YEARS OF 60

Letterkenny Chamber

Advancing business together

Budget 2026 Submission

Contents

Message from Letterkenny Chamber President

This budget submission outlines several critical points for the future of Letterkenny and the wider North West Region.

This forthcoming budget is an opportunity to prioritise the regional imbalance and look at the North West as a centre of growth by awarding enabling investment for critical infrastructure at a level that addresses decades of underinvestment allows us to live into our ambitions.

This is time for a long -term budget that finally addresses regional inequalities and delivers long awaited infrastructure projects at pace and with accountability. The Donegal Ten-T Transport scheme is approved by cabinet however the process that will finally see it delivered creates barriers, is cumbersome and is overly bureaucratic. The need for this particular piece of road infrastructure was flagged 20 years ago and has still yet to be delivered, while in the intervening years Letterkenny has continued to grow.

The recurring theme in recent years of Ireland's competitiveness only emphasises how essential strategic investment in infrastructure including roads, water, wastewater and grid connections is.

There is a legacy of underinvestment in the northwest leading to the region being designated as a "region in transition" by the European commission due to a significant underinvestment in infrastructure resulting in no motorway, no rail connectivity, no gas infrastructure to Donegal and underdeveloped power transmission infrastructure.

Housing is now one of the biggest issue cited by members. While the Housing issue is being felt across the Country, here in Donegal it is further amplified by the defective blocks crisis that is affecting so many families in the County. This added pressure on an already squeezed housing market is affecting recruitment and retention, so we are appealing to government to accelerate the delivery of social housing, affordable housing projects and enable developers and housing associations to deliver over target and at speed.

As a border Chamber, our members are being impacted by the tax residency issue of cross-border workers. Post-Covid many workers are working from home or have a more flexible working model which has helped with mobility of labour and attraction of much needed skills. Employers who were able to recruit on both sides of the border are now working in a more curtailed labour pool. The solution to this is within our grasp and we call on the government to act on the information it has in recent reports. The border for workers and employers should be seamless if we are really striving for a truly shared island.

We have seen too many budgets that promise a lot but this is the time for rapid action and sustained pace of change. We need to see a whole of Government approach to delivery, projects being expeditated at speed and in general have a more agile approach to investment. Our members continue to navigate increased bureaucracy, rising costs and recruitment challenges, they continue to invest in their businesses, take risks and pivot to remain competitive. This is time for the Government and Country to act, address regional imbalance, deliver where there is capacity and need and therefore ensure the country as a whole has equal opportunities.

This submission sets out the Chamber's priorities and our high-level ambitions and vision for the future social, economic and environmental development, which has a direct impact on business growth and competitiveness across the county. We have serious ambitions to grow County Donegal and become a net contributor to the Irish economy. Recognising the unique challenges from years of underinvestment in this budget would set us on our way to achieving that.

Jimmy Stafford	Toni Forrester
President	**CEO**

Executive Summary

Introduction

The Letterkenny Chamber, representing businesses across Donegal and the North West region, has put forward a Pre-Budget Submission for 2025, emphasizing the urgent need for strategic investments to address regional imbalances, support economic growth, and improve the quality of life in the area.

Key Priorities and Recommendations

1. **Infrastructure Investment**

   Regional Imbalance: The submission highlights the persistent underfunding in the North West, which has left the region without crucial infrastructure like motorways, grid networks, water and waste water capacity and rail connectivity.

   Request: The Chamber calls for targeted infrastructure investments addressing the decades of regional imbalance, enabling economic growth and achieving regional ambitions.

2. **Housing Crisis**

   Lack of supply and Defective Blocks Crisis: The lack of social housing (targets have not been met), the lack of affordable housing in Donegal is compounded by the defective blocks crisis, further limiting the availability of housing which in turn has a negative effect on recruitment and retention.

   Request: The Chamber urges the government set regional housing targets, to fast-track social housing, affordable housing projects, support developers and housing associations in delivering housing where it is needed and

3. **Cross-Border Worker Tax Residency**

   Remote Working Challenges: The issue of tax residency for cross-border workers has become increasingly complex in the context of remote and hybrid working models.

   Request: The Chamber advocates for a resolution that allows for greater flexibility in labour mobility across the island of Ireland, facilitating cross-border employment.

4. **Business Support and Competitiveness**

   Ongoing Support: The Chamber emphasizes the need for continued government support for businesses, particularly in areas such as tax relief, grants, and access to finance, to enhance competitiveness and sustainability.

Letterkenny Chamber's Pre-Budget Submission for 2026 outlines a clear vision for the region's future, focusing on the critical areas of infrastructure, housing, labour markets, and cross-border issues. The Chamber urges the government to take decisive action in the upcoming budget to address these challenges and unlock the full potential of the North West region.

Our Policy Priorities

Every year Chambers Ireland establishes a set of core policy priorities based on feedback from the network of the common challenges facing businesses across the country. These have informed the Letterkenny Chamber policy outputs including this Pre-Budget Submission. Our agreed priorities for 2025 are:

1. **Competitiveness**

Competitiveness must be at the heart of Budget 2026. Given consecutive geopolitical shocks that have impacted the economy in recent years, the economy has continued to grow at a remarkable pace, despite the implementation of tariffs earlier this year. Employment is expected to increase by 66,000 jobs in 2025 and real wage growth is expected outpace inflation at 3.5%.

Given the State's overreliance on a small number of firms for exchequer receipts, we should not be complacent that these figures will remain on their current positive trajectory. To encourage indigenous business growth and to maintain our appeal for FDI, the economy must be underpinned by robust infrastructure, skilled talent and a pro-business regulatory environment.

2. **Infrastructure and Housing**

Infrastructure is the backbone of a competitive economy and our long-term resilience depends on the timely delivery of strategic infrastructure. It is essential that our infrastructure capacity keeps pace with the demands of our growing population which according to the Central Statistics Office could grow by up to 6.4 million by 2042.

Despite reform, the planning system remains a significant barrier to timely infrastructure and housing delivery. Bottlenecks in transport, energy, water and wastewater treatment infrastructure are lagging to such an extent that if improvements do not happen now, then the current issues arising from our infrastructural deficits will escalate into crises. The deficits in infrastructure directly constrain the availability of housing, which has a significant negative impact on businesses and the broader economy.

3. **Energy and Sustainability**

According to the Environmental Protection Agency, Ireland is projected to achieve a reduction of up to 23% in total greenhouse gas emissions by 2030, compared to a national target of 51%. This compares poorly to many of our EU counterparts. Failing to meet these targets will have a significant fiscal impact as the likelihood of penalties being imposed increases. More importantly, the societal impacts and biodiversity loss will be substantial unless progress is advanced.

Bridging the gap between our climate targets and the current shortfalls will require greater urgency, reform and investment in an array of technologies to help decarbonise across sectors.

4. **Workplace and Skills Development**

A skilled, inclusive, and adaptable workforce is central to Ireland's long-term economic resilience. As businesses adapt to rapid technological change and sectoral transformation, the demand for both core and specialist skills continues to rise. This is increasingly challenging considering the low unemployment rate which is impacting talent attraction and means that employers are facing increased wage demands.

Addressing these skills gaps is critical to supporting the growth of SMEs and enabling local economies to thrive. Skills development and commitments to targeted funding for upskilling and reskilling initiatives, particularly in sectors undergoing green and digital transitions, will ensure our workforce remains competitive and adaptable.

5. **Thriving Towns and Cities**

Chambers around the country serve as focal points of economic activity and all are uniquely positioned to understand how vibrant towns and cities are essential to regional development and quality of life in their communities. Greater urban infrastructure and increased investment in town centres will unlock the ability of local businesses to grow and attract talent. Policies like Town Centre First provide an opportunity to reimagine town centres as dynamic places to live, work, and do business.

