activity around the country and based on regional education and skills, historical ties and infrastructure projects. Although the impact of Brexit on the border between Ireland and Northern Ireland is not yet known, an all-island approach to clustering would be welcome, not least to encourage the continuation of close economic linkages post-Brexit.

In order to proactively pursue a cluster approach to industrial development, it will be necessary to compete with other countries/regions that offer significant incentives to companies. For example, members in the biotech sector have recognised that their most dynamic competitor companies in Europe are provided with support from local government in the form of facilities built for them on green field sites and offered to them at a preferential rate. This aims to encourage them to grow and employ more people from the local community without having the overhead of a building from the outset. This is the case in Germany and Spain, amongst other countries. In the US, preferential access to commercial premises is provided in combination with preferential accommodation for employees. Policies such as these have led to the emergence of two main biotech corridors in the US: San Diego/Bay area (180 biotech companies) and Boston/biotech triangle (150 biotech companies). The European Fund for Strategic Investments and the Irish Strategic Investment Fund should be leveraged for this purpose.

In April 2015, the Joint Oireachtas Committee on Jobs, Enterprise and Innovation published a report on 'Policy options to support business growth and job creation and retention in town and village centres'. A key set of recommendations related to town centre renewal, including issues such as commercial vacancy rates, decline of town centre living and decreased footfall. Responding to this report, the Retail Consultation Forum has developed a 'Framework for town centre renewal' which, if adopted across towns and villages in Ireland, has the potential to support viable and sustainable towns and villages that meet the long

term needs of our society, economy and environment. As a member of the Retail Consultation Forum, the Small Firms Association recommends that this 'Framework for town centre renewal' be included in the National Planning Framework as a harmonised national approach to town centre management.

## **Dublin and the Greater Dublin Area**

Dublin accounts for 40% of the national population and 49% of economic output. This level of activity in the capital city is far beyond that which is seen across Europe – the percentage of gross value added (GVA) generated by Dublin is more than 40%, compared with Paris at less than 10%, Amsterdam, Brussels and Madrid between 10% and 20% and London at 22%.

This must be recognised as an economic overdependence on Dublin, which has resulted in the capital and its commuter belt expanding to cover most of the eastern part of the country. While Dublin will clearly remain the foremost city in Ireland in terms of population and economic activity, the National Planning Framework should seek to increase economic activity regionally so that Dublin represents no more than 30% of GVA in the future.

A large factor behind the concentration of businesses in Dublin is deficient infrastructure in other parts of the country, which has pushed up the cost of doing business in those areas. Until both physical and digital infrastructure is upgraded outside the Greater Dublin Area, it is impossible for individual regions to thrive and for the country to reach its potential.

The SFA supports the Minister's proposal to replace the concept of *balanced* regional development with the idea of *effective* regional development by embracing the spatial development opportunities specific to each of the regions.

Strategic decisions must be made as to the centres of economic activity of the future. A whole-of-government approach will be needed to ensure the growth of existing cities outside Dublin and the development of other selected towns into cities. These future cities will require access to ports, airports and motorway connections to other regional cities, not just to Dublin. Services for a growing population must be made available and grants should be provided for job creation in these areas.

## **Transport**

*“High-quality infrastructure is an important element of a modern society and economy. It strengthens economic growth through enhancing efficiency, productivity and competitiveness.”*

The SFA strongly supports this statement, from the Ireland 2040 'Issues and Choices' document. Transport infrastructure is the top priority for the business community. This includes the road network, public transport and air transport connectivity.

It is vital to continue to develop road connections throughout the country, in particular to 'join up' regional cities, both existing and emerging. This would allow increasing volumes of passenger and freight traffic to move quickly around the country and improve access to services such as regional hospitals and educational institutions. A real motorway network could include a motorway connection between Wexford and Galway, giving easy access to Cork and Limerick.

Additional investment is needed in public transport, to reduce dependency on private cars. This would improve quality of life by reducing traffic congestion and improving the environment. For this to be viable, increased density in urban centres must be encouraged, as discussed below.

Connectivity to airports is also crucial. In Dublin, public transport links between Dublin Airport and the city centre are required, including connecting the airport to the Luas and the DART.

## **Communications**

For the future of the Irish economy, digital connectivity is as important as physical connectivity. Broadband infrastructure requires immediate attention. Connectivity for business is essential, but residential broadband is equally important economically. As a vital component of modern quality of life, it will be impossible to attract talent to Ireland, especially to areas outside Dublin, if families do not have access to modern broadband connections in the home.

The SFA welcomes the commitment in the Programme for Government that further funding will be made available if necessary in order to deliver the National Broadband Plan. It is imperative that no further delays to its rollout are permitted.

