

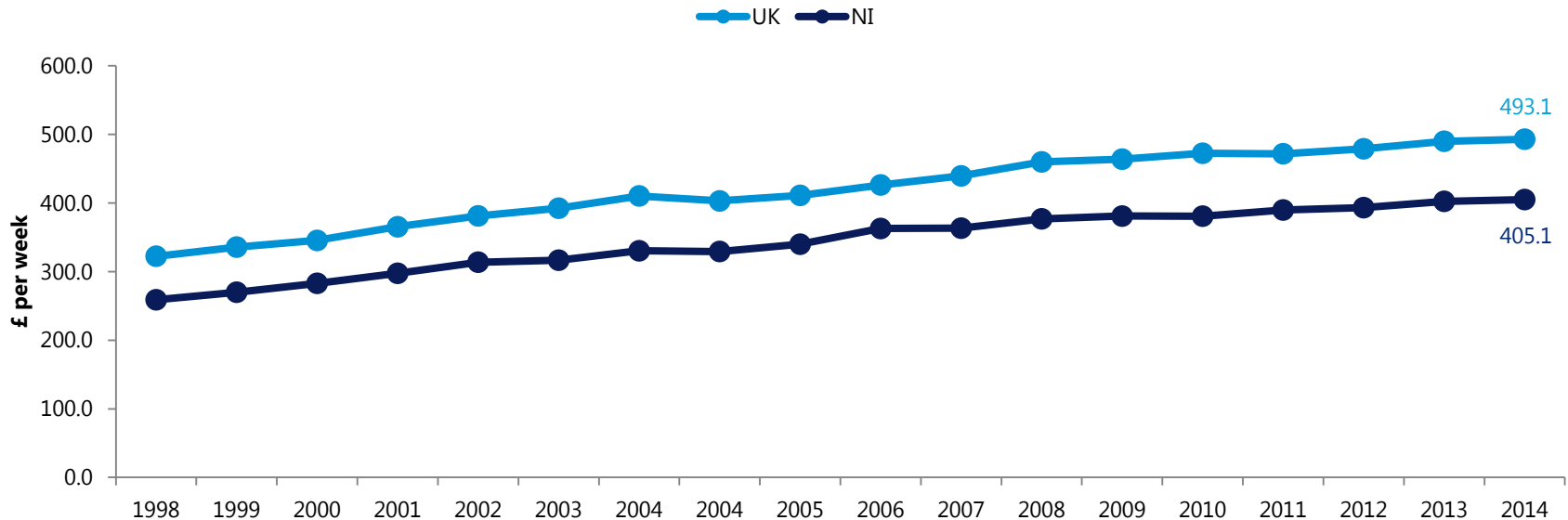
Cost of Doing Business in Northern Ireland

Benchmarking Paper

Labour Costs

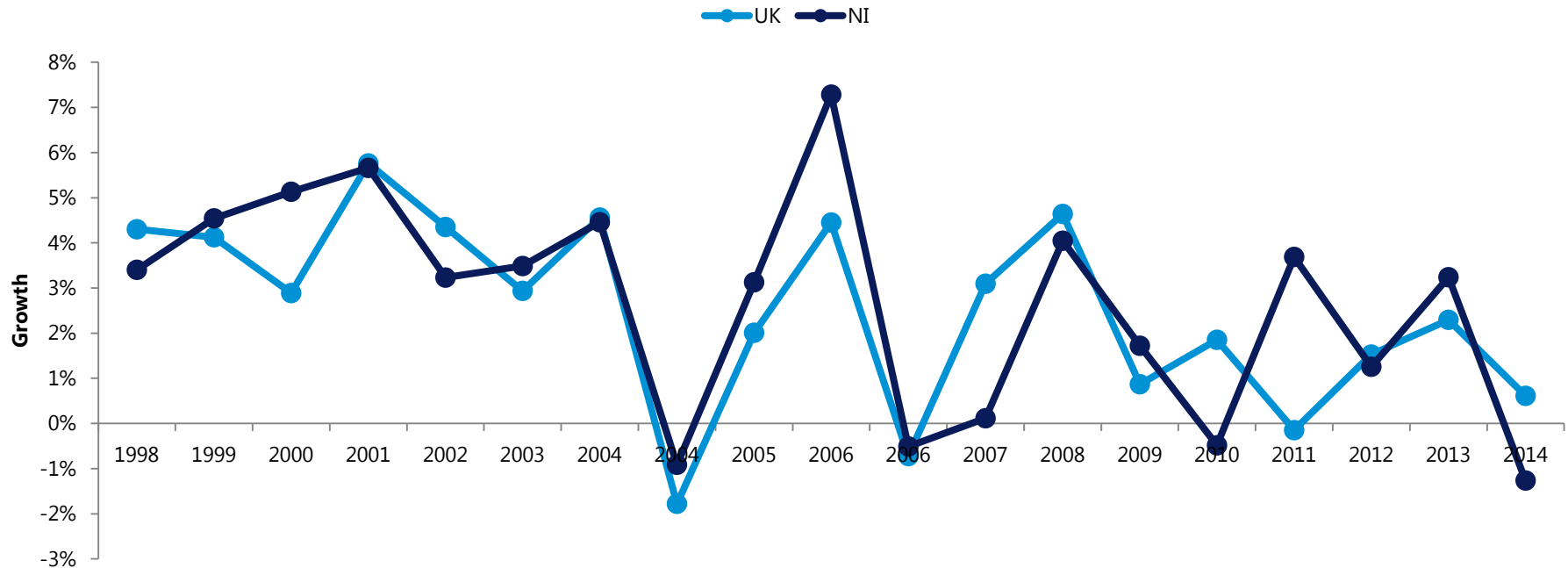
NI private sector wages vs UK

- In 2014 UK private sector wages were 22% higher than NI private sector wages.
- Since 1998 private sector earnings in the UK have increased by 53% whereas in Northern Ireland they have increased by 56%, albeit from a much lower level.



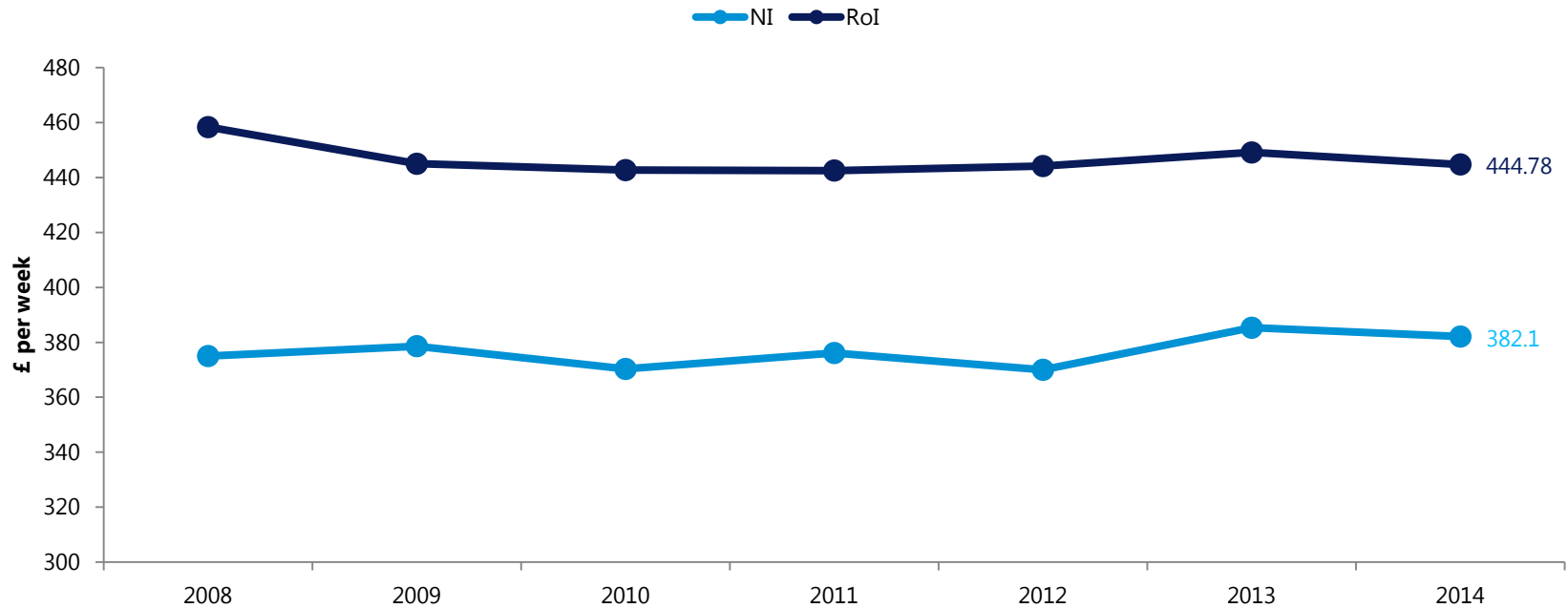
NI private sector wage growth vs UK

- Between 2004-2006 wages increased at a faster rate in Northern Ireland than the UK, although this has been from a much lower base.
- Growth in private sector wages in Northern Ireland has broadly tracked the UK trajectory since 2007 (apart from 2011 and 2013).



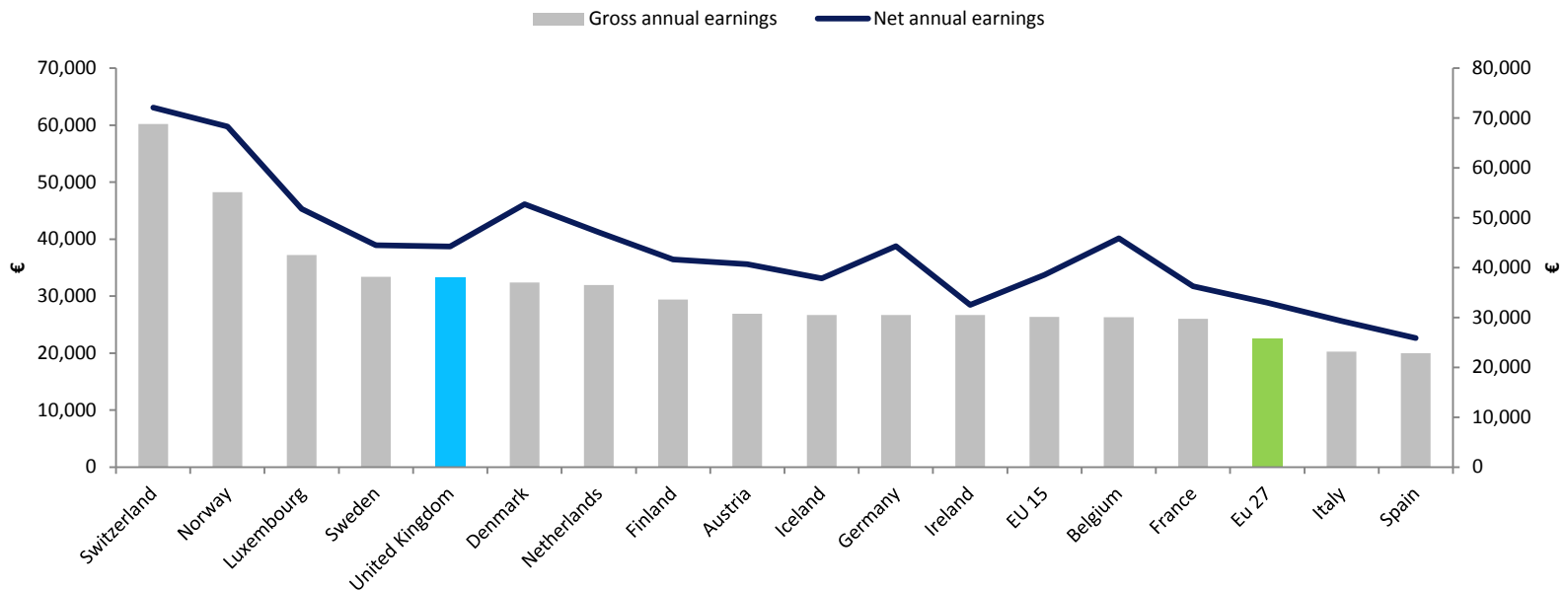
NI private sector wages vs RoI

- In 2014 RoI private sector wages (based on average wage levels) were 16% higher than private sector wages in NI.
- However this gap has been narrowing, in 2008 NI private sector wages were 82% of RoI figures, by 2014 they were 86% of RoI levels.

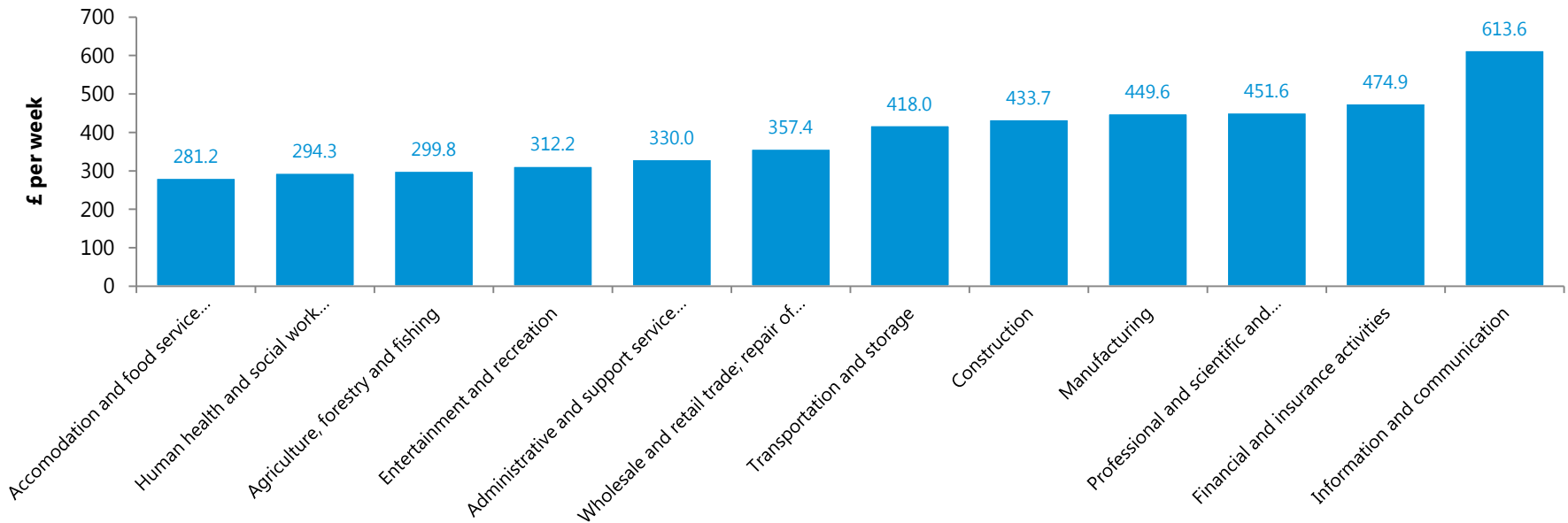


EU average gross and net wages

- Compared to the EU27 average Ireland has 1% lower annual net wages whilst the UK has 34% higher wages.
- UK gross wages were 25% higher than those in Ireland whilst net wages were 36% higher than those in Ireland.
- On this measure Ireland appears to have a competitive advantage relative to the UK on wage costs.

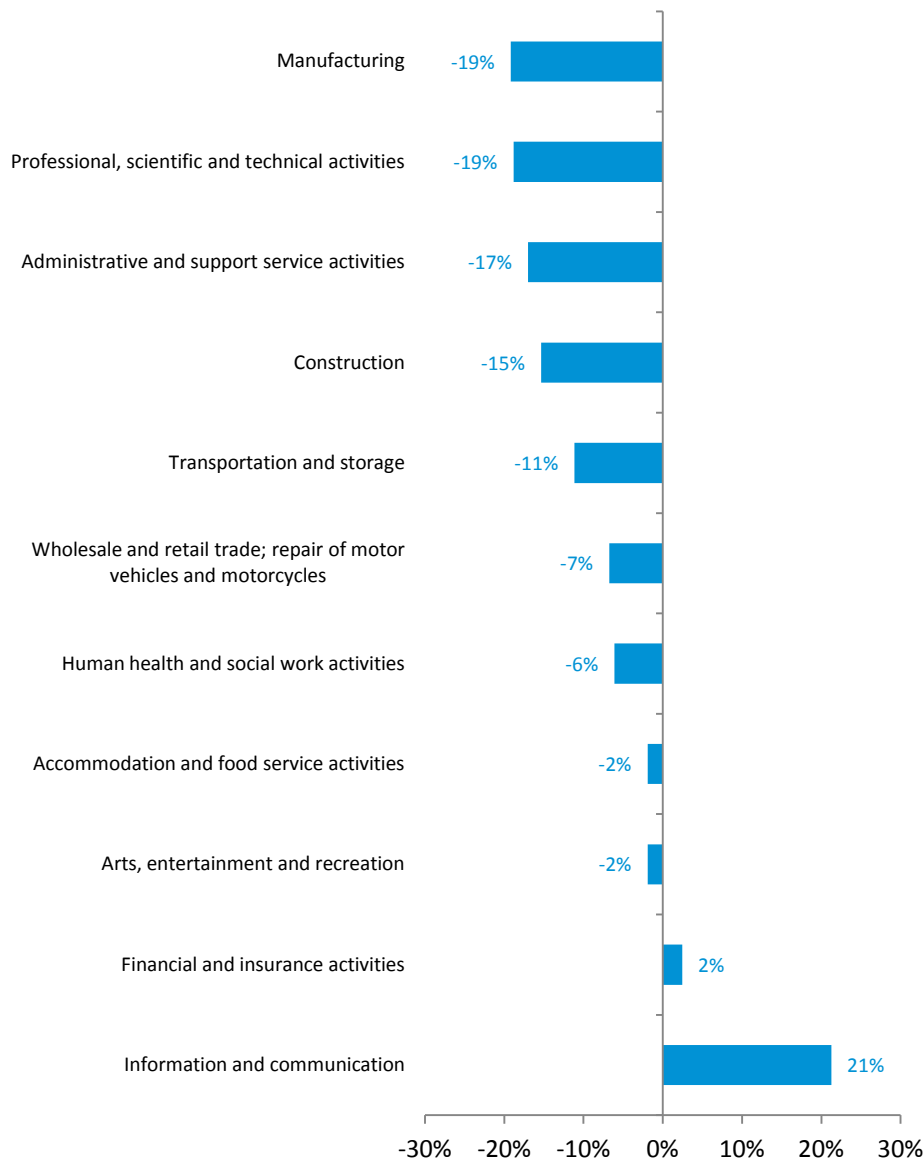


NI private sector 2014 – SIC code



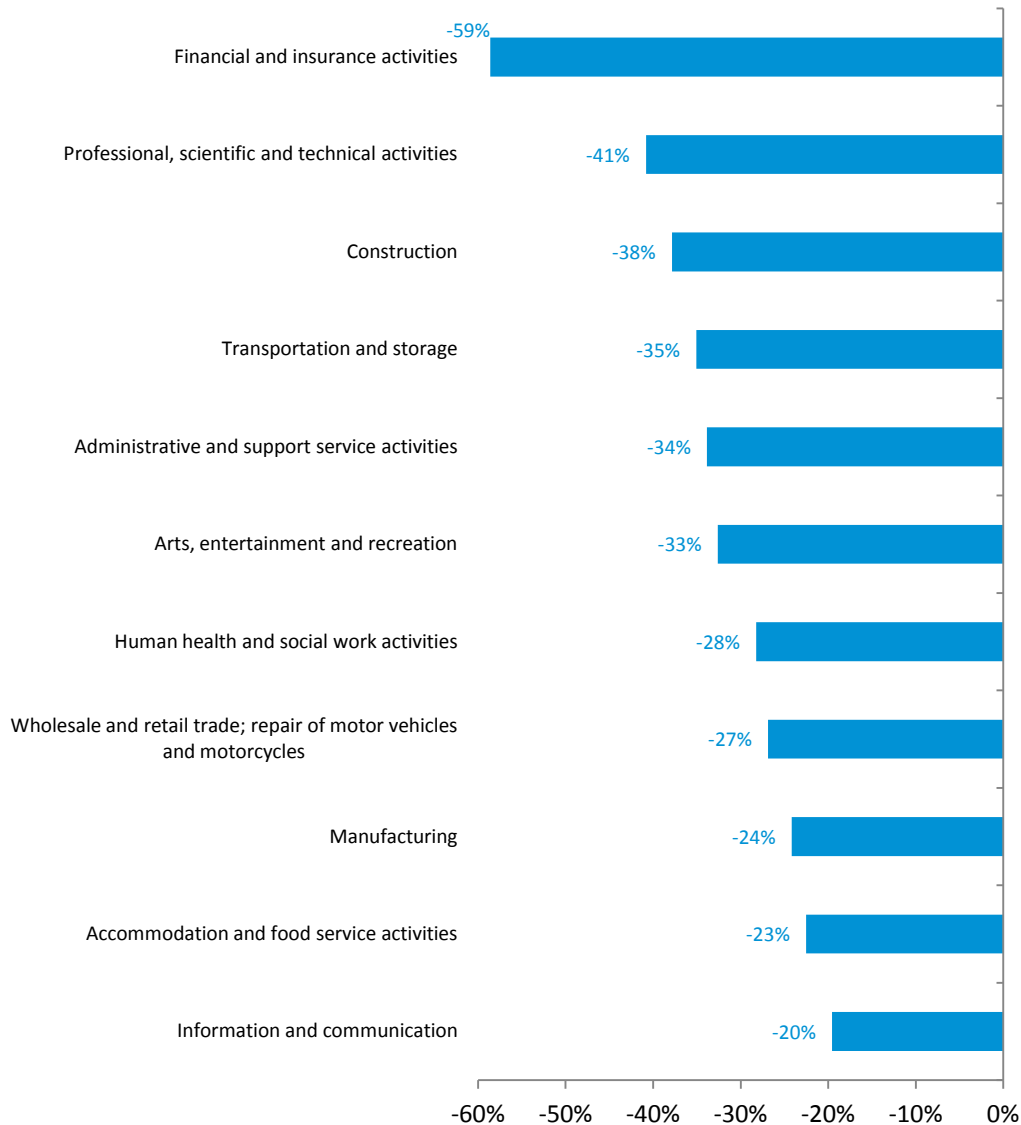
- Using available data, in 2014 the highest wages paid were to those employed in 'Information and communication' industry grouping.
- Wages in this grouping rose by 10% since 2011.
- The largest increase in the period was recorded for those employed in 'Accommodation and food service activities' (+12%).
- Whilst the largest contraction was recorded for those employed in 'Financial and insurance activities' (-17%).

