Cost of Business Advisory Forum

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Theme 1: Energy Costs and Security of Supply

Summary and Recommendations of Submissions

Members of the Advisory Forum were asked to submit a paper (max. 3 pages) on the theme of ***Energy Costs and Security of Supply***.

Based on the submissions, it can be stated that Irish businesses across all sectors face high energy costs and energy security concerns which creates challenges for competitiveness, sustainability, and future investment. This is seen particularly in energy-intensive, low-margin, and regional sectors.

While some Government support schemes (such as Energy Efficiency Grant and TBESS) have been useful, they are generally viewed as inadequate, poorly targeted, or difficult to access. Businesses are calling for faster, broader, and more strategic Government action including energy policy reform, infrastructure upgrades, and tailored supports to secure the future of Ireland's economy.

See below members' input according to the questions suggested for the submissions:

1. ***How has the capacity of Ireland's National Grid impacted your business/sector?***

i) It is clear that there are concerns over electricity supply-demand margins and grid capacity (especially with data centre growth) are widespread. Poor investment in the grid has also driven up infrastructure related charges, further inflating energy bills.

ii) Members noted that in July 2025, the CRU published its draft determination that EirGrid and ESB Networks will need between €14.1bn and €18bn over the next five years to fund the network. This will increase annual electricity costs for medium sized businesses by approximately €164,000.

iii) Members suggested the constrained nature of the National Grid has adversely impacted and reduced the ability to access renewable energy at scale. The poor investment and slow rate of development of new grid over the past 20 years has increased the current cost of capital investment, which is being loaded onto customer through Use of System Charges.

iv) It was suggested that maintaining a secure and reliable energy supply is paramount for all sectors of the Irish economy. A recent AmCham survey showed that all respondents considered security of Ireland's energy grid important in terms of maintaining US investment in Ireland, with 77% stating that it was extremely or very important.

v) Sectors such as Legal, Agri-Food, Food Manufacturing, Engineering/Manufacturing, and Communications reported little to no direct impact from the grid's capacity. However, strategic communications firms noted indirect effects through client concerns about grid stability affecting their investment confidence.

vi) It was noted that grid bottlenecks affect high power sectors, in particular the heavier industrialised manufacturing, food and drink, tech and pharma sectors. This affects through price, availability of power, adequacy of requisite Megawattage line and connection to the

Grid, which hinder investment, job-creation and expansions as well as innovation and some decarbonization efforts.

vii) In some cases where the product is less time-sensitive, businesses have agreed to shut down during periods of increased demand and are receiving compensation as a result. As shutdowns have become more frequent, the compensation is no longer sufficient to cover the loss in productivity causing the re-scheduling of production at short notice.

viii) There has been high-profile coverage of how the lack of investment in the Grid is hampering growth and investment in larger businesses in the FDI sector, but many indigenous Irish businesses are now reporting the same problems.

ix) Similarly, in the short-run, Tourism businesses are not pointing to capacity issues or energy security issues now. However, there is a medium-term concern around the impact of large-scale energy users, data centres in particular, on future grid capacity and the network's ability to meet the needs of tourism SMEs. A longer-term concern is how the energy system is transformed to meet Ireland's climate action targets.

2. How has the cost of energy impacted your business/sector?

i) Energy-intensive sectors like Manufacturing, Tourism, Retail, and Hospitality have seen severe financial strain and negative impacts on employment creation. Many multinational and domestic firms are reconsidering investment in Ireland due to energy cost volatility with businesses scaling back expansion plans and prioritising survival over growth.

ii) A key points members were making is that when comparing Ireland to other European countries, Ireland's electricity costs and related expenditures including grid connection fees rank significantly higher than the costs in those countries. As such, it is of fundamental importance to address high energy costs, and this will further be beneficial in supporting future economic growth for Ireland.

iii) Members have suggested that high energy costs have strained business growth and competitiveness – particularly in energy intensive, manufacturing, and low margin sectors. Energy costs have risen significantly across all sectors, placing strain on cash flow, increasing operational expenses, and in some cases requiring potential price increases to customers.

iv) More specifically, the cost of energy has consistently been cited by Tourism businesses every year since 2022. While average unit prices for businesses have come off their 2022 highs, they look to have levelled off at significantly higher rates than the EU average. This puts Irish tourism and hospitality businesses at a distinct competitive disadvantage as a core operating cost that was once on a par with European averages is now notably higher.

v) While Ireland's per kWh cost may be 17% above the EU average, the single biggest issue for tourism and hospitality SMEs is the disproportionately high share of pass-through charges which can make up as much as 50% of electricity invoices. Such charges include DUOS (Distribution Use of System), TUOS (Transmission Use of System) as well as capacity and PSO charges.

vi) Restaurants Association of Ireland suggest that electricity costs have risen by over 96% between 2022 and 2025, while gas costs have increased by more than 58% per kilowatt-hour. These surging expenses are hitting a sector that already operates on tight margins, with many restaurants and cafés unable to absorb the increases. As a result, 65% of respondents reported a decline in financial performance in 2024 compared to the previous year, directly linking this downturn to unsustainable energy overheads. Members have ranked energy costs among their top three greatest concerns.

vii) Members note that in tackling energy costs and security of supply, it will be key to address delays within the planning system as this will enable greater progress of large green energy generation projects in Ireland. This would also be beneficial in supporting Ireland as a viable location for investment in green energy projects.

3. How has the cost of energy impacted expansion or development opportunities for your business/sector?

i) Members note significant restrictions on expansions/developments due to high energy costs. Businesses are being forced to prioritise basic survival over growth, with energy bills absorbing funds that would traditionally be reinvested.

ii) In particular, energy costs have restricted investment in renovations, delayed automation projects, and enforced stricter budgeting. While some sectors have not experienced direct effects, the overall sentiment reflects caution and delay in development due to financial pressures.

iii) Members highlight instances where retailers had to divert capital investment into energy-related upgrades, meaning that other critical investments – such as replacing end-of-life equipment and carrying out essential repairs and maintenance – have had to be deferred. This puts the long-term viability of the business at risk.

iv) Another example is from the Irish Hotels Federation data which shows that daily electricity spend for a typical sized hotel has risen in the last few years from €927 to €1,800. Such cost increases are unsustainable and erode profitability as well as undermining business's ability to invest in decarbonisation efforts.

v) It is also important to note that some businesses have seen a general rise in the cost of production, with some quoting up to 40%. But whereas the increased cost of labour has averaged 3% p.a., energy has doubled (at a minimum) over this period. This becomes particularly acute in companies that are medium to large users of electricity, with large employers in the tech sector noting their energy costs are greater than their labour bill.

vi) Companies have tried to pass on as much of this price hike into the markets as they can. However, they note that this is not always or fully possible, and that they are being increasingly put at an unnecessary competitive advantage in their various export markets.

vii) Furthermore, businesses with overseas operations in the U.S. note that whilst labour costs are comparatively much higher there, we are at a competitive disadvantage when

it comes to energy costs. Whilst the threat to attracting FDI expansions into Ireland is well noted, Irish owned companies are increasingly aware of this price difference, and with the tariff situation in the USA, a number may actively consider whether Ireland is the best place for them to expand in order to continue to supply that market competitively.

4. ***What steps has your business/sector taken to mitigate high energy costs (i.e., any specific strategies)?***

i) Members note that businesses are installing solar panels, upgrading refrigeration units, switching to LED lighting, investing in energy-efficient machinery, monitoring energy leaks, installing battery storage, and adopting sustainability policies to help mitigate high energy costs. Some businesses have resorted to closing on week days while others switched from using cylinder gas to piped gas.

ii) Businesses are closely monitoring price and usage. Some engage with consultants for market advice and others have established working groups internally, or created particular roles focused on energy (saving) leadership.

iii) These are focused on reducing energy usage and on bringing momentum to defining energy saving projects and driving savings within the business. Additionally, many businesses are now more frequently opting for 12-month energy contracts and are actively shopping around for better rates. While this is a positive step, it does little to address the broader issue: energy prices remain significantly higher than before and are simply unsustainable for many operators.

iv) It is also noted that a major challenge in cost mitigation has been the difficulties that have been faced with fixed or standing charges included as part of the monthly energy bill. No matter what a retailer does, there is no capacity to reduce this element of the bill given that these charges are fixed and not variable, nor can they be reduced by shopping around.

v) Some businesses report applying 'time of use' strategies to reduce consumption from peak periods, but report that the savings secured have been marginal. It is not untypical to hear that despite all the efforts made to reduce costs; many retailers are paying over 40% more on energy bills than they were four years ago.

vi) However, some members note that electro-intensive industries require stable and predictable power in large quantities at all times. Some businesses have implemented measures to lessen their dependency on the grid whilst using renewable sources of energy.

    i. For example, companies incorporate on-site generation through rooftop solar PV. These onsite projects do not provide the quantity of energy that is needed to facilitate full scale production. In order to produce the adequate amount of energy onsite, additional land would need to be developed. In this regard it would be beneficial for both the grid and LEUs if there was greater flexibility in terms of locating renewable and storage projects in sites where they are optimised for their output and the needs of the grid.

5. What are your views on efficacy of State supports?

i) Members suggest that existing and recent supports such as TBESS, Energy Efficiency Grants, the Ukraine Enterprise Crisis Scheme and Power Up grants are largely short-term fixes in nature. It is stated that Government supports are helpful but usually are slow and not easily accessible or sufficient (especially for SMEs in comparison to large indigenous or FDI companies).

ii) Stakeholders urge more targeted financial supports - particularly energy efficiency grants which can facilitate sustainable investment in businesses with longer term savings – grid investment, and simplified processes for accessing grants and renewable energy solutions.

Members have also made several **recommendations** on how to address high energy costs and security of supply concerns. The key recommendations are set out below:

1. **Reduce energy fixed costs:** To boost energy competitiveness in the short term, a large strategic annual subvention is needed to reduce fixed costs on energy bills. Offsetting the tariff increases from for example the temporary emergency generation costs (€337mn) and the PSO levy (€252mn) should be prioritised. A full review of the user charge model itself is also needed given the immense investment needed after 2030 as set out in the CRU's PR6 draft determination. **DCEE/CRU**

2. **Accelerate the roll-out of low-cost renewable generation and storage technologies:** Low-cost renewable generation and storage play a critical role in supressing prices and reducing the reliance on natural gas. Policy interventions are needed to ensure a robust pipeline of competitively priced projects. This includes measures to de-risk investment and reduce costly planning bottlenecks, supply chain shortages, and grid connection delays. **DCEE**

3. **Remove network inefficiencies and develop a smart, dynamic, and connected national grid:** Investment in the grid is essential to keep pace with growing demand, connect new generation, and manage an increasingly complex system. It also ensures consumers see the full benefit of renewables on their bill as it prevents wastage due to grid constraints. Grid efficiency can also be enhanced by the colocation of supply and demand in regional energy hubs and the development of hybrid wind, solar, and storage solutions. **DCEE & DETE & EirGrid**

4. **Support sector electrification:** Given the increased investment required in our electricity system over the next few decades, it is vital that the costs are spread out in an appropriate way. The best way to achieve this is by growing flexible electricity demand. Targeted measures are needed to incentivise EV adoption, storage projects, the electrification of heat, demand response, and energy hubs. Meanwhile a new industrial policy should target the development of high value industries that could use this valuable indigenous renewable supply. **DCEE/DETE/DPER**

5. **Play a more active and interventionist role in the decarbonisation of the Irish economy:** Ireland must play a more active and hands-on role funding the energy transition. This means scaling up and developing new capital and operational supports for renewable technologies with more targeted and impactful incentives. It also means direct state investment in energy networks

and enabling infrastructure. Ireland has access to significant capital to adopt this approach through the Climate and Nature Fund (€3.1bn), the proceeds from the CJEU tax judgement, and carbon tax/ETS revenues. **DCEE/DETE/DPER**

6. **Another approach to funding the 45% of non-energy charges needs to be found**. Through a mix of funding from the Strategic Investment Funds, coupled with Public-Private initiatives, backed by advanced procurement mechanisms, and more stringent public procurement contract pricing rules. This would virtually reduce energy costs by 50% increasing our competitiveness, allowing Irish business to expand further here and FDI's to compete with sister plants overseas for investment, all leading to continued job growth and further innovation.

7. There needs to be **an independent investigation of competition** in the energy sector and to probe and determine the level of transparency and necessity on the additional standing charges that are imposed as part of the billing cycle. **This should be carried out by the CCPC rather than the CRU**.

8. **Re-instate the reduced VAT rate** for energy business costs to mitigate the fact that those costs are significantly out of line with EU peers.

9. **Prioritise sector inclusion in retrofit and decarbonisation funding**. Tourism and hospitality businesses are currently underrepresented in many state-led energy efficiency programs. This sector should be explicitly included in national retrofit and decarbonisation programmes.

10. Given that (a) around 90% of businesses in tourism and hospitality are SMEs and (b) the majority are small/micro enterprises, there are relatively few large-scale energy customers in the sector with sophisticated energy systems. Hence, when it comes to mitigating actions, suggestions are limited to:
    - **Calling for greater competition across all levels** of the energy supply landscape.
    - **Reviewing grid capacity prioritisation and balancing economic sectors,** specifically ensuring network security and access for smaller commercial users in tourism.
    - **Pointing to the recommendations contained in IBEC's recent *Our Energy Ambition*** aimed at delivering an energy system which is competitive for industry, provides security of supply and helps meet Ireland's climate commitments.

Full Submissions

Full submissions from members of the Cost of Business Advisory Forum. Forum members were requested to submit a 3 page paper on the topic of Energy Costs and Security of Supply. Below are the full submissions supplied by members of the Forum off which excerpts have been taken to create a summary and recommendation document.

IBEC

Overview

Ireland's failure to effectively balance energy security, affordability, and sustainability over the last few years has damaged the competitiveness of Irish business, prevented investment, and in many cases, made businesses unviable. Without intervention, this trend is set to continue and presents an enormous threat to Ireland's future economic development. Ibec, the group that represents Irish business, welcomes this opportunity to present its views and recommendations on this critical topic.

Energy Costs Challenge

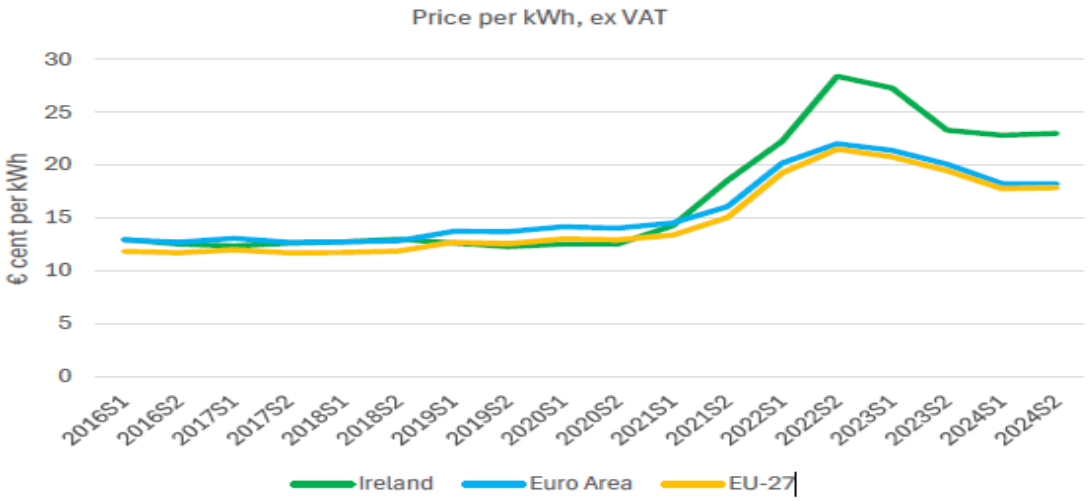
Keeping electricity affordable and competitively priced has been particularly challenging for Ireland. In the last ten years, Irish electricity prices have been among the highest in Europe, at one point double the EU27 average (See Figure 1). This is a major concern given that Europe itself is highly uncompetitive, with electricity prices 2-3 times higher than in the United States and China. There is no sign this will change any time soon.

While prices have come down since the height of European energy crisis, they are still well above pre Covid-19 levels. The 2024 Mario Draghi report 'The Future of European Competitiveness' forecasts a continuation of this competitiveness gap unless action is taken. For Ireland the forecast is even more challenging.

A 2024 report by Business Europe projects that wholesale electricity prices in Ireland in 2025 will finish 38% higher than in France and 13% higher than in the UK in its most optimistic scenario. Meanwhile other cost drivers on energy bills are also increasing to fund grid development, renewable generation, the accommodation of intermittent renewables, and backup emergency supply. These fixed costs can make up to 50% of the bill for some users. In 2024/25, over €3bn will be levied in the form of fixed costs. In July 2025, the CRU published its draft determination that EirGrid and ESB Networks will need between €14.1bn and €18bn over the next five years to fund the network. This will increase annual electricity costs for medium sized businesses by approximately €164,000.

Figure 1: Irish electricity costs

Source Eurostat:



High energy costs have long been a feature of the Irish economy because of geography, reliance on natural gas, low levels of interconnection, and the market design. However, the gap between Ireland and competitors in Europe and beyond is now a major concern with several European countries opting to play a more active role in keeping cost down.

These high costs have strained business growth and competitiveness – particularly in energy intensive, manufacturing, and low margin sectors. The European energy crisis (2021-2023)-proved especially challenging with many businesses forced to close. For global multinationals the price of energy and outlook has been a factor in deciding future investments and expansion in Ireland. The policy response to this crisis was untimely too slow and narrow in scope, especially when compared with the interventions permitted by the emergency EU State Aid Rules and those seen in other Member States like France and Germany.

One way of reducing exposure to high electricity costs is through investment in energy efficiency, on-site renewable technologies, and batteries. In recent years we have seen a surge interest and investment in these solutions. The success of the SEAI Non-Domestic Microgen Grant (NDMG) underlines this trend. However most medium to large energy users have already secured the gains from cost effective interventions. More impactful and targeted supports will be needed to further reduce exposure to high costs. In 2024 Ibec published a paper setting out proposed changes to these supports.

Energy security challenges

Ireland's electricity system is experiencing a costly and debilitating energy supply challenge. EirGrid's most recent adequacy assessment projecting ongoing system constraints over the next 10 years even with planned interventions.

While Irish consumers have been protected against a full electricity blackout, the margin between supply and demand is a concern and has undermined general investment confidence, particularly in energy intensive sectors. Meanwhile an effective mortarium on data centres threatens investment in this sector and Ireland's wider AI and digital economy ambitions.

Ireland's electricity constraint challenges have also led to an increase in costs for users. The procurement of Temporary Emergency Generation has cost consumers over €1bn in additional charges.

The main cause of this problem is not the arrival of unexpected demand but instead unexpected outages, capacity auction design flaws, and critically the slow pace of energy infrastructure delivery. Ireland is recognised as one of the worst performers in this area according to the International Energy Agency. The 2024 Draghi report on EU competitiveness stated that Ireland has the worst performing permitting process for onshore wind at 9 years, 50% slower than the EU average but three times longer than the process in Finland. Ireland's lengthy and complex planning and permitting regime, together with the frequency of judicial review, means energy projects can take over a decade to bring from pre-planning to completion. For example, the proposed 400kv North South Electricity Interconnector has been almost two decades in development despite its security, affordability, and sustainability benefits.

While Ireland does not face an immediate gas supply problem, the country's high and growing reliance on imports from two undersea pipelines to the UK is of concern. Imports across these pipelines have grown from 40% to 80% between 2016 and 2023. While the likelihood of a disruption is low, the impact of a disruption would be so damaging that efforts are needed to mitigate this risk. Options include a floating storage and regasification unit, investments in indigenous renewable gas, other long term gas storage options, and greater supports for fuel switching in industry.

Ibec Recommendations

1. **Reduce energy fixed costs:** To boost energy competitiveness in the short term, a large strategic annual subvention is needed to reduce fixed costs on energy bills. Offsetting the tariff increases from for example the temporary emergency generation costs (€337mn) and the PSO levy (€252mn) should be prioritised. A full review of the user charge model itself is also needed given the immense investment needed after 2030 as set out in the CRU's PR6 draft determination. **Who? DCEE/CRU**

2. **Accelerate the roll-out of low-cost renewable generation and storage technologies:** Low-cost renewable generation and storage play a critical role in supressing prices and reducing the reliance on natural gas. Policy interventions are needed to ensure a robust pipeline of competitively priced projects. This includes measures to de-risk investment and reduce costly planning bottlenecks, supply chain shortages, and grid connection delays. **Who? DCEE**

3. **Remove network inefficiencies and develop a smart, dynamic, and connected national grid:** Investment in the grid is essential to keep pace with growing demand, connect new generation, and manage an increasingly complex system. It also ensures consumers see the full benefit of renewables on their bill as it prevents wastage due to grid constraints. Grid efficiency can also be enhanced by the colocation of supply and demand in regional energy hubs and the development of hybrid wind, solar, and storage solutions. **Who? DCEE & DETE & EirGrid**

4. **Support sector electrification:** Given the increased investment required in our electricity system over the next few decades, it is vital that the costs are spread out in an appropriate way. The best way to achieve this is by growing flexible electricity demand. Targeted measures are needed to incentivise EV adoption, storage projects, the electrification of heat, demand response, and energy hubs. Meanwhile a new industrial policy should target the development of high value industries that could use this valuable indigenous renewable supply. **Who? DCEE/DETE/DPER**

5. **Develop a new energy transition masterplan:** Ireland needs a new all-of-government energy transition masterplan to better coordinate and progress the policies and actions needed to deliver

climate and energy goals. Guided by the long-term net zero vision, this masterplan would bring together energy security, decarbonisation, energy affordability, and industrial development workstreams into one place. This would help to resolve and mitigate policy conflict and incoherence. **Who? Department of Taoiseach/DCEE**

6. **Play a more active and interventionist role in the decarbonisation of the Irish economy:** Ireland must play a more active and hands-on role funding the energy transition. This means scaling up and developing new capital and operational supports for renewable technologies with more targeted and impactful incentives. It also means direct state investment in energy networks and enabling infrastructure. This mirrors what is now happening in several EU Member States including Germany, France, and the Netherlands. Ireland has access to significant capital to adopt this approach through the Climate and Nature Fund (€3.1bn), the proceeds from the CJEU tax judgement, and carbon tax/ETS revenues. **Who? DCEE/DETE/DPER**

7. **Build greater public and community understanding and support for energy transition infrastructure:** Ibec's recent Infrastructure Ambition paper calls for a rebalancing of the planning system to put the common good first. Project delivery is hampered by excessive legal hurdles and the disproportionate influence of individual objectors. Government should urgently implement outstanding recommendations from the Report of the Review of the Administration of Civil Justice (the Kelly Report) and establish an expert review group to examine systemic reform. **Who? DHLGH/Department of Justice/ Department of Taoiseach**

Chambers Ireland

Overview of Responses

The responses highlight widespread concern over rising energy costs across diverse sectors including legal, agri-food, manufacturing, and communications. While most businesses report minimal direct impact from the grid's capacity, higher energy prices have strained budgets, delayed development, and reduced competitiveness. Companies are adopting mitigation strategies such as LED lighting, solar panels, energy-efficient equipment, and sustainability initiatives. However, many find government supports inadequate due to high entry costs, limited eligibility, and complex processes. Respondents called for more tailored assistance, improved energy policy clarity, and strategic investment in sustainable infrastructure to support both direct and indirect energy-dependent sectors.

Summary of Responses by Question

1. **What Sector is your company in?** The responding sectors include Legal, Agri-Food, Food Manufacturing, Engineering/Manufacturing, and Communications.

2. **How has the capacity of Ireland's National Grid impacted your business/sector?**
   Most sectors reported little to no direct impact from the grid's capacity. However, strategic communications firms noted indirect effects through client concerns about grid stability affecting their investment confidence.

3. **How has the cost of energy impacted your business/sector?**
   Energy costs have risen significantly across all sectors, placing strain on cash flow, increasing operational expenses, and in some cases requiring potential price increases to customers. The communications sector noted knock-on effects from client budget reductions.

4. **How has the cost of energy impacted expansion or development opportunities for your business/sector?** Higher energy costs have restricted investment in renovations, delayed automation projects, and enforced stricter budgeting. While some sectors have not experienced direct effects, the overall sentiment reflects caution and delay in development due to financial pressures.

5. **What steps has your business/sector taken to mitigate high energy costs (i.e., any specific strategies)?**
   Strategies include installing solar panels, upgrading refrigeration units, switching to LED lighting, investing in energy-efficient machinery, monitoring energy leaks, installing battery storage, and adopting sustainability policies.

6. **What are your views on efficacy of State supports?**

   There is a common view that current supports are not sufficient, especially for SMEs in comparison to large indigenous and FDI companies. Issues include high capital requirements to access grants, insufficient caps on support, complex application processes, and lack of tailored supports for service sectors.

7. **Any other comments?**

   Suggestions included the need for modular nuclear energy plants, better State guidance on sustainability practices, more competitive energy markets, and a clear national roadmap for energy resilience, particularly for the services sector.

Irish Tourism Industry Confederation

Context

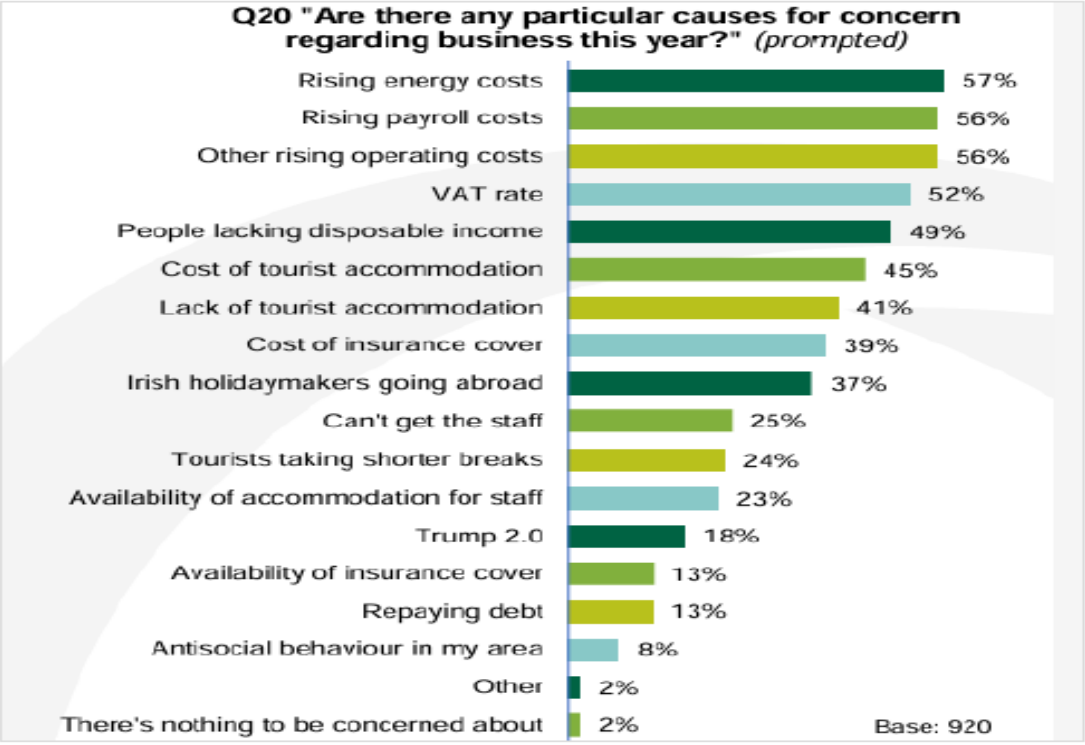
The Irish Tourism Industry Confederation (ITIC), representing the leading tourism and hospitality business stakeholders in the country, welcomes this opportunity to input into the Forum's discussion in relation to energy costs and security of supply.

Tourism is the country's largest indigenous industry and biggest regional employer representing over 8% of the national workforce, and the CSO estimate that there are circa 20,000 enterprises in the sector. Most tourism and hospitality businesses are SMEs and are based in regional Ireland and are labour intensive often operating with tight profit margins. As a result, all business costs are monitored carefully and recurring feedback from ITIC members is that rising energy costs tend to be a significant cause of concern.

The tourism sector is committed to Ireland's climate action obligations and has made successful moves to reduce its carbon footprint but there has been little cost relief thereby hampering further investment plans.

Energy costs

The cost of energy has consistently been cited by tourism businesses every year since 2022. 'Rising energy costs' were called out as the tourism industry's single biggest concern in almost all waves of Fáilte Ireland's Tourism Barometer for the last 3 years. The 2025 Q1 barometer as below clearly shows energy costs as the leading concern for tourism businesses polled.



While average unit prices for businesses have come off their 2022 highs, they look to have levelled off at significantly higher rates than the EU average, This puts Irish tourism and hospitality businesses at a distinct competitive disadvantage as a core operating cost that was once on a par with European averages is now notably higher. This is further proven by Eurostat figures from June 2025 which rank Ireland as the 2nd most expensive country in the EU with energy prices 17% above the EU mean.

As an example data from the Irish Hotels Federation shows that daily electricity spend for a typical sized hotel has risen in the last few years from €927 to €1,800. Such cost increases are unsustainable and erode profitability as well as undermining business's ability to invest in decarbonisation efforts. While Ireland's per kWh cost may be 17% above the EU average, the single biggest issue for tourism and hospitality SMEs is the disproportionately high share of pass-through charges which can make up as much as 50% of electricity invoices. Such charges include DUOS (Distribution Use of System), TUOS (Transmission Use of System) as well as capacity and PSO charges.

Security of Supply

The Russian invasion of Ukraine exposed the vulnerabilities in many European countries' security of energy supply. Ireland was no different in this regard, As an island nation we have a weakly connected grid with only one interconnector with the UK. The interconnector currently being built with France (the Celtic Interconnector) should improve both the security of supply and allow us to import cheaper continental electricity from 2027 onwards.

In the short-run, tourism businesses are not pointing to energy security issues per se as their core immediate concern is centred around cost. There is a medium-term concern around the impact of large-scale energy users, data centres in particular, on future grid capacity and the network's ability to meet the demands of tourism and hospitality SMEs. Meanwhile a longer-term concern is how the energy system is transformed to meet Ireland's climate action targets. Irish tourism is committed to achieving net zero by 2050 but there must be a clear transition roadmap.

The Government's Climate Action Plan states that up to 80% of Ireland's electricity is to be generated by renewables by 2030, with most of this to come from wind and solar. However this will put significant pressure on the national grid which will need a considerable investment upgrade. As an example Dublin Airport, the primary tourism gateway to the island of Ireland and producer of a sizeable level of green energy, is limited in its ability to expand operations and electrify further due to the Maximum Import Capacity (MIC) of the grid. A further example is the danger of an EV mandate from the EU on the Irish car rental fleet while EV infrastructure around the country is simply inadequate.

ITIC is of the view that the National Development Plan needs to prioritise the grid and proceeds from the Apple case should be allocated accordingly.

Mitigation Strategies

Energy costs and security of supply are both critical aspects to address for the Irish tourism industry. In that context ITIC propose a number of measures:

- Re-instate the reduced VAT rate for energy business costs to mitigate the fact that those costs are significantly out of line with EU peers

- Encourage greater competition across all levels of the energy supply landscape

- Review all non-market-based energy charges with a view to consolidation, transparency, and reduction. Further pass-through charges should be paused until an independent cost-benefit analysis is completed,

- A Government-led review of grid capacity prioritisation with the aim of balancing economic sectors and ensuring network security. and fair access for smaller commercial users like tourism and hospitality.

- Invest the necessary capex funds in the national grid to ensure that it is future-proofed. Expedite same and prioritise within the forthcoming National Development Plan

▪ Prioritise sector inclusion in retrofit and decarbonisation funding. Tourism and hospitality businesses are currently underrepresented in many state-led energy efficiency programs. This sector should be explicitly included in national retrofit and decarbonisation programmes. ▪ Strengthen regulatory oversight in order to mitigate network tariffs and grid fees.

▪ Recognise and reward on-site renewable energy production within tariff models and incentives for carbon reduction activations to encourage more carbon neutral fuel replacement schemes.

▪ Fast-track the interconnector with France to help with security of supply and ensure importation of cheaper electricity

▪ Tourism is a uniquely vulnerable, customer facing sector with high energy intensity (accommodation, food service, aviation, visitor experiences etc) – in such a context conduct a study by the ESRI (or similar) to evaluate the real cost burden on tourism and hospitality enterprises

▪ In terms of the car hire sector (29% of tourists rent a car when enjoying an Irish holiday), ZEVI has made a good start at ensuring that there are well-developed plans for EV charging infrastructure but this work needs to continue and be fast-tracked. Critically at ports of entry, acting now and having EV charging points at airports (the primary collection point) will enable the car rental fleet to transition to EVs.

Concluding thoughts

The Irish tourism industry is fully committed to Ireland's environmental obligations and every sector – from aviation to accommodation, from restaurants to conferences – is making significant strides in this direction. However, energy costs, renewable or otherwise, continue to impose a significant burden on businesses. Action is required to remedy market inefficiencies, address funding access weaknesses, and better improve regulation. ITIC is happy to engage constructively with the Department of Enterprise, Tourism and Employment to further develop these thoughts.

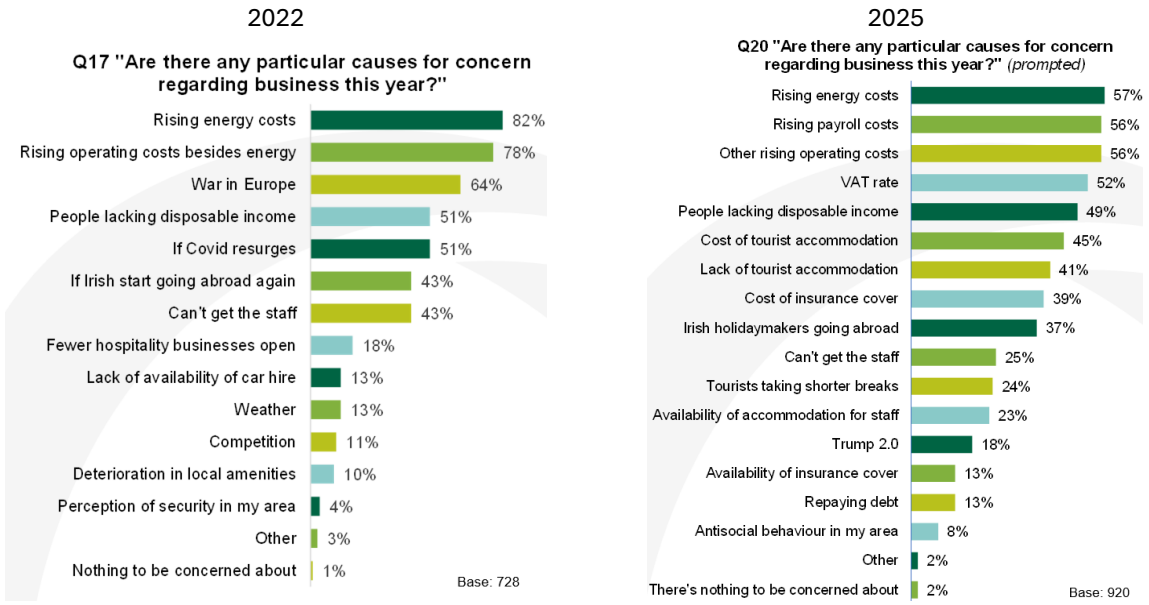
Fáilte Ireland

Importance of Tourism

- 'Tourism Industries' employee headcount was estimated to be c. 226,000 in Q3 2024. This is 8.1% of total employment[1].
- As a labour-intensive sector, directly contributing to over 8% employment, tourism is a leading jobs creator, especially in parts of Ireland when alternative employment opportunities are low.
- Tourism is one of the few economic sectors in Ireland that has the potential to significantly benefit remote rural areas – some 67% of tourism employment is in regional/rural Ireland.

Costs

Figure 1: Top Concerns Cited by Tourism Businesses



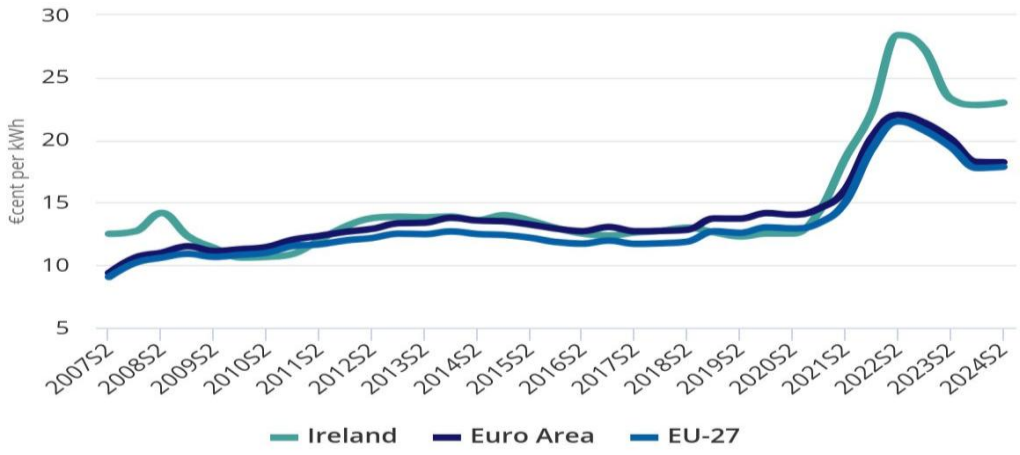
Source: Fáilte Ireland's Tourism Barometer, various years

The cost of energy has consistently been cited as a top concern by tourism businesses every year since 2022. 'Rising energy costs' were called out as the tourism industry's single biggest concern in almost all waves of Fáilte Ireland's *Tourism Barometer* between 2022 and 2025. Only in the most recent survey was it pushed down the list of top concerns (by global trade policy disruptions).

While ex. VAT average unit prices for businesses have come off their 2022 highs, they look to have levelled off at significantly higher rates than EU and Eurozone averages, despite the fact that average ex. VAT unit prices in Ireland were very closely aligned to these before 2020. This puts Irish tourism and hospitality businesses at a distinct disadvantage as a core operating cost that was once on a par with European averages is now notably higher.

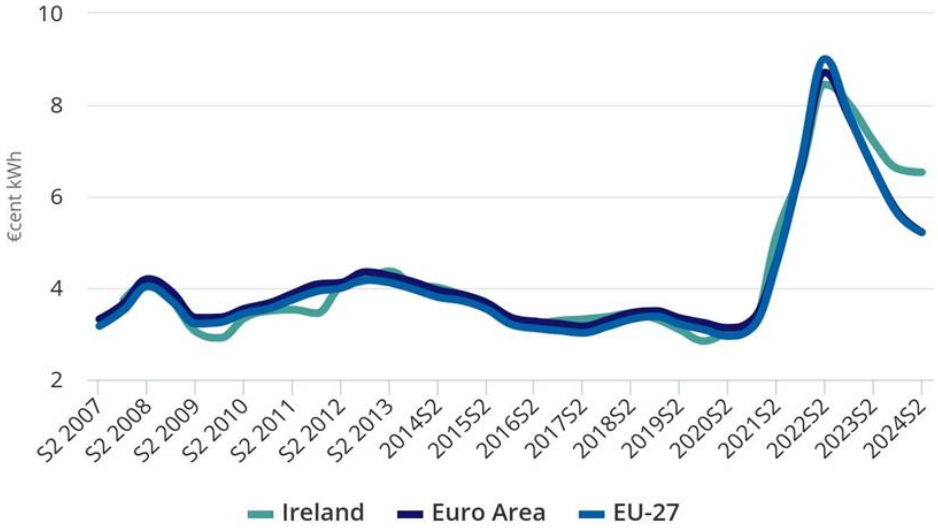
[1] The Central Statistics Office (CSO) produces an estimate of employment for what it refers to as 'Tourism Industries'. This is a more inclusive measure to that of Accommodation & Food Services and is derived from a list of activities developed by the statistical office of the European Union, Eurostat.

Figure 2: Average electricity price to business – per kWh (ex. VAT)



Source: SEAI based on Eurostat data

Figure 3: Average gas price to business – per kWh (ex. VAT)



Source: SEAI based on Eurostat data

Security of Supply

In the short-run, tourism businesses are not pointing to capacity issues or energy security issues now. Their core immediate concern in the space is around cost.

There is a medium-term concern around the impact of large-scale energy users, data centres in particular, on future grid capacity and the network's ability to meet the needs of tourism SMEs.

A longer-term concern is how the energy system is transformed to meet Ireland's climate action targets. Ireland is committed to achieving by 2050 the transition to an environmentally sustainable and climate-neutral economy.

Mitigating Actions

Given that (a) around 90% of businesses in tourism and hospitality are SMEs and (b) the majority are small/micro enterprises, there are relatively few large-scale energy customers in the sector with sophisticated energy systems. Hence, when it comes to mitigating actions Fáilte Ireland's suggestions are limited to:

a) Calling for greater competition across all levels of the energy supply landscape.
b) Reviewing grid capacity prioritisation and balancing economic sectors, specifically ensuring network security and access for smaller commercial users in tourism.
c) Pointing to the recommendations contained in IBEC's recent *Our Energy Ambition* aimed at delivering an energy system which is competitive for industry, provides security of supply and helps meet Ireland's climate commitments. The key recommendations are:

    i. Communicate a new strategic vision for a competitive net zero economy
    ii. Develop an energy transition masterplan
    iii. Play a more active and interventionist role in the decarbonisation plan.

Energy Infrastructure & The Car Rental Fleet

- Rental cars are key to getting high spending tourists out of Dublin and into the regions – 29% of overseas holidaymakers use a hire car during their trips.
- Most tourists' car rentals either start or end at the main airports. Electrification of the car rental fleet could only be commercially viable if there was sufficient charging infrastructure at airports to enable the quick turnaround of rental cars. For example, the average internal combustion engine vehicle turnaround time in Dublin Airport in the peak season is approximately 19 minutes. This would at least double for EVs (assuming an EV with 125kw battery using 150kw chargers going from 20 to 80%).
- All of Ireland's main airports lack sufficient charging capacity to meet the future needs of an EV rental fleet. According to analysis by the Car Rental Council of Ireland there are only 36 fast chargers in the vicinity of the Airport – 150kw or more in a 5km radius from Finglas to Swords.
- As yet there are no well-developed plans in place to instal dedicated rental fleet charging infrastructure at the main airports.
- There would also need to be good availability of EV charging facilities around the country, especially in key tourism destinations.

In terms of mitigating actions:

a) At destination level, ZEVI has made a very good start at ensuring that there are well-developed plans for EV charging infrastructure and enabling roll-out. The work needs to continue.
b) At airports, acting now will enable the car rental fleet to transition to EVs.

American Chamber of Commerce

Ireland is fortunate to have, right across the country, some of the largest and most advanced manufacturing facilities in the world in sectors including medical technology, biopharmaceuticals, semi-conductors, automotive technology, and food/beverage as well as significant data centre investments. These facilities are supplying key global supply chains and markets – for example, four out of every five medical stents, saving lives around the world, are created in Ireland; even though Ireland only has 0.06% of the world's population it was the fifth biggest responder to the demand for key products due to Covid. These facilities commit to production/output targets far in advance – lives around the world literally depend on those targets being met. Many of these facilities operate on a 24/7 basis and very carefully plan their shifts. Most already implement best-in-class energy efficiency as energy is one of the biggest costs they have to manage.

Maintaining a secure and reliable energy supply is paramount for all sectors of the Irish economy. Indeed, 100% respondents to a recent AmCham survey said security of Ireland's energy grid is important in terms of maintaining US investment in Ireland, with 77% stating that it was extremely or very important. Further, 96% of respondents to AmCham surveys indicated that certainty with regard to energy costs and supply is important to maintaining FDI employment in Ireland. Policy measures should enhance Ireland's security of supply in the energy sector and address energy costs. This outlines the importance of tackling energy costs, and security of supply in terms of delivering future business growth and inward investment. With the correct investment in these areas, greater certainty can be achieved for potential investors.

Demand: Impact on costs and opportunity for security of supply

Electricity demand in Ireland has been growing each year as a result of economic activity and population growth. Ensuring sufficient grid capacity exists is of the utmost importance in ensuring Ireland remains an attractive location for inward investment, and this will also be essential in ensuring energy costs are sustainable. For instance, Ireland's electricity demand grew by 1.24 TWh in 2023 in comparison with 2022 figures.

When comparing Ireland to other European jurisdictions, Ireland's electricity costs and related expenditures including grid connection fees rank significantly higher than the costs in those countries. As such, it is of fundamental importance to address high energy costs, and this will further be beneficial in supporting future economic growth for Ireland.

In terms of Ireland's energy grid, it is essential that significant capacity is generated, as a lack of capacity has a compounding effect in terms of higher energy costs due to fossil fuel reliance, and it also impacts on the potential of renewable energy generation. For instance, in 2024, wind energy accounted for 32% of electricity produced in Ireland, however, the overall share of wind generated electricity was down 3% compared to 2023 figures. Grid capacity constraints were the primary reason for this halt in wind energy production, and this represents a challenge, not only for existing wind farms, but also for future investment in this sector. It is essential that the necessary capacity is provided to support future investments in energy, and in terms of future security of supply for business developments.

Planning: Potential to support security of supply and reduce costs

In tackling energy costs and security of supply, it will be key to address delays within the planning system as this will enable greater progress of large green energy generation projects in Ireland. This

would also be beneficial in supporting Ireland as a viable location for investment in green energy projects.

A significant increase in investment in the electricity grid is necessary in order to meet existing demand and build capacity for greater energy demand and the generation trends anticipated in the coming years. Estimates range from annual investments of €1.1 billion to €2 billion per annum to 2030 to meet current and future demand. The development of innovation and digitalisation in the electricity grid is also an important factor in addressing current strains on the electricity grid.

As such, it is vital that continued efforts are made to address delays in the planning system to support the development of renewable energy projects. In this context, it is important to implement reviews of the planning system in relation to renewable energy projects to create efficiencies that align with national targets, alongside full implementation of the Planning and Development Act 2024, upon which progress and momentum can be built. Further, there should be a prioritisation of renewable energy projects within the planning system to address and prevent delays, given the impact such delays can have in impeding energy cost reduction and security of supply. Ensuring adequate resourcing is in place for An Coimisiún Pleanála is essential in this regard. To support the development of the offshore wind sector, it is vital that a new National Ports Policy is published and implemented as a matter of urgency, given the importance of this infrastructure to offshore development and ensuring the capacity exists to cater for future demand as offshore wind production increases.

Additionally, clear planning guidelines are required to enable the development of the solar energy sector in Ireland. Further, the development and implementation of a National District Heating Strategy will be beneficial in supporting energy in Ireland, alongside the enacting of legislation and regulatory measures to support to roll out of district heating in Ireland.

Enhancing Ireland's solar and wind production will require a continued prioritisation of grid capacity and investment, increasing advancement in energy storage capabilities, and addressing supply chain challenges facing the sector.

The development of district heating in Ireland will be key to driving new methods of heating cost reduction, increasing security of supply and providing for low carbon heating across homes and businesses. This will require continued effort to progress the regulatory and legislative framework in relation to harnessing the potential of district heating in Ireland. The development of long-term strategies in relation to district heating will be fundamental to increasing confidence and forecasting in the business community.

Measures to support industry with energy generation

Electro-intensive industries require stable and predictable power in large quantities at all times. Many AmCham members have implemented measures to lessen their dependency on the grid whilst using renewable sources of energy. For example, many companies incorporate on-site generation through the likes of rooftop solar PV. These onsite projects do not provide the quantity of energy that is needed to facilitate full scale production. In order to produce the adequate amount of energy onsite, additional land would need to be developed. In this regard it would be beneficial for both the grid and LEUs if there was greater flexibility in terms of locating renewable and storage projects in sites where they are optimised for their output and the needs of the grid.

AmCham would further highlight the importance of Corporate Power Purchase Agreements (CPPAs) in helping LEUs to support additional renewable energy generation. There is significant room for

improvement with regard to the procedures related to CPPAs in Ireland. The need to match annual demand with an equivalent volume of renewables, in the context of the variable generation of wind and solar projects, requires over procurement, which in turn creates price risks for consumers as they must sell excess generation on spot markets at uncertain prices.

In order to avoid this, the implementation of a more flexible approach to achieving net-zero which takes into consideration the contribution of other resources such as storage and flexibility should be considered. Ireland's CPPA market compares unfavourably to that in other EU countries, as it is not as developed. Ireland's high grid connection costs, uncertainty over connection timelines, restrictive planning guidelines, high business rates, limits on planning permission lifetime, high levels of renewable curtailment, and a complex and long development process result in a more expensive and timely process.

It would be beneficial for the Commission for Regulation of Utilities to allow multisite customers with onsite renewable generation, and demand side flexibility, to trade energy at no cost across the grid between their sites/operations. At present, companies who are producing surplus renewable energy are selling this to the grid cheaply and then buying it again at other sites at full market price with no renewable element included. Steps should be taken to allow for a more direct and cheaper exchange of energy between sites of the same company.

By facilitating the introduction of private wires as a means of energy generation and usage, Ireland can increase the level of public-private cooperation in the energy sector. Private wires have the ability to reduce delays in grid connection times, reduce electricity grid congestion by bypassing the need to connect to the grid and allowing a direct means of energy generation and energy usage.

RGDATA

i) Identify the relevant policy / or decision-making institution/regulatory body or Government Department with perceived capacity/or role to advance the matters and achieve a reduction in the cost of doing business.

In relation to the relevant institution/ regulatory body/ Department with capacity for taking action on energy costs and security of supply, there are a multitude of bodies involved, each with a different remit;

a. Department of Climate, Environment and Energy – sets policy and guides legislation concerning energy
b. Department of Enterprise, Tourism and Employment – lead Department on advocacy and administration of Business Supports
c. Departments of Finance and Public Expenditure – responsibility for introduction and funding of business energy supports
d. CRU – regulatory agency for energy companies
e. Eirgrid – operator of the National Grid.
f. The CCPC – who have a role to review competitiveness in the energy sector and to examine the transparency of the charges imposed.

ii) Detail of the cost involved for business and scale of that cost in overall terms

After Labour costs, energy costs are one of the highest contributing operating costs for food retailers, given the need for refrigeration, air conditioning, light and heat, baking and kitchen/catering equipment and all IT /stock control systems. RGDATA estimates that energy costs average about 10% of total operating costs depending on the store size, hours of operation, energy efficiency measures and the types of refrigeration systems in place. They are also costs that are hard to vary or moderate once installed and when the store is operating.

A key issue for retailers is the extent to which energy costs each month contain a mix of standing charges unrelated to consumption and which the individual retailers can do nothing to reduce or mitigate. The key bugbears in this regard are;

- the Public Service Obligation Levy
- Use of System Charges
- Standing Charge
- Electricity Tax
- I-SEM Trading Charge
- Capacity Charge
- Excess Capacity Charge

Collectively these additional charges can mount up to between 30% and 50% of a retailers' energy bill. There is no transparency around these additional charges, which retailers and other SMEs have no ability to mitigate or otherwise reduce.

iii) What remedy or specific proposal for policy or legislative change is suggested to make an impact/and or achieve the outcome as outlined in the cost/regulatory issue described above.

There are a range of different changes that could make an impact and address the cost challenges;

- Introduce another means to achieve funding requirements which the PSO levy and Use of System Charges seek to deliver. For example, if the funding raised from these levy's/charges are designed to meet the growth of renewables or the development of infrastructure, these outcomes should be secured through capital investment through a national infrastructure fund.
- Introduce more cost-effective forms of electricity generation – ensure that there is a radical re-appraisal of the relationship between generation costs and the tariffs charged to business customers.
- Grid Development is key to unlock the delivery of renewable energy to businesses. A failure to invest in grid development merely prolongs reliance on expensive energy and a failure to harness wind energy from dynamic locations remote from urban areas.
- There needs to be an independent investigation of competition in the energy sector and to probe and determine the level of transparency and necessity on the additional standing charges that are imposed as part of the billing cycle. RGDATA believes that this should be carried out by the CCPC rather than the CRU.

B. Response specifically on Energy Costs and Security of Supply

i. How has the capacity of Ireland's National Grid impacted your business/sector?

The constrained nature of the National Grid has impacted adversely in terms of reduced ability to access renewable energy at scale. The poor investment in the National Grid and the appallingly slow rate of development of new grid over the past 20 years has also increased the current cost of capital investment, which is being loaded onto customer through Use of System Charges. These costs should be borne as an element of national infrastructure and funded by Exchequer funding, rather than by way of a fixed levy on businesses. The higher costs of running a retail business in Ireland, whether through employment, insurance or energy costs, invariably leads to higher retail prices to consumers.

ii. How has the cost of energy impacted your business/sector?

Increased energy costs have had negative impacts on investment, employment creation and the extent of funding available for energy efficiency and investment programmes. The increasing energy costs, especially standing or fixed charges imposed by regulatory bodies, have had a direct and severe impact on the bottom line of businesses.

iii. How has the cost of energy impacted expansion or development opportunities for your business/sector?

Rising energy costs have directly delayed many members plans for expansion having to defer development projects with cash flow redirected just to keep the lights on. RGDATA is also aware of several members who had to use reserves marked for energy efficiency projects just to pay energy bills. There have also been instances of retailers diverting capital investment into energy-related upgrades, meaning that other critical investments—such as replacing end-of-life equipment and carrying out essential repairs and maintenance—have had to be deferred. This puts the long-term viability of the business at risk.

iv. What steps has your business/sector taken to mitigate high energy costs (i.e., any specific strategies)?

Businesses have been caught in a bind due to increasing energy costs. On the one hand they are keen to invest in energy renewable initiatives and programmes, but with increases in energy prices, have had to cut back such investment. A major challenge in cost mitigation has been the difficulties that have been faced with fixed or standing charges included as part of the monthly energy bill. No matter what a retailer does, there is no capacity to reduce this element of the bill given that these charges are fixed and not variable, nor can they be reduced by shopping around.
Some retailers report applying time of use strategies to reduce consumption from peak periods, but report that the savings secured have been marginal. It is not untypical to hear that despite all the efforts made to reduce costs, many retailers are paying over 40% more on energy bills than they were four years ago.

v. What are your views on efficacy of State supports?

The value of the TBESS was immense to retailers and made a real difference. Targeted ongoing support is essential, particularly energy efficiency grants which can facilitate sustainable investment in businesses with longer term savings. One of the best ways that the State can support SMEs dealing with the cost of energy as a business cost is to reduce the fixed energy costs which hang around the next of businesses like a dead weight each billing cycle with no capacity for the businesses to avoid, reduce or mitigate these charges.

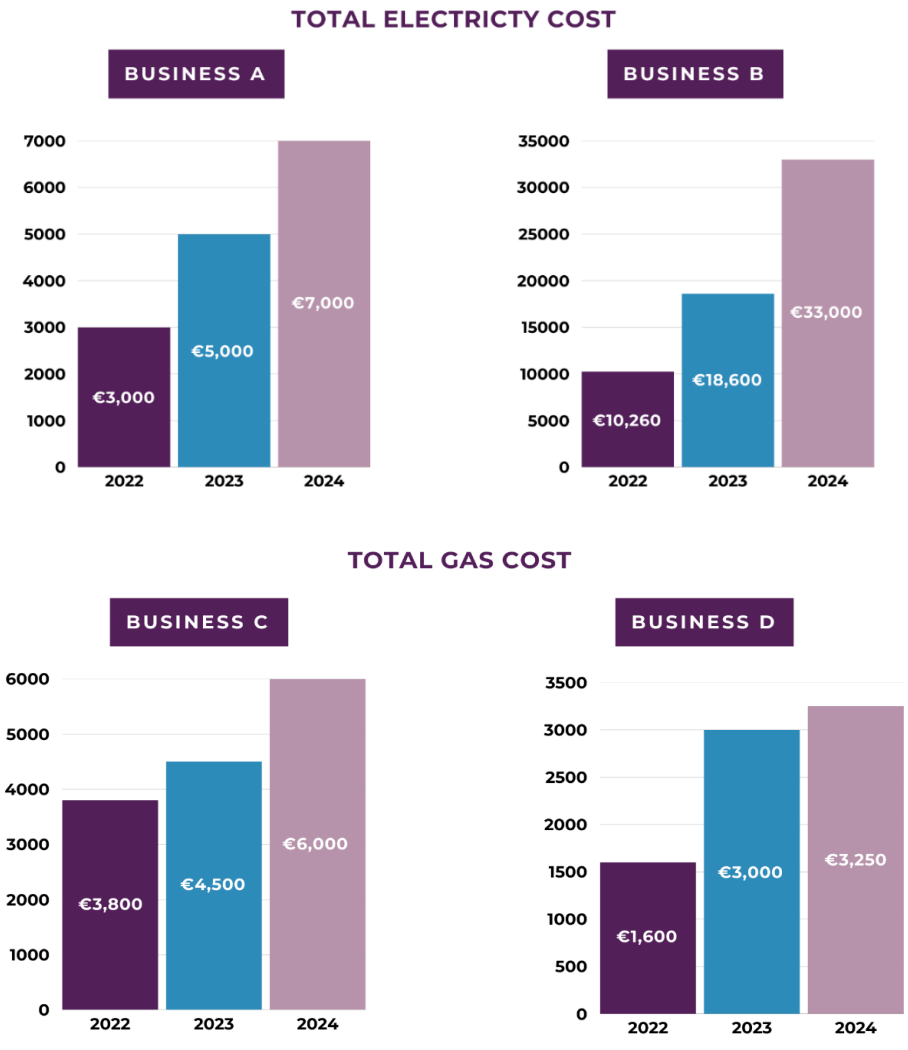
Restaurants Association of Ireland

How has the cost of energy impacted your business/sector?

The cost of energy has had a severe and ongoing impact on the food-led hospitality sector. A recent survey by the Restaurants Association of Ireland revealed that **electricity costs have risen by over 96%** between 2022 and 2025, while **gas costs have increased by more than 58% per kilowatt-hour**. These surging expenses are hitting a sector that already operates on tight margins, with many restaurants and cafés unable to absorb the increases. As a result, 65% of respondents reported a decline in financial performance in 2024 compared to the previous year, directly linking this downturn to unsustainable energy overheads. Members have ranked energy costs among their top three greatest concerns.

An analysis by Eurostat of electricity prices for non-household users in the first half of 2024 reveals that costs in Ireland are significantly higher than the EU average, at €0.25 per kWh compared to €0.16 per kWh. With prices over 56% above the EU average, this presents a serious competitiveness challenge.

See below four business examples of the recent increases in both electricity and gas:



Source: RAI Cost of Doing Business Survey

Cost of energy impacts on expansion or development opportunities for businesses

These cost pressures are not only threatening business viability but are also delaying investment in sustainability, expansion and job creation, particularly for small, independent operators. The rising cost of energy has effectively **halted expansion and development** opportunities within the food-led hospitality sector. Businesses are being forced to prioritise basic survival over growth, with energy bills absorbing funds that would traditionally be reinvested. One member recently told us that they need to do simple improvement works in the toilets and upholstery but with margins cut from energy costs along with other they cannot afford to do so.

Another business owner explained that over the past two years, they've made no non-essential changes and have only invested in critical maintenance. When asked about any plans for expansion or development, they laughed and said, "Keeping the doors open and paying staff is the bare minimum we can afford to do."

Steps businesses have taken to mitigate high energy costs

To reduce energy and operating expenses, many businesses have resorted to **closing on week days**. One member explained that it simply isn't financially viable to keep kitchen equipment and appliances running when there's no guarantee of generating enough revenue to cover basic costs. However, this decision has knock-on effects. It reduces the number of services available to visitors in the area and impacts employees' hours and income. This has a clear impact on tourism and to those areas impacted.

In another example, a business that switched from using cylinder gas to piped gas in 2019 initially saw significant savings. However, by 2025, the cost of piped gas has risen so dramatically that the business is now paying 35% more than they were for cylinder gas back in 2019. Even with upgrades made before prices began to surge, the business has not been able to offset the scale of recent increases.

Many businesses are now more frequently opting for 12-month energy contracts and are actively shopping around for better rates. While this is a positive step, it does little to address the broader issue: energy prices remain significantly higher than before and are simply unsustainable for many operators.

Efficacy of State supports

The Energy Efficiency Grant has been of some help, with many businesses taking advantage of it, but we believe this support should be expanded significantly. For example, one business was unable to access the grant for air conditioning despite the unit having only a 50% energy rating.

One member also highlighted that their business operates under a 100-amp electricity cap, which forces them to rely heavily on gas for energy needs. Despite the clear opportunity to modernise and improve efficiency, they are unable to access the Energy Efficiency Grant to support necessary upgrades, leaving them stuck with higher operating costs and outdated equipment. This is because the Energy Efficiency Grant does not cover improvements to gas equipment, even though such upgrades would contribute to greater energy efficiency.

Another member, who is co-director of four businesses employing around 140 people, was denied the Energy Efficiency Grant at the final stage due to their multiple business ownership. This restriction prevented investment in energy-efficient equipment improvements, compounding the challenge posed by already minimal margins.
To support the sector's recovery and sustainability efforts, the Energy Efficiency Grant scheme should be extended to ensure that much-needed investments in energy efficiency can proceed without unnecessary barriers.

The Temporary Business Energy Support Scheme (TBESS) introduced in Budget 2023 had the potential to be a great assistance. However, by the time the grant ceased there had been just 8% of it drawn down. Out of the €1.3 billion allocated for TBESS, only about €100 million was actually claimed before the scheme ended. Narrow eligibility rules and administrative hurdles proved to be the biggest barriers for businesses. In a time when the EU are calling for simplification we need to simplify these processes for businesses so they can easily attain grand aid.

Irish Exporters Association

Introduction

The Irish Exporters Association (IEA) is the leading independent representative body and voice for exporters based in Ireland. The organisation represents exporters and supply chain operators across the country and works at regional, national, and European levels, advocating for a regulatory and legislative framework that supports, drives, and fosters Irish exports.

On behalf of our members, we extend our gratitude for the opportunity to contribute to the Department of Enterprise Tourism and Employment's Cost of Business Advisory Forum consultation on Energy Costs and Security of Supply. We commend the government's long-standing commitment to fostering a vibrant and competitive enterprise environment in Ireland through various programmes such as this.

Introduction

This paper, in answering the specific questions posed by the Department, discusses the impact of rising electricity costs on Irish businesses along with the lack of capacity on the National Grid, particularly in the context of international competitiveness, foreign direct investment (FDI), and export markets. While companies have attempted to pass increased costs onto customers, and have looked at ways to manage capacity shortages, this has not always been possible, resulting in a competitive disadvantage, especially when compared to overseas operations in places like the United States.

Key relevant policy, decision-making institution, regulatory body or Government Department required.

Eirgrid, ESB, An Bord Pleanála, Commission for Regulation of Utilities (CRU), Department of Enterprise, Trade and Employment, Department of the Environment, Climate and Communications

Background

The global exporting landscape is currently marked by unprecedented uncertainty and volatility, driven by geopolitical tensions, trade tariffs, and the ongoing impacts of climate change and digitalisation.

Compounding these challenges, the cost of doing business domestically continues to rise. In the face of these external pressures, it is vital that we as a country focus on effectively managing the factors within our own control. Among these, the cost and reliability of energy stands out as a crucial expense for Irish exporters. Rising domestic operational costs, particularly those connected to energy procurement and efficiency, continue to strain competitiveness. By prioritising strategies to reduce cost and enhance energy efficiency and secure more predictable energy supplies,

Specific Questions

1. **How has the capacity of Ireland's National Grid impacted your business/sector?**

Grid bottlenecks affect high power sectors, in particular the heavier industrialized manufacturing, food and drink, tech and pharma sectors. This affects them in several ways, including price, availability of power, adequacy of requisite Megawattage line and connection to the Grid, all of which

hinder investment, job-creation and expansions as well as innovation and some decarbonization efforts.

In some cases where the product is less time-sensitive, businesses have agreed to shut down during periods of increased demand and are receiving compensation as a result. But as these shutdowns have become more frequent, the compensation is no longer sufficient to cover the loss in productivity causing the re-scheduling of production at short notice.

Demand Side Unit

As a specific example, a member who is part of the Demand Side Unit (DSU) scheme has seen almost a 10-fold increase in requests for demand reductions (DRs) over the past 5 years. Historically, they may have had less than 5 DRs per year and annually now this is closer to 40 per year. During May 2025, alone they received 2 DSUs in the space of 24 hours, weather was warm and there was no wind.

Also of note is that the compensation paid under the DSU has not changed sufficiently to keep apace of both the increase in the price for electricity and the disruption caused by the dramatic increase in DRs. Compounding this is the cost of the workforce, laid idle by these DR's, as well as any overtime that may need to be paid to get production back up and running to schedule.

We foresee members deciding to opt out of the DSU program as it is becoming far too disruptive for the benefit they have been receiving.

Other issues

There has been high-profile coverage of how the lack of investment in the Grid is hampering growth and investment in larger businesses in the FDI sector, but many indigenous Irish businesses are now reporting the same problems. Whilst these businesses may be of a smaller scale, they nonetheless are important employers in regional locations and are a vital part of our business ecosystem. We are aware of a tech manufacturer which has put on hold an expansion due to the lack of requisite capacity on an available connection. They were offered a 10 MW line – a fraction of what was required and this after years of waiting for a connection.

Added to our reliance on a relatively narrow existing energy mix, which compares poorly with the likes of a similar country such as New Zealand with its additional Geo-Thermal input, there are specific factors locally for several businesses. For instance, in the Northwest there is no alternative ready supply of energy to electricity, with a lack of available gas lines in the rural Sligo-Leitrim area.

2. How has the cost of energy impacted your business/sector?

Members in general are reporting a minimum of a doubling in the price of electricity over the last 5 years, with a particular spike to 5X in 2022, and now running at between 2X – 2.5X. In companies classified as large energy users, this is putting unbearable strains on them, and any company with low margins selling into competitive international markets are suffering heavily, and in some cases operating with no margin at all.

Members note the comparative prices for electricity in other countries where they either have plants of their own or where they have sister plants. The price of electricity in Ireland is being quoted at a

minimum of 1.5X the price of other markets, with 3X-5X for different locations in the USA and up to 7X in parts of Canada where there is a good mix of Hydro power. Members mention that whilst the cost of labour in the USA is a deterrent to investing there, the price and availability of energy is the opposite.

Breakdown of costs.

Members note a substantial increase in pass-on charges in the last 12 months. One member notes a resulting increase of 11% in their electricity costs and that 45% of their electricity cost is made up of:

PSO Levy:	4%	Capacity Charges:	8%
Network Charges:	20%	Taxes & other Charges:	4%
Imperfection Charges:	8%	Renewable Premium:	1%

55% is for energy charges.

3. **How has the cost of energy impacted expansion or development opportunities for your business/sector?**

Similar to other cost increases post Covid (2020/21) & with Ukraine (2022), members have seen a general rise in the cost of production, with some quoting up to 40%. But whereas the increased cost of labour has averaged 3% p.a., energy has doubled (at a minimum) over this period. This becomes particularly acute in companies that are medium to large users of electricity, with large employers in the tech sector noting their energy costs are greater than their labour bill.

Companies have tried to pass on as much of this price hike into the markets as they can. However, they note that this is not always or fully possible, and that they are being increasingly put at an unnecessary competitive advantage in their various export markets.

Furthermore, members with overseas operations in the U.S. note that whilst labour costs are comparatively much higher there, we are at a competitive disadvantage when it comes to energy costs. Whilst the threat to attracting FDI expansions into Ireland is well noted, Irish owned companies are increasingly aware of this price difference, and with the tariff situation in the USA, a number may actively consider whether Ireland is the best place for them to expand in order to continue to supply that market competitively.

4. **What steps has your business/sector taken to mitigate high energy costs (i.e., any specific strategies)?**

Members are closely monitoring price and usage. Some engage with consultants for market advice and others have established working groups internally, or created particular roles focused on energy (saving) leadership. These are focused on reducing energy usage and on bringing momentum to defining energy saving projects and driving savings within the business.

Some are actively moving between the wholesale market and fixed contracts, switching to fixed pricing in times of uncertainty. Some have invested in a site solar project and others are investigating a scheme to bring generators onsite to replace the DSU and offer stability at peak time on the grid.

5. What are your views on efficacy of State supports.

Existing and recent supports such as TBESS, Efficiency Grants, the Ukraine Enterprise Crisis Scheme and Power Up grants are largely short-term fixes in nature. Another approach to funding the 45% of non-energy charges needs to be found. We strongly urge a mix of funding from the Strategic Investment Funds, coupled with Public-Private initiatives, backed by advanced procurement mechanisms, and more stringent public procurement contract pricing rules.

Removing these from the bills our members face, would virtually reduce energy costs by 50% increasing our competitiveness, thus allowing Irish business to expand further here and FDI's to compete with sister plants overseas for investment, all leading to continued job growth and further innovation.

Conclusion

Given current global challenges like tariffs, conflicts, and supply chain disruptions, it's essential to focus on controlling input costs where possible. Lowering electricity costs and strengthening the grid are critical for maintaining competitiveness and boosting investment in both local companies and foreign direct investment. Exploring cost breakdowns and alternative financing models, such as public-private partnerships, can help achieve these goals.

We look forward to further contributing to Ireland's competitiveness through our continued participation in the Cost of Business Advisory Forum.

Theme 2: Professional Services – Insurance

Summary and Recommendations of Submissions

Members of the Advisory Forum were asked to submit a paper (max. 3 pages) on the theme of ***Professional Services: Insurance*** which will be discussed at the meeting on Monday, 22nd September.

Most members agree that recent reforms have delivered benefits, with award levels reduced, claims volumes down and greater transparency introduced. However, premiums have not come down as they should in response to these changes; in fact, they continue to increase for most businesses. Excessive insurance costs are not just an overhead: they are a brake on competitiveness, recruitment, and investment. By recommending targeted, cost-of-business-focused measures in competition, claims resolution, transparency, and legal reform, the Forum can ensure the Action Plan for Insurance Reform 2025–2029 translates into real, measurable reductions in premiums and improved access to cover (Alliance For Insurance Reform and ITIC).

Below is a summary of the submissions under key themes alongside the suggestions/recommendations offered by Forum Members. For reference full submission are available in a separate document.

1. Cost and Affordability

i) Forum Members noted that an extensive research of 374 tourism and hospitality enterprises showed that **68% of respondents reported liability premiums going up**. Meanwhile the volume of claims is down 40% in the past five years **(ITIC).**

ii) Other Members suggested that 67% of firms experienced **annual premium increases**, with 10% reporting increases of more than 20%. Although the majority of firms reported that insurance costs have not had a major impact on their business, some highlighted reduced investment (9%), cost-cutting measures across other business costs (13%), and increased financial strain (17%). **(CAI)**

iii) It was suggested that this Forum needs to accept that, even without any further reforms, there are no compelling ethical reasons that should allow the companies providing Irish businesses with Liability Insurance not to put in place, with immediate effect, appreciably lower premiums**. (CSNA)**

iv) **Main insurance types** included professional indemnity, public liability, employer liability, product liability, material damage (all risks), consequential loss, and cyber and crime insurance. **(Chambers Ireland)**

v) Forum Members expressed concern that high insurance costs disproportionately affect **SMEs and start-ups**. There needs to be an urgent cost reductions, greater transparency, and structural reform in both the insurance and legal systems to support fairer and more sustainable business practices. **(Alliance for Insurance Reform**; but also agreed about SMESs in general – (**Chambers Ireland; Fáilte Ireland; ITIC)**

2) Sector-Specific Impacts

i) Members stated that premiums have generally **increased across all sectors**. **(Chambers Ireland)**

ii) Members suggested that recent data show the degree to which the topic of insurance is a concern for **tourism SMEs.** The cost of cover is most acute for activity providers (35%), accommodation providers (36%) and visitor attractions (22%). **(ITIC)**

iii) The **wholesale and hospitality sectors** stated that high insurance costs limit investment and expansion opportunities. While professional services firms generally had no issues accessing coverage, **manufacturers** cited a lack of underwriters and over-reliance on the same few providers. The **hospitality** respondent highlighted that no Irish insurer would cover late-night venues, forcing reliance on foreign insurers with high premiums and restrictive conditions. **(Chambers Ireland)**

iv) **Professional services** firms rely on careful contracting and indemnity clarity. Manufacturers focus on staff training and product testing. In **the hospitality sector**, claims are often managed internally to discourage opportunistic litigation, and only strong claims are pursued through the courts. **(Chambers Ireland)**

2a) Sector Specific Impact on Food Service Industry (ISME**):**

i) Cafés and restaurants are uniquely exposed to slips, trips, and falls claims, often minor in nature but pursued for disproportionately high compensation.

ii) Significant time can pass from incident occurring and claims being submitted creating issues around data gathering (CCTV footage being wiped and staff recollection)

iii) Food-related risks (e.g., alleged food poisoning) carry potential reputational damage and legal costs even when claims are unfounded.

iv) The hospitality sector faces high customer footfall, making exposure higher than average businesses of similar size.

3) **Market Access and Competition**

i) Members suggested that the core issue is a **lack of competition and accountability** in the liability insurance market. More resources must be invested in attracting new entrants, strengthening the role of regulators, and ensuring robust, independent monitoring of insurer data and profits, while also increasing settlement volumes at the Injuries Resolution Board and reducing excessive legal costs **(ITIC but many had a similar sentiment)**

ii) The new Action Plan continues where others left off but unless and until extra resources are made available to **OPCIM (Office to Promote Competition in the Insurance Market)** we will continue to see mediocre results in the vitally important area of stimulating competition, particularly in those areas that are served by less than three companies willing to offer cover. **(CSNA)**

iii) The liability market has seen **no new entrants in over a decade** (CCPC Review, 2020). 15-20% of businesses report only one insurer willing to provide cover (Alliance Survey, 2025). The OPCIM remains under-resourced and without a strategic plan or KPIs. **(Alliance for Insurance Reform Survey, but also ITIC; CSNA)**

- The **brokerage market** has also seen significant recent consolidation and lacks sufficient transparency; warranting review from a consumer perspective. **(AIR)**

iv) A lack of genuine competition not only sustains higher premium levels but also restricts product choice, leaving many businesses effectively captive to one or two underwriters. This creates significant uncertainty and hampers investment decisions, particularly for SMEs and voluntary groups with limited financial flexibility. **(AIR)**

4) Claims and Legal Processes

i) Members stated that there are **high legal costs** associated with claims, noting that settlements often represent only a fraction of the total cost, with the remainder consumed by solicitor and barrister fees. **(CAI)**

ii) This Advisory Forum needs to recommend the setting up of an investigation to find ways to make the Injuries Board responsible for adjudicating on ALL Personal Injury Claims that fall below a certain level of maximum compensation, leaving only the significant and catastrophic injuries to be heard in our Courts. **(CSNA)**

iii) The CBI NCID Liability Report 2023 shows that **68% of claims are finalised after litigation, accounting for 87% of total costs.** Average legal costs are under €1,000

via IRB but over €23,000 through litigation, despite similar awards for claimants in either channel. The volume of cases going the litigation route has increased by 13% between 2020 and 2023, inflating costs for businesses and adding years to the settlement process. **(AIR)**

- Legal costs significantly increase the cost of settling claims and it is not uncommon for such costs to exceed award levels. Fee scales are being considered as part of the government's Action Plan, and it is vital they are introduced.

iv) There needs to be a change to the protocols surrounding the **Reviews of the Judicial Personal Injury Guidelines**. Not only the review period needs to be extended beyond the current 3 year period, but it also needs to categorise what injury awards are and are not open to CPI increases and make it impossible for the judiciary to implement increases in advance of the Oireachtas approving such changes.

- It should be formally reviewed by a Joint Oireachtas Committee on Justice (or Enterprise), with full powers to invite stakeholders to attend and provide viewpoints and ultimately a recommendation to the Government. **(CSNA)**

v) Members noted that when looking at sector-specific claims, professional services do not file claims, while manufacturer firm described lengthy resolution times for workplace accidents. The hospitality business noted excessive claim reserves, protracted legal timelines, and high legal costs even when claims were withdrawn before court. They also observed a lack of refunds for overestimated claims and recommended judicial reforms to deter spurious claims**. (CSNA)**

5) Transparency and Regulation

i) The Transparency Code is currently proposed to be co-designed with insurers, which raises concerns of independence and credibility. If not carefully structured, this risks giving insurers undue influence over the standards by which their own pricing transparency will be judged. At present, the proposal in the government's Action Plan seems to be limited to motor insurance, with no provision for employer liability (EL) or public liability (PL), where many of the most acute cost-of-business pressures exist. **(AIR)**

ii) We need further data from insurers channelled through independent sources such as the Central Bank on their P&L and BS activities. Specific attention needs to be given to their year-on-year accounting for remittances, reserves and reinsurance. Moreover, delays in the publication of NCID liability reports (currently up to 18

months after year-end) also reduce the usefulness of the data for policy purposes. **(AIR)**

iii) Pricing transparency was suggested as a recurring theme by some Members, with either pricing clarity or its communication issues. This lack of clarity hinders informed decision-making and exacerbates the perceived burden of insurance costs. **(AIR; CAI)**

6) Risk and Prevention

i) Despite a 40% fall in overall claim volumes, businesses with strong safety records are not rewarded through lower premiums. The absence of meaningful risk-based pricing undermines incentives for continued investment in health and safety measures and represents a direct disincentive to proactive risk management. **(AIR; ITIC)**

ii) Some Members noted **a high focus on risk management generally**. ITI survey found that respondents keep up to date with changes in tax laws or regulatory requirements, such as anti-money laundering rules. Increased investment in cyber security and regularly reviewing internal processes regarding data protection were also selected as risk mitigation strategies implemented to reduce insurance claims. **(ITI)**

Forum Member Recommendations

The material included in this section comes from the recommendation section of Forum members submissions and are collated here for ease of reference.

