SOCIETY OF CHARTERED SURVEYORS IRELAND

2017 Pre Budget Submission

RICS

Contents

Who we are

We are a professional body that accredits professionals within the land, property and construction sectors, representing over 5,000 members across the country. We regulate and promote the profession, maintain the highest educational and professional standards, protect clients and consumers via a strict code of ethics and provide impartial advice and guidance.

Professional groups, formed by our members, provide technical advice to their industry sector. They contribute to our public policy agenda, and develop and maintain strategic alliances with other professional bodies and industry organisations/groupings.

Our members include estate agents, planners, quantity surveyors, building surveyors, land & mineral surveyors, valuers, property and facility management surveyors, working in public organisations, corporate firms and private practice.

The SCSI is also the Statutory Registration Body for Quantity and Building Surveyors under the Building Control Act 2007 and is a global partner of the Royal Institution of Chartered Surveyors (RICS), the international body for professional standards in the property, land and construction sectors.

Section 1: Introduction and Overview

The Irish economy continues to see strong signs of growth with 4.6 per cent of GNP expected in 2016 and 3.1 per cent in 2017[1]. Ireland's economic statistics remain very positive with unemployment numbers falling by almost 50,000 in 2016 and Ireland's household debt has continued to reduce, although the current position is still ranked as relatively poor when compared to other EU countries and those in mortgage arrears is also decreasing. Whilst the wider macroeconomic figures for 2016 are mainly positive, there are particular concerns on the horizon such as Brexit, the outcome of the US General election and how election manifesto policies could impact negatively on Ireland.

Government published figures in their Summer Statement earlier in the year, outlining fiscal space of between €1.0 and €1.7 billion based on a two-third split between expenditure and taxation. The SCSI has considered these recent figures in setting out our recommendations for our pre-Budget submission. Our members, who work in large and small firms, public organisations and corporate firms across Ireland, have provided their views to inform this submission on the key issues that are affecting their business sectors. Ireland's property and construction sectors have only begun to recover in recent years, with a relatively strong revival in urban areas, not yet experienced in many provincial and rural areas.

Following the introduction of the Central Bank Macro-prudential policy on mortgage lending, the Irish residential property market, particularly in the Dublin region, has seen a slowing of property price increases.

[1] Central Bank quarterly Bulletin Q3 2016

Whilst this has had the intended effect from a banking risk perspective, it is apparent that the lending restrictions are impacting on the viability of building new residential units.

The ESRI has estimated that Ireland needs to build 25,000 residential units per annum. In Q2 2016, the number of units for which planning was granted in Dublin was only 2,590, of which only 620 had commenced construction.

Chartered surveyors working within the commercial property market have similar concerns regarding the adequate supply of office space in particular. Recent market data from the SCSI *Annual Commercial Property Review and Outlook Report* highlights that Dublin city centre remains most in demand for office investment. The SCSI/IPD Ireland property index reported that capital value growth in central Dublin office sector saw increases of 22.4% in 2015, while rental growth increased by 18.2%.

The low vacancy rate in Dublin and the slow gearing up of the construction sector to deliver new offices is concerning if Ireland wants to remain competitive and capture some of the opportunities that may be created following the recent Brexit referendum.

Ireland's economy continues to recover and grow at an encouraging rate, the construction sector is also recovering, albeit not at sufficient levels. According to the *Bruce Shaw 2016 Handbook*, construction output in 2015 was approximately €12.5 billion, or 7.6% of GNP, well below the recognised norm of 12% of GNP for developed countries. Using this metric, the sector's output should be between €20 and €24 billion in a properly functioning market. Some of the principal difficulties facing the construction sector to respond to current demand are lack of finance, planning delays and skills shortages.

Infrastructure leads development and following several years of significant under-investment, Ireland needs additional monetary resources to progress key infrastructural projects, particularly if the housing supply crisis is to be addressed.

Section 2: Housing

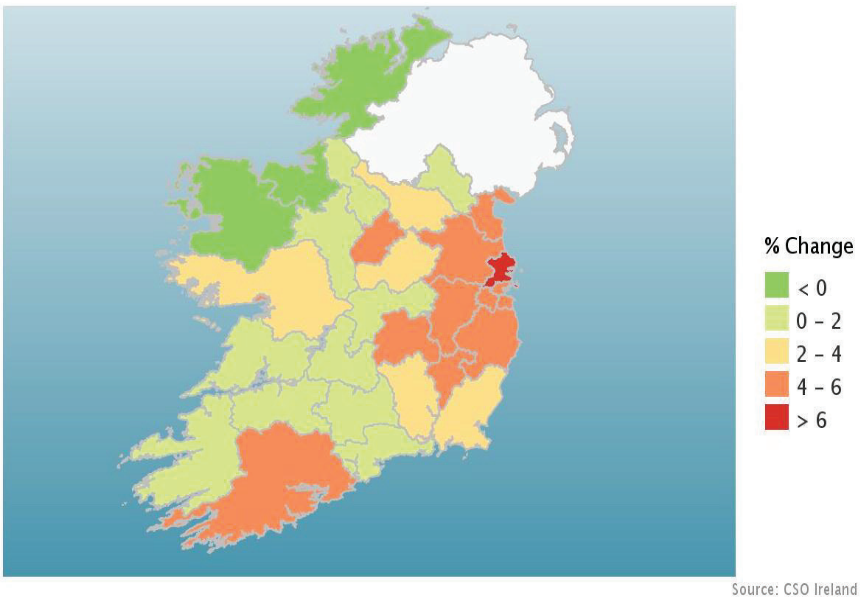
Statistics and Demographics

Official statistics from the CSO Residential Property Price Index reveal that national house prices increased by 6.9% in the year to May 2016, which compares to an increase of 13.8% recorded in the twelve months to May 2015. In Dublin, house price increases have slowed by 50% between 2014 and 2015 which is accounted for largely by the introduction of the Central Bank macro-prudential policy on mortgage lending.

