The Centre for
Cross Border Studies

MEDIA WATCH

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20 November 2015

Enda Kenny welcomes plans for reduction of corporation tax in the North

Mr Kenny was responding to deals in Belfast this week which will see the Stormont Executive back up and running and measures to resolve outstanding budget issues.

Among the key proposed reforms are moves to devolve corporation tax reforms from London, so the North can bring in a 12.5% rate, in line with the Republic, after 2018.

Despite concerns that such a move would be in direct competition with Dublin, there have been suggestions that more investors may move here as it would allow them work with both euro and sterling.

Mr Kenny said: We ve always been supportive of Northern Ireland in the context of it building an **all-island** economy.

He said the devolution of the corporation tax powers to Belfast, so their rate would be the same as here, would make the island of Ireland more attractive for investors. We re happy about that [the change].

Jobs Minister Richard Bruton said there had been a 30% increase in the number of companies registered over the last year and lending to businesses had also increased by almost a third.

Fianna Fáil welcomed the reduced unemployment rate figures but warned the Government could not continue to focus efforts on creating jobs in Dublin at the expense of other regions.

Jobs spokesman Dara Calleary added: The latest stats from the CSO reveal that over 50% of the jobs created here in the last 12 months were concentrated in the Greater Dublin Area. Only 3% of new jobs were in the Mid-West and Mid East Regions, with 8% in the Border region.

Meanwhile, the Minister for Public Expenditure has been criticised for failing to provide any degree of information on over 1.1bn of supplementary estimates.

Government departments are to spend 1.6bn extra before the end of the year ahead of tighter rules on spending next year.

However, Fianna Fáil s Sean Fleming said details of what 1.1bn of this overall budget will be spent on has yet to be made public.

Source: http://www.irishexaminer.com/ireland/enda-kenny-welcomes-plans-for-reduction-of-corporation-tax-in-the-north-365995.html

24 November 2015

Why we need bright ideas to solve energy problems

Electricity users and electricity policymakers will be reading the small print in the Chancellor's autumn budget statement this week. There is expected to be some clarity on the way in which incentives in Great Britain are trimmed or reduced for investors in energy from on-shore wind plant.

In recent years, the subsidies for on-shore wind energy plants have been too expensive. The rewards to investors, through the Renewable Obligation Certificates (ROCs), have proved so successful that the updated assessment is that customers are paying more than is necessary to incentivise production of renewable electricity.

The policy in GB is to switch to a less extensive and better-directed effort from renewable energy sources.

The changes applicable in GB will not only change the basis for incentives to investors, but, in a somewhat controversial dimension, will bring forward the end date for the present subsidies (ROCs) regime. In GB, potential investors under the existing scheme will cease to qualify if they have no firm contractual base, from April 2016 (with a period of grace for the completion of the project) followed by a 20 year operational agreement.

Northern Ireland policymakers, now led by minister Jonathan Bell, have been caught with a serious dilemma. Northern Ireland policy was expected to follow changes in GB, which (until the General Election) envisaged a phased withdrawal of ROCs after March 2017.

The position in NI has, until now, been facilitated by an agreement with the GB department which has 'postalised' or shared the UK-wide costs of paying for ROCs. If the Westminster minister, Amber Rudd, is to agree to retain this cost-sharing arrangement, then she has made a decision that can only continue if NI keeps in step with the GB changes.

For Minister Bell, the decision by minister Rudd poses an uncomfortable choice. He would like to agree a NI waiver for approved new investors, possibly until April 2017.

His London counterpart is reluctant (more than reluctant, it seems) to accept a special waiver or opt-out for NI.

Either NI agrees to a parallel scheme to GB or NI goes it alone.

If NI goes alone into a changed scheme for on-shore wind energy, then NI customers will pay higher prices. The cross-subsidy of the GB scheme would no longer exist. The cost of going alone is variously estimated, but might be near to £50 per household each year: that might cost over £37m pa.

Minister Bell is naturally reluctant to lose the benefit of the system of postalised charges. He is also acutely aware of a number of potential investors for whom an earlier cut-off date for the existing ROCs scheme will be a loss of potential attractive earnings.