SIC – NI vs North East



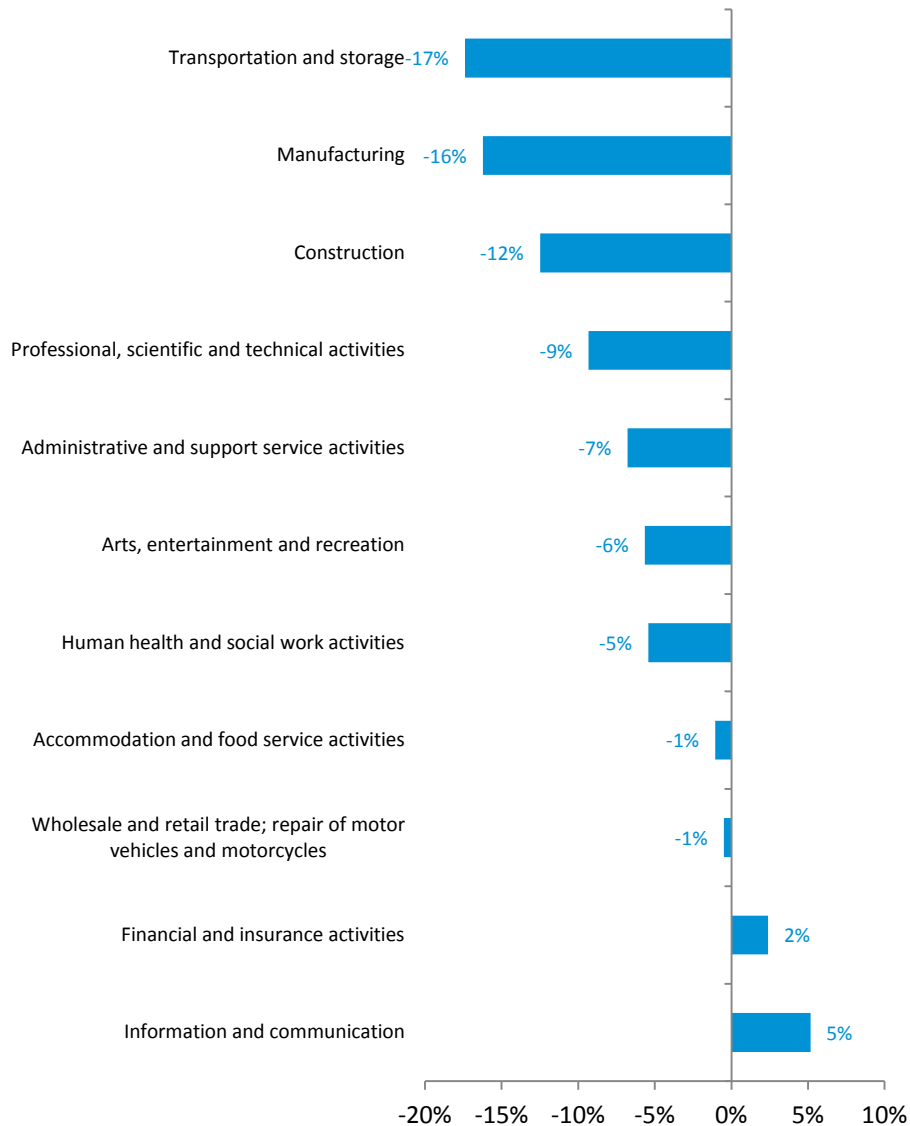
- Where information was available, in all but two industrial groupings the private sector wages paid were lower in Northern Ireland.
- The percentage differential ranged from -19% to +21%.
- Those employed in the 'Information and communication' industry receive higher wages in NI.
- The largest negative differential was recorded for those in 'Manufacturing' and 'Professional, scientific and technical activities' who were paid 19% less in Northern Ireland than the North East.

SIC – NI vs London



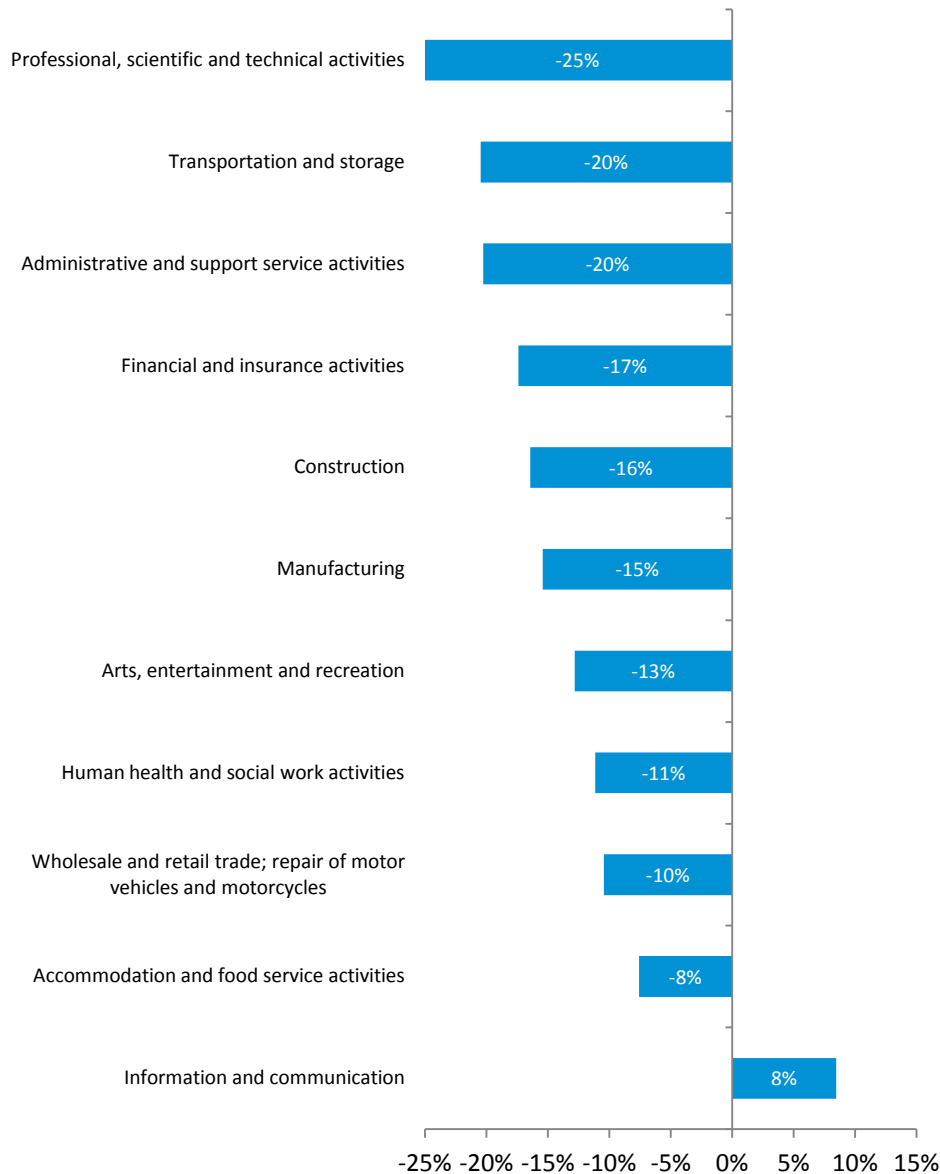
- Where information was available, in all industrial groupings the private sector wages paid were lower in Northern Ireland.
- The percentage differential ranged from -59% to -20%.
- The largest negative differential was recorded for those employed in 'Financial and insurance activities'.

SIC – NI vs Wales



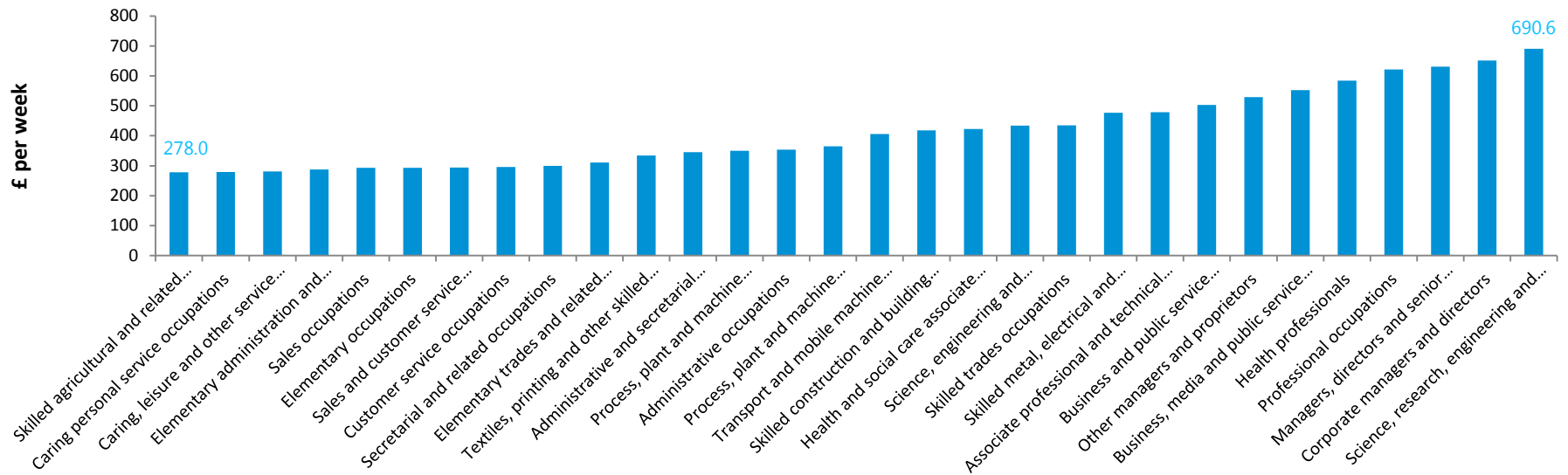
- Where information was available, in all but two industrial groupings the private sector wages paid were lower in Northern Ireland.
- The percentage differential ranged from -17% to +5%.
- Those employed in the 'Information and communication' industry were paid 5% more in Northern Ireland than Wales.
- The largest negative differential was recorded for those in the 'Transportation and storage' industry who were paid 17% less in Northern Ireland than in Wales.

SIC – NI vs Scotland



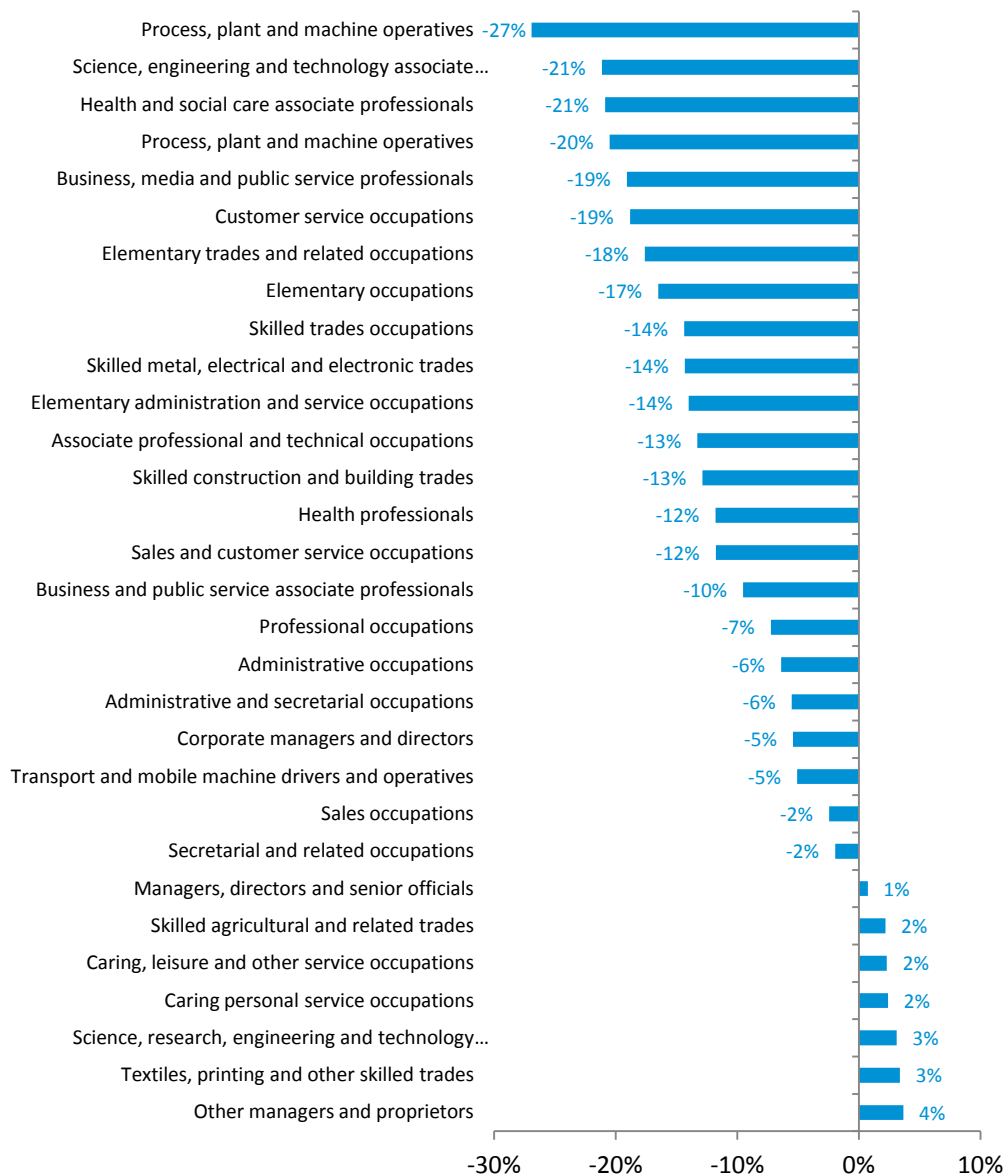
- Where information was available in all but one industrial groupings the private sector wages paid were lower in Northern Ireland.
- The percentage differential ranged from -25% to +8%.
- Those employed in the 'Information and communication' industry were paid 8% more in Northern Ireland than in Scotland.
- The largest negative differential was recorded for those employed in the 'Professional, scientific and technical' industry who were paid 25% less in Northern Ireland than in Scotland.

NI private sector 2014 – SOC code



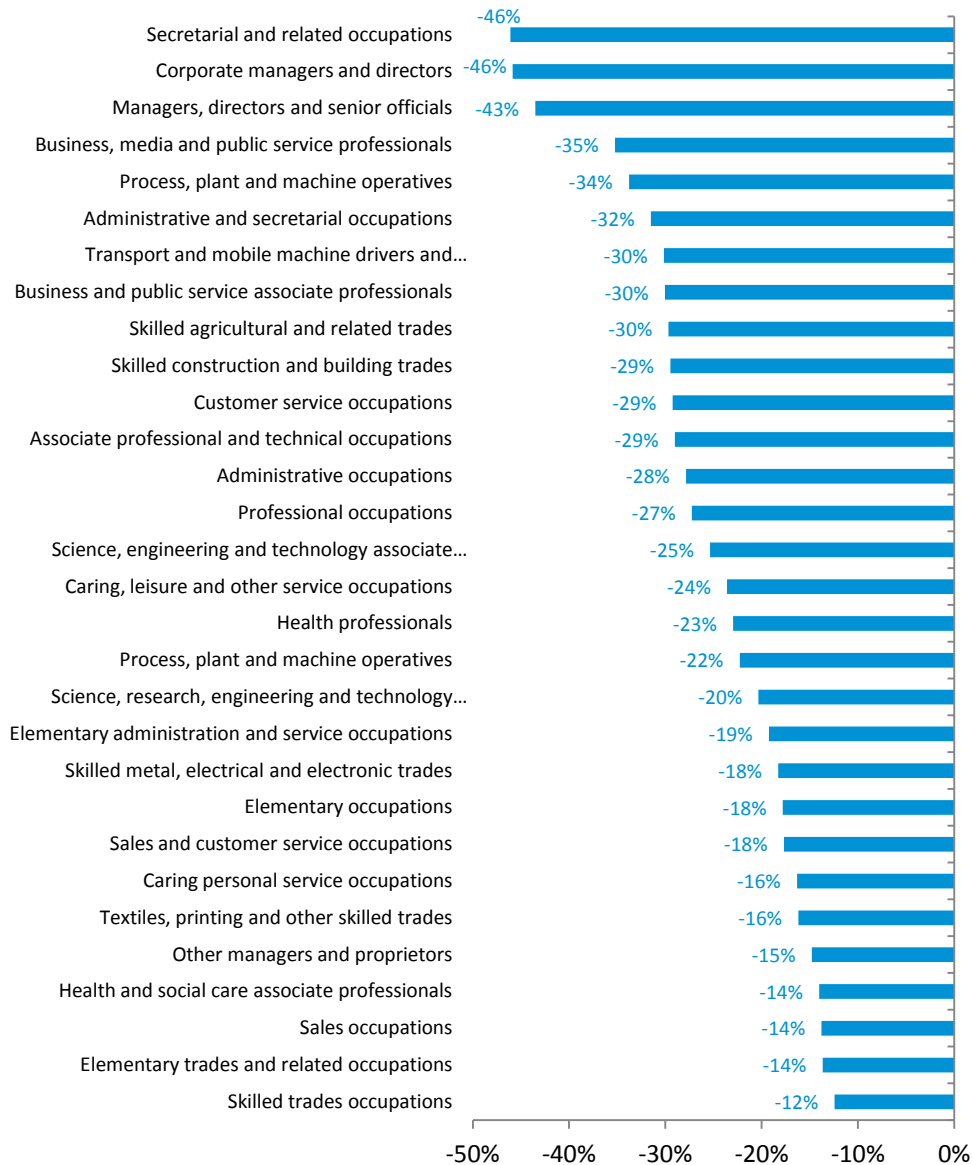
- Using available data, in 2014 the highest wages were paid to those classified as ‘Science, research, engineering and technology professionals’.
- The largest rise in salaries between 2011-2014 was recorded for ‘Other managers and proprietors’ (+25%).
- The largest decrease over the period was experienced by ‘Secretarial and related occupations’ staff (-5%).

SOC – NI vs North East



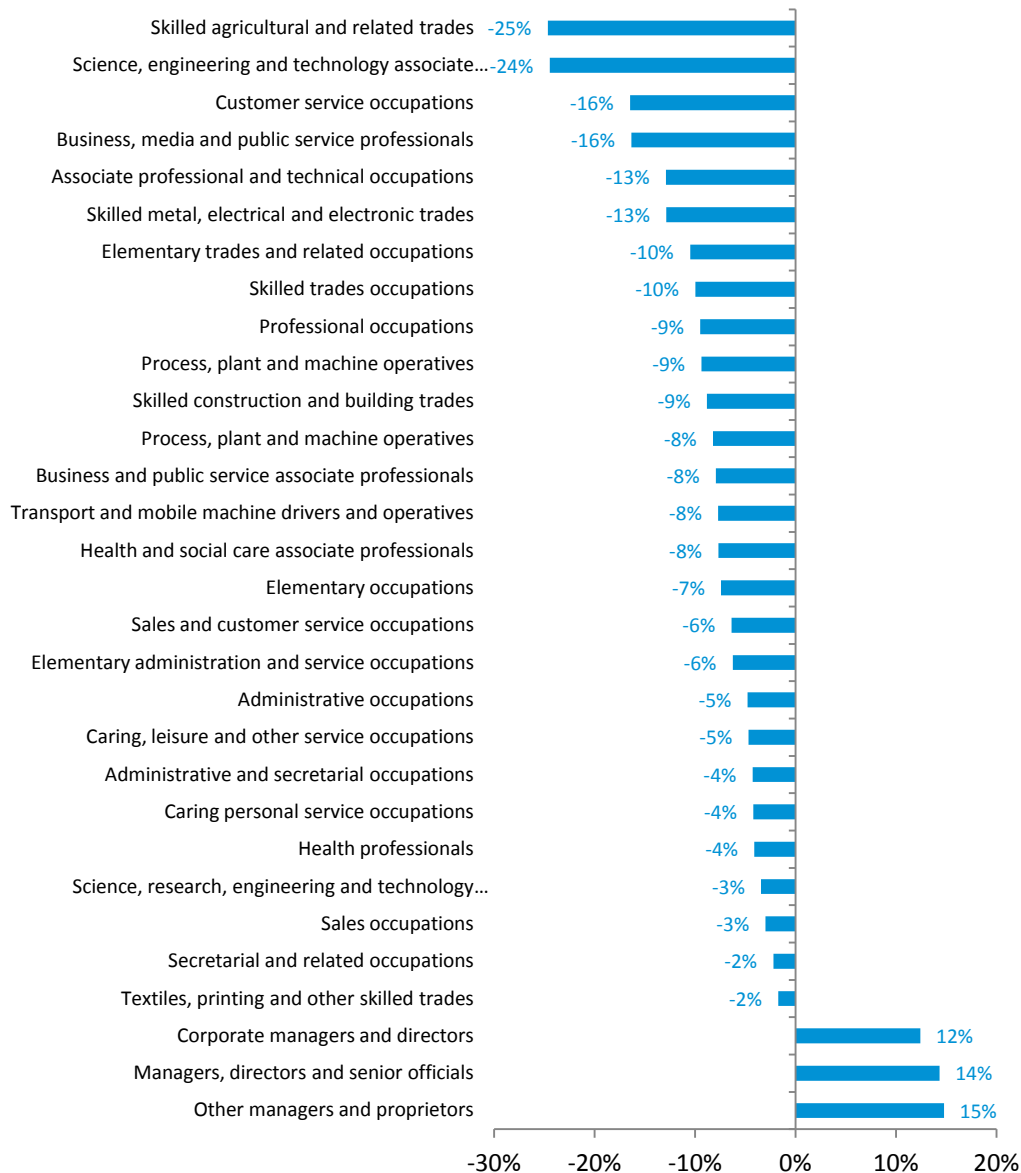
- Where information was available, in all but seven occupational groupings the private sector wages paid were lower in Northern Ireland.
- The percentage differential ranged from -27% to +4%.
- The largest negative differential was recorded for 'Process, plant and machine operatives' who were paid 27% less in Northern Ireland than the North East.

SOC – NI vs London



- Where information was available, in all occupational groupings the private sector wages paid were lower in Northern Ireland.
- The percentage differential ranged from -46% to -12%.
- The largest negative differential was recorded for 'Secretarial and related occupations' & 'Corporate managers and directors' who were paid 46% less in Northern Ireland than in London.

SOC – NI vs Wales



- Where information was available, in all but three occupational groupings the private sector wages paid were lower in Northern Ireland.
- The percentage differential ranged from -25% to +15%.
- The largest negative differential was recorded for 'Skilled agriculture and related trades' who were paid 25% less in Northern Ireland than in Wales.

SOC – NI vs Scotland



- Where information was available, in all occupational grouping the private sector wages paid were lower in Northern Ireland.
- The percentage differential ranged from -27% to -1%.
- The largest negative differential was recorded for 'Skilled agricultural and related trades' who were paid 27% less in Northern Ireland than in Scotland.

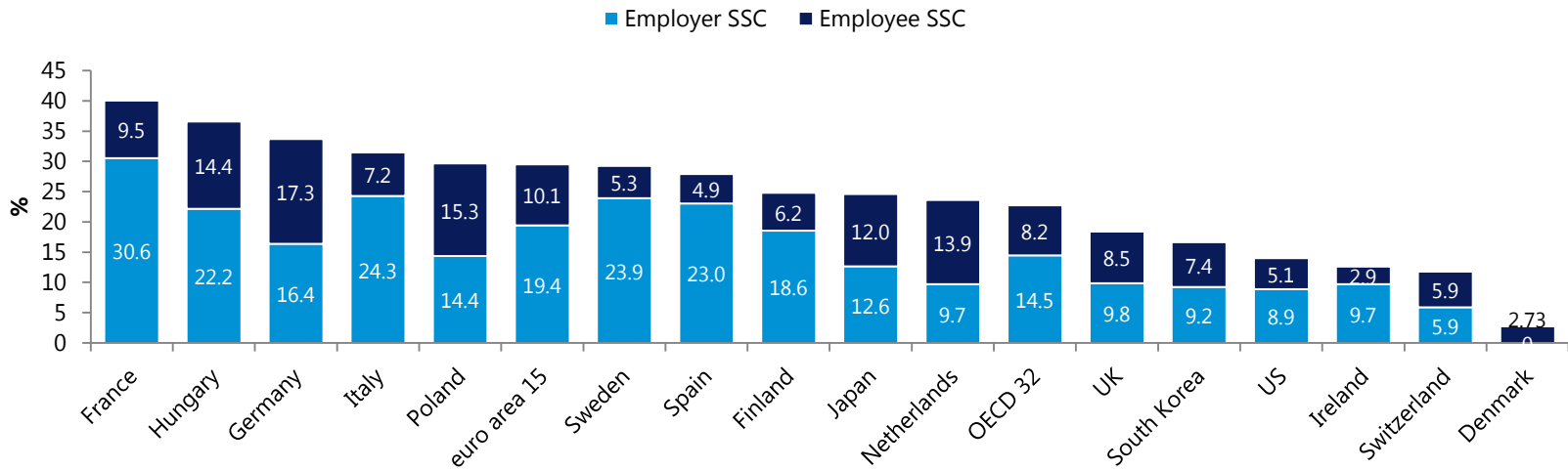
Employers taxation costs in NI and GB

- National Insurance Contributions are applied uniformly across the UK therefore Northern Ireland has neither a competitive advantage nor a disadvantage when compared with GB.
- However, a different system applies in Ireland where employers are liable for Pay Related Social Insurance (PRSI).