The housing completion statistics for the first three months of the year suggest that residential output is unlikely to show a significant increase in completed units compared with 2015. The ESRI has calculated that Ireland requires 25,000 new units per annum but is currently only producing half this number. If we examine the number of houses/apartments for sale, there are approximately 28 houses on sale per 10,000 in Dublin compared to 62 per 10,000 outside the capital[2]. Across the whole of Ireland, the total housing stock has only increased by 0.9% (up 18,891 houses) from 2011 to 2016[3], but with over 250,000 units reported vacant.

Preliminary results from Census 2016 show that Ireland's population has increased by over 169,000 since 2011 with the largest inward migration of 7,900 people to Dublin. The Greater Dublin Area is projected to see its population increase by 400,000 Irish citizens and a further 231,000 migrants by 2031. Ireland's housing stock increased by just 18, 981 in this period with over 250,000 units still vacant.

Chart 1 – Central Statistics Office Preliminary results Census 2016. Percentage population change by county 2011-2016



[2] Daft.ie

[3] Census 2011 & 2016 results

Chartered Surveyor comment;

"Reducing CGT rates / reducing VAT rates might make development viable in Dublin, where it is still currently tight. In the West, development is just not viable"

The recently launched Housing and Homelessness Action Plan by government contains some positive action points around the supply of housing and measures to tackle barriers to development such as the Local Infrastructure Housing Activation Fund.

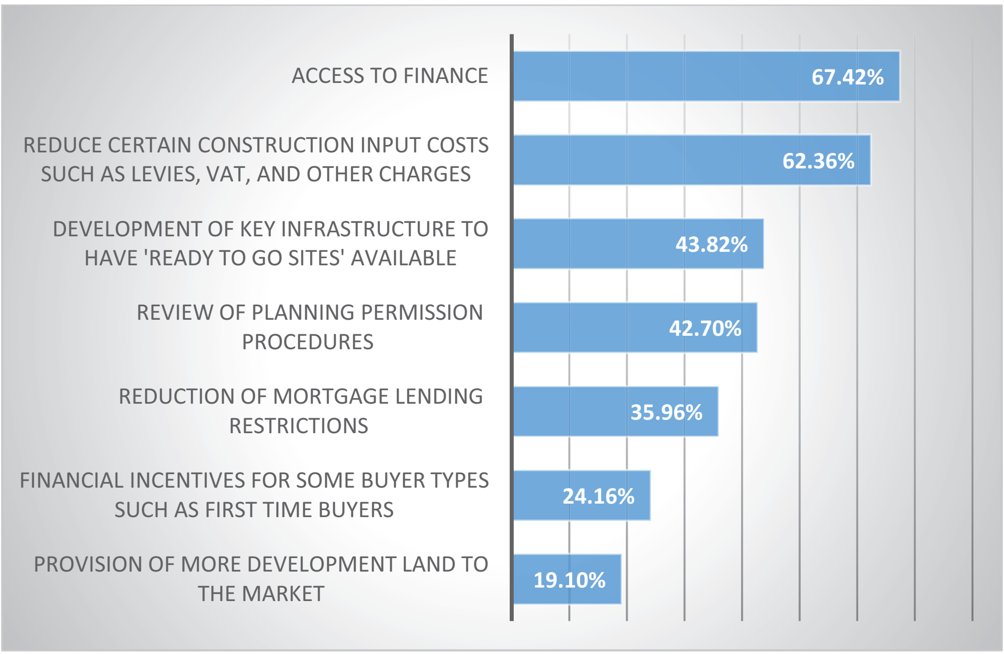
The appointment of a Minister of Housing is a good start, but we are again calling for a single National Authority to implement and oversee a National Housing Strategy. We believe that this is essential to achieve effective collaboration between all government departments and other important stakeholders, initially for the successful implementation of the Housing and Homelessness Action Plan, but also for our future housing needs.

Housing – Increasing Supply

The SCSI surveyed its membership for this pre Budget submission and for those that responded, the top three issues identified as critical to address the delivery of new housing supply were :-

1. Access to viable levels of development finance
2. Reduction in construction input costs
3. Provision of key infrastructure to facilitate early development

Chart 2: Top three issues facing the delivery of residential units to the market at present



Source: SCSI Pre-Budget Membership Survey 2017

A functioning housing sector is a critical component for a sustainable economy and a settled society. In addition to the existing pressures on the housing market caused by years of under-supply, emerging employment opportunities mean inward migration, creating additional demand for suitable and affordable accommodation.

SCSI believes that a sustainable supply of housing, with the right mix of units and tenure choices in the right locations is a fundamental good for society and the economy. The Local Infrastructure Activation Fund of €200m will go some way to address the provision of development-ready land, but the bulk of Fund should be accessible immediately – Dublin City Council have stated that it will take €80 million to activate 6 key sites which could deliver 10,000 units – this is more than the entire allocation for 2017.