Secretary of State, Amber Rudd, is proving unsympathetic. Her defence lies in the application of the policies that the Conservative Party made clear in election promises earlier this year.

Jonathan Bell still hopes for a compromise scheme that would leave the door open for most of the NI potential investors, both small scale, usually on farms, and larger-scale projects. However, he is sanguine enough to realise that the cost of going alone into a local renewable energy subsidy scheme is likely to be unacceptable when compared to the current shared costs current scheme.

The policy dilemma on how to pitch the subsidies for renewable (wind) energy sits alongside a series of serious energy related questions. The argument about the impact of energy costs on the economics of manufacturing industries has been painfully illustrated by the Michelin decision.

The minister now has a number of energy questions where he needs constructive help. Will he commit local customers to £37m higher costs each year for renewables? Will be do anything to avoid the £15m extra costs of NO **north-south** interconnector? Will he soon finish paying £24m each year, whilst waiting to repair the Moyle interconnector?

Clear thinking required.

Company Report: Ards Holdings

Ards Holdings is the parent company for well-established operational construction company Gilbert Ash. The financial results are heavily influenced by the trading performance of that subsidiary.

In 2014 Ards Holdings registered a continuing, if smaller, operating profit. The active workload in the construction sector has been falling. The company reports that the group has been engaged in business throughout the UK, as well as in Ireland and elsewhere in Europe.

In 2012, pre-tax profit was affected by an exceptional cost of £5.2m which at that time was attributed to costs arising on a number of then current contracts. Without those exceptional costs, pre-tax profit would have been £798,000.

The group has recently also been involved in contracts in retail and commercial fit-outs and has sought business in the sale of conservatories and sunrooms.

The group reports that market conditions remain highly competitive. The directors are encouraged by the present order book and expect a significant increase in turnover in 2015. They point to a focus on developing the business in Great Britain where they have identified an increase in the number of tender opportunities.

In a further sign of a possible upturn in the construction market the directors point to the emerging risks of a shortage of skilled labour alongside long lead times for key material supplies in Great Britain.

The company has not allocated an dividends in the last two years. In 2012, £0.53m was paid, but since then no further dividends have been recorded.

Average employment peaked in 2007 with an average of 192 staff. Since then numbers have fallen steadily until 2013 when they reached 110. More recently the average number has risen to 119 people.

Source: http://www.belfasttelegraph.co.uk/business/opinion/john-simpson/why-we-need-bright-ideas-to-solve-energy-problems-34227486.html

27 November 2015

Charlie Flanagan warns about British EU exit uncertainty

Continuing uncertainty about Britain's future in the EU could lead to severe adverse effects for Ireland north and south, Foreign Affairs Minister Charlie Flanagan said yesterday.

Speaking at Queen's University Belfast, Mr Flanagan said Ireland backed efforts by UK prime minister David Cameron to reform the EU and therefore help see off any threat of a British exit from the EU.

The speech marks an escalation in Ireland's role to do it all it can to help influence the debate in the North and in Britain that reform of the EU is possible and that exiting the EU would create risks for the Irish economy.

Mr Flanagan said he saw "very little to be gained by sailing into such uncharted waters" for Ireland and Britain.

Because, no matter what way you look at it, a 'Brexit' would be a leap into the unknown," said Mr Flanagan.

"No matter how much planning and mitigating and negotiating we will of course do if the UK does leave the EU, we simply don't yet know just how much it might mean for the border, for north-south co-operation and for the all-island economy.

"And that's just uncertainty from a relatively narrow all-of-Ireland perspective.

"There is huge uncertainty too surrounding a whole host of other things, whether it's the economic impact it will have on the entire EU, the strategic balance within the union, or on the EU's engagement with the wider world."

Earlier this month, the Economic and Social Research Institute warned that trade between Ireland and Britain could fall at least 20% if the UK left the EU.

The Institute of International and Economic Affairs said earlier this year that a British exit would cut the annual value of Irish exports by €6bn.

Source: http://www.irishexaminer.com/business/charlie-flanagan-warns-about-british-eu-exit-uncertainty-367396.html