Northern Ireland	Ireland
Employers National Insurance Contributions (NICS) are paid at 13.8% on so much of an employee's earnings which exceed £111 per week	Employers Pay Related Social Insurance (PRSI) payments at a rate of 8.5% where an employee earns less than €352 (£444) in any week. And a rate of 10.75% on all earnings if they exceed €356 in any week.

- The marginal rates of employer taxation in Northern Ireland and the rest of the UK are higher than Ireland, once the threshold for paying employers taxation has been reached.

Social security contributions 2012

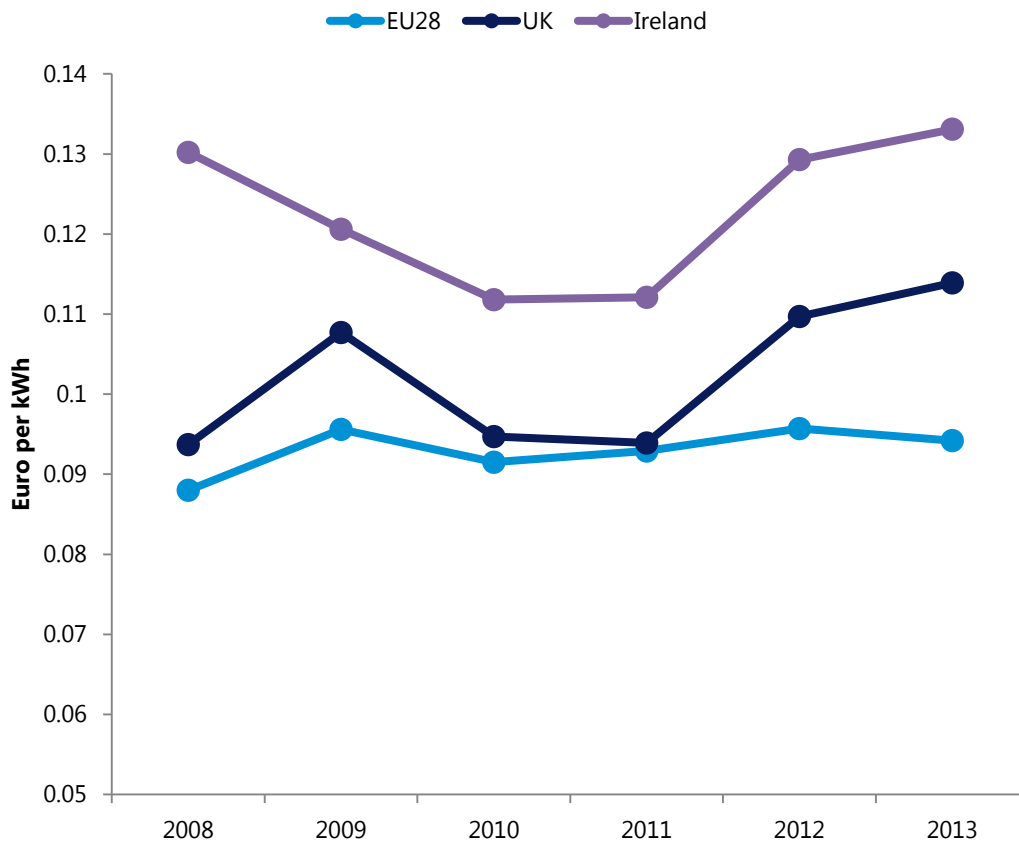


- Ireland's has the 8th lowest rate of total social security contributions in the OECD 32.
- Many countries have a cap on employer social security costs or a reduced rate above a certain income threshold.
- In Ireland a flat rate is charged on the full salary: as salaries increase, Ireland's competitive position is quickly eroded.

Energy Costs

Trends in electricity prices 2008-2013

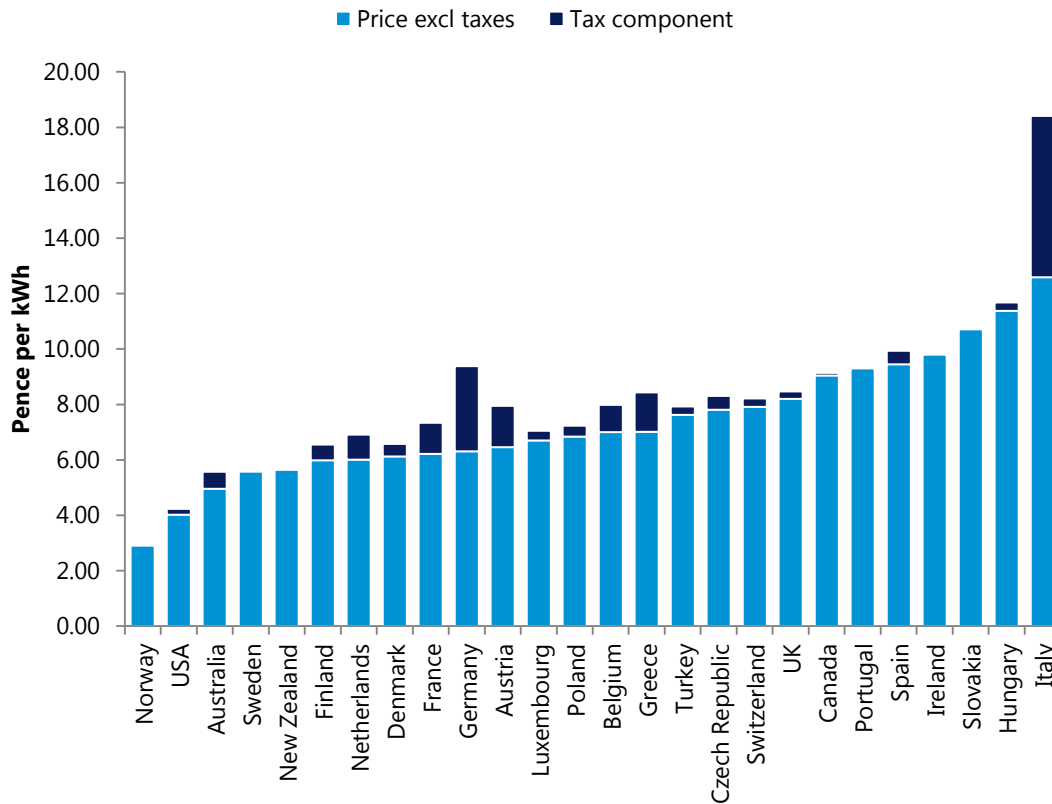
- **Between 2008-2013 electricity prices in Ireland have consistently been higher** than the UK or EU28 average.



- **Reduction in prices across all areas through 2009-2011** before returning to steady growth.
- **Ireland's electricity costs are one fifth higher** than those incurred in the UK in 2013.
- In the EU28 **only Malta and Cyprus have higher electricity costs than Ireland.**

DECC data on industrial electricity prices

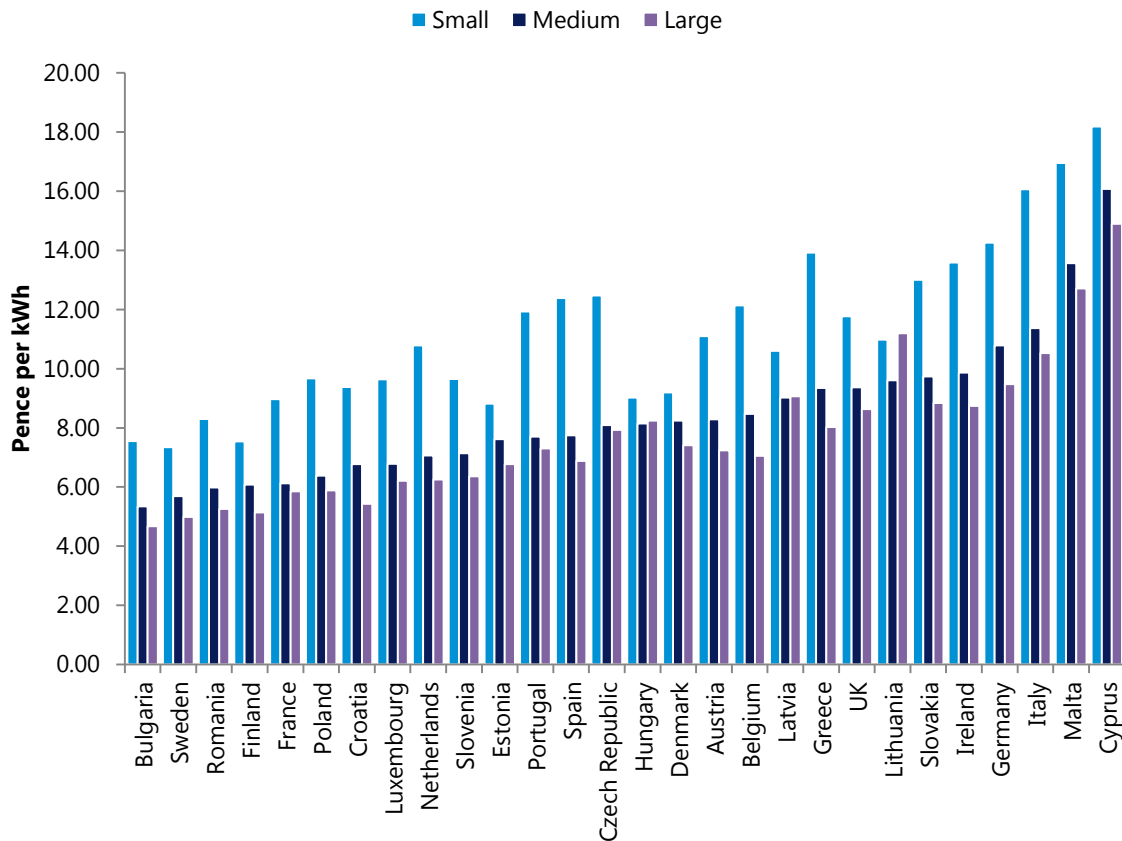
- Average industrial electricity prices in 2012 have been sourced from DECC using International Energy Agency (IEA) prices and taxes.



- In 2012, **average UK industrial electricity prices**, including taxes, were the **ninth highest** in the IEA.
- UK prices were **7% above the IEA median price**.
- **Average Irish industrial electricity prices** were the **fourth highest** in the IEA.
- Irish prices were **23% above the IEA median price**.

Average industrial electricity prices in the EU

- Average industrial electricity prices in the EU for small, medium and large consumers July-December 2013 have been sourced from Eurostat.



- Data for all size bands shows that for all countries reporting data, **small consumers pay the highest unit prices.**
- The **median price for small industrial electricity consumers** in the EU, including tax, was **34% higher** than prices paid by medium consumers.
- The **median price for large industrial electricity consumers** in the EU was **10% lower** than prices paid by medium consumers.

NI non domestic electricity prices

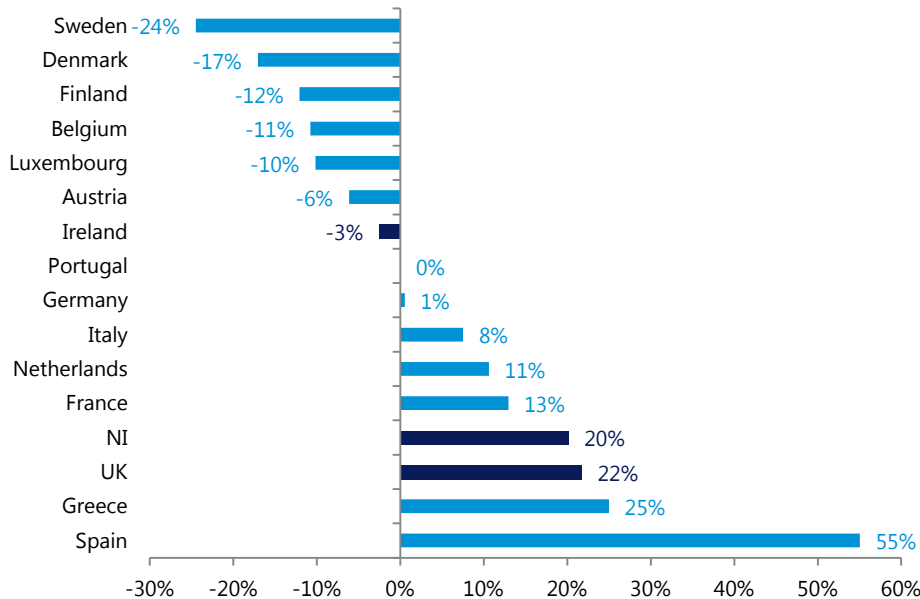
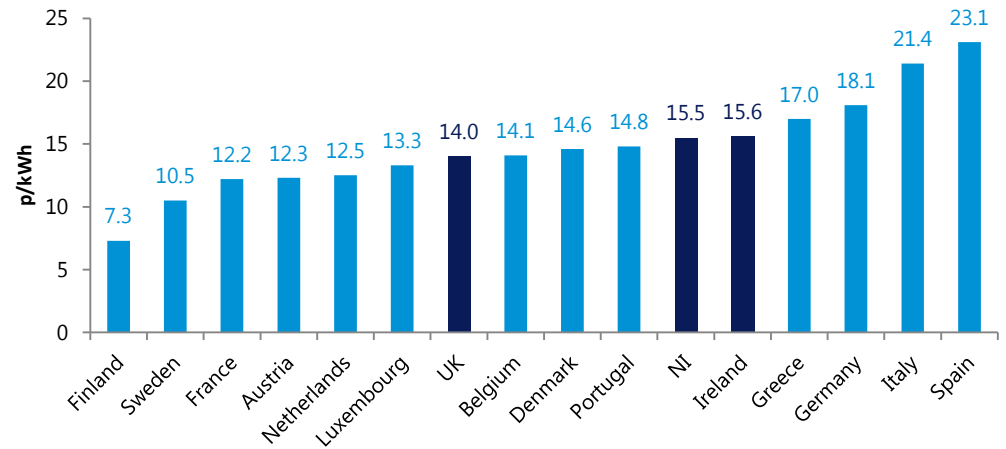
- Utility Regulator data shows consumption bands for electricity among non domestic customers, ie industrial and commercial (I&C) users.

Size of consumer	Annual consumption bands MWh	% of I&C customers	% of I&C consumption
Very small	0 - 20	65.20%	6%
Small	20 - 499	33.12%	35%
Small/Medium	500 - 1,999	1.24%	16%
Medium	2,000 - 19,999	0.41%	32%
Large/Very Large	20,000 - 150,000	0.02%	10%

- NI non-domestic customers are very heavily grouped in the smallest size band (consuming less than 20 MWh per annum).
- These customers account for 65% of the total customers in the I&C sector and represent approximately 6% of the I&C consumption.
- The data groups 'Large' and 'Very Large' customers together to avoid disclosure issues.

NI electricity prices – very small users

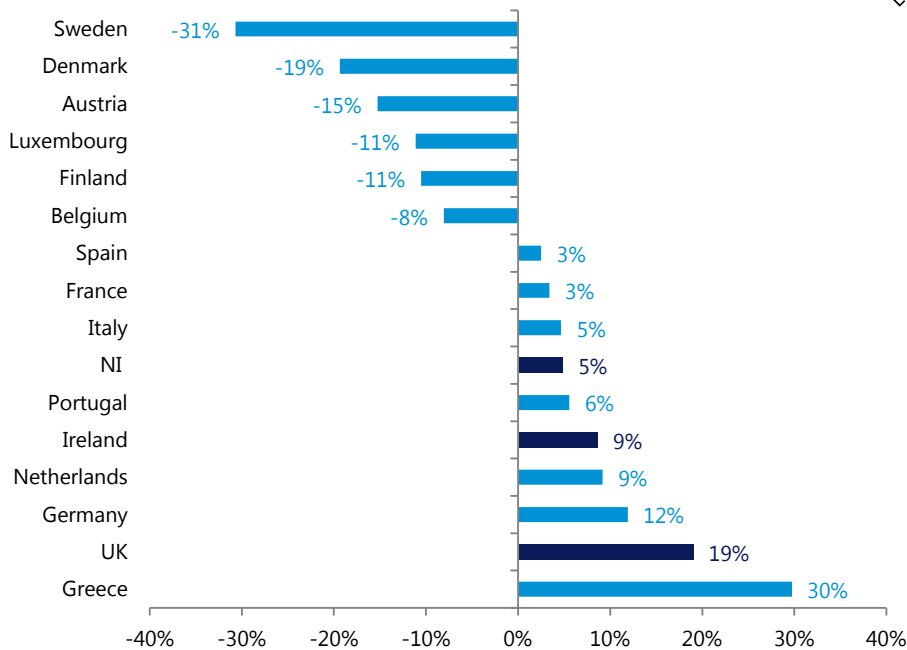
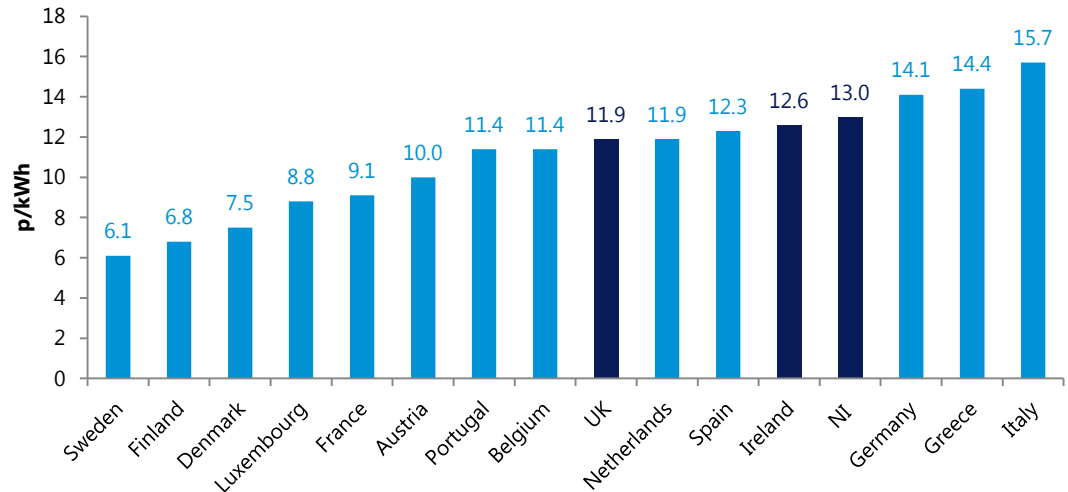
- Electricity prices for very small consumers were just above the mid point of EU countries reviewed.
- NI prices were **11% higher than those in the UK** and **0.6% lower than ROI prices.**



- Between 2011-2014 NI electricity prices increased by 20%.
- UK prices increased by 22% over the same period.
- Conversely Irish electricity prices fell by 3%.

NI electricity prices – small users

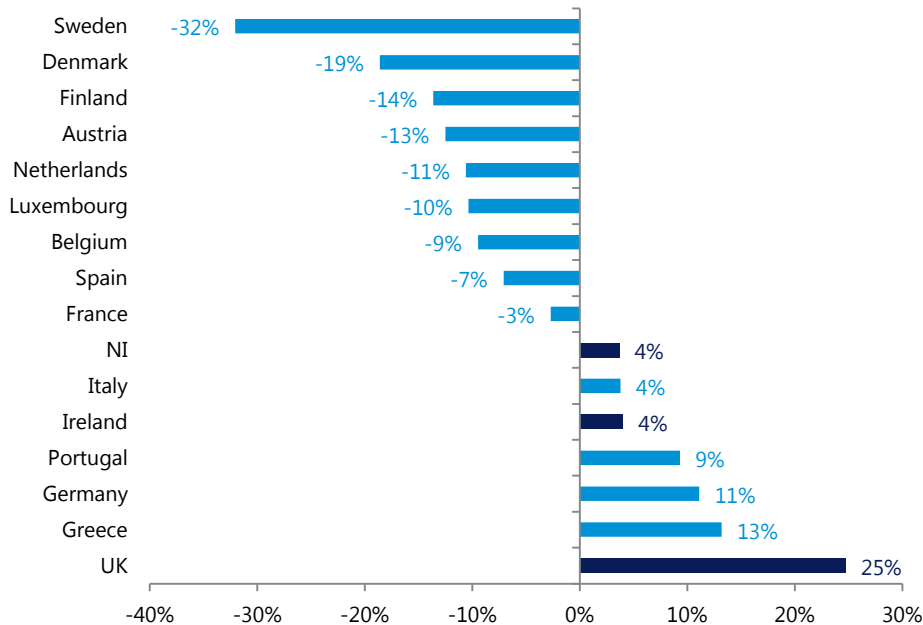
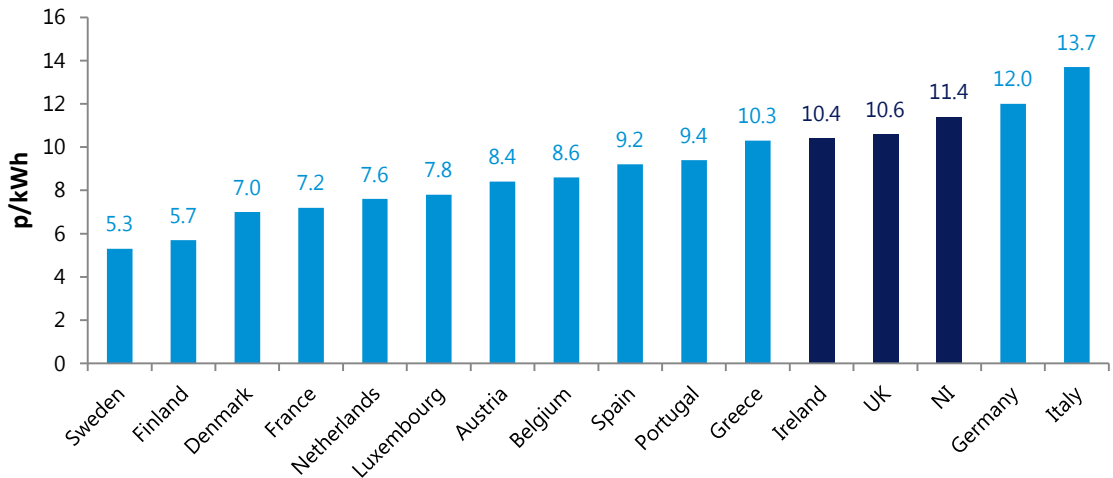
- Electricity prices for small consumers were in the **top five most expensive** EU countries reviewed.
- NI prices were **9% higher** than those in the UK and **3% higher** than in RoI.