SCSI members have reported that one of the biggest challenges facing the residential property market is the misalignment between affordability and the cost of construction. In May 2016, the SCSI published its report '*The Real Cost of New House Delivery',* an extensive and detailed study of eight live house building projects with a minimum of 30 units either under construction or recently completed in the Greater Dublin Area. The report concluded that the total of delivering a 3 bed semi-detached house amounted to €330,000, of which only45% was attributable to the actual construction or "hard" costs. With the average asking price of a 3 bed semi-detached in Dublin of €285,000[4], it is clear that there is an economic viability issue.

[4] Daft.ie Q1 2016 report

Chart 3 – The SCSI Real Cost of House Delivery Report 2016

ELEMENTAL ANALYSIS - 3 BED SEMI-DETACHED HOUSE

Gross internal Floor Area		1,214 Sq.ft	113 Sq.m		
ELEMENT		€	€PSF	€PSM	% OF TOTAL
CONSTRUCTION COSTS(per house)					
Housing Building Cost	(A)	122,251	101	1,084	37%
Siteworks Within Site Curtilage	(B)	10,000	8	89	3%
Site Development	(C)	18,000	15	160	5%
CONSTRUCTION COST (A) + (B) + (C):-		150,251	124	1,332	45%
OTHER COSTS (per house)					
Professional Fees		5,500	5	49	2%
Levies		11,750	10	104	4%
Land & Acquisition Costs		57,500	47	510	17%
Sales & Marketing Costs		8,200	7	73	2%
Finance Cost		20,002	16	177	6%
Margin		37,980	31	337	11%
VAT		39,310	32	349	12%
TOTAL HOUSE COST:		330,493	272	2,930	100%

The SCSI has also produced an online calculator for policy makers where users can alter figures and rates showing the impact of these changes on the total delivery cost. This online calculator is available at;

www.scsi.ie/policy_research/scsi_house_delivery_cost_calculator

Chartered surveyor comment:

"I would not call for a full tax holiday but I would suggest a substantial reduction in Capital Gains Tax for 2-3 years to free up land for sale. Maybe with more reduction for the first year and on a sliding scale after that".

Budget Proposal:

- **Reduce VAT from 13.5 per cent to 9 per cent for defined period & focussed on the delivery of affordable units i.e reduce VAT for those units up to €300,000 excl. vat.**
- **Establish a specific Development Finance Agency with expertise in construction lending (like ACC/ICC models) to support developers / builders to finance residential development in key areas**
- **Reduce development levies to a small connection fee as property tax is now in force to fund local authorities**
- **Increase the supply of development land by introducing a Capital Gains Tax holiday for a period of time**
- **Frontload expenditure of the Local Infrastructure Activation Fund in 2017**
- **Establish a single National Housing Authority**

Rental Sector for the Future

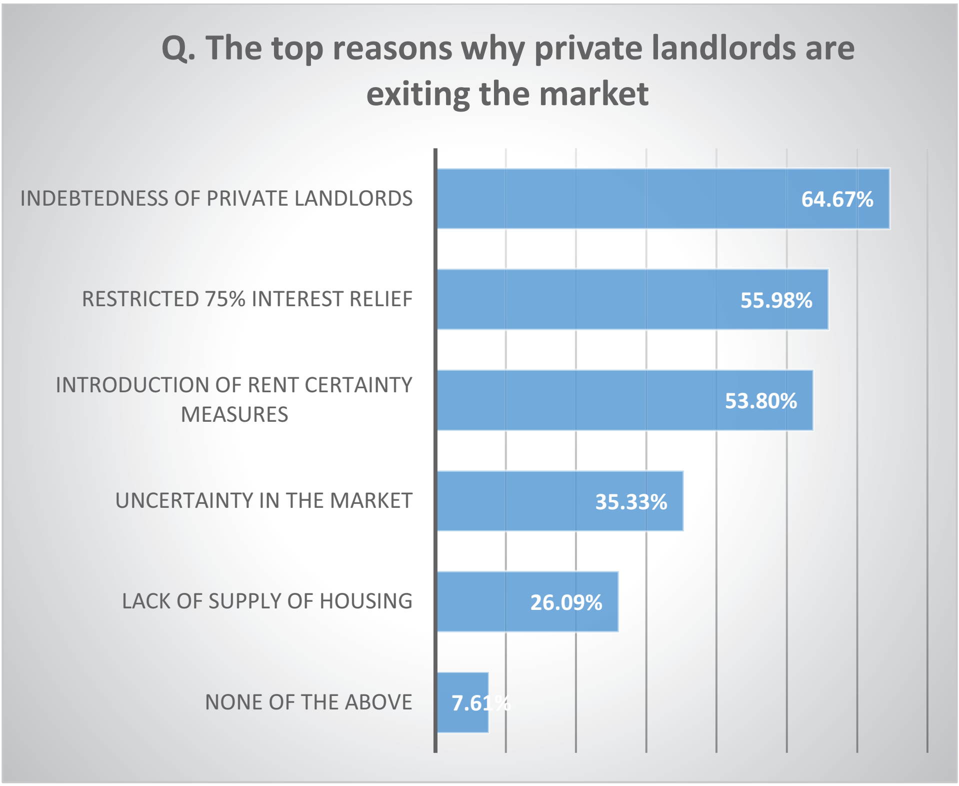
Planning for Ireland's future requires that decisions made now provide the context and identify the priorities to long term policy outcomes, regardless of what Government is in situ. While no clear vision for the housing sector has yet been expressed by the current or previous Governments, the need for long-term rental accommodation is set out as a clear objective in the Government's Rebuilding Ireland: An Action Plan for Housing & Homelessness earlier this year, following extensive consultation with all stakeholders.

