

Minutes for NCC Meeting 96

Meeting: National Competitiveness Council No 96
Venue: Alex Hotel, 41-47 Fenian Street, Dublin 2
Date: 8.30 – 10.30, Thursday 7 March 2019

Members Present:

- Professor Peter Clinch, Chair
- David Hegarty, Assistant Secretary, Department of Business, Enterprise and Innovation
- Fergal O'Brien, Director of Policy and Chief Economist, Ibec
- Sean O'Driscoll, President, Glen Dimplex Group
- Ian Talbot, Chief Executive, Chambers Ireland
- Jim Woulfe, Chief Executive, Dairygold
- Patrick Walsh, Dogpatch

Advisors:

- Oonagh Buckley (for Conan McKenna), Department of Justice and Equality
- Patricia Cronin, Department of Communications, Climate Action and Environment
- John McCarthy, Department of Finance
- David Moloney, Department of Public Expenditure and Reform
- Ray O'Leary, Department of Transport, Tourism, and Sport
- Joanne Tobin (for Kathleen Gavin), Department of Education and Skills

Apologies:

- Pat Beirne, Chief Executive Officer, Mergon Group
- Kevin Callinan, Senior General Secretary designate, Fórsa
- Micheál Collins, Assistant Professor of Social Policy, University College Dublin
- Isolde Goggin, Chair, Competition and Consumer Protection Commission
- Margot Slattery, Country President, Sodexo Ireland
- Martin Shanahan, Chief Executive, IDA Ireland
- Julie Sinnamon, Enterprise Ireland
- John Conlon, Department of Employment and Social Affairs
- Sinead McPhilips, Department of Agriculture, Food and the Marine
- John Shaw, Department of the Taoiseach
- Kathleen Gavin, Department of Education and Skills
- Maria Graham, Department of Housing, Planning, Community and Local Government

Secretariat:

- Marie Bourke
- Manus O'Donnell
- Santosh Aryal

<p>96.1 Discussion on NCC role and recommendations to Government</p> <p>The Chair informed the members on:</p> <ul style="list-style-type: none"> ▪ Role of the NCC ▪ How the NCC influences the competitiveness & productivity agendas ▪ The NCC’s role as the National Productivity Board and participation in the European Semester process ▪ Future Jobs 2019 <p>A round table discussion followed on the issues raised by the Chair.</p>	<p>No action</p>
<p>96.2 NCC work plans & activities for 2019</p> <p>The Chair informed the Council about:</p> <ul style="list-style-type: none"> ▪ The NCC’s forthcoming publications ▪ NCC participation in two workshops with the European network of National Productivity Boards and the European Semester 	<p>No action</p>
<p>96.3 Minutes & Matters Arising</p> <p>The Chair noted:</p> <ul style="list-style-type: none"> ▪ The publication of Ireland’s Competitiveness Challenge 2018 in December 2018 ▪ The issuance of letters setting out the NCC’s priority recommendations contained in the Competitiveness Challenge to Government Departments <p>The minutes from meeting 95 were approved.</p>	<p>Secretariat to publish minutes on the NCC website</p>
<p>96.4 Draft Costs of Doing Business in Ireland 2019</p> <ul style="list-style-type: none"> ▪ Manus O Donnell presented the draft Costs of Doing Business report, which had been circulated to Members in advance of the meeting. ▪ The report benchmarks Ireland’s cost competitiveness relative to competitor countries (such as the UK, the OECD, and the Euro Area). ▪ The key findings of the report presented were: <ul style="list-style-type: none"> ○ Ireland is a high cost jurisdiction, but that prices (on average) are rising slowly; ○ Eurostat labour cost data for 2018 is due to be published in late March and will be important to update the charts with this data – quarterly data shows labour costs rising faster than previous years; ○ Tax rates in Ireland are relatively competitive for people earning the average income, but high earners face much higher average tax rates; ○ Commercial property costs remain elevated in Ireland, and continue to increase nationally (though there is a large regional difference); 	<p>Members and Advisors to forward further observations by March 15.</p> <p>Secretariat to take observations on board comments in the final report.</p> <p>Secretariat targeting publication in early April. Exact timing will be determined following Cabinet approval and may be impacted by Brexit.</p>

- The cost of credit in Ireland is significantly higher than the cost of credit in the euro area;
- The price of business services in Ireland has been increasing at a faster rate than many EU countries.
- Member comments to be noted in the draft report included:
 - The importance of using up to date data, particularly at a granular level. While appreciating constraints on data, members raised the importance of reflecting hidden costs in the report;
 - The importance of rising labour costs (especially relative to inflation). They noted that this was particularly significant on the construction sector. The challenges of labour shortages, and high costs and low productivity, in the construction sector were highlighted;
 - The issues that using averages can cause the document – particularly around income tax – where there are concerns around the tax rate for above average earners;
 - Hidden costs should feature more prominently in the preface to the document;
 - Their concern with the interest rate differential between Ireland and other Euro Area Members;
 - The impact that rising costs have on start-ups.
- The overall messages that should feature in the Executive Summary and the Chair’s Preface were:
 - Capture the worsening global economic outlook better;
 - Include more about the tax wedge for higher than average earners and link this to internationally mobile talent;
 - Note the particular difficulty that start-ups face in a high cost environment;
 - More on the hidden costs in the economy (like traffic congestion, or the planning regulation)
- The Council were invited to forward written observations as soon as possible.

96.5 Presentation on Project Ireland 2040, Delivery Board, Infrastructure Projects Office

- Fionn Jenkinson (Department of Public Expenditure and Reform) gave a presentation on the implementation of the National Development Plan 2018-2027. The presentation included:
 - The number of major projects which have been delivered on time and on budget under the plan;
 - Dramatic improvements in transport and water sectors;
 - Capacity constraints in the construction sector;
 - Capacity constraints in the public sector

<ul style="list-style-type: none"> ○ Investment tracker and mapping tool ▪ During the roundtable discussion, the overarching issues discussed were: <ul style="list-style-type: none"> ○ Makeup of the delivery board. Currently, there is only one member from private sector. ○ The pro- cyclical nature of the project and potential of overheating of the economy ○ Low productivity and skills shortage in construction sector. ○ Public sector capacity to deliver, evaluate and appraise the projects. <p>Fionn Jenkinson and David Maloney (DPER) informed the Council on ongoing research on construction sector regarding the capacity and skill shortages.</p> <p>The Chair concluded by thanking Fionn for the presentation and extended an invitation to Fionn to present in future Council meeting on the subject.</p>	
<p>96.6 Communications Schedule & AOB</p> <ul style="list-style-type: none"> ▪ Marie Bourke informed the members of the date for next NCC meeting – 6 June 2019. 	<p>The Secretariat will email the dates to the members.</p>