Industry, Innovation and Infrastructure - SDG 9

Delivering on essential infrastructure, including housing, energy, water and wastewater treatment and transport, and addressing the constraints in our planning system is core to our competitiveness.

Despite ranking 2nd globally in GDP per capita, Ireland currently stands at 38th in terms of the availability of basic infrastructure. This highlights a significant gap between our economic output and the essential foundations needed to sustain it.

This disparity is even more noticeable in the Northern & Western Region, which is now a region that is **"in transition" with the region being ranked 218th out of 234 EU Regions.**

We could argue that as this is the only region in Ireland with this status that it is pulling down the average for the country as a whole. It is time for the government to advance the roll-out of key infrastructure to meet the demands of our growing population, to redress the balance and finally set aside a specific strategic investment fund that would be used to deliver infrastructure and prioritise investment.

Essential Infrastructure Investment

Invest in Water and Wastewater Treatment Infrastructure

Recommendation: To ensure sustainable supplies of clean water into the future and adequate wastewater treatment, investment should be increased in water infrastructure with the commitment of a multi-annual funding structure. Additionally, the delivery of large-scale national water and wastewater projects must be prioritised.

Insufficient capacity in Donegal is directly restricting urban development, especially in the Urban Growth Centre of Letterkenny, blocking housing and compact growth targets. Population growth targets have been set, yet investment in strategic water and waste water projects is severely lagging. The government should front load funding for critical infrastructure enabling Uisce Eireann to deliver and in turn ensure growth targets can be met.

Additional investment for water and wastewater treatment infrastructure should be facilitated as a matter of critical importance. This is vital for capacity and security of supply for both businesses and new housing developments. State bodies should be granted the powers to finance such investments through land value capture.

Investment in water and wastewater is critical to ensuring the resilience of our water infrastructure for future population growth and development.

Invest in Grid Infrastructure

Recommendation: Deliver energy security through prioritising grid infrastructure in Donegal.

Electricity demand in Ireland is forecast to increase by 45% by 2034, yet grid infrastructure development is not keeping pace, especially in areas with high renewable potential and industry demands. It is time that grid upgrades are delivered at scale to meet anticipated demand.

Grid capacity in Donegal (110kV) is wholly inadequate. Deliver a 220kV grid line in Donegal to provide energy security for business investment. This would at a very bare minimum bring the region on a par with others.

Electricity is a basic human right so frontloading investment in the Grid would deliver this as well as helping to unlock offshore wind capacity and by doing so reduce reliance on fossil fuels. County Donegal has the best capacity for off shore wind energy, however even if it could be harvested the grid capacity is not there to sustain it.

In this case it is clear what future demand will look like so grid capacity must be invested in now to provide even basic capacity for future investment. So much of our necessary infrastructure development over the next 15 years is dependent on our continued strong investment in grid infrastructure. We should also utilise the REPowerEU provision on 'overriding public interest' to reinforce and upgrade the grid and support high capacity onshore and offshore energy networks.

Efficient Infrastructure Planning and Financing

Recommendation: To optimise investment in capital projects and infrastructure, greater transparency and an open approach to infrastructure funding models are necessary.

Improving reporting requirements for all large projects and programmes ensures accountability and efficient utilisation of resources. Feasibility studies, cost-benefit analyses, and carbon accounting should be initiated to upgrade rail links between National Development Plan growth cities. By aligning critical infrastructure investments with the European Commission's 'Sustainable Finance' definitions, we ensure sustainable and environmentally responsible financing.

Urban Development and Land Management

Recommendation: Transport Oriented Development principles should form the core of all new developments. Additionally, the Land Development Agency (LDA) should take responsibility for a National Land Management Strategy.

While we agree that all new developments should apply transport-oriented development principles to promote sustainable urban growth by reducing reliance on private vehicles and enhancing public transport accessibility, this can only work if there is investment in public transport. In Donegal, Local Link is proving successful in connecting rural areas and providing alternatives for commuters, however in the urban centre of Letterkenny there is no bus service, so people have no choice but to use their own car. The active travel provision is patchy at best so even the cycling and walking options are not adequate.

Current Active Travel infrastructure is premature. We have situations where roads that are at capacity are being narrowed for active travel but as these active travel lanes are not aligned use of them is very limited. Local authorities should be adequately resourced to provide infrastructure supporting active transit and to link residential areas with civic and economic centres.

Introduce a tax-incentivised investment scheme to channel household savings into equity markets.

Recommendation: Develop tax-incentivised investment channels to facilitate households to move savings into investments that support indigenous business growth, infrastructure expansion and green energy projects.

Over €150 billion in household savings remain in low-yield bank accounts, representing a missed opportunity for both savers and the wider economy. Redirecting even a portion of these funds into equity markets could deliver stronger returns for individuals while providing much-needed capital for essential infrastructure. A tax-incentivised investment scheme would simplify the investment landscape, make participation more attractive, and help drive sustainable economic growth and job creation.

Integrated and Sustainable Public Transport

Recommendation: Develop a robust network of inter-urban and intra-urban public transport networks. Continue to provide investment and resources for Local Link Services.

We should invest in the urban built environment to promote local active transport networks, such as walking and cycling paths that extend the utility of public transport.

Local Link services have proven to be a success linking rural towns with urban centres and they have proved vital in areas that would otherwise have no sustainable alternative to car travel.

However, in Letterkenny the largest town in Donegal there is no town bus service leaving no alternative to the car. Only a regular, efficient service will address the issue and also encourage people who live in Letterkenny and those who use Local Link to get to Letterkenny the ability to move around without a car.

Rail Transport Infrastructure

Recommendation: Accelerate the delivery of Rail Infrastructure.

The All Island Rail Review made no provision for rail infrastructure north of Sligo. While it did suggest that the development of a rail link to Derry by 2050 will be considered, it is difficult to see this happening.

As a county with no motorway access and no rail, this is again underlining the regional imbalance in the country.

Strengthening Air Connectivity

Recommendation: Include State-owned airports in the new Regional Airports Programme (RAP) given the commitment made in the Programme for Government to continue to invest in the RAP and to develop a new RAP 2026 – 2030 to ensure the successful delivery of capital programmes required for operational efficiency, safety, and long-term sectoral resilience in the aviation sector. Additionally, the aviation strategy should be improved to facilitate multi-annual funding allocations for capital expenditure, operational expenditure, and marketing activities.

This strategic approach enables airports to retain existing routes while fostering the development of new connections. Strengthening air connectivity is vital for regional economic growth, enhances Ireland's global accessibility, and reinforces its position as an attractive destination for both tourists and business travellers.

As a region with limited road access the continued support for **Donegal Airport** is vital. The **PSO** for the **Donegal Dublin route** has been critical to the region and has helped drive passenger numbers and tourism statistics. It is vital that this is renewed for the next period of funding to provide certainty to the Airport and for tourism development.

Sustainable Energy Transition

Recommendation: Accelerate the decarbonisation of public transport in accordance with the Avoid-Shift-Improve (ASI) framework.

Investment should be made available for biomethane vehicles and further electrification of trains and buses. While some progress has been made in terms of decarbonising our bus fleet, the decarbonisation of public transport needs to be accelerated without delay. This should include investment in appropriate infrastructure to support the transition of Heavy Goods Vehicles (HGVs) to low-carbon fuel options like Bio-CNG. Furthermore, we can expand the usage of Green Hydrogen-fuelled buses across cities, towns, and intercity fleets. By promoting sustainable fuel alternatives, we actively contribute to reducing emissions and foster a green transportation sector.

Planning Reform

Strengthen Planning Departments

Recommendation: Strengthen planning professionals in local authorities and relevant state agencies.