The housing context has changed for many occupiers over the past few years. The mismatch between changing policy, culture and supply has seen reactionary interventions in the market by previous governments. The solution to a better long term outcome is to apply the principles of commercial property investment to residential development and investment: Good buildings, well managed, in the right locations and matched with the right tenant. Our primary legislation, the Residential Tenancies Act 2004, which was recently revised, is not reflective of current trends in the market, where institutional and long-term investment criteria are emerging. It was designed at a time when the residential rental sector was essentially a short-term market for both tenants and landlords.

The Residential Tenancies Board (RTB) Rent Index Q1 2016 reports that rents were 8.6% higher than in quarter 1 of 2015. Nationally, rents for houses were 7.8% higher annually in Q1 2016, while apartment rents were 9.8% higher than in the same quarter of 2015. Annual growth in the Dublin market was also strong, up by 8.7%.

Measures taken to date, including rent certainty policies and extended notice periods, have led mainly to conflict between landlord and tenants interests and, despite rental level increases, large numbers of investors are opting to exit the market just at the time when greater investment is required, not just by large international investment funds, but also at regional and local level by investors with relatively small portfolios.

Chart 4: Main reasons why private landlords are exiting the sector as reported by Chartered Surveyors



Source: SCSI Pre-Budget 2017 Membership Survey

Policymakers need to articulate a clear vision and direction for housing rental policy, which does not remove or unduly restrict existing rights to reverse the trend of investors leaving the rental market at a time of population growth and increased need for rental accommodation at a critical stage of economic recovery. An increase in the available supply of rental property will help moderate rental levels and, coupled with a longer term, sustainable investment strategy and offer better security for tenants and landlords.

It is therefore crucial for the Government to address the depletion in investor activity in the overall residential market.

In our view, the tax treatment of residential landlords is a key component to the viability of the sector. At a time of historically low interest rates on deposits and unattractive yields on other savings products, there is investment capital available that could be potentially attracted into this marketplace through a package of measures, which at least provides parity with commercial property investment.

The Society supports an equitable tax base and approach for all investors. Recent reports suggest that several large property funds use Section 110 structure to avoid paying tax on revenues from their Irish operations. The payments in these cases are rents paid by Irish businesses and tenants to their investment fund landlords for properties in Ireland.

As our Government seeks to broaden the tax base by introducing water and property charges, that fact that these funds pay virtually no tax on their rental income means that our tax base only gets narrower and creates a very uneven playing pitch for indigenous investors, upon whom we will depend to continue to provide professionally managed, good quality rental accommodation long after many of the venture funds have taken their profits and left.

Promoting long-term investment and long-term tenancy structures in the residential sector would help develop a residential investment market with tenants remaining in situ when the property is sold, obviating the need to sell with vacant possession and keeping people in their homes.

The Housing Action Plan outlines a new scheme called RLI – Repair & Leasing Initiative which will involve landlords bringing vacant/former commercial properties into residential use with grant aid from Local authorities on the proviso that they enter into long-term social rental agreements.

Chartered Surveyor comments:

“The planners need to encourage the change of use to residential, with special emphasis on units for disabled and aged, of secondary ground floor retail units in many "recently constructed” mixed use schemes especially where it’s obvious that those units are not commercially viable as retail space”

“The cost in converting a commercial property to a residential property will be too prohibitive and I doubt the scheme will have much of an up take”.

“Residential amenities, planning, transport, cost of conversion, dealing with LAs and problematic tenants on long leases will all prove too great a cost for most property owners”.

“It is not the role of the private sector to provide social housing. It may make more sense for the LA to invest such grant funds into their own social housing stock and manage it directly.”

Budget Proposal –

- **Reinstate full mortgage interest relief and remove USC and PSRI on rental income.**
- **Introduce similar Capital Gains Tax incentive relief as previously introduced for commercial properties. Introduce for properties bought for residential investment purposes and held for a period of 10 years, with no CGT applying to gains accrued in that period.**
- **Exclude rental income paid on Irish residential or commercial property from relief under S110 structures.**