- Between 2011-2014 **UK electricity prices increased by 19%.**
- **NI prices increased by 5%** over the same period.
- **RoI electricity prices increased by 9%.**

NI electricity prices – small/medium users

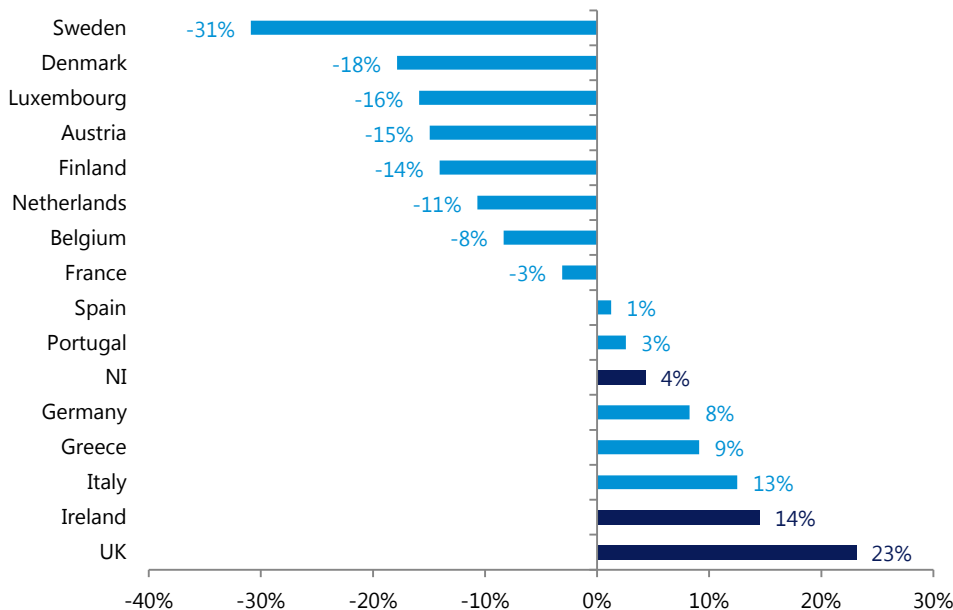
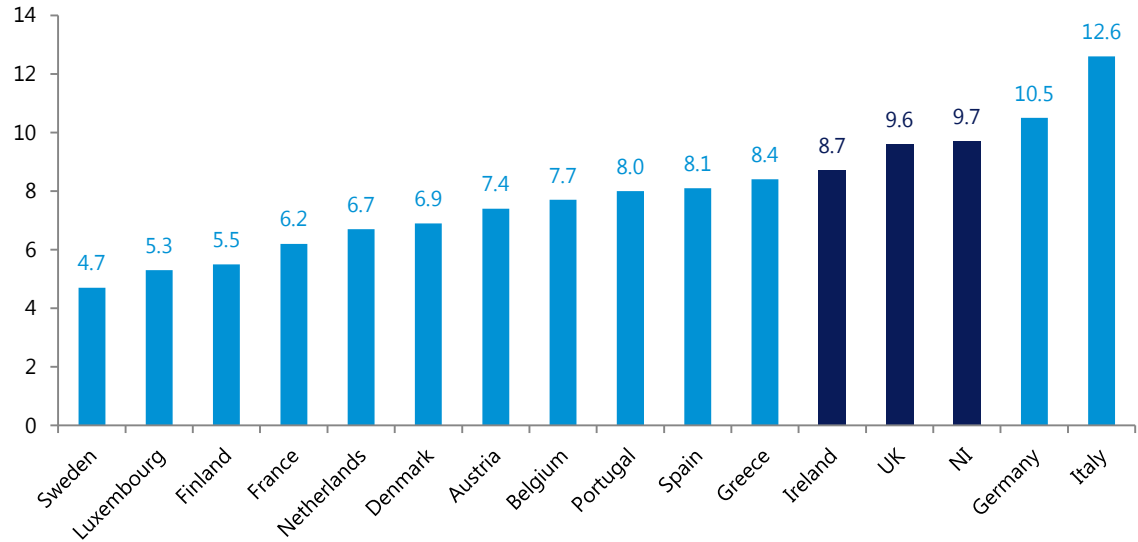
- NI electricity prices for small/medium consumers were the third most expensive of EU countries reviewed.
- NI prices were 7% higher than those in the UK and 9% higher than those in Ireland.



- Between 2011-2014 UK electricity prices increased by 25% in this consumer group.
- NI electricity prices increased by a smaller margin over the same period although absolute levels were higher than the UK.
- RoI electricity prices increased by 4% over the same period.

NI electricity prices – medium users

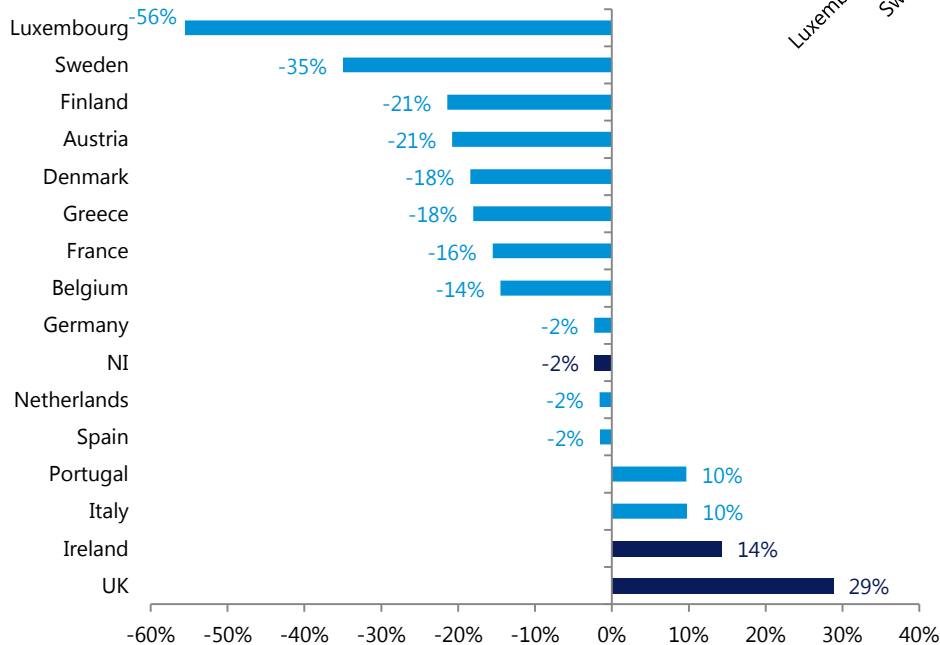
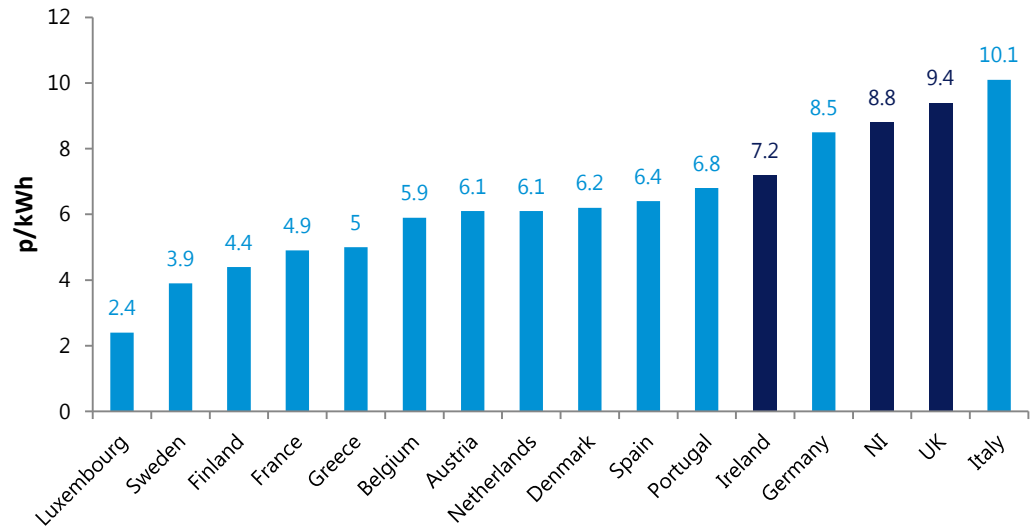
- Electricity prices for medium consumers were in the **top three most expensive** EU countries reviewed.
- NI prices were **11% higher than those in the Ireland** and only slightly higher than those in the UK.



- Between 2011-2014 **UK electricity prices increased by 23%** in this consumer group, the highest increase of the countries reviewed.
- **Irish prices increased by a smaller margin at 14%** whilst NI prices rose at a lower rate.

NI electricity prices – large/very large users

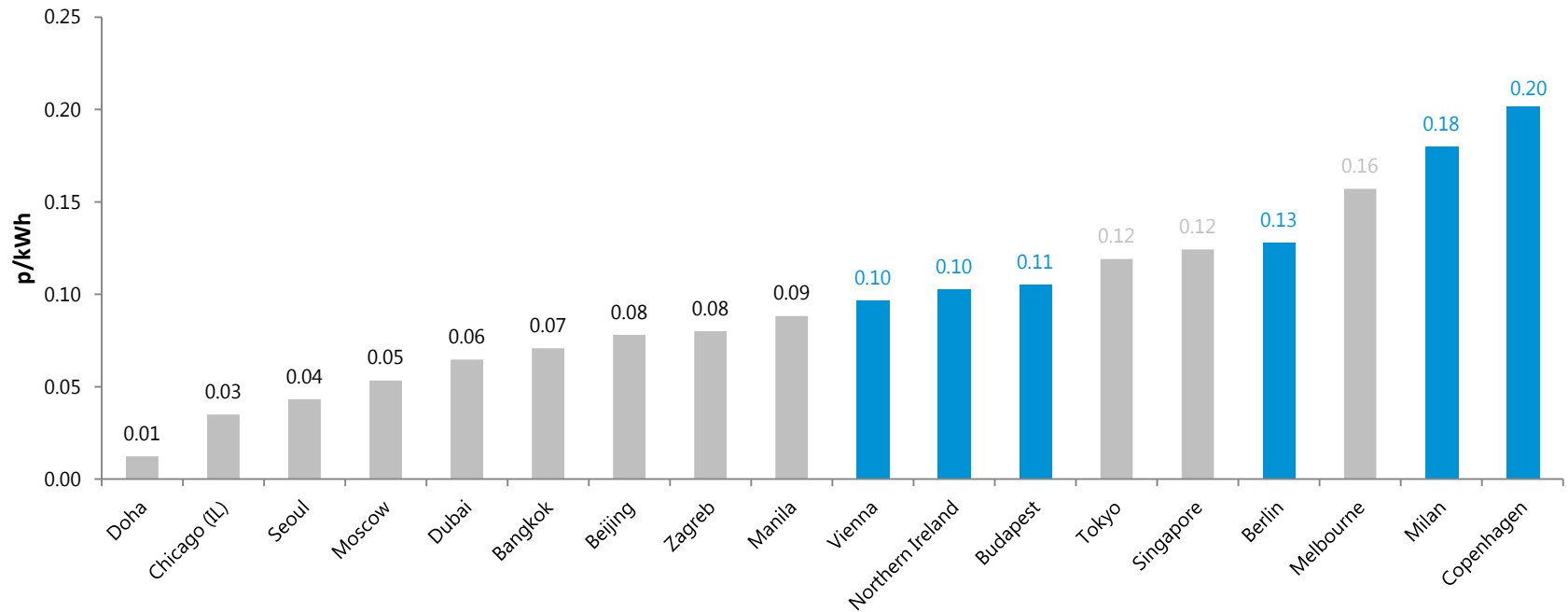
- Electricity prices for large/very large consumers were the **third most expensive** of EU countries reviewed.
- NI prices were **22% higher** than those in Ireland and slightly lower than those in UK (-7%).



- Between 2011-2014 **UK electricity prices increased by 29%** in this consumer group, the highest increase of the countries reviewed.
- Ireland's prices increased by **14%** by contrast NI prices fell by **2%**.

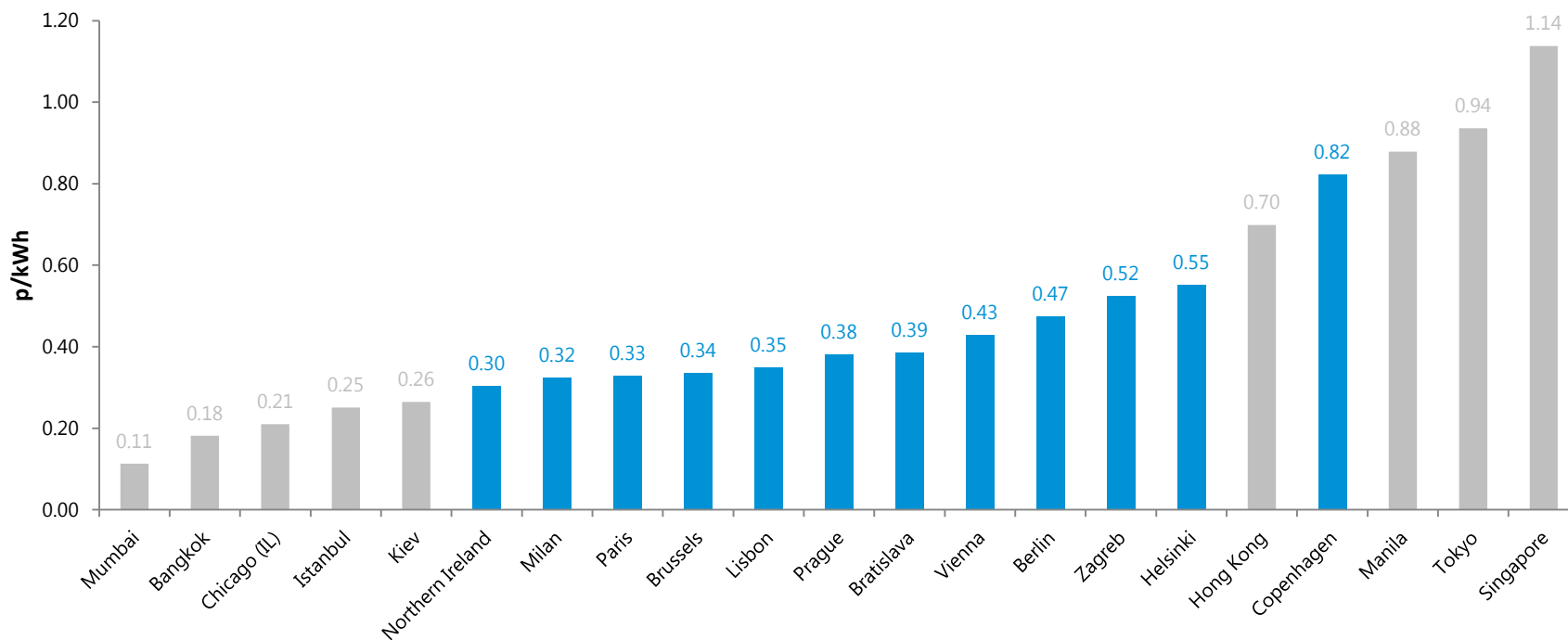
International comparisons on non domestic electricity

- EU non domestic electricity prices tend to be considerably higher than locations in US, Russia, Asia and the Middle East.



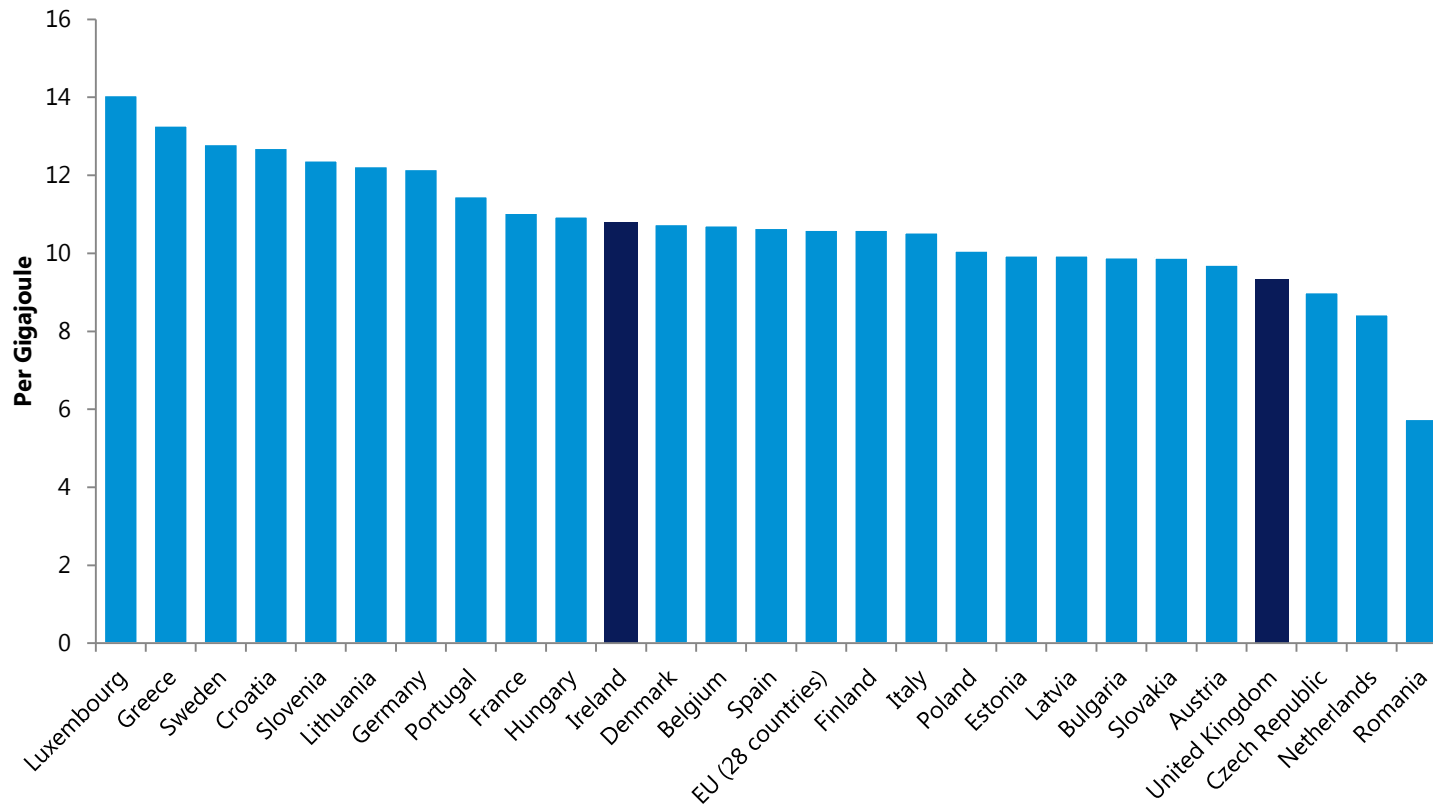
International comparisons on non domestic gas prices

- In comparison to non domestic electricity prices, EU non domestic gas prices are gathered around the median.
- Locations in the Far East and Asia incur higher costs on gas than EU competitors with Singapore costs still 40% higher than the most expensive EU country (Denmark).



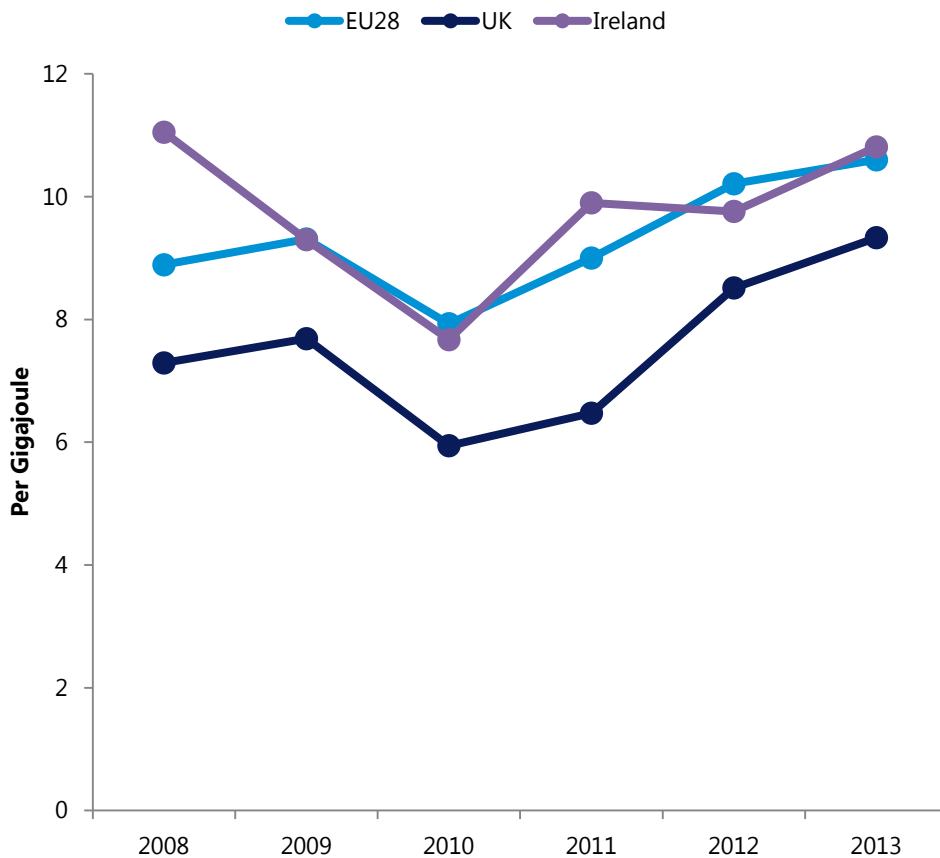
Gas prices for industrial users 2013

- Ireland has higher gas prices for industrial users than either the UK or EU28 average.
- Ireland's costs are 16% higher than those in the UK and 2% higher than the EU28 average.



Trends in gas prices 2008-2013

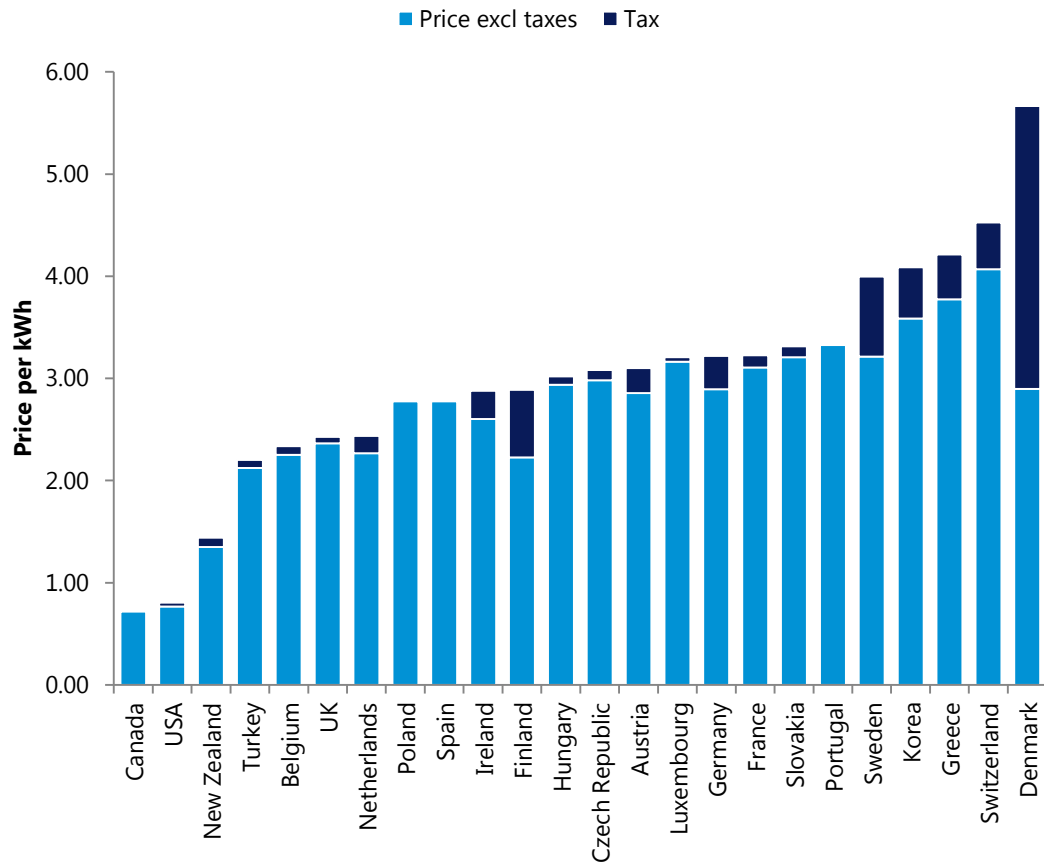
- Between 2008-2013 gas prices in Ireland have consistently been higher than those in the UK.



- **Reduction in prices across all areas through 2009-2010** before returning to steady growth.
- Prices for industrial users in Ireland are just outside the top ten most expensive EU regions.
- In the EU28 **only Czech Republic, Netherlands and Romania have lower gas prices than UK.**

DECC data on industrial gas prices

- Average industrial gas prices in 2012 have been sourced from DECC using International Energy Agency (IEA) prices and taxes.



- In 2012, average UK industrial gas prices, including taxes where not refunded, were the sixth lowest in the IEA.
- UK prices were 21.5% below the IEA median.
- Average Irish industrial gas prices, including taxes where not refunded, were the tenth lowest in the IEA.
- Irish prices were 3% below the IEA median.