Alliance for Insurance Reform Recommendations (AIR) (Membership includes CoBAF members):

1) **Transparency (Action Plan for Reform, Section.1)**
   i) Expand the Transparency Code to include liability insurance and ensure engagement of all relevant stakeholders, not solely insurers (DFIN).
   ii) Require feasibility study on individual insurer reporting to include profit, remittances, reserves, and reinsurance data (CBI, DFIN)
   iii) Ensure development of the Transparency Code is led or independently validated by auditors/accountants, not designed solely in collaboration with insurers (DFIN).

2) **Data (AP s.2)**
   i) Mandate full NCID liability reports within 12 months of year-end, with complete data (CBI).

3) **Competition (AP s.9)**
   i) Provide additional staff, funding, KPIs, and a published strategy for OPCIM (DFIN).
   ii) can Request a review of the liability and broker market, including barriers to entry (CCPC).

4) **Claims Resolution & Legal Costs (AP s.3 & s.6)**
   i) Assess the suitability and feasibility of transforming the IRB into a decision-making body, similar to the WRC, to reduce reliance on litigation to increase volume of claims settled there (DETE, IRB).
   iii) Introduce fee scales to better control legal costs.

5) **Fairness for SMEs (AP s.7)**
   i) Examine extending consumer-style price-walking protections to small businesses purchasing liability insurance (CBI).

6) **Personal Injury Guidelines (AP s.21)** Amend the Judicial Council Act 2019 to:
   i) Extend the review period from 3 to 7 years.
   ii) Require international benchmarking and mandatory consultation with the IRB.
   iii) Provide Oireachtas discretion to amend or reject recommendations. To ensure adequate parliamentary scrutiny, any recommendation of the Judicial Council must be sent to the Joint Oireachtas Committee on Finance for consideration.
   iv) Establish a new Personal Injuries Council outside of the Judicial Council with inclusive stakeholder representation (DFIN, DOJ).

ISME Recommendations

1) Cost and Affordability suggested Remedies:

i) Government must introduce greater competition in the insurance market by encouraging

new entrants and reducing barriers for European insurers to provide cover in Ireland.

ii) Expand PIRB's remit to ensure more cases are settled quickly outside of costly litigation, avoiding legal costs that drive up premiums.

iii) Government must introduce meaningful financial hazard to discourage use of the litigation channel in the vast majority of cases.

iv) Since the Supreme Court has already found judicial setting of personal injuries awards to be unconstitutional (as predicted by ISME), set up an independent board with Judicial Council input, which will review personal injuries awards in an international context on an occasional basis, not more frequently than seven years.

v) Require the LSRA to investigate whether personal injuries plaintiffs are being misdirected to pursue litigation when Central Bank NCID data[2] show it is frequently not in their pecuniary interest to do so, as they must wait at least two years longer for a similar (or lower) award.

vi) Require the LSRA to take action against solicitors who breach, or who threaten to breach, Section 89[3] of the LRSA Act 2015 to ensure that all complaints to the LRSA are subject to absolute privilege. There are examples where LRSA complaints have become subject to a defamation action.

vii) Amend and commence Section 30[4] of the Civil Liability and Courts Act 2004 to allow PIRB maintain a database of all personal injuries claims.

viii) Introduce a fixed scale of fees for personal injury cases, similar to practices in other EU countries and as recommended by the Chair of the Review of the Administration of Civil Justice.[5]

2) <u>Claims and Legal Processes</u> Proposed Remedies

i) The introduction of a harm test, including a "transient retail defamation" test.
ii) A cap on defamation damages in the Circuit Court range.
iii) More robust anti-SLAPP measures, including penalisation measures for solicitors who threaten defamation proceedings against complainants to the LSRA.

3) <u>Transparency and Regulation</u> Proposed Remedies

i) Reintroduce the Central Bank Blue Book.
ii) Require insurers to provide detailed risk and claims reports annually to policyholders.

[2] https://www.centralbank.ie/statistics/data-and-analysis/national-claims-information-database/ncid-employers-public-liability-insurance
[3] https://www.irishstatutebook.ie/eli/2015/act/65/section/89/enacted/en/html#sec89
[4] https://www.irishstatutebook.ie/eli/2004/act/31/section/30/enacted/en/html#sec30
[5] https://gov.ie/en/department-of-justice-home-affairs-and-migration/publications/review-of-the-administration-of-civil-justice-review-group-report/

iii) Standardise reporting on how premiums are calculated to allow comparison between providers internationally. For example, in most OECD countries, insurance is quoted based on applying a rate to sums insured, on a sector-by-sector basis, and the rate is effectively the sector benchmark for the cost of that risk:

Risk	Denominator	Numerator	Rate
Public Liability	Sales Turnover	Premium	
Employer Liability	Direct Wages	Premium	
Property Damage	Reinstatement Cost	Premium	
Eg Property	500k	5k	1%

iv) Stronger Central Bank oversight and enforcement on unfair renewal practices.

3) Risk and Prevention Proposed Remedies

Further improvements could be made in the food service industry by;

i. Establishing a certified "Safe Hospitality" standard – similar to food hygiene ratings that operate in some countries – where businesses demonstrating best practice qualify for mandatory premium discounts.
ii. Exploring tax credits or subsidies for small businesses investing in risk prevention measures (safety flooring, CCTV, staff training).

However, ISME must caution that risk mitigation strategies are likely to have a minimal cost- benefit improvement in most fields of insurance. Ireland has one of the lowest rates of fatal occupational injuries per 100,000 workers in the world[6]. This is a more reliable indicator of workplace safety than non-fatal occupational injuries per 100,000 workers, since it is less susceptible to under- or over-reporting. For example, India has the highest rate of fatal occupational injuries per 100,000 workers at 116.8 yet has a lower rate of non-fatal occupational injuries per 100,000 workers than Ireland (325 v 809 for Ireland). Ireland also shows one of the lowest transport-related accident rates[7], with only Malta enjoying a lower accident rate than Ireland in the EU.

Improving health and safety performance in Ireland is also nonsensical when Ireland has become a jurisdiction of choice[8] for personal injuries that occur outside the state. Litigation in respect of injuries on holiday is a service offered by many law firms here.[9][13][14][15][16][17][18] Therefore, improvements in health and safety alone will not mitigate a problem which is multi-factorial in nature. A deficit in health and safety standards therefore does not appear, at least on available data, to be causal in Ireland's high insurance costs.

[6] https://ilostat.ilo.org/topics/safety-and-health-at-work/
[7] Accidents and injuries statistics
[8] https://www.irishtimes.com/crime-law/courts/2024/12/05/legal-team-for-boy-injured-in-swiss-car-crash-switched-claim-to-irish-court-for-higher-compensation/
[9] https://www.traceysolicitors.ie/en/accident-in-a-public-place/holiday-accident-claims/
[13] https://tiernansolicitors.ie/personal-injury-claims/holiday-accident-claims/
[14] https://hdm.ie/accident-on-holidays-abroad/
[15] https://www.hanahoe-solicitors.ie/personal-injury-solicitor/accidents-while-of-holiday/
[16] https://sor-solicitors.ie/personal-injury/
[17] https://www.personalinjuryireland.com/claims/accidents-on-package-holidays/
[18] https://callantansey.ie/personal-injury/accidents-abroad/

Chartered Accountants Ireland Recommendations

Based on member feedback, Chartered Accountants Ireland recommends the following actions to improve affordability and accessibility of insurance for businesses:

- Introduce regulatory oversight of annual premium increases, particularly where these exceed inflation or sector benchmarks.
- Improve pricing transparency and communication from insurers to enable informed decision-making.
- Encourage insurers to develop tailored products for niche sectors.
- Recognise risk mitigation efforts in pricing models.

Irish Tax Institute Recommendations

A key objective of the Office to Promote Competition in the Insurance Market which was established in 2020 is to address long-standing challenges in the Irish insurance sector, particularly the lack of competition, the high cost of insurance, and difficulty accessing cover in certain sectors of the economy. Given the limited number of PI insurers in the Irish market, it would be important that the Office to Promote Competition in the Insurance Market engages with relevant stakeholders, including Insurance Ireland and major insurers, to ensure coverage in this area is expanded.

We recognise that work has been undertaken in recent years to increase transparency in certain areas of the insurance market such as private motor and employer's liability. We welcome the acknowledgement in the Government's Action Plan for Insurance Reform 2025–2029 that greater transparency is fundamental to delivering a fairer and more affordable insurance market. Key commitments in the Action Plan to enhance transparency in insurance premiums include:

- the Department of Finance and the Central Bank of Ireland working with the insurance industry to develop a transparency code; and
- conducting a feasibility study on how data collected by the Central Bank of Ireland can be used to enhance transparency.

As part of delivering these commitments, we would urge the Government that transparency in respect of PI insurance premiums is also considered, so that businesses providing professional services have a greater understanding of the factors which influence the pricing of their PI premiums.

Fáilte Ireland Recommendations

The tourism industry would like to see

1. Increased competition at all levels of the insurance market (Lead agency: Department of Finance).
2. Improved affordability of cover (Lead agency: Department of Finance).
3. Improved levels of access to cover (Lead agency: Department of Finance).
4. Higher volumes of cases resolved through the Injuries Resolution Board (Lead agency: Department of Justice).
5. Sector-specific insurance solutions that are tailored to the unique requirements of heritage sites, visitor attractions and activity providers. (Lead agency: unclear)

6. More SME focused resources and training to raise awareness of
    a. insurance requirements and best practices
    b. risk management frameworks
    c. risk mitigation actions

    (Lead agency: If specific to the tourism sector, then Fáilte Ireland. If economy wide, then other enterprise development agencies).
7. Insurance providers building sector knowledge and tourism expertise (Lead role: Insurance providers).
8. Better reporting of internationally comparable benchmarked data on the cost of cover, claim settlements and insurers' profit margins (Lead agency: Central Bank of Ireland).

Small Firms Association Recommendations

The SFA anticipates that the new international benchmarking exercise, as envisaged in the 2025- 29 Action Plan, will once again find that Ireland's recommended award levels for most minor injuries are out of kilter with comparable jurisdictions, especially the UK. Indeed, the SFA consider that a further reduction of up to 50% might well be justifiable. If this exercise can be completed in Q1 2026, and provided the Judicial Council accepts those findings, such a correction would potentially be a major enabler for Irish insurers to bring down the price of EL and PL policies.
On a related topic, we believe it would have been quite inappropriate for the Government to approve the inflationary adjustment to award levels recently recommended by the Judicial Council. Vigilance will be needed to ensure that the judiciary continues to apply the existing guidelines consistently, pending the establishment of a more robust review process.

Another significant cost driver needing to be addressed is litigation, much of which may be avoidable. Half of all the awards for General Damages recommended by the Injuries Resolution Board under the new Guidelines are still being rejected. The Action Plan should seek to understand whether (and, if so, why) claimants believe they can achieve a better outcome by doing so. The proposed international benchmarking exercise could usefully also look at the level of Special Damages, which cover medical expenses or loss of income. The SFA understands that these are continuing to rise sharply. The Action Plan envisages the possibility of establishing a standard scale of legal fees. However, the best way to minimize the cost of fees is simply to avoid the need to incur them wherever possible.

A third key area for the Action Plan to consider is the persistence of fraudulent or exaggerated claims. The SFA welcomes the recent rebalancing of occupiers' liability but wonders whether a similar rebalancing initiative would be feasible as a statutory defence against spurious defamation cases. The Action Plan envisages reviewing anti-fraud measures, but not until 2027. We would argue that the exercise needs to commence sooner.

A fourth area is transparency on policy costs, which can help policy holders to get better deals by shopping around and questioning the basis for quotations. The SFA member feedback found frustration with most respondence due to a lack of transparency. The SFA therefore supports the work of the Central Bank in respect of the National Claims Information Database. Nevertheless, we believe that the data provided by insurers could be presented in more granular form, and it should be made available more quickly. For example, the Fourth NCID Report, issued in March 2025, presents

only the average premium costs and claims costs and average operating results across the EL and PL sector, and it does so only up to calendar 2023.

Finally, the SFA understands that the majority of its members' EL and PL policies are bundled with commercial property cover. Climate change, leading to an increased frequency of extreme weather events, is adversely impacting on these composite policies. In some parts of the country, notably Cork City, businesses have endured repeated flooding events and are now struggling to secure insurance cover at any price. This represents a market failure that requires urgent State intervention

IBEC Recommendations

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A third key area for the Action Plan to consider is the persistence of fraudulent or exaggerated claims. Many of Ibec's members believe that stronger penalties, better coordination between agencies, and stronger enforcement are required. Ibec welcomes the recent rebalancing of occupiers' liability but wonders whether a similar rebalancing initiative would be feasible as a statutory defence against spurious defamation cases. The Action Plan envisages reviewing anti-fraud measures, but not until 2027. We would argue that the exercise needs to commence sooner.

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Irish Tourist Industry Confederation Recommendations

Mitigation Strategies

The increase in insurance costs needs to be addressed for the Irish tourism industry. In that context ITIC propose a number of measures:

1. **Increased competition** at all levels of the insurance market. The liability market has seen no new entrants in over a decade (CCPC Review, 2020) while 15% to 20% of businesses report only one insurer willing to provide cover (Alliance for Insurance Reform Survey, 2025). Meanwhile average insurer profit margin was 13% in 2023 (€175m), more than double international norms of approximately 5%. Additional staff and funding should be provided for the Office to Promote Competition in the Insurance Market, and a clear strategy should be published with KPIs.

2. **More use of the Injuries Resolutions Board**: Average legal costs are under €1,000 via the Injuries Resolutions Board but over €23,000 through litigation, despite similar awards for claimants in either channel. The volume of cases going the litigation route has increased by 13% between 2020 and 2023, inflating costs for businesses and adding years to the settlement process. Legal costs significantly increase the cost of settling claims and it is not uncommon for such costs to exceed award levels. Fee scales are being considered as part of the Government's Action Plan, and it is vital they are introduced.

3. **Transparency & data**: The Transparency Code is currently proposed to be codesigned with insurers, which raises concerns of independence and credibility. Further data is needed from insurers channelled through independent sources such as the Central Bank and better reporting of internationally comparable benchmarked data should be published on the cost of cover, claim settlements and insurers' profit margins.

4. **Risk & prevention**: Despite a 40% fall in overall claim volumes (IRB 2019–2023 review), businesses with strong safety records are not rewarded through lower premiums. The absence of meaningful risk-based pricing undermines incentives for continued investment in health and safety measures and represents a direct disincentive to proactive risk management.

5. **Sector-specific insurance solutions** that are tailored to the unique requirements of heritage sites, visitor attractions and activity providers. Likewise, insurance providers should be mandated to build sector knowledge and tourism expertise.

Full Submissions

Convenience Stores and Newsagents Association (CSNA)

Vincent Jennings, CEO

We would wish to acknowledge the very real and substantial reforms across a myriad of different areas that the previous Government achieved.

We also understand that the reform of some practices would not, in themselves, lead to any measurable reductions in insurance premiums paid by our members.

We are, however, most concerned, and we know that this is a concern shared by many other policyholders of Liability Insurance cover, that we have not seen any, or any appreciable, reduction in our members premiums.

There is a multitude of evidence from official sources to show the cumulative effects of these reforms. This is evident in the reductions in awards levels due to the changes to the Personal Injury Guidelines and through the successes of the Injuries Board.

There has been, consistently (even whilst allowing for the Covid Years) reduced numbers of claims yet we, the policyholders are still waiting for our “share” of the benefits that undoubtedly have accrued to the Insurance companies.

Those reforms that we would have expected to provide benefits but have not, include the setting up of the NCID, utilising Central Bank data as well as the establishment by An Garda Siochana of the Insurance Fraud Coordination Office.

It had always been the contention of the Insurance industry that substantial legislative, judicial, administrative and societal/attitudinal changes needed to be put in place before the cost of insurance could go down. It was not an unreasonable position, but it most certainly calls into question why, after all that has been done, have less than 15% of our members seen a reduction in their premiums, even when they have not had a claim in the past FIVE years?

In truth, for the majority of our members, even those with impeccable accident preventative measures in place, they have seen increases, have been subject to restrictions in their cover and been forced to accept financial responsibility for a specified amount of the claim.

We know that, according to published figures from the Injuries Resolution Board, shops and stores, in the five year period 2019/23 had recorded 44% **fewer** liability claims, higher than the National average of 40%.

This Forum needs to accept that, even without any further reforms, there are no compelling ethical reasons that should allow the companies providing Irish businesses with Liability Insurance not to put in place, with immediate effect, appreciably lower premiums.

Action Plan- 2025-29

As we are aware, the Programme for Government has committed to further reforms in the Insurance Sector, many of which our representative body, the Alliance for Insurance Reform had advised a number of relevant Departments upon in the run-up to the General Election and the Government formation.

The publication of The Action Plan for Insurance Reform 2025-2029 has identified some key areas and if followed through with the same level of diligence and application as the previous Plan it will be welcomed but there are other areas that also need addressing.

CSNA, alongside all other bodies representing businesses that require Liability cover will view each reform through the prism of whether it has premium-reducing potential. We will expect each reform to be followed up by the Minister and Department responsible to hold a "premium-reducing " flame to the feet of the industry and make it very clear that they have a moral imperative to act fairly and responsibly to their business policyholders.

This exercise needs to consider the Action Plan and make recommendations on the priorities it suggests need to be advanced and concluded prior to the Irish Presidency of the EU as it will be very hard to imagine our civil servants and those involved in drafting new laws will be afforded time during that period to do much exclusively domestic works.

Personal Injury Guidelines - Judicial Council

There needs to be a change to the protocols surrounding the Reviews of the Judicial Personal Injury Guidelines. Not only the review period needs to be extended beyond the current 3 year Period, it needs to categorise what injury awards are and are not open to CPI increases and make it impossible for the judiciary to implement increases in advance of the Oireachtas approving such changes. We do not believe that either the Minister for Justice, nor indeed the Cabinet should be the primary source for reviewing the recommendations of the Judicial Council, we believe that it should be formally reviewed by a Joint Oireachtas Committee on Justice (or Enterprise), with full powers to invite stakeholders to attend and provide viewpoints and ultimately a recommendation to the Government.

Competition

It was a mantra from some legislators in the previous Government that everything would be so much better if only there were new players in the market; the new The liability market has seen **no new entrants in over a decade** we will continue to see mediocre results in the vitally important area of stimulating competition, particularly in those areas that are served by less than three companies willing to offer cover.

Affordability and Transparency and Legal Fees

We note and approve the urgency that is given in the Plan but would caution against rushing into developing a Plan that relies either exclusively or primarily on the intelligence and data provided to the Department of Finance by the Insurance companies. We need data more quickly, we need to benchmark PI awards against other jurisdictions, and we most certainly need to find ways to place the Injuries Resolution Board on a footing similar to that enjoyed by the Workplace Relations Commission. When we see the indisputable facts about the variations between the overall costs incurred by companies engaged in having Personal Injury claims resolved by the IRB as against those being settled in the Courts , where the wheels of justice take on average an additional two years to finalise a claim, the plaintiff receives practically the same as if they had dealt through the Board and the ONLY variation is the costs awarded to the legal profession , who are rewarded , on average, by a factor of 23 to 1 (NCID LIABILITY REPORT 2024). The same report demonstrated quite clearly that only 30% of claims went through the less expensive, equally fair to claimants Injuries Board.

The Injuries Board, in its 20 years in existence, has been responsible for ensuring claimants were made awards very similar to those that would have been awarded had they used the Courts system but in so doing, according to the Board, it "saved" the defendants over €1.2 billion in legal fees. We suggest to the Forum that it needs to recommend the setting up of an investigation to find ways to

make the Injuries Board responsible for adjudicating on ALL Personal Injury Claims that fall below a certain level of maximum compensation, leaving only the significant and catastrophic injuries to be heard in our Courts. We frankly should be calling a halt to a system that would appear to enrich the legal profession and most certainly contributes to the arguments from the insurance companies that they cannot reduce premiums due to the costs of Court awards.

Criticisms of the Plan

The Alliance for Insurance Reform, in a critique provided to their members regarding the Plan, observed that the omission of any mention regarding sectors unable (literally or by way of huge premiums) to get cover.

They have also highlighted the following:

- No reform of the LSRA which has been particularly frustrating for a number of Associations.
- No change to the definition of "consumer" from €3m to €10m
- No reference to Defamation- a very significant and well-publicised serious cost to stores and security firms.
- No promotion of AI in tackling Insurance Fraud

There needs to be a Market Review by CCPC of the Insurance Broker Sector given the very substantial consolidation by a few very large actors in the marketplace. There had been a previous investigation with a number of recommendations that were not pursued but we believe the situation warrants a new look to evaluate the overall levels of competition and transparency.

Should Insurance Link remain under the control of Insurance Ireland ?

Given the suspicion that most commercial policyholders hold towards the insurance companies' unwillingness to allow them the benefits of past and planned reforms, it would be preferable that an independent body not associated and controlled by the insurance industry be given overall ownership of the data submitted by each of the companies.

Alliance For Insurance Reform

Brian Hanley, CEO

1. Introduction

The Alliance for Insurance Reform brings together 48 civic and business organisations across Ireland to highlight the negative impact of persistently high (liability) insurance premiums. Collectively, our members represent over 55,000 organisations, 700,000 employees, 622,000 volunteers and 374,000 students.

Recent reforms have delivered benefits, with award levels reduced, claims volumes down and greater transparency introduced. These are important achievements. However, premiums have not come down as they should in response to these changes; in fact, they continue to increase for most businesses. This trend undermines competitiveness and adds to the cost of doing business. This submission sets out evidence of the gap and specific measures the Forum can recommend ensuring reform delivers for enterprise.

2. Reforms vs. Business Reality

The previous Action Plan for Insurance Reform (2020–2024) delivered a substantial package of reforms, including:

- Introduction of the Personal Injury Guidelines (replacing the Book of Quantum).
- Expansion of Central Bank of Ireland (CBI) data through the National Claims Information Database (NCID).
- Establishment of the Garda Insurance Fraud Coordination Office.
- Changes to the Injuries Resolution Board (IRB, formerly PIAB).
- Amendments to occupiers' duty of care legislation.

These measures were presented by insurers as the necessary precursors to lower premiums.

The evidence shows otherwise:

- **Claims are falling.** According to the IRB five-year review of liability claims (2019–2023), overall claims fell 40%, with cafés, hotels and restaurants down 52%, shops and stores down 44%, and sports/athletics down 38%. Median awards also fell by 31% in employer liability and 34% in public liability cases (IRB Annual Report 2024).

- **Premiums are rising.** The CBI NCID Liability Report 2023 found liability premiums increased 17% since 2020, including 4% in 2023. Average insurer profit margin was 13% in 2023 (€175m), more than double international norms of approximately 5%.

- **Businesses are squeezed.** The Alliance's 2025 survey of 775 member organisations showed:

  - 74% saw premium increases in the last 2 years; only 14% saw reductions.
  - 20% had only one underwriter willing to cover.
  - 70% reported higher excesses or new exclusions– diluting their cover despite paying more for it.
  - 90% said they had not benefited from government reforms to date.
  - 95% said they did not believe insurers' claims that savings are being passed on.

Case examples: A Midlands water sports activity centre reported premiums equal to 10% of turnover, around 40% higher than UK/EU comparators, despite having no claims (source IAAT).

Last year a small seasonal hotel in Donegal reported a 43% rise in insurance costs over two years. A restaurant in the southeast reported a 23% premium increase despite zero claims in recent years and stable turnover (source RAI).

A survey by the Association of Visitor Experiences & Attractions (AVEA) found that premiums for their member's businesses went up 12% per year for the last 2 years alone (source AVEA).

3. Key Issues Driving Business Costs

A. Competition and Market Access

The liability market has seen no new entrants in over a decade (CCPC Review, 2020). Fifteen to twenty percent of businesses report only one insurer willing to provide cover (Alliance Survey, 2025). The OPCIM remains under-resourced and without a strategic plan or KPIs. The brokerage market has also seen significant recent consolidation and lacks sufficient transparency; warranting review from a consumer perspective. A lack of genuine competition not only sustains higher premium levels but also restricts product choice, leaving many businesses effectively captive to one or two underwriters. This creates significant uncertainty and hampers investment decisions, particularly for SMEs and voluntary groups with limited financial flexibility.

B. Claims and Legal Costs

The CBI NCID Liability Report 2023 shows that 68% of claims are finalised after litigation, accounting for 87% of total costs. Average legal costs are under €1,000 via IRB but over €23,000 through litigation, despite similar awards for claimants in either channel. The volume of cases going the litigation route has increased by 13% between 2020 and 2023, inflating costs for businesses and adding years to the settlement process. Legal costs significantly increase the cost of settling claims and it is not uncommon for such costs to exceed award levels. Fee scales are being considered as part of the government's Action Plan, and it is vital they are introduced.

C. Transparency and Data

The Transparency Code is currently proposed to be co-designed with insurers, which raises concerns of independence and credibility. If not carefully structured, this risks giving insurers undue influence over the standards by which their own pricing transparency will be judged. At present, the proposal in the government's Action Plan seems to be limited to motor insurance, with no provision for employer liability (EL) or public liability (PL), where many of the most acute cost-of-business pressures exist.

We need further data from insurers channelled through independent sources such as the Central Bank on their P&L and BS activities. Specific attention needs to be given to their year-on-year accounting for remittances, reserves and reinsurance. Moreover, delays in the publication of NCID liability reports (currently up to 18 months after year-end) also reduce the usefulness of the data for policy purposes.

D. Risk and Prevention

Despite a 40% fall in overall claim volumes (IRB 2019–2023 review), businesses with strong safety records are not rewarded through lower premiums. The absence of meaningful risk-based pricing undermines incentives for continued investment in health and safety measures and represents a direct disincentive to proactive risk management.

AIR Recommendations

The following recommendations relate to measures referenced in the Action Plan for Insurance Reform 2025–2029 (referred to below as "AP"). To deliver real cost-of-business impact, the Forum should recommend:

A. Transparency (AP s.1)

- Expand the Transparency Code to include liability insurance and ensure engagement of all relevant stakeholders, not solely insurers (DFIN).
- Require feasibility study on individual insurer reporting to include profit, remittances, reserves, and reinsurance data (CBI, DFIN).
- Ensure development of the Transparency Code is led or independently validated by auditors/accountants, not designed solely in collaboration with insurers (DFIN).

B. Data (AP s.2)

- Mandate full NCID liability reports within 12 months of year-end, with complete data (CBI).

C. Competition (AP s.9)

- Provide additional staff, funding, KPIs, and a published strategy for OPCIM (DFIN).
- Request a review of the liability and broker market, including barriers to entry (CCPC).

D. Claims Resolution & Legal Costs (AP s.3 & s.6)

- Assess the suitability and feasibility of transforming the IRB into a decision-making body, similar to the WRC, to reduce reliance on litigation to increase volume of claims settled there (DETE, IRB).
- Introduce fee scales to better control legal costs.

E. Fairness for SMEs (AP s.7)

- Examine extending consumer-style price-walking protections to small businesses purchasing liability insurance (CBI).

F. Personal Injury Guidelines (AP s.21)

Amend the Judicial Council Act 2019 to:

- Extend the review period from 3 to 7 years.
- Require international benchmarking and mandatory consultation with the IRB.
- Provide Oireachtas discretion to amend or reject recommendations. To ensure adequate parliamentary scrutiny, any recommendation of the Judicial Council must be sent to the Joint Oireachtas Committee on Finance for consideration.
- Establish a new Personal Injuries Council outside of the Judicial Council with inclusive stakeholder representation (DFIN, DOJ).

5. Conclusion

Irish businesses continue to experience unaffordable and unjustifiable insurance costs, despite the wide-ranging reforms delivered under the previous Action Plan. Evidence from the IRB, CBI and the Alliance's own survey shows that claim volumes and award levels are falling, but premiums continue to increase for most businesses.

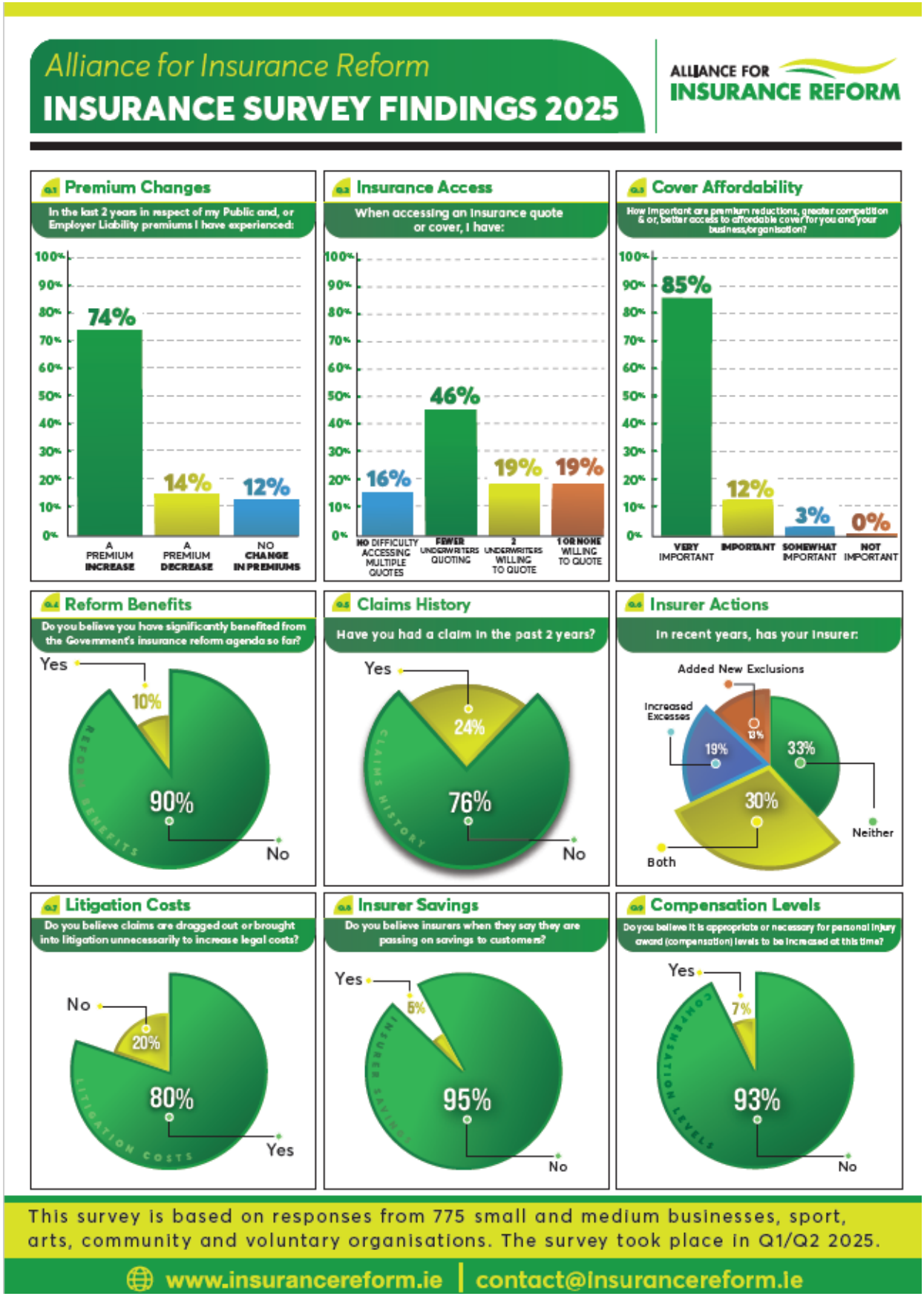
Excessive insurance costs are not just an overhead: they are a brake on competitiveness, recruitment, and investment. By recommending targeted, cost-of-business-focused measures in competition, claims resolution, transparency, and legal reform, the Forum can ensure the Action Plan for Insurance Reform 2025–2029 translates into real, measurable reductions in premiums and improved access to cover.

APPENDIX

Alliance for Insurance Reform Members

1. AOIFE Ireland (Association of Irish Festival Events)
2. Association of Visitor Experiences and Attractions (AVEA)
3. Car Rental Council of Ireland
4. Childminding Ireland
5. Coach Tourism & Transport Council of Ireland
6. Community Reuse Network Ireland
7. Convenience Stores and Newsagents Association
8. Cork Business Association
9. Dance Ireland
10. Disability Federation of Ireland
11. Early Childhood Ireland
12. Federation of Irish Sport
13. Galway Chamber
14. Galway County Public Participation Network (PPN)
15. Historic Houses of Ireland
16. Home and Community Care Ireland
17. Incoming Tour Operators Association Ireland
18. Ireland Active
19. Ireland's Association for Adventure Tourism
20. Irish Caravan and Camping Council
21. Charity Retail Ireland
22. Irish Concrete Federation
23. Irish Contract Cleaning Association
24. Irish Hotels Federation
25. Irish Road Haulage Association
26. Irish Showman's Guild
27. Irish Street Arts, Circus and Spectacle Network
28. Irish Travel Agents Association
29. Irish Waste Management Association
30. ISME
31. Licensed Vintners Association
32. National Campaign for the Arts
33. Nursing Homes Ireland
34. Play Activity and Leisure Ireland
35. Quick Service Food Alliance (SUPERMACS)
36. Restaurant Association of Ireland
37. Retail Excellence
38. RGDATA
39. Sligo PPN
40. Society of the Irish Motor Industry
41. South Dublin County PPN
42. Sport Ireland
43. Thatch Insurance Action Group
44. Theatre Forum
45. Union of Students in Ireland
46. Vintners Federation of Ireland
47. Volunteer Ireland
48. The Wheel (Ireland's national association for community, voluntary and charitable organisations)

Alliance Insurance Survey Q1/Q2 2025



Chambers Ireland

Cathal McSweeney, Cork Chambers

This is a summary of response from SMEs in the Chambers Ireland network from across Ireland. The questions asked were based on the sample questions suggested by the Cost of Business Advisory Forum's secretariat specifically looking at Insurance.

Overview of Responses

This submission reflects feedback from businesses in professional services, manufacturing, and hospitality on the growing burden of insurance costs. While claims are infrequent, premiums remain high, reaching up to 40% of operating costs in some cases. Key issues include limited competition among underwriters, opaque pricing practices, and poor access to cover for higher-risk sectors like hospitality. Delays in the legal process, inflated claim reserves, and a lack of recognition for good claims histories further compound costs. Respondents call for greater transparency, regulatory reform, and targeted supports to ensure insurance remains accessible, fair, and sustainable for Irish businesses.

Summary of Responses by Question

1. *What sector is your company in?*

Responses were received from businesses in professional services (management and IT consulting), wholesale and manufacturing, and the hospitality sector.

2. *What types of insurance are most critical to your business (e.g., public liability, employer liability, professional indemnity)?*

Across the responses, key insurance types included professional indemnity, public liability, employer liability, product liability, material damage (all risks), consequential loss, and cyber and crime insurance. The hospitality sector, in particular, identified public and employer liability as their most significant costs.

3. *How have your insurance premiums changed over the past 3-5 years? What proportion of your operating costs is currently spent on your insurance?*

Premiums have generally increased across all sectors. One professional services firm reported a significant rise, with insurance now accounting for 40% of operating costs due to a change in business structure. Others noted moderate increases of around 10%, or 1–1.5% of operating costs. In the hospitality sector, annual costs ranged from €78,000 to €95,000, with a €10,000 excess and no reduction in premiums despite a strong claims record.

4. *Has the cost of insurance impacted expansion or development opportunities for your business/sector?*

Most professional services businesses reported no impact. However, both the wholesale and hospitality sectors stated that high insurance costs limit investment and expansion opportunities.

5. *Are there specific challenges faced by your sector when it comes to finding insurance cover? Have you experienced difficulty accessing products or finding providers willing to cover your sector?*

While professional services firms generally had no issues accessing coverage, manufacturers cited a lack of underwriters and over-reliance on the same few providers. The hospitality respondent

highlighted that no Irish insurer would cover late-night venues, forcing reliance on foreign insurers with high premiums and restrictive conditions. pro

6. *Has your business faced challenges with the claims process, such as delays, litigation or costs?*

Professional services respondents had not filed claims, while one manufacturer described lengthy resolution times for workplace accidents. The hospitality business noted excessive claim reserves, protracted legal timelines, and high legal costs even when claims were withdrawn before court. They also observed a lack of refunds for overestimated claims and recommended judicial reforms to deter spurious claims.

7. *Do you feel insurance pricing is transparent and well-communicated by providers?*

Opinions were mixed. Some respondents felt pricing was not transparent and described it as inconsistent or misleading. The hospitality business described a lack of logic in pricing structures and absence of noclaims benefits.

8. *What mitigation strategies has your business implemented to reduce insurance claims?*

Professional services firms rely on careful contracting and indemnity clarity. Manufacturers focus on staff training and product testing. In the hospitality sector, claims are often managed internally to discourage opportunistic litigation, and only strong claims are pursued through the courts.

9. *Any other comments?*

Respondents expressed concern that high insurance costs disproportionately affect SMEs and start-ups. They called for urgent cost reductions, greater transparency, and structural reform in both the insurance and legal systems to support fairer and more sustainable business practices.

Irish Small Medium Enterprise (ISME)

Neil McDonnell, CEO

As a multi-sector trade association, ISME will make observations here both as they apply to our trade association and to our members. However, it is worth noting that ISME is a founding member of the Alliance for Insurance Reform (AIR), and that AIR has made a significant contribution to the insurance reform agenda since the Cost of Insurance Working Group Report (January 2017), leading to the most recent progression being the Action Plan for Insurance Reform (July 2025).

1. Cost and Affordability

- *What types of insurance are most critical to your business operations (e.g., public liability, employer liability, professional indemnity)?*
- *How have insurance premiums changed for your business over the past 3–5 years, and more specifically what proportion of your operating costs is currently spent on insurance?*
- *Have rising insurance costs impacted your ability to expand, hire, or invest?*

In the case of ISME, insurances in relative order of importance are:

1. Professional indemnity (required for Board and HR services)
2. Buildings (listed building)
3. Employer liability (a function of payroll cost)
4. Cyber (as we hold a substantial amount of member data)
5. Public liability (as a premises which conducts Skillnet training and hosts meetings)

This would not be consistent with that of most of our members, where public liability would be the most onerous insurance. Our insurances have increased by 231% over the last three years, mostly via professional indemnity as we have suffered several defamation lawsuits.

The cost of insurance has impacted our ability to expand headcount at a time when we need to do so due to increased demand for member services. It has also restricted activity, and imposed cost and operational covenants on us that were not present previously.

It is important to note that insurance cost is a pure deadweight cost that, unlike even utility costs, imparts no added value whatsoever other than acting as a counter-risk. For this reason, businesses will always seek lower insurance costs, subject only the adequacy of counter-risk.

Member case study (café/restaurant with 80+ staff), the most critical insurance policies are:

- Public liability
- Employers' liability
- Product liability (particularly important for food service)
- Over the past 5 years, premiums have risen by 10%, year on year despite no claims history. For this business, insurance now represents one of the single largest fixed expenses after wages and energy.

The cost involved for this business restricts its ability to expand or reinvest– for example, premium increases in the region of €4,000–€6,000 annually would otherwise fund a part-time employee, new kitchen equipment, or marketing campaigns.

Member case study (Leisure with 50+ staff, including full time and part time):

- Public liability is 80% of the premia cost, the next highest cost being property cost.
- Over many years, a like for like comparison between this business and a similar sized UK business has shown that the Irish PL premia is on average 3-4 times higher than the UK PL premia.
- Premia quotations over time show that there is generally only one underwriter prepared to quote, and that is not internationally normal or evidence of a functional insurance market.

2. Sector-Specific Impacts

Are there unique insurance challenges faced by your sector?

Challenges unique to our food service case study are:

- Cafés and restaurants are uniquely exposed to slips, trips, and falls claims, often minor in nature but pursued for disproportionately high compensation.
- Significant time can pass from incident occurring and claims being submitted creating issues around data gathering (CCTV footage being wiped and staff recollection)
- Food-related risks (e.g., alleged food poisoning) carry potential reputational damage and legal costs even when claims are unfounded.
- The hospitality sector faces high customer footfall, making exposure higher than average businesses of similar size.

Other sectors of our membership report difficulty in accessing affordable (or any) insurance cover where they are involved in adventurous or kinetic activity, or where they cater to children, or conduct equestrian activities.

Challenges unique to our leisure sector case study are:

- Accidents on leisure sector premises are often treated as an opportunity to use the business PL policy as personal accident insurance, with no consideration of personal responsibility. Insufficient time has passed to see if the Courts and Civil Law (Miscellaneous Provisions) Act 2023 has adequately rebalanced the duty of care.

- Claimants must serve notice of intention to claim within two months of incident to allow defendants to mount a defence per the Civil Liability and Courts Act 2004. This Act was revised in 2019 when Section 8 was amended by the Central Bank (National Claims Information Database) Act 2018, reducing the notice period to one month. Judges were required to take the lack of due notice into account when assessing a claim. Judges are meant to assume inadequate notice may constitute an attempt to undermine the defence. While Judges cannot dismiss the importance of the notice requirement, it is often the case that they place no weight on non-compliance by plaintiffs.

3. Market Access and Competition

Have you experienced difficulty accessing insurance products or finding providers willing to cover your sector?

In the case of ISME, we have only one underwriter willing to offer professional indemnity cover, and on a take-it-or-leave-it basis. Many of our membership sub-sectors report the same issue: there is only one underwriter available, and the premium is:

- non-negotiable, and/or,

- comes with a very high excess, and/or,
- comes with an extensive list of exclusions.

We understand that there are also no new entrants in the underwriting market in Ireland for public liability or employers' liability. While there are new underwriters willing to enter the motor market, one of the most recent entrants has decided to leave.[510] We believe that the Department should understand from underwriters why they do not wish to underwrite liability insurance in Ireland when profitability remains high.

4. Claims and Legal Processes

Have you or your sector faced challenges with the claims process (e.g., delays, litigation costs)?

The main issue here is that litigation risks are asymmetric. Defendants in personal injuries cases with a good defence have no incentive to exercise it in court since if they win, they do not recover costs. As such, personal injuries or defamation litigation represents a "free shot at goal" where there is no negative consequence for losing plaintiffs, even if they are fraudulent.

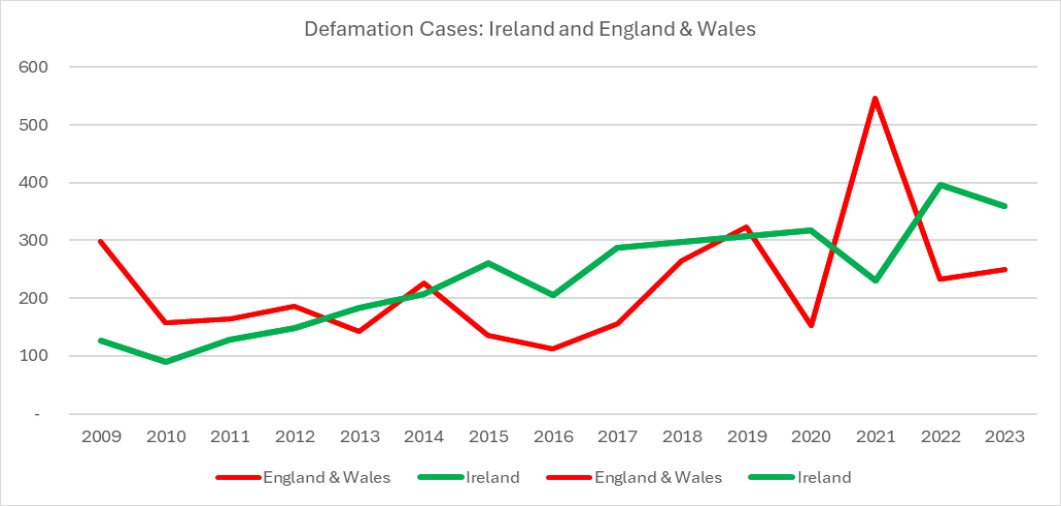
The Department of Justice position on this is to advise businesses to "tell their insurers to fight" more cases. This is a legal and factual nonsense when insurers enjoy subrogation rights in insurance contracts, and where the operation of the courts system favours plaintiffs on an "access to justice" basis.

Other persistent and recurrent issues include:

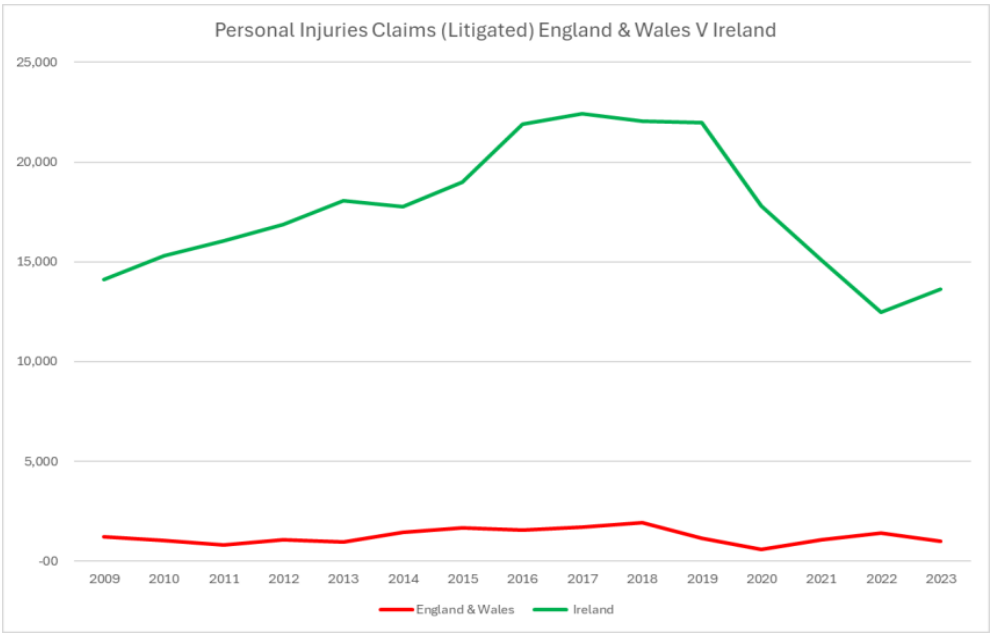
- The claims process is slow, costly, and often opaque. Even minor claims can take 18– 24 months to resolve.
- Legal fees frequently exceed compensation amounts, adding to insurer costs and, ultimately, premiums. This is plainly evident in the Central Bank data referenced above.
- Many businesses settle claims defensively, even when fault is questionable, simply to avoid prolonged legal costs.
- While awards for catastrophic injuries are arguably low by international standards, awards for minor injuries remain so high that there is a permanent financial incentive towards speculative personal injuries litigation.
- We also do not believe that Government is doing enough to tackle what is demonstrably a "claims culture" in Ireland.

The courts of Ireland have 19 times the level of defamation litigation as England and Wales on a per capita basis.

[10 5] https://www.independent.ie/business/money/gig-economy-insurer-zego-pulls-out-of-irish-motor-market-denting-state-efforts-to- increase-competition/a200666118.html



And while personal injuries case numbers have fallen since 2019, the number of personal injuries claims in Ireland in 2023 is 159 times the level of that in England and Wales on a per capita basis.



We know of know of no logical or objective reason why our rate of defamation and personal injuries litigation should be so high. This is especially the case when one considers the fact that the British equivalent of PIRB, Official Injury Claim[11], handles motor claims only, and deals with them at far lower levels of quantum than Ireland. The fact that PIRB deals with all injury claims means we should see a lower volume of injuries litigation, per capita, in our courts. This also should be a matter of concern for the LSRA.

5. Transparency and Regulation

Do you feel insurance pricing is transparent and well-communicated by providers?

In short, no. Insurance intermediaries are changing hands in the Irish market for large multiples of revenues, suggesting a high underlying profitability in underwriting. We believe that the absence of

[11] https://www.officialinjuryclaim.org.uk/about/

granular P&L data that was available in the Central Bank "Blue Book"[12] is causal in this regard. The data found in the Central Bank Solvency and Financial Condition Reports (SFCRs) reports[13] is focused on balance sheet data, giving no clarity on movement of costs.

Central Bank Insurance Statistics 2015

TABLE 13 - TOTAL IRISH RISK INSURANCE BUSINESS - NET UNDERWRITING REVENUE ACCOUNTS FOR THE YEAR 2015 (€000)

NAME OF UNDERTAKING	Opening Provision		Premium Income	Closing Provision		Earned Premium Income	Other Income	Total Income	Claims Paid	Claims Outstanding				Cost Of Claims Incurred	Movement In Equalisation Reserve	Commission	Management Expenses	Movement in Deferred Acquisition Costs	Other Expenditure	Total Expenditure	Foreign Exchange Gain / Loss	Underwriting Profit / Loss	Investment Income Attrib. to U/W A/C	Result on Technical Account
										Opening Provision		Closing Provision												
	UPR	URR		UPR	URR					Reported	Not Reported	Reported	Not Reported											
Undertakings with their Head Offices in Ireland - Solvency supervised in Ireland																								
Acadia	4	0	12	8	0	8	0	8	0	0	0	0	0	0	0	0	0	0	0	0	1	9	0	9
Allianz Plc	159,283	0	364,717	179,168	0	344,832	5,530	350,362	200,965	520,974	162,297	576,483	220,868	285,045	0	40,377	60,314	-4,087	0	381,649	319	-30,968	6,243	-6,725
Allied World Assurance Company	63	0	200	94	0	169	328	497	0	19	233	55	274	77	0	228	88	2	0	395	-2	100	-11	89
Amtrust International	723	0	988	379	0	1332	416	1750	481	1088	867	1987	979	1492	0	306	20	21	0	1839	0	-89	-54	-143
Arkema	0	0	8	0	0	8	0	8	0	0	0	0	0	0	0	0	0	0	0	0	0	8	0	8
AXA	153,812	0	372,437	193,543	0	332,706	3,415	336,121	244,365	629,532	97,909	676,738	18,373	292,035	0	34,200	40,051	-3,529	0	362,756	0	-26,637	5,773	-20,864
AXIS Specialty Europe	356	0	198	154	0	388	34	422	57	16	1,594	15	1,752	227	0	15	57	34	0	333	142	231	10	241
Beech Hill	0	0	0	0	0	0	0	0	80	144	56	0	0	-82	0	0	0	0	0	-82	5	87	0	87
BMS International	82	0	662	274	0	470	0	470	456	422	269	647	333	747	0	0	74	0	0	821	87	-264	1	-263
Canterbury	75	0	829	345	0	559	0	559	0	0	0	0	0	0	0	0	919	0	0	919	0	380	0	380

The absence of the granular data seen above also means businesses lack transparent explanation for premium hikes. Businesses cannot access detailed claims history data, meaning they cannot independently verify insurer risk assessments or statements of increased cost.

6. Risk and Prevention

What risk mitigation strategies has your business implemented to reduce insurance claims?

In the case of ISME, we have with our professional indemnity underwriters agreed risk mitigation measures as follows to mitigate defamation risk:

- All press releases are issues by a public relations firm.
- All insurance-related press activity is carried out by a third-party trade group.
- Prior to publication on our website, all internally generated policy material is reviewed by ISME's Policy Committee.

All this, of course, adds cost. In our case study food service business, they:

- Conducted staff training in manual handling, allergen awareness, food hygiene, and slips/trips prevention.
- Introduced daily safety checks of customer areas and equipment.
- Instituted a full HACCP plan which is regularly audited.
- Installed CCTV in public areas to provide evidence in case of fraudulent claims.

ISME Recommendations

Cost and Affordability suggested Remedies:

1. Government must introduce greater competition in the insurance market by encouraging new entrants and reducing barriers for European insurers to provide cover in Ireland.
2. Expand PIRB's remit to ensure more cases are settled quickly outside of costly litigation, avoiding legal costs that drive up premiums.
3. Government must introduce meaningful financial hazard to discourage use of the litigation channel in the vast majority of cases.

[12] https://www.centralbank.ie/docs/default-source/statistics/statistical-publications/insurance-statistics/insurance-statistics-2015.pdf?sfvrsn=138dd61d_4

[13] https://www.centralbank.ie/regulation/industry-market-sectors/insurance-reinsurance/solvency-ii/solvency-and-financial- condition-report-repository

4. Since the Supreme Court has already found judicial setting of personal injuries awards to be unconstitutional (as predicted by ISME), set up an independent board with Judicial Council input, which will review personal injuries awards in an international context on an occasional basis, not more frequently than seven years.
5. Require the LSRA to investigate whether personal injuries plaintiffs are being misdirected to pursue litigation when Central Bank NCID data[14] show it is frequently not in their pecuniary interest to do so, as they must wait at least two years longer for a similar (or lower) award.
6. Require the LSRA to take action against solicitors who breach, or who threaten to breach, Section 89[15] of the LRSA Act 2015 to ensure that all complaints to the LRSA are subject to absolute privilege. There are examples where LRSA complaints have become subject to a defamation action.
7. Amend and commence Section 30[16] of the Civil Liability and Courts Act 2004 to allow PIRB maintain a database of all personal injuries claims.
8. Introduce a fixed scale of fees for personal injury cases, similar to practices in other EU countries and as recommended by the Chair of the Review of the Administration of Civil Justice.[17]

Settled Year	Compensation (€)	Legal (€)	Other (€)	Total (€)
Direct				
2015-2020	16,879	2,585	240	19,704
2021	17,044	3,946	577	21,567
2022	13,318	3,120	688	17,125
2023	13,540	3,615	525	17,680
Injuries Board				
2015-2020	27,299	1,358	727	29,384
2021	25,272	901	1,135	27,308
2022	21,136	1,745	1,475	24,355
2023	23,794	966	1,568	26,250
Litigated				
2015-2020	26,581	19,611	445	46,636
2021	24,921	20,869	828	46,617
2022	24,687	22,947	1,163	48,797
2023	23,803	23,261	1,102	48,165
All Channels				
2015-2020	23,886	11,749	431	36,066
2021	23,103	14,603	803	38,510
2022	22,400	16,963	1,129	40,492
2023	22,099	16,725	1,075	39,888

Claims and legal processes suggested remedies:

- The introduction of a harm test, including a "transient retail defamation" test.
- A cap on defamation damages in the Circuit Court range.
- More robust anti-SLAPP measures, including penalisation measures for solicitors who threaten defamation proceedings against complainants to the LSRA.

Transparency and Regulation proposed remedies:

- Reintroduce the Central Bank Blue Book.
- Require insurers to provide detailed risk and claims reports annually to policyholders.
- Standardise reporting on how premiums are calculated to allow comparison between providers internationally. For example, in most OECD countries, insurance is quoted based on applying a rate to sums insured, on a sector-by-sector basis, and the rate is effectively the sector benchmark for the cost of that risk:

[14] https://www.centralbank.ie/statistics/data-and-analysis/national-claims-information-database/ncid-employers-public-liability-insurance
[15] https://www.irishstatutebook.ie/eli/2015/act/65/section/89/enacted/en/html#sec89
[16] https://www.irishstatutebook.ie/eli/2004/act/31/section/30/enacted/en/html#sec30
[17] https://gov.ie/en/department-of-justice-home-affairs-and-migration/publications/review-of-the-administration-of-civil-justice-review-group-report/

Risk	Denominator	Numerator	Rate
Public Liability	Sales Turnover	Premium	
Employer Liability	Direct Wages	Premium	
Property Damage	Reinstatement Cost	Premium	
Eg Property	500k	5k	1%

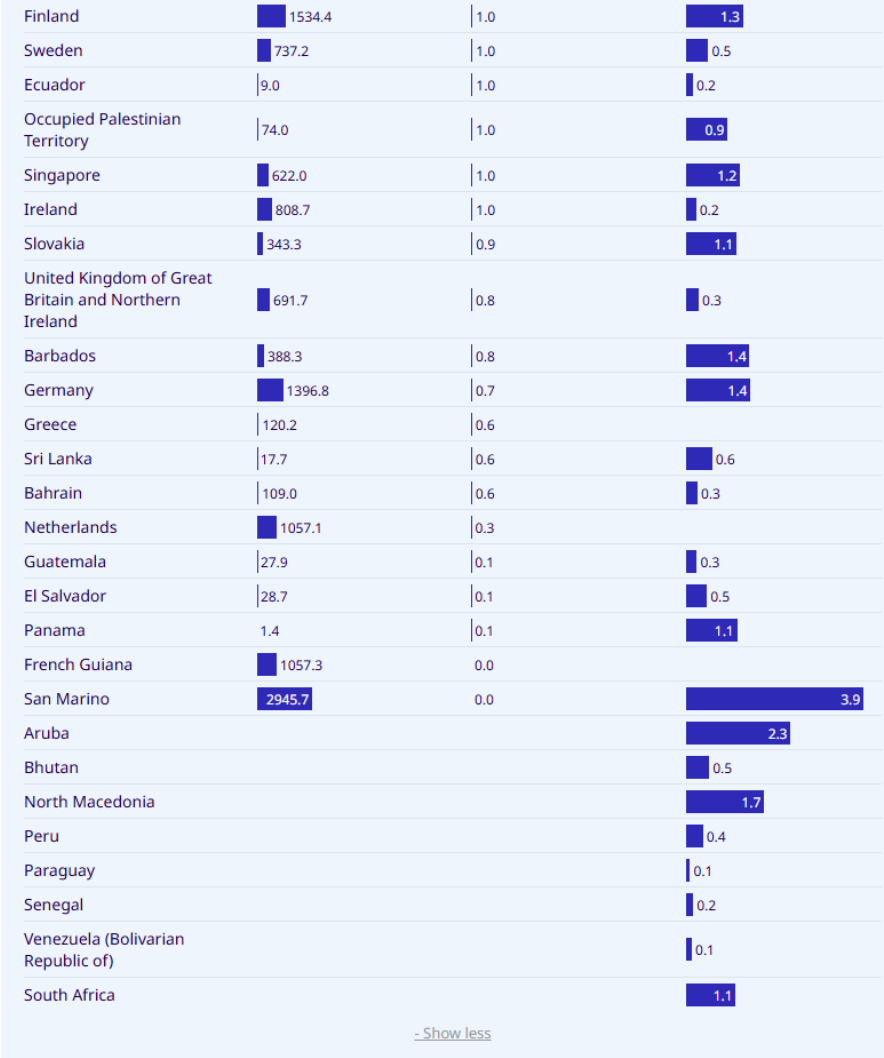
- Stronger Central Bank oversight and enforcement on unfair renewal practices.

(Risk and Prevention) Further improvements could be made in the food service industry by;

- Establishing a certified "Safe Hospitality" standard – similar to food hygiene ratings that operate in some countries – where businesses demonstrating best practice qualify for mandatory premium discounts.
- Exploring tax credits or subsidies for small businesses investing in risk prevention measures (safety flooring, CCTV, staff training).

However, ISME must caution that risk mitigation strategies are likely to have a minimal cost- benefit improvement in most fields of insurance. Ireland has one of the lowest rates of fatal occupational injuries per 100,000 workers in the world[18]. This is a more reliable indicator of workplace safety than non-fatal occupational injuries per 100,000 workers, since it is less susceptible to under- or over-reporting. For example, India has the highest rate of fatal occupational injuries per 100,000 workers at 116.8 yet has a lower rate of non-fatal occupational injuries per 100,000 workers than Ireland (325 v 809 for Ireland).

[18] https://ilostat.ilo.org/topics/safety-and-health-at-work/



Ireland also shows one of the lowest transport-related accident rates[19], with only Malta enjoying a lower accident rate than Ireland in the EU.

Improving health and safety performance in Ireland is also nonsensical when Ireland has become a jurisdiction of choice[20] for personal injuries that occur outside the state. Litigation in respect of injuries on holiday is a service offered by many law firms here.[1213141516171821] Therefore, improvements in health and safety alone will not mitigate a problem which is multi- factorial in nature.

[19] Accidents and injuries statistics

[20] https://www.irishtimes.com/crime-law/courts/2024/12/05/legal-team-for-boy-injured-in-swiss-car-crash-switched-claim-to-irish-court-for-higher-compensation/

[21] https://www.traceysolicitors.ie/en/accident-in-a-public-place/holiday-accident-claims/

[13] https://tiernansolicitors.ie/personal-injury-claims/holiday-accident-claims/

[14] https://hdm.ie/accident-on-holidays-abroad/

[15] https://www.hanahoe-solicitors.ie/personal-injury-solicitor/accidents-while-of-holiday/

[16] https://sor-solicitors.ie/personal-injury/

[17] https://www.personalinjuryireland.com/claims/accidents-on-package-holidays/

[18] https://callantansey.ie/personal-injury/accidents-abroad/

Standardised death rates – accidents and assault, 2021
(per 100 000 male/female inhabitants)

	Transport accidents (*)		Falls		Accidents Accidental drowning and submersion		Accidental poisoning and exposure to noxious substances		Other accidents (*)		Assault (*)	
	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females
EU	8.0	2.0	17.0	10.2	1.7	0.5	3.6	1.2	16.5	9.1	0.9	0.4
Belgium	6.8	2.2	19.8	12.5	1.2	0.2	2.9	1.2	17.0	12.8	0.7	0.6
Bulgaria	10.1	2.9	8.5	4.0	2.5	0.7	2.2	0.5	9.7	3.5	1.6	0.6
Czechia	9.5	2.7	9.2	3.8	2.1	0.7	6.1	1.9	25.0	12.5	0.4	0.5
Denmark	5.0	1.6	13.9	10.8	1.0	0.3	5.4	2.3	6.8	4.6	0.8	0.4
Germany	5.7	1.4	24.0	14.6	0.8	0.3	2.3	0.7	9.9	5.7	0.4	0.4
Estonia	8.7	2.9	17.7	9.2	6.8	1.1	24.0	6.9	23.8	7.1	3.6	0.6
Ireland	3.1	1.1	7.8	4.8	1.7	0.7	9.5	4.9	12.3	6.8	0.2	0.1
Greece	11.4	1.9	11.3	9.1	3.3	1.2	4.5	0.9	11.0	5.3	1.2	0.5
Spain	6.2	1.4	8.9	4.9	1.5	0.3	3.3	1.1	12.3	7.1	0.8	0.4
France	5.8	1.6	15.6	9.5	1.5	0.5	3.1	1.5	24.9	13.5	1.2	0.4
Croatia	14.5	3.3	36.0	26.5	2.9	0.6	2.1	0.7	9.7	5.1	0.9	0.6
Italy	8.5	1.7	8.4	4.6	0.6	0.2	1.1	0.4	18.0	12.8	0.5	0.3
Cyprus	10.0	1.8	10.2	8.6	2.2	0.0	2.5	0.9	18.1	14.3	2.0	1.1
Latvia	15.9	4.4	14.9	5.8	10.1	2.8	10.0	4.0	36.7	10.7	5.6	1.7
Lithuania	10.8	2.9	26.8	11.8	8.7	1.8	15.5	3.3	28.0	7.8	2.3	1.0
Luxembourg	3.4	2.4	18.7	10.9	0.4	0.0	4.9	1.5	11.9	11.9	1.2	0.6
Hungary	12.2	3.3	26.8	11.8	1.9	0.4	2.0	0.5	11.7	4.7	1.0	0.4
Malta	2.1	0.4	23.4	13.1	0.4	0.8	3.2	0.8	5.0	2.4	0.3	0.0
Netherlands	5.9	2.0	29.0	29.8	0.8	0.2	2.1	0.7	10.0	9.6	0.9	0.4
Austria	7.0	1.9	14.0	7.3	0.8	0.4	1.2	0.4	21.0	12.1	0.1	0.6
Poland	12.2	3.3	21.2	12.6	2.1	0.5	9.0	1.7	16.1	4.8	0.9	0.3
Portugal	11.1	2.3	11.5	5.4	1.1	0.3	2.0	0.9	20.6	10.7	1.3	0.5
Romania	18.4	4.9	28.6	11.2	8.4	3.1	4.2	1.3	22.8	8.0	1.9	0.8
Slovenia	11.0	2.3	52.0	44.3	2.2	0.8	2.0	0.8	8.7	3.4	0.4	0.7
Slovakia	9.9	3.3	13.5	7.6	3.0	0.8	4.1	0.7	13.2	3.0	0.8	0.3
Finland	8.3	1.8	28.7	14.2	3.1	0.9	11.7	3.3	9.9	3.9	1.6	0.8
Sweden	3.7	1.1	13.8	7.6	1.6	0.2	5.9	2.6	17.3	10.8	1.5	0.4
Iceland	4.5	1.0	10.6	6.0	1.4	0.0	12.2	5.8	20.3	13.6	0.4	0.0
Liechtenstein	4.3	0.0	14.2	6.5	0.0	0.0	0.0	0.0	0.0	14.8	0.0	0.0
Norway	3.7	0.8	24.2	17.9	2.1	0.5	8.0	3.7	10.1	7.4	0.5	0.6
Switzerland	4.9	1.1	24.0	17.4	0.9	0.3	2.7	0.7	7.4	3.8	0.4	0.4
Serbia	12.8	3.2	10.2	4.8	1.6	0.5	0.9	0.4	8.1	2.5	1.2	0.9
Türkiye (*)	11.4	3.1	11.8	7.6	1.2	0.4	2.8	0.7	7.3	2.2	1.6	0.4

(*) Including also sequelae of transport accidents.
(*) Including also sequelae of other accidents.
(*) Including also sequelae of assault.
(*) Definition differs.
Source: Eurostat (online data code: hlth_cd_asdr2)

eurostat

A deficit in health and safety standards therefore does not appear, at least on available data, to be causal in Ireland's high insurance costs.

Summary:

Ireland will remain a high-cost jurisdiction for insurance until the risk profile for underwritten risks improves. This will require:

1. Balancing the rights of plaintiff and defendant in civil litigation to ensure equal access to justice for both parties.
2. Capping of legal costs in the Circuit and High Courts.
3. Expansion of the remit of the PIRB to make it a quasi-judicial claims handler of first instance, similar to the WRC.
4. Where claimants alter a claim after they refuse a PIRB assessment, the Courts must be required by law to revert the claim to PIRB for reconsideration.
5. Recognition of the fact that personal injuries and defamation litigation are viewed by many members of the legal profession not as a means of vindicating injustice, but as a source of income. A retired High Court who participated in the review of injuries awards was criticised as follows by a senior counsel: "*what she has done amounts to treason to the Bar.*"[22]
6. Removal of the awards setting function currently assigned to the Judicial Council, and appointment of an independent expert body (including judges) to adopt this function.
7. Introduction of a legislative cap on damages for personal injuries and defamation, to be reviewed by the body above.
8. Consider and adopt as necessary reforms outlined in "Improvements in liability insurance following tort law reform in Australia."[23]
9. Introduce an "action-plan-for-jobs" methodology for recommendations on insurance reform as outlined in the opening paragraph: there are no recommendations in this paper which have not been communicated to government departments or line ministers on at least one previous occasion.

[22] https://www.irishtimes.com/news/crime-and-law/legal-world-divided-on-legacy-of-retiring-high-court-president-1.4865270
[23] https://www.aer.gov.au/documents/australian-government-available-and-affordable-improvements- liability-insurance-following-tort-law-reform-australia-december-2006-appendix-1206

Chartered Accountants Ireland

Jill Farrelly, Executive Head of Public Affairs

Introduction

Chartered Accountants Ireland represents over 39,000 members across practice, industry, public sector, and academia. Our members play a vital role in supporting the financial and operational stability of businesses of all sizes.

This submission presents findings from member outreach, including a survey targeted at those directly involved in arranging or purchasing insurance. The feedback reflects the experience of accountants working in practice and in industry.

In terms of types of insurance, the following were listed by our members as critical for the ongoing operation of the business in order of importance: public liability, employers' liability, business interruption, cyber, and product liability.

Cost and Affordability

Survey results, drawn from our membership, show that 67% of respondents experienced annual premium increases, with 10% reporting increases of more than 20%.

60% of members surveyed reported that insurance accounts for less than 5% of their practice's operating costs while a further 15% of members spend between 5 – 10%. Another 5% of members spend between 10-20% of operating costs on insurance.

The survey results show that most practices have experienced rising costs over the past 3- 5 years, with 30% reporting increases of 5-10% per year. A further 25% of respondents reported increases of 5% per year and 10% of members surveyed reported increases of more than 20% per year while very few saw decreases (5%).

Although the majority of members reported that insurance costs have not had a major impact on their business, some highlighted reduced investment (9%), cost-cutting measures across other business costs (13%), and increased financial strain (17%).

Small practices reported disproportionate burdens, with some forced to reduce coverage to contain insurance costs.

Sector-Specific Impacts

Some members working in industry roles described difficulty securing coverage for their sector, for example the healthcare sector, and emphasised the need for tailored insurance solutions.

Claims and legal

The high legal costs associated with claims were highlighted, noting that settlements often represent only a fraction of the total cost, with the remainder consumed by solicitor and barrister fees.

Transparency and Regulation

Pricing transparency emerged as a recurring theme, with 70% of members reporting issues with either pricing clarity or its communication. This lack of clarity hinders informed decision-making and exacerbates the perceived burden of insurance costs.

Risk and Prevention

Members have implemented various risk mitigation strategies to reduce insurance claims, the most common being regular staff training in compliance, as well as the implementation of robust internal controls and engagement with legal or insurance advisors to review risk exposure. However, these efforts are not always reflected in premium calculations, leading to a perceived lack of reward for proactive risk management.

CAI Recommendations

Based on member feedback, Chartered Accountants Ireland recommends the following actions to improve affordability and accessibility of insurance for businesses:

- Introduce regulatory oversight of annual premium increases, particularly where these exceed inflation or sector benchmarks.
- Improve pricing transparency and communication from insurers to enable informed decision-making.
- Encourage insurers to develop tailored products for niche sectors.
- Recognise risk mitigation efforts in pricing models.

Fáilte Ireland

Jenny De Saulles, Director of Sector Development

Key Points

The strong programme of insurance reforms delivered to date (and outlined for the future) is very welcome, including structural changes such as the development of *Personal Injury Guidelines*, reforms to the Injuries Resolution Board, changes to Occupier's Liability and better data availability. However, insurance remains a 'hot topic' for tourism SMEs.

There is a high degree of commonality across the main issues raised by tourism businesses and their representative groups. The key concerns are as follows:

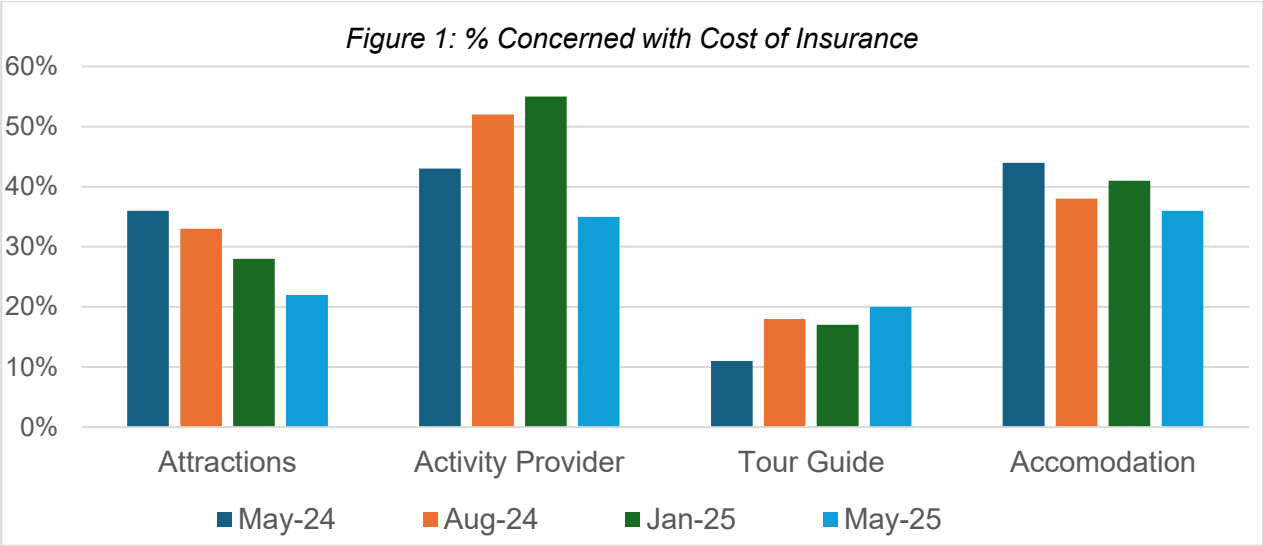
- The lack of any apparent benefits from the insurance reforms to date given the near universal ongoing increases in the cost of cover.
- The lack of apparent benefits arising from efforts by tourism SMEs to mitigate risks within their business.
- In some cases, rising policy excess requirements and/or costs.
- Difficulties getting cover.
- Time taken to resolve claims.
- Increased market concentration at provider and broker level which is leading to less choice in the market.

Many tourism SMEs feel doubly let down because (a) insurance related structural reforms and (b) risk mitigation efforts within their business have, so far, not yielded the expected benefits such as lower premiums and greater choice.

Scale of the Challenge Around Cost and Availability of Insurance

Recent results from Fáilte Ireland's Tourism Barometer show the degree to which the topic of insurance is a concern for tourism SMEs.

Figure 1: % Concerned with Cost of Insurance



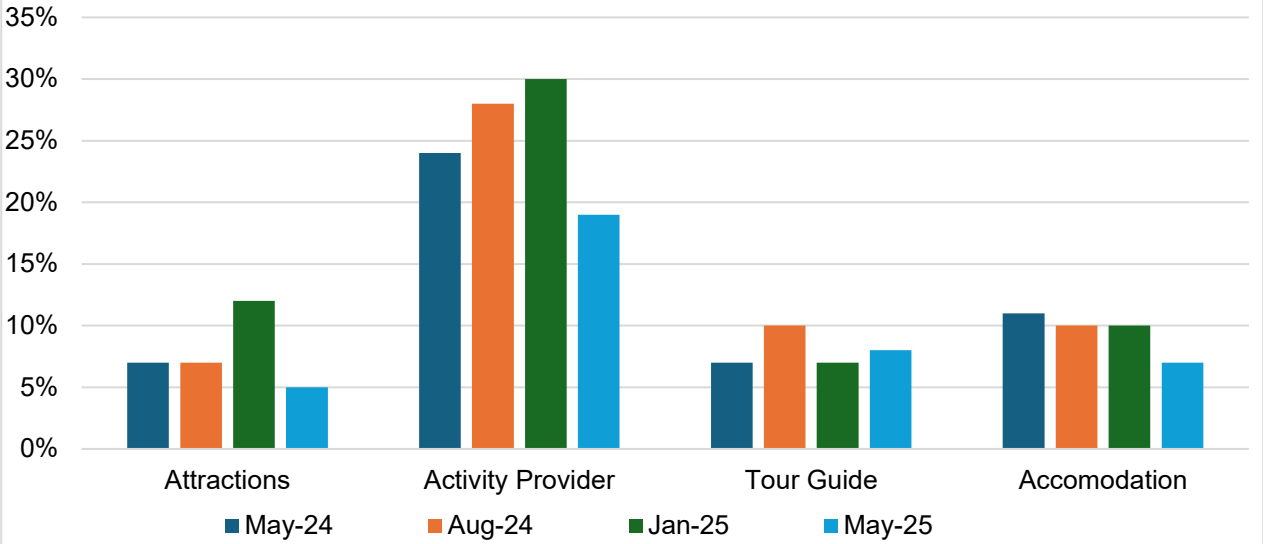
Source: Fáilte Ireland's Tourism Barometer, various years

The cost of cover is a major concern for many, and the issue is most acute for activity providers and accommodation providers. But visitor attractions also have it high up the list of concerns. More

positively, concerns have seemingly eased somewhat in 2025, but it might well be the case that more pressing geopolitical and economic concerns have pushed insurance down the list of priorities. Equally, the industry may just be acclimated to an uncomfortable situation.

The availability of cover is a lower-level concern, relative to the cost. However, it remains a particular challenge for the activity sector.

Figure 2: % Concerned with Availability of Insurance



Source: Fáilte Ireland's Tourism Barometer, various years

Cost of Insurance for Tourism SMEs

The following examples highlight the costs facing operators:

- The cost of cover for a typical Dublin pub is circa €30,000 p.a., with the average premium for late night bars and nightclubs around €95,000 p.a.
- For the average visitor attraction insurance costs 3-4% of operating expenditure and the cost of cover has increased by 12% in 2024 and another 12% in 2025.
- 60% of activity providers saw the cost of cover increase in 2024 and 52% reported paying more in 2025.
- For inbound tour operators, insurance may cost up to 1% of operating expenditure.