Section 3: Investment in Ireland

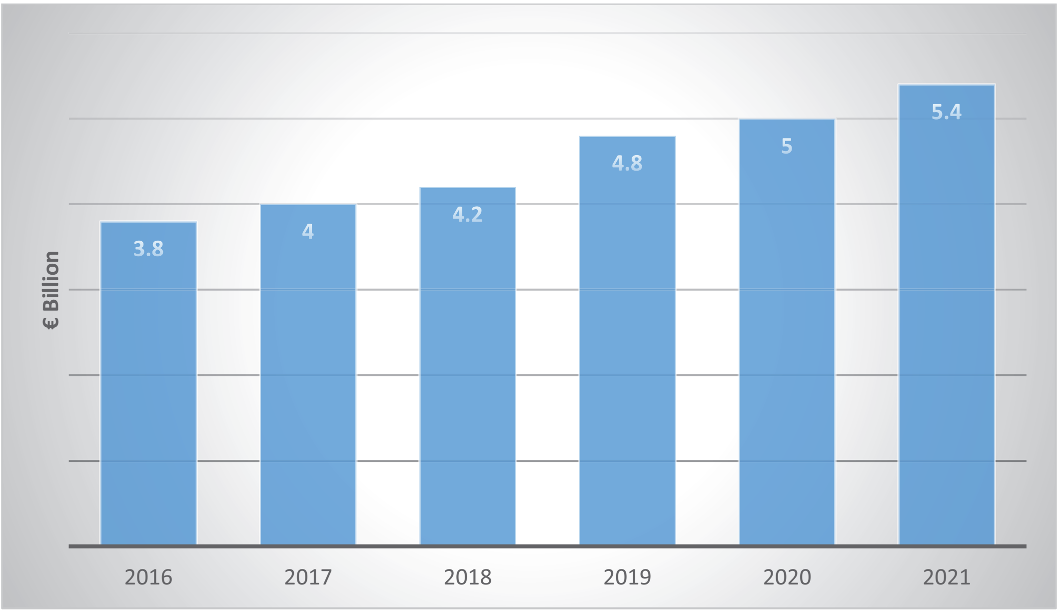
Capital Investment

Improvements to Ireland's economic activity in recent years has resulted in a more balanced public purse. Ireland still has a considerable debt payment which is likely to cost the Irish taxpayer €7.4bn[5] in 2016. SCSI has calculated, given all the various estimates, that there is potentially €1bn to €1.7bn of available funds for further allocation in Budget 2017. Although the potential extent of fiscal space may not cater for all budgetary demands, the SCSI is advocating that government could potentially borrow additional revenue at low interest rates from other EU sources/schemes to invest in key infrastructural projects as an investment for the future.

SCSI is concerned that the lack of investment in key infrastructural projects over previous years will have a detrimental effect on further private investment, particularly in provincial Ireland. Recent figures from the Department of Public Expenditure and Reform suggest that €3.8bn was spent during 2013-2015 on capital projects and it is reported that the annual depreciation of the government capital stock amounts to about €3bn.

SCSI has welcomed the governments *'Building on Recovery: Infrastructure and Capital Investment 2016-2020'* but is concerned that adequate investment is not being made available as soon as it should be, with particular regard to the recent Brexit vote and the potential economic impact it may have.

Chart 5: Exchequer Capital Envelope, 2016 to 2021



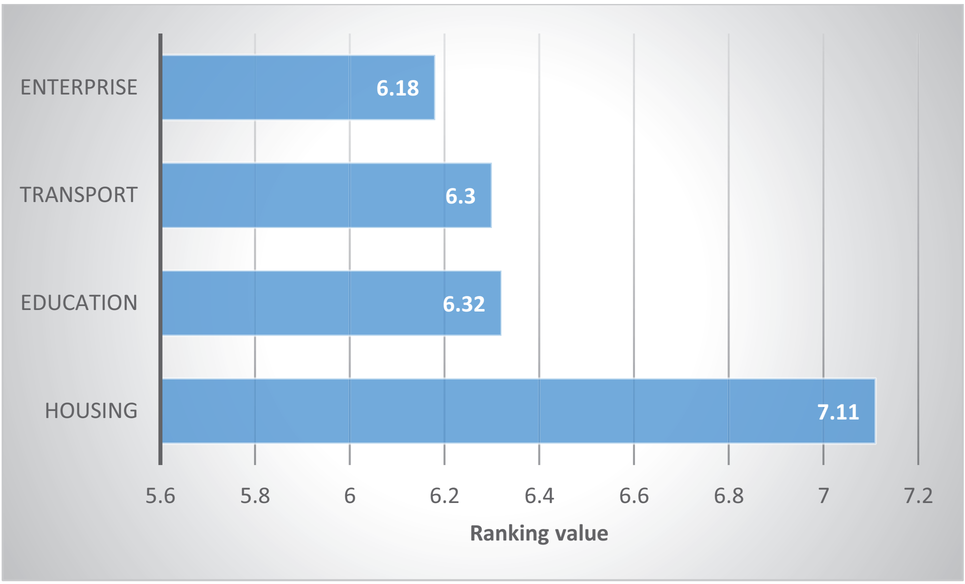
Source: Department of Public Expenditure and Reform

[5] Department of Finance, Exchequer returns end July 2016

According to the Department of Finance's analysis of gross voted expenditure (end of July 2016), the current forecasted spend to end of year is €3.96 bn. SCSI believes that €117m was underspent in 2015 and this figure should roll over and be added to the financial commitment within Government's capital plan for 2016/17. SCSI is of the view that capital spending commitments provided for within the capital plan needs to be front-loaded, given the significant under-investment trend of previous years. We welcome moves in the Summer Economic Statement to increase funds by €5.1bn over this period, pending Oireachtas approval. Ireland is currently well behind the EU average in terms of capital spending and although Government has acknowledged this as a concern, given the upward sliding scale between 2016-2020, we recommend that additional revenue is sourced via low interest rate borrowings from the EU and prioritised in areas of greater need i.e. housing.

The current allocation of capital investment is weighted heavily towards transport (29%) whilst housing is at 13%. Chartered surveyors were asked about this current allocation and if it should be reviewed in terms of priority areas. The results show that, due to the escalation of the housing crisis, SCSI members view this re-allocation as a priority.

Graph 6: Ranking of Capital Investment priorities as recommended by Chartered Surveyors. Highest number = highest priority



Source SCSI Pre-Budget 2017 Membership Survey.