Non domestic gas tariffs

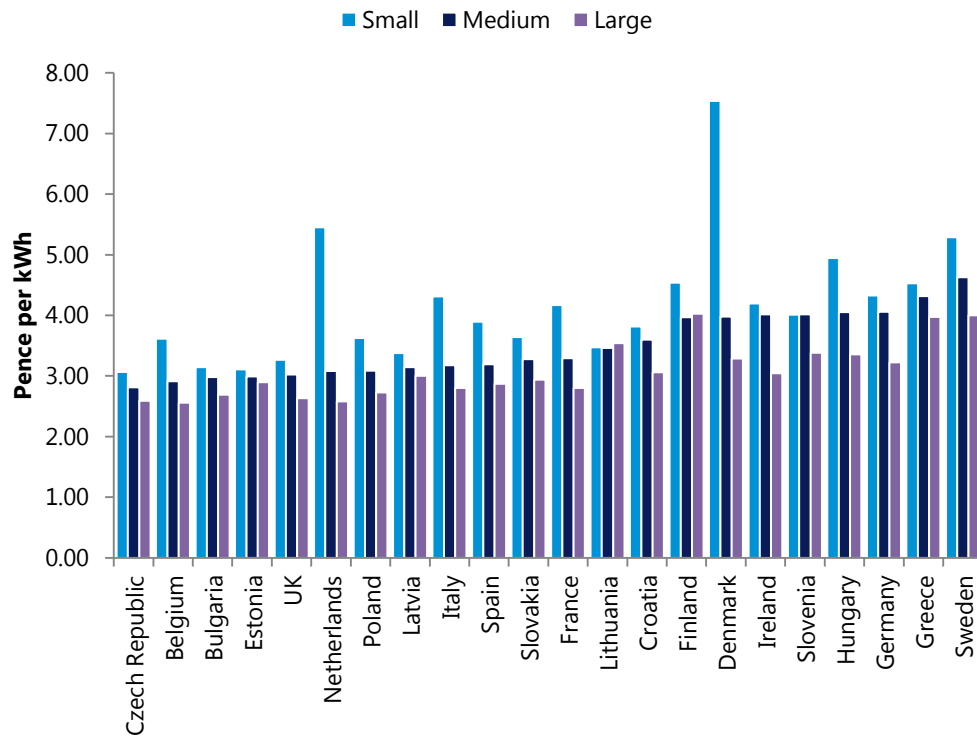
- Gas tariffs for small to medium business consumers have been sourced from SSE Airtricity's website.

SSE Airtricity Business Gas Tariffs	
Effective 1st April 2013	
Pence per kWh	
IC1	
First 2,000 kWh	6.626
2,001 to 73,200 kWh	4.409
IC2	
First 2,000 kWh	6.626
2,001 to 73,200 kWh	4.409
Over 73,200 kWh	4.081

- The information shows that smaller businesses (consumption up to 73,200 kWh) will pay relatively higher charges for gas compared to medium sized firms (consumption from 73,200 - 732,000 kWh).
- No information was publically available on the price of gas to large businesses.

Average industrial gas prices in the EU

- Average industrial gas prices in the EU for small, medium and large consumers July-December 2013 have been sourced from Eurostat.



- Data for all size bands shows that for all countries reporting data, **small consumers pay the highest unit prices.**
- The **median price for small industrial gas consumers** in the EU, including tax, was **21% higher** than prices paid by medium consumers.
- The **median price for large industrial gas consumers** in the EU was **11% lower** than prices paid by medium consumers.

Climate change levy

- The Climate change levy (CCL) in UK is made up of 2 rates: the main rates and the carbon price support (CPS) rates.
- The main rates of CCL tax the supply of specified energy products ('taxable commodities') such as electricity, gas and coal for use as fuels (that is for lighting, heating and power) by business consumers, including consumers in:
 - industry
 - commerce
 - agriculture
 - public administration, and other services
- The main rates of CCL do not apply to taxable commodities supplied for use by domestic consumers, or by charities for non-business use.
- These rates of CCL are intended to change business behaviour in the UK to reduce energy consumption and/or consider using energy produced from renewable sources such as wind farms, solar energy and hydro power.
- Note: CPS rates of CCL encourage industry to use low carbon technology for producing electricity, however, these rates are not charged in Northern Ireland.

Climate change levy rates

- The main rates of CCL are charged at a specific rate per unit of energy based on the energy content of each commodity.
- The main rates are levied at a reduced rate (which varies for each taxable commodity) for energy intensive businesses who have entered into a climate change agreement (CCA) with the Environment Agency.
- Energy intensive businesses can get a 90% reduction for electricity and a 65% reduction for gas, LPG, coal and other solid fuel.

Taxable commodity supplied	Rate from 1 April 2014	Rate from 1 April 2015	Reduction rate of CCL for CCA holders
	Rate	Rate	
Electricity	0.541 pence per kilowatt hour	0.554 pence per kilowatt hour	10%
Gas supplied by a gas utility or any gas supplied in a gaseous state that is of a kind supplied by a gas utility	0.188 pence per kilowatt hour	1.240 pence per kilowatt hour	35%
Any petroleum gas, or other gaseous hydrocarbon, supplied in a liquid state	1.210 pence per kilogram	1.240 pence per kilogram	35%
Any other taxable commodity	1.476 pence per kilogram	1.512 pence per kilogram	35%

EU emissions trading system

- The EU Emissions Trading System (EU ETS) affects businesses from energy-intensive sectors - like the energy industry and certain manufacturers.
- If a business is covered by the EU ETS then it must meet targets by cutting emissions and trading emissions allowances.
- Businesses can trade allowances by:
 - trading directly with other businesses
 - buying or selling from intermediaries, eg banks and specialist traders
 - using the services of a broker
 - joining one of the several exchanges that list carbon allowance products
 - bidding at UK government or other EU member state auctions
- Large organisations not covered by the EU ETS are covered by another scheme called the CRC Energy Efficiency Scheme.

Carbon reduction commitment

- The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme is designed to improve energy efficiency and cut carbon dioxide (CO₂) emissions in private and public sector organisations that are high energy users e.g. supermarkets, hotels and water companies.
- This is a mandatory scheme for the UK aiming to reduce carbon dioxide (CO₂) emissions.
- Organisations required to participate must monitor their energy use and purchase allowances, for each tonne of CO₂ they emit that falls within the scheme. The more CO₂ an organisation emits, the more allowances it must purchase. This will provide an incentive for organisations to reduce their energy use.
- CRC operates in phases. Phase 1 ran from April 2010 until the end of March 2014. Phase 2 runs from 1 April 2014 to 31 March 2019.
- All participants have to pay a registration fee of £950 which covers the administrative costs of carrying out organisational checks and opening a compliance account on the CRC Registry.
- Thereafter an annual subsistence fee of £1,290 is charged for each year that a business participates in CRC.

Aggregates levy

- The Aggregates Levy is a tax on the commercial exploitation in the United Kingdom (UK) of rock, sand and gravel.
- A business must register with HM Revenue & Customs (HMRC) if they exploit aggregate in the UK for commercial reasons, for example a quarry operator.
- Each quarter the business will report to HMRC the quantity of aggregates produced or sold.
- A tax of £2 per tonne of sand, gravel or rock is payable .
- Tax relief is available if the business exports aggregates or uses them in some industrial or agricultural processes.
- Certain materials are excluded from the tax, including: coal, lignite, shale, slate, clay, industrial minerals, soil (in some circumstances), vegetable or other organic materials, cut building stone, lime and cement etc.

Environmental and Water Costs

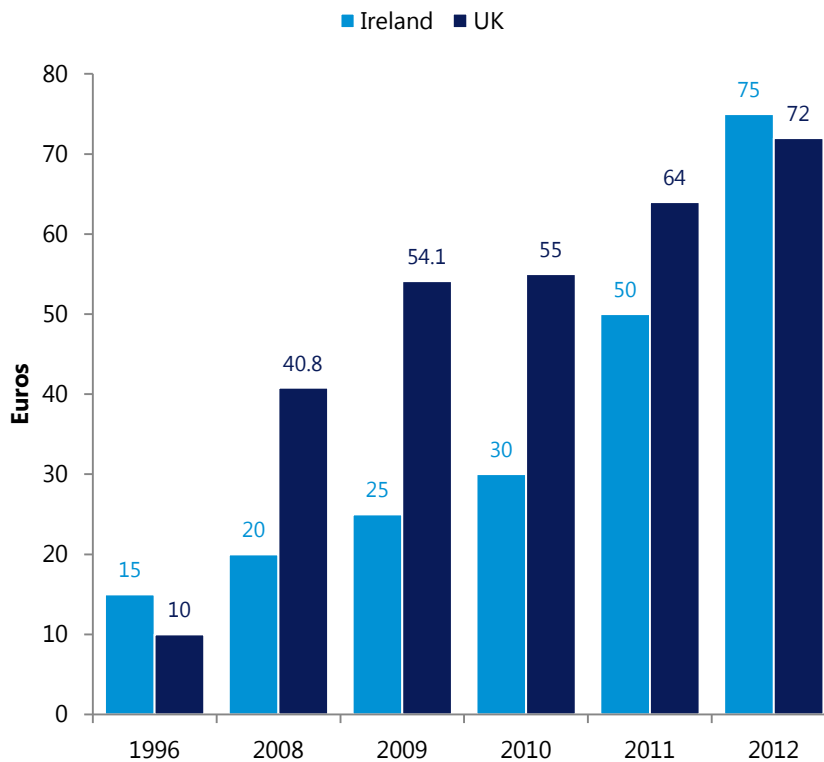
**All costs related to landfill, waste,
water charges and environmental
taxes**

Landfill tax rates UK

- Landfill Tax is an environmental tax paid on top of normal landfill rates by any company, local authority or other organisation that wishes to dispose of waste in landfill.
- There are **two rates** of Landfill Tax:
- **The lower rate** is £2.50 per tonne from 1 April 2010 to 31 March 2013.
- **The standard rate** is £64 per tonne from 1 April 2012 to 31 March 2013 **and will increase to:**
 - £72 per tonne on 1 April 2013
 - £80 per tonne on 1 April 2014

Landfill rates UK v Ireland

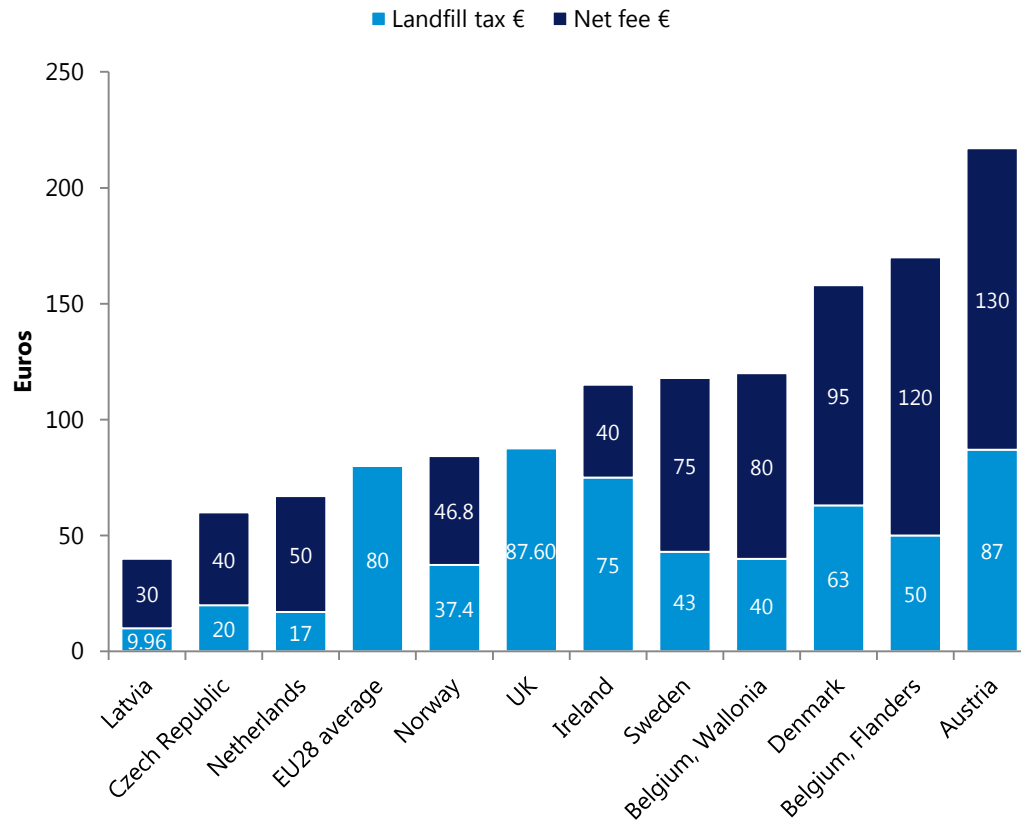
- Data from a 2012 report on the use of landfill taxes in Europe highlights the following growth trends in the UK and Ireland between 1996-2012.



- When introduced in 1996 UK landfill taxes were €10, gradually increasing to €72 by 2012.
- This represents an increase over the period of 620%.
- In Ireland landfill taxes in 1996 were slightly higher than the UK at €15 increasing to €75 by 2012.
- An increase of 400% in the same period.

Landfill rates in Europe

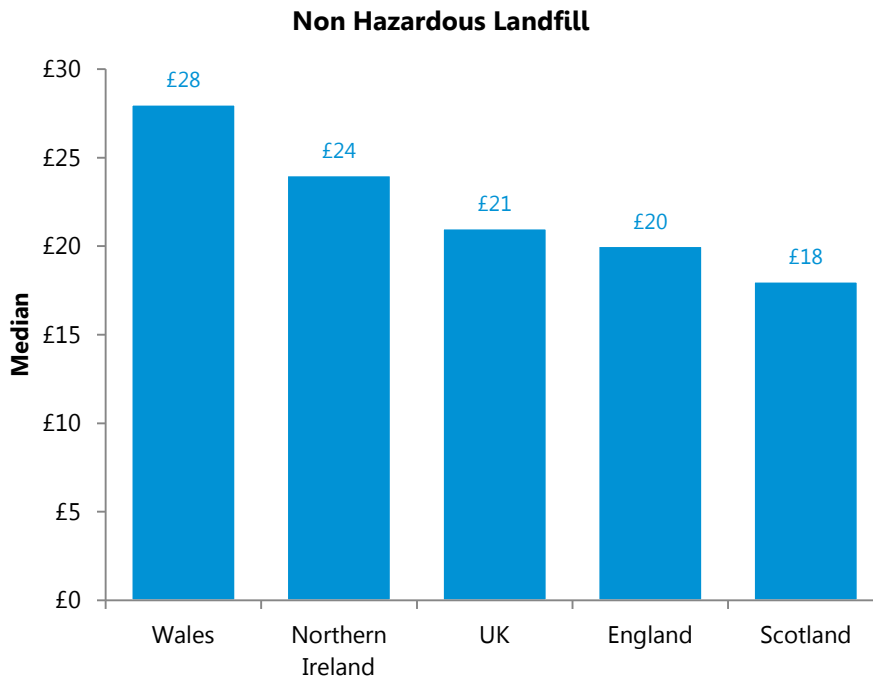
- Data from the Confederation of Waste to Energy plants in February 2014 highlights the differences in landfill taxes and net prices across a range of EU countries.



- Ireland's landfill costs are just outside of the top five most expensive of those countries reviewed.
- Ireland has limited waste management infrastructure options with a resultant heavy reliance on landfill.
- The UK's figure (based on the tax element only) is 10% above the EU28 average but well below the most expensive areas like Austria and Denmark.
- Prices relate to the disposal of Municipal Solid Waste (MSW).

Landfill gate fees - median

- Data from WRAP summarises the available information on landfill gate fees charged for a range of waste treatment, recovery and disposal options in the UK.



- Wales and Northern Ireland have higher gate fees than other regions for non hazardous landfill per tonne.
- Reduced quantities of residual waste and increased competition from other treatments led some operators to reduce prices to maintain volumes into sites.
- Note: that this median price is £ per tonne and excludes landfill tax and haulage charges.

NI water charges

- All non-domestic customers in Northern Ireland are charged for water and sewerage and trade effluent annually– but only pay for the services they receive.
- Measured charges have two elements: a standing charge based on supply pipe size; and a variable charge based on the consumption recorded on the water meter (volume of water used).

Water charges				
Measured	Standing Charge		Variable Charge	
			Volumetric Charge per m3	
Supply Pipe Size	Water	Sewerage	Water	Sewerage
Up to 20mm	£66	£77	£1.02	£1.64
21 to 25mm	£110	£128		
26 to 40mm	£203	£234		
41 to 50mm	£318	£368		
51 to 75mm	£629	£726		
76 to 100mm	£1,139	£1,313		
Over 100mm	£1,618	£1,869		
Unmeasured	Standing Charge		Variable Charge	
			Per Each £1,000 Net Annual Value	
	Water	Sewerage	Water	Sewerage
	£27.55	£38.35	£10.58	£14.44
Charge Cap	£430	£455		

Large User Tariff		
Consumption band	Discount	Volumetric rate
Annual consumption up to 100,000m ³	None	£1.03
Annual consumption over 100,000 and up to 250,000m ³	20%	£0.82
Annual consumption over 250,000 and up to 500,000m ³	25%	£0.77
Annual consumption over 500,000m ³	30%	£0.72

- Customers using in excess of 100,000m³ of water per annum and implementing a range of water efficient practices can benefit from a reduced large user tariff.
- A volumetric charge is discounted for large users in banded of consumption above 100,000m³ per annum.

Water charges in Europe

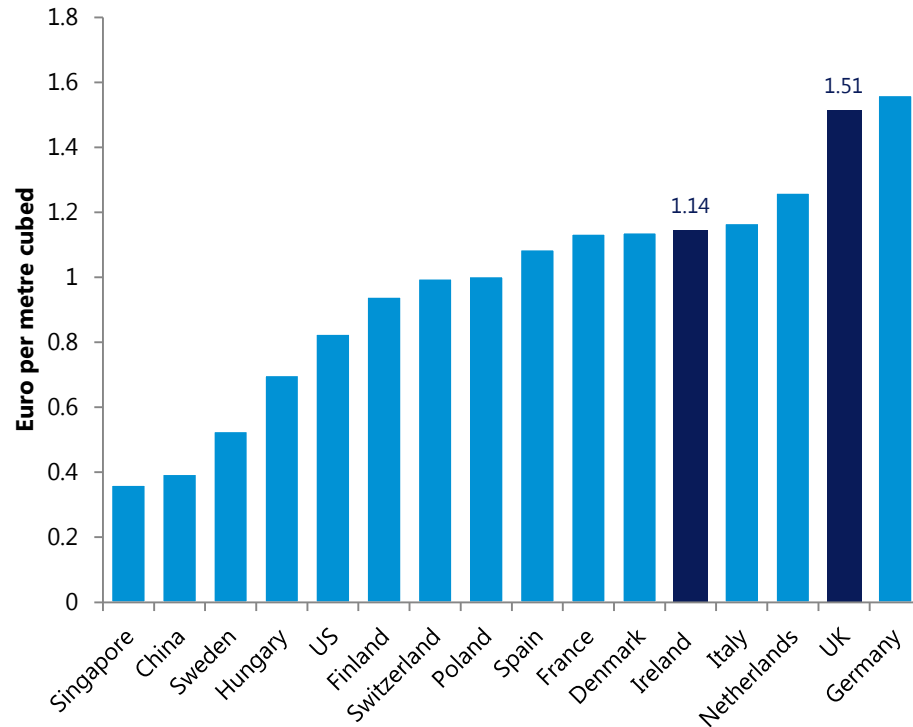
- Given the variety of pricing structures in place across Europe, it is difficult to get a uniform measure of water pricing.
- Data from the Global Water Intelligence Report 2011 estimates the average price of domestic water across European cities from €0.40 to €5.75 per 1,000 litres (however there are huge variations within countries).
- Of the 65 cities that charge for water (Dublin, Cork and Belfast do not) the following prices emerged:

City	Average Charge (€)
Milan	0.4
Athens	0.78
Lisbon	0.85
Madrid	0.99
London	1.63
Paris	2.16
Munich	2.26
Copenhagen	3.28
Gothenberg	4.19
Ghent	5.75

- Note: the methodology on price is to take the costs based on fixed costs and a consumption of 15,000 litres per person per month (500 litres per person per day) and divide by 15 to give a price per 1,000 litres.
- The price also includes wastewater costs.

Water cost comparisons

- Data from Forfas for 2012/13 has been used to assess water costs in a range of comparator countries for industrial users.



- The UK is the second most expensive country for water charges behind Germany.
- Ireland is also in the top five most expensive locations benchmarked.
- Note: Given the complexities and inconsistencies in how water costs data is collected internationally, caution should be used when drawing inferences from the data.

Property Costs

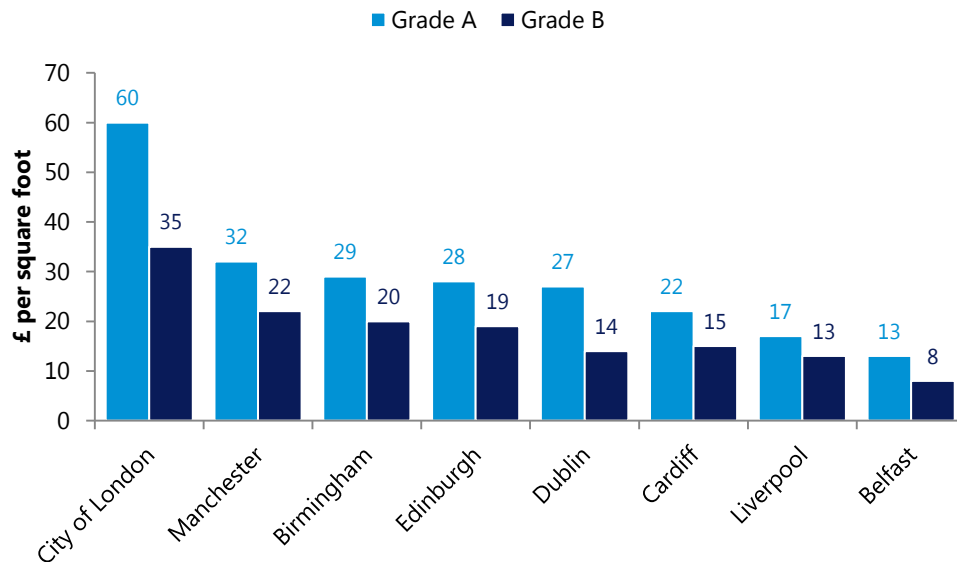
Invest NI website

- According to the Invest NI website **“property costs in Northern Ireland compare very favourably with other regions in the UK and the Republic of Ireland.”**
- **Prime office rents** are claimed to be amongst the **lowest in Western Europe.**
- New purpose built and fitted out office space costs are **“easily affordable”** with Northern Ireland currently maintaining the lowest net rent in the UK.
- **Office space is quoted at £12.50 per square foot in the Greater Belfast** area according to Colliers.
- Combined with lower salary costs and state of the art communications infrastructure Northern Ireland provides:

“One of the most cost efficient business environments in Europe”

UK office rents

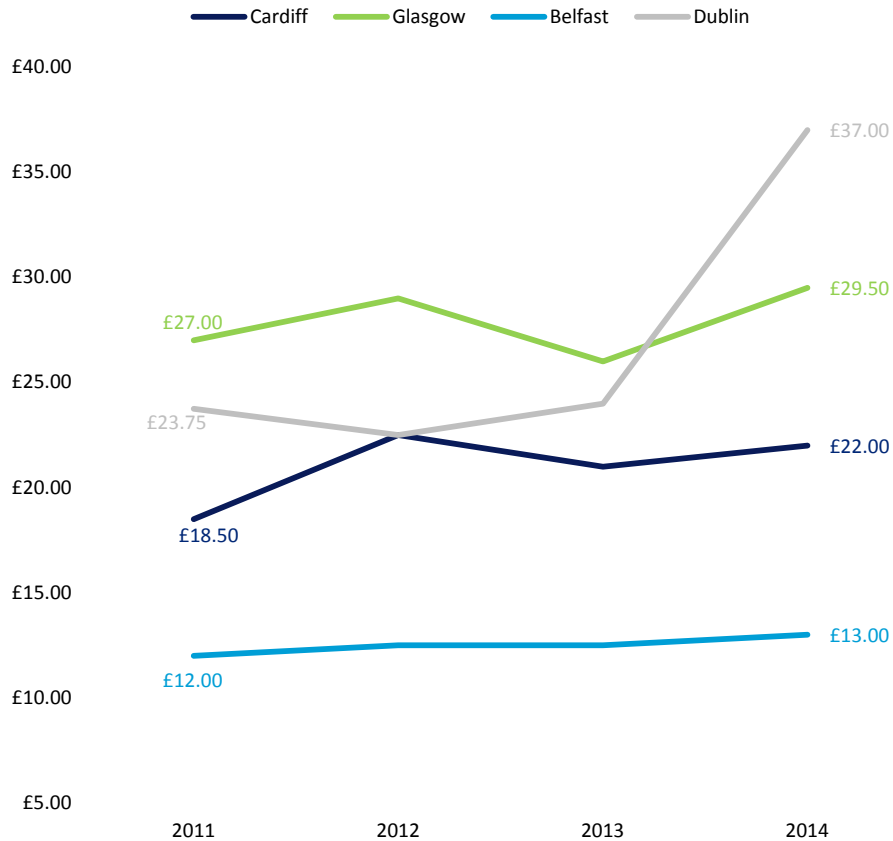
- Figures shown are estimates of achievable open market rents (£ per sq ft) for each location in 2014, assuming normal incentives.