In terms of the immediate gains from increased competition, since July 2024 the VFI have operated a pub-specific insurance scheme with the support of Accelerant (underwriters) and NBS (wholesale brokers). Accelerant offered a 10% reduction on the previous year's premium while offering the same covers.

Views from the Front Line on the Justifications Given for Cost Hikes

Taken in the round, tourism SMEs believe that there are three main elements to their package of insurance cover:

package of insurance cover:

1. Premises reinstatement
2. Employee liability (EL)
3. Public liability (PL)

Business owners/managers appreciate that the cost of reinstating a building has increased owing to construction cost inflation, but they are struggling to understand how EL and PL insurance continue to cost more each year given the reforms delivered so far.

Operators also feel that it is disingenuous for insurance providers to link rising premiums to increased turnover levels because, for most, turnover is up because of higher cost and/or inflation rather than increased volumes of business.

Other Issues Raised by Tourism SMEs

- Winter Storms & Adverse Weather Events: The greater prevalence of winter storms in Ireland is affecting tourism businesses. For example, a typical tourist attraction can expect to see cash flow at its weakest over the winter yet this is the period when damaging storms are most likely. Factoring in the slow pace at which claims are resolved, winter storms are a much greater concern than heretofore.
- Thatched Premises: Those with thatched premises (including pubs and self-catering providers) feel captive because there is only one insurer in the market willing to quote for this business.
- Heritage Sites/Premises: Such sites face the exact same situation as thatched properties – a single provider problem.

Fáilte Ireland Recommendations

The tourism industry would like to see

1. Increased competition at all levels of the insurance market (Lead agency: Department of Finance).
2. Improved affordability of cover (Lead agency: Department of Finance).
3. Improved levels of access to cover (Lead agency: Department of Finance).
4. Higher volumes of cases resolved through the Injuries Resolution Board (Lead agency: Department of Justice).
5. Sector-specific insurance solutions that are tailored to the unique requirements of heritage sites, visitor attractions and activity providers. (Lead agency: unclear)
6. More SME focused resources and training to raise awareness of
7. insurance requirements and best practices
8. risk management frameworks
9. risk mitigation actions
10. (Lead agency: If specific to the tourism sector, then Fáilte Ireland. If economy wide, then other enterprise development agencies).
11. Insurance providers building sector knowledge and tourism expertise (Lead role: Insurance providers).
12. Better reporting of internationally comparable benchmarked data on the cost of cover, claim settlements and insurers' profit margins (Lead agency: Central Bank of Ireland).

Irish Tax Institute

Anne Gunnell, Director of Tax Policy & Representations

ITI Overview of Response

The theme of the next meeting of the Cost of Business Advisory Forum on 22 September 2025 is Professional Services Insurance Costs. To help us provide feedback to the Forum on the questions circulated in advance, we surveyed members of the Irish Tax Institute to gather their insights and experiences of the types of insurance most critical to the tax profession, the costs involved and difficulties encountered in accessing insurance products, in particular Professional Indemnity (PI) insurance. As survey respondents identified PI insurance as the most critical to their business, it is the main focus of our paper.

Survey respondents noted an increase in insurance premiums for all types of insurance over the past 3-5 years, in particular PI insurance premiums. The limited number of providers of PI insurance in the Irish marketplace was identified as the key factor contributing to increased premiums in this area. The lack of transparency from insurance providers on how PI insurance premiums are calculated was a key concern for our members. We have outlined further details of the results of our survey in the Appendix to this paper.

ITI Recommendations

A key objective of the Office to Promote Competition in the Insurance Market which was established in 2020 is to address long-standing challenges in the Irish insurance sector, particularly the lack of competition, the high cost of insurance, and difficulty accessing cover in certain sectors of the economy. Given the limited number of PI insurers in the Irish market, it would be important that the Office to Promote Competition in the Insurance Market engages with relevant stakeholders, including Insurance Ireland and major insurers, to ensure coverage in this area is expanded.

We recognise that work has been undertaken in recent years to increase transparency in certain areas of the insurance market such as private motor and employer's liability. We welcome the acknowledgement in the Government's Action Plan for Insurance Reform 2025–2029 that greater transparency is fundamental to delivering a fairer and more affordable insurance market. Key commitments in the Action Plan to enhance transparency in insurance premiums include:

- the Department of Finance and the Central Bank of Ireland working with the insurance industry to develop a transparency code; and
- conducting a feasibility study on how data collected by the Central Bank of Ireland can be used to enhance transparency.

As part of delivering these commitments, we would urge the Government that transparency in respect of PI insurance premiums is also considered, so that businesses providing professional services have a greater understanding of the factors which influence the pricing of their PI premiums.

Appendix

The Institute undertook a survey of its members to gather feedback on the types of insurance most critical to the tax profession, the costs involved, and difficulties encountered in accessing insurance products. We received 83 responses to our survey, the majority of which were sole traders (59%). The results of our survey are set out in detail below.

Cost and Affordability

- *What types of insurance are most critical to your business operations (e.g., public liability, employer liability, professional indemnity)?*

In our survey, we asked respondents to select the types of insurance most critical to their practices' operations. PI insurance was identified as most critical to the tax profession, with all survey respondents who answered this question selecting this option. public liability insurance, and employer liability insurance were ranked jointly second most critical to the operation of their practice followed by cyber insurance.

- *How have insurance premiums changed for your business over the past 3–5 years, and more specifically what proportion of your operating costs is currently spent on insurance?*

Most survey respondents agreed that insurance premiums have increased for practices over the past 3 to 5 years, with 90% of survey respondents observing increases in PI insurance premiums. Similarly, between 40% and 50% of survey respondents observed increases in premiums for public liability insurance, employer liability insurance and cyber insurance over the past 3-5 years.

The lack of providers in the market was identified as a key reason for increases in premiums. Members also raised concerns that when the turnover of their practice increases their insurance premium increases, but there is no corresponding reduction in the premium when their turnover decreases.

According to our survey, the average proportion of operating costs currently spent on insurance was 11%, however, this proportion fluctuated significantly among survey respondents.

- *Have rising insurance costs impacted your ability to expand, hire, or invest?*

76% of survey respondents indicated that rising insurance costs have not impacted their practice's ability to expand, hire, or invest. However, some comments we received from members indicated that the increase in insurance costs necessitated a fee increase for their services which in turn has impacted their competitiveness

Market Access and Competition

- *Have you experienced difficulty accessing insurance products or finding providers willing to cover your sector?*

We asked survey respondents whether they experienced difficulty accessing PI insurance or finding providers willing to cover their practice. Just under 56% of survey respondents selected "No" while 42% selected "Yes". The remaining respondents selected "Don't know".

Feedback from our members indicates that there is a shortage of insurers willing to cover tax advisory services. Where difficulties were experienced in obtaining cover, certain brokers were identified as instrumental in securing coverage. Other difficulties identified in the survey included:

- obtaining insurance for practices which solely provides tax advice;

- securing run-off cover for a previous business while a new business runs in parallel; and
- some PI policies preclude advice to US or Canadian clients, members of the legal profession and clients in the entertainment industry.

Where survey respondents noted that PI insurance costs had increased over the past 3-5 years, we asked them what factors they considered had influenced that increase. The limited number of providers of PI insurance in the Irish marketplace was identified as the key factor influencing.

- *Have you or your sector faced challenges with the claims process (e.g., delays, litigation costs)?*

We sought feedback from members on what they believe are the key challenges faced by the tax profession accessing PI insurance or finding providers. A clear theme emanating from the feedback, as outlined above, was the lack of competition in the marketplace which had resulted in higher premiums.

Members also reported that the level of cover can be restricted for tax advisors, i.e., some PI policies will not cover the provision of services to certain sectors such as US or Canadian clients, clients in the legal profession and clients in the entertainment industry.

Risk and Prevention

- *What risk mitigation strategies has your business implemented to reduce insurance claims?*

We asked members about risk mitigation strategies they have been implemented to reduce PI insurance claims. Survey respondents noted a high focus on risk management generally.

Our survey found an array of measures have been implemented by members to manage this risk. The majority of survey respondents noted they keep up to date with changes in tax laws or regulatory requirements, such as anti-money laundering (AML) rules.

55% of the survey respondents implement new strategies or change existing processes to minimise risk of error. Increased investment in cyber security and regularly reviewing internal processes regarding data protection were also selected as risk mitigation strategies implemented to reduce insurance claims.

Claims and Legal Processes

- *Have you or your sector faced challenges with the claims process (e.g., delays, litigation costs)?*

We asked survey respondents whether they had faced challenges with the process to resolve a PI insurance claim. The majority (65%) selected “No” to this question.

Transparency and Regulation

- *Do you feel insurance pricing is transparent and well-communicated by providers?*

The majority of survey respondents (60%) did not consider insurance pricing transparent and well-communicated by providers. The lack of transparency from insurance providers on how the premium was calculated was an area of concern for our members. Members also expressed frustration over the necessity to engage a broker because it is not possible to deal with the insurance provider directly, which results in additional costs.

Small Firms Association

Jonathan McDade, Public Affairs Lead

The document details the sentiment around insurance costs for small businesses and is presented to the Cost of Business Advisory Forum ahead of its next meeting which will discuss concerns around high insurance premiums. When developing this document, the Small Firms Association (SFA) sought the opinions of its members. The document also contains references to the SFA's recent submission to the Department of Finance's consultation on insurance reform as well as the finding of the SFA's recently published Small Business Survey which explored, among other things, rising insurance cost. Furthermore, in collaboration with Ibec, the SFA has developed a few recommendations for the Cost of Business Advisory Group to consider.

SFA - Small Business survey

One of the main for the small business community is the issue of high premiums. A survey commissioned by the SFA in May 2024 (conducted by Amárach) found that 83 % of small business saw costs rise and that 37% percent of those businesses reported that insurance costs had risen in the previous 12 months.

This year the SFA's Small Business Survey found that 49% of business saw costs rise with 44% saying that costs remained the same in the 12 months up to May 2025. Of those businesses that saw costs increase, 51% reported a rise in insurance costs. Only labour-related costs were ranked higher at 65%. Overall, 27% of all businesses reported a rise in insurance costs with 5% of businesses stating that insurance costs represented the largest rise of all business costs in the past year.

SFA member survey

Leading up to the session on insurance costs at the Cost of Business Forum, the SFA recently conducted a snapshot survey which was circulated to all of its members. The respondents' most common insurance that they referred to was public liability and employer liability insurance.

The findings of the summary found that almost all respondents said that insurance increased in the past 3 to 5 years, typically, between 10% and 30%. Insurance makes up 0.6% to 5% of proportionate operational costs. Some respondents said that insurance costs impacted the ability to expand and hire new staff. some SFA members are not in a position to pass on increased premium costs to customers which impact on margins.

Almost all respondents expressed frustration at the lack of transparency when it came to pricing and feel that the insurance companies must to improved communication on this matter. About half of respondents have had trouble accessing insurance, citing lack of competition in the market. However, only a few have experienced difficulties processing claims.

To manage risk, SFA members have implemented a range of mitigation measures including improved after-care to clients, better customer service, improved training on health and safety, better H&S procedures and ensuring safer workplace environments.

SFA response to 2025-2029 Action Plan

In its submission in May, the SFA stated that the Action Plan needs to consider benchmarking against EU (and possibly UK) standards for general damages because Ireland appears to be an outlier when it comes to legal costs. An investigation into best-practice, in terms of costs / valuefor money, in other markets should be considered. The Action Plan also needs to encourage insurance providers engage with policy holders and relevant stakeholders to support risk reduction strategies.

The SFA also stated that insurance premium and claims information need to be easily available and understandable for consumers and businesses. Such information needs to be also needs to be communicated by various state agencies. There also needs to be improved access to data on legal costs with each renewal.

Regarding measures that are needed to enhance affordability, the SFA stated that premiums are determined by an insurer provider's perception of risk. Small businesses in particular need assistance to better manage risks. One way that businesses can manage risk better is to conduct safety audits (of premises) and possibly avail of safety accreditation from the Health & Safety Authority. While mandatory and voluntary safety audits may not impact premiums, they must be considered when it comes to claims.

SFA Recommendations

The SFA anticipates that the new international benchmarking exercise, as envisaged in the 2025- 29 Action Plan, will once again find that Ireland's recommended award levels for most minor injuries are out of kilter with comparable jurisdictions, especially the UK. Indeed, the SFA consider that a further reduction of up to 50% might well be justifiable. If this exercise can be completed in Q1 2026, and provided the Judicial Council accepts those findings, such a correction would potentially be a major enabler for Irish insurers to bring down the price of EL and PL policies.

On a related topic, we believe it would have been quite inappropriate for the Government to approve the inflationary adjustment to award levels recently recommended by the Judicial Council. Vigilance will be needed to ensure that the judiciary continues to apply the existing guidelines consistently, pending the establishment of a more robust review process.

Another significant cost driver needing to be addressed is litigation, much of which may be avoidable. Half of all the awards for General Damages recommended by the Injuries Resolution Board under the new Guidelines are still being rejected. The Action Plan should seek to understand whether (and, if so, why) claimants believe they can achieve a better outcome by doing so. The proposed international benchmarking exercise could usefully also look at the level of Special Damages, which cover medical expenses or loss of income. The SFA understands that these are continuing to rise sharply. The Action Plan envisages the possibility of establishing a standard scale of legal fees. However, the best way to minimize the cost of fees is simply to avoid the need to incur them wherever possible.

A third key area for the Action Plan to consider is the persistence of fraudulent or exaggerated claims. The SFA welcomes the recent rebalancing of occupiers' liability but wonders whether a similar rebalancing initiative would be feasible as a statutory defence against spurious defamation cases. The Action Plan envisages reviewing anti-fraud measures, but not until 2027. We would argue that the exercise needs to commence sooner.

A fourth area is transparency on policy costs, which can help policy holders to get better deals by shopping around and questioning the basis for quotations. The SFA member feedback found frustration with most respondence due to a lack of transparency. The SFA therefore supports the work of the Central Bank in respect of the National Claims Information Database. Nevertheless, we believe that the data provided by insurers could be presented in more granular form, and it should be made available more quickly. For example, the Fourth NCID Report, issued in March 2025, presents only the average premium costs and claims costs and average operating results across the EL and PL sector, and it does so only up to calendar 2023.

Finally, the SFA understands that the majority of its members' EL and PL policies are bundled with commercial property cover. Climate change, leading to an increased frequency of extreme weather

events, is adversely impacting on these composite policies. In some parts of the country, notably Cork City, businesses have endured repeated flooding events and are now struggling to secure insurance cover at any price. This represents a market failure that requires urgent State intervention.

IBEC

Sharon Higgins, Executive Director Ibec

1. Background

Ibec aims to help build a better and more sustainable future by influencing, supporting, and delivering for business success. Through its policy teams, and its various affiliated trade associations, it advocates on behalf of thousands of members, large and small, across every sector of the economy.

The high and rising cost of Employer Liability and Public Liability insurance premiums has been a matter of concern for those members for more than a decade. Ibec's own research, published as far back as 2016, highlighted the tendency of claimants to reject the recommendations of the Personal Injuries Assessment Board, and to pursue costly litigation, despite the Book of Quantum award levels for most injuries being several times higher than in comparable jurisdictions across Europe.

The reported impact of rising insurance premiums on operating costs was particularly severe for members in service sectors such as Retail, the Experience Economy, and Childcare Provision. Ibec therefore broadly welcomed the provisions of the 2020 Action Plan, including the enhanced powers of the Personal Injuries Resolution Board, and the replacement of the Book of Quantum by Judicial Council guidelines.

The resulting 30% decrease in the number of claims received by the Injuries Resolution Board, and a similar reduction in the average size of injury awards, has somewhat helped to stem the cost of litigation in recent years, but it has not so far resulted in any reduction of insurance premiums. On the contrary, EL and PL premiums have continued to rise since 2020, albeit at a slower rate than hitherto. This has been compounded by the sharp rises in cost of commercial property insurance, driven partly by extreme weather events.

For smaller firms, Public Liability insurance continues to be one of the largest operating costs after energy and labour. However, it is viewed as essential because of the risk that a large personal injury claim (even a spurious one) would otherwise cripple their financial viability. In contrast, for firms in manufacturing and food production, the high cost of Employer Liability insurance remains the major concern. Ibec understands, for example, that its larger members in the meat processing industry are currently paying annual premiums of €1 million or more, despite them having an exceptionally large excess on their policies.

IBEC Recommendations

Ibec anticipates that the new international benchmarking exercise, as envisaged in the 2025-29 Action Plan, will once again find that Ireland's recommended award levels for most minor injuries are out of kilter with comparable jurisdictions, especially the UK. Indeed, we consider that a further reduction of up to 50% might well be justifiable. If this exercise can be completed in Q1 2026, and provided the Judicial Council accepts those findings, such a correction would potentially be a major enabler for Irish insurers to bring down the price of EL and PL policies. On a related topic, we believe it would have been quite inappropriate for the Government to approve the inflationary adjustment to award levels recently recommended by the Judicial Council. Vigilance will be needed to ensure that the judiciary continues to apply the existing guidelines consistently, pending the establishment of a more robust review process.

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A third key area for the Action Plan to consider is the persistence of fraudulent or exaggerated claims. Many of Ibec's members believe that stronger penalties, better coordination between agencies, and stronger enforcement are required. Ibec welcomes the recent rebalancing of occupiers' liability but wonders whether a similar rebalancing initiative would be feasible as a statutory defence against spurious defamation cases. The Action Plan envisages reviewing anti-fraud measures, but not until 2027. We would argue that the exercise needs to commence sooner.

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Retail Excellence

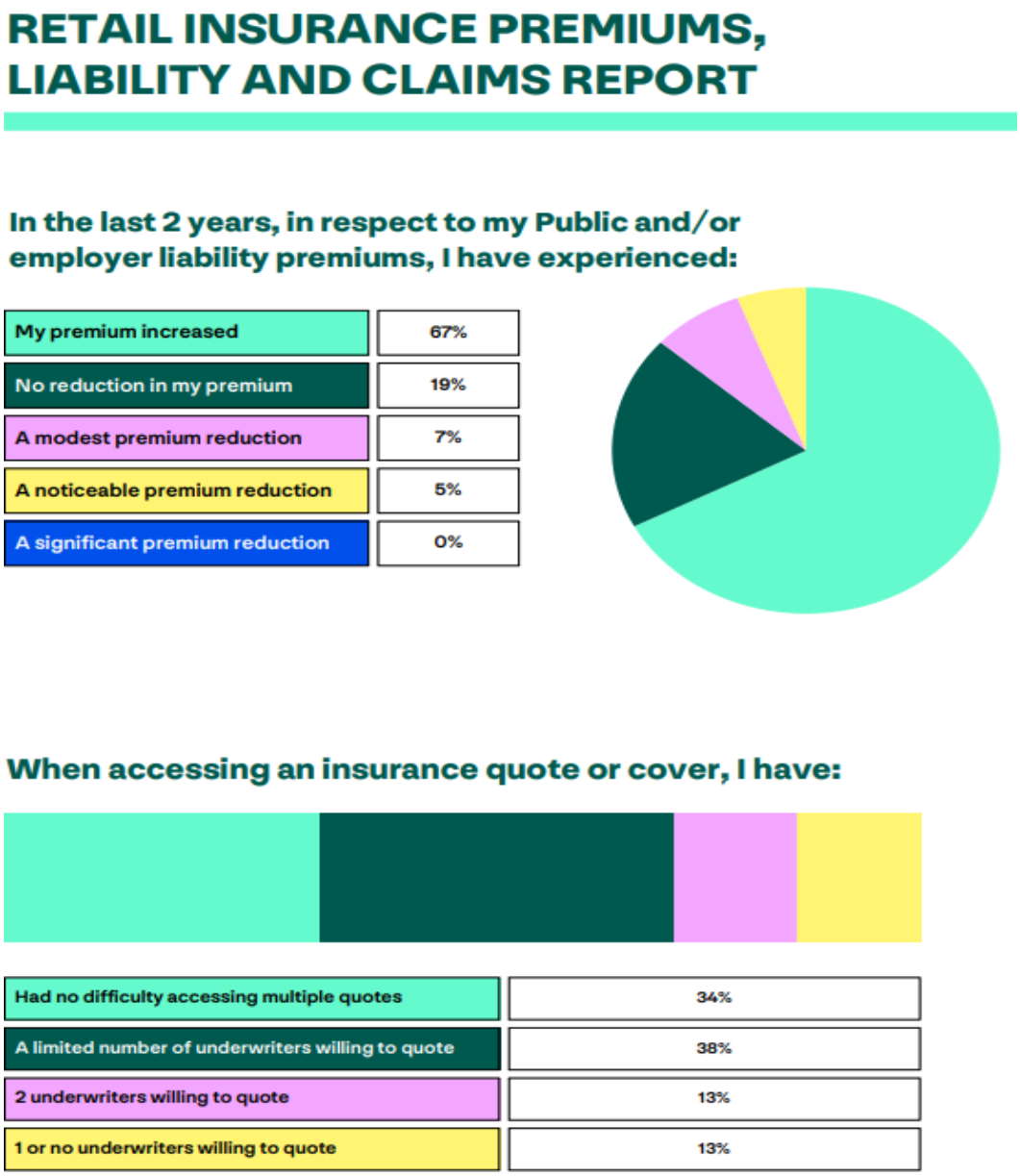
Jean McCabe, CEO

Retail Insurance Premiums, Liability and Claims Report In partnership with Orbital Insurance Brokers (August 2024).

This report comprehensively analyses survey results collected from business owners and retailers regarding recent changes in the insurance landscape and their experiences with insurance providers.

The data herein reflects the collective voice of the retail community, highlighting significant concerns about premium increases, limited access to underwriters, and changes in policy terms such as increased excesses and new exclusions.

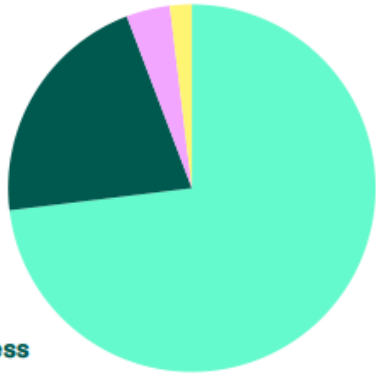
The survey results underscore the importance of insurance affordability and accessibility for the vast majority of respondents, indicating a pressing need for reform in the insurance industry to better serve the needs of businesses and organisations.



3 out of 4 respondents have seen their premiums increase over the last two years

How important are premium reductions and/or better access to cover for you and your business/organisation?

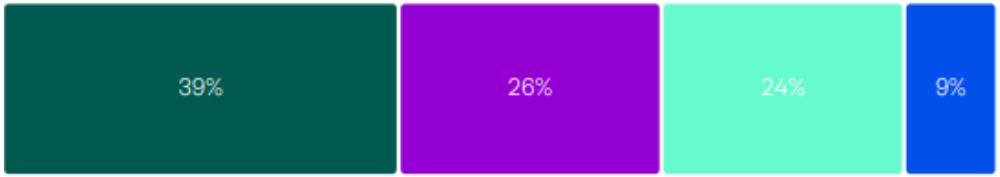
Very important	73%
Important	21%
Somewhat important	3%
Not important all	1%



The vast majority of respondents, 94%, rated premium reductions and better access to coverage as either "very important" or "important" for their operations.

The survey found that 60% of REI members experienced a claim in the last 5 years

In the past year, our members insurers have



9 % Added exclusions
24% Increased excesses
26% Added both increased excesses and added new exclusions
39% Neither added increased excesses and/or new exclusions

92% of members do not believe they have benefited from the Governments Insurance Reform agenda to date.

A majority of policyholders (62%) have undergone some form of policy adjustment, potentially signalling a shift towards more restrictive or costly insurance terms for many consumers.

Irish Tourism Industry Confederation (ITIC)

Eoghan O'Mara Walsh, CEO

Context

The Irish Tourism Industry Confederation (ITIC), representing the leading tourism and hospitality business stakeholders in the country, welcomes this opportunity to input into the Forum's discussion in relation to insurance costs.

Tourism is the country's largest indigenous industry and biggest regional employer representing over 8% of the national workforce, and the CSO estimate that there are circa 20,000 enterprises in the sector. Most tourism and hospitality businesses are SMEs and are based in regional Ireland, and are labour intensive often operating with tight profit margins. As a result, all business costs are monitored carefully and recurring feedback from ITIC members is that insurance costs tend to be a significant cause of concern.

Professional services: insurance costs

Recent results from Fáilte Ireland's Tourism Barometer show the degree to which the topic of insurance is a concern for tourism SMEs. The cost of cover is a major concern for many, and the issue is most acute for activity providers (35%), accommodation providers (36%) and visitor attractions (22%). Although concerns relating to insurance costs may have eased somewhat in 2025 they still remain a major issue for a sector that is facing a challenging trading year.

The programme of insurance reforms delivered to date has been welcomed by the tourism industry including structural changes such as the development of Personal Injury Guidelines, reforms to the Injuries Resolution Board, changes to Occupier's Liability, and better data availability. However, insurance cost and level of cover remains a cause of significant frustration including the failure of insurance providers to reduce premia despite afore-mentioned reforms and SMEs concerted efforts to mitigate risk.

The prevalence of claims, the cost of settling claims and the cost of court legal fees are a consistent theme. Fáilte Ireland research, along with feedback from ITIC members, highlight specific issues facing tourism and hospitality operators:

- In extensive research of 374 tourism and hospitality enterprises, 68% of respondents reported liability premiums going up. Meanwhile the volume of claims is down 40% in the past five years.
- The cost of cover for a typical Dublin pub is circa €30,000 p.a., with the average premium for late night bars and nightclubs around €95,000 p.a.
- A survey by the Association of Visitor Experiences & Attractions (AVEA) found that premiums for their members' businesses went up 12% per year for the last 2 years alone
- The adventure tourism sector has a particular challenge sourcing cover while of those that did, 60% of activity providers saw the cost of cover increase in 2024 and 52% reported paying more in 2025.
- For inbound tour operators, insurance may cost up to 1% of operating expenditure.
- The cost of insurance and reinsurance for car rental companies is not falling. It is widely accepted in the industry that this is an issue specific to Ireland, and that despite the reforms of recent years, Ireland remains more expensive to insure than other comparable markets.
- There is still too much recourse to the courts and legal fees are increasing far too quickly.

Business owners appreciate that the cost of reinstating a building has increased owing to construction cost inflation, but they are struggling to understand how employee liability and public liability insurance continue to cost more each year given the reforms delivered so far.

Other issues raised by tourism operators is the impact and complication of the increase in adverse weather, and the lack of competition in insurance cover for thatched roof properties and heritage sites.

Persistently high liability insurance premiums are placing an unsustainable burden on Irish SMEs, particularly in tourism and hospitality where costs are often disproportionate to risk. Despite significant reforms that have reduced claims volumes and award levels, premiums have continued to rise.

ITIC Recommendations

Mitigation Strategies

The increase in insurance costs needs to be addressed for the Irish tourism industry. In that context ITIC propose a number of measures:

6. **Increased competition** at all levels of the insurance market. The liability market has seen no new entrants in over a decade (CCPC Review, 2020) while 15% to 20% of businesses report only one insurer willing to provide cover (Alliance for Insurance Reform Survey, 2025). Meanwhile average insurer profit margin was 13% in 2023 (€175m), more than double international norms of approximately 5%. Additional staff and funding should be provided for the Office to Promote Competition in the Insurance Market, and a clear strategy should be published with KPIs.

7. **More use of the Injuries Resolutions Board**: Average legal costs are under €1,000 via the Injuries Resolutions Board but over €23,000 through litigation, despite similar awards for claimants in either channel. The volume of cases going the litigation route has increased by 13% between 2020 and 2023, inflating costs for businesses and adding years to the settlement process. Legal costs significantly increase the cost of settling claims and it is not uncommon for such costs to exceed award levels. Fee scales are being considered as part of the Government's Action Plan, and it is vital they are introduced.

8. **Transparency & data**: The Transparency Code is currently proposed to be codesigned with insurers, which raises concerns of independence and credibility. Further data is needed from insurers channelled through independent sources such as the Central Bank and better reporting of internationally comparable benchmarked data should be published on the cost of cover, claim settlements and insurers' profit margins.

9. **Risk & prevention**: Despite a 40% fall in overall claim volumes (IRB 2019–2023 review), businesses with strong safety records are not rewarded through lower premiums. The absence of meaningful risk-based pricing undermines incentives for continued investment in health and safety measures and represents a direct disincentive to proactive risk management.

10. **Sector-specific insurance solutions** that are tailored to the unique requirements of heritage sites, visitor attractions and activity providers. Likewise, insurance providers should be mandated to build sector knowledge and tourism expertise.

Concluding thoughts

The divergence between falling claims and rising premiums is unjustifiable, eroding competitiveness, stifling investment, and threatening the survival of seasonal and community-based enterprises.

The core issue is a lack of competition and accountability in the liability insurance market. More resources must be invested in attracting new entrants, strengthening the role of regulators, and ensuring robust, independent monitoring of insurer data and profits, while also increasing settlement volumes at the Injuries Resolution Board and reducing excessive legal costs.

Excessive insurance costs are not just an overhead: they are a brake on competitiveness, recruitment, and investment. By recommending targeted, costof-business-focused measures in competition, claims resolution, transparency, and legal reform, the Forum can ensure the Action Plan for Insurance Reform 2025–2029 translates into real, measurable reductions in premiums and improved access to cover.

Theme 3: Regulation and Planning: Regulatory Burden and Infrastructural Delivery

Summary and Recommendations of Submissions

Members of the Advisory Forum were asked to submit a paper (max. 3 pages) on the theme ***Regulatory Burden: Planning and Infrastructural Delivery*** which will be discussed at the meeting on Monday, 17th November.

Below are key messages from the submissions focusing on Planning and infrastructural delivery alongside recommendations or actions offered by Forum Members. For reference full submission are available in a separate document.

Planning and Permitting Processes

i) Members depict the planning and permitting system as slow, fragmented, and unpredictable, with sequential processes across agencies that extend timelines by years and inflate costs.

ii) A detailed case cited a 135-bed, 4-star hotel whose required investment rose from ~€20 million in 2019 to ~€32 million today, primarily due to elongated planning and construction timelines that compounded inflation and financing costs.

iii) In many regions, hotel development costs of €160,000–€250,000 per room now exceed the market value of €60,000–€130,000 per room, creating a fundamental viability gap that suppresses supply outside major urban centres.

iv) Members characterise the judicial review (JR) landscape as low-risk for objectors, with generous cost protections encouraging a "kitchen sink" approach involving numerous grounds, sometimes exceeding 100, that significantly extend hearing durations and increase legal expense.

v) Permissions are frequently quashed for minor procedural errors that courts acknowledge do not affect outcomes, forcing full remittal and restart. The second process often takes longer than the first, with the passage of time risking document obsolescence and policy changes that trigger fresh litigation risk.

vi) Poor inter-agency coordination means parallel reviews are rare; projects often must secure a Maritime Area Consent (MAC) or environmental licence before planning can proceed, with one MAC determination taking 52 weeks and materially delaying downstream applications.

vii) Members note that duplicative Environmental Impact Assessments (EIAs)—one for planning and another for licensing of the same project, represent avoidable duplication, adding cost and time without improving environmental outcomes.

viii) Slow infrastructure delivery (transport, water/wastewater, grid connections, EV charging) raises baseline project risk and weakens business cases, leading to lost funding opportunities (e.g.,

projects becoming ineligible for time-bound funds where planning cannot be secured in the required window).

ix) Housing undersupply, which members link, in part, to planning delays and uncertainty, is now a binding capacity constraint: surveys cited report that one in four SMEs have lost staff or failed to hire due to a lack of affordable accommodation.

x) For large energy users and industrial projects, policy uncertainty (e.g., on grid connections) intersects with planning delays to produce deferred or cancelled investments, eroding Ireland's attractiveness for green and advanced manufacturing.

Infrastructure

i) Majority of members note that regulation and planning systems in Ireland remain slow, inconsistent, and fragmented. In terms of infrastructure delivery, delays in the planning process represent a key barrier.

(i) Measures should be taken to build upon the progress and momentum of legislation such as the Planning and Development Act 2024. Delays in the delivery of infrastructure have also impacts in terms of investment planning, and also in relation to hiring and retaining talent.

a. Housing has consistently been identified as the leading issue that Ireland needs to resolve to facilitate future growth and investment.

(ii) The implementation of necessary reforms within the planning system, alongside reform of the judicial review process, will support the efficient and effective delivery of infrastructure projects, including in the areas of housing and renewable energy.

(iii) Members noted that specifically in terms of regulatory burden and tourist infrastructure/product Development:

- For the purposes of this submission tourism infrastructure and product means the physical assets that tourists use such as visitor attractions, heritage sites and a wide range of activity infrastructure. Examples include, green ways, blue ways, shared water sports facilities, public realm improvements, installing street furniture, tourist-specific signage and the like.

- Hopefully the updated National Development Plan will see a step change in infrastructural delivery – something that Ireland has been relatively poor at and has impacted the Irish tourism industry. Another example of a lack of delivery impacting on Irish tourism is the slow roll out of EV charging points around the country. The delay with this means that car hire firms are understandably wary of investing in EV fleets even though there is a preparedness to do this.

- Opportunity costs can also arise. An example of lost opportunities comes from the **Just Transition Fund**. Any project that did not have full planning permission in place at the time of grant application was deemed ineligible as the timelines for progressing through the planning process would have made delivery highly unlikely within the Just Transition Fund delivery timeframe specified by the European Commission.

- Planning delays aside, the next biggest impediment to delivery of Fáilte Ireland co-funded capital projects can be licencing requirements.

(iv) There is an urgent need for better coordination between national and local planning policies, more consistent timelines, and reforms to the judicial review and procurement processes that frequently delay essential infrastructure construction. Regulations must go through an SME Test and be designed to support, not hinder, Ireland's transition to a low-carbon economy.

(v) Members suggested that some key challenges include outdated caps and limits within certain sectors such as aviation, where the passenger cap at Dublin Airport is outdated and misaligned with demand and current infrastructure needs.

(vi) As population growth continues apace, regulations impacting approvals and planning must be coordinated and aligned with the National Planning Framework, National Development Plan, local development plans and the policies of infrastructure providers to ensure the timely delivery of housing and key strategic infrastructure projects.

(vii) The current planning system requires individual farmer applications for infrastructure projects including many slurry storage projects on farms, even when these developments are minor in scale, environmentally neutral, or represent upgrades to meet modern environmental standards.

(viii) There is also growing concern about the impact on the Irish egg sector of the interpretation of planning laws. A number of farms have been delayed in a planning process that is opaque and costly. There are several factors involved, but the common complaints are the lack of certainty, consistency and transparency in the process and the associated cost borne by the person making the application particularly in response to Judicial Reviews.

(ix) Members also highlighted the key areas in terms of cost to business:

- a lack of certainty in planning procedures undermines project delivery;
- inadequate resourcing of planning authorities results in slow decision-making
- an ineffective consenting regime holding up project delivery
- it is too easy to take a judicial review on crucial or essential projects
- the need to rebalance the system to put the common good first
- slow pace of energy infrastructure delivery restricts our ability to decarbonise
- underinvestment in telecoms infrastructure due to regulatory burden.

(x) The greatest regulatory barriers to timely and cost-effective infrastructure delivery often arise from complex and overlapping approval processes, lengthy public procurement requirements, and delays in the transposition of new legislation. Multiple layers of compliance - particularly where national implementation of EU directives adds additional obligations - can create uncertainty and slow project timelines.

(xi) Most members advocate for proportionate, transparent, and efficient regulation that supports innovation, growth, and the timely delivery of critical infrastructure projects.

a. By reducing duplication, improving stakeholder engagement, and embracing digital processes, government can lower business costs and accelerate progress in housing, transport, and other essential sectors.

b. Well-designed tax measures, streamlined compliance, and greater coordination across agencies will enhance Ireland's appeal as a destination for enterprise and investment, ensuring our economy remains resilient, sustainable, and competitive in a rapidly changing global landscape.

Forum Member Recommendations

The material included in this section comes from the recommendation section of Forum members submissions and are collated here for ease of reference.

1. Review of Regulations – Volume of Disclosure Requirements and Documentation Overload

Proposals:

- **Comprehensive Review**: Undertake a comprehensive review of existing disclosure and documentation requirements to streamline, simplify, and remove duplication, focusing on material risks and consumer benefit.
- **Avoid Gold-Plating:** Avoid "gold-plating" of EU legislation at national level and ensure that new requirements are only introduced where there is clear evidence of benefit and no less burdensome alternative
- **Involve Brokers:** Involve brokers and SME representatives in the review process to ensure reforms are practical and effective.
- **Stability and Focus:** Prioritise stability in the regulatory framework for intermediaries, focusing on product oversight and meaningful disclosures rather than volume.

Relevant Government Departments for Implementation

- **Department of Finance:** Can review and rationalise disclosure requirements in financial services legislation and work with the Central Bank to streamline regulatory codes.
- **Department of Enterprise, Trade and Employment**: Can address regulatory burdens on SMEs and ensure that business regulations are proportionate and practical.
- **Central Bank of Ireland**: Can simplify sectoral guidance and codes and align disclosures with consumer benefit and risk.

2. Cost Benefit Analysis – Should Be Introduced and Carried Out on All Proposed Regulatory Changes

Proposals:

- Statutory Requirement: Introduce a statutory requirement for robust, sector-specific cost benefit analysis for all proposed regulatory changes, with explicit consideration of SME impacts.

- Advance Publication: Publish CBAs in advance of any regulatory change and use the results to inform decision-making, with a presumption against introducing new requirements unless the benefits clearly outweigh the costs for all affected sectors.
- Stakeholder Consultation: Ensure that CBAs include consultation with SME and broker stakeholders and are tailored to reflect the realities of micro and small firms.

Relevant Government Departments for Implementation

- **Department of Finance**: Can introduce statutory requirements for cost benefit analysis in financial sector regulation and ensure transparency in regulatory change processes.

- **Department of Enterprise, Trade and Employment**: Can ensure that CBAs are robust and reflect the impact on SMEs, promoting less burdensome alternatives where appropriate.

- **Central Bank of Ireland**: Can publish sector-specific CBAs for new codes and regulatory changes affecting financial intermediaries.

Irish Tourism Industry Confederation (ITIC)/Failte Ireland

Greater coordination between the **Department of Housing, Local Government and Heritage, Local Authorities, Fáilte Ireland** and the private sector would help. Clear, nationally consistent definitions and criteria for tourist accommodation and material change of use need to be devised. Practical exemptions to planning as well as equitable outcomes are all vital.

Recommendations:

- Adopt clear, nationally consistent definitions for "tourist accommodation" and create a dedicated hotel use class. (Lead Agency: Department of Housing, Local Government and Heritage)

- Simplify and unify planning procedures to reduce unnecessary requests, appeals, and delays across all Local Authorities. (Lead Agency: Department of Housing, Local Government and Heritage)

- Clearly define "material change of use" in planning legislation. (Lead Agency: Department of Housing, Local Government and Heritage)

- Exempt internal reconfiguration of tourist accommodation from planning permission if there are no external changes and the primary use remains the same. (Lead Agency: Department of Housing, Local Government and Heritage)

- Permit flexible change of use between compatible premises and formally include hotels within defined Classes of Use. (Lead Agency: Department of Housing, Local Government and Heritage)

- Prioritise adaptive reuse and introduce flexible planning policies for regional areas. (Lead Agency: Department of Housing, Local Government and Heritage)

- Promote conversion of vacant commercial buildings into tourist accommodation, with appropriate safeguards. (Lead Agency: Department of Housing, Local Government and Heritage)

- Increase exemption thresholds for renewable energy installations and streamline approval for energy upgrades, particularly for protected structures. (Lead Agency: Department of Housing, Local Government and Heritage)

- Ensure planning exemptions are aligned with national climate and sustainability goals. (Lead Agency: Department of Housing, Local Government and Heritage)

- Consider the need for coordinated measures to support both housing and tourism accommodation. (Lead Agency: Fáilte Ireland).

Planning delays aside, the next biggest impediment to delivery of Fáilte Ireland co-funded capital projects can be licencing requirements. Greater coordination and sequencing is required, for example aligning timelines of other licencing requirements so that they run in parallel with the planning system.

Possible Actions:

- Prioritise key infrastructure projects through the planning and consenting systems

- Consider reviewing the Irish system, within the European context which it operates, to review the balance between individual rights and the public good
- Consider reviewing workflow management and resourcing of relevant bodies in the planning system to meet statutory deadlines

- On Maritime Area Consents, review the application prioritisation scoring system and consider giving greater priority to tourism and recreation applications (Lead Agency: **Maritime Area Regulatory Authority**).

Regulatory Burden and Tourist Infrastructure/Product Development

Possible Actions

- Consider reviewing the Irish system, within the European context which it operates, to review the balance between individual rights and the public good (Lead Agency: Unclear).

- Consider prioritising key infrastructure projects through the planning and consenting systems (Lead Agency: Unclear).

- Consider reviewing workflow management and resourcing of relevant bodies in the planning system to meet statutory deadlines (Lead Agency: Planning Bodies)

- On Maritime Area Consents, review the application prioritisation scoring system and consider giving greater priority to tourism and recreation applications (Lead Agency: Maritime Area Regulatory Authority).

Chambers Ireland

Ireland's regulatory framework remains essential for safety and accountability but is increasingly complex and outdated. To sustain competitiveness, regulation must be predictable, efficient, and supportive of innovation.

Key recommendations:

- Ireland's planning and funding approvals should run in parallel, not in sequence. Major projects are delayed as multiple agencies review the same information. Government should carry out a cross departmental and cross agency review to simplify approvals and speed up capital project delivery.

- Implement the recommendation of the Kelly Report on the Administration of Civil Justice.

- Provide long-term certainty to enable major investment through multi-annual funding streams.

- Ireland's transposition of EU environmental law should be proportionate, and outcomes focused. Current implementation, including under the Aarhus Convention, is more restrictive than in many EU counterparts and now impedes project delivery. A streamlined, risk-based approach is needed to maintain environmental safeguards while enabling timely infrastructure development.

- Greater flexibility is needed within the planning system to enable timely housing delivery. Local authorities should be empowered to work directly with developers to deliver temporary enabling infrastructures such as water, wastewater, and road access where permanent connections are delayed. This pragmatic approach would accelerate housing supply while maintaining long-term planning standards.

- The interim report of the Accelerating Infrastructure Taskforce along with the recommendations from Theme 5 of the Action Plan on Competitiveness sum up the environment in which businesses navigate and the issues being faced in the delivery of major projects. These are measures that the Chamber Network supports and that will help to unblock the delivery of vital projects of implemented with urgency.

Irish Farmers' Association (IFA)

Regulatory and Infrastructural Burdens Impacting Farming

Habitats Directive: Relevant Department: DHLGH (National Parks and Wildlife Service)

Recommendations:

- Undertake an evidence-based review of designations, assessing ecological outcomes alongside socio-economic impacts.
- Shift from prescriptive restrictions to outcome-based, adaptive management that empowers local farmers.
- Reconsider the application of the non-deterioration principle in light of climate change impacts on habitats.
- Ensure the Habitats Directive does not significantly impact on other farming practices/regulations such as the Nitrates Derogation.

European Deforestation Regulation (EUDR): Relevant Department: DAFM

Recommendations:
IFA recommends the creation of a fourth risk category - 'negligible or insignificant risk' – within the EU's benchmarking system. Under this category, farmers could be exempt from individual DDS requirements, or one DDS could be generated per sourcing area. This would simplify compliance while maintaining traceability standards.

Planning Issues and Impacts

The current planning system requires individual farmer applications for infrastructure projects including many slurry storage projects on farms, even when these developments are minor in scale, environmentally neutral, or represent upgrades to meet modern environmental standards. This has resulted in:

- Increased administrative and financial costs for farmers seeking to comply with environmental directives.
- Project delays that discourage timely investment in storage capacity ahead of regulatory deadlines such as the Nitrates Action Program (NAP).
- Reduced capacity to adopt low-emission slurry spreading (LESS) systems and other sustainability measures that depend on adequate storage infrastructure.
- Uneven implementation between local authorities, resulting in uncertainty and inconsistent decision-making.

The combined effect of these challenges increases compliance costs and hinders Ireland's progress toward environmental and climate objectives. A more practical and policy-focused approach to planning for slurry storage is required to balance environmental protection with on-farm viability.

Recommendations

To alleviate some of the issues raised above, IFA supports the introduction of planning exemptions for slurry storage structures that meet defined criteria for environmental protection, location, and scale. Such exemptions would reflect the fact that slurry storage is an environmental necessity, not an optional development, and that modern storage designs are regulated under separate environmental compliance frameworks.

A planning exemption framework could support national and EU objectives on nutrient management and emissions reduction while allowing farmers to invest efficiently in on-farm infrastructure. These exemptions should apply particularly where projects:

- Are developed within existing farmyards or on previously planned approved agricultural holdings.
- Meet all environmental, nutrient management, and safety standards set out under existing agricultural regulations.
- Are necessary to achieve compliance with Nitrates, Water Framework, or Climate Action Plan requirements.
- Do not significantly alter landscape character, drainage, or neighboring property boundaries.

The issue of “serial objectors” to planning development applications is also adding significantly to the cost of construction projects for many farmers. All too often, proposed developments are objected to by individuals who will not in any way be materially impacted by the proposed development. In many cases, these individuals are residing over 100 kilometres from the proposed development and are motivated mainly to prevent a farmer from developing their business. Amendments to planning regulations are needed to ensure that only those with genuine concerns regarding a proposed new development are permitted to issue objections to developments.

IBEC’s recommendations

Property Industry Ireland (IBEC) Submission to Cost of Business Advisory Forum - Meeting 4: Regulations Planning

1. Planning, Permitting and Licencing

a. Cost to business: A lack of certainty in planning procedures undermines project delivery

b. Cost to business: Inadequate resourcing of planning authorities results in slow decision-making

c. Cost to business: An ineffective consenting regime holding up project delivery

Topic	Issue	Government Body	Cost to Ireland	Recommended Solution
Planning and Development Act 2024 – implementation timeline	The timeframe for implementing the Act is uncertain, and progress on supporting regulations is unclear.	• Department of Housing	Lack of clarity and robust transitional measures has created uncertainty and slowed the delivery of housing and other property.	Provide greater clarity on additional regulations and timelines for implementation.
National Planning Framework (NPF)	It is unclear how and when Local Authorities will zone additional residential lands in response to changed demographic figures following the revision of NPF.	• Department of Housing • Local Authorities • Office of the Planning Regulator	Local Authorities may one insufficient land for housing, restricting the number of homes that can be delivered.	Greater clarity must be provided to Local Authorities on their obligations under the revised National Planning Framework including the use of additional National Planning Statements if required.
Infrastructure delivery	Infrastructure delivery is often reactionary and developer-led in the absence of State or Local Authority action. There is no formal mechanism for early engagement with key providers like ESB.	• ESB • Uisce Éireann	Insufficient pre-planning for infrastructure to meet Ireland's housing and property needs.	Introduce a formal forward planning forum involving the private sector to align capital expenditure with developable residential lands. This would also support the introduction of Urban Development Zones.
Infrastructure	Local Authorities' infrastructure	• Local	Insufficient pre-planning for	A 'heat map' approach to identifying

Capacity Audits	audits (appendix 3 NPF) often do not provide sufficient detail required.	Authorities • Department of Housing • Office of the Planning Regulator	infrastructure to meet Ireland's housing and property needs.	infrastructural capacity should genuinely inform residential zoning strategies. Additional resourcing should be provided to Local Authorities to undertake these important reviews.
Industrial Emission Licences	Significant delays and costs are experienced in getting new activities incorporated into emission licences, with reviews sometimes taking over 6 years, leading to some members avoiding licence reviews to allow for new activities including for example increased use of waste as fuel in the cement sector.	• EPA • Department of Climate Energy and Environment	This leads to lower industrial development, additional application costs, loss of investment, and reduced capacity for innovation, as well as undermining Ireland's ability to process waste domestically.	Allocate additional resources to the EPA to quickly process revised licences.
Aligned licencing and planning	For large-scale projects, separate Environmental Impact Assessments (EIAs) are often required for planning and licensing, causing duplication and delays.	• Department of Climate, Energy and Environment • EPA • Local • Authorities	Additional delays, and associated costs, due to misalignment of licencing and permitting processes.	For large scale projects, a parallel planning and licence process with a single EIA should be established.
Regulatory Sandbox for Innovation	The current regulatory system does not encourage innovation, causing many potentially useful projects and investments to be shelved due to effort, cost, and uncertainty.	• Department of Climate, Energy and Environment • EPA	Ireland is losing opportunities for investment and the development of new technologies that could improve sustainability and efficiency.	Develop 'regulatory Sand boxes' to allow new concepts and technologies to be trialed in defined and carefully controlled scenarios.

2. Judicial Reviews

a. Cost to business: it is too easy to take a Judicial Review on crucial or essential projects

b. Cost to business: The need to rebalance the system to put the common good first

Topic	Issue	Government Body	Cost to Ireland	Recommended Solution
Legal costs	Ireland offers a more generous cost protection to challengers than required under EU law. This creates a low-risk, incentive-driven environment for objectors to initiate legal challenges.	• Department of Climate, Energy and Environment	This encourages challenges on weak grounds, leading to immense delays and significant legal expenses for both developers and the State. It creates a high-risk environment that deters investment in critical infrastructure.	Commence section 294 of the 2024 Act without delay and introduce regulations to establish a proportionate cap on cost recovery, balancing access to justice with the need to deter frivolous litigation.
Costs protection for grounds, not proceedings	The Planning and Development Act 2024 protects the entire legal proceedings, not just individual grounds. This incentivises a "kitchen sink" approach where challengers include a vast number of grounds (sometimes over 100) in a single case.	• Accelerating Infrastructure Taskforce • Department of Housing	This practice dramatically increases the complexity, cost, and duration of hearings.	Revisit section 293 of the 2024 Act to make clear that the special protection from an order for costs should apply to individual grounds of challenge, not the entire proceedings.
Errors that make no difference	Permissions are needlessly quashed for minor procedural errors that courts acknowledge would not affect the final outcome of the planning decision. This has been commented on by member of the judiciary in a number of high-profile cases but not yet acted upon by Government.	• Department of Housing	Quashing a permission on a technicality that doesn't affect the decision is a waste of court time, public money, and private investment. It delays vital infrastructure and housing for years for no tangible benefit.	Amend the Planning and Development Act 2024 to codify the "no substantial difference" principle into law, providing greater clarity to the courts. The law should state that judicial review must be refused where the outcome would not have been different.

Cure, don't quash	The legal system defaults to quashing (cancelling) permissions for errors that could easily have been cured or amended by the planning authority.	• Department of Housing • An Coimisiún Pleanála	This preference for quashing leads to unnecessary remittals and forces the entire planning process to restart, adding years to project timelines at best and undermining the viability of schemes at the worst, delaying the delivery of homes until such schemes return to viability.	Amend the Planning and Development Act 2024 to reinstate stronger "cure" provisions as was in the 2000 Act. The court should be required to make a cure order unless it is not lawful to do so, empowering An Coimisiún Pleanála to correct errors and save permissions.
Remittal for a quick decision	When a matter is quashed and remitted to An Coimisiún Pleanála for a fresh decision, the experience of our members is that this second process is often significantly longer than the original application or appeal.	• An Coimisiún Pleanála	These long delays increase the risk that application documents and surveys become outdated and that planning policies change, adding further complexity, cost, and the risk of another legal challenge.	Government should direct An Coimisiún Pleanála to give priority to decisions on remittal, and the fresh decision should be made within a mandated fraction of the time allowed for the original process.

3. Regulatory Environment

a. Cost to business: slow pace of energy infrastructure delivery restricts our ability to decarbonise

b. Cost to business: underinvestment in telecoms infrastructure due to regulatory burden

Topic	Issue	Government Body	Cost to Ireland	Recommended Solution
Building regulations	There is a significant and persistent lack of alignment between Local Authorities on the interpretation and application of building certification and fire compliance.	• National Building Control Office • Department of Housing	This leads to project delays, investment uncertainty, and makes it difficult to standardise processes.	Greater alignment of interpretation of building control and fire compliance. Improved oversight at a national level, including through the introduction of a National Building Control Regulator

Full Submissions

Convenience Stores and Newsagents Association (CSNA)
Vincent Jennings, CEO

The Association welcomes the opportunity to provide the Forum with some of the barriers our members encounter as a result of "One size fits all legislation" or without due regard to the practical implications of requiring significant compliance obligations for Small and Medium sized businesses.

The PSO Levy- It has long been our contention that this Levy was designed to reduce cost to private consumers and level additional costs to businesses whilst both contributing to the same end. It uses two distinct and different formulae based on Capacity rather than Usage and is much more costly to businesses, regardless of the efficiencies they have engaged.

Music Royalties- Despite there being a European Court of Justice Binding Ruling that found against the principle and practice of the owners of copyrighted music being allowed to seek payment from the owners of premises where that music was played on a radio, the Controller of Patents has continued to permit the practice. There were several attempts by the bodies representing the record companies(as opposed to the musicians) to assert their "rights" in Court but were unsuccessful yet both IMRO and PPI continue to bill thousands of businesses across the country for what they describe as a Dual Licence.

Solid Fuel Carbon Tax- CSNA are most concerned that despite the Tax levied is a Revenue matter and they carry out the administration, collection and enforcement of the tax on first supplies into the State, the local authorities are responsible for the environmental regulations with very significant levels of smuggling cross border not being detected. Much of this smuggled product is high sulphur that is prohibited. Aside from the environmental effect, it is estimated that the Exchequer is deprived of over €70 million and compliant retailers and wholesalers a similar amount.

Waste Packaging Regulations
Retailers, those in the hospitality ,pharmacy, off licence and hardware sectors are all obliged by law to pay "membership" fees to Repak. Many of our members have paid tens of thousands of euro over the years.

This obligation is due to them being considered as "major producers" of waste packaging by way of the products they sell. That they cannot amend, alter or change any part of the packaging that envelopes the goods is not relevant; that the original IR£ 1,000,000 and 25 tonne threshold has not been adapted for inflation in the 30 years it has been in existence is unfair- the 2025 equivalent would be 83% greater (€2.3 million). Finally, it is nothing short of scandalous that 40% of the actual producers of the packaging, including companies in receipt of EI grants and online retailers are NOT compliant.

Turnover
In practically every reference to turnover, it is viewed as a VAT- excluded figure. This is because it is understood that neither the profit earned or the turnover includes monies that are effectively pledged to the Exchequer.

For those of us that sell alcohol, motor fuel or tobacco products it should be understood that these products have excises as a high percentage of their retail price yet these excises form part of "turnover".

We note there to be a growing number of legislative articles, both in European Regulations and Directives and Oireachtas Acts/S.I's that use "turnover" as an entry point for inclusion. The Accessibility Act, Local Authority ratings and Waste packaging are all examples where excise-inclusive turnover for some businesses culminate in being considered for inclusion regardless of their actual profitability.

Consumer

CSNA would like to have the term "consumer" redefined to allow for the inclusion of small and medium sized businesses. A solicitor working from home will be able to obtain various protections afforded to consumers in their dealings with Utilities, etc but those of us in bricks and mortar commercial businesses do not receive the considerable benefits accorded to those that are currently narrowly defined as consumers even though our sector consumes the product in precisely the same manner as the others. The Small Claims Court have managed to find a way for small businesses to seek redress, it would be very useful if "consumer" were extended to SME's.

Data Subject Access- GDPR and CCTV

In addition to the scandal of bogus defamation claims, the most recent scam is the demands by individuals and/or their solicitors for CCTV footage of the individual, pursuant to an unspecified "incident" on a particular date, quite frequently citing a lengthy timespan. This will necessitate the pixallation of footage at €50 per minute and many attempts by the businesses to get directions from the Data Protection Commissioners have resulted in a " you must give them what they seek". There are also legal firms specialising in Defamation claims who know that our CCTV systems only hold 28/31 days storage so they delay a request for footage until after the footage has been erased, reducing our ability to actually see what transpired when the "incident" was not previously reported. Changes are needed in Justice and DPC to ensure a more level and less costly playing pitch.

Judicial Review- Cost

We are flabbergasted at the cost of accessing legal remedies- we are aware that legal costs will be the subject of a future Forum and will limit our comments to the cost of a Judicial Review and the absence of any alternative to such.

The most recent (2020) comprehensive review by Justice Peter Kelly had 90 recommendations with the overwhelming majority of them yet to be implemented. We are encouraged that this has been acknowledged by the Minister of this Department as part of the Competitiveness and Productivity Action Plan and urge the Department of the Taoiseach to ensure that there are no barriers from other Departments or the Judiciary in speedy implementation.

Stakeholder Consultation

One of the most progressive and participatory changes to the workings of Government in advance of considering legislative change is the Stakeholder Consultation process, in existence for almost two decades. Where it has been adopted in the manner and spirit intended it has the ability to ensure Better Regulation. In recent times, the inclusion of various Stakeholders to consider and construct a fair and workable Auto Enrolment system is testimony to adopting a considered and patient approach.

Similarly, the welcome approach by Minister Burke to seeking an SME Test to be applied to all General Schemes and Bills, S.I.'s and Directives will be transformative but ONLY if each Department embraces the concept and actually understands the very different arena that SME's occupy.

This is actually of such importance that an Officer, similar to the Freedom of Information Officer that each Department has , should be designated as such and after training, be the person responsible for ensuring the needs of SME's are taken into account and, where necessary, noted and reflected in RIA's and the Test.

A case in point of the absence of meaningful consultation can be seen in the failure of either Revenue or the Tax advisory Group to note the very real negative effect that will follow thousands of businesses who are being arbitrarily moved from annual VAT returns paid over 12 months and balanced out (leading to a refund or payment) at the end of year and the new regime of 6 bi-monthly returns with additional bookkeeper costs and more admin for the taxpayer.

While Consultation engagement is paramount, it is NOT served or met by way of YES/No styles of questionnaires designed to serve an end goal rather than an attempt to seek ideas and opinions.

Brokers Ireland

Rachel McGovern, Deputy CEO

Introduction:
Brokers Irelands top three priorities in relation to the upcoming meeting on Regulation and Planning: Regulatory Burden and Infrastructural Delivery, would be:

1. Proportionality and increased use of the SME Test when new requirements are introduced.

2. Review of Regulations - specifically in relation to the volume of current disclosure requirements/documentation overload.

3. Cost benefit analysis - should be introduced and carried out on all proposed regulatory changes.

References: "Proportionate Regulation of Intermediaries" (Brokers Ireland, June 2025)

1. Proportionality and Increased Use of the SME Test When New Requirements Are Introduced

Context and Data:

Brokers Ireland represents 1,200 insurance and financial brokerages. Of these, 84.4% are micro-enterprises (fewer than 10 employees, turnover under €2 million), and 82% have a turnover of less than €800,000. Only 4% are medium-sized firms. Despite this, brokers are subject to the same regulatory and supervisory requirements as large financial institutions. The European Commission estimates that a small business spends up to ten times more per employee on compliance than a large company.
The fixed-cost nature of compliance means that principals and staff in small firms must devote significant time to regulatory tasks, which impacts their ability to serve clients and remain competitive. For example, the cost of employing full-time compliance, data protection, risk management, HR, or IT staff is not proportionate to the risk posed by micro and small firms.

Why Proportionality and the SME Test Matter:
The current "one size fits all" approach is unjustified given the low level of systemic and consumer risk posed by the broking sector. The regulatory burden is a key factor driving consolidation in the broker market, threatening competition and consumer access to advice. The SME Test which requires policymakers to assess the impact of new regulation on small businesses and consider exemptions or less stringent requirements—has been part of the European Commission's Better Regulation guidelines since 2009 but is not systematically applied in Ireland.

Proposals:

- Mandatory SME Test: Apply the SME Test and the "Think Small First" principle at the earliest stages of drafting new regulation, with transparent reporting on how SME impacts are assessed and mitigated.
- Exemptions and Flexibility: Systematically consider and implement exemptions or less stringent requirements for micro and small firms.
- Early Consultation: Regulators should consult with SME and broker representatives at the outset of policy development and publish SME impact statements with all new regulations.

- Proportionality as a Core Principle: The Central Bank of Ireland should be required to adopt proportionality as a core principle, ensuring compliance requirements are practical and risk-based for intermediaries.

Relevant Government Departments for Implementation

- **Department of Finance**: Responsible for financial sector regulation, oversight of the Central Bank of Ireland, and policy development for financial services. Can mandate proportionality and require the SME Test in new regulations.
- **Department of Enterprise, Trade and Employment**: Oversees SME policy, business regulation, and enterprise support. Can ensure SME impact is considered in regulatory development and promote consultation with stakeholders.
- **Central Bank of Ireland**: As regulator, can adopt proportionality as a core principle and systematically apply the SME Test in its rules and codes.

2. Review of Regulations – Volume of Disclosure Requirements and Documentation Overload

Context and Data:

Brokers are subject to a vast and growing array of regulatory requirements, including multiple layers of EU and national legislation, Central Bank codes, and sectoral guidance. Table 4 in the Proportionate Regulation document lists over 20 separate legislative and regulatory frameworks that brokers must comply with, including the Consumer Protection Code, GDPR, the Insurance Distribution Directive, and the Minimum Competency Code.

A survey of Brokers Ireland members (sample size: 270) found that 84.4% of intermediaries are micro-enterprises, and 82% have a turnover of less than €800,000. The administrative burden is particularly acute for these firms, diverting resources from client service and innovation. The current approach risks undermining consumer protection by overwhelming both firms and clients with excessive paperwork. For example, regulations such as PRIIPS, GDPR, and IDD have considerably increased the amount of pre-contractual information the consumer receives, often obscuring what is important.

Specific Challenges:

- The regulatory framework is often duplicative, inconsistent, and not tailored to the risk profile of brokers.
- The volume of documentation required for even simple transactions can reach up to 50 pages, creating confusion for consumers and increasing the risk that key information is lost.
- The administrative burden is a key factor in the consolidation of the broker market, as smaller firms struggle to keep up with compliance demands.

Proposals:

- Comprehensive Review: Undertake a comprehensive review of existing disclosure and documentation requirements to streamline, simplify, and remove duplication, focusing on material risks and consumer benefit.
- Avoid Gold-Plating: Avoid “gold-plating” of EU legislation at national level and ensure that new requirements are only introduced where there is clear evidence of benefit and no less burdensome alternative.

- Involve Brokers: Involve brokers and SME representatives in the review process to ensure reforms are practical and effective.
- Stability and Focus: Prioritise stability in the regulatory framework for intermediaries, focusing on product oversight and meaningful disclosures rather than volume.

Relevant Government Departments for Implementation

- **Department of Finance:** Can review and rationalise disclosure requirements in financial services legislation and work with the Central Bank to streamline regulatory codes.
- **Department of Enterprise, Trade and Employment**: Can address regulatory burdens on SMEs and ensure that business regulations are proportionate and practical.
- **Central Bank of Ireland**: Can simplify sectoral guidance and codes and align disclosures with consumer benefit and risk.

3. Cost Benefit Analysis – Should Be Introduced and Carried Out on All Proposed Regulatory Changes

Context and Data:

There is currently no statutory requirement for sector-specific cost benefit analysis (CBA) to be carried out and published in advance of new regulatory changes. This lack of transparency increases the risk that new requirements impose costs disproportionate to their benefits, especially for micro and small brokers. Without robust CBAs, the unique challenges faced by small firms are often overlooked, leading to regulatory measures that threaten their viability and reduce competition.

The European Commission's Better Regulation guidelines have been in place since 2009, yet the amount of regulation has increased significantly since then. The 2020 Programme for Government "Our Shared Future" commits to cutting bureaucracy for SMEs and supports the SME Test across Government to assess the potential for less stringent requirements and simplification of regulatory adherence.

Why CBA is Essential:

- Without CBAs, new regulations may impose costs that outweigh their benefits, particularly for micro and small firms.
- The absence of sector-specific CBAs means that the unique challenges faced by small firms are often overlooked, leading to regulatory measures that threaten their viability and reduce competition.
- Publishing CBAs in advance of regulatory changes would increase transparency and allow for informed decision-making.

Proposals:

- Statutory Requirement: Introduce a statutory requirement for robust, sector-specific cost benefit analysis for all proposed regulatory changes, with explicit consideration of SME impacts.
- Advance Publication: Publish CBAs in advance of any regulatory change and use the results to inform decision-making, with a presumption against introducing new requirements unless the benefits clearly outweigh the costs for all affected sectors.
- Stakeholder Consultation: Ensure that CBAs include consultation with SME and broker stakeholders and are tailored to reflect the realities of micro and small firms.

Relevant Government Departments for Implementation

- **Department of Finance**: Can introduce statutory requirements for cost benefit analysis in financial sector regulation and ensure transparency in regulatory change processes.
- **Department of Enterprise, Trade and Employment**: Can ensure that CBAs are robust and reflect the impact on SMEs, promoting less burdensome alternatives where appropriate.
- **Central Bank of Ireland**: Can publish sector-specific CBAs for new codes and regulatory changes affecting financial intermediaries.

Conclusions

Key Data Points:

- 84.4% of brokers are micro-enterprises (fewer than 10 employees); 82% have a turnover of less than €800,000.
- Small businesses spend up to ten times more per employee on compliance than large companies.
- Over 20 separate legislative and regulatory frameworks apply to brokers.
- The regulatory burden is a key factor driving consolidation in the broker market, threatening competition and consumer access to advice.

Summary of Recommendations:

- Mandatory application and transparent reporting of the SME Test for all new regulations.
- A comprehensive review and rationalisation of disclosure and documentation requirements.
- The introduction of statutory, sector-specific cost benefit analysis for all proposed regulatory changes.

These measures will help ensure that regulation is effective, proportionate, and does not unduly burden brokers, supporting a more competitive and innovative business environment and safeguarding consumer access to financial advice.

Summary Table: Government Departments and Implementation Roles

Recommendation	Responsible Departments	Implementation Role
Mandatory SME Test C Proportionality	Department of Finance, Department of Enterprise, Trade and Employment, Central Bank of Ireland	Mandate proportionality, apply SME Test, consult stakeholders, align regulatory codes
Review of Disclosure C Documentation Requirements	Department of Finance, Department of Enterprise, Trade and Employment, Central Bank of Ireland	Streamline regulations, remove duplication, ensure practicality and stability
Statutory Cost Benefit Analysis	Department of Finance, Department of Enterprise, Trade and Employment, Central Bank of Ireland	Require and publish CBAs, ensure SME impact is considered, consult stakeholders

Retailers Against Smuggling

Secretariat

Introduction

Retailers Against Smuggling represents over 3,000 small and medium-sized retailers across the country and aims to generate widespread awareness amongst the public, media and decision makers of the impact of smuggled alcohol, tobacco products and solid fuel on legitimate local retailers in Ireland. Additionally, RAS advocates on behalf of its membership for greater penalties and fines imposed on those found to be engaging in illicit tobacco trade, as the ultimate cost paid for illicit trade is paid by legitimate retailers.

In January 2025, then-Minister for Health Stephen Donnelly announced that from 2 February 2026, retailers wishing to sell tobacco and nicotine inhaling products will be required to register and pay an annual retail licence fee of €1,000 for tobacco products and €800 for nicotine inhaling products. This represents a 3,500% increase on the previous one-time registration fee of €50 for tobacco, with no previous charge for nicotine inhaling products.

Such a steep increase introduces an unprecedented and unsustainable cost burden for many small retailers.

Background

RAS members are deeply concerned about the introduction of the annual €1,800 licence fee for tobacco and nicotine-inhaling products. Given already minimal profit margins on tobacco, most retailers cannot absorb such an increase without serious financial strain. The new licencing system risks further undermining legitimate retailers, leading to reduced customer footfall and threatening the viability of small convenience stores, newsagents, and forecourts across Ireland.

For example, a typical small newsagent might sell fewer than a dozen cartons of cigarettes per week, meaning it could take several months of sales just to recoup the €1,800 annual licence fee on tobacco sales alone. Retailers are already losing customer footfall and the additional knock-on sales as consumers turn increasingly to the black market.

The fee is also structured unfairly: the same annual flat fee of €1,800 annually applies to both small corner shops and large supermarket chains. This one-size-fits-all approach disproportionately penalises small retailers, who rely heavily on modest tobacco margins to sustain overall business operations.
Over recent years, successive excise duty hikes have made prices on tobacco products among the highest in Europe, while also eroding profitability for legitimate retailers as consumers are driven toward the black market, where prices are lower, products are unregulated, and the Exchequer loses significant revenue.

Between 2019 and 2025, excise increases have added €4.25 to the price of a pack of cigarettes. During this time, independent RAS-commissioned research shows that the share of consumers purchasing tobacco abroad or in duty free has more than doubled from 8% in May 2025 to 19% by August 2025. Despite this, Ireland's smoking rate has remained static at 17–18% since 2019, while Tobacco Products Tax (TPT) receipts have consistently fallen short of Government projections, as outlined in the table below. Taxation and regulation have proven ineffective in deterring tobacco consumption, while

disproportionately harming legitimate retailers.

Relationship between increases in Tobacco Products Tax (TPT), smoking rates, TPT revenue and tax losses from illegal cigarettes

Year	Budget increase in TPT increase on pack of 20 (cents)	Healthy Ireland Smoking Rate	Predicted additional TPT revenue in Tax Strategy Group papers (€m)	Actual TPT revenue increase/decrease in subsequent full year (€m)	Difference between predicted TPT increase and actual performance in subsequent full year (€m)	Total TPT revenue in subsequent full year (€m)	Tax loss from illegal cigarettes in subsequent full year (€m)
2019	50	17%	57.1	65	+8	1,201	242
2020	50	N/A	55.3	117	+62	1,318	264
2021	50	18%	58.1	-157	-215	1,161	384
2022	50	18%	56.5	-156	-213	1,005	422
2023	75	18%	70.2	-29	-99	976	550
2024	100	17%	80.3	N/A	N/A	N/A	N/A

RAS contends that the proposed retail licence fee will deepen the gap between predicted and actual TPT receipts, while strengthening the position of illegitimate retailers. Legitimate businesses will bear the financial cost of compliance, while illegal traders will continue to operate freely, facing no comparable oversight or penalties. This directly contradicts stated public policy aims; rather than discouraging tobacco use, the measure risks continuing to drive consumers into unregulated, untaxed, and unsafe markets, and undermining the livelihood of legitimate retailers.

Solution

While the licence fee is being introduced under the remit of the Department of Health, it is the Department of Enterprise, Tourism and Employment that understands the cumulative pressures faced by small businesses. RAS therefore urges the Department to engage directly with retailers across Ireland to assess the true economic and competitive impact of the measure before its introduction.

RAS maintains that additional regulation and fees on legitimate retailers will not reduce smoking rates or deter tobacco use. Instead, they will drive more consumers toward the black market, undermining public health goals, Government revenues, and the viability of lawful retailers.

RAS would ask that Department of Enterprise, Tourism and Employment:

1. Engage directly with legitimate retailers on the retail licence fee to gain a comprehensive understanding of the negative impacts and operational challenges the measure will create for small and independent retailers.
2. Advocate on behalf of the retail sector by calling for a full review of the proposed licence fee and its likely economic consequences.
3. Commit to funding alternative approaches to regulating the tobacco market, such as enhanced detection and enforcement measures to combat smuggling and illicit trade, rather than imposing further costs on compliant retailers.

In conclusion, RAS would urge the Department of Enterprise, Tourism, and Employment must support legitimate, tax-compliant businesses that support employment and local economies across Ireland. Supporting these retailers is essential to sustaining fair competition, protecting State revenue, and ensuring that regulation targets those operating outside the law, not those who adhere to the rules.

American Chamber of Commerce Ireland

Colm O'Callaghan, Director of Public Affairs & Advocacy

Regulatory Burden

In terms of regulatory burden, significant administrative and compliance burdens have been placed upon business due to the successive introduction of regulations, and as such the burden from the collective regulation has created concerns for business. As such, in terms of the development and implementation of regulation, it is of the utmost importance that this takes place in a connected manner, so as not to duplicate existing regulations, or place undue administrative and compliance burdens on business.

In terms of regulation, it is important that simplification is pursued to ensure a balanced regulatory environment. For instance, simplification is required with regard to CSRD and CSDDD. Further, the implementation of regulation must take place in a manner which provides necessary protections in a manner which also promotes innovation, for instance, with regard to the AI Act which is implemented in stages.

Further, collaboration between government and industry is of the utmost importance in terms of the introduction of regulation in order to ascertain the direct, and indirect, impact such measures may have on business operations. It is essential that consideration is given to the collective impact measures can have and that different measures are viewed collectively to determine the administrative and compliance burdens being placed upon business. Examining the collective impact is vital in terms of competitiveness and ensuring the business ecosystem in Ireland is attractive for business growth and investment.

Digital regulation

The Digital Omnibus, and the forthcoming Digital Fitness Check, should focus not only on easing the administrative and compliance burdens on business, but also on identifying and addressing the measures which have a limiting effect on innovation in the digital sphere within Europe. For instance, the simplification process provides the opportunity to review the EU's Data Protection and Privacy regimes with a view to reform to support innovation and competitiveness.

Further, in terms of the AI Act, the simplification process should be prioritised ahead of enforcement. In this regard, consideration should be given to the regulation of use cases rather than underlying technologies, with a view to supporting innovation. Further, in terms of the high-risk framework, it is important that provisions ensure a proportionate and balanced approach.

It is important in terms of digital regulation that unnecessary complexity, uncertainty and duplication of requirements is avoided, and governance is streamlined. For instance, the Digital Fairness Act would introduce duplication of requirements, and a focus must be placed, at EU level, on the enforcement of existing laws before new regulatory layers are added.

Further, it would be beneficial to include innovation within the mandates of relevant regulatory bodies, with a view to ensuring the regulatory environment is one with is conducive to innovation and which supports Ireland's overall competitiveness.

Given the crucial role Ireland plays as a digital regulatory hub within the European Union, huge opportunities exist for Ireland to lead in the areas of A.I., cyber, data and digital. In supporting Ireland's role as a regulatory hub, ensuring a balanced, consistent and responsible regulatory system is essential. It is important, in this context, that Ireland has a focus on driving innovation and the adoption of new and emerging technologies, solutions, services and products and plays a proactive role in shaping EU policy in this area at the earliest stage of development.

Medical Devices & Pharma Regulation

Challenges exist in balancing the regulatory requirements for the constant supply of medicines with the increasing requirements on environmental side. Further, in terms of medical devices, the regulatory system is slow, overly complex, costly and unpredictable. This has impacts in terms of innovation, patient access, the resilience of the health system, and investor confidence.

Regulations which present challenges for businesses include the Urban Wastewater Treatment Directive, CSRD, Medical Device Regulation, and REACH Regulation. Further, the collective impact on resources and costs of reporting requirements can have an impact including with sustainability and finance and tax reporting requirements.

In terms of opportunity, opportunities exist for Government to engage at an earlier stage with industry to fully understand the potential impact of EU regulations, and how such measures are being transposed in other jurisdictions.

Large Energy User Connection Policy

Uncertainty exists with regard to the Large Energy User Connection Policy, which presents difficulties for companies with planning investment due to a lack of clarity around the exact requirements for grid connections. While the CRU has published a proposed decision, this remains unfinalised. Uncertainty in this regard has an impact on business and investment planning, and it would be beneficial to ensure clarity is provided as a matter of urgency. This is particularly the case as this process began almost three years ago, with the proposed decision published over a year and a half ago.

This particularly creates challenges for businesses in the manufacturing and technological sectors, due to the lack of clarity regarding the location of backup generation, and as to whether this must be on-site or in a proximate location. In this context, a definition of proximate for the purposes of this policy is also required. In this regard, it would be helpful for the LEU policy to be finalised, with clarity provided on requirements, and clear timelines provided for implementation and the processing of connections.

Infrastructure Delivery

In terms of infrastructure delivery, delays in the planning process represent a key barrier. Measures should be taken to build upon the progress and momentum of legislation such as the Planning and Development Act 2024. The implementation of necessary reforms within the planning system, alongside reform of the judicial review process, will support the efficient and effective delivery of infrastructure projects, including in the areas of housing and renewable energy.

Introducing innovative solutions to address planning impediments and backlogs is of the foremost importance in supporting Ireland's future growth and its competitiveness for investment on the global

stage. This is of the utmost importance given that certainty of timeframe and process, not certainty of outcome, is essential in terms of decision-making for business when it comes to investing. An absence of multi-year project funding for longer strategic projects also causes delays, and this can hinder essential projects, particularly in terms of water, wastewater and energy.

