

**Construction Industry Federation**  
**Submission to the Business Regulation Forum**

The construction sector is dominated by some of the smallest businesses in the economy. Most construction workers are employed in small companies, and attention must be paid to the high pressure of regulation under which these small businesses work. Small enterprises face disproportionate burden of regulation and are often the companies least able to respond to new directives and laws. CIF welcomes the opportunity to highlight some of the areas of business where regulation and current practice add to the cost of employing people and doing business in Ireland.

Regulatory Impact Assessment must be at the heart of government policy in taxation, safety and health and employment. RIA must provide clarity on how regulatory costs and charges are calculated by government in policy formulation. CIF has long believed that it is imperative to publish all RIA, giving justification for any proposed regulation at an early period in the consultation cycle and give support to SME and micro-enterprises, which are often the least able to respond in a timely way to new burdens. Ultimately, increased charges and costs are passed on to consumers, and undue costs harm Irish businesses.

Construction is a labour-intensive business. It is also a mass employer of people of all skills and educational attainment. In order to meet the demand of public and private contracts, the construction employers require the flexibility to recruit well-trained and educated people. Any regulation which causes complexities in regards to employment law, slow the construction process and add costs to the client.

The planning process in Ireland is an area where regulation has increased rapidly in recent years. The process is now extremely bureaucratic, slow and expensive. With lead-in times to construction projects being so slow, the cost to complying with regulation becomes higher and again adds to construction cost. CIF has urged government to reform the planning process in Ireland, especially in the field of critical infrastructure to improve efficiency and reduce the time it takes for construction to take place.

The cost of doing business in Ireland continues to rise, and the impact of regulation on businesses of all sectors is having is felt in Ireland's external competitiveness. CIF in its *Submission to the Department of Finance on the National Development Plan 2007 – 2013* highlighted the following areas which are currently inadequate and which require investment in order to reduce cost to business.

1. **Waste disposal.** The cost to Irish construction industry in disposal of construction and demolition waste continues to remain prohibitively high. This cost is ultimately borne by the consumer, and the current waste management system in Ireland is in need of sustained high-levels of government investment in order to create an infrastructure which is able to cope with increased demand and which will conform to the highest standards of environmental protection.
2. **Energy.** Increased costs in oil, coupled with Ireland's reliance on overseas sources of energy, adds huge cost to doing business in Ireland. CIF has repeatedly called on government to fund a national energy policy, with renewable source of energy at its heart, to reduce overseas imports, and create a national supply of cheaper and reliable supply of energy. The regulation under which construction activity takes place will increase further with the introduction of energy efficiency rating for buildings. The time is therefore ripe for a full investigation of energy pricing and its impact on construction enterprise.
3. **Safety and Health.** Safety will always remain the top priority for all construction firms and CIF is proud of Ireland's safety record in construction. The industry will continue its policy of working in partnership with all organisations to eliminate construction-related injury and fatalities. There is, however, an ever-increasing amount of regulation in the field of safety and health which must be examined, rationalised and reduced. Proposed regulation in the fields of vibration, noise and work at heights add to the existing raft of regulation. They provide an opportunity to test the Government's commitment to making RIA and stakeholder dialogue at the core of policy making.

4. **Education and Training.** The Construction Industry is the largest labour intensive sector of the Irish economy. To this end, there is a need to ensure that workers and future recruits are trained and educated to the highest standards. The Experts Skills Group for Construction and CIF have highlighted medium term manpower needs for the construction sector, and calls for increased provision to address such needs.

CIF expects the National Training Fund to support training in the fields of sustainability, environmental awareness, waste management, safety management, and building innovation. Skills and qualifications are needed to keep such a large workforce up to date on new developments, and CIF expects the relevant Government departments and agencies to provide leadership in the provision and support of appropriate and flexible training options. CIF calls on the Government to extend funding provision of education schemes for construction workers whose native language is one other than English.

The Building Research Establishment Ireland (BRE Ireland) is a new joint venture between Limerick University, LIT and others, including construction firms and research institutes. Its focus will be on Innovation (in products, processes, and sectors), Enterprise (training, auditing, consultancy etc), and Sustainability (technology, social, practices). CIF believes that support must be given to this innovative and exciting project.

5. **Self-Employment and Pensions.** The 35% rate withholding tax rate deducted under the C45 scheme reflects the rate of standard rate of income tax at the scheme's inception, and has not been lowered in line with tax rates. CIF believes that the C45 tax system for the self-employed should be modified in such a way to ensure that the self-employed are part of an appropriate pension scheme. The 35% rate should be modified to reflect 24% income tax, 5% PRSI and 6% pension scheme.

Alongside the increased burden of regulation is a requirement for improved clarity on the basis for the adoption of the new regulation, and information on how business can implement adherence to these regulations in the workplace.

CIF would call for improved clarity in implementing regulation, and promote business briefings especially for micro-enterprises on whom the burden of compliance is the heaviest.