- Office rents in Belfast were the lowest reviewed at £13 per sq ft for Grade A accommodation.
- For the selection of cities illustrated, the highest office rents for Grade A properties per sq ft were found in London and then Manchester.
- Low office rents in Belfast suggest a comparative cost advantage. However, a 2013 report from Lisney's highlights that a shortage of Grade A office space in Belfast city centre could result in rising rents.
- This lack of supply could affect the attractiveness of Northern Ireland in the context of Foreign Direct Investment.

Office rental levels 2011-2014

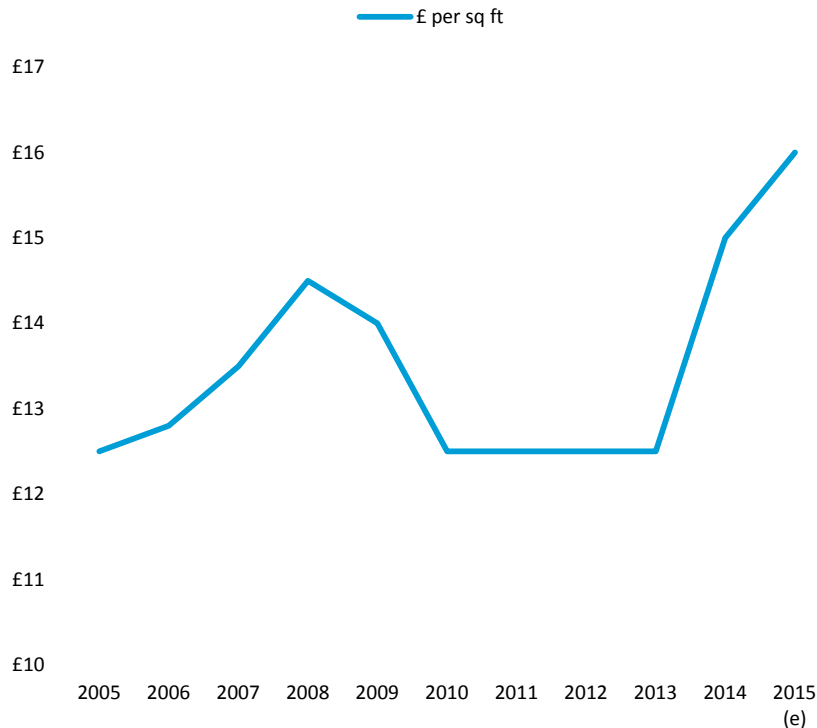
- Whilst prime rents are anticipated to increase in 2015, it is clear Belfast has an advantage in terms of occupational costs compared to other locations in UK and RoI.



- Rental levels have increased in Dublin (+56%), Cardiff (+19%), and Glasgow (+9%) across the period.
- Rental levels by contrast have remained relatively flat in NI.
- However, continued pressure on available Grade A stock will feed into higher local rental charges if supply remains constrained.

Belfast office rental levels

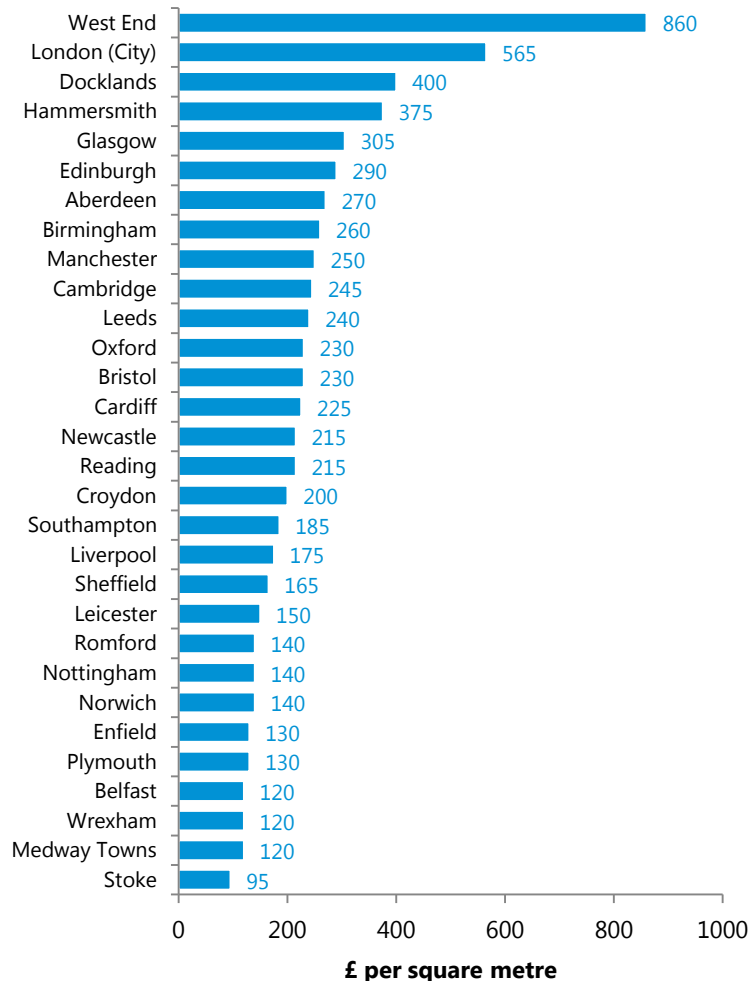
- Headline rents in Belfast prime office locations at the end of 2014 stood at £15.00 per sq ft.



- Rental levels are anticipated to increase during the course of 2015 driven by high demand and the reduced supply of quality space.
- CBRE predicts prime office rents will increase to £16 per sq ft in Belfast in 2015.
- Even this would still leave Belfast highly competitive compared to prime rents in other UK cities.

Valuation office agency – office rents

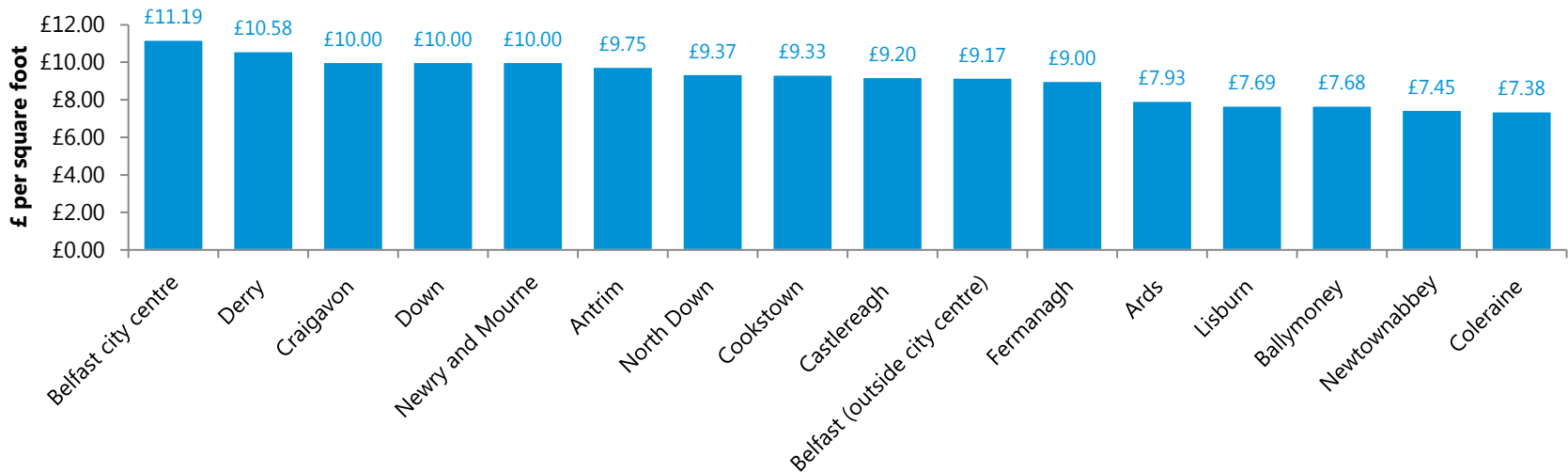
- The **Valuation Office Agency 2011 Property Market Report** found evidence of significant increases (averaging around 15%) in office headline rents in Inner London – returning these rents to almost 2009 levels.



- Elsewhere in England and Wales the picture is mixed with many locations showing little or no change in headline rents.
- Rents for Northern Ireland showed around 8% fall in value however.
- Belfast rental values are amongst the lowest in the UK, only one other area is lower.**
- Note: values relate to a self contained office suite over 1000m² in an office block erected in last 10 years, air conditioned with a lift, a good standard of finish to all parts but limited parking available with town/city centre location.

Nibusinessinfo – Intra NI office rents

- Figures shown are based on the average rental values across each town/city based on the office rental properties listed on nibusinessinfo during July 2014.

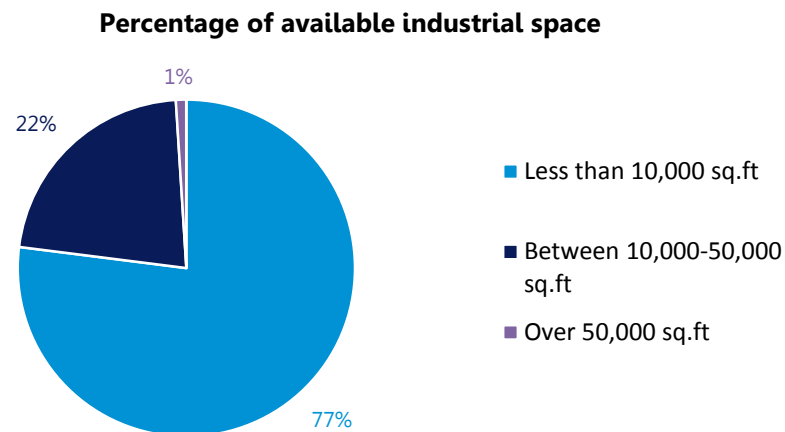
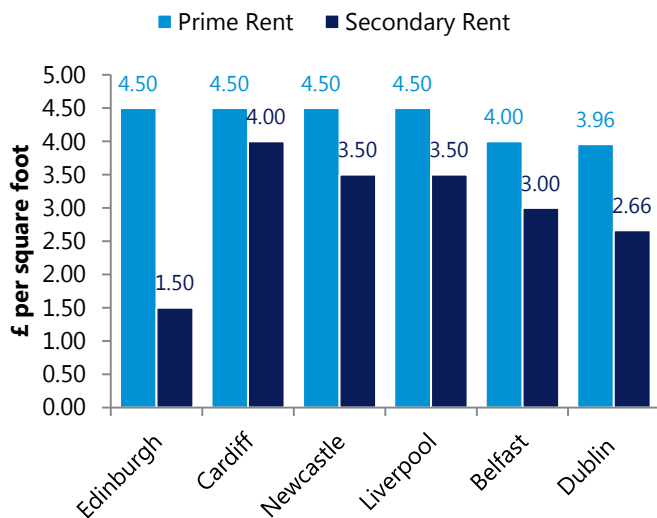


- Where information was available, office rental rates ranged from £11 to £7 per square foot.
- Belfast city centre had the highest office rental rates at £11 closely followed by Derry.
- The lowest rental values were found in Coleraine, 52% below those in Belfast city centre.

Note: the values listed for some of the towns/cities are based on very small sample sizes. Caution should therefore be exercised in drawing broad conclusions on the results.

UK industrial rents

- Figures shown are the estimates of achievable open market rents for each location in 2014.
- Excluding London, **prime rents were highest in Edinburgh**. Belfast had similar prime and secondary rents to Dublin.

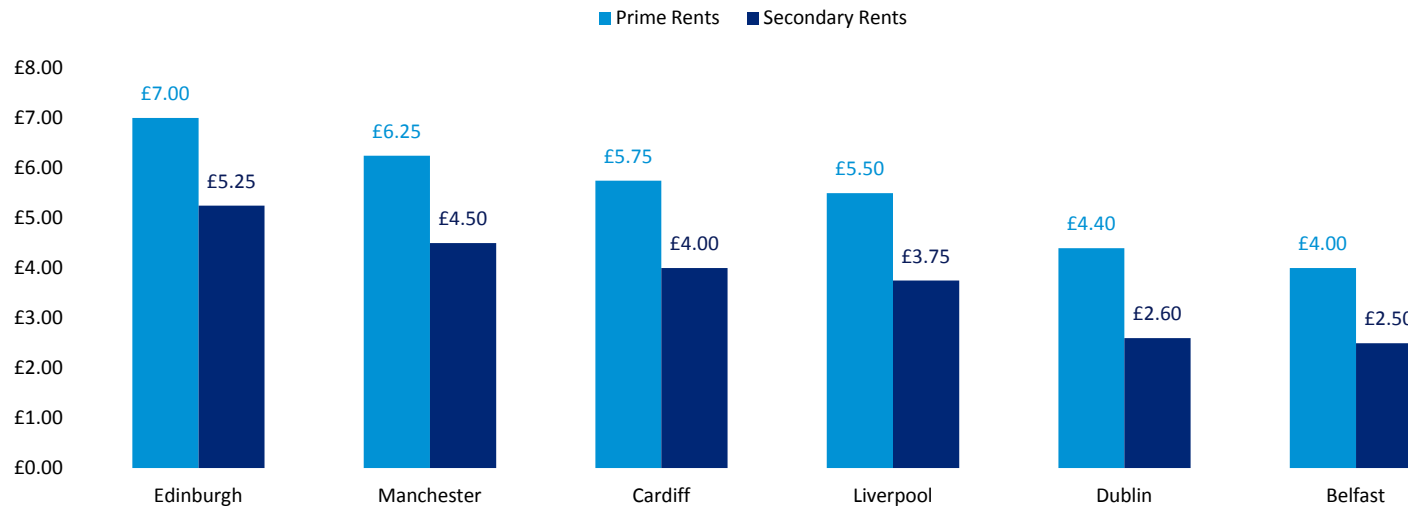


- Lisney's highlight that **options for inward investment and potential expansion of local companies remains limited as there is a shortage of building availability**, particularly units over 50,000 sq.ft (less than 1% availability).

• Note: these figures are based on select locations surveyed by Lisney's in Northern Ireland.

Colliers – Small industrial rents

- Figures shown are the estimates of achievable open market rents for each location in February 2015 assuming normal incentives.
- Rents for small sheds were highest in Edinburgh with Belfast returning rentals around 75% less than prime rents in that location.

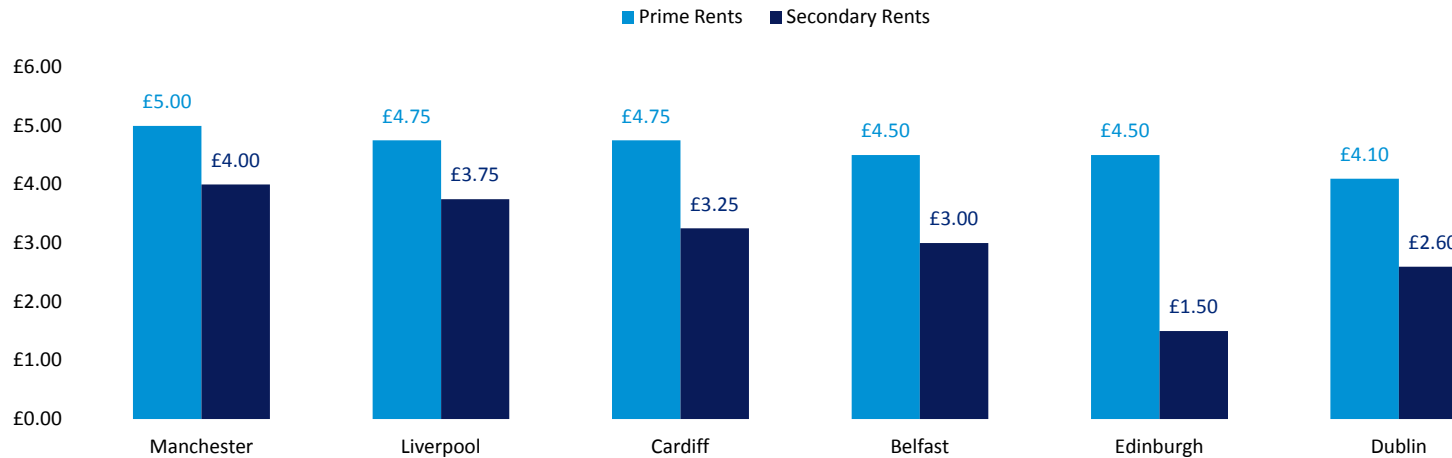


Note:

- Rentals apply to units of 10,000 – 30,000 sq ft
- Units are of typical specification and have minimum eaves height of 18ft, 10-15% office space and 45-50% site cover
- Units stand in prime industrial location
- Price rents apply to new units
- Secondary rents apply to second hand units built during the 1970's

Colliers – Large industrial rents

- Figures shown are the estimates of achievable open market rents for each location in February 2015 assuming normal incentives.
- Rents for big sheds were highest in Manchester with the lowest rents charged in Dublin and Edinburgh.

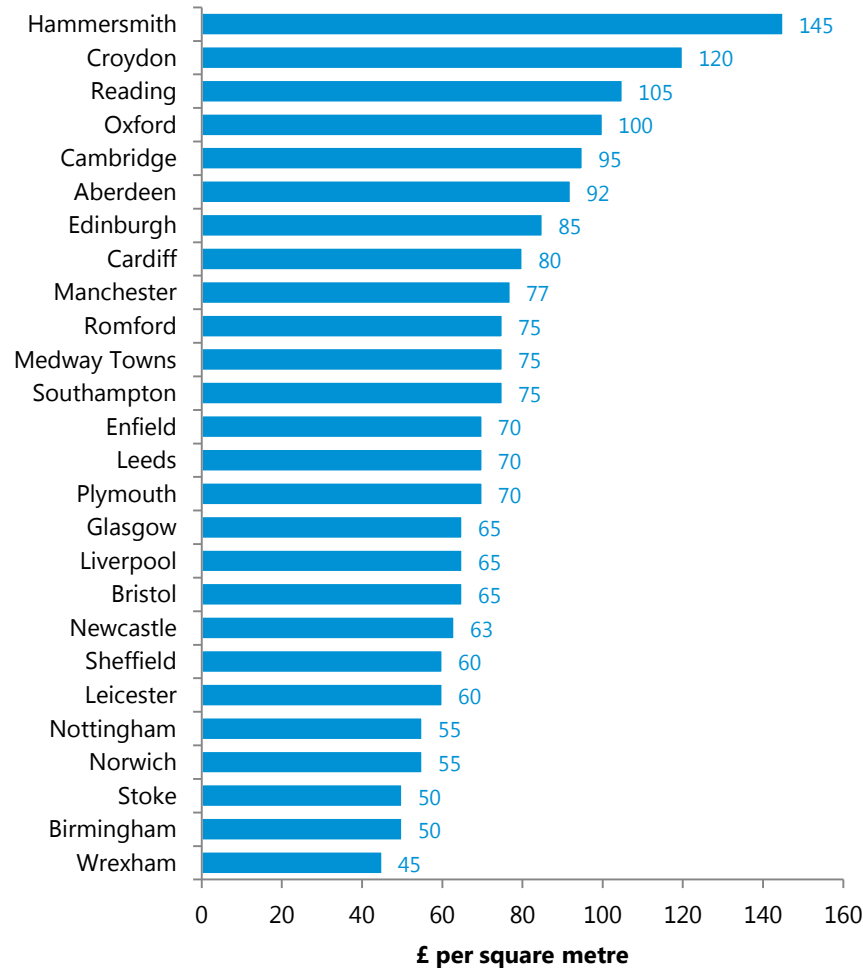


Note:

- Rentals apply to units of 100,000 sq ft+
- Units stand in prime industrial location
- Price rents apply to new units
- Secondary rents apply to second hand units built during the 1990's

Valuation office agency – industrial rents

- The Valuation Office Agency 2011 Property Market Report found very **little change in industrial rates in the UK over the period.**



- As with office rents, the **highest industrial rents for a small starter unit are to be found in and around London.**
- No information was available for NI however on this measure.
- Note: a small starter nursery unit refers to 50-200 square metres steel framed on concrete base, concrete block or brickwork to 2 metres with metal PVC covered cladding above. Eaves heights up to 4.5 metres with lined roof. Limited or no office content and common parking areas.

Nibusinessinfo – Intra NI industrial rents

- Figures shown are based on the average rental values across each town/city based on the industrial rental properties listed on nibusinessinfo during July 2014.



- Where information was available, industrial rental rates ranged from £5 to £2.50 per square foot.
- North Down had the highest industrial rental rates at £5 per square foot, closely followed by Antrim.
- The lowest rental charges were found in Newry and Mourne, 89% below those in North Down.
- Note: the values listed for some of the towns/cities are based on very small sample sizes. Caution should therefore be exercised in drawing broad conclusions on the results.

NI business rates

- An annual business rate bill is calculated and collected by the Land & Property Services in Northern Ireland.
- **Business rates are a rate for all non-domestic properties**, such as offices, factories and shops, with individual bills based on the rental value of the property as at 1 April 2001, the date for the last General Revaluation in Northern Ireland.
- However, there are **some properties which are specifically excluded from the valuation list and therefore not subject to rates**, for example:
 - fish farms
 - most farmland and farm buildings
- **Non-domestic property is assessed on the basis of its rental value known as the Net Annual Value (NAV)**. The NAV of the business property will determine the amount of rates that will have to be paid.
- Note: The UK does not have a single unified non-domestic rates system. Since 1989 in Scotland and 1990 in England and Wales, each of these countries has had its own Uniform Business Rate (UBR) system and has set its own national multiplier or rate poundage. Northern Ireland has retained its own non-domestic rate system, which consists of two parts, a rate set by the region, plus a rate set by each local authority.

How NI business rates are calculated

- The UK does not have a single unified non-domestic rates system. Since 1989 in Scotland and 1990 in England and Wales, each of these countries has had its own Uniform Business Rate (UBR) system and has set its own national multiplier or rate poundage.
- **NI non domestic rate bills are calculated by multiplying the rateable Net Asset Value of property by the non-domestic rate poundage** (non-domestic regional rate + non-domestic district rate).
- **Net Annual Value is an assessment of the annual rental value** that a property could reasonably be expected to be let for if it was on the open market at a fixed point in time.
- The **regional rate** is set annually by the Northern Ireland Executive whilst the **district rate** is set annually by each district council in Northern Ireland.