Delays in the delivery of infrastructure have impacts in terms of investment planning, and also in relation to hiring and retaining talent. As such it is essential that vital infrastructure projects and housing projects are supported. Housing has consistently been identified by AmCham members as the leading issue that Ireland needs to resolve to facilitate future growth and investment. In a recent AmCham member survey, 32% of respondents identified housing as the number one challenge for Ireland to overcome to support expansion of their Irish operations. Additionally, 98% of respondents to recent AmCham surveys indicated that the availability of residential accommodation presents a challenge for their employees. Given the importance of attracting and retaining talent, and that the future of investment is as much about where people want to live as where businesses wish to locate, the delivery of housing solutions will be key to enabling economic growth. Further, it is of the utmost importance that housing targets are reflective of current and future needs and are in line with the CSO's projected growth of the population to 5.6 – 5.8 million people by 2030. As such, housing targets must be regarded as a floor for delivery rather than a ceiling and regularly reviewed.

In terms of the delivery of infrastructure, strengthened engagement between Government, key bodies and agencies, and local government could support the delivery of housing and vital infrastructure. Additionally, the implementation of parallel workstreams to manage consultation and review processes amongst Government agencies could support efficient and effective delivery.

In terms of energy, the delivery of energy infrastructure and actions to lead on the green transition will be pivotal in ensuring Ireland remains competitive in attracting inward investment into the future. Results from a recent AmCham member survey highlighted the importance of this, with 100% of respondents indicating that the security of Ireland's energy grid is important to maintaining US investment in Ireland. Further, 96% stated that Ireland and the EU meeting their sustainability targets is important in maintaining Ireland's competitiveness for business.

Great opportunity exists for Ireland with regard to the potential to generate renewable energy. This potential provides Ireland with the ability not just to bridge the infrastructure gap but to be a world leader in green energy. With an ambition to be energy self-sufficient, and subsequently a net exporter of renewable energy, key policy and investment decisions must now be taken and delivered upon to transform this goal into reality and to cater for future business and population growth. However, it is essential that action is taken in the short-term to address current energy needs and ensure security of energy supply.

Fáilte Ireland

Jenny De Saulles, Director of Sector Development

Regulatory Burden and Tourist Accommodation Development

Tourist accommodation is crucial to Ireland's tourism economy, underpinning regional development, job creation, and national competitiveness. However, the sector faces acute capacity constraints. Fáilte Ireland's Accommodation Development division was established to address these challenges, providing robust, data-driven insights and working with stakeholders to support sustainable growth and a balanced accommodation offering.

Drawing on sector analysis and stakeholder engagement, this submission identifies key regulatory barriers that are impeding the delivery of new and enhanced tourist accommodation. These regulatory burdens have had a profound impact on commercial viability and the feasibility of new bed stock delivery in regional Ireland. High construction costs inflation (up c.50% since 2016), slow planning processes, and inflexible regulatory frameworks make new builds, especially outside major cities, commercially unviable. A 135-bed, 4-star hotel now requires c.€32m investment, up from c.€20m in 2019. Delays in planning approval (e.g., frequent further information requests and appeals) can render viable projects unviable as costs escalate.

In many cases, the cost to deliver a new build hotel outside Dublin, Cork, or Galway exceeds the asset's value on completion. Inflation has driven hotel development costs to between €160,000 and €250,000 per room, depending on classification. In many parts of Ireland, these costs far exceed market values, with hotels selling for between €60,000 and €130,000 per room, rendering most new developments commercially unfeasible. This deters investors and lenders, leading to a preference for acquiring existing assets rather than developing new ones, particularly in regional and rural locations. Without new tourism bed stock, it will be very difficult to grow tourism in regional and rural locations

Key Regulatory Barriers & Impacts on Tourist Accommodation Development

1: Lack of Clarity and Consistency in Planning Regulations

Planning delays, complex procedures, vague definitions (e.g., material change of use and over concentration) and inconsistent treatment of hotels, in particular, significantly hinder the delivery of tourist accommodation. These challenges drive up professional fees, holding/delay costs and overall uncertainty, resulting in a higher cost base for accommodation providers and developers. The absence of clear, nationally consistent definitions leads to unpredictable outcomes, frequent further information requests, and legal disputes. This is especially acute in Dublin, where overconcentration policies and negative sentiment towards hotel development further complicate the process.

2: Inconsistencies in Exempted Development and Change of Use

Ambiguity and inconsistency around what constitutes a "material change of use" and the limitations of current exempted development regulations are considered barriers. The absence of clear definitions means that accommodation providers seeking to repurpose underused internal spaces (such as converting a ballroom, office, or nightclub into bedrooms) often face full planning applications, even when the overall use remains as tourist accommodation. Internal reconfigurations that should be minor

works are frequently treated as material changes, leading to delays and additional costs. The current framework also restricts change of use flexibility, for example, allowing hotel-to-hostel conversions but not the reverse, and omitting hotels from certain use classes. This lack of flexibility limits the ability to convert vacant or underused commercial buildings (such as offices, shops, or public houses) into tourist accommodation, despite the economic and sustainability benefits of such projects.

At The Dean Galway, repurposing bedrooms for restaurant/bar use was deemed a material change, requiring retrospective planning approval. In contrast, the Hilton Hotel Kilmainham was approved to add bedrooms via internal reconfiguration as the primary use was unchanged, and intensification was not significant. These inconsistencies create uncertainty and additional costs.

3: Restrictions on Sustainable and Future-Ready Accommodation

Planning regulations also restrict the sector's ability to invest in sustainability. Exemptions for renewable energy upgrades (e.g., solar, biomass) are limited. For example, ground-mounted solar systems are only exempt up to 25 square metres, which is insufficient for many hotels. Heritage guidelines often prevent energy efficiency improvements (e.g., double glazing) in protected structures. These barriers discourage investment in sustainability and hinder the sector's contribution to climate targets.

Opportunities for Greater Coordination

Greater coordination between the Department of Housing, Local Government and Heritage, Local Authorities, and Fáilte Ireland would help to:

- Develop clear, nationally consistent definitions and criteria for tourist accommodation and material change of use.
- Ensure equitable and predictable planning outcomes across all regions.
- Facilitate adaptive reuse and sustainability upgrades through streamlined, practical exemptions.
- Engage with stakeholders to shift public perception (in relevant locations) and highlight the economic and community benefits of new accommodation development.

Possible Actions

- Adopt clear, nationally consistent definitions for "tourist accommodation" and create a dedicated hotel use class (Lead Agency: Department of Housing, Local Government and Heritage).
- Simplify and unify planning procedures to reduce unnecessary requests, appeals, and delays across all Local Authorities (Lead Agency: Department of Housing, Local Government and Heritage).
- Clearly define "material change of use" in planning legislation (Lead Agency: Department of Housing, Local Government and Heritage).
- Exempt internal reconfiguration of tourist accommodation from planning permission if there are no external changes and the primary use remains the same (Lead Agency: Department of Housing, Local Government and Heritage).
- Permit flexible change of use between compatible premises and formally include hotels within defined Classes of Use. (Lead Agency: Department of Housing, Local Government and Heritage).

- Prioritise adaptive reuse and introduce flexible planning policies for regional areas (Lead Agency: Department of Housing, Local Government and Heritage).
- Promote conversion of vacant commercial buildings into tourist accommodation, with appropriate safeguards (Lead Agency: Department of Housing, Local Government and Heritage).
- Increase exemption thresholds for renewable energy installations and streamline approval for energy upgrades, particularly for protected structures (Lead Agency: Department of Housing, Local Government and Heritage).
- Ensure planning exemptions are aligned with national climate and sustainability goals (Lead Agency: Department of Housing, Local Government and Heritage).

Regulatory Burden and Tourist Infrastructure/Product Development

Time Delay Barriers to Tourism Product and Infrastructure Delivery

- For the purposes of this submission tourism infrastructure and product means the physical assets that tourists use such as visitor attractions, heritage sites and a wide range of activity infrastructure. Examples include, green ways, blue ways, shared water sports facilities, public realm improvements, installing street furniture, tourist-specific signage and the like.
- Securing infrastructure delivery in Ireland is complex and time-consuming due to the high level of access afforded to third-party planning appeals. Ireland is an outlier in this regard when compared to many European countries.
- Individual objectors, serial objectors and vexatious appeals can all exercise significant power through the delivery process, including judicial reviews. The ease of appeals leads to a more legalistic system and slower paced process.

- As a result, projects which are widely seen as being in the public interest are delayed, become more expensive or may even be abandoned.
- Opportunity costs can also arise. An example of lost opportunities comes from the Just Transition Fund. Any project that did not have full planning permission in place at the time of grant application was deemed ineligible as the timelines for progressing through the planning process would have made delivery highly unlikely within the Just Transition Fund delivery timeframe specified by the European Commission.

Licencing Requirements and Tourism Infrastructure

- Planning delays aside, the next biggest impediment to delivery of Fáilte Ireland co-funded capital projects can be licencing requirements.
- A more standardised approach to delivery of licencing requirements is required and is currently challenging. Areas such as receiving Maritime Area Consents, Tree Felling licences, water connections and the like are all outside the planning system.
- Licenses are required to be in place before a project can progress to lodge a planning application to An Comisiún Pleanála, even a Part VIII application.
- Obtaining licencing consents on some Fáilte Ireland funded projects have proved difficult to obtain and caused significant delays in projects going to construction post planning consent. For example, a Maritime Area Consent for a water sports facility at Claycastle, Youghal, Co Cork took 52 weeks to determine from date of lodgement which significantly delayed Cork County Council from applying for planning permission (Application reference number MAC20230018).

- It is considered that greater coordination and sequencing is required, for example aligning timelines of other licencing requirements so that they run in parallel with the planning system.

Possible Actions

- Consider reviewing the Irish system, within the European context which it operates, to review the balance between individual rights and the public good (Lead Agency: Unclear).

- Consider prioritising key infrastructure projects through the planning and consenting systems (Lead Agency: Unclear).

- Consider reviewing workflow management and resourcing of relevant bodies in the planning system to meet statutory deadlines (Lead Agency: Planning Bodies)

- On Maritime Area Consents, review the application prioritisation scoring system and consider giving greater priority to tourism and recreation applications (Lead Agency: Maritime Area Regulatory Authority).

Chambers Ireland

Stephen Browne, Head of Public Affairs

Introduction

Regulation and planning systems in Ireland remain slow, inconsistent, and fragmented. Chamber members have identified an urgent need for better coordination between national and local planning policies, more consistent timelines, and reforms to the judicial review and procurement processes that frequently delay essential infrastructure construction. Regulations must go through an SME Test and be designed to support, not hinder, Ireland's transition to a low-carbon economy.

The following themes arose in consultation with member firms:

- **Planning and Coordination:** Disjointed systems and sequential reviews delaying key housing, transport, and energy projects.
- **Certainty for Investment:** Unclear timelines and frequent policy changes discouraging long-term planning.
- **Judicial Reform:** Overly litigious environment, with overuse of Judicial Reviews slowing down projects and creating uncertainty for developers. Public good needs to be balanced with individual rights.
- **Procurement Reform:** The need to move away from lowest-cost tendering toward quality, sustainability, and lifecycle value.
- **Collaboration:** The lack of joint ventures for enabling infrastructure. Local Authorities and developers delivering on-site and off-site infrastructure, such as water or wastewater, to standard before handing off to utility providers.

The consistent message from the Chamber Network is that Ireland must build a smarter, more predictable, and better-aligned regulatory environment. One that protects public interest while enabling productivity, innovation, and sustainable growth.

2. Questions and Answers

Q1. Which regulatory requirements are most challenging, and why?

Chamber members have identified three main challenges: outdated caps and limits within certain sectors such as aviation, where the passenger cap at Dublin Airport is outdated and misaligned with demand and current infrastructure needs. This, along with low regulated charges in the sector, do not reflect cost pressures. Increasingly complex planning obligations where extensive consultation, environmental assessments, and compliance with evolving EU and national regulations is required, is causing challenges in delivering cost effective projects. This adds time, cost, and complexity to project delivery.

Since the publication of the Draghi Report, a recent report from our European body, Eurochambres has found that in the area of environmental regulation there has been very little movement to streamlining and simplification, with only 29% of proposals seeing some kind of change taking place.

Q2. Are there regulations that feel duplicative, outdated, or disproportionate?

Businesses highlighted outdated caps and operational limits that no longer reflect national capacity needs, such as the passenger cap on Dublin Airport. It was originally introduced to address concerns

around traffic congestion and infrastructure limitations of the roads approaching Dublin Airport. However, these conditions have changed significantly. Legislation is being developed to lift the cap which is welcome.

The need for public consultation is positive and brings the different stakeholders together, but processes seem drawn out. Government and public sector contracting with private sector is based on a very conservative position and there is a lack of flexibility or understanding of operational structures of different organisations and the commercial risk in different contracts.

Chamber members also cited overlapping environmental and planning obligations and an overly cautious transposition of EU directives that exceed what is required in comparable Member States.

Q3. Where do you see opportunities to streamline approvals without compromising safety or accountability?

Businesses consistently called for greater alignment between planning, environmental, and regulatory systems. Streamlining could be achieved through concurrent decision-making. Allowing planning and licensing authorities to assess applications simultaneously, and by enforcing statutory timelines. Digitalisation and early stakeholder engagement were also recommended to improve transparency and efficiency.

In many cases, Ireland, through legislation, policy statements and strategies, has opted to go beyond the requirements specified by the EU and adopt extremely ambitious targets.

Q4. How can regulation better support innovation, sustainability, and long-term goals?

As population growth continues apace, regulations impacting approvals and planning must be coordinated and aligned with the National Planning Framework, National Development Plan, local development plans and the policies of infrastructure providers to ensure the timely delivery of housing and key strategic infrastructure projects. Plans must also be sufficiently flexible to allow for population increases, which tend to be underestimated in urban areas. This will also be critical as the development of renewable energy infrastructure advances in pursuit of national and EU climate targets in the years and decades to come.

For regulation to better support innovation, sustainability and long-term infrastructure goals, it is critical that new regulations take account of the varying needs of SMEs and larger domestic and multinational firms. Any supports or financial incentives available should be as accessible as possible to SMEs or businesses with reduced resources.

Q5. How do regulatory processes influence collaboration between government, business, and communities?

Chamber members agreed that genuine collaboration is often lost in procedural complexity. Public authorities and private operators frequently work to different timelines and expectations, creating inefficiency.

Fragmented regulatory frameworks may require engagement with multiple departments or agencies for a single approval, discouraging participation and inflating costs. Simplified and concurrent engagement

along with inter-departmental coordination would enable faster decisions and strengthen community confidence.

Q6. Where are the greatest regulatory barriers to timely and cost-effective infrastructure delivery?

Planning remains the largest obstacle. Projects often face the challenge of securing multiple approvals, and the growing number of judicial reviews has heightened risk aversion across all stages of the infrastructure development cycle. Members also noted inconsistent processes across different agencies, further compounding delays and uncertainty.

One member cited an acknowledgment time of 16 weeks for a recent application from an approval body. This is the time frame that the same body is required to provide a decision on an application.

Businesses cited poor alignment among key stakeholders, planners, developers, and utilities, as a recurring problem. Lengthy statutory connection guidelines and unclear accountability for enabling infrastructure add cost and delay.

Participants also recommended reform of the Public Spending Code and public-procurement procedures to emphasise quality, sustainability, and life-cycle value rather than lowest price.

Q7. What are the key challenges or costs arising from slow delivery and planning delays?

Uncertainty drives cost and deters investment. Delays in obtaining approvals inflate construction and financing expenses and reduce competitiveness.

Poor infrastructure delivery particularly in housing and transport undermines regional development and talent retention. Extended decision making cycles contribute to rising costs that are ultimately borne by consumers.

Slow progress on public-transport and energy projects also prolongs dependence on private vehicles and fossil fuels, impeding climate-action targets.

Q8. How could regulation better align with long-term infrastructure priorities?

Joined-up planning and multi-annual funding are critical. Our members recommended funding models that follow projects through each stage of their lifecycle.

Improved coordination between local authorities, utility providers, and regulators would prevent sequential delays. Shorter statutory timelines and the ability for agencies to assess applications concurrently would accelerate delivery.

Sustainability requirements must remain central but should be applied proportionately so that compliance itself does not become an obstacle.

Q9. What examples illustrate the impact of regulation on infrastructure projects?

Positive:

- Rollout of advanced security and screening technologies in aviation demonstrates how innovation can meet compliance goals efficiently.
- The completion of a long-discussed regional road project showed that when funding certainty and stakeholder alignment are secured, delivery follows swiftly.

Negative:

- Delays caused by judicial-review backlogs and overlapping environmental assessments.
- Over-interpretation of international environmental conventions that create procedural obstacles.
- The complex planning landscape for major projects has led to significant delays, appeals, and additional costs, illustrating the challenges of navigating Ireland's regulatory environment.

Q10. Where are the best opportunities for greater coordination across agencies or levels of government?

Projects spanning multiple departments should have a single lead agency with clear authority. Joint models between local authorities and private partners could deliver enabling infrastructure more efficiently.

Enhanced cooperation between transport, housing, and environmental departments would shorten delivery times and improve transparency. Clearer categorisation of infrastructure especially active-travel and green-investment projects would support more effective funding allocation.

A more joinedup and concurrent approvals process that ensures that timelines are adhered to along with ensuring that projects can get off the ground in a timely manner. Ensure that statutory timelines are strictly followed by planning regulators.

Conclusion and Recommendations

Ireland's regulatory framework remains essential for safety and accountability but is increasingly complex and outdated. To sustain competitiveness, regulation must be predictable, efficient, and supportive of innovation.

<u>Key recommendations:</u>

- Ireland's planning and funding approvals should run in parallel, not in sequence. Major projects are delayed as multiple agencies review the same information. Government should carry out a cross departmental and cross agency review to simplify approvals and speed up capital project delivery.

- Implement the recommendation of the Kelly Report on the Administration of Civil Justice.

- Provide long-term certainty to enable major investment through multi-annual funding streams.

- Ireland's transposition of EU environmental law should be proportionate, and outcomes focused. Current implementation, including under the Aarhus Convention, is more restrictive than in many EU counterparts and now impedes project delivery. A streamlined, risk-based approach is needed to maintain environmental safeguards while enabling timely infrastructure development.

- Greater flexibility is needed within the planning system to enable timely housing delivery. Local authorities should be empowered to work directly with developers to deliver temporary enabling infrastructures such as water, wastewater, and road access where permanent connections are delayed. This pragmatic approach would accelerate housing supply while maintaining long-term planning standards.

- The interim report of the Accelerating Infrastructure Taskforce along with the recommendations from Theme 5 of the Action Plan on Competitiveness sum up the environment in which businesses navigate and the issues being faced in the delivery of major projects. These are measures that the Chamber Network supports and that will help to unblock the delivery of vital projects of implemented with urgency.

Irish Farmers' Association

Robert Malone, Retail and Banking Executive

Introduction

IFA welcomes the opportunity to make this written submission to the *Cost of Business Advisory Forum* with a focus on Regulation and Planning. This submission identifies the regulatory burdens that places additional cost on farmers and also includes recommendations that can alleviate some of these additional costs and bring more stability to the day-to-day running of Irish farms, especially during periods of significant unpredictability and geopolitical change.

There has been a stark increase in the level of regulation surrounding farming coming from both domestic and European legislation in recent years which has hindered competitiveness when Irish farms were already contending with inflated input costs stemming from the Russian invasion of Ukraine in 2022. This combination has compromised both farm output and the competitiveness of Irish agriculture on global commodity markets. Addressing these combined issues via simplification of legislation, as has been seen through multiple approved and forthcoming omnibus simplification packages at EU and Domestic level, is imperative.

The level of cost increase experienced by farm businesses over the last 8 years has been remarkable. In the 2017-2024 period, according to the Teagasc National Farm Survey, farmers across all sectors have seen the cost of doing business increase by 56.8%. While much media commentary has focussed on the recent increase in food prices, this coverage generally fails to acknowledge the increase cost of production Irish farmers are encountering.

Regulatory and Infrastructural Burdens Impacting Farming Nitrates Directive

Relevant Departments: DAFM, DHLGH

The rapid pace of regulatory change under the Nitrates Directive and associated derogation, accelerated by mid-term reviews, has significantly increased compliance costs and administrative burdens for farmers. Constant revisions have created uncertainty, deterring farmers from investing in nutrient management and infrastructure improvements.

The retention of the facility for farms to access a nitrates derogation (of up to 250kg/220Kg Organic N/ha) is imperative moving forward not only at farm level but for the wider food sector. Recent analysis by Teagasc estimates that the loss of the nitrates derogation could lead to a 39% cut in family farm income for approximately 7,000 derogation farmers and a €1bn annual reduction in dairy exports.

Typical on-farm investments in Ireland require repayment periods of 7–10 years, yet the Nitrates Action Programme (NAP) is reviewed every 2–4 years. This mismatch creates financial risk, discouraging investment in environmental resilience measures.

The retention of the derogation post 2025 is fundamental to all Irish agricultural sectors given the projected economic fallout associated with its potential loss. The potential reduction or loss of the derogation would have a particularly damaging inflationary effect on Irish land prices, which have already seen a significant rise in price since the reduction in maximum stocking rate from 250kg/N/Ha to 220kg/N/Ha for the majority of the country.

Recommendations:

- Align regulatory cycles with investment horizons to provide certainty for long-term environmental improvements.
- Streamline the nitrates derogation process, grounding it in science that recognises Ireland's grass-based systems as well as variations in soils, geology, and climate.
- Replace separate allowances for inorganic and organic nitrogen with a single overall nitrogen allowance to improve nutrient recycling, reduce dependence on inorganic fertilisers, and lower costs.
- Broaden the definition of RENURE to include nutrient-quantified digestate with comparable nutrient profiles, making it a practical and cost-effective fertiliser option for Irish farmers.

Habitats Directive

Relevant Department: DHLGH (National Parks and Wildlife Service)

Over time, legal interpretations of the Habitats Directive have created complexity, uneven implementation, and disproportionate effects in Ireland. Farmers often face rigid restrictions without clear evidence of biodiversity outcomes. Of further concern is the increased interaction between the Habitats Directive and other EU Directives such as the Nitrates Directive.

Recommendations:

- Undertake an evidence-based review of designations, assessing ecological outcomes alongside socio-economic impacts.
- Shift from prescriptive restrictions to outcome-based, adaptive management that empowers local farmers.
- Reconsider the application of the non-deterioration principle in light of climate change impacts on habitats.
- Ensure the Habitats Directive does not significantly impact on other farming practices/regulations such as the Nitrates Derogation.

European Deforestation Regulation (EUDR)

Relevant Department: DAFM

IFA supports the principle of halting global deforestation through the EUDR but objects to the administrative requirement for Due Diligence Statements (DDS) for every animal movement within Ireland. This would create significant and completely unnecessary additional administrative burdens for farmers.

IFA recommends the creation of a fourth risk category - 'negligible or insignificant risk' - within the EU's benchmarking system. Under this category, farmers could be exempt from individual DDS requirements, or one DDS could be generated per sourcing area. This would simplify compliance while maintaining traceability standards.

Carbon Border Adjustment Mechanism (CBAM)

Relevant Department: DFIN, DCEE, DAFM

The European Union (EU) is currently planning to introduce a Carbon Border Adjustment Mechanism (CBAM) tariff on specific products imported into the EU from January 2026. Nitrogen fertiliser is one of the affected products, along with steel, iron, cement, and aluminum, which are also widely used across the agricultural sector and other sectors of the rural economy.

CBAM will place an additional cost on farmers for purchased fertiliser and other products. IFA strongly opposes its introduction as it will significantly increase fertiliser prices in 2026—one of the many farm inputs that have remained elevated since the Russian invasion of Ukraine in 2022.

In Ireland, over 40% of fertiliser is sourced from outside the EU, and more importantly, over 80% of urea is sourced from non-EU countries. The EPA estimates that CBAM could add up to €42 per tonne of imported urea and up to €88 per tonne for CAN, potentially increasing the cost of protected urea by €285/t by 2034. This would add approximately €100 million to Irish farmers' costs. It would also potentially have a significant impact on our capacity to reduce greenhouse gas (GHG) emissions as it will make Urea fertiliser, which has a lower emissions profile on grassland, much less competitive compared to other fertiliser types.

IFA proposes that CBAM be included in upcoming EU simplification packages to reduce red tape. Fertiliser should be considered for exemption or delayed implementation, aligning with the UK's decision to postpone CBAM until 2027 to avoid market distortions across the island of Ireland.

Seed Potatoes

Relevant Department: DAFM, DETE

Prior to Brexit, Ireland imported approximately 6,000 tonnes of seed potatoes from the UK annually, with 60% coming from Scotland. The loss of this trade has increased production costs and reduced competitiveness in the Irish potato sector.

Following the October 2024 DG Sante audit of the UK Seed Potato sector, IFA recommends that seed potatoes form a central component of the forthcoming UK–EU SPS Agreement to restore trade and reduce input costs.

Planning Issues and Impacts

The current planning system requires individual farmer applications for infrastructure projects including many slurry storage projects on farms, even when these developments are minor in scale, environmentally neutral, or represent upgrades to meet modern environmental standards. This has resulted in:

- Increased administrative and financial costs for farmers seeking to comply with environmental directives.
- Project delays that discourage timely investment in storage capacity ahead of regulatory deadlines such as the Nitrates Action Program (NAP).
- Reduced capacity to adopt low-emission slurry spreading (LESS) systems and other sustainability measures that depend on adequate storage infrastructure.
- Uneven implementation between local authorities, resulting in uncertainty and inconsistent decision-making.

The combined effect of these challenges increases compliance costs and hinders Ireland's progress toward environmental and climate objectives. A more practical and policy-focused approach to planning for slurry storage is required to balance environmental protection with on-farm viability.

To alleviate some of the issues raised above, IFA supports the introduction of planning exemptions for slurry storage structures that meet defined criteria for environmental protection, location, and scale. Such exemptions would reflect the fact that slurry storage is an environmental necessity, not an optional development, and that modern storage designs are regulated under separate environmental compliance frameworks.

A planning exemption framework could support national and EU objectives on nutrient management and emissions reduction while allowing farmers to invest efficiently in on-farm infrastructure. These exemptions should apply particularly where projects:

- Are developed within existing farmyards or on previously planned approved agricultural holdings.
- Meet all environmental, nutrient management, and safety standards set out under existing agricultural regulations.
- Are necessary to achieve compliance with Nitrates, Water Framework, or Climate Action Plan requirements.
- Do not significantly alter landscape character, drainage, or neighboring property boundaries.

The issue of "serial objectors" to planning development applications is also adding significantly to the cost of construction projects for many farmers. All too often, proposed developments are objected to by individuals who will not in any way be materially impacted by the proposed development. In many cases, these individuals are residing over 100 kilometres from the proposed development and are motivated mainly to prevent a farmer from developing their business. Amendments to planning regulations are needed to ensure that only those with genuine concerns regarding a proposed new development are permitted to issue objections to developments.

ISME

Neil McDonnell, Chief Executive

As a multi-sector trade association ISME has members operating in sectors government by many different sets of regulation. Given the breadth of regulation applicable across our membership sectors below, it is NOT possible or practicable to quantify the cost of regulation.

At the outset we must state that we are not against regulation as a trade association, nor are our members. A level of regulation is desirable in all advanced societies; in its absence, unregulated free-for-alls take place, and a few entities can scale beyond others to establish oligopolies or monopolies. However, regulation should be introduced at the lowest level of complexity consistent with delivering social utility, and modified further as required. In contrast, we see regulation as currently introduced as grossly over-complicated, and without a clear mission or purpose. Regulations from the EU such as the CSRD1 and the CSDDD2 have been widely and legitimately criticised as regulatory over-reach, and are being simplified.

The Companies Act 2014,[3] with 1,648 sections and running to 1,415 pages, is the largest single act in the Irish Statute Book.

The Department of Enterprise lists 56 pieces of legislation to which retail operators are subject.[4] The Department also hosts 12 regulatory and quasi-judicial bodies.[5] Within the **retail sector**, the typical convenience store operator will require:

- Alcohol Licence
- Allergens folder – 22 pages to be updated every 2 weeks – must always be available – one retailer advises this has been used once in six years
- Cigarette Licence
- Cigarette unique identifier system - never audited
- Fire safety training
- Full health and safety manual
- HACCP
    - Hot holding temps check in the hot bar every 2 hours in 3 separate locations
    - Temperature checks and record in all food fridges
    - Check and record temp of all food cooked
        - Yearly and 2-year retraining required for all staff – even those with 10 years' experience
- HSE spot check on Ice Cream Machine
- HSE water quality check
- IMRO licence
- Manual Handling training every 2 years
- Organic food traceability audit
- Pest control and audit
- Sale of Paracetamol training course
- REPAK – annual fee
- Vape Licence

Services such as hairdressing are subject to employment regulation[6] as well as stringent health and safety compliance measures.[7]

With such high prices still applied to commercial property, it is unacceptable that upward only rent reviews are permitted. ISME has sought the removal of upward only rent review (UORR) clauses on pre-2010 leases as set out in the Land & Conveyancing Law Reform Act 2009.[8]

Within the **egg manufacturing** sector, the following observations have been made:

Planning

There is growing concern about the impact on the Irish egg sector of the interpretation of planning laws. A number of farms have been delayed in a planning process that is opaque and costly. There are several factors involved, but the common complaints are the lack of certainty, consistency and transparency in the process and the associated cost borne by the person making the application particularly in response to Judicial Reviews.

Regulatory

Eggs produced in the EU conform to the highest animal welfare standards; the cost of EU Regulation was calculated, as adding an additional 16% to the cost of egg production in the EU in 2017 (the 2017 Competitiveness of the EU egg sector, base year 2015. International comparison of production costs. WUR - Wageningen University & Research). Additional legislation is planned to further improve animal welfare conditions, which will bring additional cost to the sector. Yet the EU is planning to lift tariffs on eggs from outside the EU, most notably Ukraine, where egg farming does not conform to EU standards. This is inconsistent with EU policy.

The **construction industry** is subject to a large corpus of primary legislation[9] as well as local regulation. Compliance with all laws, regulations and planning permissions does not prevent third parties from objecting to construction activity under our planning laws.

The **childcare sector** is naturally subject to a high level of regulation, governed by the Child Care Act 1991 (Early Years Services) (Childminding Services) Regulations 2024,[10] and is subject to the Childcare Regulations 2016[11] and Tusla's Quality and Regulatory Framework.[12]

Nursing Home Care is also highly regulated, and subject to the Health Act 2007,[13] SI 415 of 2013.[14]

In view of the extremely serious delays being caused by even relatively minor collisions on our motorway network, but most especially on the M50, the **Guide to Motorway and Dual Carriageway Emergencies – Tactical**[15] (2013) should be immediately updated to reflect best international practice in reopening major traffic arteries post-incident.

Summary

Despite high degrees of regulation in sectors such as construction, childcare and nursing homes, there are regular failures within each sector because of lack of enforcement. Extensive regulation does not make up for a deficit in enforcement. Before the legislature considers new legislation or regulation in any field, it should consider why existing regulation or enforcement are inadequate. The need for new regulation in any business sector would be obviated if government followed the maxim "legislate once, enforce frequently."

As a general rule, the relative cost of regulatory compliance declines as enterprise size increases. While all businesses, large and small, complain about regulation, the cost of compliance is far greater on the

latter than on the former. This is why we require vigorous enforcement of the SME Test.[16] We do not believe the SME test is consistently and diligently applied everywhere, and we do not understand the blanket exemption of taxation matters from the SME test. For example, Revenue Enhanced Reporting[17] was introduced without consultation, and with no known positive cost-benefit analysis. Without a positive cost- benefit, why should ERR be allowed to continue?

Regarding the support of innovation, sustainability, and long-term infrastructure goals, better regulation can facilitate all by being as narrowly focussed on what is necessary to regulate as possible. Regulation is a deadweight cost, which adds no value. It is therefore passed as a cost to the ultimate consumer of goods, services and infrastructure. It must therefore be as light as possible consistent with the maintenance of the regulatory objective(s).

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IBEC

Sharon Higgins, Executive Director Membership & Sectors

Planning, permitting and licencing

Responsible

Department of Housing, Local Government and Heritage

Local Government

Office of the Planning Regulator

Environmental Protection Agency

Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation

Maritime Area Regulatory Authority

An Coimisiún Pleanála

Cost to business: A lack of certainty in planning procedures undermines project delivery

Delayed decision making and lack of clarity on what stage of the process an application sits creates investment uncertainty, makes it difficult to plan for future resource allocation and stalls subsequent planning applications inadvertently. Construction of large infrastructure requires a significant number of regulatory consents relating to planning, environmental, construction, connection, commissioning and operation but also consents for access to and use of transport infrastructure during the construction process. The lack of central coordination of these processes leads to delays caused by minor construction-related consents which are not prioritised according to strategic significance. Planning applicants have no visibility as to what stage of the review process their application is at, what issues may be delaying their applications and have no clear timeline on a planning decision. This lack of clarity creates investment uncertainty, scuppers future resource allocation and stalls subsequent planning applications inadvertently. The Planning & Development Act, 2024 sets clear timelines for the planning processes but these relate to individual projects alone. Projects such as a large-scale housing developments and other applications relating to ancillary infrastructure should be processed within a common timeframe. Project commencements can be severely delayed due to planning permission for underpinning infrastructure not being granted or awaiting decision.

Solution

- Efficient planning timelines are critical to project delivery and adherence to the statutory timelines set out in the new Planning and Development Act must be enforced.
- Visibility over timelines for applications in the planning system is needed. An Coimisiún Pleanála must introduce a transparent online case management system. This should permit identification at what state a case is at before the planning authority.
- An Coimisiún Pleanála should permit separate but linked or interdependent applications to be discharged at the same time.
- Give a single entity the statutory powers of oversight, co-ordination and prioritisation of large infrastructure projects through the planning and consenting systems, with uniform prioritisation approaches, including for critical and strategic infrastructure, across state agencies and authorities.

Cost to business: Inadequate resourcing of planning authorities results in slow decision-making

Inadequate resourcing of planning authorities leads to delayed decision-making and/or poor-quality decisions. The scale of material required to submit planning applications has increased exponentially due to both national and European legislation. Authorities staffing levels must be reflective of the challenge at hand. The backlog of planning applications in 2022, despite reductions in recent years, was unacceptable given the scale of the infrastructural deficit we are facing. ACP must be sufficiently equipped to meet the timelines for planning decisions set out in the Planning & Development Act. The number of commissioners operating at any one time should reflect strategic need, and not by reference to inflexible limits. The need to increase the capacity for decision-making, particularly for strategic infrastructure cases must be reflected.

Solution

- Serious attention must be given to exempt certain development activities which are regulated by other mechanisms through the new Exempted Development Regulations.
- Ensure adequate resourcing across the planning system from local level to An Coimisiún Pleanála by progressing the Ministerial Action Plan on resourcing.

- Increase the number of Ordinary Planning Commissioners to 25 at An Coimisiún Pleanála.
- Develop a planning AI strategy and utilise new technologies (e.g. 3D).

Cost to business: An ineffective consenting regime holding up project deliver

Ireland's consenting system is needlessly slow and complex. The lack of parallel planning and EPA licensing applications leads to very lengthy timelines. This has been recognised as a barrier in the Action Plan for Competitiveness and Productivity. Licence applications being stalled during legal proceedings is a persistent issue. It is not unusual for EPA licence applications to take up to two years to reach a final decision, causing substantial delays. The new Environment (Miscellaneous Provisions) Bill intends to enable EPA to carry out limited licence reviews as this power is not explicit in EPA Act 1992. Limited licence reviews should apply in cases where an environmental impact assessment (EIA) is not required, and the change proposed does not represent a substantial change. The absence of definite timeframes for decision-making has led to uncertainty for developers, making it difficult to plan investments and project delivery schedules. This extends to maritime and foreshore licensing processes. Uncertainty is further compounded by unclear processes regarding when statutory timelines commence and how objection phases are handled, potentially leaving applicants unsure about the total duration and outcome of the licensing process.

Solution

- EPA must instate parallel processing of non-EIA applications through the Environment (Miscellaneous Provisions) Bill, as well as ensuring well-functioning limited licence reviews.
- Institute mandatory timelines for all consenting bodies and limit the number of further information requests that can be made.
- All consenting bodies (e.g. EPA, MARA etc) must be resourced to accelerate licensing procedures.
- Establishing a fast-track consenting process, to ensure that infrastructure considerations are embedded in policy-making.

Judicial reviews

Responsible

Department of Justice, Home Affairs and Migration	Department of Housing, Local Government and Heritage	Environmental Protection Agency	An Coimisiún Pleanála

Cost to business: It is too easy to take a Judicial Review on crucial or essential projects

Delivery of economically, environmentally, or societally important projects can be significantly delayed or cancelled. The Judicial Review process as it pertains to planning matters remains a barrier to prompt delivery of infrastructure, including housing. Focus should not solely be on the number of JRs taken, but also on the number of grounds and types (e.g. sub-threshold EIAs) a JR has been taken on. Given the current regime concerning legal costs and the willingness of the plaintiff bar to take cases on a 'no foal/ no fee' basis, there are no material impediments to objectors bringing judicial review proceedings. The number of grounds a JR has been taken can represent a serious delivery risk to infrastructure delivery. An Coimisiún Pleanála must be successful on each ground, whereas an objector only must succeed on a single ground to derail a project. This is compiled with the weight granted to procedural errors. JRs are not just a problem for planning decisions.

Solution

- Reforms introduced under the Planning & Development Act, 2024 must commence. However, these on their own will not be enough.
- Urgently implement outstanding recommendations from the Report of the Review of the Administration of Civil Justice (the Kelly Report) through the proposed Civil Reform Bill.
- Exempt or restrict large infrastructure projects/those of national importance from the normal JR regime, raising barriers to entry and costs, and imposing strict conditions on what may prevent a project from proceeding.

Cost to business: The need to rebalance the system to put the common good first

Ireland's infrastructure delivery is hampered by excessive legal hurdles and the disproportionate influence of individual objectors. Too many projects benefitting wider society are held up by the actions of the few. Urgency is now required to re-balance individual rights with the public good. Our extremely legalistic system drives excessive and overtly defensive administrative burdens and delays. Individual objectors, serial objectives and vexatious appeals can exercise considerable power throughout the delivery process. A lack of community buy-in and intense local opposition can lead to costly delays due to the filing of planning objections and other obstructionist actions Projects which are clearly in the public interest are delayed or even abandoned due to relatively small-scale local opposition through excessive third-party planning appeals. The dispersed public good from essential infrastructure projects is often given less weight by Ireland's planning system.

Solution

- Establish an Expert Review Group to rebalance individual rights versus the public good. The Group should report on a rebalanced system – up to and including constitutional reform.
- Government should amend the 2024 Act to require relevant bodies to perform their functions in a manner consistent with infrastructure and housing delivery objectives of the NPF & NDP.

Regulatory environment

Responsible

Department of Climate, Energy and the Environment	Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media	Department of Housing, Local Government and Heritage	ComReg

Cost to business: Slow pace of energy infrastructure delivery restricts our ability to decarbonise

Ireland is recognised as being one of the worst performers in energy infrastructure delivery according to the International Energy Agency. The 2024 Draghi report on EU competitiveness stated that Ireland has the worst performing permitting process for onshore wind at 9 years, 50% slower than the EU average but three times longer than the process in Finland. This impacts the entire energy sector value chain including network upgrades and interconnector projects. It undermines investor confidence in infrastructure projects, meeting our climate targets, as well as delaying eventual delivery of essential projects.

Solution

- Streamline and speed-up the permitting process for energy infrastructure projects, including for offshore renewable energy.
- Prioritise energy system transformation projects in the planning system and the use of Ministerial Directions to An Coimisiún Pleanála when needed.
- Ensure the necessary planning guidelines are in place (e.g. new onshore wind planning guidelines), and consistent zoning for onshore renewables in local development plans.
- Build greater public understanding and support for energy transition infrastructure.

Cost to business: Underinvestment in telecoms infrastructure due to regulatory burden

Current regulatory environment for telecommunications has been identified by the European Commission as a major barrier to infrastructure investment in the system. Challenges included different obligations imposed by national regulators to address market failure, a lack of proactive measure to foster copper switch-off and a lack of legal clarity on the Open Internet Rules concerning the regulatory treatment of innovative services. Burdensome regulation has added significantly to operational costs through lengthy compliance requirements and/or underinvestment. Current guidelines are ambiguous, confusing and badly outdated in view of the enormous changes in technology over the last 29 years. This results in inconsistencies between different local authorities and appeals (e.g. An Coimisiún Pleanála) impeding the rollout of critical national infrastructure.

Solution

- Review/update the 1996 Telecommunications Antennae and Support Structure Guidelines.
- The efficacy of ComReg should be reviewed.
- Promote a more balanced regulatory system at EU Level via the Digital Networks Act.

4. Planning, Permitting and Licencing

Topic	Issue	Government Body	Cost to Ireland	Recommended Solution
Planning and Development Act 2024 – implementation timeline	The timeframe for implementing the Act is uncertain, and progress on supporting regulations is unclear.	• Department of Housing	Lack of clarity and robust transitional measures has created uncertainty and slowed the delivery of housing and other property.	Provide greater clarity on additional regulations and timelines for implementation.
National Planning Framework (NPF)	It is unclear how and when Local Authorities will zone additional residential lands in response to changed demographic figures following the revision of NPF.	• Department of Housing • Local Authorities • Office of the Planning Regulator	Local Authorities may one insufficient land for housing, restricting the number of homes that can be delivered.	Greater clarity must be provided to Local Authorities on their obligations under the revised National Planning Framework including the use of additional National Planning Statements if required.
Infrastructure delivery	Infrastructure delivery is often reactionary and developer-led in the absence of State or Local Authority action. There is no formal mechanism for early engagement with key providers like ESB.	• ESB • Uisce Éireann	Insufficient pre-planning for infrastructure to meet Ireland's housing and property needs.	Introduce a formal forward planning forum involving the private sector to align capital expenditure with developable residential lands. This would also support the introduction of Urban Development Zones.
Infrastructure Capacity Audits	Local Authorities' infrastructure audits (appendix 3 NPF) often do not provide sufficient detail required.	• Local Authorities • Department of Housing • Office of the Planning Regulator	Insufficient pre-planning for infrastructure to meet Ireland's housing and property needs.	A 'heat map' approach to identifying infrastructural capacity should genuinely inform residential zoning strategies. Additional resourcing should be provided to Local Authorities to undertake these important reviews.

Industrial Emission Licences	Significant delays and costs are experienced in getting new activities incorporated into emission licences, with reviews sometimes taking over 6 years, leading to some members avoiding licence reviews to allow for new activities including for example increased use of waste as fuel in the cement sector.	• EPA • Department of Climate Energy and Environment	This leads to lower industrial development, additional application costs, loss of investment, and reduced capacity for innovation, as well as undermining Ireland's ability to process waste domestically.	Allocate additional resources to the EPA to quickly process revised licences.
Aligned licencing and planning	For large-scale projects, separate Environmental Impact Assessments (EIAs) are often required for planning and licensing, causing duplication and delays.	• Department of Climate, Energy and Environment • EPA • Local • Authorities	Additional delays, and associated costs, due to misalignment of licencing and permitting processes.	For large scale projects, a parallel planning and licence process with a single EIA should be established.
Regulatory Sandbox for Innovation	The current regulatory system does not encourage innovation, causing many potentially useful projects and investments to be shelved due to effort, cost, and uncertainty.	• Department of Climate, Energy and Environment • EPA	Ireland is losing opportunities for investment and the development of new technologies that could improve sustainability and efficiency.	Develop 'regulatory and boxes' to allow new concepts and technologies to be trialled in defined and carefully controlled scenarios.

5. <u>Judicial Reviews</u>

Topic	Issue	Government Body	Cost to Ireland	Recommended Solution
Legal costs	Ireland offers a more generous cost protection to challengers than required under EU law. This creates a low-risk, incentive-driven environment for objectors to initiate legal challenges.	• Department of Climate, Energy and Environment	This encourages challenges on weak grounds, leading to immense delays and significant legal expenses for both developers and the State. It creates a high-risk environment that deters investment in critical infrastructure.	Commence section 294 of the 2024 Act without delay and introduce regulations to establish a proportionate cap on cost recovery, balancing access to justice with the need to deter frivolous litigation.

Costs protection for grounds, not proceedings	The Planning and Development Act 2024 protects the entire legal proceedings, not just individual grounds. This incentivises a "kitchen sink" approach where challengers include a vast number of grounds (sometimes over 100) in a single case.	• Accelerating Infrastructure Taskforce • Department of Housing	This practice dramatically increases the complexity, cost, and duration of hearings.	Revisit section 293 of the 2024 Act to make clear that the special protection from an order for costs should apply to individual grounds of challenge, not the entire proceedings.
Errors that make no difference	Permissions are needlessly quashed for minor procedural errors that courts acknowledge would not affect the final outcome of the planning decision. This has been commented on by member of the judiciary in a number of high-profile cases but not yet acted upon by Government.	• Department of Housing	Quashing a permission on a technicality that doesn't affect the decision is a waste of court time, public money, and private investment. It delays vital infrastructure and housing for years for no tangible benefit.	Amend the Planning and Development Act 2024 to codify the "no substantial difference" principle into law, providing greater clarity to the courts. The law should state that judicial review must be refused where the outcome would not have been different.
Cure, don't quash	The legal system defaults to quashing (cancelling) permissions for errors that could easily have been cured or amended by the planning authority.	• Department of Housing • An Coimisiún Pleanála	This preference for quashing leads to unnecessary remittals and forces the entire planning process to restart, adding years to project timelines at best and undermining the viability of schemes at the worst, delaying the delivery of homes until such schemes return to viability.	Amend the Planning and Development Act 2024 to reinstate stronger "cure" provisions as was in the 2000 Act. The court should be required to make a cure order unless it is not lawful to do so, empowering An Coimisiún Pleanála to correct errors and save permissions.
Remittal for a quick decision	When a matter is quashed and remitted to An Coimisiún Pleanála for a fresh decision, the experience of our members is that this second process is often significantly longer than the original application or appeal.	• An Coimisiún Pleanála	These long delays increase the risk that application documents and surveys become outdated and that planning policies change, adding further complexity, cost, and the risk of another legal challenge.	Government should direct An Coimisiún Pleanála to give priority to decisions on remittal, and the fresh decision should be made within a mandated fraction of the time allowed for the original process.

6. Regulatory Environment

Topic	Issue	Government Body	Cost to Ireland	Recommended Solution
Building regulations	There is a significant and persistent lack of alignment between Local Authorities on the interpretation and application of building certification and fire compliance.	• National Building Control Office • Department of Housing	This leads to project delays, investment uncertainty, and makes it difficult to standardise processes.	Greater alignment of interpretation of building control and fire compliance. Improved oversight at a national level, including through the introduction of a National Building Control Regulator

Chartered Accountants Ireland

Jill Farrelly, Executive Head of Public Affairs

Regulatory Burden

4. How can regulation better support innovation, sustainability, and long-term infrastructure goals?

Regulation can better support innovation, sustainability, and long-term infrastructure goals by providing predictability, proportionality, and clear alignment with national priorities. For example, phased compliance timelines and carve-outs for SMEs would reduce regulatory burdens and free up capacity for investment in sustainable practices. Streamlining reporting frameworks and minimising overlapping requirements would help businesses contribute to climate goals, resilience, and social inclusion. For long-term infrastructure projects, regulation should enable efficient planning and delivery by reducing legal and administrative barriers, encouraging collaboration across sectors, and ensuring that projects are designed to meet future needs in areas such as housing, transport, and energy. Ongoing stakeholder engagement is essential to ensure regulation remains practical and effective as priorities evolve.

5. How do regulatory processes influence collaboration between government, private sector, and community stakeholders?

Early and ongoing collaboration between government, private sector, and community stakeholders is essential for effective regulation and successful infrastructure delivery. Involving professional bodies and industry experts from the outset helps identify practical issues, improve implementation quality, and reduce the risk of unintended consequences. Advisory forums and joint working groups can facilitate this engagement, ensuring that regulations support innovation and meet the needs of businesses and communities. Such collaboration strengthens trust and innovation and leads to better outcomes for long-term infrastructure projects, benefiting both members and the wider economy.

Infrastructure Delivery

6. Where do you see the greatest regulatory barriers to timely and cost-effective infrastructure delivery?

The greatest regulatory barriers to timely and cost-effective infrastructure delivery often arise from complex and overlapping approval processes, lengthy public procurement requirements, and delays in the transposition of new legislation. Multiple layers of compliance - particularly where national implementation of EU directives adds additional obligations - can create uncertainty and slow project timelines. Inconsistent or duplicative reporting frameworks, as well as insufficient stakeholder engagement during regulatory design, further increase costs and administrative burdens. Streamlining approvals, embracing digital processes, and ensuring proportionate regulation would help accelerate infrastructure delivery and reduce costs for businesses and the wider economy.

7. What are the key challenges or costs in your area of work as a result of slow delivery and planning delays in infrastructure projects?

Slow delivery and planning delays in infrastructure projects exacerbate housing shortages, which in turn create significant recruitment and retention challenges for businesses. A recent survey of our members showed that one in four SMEs have lost staff or failed to hire due to the lack of affordable housing, highlighting the economic impact of these delays. Furthermore, access to adequate childcare also continues to impact on businesses' ability to attract and retain staff. Nearly 40% of respondents to the Institute's research earlier this year say they have had to introduce flexible arrangements / working hours to retain working parents in their teams. 20% of respondents also believe that childcare responsibilities have resulted in a broader lack of applicants for open positions. Both findings point to the urgent need for improved capacity in the childcare sector if more working parents are to remain in the labour market.

These market failures drive up costs for employers, from rising rents to increased wage pressures, while SMEs already face mounting regulatory burdens and higher employment costs. Without timely action, these delays will continue to undermine business viability and competitiveness and could pose a direct risk to Ireland's ability to continue to attract and retain strong flows of Foreign Direct Investment.

8. How could regulation better align with long-term infrastructure priorities (e.g., sustainability, resilience, equity)?

Regulation should be designed to align with long-term infrastructure priorities such as sustainability, resilience, and equity, as set out in the National Development Plan. Supporting efficient planning and delivery by minimising legal and administrative barriers, streamlining public procurement processes, and ensuring predictability for businesses will help realise the NDP's objectives in areas like housing, transport, and energy. Ongoing stakeholder engagement and clear reporting frameworks are essential to ensure regulation remains practical and effective, benefiting both businesses and the wider community.

9. What examples (positive or negative) from your experience illustrate the impact of regulation on infrastructure projects?

Tax policy can significantly influence the viability of housing-related infrastructure projects. For example, delays in introducing targeted tax measures for apartment and student accommodation developments have contributed to reduced supply, with CSO data showing a 24% drop in apartment completions from 2023 to 2024. Conversely, well-designed, time-limited tax incentives could stimulate construction and address housing shortages, reducing knock-on costs for businesses struggling with recruitment due to the lack of affordable housing. By way of example, the introduction in Budget 2026 of a reduced VAT rate on new apartment sales was posited as a way to improve the financial viability of apartment construction and boost housing supply.

10. Where do you see opportunities for greater coordination across agencies or levels of government?

Greater coordination between national and local agencies will be essential to deliver the National Development Plan's infrastructure objectives in housing, energy, water, childcare, and transport.

Aligning investment strategies and planning across government levels will be critical to maintaining Ireland's competitiveness for Foreign Direct Investment in an increasingly challenging global landscape.

8. Conclusion

Chartered Accountants Ireland advocates for proportionate, transparent, and efficient regulation that supports innovation, growth, and the timely delivery of critical infrastructure projects. By reducing duplication, improving stakeholder engagement, and embracing digital processes, government can lower business costs and accelerate progress in housing, transport, and other essential sectors. Well-designed tax measures, streamlined compliance, and greater coordination across agencies will enhance Ireland's appeal as a destination for enterprise and investment, ensuring our economy remains resilient, sustainable, and competitive in a rapidly changing global landscape.

Irish Tourism Industry Confederation

Eoghan O'Mara Walsh, CEO

Context

The Irish Tourism Industry Confederation (ITIC), representing the leading tourism and hospitality business stakeholders in the country, welcomes this opportunity to input into the Forum's discussion in relation to regulatory burdens and infrastructural delivery.

Tourism is the country's largest indigenous industry and biggest regional employer representing over 8% of the national workforce, and the CSO estimate that there are circa 46,000 enterprises in the sector. Most tourism and hospitality businesses are SMEs and are based in regional Ireland, and are labour intensive often operating with tight profit margins.

As a result, all business costs are monitored carefully and recurring feedback from ITIC members is that regulatory burdens and infrastructural delivery tend to be a significant cause of concern. Regulatory burdens can stifle business enterprise and infrastructural delivery, or lack thereof, from housing to major projects are threatening the economy's ability to grow.

Regulatory Burdens and Infrastructure Delivery

Regulatory burdens and infrastructure delivery impact on the broad tourism industry from aviation through to accommodation and attractions. Below are some of the issues highlighted by ITIC members:

Tourism accommodation:

- Accommodation is crucial to Ireland's tourism economy, underpinning regional development, job creation, and national competitiveness. However, the sector faces acute capacity constraints with ITIC, in a report by Jim Power Economics in 2023, estimating that 11,000 additional bedrooms will be needed over the next 6 years to meet projected demand. Regular studies by Fáilte Ireland also point to the need for increased hotel stock. Furthermore, the impending short term tourism letting bill as it is currently designed over-regulate self-catering properties and holiday homes with onerous planning obligations thereby risking the loss of thousands of tourism beds from the economy.

Key issues impacting tourism accommodation:

- The commercial viability and the feasibility of constructing new hotel stock is jeopardised by regulation and planning difficulties. It is estimated by industry that the investment cost of a 100 bedroom 4-star hotel has increased by 55% since 2019. Delays in planning approval can render viable projects unviable as costs escalate.

- In many cases, the cost to deliver a new build hotel outside urban cities exceeds the asset's value on completion. This understandably deters investors and lenders thereby constraining supply.

- Planning delays, complex procedures, vague definitions, and inconsistent treatment of hotels in particular, significantly hinder the delivery of tourist accommodation. These challenges drive up cost. This is especially acute in Dublin.

- There are inconsistencies in exempted developments and change of use. For example accommodation providers seeking to repurpose underused internal spaces often face full planning applications, even when the overall use remains as tourist accommodation.

- Exemptions for renewable energy upgrades such as solar are limited. For example, ground-mounted solar systems are only exempt up to 25 square metres, which is insufficient for many hotels. Such restrictive planning regulations serve to restrict the sector's ability to invest in sustainability.

- The Irish Hotel Federation recently commissioned 'Report on the Employer-Led Staff Accommodation Pilot' (by Crowe) and this aligns closely with the broader issue of housing supply and the competition between the tourism and residential sectors for limited accommodation. The report highlights the importance of coordinated measures to support the non-competing delivery of new housing stock and more tourism accommodation capacity.

Suggested Solutions related to Tourism

- Simplify and unify planning procedures to reduce unnecessary requests, appeals, and delays across all Local Authorities and clearly define "material change of use" in planning legislation.

- Greater coordination between the Department of Housing, Local Government and Heritage, Local Authorities, Fáilte Ireland and the private sector. Clear, nationally consistent definitions and criteria for tourist accommodation and material change of use need to be devised. Practical exemptions to planning as well as equitable outcomes are all vital.
- Exempt internal reconfiguration of tourist accommodation from planning permission if there are no external changes and the primary use remains the same. Also increase exemption thresholds for renewable energy installations and streamline approval for energy upgrades, particularly for protected structures.

- Permit flexible change of use between compatible premises and formally include hotels within defined Classes of Use.

- Promote conversion of vacant commercial buildings into tourist accommodation, with appropriate safeguards.

Aviation sector

- Aviation is central to the Irish tourism industry with 70% of the value of the tourism economy made up of international visitation. The sector faces significant regulatory and infrastructural issues some of which are outlined below.

Key issues impacting aviation sector:

- Outdated Capacity Constraints: The statutory cap of 32 million passengers per annum at Dublin Airport is misaligned with current demand and infrastructure capability. The legislative intervention announced by Minister O'Brien needs to be expedited urgently.

- Planning Delays: Major infrastructure projects at airports face multi-year delays due to sequential approvals, under-resourced planning bodies, and overlapping regulatory requirements.

- Judicial Review Uncertainty: Strategic infrastructure is frequently subject to judicial review, with no statutory timelines or streamlined process. This creates uncertainty, deters investment, and inflates project costs.

- Fragmented Agency Coordination: Projects requiring multiple consents (e.g. planning, environmental, noise regulation) are often delayed due to lack of synchronisation between agencies, resulting in regulatory deadlock.
- Sectoral Cost Pressures: Regulatory compliance costs, including energy, construction inflation, and security upgrades, are rising sharply yet service standards need to be maintained and investment committed to.

***Suggested solutions relating to aviation sector*:**

- Lift the Passenger Cap at Dublin Airport and replace with performance-based controls under the Balanced Approach i.e. an annual noise quota, so growth is managed responsibly

- Planning Reform - Ireland needs a faster, more predictable planning system for key strategic national assets such as airports. Digital, end to end processes and concurrent consultations should replace sequential steps. Statutory timelines to be introduced and relevant resourcing of agencies.

- Judicial Review Reform - legal oversight must remain rigorous without functioning as a de facto veto. Building on the High Court's specialist Planning and Environment Division and forthcoming judicial review reforms, early and active case management, clearer standing and grounds, and structured pre-action mediation should be embedded as standard practice.

- One-Stop Consenting - major projects should move through a single, coordinated route with a named case manager and a unified portal. Inter-dependent consents would be processed in parallel across planning, environmental and sectoral regulators, with clear escalation paths and transparent progress tracking to avoid stalemates.

- Rolling Regulatory Review Programme – not fit for purpose or outdated rules should be retired.

General infrastructural gaps

- Hopefully the revised National Development Plan will see a step change in infrastructural delivery. As well as tourism accommodation and aviation sectoral needs, the broad tourism sector is impacted by general infrastructural deficits and regulatory weaknesses some of which are outlined below with suggested solutions

- Housing: The shortage of available housing greatly impacts the Irish tourism industry, Over 225,000 people throughout the country are employed in the sector and a shortage of housing impacts payroll as well as availability of labour. Supply and new construction must be prioritised.

- Utilities: It is widely acknowledged that Ireland's electricity grid and water systems are underfunded and creaking. The National development Plan has allocated billions to these areas and they must be fast-tracked so that Ireland has modern, fit for purpose infrastructure.

- Public transport: This remains inconsistent and slow to be delivered. This greatly impacts on connectivity within Ireland and affects the ability of society to reduce its carbon footprint. Rail links to Cork and Shannon airports must be expedited as should the much delayed Metrolink to Dublin Airport.

- EV infrastructure: The roll out of Electric Vehicle charging infrastructure needs to happen at pace if Ireland is to reach its EV usage ambitions. A proposed mandate from the EU that all car hire firms need to have exclusively EV fleets by 2030 is simply impossible to achieve unless the infrastructure is in place nationally.

- Taxi liberalisation: There is a recognized shortage of taxis to cater for demand. This is particularly the case in regional Ireland and over-regulation is proving a barrier to new supply such as the need for all new taxis to be wheelchair accessible vehicles

  irrespective of the quantum of WAV already in the market. Regional businesses, such as rural pubs, point to falling sales as customers have no ability to return home. The likes of Uber should be able to operate throughout Ireland as they do in other countries.

- EU regulations: Ireland needs to ensure that the adoption of regulations from the EU do not impede on Irish enterprise. The SME test that Government has committed to needs to be deployed. As an example the EU Pay Transparency Directive, as currently designed, will be inflationary and add an extra burden on business.

- Capacity Building: Reform will only work if regulators and utilities have the people and systems to deliver. Multi-annual funding, targeted recruitment, modern digital tools and performance-linked supports, alongside readiness at utilities to connect projects post-consent, will turn timely decisions into timely delivery across the National Development Plan.

- Opportunity costs - an example of lost opportunities comes from the Just Transition Fund which has a strict closing date for funds drawdown. Any project that did not have full planning permission in place at the time of grant application was deemed ineligible. Delays in the planning process means that good projects missed out.

- A major impediment to delivery of Fáilte Ireland co-funded capital projects is that of licencing requirements. A greater coordination and sequencing is required, for example aligning timelines of other licencing requirements so that they run in parallel with the planning system.

- On Maritime Area Consents, review the application prioritisation scoring system and consider giving greater priority to tourism and recreation applications

Concluding thoughts

- Ireland's infrastructure delivery must match its ambition. Regulatory reform is essential to reduce the cost of doing business, unlock investment, and ensure timely delivery of critical projects. Regulatory issues and slow infrastructural delivery impact on the Irish tourism's ability to grow and prosper.

ITIC welcome the opportunity to submit into this forum and we look forward to continuing the conversation at our next meeting.

For a full list of ITIC members please see www.itic.

Theme 4: Public Utilities – Water Services

Summary and Recommendations of Submissions

Members of the Advisory Forum were asked to submit a paper (max. 3 pages) on the theme of ***Public Utilities: Water Services*** which will be discussed at the meeting on Monday, 15th December.

- Maintaining a clean and secure water supply along with a safe wastewater system in an operationally efficient manner and at a cost that is internationally competitive is vital. Water service costs can stifle business enterprise and infrastructural delivery, threaten economy's ability to grow as well as impact Ireland's attractiveness for FDI into the future.

- Members note that delays in securing water and wastewater connections, capacity constraints at treatment plants, and a lack of clarity on upgrade timelines are creating uncertainty for businesses. These issues also slow the delivery of commercial and housing projects and increase financing and carrying costs.

- The delivery of key projects including the 'Water Supply Project Eastern and Midlands Region' and the 'Greater Dublin Drainage Project' are important steps to see completed.

- There are also concerns over Uisce Eireann's cost base – members believe that the proposed approach imposes a disproportionate burden on non-domestic customers. The operating costs are materially higher than comparable utilities in the UK and given its monopoly status and recipient of state funding, members oppose the transfer of abnormal or inefficient costs to non-domestic users. Tariffs should be based solely on the recovery of efficient and necessary costs, with clear benchmarking against international best practices.

- Any increase in the non-domestic water tariff has a disproportionate financial impact on small businesses. Small Businesses are already overburdened with various other costs. The Small Firms Association has called for greater transparency, tracking and predictability on future water price increases for non-domestic water users. This will enable small businesses to better prepared and budget more effectively to pay for tariffs.

- The tourism and hospitality sector (e.g. hotels with leisure centres and high guest turnover) is a major non-domestic consumer of water. This year's proposed tariff increases of 10–13%, on top of last year's CRU-mandated average increase of 30% (effective 1 October 2024), represent a cumulative cost burden that many businesses are ill-positioned to absorb. There is also a concern about the potential for further annual increases through to 2029.

- Similarly, farmers have serious concerns in relation to the proposed increase in water charges at a time when many farm families are under significant financial pressure. It is acknowledged that

Uisce Eireann costs to provide service have increased. However, this does not still justify the proposed changes to the proposed tariff structure and framework. Given the economic vulnerability of many farmers, the principle of full cost recovery is not justified while there are also equity issues that need to be addressed through appropriate targeting.

- While efficiency supports are helpful, most of the cost and reliability issues can only be resolved through improvements to public water and wastewater infrastructure. A more coordinated approach to infrastructure planning, particularly between Uisce Éireann, local authorities and Government Departments, would help ensure that projects are delivered at the pace required to support growth.

    - More precisely, it was noted that the organisations with the capacity to address issues include Uisce Éireann, the Commission for Regulation of Utilities, the Department of Housing, Local Government and Heritage, the Department of Enterprise, Tourism and Employment, Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation and local authorities.

Forum Member Recommendations

1. **ICTU** suggests that to ensure that the costs associated with the provision of water and wastewater services are to remain sustainable, government should hold a referendum (which was agreed with the unions previously) to ensure that public water and wastewater services remain in public ownership.

2. **ITIC** suggests that the Advisory Forum considers the following measures to support equitable and effective water management:

    a) Introduce Targeted Financial Supports to encourage capital investment in water-saving infrastructure and technologies for high-usage businesses.

    b) Develop Short-Term Incentives to manage peak demand and support orderly scheduling of capital upgrades.

    c) Improve Tariff Transparency so that businesses can clearly understand which tariff band applies and Regulatory burdens and the implications for their tariffs.

    d) Push back on the immediate proposed increases in potable and wastewater tariffs.

    e) Engage with CRU to gain greater transparency on future pricing structures and the justification for ongoing rises.

f) Advocate for recognition of water conservation investments and sustainable practices in future tariff models.

g) Ensure predictability in water utility pricing to enable effective long-term financial planning for large employers and infrastructure hubs like Dublin and Cork Airports.

h) Grants should be made available to businesses to see how they can save by reducing their usage of water in every aspect of their business. Modern taps use far less than the previous generation, water closets can function on a small flush etc. These water conservation strategies are very important but are not being implemented consistently. They can make a real difference in the amount of water being consumed.

3. **IFA** proposes that:

   a) The CRU change direction on the proposed tariff increases and recognise the challenges facing the sector and introduce further transitional arrangements for farmers to minimise tariff increases.

   b) A maximum annual bill increase for all connections is capped at 10% (based on their previous year's consumption) and that this is capped for three years when applied on 1st October 2025.

4. **Chambers Ireland** noted that its' members identify several improvements that would support business activity and reduce costs. These include transparent national capacity mapping, stronger coordination between Uisce Éireann and local authorities, predictable multi-year tariff pathways, targeted investment to address bottlenecks in strategic locations and faster delivery of critical capital projects.

5. Considering the rising costs for small businesses, **the SFA** would like to draw attention to its recommendations from its submission on water charges last April.

   a) The Government must cover any future non-domestic water tariff increase for small businesses for the next 10 years.

   b) The Government must increase the UÉ capital allocations to cover their investment programme and operations. UÉ must have access to the necessary funding for its ambitious programme of capital investment, which includes delivery of critical water infrastructure such as the Water Supply Project Eastern and Midlands Region and the Greater Dublin Drainage Project through the revised National Development Plan.

c) The Government must review further water tariff increases mandated by CRU in 2026 and support businesses where needed, as economic pressures may last beyond 2025.

d) There needs to be and urgent review CRU's funding approach to include the key principles of Affordability and Cost Competitiveness. The CRU does not currently include these among their six key principles for regulating UÉ's non-domestic tariffs (Equity, Efficiency, Simplicity, Stability, Cost Reflectivity and Cost Recovery).

e) The CRU must engage bill payers during decision processes for water tariffs, to ensure that the final decisions reflect current pressures faced by businesses, including small and medium enterprises.

f) The CRU must provide greater transparency and predictability on future pricing structures. Increases must be justified taking into consideration costs to businesses and the impact on the Irish economy.

g) The CRU should recognise water conservation investments and sustainable practices in future water tariff models.

6. Key amongst **AmCham's** recommendations to support the delivery of water infrastructure and water services in Ireland are:

a) The provision of the necessary resourcing and capital investment for the delivery of essential projects.

b) It is of the utmost importance that the Greater Dublin Drainage Project and the Water Supply Project Eastern and Midlands Region are fully delivered.

c) In supporting the delivery of water and wastewater infrastructure, it is important that funding certainty is provided. As such, the provision of a multi-annual funding model for Uisce Éireann would ensure the funding model is in coordination with capital investment schedules. This would better support the efficient delivery of long-term projects, and support infrastructure delivery into the future.

d) With regard to planning barriers, reform of the judicial review process to address the increased timelines for key infrastructure is necessary. This should further be enhanced by the triaging of vital water and wastewater projects within the planning system given their importance for the delivery of housing and business growth.

7. **IBEC** recommends to:

a) **Review upcoming tariffs**: The DHLGH must review the 2026 tariff hikes and Revenue Control 4 projections. Greater transparency regarding future pricing is essential for business certainty.

b) **State subvention of increases**: To support business viability, the Government should absorb non-domestic tariff increases for 2026–2029 and increase capital allocations for Uisce Éireann, ensuring infrastructure delivery without overburdening enterprise.

c) **Review CRU's mandate**: The CRU's mandate must be urgently reviewed to include "Affordability" and "Cost Competitiveness" as key principles. It must engage directly with bill payers to reflect the pressures facing SMEs.

d) **Fair transparent charging**: The CRU must provide justified and certain pricing structures. Standing charges must be fair to ensure they do not penalize operators who have invested in water efficiency.

Full Submissions

Irish Congress of Trade Unions

Liam Berney, Senior Industrial Officer

The next meeting of the Cost of Business Advisory Forum to be held on the 15 December 2025 will consider the theme of Public Utilities – Water Services.

As you may be aware responsibility for the operation of public water and wastewater services is in the process of being transferred from local authorities to Uisce Eireann. By the end of 2026 Uisce Eireann will have full responsibility for this important public service. As part of the reform programme government reached agreement with the unions in the sector to hold and support a constitutional referendum to ensure that public water services could not be privatised. The government have so far failed to honour their commitment to hold such a referendum.

While households in Ireland do not pay water charges directly to Uisce Eireann, commercial users of water and wastewater services are charged for their consumption. International evidence suggests that where public water services are privatised the cost to consumers dramatically increases. This has led in a number of cases to the renationalisation of services. It would seem logical therefore that if Business Advisory Forum wished to ensure that the costs associated with the provision of water and wastewater services are to remain sustainable it would recommend to government that it hold and support a referendum to ensure that public water and wastewater services remain in public ownership.

Irish Tourism Industry Confederation

Eoghan O'Mara Walsh, CEO

Context

The Irish Tourism Industry Confederation (ITIC), representing the leading tourism and hospitality business stakeholders in the country, welcomes this opportunity to input into the Forum's discussion in relation to regulatory burdens and infrastructural delivery.

Tourism is the country's largest indigenous industry and biggest regional employer representing over 8% of the national workforce, and the CSO estimate that there are circa 46,000 enterprises in the sector. Most tourism and hospitality businesses are SMEs and are based in regional Ireland, and are labour intensive often operating with tight profit margins. As a result, all business costs are monitored carefully and recurring feedback from ITIC members is that regulatory burdens and infrastructural delivery tend to be a significant cause of concern.

Maintaining a clean and secure water supply along with a safe wastewater system in an operationally efficient manner and at a cost that is internationally competitive is vital to the future of our country. Water service costs can stifle business enterprise and infrastructural delivery and threaten the Irish tourism economy's ability to grow.

Water Services

- **Commitment to Sustainable Water Management**

ITIC fully supports the need for a clean, secure, and efficiently managed water supply and wastewater system. A fair and transparent funding model that supports the long-term sustainability of Irish Water, while maintaining cost competitiveness, is essential to the success of Irish enterprise.

- **Significant Impact on the Tourism & Hospitality Industry**

The tourism and hospitality sector—such as hotels with leisure centres and high guest turnover—is a major non-domestic consumer of water. This year's proposed tariff increases of 10–13%, on top of last year's CRU-mandated average increase of 30% (effective 1 October 2024), represent a cumulative cost burden that many businesses are ill-positioned to absorb.

ITIC is particularly concerned about the potential for further annual increases through to 2029. These cost escalations pose a serious threat to business competitiveness, operational viability, and employment in the sector. Domestic water is free of charge for political reasons meaning that businesses have to take a disproportionate burden.

- **Concerns Over Uisce Eieann's Cost Base**

Uisce Eireann's operating costs are materially higher than comparable utilities in the UK. Given its monopoly status and recipient of State funding, we strongly oppose the transfer of abnormal or inefficient

costs to non-domestic users. Tariffs should be based solely on the recovery of efficient and necessary costs, with clear benchmarking against international best practices.

The decision by Government to use a portion of the Apple tax receipts to improve the water system is to be welcomed and hopefully means that the costs of upgrading infrastructure will not be passed on to business.

- **Call for Equity and Fairness**

ITIC and members believe that the proposed approach imposes a disproportionate burden on non-domestic customers. A system that results in cost increases of approximately 30% for businesses, many of which are already struggling with inflationary and regulatory pressures, is unjustified and economically unsustainable.

Recommendations

ITIC suggests that the Cost of Business Advisory Forum consider the following measures to support equitable and effective water management:

- **Introduce Targeted Financial Supports** to encourage capital investment in water-saving infrastructure and technologies for high-usage businesses.
- **Develop Short-Term Incentives** to manage peak demand and support orderly scheduling of capital upgrades.
- **Improve Tariff Transparency** so that businesses can clearly understand which tariff band applies and Regulatory burdens and the implications for their tariffs.
- Push back on the immediate proposed increases in potable and wastewater tariffs.
- Engage with CRU to gain greater transparency on future pricing structures and the justification for ongoing rises.
- Advocate for recognition of water conservation investments and sustainable practices in future tariff models.
- Ensure predictability in water utility pricing to enable effective long-term financial planning for large employers and infrastructure hubs like Dublin and Cork Airports.
- Grants should be made available to businesses to see how they can save by reducing their usage of water in every aspect of their business. Modern taps use far less than the previous generation, water closets can function on a small flush etc. These water conservation strategies are very important but are not being implemented consistently. They can make a real difference in the amount of water being consumed.

Concluding thoughts

ITIC urges the Cost of Business Advisory Forum to take into account the significant economic pressures already facing the tourism and hospitality sector. It is imperative that Uisce Eireann's pricing framework supports, rather than undermines, Ireland's business competitiveness.

Irish Farmers' Association

Robert Malone, Retail and Banking Executive

Introduction

The Irish Farmers' Association (IFA) is Ireland's largest farming organisation with approximately 70,000 members in 940 branches nationwide. We have protected and defended the interests of Irish farmers in all sectors for 70 years lobbying and campaigning for improved conditions and incomes for farm families.

We welcome the opportunity to make a submission to the Uisce Eireann's public consultation on Non-Domestic Tariff Framework (NDTF).

Review of non-domestic tariff framework

In 2019, Uisce Eireann agreed a new NDTF with the Commission for Regulation of Utilities (CRU). This framework standardised non-domestic water charges across local authorities and town councils so that, since October 1st 2021, all farmers now pay the same tariff for their water. To minimise the impact of the increase of the tariff a transitional arrangement of 3 years was introduced.

The standardisation of tariffs saw the volumetric charge per m3 reduce for most counties; however the introduction of standing charges per connection has disproportionately impacted farmers, due to fragmentation of farms into multiple land holdings which accordingly require multiple connections. In many cases these are small farms with associated low incomes; therefore, any changes to water charges have a significant impact on overall farm income. This issue has been raised by IFA with Uisce Eireann since the introduction of the standard tariffs and IFA strongly believe it is imperative that this is resolved in a fair manner.

One of the guiding principles of the tariff framework is that tariffs should be equitable and not unduly discriminate between customers. However, the current framework is disproportionately impacting low volume users with multiple connections (see Appendix 1 which illustrates this impact).

Current challenges in Agriculture

The agri-food sector is an integral part of Ireland's economy and our largest indigenous sector. Recent years have seen significant disruption to the sector caused by Brexit, COVID-19 and the Russian invasion of Ukraine. Linked to this series of challenges has been high input costs and high inflation. This has resulted in farmers income across all sectors being reduced, with the average farm incomes in 2023 of €19,925, while the average income of drystock farmers (those most impacted) was between €7,425 for cattle rearing farms and €14,7351 for other cattle farming enterprises.

IFA acknowledge that the cost of providing water services has increased since the tariffs were agreed in 2019, however the proposed increases are substantial, and come at time when only 28% of farms are considered economically viable[24].

IFA propose that the CRU change direction on the proposed tariff increases and recognise the challenges facing the sector and introduce further transitional arrangements for farmers to minimise tariff increases.

[24] Teagasc (2024). National Farm Survey 2023.Retrieve from here.

Fragmented farm holdings

The reason that farmers have been disproportionately impacted compared to other non-domestic customers with similar water usage is that farm fragmentation is commonplace across the country. The average farm has 3.5 land parcels per farm, however there is even greater fragmentation in the west of Ireland, which typically have extensive farming systems and below average farm incomes.

Farmers with fragmented holdings require multiple water connections, as it is essential that livestock have access to water even though the water usage per connection may be minimal and often only for part of the year. Removing the connection is not an option despite the low water usage. The introduction of tariffs on a per connection basis has increased both the administrative and cost burden for these farms.

IFA proposed in our 2024 submission that the standard charge per connection is reviewed for farmers with multiple connections and that water charges are linked to a Water Point Reference Number (WPRN) and not each individual connection. This proposal has not been implemented. Instead, CRU proposed a 9.8% increase to the 2024 tariff rate which cannot be absorbed by farmers especially at a time when only 28% of farms are considered economically viable[25].

Uisce Eireann have analysed the data available through their billing system which identified 2,898 agricultural connections. These connections are linked to 2,135 customers. Of these customers, 417 (20%) having multiple accounts (an average of 2.8 connections per customer, c.1200 connections in total). There are fewer customers than connections as there are some customers with multiple connections. Uisce Eireann expect that this is an underestimate of the true number of agriculture connections falling into this bracket.

The use of the Central Statistics Office (CSO) definition of connections located rurally facilitates the exclusion of any connection within urban areas, towns, villages or suburbs etc. This estimates there are c. 36,300 rural connections nationally. These connections are linked to c.32,500 customers. Of these customers c. 2,500 (7%) have multiple accounts (an average of 2.5 connections per customers – c. 6,300 connections in total).

The above analysis illustrates that farmers are much more negatively impacted by the recent changes owing to the higher prevalence of multiple connections than other water users.