Broadband & Power Grid

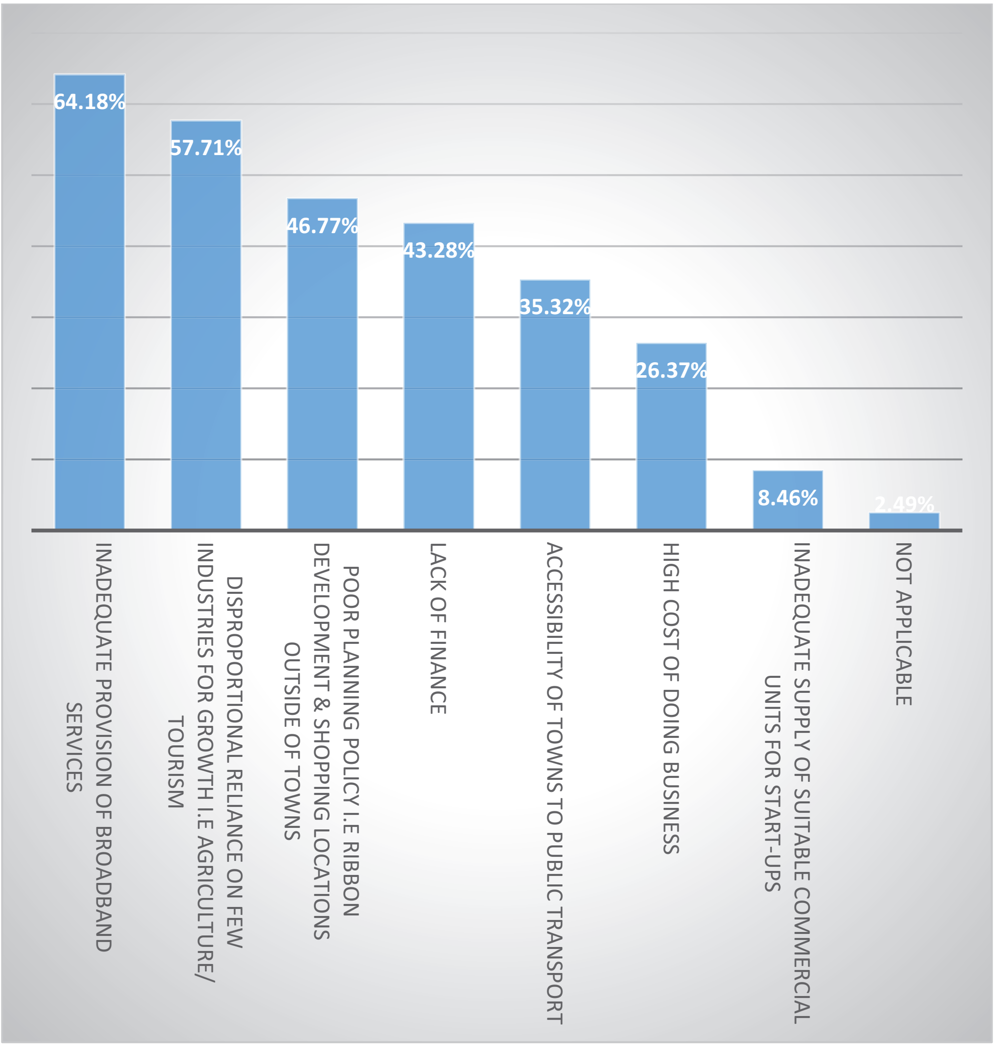
Chartered surveyors from rural areas and provincial towns and villages consistently raise the issue of inadequate or intermittment supply of quality broadband and the impact this is having on regional development and stifling recovery. SCSI welcomed the commitment by Government to the launch of the National Broadband Plan (NBP), but the delivery timescale is entirely unsatisfactory. The continuing lack of reliable broadband in provincial Ireland is a significant barrier to growth.

In addition, while Ireland is becoming a major international hub for data centres, particularly with international sub-sea cable connectivity, the benefits of this type of development are rarely felt in provincial or rural areas, other than the short-term construction jobs that may be generated during the construction phase. For instance, the 32 acre multi-data campus in Cork will ultimately provide 150 jobs, according to its developers.

Our temperate climate plays a significant role in the location choice for these data centres, which generate incredible heat and need to be constantly cooled. It may well be the case that, following the Brexit vote, our locational suitability will increase due to the need for multi-national companies to keep their European data in Europe. If these centres are not going to create significant ongoing employment or generate much tax revenue, then other benefits for local commuities need to be identified and harnessed. For instance, planning for all new data centres should require the local reuse of energy to heat glasshouses or local homes and schools.

Data centres are heavy consumers of power and consumption levels, based on existing and planned developments, already measures 550 megawatts, a significant portion of the national supply, which is set to increase based on the volume of enquiries received by Eirgrid – demand could increase to 1000 megawatts post 2019 or up to 20% of peak power capacity. Investment in the grid infrastucture could cost billions to principally benefit private companies, with minimum employment creation and low tax yield. We call on the Minister of Finance to ensure that all Infracture Investment allocations contained within Budget 2017 are focussed on projects and developments that yield long-lasting and positive outcomes for our country and particularly our indigenous businesses.

Chart 7: Most significant challenges facing provincial towns and villages in Ireland. Highest percentage = most significant challenge



Budget Proposal –

- **Ensure all Infracture Investment allocations in Budget 2017 focus on projects and developments that yield long-lasting and positive outcomes for our country and particularly our indigenous businesses**
- **Provide additional funding now for the roll-out of reliable, high-speed broadband services in all rural and provincial areas**

Town and Village Renewal Scheme

The Minister for Arts, Heritage and Rural Affairs recently launched the Town and Village Renewal Scheme totalling €10m. While we await details on how this scheme is to be administered, SCSI is concerned that this level of funding is extremely low given the significant lack of investment and call on Government to double this level of funding.