Planning departments require specialised staff with the technical knowledge to adjudicate effectively on planning applications that are complex. By providing additional resources and support to multidisciplinary teams, we can enhance their decision-making capabilities, ensuring comprehensive and well-informed choices. Improved resourcing of local authority planning departments is essential to achieve timely, consistent and integrated decisions across regions.

Greater investment in the Judicial System

Recommendation: Continued investment in the Courts and the Judicial System is essential to mitigate delays and improve competitiveness.

Court delays are contributing to the State's competitiveness challenge. Investment in the Courts and Judiciary, together with greater encouragement of the use of Alternative Dispute Resolution methodologies, including by the State and Semi-State sectors, is essential. The new Environment and Planning Court must also be adequately resourced to enhance efficiency and ensure swift adjudication on planning decisions.

Local Authority One-Stop-Shops

Recommendation: All Local Authorities must be empowered and provided with the right resources to establish planning department one-stop-shops in every growth city and town.

One-stop-shops would streamline the planning process for change-of-use construction projects and above-the-shop conversions. By centralising these services, authorities can facilitate sustainable urban development practices and ensure that climate considerations and social inclusivity are integrated into urban planning decisions. They could also help guide property owners, developers, and the public through the planning process more efficiently.

Encourage Adaptive Reuse and Repurposing

Recommendation: Streamline the regulations and processes currently in place for changing the use of existing properties.

Encouraging adaptive reuse and repurposing of vacant properties can contribute to their activation. While Croí Conaithe and the derelict properties grant has been proving successful in County Donegal it could possibly be improved by making it also available for vacant properties as it cannot be included in the secured financing of projects.

The misalignment between fire safety regulations and other planning requirements is also hindering the conversion of upper-floor properties into housing.

Streamline the Planning Regime with Firm Guidelines

Recommendation: Introduce clear and coherent planning guidelines for all planning officials to improve decision-making and minimise inconsistencies. Additionally, introduce provisions for critical infrastructure projects to be prioritised in decision-making processes by all consenting authorities to help achieve national objectives, including housing targets.

Streamlining the planning process is essential to reduce uncertainty for infrastructure investments. Simplifying procedures, setting firm guidelines, and narrowing objection timelines will improve decision-making efficiency and reduce delays. This will in turn aid the delivery of critical infrastructure while mitigating any cost increases that arise as a result of delays.

Regional Assemblies Investment

Recommendation: Increase investment in Regional Assemblies.

Utilising the Regional Assemblies' expertise and resources is important for strategic planning. By increasing their internal resources, Regional Assemblies can offer high-skilled expert planning services to local authorities. They can also guide the integration of Local Area Plans with regional and national infrastructure.

The NWRA has been crucial in providing critical data and administering funding through ERDF to the Northern & Western Region.

The assembly has local representatives and is well placed to deliver much more. We believe that devolving decision making closer to the regions would deliver on economic and investment targets.

Fostering Innovation

Establish a Strategic State Capital Investment Scheme (2026 to 2030)

Recommendation: Introduce a €200 million Strategic Capital Investment Scheme over five years to support large scale, high growth projects across key sectors such as biotechnology, artificial intelligence, renewable energy, health technology, and marine proteins.

Ireland faces growing external economic threats and internal challenges that require forward thinking investment. While small and medium enterprises remain essential, larger companies contribute significantly to national economic output and have the capacity to drive transformative innovation. A strategic capital scheme, similar to the successful agrifood investment programme, would unlock substantial private investment, support high potential sectors like **marine proteins** and position Ireland as a global leader in sustainable and high value industries.

Encouraging Research and Development

Recommendation: Expand and simplify the eligibility criteria for R&D tax credits to encourage research activities in medium-sized enterprises.

By streamlining the process and expanding access, we can incentivise businesses to invest in research and development, driving innovation and economic progress. The first year payment threshold in the R&D tax credit should be increased from €50,000 to €75,000 to provide further cash flow support to those companies undertaking smaller R&D projects or engaging with the credit for the first time.

Future Tax Base

Recommendation: A migration plan for the inexorable move away from diesel and petrol fuelled cars and the impact on taxes raised must be formulated.

Government raises several billion in tax on fuel, VRT and annual motor tax. This will be increasingly eroded during the sustainability transition and must be replaced. Visibility on the migration plan and timeframe is essential. Innovative opportunities also exist such as incentivising the potential for car batteries to be used to supplement electricity grid storage capacity, particularly in urban areas.

Sustainable Cities and Communities - SDG 11

The Chamber Network is firmly embedded in the social and economic life of our towns and cities. Each act as a key pillar in representing and connecting local businesses and communities at both local and national levels.

Creating sustainable and resilient communities means ensuring that Ireland remains an attractive place to live, work, visit and invest in. This involves delivering adequate housing and well-considered urban planning that supports sustainable growth, with appropriate levels of densification to enable efficient and high-quality public services.

It also means nurturing vibrant town and city centres, and places that serve as hubs for community life and provide opportunities for small businesses to thrive. Promoting social cohesion is essential, which includes addressing the root causes of urban decline such as crime, anti-social behaviour, vacancy and dereliction.

Housing Development

Adequate Investment in Housing

Recommendation: Increase the Housing for All target from 33,000 units per year to 60,000 units per year.

The annual growth rate of our population is expected to stand at 1.3% until 2030. Therefore, investment in housing must reflect the requirement of delivering up to 50,000 units per year starting in 2025 and scaling up to 60,000 units by 2030. This increased investment is essential to support national economic development and address the housing needs of our growing population.

We must build housing where it is needed. In the first instance enabling Councils to increase their social housing stock is imperative. This would free up some of the private rental sector and either put houses on the market for sale or increase the supply of rental properties.

Councils need to be able to deliver housing at a pace necessary to cope with growth. We need alignment to the NPF and NDP so as housing is built when and where it is needed.

Regional Housing Targets

Recommendation: Set regional targets for housing in all regions of the State to ensure balanced regional growth.

To promote balanced regional development, Government should set clear housing targets for each region of the State. This approach would support more equitable population distribution, reduce pressure on urban centres like Dublin, and ensure that infrastructure and services are developed in line with local housing needs. Regional targets would also empower local authorities to plan more effectively and contribute to sustainable national growth.

Housing Commission Report

Recommendation: Introduce a transparent plan with clear priorities for implementing the recommendations of the Housing Commission Report.

The Housing Commission Report offers a clear analysis of housing in Ireland, including the shortcomings and key issues facing the sector. It highlights a deficit of between 212,500 and 256,000 homes based on the 2022 census and calls for a radical reset. The introduction of a clear and ambitious plan to prioritise and tackle the recommendations is needed, along with regular public progress updates to ensure accountability.

Unlocking Brownfield Sites for Redevelopment

Recommendation: Expand and streamline financial supports for brownfield site development.

Brownfield redevelopment remains a key challenge in Ireland due to higher upfront costs and site complexities compared to greenfield development. While the Government has committed to enhancing financing options through agencies such as HBFI and HFA, further action is needed to ensure these supports are accessible, sufficient, and targeted. There should be increased up-front grant aid and financing help for developments in urban areas which already have access to public services to ensure that high-density projects can be viable. Enhancements to the Derelict Sites Act 1990 should include more robust enforcement mechanisms, increased transparency in the Derelict Sites Register, and targeted financial incentives or penalties to encourage the repurposing of underutilised land.

Revise Cost Rental Limits

Recommendation: Raise income limits for cost rental to include higher incomes.

Currently the net household income limit for eligibility is: €66,000 in Dublin and €59,000 elsewhere in Ireland. Raising the income limits will better reflect the average industrial wage of couples who currently do not qualify. This will unlock access to cost rental for a larger proportion of the population. Additionally, there is a need to increase investment in cost rental housing to expand the supply of units. The current number of planned units is limited, and the allocated budget is inadequate to meet the demand.