Economic vulnerability of farming enterprises

The public consultation document fails to recognise 'ability to pay' as a criterion when setting changes to tariffs. This is particularly important in the case of farming which, according to the Teagasc National Farm Survey, has seen the average farm incomes drop from €24,800 in 2022 to €19,924 in 2023. Furthermore, the average income figure distorts the economic vulnerability of many farms particularly extensive farming systems whose income is significantly lower than the average (e.g. drystock farmers whose in 2023 was between €7,425 for cattle rearing farms and €14,7351 for other cattle farming enterprises. These extensive farming systems are more likely to be fragmented and water usage per connection is well below the Band 1 threshold.

IFA proposed that a new Band 1 is introduced for non-domestic customers with very low water usage i.e. less than 250m3, and that the proposed volumetric water charge is fair and proportionate.

[25] https://www.teagasc.ie/publications/2024/teagasc-national-farm-survey-2023.php

Bill capping proposal

To minimise the risk of a large step change in tariff levels, further transitional bill capping arrangements are required. The Uisce Eireann bill capping proposals, suggest a 75% cap on the maximum annual bill increase for all connections facing an annual bill increase of €750 or more (based on their previous year's consumption) is an attempt to cushion the tariff increase. However, it does not go far enough given the economic vulnerability in farming at present.

The CRU proposal that a 100% cap on the maximum annual bill increase for all connections facing an annual bill increase of €750 or more (based on previous year's consumption) on 1st October 2025 and the bill capping arrangement would be unwound by 1st October 2026, is totally unacceptable to farmers. This proposal does not adhere to the guiding principle of the framework in relation to equity and no undue discrimination.

IFA propose that a maximum annual bill increase for all connections is capped at 10% (based on their previous year's consumption) and that this is capped for three years when applied on 1st October 2025.

Farmers' goodwill

Farmers have facilitated the development of the water infrastructure network for many decades, and this facilitation and goodwill has never been so important given that the National Planning Framework identifies the investment in water and wastewater infrastructure as a key strategic priority going forward.

The Water Supply Project, Eastern and Midlands Region is the first major 'new source' water supply infrastructure for the region for over 60 years. The successful delivery of this major national infrastructure project is critical to Ireland's social and economic growth.

IFA are in discussions with Uisce Eireann at present to develop a code of practice to support the successful delivery of this major national infrastructure project that is critical to Ireland's social and economic growth. The goodwill of farmers will be essential to get their cooperation as well as the timely delivery of this important project.

Applying significant increases in water charges to farmers at this stage, will no doubt diminish farmers goodwill, as the proposed increases will disproportionately impact farmers with high standing charges due to multiple connections but low volumetric use.

Conclusion

Farmers have serious concerns in relation to the proposed increase in water charges at a time when many farm families are under significant financial pressure. It is acknowledged that Uisce Eireann costs to provide service have increased. However, this does not still justify the proposed changes to the proposed tariff structure and framework. Given the economic vulnerability of many farmers, the principle of full cost recovery is not justified while there are also equity issues that need to be addressed through appropriate targeting as proposed within this document.

Appendix 1: The impact of the proposed increases on a farmer with multiple connections and low water usage.

	Standing charge	Volumetric tariff	Water supplied	Volumetric charge (1,000m3)	Total water charge	Increase in water charge	% increase in water charge
Current Band 1 charges	43.76	1.87	100	187.00	230.76		
	43.76	1.87	2	3.74	47.50		
	43.76	1.87	13	24.31	68.07		
	43.76	1.87	21	39.27	83.03		
	43.76	1.87	173	323.51	367.27		
				Total water service charges	**796.63**		
New proposed Band 1 charges	83.02	2.19	100	219.00	302.02	71.26	31%
	83.02	2.19	2	4.38	87.40	39.90	84%
	83.02	2.19	13	28.47	111.49	43.42	64%
	83.02	2.19	21	45.99	129.01	45.98	55%
	83.02	2.19	173	378.87	461.89	94.62	26%
				Total water service charges	**1091.81**	**295.18**	**37%**

Note: The following information was sourced from a farmer in Co. Mayo, it shows that while the overall increase is 37%, one connection would increase by 64% while another would increase by 84%.

Chambers Ireland

Stephen Browne, Head of Public Affairs

1. In what ways has the availability or capacity of water services affected your business operations or sector performance?

Members, particularly in urban centres, report that limitations in water and wastewater capacity are affecting day to day operations and long term planning. Delays in securing water and wastewater connections, capacity constraints at treatment plants, and a lack of clarity on upgrade timelines are creating uncertainty for businesses. These issues also slow the delivery of commercial and housing projects and increase financing and carrying costs. Developers face prolonged delays and inconsistent capacity assessments that affect growth and competitiveness.

Operational disruptions relating to outages, reduced pressure and occasional water quality concerns also create additional costs for affected businesses. These interruptions undermine confidence in supply reliability and increase the need for on site mitigation measures. Members consistently state that the availability and reliability of water services now influence investment decisions and project timelines in a way that did not occur previously.

The organisations with the capacity to address these challenges include Uisce Éireann, the Commission for Regulation of Utilities, the Department of Housing, Local Government and Heritage, the Department of Enterprise, Tourism and Employment and local authorities. In addition, sufficient funding is required through the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation.

2. How significant are water supply and water costs for your business or organisation?

Water and wastewater costs represent a meaningful and growing component of business operating expenditure. The proposed 9.8 per cent increase in non domestic tariffs for 2025 and 2026 will add cost pressures at a time when energy, labour and insurance costs are also rising. This impact will be particularly significant for large water users in manufacturing, food and drink, pharmaceuticals, hotels and large commercial operations. The move to a single national system of pricing has already led to sharp increases in costs for some parts of the country, including Dublin.

There are also indirect costs linked to supply disruptions, variation in water quality and delays in connecting to the network. Businesses in some cases have invested in filtration equipment, storage capacity or temporary alternative supply arrangements. These costs reduce competitiveness and increase financial exposure. Members also highlight the need for predictable and transparent tariff pathways so that businesses can plan for upcoming regulatory changes.

3. Have limitations or strengths in water infrastructure impacted expansion or development opportunities for your business or sector?

Infrastructure limitations continue to affect the delivery of commercial and residential development. In several areas, wastewater treatment capacity is not aligned with projected population or employment

growth. This results in delays to planning decisions and the sequencing of development. These issues have also been raised in urban areas, where wastewater capacity constraints have slowed development in high growth locations and added to uncertainty for investors. One high profile example is the Greater Dublin Drainage Scheme, which is critical for wastewater management. This project is now held up in the courts under Judicial Review.

In addition, the Eastern and Midlands Water Supply Project is a vital piece of infrastructure that when delivered will not only supply water to Dublin but will also enable upgrading of mains across the Midlands. This project which is in pre planning needs to be delivered at the earliest opportunity.
Where upgrades have been completed, such as improvements to water treatment plants and trunk mains, businesses note better reliability and reduced operational risk. These examples show the clear economic benefit of timely capital delivery. Members emphasise that a more coordinated approach to infrastructure planning, particularly between Uisce Éireann, local authorities and Government Departments, would help ensure that projects are delivered at the pace required to support growth.

4. What steps has your business or sector taken to mitigate water services costs?

Businesses have taken a range of actions to maintain operational continuity and reduce exposure to rising costs. These include investment in on site storage, recycling and re use systems, pre treatment equipment, leak detection technologies and efficiency upgrades. Some firms have used private wells or supplementary groundwater sources. Others have phased expansion to align with expected infrastructure improvements in their area.

These steps mirror actions taken by businesses, who also report investment in storage, recycling and supplementary systems to maintain supply during disruptions. They note that such actions cannot replace reliable public infrastructure and often result in duplicated cost for businesses
Members have stated that while efficiency supports are helpful, most of the cost and reliability issues can only be resolved through improvements to public water and wastewater infrastructure.

5. Do you believe existing State supports or policies are effective in addressing water service challenges for your business or sector?

Members generally believe that existing supports do not yet adequately address the scale of water service challenges. Concerns include slow capital delivery timelines, limited transparency regarding available water and wastewater capacity, insufficient alignment between infrastructure investment and regional economic priorities, and uneven interagency coordination.

In addition, businesses believe that tariff decisions should more explicitly consider national competitiveness impacts. There is also a need for statutory timelines for connections, clearer capacity confirmation processes and more accessible information on future network upgrades.
Members identify several improvements that would support business activity and reduce costs. These include transparent national capacity mapping, stronger coordination between Uisce Éireann and local authorities, predictable multi-year tariff pathways, targeted investment to address bottlenecks in strategic locations and faster delivery of critical capital projects.

Small Firms Association

David Broderick, Director

The Small Firms Association

The Small Firms Association is the "Voice of Small Business", representing small businesses employing up to 50 people, spanning every sector of our economy. Its mission is to be the trusted partner of small businesses in Ireland, to deliver business-focused advice and insights to member companies, influence government policy to the benefit of small businesses and connect its members in a thriving community.

Overview

The Small Firms Association has drafted a brief position paper concerning the costs of water utilities on small businesses. Any increase in the non-domestic water tariff was a disproportionate financial impact on small businesses. Small Businesses are already overburdened with increased energy costs, global trade tariffs, another increase in the National Minimum Wage, and the forthcoming auto-enrolment system.

In its submission to the Commission for Regulation of Utilities (CRU) 2025 Water Tariff Increases, back in April, the SFA is recommended the Irish Government must not increase the non-domestic water tariff increase for 2025 and review further water tariff increases mandated by CRU in 2026. The SFA also stated that Government should also increase the capital allocations to cover Uisce Éireann's ambitious programme of capital investment including delivery of critical water infrastructure such as the Water Supply Project and the Greater Dublin Drainage Project.

The SFA also recommended that the CRU's funding approach be reviewed to include the key principles of Affordability and Cost Competitiveness and consider investments in water conservation and sustainability. Furthermore, the SFA called for greater transparency, tracking and predictability on future water price increases for non-domestic water users. This will enable small businesses to better prepared and budget more effectively to pay for tariffs.

SFA Cost of Business Survey 2025

As previously stated, the impact of these rate increases could be significant to many sectors such as and will have a disproportionate impact on small businesses. In recent years, small businesses have been facing significant cost challenges.

Over the summer, the SFA in partnership with Amárach, conducted its second annual nationwide survey of small businesses about rising costs. Forty-nine percent of small businesses have reported an increase in business costs in the past 12 months. Although the percentage of small businesses reporting increased costs are significantly down from last year (84%), businesses are still struggling with a high-cost base with 44 percent of businesses reporting no change in costs in the past year.

Business costs remain a challenge for many small businesses with an average increase in costs at 11.7% in the past 12 months, among the businesses that have experienced increased costs. However, that is a decline from 16.6% rise in business costs reported in last year's survey. Labour-related costs remain the

biggest challenge with 31 percent of all businesses reporting that employment costs have increased in the past 12 months, however that is a decline from 48 percent of all businesses in last year's survey.

Recommendations

Considering the rising costs for small businesses and the SFA would like to draw attention to its recommendations from its submission on water charges last April.

1. The Government must cover any future non-domestic water tariff increase for small businesses for the next 10 years.

2. The Government must increase the UÉ capital allocations to cover their investment programme and operations. UÉ must have access to the necessary funding for its ambitious programme of capital investment, which includes delivery of critical water infrastructure such as the Water Supply Project Eastern and Midlands Region and the Greater Dublin Drainage Project through the revised National Development Plan.

3. The Government must review further water tariff increases mandated by CRU in 2026 and support businesses where needed, as economic pressures may last beyond 2025.

4. There needs to be and urgent review CRU's funding approach to include the key principles of Affordability and Cost Competitiveness. The CRU does not currently include these among their six key principles for regulating UÉ's non-domestic tariffs (Equity, Efficiency, Simplicity, Stability, Cost Reflectivity and Cost Recovery).

5. The CRU must engage bill payers during decision processes for water tariffs, to ensure that the final decisions reflect current pressures faced by businesses, including small and medium enterprises.

6. The CRU must provide greater transparency and predictability on future pricing structures. Increases must be justified taking into consideration costs to businesses and the impact on the Irish economy.

7. The CRU should recognise water conservation investments and sustainable practices in future water tariff models.

American Chamber of Commerce Ireland

Colm O'Callaghan, Director

The American Chamber of Commerce Ireland (AmCham) welcomes the opportunity to provide input on the topic of public utilities: water services to the Cost of Business Advisory Forum.

To ensure Ireland can provide for the future delivery of housing, and for future business growth, it is vital that water and wastewater needs are met and that additional capacity is provided. This will be key in enhancing Ireland's attractiveness for FDI into the future, and in empowering Ireland to meet its housing and infrastructural needs.

Central to the advancement of water and wastewater services will be the provision of the necessary resourcing and capital investments to support the delivery of required infrastructural projects to support Ireland's future growth and development. This will further be pivotal in underpinning measures to address housing supply, and to support future investment, given the vital nature of water services and infrastructure in this regard.

The delivery of key projects including the 'Water Supply Project Eastern and Midlands Region' and the 'Greater Dublin Drainage Project' are important steps to see completed. The Greater Dublin Area currently relies on the River Liffey as a single source for 85% of water supply. Potential disruption to this source could have significant impacts on the population and the business community. It is projected that by 2044, the Eastern and Midlands Region will require an increase of 34% in the water supply as it relates to current levels. Indeed, the Eastern and Midlands Water Project, when delivered, will have the capacity to supply water to 50% of Ireland's population, making this a project of critical strategic importance.

The provision of the necessary water and wastewater infrastructure projects, and water supply will be key in ensuring the future delivery of housing, and business growth in a sustainable manner. Further, continued growth will also necessitate greater enhancements in wastewater infrastructure capacity. Delivery in this context will be important in ensuring Ireland remains an attractive location for both talent and business.

Key challenges with regard to water infrastructure relate to certainty with regard to the development and enhancement of water supply. For instance, delays in the planning process for vital national infrastructure projects create uncertainty with regard to the availability of future supply to support both business and population growth. Providing certainty that critical water and wastewater projects will be delivered within clear timeframes is of the utmost importance to support investor confidence. This is particularly the case in sectors which have significant water usage.

Indeed, in conjunction with planning barriers, the regulatory environment and funding challenges also represent challenges to the delivery of water and wastewater infrastructure in Ireland. Addressing these issues will be vital in terms of supporting the delivery of water services.

Key amongst AmCham's **recommendations** to support the delivery of water infrastructure and water services in Ireland are:

- The provision of the necessary resourcing and capital investment for the delivery of essential projects.

- It is of the utmost importance that the Greater Dublin Drainage Project and the Water Supply Project Eastern and Midlands Region are fully delivered.
- In supporting the delivery of water and wastewater infrastructure, it is important that funding certainty is provided. As such, the provision of a multi-annual funding model for Uisce Éireann would ensure the funding model is in coordination with capital investment schedules. This would better support the efficient delivery of long-term projects, and support infrastructure delivery into the future.
- With regard to planning barriers, reform of the judicial review process to address the increased timelines for key infrastructure is necessary. This should further be enhanced by the triaging of vital water and wastewater projects within the planning system given their importance for the delivery of housing and business growth.

IBEC

Sharon Higgins, Executive Director Membership & Sectors

our water ambition

For a competitive, productive and resilient economy

December 2025

Ibec recommendations:

Review upcoming tariffs: The DHLGH must review the 2026 tariff hikes and Revenue Control 4 projections. Greater transparency regarding future pricing is essential for business certainty.

State subvention of increases: To support business viability, the Government should absorb non-domestic tariff increases for 2026–2029 and increase capital allocations for Uisce Éireann, ensuring infrastructure delivery without overburdening enterprise.

Review CRU's mandate: The CRU's mandate must be urgently reviewed to include "Affordability" and "Cost Competitiveness" as key principles. It must engage directly with bill payers to reflect the pressures facing SMEs.

Fair & transparent charging: The CRU must provide justified and certain pricing structures. Standing charges must be fair to ensure they do not penalize operators who have invested in water efficiency.

Introduction

The availability and capacity of water services are fundamental to the performance of Irish businesses across multiple sectors. Industries such as Food and Drink, Biopharma, Technology, and MedTech rely heavily on water as either a raw material or an essential input in industrial processes. For example, beverages, dairy, and prepared consumer foods require consistent and high-quality water supplies, while semiconductor manufacturing and data centres depend on reliable water infrastructure to maintain operations. In the services sector, businesses in Ireland's Experience Economy such as hotels, spas & leisure centres, hairdressing, bars and restaurants, require consistent dependable water supplies for their daily operations.

The business case for investment in water

The Action Plan on Competitiveness and Productivity Capacity identifies water capacity as a critical constraint on enterprise and population growth, particularly in the Greater Dublin Area (GDA). The region faces severe vulnerabilities due to an over-reliance on the River Liffey, which supplies approximately 85% of the GDA's raw water, and the Ringsend Wastewater Treatment Plant, which processes over 90% of Dublin's wastewater. With both systems operating at or near capacity, immediate infrastructure investment is essential to mitigate climate risks and ensure the system can support future industrial expansion without facing major supply shocks.

We commend the level of State investment being made on critical and underpinning water infrastructure, specifically the record €12.2 billion allocation over the next five years outlined in the newly published Sectoral Plan for Water Services and Water Quality. This investment includes €12 billion earmarked for Uisce Éireann to support housing, public health, and environmental standards, alongside €230 million for rural infrastructure and €306 million for water quality improvements. This funding is vital for supporting business expansion, housing delivery and addressing capacity constraints through the National Development Plan. It must also be noted that Uisce Éireann inherited a heavily fragmented water system with significant upgrade needs requiring investment to

bring it to modern standards. However, the cost of upgrading outdated infrastructure and legacy systems cannot fall entirely on businesses, and there is a need for higher State support.

The capacity of Uisce Éireann to deliver critical infrastructure projects such as the Water Supply Project (WSP) for the Eastern and Midlands Region and the Greater Dublin Drainage Project (GDD), is directly tied to business resilience. Without sufficient investment in these projects, businesses risk operational disruptions, reduced competitiveness, and diminished confidence in Ireland as a location for industrial expansion.

Ineffective or slow infrastructure delivery is holding the economy back, creating a cycle of underinvestment that risks long-term competitiveness and compounds capacity constraints. Nationally important projects such as the WSP and GDD must be prioritised by planning and consenting processes due to their critical strategic importance in addressing infrastructural investment deficits. We must urgently address the barriers frustrating project delivery, which are exacerbated by multiple overlapping regulatory processes and the current state of Judicial Reviews, where projects benefitting the wider society are often delayed by the actions of a few.

The Accelerating Infrastructure Report and Action Plan offers a critical path forward through regulatory simplification, streamlined planning, and improved public procurement procedures. Time-bound measures are essential to navigate the complex, often non-consecutive approvals required for critical water infrastructure. For these changes to succeed, Government must implement these high-impact actions with urgency.

Rising water tariffs on cost of doing business

Irish businesses are facing a period of unprecedented utility inflation. Following a tariff hike in October 2024 that imposed average increases of 30% on non-domestic rates, businesses now face a further c.10% increase in October 20252.

For large water users, who contribute disproportionately to Ireland's export economy and tax revenue, water is not a marginal utility expense but a top-tier cost driver. The current trajectory of tariff increases is actively compressing margins and reducing the headroom essential for investment, wage growth, and job creation.

The Commission for Regulation of Utilities (CRU) Draft Determination on Revenue Control 4 (RC4) proposes further average increases of 9% per annum from 2026–2029. While industry supports the critical need to address infrastructure deficits, front-loading these costs on enterprise threatens viability. The following case studies illustrate how current tariff models impact business. meaning EPA licences are currently not being reviewed until a planning decision is final (and not under judicial review). If the planning decision is challenged, the EPA does not review applications during the objection period, as they consider that significant challenges may happen. Additionally, once the EPA licence is issued, it too may be subject to challenge.

Case Study 1: Food Manufacturing – The Inflation Gap

Company in the food manufacturing sector has seen water costs spiral, outpacing general inflation by a significant margin.

Year	Annual Water Bill	Cumulative Increase vs 2021
2021	€330,000	-
2025	€850,000	+158%
2030 (Est.)	>€1.1 million	+260%

Business impact: While general CPI inflation is expected to be ~30% over this period, this firm faces a water cost increase of over 260%. This excess inflation directly erodes the budget available for R&D and workforce expansion.

Case Study 2: Hospitality – The Efficiency Paradox	A multi-site hospitality business reports that bills have doubled since 2022, despite a group-wide retrofit of water-saving technology. Over 90% of sites installed high-efficiency dishwashers to reduce consumption. Price inflation (unit rates and standing charges) completely erased the efficiency gains. **Business impact:** This creates a perverse incentive where investments in sustainability yield no financial return. This directly contradicts the Government's objective to support SMEs in becoming "competitive and resilient through decarbonisation". Furthermore, rising baseline utility costs are creating a bottleneck to expansion, lowering the appetite to invest in marginal locations, such as town centres with older infrastructure prone to leakage.
Case Study 3: Agri-Food Processing – The Employment Cost	Water and wastewater costs are a significant expense. In 2023, costs were approximately €1.8 million, rising to €2.3 million in 2025. A further increase to over €2.5 million is indicated for 2026, primarily driven by trade effluent charges. **Business impact:** This capital is effectively being diverted from employment and capacity expansion solely to service utility inflation.

Actions undertaken by businesses to mitigate water services costs

Irish businesses have taken proactive steps to mitigate rising water service costs. Many members have invested in sustainability initiatives such as water conservation, efficiency improvements, circularity measures, and runoff contamination controls. Ibec members have also signed up to Uisce Éireann's Water Stewardship Programme, which helps businesses reduce water consumption, reduce annual operating costs and protect the environment.

These strategies are not only cost-saving but also align with broader environmental goals. However, constant increases in water charges risk disincentivising such investments. If businesses perceive that conservation efforts do not translate into reduced costs or recognition in tariff models, they may scale back sustainability initiatives.

The sector's mitigation strategies therefore depend on supportive regulatory frameworks. CRU's tariff models should acknowledge and reward conservation investments to ensure that businesses remain motivated to pursue efficiency and sustainability.

Effectiveness of State supports and policies

There are serious concerns about the adequacy of existing State supports and policies in addressing water cost challenges. While the CRU applies principles such as equity, efficiency, and cost recovery in tariff regulation, it does not currently include affordability or cost competitiveness. These principles are essential to ensure Ireland remains an attractive location for investment.

In its current form, State policy does not adequately balance the need for infrastructure funding with the competitiveness pressures faced by businesses. Without urgent reforms, water tariffs risk undermining Ireland's economic stability and growth potential.

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Theme 5: Professional Services - Legal Costs

Summary and Recommendations of Submissions

Members of the Advisory Forum were asked to submit a paper (max. 3 pages) on the theme of ***Professional Services: Legal Costs*** which will be discussed at the meeting on Wednesday, 21st January.

(i) Legal costs are unpredictable and difficult to budget for. They are largely driven by external events and regulatory requirements rather than by business choice. This lack of predictability creates risk and uncertainty. It makes financial planning more difficult, particularly for growing firms.

(ii) Legal and compliance costs are also largely non-discretionary. Businesses cannot defer or materially reduce them without increasing legal exposure. This distinguishes legal costs from many other operating expenses. Even where overall spend is moderate, the inability to plan with certainty gives these costs disproportionate weight in business decision making.

(iii) Legal costs in Ireland (solicitor fees, barrister fees, court costs, settlements, insurance excesses) are indisputably high by international standards. For a small hotel, B&B, tour company or attraction, one serious legal case can seriously damage that business. Furthermore, fear of legal action can lead to the cancellation or curtailment of activities or events such as adventure tourism or outdoor offerings. Legal cost concerns can lead to over-cautious business practices and act as a limit on innovation thereby reducing the diversity of Ireland's tourism product.

(iv) Legal costs constitute both a direct cost and indirect cost. As direct costs, members pay legal costs when involved in transactions, acquisitions of property, disputes or in the context of business advisory services typically concerning employment, contractual and consumer matters. Indirect legal costs arise through the implications of legal costs for support services to businesses, most notably on issues like insurance, but also for security services.

(v) Legal matters also require sustained senior management attention. Time spent on compliance, regulatory engagement, and dispute management is time not spent on growth, productivity, or investment.

(vi) While the vast majority of claims are entirely legitimate and domestic in nature, Ireland's award environment and litigation outcomes risk creating incentives that are misaligned with broader economic competitiveness. This comparative position can place upward pressure on claim costs and, over time, affect the frequency and severity profile of claims presented to insurers operating in the Irish market.

(vii) As a category of business costs, legal costs impact in two direct ways. In the first instance, where a retailer has a requirement to retain legal services directly the cost of these services needs to be borne directly by the business, in similar way to other operational costs. At least in this context the retailer can shop around and is not captive to a cost structure imposed outside the businesses' direct control. In the second instance, where legal costs arise indirectly, this is typically through

arrangements that are imposed by third parties – most notably in insurance contracts, but also in circumstances governing security arrangements.

(viii) Damages remain too high in personal injuries (PI) cases, encouraging an unnaturally high level of PI litigation. Judicial setting of damages is constitutionally problematic, and the Oireachtas should take over this function.

(ix) Personal injury levels and legal costs are currently inextricably linked. There needs to be an unrelenting focus by Government on reducing the level and scale of personal injury awards and the legal fees for personal injury cases, to such an extent that litigation to resolve personal injury claims is very much a last resort. Non adversarial means of addressing genuine compensation claims must be the norm and should be focused on delivering reasonable levels of compensation in the most cost-effective manner possible.

(x) Ireland has made progress on injury awards and transparency, but NCID shows the vast majority of costs still crystallise in litigation, with disproportionate legal costs and delay — even though only about 3% of claims reach a full hearing — and the share of settled EL/PL injury claims resolving through litigation is up about 18% since 2019. The Forum can assist by recommending reforms that give practical effect to the Government's Action Plan for Insurance Reform so fewer claims drift into litigation and successful defendants are not left out of pocket, feeding into premiums.

(xi) Alcohol licensing applications and renewals are dealt with in the District Court. In law, there is no requirement for a barrister or legal representation to be engaged for routine and uncontested licensing matters. However, in practice, many pubs, restaurants and cafes feel compelled to hire solicitors and barristers due to the complexity, technical nature and lack of clarity in the current process. This creates a recurring and unnecessary cost for businesses, particularly small and family-run operators. The reliance on legal representation is driven not by statutory necessity, but by unclear procedures, inconsistent requirements across District Court areas and the risk of applications being delayed or refused due to minor technical errors.

(xii) Maintaining a fair, predictable, and proportionate compensation framework is essential to ensuring Ireland remains aligned with international norms and prevents unintended cost pressures from emerging within the claims environment.

(xiii) The pace of reform has been sluggish. To address this, the Government must—at a minimum—implement the outstanding recommendations of the Report of the Review of the Administration of Civil Justice (the Kelly Report). In addition, immediate priority must be given to the recently published General Scheme of the Civil Reform Bill 2025.

(xiv) It is imperative that the heavy burden of legal costs are mitigated against to support Ireland's business competitiveness. The Cost of Business Advisory Forum has an opportunity to recommend practical, targeted measures that give effect to the Government's objectives, reduce unnecessary litigation, restore proportionality in legal costs, and improve cost certainty for Irish businesses.

Forum Member Recommendations

8. **Alliance for Insurance Reform** suggests that many of the proposals below give practical expression to commitments already signalled in the Government's Action Plan for Insurance Reform — particularly on claims resolution, including urgent DETE follow-through to strengthen the Injuries Board's remit and increase acceptance rates, legal costs discipline, and improved data — but focus them specifically on cost-of-business outcomes. The Forum can add most value by backing a short, deliverable package that reduces the "litigation premium" and restores proportionality.

    a. *Reform how the Personal Injuries Guidelines are reviewed (Judicial Council Act 2019) (DoJ / DFIN / DETE / Government / Oireachtas)*

    Amend the review framework to make updates evidence-led and stable: longer review cycle; mandatory international benchmarking; structured consultation (including with the Injuries Board); and a defined scrutiny step. Where any uplift is proposed, add a short, time-bound consideration by the relevant Oireachtas Committee before Government is asked to act. This responds to the Council's own data constraints. In the medium term, it is of concern to some that the judiciary would both effectively set the Guidelines and apply them; in the interests of public confidence and role clarity, consider vesting responsibility for reviewing the Guidelines in an independent expert body, reporting to the Cabinet Sub-Group on Insurance Reform.

    b. *Fee scales for PI litigation — extend what already exists in the District Court (DoJ / Courts Service)*

    Introduce binding fee scales (or equivalent hard cost controls) in the Circuit and High Courts, building on the District Court costs schedule. This is the most direct lever to reduce legal-cost inflation once claims enter litigation (Kelly Report; Indecon).

    Illustration: In May 2025, the Irish Independent reported a €20,000 PI settlement followed by €71,437 in awarded costs (from a bill of c. €83k), later quashed by the High Court and sent back for rehearing. Separately in December 2025, the High Court also highlighted that it "cannot amount to true justice" for modest claims to continue to generate costs multiples of their value.

    c. *Make "winning" meaningful for defendants, and reduce one-way cost risk on appeal (DoJ / Courts Service)*

    Introduce practical measures that make costs orders enforceable and proportionate and require an ability-to-pay demonstration and/or security before an unsuccessful party appeals to a higher court. Justice should not be understood as a concept that applies only to the claimant.

    d. *Invest in better Courts Service data so outcomes can be monitored over time, complementing NCID and Injuries Board reporting (Courts Service / DoJ)*

e. *Appeals structure: reduce unnecessary rehearing cost escalation (DoJ / Courts Service)* Review whether defined categories of Circuit Court civil appeals to the High Court, which proceed by way of rehearing, should be narrowed (e.g. greater focus on error of law/procedure and/or targeted leave requirements in specified circumstances) so appeals do not become a second — and much more expensive — round of litigation.

f. *LSRA: target practices that inflate cost and delay — give rise to unnecessary litigation (LSRA / DoJ)*

Recommend the LSRA prioritise and publish actions on practices that inflate cost and delay, including medico-legal report practices and other process steps that can contribute to unnecessary escalation into litigation. Where a legal practice is identifiable but the individual solicitor cannot reasonably be named, the legislative framework should enable complaints to be made and progressed against the practice, so bona fide complaints are not frustrated by an identification gap.

g. *Defamation Bill: a live cost driver for SMEs, and a commitment to review (DoJ / Oireachtas)*

The Defamation Bill, as currently framed, appears to offer limited protection for retailers in ordinary transactions (e.g. asking for proof of purchase), leaving small businesses exposed to the financial impact of defending spurious claims in a jurisdiction with an exceptionally high volume of defamation cases, and with little hope of ever recovering their costs. A statutory post-enactment review within two years would be a very welcome recommendation for businesses dealing with this cost driver.

h. *Jurisdiction limits: do not increase PI limits as a default; if limits rise generally, treat PI separately (DoJ)*

Do not increase personal injury jurisdiction limits. If Government proceeds with wider changes, personal injuries should be treated separately and sequenced with fee scales and monitoring. (DoJ Courts Bill 2013 RIA.)

9. **RGDATA** suggests that there are some practical steps that should be taken to help drive down legal costs;
    a. Take the judiciary out of decisions to set the Personal Injury Guideline levels – Decisions on the applicable legal processes and the relevant guidelines on personal injury award levels should be political issues and not matters for the judiciary to determine. The recent recommendation of the Judicial Council to increase the level of personal injury awards by 17% at a time of unprecedented cost pressures on businesses, highlights the imperative to bring the setting of the guideline levels within the competency of the Executive and legislative branches of Government rather than leaving it with the judiciary

    b. Compel complainants to meet the cost of unsuccessful legal claims. While the practice is that the award of legal costs follow the particular outcome of a case, this is not automatically the case and the awarding of costs is usually at the discretion of a judge. It should be provided

by statute that an unsuccessful claimant in litigation will be liable for legal costs, unless there are exceptional reasons otherwise.

c. Compel prospective appellants of unsuccessful claims to provide proof of funds to meet legal costs. At present retailers all too often succeed in defending litigation or a complaint to the WRC and are then faced with an additional and often irrecoverable legal costs exposure when the case is appealed by the disappointed claimant. Businesses should not be the default funder of speculative legal cases – if the State wants to facilitate such cases, then introduce an appropriate means of legal aid for first person and third-party legal costs.

d. Facilitate mechanisms for recovery of legal costs from unsuccessful claimants – At present the onus is on businesses to fund legal costs in proceedings and there is rarely any recovery off third parties who lose a case. There needs to be a practical, cost sensitive and effective means of recovering costs orders from unsuccessful claimants.

e. Remove unnecessary or inappropriate causes of action leading to legal cases and legal costs – Legal costs are a direct consequence of a range of different causes of action which are subject to litigation. It is imperative that unnecessary or inappropriate causes of action are removed to prevent matters being litigated in the first instance – for example, retailers are subjected to extensive legal cost pressures as a consequence of retail defamation claims. This cause of action provides a charter for spurious legal cases and associated legal costs. The Department of Justice should amend the Defamation Bill to remove a cause of action for defamation in circumstances where a retailer seeks proof of purchase of a good – if such claims do not arise in the first place, then the costs will not follow.

f. Increase regulatory obligations on solicitors to appraise potential claimants of the risk of liability for legal costs – Changes to securing the enforceability of cost orders against unsuccessful claimants must be accompanied by increased obligations on solicitors to fully and extensively appraise clients of the real and significant risk of cost liabilities arising in the event that they lose the case.

10. **Chambers Ireland** noted that if one set of changes could be prioritised, it should focus on simplification, consolidation, and early resolution. There is a strong case for consolidation of employment law and tax law. Multiple overlapping statutes and frequent amendments increase compliance costs without clear benefit. Greater coherence would reduce legal risk and ongoing advisory spend.

    There is also a need to address regulatory gold plating. In some areas, EU obligations are implemented in a manner that adds additional complexity and cost. This places Irish businesses at a competitive disadvantage.

    In the personal injuries system, the absence of cost recovery for claimants before the Personal Injuries Board and the lack of mandatory pre action protocols contribute to unnecessary litigation. Once cases enter the court system, fee structures do not incentivise early settlement. Reform in this area would reduce costs across the system. Ireland's business friendly reputation is a key national asset. Legal protections are essential. However, the current framework creates avoidable cost, delay,

and uncertainty. A more proportionate and coordinated approach would reduce the cost of doing business while maintaining high standards of protection.

11. **RAI** suggests the following as potential solutions:

    a. **District Court licensing** should be treated as a largely administrative process for routine and uncontested applications, capable of being managed by licence holders themselves. This can be achieved by simplifying application and guidance materials, providing central guidance and support, streamlining routine or straightforward processes, and encouraging the use of digital tools and consistent timelines. Simplifying the process in this way would reduce unnecessary legal costs, improve compliance and lower the overall cost of doing business, while maintaining appropriate regulatory oversight.

    b. **Fee scales for higher courts**: Extend clear fee scales to the Circuit and High Courts to prevent legal costs from escalating when claims go to litigation.

    c. **Fair and enforceable costs**: Introduce measures that make costs orders proportionate and reduce one-sided appeals to protect businesses from excessive legal bills.

    d. **Appeals reform**: Limit full rehearings to prevent unnecessary cost escalation.

    e. **Reducing unnecessary costs**: Target practices, such as excessive medico-legal reports, that inflate legal fees without improving outcomes.

    f. **Defamation review**: Review the Defamation Bill to reduce the risk of small businesses facing high costs from frivolous claims.

12. **ITIC** suggests that the Cost of Business Advisory Forum consider the following measures to support equitable and effective legal cost reductions. Many of the proposals below give practical expression to commitments already signalled in the Government's Action Plan for Insurance Reform — particularly on claims resolution, including urgent DETE follow-through to strengthen the Injuries Board's remit and increase acceptance rates, legal costs discipline, and improved data — but focus them specifically on cost-of-business outcomes.

    a) Increase competition in the legal profession to ensure costs are reduced to businesses
    b) Secure mediation and arbitration where possible thereby saving time, money, and preserving relationships - strengthen Ireland's Mediation Act.
    c) Proportionality: Ensure the court level matches the dispute's value; avoid expensive High Court cases for minor issues. Introduce measures to ensure costs orders are enforceable and proportionate, including requirements for ability-to-pay demonstrations and/or security before unsuccessful parties pursue appeals.
    d) Technology Adoption: Support the move to electronic systems and e-discovery to streamline processes.
    e) Court & Judge Resources: More judges and better-resourced courts can speed up cases and reduce delays. Reform discovery to be more efficient and less costly. Invest in better Courts

Service data so outcomes can be monitored over time, complementing NCID and Injuries Board reporting.

f) Cost Guidelines: Support non-binding guidelines or fee scales to control litigation expenses
g) Reform of the Personal Injuries Guidelines review process.
h) Make "winning" meaningful for defendants, and reduce one-way cost risk on appeal
i) Appeals structure: reduce unnecessary rehearing cost escalation
j) Jurisdiction limits: do not increase PI limits as a default; if limits rise generally, treat PI separately

13. **IBEC** recommends:

a) **Delivery the necessary Civil Justice reforms:** Implement the outstanding recommendations of the Kelly Report and prioritise the Civil Reform Bill 2025 to improve the administration of justice.

b) **Alternative Dispute Resolution (ADR):** Promote the use of arbitration more broadly. Expand the number of non-judicial bodies to reduce reliance on formal litigation for routine matters and mandate pre-litigation ADR.
c) **Develop Ireland as a Legal Hub**: Developing Ireland as a hub for international litigation, including ratification of the UPCA, which will further attract competition into the legal services industry.

d) **Regulate Third-Party Litigation Funding (TPLF):** The Irish Presidency of the EU should push for TPLF regulation to prevent conflicts of interest, abusive litigation as well as the disproportionate allocation of monetary awards to litigation funders.

14. **Insurance Ireland** calls for urgent and targeted action on legal costs, including:
a) Introducing a fixed or capped legal costs regime for litigated claims, proportionate to claim value, duration, and complexity, similar to the UK's fixed recoverable costs model.
b) Implementing tiered legal cost limits for low- and mid-value claims to ensure proportionality.
c) Prioritising delivery of Action 6 of the Action Plan for Insurance Reform, setting clear legal fee rates for civil litigation.
d) Strengthening incentives to resolve claims through the IRB rather than litigation.
e) Rejecting proposals to increase District and Circuit Court monetary limits, which could inflate awards and undermine reform objectives.

Their submission concludes that meaningful control of legal costs is essential to maintaining access to justice that is fair, transparent, and economically sustainable, and to reducing the overall cost of doing business in Ireland.

15. **Irish SME Association (ISME)** highlights the main areas for recommendations, including:
a) Damages remain too high in personal injuries (PI)[26] cases, encouraging an unnaturally high level of PI litigation. Judicial setting of damages is constitutionally problematic, and the Oireachtas should take over this function.
b) Ireland has 14 times the level of PI litigation as England and Wales6 in nominal terms, and 148 times the level of litigation per capita. Ireland is clearly an outlier, and good public administration

[26] https://enterprise.gov.ie/en/publications/publication-files/review-of-compensation-for-minor-soft-tissue-injuries-in-ireland-and-uk.pdf

requires a thorough examination of why this is so. No other part of the EU and indeed the UK has this level of PI litigation.

c) Central Bank NCID data[27] show that for personal injuries claims below €150k, awards via litigation are only €451 (1.7%) higher than those settled through the IRB, yet take 3.6 years longer, and suffer legal costs 36 times higher than the IRB, costs which are 97% of the level of awards to litigants. The reasons for this should be investigated by the LSRA, as this level of litigation does not appear to be in the pecuniary interest of plaintiffs.

d) We note Solicitors Regulation Authority in the UK takes a strong position[28] on the practice of good solicitors' ethics in litigation and would welcome a very strong emphasis on this in Ireland also. We believe the LSRA should be encouraged to focus on this as an area for professional practice enhancement.

e) Where parties cannot agree costs by negotiation, if they proceed to adjudication then even if the paying party achieves a reduction on a bill, they will have to pay an 8% stamp duty on the adjudicated bill. They will also have to pay the fees to a legal costs accountant to deal with adjudication (typically 10% of the deduction achieved). Between the stamp duty and the LCA fees a paying party must consider whether it is worth going to adjudication and disputing a bill because of the inherent risk. The complexity of this system actively encourages plaintiffs' lawyers to over-estimate their costs. ISME was notified of the following case: A business recently (December) received a legal bill for a road traffic case. There was no dispute on liability, and the business settled the case within three months of proceedings being issued for €18k. The bill from the plaintiff's solicitor was €29k, including solicitor professional fees of €18k. The business was advised there is no way a threemonth assessment case with no trial should incur such costs. However, if they proceed to adjudication, who knows what the county registrar will allow? There is no comparable field of professional invoicing in terms of opacity.

f) Use judges' time better. Improved informal (by appointment; not by court list) case management by court officials, Masters or deputy judges. Our system of case management is too formal and judges are too involved[29].

g) Frivolous, vexatious and nuisance lawsuits must be stopped at source via a civil equivalent to the DPP.

h) Lawyers who are found to have abused process through knowingly representing a fraudulent plaintiff, (or failing to exercise a reasonable duty of enquiry) should be subject to an equivalent of the LARA statute[30] in the United States.

i) Lawyers are permitted without limitation[31] to make plaintiff referrals to medical professionals, despite being unqualified to do so. This practice should be proscribed by law.

[27] NCID report 5

[28] https://www.sra.org.uk/sra/research-publications/balancing-duties-litigation/

[29] We have one High Court Master whereas in Northern Ireland they have seven, who do a lot of this type of work. Equally, in England are more masters and deputy judges who do much of the organisational side pre-trial. This is done much more efficiently in an office (in chambers) rather than in an open court like the Master's court.

[30] https://www.congress.gov/bill/115th-congress/senate-bill/237

[31] https://www.lawsociety.ie/globalassets/documents/committees/litigation/medical-report-protocol.pdf

Full Submissions

ISME

Neil McDonnell, Director

ISME has made many submissions on legal costs over the years; therefore we will summarise our policy priorities in bullet point form below.

1. The fact that the legal costs issue is subject to Government review five years after the publication of the Review of the Administration of Civil Justice represents failure. The maximum legal costs permitted should be set by law. There should be scales for the value of the claim, the type of issues and whether it is settled or run to trial. This is already done in the district court, and German Federal Courts provide an even more comprehensive scale.[1] This incentivises resolving matters efficiently. This course of action was recommended in the minority report of the Review of the Administration of Civil Justice[2] in December 2020, which was opposed by the fee-earning members. This report requires urgent action and implementation.

2. Damages remain too high in personal injuries (PI)[3] cases, encouraging an unnaturally high level of PI litigation. Judicial setting of damages is constitutionally problematic, and the Oireachtas should take over this function.

3. The Australian Government faced exactly the same issues in addressing the cost of liability insurance in Australia in the early 2000's. The tort reforms adopted by Canberra[4] were reasonable and sensible, but attracted criticism from their own personal injuries industry. It is notable that the Australian legal lobby's objections to those tort reforms[5] are eerily similar to the misleading lobbying to which the Irish Government has been subjected over the years: *tort reform is not the issue; reform of tort will not reduce the cost of liability insurance; premium increases are due to market cycles and poor investment returns*.

4. Ireland has 14 times the level of PI litigation as England and Wales[6] in nominal terms, and 148 times the level of litigation per capita. Ireland is clearly an outlier, and good public administration requires a thorough examination of why this is so. No other part of the EU and indeed the UK has this level of PI litigation.

5. The Defamation (Amendment) Bill 2024[7] does not go far enough to protect citizens and businesses from predatory and extortionate defamation claims. It lacks a serious harm test, and has been called a "legislative dead letter" for this reason. It falls short of enacting the minimum protections necessary under the EU Anti-SLAPP directive, and has been criticised by 31 civil society bodies including RTÉ, the NUJ, ICCL, and Transparency International.[8] Defamation is a massive annual cost to the retail and hospitality sectors, ISME estimates that less than 1% of total defamation actions are taken against media outlets.

[1] https://www.gesetze-im-internet.de/englisch_rvg/englisch_rvg.html#p0427

[2] https://assets.gov.ie/static/documents/review-of-the-administration-of-civil-justice-review-group-report.pdf

[3] https://enterprise.gov.ie/en/publications/publication-files/review-of-compensation-for-minor-soft-tissue-injuries-in-ireland-and-uk.pdf

[4] December 2006 report %20improvements%20in%20liability%20insurance%20following%20tort%20law%20reform%20in%20Australia%20-%20December%202006%20%28Appendix%2012.06%20to%20AAD%20revised%20proposal%29.pdf

[5] http://classic.austlii.edu.au/au/journals/UNSWLawJl/2002/54.html

[6] https://assets.publishing.service.gov.uk/media/684189e2fa0289a17a3e878f/Royal_Courts_of_Justice_Annual_Tables_2024.ods

[7] https://www.oireachtas.ie/en/bills/bill/2024/67/

[8] https://www.indexoncensorship.org/2025/07/irelands-defamation-amendment-bill-fails-to-protect-public-interest-speech/

[9] https://www.centralbank.ie/docs/default-source/statistics/data-and-analysis/national-claims-information-database/ncid-annual- employers-liability-and-public-liability-insurance-report-5.pdf?sfvrsn=8acd6c1a_1

6. Central Bank NCID data[9] show that for personal injuries claims below €150k, awards via litigation are only €451 (1.7%) higher than those settled through the IRB, yet take 3.6 years longer, and suffer legal costs 36 times higher than the IRB, costs which are 97% of the level of awards to litigants. The reasons for this should be investigated by the LSRA, as this level of litigation does not appear to be in the pecuniary interest of plaintiffs.

7. We note Solicitors Regulation Authority in the UK takes a strong position10 on the practice of good solicitors' ethics in litigation and would welcome a very strong emphasis on this in Ireland also. We believe the LSRA should be encouraged to focus on this as an area for professional practice enhancement.

8. A plaintiff who loses a PI or defamation action in the Circuit Court enjoys the right to a de novo appeal to the High Court. The fact that losing plaintiffs do not as a matter of course discharge their costs to winning defendants means there is a permanent financial incentive for plaintiffs to litigate, and for insurers to settle (since they never recover costs).

9. Being awarded costs does not mean a litigant will receive their costs. This process is convoluted, adversarial, and fraught with risk. It should be an administrative and simplified system.

10. Where parties cannot agree costs by negotiation, if they proceed to adjudication then even if the paying party achieves a reduction on a bill, they will have to pay an 8% stamp duty on the adjudicated bill. They will also have to pay the fees to a legal costs accountant to deal with adjudication (typically 10% of the deduction achieved). Between the stamp duty and the LCA fees a paying party must consider whether it is worth going to adjudication and disputing a bill because of the inherent risk.

11. The complexity of this system actively encourages plaintiffs' lawyers to over-estimate their costs. ISME was notified of the following case: A business recently (December) received a legal bill for a road traffic case. There was no dispute on liability, and the business settled the case within three months of proceedings being issued for €18k. The bill from the plaintiff's solicitor was €29k, including solicitor professional fees of €18k. The business was advised there is no way a three-month assessment case with no trial should incur such costs. However, if they proceed to adjudication, who knows what the county registrar will allow? There is no comparable field of professional invoicing in terms of opacity.

12. Use judges' time better. Improved informal (by appointment; not by court list) case management by court officials, Masters or deputy judges. Our system of case management is too formal and judges

are too involved. We have one High Court Master whereas in Northern Ireland they have seven, who do a lot of this type of work. Equally, in England are more masters and deputy judges who do much of the organisational side pre-trial. This is done much more efficiently in an office (in chambers) rather than in an open court like the Master's court.

13. Use witness statements as the evidence of the witness so that the hearing involves cross-examination only, as is the norm in England and Wales.

14. Require that judgments are limited in length barring extreme exceptions. A lot of High Court judges' time is taken in the writing of decisions on cases that are of little or no precedent value. At the other extreme circuit court judges rarely give judgments at all.

[10] https://www.sra.org.uk/sra/research-publications/balancing-duties-litigation/
[11] Order 99 | Superior Court

15. Require that costs must follow the event. This is already set out in law and is a rule of the superior courts, but it is routinely ignored by judges. The discretion allowed to the Courts in the decision on costs is too broad, and should be narrowed.[11] Plaintiffs dismissed as fraudulent by a lower court are free to appeal to the High Court or the Court of Appeal without a care as to their ability to pay their costs if they fail. The courts refuse to require security for costs from plaintiffs on "access to justice" grounds, yet defendants are being denied justice as the system allows impecunious fraudsters to extort settlements from them rather than risk appeal, where they will lose their costs even if they win. Even in those cases where judges conform with the law and award costs to successful defendants, we are unaware of a single case where a defendant has recovered legal costs from a (non-corporate) plaintiff. This is patently unjust.

16. Frivolous, vexatious and nuisance lawsuits must be stopped at source via a civil equivalent to the DPP.

17. Plaintiffs should be required to provide a bond for their costs. This would not prove difficult for genuine claimants, and the administration of bonding would be managed in the private sector.

18. Lawyers who are found to have abused process through knowingly representing a fraudulent plaintiff, (or failing to exercise a reasonable duty of enquiry) should be subject to an equivalent of the LARA statute[12] in the United States.

19. Lawyers are permitted without limitation[13] to make plaintiff referrals to medical professionals, despite being unqualified to do so. This practice should be proscribed by law.

20. Legal costs are so high in High Court cases that they may negate the utility of taking legal action to resolve contractual disputes in the first place. In the recent case regarding the status of an oral contract of sale for the Barne Estate in Tipperary,[14] the estimated legal costs of €6m amount to 40% of the disputed purchase price of €15m. The system should not facilitate this kind of litigation. If this

case is appealed, legal costs may approach or exceed the value of the underlying property.

21. Cases have in fact occurred where legal costs exceed the value of the underlying claim.[15] Mr Justice Michael Twomey and Mr Justice Peter Kelly have consistently criticised the cost of actions in the civil courts. As Judges of the highest standing, their opinion should be given due weight.

22. While "Equality in Arms" is a principle espoused in common law and in Art 6.1 of the ECHR,[16] in practice it does not exist in Ireland because those with the means to enter the courtroom can do so continually, forcing the weaker party to settle or withdraw. The case of McCool V Honeywell[17] is effectively a breach of contract case initiated in 2005 that has been fought to the Supreme Court in 2024, without a decision by any court as to the substance of the initial cause of action 19 years ago.
23. Equality of Arms could be at least partially rectified by allowing third party assistance of plaintiffs; however, this remains illegal in Ireland under the Maintenance and Embracery Act 1540, a pre-independence statute. However, in England and Wales, maintenance and champerty have not been crimes or torts since the passing of the Criminal Law Act 1967.

24. ISME praises the efforts of those senior judges and officials such as Ms Justice Mary Irvine (retd) and Isolde Goggin who have championed reform of legal costs in the public interest,[18] and we hope the recently announced General Scheme of a Civil Reform Bill 2025[19] will be effective in reducing the cost of civil justice in Ireland.

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[12] https://www.congress.gov/bill/115th-congress/senate-bill/237
[13] https://www.lawsociety.ie/globalassets/documents/committees/litigation/medical-report-protocol.pdf
[14] https://www.irishtimes.com/opinion/2025/12/29/opinion-john-magniers-tactics-came-back-to-bite-him/
[15] https://www.irishtimes.com/news/crime-and-law/courts/high-court/legal-costs-in-dispute-over-228-000-may-exceed-500-000-1.4498487
[16] https://www.echr.coe.int/documents/d/echr/convention_ENG
[17] https://ww2.courts.ie/view/Judgments/a4c6db45-7c76-4c46-ab1f-d9656ba72f74/53ca81ed-ea74-4aca-a69a-20a7368a200a/2024_IESC_15.pdf/pdf
[18] https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/Does-the-law-protect-incumbents-FINAL-29APR16.pdf
[19] https://assets.gov.ie/static/documents/6d9cb9a1/General_Scheme_of_Civil_Reform_Bill_2025_for_publication.pdf

Alliance for Insurance Reform

Brian Hanley, Director

Submission to the Cost of Business Advisory Forum –
Professional Services: Legal Costs | January 2026

1. Introduction

The Alliance for Insurance Reform is a coalition of 48 civic and business representative bodies working to reduce the cost and improve the availability of liability insurance in Ireland and whose members include SMEs, charities, sports bodies, cultural organisations and community groups (see appendix). All rely on affordable insurance to operate and grow. Ireland has made real progress in recent years: the Personal Injuries Guidelines, improved transparency through the NCID, and reforms to the Injuries Resolution Board (IRB/Injuries Board) have improved predictability and reduced award levels for many minor injuries that were widely viewed as excessive. Unfortunately the savings from these reforms have not corresponded with much needed premium reductions.

Legal costs and litigation reliance remain a significant cost-of-business issue. In practice, too many claims still move into the most expensive pathway (litigation), where legal fees can absorb a very large share of the total cost of resolving a claim. This inflates the overall cost base that businesses ultimately fund through increased premiums, and dilution of their cover. The NCID Liability Report 2024 indicates that legal costs within the litigation channel amount to around €100 million in 2024 alone.

2. Evidence snapshot: similar compensation, radically different legal costs and timelines

Two NCID findings capture the core cost-of-business problem. First, for standard-value employers' and public liability injury claims, litigation does not reliably deliver higher compensation — but it reliably delivers far higher legal cost. For claims settling for under €150k, the NCID shows average compensation is broadly similar whether resolved through the Injuries Board or through litigation, but average legal costs rise sharply once claims settle through litigation (typically <€1k via the Injuries Board versus >€23k through litigation). (NCID EL/PL Mid-Year 2024.)

Second, litigation takes materially longer and dominates total costs. The same NCID reporting shows average settlement times of 2.0 years (direct settlement), 2.2 years (Injuries Board), and 5.8 years (litigation), and that claims settling through litigation represent 87% of total settled injury-claim costs. Such delays increase the costs of settling claims and add a loading to businesses' premiums for the length of time a case hangs over them.

Recent reporting illustrates what those numbers mean in practice. In April 2024, the High Court described as "unrealistic" a €33,000 legal bill arising from an €8,000 award in a trip-and-fall case. In the Nolan litigation on recoverable costs, a €32,986.89 bill was reduced at taxation to €2,250 (solicitor fee) and €800 (counsel fee), showing the scale of the gap that can arise between costs sought and costs regarded as proportionate. Beyond personal injuries, the legal-costs adjudication system is

itself repeatedly finding over-claiming: in the Office of the Legal Costs Adjudicators' Annual Report 2024, adjudicators deducted almost €15m from €35.3m claimed across 179 determined cases. Further, in December 2025 the High Court highlighted the broader proportionality concern, remarking that it "cannot amount to true justice" for relatively minor claims to cost multiples of their value to resolve (BreakingNews.ie, Dec 2025).

The practical point is simple: when a claim migrates into litigation, the system tends to deliver broadly comparable compensation outcomes more slowly, and at much higher overall cost.

3. The underlying problems

3.1 A system that still defaults to the highest-cost channel

Even after major reforms, the NCID continues to show that the dominant cost pathway is litigation: in 2024 mid-year reporting, litigation represented 87% of total settled injury-claim costs, with around 70% of claimants settling through the litigation channel. NCID annual reporting also indicates the share of settled EL/PL injury claims resolving through litigation is up about 18% since 2019. It is very difficult to reconcile almost 70% of claims settling through litigation with the fact that only 3% of claims ultimately reach a full court hearing (NCID). The practical consequences are predictable: delay, higher legal spend, and incentives that reward "waiting it out" rather than early resolution. From a business perspective, the practical focus is the pipeline: what stops claims settling early and more cost effectively, and what can change that?

3.2 Fragility in the Guidelines review process (Judicial Council Act 2019)

The recent episode where a blanket inflationary uplift of c.17% to the Personal Injuries Guidelines was proposed highlighted a structural weakness in the current review framework. Government ultimately decided not to proceed, avoiding an immediate shock but underlining how the current framework can create cliff-edge uncertainty. The Delaney case is also a reminder that compensation levels engage separation of powers: the Supreme Court stressed the constitutional requirement for Oireachtas oversight in this area. The broader lesson is that a review process not anchored in transparent benchmarking, structured consultation and high-quality data can create uncertainty and encourage drift into litigation. This is why amending the Judicial Council Act 2019 is not a niche issue; it is a competitiveness issue.

3.3 Weak deterrence and weak cost recovery can reward weak claims

Where a defendant "wins" but cannot realistically recover costs, the rational response is to settle weak cases on a cost-benefit basis. That dynamic continues to inflate claims costs and premiums and normalises unnecessary litigation.

3.4 Regulatory follow-through: LSRA's role

The Legal Services Regulatory Authority has an important role not just on pricing transparency and advertising, but through its oversight and complaints processes in discouraging vexatious practices

that unnecessarily drive disputes into litigation and increase costs for court users, including businesses. Timeliness matters. Where complaints about litigation conduct usually take years to reach an outcome (often 3–4 years in practice), the practical effect is that practices that unnecessarily push disputes into litigation, or prolong cases and costs, can continue for extended periods. That undermines confidence in the system and prolongs unnecessary cost and uncertainty for enterprises and community organisations trying to operate, invest and employ.

3.5 Court jurisdiction limits: do not increase PI limits as a default "efficiency" measure

Jurisdictional limits for personal injuries should not increase as part of a general package, given the risk of unintentionally increasing cost exposure and litigation incentives in a system that is already overly litigation-heavy.

If Government proceeds with a general increase in jurisdiction limits for other categories of civil litigation, personal injuries should be treated separately so the change does not accidentally increase costs. There is precedent: the DoJ Regulatory Impact Assessment on the Courts Bill 2013, citing insurance-cost concerns, set a separate €60,000 Circuit Court limit for personal injuries. (DoJ RIA, Courts Bill 2013.)

In practical terms, that means sequencing: ensure the reforms that directly control costs are in place first (fee scales/cost controls, stronger early-resolution "rails", better data), and pair any personal injury jurisdiction change with their implementation and an early review trigger.

4. Practical recommendations for the Forum

Many of the proposals below give practical expression to commitments already signalled in the Government's Action Plan for Insurance Reform — particularly on claims resolution, **including urgent DETE follow-through to strengthen the Injuries Board's remit and increase acceptance rates**, legal costs discipline, and improved data — but focus them specifically on cost-of-business outcomes. The Forum can add most value by backing a short, deliverable package that reduces the "litigation premium" and restores proportionality.

4.1 *Reform how the Personal Injuries Guidelines are reviewed (Judicial Council Act 2019) (DoJ / DFIN / DETE / Government / Oireachtas)*

Amend the review framework to make updates evidence-led and stable: longer review cycle; mandatory international benchmarking; structured consultation (including with the Injuries Board); and a defined scrutiny step. Where any uplift is proposed, add a short, time-bound consideration by the relevant Oireachtas Committee before Government is asked to act. This responds to the Council's own data constraints. In the medium term, it is of concern to some that the judiciary would both effectively set the Guidelines and apply them; in the interests of public confidence and role clarity, consider vesting responsibility for reviewing the Guidelines in an independent expert body, reporting to the Cabinet Sub-Group on Insurance Reform.

4.2 *Fee scales for PI litigation — extend what already exists in the District Court (DoJ / Courts Service)*

Introduce binding fee scales (or equivalent hard cost controls) in the Circuit and High Courts, building on the District Court costs schedule. This is the most direct lever to reduce legal-cost inflation once claims enter litigation (Kelly Report; Indecon).

Illustration: In May 2025, the Irish Independent reported a €20,000 PI settlement followed by €71,437 in awarded costs (from a bill of c. €83k), later quashed by the High Court and sent back for rehearing. Separately in December 2025, the High Court also highlighted that it "cannot amount to true justice" for modest claims to continue to generate costs multiples of their value.

4.3 Make "winning" meaningful for defendants, and reduce one-way cost risk on appeal (DoJ / Courts Service)

Introduce practical measures that make costs orders enforceable and proportionate and require an ability-to-pay demonstration and/or security before an unsuccessful party appeals to a higher court. Justice should not be understood as a concept that applies only to the claimant.

4.4 Invest in better Courts Service data so outcomes can be monitored over time, complementing NCID and Injuries Board reporting (Courts Service / DoJ)

4.5 Appeals structure: reduce unnecessary rehearing cost escalation (DoJ / Courts Service)
Review whether defined categories of Circuit Court civil appeals to the High Court, which proceed by way of rehearing, should be narrowed (e.g. greater focus on error of law/procedure and/or targeted leave requirements in specified circumstances) so appeals do not become a second — and much more expensive — round of litigation.

4.6 LSRA: target practices that inflate cost and delay — give rise to unnecessary litigation (LSRA / DoJ)
Recommend the LSRA prioritise and publish actions on practices that inflate cost and delay, including medico-legal report practices and other process steps that can contribute to unnecessary escalation into litigation. Where a legal practice is identifiable but the individual solicitor cannot reasonably be named, the legislative framework should enable complaints to be made and progressed against the practice, so bona fide complaints are not frustrated by an identification gap.

4.7 Defamation Bill: a live cost driver for SMEs, and a commitment to review (DoJ / Oireachtas)
The Defamation Bill, as currently framed, appears to offer limited protection for retailers in ordinary transactions (e.g. asking for proof of purchase), leaving small businesses exposed to the financial impact of defending spurious claims in a jurisdiction with an exceptionally high volume of defamation cases, and with little hope of ever recovering their costs. A statutory post-enactment review within two years would be a very welcome recommendation for businesses dealing with this cost driver.

4.8 Jurisdiction limits: do not increase PI limits as a default; if limits rise generally, treat PI separately (DoJ)

Do not increase personal injury jurisdiction limits. If Government proceeds with wider changes, personal injuries should be treated separately and sequenced with fee scales and monitoring. (DoJ Courts Bill 2013 RIA.)

5. Conclusion

Ireland has made progress on injury awards and transparency, but NCID shows the vast majority of costs still crystallise in litigation, with disproportionate legal costs and delay — even though only about 3% of claims reach a full hearing — and the share of settled EL/PL injury claims resolving through litigation is up about 18% since 2019. The Forum can assist by recommending reforms that give practical effect to the Government's Action Plan for Insurance Reform so fewer claims drift into litigation and successful defendants are not left out of pocket, feeding into premiums.

Members of the Alliance include:

1. AOIFE Ireland (Association of Irish Festival Events)
2. Association of Visitor Experiences and Attractions (AVEA)
3. Car Rental Council of Ireland
4. Childminding Ireland
5. Coach Tourism & Transport Council of Ireland
6. Community Reuse Network Ireland
7. Convenience Stores and Newsagents Association
8. Cork Business Association
9. Dance Ireland
10. Disability Federation of Ireland
11. Early Childhood Ireland
12. Federation of Irish Sport
13. Galway Chamber
14. Galway County Public Participation Network (PPN)
15. Historic Houses of Ireland
16. Home and Community Care Ireland
17. Incoming Tour Operators Association Ireland
18. Ireland Active
19. Ireland's Association for Adventure Tourism
20. Irish Caravan and Camping Council
21. Charity Retail Ireland
22. Irish Concrete Federation
23. Irish Contract Cleaning Association
24. Irish Hotels Federation
25. Irish Road Haulage Association
26. Irish Showman's Guild
27. Irish Street Arts, Circus and Spectacle Network
28. Irish Travel Agents Association
29. Irish Waste Management Association

30. ISME
31. Licensed Vintners Association
32. National Campaign for the Arts
33. Nursing Homes Ireland
34. Play Activity and Leisure Ireland
35. Restaurant Association of Ireland
36. Retail Excellence
37. RGDATA
38. Sligo PPN
39. Society of the Irish Motor Industry
40. South Dublin County PPN
41. Sport Ireland
42. Supermacs
43. Thatch Insurance Action Group
44. Theatre Forum
45. Union of Students in Ireland
46. Vintners Federation of Ireland
47. Volunteer Ireland
48. The Wheel (Ireland's national association for community, voluntary and charitable organisations)

RGDATA

Tara Buckley, Director General

1. RGDATA welcomes the opportunity to make this submission to the Cost of Business Advisory Forum on Professional Services: Legal Costs.

2. Legal costs constitute both a direct cost and indirect cost for RGDATA members. As direct costs, RGDATA members pay legal costs when involved in transactions, acquisitions of property, disputes or in the context of business advisory services typically concerning employment, contractual and consumer matters. Indirect legal costs arise through the implications of legal costs for support services to retail businesses, most notably on issues like insurance, but also for security services.

3. As a category of business costs, legal costs impact in two direct ways. In the first instance, where a retailer has a requirement to retain legal services directly the cost of these services needs to be borne directly by the business, in similar way to other operational costs. At least in this context the retailer can shop around and is not captive to a cost structure imposed outside the businesses' direct control. In the second instance, where legal costs arise indirectly, this is typically through arrangements that are imposed by third parties – most notably in insurance contracts, but also in circumstances governing security arrangements.

4. In terms of direct legal costs, it is important that the market for the provision of legal services operates effectively to ensure that there is sufficient competition among providers and that information on the cost of legal services is provided to businesses as early as possible and in a clear and upfront manner. There have been improvements in the transparency of information on legal costs in recent years, but the market would benefit from an updated assessment by the Competition and Consumer Protection Commission on competition within the legal sector.

5. In respect of indirect legal costs, for instance on issues such as insurance, retailer businesses are price takers and legal costs are effectively baked into the overall service cost. It has been well established that high legal costs associated with personal injury litigation are a direct contributory factor to the overall cost of insurance in Ireland. While recent reforms including the work of the Injuries Resolution Board have made some positive impact on reducing PI costs, the legal profession retains a strong vested interest in ensuring that legal costs remain at an excessively high level.

6. Personal injury levels and legal costs are currently inextricably linked. There needs to be an unrelenting focus by Government on reducing the level and scale of personal injury awards and the legal fees for personal injury cases, to such an extent that litigation to resolve personal injury claims is very much a last resort. Non adversarial means of addressing genuine compensation claims must be the norm and should be focused on delivering reasonable levels of compensation in the most cost-effective manner possible.

7. There are some practical steps that should be taken to help drive down legal costs;

    a. Take the judiciary out of decisions to set the Personal Injury Guideline levels – Decisions on the applicable legal processes and the relevant guidelines on personal injury award levels should be

political issues and not matters for the judiciary to determine. The recent recommendation of the Judicial Council to increase the level of personal injury awards by 17% at a time of unprecedented cost pressures on businesses, highlights the imperative to bring the setting of the guideline levels within the competency of the Executive and legislative branches of Government rather than leaving it with the judiciary

b. Compel complainants to meet the cost of unsuccessful legal claims. While the practice is that the award of legal costs follow the particular outcome of a case, this is not automatically the case and the awarding of costs is usually at the discretion of a judge. It should be provided by statute that an unsuccessful claimant in litigation will be liable for legal costs, unless there are exceptional reasons otherwise.

c. Compel prospective appellants of unsuccessful claims to provide proof of funds to meet legal costs. At present retailers all too often succeed in defending litigation or a complaint to the WRC and are then faced with an additional and often irrecoverable legal costs exposure when the case is appealed by the disappointed claimant. Businesses should not be the default funder of speculative legal cases – if the State wants to facilitate such cases, then introduce an appropriate means of legal aid for first person and third-party legal costs.

d. Facilitate mechanisms for recovery of legal costs from unsuccessful claimants – At present the onus is on businesses to fund legal costs in proceedings and there is rarely any recovery off third parties who lose a case. There needs to be a practical, cost sensitive and effective means of recovering costs orders from unsuccessful claimants.

e. Remove unnecessary or inappropriate causes of action leading to legal cases and legal costs – Legal costs are a direct consequence of a range of different causes of action which are subject to litigation. It is imperative that unnecessary or inappropriate causes of action are removed to prevent matters being litigated in the first instance – for example, retailers are subjected to extensive legal cost pressures as a consequence of retail defamation claims. This cause of action provides a charter for spurious legal cases and associated legal costs. The Department of Justice should amend the Defamation Bill to remove a cause of action for defamation in circumstances where a retailer seeks proof of purchase of a good – if such claims do not arise in the first place, then the costs will not follow.

f. Increase regulatory obligations on solicitors to appraise potential claimants of the risk of liability for legal costs – Changes to securing the enforceability of cost orders against unsuccessful claimants must be accompanied by increased obligations on solicitors to fully and extensively appraise clients of the real and significant risk of cost liabilities arising in the event that they lose the case.

We would urge the Cost of Business Forum to reflect on these observations and to address the steps that can be taken to ensure that legal costs are competitive and are not imposed on businesses as a de facto non recoverable tariff of trading.

Chambers Ireland

Stephen Browne, Head of Public Affairs

1. Significance of Legal Costs for Business

For most Dublin Chamber members, legal costs are not among their largest operating expenses. They are not a dominant cost line when compared with labour, property, or energy. Their importance lies elsewhere.

Legal costs are unpredictable and difficult to budget for. They are largely driven by external events and regulatory requirements rather than by business choice. This lack of predictability creates risk and uncertainty. It makes financial planning more difficult, particularly for growing firms.

Legal and compliance costs are also largely non-discretionary. Businesses cannot defer or materially reduce them without increasing legal exposure. This distinguishes legal costs from many other operating expenses. Even where overall spend is moderate, the inability to plan with certainty gives these costs disproportionate weight in business decision making.

The impact extends beyond direct spend. Legal matters require sustained senior management attention. Time spent on compliance, regulatory engagement, and dispute management is time not spent on growth, productivity, or investment.

Ireland remains less litigious than some comparable jurisdictions. However, Chamber members observe a clear shift towards early escalation of disputes. Legal advisers are engaged at an earlier stage and in a wider range of matters. This increases cost and duration. It also raises the likelihood that disputes proceed to formal processes rather than early resolution.

2. Drivers of Legal Costs and Areas of Pressure

The primary drivers of legal costs for professional services firms are regulatory complexity and procedural inefficiency rather than excessive legal activity.

Ireland's regulatory framework is fragmented. Businesses must comply with multiple overlapping regimes including employment law, data protection, professional regulation, tax law, and EU derived obligations. Each has distinct rules, reporting requirements, and enforcement approaches. This drives ongoing legal involvement and increases compliance risk.

Data protection obligations are a significant cost driver. GDPR compliance requires continuous legal oversight. Firms must manage governance structures, third party risk, and regulatory engagement. A single incident can trigger substantial unplanned legal costs.

Employment law is another major source of cost and uncertainty. The framework is extensive and highly prescriptive. Disputes escalate quickly into formal legal processes. Even where claims do not proceed, the cost of managing risk and defence is material. The volume and complexity of employment legislation also make compliance challenging for employers.

Contract negotiation continues to increase in complexity. Clients demand enhanced protections, detailed service obligations, and extensive compliance assurances. Standard terms are frequently rejected. This increases legal involvement even in routine commercial relationships.

In the litigation context, procedural structures often fail to support early resolution. In personal injuries and other claims, cases frequently proceed to court even where issues are narrow. Once proceedings issue, existing cost structures do not encourage early settlement.

3. Structural Challenges and Cost Mitigation

Professional services firms face legal cost pressures that are structural. The sector is heavily regulated. A high level of legal oversight is unavoidable. Firms also face significant professional liability exposure. This requires sustained investment in legal risk management and insurance.

To manage these pressures, many firms have expanded in house legal and compliance teams. This has reduced reliance on external advisers for routine work. However, it also represents a shift from variable to fixed cost. Recruiting and retaining legal professionals is itself a significant and permanent cost. In effect, businesses are absorbing higher fixed costs in order to manage regulatory complexity imposed externally.

Standardisation of contracts and compliance processes has delivered efficiencies. Investment in technology has improved monitoring and reporting. These measures help contain costs but do not address the underlying drivers.

4. Dispute Resolution and System Capacity

Greater use of alternative dispute resolution offers a clear opportunity to reduce legal costs.

Early and effective ADR can resolve disputes more quickly and at lower cost. While ADR is available, its use is inconsistent and often optional. Stronger incentives and clearer expectations are needed. This includes greater leadership by the State in embedding ADR in public sector disputes and regulatory processes.

Delays within the court system also add materially to legal costs. Lengthy timelines increase professional fees, management distraction, and uncertainty. Additional resourcing of the courts is required to reduce delays and improve efficiency. Faster resolution benefits both businesses and claimants.

5. Priority Areas for Reform

If one set of changes could be prioritised, it should focus on simplification, consolidation, and early resolution.

There is a strong case for consolidation of employment law and tax law. Multiple overlapping statutes and frequent amendments increase compliance costs without clear benefit. Greater coherence would reduce legal risk and ongoing advisory spend. There is also a need to address regulatory gold plating. In some areas, EU obligations are implemented in a manner that adds additional complexity and cost. This places Irish businesses at a competitive disadvantage.

In the personal injuries system, the absence of cost recovery for claimants before the Personal Injuries Board and the lack of mandatory pre action protocols contribute to unnecessary litigation. Once cases enter the court system, fee structures do not incentivise early settlement. Reform in this area would reduce costs across the system. Ireland’s business friendly reputation is a key national asset. Legal protections are essential. However, the current framework creates avoidable cost, delay, and uncertainty. A more proportionate and coordinated approach would reduce the cost of doing business while maintaining high standards of protection.

Insurance Ireland

Moyagh Murdock, CEO

1. How significant are legal costs for your business/organisation? Have rising legal costs impacted your ability to expand, hire, or invest?

Legal costs are a significant portion of total claims costs, particularly in litigated personal injury and liability claims, often matching or exceeding compensation amounts in individual cases.

Rising legal costs add uncertainty and cost pressure on claims budgets, which constrains underwriting capacity, affects profitability, and reduces capital available for growth, hiring, and investment in new products or markets. Ireland's comparatively high personal injury award levels, relative to many neighbouring jurisdictions, may unintentionally increase Ireland's attractiveness as a venue for pursuing certain injury claims (Claims Tourism).

While the vast majority of claims are entirely legitimate and domestic in nature, Ireland's award environment and litigation outcomes risk creating incentives that are misaligned with broader economic competitiveness. This comparative position can place upward pressure on claim costs and, over time, affect the frequency and severity profile of claims presented to insurers operating in the Irish market. Maintaining a fair, predictable, and proportionate compensation framework is essential to ensuring Ireland remains aligned with international norms and prevents unintended cost pressures from emerging within the claims environment.

Economic ripple effects extend beyond insurance: higher cost of claims can lead to increased premiums which can increase operating costs for consumer and business policyholders, potentially reducing consumer spending or business investment due to higher risk-management costs.

Erosion of cost savings: Legal cost inflation erodes some of the savings potential from reforms like the Personal Injury Guidelines (PIGs), meaning insurers struggle to realise cost reductions on high-cost litigated claims.

Key Trends from the 2024 NCID Data Published in 2025

In December 2025, the Central Bank of Ireland published its 2024 EL/PL/Commercial NCID report, which noted:

Evidence is clear, the PIGs are delivering a meaningful and sustained impact. The report shows ongoing reductions in average settlement compensation for claims resolved under the PIGs, showing the value of a consistent, fair, and predictable framework for assessing personal injury claims. This is especially significant given that a review of the PIGs has proposed an uplift of 16.7%, underlining the importance of maintaining balance and stability in the system.

- However, these gains are being eroded by spiralling legal costs and delays in litigation. In 2024, 71% of injury claimants and 87% of total injury claim costs were settled through litigation, despite the Injuries Resolution Board (IRB) offering a faster, fairer, and dramatically cheaper alternative.

- For litigated claims under €150,000, legal fees averaged €25,055 – almost equal to the compensation amount (€25,935). For all litigated claims, legal costs averaged €33,550 compared to €43,361 in compensation.

- Litigated claims took an average of 5.7 years to settle, compared to just 2.1 years via the IRB. After almost six years of waiting, the claimant usually gains only around €500 more than if they had accepted an IRB award – just 1.93%.

In October 2025, the Central Bank of Ireland published its 2024 Motor NCID report, which noted:

- Legal costs are rising faster than compensation. Average legal costs for litigated motor injury claims are now on average 27% higher than the 2015–2019 average, and legal expenses drive a significant portion of the total cost of claims, especially in litigated cases.

- Litigated claims account for a large share of total claims costs despite being a minority of total claims processed.

- Cases resolved via the IRB show significantly lower legal costs (under €1,000)

- Higher insurance premiums: Rising claim settlement costs, especially legal costs in litigated claims, contribute directly to higher motor and liability insurance premiums

Despite repeated reforms, Ireland has not seen a material influx of new insurers into the general insurance market, indicating ongoing concerns about legal cost volatility and litigation exposure. In contrast, the personal injury legal sector continues to grow, supported by a system that rewards prolonged and adversarial processes, particularly in low- and mid-value claims.

This imbalance is a clear market signal that:

- Legal cost risk remains a deterrent to competition and capacity in insurance.
- The current framework disproportionately incentivises litigation activity rather than efficient dispute resolution.

Reduced insurer participation limits competition constrains underwriting capacity, and ultimately keeps premiums higher than they would be in a more balanced system. Sustainable competition in the insurance market will not be achieved without addressing the structural incentives that currently favour legal cost growth over early, proportionate resolution.

2. What are the main factors contributing to your current legal costs? Are there specific areas (e.g., litigation, compliance, contracts) where costs tend to spike?