Business rates:	
Rateable Net Annual Value	
x	
(Non Domestic Regional Rate	Non Domestic District Rate)
= Rates Payable	

2015 NI rates tables

	Non Domestic District Rate Poundage	Non Domestic Regional Rate Poundage	Non Domestic Rate Poundage
Derry and Strabane	0.2778	0.3186	0.60
Mid and East Antrim	0.2769	0.3186	0.60
Belfast	0.2548	0.3186	0.57
Causeway Coast and Glens	0.2448	0.3186	0.56
Antrim and Newtownabbey	0.2433	0.3186	0.56
Armagh, Banbridge and Craigavon	0.2420	0.3186	0.56
Mid Ulster	0.2268	0.3186	0.55
Newry, Mourne and Down	0.2197	0.3186	0.54
North Down and Ards	0.2103	0.3186	0.53
Lisburn and Castlereagh	0.2032	0.3186	0.52
Fermanagh and Omagh	0.1980	0.3186	0.52

- In 2015 the regional rate set by the Executive was 31 pence.
- Each district council area sets its own rate annually.
- Derry & Strabane and Mid & East Antrim had the highest regional and district rates within Northern Ireland.
- The average regional and district rate combined is 55 pence.

Industrial derating in NI

- Industrial derating was **introduced in the UK as a whole mainly as a response to growing competition in manufactured goods from foreign countries.**
- It has been **phased out in all regions of the UK except NI.**
- The phased removal of Industrial derating began in April 2005. Originally the phasing out was planned on the basis of a gradual increase in liability until industrial properties attract full rates in 2011.
- However, following a further review of rating policy initiated by the Northern Ireland Assembly, it was decided to **cap liability at the current level of 30 per cent.**
- **Manufacturing businesses** occupying qualifying industrial properties can **qualify to pay 30 per cent of the normal occupied rates in NI.**
- Premises where manufacturing takes place and which are used mainly for retail purposes do not qualify.
- The decision to fully phase out Industrial Derating will be kept under review.

Rating assistance schemes in NI

- In addition to industrial de-rating the following measures have been introduced to help businesses in Northern Ireland:
 - **Non domestic vacant rating:** Locally full rates on unoccupied premises remain at 50%, compared to 100% in England and Wales, while rates are not applied to vacant factories. In Scotland the level of relief is to be reduced, to 10%, after a three month period.
 - **Small Business Rate Relief (SBRR):** Over £17m of assistance will be provided to over 24,000 small businesses in 2013/14 rating year.
 - **Regional rate increase:** By 2015 the regional rate will have been frozen for seven years, in real terms. The continuing freeze in the regional rate means rates are lower than otherwise would have been the case.
 - **Commercial rates package:** As well as expanding the SBRR scheme the 50% empty shops rates concession has been extended to 31st March allowing 50% relief where an empty retail becomes occupied. The property must have been empty for at least 12 months.

Large retail levy

- From 1st April 2012 a **levy has been applied to large retail premises with a rateable net annual value (NAV) of £500,000 or more.**
- The premises must be used primarily for retail sales.
- Those **properties that will be affected** include large supermarkets, clothes shops, stationery stores, toy shops and Department stores.
- A **regional rate poundage of 8.98 will apply** against the rateable NAV of the property in 2014–15. This should represent an average **15% levy over and above what rate bills would otherwise have been** (the precise amount will vary by district council area).
- The levy will be in place for a period of three years; from 1st April 2012 through to 31st March 2015.

England and Wales business rates

- In **England and Wales** business rates are calculated by multiplying the 'rateable value' of a property (set by the Valuation Office Agency) by the business rates multiplier (set by central government).
- The multiplier is used by each local council when calculating business rates bill. It's also known as the uniform business rate (or UBR).
- It is set at each revaluation by Communities and Local Government in England and the Welsh Government. The City of London can set its own multiplier. The multiplier usually changes each year in line with inflation.
- The small business rate multiplier is a reduced multiplier used in England and Wales when the council calculates the bill for any businesses who qualify for small business rate relief.
- Note: rates relief schemes specific to England, Scotland and Wales are available to reduce rates due from commercial users.

Scottish business rates

- In **Scotland** business rates are determined by multiplying the rateable value of the property by the business rates poundage set by Scottish Government.
- Actual liability will vary depending on other factors such as charitable and vacant property reliefs etc.
- Two additional charges are levied in Scotland on top of the standard rate (47.1 pence in 2014/15).
- The first is the large business supplement for properties with a rateable value greater than £35,000 which for 2014/15 has been set at 1.1p.
- The second is a Public Health Supplement for retail properties with a rateable value of £300,00 or more which sell both alcohol and tobacco, set at 13p since 2013/14.

Business rates in Ireland

- Rates are levied annually by county, city, borough and certain town councils. Each of these authorities has exclusive rating jurisdiction within its own area.
- Some town councils are not themselves rating authorities and there is an additional charge to the county rate levied on such towns to meet the expenses of the town council.
- Business rates are calculated by multiplying the Rateable Valuation of a property by the Annual Rate on Valuation.
- The Rateable Valuation of property is determined by the Commissioner of Valuation. The valuation of a property is assessed by reference to the values of comparable properties on the valuation list.
- The 'Annual Rate on Valuation' (also referred to as 'the multiplier') is decided by individual city councils.

Rates revaluation

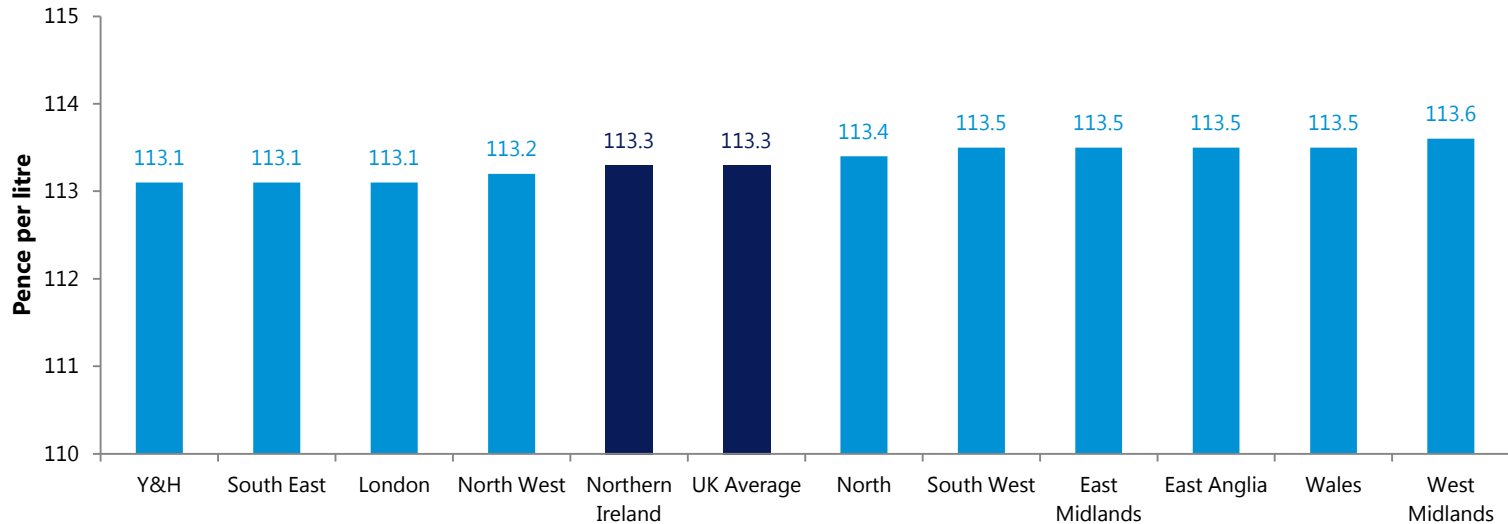
- Revaluation of business rates usually takes place every 5 years to reflect changes in the property market. The most recent revaluation in England and Wales was 1 April 2010.
- The next revaluations will be in:
 - 2017 in England
 - 2017 in Wales
 - 2017 in Scotland
 - 2015 in Northern Ireland
- At revaluation, the multipliers are revised so that the overall national business rates bill only changes in line with inflation.
- However, this means that a change in the rateable value doesn't always mean a change in a business rates bill.

Transport Costs

Including fuel and import/export costs

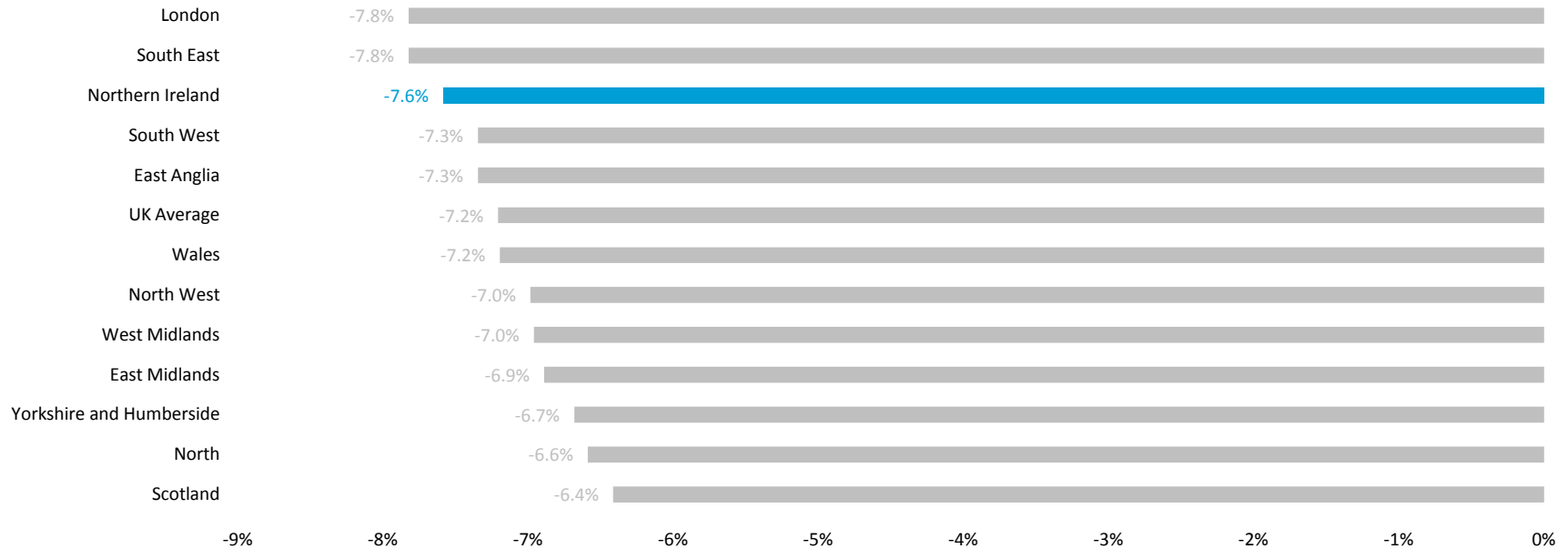
AA petrol prices 2014

- Average UK unleaded petrol prices in pence per litre have been sourced from the AA fuel price reports.



- In April 2015 the price for **unleaded petrol in Northern Ireland** was £113.3 pence per litre. This was the same as the UK average price for petrol.
- There is very little difference in petrol prices across the UK, with the lowest price region (Yorkshire and the Humber) being just 0.4% lower than the highest priced (West Midlands).

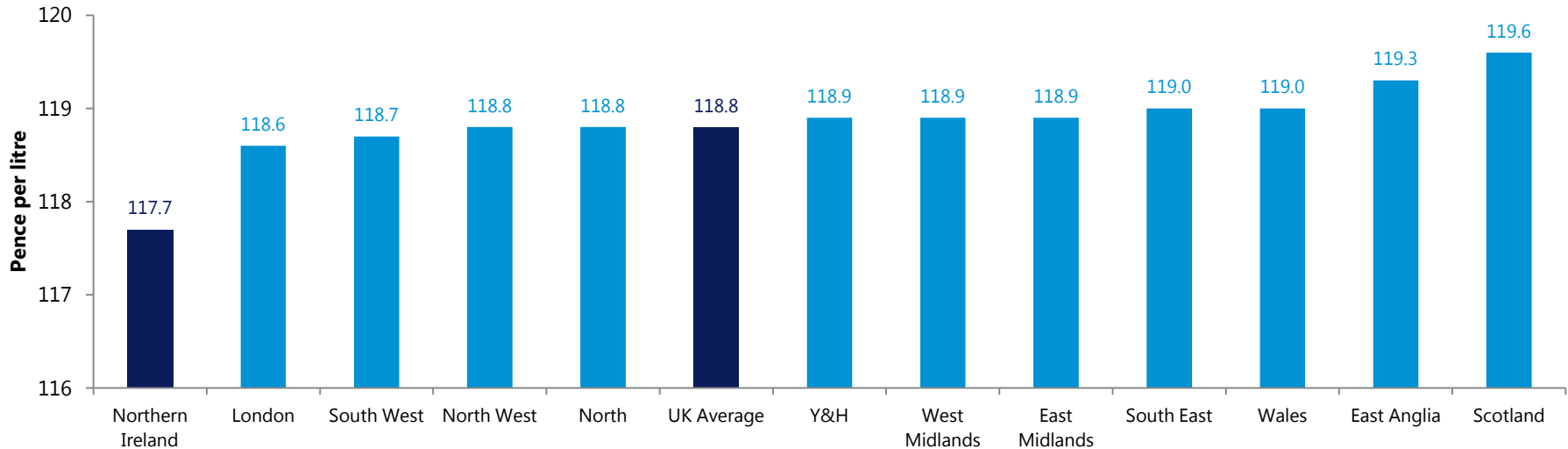
GB Petrol prices 2010-2015



- Petrol prices have fallen in all regions since 2010.
- Petrol prices in NI have fallen by 7.6% during this period, marginally above the UK average.

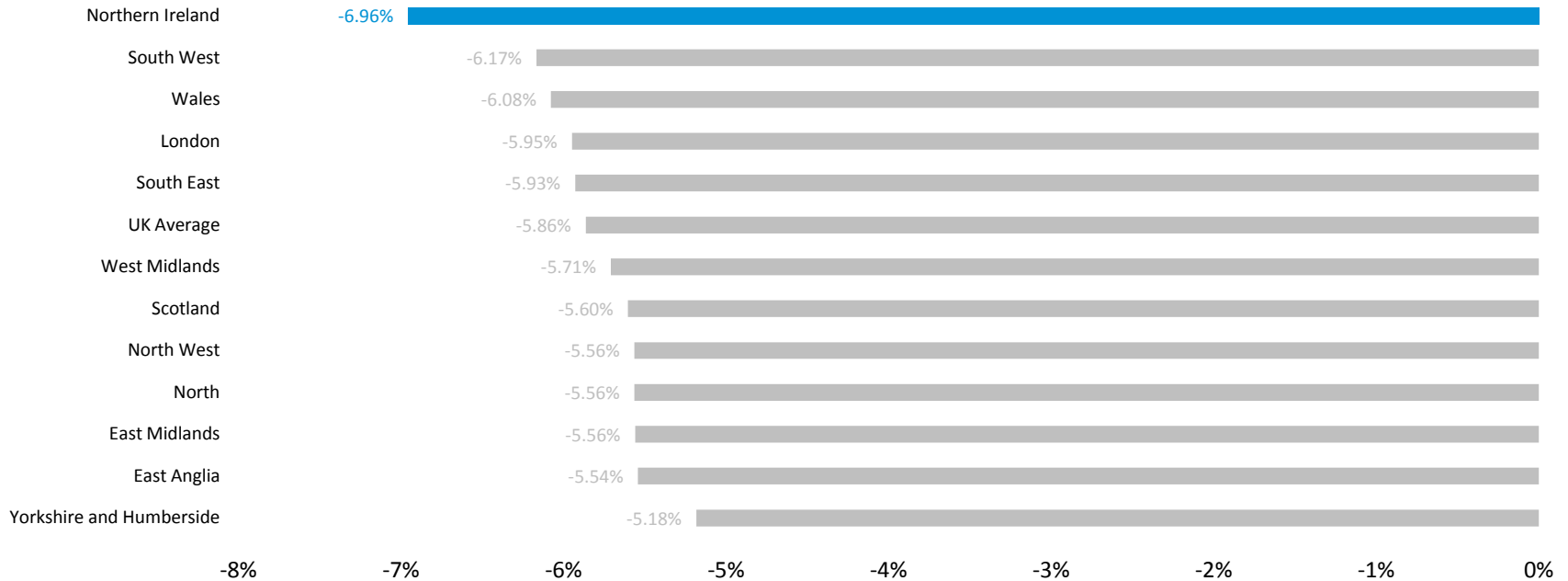
AA diesel prices 2014

- Average UK diesel prices in pence per litre have been sourced from the AA fuel price reports.



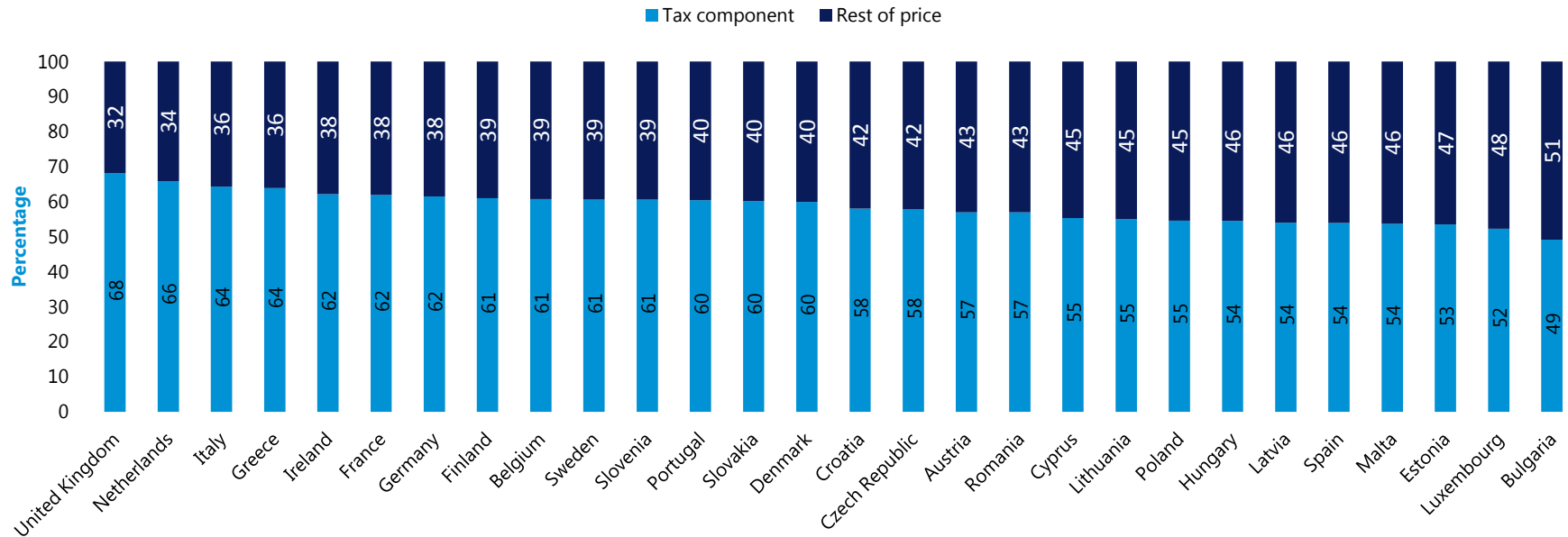
- Northern Ireland had the lowest price for diesel in the UK regions at £117.7 pence per litre.
- This was slightly below the average UK diesel price at £118.8 pence per litre.
- The highest price for diesel was recorded in Scotland.

GB Diesel prices 2010-2014



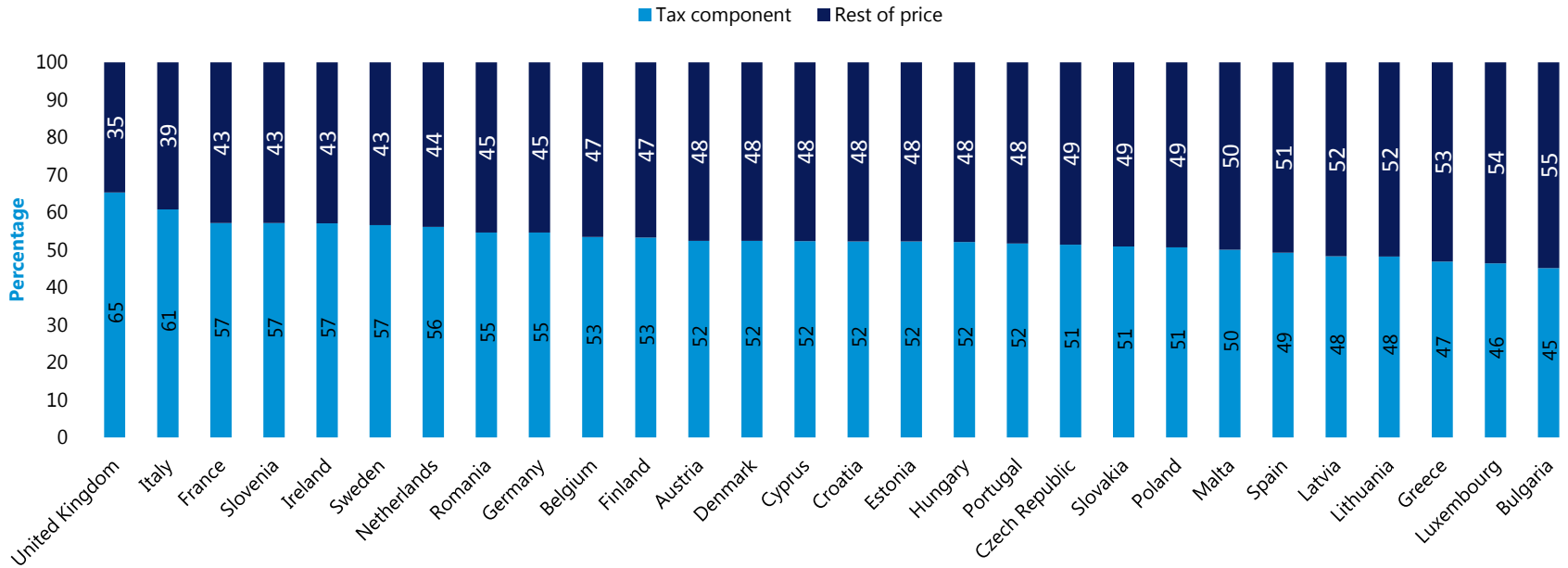
- Diesel prices have fallen in all GB regions since 2010.
- The largest fall in prices has been recorded in Northern Ireland, where diesel prices declined by 7%.

EU unleaded petrol prices – tax component



- For **UK** petrol prices the **proportion of the total cost represented by tax is 68%**.
- This is the **highest figure in the EU**.
- The **average tax component of petrol prices in the EU is 58%**.

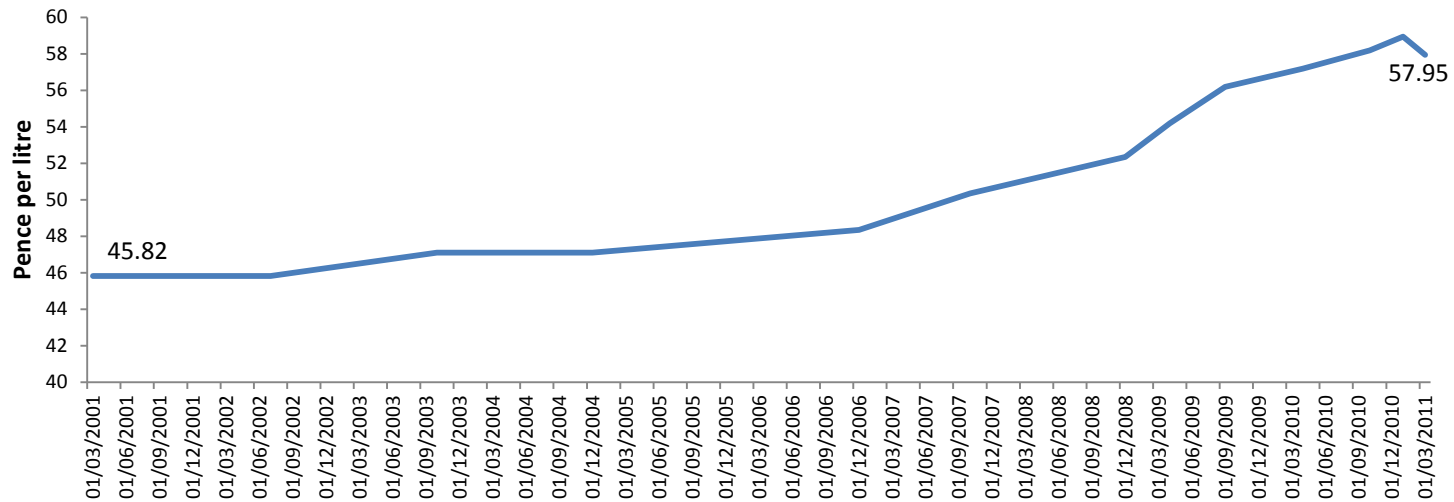
EU diesel prices – tax component



- For **UK** diesel prices the **proportion of the total cost represented by tax is 65%**.
- **This is the highest proportion in the EU.**
- The proportion of the total cost represented by tax in Ireland is lower at 57%.
- The average tax component of diesel prices in the EU is 53%.