Increase the Supply of Affordable Homes on the Open Market

Recommendation: There is a need to increase the supply of affordable homes that are available to buy or rent on the open market. This target should align with the social housing target.

In many areas, the majority of new builds are one-off houses. This highlights a persistent market failure, where individuals and families struggle to access homes to buy or rent. Despite progress in recent years, further targeted measures and incentives are needed to stimulate the delivery of affordable housing. Doing so will help alleviate the housing crisis and ensure fairer access to suitable, secure homes for all.

In Donegal the housing crisis is compounded by the Defective Blocks Crisis, that is resulting on even more pressure on the rental sector as families demolish and re-build their homes. This scheme must deliver for all involved. Affordable housing targets need to be set alongside the financial provision for this scheme.

Land Value Capture

Recommendation: There should be a move towards a land value model of taxation of land which is ambivalent to the current use of the property.

The current model distorts the market by facilitating long-term land banking and it also alters the incentives for Local Authorities when it comes to zoning properties for commercial or non-commercial uses. Our existing Commercial Rates model subsidises the inefficient use of land and creates financial risk for Local Authorities by concentrating their funding within the retail sector which is often low margin and subject to significant economic volatility. This has also incentivised bad planning that has resulted in the increased footprint of out of town-centre retail developments and competition between Local Authorities for rates income.

Development of Residential Zoned Sites

Recommendation: Introduce a legislative framework for Compulsory Sales Orders (CSOs) to encourage appropriate development of residential zoned sites.

This framework would apply to sites where there has been a consistent failure to develop the land despite its residential zoning. Implementing CSOs would help address vacancy and dereliction, speed up urban regeneration, increasing housing supply, encourage responsible land use, and improve community wellbeing by enabling local authorities to initiate the sale of long-neglected properties.

Direct Procurement Approaches

Recommendation: Prioritise direct procurement of new housing to ensure that Local Authorities (LAs), Approved Housing Bodies (AHBs) and the Land Development Agency (LDA) contribute to additional housing supply rather than displacing private market availability.

Councils need to ensure that their purchases of new housing from developers, as well as existing housing stock does not inadvertently reduce the availability of housing on the private market. It is essential that such housing is in addition to the housing supply that would otherwise be built as Local Authorities are both inflating the cost of housing and creating market inefficiencies with such purchases. Focusing on direct procurement will ensure that local authorities, AHBs, and the LDA take a leading role in housing development. By adopting a direct procurement approach, agencies can expedite housing delivery and promote sustainable and inclusive communities.

Incentivise Infill and Brownfield Construction

Recommendation: The Derelict Sites Act 1990 should be strengthened to incentivise infill and brownfield construction.

The Derelict Sites Act 1990, while still in force and recently updated, should be strategically strengthened to better incentivise infill and brownfield development. Enhancements should include more robust enforcement mechanisms, increased transparency in the Derelict Sites Register, and targeted financial incentives or penalties to encourage the repurposing of underutilised land. By prioritising the redevelopment of vacant and derelict sites, local authorities can support compact urban growth, reduce pressure on greenfield sites.

Optimise Building Stock

Extend and Expand the Living City Initiative

Recommendation: To support the sustainable development of cities and communities, the Living City Initiative (LCI) should be extended and established on a long-term basis until 2040. Additionally, the LCI should be expanded to include long-term vacant commercial properties built after 1915.

This extension provides stability and encourages long-term planning for construction projects. Expanding the LCI to properties built after 1915 would broaden the eligibility criteria and promotes the repurposing of underutilised commercial spaces for residential or mixed-use purposes.

Strengthen the LCI in National Planning Framework Cities and Towns

Recommendation: In alignment with the National Planning Framework, the LCI should be extended to all cities and towns specified in the framework.

This expansion ensures that a wider range of urban areas can benefit from the incentives and support offered by the LCI.

The LCI should be expanded to include Urban Growth Centres such as Letterkenny which is the largest urban centre in County Donegal and exceeds Sligo City in terms of population.

Vacant Property Registration

Recommendation: Monitor and evaluate the effectiveness of the Vacant Home Tax. Expand the tax to include commercial properties and integrate it with broader land value capture strategies.

Improvements have been made in recent years to the vacant residential property system with the introduction of the Vacant Home Tax. Revenue should monitor and evaluate the effectiveness of the tax against the policy objective of reducing vacancy. The Government should roll out a similar scheme that aims to tackle commercial vacancy with the holistic view that long term vacancy and dereliction is detrimental to communities. This would also encourage more compact growth within town centres and in doing so ensure towns are relevant and vibrant into the future. This approach should be aligned with the broader land value capture strategy ensuring that taxation is based on the underlying value of land rather than its current use.

Set Vacancy Reduction Targets

Recommendation: The Department should establish vacancy reduction targets for local authorities at the electoral district level.

Clear objectives should be set to encourage active management of vacant properties, minimise the environmental impact associated with abandoned buildings, and promote sustainable urban development.

Above the Shop Living

Recommendation: Address the barriers to Above the Shop conversions.

Above the Shop development opportunities have significant potential to increase housing stock, reduce vacancy rates and revitalise town centres and villages. However, there are a number of obstacles facing such refurbishment and development including regulatory and planning issues, financial challenges, infrastructure and accessibility, administrative hurdles, and safety and security concerns.

By addressing these barriers there is the potential to bring properties back into use, increase housing supply and make town centres attractive places to live.

Modern Methods of Construction

State Investment

Recommendation: The government should deliver on its commitment to establish a procurement framework for off-site manufactured housing projects. The framework should include multi-annual funding commitments and set annual fixed targets to ensure a steady demand for modular housing.

Within this sub-sector of construction, the state will likely be acting as a monopsony for the next decade which offers an enormous opportunity to shape this sector for the enormous task that is ahead of us in making our cities and towns sustainable. By implementing this framework, the government can stimulate the off-site manufacturing sector and ensure the availability of quality housing at scale.

In Donegal we also face the defective blocks crisis with 1000s of homes needing to be rebuilt. Adopting modern methods of construction could ensure this rebuilding happens with more speed and urgency.

Financial Incentives

Recommendation: Implement tax credits and low-interest loans to help stimulate a Modern Methods of Construction sector.

Government can incentivise developers to use Modern Methods of Construction by offering financial incentives such as tax credits and low-interest loans, to help offset the higher upfront costs associated with Modern Methods of Construction and encourage the use of innovative technologies that expedite delivery like 3D printing.

Utilise Land Resources for Temporary Housing Solutions

Recommendation: To optimise land resources, movable modular housing should be considered as a "meanwhile-use" option for landbanks that are unlikely to be developed in the short term.

This approach allows for flexible utilisation of land and provides temporary housing solutions while awaiting long-term development plans. By adopting this strategy, the government can effectively address immediate housing needs and make efficient use of available land resources.

Vibrant Cohesive Communities

Balance Residential Conversion with Commercial Vitality

Recommendation: Establish clear planning criteria and funding guidelines to ensure that ground-floor conversions in town centres preserve space for commercial units.

Repurposing vacant upper floors for residential use is a positive step toward revitalising town centres, but converting ground-floor spaces into housing can diminish the commercial core of these areas. To sustain dynamic and economically viable urban centres, it is critical to strike a balance between increasing residential capacity and preserving ground-floor units for businesses and community services.

Review the Social Housing Targets

Recommendation: Government should review both the targets for social housing in Housing for All and the means for delivering them.

Given the pressing need for homes arising from increases in population there are significant increased demands being placed on an already overstretched housing stock.

Therefore, a radical review of the current targets is necessary as is a strategy to deliver at pace.