The cost of settling claims in Ireland is heavily impacted by legal costs for personal injury and liability claims. Litigation of personal injury and liability claims is an area of specific concern where costs have spiked over recent year, as noted above and in successive NCID reports.

3. Are there unique strengths or challenges faced by your organisation/sector in terms of legal costs?

Ireland has traditionally had a culture for high levels of compensation and high legal costs. It is the right of every person and business in this country to have access to the courts, however, Insurance Ireland

have and continue to argue that more claims need to be settled through the IRB where compensation levels are similar, but legal costs are significantly lower. Insurers operating in Ireland find the level of claimants choosing the litigated route to settle claims to be a significant challenge.

Insurance Ireland and members have supported the Government in its successive Action Plans for Insurance Reform. These Action Plans have made efforts and significant progress in reducing the cost of insurance, most notably, motor insurance. However Irish people and businesses have been shielded from significant increases seen in other countries due to cost-of-living increases over the past number of years. It is vital these gains are protected from erosion due to every increasing legal costs. *Eco*

4. What steps has your business/sector taken to mitigate legal costs (i.e., any specific strategies)?

On behalf of members, Insurance Ireland has been consistently vocal regarding the need for meaningful control over the level of injury awards and legal costs to be implemented by Government, up to and including in its response to the recent consultation on the new Action Plan for Insurance Reform.

To this end, Insurance Ireland and members were pleased to see a number of actions related to personal injury compensation levels and control over legal costs included in the new Action Plan for Insurance Reform. Insurance Ireland and members encourage Government to continue this important work to drive down the cost of claims, and as a result, the cost of insurance.

One action which the Government should prioritise at this stage is around legal costs – Action 6 – which refers to setting clear rates and fees for civil litigation by Q4 2027. The high cost of legal fees in litigated claims stands out in every NCID report. The latest NCID ELPL Report of December 2025 shows that, for litigated claims under €150,000, legal fees averaged €25,000 while compensation averaged €26,000.

We would not support increasing the monetary limits of the District Court and Circuit Court to €20,000 and €100,000 respectively as the forthcoming General Scheme of the Civil Reform Bill 2025 is reported to propose. This proposal would lead to an inflationary effect on awards which would outweigh any theoretical savings in legal costs and fly in the face of what the Action Plan for Insurance Reform is trying to achieve.

5. If you could change one thing about how legal costs are managed, what would it be? Please be as specific as possible.

Current legal costs in litigated personal injury and liability claims in Ireland are disproportionately high relative to the compensation awarded, especially for low-value claims. These costs materially undermine the objectives of the IRB, which was designed to provide a cost-effective, non-adversarial route to resolve claims.

<u>Legal Costs Far Exceed the Purpose of Fair and Efficient Settlements</u>

- For similar injuries, litigated claims attract tens of thousands of euro in legal fees, sometimes nearly as much as the compensation itself, while settlements through the IRB incur very low legal costs.
- Change needed: As Insurance Ireland called for in its 2026 Pre-Budget Submission and its response to the recent Action Plan consultation, a strict cap legal cost regime for litigated claims

tied to claim value, duration, and complexity, like the UK's "fixed recoverable costs" model should be introduced.
- Average legal fees for litigated claims in liability cases: €25,055.
- Legal costs for IRB-settled cases: €694

Compensation for minor soft-tissue injuries is higher in Ireland, but legal costs inflate overall costs. An independent IRB review of minor soft-tissue injuries showed:

- Average IRB assessment was 3.9× higher than England & Wales.
- Insurer settlements averaged 4.9× higher than UK equivalents

Majority of Claims Are Low-Value and Do Not Justify High Legal Costs

- NCID and related data indicate that 94% of injury claims settle for less than €100,000, a proxy for low-mid value claims where excessive legal fees are particularly problematic
- A large proportion of claims (well over half) settle below thresholds where expensive litigation yields little more compensation than lower-cost routes.
- Change needed: Implement tiered legal cost limits for claims under set monetary bands (e.g., ≤€25k, ≤€50k,≤€100k) so costs are proportionate to awards

Litigated Settlements Do Not Deliver Significantly Higher Awards Than IRB

Central Bank data show that average compensation for claims settled through litigation is similar to those resolved via the IRB, despite the much higher associated legal cost.

- IRB award average: €25,484.
- Litigated award average: €25,934.
- Legal fees add €25,055 to the latter.

This shows no material benefit to the claimant commensurate with the extra legal costs.

Persistently High Legal Costs Offset the Intended Benefits of Personal Injuries Reforms

- NCID data indicates legal costs have undermined many gains from the PIGs by inflating claims costs and lengthening settlement times
- Change Needed: Make legal fee transparency and justification mandatory, and enable statutory requirements for legal costs claimed, to discourage unnecessary work
- In its response to the most recent Action Plan for Insurance Reform consultation and successive pre-budget submissions, Insurance Ireland has called for meaningful control over legal fees. Actions to tackle this issue have been included in the second Action Plan, which Insurance Ireland calls on Government to deliver swiftly for the benefit of Irish people and businesses.

To Conclude: Insurance Ireland members strongly support the right of access to justice; however, access to justice must also be proportionate, transparent, and economically sustainable. Without meaningful action on legal costs and litigation incentives, the cost of doing business in Ireland will remain artificially inflated to the detriment of consumers, enterprises, and economic competitiveness.

Restaurants Association of Ireland

Liam Hayes, Public Affairs Executive

Alcohol licensing and legal costs

Alcohol licensing applications and renewals are dealt with in the District Court. In law, there is no requirement for a barrister or legal representation to be engaged for routine and uncontested licensing matters. However, in practice, many pubs, restaurants and cafes feel compelled to hire solicitors and barristers due to the complexity, technical nature and lack of clarity in the current process.

This creates a recurring and unnecessary cost for businesses, particularly small and family-run operators. The reliance on legal representation is driven not by statutory necessity, but by unclear procedures, inconsistent requirements across District Court areas and the risk of applications being delayed or refused due to minor technical errors.

Proposed solutions

District Court licensing should be treated as a largely administrative process for routine and uncontested applications, capable of being managed by licence holders themselves.

This can be achieved by simplifying application and guidance materials, providing central guidance and support, streamlining routine or straightforward processes, and encouraging the use of digital tools and consistent timelines.

Simplifying the process in this way would reduce unnecessary legal costs, improve compliance and lower the overall cost of doing business, while maintaining appropriate regulatory oversight.

Insurance Costs in Hospitality

Ireland has made progress in recent years in personal injuries reform. Measures like the Personal Injuries Guidelines, greater transparency through the NCID and reforms to the Injuries Resolution Board have improved predictability and lowered awards for minor injuries that were previously seen as excessive. However, these savings have not yet translated into the premium reductions that businesses need.

Legal costs and reliance on litigation remain a major issue. Too many claims still end up in the most expensive pathway, where legal fees can take up a large portion of the total settlement. This drives up the overall cost base, which businesses ultimately cover through higher premiums and diluted insurance cover.

Despite reforms, businesses continue to face rising insurance costs. A Cost of Doing Business Survey by the Restaurants Association of Ireland found that premiums had increased by an average of 32% over three years. For example, a restaurant in the Southeast saw a 23% increase in 2025 despite having no

recent claims, and a Cork restaurant's premium rose 30% without any claims on record. These cases reflect a widespread challenge for businesses across the country.

Proposed Solutions

Fee scales for higher courts: Extend clear fee scales to the Circuit and High Courts to prevent legal costs from escalating when claims go to litigation.

Fair and enforceable costs: Introduce measures that make costs orders proportionate and reduce one-sided appeals to protect businesses from excessive legal bills.

Appeals reform: Limit full rehearings to prevent unnecessary cost escalation.

Reducing unnecessary costs: Target practices, such as excessive medico-legal reports, that inflate legal fees without improving outcomes.

Defamation review: Review the Defamation Bill to reduce the risk of small businesses facing high costs from frivolous claims.

Irish Tourism Industry Confederation

Eoghan O'Mara Walsh, CEO

Context

The Irish Tourism Industry Confederation (ITIC), representing the leading tourism and hospitality business stakeholders in the country, welcomes this opportunity to input into the Forum's discussion in relation to legal costs.

Tourism is the country's largest indigenous industry and biggest regional employer representing over 8% of the national workforce, and the CSO estimate that there are circa 46,000 enterprises in the sector. Most tourism and hospitality businesses are SMEs and are based in regional Ireland, and are labour intensive often operating with tight profit margins. As a result, all business costs are monitored carefully and recurring feedback from ITIC members is that legal costs tend to be a significant cause of concern.

This short submission draws on member feedback, published data, court decisions and regulatory reporting to illustrate the scale and impact of legal costs – some practical recommendations are outlined which aim to reduce unnecessary cost, delay and uncertainty for tourism and hospitality enterprises.

The issue of legal costs

As outlined within the OECD report of 2024 a well-functioning legal sector in Ireland is *"essential to underpin the rule of law and a thriving economy. Promoting appropriate pro-competitive regulatory reform of the legal sector can improve access to justice for people and firms while reducing the cost of doing business and improving the consumer experience. Despite calls for reform over many decades, it is only in more recent years that we have seen meaningful progress, while several important pro-competitive reforms remain pending"*.

In last year's Programme for Government there were a number of commitments to reform the legal system. These included:

- Continue work to develop new guidelines to set clear rates and scales of fees for all forms of civil litigation and take further steps to resolve cases outside of court, promoting transparency, competitiveness and fairness in legal costs.
- Complete a review of the Courts Service and the Legal Services Regulatory Authority within 12 months and consider legislative amendments to ensure the Courts and Legal System are digital, modern, cost-effective, and focused on the needs of victims.
- Continue work to develop new guidelines to set clear rates and scales of fees for all forms of civil litigation, promoting transparency, competitiveness and fairness in legal costs.
- Work to design and implement a modern courts infrastructure, including the move to digitalisation.

It is vital that these commitments are implemented without delay and that competition is embedded within the legal profession, As far back as the 2010-2013 bailout period, the Troika (the European Commission, ECB, and IMF) identified Ireland's legal sector as a "sheltered" industry with high costs that

dragged down national competitiveness. They insisted that the Irish Government overhaul the legal profession to increase competition and reduce costs. Much of this continues to be resisted by the Law Society and the Bar Council.

Recent warnings from the Competition and Consumer Protection Commission (CCPC) suggest that despite reforms, competition in legal services has weakened again in certain segments.

Despite the lack of comprehensive empirical data, national and international commentators on the Irish economy and legal system regularly highlight elevated civil litigation costs, in particular, as a barrier to accessing justice and contributor to high business costs. Moreover, in its 2022 Rule of Law report for Ireland, the EU Commission noted that Ireland had made *"no progress on actions aimed at reducing litigation costs to ensure effective access to justice, taking into account European standards on disproportionate costs of litigation and their impact on access to courts."* High legal costs thus remain a significant policy issue to be addressed, and constitute an important focus of the CCPC's ongoing legal advocacy for legal sector reform.

High legal costs and their impact on tourism enterprises

Legal costs in Ireland (solicitor fees, barrister fees, court costs, settlements, insurance excesses) are indisputably high by international standards. For a small hotel, B&B, tour company or attraction, one serious legal case can seriously damage that business. Furthermore, fear of legal action can lead to the cancellation or curtailment of activities or events such as adventure tourism or outdoor offerings. Legal cost concerns can lead to over-cautious business practices and act as a limit on innovation thereby reducing the diversity of Ireland's tourism product.

For publicans, a key player in the Irish tourism economy, there is the additional aspect of being a 'licenced' trade. This means that, for every night a pub gets a 'special exemption' (to open later than normal closing time), the publican must go to court to get permission. Though the cost of the exemption itself was reduced by Government, the legal cost per application (per night) was not reduced and can be significant – if, per se, a pub is applying for a full month of exemptions. As the courts don't work for the summer a publican could have to fund three months of exemption and legal costs in one payment in June. These items were due to be regularised in the Sale of Alcohol Bill which stalled before the end of the last Government.

In other feedback the Car Rental Council of Ireland, a member of ITIC, reported:

- Legal fees are increasing very quickly. Indeed, Circuit Court costs are catching up on High Court costs, in the full knowledge of county registrars.
- One member cited ongoing experience of legal bills of €35,000 per side applying to Circuit Court awards of €20,000.
- The Irish Courts stand out in international comparisons for the length of time it takes to process claims and the costs associated with that delay.

Legal costs and their impact on insurance

Insurance costs have been featured in another session of this Forum but they are worth restating briefly here as many of the costs are driven by legal costs. Legal costs and litigation reliance are a significant business issue for Irish tourism and hospitality enterprises. For example in relation to insurance claims too many claims still move into the most expensive pathway (litigation), where legal fees can absorb a very large share of the total cost of resolving a claim. This inflates the overall cost base that businesses ultimately fund through increased premiums, and dilution of their cover. The National Claims Information Database (NCID) Liability Report 2024 indicates that legal costs within the litigation channel amount to around €100 million in 2024 alone.

High legal cost pertaining to insurance make Ireland a more expensive destination to operate in compared with other EU countries. This undeniably impacts on competitiveness, NCID data highlights two core features of the current system. First, for standard-value employers' liability and public liability injury claims, litigation does not consistently deliver higher compensation outcomes. Second, litigation is significantly slower and dominates total cost outcomes. NCID reporting shows average settlement times of approximately 2 years for direct settlement, 2.2 years for Injuries Board settlements, and nearly 6 years for litigation. Claims settling through litigation account for approximately 87 per cent of total settled injury-claim costs, despite the fact that only around 3 per cent of claims ultimately proceed to a full court hearing.

Recent court decisions and reporting illustrate the practical implications of these figures. In April 2024, the High Court described as "unrealistic" a €33,000 legal bill arising from an €8,000 award in a trip-and-fall case.

The Office of the Legal Costs Adjudicators Annual Report 2024 records deductions of almost €15 million from €35.3 million claimed across 179 determined cases. In December 2025, the High Court further observed that it "cannot amount to true justice" for relatively modest claims to cost multiples of their value to resolve.

Despite reform, litigation remains the dominant pathway for claims resolution. NCID mid-year 2024 reporting indicates that litigation accounts for approximately 87 per cent of total settled injury-claim costs, with around 70 per cent of claimants resolving claims through litigation. NCID annual data shows that the share of settled employers' and public liability injury claims resolving through litigation has increased by approximately 18 per cent since 2019.

This trend is difficult to reconcile with the fact that only a small proportion of claims proceed to a full hearing. The practical consequences include extended settlement timelines, higher legal expenditure and incentives that favour delay rather than early resolution.

The recent proposal for a blanket inflationary uplift to the Personal Injuries Guidelines highlighted a structural weakness in the current review framework under the Judicial Council Act 2019. Although Government ultimately chose not to proceed with the proposal, the episode underlined the degree of uncertainty that can arise where review processes are not clearly anchored in transparent benchmarking, structured consultation and robust data.

Such uncertainty can encourage further drift into litigation and should be regarded as a cost-of-business issue rather than a purely technical legal matter.

Recommendations

ITIC suggests that the Cost of Business Advisory Forum consider the following measures to support equitable and effective legal cost reductions. Many of the proposals below give practical expression to commitments already signalled in the Government's Action Plan for Insurance Reform — particularly on claims resolution, including urgent DETE follow-through to strengthen the Injuries Board's remit and increase acceptance rates, legal costs discipline, and improved data — but focus them specifically on cost-of-business outcomes.

- Increase competition in the legal profession to ensure costs are reduced to businesses
- Secure mediation and arbitration where possible thereby saving time, money, and preserving relationships - strengthen Ireland's Mediation Act.
- Proportionality: Ensure the court level matches the dispute's value; avoid expensive High Court cases for minor issues. Introduce measures to ensure costs orders are enforceable and proportionate, including requirements for ability-to-pay demonstrations and/or security before unsuccessful parties pursue appeals.
- Technology Adoption: Support the move to electronic systems and e-discovery to streamline processes.
- Court & Judge Resources: More judges and better-resourced courts can speed up cases and reduce delays. Reform discovery to be more efficient and less costly. Invest in better Courts Service data so outcomes can be monitored over time, complementing NCID and Injuries Board reporting.
- Cost Guidelines: Support non-binding guidelines or fee scales to control litigation expenses
- Reform of the Personal Injuries Guidelines review process.
- Make "winning" meaningful for defendants, and reduce one-way cost risk on appeal
- Appeals structure: reduce unnecessary rehearing cost escalation
- Jurisdiction limits: do not increase PI limits as a default; if limits rise generally, treat PI separately

Concluding thoughts

ITIC urges the Cost of Business Advisory Forum to take into account the significant economic pressures already facing the tourism and hospitality sector. It is imperative that the heavy burden of legal costs are mitigated against to support Ireland's business competitiveness. The Cost of Business Advisory Forum has an opportunity to recommend practical, targeted measures that give effect to the Government's objectives, reduce unnecessary litigation, restore proportionality in legal costs, and improve cost certainty for Irish businesses.

ITIC welcome the opportunity to submit into this forum and we look forward to continuing the conversation at our next meeting.

IBEC

Aidan Sweeney, Head of Infrastructure & Environmental Sustainability

Ibec recommendations:

Delivery the necessary Civil Justice reforms: Implement the outstanding recommendations of the Kelly Report and prioritise the Civil Reform Bill 2025 to improve the administration of justice.

Alternative Dispute Resolution (ADR): Promote the use of arbitration more broadly. Expand the number of non-judicial bodies to reduce reliance on formal litigation for routine matters and mandate pre-litigation ADR.

Develop Ireland as a Legal Hub: Developing Ireland as a hub for international litigation, including ratification of the UPCA, which will further attract competition into the legal services industry.

Regulate Third-Party Litigation Funding (TPLF): The Irish Presidency of the EU should push for TPLF regulation to prevent conflicts of interest, abusive litigation as well as the disproportionate allocation of monetary awards to litigation funders.

Introduction

Ireland's legal system possesses significant assets, including the high quality of court decisions, its appeal to non-EU multinationals, and the adaptability inherent to common law. By modernising and streamlining legal procedures, Ireland can harness these strengths to drive economic benefits—specifically, increasing Foreign Direct Investment and establishing the country as a global hub for legal services.

However, cost remains a challenge. World Bank data (Doing Business 2020) ranks Ireland as the fourth most expensive country in the EU for commercial contract litigation, with costs consuming 27% of the total claim value. While this is significantly higher than Luxembourg or Germany, Ireland is not an outlier among its direct competitors. It remains comparable to the Netherlands (24.4%) and New Zealand and is more cost-effective than the US. Notably, the UK is considerably more expensive, with costs reaching 45% of the claim value.

Yet, focusing solely on cost risks entrenching the deeper issue of inefficiency. Judicial reforms that prioritise speed and improve access to Alternative Dispute Resolution would do more than just lower fees; they would enhance productivity, stimulate commercial activity, and reduce the overall burden of legal costs.

Justice delayed is justice denied

Successful legal systems have a reputation for speed, thoroughness, accuracy, and certainty. Irish courts are recognised for the quality of their decision-making. Whilst an internationally recognised reputation for the quality of Irish judges can offset competitiveness issues related to the costs of litigating in Ireland, more must be done for the legal system to become more efficient. Ireland is 10th longest in the EU in terms of the time to enforce a contract. Whilst Irish legal costs are in line with other common law jurisdictions, our procedures at 650 days on average are considerably slower than those in Australia, the UK and the US. In fact, Irish procedures are approximately 50% longer than in those common law jurisdictions.

Civil justice reforms

The pace of reform has been sluggish. To address this, the Government must—at a minimum—implement the outstanding recommendations of the Report of the Review of the Administration of Civil Justice (the Kelly Report).

The Report's primary objective is to improve access to justice by dismantling obsolete and overly complex procedural rules, creating a system that is quicker, efficient, and responsive to modern litigants. Crucially, it addresses the issue of affordability by proposing non-binding cost guidelines and structural changes designed to reduce the actual workload required to litigate.

To operationalise these goals, immediate priority must be given to the General Scheme of the Civil Reform Bill 2025, published this week. As the primary legislative vehicle for the Report, this Bill is essential for modernising the system. Its key measures include:

- **Streamlining Evidence:** Replacing the costly "Discovery" process with a streamlined "Production of Documents" regime.
- **Procedural Reform:** Overhauling Judicial Review procedures.
- **Court Jurisdiction:** Increasing the monetary jurisdiction of the lower courts to effectively divert cases away from the overburdened High Court.

The common law conundrum

Ireland's status as an English-speaking, common-law jurisdiction is a competitive economic asset that extends far beyond the legal sector. Post-Brexit, we occupy a unique position, Ireland is now the only common law jurisdiction fully integrated into the European legal order.

Developing Ireland as a hub for international litigation and arbitration directly enhances its reputation for Foreign Direct Investment (FDI). It positions the nation as a bridge between the European Single Market and major common law economies like the US, Canada, and Australia.

For non-EU multinationals, the legal environment is a decisive factor in location strategy. US corporations find comfort in the familiarity of the common law tradition, which reduces the perceived risk and complexity of operating in Europe. This familiarity extends to the courtroom, where the pragmatic flexibility of the common law system is viewed as highly effective for resolving complex commercial disputes.

There is also a recognised synergy between common law systems and innovation. Research indicates that firms in common law jurisdictions tend to perform better in innovation metrics. This heritage aligns seamlessly with Ireland's dominance in high-tech manufacturing, life sciences, and digital technologies. By offering a legal system responsive to rapid scientific change, Ireland cements its status as a destination for high-value R&D and IP management, not just manufacturing.

Ireland must capitalise on the opportunities from being the common law jurisdiction of choice in the EU such as by ratifying the Unified Patent Court Agreement. It would yield substantial gains for the wider Irish economy beyond an increase in legal services. It would support the further expansion of the patent-intensive sectors (medical technologies, biopharma and life sciences, technologies etc) across the country. SMEs would be the biggest beneficiaries of participating in the UPC because the new system makes it simpler, cheaper, and more efficient to enforce European patents across Europe.

It is true that common law systems typically carry higher litigation costs than civil law systems. However, the internationally recognised quality of Irish judges can offset this competitive disadvantage. When combined with the procedural modernisation proposed in the Kelly Report, this judicial excellence ensures that Ireland remains a top-tier destination for investment despite the price premium.

Competition is increasing in the legal industry

There is an opportunity to position Ireland as a global hub for legal services, attracting foreign litigants and international law firms. Post-Brexit, Ireland is the only English-speaking common law jurisdiction fully integrated into the European legal order. There has been a pattern of UK firms or major international law firms with significant presence in Ireland setting up in Ireland. The *Ireland for Law* initiative seeks to promote Ireland as a leading global centre for international legal services.

The courts should be the last resort

Enforcement through the courts, withdrawal of licences or imposing fines should be last resort. Planned reforms to the Judicial Review process should require applicants to utilise adequate alternative mechanisms to Judicial Reviews when rectifying deficiencies (such as errors) in planning decisions by directly informing to decisionmakers and allowing for corrective actions to be taken. Ireland like other European jurisdictions operate simplified small-claims procedures for business disputes, often lawyer-free and capped in cost.

We must redouble efforts to reduces the costs associated with enforcing a contract in an Irish court. The costs of legal services remain high, and we need to examine the alternative dispute resolution (ADR) tools), including Regulators and Ombuds entities (see case study on the procurement ombudsman) used in other Member States that reduce cost, improve predictability, and accelerate resolution. These mechanisms provide low-cost, accessible resolution and reduce reliance on formal litigation for routine matters.

Ireland is recognised as an arbitration-friendly jurisdiction for resolving international disputes, having adopted the UNCITRAL Model Law on International Commercial Arbitration through the Arbitration Act 2010. However, more could be done to encourage the use of ADR tools as an efficient, effective and affordable alternative to the courts. For example, Spain introduced Mandatory Pre-Litigation ADR in April 2025, requiring parties to attempt ADR—such as mediation, conciliation, or expert determination—before initiating civil proceedings. This approach filters out disputes that can be resolved without full litigation, reduces court congestion and associated costs and preserves judicial resources for complex cases.

A stable and predictable legal framework

Irish competitiveness is built on a stable, predictable and equitable legal framework. There has been significant growth of mass litigation in the EU on foot of the availability of third-party litigation funding (TPLF) to bring cases under the Representative Actions Directive. It highlights that, if left unchecked, it would lead to the 'commodisation' of litigation and would incentivise a litigation culture that would undermine consumer and business interests. TPLF is prohibited in Ireland as constituting the torts of maintenance and champerty. However, the Law Reform Commission is studying the area of third-party litigation funding.

TPLF is unregulated in Europe. Without regulation there is a risk that the process is abused, and plaintiff lawyers and funders are the only real beneficiaries or are disproportionately rewarded. While TPLF is often cited as a tool that can support access to justice, there are significant risks of abuse practices where litigation funders go unchecked, acting in their own economic interest to maximise return on investment at the expense of claimants' interests. It should not be confused with legal aid.

TPLF is a critical driver of speculative, and sometimes baseless, claims of the increased litigation risks for business based in Ireland. Without robust regulation and oversight, TPLF is open to abuses and lack of transparency that can fan the flames of an aggressive litigation culture, with negative consequences for business, for the court system and, ultimately, for consumers.

Case Study: The need for a procurement ombudsman

Efficient remedies and redress are vital for public buyers and suppliers. However, the current Irish system is failing to deliver. According to the World Bank, Ireland ranks last in the EU for the time taken to reach a decision on public procurement appeals. A primary cause is the National Remedies Regulations (S.I. No. 130/2010), which forces tenderers to take complaints directly to the High Court. Unlike other Member States, Ireland lacks an intermediate step.

The absence of an efficient review mechanism deters companies—particularly SMEs—from enforcing their rights or even bidding for contracts. The European Commission has concluded that non-judicial review bodies are "more effective" than courts regarding both duration and standards of review. Ireland must prioritise the establishment of a Procurement Ombudsman. An effective, low-cost, and speedy resolution service would allow errors to be caught early, ensuring fair competition without the delays and costs associated with High Court litigation.

Small Firms Association

Jonathan McDade, Public Affairs Lead

The Small Firms Association

The Small Firms Association is the "Voice of Small Business", representing small businesses employing up to 50 people, spanning every sector of our economy. Its mission is to be the trusted partner of small businesses in Ireland, to deliver business-focused advice and insights to member companies, influence government policy to the benefit of small businesses and connect its members in a thriving community.

Overview

The Small Firms Association has drafted a brief position paper concerning the costs of legal services on small businesses. Small Businesses are already overburdened with increased energy costs, global trade tariffs, another increase in the National Minimum Wage on the 1st of January, and the new auto-enrolment system. Legal fees disproportionately impact on small businesses and must be addressed.

Ireland's legal system possesses significant assets, including the high quality of court decisions, its appeal to non-EU multinationals, and the adaptability inherent to common law. By modernising and streamlining legal procedures, Ireland can harness these strengths to drive economic benefits — specifically, increasing Foreign Direct Investment and establishing the country as a global hub for legal services.

SFA Cost of Business Survey 2025

Over the summer, the SFA in partnership with Amárach, conducted its second annual nationwide survey of small businesses about rising costs. Forty-nine percent of small businesses have reported an increase in business costs in the past 12 months. Although the percentage of small businesses reporting increased costs are significantly down from last year (84%), businesses are still struggling with a high-cost base with 44 percent of businesses reporting no change in costs in the past year.

Business costs remain a challenge for many small businesses with an average increase in costs at 11.7% in the past 12 months, among the businesses that have experienced increased costs. However, that is a decline from 16.6% rise in business costs reported in last year's survey. Labour-related costs remain the biggest challenge with 31 percent of all businesses reporting that employment costs have increased in the past 12 months, however that is a decline from 48 percent of all businesses in last year's survey. While legal services were not specifically referenced in the survey, of those companies that reported increased costs, 35 percent of them are associated with regulatory compliance.

However, cost remains a challenge. World Bank data (Doing Business 2020) ranks Ireland as the fourth most expensive country in the EU for commercial contract litigation, with costs consuming 27% of the total claim value. While this is significantly higher than Luxembourg or Germany, Ireland is not an outlier among its direct competitors. It remains comparable to the Netherlands (24.4%) and New Zealand and

is more cost-effective than the US. Notably, the UK is considerably more expensive, with costs reaching 45% of the claim value.

Recommendations

1. Delivery the necessary Civil Justice reforms - Implement the outstanding recommendations of the Kelly Report and prioritise the Civil Reform Bill 2025 to improve the administration of justice.

2. Alternative Dispute Resolution (ADR) - Promote the use of arbitration more broadly. Expand the number of non-judicial bodies to reduce reliance on formal litigation for routine matters and mandate pre-litigation ADR.

3. Develop Ireland as a Legal Hub - Developing Ireland as a hub for international litigation, including ratification of the UPCA, which will further attract competition into the legal services industry.

4. Regulate Third-Party Litigation Funding (TPLF) - The Irish Presidency of the EU should push for TPLF regulation to prevent conflicts of interest, abusive litigation as well as the disproportionate allocation of monetary awards to litigation funders.

5. Implement the outstanding recommendations of the Report of the Review of the Administration of Civil Justice (the Kelly Report) - The Report's primary objective is to improve access to justice by dismantling obsolete and overly complex procedural rules, creating a system that is quicker, efficient, and responsive to modern litigants.

6. Pass the General Scheme of the Civil Reform Bill 2025, - The Bill was published this week and in its current form, is essential for modernising the system which features the following measures:

    - Streamlining Evidence: Replacing the costly "Discovery" process with a
    - streamlined "Production of Documents" regime.
    - Procedural Reform: Overhauling Judicial Review procedures.
    - Court Jurisdiction: Increasing the monetary jurisdiction of the lower courts to effectively divert cases away from the overburdened High Court.

7. Reforms to the Judicial Review process - This requires applicants to utilise adequate alternative mechanisms to Judicial Reviews when rectifying deficiencies in planning decisions by directly informing to decisionmakers and allowing for corrective actions to be taken. The costs of legal services remain high, particularly for small businesses, and Government needs to examine the alternative dispute resolution (ADR) tools), including Regulators and Ombuds entities or even mediation services, if appropriate.

8. More efficient remedies and redress for public buyers and suppliers. One of the key issues is that the National Remedies Regulations (S.I. No. 130/2010) forces tenderers to take complaints directly to the High Court. The absence of an efficient review mechanism deters companies, particularly small businesses, from enforcing their rights or even bidding for contracts.

9. Strengthening Protections Against Spurious Defamation Claims - The SFA calls for the urgent enactment of the Defamation (Amendment) Bill to protect small retailers from the disproportionate financial burden of vexatious litigation. We specifically advocate for the inclusion of a "serious harm" threshold to ensure claimants must prove significant reputational or financial damage, effectively filtering out trivial claims before they incur ruinous legal costs for small businesses. This must be paired with the proposed statutory defence for "retail defamation," which provides vital legal certainty for owners and staff making good-faith, discreet inquiries regarding proof of payment. For the small firm, the current "go-away money" culture is an unsustainable tax on operations; codifying this defence is essential to allow honest traders to protect their livelihood without the constant fear of predatory legal challenges. These reforms are a necessary step in reducing the high cost of doing business and ensuring the long-term viability of Ireland's independent retail sector.

Theme 6: Regulation – Reporting and Compliance

Summary and Recommendations of Submissions

1. **Chartered Accountants Ireland** suggests that:

    - Reporting and compliance form a fundamental part of any open market-based economy, and their members ensure that the highest regulatory reporting and compliance standards are maintained. Chartered Accountants Ireland places a high priority on ensuring our members are fully informed on new and existing reporting and compliance standards.

    - Excessive and overly complex reporting and compliance obligations have a cost. According to their members, reducing the regulatory and compliance burden is the area they are most in need of Government support, rising to 3 in 4 amongst members working in practice.

    - When it comes to Government supports, 64% of members believe they are ineffective in reducing the regulatory and compliance burden. That cost is ultimately borne by businesses, particularly small businesses, and it is equally borne by our members who either work directly for those businesses or who provide services to those businesses. It is in everyone's interests that Ireland remains competitive and an attractive place to do business, and it is vital we continue to look at both new and existing regulations and reporting obligations and where possible reduce complexity and duplication which drives compliance costs up.

    - In that context, CAI welcome the Government's initiative on the Enhanced SME test. They also welcome moves by both the Revenue Commissioners, through the Tax Administration Liaison Committee (TALC), and the Central Bank of Ireland on simplifying regulations and compliance obligations. It is important to point out that, in CAI ambition to reduce regulatory complexity and duplication, we are not advocating for mass deregulation. Each reporting and compliance obligation is there for a reason. It is for this reason that regulatory simplification is a difficult task.

2. **Small Firms Association's (SFA) executive summary highlights that:**

    - Small businesses make up the backbone of Ireland's enterprise base yet face a cumulative regulatory load that is disproportionate to their scale and administrative capacity. Recent layers—such as the Enhanced Reporting Requirements (ERR) real-time submissions, evolving sustainability reporting rules, and increasingly rigid VAT administration and enforcement—are raising fixed compliance costs, diverting scarce management time, and dampening investment, hiring, and innovation.

    - The SFA welcomes Government signals on cutting these administrative burdens. In particular, the National Competitiveness and Productivity Council's (NCPC) Competitiveness Challenge report 2025 called for reviewing and reducing the administrative burden of the ERR and consider amendments for SMEs below certain thresholds (e.g., <20 staff or turnover <€1m) to lower their relative administrative burden.

- Furthermore, the NCPC identifies the high cost of doing business—including regulatory-driven costs—as a major challenge and stresses that Government must focus on costs "within domestic control". Commitments include examining areas where policy or regulatory choices are driving costs and taking steps to alleviate them. This commitment is very much welcomed by the SFA.

- Finally, the SFA welcomes the EU/Irish "Stop-the-Clock" deferrals on the Corporate Sustainability Reporting Directive (CSRD), but notes that immediate domestic actions are still required to right-size obligations for small firms and simplify Revenue processes—especially for VAT—so that compliance is achievable, proportionate, and predictable.

3. **Irish Exporters Association** suggests that exporters are facing a growing stack of reporting and compliance obligations across tax, customs and environmental regimes. The priority is not to reduce standards, but to reduce duplication, improve guidance, ensure proportional enforcement, and design obligations that are workable for SMEs and trade-exposed sectors. It is noted that the Government should adopt a 'one in, one out' rule to manage the regulatory burden imposed on businesses, ensuring that any new reporting or compliance requirement is matched by the removal or simplification of an existing obligation.

4. **Brokers Irelands'** top three priorities in relation to the upcoming meeting on Regulation: Reporting and Compliance, would be:

   1. Cost benefit analysis - should be introduced and carried out on all proposed regulatory changes.

   2. Proportionality and increased use of the SME Test when new requirements are introduced.

   3. Review of Regulations - specifically in relation to the volume of current disclosure requirements/documentation overload.

5. **ISME** noted in their submission that:

   - As a multi-sector trade association, ISME has members in many regulated sectors, such as childcare, retail, construction, accounting, law, grooming, food preparation, and financial services. A short submission is therefore not an appropriate place to address the compliance burden across these sectors; in their previous submission to the Secretariat, ISME noted that the retail sector alone was subject to 56 pieces of primary and secondary legislation, and that the Department of Enterprise hosts 12 regulatory and quasi-judicial bodies.
   - Other than the five key topics, ISME also highlighted that for most small and medium Irish businesses, Revenue compliance is handled by the owner or a small management team, not by in-house tax or HR specialists. The time required to meet growing compliance obligations is time taken away from running the business, managing staff and serving customers.

- Hospitality businesses also face regulation from multiple bodies, often covering similar ground but operating independently. Owners regularly deal with Revenue, environmental health, employment inspections, licensing, planning and local authorities, with little coordination between them. The nature of the hospitality sector — high staff turnover, variable hours, seasonal trading and the treatment of tips and service charges — makes payroll and PAYE compliance particularly complex in practice.

    - VAT in hospitality is difficult to manage due to multiple rates applying across food, alcohol, accommodation and events. This increases the likelihood of genuine mistakes and adds to accounting costs. The applicable reduced rate will be amended in the middle of tax year 2026.

    - Enforcement outcomes such as fines, temporary closures or licence suspension can be devastating for small hospitality businesses. There is often little room for corrective action before serious consequences arise.

6. The five priority areas for regulatory simplification which **Insurance Ireland** advocate are as follows:

    (i) Introduce Proportionate, Risk-Based Regulatory Reporting Requirements
    (ii) Consolidate and Simplify EU-Driven Legislative Obligations
    (iii) Enhance Regulatory Process Efficiency to Strengthen Ireland's Competitiveness
    (iv) Simplify Consumer Disclosure Requirements to Support Financial Literacy
    (v) Reduce Tax Related Administrative Burdens to Support Business Costs

7. **Irish Tax Institute** suggests that the administrative burden associated with tax measures is a cost for Irish businesses and can impact on the competitiveness of Ireland as a location for investment. For SMEs, complex administration coupled with disproportionate penalties can mean that tax measures which are designed to support businesses become inaccessible. In their submission, ITI focus on three areas of the tax code where they believe action is required to reduce the costs faced by businesses seeking to comply with their tax obligations. These areas include:

    (i) Enhanced Reporting Requirements (ERR)
    (ii) Complexity in tax legislation and administration
    (iii) Proportionate sanctions for administrative errors

8. **Chambers Ireland** supports effective and well-resourced regulation that protects the integrity of the tax system. However, without proportionality, consultation and operational capacity, regulatory reporting obligations risk increasing the cost of doing business, constraining investment and weakening regulatory outcomes. Member feedback demonstrates that administrative burden, system inefficiencies and guidance gaps remain central concerns for Irish businesses. In her State of the Union address in 2023 Ursula von der Leyen outlined a commitment to reduce regulatory burden by 25%. This cannot be done without significant engagement by Member States. At present it is difficult to see how this level of reduction will be delivered for Irish businesses without significantly more impetus.

9. **IBEC's** executive summary highlights that**:**

    - In the face of increasing global uncertainty and domestic costs, regulatory reform has emerged as a critical priority for Irish business. Effective regulation is essential for a modern, complex economy and can improve living standards. Well-designed regulations coordinate standards, reduce costs, encourage trade, and drive innovation by providing certainty to businesses. Conversely, poorly designed or inconsistently enforced regulation creates barriers to competition, wastes resources, and slows the delivery of critical infrastructure through excessive "red tape".

    - Ireland has suffered from "regulatory drift" over the last two decades. While the "Better Regulation" agenda was once a core focus, the state's performance has slipped relative to international peers.

    - It is time for a fundamental reset: moving from a system of complexity and delay to one of certainty and efficiency. It is not just about simplification for its own sake; it is fundamentally about competitiveness. We welcome the Government's commitment to the better regulation agenda by improving the quality, implementation, and enforcement of regulation. By doing so, we can move from a system that creates burdens to one that creates the certainty and stability we all need to invest, innovate, and grow.

10. **Convenience Stores and Newsagents Association (CSNA)** welcomes the opportunity to provide the Forum with some of the barriers their members encounter as a result of "One size fits all legislation" or without due regard to the practical implications of requiring significant compliance obligations for Small and Medium sized businesses. CSNA highlight concerns such as Waste Packaging Regulations, Turnover – in particularly how this is viewed as VAT excluded figure – also, definition of 'consumer' and engagement through Stakeholder Consultations.

11. **Retailers Against Smuggling (RAS)** urges the Department of Enterprise, Tourism, and Employment to support legitimate, tax-compliant businesses that support employment and local economies across Ireland. Supporting these retailers is essential to sustaining fair competition, protecting State revenue, and ensuring that regulation targets those operating outside the law, not those who adhere to the rules.

12. **AmCham** suggested that while a balanced regulatory approach is key, regulatory burdens can stifle growth and innovation. To guarantee the stability, robustness and competitiveness of the Irish economy, there are several areas – *Revenue, R&D, Engagement at EU level, life science impact and regulatory environment* – would benefit significantly from the streamlining of regulation and compliance.

13. **ITIC** outlines that across the board, Irish businesses — including those in tourism — report increasing compliance complexity, which can strain resources, especially for SMEs without dedicated compliance staff as well as stunting growth or innovation due to the administrative burden. Key areas perceived as complex are outlined above including data privacy, anti-fraud/anti-money-laundering and general corporate compliance. ITIC urges the Cost of Business Advisory Forum to take into

account the significant economic pressures already facing the tourism and hospitality sector. It is imperative that the heavy burden of regulation and compliance is done in a pragmatic manner to support Ireland's business competitiveness.

14. **RGDATA** noted that the regulatory burden was among the three most cited issues identified as creating challenges for local businesses alongside rising costs (compliance costs) and competition. A total of 85% of the respondents contend that the regulatory burden is too high with many businesses reporting inspections from multiple regulators across a range of different trading and operational activities and noted that several respondents cited upwards of 10 inspections or regulatory bodies interacting with their businesses.

15. **RAI** noted that Hospitality SMEs fall into three interconnected categories: direct financial costs, indirect operational costs and longer-term costs. Whilst individual regulatory measures appear proportionate in isolation, SME's experience a cumulative impact. The layering of reporting obligation across multiple agencies creates structural burden, resulting in significant financial, administrative, opportunity and growth constraints. Strengthening and enforcing the SME Test, particularly through transparency, early consultation and mandatory mitigation measures, would materially reduce the regulatory burden and support a more competitive operating environment for small business.

Forum Member Recommendations

16. **Chartered Accountants Ireland** suggest that the following recommendations:

    a) The Irish Government should fully support the European Commission's drive for regulatory simplification.

    b) The Irish Government should use its Presidency of the Council of the European Union to champion competitiveness and regulatory simplification.

    c) Specifically, Ireland must seek to finalise the Digital Omnibus proposals during its Presidency and significantly advance the 28th Regime, the Tax Omnibus and the Savings and Investment Union proposals.

    d) Domestically, the Government needs to assess the efficacy of the Enhanced SME Test and its consistent application across Government.

    e) The Government should establish a review mechanism (using IGEES model) that assesses the regulatory and compliance burden on SMEs from existing policies across Government, including Revenue.

    f) This review mechanism should also assess consistency across Government departments, agencies and public bodies and seek to reduce regulatory duplication.

    g) As a principle, when the Government establishes a business support or tax relief, consideration must be given to the compliance costs to be incurred to avail of the support.

h) When transposing EU law, Ireland should refrain from overregulating, particularly when scope is provided for national discretion within EU laws and should engage adequately with relevant stakeholders.

i) Revenue should review ERR, in particular the real-time reporting requirement.

j) The first TALC project dealt with administrative issues only, and policy and legislative issues were excluded. A process similar to the TALC project should be commenced, and it should include potential legislative and policy changes and not just administrative changes.

17. **Small Firms Association (SFA)** suggest the following recommendations:

I. Make ERR Proportionate for Small Employers

a) **Grace and materiality thresholds.** Introduce a statutory de-minimis/materiality tolerance for ERR (e.g., aggregate low-value subsistence/allowance payments under a monthly floor not requiring line-level reporting), with guidance harmonised across ROS, videos, and manuals.

b) **Batch correction window.** Create a 60-day "no-penalty correction window" for micro-employers (≤10 employees) to amend ERR submissions, recognising real-time reporting challenges.

c) **Micro-employer API voucher.** Offer a time-limited grant/credit to cover setup of payroll/expenses software integrations for ERR automation among employers with ≤20 staff—similar in spirit to past digital-adoption supports.

II. Simplification, standardisation and tackling duplication when interacting with state bodies

There is a critical need for greater coordination on standards and the implementation of rules, as a lack of common standards, designs, or interpretations between different arms of the State duplicates costs and makes economies of scale difficult to achieve. We must simplify these interactions to end the duplication in processes where companies are forced to share the same data multiple times simply because systems within state bodies do not speak to each other:

a) **Motor Tax on Commercial Fleets:** Currently, members with commercial fleets must pay motor tax by processing applications one-by-one, which is a massive duplication of effort that wastes time and resources. We know a better way exists: the same government system allows for a simple bulk upload option when paying Local Property Tax across multiple properties.

b) **Employment Investment Incentive ("EII") Scheme:** This scheme is critical for investment but has become increasingly complex and difficult to claim. We need a simplified process that uses non-mandatory template forms for SMEs to reduce the administrative pressure and encourage uptake.

c) **Company Registration and Changes:** When an organisation changes directors, it must make separate filings with the Companies Registration Office (CRO), the Register of Beneficial

Ownership (RBO), and potentially the Charities Regulatory Authority (CRA). This places an unnecessary regulatory burden for no gain, as the underlying data is largely the same.

d) **Directors' Particulars on Letterheads:** Section 151(1) of the Companies Act currently requires companies to state the names and nationalities of directors on business letters. This necessitates having details printed on paper letterheads rather than allowing for digital disclosure. Amending this to allow for digital disclosure would modernise the requirement and avoid unnecessary administrative rigidity.

e) **User-friendly VAT guides and reclaim fast track.** Develop-specific "how to file VAT3" guides (e.g., hospitality, manufacturing, etc.) and present it to small business owners in written, audio and video demonstration formats. Create a 15-business-day fast-track for SME VAT refunds under a threshold (e.g., €5,000) where risk indicators are low, with status tracking in ROS.

III. Reform Enforcement to Avoid Disproportionate Escalation

a) **Sheriff referral safeguards.** Require an additional pre-referral engagement step for micro-firms (e.g., a short, structured call or digital case chat) and a mandatory assessment of phased-payment options before issuing a warrant.

b) **Cap poundage on small debts.** For arrears below a defined threshold, cap recoverable sheriff poundage/fees to prevent costs exceeding a reasonable fraction of the principal owed, while preserving enforcement efficacy. (Adjust S.I. 644/2005 accordingly.)

c) **Transparent fee disclosure.** Ensure Sheriff communications to taxpayers include a simple, itemised breakdown of potential fees at each stage to promote early engagement and reduce shocks that trigger business failure.

IV. Prevent "Trickle-Down" ESG Compliance Burdens on Small Suppliers

a) **Issue guidance to large buyers.** Publish DETE/relevant-agency guidance stating that supplier questionnaires to SMEs should be proportionate, phased, and aligned with CSRD deferrals; encourage use of simplified templates for micro-suppliers.
b) **Support tools.** Fund a lightweight national ESG reporting toolkit for SMEs (common metrics, standard templates, and a shared repository), reducing duplicative requests from multiple customers.

V. Institutionalise "Think Small First"

a) **SME Test across tax administration.** Extend the SME Test to Revenue policy changes (ERR iterations, ROS UI updates, VAT guidance), with public impact notes and timelines that respect small-firm planning cycles.gov

b) **One-stop compliance hub.** Accelerate a single sign-on, single-record approach across Revenue, CRO, and key agencies to end repeat data entry and reduce contradictory instructions.

VI. Providing certainty and reducing "red tape" for compliance

To stop the drift toward excessive regulation, businesses need certainty and practical support rather than just new rules. The current environment often introduces complex legislation without adequate lead times or support, imposing significant costs on business:

a) **R&D Tax Credit Administration:** High administrative costs mean that there is low take-up amongst SMEs for the R&D tax credit. A pro-forma R&D tax credit route should be introduced to help smaller firms overcome these costs, including the use of pro-forma templates for project management, recording activity, and calculating costs.

b) **Holiday and Leave Calculations:** Current methods for calculating public holiday entitlements and annual leave are not fit for purpose. The absence of a statutory definition of 'normal' working days and the requirement to complete dual calculations for employees working less than 1,365 hours create significant administrative burdens that most HRIS systems cannot support.

c) **Standardised Compliance Toolkits for SMEs:** The administrative burden of complex regulations—from GDPR record-keeping to the transposition of new EU laws—creates significant barriers for SMEs. Providing a bank of standard templates and standardised toolkits would allow SMEs to meet these obligations.

18. **Irish Exporters Association** had a number of suggestion under the main topics proposed:

(i) Enhanced Reporting Requirements (ERR)

Relevant bodies: Revenue Commissioners; Department of Finance.

Enhanced reporting requirements can impose a significant administrative workload, particularly where businesses must submit frequent or detailed information, where there is no loss of revenue to the exchequer. This is most challenging for SMEs without dedicated compliance teams, and for firms with mobile staff and high volumes of legitimate vouched expenses. IEA proposes a practical approach that reduces cost without undermining compliance:

a) simplify real-time reporting where there is no tax due and reduce duplication
b) provide standard templates and one clear, authoritative set of guidance
c) apply minimum lead-in times for any new reporting requirement
d) ensure a proportionate approach where errors are administrative and of low materiality.

(ii) Revenue: VAT, cash-flow, customs and cross-border complexity

Relevant bodies: Revenue Commissioners; Department of Finance.

Revenue administration is a day-to-day cost driver for importing and exporting firms. VAT compliance and VAT-related cash-flow impacts are material for businesses with frequent or high-value consignments.

Customs compliance remains resource-intensive for many firms trading with the UK, particularly SMEs that rely on intermediaries. Practical steps that would ease cost burdens include:

a) clearer service standards and turnaround times for routine VAT matters that affect cash-flow
b) more practical supports for SMEs to comply without needing specialist in-house resources, or having to pay for these externally
c) a competitiveness and admin-cost assessment before changes that increase filing frequency or introduce new administrative steps

(iii) Penalties for administrative errors

Relevant bodies: Revenue Commissioners; Department of Finance.

As the volume and complexity of reporting rises, the risk of minor mistakes rises. Where penalties are applied to technical or administrative errors, firms respond by over-investing in defensive compliance and external advice. This becomes a cost and can be particularly difficult on SMEs. IEA supports a more proportionate approach, including:

a) a clear distinction between deliberate non-compliance and good-faith administrative error
b) rectification windows for first-time or low-materiality mistakes
c) clearer guidance on common errors to reduce inadvertent non-compliance

(iv) Waste management regulation (packaging, Repak)

Relevant bodies: Department of the Environment, Climate and Communications; local authorities.

Packaging compliance can add both direct costs and significant reporting burdens. Many exporters are also importers of packaging, or are captured through supply chains, and the practical challenge is ongoing classification, data capture and reporting, often with unclear definitions. IEA proposes:

a) simpler and clearer definitions and guidance that reflect real supply chain practices
b) proportionate options for SMEs, including simplified reporting where appropriate
c) support for SME Exporters: Increased resources or, for example, guidance on navigating international packaging regulations.

(v) SME Test

Relevant bodies: Department of Enterprise, Trade and Employment.

The SME Test is important, but to reduce cost it must be applied consistently and early, and it must change outcomes. Too often, requirements are introduced with limited visibility on administrative cost, and without adjusted timelines or simplified routes for smaller firms. IEA recommends:

a) publishing SME Test outcomes for major reporting and compliance changes, including expected admin cost impacts

b) requiring government departments and regulators to explain what was changed as a result of the SME Test
c) require government departments to publicly report on their SME Test findings and the specific actions taken to reduce burdens on small firms
d) minimum lead-in times and simplified compliance routes where smaller firms are disproportionately affected.

19. **Brokers Ireland** suggests the following as potential recommendations:

(i) **Cost Benefit Analysis Should Be Introduced and Carried Out on All Proposed Regulatory Changes**

Proposals:

a) Statutory Requirement: Introduce a statutory requirement for robust, sector-specific cost benefit analysis for all proposed regulatory changes, with explicit consideration of SME impacts.
b) Advance Publication: Publish CBAs in advance of any regulatory change and use the results to inform decision-making, with a presumption against introducing new requirements unless the benefits clearly outweigh the costs for all affected sectors.
c) Stakeholder Consultation: Ensure that CBAs include consultation with SME and broker stakeholders and are tailored to reflect the realities of micro and small firms.

Relevant Government Departments for Implementation

- Department of Finance: Can introduce statutory requirements for cost benefit analysis in financial sector regulation and ensure transparency in regulatory change processes.
- Department of Enterprise, Trade and Employment: Can ensure that CBAs are robust and reflect the impact on SMEs, promoting less burdensome alternatives where appropriate.
- Central Bank of Ireland: Can publish sector-specific CBAs for new codes and regulatory changes affecting financial intermediaries.

(ii) Proportionality and Increased Use of the SME Test When New Requirements Are Introduced

Proposals:

- Mandatory SME Test: Apply the SME Test and the "Think Small First" principle at the earliest stages of drafting new regulation, with transparent reporting on how SME impacts are assessed and mitigated.
- Exemptions and Flexibility: Systematically consider and implement exemptions or less stringent requirements for micro and small firms.
- Early Consultation: Regulators should consult with SME and broker representatives at the outset of policy development and publish SME impact statements with all new regulations.
- Proportionality as a Core Principle: The Central Bank of Ireland should be required to adopt proportionality as a core principle, ensuring compliance requirements are practical and risk-based for intermediaries.

Relevant Government Departments for Implementation

- Department of Finance: Responsible for financial sector regulation, oversight of the Central Bank of Ireland, and policy development for financial services. Can mandate proportionality and require the SME Test in new regulations.
- Department of Enterprise, Trade and Employment: Oversees SME policy, business regulation, and enterprise support. Can ensure SME impact is considered in regulatory development and promote consultation with stakeholders.
- Central Bank of Ireland: As regulator, can adopt proportionality as a core principle and systematically apply the SME Test in its rules and codes.

(iii) **Review of Regulations – Volume of Disclosure Requirements and Documentation Overload**

Proposals:

- Comprehensive Review: Undertake a comprehensive review of existing disclosure and documentation requirements to streamline, simplify, and remove duplication, focusing on material risks and consumer benefit.
- Avoid Gold-Plating: Avoid "gold-plating" of EU legislation at national level and ensure that new requirements are only introduced where there is clear evidence of benefit and no less burdensome alternative.
- Involve Brokers: Involve brokers and SME representatives in the review process to ensure reforms are practical and effective.
- Stability and Focus: Prioritise stability in the regulatory framework for intermediaries, focusing on product oversight and meaningful disclosures rather than volume.

Relevant Government Departments for Implementation

- Department of Finance: Can review and rationalise disclosure requirements in financial services legislation and work with the Central Bank to streamline regulatory codes.
- Department of Enterprise, Trade and Employment: Can address regulatory burdens on SMEs and ensure that business regulations are proportionate and practical.
- Central Bank of Ireland: Can simplify sectoral guidance and codes and align disclosures with consumer benefit and risk.

Summary of Recommendations:

- Mandatory application and transparent reporting of the SME Test for all new regulations.
- A comprehensive review and rationalisation of disclosure and documentation requirements.
- The introduction of statutory, sector-specific cost benefit analysis for all proposed regulatory changes.

These measures will help ensure that regulation is effective, proportionate, and does not unduly burden brokers, supporting a more competitive and innovative business environment and safeguarding consumer access to financial advice.

Summary Table: Government Departments and Implementation Roles

Recommendation	Responsible Departments	Implementation Role
Mandatory SME Test & Proportionality	Department of Finance, D/ETE Central Bank of Ireland	Mandate proportionality, apply SME Test, consult stakeholders, align regulatory codes
Review of Disclosure & Documentation Requirements	Department of Finance, D/ETE, Central Bank of Ireland	Streamline regulations, remove duplication, ensure practicality and stability
Statutory Cost Benefit Analysis	Department of Finance, D/ETE, Central Bank of Ireland	Require and publish CBAs, ensure SME impact is considered, consult stakeholders

20. **Insurance Ireland** recommendations are as follows:

a) Streamline reporting by adopting a single, consolidated reporting template across regulatory bodies (Central Bank, Revenue, Government Departments).

b) Apply proportionality thresholds, such as the Small and Non Complex Undertakings (SNCU) under Solvency II to reduce reporting frequency and depth for smaller or lower-risk firms.

c) Champion a "national simplification programme" to consolidate overlapping rules into clear, codified guidance.

d) Establish an inter-agency taskforce to assess the cumulative impact of regulatory changes and remove duplication before implementation.

e) Introduce legislative change to the Central Bank Act 1947 that would require the CBI to give appropriate notice and rationale of any supervisory/cost changes to firms. We suggest a prudent lead-in time 12 months formal written notice, accompanied by clear rationale driving the change in the risk profile of the individual firm, and resulting change to regulatory fees and levies. The CBI plans to consult on its fees and levies methodology and this is an ideal time to strengthen the predictability for insurance firms operating in Ireland.

f) Establish a CBI industry forum on the financial budgetary planning on regulatory costs, for example as part of DNB processes, the Netherland's central bank convenes a meeting of an Advisory Panel of Representative Organisations.

g) Enshrine in legislation a written procedure for the submission by the Central Bank and approval by the Minister of Finance of the supervisory levy.

h) Require that the CBI should draw-up a single programming document clearly defining which projects and activities it seeks to undertake in the forthcoming year(s) and which resources will need to be allocated to these projects. The CBI should clearly separate costs for regulatory and supervisory activities and also differentiate between prudential supervision and conduct supervision.

i) Modernise disclosure rules, allowing insurers to use simpler, more digital-first communications.
j) Reduce the volume of mandatory wording and replace with short, plain-English summaries.

k) Introduce a branch participation exemption, consistent with other EU jurisdictions, to simplify compliance for international insurers.

l) Advance reforms to LAET to align with CGT/DIRT, reducing the complexity of tax planning and reporting.

21. **Irish Tax Institute** has suggested that:

a) A fixed penalty of €4,000 applies where an employer inadvertently omits to report in real-time a non-taxable benefit or expense reimbursed to an employee under the ERR system, even though there may be no risk of an underpayment of tax. This penal sanction for failing to report in real-time is wholly disproportionate and places an inordinate strain on the limited resources of smaller businesses. The penalty should be replaced with a more appropriate sanction.

b) In general, Finance Bill measures are excluded from the scope of the SME Test. While this may be necessary in some instances, the rationale for the automatic exclusion of Finance Bill measures from the SME Test is unclear. It is helpful that new guidance and application forms relating to fiscal measures are now required to be subject to the "think small first" principle and where appropriate, the SME Test. It is important to that these principles are applied both to new forms and guidance issued by Revenue and to any subsequent updates to ensure Revenue guidance and tax returns are not too complicated and unwieldy.

c) While they welcome efforts made by Revenue last year to raise awareness of the common errors made by taxpayers in completing the R&D Panels in the Form CT1, the frequency and commonality of the errors made by taxpayers in the R&D Tax Credit claims process in recent years highlights the need to simplify the Form CT1 to make it easier for businesses to comply with their tax obligations and have certainty over their R&D Tax Credit claims. Other changes which would help alleviate the compliance burden associated with the R&D Tax Credit, in particular for SMEs, include:

- Introducing a pre-approval process for first time R&D Tax Credit claims by small/micro companies.

- Providing SME-friendly guidance, with step-by-step instructions on the claims process and practical studies.

- Simplifying Revenue's guidance relating to overhead costs.

d) Companies claiming EII are required to file a Form RICT which is macro enabled and is prone to technological errors often leading to a need for direct contact between the business and Revenue. Revenue confirmed in June 2024 that a redesign of the RICT form is on its ICT development schedule . ITI would urge that that this development is prioritised.

e) While the Institute recognises the role of penalties in encouraging compliant behaviour, it is essential that the penalties which apply are proportionate. ITI outlines three areas where they believe the penalties which apply for errors by taxpayers are disproportionate and should be reconsidered. These areas include – Employment Investment Incentive (EII), Key Employee Engagement Programme (KEEP) and iXBRL financial statements.

22. **Chambers Ireland** recommends the following:

a) A more proportionate and capacity led approach to regulatory compliance. This should include streamlining tax administration processes, improving structured engagement channels with appropriate safeguards and investing in Revenue's operational capacity to provide timely guidance and responses.

b) A comprehensive review of the corporation tax compliance framework is required to assess whether current complexity remains proportionate and to identify opportunities for simplification.

c) Regulatory impact assessment should be embedded before additional reporting obligations are introduced.

d) Digitalisation should be advanced in line with OECD Tax Administration 3.0 principles, subject to meaningful stakeholder engagement and robust governance.

e) Consideration should be given to an expansion of the scope of the SME Test to take a more holistic view of the existing regulatory framework, and the interactions between new and existing regulations. While SMEs are often the most significantly impacted by the introduction of new regulation, businesses of all sizes operating across a variety of sectors are increasingly attuned to the evolution of regulation and the resultant impact on compliance costs. Government could consider the introduction of a measure, similar to the SME Test, but targeted towards larger domestic firms and multinationals, who are often subject to a different, more complex, regulatory framework at both national and EU level, to determine the potential impact of new regulation on both compliance requirements and cost burdens.

23. **Retailers Against Smuggling** suggest that while the licence fee is being introduced under the remit of the Department of Health, it is the Department of Enterprise, Tourism and Employment that understands the cumulative pressures faced by small businesses. RAS therefore urges the Department to engage directly with retailers across Ireland to assess the true economic and competitive impact of the measure before its introduction. RAS would ask that the Department of Department of Enterprise, Tourism and Employment:

a) Engage directly with legitimate retailers on the retail licence fee to gain a comprehensive understanding of the negative impacts and operational challenges the measure will create for small and independent retailers.

b) Advocate on behalf of the retail sector by calling for a full review of the proposed licence fee and its likely economic consequences.

c) Commit to funding alternative approaches to regulating the tobacco market, such as enhanced detection and enforcement measures to combat smuggling and illicit trade, rather than imposing further costs on compliant retailers.

24. **ITIC** recommends the following:

a) Introduce a VAT zero-rating mechanism for long-term emergency accommodation, aligning Ireland with the UK's fairer and more administratively manageable model.

b) Simplify or digitize health & safety compliance requirements, especially for SMEs, while maintaining safety standards.

c) Expand and streamline visa pathways for non-EU hospitality workers, including a dedicated seasonal work permit for tourism

d) Issue sector-specific GDPR guidance that reconciles these legal obligations, and support automation tools for data retention compliance.

e) Reform claims handling processes to allow earlier dismissal of unsupported cases and introduce consequences for claimants who abuse the system.

f) Establish a central contact point for UKR contracts and provide periodic briefings on expected requirements and consolidation timelines.

g) Accelerate consolidation efforts to allow phased reintroduction of rooms into the open market, supporting tourism recovery and demand.

h) Establish STL register in May 2026 as per EU guidelines but give properties 9 months grace period to be planning compliant and establish steering group of tourism stakeholders and local authority officials to ensure planning guidelines safeguard tourism needs in regional Ireland.

i) Regulators, like IAA, get no funding from exchequer so pass everything onto regulated entity

j) Double digit annual increases not competitive and multiple of consumer price inflation

k) Review of cost efficiency of regulator and any new functions imposed on regulated body

l) Licensing (Annual) – an online licence renewal portal, operated by the Courts Service, to allow publicans renew licences directly and simply. Lower admin costs. Responsibility: Courts Service

m) SEOs – Enactment of the proposed Sale of Alcohol Bill by the Minister/Dept of Justice to provide for an annual Late Bar Permit and annual Nightclub Permit. Renewal costs to be made competitive and sustainable for late bars. Responsibility: Minister for Justice.

n) Resolve unfair treatments: large pubs pay a licence renewal fee of €3,805 but all off licences/supermarkets pay a flat €1,500, irrespective of volume, and the multiples have substantial alcohol sales. That's unfair on the labour intensive on-trade. A review of the costs of

on vs off licences is warranted with a view to reducing fees on the on-trade and increasing them on off-licences to reflect alcohol volumes. All licence fees should be based on alcohol purchased prices rather than sales prices, as supermarkets discount alcohol as a footfall driver.

o) In addition, there should be a review of the totality of the cost of various licences required for the on-trade. These include a wide range of alcohol and related trading licences to FOGs (Fats/Oils/Greases) licences, to Street Furniture licences, to Tobacco/Vapes Retail licences. Responsibility: Dept of Enterprise.

p) Implement a streamlined reporting process or simplified exemptions for large employers with strong compliance records. Consider a phased or industry-specific rollout. Carefully consider EU directives so that they pass the SME stress-test as per the Programme for Government commitment.

q) Introduce stronger deterrents for false claims and shift towards a balanced burden of proof model that also considers claimant responsibility, as seen in other jurisdictions.

25. **RGDATA** noted that retailers find the regulatory environment as " too high" or "far too high" and highlighted a range of different considerations as central to reducing the regulatory burden on retailers and small businesses generally, including;

a) Central oversight of regulatory functions – the Department of Enterprise, Tourism and Employment needs to centrally monitor, adjust and control the collective operation of regulatory entities across the economy. An absence of co-ordination and oversight merely adds to cost, reduces competitiveness and increases inefficiencies, without any necessary public benefit. Individual sectoral regulators are only concerned with their own remit and have not regard for macro issues of cost, affordability and competitiveness – central oversight is required.

b) Mandatory code of practice for regulators – a new code of practice is required for regulators to conduct themselves in a way that;

(i) Avoids the duplication of inspections
(ii) Use IT to reduce the administrative burden and paperwork required for regulatory compliance
(iii) Uses a proportionality test for smaller, family run businesses.
(iv) Risk based assessments – that regulatory inspections are targeted on a risk-based assessment and not constantly aimed at the compliant business.
(v) Fair regulation – that regulatory agencies go after the hard cases and demonstrate that they will approach their remit fearlessly and target the non-compliant on a consistent basis. Good retailers do not need excessive oversight!

Full Submissions

Chartered Accountants Ireland

Grant Sweetnam, Head of Public Policy

Introduction

Chartered Accountants Ireland represents over 39,000 members across practice, industry, public sector, and academia. Our members play a vital role in supporting the financial and operational stability of businesses of all sizes and in all sectors. Reporting and compliance form a fundamental part of any open market-based economy, and our members ensure that the highest regulatory reporting and compliance standards are maintained and Chartered Accountants Ireland places a high priority on ensuring our members are fully informed on new and existing reporting and compliance standards.

Excessive and overly complex reporting and compliance obligations have a cost. According to our members, reducing the regulatory and compliance burden is the area they are most in need of Government support, rising to 3 in 4 amongst members working in practice. When it comes to Government supports, 64% of our members believe they are ineffective in reducing the regulatory and compliance burden. That cost is ultimately borne by businesses, particularly small businesses, and it is equally borne by our members who either work directly for those businesses or who provide services to those businesses.

This has a direct impact on Ireland's competitiveness. It is in all our interests that Ireland remains an attractive place to do business, and it is vital we continue to look at both new and existing regulations and reporting obligations and where possible reduce complexity and duplication which drives compliance costs up. In that context, we welcome the Government's initiative on the Enhanced SME test. We also welcome moves by both the Revenue Commissioners, through the Tax Administration Liaison Committee (TALC), and the Central Bank of Ireland on simplifying regulations and compliance obligations.

It is important to point out that, in our ambition to reduce regulatory complexity and duplication, we are not advocating for mass deregulation. Each reporting and compliance obligation is there for a reason. It is for this reason that regulatory simplification is a difficult task.

EU Simplification Agenda

At a European level, there has been a major focus by the Commission on regulatory simplification. We fully embrace this initiative, and we encourage the Government to fully support the many simplification proposals, such as the Tax Omnibus, the Digital Omnibus, the Savings and Investment Union, and the 28th Regime. During its Presidency of the Council of the European Union, Ireland should champion competitiveness and regulatory simplification and seek advance these proposals.

Domestic Simplification Agenda

In Ireland we have not yet seen the same focus on regulatory simplification. There are clear examples across Government where complexity exists, and the Institute believes that there is significant scope for a cross-Government initiative in Ireland to address these.

Examples of penalties and reporting and compliance obligations

The Companies Registration Office (CRO) still does not permit Docusign for the signing of forms. Documents need to be printed, signed, and scanned, which takes a lot of time. Docusign is recognised for the signing of legal documents and should be permitted on CRO.

Another example is the two-step regime to deal with late filing. Previously, the audit exemption was removed for two years for late filing, and the two-stage regime was introduced which is welcome. However, the two-step regime only applies to individual companies and not groups, so it should be extended to group structures.

Accessing Supports – when the costs outweigh the benefits

Our members have consistently reported on the administrative complexity in applying for Government supports. This compliance work costs money and very often it is not certain whether an application will be successful. This increases the cost and the risk for SMEs and therefore discourages them from applying.

The LeanPlus Grant from Enterprise Ireland requires a lot of administration to meet the terms and conditions. In this case, the business must provide evidence in advance that a particular process will work. In addition, detailed reporting before and after the application is necessary, as well as the provision of financial statements and a tax clearance certificate.

According to a 2014 Circular from the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation, businesses must have their accounts audited before receiving a grant from a public body even if the business is audit exempt. In addition, we have heard that this rule is being interpreted differently in different departments. It is important to point out that auditing financial statements does not provide any comfort on how a grant is spent. This circular needs to be reviewed, and reporting obligations need to be proportionate and consistent throughout Government.

The Enhanced SME Test – more needs to be done

These examples highlight the need for a cross-Government initiative to reduce the cost of compliance and reporting, particularly for SMEs. Compliance and reporting simplification will not happen without political direction. The Enhanced SME Test was a good start, but it is unclear at this stage how effective it has been across Government.
For example, in November, the Department of Finance published a Feedback Statement on the Strawman Proposal for Phase One of Reform of Ireland's Taxation Regime for Interest. The Department included proposals to extend transfer pricing obligations to medium-sized entities. While the rationale is noted, there is no discussion on the potential compliance and administrative costs of the proposal to the companies impacted. This would appear contrary to the Enhanced SME Test.

In addition, the Enhanced SME Test only applies to new policies. There is no mechanism in Ireland to systematically assess existing policies, schemes, and regulations to see whether the reporting and compliance obligations are effective and whether they are placing undue compliance costs on

businesses. The Irish Government Economic Evaluation Service (IGEES), a cross-government network of economists and policy analysts within the civil service and public service, is designed to assess policies from across Government. We believe the IGEES model is ideally structured to take on the simplification agenda. By using IGEES, the Government could apply the principles underpinning the Enhanced SME Test to existing policies and regulations.

As part of this simplification agenda, every effort should be made to reduce regulatory duplication and to ensure consistency across Government. In line with the Enhanced SME Test, the Government, when introducing a support scheme, must undertake a review of the compliance and reporting costs they are placing on companies, particularly SMEs. The Government should also look at whether reporting obligations are required multiple times for different schemes and by different Departments.

Transposing EU Legislation

The Government should undertake a review on how Ireland transposes EU legislation. It has been long held that Ireland goes above and beyond when it comes to implementing EU law, particularly when national discretion is permitted under certain EU Laws. There also needs to be adequate engagement with stakeholders in advance of transposing EU legislation to ensure that businesses can anticipate new rules and provide sufficient time for feedback. This will reduce the administrative burden on businesses.

Taxation and Revenue Simplification Project

There is a growing tension between Revenue's mission to serve the community by fairly and efficiently collecting taxes and the complexity that has become embedded in compliance processes. We regularly receive feedback from members on the lack of understanding being shown to the specific challenges SMEs face when new initiatives are introduced.

Enhanced Reporting Requirements

The Enhanced Reporting Requirements (ERR) were introduced without being previously announced or flagged to stakeholders. Typically, when there is such a major change to tax compliance processes planned, stakeholders expect to be given a reasonable opportunity to input into these decisions. In terms of ERR, we consistently raised the matter of implementing the process as a real-time reporting requirement. Government continues to mandate that payments are reported on or before they are made. If you do not work at the coalface of business reporting, you may incorrectly assume this is a mere timing issue. However, it is not. Payroll and expense reimbursements had not been operated on the same systems as they relate to markedly different expense streams.

Payroll software is designed to manage salaries and ensure that payments which should be subject to tax are properly accounted for. ERR relates to non-taxable repayments for expenses incurred by employees on behalf of their employers. ERR needs to be reviewed to determine if Revenue really needs this information in real time and whether quarterly reporting would achieve the same objective.

The application of penalties for breaching the regulations is a further issue facing businesses. Legislation suggests that for the purposes of ERR, where a person/company fails to make a deduction or repayment in accordance with the regulations, that person/company is liable to a penalty of €4,000. Would an error

in a submission of an amount of €20, for example, lead to a fine of €4,000? Revenue is unclear in their guidance whether this will be the case or not. The fact that the penalty for non-reporting of a payment relating to an amount that is itself neither an emolument nor a taxable benefit is inconsistent with the principles of the Enhanced SME Test.

Tax Administration Liaison Committee - Simplification Process

In June 2024 Revenue's Main TALC published its Report of the TALC Sub-Committee on Simplification of Business Reliefs for SMEs. The sub-committee was formed following many years of discussion on ways that the administration of the various business reliefs could potentially be made more efficient and simplified. The remit of the simplification project was limited in scope to the administrative issues facing businesses with respect to certain reliefs available. However, legislative and policy matters are an inseparable part of any discussion on access to business reliefs.

Even where there was a general awareness of a particular relief, businesses were anxious about claiming given the inherent complexity of the related rules. Availing of reliefs generally requires professional advice. The cost of such advice can mean businesses do not wish to seek such guidance as they may not see a benefit to the relief at that point in time. Most reliefs can bring substantial cash flow benefits that totally eclipse the cost of any related professional advice, such as the Research & Development (R&D) Tax Credit. However, the potential risk of non-compliance and the potential reputational damage from a Revenue intervention can deter any reasonable business from spending any meaningful time investigating whether a relief is available to them.

Policy Recommendations

1. The Irish Government should fully support the European Commission's drive for regulatory simplification.

2. The Irish Government should use its Presidency of the Council of the European Union to champion competitiveness and regulatory simplification.

3. Specifically, Ireland must seek to finalise the Digital Omnibus proposals during its Presidency and significantly advance the 28th Regime, the Tax Omnibus and the Savings and Investment Union proposals.

4. Domestically, the Government needs to assess the efficacy of the Enhanced SME Test and its consistent application across Government.

5. The Government should establish a review mechanism (using IGEES model) that assesses the regulatory and compliance burden on SMEs from existing policies across Government, including Revenue.

6. This review mechanism should also assess consistency across Government departments, agencies and public bodies and seek to reduce regulatory duplication.

7. As a principle, when the Government establishes a business support or tax relief, consideration must be given to the compliance costs to be incurred to avail of the support.
8. When transposing EU law, Ireland should refrain from overregulating, particularly when scope is provided for national discretion within EU laws and should engage adequately with relevant stakeholders.

9. Revenue should review ERR, in particular the real-time reporting requirement.

10. The first TALC project dealt with administrative issues only, and policy and legislative issues were excluded. A process similar to the TALC project should be commenced, and it should include potential legislative and policy changes and not just administrative changes.

Small Firms Association

Jonathan McDade, Public Affairs Lead

Executive Summary

Small businesses make up the backbone of Ireland's enterprise base yet face a cumulative regulatory load that is disproportionate to their scale and administrative capacity. Recent layers—such as the Enhanced Reporting Requirements (ERR) real-time submissions, evolving sustainability reporting rules, and increasingly rigid VAT administration and enforcement—are raising fixed compliance costs, diverting scarce management time, and dampening investment, hiring, and innovation.

The SFA welcomes Government signals on cutting these administrative burdens. In particular, the National Competitiveness and Productivity Council's (NCPC) Competitiveness Challenge report 2025 called for reviewing and reducing the administrative burden of the ERR and consider amendments for SMEs below certain thresholds (e.g., <20 staff or turnover <€1m) to lower their relative administrative burden.

Furthermore, the NCPC identifies the high cost of doing business—including regulatory-driven costs—as a major challenge and stresses that Government must focus on costs "within domestic control". Commitments include examining areas where policy or regulatory choices are driving costs and taking steps to alleviate them. This commitment is very much welcomed by the SFA.

Finally, the SFA welcomes the EU/Irish "Stop-the-Clock" deferrals on the Corporate Sustainability Reporting Directive (CSRD), but notes that immediate domestic actions are still required to right-size obligations for small firms and simplify Revenue processes—especially for VAT—so that compliance is achievable, proportionate, and predictable.

This position paper outlines the various challenges related regulations and administrative burdens on small businesses (defined at employing up to 50 people). Furthermore, this paper will list a set of recommendations for the forum to consider in tackline these administrative costs.

SECTION ONE: CHALLENGES

The Disproportionate Cost of Enhanced Reporting and Other Compliance for Small Businesses

In the SFA's 2025 Pre-Budget submission, we highlighted that the overall cost of doing business has been rising, and that compliance burdens—alongside wage and input cost pressures—are now a leading threat to viability for many small firms. The SFA called for measures to reduce complexity, improve accessibility of schemes, and curb administrative overheads that scale poorly in small enterprises.

Overview of Enhanced Reporting Requirements (ERR)

Since 1 January 2024, employers must report certain non-taxable payments and benefits (e.g., remote-working allowance, small benefit vouchers, travel & subsistence paid to employees) to Revenue on or

before payment, via ROS. This real-time reporting introduces new data capture, validation, and submission workflows that small firms must operate reliably—often without HR/payroll systems or specialist staff—creating a de facto fixed cost per payroll cycle.

Sustainability reporting (CSRD) ripple effects

While listed SMEs are the primary small-company cohort in scope, the broader ecosystem effects mean many unlisted small suppliers are being asked to furnish ESG data to large customers. The implementation of the EU "Stop-the-Clock" Directive provides a two-year pause for most wave 2 and wave 3 companies, reducing near-term pressure and correcting anomalies in the initial transposition; however, value-chain data requests to smaller companies are already increasing. A clear domestic policy line on proportionality and supplier burden is essential.