## **Housing**

The ongoing crisis in housing supply is impacting the whole of the Irish economy and society. In addition to immediate measures to address the current crisis, long term structures must be put in place to ensure sufficient supply of residential and commercial property.

With unemployment now at 6.6%, skills gaps are emerging in the economy. Firms in some sectors simply cannot find local staff with the requisite experience to fill vacancies and drive the growth of their businesses. The housing crisis is severely impacting the ability to attract talent from overseas. As one SFA member put it: "how can we fulfil our growth ambition and hire the required people with no ability to offer accommodation as part of the relocation package?".

Provision should be made to fast-track planning and procurement for key projects, in particular for sites with capacity for more than 100 units where all related services are in place. This measure, in conjunction with reductions in CGT and VAT, would encourage and speed up much-needed supply.

A cultural shift is needed, reducing home ownership in favour of long term rental. This should include greater levels of apartment living, facilitating higher population densities, which drives down the cost of providing and accessing public transport and other public services. Building height regulations pose clear barriers here – for the future of our economy and society, cities need to be built upwards rather than sprawling outwards. Various opportunities to facilitate this have already been missed, with more of a focus in Dublin on reducing the maximum height allowed. This cannot continue and a strategic approach must be taken at national level.

The National Planning Framework must plan ahead for increased densities in urban areas, by planning for increased demand for services such as school facilities, healthcare and transport, and amenities such as municipal green spaces.

The availability and location of commercial property must also be a national priority. This not only impacts the ease and cost of doing business for indigenous firms, but is a key component in our ability to attract new FDI companies and sectors and to encourage them to establish in particular areas.

### **The National Planning Framework in action**

One of the central questions in this consultation is: “How should a National Planning Framework be implemented?”. The SFA believes that strategic decision making, consistent application and adequate investment are essential to successful implementation.

In terms of strategic decision making, the NPF must provide unequivocal strategic guidance for the decades ahead. Clear decisions must be made, and the vision for the future of Ireland must not be diluted again and again. This will be extremely challenging – there may not be “something for everyone” from a local perspective, but our whole economy and society will ultimately benefit from a strong National Planning Framework.

As a framework that will span three decades, the NPF must succeed in being above party politics. Multiple different governments will preside over the implementation of this framework, but consistency and commitment over the whole period is required. Furthermore, planning and economic development functions within government need to be more coordinated and strong accountability mechanisms must be put in place to ensure that key projects are delivered on time and within budget.

Finally, and most importantly, funding must be made available to deliver on an ambitious vision of Ireland in 2040. Ireland’s capital investment expenditure is currently the second lowest in the EU but we have Europe’s fastest growing population. During the economic crisis, capital expenditure was the first thing to go, leading to a decade of underinvestment. Now, the majority of capital expenditure is spent on maintenance and repair of an ageing capital stock, as opposed to growing the country’s social and economic capacity.

On this basis, the Government must take a more ambitious approach to capital investment, going beyond the additional €5 billion foreseen in the Programme for Government. Capital

expenditure must reach 4% of GDP as soon as possible. The Government should seek flexibility in the EU fiscal rules in order to exempt this investment spending.

There is no doubt about the positive return on this investment. Studies show a 1% increase in public capital spending would lead to an increase in GDP of at least €1 billion per annum. More than this, however, government should be motivated by the crippling cost of non-investment, which would plague the country for years to come.

## **Conclusion**

Small business is the backbone of Ireland's economy, accounting for 99% of all enterprises and half of private sector employment. This sector will continue to create jobs, generate profit and contribute to the Irish economy, as long as it operates in a dynamic business environment. At the current stage of Ireland's economic development, the most influential role that Government can have in enterprise development is to build the infrastructure, institutions and ecosystem for all companies to succeed, grow and internationalise.

The development of the National Planning Framework provides a valuable opportunity to establish a vision for important elements of Ireland's future in a holistic way. This opportunity must be seized and the NPF must constitute a blueprint for Ireland's future competitiveness.

In consulting with SFA members in relation to the National Planning Framework, one word that was used repeatedly was 'quality'. In the words of one owner-manager, "We should be a country that excels in the quality of its houses, graduates and its transport infrastructure". This submission has outlined some of the ways in which the SFA believes that this can be achieved.

Crucially, to work effectively, the NPF must be backed by wider policy alignment of investment, planning and economic development. That is why it must become a whole-of-government strategy, and rise above party politics to endure over an ambitious 20+ year period.

*For further information on any of the issues raised in this submission, please contact Linda Barry, SFA Assistant Director, on [REDACTED] or [REDACTED]. More information about the SFA is available on [www.sfa.ie](http://www.sfa.ie) and on Twitter @SFA\_Irl*