Accelerate the Town Centre First Initiative

Recommendation: Increase funding for the Town Centre First Initiative through the Urban Regeneration and Development Fund (URDF) and the Rural Regeneration and Development Fund (RRDF)

The Town Centre First Initiative (TCF) has strong potential, but progress has been very slow. To ensure its success, much greater investment through the Urban Regeneration and Development Fund (URDF) and the Rural Regeneration and Development Fund (RRDF) is essential.

With sufficient funding, more personnel resource and the adoption of a best practice model the TCF could be accelerated across towns and villages breathing new life into town centres and fostering vibrant, inclusive, and sustainable urban communities.

Gardaí Resourcing

Recommendation: Undertake a review of Garda resourcing and investment to realign needs with population growth.

In some areas of the country, crime and anti-social behaviour are having a detrimental impact on the safety and attractiveness of urban centres, as well as negatively harming local businesses both directly in terms of theft and other criminal activity and indirectly in terms of reduced footfall and business traffic. Increased Garda resources are required urgently and they need to be efficiently deployed in areas that have seen strong population growth. High visibility policing in towns has a clear correlation to detecting and deterring criminal activity. It also creates a more cohesive community where garda personnel are known and recognised and are regularly on hand to deal with day to day issues.

Postal Network Support

Recommendation: Continue supports for Ireland's postal network.

Ireland's post offices and postal network are crucial in connecting people and businesses locally and globally. The Post Office network currently stands at 960 offices nationwide. In recent years Postmasters who run the majority of post offices have received direct Government funding introduced in 2023 of €30 million over 3 years, which ended in May 2025. This support should be established on a permanent basis to ensure that post offices can continue contributing to social cohesion, supporting local commerce, facilitating community banking and maintaining access to cash.

Climate Action - SDG 13

Ireland is now projected to achieve only a 23% reduction in greenhouse gas emissions by 2030 which is a drop from last year's estimate of 29% and far short of our legally-binding 51% target. Nearly all sectors are on course to exceed their carbon budgets, with the 2021–2025 ceiling already set to be overshot by 12 million tonnes. Much will need to be done to reverse this growing gap which highlights not just a shortfall in ambition, but a systemic failure to implement climate policies at the necessary pace.

Renewable energy including wind, biomethane, Hydrogen and other technologies, present a significant economic and strategic opportunity. All will play a role in meeting our climate targets. Ireland has the potential to secure its energy future and become a clean energy exporter to Europe but realising this vision will require significant progress in planning reform, grid development, and investment in the technologies and skills that can drive the transition forward.

The Northern & Western Region is capable of producing the highest off-shore wind speeds in the country yet the grid is 110kv. In itself this is not a secure energy source but we will never be able to live into the ambition of becoming self-sustainable or an exporter of clean energy if investment in the grid is not provided. This is critical strategic infrastructure.

The challenge is clear but so is the opportunity, if we act with urgency and purpose.

Energy Security

Strengthening Grid Infrastructure for Renewable Energy

Recommendation: Reinforce and upgrade our grid infrastructure as part of Price Review 6 (PR6) through front-loaded investment to effectively support Ireland's renewable energy generation capacity.

Upgrading the grid infrastructure with front-loaded investment under PR6 is crucial to harnessing the full potential of renewable energy sources. Grid upgrades need to scale to meet anticipated demand in future years based on expected population growth and increasing demands from industry. By enhancing the capacity and resilience of our grids, we can facilitate the integration and transmission of clean energy, allowing us to fully harness the benefits of renewable energy.

End of Life Wind Energy Assets

Recommendation: Permitting for existing wind energy assets should be extended where the asset has reached end of life and repowering or redevelopment is being pursued by the developer.

Some of Ireland's existing windfarms will be reaching the end of their planning permission over the coming years. If permission is not extended and if the assets are not given the opportunity to be repowered or redeveloped, then many will be decommissioned, resulting in a significant drop in Ireland's wind generation capacity and representing a blow to our decarbonisation targets.

Many of these windfarms are also large rate-payers, meaning Local Authority income will be detrimentally impacted where permitting is not extended. In addition, while repowering does require a new planning application, the planning authorities are expected to consider the existing infrastructure and environmental assessments. This makes the process more efficient than starting afresh, especially where the original site remains suitable.

Enhance and Facilitate Energy Storage

Recommendation: Invest in battery storage at all generation sites to effectively ensure a steady, sustainable reserve of power.

Investing in battery storage at all generation sites will ensure that the potential impact of interconnector outages or downtime in energy generation is minimised. This will support Ireland's transition to a low-carbon energy system by integrating variable renewable energy sources, such as wind and solar, which are abundant but intermittent.

Future Planning

Recommendation: Develop ambitious post-2030 targets for renewable energy.

It is important to create a strong outline for Ireland's post-2030 framework for renewable energy and the transition to net-zero. Establishing key targets now will give greater clarity and certainty to all sectors.

Research and Innovation for Clean Technologies

Recommendation: Establish a comprehensive funding and policy framework that supports research, infrastructure readiness and market stimulation for clean technologies, particularly focusing on clean technologies like Biomethane and Hydrogen. This should

include dedicated R&D funding, infrastructure upgrades, targeted subsidies and demand-side measures to accelerate renewable energy production and adoption.

To drive a sustainable energy transition, Ireland must bridge the current research funding gap for clean technologies and stimulate early clean technology markets through subsidies and strategic demand targets. Additionally, providing support schemes with a minimum guaranteed price for producers will help stimulate indigenous markets for clean technologies and provide market certainty for developers.

Renewable Energy Generation

Strategic Investments in our Ports

Recommendation: Provide funding and implement an ambitious strategy for Irish ports, with a specific focus on the delivery of offshore wind farm construction.

Ireland's National Ports Policy was developed in 2013 and a new Policy is due to be published this year. This should be expedited, as there has been a national refocusing on Ireland's renewable energy potential. A dedicated capital investment fund of €500 million should be allocated to upgrade port infrastructure for offshore renewable energy.

The North west region has two deep water ports in Killybegs and Foyle, these ports need to be included as Tier 1 or Tier 2 ports and receive the support necessary. They have huge potential to deliver economic development of the NW region.

This funding should prioritise acquiring land and to enable the development of infrastructure. Strategic investment in our ports will enable them to serve as critical hubs for offshore wind assembly, hydrogen production, and clean energy logistics.

This initiative will help attract private sector investment, create high-value jobs, and encourage the development of other industries such as proteins and innovative engineering.

Pace of Deployment

Recommendation: Accelerate the pace of development and implementation of wind energy generation projects.

Progress to date has been much too slow in developing and implementing new wind energy assets. Streamlining planning and consenting at all levels of the planning system, accelerating the deployment of renewable technologies, and investing in Irish ports is required to speed up Ireland's journey to net zero and meet our 2030 wind energy targets and beyond.

Decarbonisation

Commercial Retrofitting

Recommendation: Accelerate and expand non-domestic retrofitting supports.

Under Ireland's Sectoral Emissions Ceilings, the residential buildings sector has achieved the most significant emissions reductions between 2018 and 2022. However, progress in the commercial and public buildings sector has been slower. While initiatives like the ENACT programme are steps in the right direction, there is a pressing need to scale up a dedicated non-domestic retrofitting scheme. This should include enhanced funding and tailored grants, particularly for SMEs, to overcome financial and technical barriers to retrofitting.

Retrofitting at Scale

Recommendation: Refocus the retrofitting programme to prioritise large-scale shallow retrofits and amend Section 97B of the Taxes Consolidation Act 1997 to incentivise retrofits of rental properties beyond 31 December 2025. In addition, prioritise the retrofitting of households in receipt of the Winter Fuel Allowance.