Budget Proposal –

- **Double the Town & Village Renewal Scheme Grant Scheme to €20m for 2017 and track progress/implementation**

Living Cities Initiative Scheme

The Living Cities Initiative was introduced by the Minister for Finance in Budget 2014 and provides tax relief to both residential and commercial property refurbishment and conversion work that is carried out during the qualifying period only. It does not apply to "new build". One of the principal reasons for its introduction was to regenerate both historic buildings and other buildings in specified cities. The scheme applies to certain "special regeneration areas" (SRAs) in the centres of Dublin, Cork, Limerick, Galway, Waterford and Kilkenny.

The residential relief is only available for owner-occupiers. Landlords cannot claim relief under the residential element of the scheme. Property developers may carry out the refurbishment/conversion work under this scheme and then sell the refurbished/converted properties to individuals who can claim the residential relief as a deduction from their total income for each of 10 consecutive years of an amount equal to 10% of the qualifying expenditure.

The property must have been originally built for use as a dwelling prior to 1915, although its use may have changed in the meantime. However, if the property was originally built as, say, a church or a retail unit, it will not qualify for the residential relief scheme.

If the property is sold within the 10 year period, there is no clawback, but the remaining relief is lost as it is not transferable to the next buyer, even where the property continues to be the sole or main residence of the buyer. The relief is only available to the **first** owner-occupier of the property after it has been converted or refurbished. Additionally, if all the relief for one year cannot be used in that year because of insufficient income, the excess **cannot** be carried forward and is lost.

There is a cap on the size of house that can apply and the size of Georgian properties are generally in excess of the cap in certain areas, which should be examined as currently the floor area of the property must be between 38 and 210 $m^2$to qualify. If the property comprises an apartment contained within a larger building it is only the floor area of the apartment which is relevant, not the entire building. The Relief should also allow basement use as residential as in many cases this space is not used for commercial purposes.

Generally speaking, expenditure only applies to works on the original structure and extensions do **not** currently qualify for tax relief under the scheme. Extension work may qualify if building regulations require the provision of, for example, a bathroom extension to an old derelict house, but not to expenditure on an extension for extra bedrooms added on to the original building

For commercial property, the relief is given in the form of an accelerated capital allowance for "qualifying expenditure" on refurbishment or conversion of premises within the special regeneration areas. The capital allowance is given at the rate of 15% of qualifying expenditure for each of 6 years and 10% in year 7. Unlike the residential element of the relief, the commercial/retail element is **not** restricted to pre-1915 buildings.

In addition to the capital allowances which the claimant is entitled to in any year, any unused allowances from previous years can also be used. At the end of the 7 years, unused capital allowances from earlier years can, in general, be carried forward and set against future income of the business. However, in the case of passive investors, any unused capital allowances under this scheme which are carried forward beyond the tax life of the building to which they relate are immediately lost.

There are no published reports by the relevant local authorities as to the take-up for this scheme, but our members report very limited appetite amongst their developer and investor clients for a number of reasons, including a lack of awareness of the scheme. Members suggested that the planning criteria for listed buildings need to be reviewed to make improvements and changes of use feasible, particularly when the value of the improved property following conversion may not justify the investment. The scheme should target areas in specific need (i.e. north city Dublin more in need than south city Georgian quarter).

Budget Proposal:

- **Allow Transfer of relief to all subsequent eligible buyers during relevant period**
- **Increase the relief to 20% of qualifying expenditure in all areas and to 40% in specific SRAs which suffer more from dereliction – economic viability test**
- **Remove requirement to be in residential use pre 1915**
- **Increase the maximum unit size and support a mixed use approach**
- **Allow relief for extensions less than 50% of the total floor area**

Agricultural Relief

The annual transfer of agricultural land in Ireland remains at a low level compared with other EU countries and accounts for only 3% of the total farm land in Ireland. Chartered surveyors, active in the farm sales and lettings process, regularly report that young trained farmers have little opportunity to acquire neighbouring land to develop and invest in their business. SCSI welcomed the introduction of Capital Gains Tax relief in Budget 2013 which provides opportunities for farmers to restructure / consolidate land to the better needs of the business.

We believe that this provision should be extended in Budget 2017 as this taxation policy provides for the more efficient running of farming businesses which will assist in terms of the Food Harvest 2020 goals. It is well reported by various authoritative sources such as Teagasc that the level of success in farming into the future depends upon the drive for efficiencies.

Budget Proposal -

- **Extend Capital Gains Tax Agricultural Relief**

4. Skills Shortages

Rebuilding sustainable construction and property sectors which help support business and economic recovery and growth requires Government to focus on the other key aspects that must be promoted and progressed if a vibrant economy is to emerge.

The construction and property sectors have started to recover, following several years of significant recession and under-investment. We have persistently called on policy makers for several years to prepare for this welcome recovery, but also to address the significant shortfall of people and skills in the sector. Although we are pleased to see the increase in the numbers enrolling on to construction and property courses, employers are still struggling to find qualified graduate surveyors and employees.

Graduate Employment Study

The Society commissioned a report on *'Employment Opportunities and Skills Requirements for Construction and Property Surveying 2014-2018'*, which forecasted employment levels within the sector. In addition, the report identified the emerging growth sectors and skills requirements that reflect changing market needs, both at home and internationally. The biggest challenge facing the construction and property professions, however, continues to be the shortage of new entrants coming in to the profession in the next few years. One of the findings of the report identified that the reduction in employment numbers was felt most severely at the junior level, with many small firms reverting to one or two senior person operations. This indicates a challenge for succession planning and retirement within the sector.