Cumulative impact

Small firms frequently comply using owner-managers' time or external accountants at per-submission rates. For tasks that large companies amortise across teams and systems (e.g., ERR data feeds, ESG questionnaires, multi-agency filings), small firms face "compliance fixed costs" that can equal a sizable share of overhead, reducing headroom for pay rises, apprenticeships, and capital investment. Government has acknowledged the drag from red tape and committed to simplification; this is the moment to translate that intent into targeted relief for the smallest employers.

Examples of Enhanced Reporting and Compliance Burdens

- **Real-time ERR obligations:** SFA members report significant process redesign to capture item-level details in real time, with errors leading to rework and potential exposure. While ROS offers manual, file-upload, or API routes, few micro-sized businesses have systems mature enough for automation without external support. It is therefore, another administrative burden on small business owners that tend to be quite time poor.

- **Benefit in Kind (BiK) administrative challenges:** The increase in exempt benefits to €1,500 and additional flexibility of up to five small benefits per year still it creates more onerous compliance burdens on small business owners. There has been a lot of Revenue action in recent times over what they consider employee taxable benefits, which are minor in nature and can lead to unforeseen additional Payroll costs for businesses. That Revenue should revisit their interpretation of such "benefits" which are key to retaining employees as well as supporting small businesses. That the uncertainty now around such perceived benefits, is causing confusion in the business community which is only increasing their administration.

- **Accessing supports and schemes:** The SFA's 2025 Pre-Budget submission stressed the need to improve scheme accessibility and ease administrative friction; small firms often struggle with multi-portal navigation and repeated, duplicative data entry (e.g., across Revenue, CRO, and agency programs).

- **Policy churn and overlapping obligations:** Members experience moving goalposts across employment, tax, and sustainability policies, with short lead times to adapt. Even where changes are beneficial in principle, the implementation cadence and documentation volume challenge small internal teams.

Unintended Consequences of Regulatory Requirements

- **Defensive hiring and investment delays.** Owners are deferring new hires or capex to retain buffers for advisory fees, software, Salary increases to retain staff and pension auto enrollment costs.

- **Exit of marginally viable firms.** Rigid enforcement (e.g., sheriff referral timelines) and administrative complexity can tip otherwise viable micro-firms into closure, particularly where cash-flow volatility intersects with strict interest and poundage fees. Also reduce interest on taxes at 8% and 10% for business.

- **Informality risk.** Excess complexity may incentivise under-reporting or deter formalisation among start-ups at the threshold of VAT registration or first employment, undermining tax morale and long-run compliance.

- **Value-chain squeeze from ESG data demands.** Even with CSRD deferrals, suppliers are asked for granular ESG data without scaled tooling, shifting costs down to smaller firms. Clear Government guidance is needed to prevent disproportionate "trickle-down" compliance.

VAT Procedures: Specific Challenges for Small Businesses

Complexity and frequency. Most firms file VAT3 bi-monthly; even with ROS, the combination of varied rates (standard/reduced/zero), intra-EU rules, reverse charge, and frequent adjustments is demanding for micro-enterprises. While some can qualify for less frequent filing, eligibility rules and record-keeping expectations remain high, particularly when trading online or cross-border.

Refunds and reclaim rules. The criteria for reclaims, disallowable, and adjustments (credit notes, mixed-use inputs) are not always intuitive; mis-classification leads to amended returns and interest exposure, which many small firms only discover during reconciliation or advisory reviews.

Enforcement mechanics (Sheriffs and fees). Sheriffs are entitled to poundage and certain fixed fees/expenses even when seizure is not required, under statute and S.I. 644/2005. Many small firms have reported to the SFA that in recent years, Revenue sheriff warrants have only 2 weeks' notice periods. Coupled with high fixed penalties of €4,000 (that Revenue can impose) have impacted the management of firms and the well-being of small business owners.

VAT administration can be quite complicated for some small business owners: the combination of complex rules, tight ROS deadlines (including the 23rd-of-month payment cut-off), and strict enforcement raises the effective cost of compliance and the risk of disproportionate penalties for minor errors or short-term arrears.

What Government Has Already Signalled—and Why It Must Go Further

The Department of Enterprise, Tourism & Employment has committed to cutting the administrative burden on small businesses (e.g., strengthening the SME Test, digitising filings, simplifying processes). Minister Peter Burke, TD has also backed EU proposals to reduce the CSRD burden and transposed the "Stop-the-Clock" deferral into Irish law—important steps that the SFA strongly supports. The opportunity now is to extend this simplification drive into core tax administration (VAT and ERR operations) and to codify proportionality safeguards for small firms.

SECTION TWO: RECOMMENDATIONS

I. Make ERR Proportionate for Small Employers

1. **Grace and materiality thresholds.** Introduce a statutory de-minimis/materiality tolerance for ERR (e.g., aggregate low-value subsistence/allowance payments under a monthly floor not requiring line-level reporting), with guidance harmonised across ROS, videos, and manuals.

2. **Batch correction window.** Create a 60-day "no-penalty correction window" for micro-employers (≤10 employees) to amend ERR submissions, recognising real-time reporting challenges.

3. **Micro-employer API voucher.** Offer a time-limited grant/credit to cover setup of payroll/expenses software integrations for ERR automation among employers with ≤20 staff—similar in spirit to past digital-adoption supports.

II. Simplification, standardisation and tackling duplication when interacting with state bodies

There is a critical need for greater coordination on standards and the implementation of rules, as a lack of common standards, designs, or interpretations between different arms of the State duplicates costs and makes economies of scale difficult to achieve. We must simplify these interactions to end the duplication in processes where companies are forced to share the same data multiple times simply because systems within state bodies do not speak to each other:

1. **Motor Tax on Commercial Fleets:** Currently, members with commercial fleets must pay motor tax by processing applications one-by-one, which is a massive duplication of effort that wastes time and resources. We know a better way exists: the same government system allows for a simple bulk upload option when paying Local Property Tax across multiple properties.

2. **Employment Investment Incentive ("EII") Scheme:** This scheme is critical for investment but has become increasingly complex and difficult to claim. We need a simplified process that uses non-mandatory template forms for SMEs to reduce the administrative pressure and encourage uptake.

3. **Company Registration and Changes:** When an organisation changes directors, it must make separate filings with the Companies Registration Office (CRO), the Register of Beneficial

Ownership (RBO), and potentially the Charities Regulatory Authority (CRA). This places an unnecessary regulatory burden for no gain, as the underlying data is largely the same.

4. **Directors' Particulars on Letterheads:** Section 151(1) of the Companies Act currently requires companies to state the names and nationalities of directors on business letters. This necessitates having details printed on paper letterheads rather than allowing for digital disclosure. Amending this to allow for digital disclosure would modernise the requirement and avoid unnecessary administrative rigidity.

5. **User-friendly VAT guides and reclaim fast track.** Develop-specific "how to file VAT3" guides (e.g., hospitality, manufacturing, etc.) and present it to small business owners in written, audio and video demonstration formats. Create a 15-business-day fast-track for SME VAT refunds under a threshold (e.g., €5,000) where risk indicators are low, with status tracking in ROS.

III. Reform Enforcement to Avoid Disproportionate Escalation

- **Sheriff referral safeguards.** Require an additional pre-referral engagement step for micro-firms (e.g., a short, structured call or digital case chat) and a mandatory assessment of phased-payment options before issuing a warrant.

- **Cap poundage on small debts.** For arrears below a defined threshold, cap recoverable sheriff poundage/fees to prevent costs exceeding a reasonable fraction of the principal owed, while preserving enforcement efficacy. (Adjust S.I. 644/2005 accordingly.)

- **Transparent fee disclosure.** Ensure Sheriff communications to taxpayers include a simple, itemised breakdown of potential fees at each stage to promote early engagement and reduce shocks that trigger business failure.

IV. Prevent "Trickle-Down" ESG Compliance Burdens on Small Suppliers

- **Issue guidance to large buyers.** Publish DETE/relevant-agency guidance stating that supplier questionnaires to SMEs should be proportionate, phased, and aligned with CSRD deferrals; encourage use of simplified templates for micro-suppliers.

- **Support tools.** Fund a lightweight national ESG reporting toolkit for SMEs (common metrics, standard templates, and a shared repository), reducing duplicative requests from multiple customers.

V. Institutionalise "Think Small First"

- **SME Test across tax administration.** Extend the SME Test to Revenue policy changes (ERR iterations, ROS UI updates, VAT guidance), with public impact notes and timelines that respect small-firm planning cycles.gov

- **One-stop compliance hub.** Accelerate a single sign-on, single-record approach across Revenue, CRO, and key agencies to end repeat data entry and reduce contradictory instructions.

VI. Providing certainty and reducing "red tape" for compliance

To stop the drift toward excessive regulation, businesses need certainty and practical support rather than just new rules. The current environment often introduces complex legislation without adequate lead times or support, imposing significant costs on business:

- **R&D Tax Credit Administration:** High administrative costs mean that there is low take-up amongst SMEs for the R&D tax credit. A pro-forma R&D tax credit route should be introduced to help smaller firms overcome these costs, including the use of pro-forma templates for project management, recording activity, and calculating costs.

- **Holiday and Leave Calculations:** Current methods for calculating public holiday entitlements and annual leave are not fit for purpose. The absence of a statutory definition of 'normal' working days and the requirement to complete dual calculations for employees working less than 1,365 hours create significant administrative burdens that most HRIS systems cannot support.

- **Standardised Compliance Toolkits for SMEs:** The administrative burden of complex regulations—from GDPR record-keeping to the transposition of new EU laws—creates significant barriers for SMEs. Providing a bank of standard templates and standardised toolkits would allow SMEs to meet these obligations.

SECTION THREE: IDEAL OUTCOMES

1. **Lower fixed compliance costs** for small employers through fewer filing events, better tools, and materiality thresholds—freeing resources for hiring and training.

2. **Improved voluntary compliance and cash-flow resilience** via proportionate VAT processes, faster refunds, and fairer enforcement protocols.

3. **Stabilised supply chains** as ESG reporting requests on small suppliers become proportionate and standardised.

4. **Greater policy coherence** with the Government's red-tape reduction agenda and EU simplification efforts, without compromising revenue integrity or sustainability ambitions.

Conclusion

Ireland's competitiveness depends on a vibrant small-business base. The reforms proposed here would not reduce standards or tax integrity; they would ensure that **how** we implement rules reflects the real operating context of small enterprises. By acting now—simplifying ERR, streamlining VAT, moderating enforcement, and preventing ESG compliance from cascading down inappropriately—Government can materially improve survival rates, productivity, and quality jobs in every county. As always, the SFA

stands ready to continue its engagement with Government to co-design and deliver these changes at pace.

Irish Exporters Association

Brianna Byrne, Communications & Public Affairs Officer

Introduction

The Irish Exporters Association (IEA) is the leading independent representative body and voice for exporters based in Ireland. The organisation represents exporters and supply chain operators across the country and works at regional, national, and European level, advocating for a regulatory and legislative framework that supports, drives, and fosters Irish exports.

Irish exporters compete internationally and operate on tight margins. Reporting and compliance costs are largely fixed costs, so they fall disproportionately on SMEs and mid-sized firms, and they reduce the resources available for investment, innovation, market development and job creation.

This submission focuses on the topics identified by the Chair for the February meeting:

1. Enhanced Reporting Requirements (ERR)
2. Revenue (VAT reporting, cash-flow, customs, compliance and cross-border complexity)
3. Penalties for administrative errors
4. Waste management regulation (packaging, Repak)
5. SME Test

For trade-exposed firms, compliance becomes a constraint when it is frequent, duplicative, unclear, and punitive for minor errors. This is especially acute where requirements are “real-time” or high-frequency, or where small administrative mistakes trigger penalties even where there is no loss to the Exchequer.

Priority issues and proposals

1. Enhanced Reporting Requirements (ERR)

Relevant bodies: Revenue Commissioners; Department of Finance.

Enhanced reporting requirements can impose a significant administrative workload, particularly where businesses must submit frequent or detailed information, where there is no loss of revenue to the exchequer. This is most challenging for SMEs without dedicated compliance teams, and for firms with mobile staff and high volumes of legitimate vouched expenses.

IEA proposes a practical approach that reduces cost without undermining compliance:

- simplify real-time reporting where there is no tax due and reduce duplication
- provide standard templates and one clear, authoritative set of guidance
- apply minimum lead-in times for any new reporting requirement
- ensure a proportionate approach where errors are administrative and of low materiality.

2. Revenue: VAT, cash-flow, customs and cross-border complexity

Relevant bodies: Revenue Commissioners; Department of Finance.

Revenue administration is a day-to-day cost driver for importing and exporting firms. VAT compliance and VAT-related cash-flow impacts are material for businesses with frequent or high-value consignments. Customs compliance remains resource-intensive for many firms trading with the UK, particularly SMEs that rely on intermediaries.

Practical steps that would ease cost burdens include:

- clearer service standards and turnaround times for routine VAT matters that affect cash-flow
- more practical supports for SMEs to comply without needing specialist in-house resources, or having to pay for these externally
- a competitiveness and admin-cost assessment before changes that increase filing frequency or introduce new administrative steps

3. Penalties for administrative errors

Relevant bodies: Revenue Commissioners; Department of Finance.

As the volume and complexity of reporting rises, the risk of minor mistakes rises. Where penalties are applied to technical or administrative errors, firms respond by over-investing in defensive compliance and external advice. This becomes a cost and can be particularly difficult on SMEs.

IEA supports a more proportionate approach, including:

- a clear distinction between deliberate non-compliance and good-faith administrative error
- rectification windows for first-time or low-materiality mistakes
- clearer guidance on common errors to reduce inadvertent non-compliance

4. Waste management regulation (packaging, Repak)

Relevant bodies: Department of the Environment, Climate and Communications; local authorities.

Packaging compliance can add both direct costs and significant reporting burdens. Many exporters are also importers of packaging, or are captured through supply chains, and the practical challenge is ongoing classification, data capture and reporting, often with unclear definitions.

IEA proposes:

- simpler and clearer definitions and guidance that reflect real supply chain practices

- proportionate options for SMEs, including simplified reporting where appropriate
- support for SME Exporters: Increased resources or, for example, guidance on navigating international packaging regulations.

5. SME Test

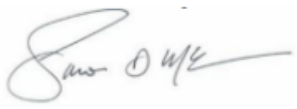
Relevant bodies: Department of Enterprise, Trade and Employment.

The SME Test is important, but to reduce cost it must be applied consistently and early, and it must change outcomes. Too often, requirements are introduced with limited visibility on administrative cost, and without adjusted timelines or simplified routes for smaller firms.
IEA recommends:

- publishing SME Test outcomes for major reporting and compliance changes, including expected admin cost impacts
- requiring government departments and regulators to explain what was changed as a result of the SME Test
- require government departments to publicly report on their SME Test findings and the specific actions taken to reduce burdens on small firms
- minimum lead-in times and simplified compliance routes where smaller firms are disproportionately affected.

Conclusion
Exporters are facing a growing stack of reporting and compliance obligations across tax, customs and environmental regimes. The priority is not to reduce standards, but to reduce duplication, improve guidance, ensure proportional enforcement, and design obligations that are workable for SMEs and trade-exposed sectors. We believe the Government should adopt a 'one in, one out' rule to manage the regulatory burden imposed on businesses, ensuring that any new reporting or compliance requirement is matched by the removal or simplification of an existing obligation.

On behalf of the IEA,



Simon McKeever
Chief Executive

Brokers Ireland

Rachel McGovern, Deputy CEO

Introduction:

Brokers Irelands top three priorities in relation to the upcoming meeting on Regulation and Planning: Regulatory Burden and Infrastructural Delivery, would be:

4. Cost benefit analysis - should be introduced and carried out on all proposed regulatory changes.
5. Proportionality and increased use of the SME Test when new requirements are introduced.
6. Review of Regulations - specifically in relation to the volume of current disclosure requirements/documentation overload.

1. Cost Benefit Analysis Should Be Introduced and Carried Out on All Proposed Regulatory Changes

Context and Data:

There is currently no statutory requirement for sector-specific cost benefit analysis (CBA) to be carried out and published in advance of new regulatory changes. This lack of transparency increases the risk that new requirements impose costs disproportionate to their benefits, especially for micro and small brokers. Without robust CBAs, the unique challenges faced by small firms are often overlooked, leading to regulatory measures that threaten their viability and reduce competition.

The European Commission's Better Regulation guidelines have been in place since 2009, yet the amount of regulation has increased significantly since then. The 2020 Programme for Government "Our Shared Future" commits to cutting bureaucracy for SMEs and supports the SME Test across Government to assess the potential for less stringent requirements and simplification of regulatory adherence.

Why CBA is Essential:

- Without CBAs, new regulations may impose costs that outweigh their benefits, particularly for micro and small firms.
- The absence of sector-specific CBAs means that the unique challenges faced by small firms are often overlooked, leading to regulatory measures that threaten their viability and reduce competition.
- Publishing CBAs in advance of regulatory changes would increase transparency and allow for informed decision-making.

Proposals:

- Statutory Requirement: Introduce a statutory requirement for robust, sector-specific cost benefit analysis for all proposed regulatory changes, with explicit consideration of SME impacts.

- Advance Publication: Publish CBAs in advance of any regulatory change and use the results to inform decision-making, with a presumption against introducing new requirements unless the benefits clearly outweigh the costs for all affected sectors.
- Stakeholder Consultation: Ensure that CBAs include consultation with SME and broker stakeholders and are tailored to reflect the realities of micro and small firms.

Relevant Government Departments for Implementation

- Department of Finance: Can introduce statutory requirements for cost benefit analysis in financial sector regulation and ensure transparency in regulatory change processes.
- Department of Enterprise, Trade and Employment: Can ensure that CBAs are robust and reflect the impact on SMEs, promoting less burdensome alternatives where appropriate.
- Central Bank of Ireland: Can publish sector-specific CBAs for new codes and regulatory changes affecting financial intermediaries.

2. Proportionality and Increased Use of the SME Test When New Requirements Are Introduced

Context and Data:

Brokers Ireland represents 1,200 insurance and financial brokerages. Of these, 84.4% are micro-enterprises (fewer than 10 employees, turnover under €2 million), and 82% have a turnover of less than €800,000. Only 4% are medium-sized firms. Despite this, brokers are subject to the same regulatory and supervisory requirements as large financial institutions. The European Commission estimates that a small business spends up to ten times more per employee on compliance than a large company.

The fixed-cost nature of compliance means that principals and staff in small firms must devote significant time to regulatory tasks, which impacts their ability to serve clients and remain competitive. For example, the cost of employing full-time compliance, data protection, risk management, HR, or IT staff is not proportionate to the risk posed by micro and small firms.

Why Proportionality and the SME Test Matter:

The current “one size fits all” approach is unjustified given the low level of systemic and consumer risk posed by the broking sector.

The regulatory burden is a key factor driving consolidation in the broker market, threatening competition and consumer access to advice.

The SME Test which requires policymakers to assess the impact of new regulation on small businesses and consider exemptions or less stringent requirements—has been part of the European Commission’s Better Regulation guidelines since 2009 but is not systematically applied in Ireland.

Proposals:

- Mandatory SME Test: Apply the SME Test and the “Think Small First” principle at the earliest stages of drafting new regulation, with transparent reporting on how SME impacts are assessed and mitigated.

- Exemptions and Flexibility: Systematically consider and implement exemptions or less stringent requirements for micro and small firms.
- Early Consultation: Regulators should consult with SME and broker representatives at the outset of policy development and publish SME impact statements with all new regulations.
- Proportionality as a Core Principle: The Central Bank of Ireland should be required to adopt proportionality as a core principle, ensuring compliance requirements are practical and risk-based for intermediaries.

Relevant Government Departments for Implementation

- Department of Finance: Responsible for financial sector regulation, oversight of the Central Bank of Ireland, and policy development for financial services. Can mandate proportionality and require the SME Test in new regulations.
- Department of Enterprise, Trade and Employment: Oversees SME policy, business regulation, and enterprise support. Can ensure SME impact is considered in regulatory development and promote consultation with stakeholders.
- Central Bank of Ireland: As regulator, can adopt proportionality as a core principle and systematically apply the SME Test in its rules and codes.

3. Review of Regulations – Volume of Disclosure Requirements and Documentation Overload

Context and Data:

Brokers are subject to a vast and growing array of regulatory requirements, including multiple layers of EU and national legislation, Central Bank codes, and sectoral guidance. Table 4 in the Proportionate Regulation document lists over 20 separate legislative and regulatory frameworks that brokers must comply with, including the Consumer Protection Code, GDPR, the Insurance Distribution Directive, and the Minimum Competency Code.

A survey of Brokers Ireland members (sample size: 270) found that 84.4% of intermediaries are micro-enterprises, and 82% have a turnover of less than €800,000. The administrative burden is particularly acute for these firms, diverting resources from client service and innovation. The current approach risks undermining consumer protection by overwhelming both firms and clients with excessive paperwork. For example, regulations such as PRIIPS, GDPR, and IDD have considerably increased the amount of pre-contractual information the consumer receives, often obscuring what is important.

Specific Challenges:

- The regulatory framework is often duplicative, inconsistent, and not tailored to the risk profile of brokers.
- The volume of documentation required for even simple transactions can reach up to 50 pages, creating confusion for consumers and increasing the risk that key information is lost.
- The administrative burden is a key factor in the consolidation of the broker market, as smaller firms struggle to keep up with compliance demands.

Proposals:

- Comprehensive Review: Undertake a comprehensive review of existing disclosure and documentation requirements to streamline, simplify, and remove duplication, focusing on material risks and consumer benefit.
- Avoid Gold-Plating: Avoid "gold-plating" of EU legislation at national level and ensure that new requirements are only introduced where there is clear evidence of benefit and no less burdensome alternative.
- Involve Brokers: Involve brokers and SME representatives in the review process to ensure reforms are practical and effective.
- Stability and Focus: Prioritise stability in the regulatory framework for intermediaries, focusing on product oversight and meaningful disclosures rather than volume.

Relevant Government Departments for Implementation

- Department of Finance: Can review and rationalise disclosure requirements in financial services legislation and work with the Central Bank to streamline regulatory codes.
- Department of Enterprise, Trade and Employment: Can address regulatory burdens on SMEs and ensure that business regulations are proportionate and practical.
- Central Bank of Ireland: Can simplify sectoral guidance and codes and align disclosures with consumer benefit and risk.

Conclusion

Key Data Points:

- 84.4% of brokers are micro-enterprises (fewer than 10 employees); 82% have a turnover of less than €800,000.
- Small businesses spend up to ten times more per employee on compliance than large companies.
- Over 20 separate legislative and regulatory frameworks apply to brokers.
- The regulatory burden is a key factor driving consolidation in the broker market, threatening competition and consumer access to advice.

Summary of Recommendations:

- Mandatory application and transparent reporting of the SME Test for all new regulations.
- A comprehensive review and rationalisation of disclosure and documentation requirements.
- The introduction of statutory, sector-specific cost benefit analysis for all proposed regulatory changes.

These measures will help ensure that regulation is effective, proportionate, and does not unduly burden brokers, supporting a more competitive and innovative business environment and safeguarding consumer access to financial advice.

Summary Table: Government Departments and Implementation Roles

Recommendation	Responsible Departments	Implementation Role
Mandatory SME Test & Proportionality	Department of Finance, Department of Enterprise, Trade and Employment, Central Bank of Ireland	Mandate proportionality, apply SME Test, consult stakeholders, align regulatory codes
Review of Disclosure & Documentation Requirements	Department of Finance, Department of Enterprise, Trade and Employment, Central Bank of Ireland	Streamline regulations, remove duplication, ensure practicality and stability
Statutory Cost Benefit Analysis	Department of Finance, Department of Enterprise, Trade and Employment, Central Bank of Ireland	Require and publish CBAs, ensure SME impact is considered, consult stakeholders

ISME

Neil McDonnell, CEO

As a multi-sector trade association, ISME has members in many regulated sectors, such as childcare, retail, construction, accounting, law, grooming, food preparation, and financial services. A short submission is therefore not an appropriate place to address the compliance burden across these sectors; in our previous submission to the Secretariat, we noted that the retail sector alone was subject to 56 pieces of primary and secondary legislation, and that the Department of Enterprise hosts 12 regulatory and quasi-judicial bodies.

Enhanced Reporting Requirements (ERR)[32]

This requirement was introduced in 2024, without any employer consultation, and without any cost-benefit analysis. It is not clear what deficit in tax collection or tax avoidance this measure was intended to address.

The "on or before" reporting requirement is effectively impossible to comply with where an operational travel need arises withing a business. No reason has been advanced why such a requirement as "on or before" exists.

Many payroll and accounting providers have attached a marginal fee structure to ERR reporting; therefore, this compliance comes at a material cost to employers.

Revenue – in terms of VAT reporting and cash-flow/customs/compliance and reporting burden/cross-border tax treatment/complexity in tax legislation and Revenue forms/returns.

A particular issue raised by ISME members in our Pre-Budget Submission 2026[33] is the arbitrary setting of a 75% threshold for export Section 56 export VAT relief[34]. The 75% threshold is unattainable for many businesses. However, a reduction to 50% would allow many companies grow their exports with the aim of receiving a working capital injection on reaching the 50% goal. This is revenue neutral to the Government as it is VAT charged in business-to-business transactions which it collects but then has to refund. The working capital boost to businesses would come from them not having to wait in a constant VAT refund position.

Penalties for administrative errors / failures due to lack of enforcement / volume of regulation.

This is one area where member businesses report progress. The introduction of a "two-strikes" rule[35] has been welcomed by businesses in the interest of not punishing what might be an innocent mistake born of inexperience.

[32] https://isme.ie/err-enhanced-reporting-regulations
[33] https://isme.ie/wp-content/uploads/2025/05/ISME-Pre-budget-Submission-2026.pdf
[34] https://www.revenue.ie/en/tax-professionals/tdm/value-added-tax/part10-special-schemes/zero-rating-goods-and-services-s56/special-schemes-s56-zero-rating-goods-and-services.pdf
[35] https://enterprise.gov.ie/en/news-and-events/department-news/2025/july/20250716.html

Waste Management regulations (packaging-Repak).

The Deposit Return Scheme[36] was initially greeted with some scepticism, but is now working well. The machines work well. The collection process for recycled units is viewed as good. The payment back to shops is efficient.

There is a concern about the introduction of bulk container return machines, where customers simply throw unsorted cans and bottles into a hopper which sorts and counts them. While these are very convenient for customers, they could seriously undermine the value and return-on-investment for those stores which invested early in the standards "one-by-one" machines. Smaller shops do not have the option of operating these large machines, in which they invested in good faith.

SME Test.

The SME test is appreciated when it is properly applied, which is taking place more regularly. However, the SME test does not go far enough, in that it provides for a test regime for the introduction of new regulation. The Draghi Report[37] makes clear (p 317) that a more holistic and comprehensive approach is required in the regulatory sphere, and estimates the regulatory burden as cost the EU 1.3% of GDP per annum. The smaller the business size, the greater the proportional cost of regulatory compliance. Ireland must therefore better consider the size of companies affected by regulation, using appropriate mitigation measures in line with the proportionality principle.

SMEs tend to perceive the cost of complying with EU law as greater, also because they are less likely to survive long enough to reap the full benefits of regulation. In 2023, 55% of SMEs flagged regulatory obstacles and administrative burden as their greatest challenge.

Regulatory Issues - General

For most small and medium Irish businesses, Revenue compliance is handled by the owner or a small management team, not by in-house tax or HR specialists. The time required to meet growing compliance obligations is time taken away from running the business, managing staff and serving customers.

The Error Risk Rating[38] system is not well understood by businesses. Owners do not know what drives their rating, how to improve it, or how to challenge it. This creates uncertainty and anxiety rather than encouraging better compliance.

Withholding and reconciliation arrangements, particularly e-WHT and PSWT, can result in tax being held for extended periods before being offset or refunded. For smaller businesses, this can have a real impact on day-to-day cash flow. These proposals have not been adequately thought through[39] and may generate many unforeseen outcomes.

Many small businesses experience Revenue engagement as compliance, anti-avoidance and audit-focused rather than supportive, particularly where errors are minor or unintentional. During the period of its application, the USC surcharge for high-earning self-employed was justified by Department of Finance officials on the supposition that they could make illicit use of company expenses. There is limited scope

[36] https://re-turn.ie/
[37] ec1409c1-d4b4-4882-8bdd-3519f86bbb92_en
[38] https://www.accaglobal.com/gb/en/student/exam-support-resources/professional-exams-study-resources/p6/technical-articles/revenue-audit.html
[39] https://www.irishtimes.com/business/2026/02/02/proposed-interest-tax-reforms-could-hit-competitiveness-accountants-warn/

for warnings or practical guidance before sanctions are applied. This is in contrast to the perception (at a minimum) that Revenue is part of active support mechanisms for FDI companies.

Regulatory Issues – Hospitality

Hospitality businesses face regulation from multiple bodies, often covering similar ground but operating independently. Owners regularly deal with Revenue, environmental health, employment inspections, licensing, planning and local authorities, with little coordination between them.

The nature of the hospitality sector — high staff turnover, variable hours, seasonal trading and the treatment of tips and service charges — makes payroll and PAYE compliance particularly complex in practice.

VAT in hospitality is difficult to manage due to multiple rates applying across food, alcohol, accommodation and events. This increases the likelihood of genuine mistakes and adds to accounting costs. The applicable reduced rate will be amended in the middle of tax year 2026.

Enforcement outcomes such as fines, temporary closures or licence suspension can be devastating for small hospitality businesses. There is often little room for corrective action before serious consequences arise.

Insurance Ireland

Aidan Flynn, Director of Advocacy & Public Affairs

Introduction

The insurance sector plays a critical role in supporting Ireland's economic resilience by protecting businesses, consumers, and public services, while acting as a major employer and contributor to the Exchequer. However, the regulatory reporting and compliance burden has grown significantly in recent years, especially for small and medium-sized insurers, driving up costs, slowing innovation, and reducing Ireland's competitiveness as an international insurance hub.

There is now an opportunity for Government to adopt meaningful reforms that simplify financial services regulation, reduce administrative costs, and ensure proportionate oversight that protects consumers while allowing businesses to grow. The five priority areas for regulatory simplification which Insurance Ireland advocate are as follows:

1. Introduce Proportionate, Risk-Based Regulatory Reporting Requirements

Insurance Ireland notes that regulatory requirements have grown in volume and complexity, with frequent changes and divergent implementation across EU Member States, creating substantial cost for firms.

The solution is to:

- Streamline reporting by adopting a single, consolidated reporting template across regulatory bodies (Central Bank, Revenue, Government Departments).

- Apply proportionality thresholds, such as the Small and Non Complex Undertakings (SNCU) under Solvency II to reduce reporting frequency and depth for smaller or lower-risk firms.

The effect of this would be to:

- Lower operational costs (staffing, consultancy, IT upgrades).

- Reduce duplication and frees internal resources for customer-facing activities.

2. Consolidate and Simplify EU-Driven Legislative Obligations

EU rules such as the Retail Investment Strategy(RIS), Financial Data Access(FiDA). sustainability reporting rules and other horizontal legislation continue to expand administrative burdens. Insurance Ireland stresses the need for a coordinated EU simplification agenda to reduce unnecessary complexity while maintaining consumer protection.

Our view is that the Government should:

- Champion a "national simplification programme" to consolidate overlapping rules into clear, codified guidance.

- Establish an inter-agency taskforce to assess the cumulative impact of regulatory changes and remove duplication before implementation.

This would lead to:

- Greater clarity for compliance teams.

- Lower legal and consultancy costs associated with interpreting complex, evolving legislation.

3. Enhance Regulatory Process Efficiency to Strengthen Ireland's Competitiveness

Ireland is experiencing a decline in insurance and reinsurance entities choosing to locate here, due partly to regulatory unpredictability and administrative burden.

The solution is to:

- Introduce legislative change to the Central Bank Act 1947 that would require the CBI to give appropriate notice and rationale of any supervisory/cost changes to firms. We suggest a prudent lead-in time 12 months formal written notice, accompanied by clear rationale driving the change in the risk profile of the individual firm, and resulting change to regulatory fees and levies. The CBI plans to consult on its fees and levies methodology and this is an ideal time to strengthen the predictability for insurance firms operating in Ireland.

- Establish a CBI industry forum on the financial budgetary planning on regulatory costs, for example as part of DNB processes, the Netherland's central bank convenes a meeting of an Advisory Panel of Representative Organisations.

- Enshrine in legislation a written procedure for the submission by the Central Bank and approval by the Minister of Finance of the supervisory levy.

- Require that the CBI should draw-up a single programming document clearly defining which projects and activities it seeks to undertake in the forthcoming year(s) and which resources will need to be allocated to these projects. The CBI should clearly separate costs for regulatory and supervisory activities and also differentiate between prudential supervision and conduct supervision.

The effect of this would be to:

- Position Ireland as an attractive, predictable jurisdiction for international investment.

- Support business expansion and retention of high-skilled jobs.

- Increase competition in the Insurance sector hence providing SME's and business customers more choice of providers.

4. Simplify Consumer Disclosure Requirements to Support Financial Literacy

Current disclosure rules are highly legalistic and mandated across multiple EU and national frameworks, which Insurance Ireland highlights as counterproductive to consumer understanding.

The solution is to:

- Modernise disclosure rules, allowing insurers to use simpler, more digital-first communications.
- Reduce the volume of mandatory wording and replace with short, plain-English summaries.

The effect of this would be to:

- Reduce compliance documentation costs.
- Enhance customer understanding and satisfaction while maintaining strong protections.
- Reduce the propensity of consumers to move to higher risk, unregulated, "social media" investment opportunities and financial products which could leave them out of pocket and scammed. If consumers feel it is too complicated to complete or apply for savings or investment products from regulated entities, they may take chances elsewhere.

5. Reduce Tax-Related Administrative Burdens to Support Business Costs

Tax compliance adds significant administrative overhead, particularly around branch taxation and Life Assurance Exit Tax (LAET). Insurance Ireland has identified overly complex processes, including 100+ page branch tax computations under the current regime.

The solution is to:

- Introduce a branch participation exemption, consistent with other EU jurisdictions, to simplify compliance for international insurers.
- Advance reforms to LAET to align with CGT/DIRT, reducing the complexity of tax planning and reporting.

The effect of this would be to:

- Remove duplicative and costly tax reporting requirements.
- Support retention of international firms and attracts new market entrants, benefiting competition and consumers.

A more efficient and proportionate regulatory environment would meaningfully reduce the cost of doing business for insurers across the economy. The combined effect of simplifying reporting, streamlining EU regulatory transposition, improving supervisory processes, modernising consumer disclosures and reducing tax-related administrative burdens would:

- Lower operational costs.
- Enable more competitive pricing for consumers and small businesses.
- Strengthen Ireland's role as a leading international insurance hub.
- Ensure regulatory oversight remains robust while being practical and proportionate.

Irish Tax Institute

Anne Gunnell, Director of Tax Policy & Representations

The administrative burden associated with tax measures is a cost for Irish businesses and can impact on the competitiveness of Ireland as a location for investment. For SMEs, complex administration coupled with disproportionate penalties can mean that tax measures which are designed to support businesses become inaccessible. In this submission, we focus on three areas of the tax code where we believe action is required to reduce the costs faced by businesses seeking to comply with their tax obligations.

1. **Enhanced Reporting Requirements (ERR)**

ERR, which took effect on 1 January 2024, places a substantial administrative burden on businesses, in particular SMEs, as they are required to report details of certain non-taxable payments and benefits to their staff in real-time. It is our firm view that the reporting in real-time of such payments and benefits is overly burdensome. Amending the rules so that the same data must be reported after the month end would reduce the burden for business while ensuring that Revenue continues to receive the information on a timely basis.

Recent amendments to the Small Benefit Exemption have helped to address some of the difficulties in reporting benefits under ERR. The strict conditions outlined in Revenue's recently updated guidance on the provision of staff meals clarifies the limited circumstances where an employer may provide a meal to an employee.[40] Despite these developments, we are increasingly aware of small, local businesses and restaurants losing business from companies that no longer want to reward staff with small tokens of appreciation such as a staff lunch at a local restaurant on the retirement of a colleague or flowers/chocolates to mark special occasions due risks associated with contravening reporting obligations. We believe this loss of business starkly contradicts other Government measures which were taken in Budget 2026 to support small restaurants and businesses.

A fixed penalty of €4,000 applies where an employer inadvertently omits to report in real-time a non-taxable benefit or expense reimbursed to an employee under the ERR system, even though there may be no risk of an underpayment of tax. This penal sanction for failing to report in real-time is wholly disproportionate and places an inordinate strain on the limited resources of smaller businesses. The penalty should be replaced with a more appropriate sanction.

2. **Complexity in tax legislation and administration**

In general, Finance Bill measures are excluded from the scope of the SME Test. While we accept this may be necessary in some instances, the rationale for the automatic exclusion of Finance Bill measures from the SME Test is unclear. It is helpful that new guidance and application forms relating to fiscal measures are now required to be subject to the "think small first" principle and where appropriate, the SME Test.[41] In our view, it is important to that these principles are applied both to new forms and guidance issued by

[40] Revenue Commissioners, Tax and Duty Manual Part 05-01-01o, September 2025
[41] Guidelines and template for application of the SME Test, Department of Enterprise, Tourism and Employment, page 4

Revenue and to any subsequent updates to ensure Revenue guidance and tax returns are not too complicated and unwieldy.

For example, the corporation tax return (Form CT1) is updated each year following the passing of the Finance Act. In 15 years, it has gone from just over 20 pages in length to over 60, making the return very long and extremely complicated, and therefore increasing the likelihood of a taxpayer making an error when completing the form. Where an error is made, this can impact the availability of tax reliefs; statutory interest may apply; and it can potentially result in the 4-year time limit not applying, notwithstanding that the taxpayer has made every effort to be tax compliant. We would urge that ongoing work on simplifying the Form CT1 is prioritised by Revenue, with the "think small first" principle applied at all stages of the process.

The complexity of the legislation and the reporting requirements associated with enterprise support measures, such as the R&D Tax Credit and the Employment Investment Incentive (EII), can make these measures inaccessible for small businesses.

While we welcome efforts made by Revenue last year to raise awareness of the common errors made by taxpayers in completing the R&D Panels in the Form CT1, the frequency and commonality of the errors made by taxpayers in the R&D Tax Credit claims process in recent years highlights the need to simplify the Form CT1 to make it easier for businesses to comply with their tax obligations and have certainty over their R&D Tax Credit claims. Other changes which would help alleviate the compliance burden associated with the R&D Tax Credit, in particular for SMEs, include:

- Introducing a pre-approval process for first time R&D Tax Credit claims by small/micro companies.

- Providing SME-friendly guidance, with step-by-step instructions on the claims process and practical studies.

- Simplifying Revenue's guidance relating to overhead costs.

The effectiveness of the EII is hampered by its complex rules and this is borne out by the low number of companies benefitting from the scheme which remains under 200 according to published figures[42]. The exclusion of holding company structures from the scheme does not reflect the way in which enterprises evolve and develop in a modern start-up economy. In addition, the connected party rules curtail investment by non-executive board members and key employees who can play an important part in the development of early-stage companies.

The administration involved in availing of the EII is also extraordinarily onerous and time consuming. A streamlined process that uses non-mandatory template forms (for business plans, cashflows etc) could make the process much easier for small companies who need this support to access much needed finance.

[42] Employment Schemes: 17 Jul 2025: Written answers (KildareStreet.com)

Companies claiming EII are required to file a Form RICT which is macro enabled and is prone to technological errors often leading to a need for direct contact between the business and Revenue. Revenue confirmed in June 2024 that a redesign of the RICT form is on its ICT development schedule[43]. We would urge that that this development is prioritised.

The inherent complexity of tax legislation means genuine disputes regarding the interpretation of a particular provision can arise. As there is no option for Alternative Dispute Resolution (ADR), an appeal to the Tax Appeals Commission (TAC) is the sole avenue available for a taxpayer to resolve a dispute with Revenue regarding a tax assessment. But the cost for a taxpayer of pursuing an appeal to the TAC can be significant. Often Revenue will engage a barrister to represent them in the appeal with the result that the taxpayer feels compelled to do likewise.

We believe that the proposal for a move to public tax appeal hearings, which is currently under consideration by the Oireachtas[44] , will likely result in increased costs for business. The strong feedback we have received from our members is that more taxpayers will decide to pay a tax liability that they consider has been incorrectly assessed, rather than proceed with a public hearing. We believe this to be particularly concerning given that on average over the past four years of the determinations issued by the TAC, approximately 20% were in favour of the taxpayer.

More generally, the overall increase in the regulation of businesses needs to be considered with areas of duplication identified and addressed. In recent years there has been a sustained increase in the level of forms required to be completed and new processes which must be implemented by businesses, without commensurate and appropriate guidance, IT developments and supports.

3. Proportionate sanctions for administrative errors

While the Institute recognises the role of penalties in encouraging compliant behaviour, it is essential that the penalties which apply are proportionate. We outline below three areas where we believe the penalties which apply for errors by taxpayers are disproportionate and should be reconsidered.

i. EII

Administrative errors or delays in the certification and reporting process for EII can result in a full clawback of the relief on the fundraising company. This is disproportionate to the error and can act as a disincentive for companies to avail of EII. It would be more proportionate for a monetary penalty to be imposed as the sanction for an administrative error or the late filing of a return, rather than a clawback of the entire EII relief.

ii. Key Employee Engagement Programme (KEEP)

The KEEP is intended to help SMEs attract and retain skilled workers through the provision of share-based awards. If share options are not granted for market value, the options do not qualify as KEEP options

[43] Report of the TALC Sub-committee on Simplification of Business Reliefs for SMEs, June 2024, pg. 20
[44] Revised General Scheme of the Finance (Tax Appeals and Fiscal Responsibility) Bill

resulting in no exemption from income tax, USC and PRSI on exercise. A more proportionate sanction should apply where KEEP options are undervalued. Income tax could be charged on the difference between market value and the option price at the time of granting the share options, rather than denying the relief in full.

iii. iXBRL financial statements

The imposition of the 10% surcharge for the late filing of iXBRL financial statements on companies that have a strong compliance record for filing corporation tax returns and making tax payments on time is disproportionate. Often there are valid reasons why it is not possible to file final iXBRL financial statements by the due date, such as pending going concern issues which must be resolved before the financial statements are finalised. In most cases, when the financial statements are finalised, there is no impact on the figures reported in the Form CT1 filed by the taxpayer.
A more proportionate sanction would be a fixed penalty rather than a tax-geared penalty. Notably, in the UK, HMRC operates a 'points-based system' for late submission of VAT returns, so that one-off mistakes are not penalised, but repeated non-compliance is.

We are aware of cases recently where Revenue has charged interest on an underpayment of preliminary corporation tax notwithstanding that the taxpayer has an overpayment of corporation tax from a prior year held on account by Revenue which is sufficient to fully discharge the current year preliminary tax liability.

The basis for this approach seems to be that the company cannot make a valid claim to offset the overpaid corporation tax against its preliminary tax liability until it has filed its tax return and its iXBRL financial statements for the prior period, even though the due date for filing is after the due date for payment of the preliminary tax. The imposition of interest in such circumstances places a further cost on business and in our view, is unjustifiable.

Chambers Ireland

Stephen Browne, Head of Public Affairs

Introduction

Chambers Ireland welcomes the opportunity to respond to this consultation on regulatory reporting and compliance costs. Chambers Ireland represents businesses across all regions and sectors of the Irish economy, including professional, financial and infrastructure-related services firms.

Feedback from members indicates that the cumulative expansion of regulatory reporting obligations has materially increased the cost of doing business, impacting on investment and employment decisions. This position is supported by evidence from the Dublin Chamber Business Outlook Survey Q1 2026, which received 84 responses on Revenue-related reform priorities and the Dublin Chamber Business Outlook Survey Q4 2025 which deals with regulatory burden and compliance issues.

While effective regulation is essential to maintain confidence in the tax system, the scale and complexity of recent changes risk undermining operational efficiency, investment certainty and competitiveness if not appropriately resourced and proportionate. In particular, we are concerned that uncertainty regarding how certain reliefs may be applied by the Revenue Commissioners can seriously hamper investment decisions.

Main Cost Components of Regulatory Reporting and Compliance

The cost of regulatory reporting and compliance with the Revenue Commissioners extends beyond direct expenditure on staff, IT systems, external advisers and audit functions. Survey responses show that administrative burden, paperwork and system inefficiencies are among the most frequently cited concerns in relation to Revenue processes.

Respondents from a Dublin Chamber survey highlighted the growing volume of forms, duplication of information and reliance on formal written correspondence as key contributors to compliance costs. One respondent noted: *"Reform your IT systems for ease of reporting."* Others referred to delays and process rigidity, with comments including: *"More efficient service. They take several days to respond."* Other costs can include additional staffing costs or the procurement of external service providers or contractors in areas like taxation, legal services, cybersecurity and HR.

These findings align with member feedback that indirect cost drivers now account for a significant share of compliance costs and place sustained pressure on business operations. Over all the consequence of overly burdensome reporting and compliance requirements is a negative impact on economic competitiveness.

Most Challenging Regulatory Reporting Obligations

Tax compliance administered by Revenue represents one of the most significant regulatory challenges for professional services firms. Members highlight ongoing uncertainty arising from the implementation

of OECD Pillar Two, particularly in relation to administrative procedures, data expectations and interpretative guidance. Survey evidence reinforces this position. Respondents to the Business Outlook Survey repeatedly cited the need for clearer guidance, improved communication and better support from Revenue on new or changing requirements. Capacity constraints in issuing detailed guidance have extended clarification cycles and increased compliance risk, requiring firms to invest significantly in internal expertise and systems. While there is logic to new Enhanced Reporting Requirements (ERR) in terms of sharing data with Revenue, it is the need for real-time reporting in advance of providing the benefits that appears to be overly burdensome. Amending the ERR to monthly reporting in line with existing payroll reporting could help to reduce the related administrative burden.

Compliance as a Business Constraint

Compliance becomes a business constraint rather than a value enabler where regulatory requirements expand without a clear and proportionate benefit. The Irish corporation tax compliance framework illustrates this challenge. The expansion of the CT1 return has increased preparation, review and validation time, while much of the additional information duplicates data already available to the tax authorities through other channels.

Members have also raised concerns regarding the ERR system, noting significant reporting and monitoring obligations with limited perceived benefit. These requirements were introduced alongside other major compliance changes, increasing pressure on already constrained compliance functions.

A further emerging concern relates to proposed changes to the Relevant Contracts Tax regime. Revenue and the Department of Finance have issued a consultation on changes which, as currently drafted, could result in the removal of the zero percent RCT rate for fully tax compliant corporate contractors. This would result in tax withholding on all payments under engineering and construction contracts, including for renewable energy and infrastructure projects, regardless of compliance history. Such an approach represents a move away from risk based compliance and would impose a blanket cashflow burden on compliant businesses. The move to remove the facility to file a single VAT return along with DD payment for small businesses, coupled with the broader complexity of the tax regime and other regulations relevant to a particular sector acts as a disincentive to people to set up and grow a business.

The recently-published Government report found that Ireland ranks below average in terms of state supports directed towards enterprise, ranking 15th out of the 27 EU Member States[45]. Cleary the current support framework is not sufficient to offset the impact of onerous and continuously increasing regulatory compliance and cost burdens in any significant way.

Impact on Operational Efficiency and Investment

Rising compliance costs directly affect operational efficiency by concentrating resources around regulatory deadlines, reducing organisational flexibility and increasing administrative overheads. Members consistently highlighted the need to streamline processes and improve system integration to reduce manual intervention. While deadlines are essential for legal certainty, system integrity and

[45] Department of Finance & Department of Enterprise, Tourism and Employment, Promoting Enterprise: An Analysis of State support measures

Exchequer planning, they must be supported by adequate lead in time, predictable guidance and digital tools that reduce administrative effort.

Increased compliance costs and requirements often necessitate greater resources than many businesses may have available, particularly SMEs. Staff may need to be allocated to compliance projects on an ongoing basis, resulting in increases in staffing costs; core business operations may also be impacted if staff are diverted from their primary functions on an ongoing basis. Many SMEs may instead choose to outsource certain compliance functions to external providers; however, this also brings considerable additional costs.

The proposed changes to the RCT regime illustrate the wider economic impact of compliance design. Mandatory withholding on contract payments would create an immediate cashflow impact for contractors, increasing financing costs and project risk. Members indicate that these pressures are likely to be reflected in higher project pricing and reduced investment attractiveness, particularly for renewable energy and infrastructure projects.

Delays in accessing available innovation or enterprise supports, due to a lack of in-house resources, availability of advice or external providers, or administrative errors in applications etc., can have a considerable impact on operational efficiency and productivity, impacting businesses' ability to put in place longer term operational and financial plans. This in turn can have a direct impact on the viability of businesses.

Recommendations

Chambers Ireland recommends a more proportionate and capacity led approach to regulatory compliance. This should include streamlining tax administration processes, improving structured engagement channels with appropriate safeguards and investing in Revenue's operational capacity to provide timely guidance and responses. A comprehensive review of the corporation tax compliance framework is required to assess whether current complexity remains proportionate and to identify opportunities for simplification. Regulatory impact assessment should be embedded before additional reporting obligations are introduced. Digitalisation should be advanced in line with OECD Tax Administration 3.0 principles, subject to meaningful stakeholder engagement and robust governance.

Consideration should be given to an expansion of the scope of the SME Test to take a more holistic view of the existing regulatory framework, and the interactions between new and existing regulations. While SMEs are often the most significantly impacted by the introduction of new regulation, businesses of all sizes operating across a variety of sectors are increasingly attuned to the evolution of regulation and the resultant impact on compliance costs. Government could consider the introduction of a measure, similar to the SME Test, but targeted towards larger domestic firms and multinationals, who are often subject to a different, more complex, regulatory framework at both national and EU level, to determine the potential impact of new regulation on both compliance requirements and cost burdens.

Conclusion

Chambers Ireland supports effective and well resourced regulation that protects the integrity of the tax system. However, without proportionality, consultation and operational capacity, regulatory reporting obligations risk increasing the cost of doing business, constraining investment and weakening regulatory outcomes. Member feedback demonstrates that administrative burden, system inefficiencies and guidance gaps remain central concerns for Irish businesses. In her State of the Union address in 2023 Ursula von der Leyen outlined a commitment to reduce regulatory burden by 25%. This cannot be done without significant engagement by Member States. At present it is difficult to see how this level of reduction will be delivered for Irish businesses without significantly more impetus.

Appendix: Business Outlook Survey Q1 2026 & Q4 2025 – Revenue Compliance Evidence

Key themes identified by respondents included administrative burden, excessive paperwork, system inefficiencies, duplication of information and the need for clearer guidance and improved engagement. Data is available on request.

Chambers Ireland addendum: Reporting and Compliance

- We also want to flag a new e-withholding tax (“eWHT") proposal that has been made by Revenue and was the subject of a public consultation that closed on 30 January. Under the proposal:

- A new withholding tax system will be introduced in Ireland. The obligation to withhold tax will be imposed on online platform operators who facilitate sellers of services in Ireland and providers of short-term lettings to offer their services and lettings to customers. The proposal will impact online platforms that facilitate taxi services, food delivery services, hotel services, short term lettings and other personal services.

- Under the proposal online platform operators will be required to withhold Irish tax on payments made to Irish service providers.

- We understand that the purpose of the proposal is to address a risk of non-compliance with tax obligations that may be emerging in the gig-economy although the consultation paper provided no analysis of the perceived tax gap. We further note that the targeted online platforms already report details of all transactions concluded with Irish services providers through their platforms to Revenue.

- These proposal will come at a significant cost to platform operators that currently service the Irish market. It will require significant IT infrastructure investment with limited upside for the platforms themselves.

- For service providers operating on the platforms, the new withholding tax will have a negative impact on cashflow with tax being prepaid (and possibly overpaid) as revenue is earned. We note that the proposal will impact many operating in the hotel and tourism sector where margins are

typically tight. The negative impact on cashflow could ultimately stifle the entrepreneurship facilitated by online platforms.

- If a non-compliance issue has been identified by Revenue in the gig-economy it should be quantified so that an appropriate policy response can be designed. If there is a non-compliance issue, a better approach would be to pre-populate the income tax returns of the relevant taxpayers and for Revenue to undertake an extensive education campaign to inform those operating in the gig-economy of their Irish tax obligations.

- The proposed eWHT model imposes unnecessary and costly administration on platform operators who are not responsible for the non-compliance that may be arising (but has not been quantified). The proposal is being made at a time when the focus in Europe and Ireland is understood to be on cutting red tape and improving competitiveness. If the proposal progresses it will mark Ireland as an outlier damage Ireland's reputation as a good place to do business.

1. *What are the main cost components of regulatory reporting and compliance (e.g. staffing, IT systems, consultants, audits, etc)?*	Personnel (both regulatory experts and IT), IT infrastructure, external consultants.
2. *Which regulatory reporting and compliance do you find most challenging in your area of work, and why? Are there any specific challenges for your sector?*	The ERR continues to be a significant challenge. In particular, the real time reporting requirement for certain expenses is unreasonable. Expenses are typically submitted after the fact. As noted above, the proposed eWHT model will have extremely negative consequences for online platforms operating in Ireland and the gig-economy workers those platforms facilitate.
3. *In your opinion, when does compliance become a business constraint (or additional cost) rather than a value enabler?*	Compliance becomes a constraint when it affects normal decisions taken in business. For example, ERR now impacts check-in meetings with employees which typically would have occurred in an more casual environment over lunch. In some organisations, those types of check-ins have been replaced with in-office meetings solely because of the unreasonable compliance burden associated with recording the business expense.
4. *How do increased compliance costs affect operational efficiency and productivity? Do reporting deadlines and complexity also translate into indirect costs such as overtime or delays?*	In our experience, large compliance projects like ERR have become topics of discussion at board level. That is damaging for Irish business as leadership time is being usurped by the challenges raised by overly burdensome compliance requirements.
5. *What changes could regulators and/or Government make to reduce unnecessary cost burdens on businesses?*	The real time elements of ERR should be replaced with a monthly lookback report. No tax revenue would be lost. The proposed eWHT model should not be implemented.

IBEC

Executive Summary

Ibec welcomes the opportunity to input into the upcoming thematic meeting of the Cost of Business Advisory Forum on *Regulation: Reporting and Compliance*.

In the face of increasing global uncertainty and domestic costs, regulatory reform has emerged as a critical priority for Irish business. Ibec welcomes the opportunity to input into the upcoming thematic meeting of the Cost of Business Advisory Forum on Regulation: Reporting and Compliance.

Effective regulation is essential for a modern, complex economy and can improve living standards. Well-designed regulations coordinate standards, reduce costs, encourage trade, and drive innovation by providing certainty to businesses. Conversely, poorly designed or inconsistently enforced regulation creates barriers to competition, wastes resources, and slows the delivery of critical infrastructure through excessive "red tape".

Ireland has suffered from "regulatory drift" over the last two decades. While the "Better Regulation" agenda was once a core focus, the state's performance has slipped relative to international peers. The OECD 2025 Regulatory Policy Outlook ranks Ireland poorly among 38 nations:

- 32nd for Regulatory Impact Assessments (RIA) on primary laws.
- 33rd for stakeholder engagement in developing primary laws.
- 37th for engagement on subordinate regulations.

It is time for a fundamental reset: moving from a system of complexity and delay to one of certainty and efficiency. It is not just about simplification for its own sake; it is fundamentally about competitiveness. We welcome the Government's commitment to the better regulation agenda by improving the quality, implementation, and enforcement of regulation. By doing so, we can move from a system that creates burdens to one that creates the certainty and stability we all need to invest, innovate, and grow.

Stopping the proliferation of burdens where costs vastly exceed benefits

The Forum must address areas where regulations have created "unnecessary burdens" or complexity with little return for the State:

- **Enhanced Reporting Requirements (ERR):** The introduction of new rules around reporting non-taxable benefits means companies are now required to report travel and subsistence expenses to Revenue in real-time. This measure was undertaken with no Regulatory Impact Assessment. It imposes a high administrative burden that is disproportionate to the value of the data, which delivers no Exchequer return because the benefits are not taxable.

- **Inflexibility on Small Benefits:** Separately, less flexibility around small benefits has led to companies facing serious compliance issues and administrative burdens when rewarding staff with small recognitions. This includes simple recognitions of events in workers' lives such as weddings, training days with dinner, or even something as simple as giving Easter Eggs to team members.

- **Interest Deductibility:** The current regime is a complicated mix of national and international regulations that create substantial uncertainty and compliance costs for firms, eroding competitiveness. Concern has been raised by companies that the proposed reforms may introduce complex new rules without sufficiently reducing the complexity and compliance costs of the existing regime. Several firms have commented that the proposed reforms may result in a more challenging and complicated regime than that which they currently face, counter to the intended aims of simplification and improved competitiveness relative to other jurisdictions.

Simplification, standardisation and tackling duplication when interacting with state bodies

There is a critical need for greater coordination on standards and the implementation of rules, as a lack of common standards, designs, or interpretations between different arms of the State duplicates costs and makes economies of scale difficult to achieve. We must simplify these interactions to end the duplication in processes where companies are forced to share the same data multiple times simply because systems within state bodies do not speak to each other:

- **The interaction of Illness benefit with Statutory Sick Pay:** Employers who invested in company sick pay schemes are being penalised for their voluntary actions due to the Department of Social Protection amending 'waiting days' for illness benefit. Many employees are currently being compelled to wait five days rather than three before they can receive illness benefit, while members have experienced a substantial increase in the burden of managing these schemes, with some spending large sums on bespoke IT solutions.

- **Motor Tax on Commercial Fleets:** Currently, members with commercial fleets must pay motor tax by processing applications one-by-one, which is a massive duplication of effort that wastes time and resources. We know a better way exists: the same government system allows for a simple bulk upload option when paying Local Property Tax across multiple properties.

- **Employment Investment Incentive ("EII") Scheme:** This scheme is critical for investment but has become increasingly complex and difficult to claim. We need a simplified process that uses non-mandatory template forms for SMEs to reduce the administrative pressure and encourage uptake.

- **Company Registration and Changes:** When an organisation changes directors, it must make separate filings with the Companies Registration Office (CRO), the Register of Beneficial Ownership (RBO), and potentially the Charities Regulatory Authority (CRA). This places an unnecessary regulatory burden for no gain, as the underlying data is largely the same.

- **Directors' Particulars on Letterheads:** Section 151(1) of the Companies Act currently requires companies to state the names and nationalities of directors on business letters. This necessitates having details printed on paper letterheads rather than allowing for digital disclosure. Amending this to allow for digital disclosure would modernise the requirement and avoid unnecessary administrative rigidity.

Providing certainty and reducing "red tape" for compliance

To stop the drift toward excessive regulation, businesses need certainty and practical support rather than just new rules. The current environment often introduces complex legislation without adequate lead times or support, imposing significant costs on business:

- **Lead times for the Pay Transparency Directive:** The Directive will involve a huge amount of preparatory work for employers regarding tools and methodologies to assess work of equal value. Employers risk being forced into non-compliance through no fault of their own due to delays or a lack of necessary information, as the task involved in meeting these obligations cannot be underestimated.

- **Labour Court and WRC preliminary points:** At present, there is no provision for the Labour Court to refer a case back to the Workplace Relations Commission solely for the purpose of resolving a preliminary point. This gap in the process limits flexibility and creates avoidable, unnecessary, and lengthy substantive hearings.

- **The Organisation of Working Time (Breaks at Work) Regulations:** The current regulations require workers to take a 1-hour break if they work beyond 6 hours and between the hours of 11:30 am and 2:30 pm. Members report that some employees do not want the full break, particularly on short shifts, and it creates rostering challenges which interrupt the running of stores.

- **R&D Tax Credit Administration:** High administrative costs mean that there is low take-up amongst SMEs for the R&D tax credit. A pro-forma R&D tax credit route should be introduced to help smaller firms overcome these costs, including the use of pro-forma templates for project management, recording activity, and calculating costs.

- **Holiday and Leave Calculations:** Current methods for calculating public holiday entitlements and annual leave are not fit for purpose. The absence of a statutory definition of 'normal' working days and the requirement to complete dual calculations for employees working less than 1,365 hours create significant administrative burdens that most HRIS systems cannot support.

Environmental and waste regulations

Waste and broader circular economy regulation must be implemented with competitiveness and economic viability as guiding principles. While national circular economy ambitions are commendable, harmonising EPR schemes, end-of-waste and waste shipment regulations with EU legislation is necessary to reduce excessive compliance costs and burdens. Irish circular economy legislation must lead to a proper integration with the Single Market for waste and secondary materials to make

compliance cost-effective and to make circular business models viable through the achievement of economies of scale.

Specific areas relating to waste regulations the Forum should address include:

- **Investment for the Packaging and Packaging Waste Directive (PPWR):** The PPWR places considerable requirements on business regarding food waste, inventory, food safety, and supply chains. Significant investment will be necessary to develop the national waste infrastructure required for Ireland to meet the collection, sorting, and recycling targets within the Directive.

- **Implementation of the revised Waste Framework Directive:** The revisions are being introduced without the necessary public knowledge, cultural understanding, or infrastructure in place. Poor incentives combined with a lack of infrastructure for textile recycling risks creating a stockpile of unwanted textiles rather than driving meaningful change or supporting the charity sector.

- **EU Deforestation Regulation (EUDR):** This major piece of legislation will have significant compliance, legal, and supply chain implications for many companies. The regulation will apply from 30 December 2026 for large and medium companies and 30 June 2027 for small and micro-enterprises. This will be a major regulatory burden requiring significant financial and people resources, yet companies lack the early guidance needed to be compliant.

A regulatory environment supportive of SMEs, including the SME Test

Regulations pose a significantly higher burden on SMEs. This is particularly true with new regulations in areas like digital, environmental reporting or data protection. Where new EU regulations are being adopted into national law efforts should be made to support compliance by providing templates and standardised toolkits for those companies when new EU law is introduced through appropriate support agencies. This would assist SMEs in complying without the need for dedicated legal teams or advice. There should also be efforts made for all companies to make sure transposition timelines, systems and expectations are introduced early to avoid uncertainty.

The introduction of the 'SME Test' into the Irish regulatory landscape was an important step. It is critical that the SME Test is rigorously applied when developing new laws and regulations and is adhered to by all applicable public bodies. However, it should also be applied to regulatory reviews or regulatory look-back exercises. The SME test should be extended to also include mid-cap companies in line with the Draghi report and the recent EU Omnibus IV. The RIA and the SME Test component used for each new regulation or review of existing regulation should be made available online and be subject to scrutiny. It is also important the SME Test is properly scoped to ensure that it does not simply take a one-size-fits-all approach to SME and small mid-caps when assessing the impact(s) of a regulation on those businesses. Specific examples of the burden of regulation on SMEs include:

- **Insurance on tenders for state work:** Companies are required to have insurance cover at levels which are disproportionate to the size of the contracts being issued. This increases costs by

thousands of euro to allow companies to tender for even small contracts, often requiring coverage in the millions.

- **Misapplication of the Limited Partnerships Act:** The Companies Registration Office has begun rejecting filings if an Irish corporate entity does not affix its seal and have it signed by two directors. This increases the time and cost for partnerships forced to comply with a requirement that has no basis in Irish law, discouraging parties from using Irish limited partnerships.

- **Public procurement thresholds:** The national thresholds for tendering are unnecessarily low at €50k for goods and services. This slows down decision-making, limits flexibility, and makes it difficult for SMEs to apply for competitions by increasing costs.

- **Standardised compliance toolkits and templates:** The burden of regulation imposes a proportionally higher burden on SMEs and small mid-caps when transposing new EU regulations. There is a critical need to provide templates and standardised toolkits to allow companies to meet these obligations without the need for dedicated legal teams.

- **Company registration and changes:** When an organisation changes directors, it must make separate filings with the CRO, the RBO, and potentially the Charities Regulatory Authority. This places an unnecessary regulatory burden for no gain, as the underlying data is largely the same but requires separate documentation and administrative effort.

- **Excessive record-keeping requirements for data protection:** The administrative burden that the GDPR places on businesses leads to an uneven playing field and acts as a barrier for many SMEs. Resources currently directed at legal training and record-keeping could be used for innovation if a bank of standard templates for documentation (e.g., privacy notices, impact assessments) were provided.

Case study: Regulation in Financial Services

Regulatory Body

Central Bank of Ireland (CBI): The primary regulator with the capacity to streamline licensing and ensure the proportionate application of reporting requirements for financial services firms in Ireland.

Detail of Costs and Scale

Regulatory Costs; There has been a documented increase in the cost of regulation for financial services. These costs include specialised staffing (compliance/risk officers), IT infrastructure for real-time reporting, and external audit requirements. These are reflected across the European market; however, it is important for cost increases to be linked to clear outcomes and benefits for consumers and end users -as reflected in the CBI's new Regulatory Impact Assessment Framework.

Licensing: A robust and predictable process for licensing is critical for efficient market entry and capital mobilisation. The CBI has made significant improvements to its process in recent years, and further improvements, particularly once firms' area already within the process, will have a positive impact.

Divergence Costs: Managing divergent Member State approaches (Home/Host principles) instead of a one EU-level rulebook increases the cost of operating across borders.

Specific proposals

Simplification & outcomes: The CBI's simplification objectives—as set out in its December 2025 roadmap—are welcome and must be linked to clear outcomes particularly around end user benefits and the cost of regulation.

Penalties: The CBI has the power to directly penalise individuals in regulated financial services firms, as part of the individual accountability regime. It is important that these powerful enforcement tools are used proportionately.

Consolidated & clarified rules: Move toward a consolidated single rulebook to replace fragmented guidelines. Specifically, align Irish outsourcing guidelines with EBA standards to eliminate domestic-specific "split requirements" (e.g., dual-entity licensing).

Fitness & probity: Clarity and proportionality regarding "dual-hatting" acceptance (where one individual holds multiple roles) to reduce the staffing burden on smaller firms.

Convenience Stores and Newsagents Association

Vincent Jennings, CEO

The Association welcomes the opportunity to provide the Forum with some of the barriers our members encounter as a result of "One size fits all legislation" or without due regard to the practical implications of requiring significant compliance obligations for Small and Medium sized businesses.

Waste Packaging Regulations

Retailers, those in the hospitality, pharmacy, off licence and hardware sectors are all obliged by law to pay "membership" fees to Repak. Many of our members have paid tens of thousands of euro over the years.

This obligation is due to them being considered as "major producers" of waste packaging by way of the products they sell. That they cannot amend, alter or change any part of the packaging that envelopes the goods is not relevant; that the original IR£ 1,000,000 and 25 tonne threshold has not been adapted for inflation in the 30 years it has been in existence is unfair- the 2025 equivalent would be 83% greater (€2.3 million). Finally, it is nothing short of scandalous that 40% of the actual producers of the packaging, including companies in receipt of EI grants and online retailers are NOT compliant.

Turnover

In practically every reference to turnover, it is viewed as a VAT- excluded figure. This is because it is understood that neither the profit earned or the turnover includes monies that are effectively pledged to the Exchequer.

For those of us that sell alcohol, motor fuel or tobacco products it should be understood that these products have excises as a high percentage of their retail price yet these excises form part of "turnover". We note there to be a growing number of legislative articles, both in European Regulations and Directives and Oireachtas Acts/S.I's that use "turnover" as an entry point for inclusion. The Accessibility Act, Local Authority ratings and Waste packaging are all examples where excise-inclusive turnover for some businesses culminate in being considered for inclusion regardless of their actual profitability.

Consumer

CSNA would like to have the term "consumer" redefined to allow for the inclusion of small and medium sized businesses. A solicitor working from home will be able to obtain various protections afforded to consumers in their dealings with Utilities, etc but those of us in bricks and mortar commercial businesses do not receive the considerable benefits accorded to those that are currently narrowly defined as consumers even though our sector consumes the product in precisely the same manner as the others. The Small Claims Court have managed to find a way for small businesses to seek redress, it would be very useful if "consumer" were extended to SME's.

Stakeholder Consultation

One of the most progressive and participatory changes to the workings of Government in advance of considering legislative change is the Stakeholder Consultation process, in existence for almost two decades. Where it has been adopted in the manner and spirit intended it has the ability to ensure Better Regulation. In recent times, the inclusion of various Stakeholders to consider and construct a fair and workable Auto Enrolment system is testimony to adopting a considered and patient approach.

Similarly, the welcome approach by Minister Burke to seeking an SME Test to be applied to all General Schemes and Bills, S.I.'s and Directives will be transformative but ONLY if each Department embraces the concept and actually understands the very different arena that SME's occupy.

This is actually of such importance that an Officer, similar to the Freedom of Information Officer that each Department has , should be designated as such and after training, be the person responsible for ensuring the needs of SME's are taken into account and, where necessary, noted and reflected in RIA's and the Test.

A case in point of the absence of meaningful consultation can be seen in the failure of either Revenue or the Tax advisory Group to note the very real negative effect that will follow thousands of businesses who are being arbitrarily moved from annual VAT returns paid over 12 months and balanced out (leading to a refund or payment) at the end of year and the new regime of 6 bi-monthly returns with additional bookkeeper costs and more admin for the taxpayer.

While Consultation engagement is paramount, it is NOT served or met by way of YES/No styles of questionnaires designed to serve an end goal rather than an attempt to seek ideas and opinions.

Retailers Against Smuggling

Secretariat

Introduction

Retailers Against Smuggling represents over 3,000 small and medium-sized retailers across the country and aims to generate widespread awareness amongst the public, media and decision makers of the impact of smuggled alcohol, tobacco products and solid fuel on legitimate local retailers in Ireland. Additionally, RAS advocates on behalf of its membership for greater penalties and fines imposed on those found to be engaging in illicit tobacco trade, as the ultimate cost paid for illicit trade is paid by legitimate retailers.

In January 2025, then-Minister for Health Stephen Donnelly announced that from 2 February 2026, retailers wishing to sell tobacco and nicotine inhaling products will be required to register and pay an annual retail licence fee of €1,000 for tobacco products and €800 for nicotine inhaling products. **This represents a 3,500% increase on the previous one-time registration fee of €50 for tobacco, with no previous charge for nicotine inhaling products.** Such a steep increase introduces an unprecedented and unsustainable cost burden for many small retailers.

Background

RAS members are deeply concerned about the introduction of the annual €1,800 licence fee for tobacco and nicotine-inhaling products. Given already minimal profit margins on tobacco, most retailers cannot absorb such an increase without serious financial strain. The new licencing system risks further undermining legitimate retailers, leading to reduced customer footfall and threatening the viability of small convenience stores, newsagents, and forecourts across Ireland.

For example, a typical small newsagent might sell fewer than a dozen cartons of cigarettes per week, meaning it could take several months of sales just to recoup the €1,800 annual licence fee on tobacco sales alone. Retailers are already losing customer footfall and the additional knock-on sales as consumers turn increasingly to the black market.

The fee is also structured unfairly: the same annual flat fee of €1,800 annually applies to both small corner shops and large supermarket chains. This one-size-fits-all approach disproportionately penalises small retailers, who rely heavily on modest tobacco margins to sustain overall business operations.

Over recent years, successive excise duty hikes have made prices on tobacco products among the highest in Europe, while also eroding profitability for legitimate retailers as consumers are driven toward the black market, where prices are lower, products are unregulated, and the Exchequer loses significant revenue.

Between 2019 and 2025, excise increases have added €4.25 to the price of a pack of cigarettes. During this time, independent RAS-commissioned research shows that the share of consumers purchasing tobacco abroad or in duty free has more than doubled from 8% in May 2025 to 19% by August 2025. Despite this, Ireland's smoking rate has remained static at 17–18% since 2019, while Tobacco Products Tax (TPT) receipts have consistently fallen short of Government projections, as outlined in the table

below. Taxation and regulation have proven ineffective in deterring tobacco consumption, while disproportionately harming legitimate retailers.

Relationship between increases in Tobacco Products Tax (TPT), smoking rates, TPT revenue and tax losses from illegal cigarettes

Year	Budget increase in TPT increase on pack of 20 (cents)	Healthy Ireland Smoking Rate	Predicted additional TPT revenue in Tax Strategy Group papers (€m)	Actual TPT revenue increase/decrease in subsequent full year (€m)	Difference between predicted TPT increase and actual performance in subsequent full year (€m)	Total TPT revenue in subsequent full year (€m)	Tax loss from illegal cigarettes in subsequent full year (€m)
2019	50	17%	57.1	65	+8	1,201	242
2020	50	N/A	55.3	117	+62	1,318	264
2021	50	18%	58.1	-157	-215	1,161	384
2022	50	18%	56.5	-156	-213	1,005	422
2023	75	18%	70.2	-29	-99	976	550
2024	100	17%	80.3	N/A	N/A	N/A	N/A

RAS contends that the proposed retail licence fee will deepen the gap between predicted and actual TPT receipts, while strengthening the position of illegitimate retailers. Legitimate businesses will bear the financial cost of compliance, while illegal traders will continue to operate freely, facing no comparable oversight or penalties. This directly contradicts stated public policy aims; rather than discouraging tobacco use, the measure risks continuing to drive consumers into unregulated, untaxed, and unsafe markets, and undermining the livelihood of legitimate retailers.

Solution

While the licence fee is being introduced under the remit of the Department of Health, it is the Department of Enterprise, Tourism and Employment that understands the cumulative pressures faced by small businesses. RAS therefore urges the Department to engage directly with retailers across Ireland to assess the true economic and competitive impact of the measure before its introduction.

RAS maintains that additional regulation and fees on legitimate retailers will not reduce smoking rates or deter tobacco use. Instead, they will drive more consumers toward the black market, undermining public health goals, Government revenues, and the viability of lawful retailers. RAS would ask that the Department of Department of Enterprise, Tourism and Employment:

1. Engage directly with legitimate retailers on the retail licence fee to gain a comprehensive understanding of the negative impacts and operational challenges the measure will create for small and independent retailers.
2. Advocate on behalf of the retail sector by calling for a full review of the proposed licence fee and its likely economic consequences.
3. Commit to funding alternative approaches to regulating the tobacco market, such as enhanced detection and enforcement measures to combat smuggling and illicit trade, rather than imposing further costs on compliant retailers.

In conclusion, RAS would urge the Department of Enterprise, Tourism, and Employment must support legitimate, tax-compliant businesses that support employment and local economies across Ireland. Supporting these retailers is essential to sustaining fair competition, protecting State revenue, and ensuring that regulation targets those operating outside the law, not those who adhere to the rules.

American Chamber of Commerce

Colm O'Callaghan, Director

AmCham welcomes the opportunity to provide input on the topic of regulation, reporting and compliance. While a balanced regulatory approach is key, regulatory burdens can stifle growth and innovation. To guarantee the stability, robustness and competitiveness of the Irish economy, there are several areas in which AmCham believe would benefit significantly from the streamlining of regulation and compliance.

Revenue

As Ireland competes globally for investment, the efficiency, clarity, and consistency of its tax administration play a central role in maintaining competitiveness. Investment should be increased in Revenue's operational capabilities, particularly in simplifying administrative processes, improving audit timelines, and ensuring consistent interpretation of tax legislation. A modern, responsive, and digitally enabled Revenue service will support business certainty, reduce compliance burdens, and enhance Ireland's attractiveness as a base for US investment. Proportionate, risk-based auditing, paired with transparent communication and ongoing digital transformation, will reinforce investor confidence in Ireland's tax system. AmCham recommends that Revenue adopt clearer timelines and ensure consistent communication across companies to resolve audits and queries promptly, supporting operational efficiency and enhancing business confidence.

Consistency and clarity in administrative interpretation are vital components of effective tax administration, fostering predictability for businesses operating in Ireland. Legislative interpretations by Revenue should strive to be consistent. Revenue should aim to ensure consistent interpretations, accompanied by transparent and timely communication of any changes.

The simplification of administrative processes is essential for facilitating voluntary compliance and reducing operational complexity for businesses. Revenue should work with the Department of Finance to modernise and simplify the tax code. Simplification will positively contribute to Ireland's attractiveness as a location for international business.

R&D

Without a clear and efficient process for R&D, administrative complexities and burdens become barriers to the development of disruptive technologies and cutting-edge research. With this, some organisations experience delays in receiving the R&D tax credit fund, and MNCs who carry out innovative research chose not to take advantage of R&D tax incentives due to these administrative burdens. Measures to remove barriers will support Ireland as an attractive location for R&D.

Engagement at EU level

Similarly, Horizon Europe – the EU flagship research and innovation programme, which seeks to create a competitive environment for RD&I, constructs unnecessary barriers to participation. This not only harms Ireland's competitiveness, but the EU's competitiveness as a whole. Article 22.5 of the Horizon Europe regulation restricts the participation of third party/ non-members, which will disproportionately impact

Irish access to research funding by virtue of the significant concentration of US firms in Ireland. It is imperative that the EU aligns with like-minded, pro-enterprise, research-driven countries like the US to foster innovation. Barriers to participation must be eliminated to guarantee future investment.