By scaling up retrofitting efforts we can significantly improve energy efficiency in existing buildings and reduce emissions. In addition, prioritising households in receipt of the Winter Fuel Allowance is a targeted and socially responsible approach which provides older or vulnerable households while also reducing public spending on subsidies over time, where they are no longer required.

Targeted Training Programmes

Recommendation: Provide funding for re-training programmes to facilitate the transition from fossil fuel-dependent jobs to low-carbon employment opportunities in sectors such as energy retrofitting, sustainable forestry, renewable energy, peatland restoration and renewable energy.

These programmes equip individuals with the skills needed for a sustainable workforce and foster the growth of green industries.

Energy Efficient Equipment

Recommendation: Classify SEAI-supported retrofitting projects as 0-5% VAT rated products.

This will make energy-efficient upgrades more accessible and affordable for individuals and businesses.

Gender Equality - SDG 5

In 2024, Ireland ranked 9th in the EU on the Gender Equality Index with a score of 73.4, maintaining its position from the previous year. This stability highlights the progress made but also the fragility of that progress.

Gender equality requires systemic support for working families, particularly through accessible, affordable, and high-quality childcare. While recent increases in funding and subsidies under the National Childcare Scheme are welcome, we are calling for further essential investment to reduce the disproportionate care burden on women, support female workforce participation, and enable entrepreneurship.

Strategic, long-term funding for early learning and care, inclusive services for children with disabilities, and targeted supports for women in business will help close gender gaps in employment and leadership. By embedding gender equality into childcare policy, Ireland can unlock economic potential and build a more inclusive society.

Childcare

Enhancing Access to Early Learning and Childcare

Recommendation: Build upon the recent increases in investment in early learning and care (ELC) and school-age childcare (SAC) by further raising the universal subsidy above €2.14 per hour and increasing the income threshold beyond €60,000 under the National Childcare Scheme (NCS).

We welcome the universal subsidy rate increase from €1.40 to €2.14 per hour which applied from September 2024. However, this needs to go further to enhance access to and affordability of childcare. Many families continue to face difficult choices between the cost of childcare and their take-home pay. Enhancing subsidies under the National Childcare Scheme (NCS) would enable more parents to stay in the workforce. This support should also include the expansion of breakfast clubs and after-school programmes in all regions, ensuring that working parents have access to reliable, high-quality care. By investing in the infrastructure and broadening the availability of childcare services, we can better support working families and provide children with enriching early learning and care experiences.

Increased Core Funding

Recommendation: Increase core funding for childcare providers, especially small and medium-sized providers, to ensure an adequate supply of childcare places nationwide.

While the €1.37 billion funding announced under Budget 2025 is a significant step forward, core funding should be increased and strategically allocated to address existing gaps in childcare accessibility and affordability. The provision of high-quality and affordable childcare is contingent upon service providers receiving adequate support in order to meet employee pay and conditions, overhead costs and other costs, particularly as the fee freezes that have been in place for providers in receipt of core funding do not adequately cover rising operational costs. Providing adequate core funding ensures that providers can grow their business, recruit and retain qualified employees, and deliver a cost-effective service for both parents and providers.

Strengthening Early Childhood Care for Children with Disabilities

Recommendation: Significantly increase funding dedicated to specialised supports and comprehensive training for childcare providers, enabling them to effectively accommodate children with additional needs and disabilities. This should include investment in specialist staff, adaptive learning materials, and accessible facilities.

Inclusive childcare environments enable all children to thrive and allow parents of children with special needs to remain engaged in employment or education. By enhancing inclusion in childcare settings, it also plays a crucial role in supporting parents and guardians, allowing them to maintain their participation in the workforce.

Investing in Early Learning and Childcare

Recommendation: Commit to a 5-year programme of continued investment in Early Years and School Age Childcare.

While the commitments that have been made in recent years have been welcome, it would be positive to see a programme of investment for the coming years to ensure that the progress which has been made to date can be sustained and expanded upon. Current investment stands at 0.5% of GNI*. Programmes like the ECCE, NCS and AIM have all enabled children to benefit from quality early years and school age childcare provision. These initiatives require sustainable funding and a commitment to ongoing improvement.

Strengthening Quality and Support in Early Childhood Education

Recommendation: Expand mentoring programmes like "Better Start" that focus on improving the quality of childcare and early childhood education.

These mentoring initiatives provide valuable support to childcare providers, fostering continuous improvement and ensuring that children receive the best possible care and educational experiences. By investing in mentoring programmes, we can enhance the quality and standards of early childhood education, setting a strong foundation for children's development.

Empowering Equality

Promoting Parental Leave Equality

Recommendation: Conduct a thorough review of parental leave supports, including maternity, paternity and parental leave, to identify obstacles to uptake and barriers to achieving greater parenting equality.

Conducting such a review can offer insights into the challenges faced by parents and assist in developing more inclusive and flexible parental leave policies. Simplifying parenting leave options may help families determine how to allocate various leave options between parents. By providing flexible and simplified parental leave options, greater parenting equality can be promoted and support can be given to parents in balancing their work and family responsibilities.

Empowering Women in Entrepreneurship

Recommendation: Implement additional tailored entrepreneurial training programmes and funding opportunities targeted at women.

Offering dedicated support and resources to women participating in entrepreneurial training programmes will encourage them to open their own businesses. Additionally, allocating dedicated funding to support women pursuing entrepreneurship within the domestic economy will also help address gender disparities in entrepreneurship while creating a supportive ecosystem that enables women to thrive as business owners.

Access to Financial Resources and Accelerators

Recommendation: Establish funding initiatives such as microfinancing loans that specifically target female business owners. Furthermore, collaborate with Irish universities to implement start-up accelerators specifically designed for female-led businesses.

By providing financial resources tailored to the needs of women entrepreneurs, this enables them to overcome financial barriers and pursue their business ideas. These business accelerators such as the **Ambition Programme delivered by Donegal LEO** should offer tailored support, mentoring, and networking opportunities to empower women entrepreneurs, fostering their growth and success.

Increase support for business membership organisations such as **Donegal Women in Business** that support women in business and for others to run specific programmes that encourage women to go into business to increase substantially the pipeline of women setting up high growth start-ups.

Decent Work and Economic Growth - SDG 8

Advancing Decent Work and Economic Growth (SDG 8) means building an economy where opportunity, innovation, and productivity are underpinned by a skilled and adaptable workforce. In an increasingly competitive global landscape, the ability to attract, develop, and retain talent is not just a labour market issue; it is a national economic priority.

Investing in lifelong learning, upskilling, and reskilling is essential to ensure that businesses of all sizes can respond to evolving demands and technological change. A future-ready workforce will drive sustainable growth, support decent employment and enhance Ireland's competitiveness across all regions and sectors. In addition, the National Training Fund reserve must be utilised and there should be continued investment in Skillnets across the country to bridge the talent gap.

To unlock the full potential of our workforce, the Government must invest in skills development, reform key legislative supports such as the Employment Investment Incentive Scheme and ensure that SMEs can scale globally through enhanced trade supports. The tourism sector is an engine of regional employment and economic activity and should also remain a central pillar of our national competitiveness strategy.

Developing & Attracting Talent

Streamlining International Recruitment

Recommendation: Roll-out the single permit system for living and working in Ireland without delay.

The single permit system should be rolled out in advance of the 2027 deadline without delay. Such a measure is important in reducing the administrative and cost burden faced by businesses looking to recruit from outside Europe while they continue to experience skills shortages. By streamlining these processes, we can create a more inclusive workforce that welcomes diverse skills and perspectives.

Expanding on Apprenticeships, including those focussed on STEM

Recommendation: Increase employer funding for apprenticeships and invest in more STEM-focused apprenticeship programmes.

