



# **COLERAINE BOROUGH CHAMBER OF COMMERCE AND INDUSTRY**

## **RESPONSE TO THE INDEPENDENT REVIEW OF ECONOMIC POLICY**

**November 2009**

## **RESPONSE ON BEHALF OF COLERAINE BOROUGH CHAMBER OF COMMERCE & INDUSTRY**

Coleraine Borough Chamber of Commerce & Industry (CBCCI) represents the interests of its members drawn from a wide spectrum of business sectors. Apart from the Northern Ireland Chamber of which CBCCI is an Affiliate Member, Coleraine Borough Chamber is the second largest Chamber in Northern Ireland.

### **RESPONSE OVERVIEW**

The Chamber welcomes any initiative which will facilitate a more entrepreneurial approach to economic development in Northern Ireland. In many respects the review, in its 'Recommendations for Change' signposts the way towards achieving that objective and Coleraine Borough Chamber supports or strongly supports many of its recommendations.

Coleraine Borough Chamber presents the following comments on the 'Recommendations for Change' section of the Review Report.

### **Policy Development**

#### **Review Recommendation:**

As part of the review of structures within DETI (proposed in Chapter 8), the department should ensure that most resources are dedicated to policy development and monitoring.

#### **Chamber Response:**

CBCCI recognises the desirability of having clearly defined policies for economic development, and a rigorous process for monitoring and review. The Chamber supports the recommendation that more resources are dedicated to policy development and monitoring. However, CBCCI argues strongly that the channelling of such resources in that direction should not result in the withdrawal of resources from other vital areas, thus impacting negatively on Invest NI's effectiveness in supporting economic development on the ground. An essential outcome of the implementation of the Review is that there is no reduction in the proportion of Invest NI's budget allocation which is available to spend on direct assistance.

## **Policy Delivery**

### **Review Recommendation:**

The concept of Invest NI 'clients' should be removed to allow Invest NI to work throughout the entire business base to raise awareness and provide support for businesses undertaking Innovation, R&D and exports.

### Chamber Response:

Coleraine Borough Chamber supports this recommendation. Many businesses have been ineligible for support because they did not meet current pre-qualification requirements in order to be recognised as a 'client'. Under this recommendation many more companies may become eligible for consideration for support, with a positive impact a wider range of businesses than before, and with consequent benefit to the Northern Ireland exchequer.

### **Review Recommendation:**

Invest NI should work to significantly reduce the number of its support programmes.

### Chamber Response:

CBCCI is of the view that implementation of this recommendation will make for a more flexible approach to business support. Current arrangements require that applications for support must be tailored to satisfy the constraints of existing programmes, which is not necessarily the most appropriate way to present a case for support because of the inevitable distortions involved. Adoption of this recommendation should result in a more effective mechanism.

**Review Recommendation:**

Most assistance delivered via SFA should be redirected between now and 2013 to provide greater levels of support to Innovation and R&D.

Chamber Response:

Coleraine Borough Chamber agrees that it is important to support and encourage Innovation and R&D. However, the Chamber questions the wisdom of the removal of measures which historically have been vital in the retention of jobs in Northern Ireland in sectors where job mobility is potentially relatively easy. Especially in these economically delicate and hugely competitive times such jobs could be attracted to other regions of the global workplace resulting in significant losses to the Northern Ireland economy, and to regional locations such as Coleraine. In order that security of jobs is not threatened in the short or medium term CBCCI suggests that this recommendation be reappraised, with consideration being given to the development of a well balanced programme concentrated on the weaning of companies off traditional assistance packages on to more incentivized programmes of support over a longer timeframe.

**Review Recommendation:**

Grants for business expansions should be phased out towards 2013, after which such grants are unlikely to be available under EU state aid rules.

Chamber Response:

The Coleraine Borough Chamber is of the view that the Northern Ireland Executive should not assume that the decision to phase out support in 2013 for all situations not involving Innovation and R&D is a foregone conclusion. Chamber encourages the Executive to proactively campaign for the retention of an element of support for use in general business expansion to be used on a discretionary basis.

**Review Recommendation:**

Invest NI should transfer its budgets relating to tourism accommodation back to DETI to be redistributed to a more appropriate body.

Chamber Response:

CBCCI is very supportive of this recommendation. The concept of a single body having responsibility for the administration of all programmes of support for tourism development, including tourism accommodation is attractive and eminently sensible.

**Portfolio of Innovation Policies**

**Review Recommendation:**

Industry-led Innovation communities, as suggested in the MATRIX report, should be developed as a pilot to bring together business, academia and Government and exploit available market opportunities.

Chamber Response:

Coleraine Borough Chamber wholeheartedly supports this proposal and considers the Coleraine area to be well placed to deliver the suggested pilot programme. A significant number of members of the local business community would have the ability to take up positions of leadership of the Innovation Communities, and the Coleraine campus of the University of Ulster, with its highly respected Business Faculty would be well placed to make the contribution from the academic community. Chamber believes that Innovation Communities will have a much greater possibility of delivering real and lasting success if they are industry-led and commercially driven.

**Review Recommendation:**

Additional support for Innovation and R&D should not involve new public expenditure but instead be financed from savings in grant support for investment by existing firms and in property development.

Chamber Response:

CBCCI supports the view that the most effective way to meet the need for development of commercial and industrial property is to allow it to be carried out by the private sector. Consequently the Chamber suggests that property development should no longer be an Invest NI function and that Invest NI should develop attractive support initiatives designed to encourage private sector developers to commit capital to this end.

Chamber suggests that because of the considerable need in Northern Ireland for top quality shell properties in good locations, in order to attract inward investors, any funding currently employed in, or earmarked for property development, plus any funds currently locked in the Invest NI land-bank should be released and re-directed as catalyst assistance to developers. Chamber would argue the case that, at least for the next 5 to 8 year period, consideration be given to providing separate additional funding for Innovation and R&D so that commercial property development may continue to be supported.

**Review Recommendation:**

Invest NI's export assistance should become more dedicated and professional, adopting a similar model to the fee-charging export agencies identified in Chapter 6, with two tiers of charges depending on whether the company is an SME or large firm.

Chamber Response:

Coleraine Borough Chamber is of the opinion that if an arrangement of fee-charging is to be considered, it will necessitate a much more commercially oriented approach by Invest NI. Clients will demand value for money and if the scale of fees is to reflect the true cost of the provision of the service, reflecting the high levels of bureaucracy of most government funded bodies, this could well be prohibitive for many SME's.

Regardless, it is essential that the perceived commercial value of the package remains attractive to potential exporters.

## **Policy Delivery (DETI)**

### **Recommendation:**

DETI and Invest NI should undertake an immediate and focused review of its overall strategic and sectoral approach to capitalize on the benefits of new telecommunications connectivity in NI.

### **Chamber Response:**

Coleraine Borough Chamber strongly supports this recommendation. The Kelvin cable landing station and first point of presence are situated in the Coleraine Borough area with the result that our region enjoys the USP of having the fastest connectivity to east coast USA of any region in Europe. A decision to offer focused support to this strategic and fast developing market sector would be of great benefit to Northern Ireland as a whole and the Coleraine area in particular.

## **General Comment**

The Northern Ireland Executive has decided to implement local Government reform, possibly by June 2011, and this will result in a time of huge change for the newly formed local administrative bodies. At the same time it is proposed that responsibility for local economic development will transfer to the new bodies. Coleraine Borough Chamber has major concerns about the potential loss of momentum in economic development initiatives which may result from the affects of the change. Substantial support for and mentoring of Councils must be provided to facilitate the development of staff and the implementation of programmes to ensure that the transition is as seamless as possible.