We are concerned that a lack of suitable graduates and professionals could curtail or restrict the progression of infrastructural projects, the delivery of new homes, the operation and management of current and new commercial developments and the sale, letting and management of property assets and investments across the country. The importance of performing and sustainable construction and property sectors to a dynamic economy is undisputed. By way of example, the successful implementation and delivery of the Government's Rebuilding Ireland: An Action Plan for Housing & Homelessness will depend on qualified professionals to manage all aspects of proposed developments, from planning, through construction and project management to final completion, sale and operation.

Some of the drivers of employment growth for quantity surveying and building surveying include indigenous private sector investment, consumer confidence and spending, foreign direct investment and regulation changes, all of which have improved over the recent past.

Similarly, the property sector has seen improving consumer confidence levels, increased transaction levels, and indigenous private-sector investment, all leading to demand for more services in a sector that is under pressure to provide suitably qualified personnel.

Barriers to Growth

Changes and advancement in technology have also highlighted the need for additional expert skill for the industry, including mechanical and electrical costing, dispute resolution, building information modelling (BIM), sustainability and risk management, asset management, insolvency, arrears management and property and facilities management.

As a profession, surveying not only offers opportunities to work nationally and internationally, but also to be self-employed or as part of an SME. More opportunities are emerging for surveying graduates in construction and property organisations, but also increasingly in the wider business environment including banking & finance, retail, public bodies and local authorities.

The regulatory environment within which surveyors operate has changed over the past few years with the introduction of statutory registration for quantity surveyors and building surveyors under the Building Control Act, 2007 and the licensing of residential, commercial & property management surveyors under the Property Services Regulatory Authority (PSRA).

Surveying firms regularly provide opportunities and training for students on part or whole year placements from property and construction courses and are also engaged with post-qualification structured learning either for their own graduate employees engaged on the Assessment of Professional Competence (APC) programme or acting as counsellors or supervisors for graduate trainees in other companies. They are also committed to life-long professional learning through the SCSI CPD programme. Accordingly, they are exceptionally well placed to provide and support in-work training schemes.

Over the past three years, the national unemployment rate has fallen to 7.8%, albeit that the rate of long-term unemployment accounts for 57% of unemployment. After so many years operating in survival mode, now is the time to encourage investment in upskilling, career guidance and support for educational/training programmes, particularly in-work training schemes, such as apprenticeships. Innovation in the provision of training can help fast-track the delivery of professionally trained and qualified people, providing opportunities for people who have been out of the workforce for a period of time, or transferring over from another sector by providing new skills that are in demand by companies in the property, land and construction areas.

During the economic crisis, much of the National Training Fund was re-directed into re-activation programmes which helped people get back to work, with only one-fifth of the total funding allocated for training those currently in employment. Now that unemployment rates have stabilised and skill shortages are emerging, committing a greater proportion of the Fund towards in-work training will help address skills gaps and underpin the sustainability of employment levels by improving our competitiveness through upskilling and re-skilling, with a focus on programmes designed and delivered in collaboration with professional organisations, industry and individual employers.

Company Taxation

Many of the SCSI members run their professional services businesses using a company structure and are therefore subject to the close company surcharge provision.
We support the view expressed in the Consultative Committee of Accountancy Bodies Ireland (CCAB-I) in their Pre-Budget Submission 2017 calling for the removal of the close company surcharge on professional service companies.

The professional service sector should enjoy the same tax treatment and supports available to other sectors, but continues to be subject to discrimination in the tax system, despite its significant role in providing high value jobs and generating significant corporate tax payments to the Exchequer.

Removing the surcharge would place professional service companies on an equal footing with other trading companies and with the same opportunities to expand and grow, particularly at a time when so many companies need to plan and re-invest following many years of poor commercial return.

Budget Proposal -

- **Commit a greater proportion of the National Training Fund to upskilling, retraining or transferring into surveying disciplines and provide direct access to this fund by employers**
- **Establish a ring-fenced fund to support and broaden the types of apprenticeships on offer to meet the skills needs of industry while providing real choice for potential workers**
- **Remove the close company surcharge for professional services companies from 2017 onwards**
- **At a minimum, reduce the rate of surcharge by 50% for 2017 and remove for 2018**

Dating back to 1895, the Society of Chartered Surveyors Ireland is the independent professional body for Chartered Surveyors working and practicing in Ireland.

Working in partnership with RICS, the pre-eminent Chartered professional body for the construction, land and property sectors around the world, the Society and RICS act in the public interest: setting and maintaining the highest standards of competence and integrity among the profession; and providing impartial, authoritative advice on key issues for business, society and governments worldwide.

Advancing standards in construction, land and property, the Chartered Surveyor professional qualification is the world's leading qualification when it comes to professional standards. In a world where more and more people, governments, banks and commercial organisations demand greater certainty of professional standards and ethics, attaining the Chartered Surveyor qualification is the recognised mark of property professionalism.

Members of the profession are typically employed in the construction, land and property markets through private practice, in central and local government, in state agencies, in academic institutions, in business organisations and in non-governmental organisations.

Members' services are diverse and can include offering strategic advice on the economics, valuation, law, technology, finance and management in all aspects of the construction, land and property industry.

All aspects of the profession, from education through to qualification and the continuing maintenance of the highest professional standards are regulated and overseen through the partnership of the Society of Chartered Surveyors Ireland and RICS, in the public interest.

This valuable partnership with RICS enables access to a worldwide network of research, experience and advice.

Society of Chartered Surveyors Ireland
38 Merrion Square,
Dublin 2, DO2 EV61,
Ireland

Tel: + 353 (0)1 644 5500
Email: info@scsi.ie
www.scsi.ie