More funding needs to be available for consortia-led apprenticeships where employers provide off-the-job apprenticeship training. The standard annual grant of €2,000 is insufficient to make the apprenticeship model more appealing to potential employers and increase the number of apprentices. While there will be over 100 national apprenticeship programmes in Ireland by the end of 2025, our members are calling for there to be a sustained focus on STEM-focussed apprenticeship programmes.

Renewable Energy Skills

Recommendation: Establish a National Renewable Energy Skills Mapping Initiative to align workforce capabilities with the projected skills demand in the renewable energy sector by 2030.

Currently, fragmented data and unclear labour pipelines pose barriers to workforce planning, especially in regional areas. Renewable energy skills should be mapped across all NQF levels to allow targeted retraining, upskilling and new-skilling to mitigate talent gaps in the sector.

Members in the renewable energy sectors are increasingly struggling to recruit staff with the correct skills to work in the industry. If targets in retrofitting and new energy efficient homes are to be met we need to increase skills rapidly.

Cross-Border Worker Mobility

Recommendation: Reform tax rules to enable better worker mobility between Northern Ireland and Ireland.

The matter of cross-border workers has become more prominent post-Brexit and is acutely felt in this border region of Donegal/Northern Ireland. In this region many workers reside on one side of the border and work on the other as has been the case for many years. This is a very fluid border region and has created a much bigger joint labour pool.

In recent years there has been increased workplace flexibility, bringing with it the demand for remote or hybrid work opportunities. This has raised concerns regarding tax residency and tax complexity and it is limiting the available pool of labour for companies located on one side of the border only.

Our understanding is that Revenue can identify these cross-border workers so should know the numbers involved and our members and stakeholders believe there is a workable solution that if implemented would enable greater mobility, hybrid, and work-from-home options for workers across the island of Ireland and address the immediate concerns of our members in this region.

Addressing equitable funding for technological universities

Recommendation: Amalgamate the funding streams for the technological universities and traditional universities.

The Programme for Government commits to granting Technological Universities borrowing powers for student accommodation to enhance financial autonomy but maintains separate funding streams and fails to address funding equality or pay parity with traditional universities. Traditional universities can and do have the ability to borrow their own investment funding, which gives them the autonomy to build their own future.

Technological Universities do not have the same ability and therefore are constrained, as their funding streams come via the Government. By amalgamating the funding streams for the technological universities and traditional universities, both can co-exist and offer the best in education for all third level students, while also allowing equal pay for educators.

In the Northern & Western Region the ATU has a lower than state average capital spend per undergraduate. The region already has a lower level of tertiary education provision relative to the other regions, so this is disproportionately inhibiting development of knowledge infrastructure.

Supporting Transition into Employment

Recommendation: Introduce a Working Age Payment that provides a time-limited, income-tested subsidy equivalent to 80% of previous welfare entitlements for long-term unemployed individuals (12+ months) who take up part-time employment (minimum 15 hours/week). Additionally, implement a tapering process for the reduction in welfare supports to individuals re-entering the workplace after an extended absence.

The Working Age Payment initiative ensures that individuals transitioning back into the workforce receive adequate support, reducing the financial barriers associated with returning to employment. The gradual reduction in welfare supports enables a smoother transition, ensuring that individuals have the necessary support as they regain their financial independence. This approach supports a smoother financial transition back into the workforce, particularly for parents or carers re-entering employment after extended caregiving periods.

In addition, **Community Employment** offers real options for unemployed people accessing new skills and job opportunities. The scheme is particularly attractive to people who have been out of the workforce for a period of time such as parents and carers. However, a person has to be one year on the live register to be eligible. Many of the potential candidates that have been out of the workforce have not been registered unemployed and therefore do not qualify even though they want to get back into work. A change here could unlock untapped potential quickly and simply.

Human Capital Initiative

Recommendation: Extend the Human Capital Initiative funding for a further 2 years.

The funding for the Human Capital Initiative is scheduled to end this year. Nevertheless, the objective of expanding capacity in higher education to deliver skills-focused programmes that address priority skills needs remains crucial. Given the success of the initiative, we ask that it be extended to allow evaluation to take place before optimising and implementing the programme for an additional two years.

Enabling and encouraging Lifelong Learning

Recommendation: Update and expand Ireland's Lifelong Learning Strategy beyond 2025, with a focus on inclusion, digital transformation, and green skills.

Despite surpassing its lifelong learning target, the Strategy could better prioritise continuous education and flexible learning pathways. Strengthening upskilling and reskilling programmes, especially in digital and green sectors, will support smoother transitions between work and training.

The recent launch of the **Cross Border NW DEPTH programme** developed by the North West Tertiary Education Cluster and supported by industry partners in SMART NW that aims to develop a learner-centred Digital Skills framework that encourages individuals to progress along flexible but structured learning pathways. This framework will support participants in advancing up the relevant qualification framework, helping them to re-enter, remain or progress and in doing so engage in Lifelong Learning. Programmes like these are vital to ensure we have a skilled workforce and programmes like these should be given core funding and could be replicated across the country.

Support for the Regional Skills Fora

Recommendation: Increase staff resources and funding for the Regional Skills Fora in line with population needs.

This investment will help the Regional Skills Fora to address skills needs across the country. Developing staff and providing funding for the Regional Skills Fora supports Project 2040's aim of balanced regional growth and a future-ready workforce. It will enhance collaboration between industry, education, and communities to ensure skills provision matches local and national employment needs.

Promoting Equal Employment Opportunities for Persons with Disabilities

Recommendation: Continue to reform disability supports for employers and employees and implement a programme to ensure that adequate training, financial supports and operational supports are accessible to all.

Ireland continues to have the largest disability employment gap in the European Union, with a gap of 38.6%—well above the EU average of 24.4%. The employment rate for people with disabilities in Ireland is just 32.6%, compared to the EU average of 51.3%. We welcomed Work and Access scheme, which replaced the Reasonable Accommodation Fund and the Disability Awareness Support Scheme. However further reform of employment supports is required to ensure more people with disabilities are empowered to join the workforce. Personal assistant supports for persons with physical disabilities in all forms of employment, promoting inclusivity and accessibility, should be expanded. Additionally, funding for the Work Placement Experience Programme should be increased to deliver tailored supports to people with disabilities who are long-term unemployed and need work experience or upskilling to embark on or restart their employment journey.

Support for Parents of Children with a Disability or Additional Needs

Recommendation: Provide subsidised professional training for parents who are caring for their children with a disability or additional needs in disciplines such as Occupational Therapy, Speech & Language Therapy, Psychology, Special Needs Assistant etc.

Many parents are forced out of the workplace to care for their children due to lack of supports. Providing targeted training and upskilling opportunities will enable parents to learn valuable skills to better support their children and create an opportunity to explore a new profession when the time is right. This would not only take the pressure off the HSE and lengthy waiting lists for additional supports but would provide a cohort of trained individuals who could not only help their own children, but also others.

Skills for Construction

Recommendation: Increase funding for apprenticeships in the construction sector to ensure a pipeline of skilled talent in the sector for the future.

By ensuring adequate funding for apprenticeships in the construction sector we can cultivate a new generation of skilled workers who are ready to deliver critical infrastructure. This investment will build capacity, enhance sector resilience, and future-proof the sector against evolving demands.

In Donegal we are also losing high numbers of young people from towns and villages to Australia. It is important to create new and attractive opportunities in this sector if we are to meet our growth targets. Targeted training, apprenticeships and community outreach on the opportunities available is essential to build resilience and capacity in the sector.