Life sciences impact

The life sciences sector has flourished in both Ireland and the EU due to the skilled workforce and pipeline of future talent, and it is because of this, Medtech and pharma continue to invest. However, there is a risk of investment stagnation due to overly complicated production regulation. In particular, the Medical Device Regulation (MDR) takes a risk-based approach to the production, distribution, and marketing of medical devices to enhance safety, performance, and quality of medical devices in the EU. The lived experience of Medtech, however, speaks to MDR being a demanding compliance model that hinders the development of new technology, which not only impacts companies, but restricts patient access to potentially life saving treatment. It is essential for regulatory frameworks to align in a way which supports innovation and production.

Regulatory environment

With regard to the transposition of EU directives, Ireland must ensure this takes places in a responsible manner and ensure that we align with other member states and best international practices in terms of transposition and implementation. There is a risk of creating unnecessary administrative burdens, increased compliance costs, and the duplication of requirements businesses need to meet in instances where Ireland gold-plates transpositions in comparison to the approaches taken by other jurisdictions. Creating a stable and predictable regulatory environment for the financial sector is essential for remaining competitive for future investment, which can be supported too by consistency with regard to the supervisory regime and supervisory practice alignment.

Irish Tourism Industry Confederation

Eoghan O'Mara Walsh, CEO

Context

The Irish Tourism Industry Confederation (ITIC), representing the leading tourism and hospitality business stakeholders in the country, welcomes this opportunity to input into the Forum's discussion in relation to regulatory burdens pertaining to reporting and compliance.

Tourism is the country's largest indigenous industry and biggest regional employer representing over 8% of the national workforce, and the CSO estimate that there are circa 46,000 enterprises in the sector. Most tourism and hospitality businesses are SMEs, are based in regional Ireland, and are labour intensive often operating with tight profit margins. As a result, all business costs are monitored carefully and recurring feedback from ITIC members is that increasing regulatory burdens tend to be a significant cause of concern.

This short submission draws on member feedback to illustrate the scale and impact of regulatory burdens pertaining to reporting and compliance. Some practical recommendations are outlined which aim to reduce unnecessary cost, delay and uncertainty for tourism and hospitality enterprises.

The issue of regulatory reporting and compliance

Reporting and compliance impacts on many tourism and hospitality sectors some of which are outlined below:

- Accommodation providers

Hotels, guesthouses, self-catering properties and other forms of visitor accommodation make up a key component of the Irish tourism economy. Some issues that have been highlighted by these stakeholders include:

- VAT Treatment of Emergency Accommodation

VAT-exempt status for emergency accommodation, often provided in humanitarian circumstances, increases complexity and cost for hotel tax functions. Unlike the UK, Ireland offers no mechanism such as zero-rating for long stays.

Recommendation:

Introduce a VAT zero-rating mechanism for long-term emergency accommodation, aligning Ireland with the UK's fairer and more administratively manageable model.

- Health & Safety Administrative Burden

Extensive documentation and procedural requirements for demonstrating reasonable care under health and safety legislation place a heavy burden on hotels and guesthouses.

Recommendation:
Simplify or digitize health & safety compliance requirements, especially for SMEs, while maintaining safety standards.

- Labour Shortages and Visa Flexibility

Post-pandemic recovery is hampered by labour shortages. Rigid visa policies for non-EU workers hinder recruitment of seasonal and skilled staff for both hotels and restaurants.

Recommendation:
Expand and streamline visa pathways for non-EU hospitality workers, including a dedicated seasonal work permit for tourism

- GDPR vs Legal Data Retention Requirements

Hotels and guesthouses are legally required to retain guest data for several years, yet GDPR mandates minimal retention. Smaller properties face high risk and manual burden.

*Recommendation**:***
Issue sector-specific GDPR guidance that reconciles these legal obligations, and support automation tools for data retention compliance.

- Insurance Exposure

Frivolous or fraudulent insurance claims remain a significant risk with minimal deterrents or accountability.

Recommendation:
Reform claims handling processes to allow earlier dismissal of unsupported cases and introduce consequences for claimants who abuse the system.

- Ukrainian Refugee Contracts & Market Visibility

Limited engagement with hotels on UKR accommodation contracts results in uncertainty. There is no dedicated contact or insight into future needs.

*Recommendation**:***
Establish a central contact point for UKR contracts and provide periodic briefings on expected requirements and consolidation timelines.

- Accommodation Market Distortion

Slow consolidation of UKR and iPass contracts continues to remove significant room inventory from the regular tourism market.

Recommendation:

Accelerate consolidation efforts to allow phased reintroduction of rooms into the open market, supporting tourism recovery and demand.

- Short-term letting legislation

Accommodation providers and hosts in the short-term letting (STL) market are facing new mandatory registration and reporting requirements. These have been welcomed by industry leaders but there needs to be a pragmatic approach by authorities to protect STL accommodation providers in regional Ireland where there is not adequate alternative visitor accommodation stock.

Recommendation:

Establish STL register in May 2026 as per EU guidelines but give properties 9 months grace period to be planning compliant and establish steering group of tourism stakeholders and local authority officials to ensure planning guidelines safeguard tourism needs in regional Ireland.

- **Aviation sector**

Being an island nation it is self-evident that the tourism sector depends heavily on air access. Irish aviation must juggle a broad mix of regulatory reporting and compliance duties. Regulatory compliance for DAA can cover a multitude of areas: safety, security, environment, economic, local council rates and development levies, financial as well as others. As necessary as these are there is no small degree of financial pain. As an example the annual regulatory costs from the Irish Aviation Authority have been ratcheting up every year. 2026 for Dublin Airport alone is over €10m in levies and +11% y-on-y growth.

Recommendations:

- Regulators, like IAA, get no funding from exchequer so pass everything onto regulated entity
- Double digit annual increases not competitive and multiple of consumer price inflation
- Review of cost efficiency of regulator and any new functions imposed on regulated body

- **Vintners sector**

Pubs are a key experience for tourists to this country. The regulatory regime for the licensed trade imposes hefty financial, administrative and legal costs on pubs. The costs of a basic 7-day licence depends on turnover levels as follows:

- Turnover less that €190,500: €250
- €190,500 - €380,999: €505
- €381,000 - €634,999: €1,140
- €635,000 - €952,499: €1,775
- €952,500 - €1,269,999: €2,535
- €1.27m or more: €3,805

Legal costs, to retain a solicitor, are additional. In addition, many pubs depending on their business model, also require a restaurant certificate and/or music / singing licence and/or pub dance licence and/or special exemption orders (for late trading).

There is a particular issue relating to the cost of Special Exemption Orders (SEOs). To run a late bar/nightclub, the business requires an SEO to trade to 2.30am generally. These cost €205 per night, meaning a late bar that runs late three nights per week faces SEO costs alone of €32,000 annually, plus the associated legal fees.

The SEO process is also not fit for purpose, as the operator can generally only go to court for 4-6 weeks SEOs at a time. No annual planning in this scenario. It is wasteful of both Court and Garda time.

Recommendations:

- Licensing (Annual) – an online licence renewal portal, operated by the Courts Service, to allow publicans renew licences directly and simply. Lower admin costs. Responsibility: Courts Service

- SEOs – Enactment of the proposed Sale of Alcohol Bill by the Minister/Dept of Justice to provide for an annual Late Bar Permit and annual Nightclub Permit. Renewal costs to be made competitive and sustainable for late bars. Responsibility: Minister for Justice.

- Resolve unfair treatments: large pubs pay a licence renewal fee of €3,805 but all off licences/supermarkets pay a flat €1,500, irrespective of volume, and the multiples have substantial alcohol sales. That's unfair on the labour intensive on-trade. A review of the costs of on vs off licences is warranted with a view to reducing fees on the on-trade and increasing them on off-licences to reflect alcohol volumes. All licence fees should be based on alcohol purchased prices rather than sales prices, as supermarkets discount alcohol as a footfall driver.

- In addition, there should be a review of the totality of the cost of various licences required for the on-trade. These include a wide range of alcohol and related trading licences to FOGs (Fats/Oils/Greases) licences, to Street Furniture licences, to Tobacco/Vapes Retail licences. Responsibility: Dept of Enterprise.

For all renewals, the Court process should be reserved for cases where there are objections to the renewal of the licences. Where there are no objections, an online renewal system is required.

The case for simplifying the licensing regime is strong – this is intended to be delivered by the Sale of alcohol Bill which is a Programme for Govt commitment and urgently required.

- **General**

The tourism industry includes many different stakeholders and general compliance and reporting pressures include:

Enhanced Employer Reporting Obligations

Recent changes to employer reporting requirements have significantly increased administrative workloads, especially for businesses managing large numbers of employees and variable benefits. The EU Pay Transparency Directive is another recent example which both adds workload as well as risking causing pay inflation.

Recommendation:
Implement a streamlined reporting process or simplified exemptions for large employers with strong compliance records. Consider a phased or industry-specific rollout. Carefully consider EU directives so that they pass the SME stress-test as per the Programme for Government commitment.

Exaggerated or fraudulent claims

The industry remains highly exposed to fraudulent or exaggerated insurance and legal claims, with little deterrent in place for claimants and disproportionate burden of proof on defendants.

Recommendation
Introduce stronger deterrents for false claims and shift towards a balanced burden of proof model that also considers claimant responsibility, as seen in other jurisdictions

Concluding thoughts
Across the board, Irish businesses — including those in tourism — report increasing compliance complexity, which can strain resources, especially for SMEs without dedicated compliance staff as well as stunting growth or innovation due to the administrative burden.

Key areas perceived as complex are outlined above including data privacy, anti-fraud/anti-money-laundering and general corporate compliance.

ITIC urges the Cost of Business Advisory Forum to take into account the significant economic pressures already facing the tourism and hospitality sector. It is imperative that the heavy burden of regulation and compliance is done in a pragmatic manner to support Ireland's business competitiveness.

ITIC welcome the opportunity to submit into this forum and we look forward to continuing the conversation at our next meeting.

RGDATA

Tara Buckley, Director General

RGDATA has recently conducted a member survey on a range of different topics directly impacting on the operation of retail grocery shops in 2026 with over 250 responses to the survey. Given the currency of the findings of this survey, RGDATA believes that they over a direct insight into the theme of the Forum's deliberations and provide some useful and practical perspectives.

1. Profile of the Respondents

All of the respondents to the RGDATA survey are independent family-owned shops trading mainly in town or village centres or on edge of town or rural areas. Most respondents identified themselves as long established businesses that are embedded in their local communities.

2. The Regulatory Burden facing local shops

The Regulatory Burden was among the three most cited issues identified as creating challenges for local businesses;

- Rising costs – including compliance costs
- Competition
- The regulatory burden

85% of the respondents contend that the regulatory burden is too high with many businesses reporting inspections from multiple regulators across a range of different trading and operational activities, including;

- Weights and measures- NSAI
- Food Hygiene -HSE & FSAI
- Alcohol - Gardai
- Tobacco – HSE & Gardai
- Employment issues/WRC
- Food quality - Dept of Agriculture Inspections (Potatoes/Eggs/Salmon)
- Safe workplace - Health and Safety Authority
- Security - Private Security Authority
- Water and Waste water - Uisce Eireann
- Fire - Fire Safety
- Litter, Street frontage & Planning compliance -Local Authority/Planning Enforcement
- Statistical collection - Central Statistics Office
- Tax & Duties - Revenue/Customs
- Data Protection – Data Protection Commission
- Gaming - National Lottery
- Pricing and merchandising – CCPC

Several respondents cited upwards of 10 inspections or regulatory bodies interacting with their businesses.

3. Impact of the Regulatory Burden

There are a number of specific impacts from an excessive regulatory burden which were identified by respondents including;

- Cost of compliance – meeting regulatory requirements costs time and money. Some costs are expected, but where additional costs are layered on by additional regulatory burdens, new compliance costs or unreasonable compliance requirements, this directly undermines viability, competitiveness and business confidence. These additional costs include labour and management costs and additional investment required purely for compliance purposes.

- Motivation – some respondents contended that the impact of the regulatory burden on their business is not just cost based but is also corrosive of business motivation – for instance one respondent commented that " It's crazy – we can go to jail for about 7 different issues!!" . The range of compliance requirements directly undermines the motivation of owners.

- Fairness – there is a strong sense from the RGDATA survey that the application of regulatory requirements on businesses is neither fair nor proportionate and that those that are compliant and "easy to target" get a disproportionate amount of regulatory attention. In other words, regulators prefer an easy life and will not really go after the non-compliant, instead focusing on the operators that they can easily supervise and inspect.

- There is also a sense that regulatory agencies fail to have regard for the differing scale of operators in terms of managing regulatory oversight in a proportionate manner – the same obligations and requirements are imposed on an owner run business as might be applied to a major international multiple, while the costs of meeting compliance requirements are far greater for the smaller operator.

4. Practical steps that can be taken to address the Regulatory Burden

It was noted by a number of respondents that the attritional cost of regulation has arisen due to the introduction of new regulatory obligations by a range of different entities and organisations, without any proper oversight of the combined cost, necessity and proportionality of the additional regulatory creep. Noting that the regulatory environment is" too high" or "far too high", retailers highlighted a range of different considerations as central to reducing the regulatory burden on retailers and small businesses generally, including;

(i) Central oversight of regulatory functions – the Department of Enterprise, Tourism and Employment needs to centrally monitor, adjust and control the collective operation of regulatory entities across the economy. An absence of co-ordination and oversight merely adds to cost, reduces competitiveness and increases inefficiencies, without any necessary public benefit. Individual sectoral

regulators are only concerned with their own remit and have not regard for macro issues of cost, affordability and competitiveness – central oversight is required.

(ii) Mandatory code of practice for regulators – a new code of practice is required for regulators to conduct themselves in a way that;

- Avoids the duplication of inspections
- Use IT to reduce the administrative burden and paperwork required for regulatory compliance
- Uses a proportionality test for smaller, family run businesses.
- Risk based assessments – that regulatory inspections are targeted on a risk-based assessment and not constantly aimed at the compliant business.
- Fair regulation – that regulatory agencies go after the hard cases and demonstrate that they will approach their remit fearlessly and target the non-compliant on a consistent basis. Good retailers do not need excessive oversight!

Restaurants Association of Ireland

Liam Hayes, Public Affairs Executive

Regulatory Reporting and Compliance - Impact on Hospitality SMEs

For hospitality SMEs, regulatory reporting and compliance costs fall into three interconnected categories: direct financial costs, indirect operational costs and longer term costs. While individual regulatory measures may appear proportionate in isolation, the cumulative effect creates a significant structural burden for small and labour intensive businesses.

1. Direct Financial Costs

Hospitality businesses face fixed and recurring costs in order to meet statutory obligations, including:

- Payroll administration and Revenue reporting
- External accountants and tax advisors
- Employment law and HR advisory services
- Health and safety compliance
- Environmental and waste reporting
- Data protection compliance
- Software subscriptions for payroll, accounting and time tracking systems

These costs apply regardless of profitability and are not linked to turnover, creating structural pressure in a low margin sector.

2. Indirect Operational Costs

Beyond direct expenditure, compliance generates internal administrative pressure that affects productivity. Owner operators and general managers spend significant time:

- Preparing payroll submissions
- Maintaining employment and health and safety records
- Reviewing legislative updates
- Engaging with accountants and advisors
- Preparing for audits and inspections

Reporting deadlines and regulatory complexity frequently result in:

- Overtime in advance of VAT and payroll deadlines
- Increased accountancy fees at reporting periods
- Administrative bottlenecks during inspection cycles
- System upgrades when reporting rules change
- Staff training on new legislative requirements

For small hospitality businesses operating extended hours, this diversion of management time directly reduces capacity to focus on service quality, staff development and business growth.

3. Opportunity and Growth Costs
The cumulative effect of reporting obligations creates broader structural constraints, including:

- Reduced capacity to invest in expansion
- Increased reliance on consultants to mitigate regulatory risk
- Reduced agility in responding to market opportunities
- Reluctance to innovate due to regulatory uncertainty

Individually, many requirements may be manageable. Collectively, however, they form a significant fixed administrative burden that disproportionately affects micro and small enterprises.

Cumulative Regulatory Layering
The central challenge for hospitality SMEs is not any single regulation, but the layering of reporting obligations across multiple policy areas.

- Restaurants must simultaneously comply with and report under:
- Employment law and payroll requirements
- VAT and tax reporting
- Waste management and packaging regulations
- Food safety and environmental health standards
- Licensing requirements

SMEs do not experience regulation in isolation. They experience it cumulatively. In most small hospitality businesses, there is no dedicated compliance function. The owner or general manager absorbs these responsibilities in addition to running day to day operations.

The result is:

- Significant management time diverted from core activity
- Higher fixed administrative costs regardless of turnover
- Increased dependence on external advisors
- Reduced capacity for investment and development

The difficulty lies not in unwillingness to comply, but in the volume, frequency and overlapping nature of reporting obligations across different State bodies. Without coordination and proportionality, regulatory layering becomes a structural cost burden.

When Compliance Becomes a Material Constraint
Regulatory compliance inherently carries cost. It requires systems, oversight and reporting. For small and labour intensive businesses, these obligations represent additional layers placed on already stretched management capacity.

- Compliance becomes a material constraint where:
- Reporting obligations expand across multiple areas simultaneously
- Agencies operate without coordination
- Lead in periods are short
- Guidance evolves after implementation
- Administrative errors attract financial penalties
- Costs become fixed irrespective of business performance

In hospitality, where labour costs are already a high proportion of revenue, cumulative compliance obligations directly reduce working capital and reinvestment capacity.

The issue is whether regulation's structure and scale are proportionate to the size and capacity of the businesses required to implement it.

SME Test
The enhanced SME Test was approved by Government in May 2024 and subsequently strengthened, with a commitment that it would apply to all major new measures considered by Government, including primary and secondary legislation, policies and regulatory compliance requirements. Government further committed to implementing the Test rigorously across Departments.

While the SME Test has been applied in a number of cases, including National Minimum Wage Orders, there is limited evidence that its application has materially mitigated disproportionate impacts on SMEs.

In the case of the 2025 minimum wage increase, SME exposure was acknowledged within the Test documentation. However, the measure proceeded without differentiated mitigation for labour intensive small businesses. The Test recorded impact but did not alter outcome.

When the SME Test Is Insufficient

The SME Test is insufficient where:

- It is applied late in the policy cycle
- Findings are not published
- Impacts are documented but not mitigated

Proposed Remedies

1. Mandatory publication of SME impact assessments for all relevant primary and secondary legislation and major regulatory changes.
2. Early stage sector specific consultation before policy design is finalised.
3. Introduction of a formal safeguard mechanism whereby, if disproportionate SME impact is identified, the proposal must either:
    - Be amended to include mitigation, transitional supports or phased implementation; or
    - Be formally justified at Government level where impact cannot be avoided.

The Restaurants Association of Ireland acknowledges the constructive progress made by the Department and supports the principle of the SME Test. It is an important safeguard for small enterprises, but there is clear scope to enhance its effectiveness. Strengthening its application would ensure it delivers more meaningful and measurable reductions in the cost of doing business.

Retail Excellence Ireland

Jean McCabe, Chief Executive Officer

Executive Summary

Ireland's retail sector employs 326,600 people and contributes €8.4 billion in VAT and €2.7 billion in corporation tax annually. The sector faces an unprecedented regulatory compliance burden, with businesses navigating over 100 pieces of relevant legislation and interacting with upwards of a dozen separate regulatory and inspection bodies. Retail insolvencies doubled from 25 in Q1 to 53 in Q2 2025, with the sector recording the highest number of business failures of any industry in 2024 (200 failures). This submission addresses the five priority topics identified by the Forum Chair, proposing practical solutions to reduce unnecessary compliance costs while maintaining appropriate standards.

1. Enhanced Reporting Requirements (ERR)
Relevant Body: Revenue Commissioners / Department of Finance

Cost to Business: The ERR system, introduced January 2024, requires real-time reporting of non-cash benefits, expenses, and remote working payments. For retail SMEs, this means payroll software upgrades (€500–€2,000 annually), additional staff time (2–4 hours weekly), external accountancy costs increasing 15–25%, and disproportionate burden on small retailers with limited administrative capacity.

The penalty regime is particularly alarming. A fixed €4,000 penalty applies where an employer inadvertently omits to report a non-taxable benefit in real-time—even where there is zero loss to the Exchequer. A retailer who forgets to pre-report a €20 staff voucher faces a potential €4,000 fine—200 times the value of the benefit, on an item that was never taxable. This creates a climate of fear around basic employee recognition: our members report many have stopped providing staff lunches for retirements or seasonal gestures, directly contradicting Government policy to support small local businesses.

Specific Proposals:

1. **Increase Small Benefit Exemption threshold** from €1,500 to €2,000 per employee annually and remove the five-benefit restriction.
2. **De minimis reporting exemption:** Exempt benefits under €75 from ERR reporting.
3. **Simplified annual reporting** for businesses with fewer than 20 employees.
4. **Replace disproportionate penalties:** The €4,000 fixed penalty for ERR omissions on non-taxable items must be replaced with graduated sanctions distinguishing first-time errors from deliberate non-compliance.

2. Revenue: VAT Reporting and Compliance Burden
Relevant Body: Revenue Commissioners / Department of Finance

Cost to Business: In 2023, 44,260 wholesale and retail enterprises were VAT-registered (15.7% of all registrations), collecting €7.85 billion in internal VAT and €593 million on imports. Key cost drivers:

multiple VAT rate complexity (23%, 13.5%, 9%) requiring sophisticated POS systems; VAT Retail Export Scheme €75 threshold excluding 56.3% of tourist transactions; cross-border e-commerce complexity; customs burden for UK trade post-Brexit (51%+ of cross-border e-commerce); and average annual external tax compliance costs of €8,000–€15,000 per SME.

Specific Proposals:

5. **Reduce VAT Retail Export Scheme threshold** from €75 to €20, aligning with European best practice.
6. **VAT rate simplification review** to reduce complexity and administrative burden.
7. **Enhanced Revenue digital services:** Expand ROS for automated cross-border compliance and simplified customs declarations.
8. **Cash flow relief:** Extend VAT deferral options for SMEs during peak seasonal trading.

3. Penalties for Administrative Errors and Disproportionate Enforcement

Relevant Bodies: CCPC / WRC / Revenue / Dept of Health / All Regulatory Agencies

Cost to Business: The volume of regulation creates significant risk of inadvertent non-compliance. Businesses face penalties for technical breaches where no actual harm has occurred. The NCPC identifies regulatory burden as a key impediment to business viability.

CCPC and the Pricing Directive:

A typical retail business stocks 6,000+ products requiring accurate shelf-edge pricing. A handful of discrepancies—less than 1% of stock—can occur due to timing differences, human error, or system synchronisation delays. Yet the CCPC treats these minor anomalies with the same severity as deliberate non-compliance. Finding three errors among 6,000 products is 0.05% non-compliance—this context must inform enforcement.

Workplace Relations Commission (WRC):

One of our members recently reported that during a WRC audit of 300 employees, a single employee reported one instance where she had not received the full statutory rest period between a late shift and an early morning shift during the Christmas trading period. This was an isolated scheduling pressure during the busiest week of the retail calendar—not systematic non-compliance. The current enforcement approach fails to make this critical distinction.

Working Time Break Regulations:

The Organisation of Working Time (Breaks at Work) Regulations require a one-hour break for workers exceeding six hours between 11:30am and 2:30pm. Our members report this creates significant rostering difficulties, particularly on shorter shifts where employees themselves do not want the full break. The inflexibility interrupts store operations and creates compliance risk. A review allowing greater flexibility—while protecting the right to rest—would reduce burden without diminishing worker welfare.

Tobacco and Nicotine Product Retail Licensing:

Retail Excellence Ireland is deeply concerned by the annual retail licence fees of €1,000 for tobacco and €800 for nicotine inhaling products (€1,800 combined)—a 3,500% increase on the previous one-time €50 registration fee. This flat charge applies equally to a single-till newsagent and a large supermarket, making it profoundly regressive. Ireland's smoking rate has remained at 17–18% since 2019 despite successive excise increases, while Tobacco Products Tax receipts have consistently fallen short of projections. Compliant retailers bear escalating costs while illicit traders operate freely. The fee must be restructured on a proportionate, turnover-related basis.

The Fundamental Problem:

There is a growing perception that regulators justify their existence by finding needles in haystacks, rather than focusing on deliberate, harmful non-compliance. This damages legitimate businesses, diverts resources from genuine wrongdoing, and fails to achieve meaningful protection outcomes.

Specific Proposals:

9. **Statutory compliance thresholds:** For pricing, 95% accuracy should be compliant, with advisory notices rather than penalties.
10. **Distinguish deliberate from inadvertent breaches** with enforcement responses calibrated accordingly.
11. **Advisory-first approach** for breaches within reasonable tolerance that are clearly inadvertent.
12. **Proportionate licensing fees:** Restructure the tobacco/nicotine retail licence on a turnover-related or tiered basis.
13. **Grace periods:** Mandatory 12-month adjustment periods for new compliance requirements affecting SMEs.
14. **Regulator accountability:** Measure effectiveness by genuine protection outcomes, not volume of technical breaches prosecuted.

4. Waste Management Regulations (Packaging/Repak)
Relevant Bodies: Department of Environment / EPA / Repak

Cost to Business: The ESPR and circular economy requirements create substantial new obligations: Digital Product Passport requirements from 2026–2027; mandatory disclosure of unsold goods destruction; EPR expansion; Repak levies; and textile waste collection mandates. The ESPR Working Plan prioritises textiles/apparel (end 2026–early 2027), furniture (2028), and repairability scoring (2026).

Specific Proposals:

15. **Compliance support funding** for SME retailers with DPP implementation and ESPR compliance.
16. **Simplified SME reporting** with packaging data mechanisms proportionate to business size.
17. **Skills development** via National Training Fund for circular economy and repair trades (Right to Repair deadline July 2026).
18. **EU minimum implementation** without additional Irish-specific requirements creating competitive disadvantage.

5. SME Test Implementation and Regulatory Culture Reform

Relevant Bodies: Dept of Enterprise, Trade & Employment / All Departments and Agencies

Cost to Business: The Programme for Government commits to rigorously implement the SME test. Current implementation lacks mandatory compliance mechanisms and measurable benchmarks. Over 100 pieces of retail-relevant legislation demonstrate the urgent need for a strengthened approach. However, strengthening the SME Test alone is insufficient without a parallel transformation in regulatory culture. Ireland's OECD 2025 Regulatory Policy Outlook rankings—32nd for Regulatory Impact Assessments on primary laws, 33rd for stakeholder engagement, and 37th for engagement on subordinate regulations—demonstrate a systemic failure that requires fundamental reform.

Regulatory Culture Reform: From Enforcement to Competitiveness

The old management adage applies directly to regulatory reform: what gets measured gets done. If regulators are measured on the number of inspections conducted, penalties issued, and technical breaches identified, then that is what they will deliver—regardless of whether those activities improve consumer welfare, worker safety, or public health outcomes. This is the core problem. Ireland needs a fundamental shift from measuring regulatory outputs (enforcement actions) to measuring regulatory outcomes (genuine improvements in the areas regulation is designed to protect). This is ultimately a competitiveness issue: retailers competing against businesses in jurisdictions with more pragmatic regulatory cultures are placed at a structural disadvantage when Irish regulators prioritise box-ticking perfectionism over business-enabling pragmatism.

Proposed Regulatory Culture Reform Framework:

1. Redefine Regulatory Performance Metrics:

- Replace enforcement volume targets with outcome-based KPIs measuring actual consumer harm prevented, worker welfare improved, and business compliance rates achieved through support
- Publish annual regulatory performance reports benchmarking Irish regulator approaches against EU trading partners, with mandatory adjustment where Ireland exceeds peer norms

2. Embed a Pro-Business, Common-Sense Compliance Culture:

- Mandate a "support first, enforce second" principle: regulators must demonstrate that education, guidance, and advisory engagement have been exhausted before escalating to penalties
- Require regulators to apply a proportionality test to all enforcement actions, assessing actual harm caused versus technical non-compliance

3. Institutional Accountability for Competitiveness:

- Appoint a dedicated SME Regulatory Impact Officer within each Government Department, responsible for assessing and reporting on the cumulative business impact of regulatory activity
- Mandatory "business impact awareness" training for all regulatory officials, including direct engagement with businesses to understand operational realities
- Establish permanent SME advisory panels with meaningful input into how regulations are enforced—not just how they are designed

4. Enhanced SME Test Framework:

- Reject or amend legislation where compliance costs exceed benefits by 2:1
- Ireland must not impose stricter enforcement than top 5 EU trading partners
- Prohibition on "gold-plating" beyond EU minimums without Minister-level approval
- Legislation imposing >€1,000 per SME annually must include mitigation measures
- Minimum 60-day consultation with sector representative bodies
- 12-month phase-in for businesses under 50 employees
- Annual post-implementation reviews comparing actual versus projected costs

Conclusion

The retail sector's unprecedented crisis—record insolvencies, highest EU-27 electricity costs (62.3% above average), among the highest VAT rates, and escalating compliance burdens—demands immediate action. The proposals in this submission address practical, implementable changes across tax reporting, VAT, enforcement, waste regulation, and the SME Test. But underpinning every proposal is a single, central conviction: Ireland needs a fundamental cultural shift in how its regulators operate and how their performance is assessed.

Currently, regulatory success in Ireland is too often measured by the volume of inspections, penalties, and technical breaches identified. This incentivises regulators to find needles in haystacks—prosecuting a single pricing error among 6,000 correctly priced products or penalising a €20 non-taxable voucher with a €4,000 fine—rather than focusing resources on deliberate wrongdoing that causes genuine harm. The old management principle applies what gets measured gets done. Until we redefine what regulators are measured on—shifting from enforcement outputs to genuine consumer protection outcomes, worker welfare improvements, and business competitiveness—the culture will not change. Ireland's OECD rankings (32nd for Regulatory Impact Assessments, 33rd for stakeholder engagement, 37th for engagement on subordinate regulations) confirm that this is not a perception—it is a systemic failing that must be addressed as a matter of competitiveness.

This cultural shift is not without precedent. The UK's Hampton Review (2005) found that regulators focused on inspection volume and penalty numbers rather than outcomes, leading directly to the Regulatory Enforcement and Sanctions Act 2008 and a statutory Regulators' Compliance Code requiring all UK regulators to prioritise advice and guidance over enforcement, use risk-based assessment, and measure themselves on regulatory outcomes rather than enforcement outputs. The Netherlands' Advisory Board on Regulatory Burden (ATR) and its framework demonstrate how embedding independent regulatory burden assessment at the drafting stage and mandatory post-implementation review within 1–3 years can drive measurable cultural change. Most recently, in 2025, the UK introduced statutory growth duties for regulators alongside public performance dashboards and a 25% administrative burden reduction target—making competitiveness a binding metric against which regulators are held accountable. The OECD's own 2025 Regulatory Policy Outlook endorses this outcome-focused approach. We have provided these reports and studies separately to the Department for detailed consideration.

Theme 7: Banking, Payments, and Financial Services

Summary and Recommendations of Submissions

Members of the Advisory Forum were asked to submit a paper (max. 3 pages) on the theme of ***Banking, Payments, and Financial Services*** which will be discussed at the meeting on Wednesday, 25th March.

- Businesses require reliable and cost-effective banking services – such as secure deposits, efficient payments, and access to credit – to operate and grow. When these services are expensive, slow, or difficult to obtain, it undermines Ireland's economic performance and reduces the ability of firms of all sizes to compete effectively.

- In recent years, Banking costs, particularly for small businesses have risen considerably because of the higher interest rate environment, the exit of competitors (Ulster Bank and KBC), and the higher capital requirements that Irish banks face, relative to European peers.

- Combined with higher inflation and administrative burdens, it has tightened cash flow, added to the overall cost of doing business for SMEs, and pressured profit margins. Higher interest rates mean higher repayments and impact on ability to repay. Allied with bank stress testing this can lead to increased failure or refusal rates.

- Although merchant services are competitive in theory, switching between providers is often challenging in practice. Alternative providers may not integrate seamlessly with existing systems, and there is a perception that the dominant pillar banks retain structural advantages that make switching difficult in practice, even if not overtly so.

- If Ireland is to maintain a modern, open and dynamic economy, both the Government and the Central Bank of Ireland need to take the lack of competition very seriously. Inadequate competition leads to poorer, more expensive banking services for businesses.

- Members noted that some SMEs report that opening a business bank account can take several weeks, or longer in certain cases, particularly where additional documentation or compliance checks are required. Businesses report engagement difficulties, repeated requests for documentation, and a lack of clear timelines.

- Irish banks also lag behind international peers in digital banking capabilities. They need to improve open banking infrastructure, instant payments, customer experience, and API performance to make A2A payments smooth, fast, and reliable. Better merchant tools, the elimination of IBAN discrimination, and stronger collaboration with fintechs are essential. The Central Bank as regulator has a key role to play too in ensuring the banking sector adopts these services quicker.

- Similarly, Irish banks have been and continue to be slow in successfully adopting digital banking services. A business wishing to create or change bank mandates is often faced with a totally manual service, requiring manual forms and manual signatures. In so many parts of the modern economy, digital processes have been successfully put in place.

- In contrast, many Irish businesses are ahead of the banking sector in adopting digital tools. Most SMEs have embraced e-commerce, digital accounting platforms, online payroll systems, and digital payments. However, fraud prevention and customer communication from banks have not kept pace. Fraud risks are increasing, and SMEs would like to see improvement to proactive communications regarding emerging scam patterns and protective measures. There is also concern around outdated security practices.

- As a result of inadequate banking system, businesses have increasingly turned to non-bank lenders and fintech providers, particularly for working capital and asset financing.

    - Finance leasing providers are used for equipment and asset financing while fintech platforms and digital banks are increasingly used for payments, foreign exchange services, and business current accounts. These providers often offer faster turnaround times, clearer processes, and greater flexibility compared to traditional banks.

    - The growing use of non-bank and digital financial providers reflects both innovation in the financial services ecosystem and the emergence of alternative financing channels that support SME investment and day-to-day operations.

    - 2025 SFA small business survey found that more small business owners are turning to informal networks for short or medium term finance with 22% of respondents admitting that they have borrowed from family or friends (up from 19% in 2024).

- Research from Chartered Accountants Ireland, further illustrates the financial pressures facing SMEs. Rising operational costs are reported as the biggest challenge by 30% of businesses. Also, 39% of SMEs need Government support for digital transformation (+18% since earlier findings). A total of 33% of businesses sought advice on digital transformation support while 12% of businesses applied for funding for technology investment in the previous six months.

- Furthermore, the above research shows that almost half of SMEs (47%) believe current Government supports are not effective or not effective enough. Similarly, Government-backed loan guarantee schemes represent a strong policy intervention with guarantees up to 60–80% of loan value, significantly de-risking lending for banks. However, businesses report difficulty accessing Government schemes and this must be improved.

Forum Member Recommendations

26. **Chambers Ireland** suggest that the following:

a) Greater coordination between regulators, financial institutions, and payment service providers, including engagement with the Central Bank of Ireland, could help identify opportunities to reduce operational frictions and support more consistent, efficient payment processing across the European banking system.

b) Greater competition in the banking market may drive improved service levels and onboarding efficiency. Digitisation of onboarding, clearer accountability within banks, and service-level agreements would significantly improve the experience for businesses.

c) Enhanced fraud education, real-time scam alerts, secure in-app messaging systems, and stronger authentication protocols would help ensure that digitalisation enhances, rather than undermines, business confidence.

d) The removal of the Government-imposed cap on banking executive pay presents an opportunity to attract new entrants and strengthen competition within the Irish banking market. A more competitive landscape would naturally improve service quality and pricing transparency.

e) Government could consider stronger oversight, performance reporting, or alternative delivery mechanisms if banks are not cooperating effectively.

f) In parallel, there is an opportunity for Government to support broader financial market development that improves access to non-bank sources of finance. Continued engagement at EU level on initiatives such as the Savings and Investment Union, Capital Markets Union, and completion of the Banking Union could help deepen European capital markets and expand funding options for Irish businesses. Domestically, policy reforms that encourage greater investment alternatives to bank deposits could also support the development of a more diverse financing ecosystem for SMEs.

27. **IBEC** and **Small Firms Association** highlight the following areas for consideration:

a) Addressing this issue must be multi-layered. We believe that the core objective must be to develop a strategy and approach to retail banking, underpinned by an appropriate regulatory environment, which ensures that the sector can maximise its support for long-term sustainable economic growth and prosperity.

b) Addressing the issue of higher interest bills for Irish SMEs must be a priority. This can be achieved by diversifying funding streams by encouraging new entrants into the broader financial

services sector, as well as working to reduce risks to lenders, supporting the adoption of the digital euro, ensuring a regulatory and policy level playing field, and supporting the banking sector to innovate and continue finding innovative measures through bodies such as the Strategic Banking Corporation of Ireland (SBCI) to fund SME lending in a cost-effective manner.

c) As we shift to a 'digital first' economy, embracing digitalisation in the financial sector is critical in ensuring the ease of funding to SMEs. Government support for initiatives like the IFS Skillnet is critical to upskill workers in digital technologies, data analytics, and fraud detection.

d) Another source of diversification is to further channel household savings towards SMEs. Whilst the reforms to the investment landscape as outlined above represents a large part of this, another source of investment is the creation of a savings and investment account (SIA) for Irish households. This would allow for a capped annual amount to be invested tax free by Irish households and unlock a significant portion of the €170 billion's worth of deposits and direct it towards economic activity. This would also address the limited supply side of Irish equity markets.

e) The implementation of particular startup and scale up funds for Irish SMEs would further bridge the financial divide between Irish savings and investment.

f) Ireland also stands to gain greatly from any progress in the EU's Savings and Investment Union. By removing barriers to investment, Irish SMEs would be able to avail of an influx of capital for investment and expansions. As such, Ireland should be doing as much as possible in terms of facilitating inward capital flows. This can be aided by the full implementation of the Faster Directive on withholding taxes, as well as future directives on insolvency procedures, and the implementation of the single regulatory rulebook.

28. **Small Firms Association** outlined some additional recommendations:

a) An enhanced Grow Digital Voucher scheme offering up to €10,000 for small firms to adopt digital software, including online payment systems and secure banking interfaces. This voucher scheme must also cover training on implementing adequate cyber security training, policies and systems within a small business.

b) Human contact point – while it is easier to use digital technology to automate simple applications, more high value applications must be assessed by a human, particularly if an application is rejected.

c) Utilise the National Training Fund to support digital upskilling, noting that while small firms are curious, many have yet to explore AI's full potential for decision-making and productivity.

d) Continue promoting Lean Digitalisation to help businesses build a digital roadmap and implement automation.

e) Promote the European Digital Innovation Hubs, which is a newly funded €23 million initiative (running 2026–2029) provides "Test Before Invest" facilities. This allows SMEs to trial advanced digital financial tools and cybersecurity measures before committing capital.

29. **Chartered Accountants Ireland** suggest that the following recommendations:

Deposits, Payments and transactions

a) The Government and the Central Bank need to urgently look at ways to increase competition in the Irish banking sector to ensure better returns on deposits and better services.
b) The Central Bank needs to use its powers to ensure the market in Ireland adopts these payment methods quicker.
c) Irish banks need move quicker in adopting A2A and other forms of transfer that reduces the operational costs for SMEs.

AML and Know Your Customer

d) The Government, AML supervisory bodies, and the CBI should raise the proportionality and simplification agendas at the European level via engagement with AMLA.

Digitalisation

e) The Central Bank needs to use its position as regulator and its consumer protection mandate to ensure banks in Ireland adopt digital service more speedily and effectively.
f) Government needs to improve the accessibility of supports for businesses to adopt digital platforms and payment systems.

Access to Finance

g) More competition is needed urgently to improve services and reduce costs for businesses.
h) Publish and implement the roadmap to encourage retail investment and establish savings and investment accounts to better enable workers and households to invest in growing SMEs.
i) Improve access to the Employment Investment Incentive Scheme (EIIS).

30. **Restaurants Association of Ireland** suggests the following:

Increase Competition and European Bank Presence

a) Attract European banks to operate in Ireland, providing hospitality businesses with more competitive credit and diversified lending options.
b) Reduce regulatory barriers for foreign institutions while maintaining strong oversight by the Central Bank to ensure market stability.

Supporting Evidence

c) The decline in restaurant sector credit, combined with high rejection rates, demonstrates that current lending conditions do not meet the needs of hospitality SMEs.
d) By improving competition and promoting access to finance, restaurants can secure the working capital required to maintain operations, invest in growth and improve resilience against financial shocks.

31. **RGDATA** suggests the following as practical recommendations to address cost issues associated with Banking, Payments, and Financial Services:

a) **Improve Transparency of Merchant Fees** to empower SMEs to make informed decisions and increase competition. To achieve this the Central Bank of Ireland and CCPC should require:

I. Standardised fee disclosure formats
II. Clear breakdown of all payment acceptance costs
III. Simplified monthly fee statements
IV. Public fee comparison tools

b) **Promote competition in Merchant Acquiring** – to achieve this Government and regulators should:

I. Remove barriers to entry for new acquiring providers
II. Support fintech payment providers entering the Irish market
III. Monitor competition in the acquiring sector
IV. Ensure fair access to payment infrastructure

Increased competition will reduce costs and improve transparency.

c) **Improved SME Access to Banking Services** – to be achieved by the Central Bank of Ireland taking the following actions;

I. Establish service standards for SME account onboarding timelines
II. Promote availability of basic SME banking services
III. Support entry of new SME banking providers
IV. Monitor SME access to banking services following recent bank exits

Access to banking is essential economic infrastructure.

d) **Improve access to SME Finance** – the Government should:

I. Expand SBCI lending programmes
II. Increase awareness of Credit Guarantee Scheme

III. Support fintech lending platforms
IV. Promote competition in SME lending

This will support retail business sustainability and growth and will improve productivity and competitiveness.

e) **Support Switching and Competition** - ensuring some market movement will be key to improving competition. To achieve this, Government and regulators should:

i. Improve SME bank account switching processes
ii. Promote Open Banking solutions
iii. Support data portability
iv. Reduce administrative barriers to switching

This will strengthen competitive pressure.

Full Submissions

Chambers Ireland

Cathal McSweeney, Director of Public and International Affairs

1. ***How have changes in transaction fees, merchant service charges, or banking charges affected the cost base of businesses in recent years?***

The Irish banking market has historically been concentrated, with fewer full-service banks than many other European countries. This can leave some businesses feeling they do not have a genuine wide variety of choice when selecting banking providers. Capacity and knowledge, coupled with how charges are often structured, mean that these costs are not always easily understood or predicted. Charges typically combine a fixed transaction fee with a percentage of transaction value, and that percentage can vary depending on card type, transaction volume, or other criteria.

While newer digital and fintech providers are increasingly offering competitive services in areas such as payments, foreign exchange, and business accounts, many SMEs remain reliant on traditional banking relationships for core services, meaning fee structures in these areas continue to have a significant impact on business costs.

For example, businesses may face a blended charge structure that includes a fixed per transaction fee (e.g. €0.50), plus a variable percentage (e.g. 0.75%–1.5%), making it extremely difficult to forecast monthly banking costs. This unpredictability creates budgeting challenges, particularly for SMEs operating on tight margins.

In addition, layered fee structures across digital platforms compound the issue. For example, an online retailer using online commerce platforms will pay platform fees, payment processing fees, and then further charges when funds are lodged into a bank account (including fees for receiving funds or processing card payments). The cumulative effect is an erosion of margin at every stage of the transaction cycle.

While there is competition in merchant services, there are challenges when attempting to switch providers. Alternative providers may not integrate seamlessly with existing systems, and there is a perception that the dominant pillar banks retain structural advantages that make switching difficult in practice, even if not overtly so.

Overall, transaction and banking fees have become a material and increasingly unavoidable overhead for Irish businesses.

2. ***What issues do businesses encounter with payment processing (i.e., card payment fees, settlement times, digital wallets), and how do these impact cash flow and administrative workload?***

Settlement times have improved in recent years, particularly with the growth of digital payments. However, businesses continue to experience operational inefficiencies within the banking and payments ecosystem.

Companies report that differences in banking settlement processes and operating practices across jurisdictions can still lead to delays in payment processing. While euro payments move through shared European infrastructure such as the European Central Bank's TARGET system, variations in domestic banking processes and settlement timelines can result in payments being completed on the following business day rather than in real time.

For SMEs managing tight cash flow cycles, even short settlement delays can disrupt supplier payments, payroll scheduling, and working capital management. These timing differences can also place an additional administrative burden on finance teams, who must monitor settlement dates carefully and adjust payment runs accordingly.

Digital wallets and card payments are now essential to day-to-day trading. However, the combined impact of transaction fees, settlement timelines, and fragmented payment processes can add complexity and cost to what should ideally be a streamlined system for businesses.

Greater coordination between regulators, financial institutions, and payment service providers, including engagement with the Central Bank of Ireland, could help identify opportunities to reduce operational frictions and support more consistent, efficient payment processing across the European banking system.

3. ***Are current onboarding processes for business bank accounts and financial products (i.e., KYC/AML requirements) proportionate and efficient from a business perspective? If not, what improvements would be most impactful?***

Businesses generally accept that KYC (Know Your Customer) and AML (Anti-Money Laundering) requirements are necessary and proportionate in today's regulatory environment. There is broad understanding of the need for robust financial oversight.

However, the issue is not proportionality, it is efficiency. Some SMEs report that opening a business bank account can take several weeks or longer in certain cases, particularly where additional documentation or compliance checks are required. Businesses report engagement difficulties, repeated requests for documentation, and a lack of clear timelines.

In order to open a sterling account suitable for trading with Northern Ireland (e.g. supplying Tesco NI etc), some businesses have had to travel to London to open accounts, due to limitations in domestic offerings. While Irish banks such as AIB offer sterling-denominated accounts, these are often FX-based facilities

rather than fully functional UK clearing accounts, resulting in significant foreign exchange charges and transaction costs.

Greater competition in the banking market may drive improved service levels and onboarding efficiency. Digitisation of onboarding, clearer accountability within banks, and service-level agreements would significantly improve the experience for businesses.

4. ***How prepared are businesses for increasing digitalisation of banking and payments (i.e., online-only banking), and what supports or safeguards would help ease future changes?***

Irish businesses are generally ahead of the banking sector in terms of digital adoption. Most SMEs have embraced e-commerce, digital accounting platforms, online payroll systems, and digital payments.

However, fraud prevention and customer communication from banks have not kept pace. Fraud risks are increasing, and SMES would like to see improvement to proactive communications regarding emerging scam patterns and protective measures.

There is also concern around outdated security practices. For example, banks contacting customers and requesting personal details over the phone undermines anti-fraud messaging. In a digital-first environment, authentication protocols should align with modern security standards to avoid exposing businesses to risk.

Enhanced fraud education, real-time scam alerts, secure in-app messaging systems, and stronger authentication protocols would help ensure that digitalisation enhances, rather than undermines, business confidence.

5. ***What opportunities exist for the financial services sector and Government to collaborate on improving access to finance (i.e., reducing costs, enhancing competition and innovation for SMEs)?***

The removal of the Government-imposed cap on banking executive pay presents an opportunity to attract new entrants and strengthen competition within the Irish banking market. A more competitive landscape would naturally improve service quality and pricing transparency.

Government-backed loan guarantee schemes represent a strong policy intervention. In some cases, the State guarantees up to 60–80% of loan value, significantly de-risking lending for banks. However, businesses report difficulty accessing these schemes.

Where the State is assuming a substantial portion of the risk, there should be clearer obligations agreed with participating banks to process applications with greater efficiency. Some businesses report waiting up to seven months for relatively small loans, which undermines the purpose of the schemes.

Government could consider stronger oversight, performance reporting, or alternative delivery mechanisms if banks are not cooperating effectively.

In parallel, there is an opportunity for Government to support broader financial market development that improves access to non-bank sources of finance. Continued engagement at EU level on initiatives such as the Savings and Investment Union, Capital Markets Union, and completion of the Banking Union could help deepen European capital markets and expand funding options for Irish businesses. Domestically, policy reforms that encourage greater investment alternatives to bank deposits could also support the development of a more diverse financing ecosystem for SMEs.

6. ***Has your sector made use of non-bank (including fintech) lenders? If so, for what purposes and which types are most commonly used?***

Yes. Businesses have increasingly turned to non-bank lenders and fintech providers, particularly for working capital and asset financing.

Finance leasing providers are used for equipment and asset financing while fintech platforms and digital banks are increasingly used for payments, foreign exchange services, and business current accounts. These providers often offer faster turnaround times, clearer processes, and greater flexibility compared to traditional banks.

The growing use of non-bank and digital financial providers reflects both innovation in the financial services ecosystem and the emergence of alternative financing channels that support SME investment and day-to-day operations.

IBEC

Sharon Higgins, Executive Director Membership & Sectors

5) What opportunities exist for the financial services sector and Government to collaborate on improving access to finance? (i.e., reducing costs, or enhancing competition and innovation for SMEs)

Banking costs, particularly for small businesses have risen considerably because of the higher interest rate environment, the exit of competitors (Ulster Bank and KBC), and the higher capital requirements that Irish banks face, relative to European peers. This results in lower access to investment capital for domestic businesses, with Irish SMEs facing the fifth highest borrowing costs in the EU, facing an average interest rate bill of 4.98%, in comparison to the 3.57%[46] Eurozone average. This ultimately acts as a constraint on the investment in and expansion of Irish enterprises, thus presenting a clear competitiveness issue for Irish business when competing with international peers. Likewise, Ireland's shallow equity market means that there are limited financing avenues outside of traditional bank finance loans. The OECD's recent economic survey of Ireland ranks Ireland's equity market 24th for depth, with the market itself shrinking 17.4% between 2021- 2024. This is in comparison to the average global growth in equity markets of 11.3% across the same period[47].

Conversely, Ireland households have some of the strongest balance sheets in the EU, with a debt-to-income ratio of only 75% versus the EU average of 94%. Irish savers are, however, highly skewed towards liquid assets, with less than 10% of Irish savers holding direct equities. This results in Irish savings of approximately €170 billion accruing in bank deposits. There is thus a fundamental discrepancy between the amount of savings in the Irish economy and the amount of investment capital available to SMEs. Thus, this cannot be explained by economic fundamentals alone. Some reports have estimated that if financial constraints were to be eliminated, investment would be 55% higher[48].

Addressing this issue must be multi-layered. We believe that the core objective of the review must be to develop a strategy and approach to retail banking, underpinned by an appropriate regulatory environment, which ensures that the sector can maximise its support for long-term sustainable economic growth and prosperity. Addressing the issue of higher interest bills for Irish SMEs must be a priority. This can be achieved by diversifying funding streams by encouraging new entrants into the broader financial services sector, as well as working to reduce risks to lenders, supporting the adoption of the digital euro, ensuring a regulatory and policy level playing field, and supporting the banking sector to innovate and continue finding innovative measures through bodies such as the SBCI to fund SME lending in a cost-effective manner. As we shift to a 'digital first' economy, embracing digitalisation in the financial sector is critical in ensuring the ease of funding to SMEs. Government support for initiatives like the IFS Skillnet is critical to upskill workers in digital technologies, data analytics, and fraud detection.

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[46] *Retail Interest Rates- July 2025: Statistical Release, Central Bank of Ireland, September 10 2025.* 2025m07_ie_retail_interest_rate_statistics.pdf

[47] OECD Economic Surveys: Ireland 2025, OECD Publishing, Paris. February 10th 2025. OECD Economic Surveys: Ireland 2025 | OECD

[48] SME Investment Report 2019, ESRI Survey and Statistical Report Series Number 86, Martinez-Cillero et al, October 2020. SME investment report 2019: Developments between 2016 and 2018

Another source of diversification is to further channel household savings towards SMEs. Whilst the reforms to the investment landscape as outlined above represents a large part of this, another source of investment is the creation of a savings and investment account (SIA) for Irish households. This would allow for a capped annual amount to be invested tax free by Irish households. This would unlock a significant portion of the €170 billion's worth of deposits and direct it towards economic activity. This would also address the limited supply side of Irish equity markets. The implementation of particular startup and scale up funds for Irish SMEs would further bridge the financial divide between Irish savings and investment.

Ireland also stands to gain greatly from any progress in the EU's Savings and Investment Union. By removing barriers to investment, Irish SMEs would be able to avail of an influx of capital for investment and expansions. As such, Ireland should be doing as much as possible in terms of facilitating inward capital flows. This can be aided by the full implementation of the Faster Directive on withholding taxes, as well as future directives on insolvency procedures, and the implementation of the single regulatory rulebook.

Chartered Accountants Ireland

Grant Sweetnam, Head of Public Policy

Introduction

Chartered Accountants Ireland represents almost 40,000 members across practice, industry, public sector, and academia. Our members play a vital role in supporting the financial and operational stability of businesses of all sizes and in all sectors. A functioning and modern banking and financial services sector is crucial in any economy. Businesses require secure deposit facilities, the ability to move money and pay bills in a timely and efficient manner and access to sufficient funding to enable them to grow and prosper. If these services are not provided in a cost effective manner for businesses, small and large, then this hurts our competitiveness and the entire economy's ability to grow.

This submission is broken down into four parts; **deposits, payments and transactions, digitalisation, anti-money laundering and know your customer, and access to finance.**

Deposits, Payments and transactions

Ireland needs more competition in its banking and financial services sector. If we are to maintain a modern, open and dynamic economy, the Government and the Central Bank of Ireland (CBI) need to take the lack of competition very seriously. Inadequate competition leads to poorer, more expensive banking services for businesses. While the Central Bank does not want a promotional role, the lack of competition does have a serious impact on our economic competitiveness and the stability of our overall financial system.

Businesses are often building cash reserves for strategic reasons and to cater for unforeseen events. The return on these deposits in Ireland is exceptionally low and when inflation is factored in, businesses lose money by holding cash on deposits. According to ECB data, the average interest rate on overnight deposits for businesses is 0.06% compared with the Eurozone average of 0.52%. Ireland has the 5th lowest return in the Eurozone. When it comes to deposits with agreed maturity, Ireland is still 5th lowest and well below the Eurozone average of 1.91%. This is a cost to businesses that is unique to Ireland. Countries like Estonia and Slovakia perform much better than Ireland.

Electronic Funds Transfer (EFT) is a digital method of transferring money between accounts. EFTs are often cumbersome for both businesses and customers. For customers, paying by cards, often by digital wallets, is easier and more efficient. However, businesses must incur the merchant and card fees which are substantial. In addition, EFTs do not require payee information as a mandatory field so businesses must manually identify payments made into their account which takes a lot of time.

Account to account (A2A) payments, also known as Pay-by-Bank, Pay-by-Account are transfers that are simple to use and do not require the need for an intermediary card. A2A payments benefit businesses by reducing transaction costs, speeding up settlement, and improving reconciliation through real-time data and automation. They also lower fraud and chargeback risk and provide a simpler, modern payment experience aligned with evolving customer preferences.

Irish banks need to dramatically improve their open banking infrastructure, instant payment capabilities, customer experience, and Application Programming Interface (API) performance to make A2A payments smooth, fast, and reliable. They must also support better merchant tools, eliminate IBAN discrimination, and collaborate more closely with fintechs to accelerate mainstream adoption. The Central Bank as regulator has a key role to play too in ensuring the banking sector adopts these services quicker.

Digitalisation

By far the biggest issue in this space is that banks in Ireland have been and continue to be notoriously slow in successfully adopting digital banking services. A business wishing to create or change bank mandates is often faced with a totally manual service, requiring manual forms and manual signatures. There is no reason why this should be the case. In so many parts of the modern economy, digital processes have been successfully put in place.

For a small business, Irish banks do not provide any or very few analytics on business bank accounts. Very often businesses need to analyse in detail what is going in and out of the bank account and they need to do this in a timely manner. In most cases, businesses will have their own applications to do this analysis but transferring the data from the banks to these applications is often challenging and can be manual.

The customer experience with Irish banks is not sufficient. With many other services and indeed financial services, live chat supports are provided. Irish banks do not provide this adequately and sometimes a business could be on the phone for 40 - 50 minutes waiting to speak to someone. This is inefficient and costs time and money for a business. The lack of movement from Irish banks may be part of the reason why so many small businesses, do not adequately invest in digital payment platforms.

According to research published in November 2025 by Chartered Accountants Ireland, 30% of businesses report rising operational costs as the biggest financial challenges faced by SMEs. Further, 39% of SMEs most need Government assistance to support digital transformation. This is an 18% increase from our previous research. 33% of businesses sought advice on digital transformation support in the previous six months. 12% of businesses applied for funding for technology investment in the previous six months.

This research shows that businesses are willing to undertake digital transformation and that there is a demand for Government supports. However, 47% believe that current Government supports are either not very effective or not effective at all. Enterprise Ireland and the Department of Enterprise, Tourism and Employment have supports in place to help businesses with digital transformation. However, as outlined in the previous session on Reporting and Compliance obligations, access to these supports needs to be improved.

AML and Know Your Customer (KYC)

The Institute is not involved in the first line role of onboarding processes for opening business bank accounts and financial products and is therefore not in a position to directly assess if KYC and anti-money laundering requirements are proportionate and efficient.

However, more broadly on the AML front, Institute member in practice firms are designated entities under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (CJA 2010). The legislation applies to both financial institutions and Designated Non-Financial Business and Professions (DNFBPs) (such as accountants). DNFBPs are required to understand and comply with ever increasing AML obligations and responsibilities under AML legislation.

These obligations will increase rather than decrease with the coming into force in July 2027 of a new Regulation and Directive as part of the Sixth AML Directive (AMLD 6) at the European level including the establishment of the European Anti-Money Laundering Authority (AMLA). We are not aware of any current proposals for simplification of AMLD 6.

We recommend that the Government, AML supervisory bodies, and the CBI should raise the proportionality and simplification (where possible) agendas at the European level via discussions/engagement with AMLA over the course of the coming months particularly as part of engagement regarding draft regulatory technical standards (RTSs) that are being implemented to support the underlying level 1 regulations. This is timely given the on-going simplification agenda at the European level, and Ireland's upcoming Presidency of the Council of the EU.

Access to finance

Businesses need affordable access to finance to grow and invest. When funding is expensive and inaccessible, this acts as a drag on the economy. The interest rate on new lending to non-financial businesses is 4.45% according to the Central Bank with the Eurozone average nearly 1% lower at 3.5%.

Similar to what was mentioned above, more competition would improve these metrics. Competition is improving but it is far too slow.

Ireland needs to look at alternative ways in which small businesses can be funded. Bank loans will suit many small businesses but for innovative companies wishing to grow fast, the scale of bank lending is simply not sufficient and in any case is too costly. Broadly-speaking, a company that wishes to expand quickly has two ways of accomplishing this:

- sell the business to a bigger company, typically not an Irish company or
- secure some form of venture capital or an angel investor.

Part of the reason why options like listing on the Dublin Euronext stock exchange are so limited is because we have a highly restrictive investment environment. Households, workers and individuals find it exceptionally difficult to invest in businesses.

We welcome the Tánaiste's comments on Savings and Investment. We need to encourage more investing in Ireland and by increasing participation, the capital markets in Ireland will be revitalized, enabling small businesses to access finance in a way that is currently unavailable. €170 billion is held on deposit by Irish households. If even a small proportion of this money was released to fund SMEs, it would radically change the funding environment for SMEs.

The Employment Investment Incentive Scheme (EIIS) is a key lifeline for new businesses in Ireland seeking access to risk finance. In an earlier letter to the former Minister for Finance in July 2024, Chartered Accountants Ireland set out these issues under three broad headings: 1) Recommended amendments to address potential drafting errors/oversights; 2) Recommended amendments required to address business activities currently prohibited from applying for investment under EIIS; and, 3) Recommended amendments to enhance the overall effectiveness of the relief.

Concluding recommendations

Deposits, Payments and transactions

1. The Government and the Central Bank need to urgently look at ways to increase competition in the Irish banking sector to ensure better returns on deposits and better services.
2. The Central Bank needs to use its powers to ensure the market in Ireland adopts these payment methods quicker.
3. Irish banks need move quicker in adopting A2A and other forms of transfer that reduces the operational costs for SMEs.

AML and Know Your Customer

1. The Government, AML supervisory bodies, and the CBI should raise the proportionality and simplification agendas at the European level via engagement with AMLA.

Digitalisation

1. The Central Bank needs to use its position as regulator and its consumer protection mandate to ensure banks in Ireland adopt digital service more speedily and effectively.
2. Government needs to improve the accessibility of supports for businesses to adopt digital platforms and payment systems.

Access to Finance

1. More competition is needed urgently to improve services and reduce costs for businesses.
2. Publish and implement the roadmap to encourage retail investment and establish savings and investment accounts to better enable workers and households to invest in growing SMEs.
3. Improve access to the Employment Investment Incentive Scheme (EIIS).

Small Firms Association

Jonathan McDade, Public Affairs Lead

Key Question - What are the key challenges businesses—particularly SMEs and micro-enterprises—face in accessing banking services, credit, and working capital facilities?

The primary issue for small businesses is rising costs; the second biggest issue is accessing finance and a lack of credit. Both are related. This leads to a less investment which ultimately impacts growth.

Small business owners need credit but do not apply for it for fear of being told (by major financial institutions) that they are not ready. There is a fear that if an application is rejected, it could have long-term consequences for the business. Therefore, this leads to more discouraged borrowers. Therefore, these discouraged borrowers do not show up in any statistical figures related to financial access applications. Furthermore, 'soft rejections' at front desks will further discourage completed applications in certain financial institutions.

Additionally, small business owners feel that the credit application process is too lengthy to meet many of their immediate financial needs. Small business owners need quicker responses to credit applications. All applications appear in the Central Credit Register and if a small business owner is simply shopping around financial institutions, multiple applications on record could be deduced as failed applications.

The SFA's Small Business survey showed that the main reason 38% of small businesses applied for credit was for medium-term financing (4 to 7 years), more than any other category, while 19% of credit applications related to working capital. Additional feedback from SFA members states that they require prompt "yes or no" responses" from financial institutions. Failing that, many small business owners are driven towards alternative lenders that are likely to charge significantly higher interest rates. There needs to be the appropriate level of funding for a particular stage of growth that is not available form the existing financial eco-system.

Irish SMEs exhibit a significantly lower demand for bank loans and credit lines compared to European peers, a trend partially driven by high interest rates and low banking competition. Furthermore, state guarantee schemes are positive, but the fact remains that applications must go through the same risk profiling as an application to one of the pillar banks, even if it is not guaranteed. There does appear to be a gap in the market for schemes designed for longer term lending for SMEs, given that many SMEs are less likely to require long term lending products.

Question 1 - How have changes in transaction fees, merchant service charges, or banking charges affected the cost base of businesses in recent years?

In recent years, Irish banking costs have increased for small businesses, driven by a higher interest rate environment, the exit of competitors (Ulster Bank and KBC), and rising operational costs for banks. These changes, coupled with higher inflation and administrative burdens, have tightened cash flow, added to the overall cost of doing business for small businesses, and pressured profit margins. Higher interest rates mean higher repayments and impact on ability to repay. Allied with bank stress testing this can lead to increased failure / refusal rates.

Between 2023 and 2025, Irish small businesses have faced a tightening or financial squeeze driven by rising ECB interest rates, the removal of traditional fee waivers, and the introduction of new transactional

charges for card and cash handling. Essentially, these increased transaction fees disproportionately impact small businesses.

Question 2 - What issues do businesses encounter with payment processing (i.e., card payments fees, settlement times, digital wallets), and how do these impact cash flow and administrative workload?

According to a recent policy document, there are several issues businesses encounter with payment processing and their impact on cash flow and administrative workload:

- Fragmented Payment Acceptance: Micro-enterprises often face challenges with fragmented payment systems, which can complicate their operations and reduce efficiency.
- Settlement Times: Delays in payment settlements can negatively impact cash flow, making it harder for businesses to manage their finances effectively. Faster payment settlements and real-time payout options are suggested as solutions to improve liquidity.
- Administrative Burden: Small businesses often struggle with regulatory and compliance hurdles, including Strong Customer Authentication requirements under the European Payment Services Directive (PDS2). These requirements can increase administrative workload and create friction during onboarding processes.
- Digital Skills Gaps: Many SMEs face challenges in adopting digital payment technologies due to limited digital skills, which can hinder their ability to integrate these systems effectively into their operations.
- Cybersecurity Concerns: Increased exposure to cyber threats due to digital acceleration adds to the administrative burden, as businesses need to invest time and resources in protecting their critical assets and reputation.

These issues collectively impact cash flow by delaying payments and increasing operational costs, while also adding to the administrative workload as businesses navigate compliance, security, and technology adoption challenges.

Question 3 - Are current onboarding processes for business bank accounts and financial products (i.e., KYC: Know Your Customer/AML: Anti-Money Laundering requirements), proportionate and efficient from a business perspective? If not, what improvements would be most impactful?

Question 4 - How prepared are businesses for the increasing digitalisation of banking and payments (i.e., online-only banking), and what supports or safeguards would help ease any future changes?

Small businesses in Ireland are currently in a state of transitionary readiness. The readiness of small businesses for a digital-first banking varies. According to recent research, 71% of Irish merchants prefer digital payments over cash, and the country remains a leader in contactless and mobile wallet usage. While 57% of businesses consider themselves "advanced" in digital integration, many smaller firms (under 20 employees) still struggle to link banking data with their accounting or AI tools. According to a recent study, only 12% of Irish businesses use full-fibre broadband, despite it being available to over 80% of premises, creating a "connectivity bottleneck" for real-time digital banking. To prevent small businesses from being "left behind", the SFA recommends the following actions:

- An enhanced Grow Digital Voucher scheme offering up to €10,000 for small firms to adopt digital software, including online payment systems and secure banking interfaces. This voucher scheme must also cover training on implementing adequate cyber security training, policies and systems within a small business.

- Human contact point – while it is easier to use digital technology to automate simple applications, more high value applications must be assessed by a human, particularly if an application is rejected.
- Utilise the National Training Fund to support digital upskilling, noting that while small firms are curious, many have yet to explore AI's full potential for decision-making and productivity.
- Continue promoting Lean Digitalisation to help businesses build a digital roadmap and implement automation.
- Promote the European Digital Innovation Hubs, which is a newly funded €23 million initiative (running 2026–2029) provides "Test Before Invest" facilities. This allows SMEs to trial advanced digital financial tools and cybersecurity measures before committing capital.

While digitalisation of banking services can improve processes, access to credit is typically a higher touch more intensive interaction. Supports and safeguards should include ability to go offline and deal with trusted expert within the institution to guide SME through process to most suitable product when difficulties arise.

Question 5 - What opportunities exist for the financial services sector and Government to collaborate on improving access to finance (i.e., reducing costs, or enhancing competition and innovation for SMEs.

Ireland remains at a competitive disadvantage in terms of access to finance for both businesses and households, relative to the rest of the EU. This results in both lower access to investment capital for domestic businesses, with Irish SMEs facing the fifth highest borrowing costs in the EU, facing an average interest rate bill of 4.98%, in comparison to the 3.57% Eurozone average. This ultimately acts as a constraint on the investment in and expansion of Irish enterprises, thus presenting a clear competitiveness issue for Irish business when competing with international peers. Likewise, Ireland's shallow equity market means that there are limited financing avenues outside of traditional bank finance loans. The OECD's recent economic survey of Ireland ranks Ireland's equity market 24th for depth, with the market itself shrinking 17.4% between 2021-2024. This is in comparison to the average global growth in equity markets of 11.3% across the same period.

Addressing this issue must be multi-layered. A review must be done to develop a strategy and approach to retail banking, underpinned by an appropriate regulatory environment, which ensures that the sector can maximise its support for long-term sustainable economic growth and prosperity. Addressing the issue of higher interest bills for Irish SMEs must be a priority. This can be achieved by diversifying funding streams by encouraging new entrants into the broader financial services sector. In addition, there needs to be worked to reduce risks to lenders, ensuring a regulatory and policy level playing field, and supporting the banking sector to innovate and continue finding innovative measures through bodies such as the SBCI to fund SME lending in a cost-effective manner.

Another source of diversification is to further channel household savings towards SMEs. Whilst the reforms to the investment landscape as outlined above represents a large part of this, another source of investment is the creation of a savings and investment account (SIA) for Irish households. This would allow for a capped annual amount to be invested tax free by Irish households. This would unlock a significant portion of the €170 billion's worth of deposits and direct it towards economic activity. This would also address the limited supply side of Irish equity markets. The implementation of particular startup and scale up funds for Irish SMEs would further bridge the financial divide between Irish savings and investment.

Ireland also stands to gain greatly from any progress in the EU's Savings and Investment Union. By removing barriers to investment, Irish SMEs would be able to avail of an influx of capital for investment

and expansions. As such, Ireland should be doing as much as possible in terms of facilitating inward capital flows. This can be aided by the full implementation of the Faster Directive on withholding taxes, as well as future directives on insolvency procedures, and the implementation of the single regulatory rulebook.

Question 6 - Has your sector made use of non-bank (incl. fintech) lenders and if so, for what type of purposes (i.e., asset financing leasing, commercial mortgages, business loans, etc.)? Which type of non-bank lenders would most typically be used?

SFA members report that they have been using alternative lenders arising from frustration with credit application process with the pillar banks. This mainly due to the long decision process for loan applications. This has resulted in small business owners turning to other financial institutions who process credit applications quickly but charge much higher interest rates.

Furthermore, a 2025 SFA small business survey found that more small business owners are turning to informal networks for short / medium term finance with 22% of respondents admitting that they have borrowed from family or friends (up from 19% in 2024).

Restaurants Association of Ireland

Liam Hayes, Public Affairs & Communications Executive

Key Challenges and Cost Implications

Lack of Competition:

- The domestic banking sector is highly concentrated, limiting options for SMEs and restaurants. Fewer providers result in restricted lending choices and higher costs for credit.

Access to Credit and Working Capital:

- Banks remain cautious with hospitality businesses, requiring extensive collateral and documentation. This slows access to working capital and restricts growth opportunities.

Evidence of Sector Vulnerability:

- Central Bank statistics reveal that outstanding credit to restaurants fell from €211 million in March 2024 to €197 million in March 2025, while gross new lending collapsed by 64.7% in the same period.

- Hospitality had the lowest percentage of enterprises seeking bank finance in 2024 at 12%, compared to 16 - 29% in other sectors. In 2023, 18% of hospitality enterprises sought finance, similar to other sectors, suggesting a significant decline in appetite or access to credit.

- Decline rates for loan applications were higher in hospitality: 20% in 2024 compared to 9% in the next highest sector, “other.”

- These figures indicate that restaurants are increasingly unable or unwilling to access external finance, leaving them more exposed to cash flow pressures and financial shocks.

Proposed Solutions

Increase Competition and European Bank Presence:

- Attract European banks to operate in Ireland, providing hospitality businesses with more competitive credit and diversified lending options.

- Reduce regulatory barriers for foreign institutions while maintaining strong oversight by the Central Bank to ensure market stability.

Supporting Evidence:

- The decline in restaurant sector credit, combined with high rejection rates, demonstrates that current lending conditions do not meet the needs of hospitality SMEs.

- By improving competition and promoting access to finance, restaurants can secure the working capital required to maintain operations, invest in growth and improve resilience against financial shocks.

RGDATA

Tara Buckley, Director General

RGDATA welcomes the opportunity to make a submission to the Cost of Business Forum on banking, payments and financial services. There is a heavy reliance by RGDATA members on banking and financial services across all aspects of business investment and operation, including;

- The acceptance of payments
- Payment of overheads
- Managing working capital and cash flow
- Investment and business development and
- Accessing ecommerce opportunities.

The market for banking, payment and financial services in Ireland has become increasingly concentrated in recent years with less competition on services, providers and product innovations. Access to competitive financial services has become a challenge for many RGDATA members with limited opportunities to shop around among different providers.

In the interests of brevity, this submission will focus on the key challenges that impact on RGDATA members concerning the provision of banking, payments and financial services.

Issue 1 – Opening and maintaining SME Bank Accounts

There are real challenges for RGDATA members in accessing business banking facilities with Irish retail banks. Typical challenges include lengthy onboarding processes from a very limited pool of SME banking providers. The increased consolidation of Irish retail banking following the exit of Ulster Bank and KBC Bank Ireland has dramatically reduced competition and choice for retail SMEs. Some new digital banks and e money institutions do offer new services but have not yet brought forward the full range of services required by retailers, including credit facilities and cash services.

This is a structural issue impacting on the market for banking and financial services in Ireland and it would be encouraging to see what measures the Central Bank or the Department of Finance could identify to attract new entrants or for existing participants to expand their range of services to SMEs. RGDATA members operate in highly competitive markets – how members wish that the same competitive dynamics applied to some of the markets where they are required to source services.

Issue 2 – Absence of competition in the Irish Merchant Acquiring Market

The Irish acquiring market is highly concentrated, with a limited number of providers including:

- AIB Merchant Services
- Bank of Ireland Payment Acceptance
- Elavon
- Global Payments
- Square and other fintech entrants (primarily smaller merchants)

Despite the recent fintech entry, structural barriers remain, including:

- Complex switching processes
- Integration costs with existing POS systems
- Limited pricing transparency
- Bundled service offerings

As a result, many retailers remain with legacy providers despite high costs and any real absence of competitive choice. Greater competition is needed to reduce merchant fees. Again this is a structural issue relating to competition in the market.

Issue 3 – High Card Payment Costs

The rapid shift away from cash toward card and digital payments has significantly increased merchant costs for retailers.

Irish retailers incur a range of payment-related charges, including:

- Merchant service charges
- Acquirer fees
- Card scheme fees (Visa and Mastercard)
- Payment gateway fees
- Terminal rental and maintenance fees
- Chargeback and compliance fees

While interchange fees are capped under the EU Interchange Fee Regulation, the total cost to merchants remains significant due to additional acquiring and scheme fees. In many instances it is these new "add on" fees that are presenting the real challenge with a whole layer of extra/over charges being imposed on retailers in addition to base charges.

In addition, independent retailers often pay materially higher effective rates than larger retailers due to:

- Lower transaction volumes
- Lack of negotiating leverage
- Limited provider choice
- Bundled and opaque pricing structures

These fees represent a direct reduction in retailer margins and function as a percentage levy on turnover.

Issue 4 – Inability to access affordable credit

Access to finance remains a major barrier to retail SME growth in Ireland.

Retail SMEs face challenges including:

- Conservative bank lending practices from established lenders
- High collateral requirements

- Limited availability of unsecured working capital finance
- Long decision timelines
- High cost of credit

Many viable retail businesses struggle to access finance for:

- Inventory purchases
- Shop fit-outs and refurbishment
- Digital investment
- Business expansion

Government schemes such as the SBCI and Credit Guarantee Scheme play an important role but awareness and accessibility could be improved.

Issue 5 – Difficulties accessing non-Bank and alternative finance

Alternative lenders and fintech providers offer potential solutions but are underutilised by retail SMEs for a number of reasons including;

- Limited awareness among SMEs
- Lack of standardised disclosure of costs
- Regulatory uncertainty
- Lack of integration with existing banking relationships

Supporting the development of a competitive and well-regulated alternative lending sector can improve access and reduce costs but this will require centralised co-ordination to raise awareness among SMEs.

Some practical recommendations to address cost issues associated with Banking, Payments and Financial Services;

i. Improve Transparency of Merchant Fees to empower SMEs to make informed decisions and increase competition. To achieve this the Central Bank of Ireland and CCPC should require:

- Standardised fee disclosure formats
- Clear breakdown of all payment acceptance costs
- Simplified monthly fee statements
- Public fee comparison tools

ii. **Promote competition in Merchant Acquiring** – to achieve this Government and regulators should:

- Remove barriers to entry for new acquiring providers
- Support fintech payment providers entering the Irish market
- Monitor competition in the acquiring sector
- Ensure fair access to payment infrastructure

Increased competition will reduce costs and improve transparency.

iii. **Improved SME Access to Banking Services** – to be achieved by the Central Bank of Ireland taking the following actions;

- Establish service standards for SME account onboarding timelines
- Promote availability of basic SME banking services
- Support entry of new SME banking providers
- Monitor SME access to banking services following recent bank exits

Access to banking is essential economic infrastructure.

iv. **Improve access to SME Finance** – the Government should:

- Expand SBCI lending programmes
- Increase awareness of Credit Guarantee Scheme
- Support fintech lending platforms
- Promote competition in SME lending

This will support retail business sustainability and growth and will improve productivity and competitiveness.

v. **Support Switching and Competition** - ensuring some market movement will be key to improving competition. To achieve this, Government and regulators should:

- Improve SME bank account switching processes
- Promote Open Banking solutions
- Support data portability
- Reduce administrative barriers to switching

This will strengthen competitive pressure.

Conclusion

RGDATA members, along with other SMEs in Ireland face disproportionately high costs and barriers in accessing essential banking, payment, and financial services.

These costs reduce competitiveness, constrain growth, and undermine the sustainability of independent retail, particularly in towns and regional areas.

Reducing these barriers and increasing competition will:

- Lower operating costs
- Improve SME resilience
- Support employment
- Strengthen town centres
- Promote economic diversity

Financial services must function as accessible, affordable infrastructure for Ireland's retail and SME sector. Targeted action by Government, the Central Bank of Ireland, and other regulators can significantly improve outcomes for independent retailers and strengthen Ireland's retail economy.