Digital Skills Development

Recommendations: Increase investment in upskilling and re-skilling for Digital and Cyber Security

In the North West the education providers have on a cross-border basis developed **NW Depth** programme that aims to develop a learner-centred Digital Skills framework that encourages individuals to progress along flexible but structured learning pathways. This framework will support participants in advancing up the relevant qualification framework, helping them to re-enter, remain or progress in their roles within the North West digital workforce.

Additionally, a digital strategy will be developed to complement other major investment plans, ensuring a vibrant future digital ecosystem of international significance.

Programmes like these are vital to ensure we have a skilled workforce ready to take up the large number of opportunities that the digital ecosystem will provide.

Intensive English Language Training

Recommendation: Deploy a portion of the National Training Fund surplus to deliver intensive language courses to people seeking international protection.

With talent shortages impacting businesses across the country, we need to unlock the skills and experience of people seeking international protection that face a significant language barrier to entering the workforce. A €3,000 investment in delivering an intensive English language course that focuses on business English and a minimum standard of C1 level, should support an individual in finding meaningful employment, becoming independent, and the costs will be exchequer neutral within 12 months by reducing reliance on social supports and increasing income tax receipts.

Business Supports

Retirement Relief Reform

Recommendation: Defer the implementation of the €10 million lifetime cap on Retirement Relief for business transfers by individuals aged 55–69, pending a full impact assessment and stakeholder consultation.

The cap, introduced from 1 January 2025, is disruptive to family business succession by forcing premature sales or restructuring and may deter long-term investment in Irish SMEs. The measure does not align with the White Paper on Enterprise 2022–2030, and harms indigenous business growth and continuity.

Capital Allowances Reform

Recommendation: Increase the accelerated capital allowances granted for all plant and machinery purchases against Corporation Tax and Rental Income from 12.5% per annum to 25%.

Ireland's capital allowances framework is an important way to encourage businesses to invest in business assets. This framework has not been reformed in decades and maintaining the effective 8-year timeframe is no longer realistic when the pace of technological development for plant and equipment and obsolescence has accelerated so fast. Such reform would be a positive business incentive that would also encourage investment by indigenous businesses. This would be consistent with priorities 4 to 7 of the White Paper on Enterprise 2022 – 2030. Accelerated capital allowances of 100% are already in place for energy efficient equipment, gas vehicles and equipment in a creche or gym provided by a company to its employees. These allowances should continue unchanged.

Promoting Investment and Entrepreneurship

Recommendation: Reform the Employment Investment Incentive Scheme (EIIS) by simplifying the qualifying criteria and prioritising flexibility to encourage broader investor participation.

The EIIS is an important incentive designed to encourage investment in SMEs by offering tax relief to investors. The current qualifying criteria are overly restrictive, and this limits its potential scope and benefit to smaller businesses. A programme of reform will make it easier for individuals to invest in businesses and stimulate economic growth.

Review KEEP

Recommendation: Extend the Key Employee Engagement Programme (KEEP) until 2030 and conduct further reviews and reforms to simplify the programme and ensure its accessibility and user-friendliness.

KEEP is a valuable incentive in competitive industries where skilled employees are in high demand and it helps in optimising financial efficiency and improving cash flow management for start-ups or growing enterprises. Conducting a detailed review of the programme is important in ensuring that KEEP remains an effective tool for attracting and retaining key talent in innovative enterprises. The review should focus on reducing bureaucracy for businesses in availing of the scheme.

Energy Supports for Businesses

Recommendation: Extend energy supports for businesses to 2030.

With many Irish SMEs still recovering from recent global shocks and facing rising energy costs, long-term support provides stability and encourages investment in energy efficiency. This extension would also align with the State's commitment to a just transition, ensuring businesses can adapt sustainably while protecting jobs and competitiveness in a decarbonising economy.

Capital Gains Tax Reform

Recommendation: Reduce the Capital Gains Tax rate of 33% for non-passive investment. Additionally, increase the lifetime limit of €1 million in qualifying capital gains under Entrepreneur's Relief.

Such measures will result in better alignment of tax policies across the island and create a more attractive investment environment by fostering repeat investors and encouraging greater inward investment in Irish businesses.

Consolidate Tax Legislation

Recommendation: Establish a Taskforce within the Department of Finance to consolidate existing tax legislation into a unified and accessible legal framework.

The current tax code, while comprehensive, is fragmented across numerous Acts and amendments, creating complexity for businesses. Consolidating the tax legislation will improve transparency and reduce complexity.

Simplify Business Reliefs

Recommendation: Review and simplify the reliefs available such as Retirement Relief and integrate them into a more comprehensive Entrepreneurs' Relief.

This will create a more supportive environment for entrepreneurs and small businesses, facilitating their growth and success.

Meaningful application of the enhanced SME Test

Recommendation: Ensure all completed SME Tests are published and their findings are clearly integrated into policymaking processes.

The regulatory burden remains a challenge for small businesses. While departments now publish SME Tests for major new measures, greater visibility and consistency in how findings influence policy decisions would strengthen transparency. The "Think Small First" principle should remain central to policy development, with clear evidence of how SME impacts are assessed and addressed.

Promoting Workplace Health and Wellbeing Through Targeted Tax Incentives

Recommendation: Introduce targeted tax incentives to encourage SMEs to invest in workplace health and wellbeing. Possible measures include voucher-based subsidies, tax credits and expanded Benefit-in-Kind exemptions.

Cost is frequently cited by SMEs as a major barrier to adopting wellbeing initiatives. Existing tax supports are limited and not specifically designed for SMEs, which constitute the majority of Irish businesses. Targeted incentives can ease financial and administrative burdens, driving increased investment in wellbeing, enhancing employee retention, reducing absenteeism, and fostering economic growth. These proposals align with the Healthy Ireland Healthy Workplace Framework, Ireland's commitment to the UN Sustainable Development Goals, and OECD guidance for promoting health and wellbeing at work.

Pensions Reform

Recommendation: Modernise the current system for tax relief on pension scheme contributions for the private sector.

The current system for tax reliefs on pension scheme contributions urgently requires modernisation. Reform should reflect both current employment legislation and the modern and future working career, facilitating contributions being made by people during career breaks or part time work periods for further education, undertaking caring responsibilities, parental leave and so on.

Trade

Expanding Trade Supports

Recommendation: Broaden the scope of industries eligible for trade supports to include sectors such as Green and Sustainable products, Skills, Culture, and all SMEs seeking to export to the EU.

This expansion guarantees that a broader spectrum of businesses can obtain the essential resources and expertise required for successful entry into international markets. By supporting their export initiatives, we promote growth, job creation, and sustainable development across multiple sectors of the economy.

Promoting Sustainable Trade Practices

Recommendation: Support initiatives that encourage Irish exporters to adopt sustainable and ethical trade practices, including certification programmes and green supply chain management.

By positioning Irish exports as environmentally and socially responsible, businesses can differentiate themselves in global markets and meet the increasing demand from consumers and partners for sustainable products.

Supporting SMEs in Global Trade

Recommendation: Allocate additional resources to the Trade and Investment Strategy and optimise the Enterprise Europe Network (EEN) to actively support small and medium enterprises (SMEs) in engaging with international trade.

By providing targeted assistance, both within and outside the EU, we empower SMEs to enhance their productivity and navigate trading challenges as they arise. Targeted assistance will help SMEs to access new markets and expand in existing ones which will help them grow and improve their overall economic development.

Conclusion

The 2026 Budget is an opportunity to address regional inequalities and the legacy deficits of many decades in the Northern & Western Region.

- Funding should be prioritised to deliver Critical Regional Infrastructure for this region.
- Allocate a regional stimulus package (e.g., 2% of NW GDP) to address legacy underinvestment.
- It is time for a whole of government approach to delivery.
- It is imperative that delivery of Housing, Roads Infrastructure, Grid, Water and Waste Water is expedited where it is needed with agility and speed.

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