Fuel duty trends

- Data from the Freight Transport Association highlights the changes in fuel duty rates in the UK since March 2001.
- **Between 7 March 2001 and 23 March 2011 the duty on diesel and petrol increased from 45.82 pence per litre to 57.95 pence per litre – an increase of 26.5%.**
- Fuel duty in the UK is the highest throughout the EU.
- The Chancellor of the Exchequer announced in February 2015 that the fuel duty increase planned for September was cancelled, fuel duty remains at 57.95 pence per litre.



Fuel duty rates

- The current rates of fuel duty are as follows:

Fuel	Duty rate per litre (£)
	Current
Unleaded petrol	0.5795
Heavy Oil	0.5795
Biodiesel	0.5795
Bioethanol	0.5795
Light oil (other than unleaded petrol or aviation gasoline)	0.6767
Aviation gasoline (Avgas)	0.377
Light oil delivered to an approved person for use as furnace fuel	0.107
Marked gas oil	0.1114
Fuel oil	0.107
Heavy oil other than fuel oil, gas oil or kerosene used as fuel	0.107
Kerosene to be used as motor fuel off-road or in an excepted vehicle	0.1114
Biodiesel for non-road use	0.1114
Biodiesel blended with gas oil for non-road use	0.1114
Road fuel natural gas (NG), including biogas	0.2470 £/kg
Road fuel gas other than NG - eg. liquified petroleum gas	0.3161 £/kg

- The planned fuel duty increase scheduled for September 2013 was cancelled by the Chancellor until the end of the life of the current Parliament – May 2015.
- Cancelling the increase was aimed to maintain business costs at a lower level than would have otherwise been the case.
- As such it is expected that GDP will be higher than if the fuel duty increase were to have gone ahead.

Vehicle excise duty

- Vehicle Excise Duty (VED) is an annual tax on the ownership of road vehicles which applies to cars, vans, lorries and motorcycles administered by the DVLA.
- Cars registered before March 2001 are subject to a rate of VED based on engine size.
- For cars registered on or after March 1 2001, the rate of VED is based in fuel type and CO2 emissions.
- This provides for a sliding scale of liabilities split into 13 bands ranging currently from a maximum of £500 per annum for petrol and diesel vehicles, down to £10 for the least polluting. Alternative fuel vehicles in this category qualify for a lower rate.
- For new cars registered on or after 1st April 2010, different rates of vehicle tax will be charged for the first tax disc. These are known as 'First Year Rates' and range from £120 for a CO2 figure of 131-140 g/km to £1,090 for a CO2 figure of over 255 g/km.
- The aim of 'First Year Rates' is to make buyers fully aware of the environmental impact their new car will have. All subsequent tax discs will be charged at the standard rate.
- Full breakdown of VED rates can be found here:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/299797/V149_2014-15.pdf

HGV road user levy

- The Government has introduced a road user levy for heavy goods vehicles (HGV), 12 tonnes or more, to ensure such vehicles make a contribution to the wear and tear of the UK road network.
- This levy was introduced by the HGV Road User Levy Act 2013 and began on 1 April 2014.
- Levy amounts vary according to the vehicle's weight, axle configuration and levy duration.
- UK registered vehicles will pay levy costs at the same time and in the same transaction as vehicle excise duty (VED) with payments collected by the DVLA.
- Vehicles registered abroad must make levy payments before entering the UK (including Northern Ireland) .
- VED has been reduced and, consequently, over 90% of HGVs will not see costs rise.
- Failure to pay the levy carries a fixed penalty of £300 or a maximum fee of £5,000 if the matter goes to court.
- Two roads in Northern Ireland are exempt from the levy as they straddle both sides of the Irish border:
 - Part of the A3, west of Clones, County Monaghan
 - The A37, which is a main through route between Dundalk in County Louth and Castleblaney in County Monaghan.

HGV Levy Bands

- The current rates for non-UK registered vehicles are as follows:

HGV Levy Band	Daily Rate	Weekly Rate	Monthly Rate	Annual **
A	£1.70	£4.25	£8.50	£85
B	£2.10	£5.25	£10.50	£105
C	£4.80	£12	£24	£240
D	£7	£17.50	£35	£350
E	£10	£32	£64	£640
F	£10	£40.50	£81	£810
G	£10	£50	£100	£1,000
B(T)	£2.70	£6.75	£13.50	£135
C(T)	£6.20	£15.50	£31	£310
D(T)	£9	£22.50	£45	£450
E(T)	£10	£41.50	£83	£830

*(T) indicates higher charges for rigid vehicles with trailers weighing 4,000kg or more

**UK registered vehicles will pay annual or six monthly HGV levy alongside VED

Import duty and taxes

- To import goods into the UK from outside the European Union (EU) or move them from another EU country a business will have to:
 - find the correct commodity code for those goods
 - pay VAT in some cases
 - fill in a VAT return if they are VAT registered
 - register with the Customs Handling of Import and Export Freight (CHIEF) system to track the movement of goods through ports and airports, and complete customs information electronically for importers if importing from outside the EU
 - declare the goods for import using the CHIEF system
 - pay duty in some cases
 - get a licence for some goods (eg firearms)
 - check if the goods are banned from being imported into the UK or require an import licence
- The exact rules for importing depend on whether a business is moving goods from another country in the EU or importing from outside the EU.

Importing from EU countries

- When importing from EU countries a business will need to identify a commodity code and pay VAT, but not import duty.
- A commodity code classifies goods for tax and regulations.
- A business will not normally require an import licence for imports from the EU, however, some goods like firearms may require one.
- Imports within the EU are called 'acquisitions'.
- If a business imports goods from another EU country then they must add these acquisitions and any tax due on them to their VAT return. They can reclaim this VAT if the goods are intended to make taxable supplies or for use in their business.
- Businesses will have to pay VAT at UK rates for acquisitions from another EU country.
- Duty is not required to be paid on goods that have been produced in the EU, these are 'in free circulation' in all EU countries.
- This also covers goods from outside the EU if duty has already been paid on them e.g. A French company imports bicycles from China and pays duty on them. They are now in free circulation and can be moved into the UK without paying further duties.

Importing from non EU countries

- When importing from non EU countries a business will need to:
 - Declare its imports to customs
 - Pay VAT and duty on them
 - Identify the commodity code
 - In some cases an import licence will also be required.
- A commodity code is needed for all imports from non EU countries and classifies goods for tax and regulations.

Duty and VAT

- Normally a business will have to pay duty on goods imported from non-EU countries when they're first brought into the EU.
- The amount of duty payable depends on how the goods are classified under the UK Trade Tariff and how they'll be used.
- A business can apply for reduced rate or zero rate duty for goods from certain countries as long as they can prove their origin. This is known as 'preference'.
- It is possible to import goods from non EU countries without paying duty or VAT as long as they stay in customs warehouses – these are places where duty is suspended.

Importing from non EU countries

- Import duty and VAT will only be paid on such goods when they are put into free circulation within the EU.
- VAT will be directly paid to HMRC at UK rates on goods imported from outside the EU when they're first brought into the EU.
- A business can import works of art, antiques and collectors items from outside the EU at a reduced rate of VAT.

VAT on Services

- If a business buys services from another EU country a rule called the 'reverse charge' applies.
- This means there will be no tax payable unless the business buying services is partially exempt from paying VAT.
- When selling services to non business customers in other EU countries however VAT will be charged at the usual rate.
- There are different rules for some types of services including: hiring transport, land and property services, 'electronically supplied services' where there's nobody directly involved in providing them (eg web hosting or music downloads) and restaurant or catering services.
- VAT does not apply to services bought from outside the EU.

Import duty and taxes

- **Import duty and taxes are due when importing goods into the UK from outside of the EU** whether by a private individual or a commercial entity.
- The **duty rates applied to imports** into the UK typically range between **0% and 17%**.
- Some products are duty free such as laptops, mobile phones and digital cameras. Others may be subject to additional duties and restrictions and may require an import licence.
- The **standard VAT rate for importing items into the UK is 20%**. VAT is calculated on the value of the goods, plus international shipping costs and insurance, plus any import duty due.
- There are **minimum thresholds** below which duty and VAT are waived: if
 - The value of the goods excluding shipping and insurance does not exceed £135
 - The amount of duty payable does not exceed £9
- **Other taxes and customs fees** include excise duty, payable on for example tobacco and alcohol.
- **Additional customs fees** can be charged to cover the expense of performing any required examinations, verifications or testing of the imported goods.

Exporting within EU

- A business will not have to pay duty and there are no customs checks when sending goods within the EU.
- These goods are in 'free circulation'. This also applies to goods from outside the EU but only if duty has been paid on them.
- Exports within the EU are called 'dispatches'.

Paying VAT

- If a customer is VAT registered in their country then they'll pay the equivalent to VAT for the goods received at their country's rate.
- The business sending the goods will not pay VAT as goods sent to someone who's registered for VAT in another EU country are zero-rated.
- However if the customer isn't VAT registered then the business exporting the goods will have to pay UK VAT on those goods.
- The business will only be exempt from paying VAT if they're responsible for delivering the goods and their value is above a certain amount, the 'distance selling threshold.'
- Distance selling thresholds in each EU country are available from the European Commission.

Exporting within the EU

- If a business supplies services to a business customer in the EU then they do not need to charge VAT – the customer is responsible for paying VAT in their country.
- However VAT is chargeable on services to non business customers in the EU.
- There are different rules for some types of services including: hiring transport, land and property services, ‘electronically supplied services’ where there’s nobody directly involved in providing them (eg web hosting or music downloads) and restaurant or catering services.

Paying Duty

- Duty is not required to be paid on goods that have been produced in the EU, these are ‘in free circulation’ in all EU countries.
- This also covers goods from outside the EU if duty has already been paid on them e.g. A French company imports bicycles from China and pays duty on them. They are now in free circulation and can be moved into the UK without paying further duties.

Commodity Codes

- Commodity codes are required for goods not in free circulation, this classifies the good for duty, tax rates and regulations (e.g. licences).
- Businesses will have to check if they require a strategic export licence for some controlled goods, e.g. Military, defence or security related goods.

Exporting to non EU countries

- Exports to countries outside the EU are called exports to ‘third countries’.
- A business will be required to submit an export declaration for such goods and may need an export licence.
- Customs duties and taxes may also be liable in the destination country.
- Export regulations vary depending on the country being exported to, country guides are available at <https://www.gov.uk/government/collections/exporting-country-guides#europe>.
- A commodity code will be required for all exports outside the EU as this classifies the goods for duty, tax rates and regulations (e.g. licences).
- An export licence may also be required for exporting goods to a third country. For example, agricultural goods or valuable antiques often need one. Licences can be sourced from the relevant government organisation, e.g. Department for Environment, Food and Rural Affairs.
- When exporting an electronic export declaration must be submitted .
- Special rules apply when moving goods via other EU countries before exporting them to a third country – known as ‘indirect exports.’

Exporting to non EU countries

VAT and Duty

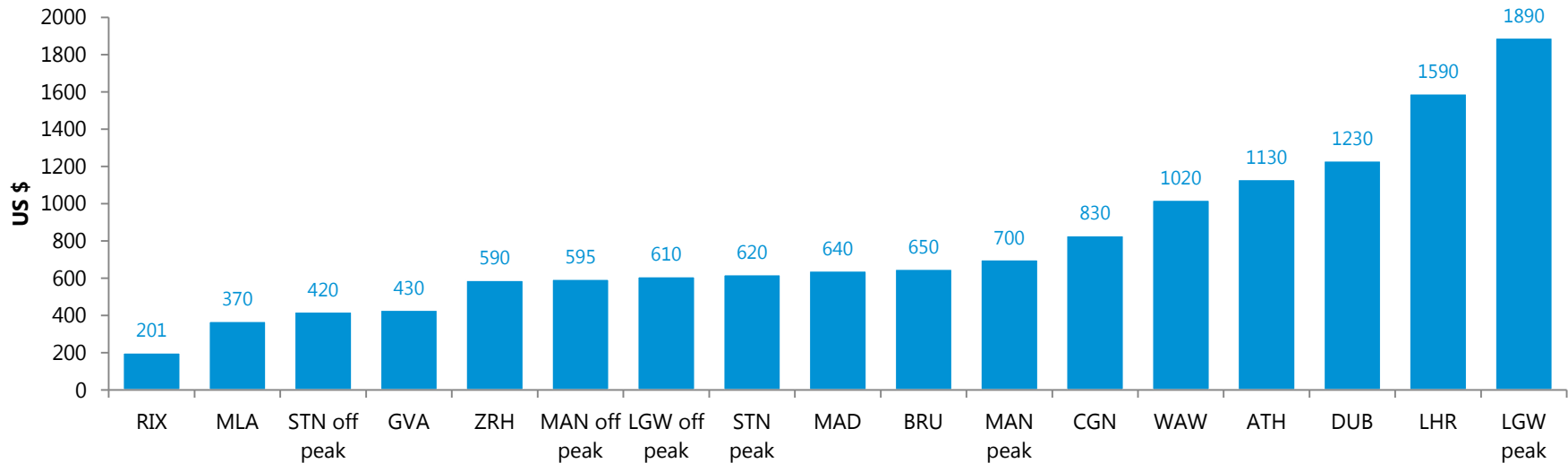
- A business can zero-rate most of the goods it exports to non-EU countries but it must provide evidence that the goods have left the EU and keep a record of the export in its VAT account.
- VAT is not chargeable on services exported outside the EU.
- Duty charges are set by the country being exported to and depend on the types of goods, where they come from and their value.
- The UK Trade Tariff lists the duty charges, tax, custom rules and paperwork for exports to third countries.
- ‘Duty relief’ or claiming back VAT or duty charges is available as some countries have trade agreements with the EU that allow businesses to export at lower or zero duty rates.
- There may be embargoes or sanctions against exporting certain goods (e.g. Military, defence or security related goods) to individual countries.

Exporting via other EU countries

- Moving goods through other EU countries is known as ‘indirect exports’.
- Indirect exports need special procedures and paperwork, which generally depend upon the final destination of goods:
 - A business must fill in an export declaration even though the goods are initially moving through an EU country
 - A business must determine whether export licences or other controls are needed, this will depend on the destination of the goods
 - VAT will not be payable on goods exported outside the EU, though proof will be required that the goods have left the EU
 - A trade control licence will be required if a business is moving strategically controlled goods (e.g. military or defence) between 2 non EU countries; and
 - A transshipment licence may be required if a business arranges the shipment of goods through the UK.

European airport landing fees

- Based on data available from a 2011 report, the following landing charges at European airports for an Airbus 320 were estimated:



- The lowest European charges were recorded in Riga (Latvia) and Malta.
- The highest charges were recorded for London Gatwick (at peak hours), London Heathrow and then Dublin.
- Dublin charges were 29% lower than Heathrow and 54% lower than Gatwick (at peak hours).
- Note: Neither of the Belfast airports were included in this study.

Airport charges – Belfast City Airport

Schedule of Charges as of January 2013		
Description	Basis of charge	Charge
Landing fee	<i>Maximum aircraft take off weight</i>	
	< 2 tonnes	£14.00 per half tonne or part thereof
	> 2 tonnes	£27.50 per half tonne or part thereof
Aircraft Parking	<i>Time parked</i>	
	< 2 hours	£0.00
	> 2 hours	£6.70 per tonne or part thereof per 24 hour period
Passenger load supplement: Domestic	Passenger numbers	£14.00 per arriving passenger
Passenger load supplement: International	Passenger numbers	£19.30 per arriving passenger
Persons with reduced mobility	Passenger numbers	£19.30 per arriving passenger
Security levy	Passenger numbers	£0.27 per chargeable passenger
Airfield extensions	Passenger numbers	£5.50 per arriving passenger
Ground Power Unit	Hours per movement	£610 per hour or part thereof per movement
Casual Freight	Time used	£57.95 per hour or part thereof
Fuel infrastructure fee	Kilo	£0.14 per kilo
Handling	Litre	£0.05 per litre
	<i>Maximum aircraft take off weight</i>	
	<2 tonne	£46.00
	>2 tonnes - <10 tonnes	£93.00
	25-<40 tonnes	£261.40
	>40 tonnes	£383.00

- The following charges have been derived from the published conditions of use document available on the Belfast City Airport website.

Airport charges – Belfast International Airport

Schedule of Charges as of April 2014		
	Landing Charge	Parking Charge
Passenger Aircraft	<i>Charged per tonne of max take off weight or part thereof</i>	<i>Charged per maximum take off weight</i>
For aircraft operating scheduled domestic flights	£9.25	Free for first 2 hours from landing and 0.18 per 2 tonnes or part thereof for each further 15mins
For all other passenger aircraft	£13.90	
Diversions	£19.00	
Freight and Mail	£14.70	Free for first 2 hours from landing and 0.18 per 10 tonnes or part thereof for each further 15mins
Others	£14.70	Free for first 2 hours from landing and 0.18 per 3 tonnes or part thereof for each further 15mins
Passenger charge for each departing passenger aged 2 years and above in aircraft weighting more than 2 metric tonnes		
Domestic flights	£12.60	
International flights	£15.70	
Airbridge charge for each departing passenger aged 2 years and above in aircraft weighting more than 2 metric tonnes: Domestic and International	£0.69	
Hold baggage search charge for each departing passenger aged 2 years and above in aircraft weighting more than 2 metric tonnes: Domestic and International	£0.32	
Security charge for each departing passenger aged 2 years and above in aircraft weighting more than 2 metric tonnes: Domestic and International	£0.48	
Security regulation charge for each departing passenger aged 2 years and above in aircraft weighting more than 2 metric tonnes: Domestic and International	£0.48	
Insurance charge for each departing passenger aged 2 years and above in aircraft weighting more than 2 metric tonnes: Domestic and International	£0.18	
Passenger with reduced mobility charge for each departing passenger aged 2 years and above in aircraft weighting more than 2 metric tonnes: Domestic and International	£0.31	

- The following charges have been derived from the published conditions of use document available on the International Airport website.

Airport charges – Edinburgh Airport

Schedule of Charges as of January 2014 to December 2014		
	Landing Charge	Parking Charge
		<i>Based on weight of aircraft</i>
Weight charge on departure: per metric tonne or part thereof	£4.95	£0.068 per metric tonne per quarter hour or part thereof
Passenger charge on departure - non controlled: Per terminal departing passenger on aircraft in excess of 2 metric tonnes	£10.48	£0.068 per metric tonne per quarter hour or part thereof
Passenger charge on departure - controlled: Per terminal departing passenger on aircraft in excess of 2 metric tonnes	£12.36	£0.068 per metric tonne per quarter hour or part thereof

- The following charges have been derived from the published conditions of use document available on the Edinburgh Airport website.

Airport charges – Dublin Airport

Schedule of Charges for 2014		
	Summer Airline Schedule	Winter Airline Schedule
Standard charge per air transfer movement each way	€8.64 per tonne of maximum take off weight of part thereof	€4.90 per tonne of maximum take off weight or part thereof
Passenger Charge		
Departure on a contact stand	€ 12.28	€ 10.62
Departure on a remote stand	€ 11.28	€ 9.62
	Parking Charges East Aerodrome	Parking Charges West Aerodrome
Wide Contact	€34.90 per 15mins or part thereof	
Narrow Contact	€27.90 per 15mins or part thereof	
Wide Remote	€9.60 per 15mins or part thereof	€9.60 per 15mins or part thereof
Narrow Remote	€7.70 per 15mins or part thereof	€7.70 per 15mins or part thereof
Light Aircraft Parking	€2.65 per 15mins or part thereof	
Long Term Remote	€180 per day or part thereof	
Parking duration: 48 hours up to 72 hours (incl night time)	standard rate +100%	standard rate
Parking duration: 72 hours and over	standard rate +200%	standard rate +200%
Airbridge Charge	€7.35 per 15mins or part thereof	
Transfer Passenger Charge	€2	
Persons with reduced mobility charge	€0.47	

- The following charges have been derived from the published conditions of use document available on the Dublin Airport website.

Airport charges – Heathrow Airport

Schedule of Charges from April 2014			
Departing Passenger Charge to European destinations	£31.63	Fixed wing aircraft exceeding 16 metric tonnes - outside night period	
Departing Passenger Charge to other destinations	£44.41	Chapter 2	£8,802.15
Transfer Passenger Charge to European destinations	£23.72	Chapter 3 High	£8,802.15
Transfer Passenger Charge to other destinations	£33.31	Chapter 3 Base	£2,934.05
Minimum charge for departure for all flights	£1,406.00	Chapter 4 High	£1,760.43
Parking Charges on wide bodied aircraft	No charge for first 90 mins then £52.49 per 15mins thereafter	Chapter 4 Base	£1,467.03
Narrow Bodied Aircraft	No charge for first 30 minutes then £21.86 per 15mins thereafter	Chapter 4 Minus	£880.22
Narrow Bodied Aircraft	No charge for first 30 minutes then £21.86 per 15mins thereafter	Fixed wing aircraft exceeding 16 metric tonnes - night period	
Emission Charges	£8.82 per kg of Nox	Chapter 2	£22,005.38
Air Navigation Charge: charge per landing	£82.43	Chapter 3 High	£22,005.38
Air Navigation Charge: charge per metric tonne	£1.11	Chapter 3 Base	£7,335.13
Noise Charges for Helicopters	£1,406.00	Chapter 4 High	£4,401.08
Noise Charges for Fixed wing aircraft not exceeding 16 metric tonnes	£2,934.05	Chapter 4 Base	£3,667.58
		Chapter 4 Minus	£2,200.55

- The following charges have been derived from the published conditions of use document available on the Heathrow Airport website.
- Note that 'Night period' refers to the time between 00:00-03:29 UTC (GMT) 1 April to 31 October, and 01:00-04:29 UTC (GMT) 1 November to 31 March, Noise Charges are 2.5 times the normal charges in the Night Period.

Airport charges – Cardiff Airport

Schedule of Charges from April 2014		
	Landing Charge	Parking Charge
Aircraft over 5 MT, Maximum take off weight		
Over 5 mt and up to 25mt	£16.80	First 2 hours are free then £130 per 24 hours thereafter
Over 25mt up to 200mt	£18.50	First 2 hours are free then £210 per 24 hours thereafter
Over 200mt	£11.00	First 2 hours are free then £315 per 24 hours thereafter
Single Twinned Engined Aircraft, Maximum take off weight		
0000-2000 kg	£17.00	First 24 hours are free then £10 per 24 hours thereafter
2001-2500 kg	£32.00	First 24 hours are free then £16.8 per 24 hours thereafter
2501-3000 kg	£37.50	First 24 hours are free then £16.8 per 24 hours thereafter
3001-4000 kg	£58.00	First 24 hours are free then £16.8 per 24 hours thereafter
4001-5000 kg	£81.00	First 24 hours are free then £16.8 per 24 hours thereafter
Passenger load charge	£17.30	
Security charge per passenger	£1.85	
Special assistance charge per passenger	£0.63	

- The following charges have been derived from the published conditions of use document available on the Cardiff Airport website.

Air travel analysis

- A limited air travel analysis was carried out to benchmark the average cost to firms in NI and other key GB cities to reach a range of domestic and international destinations over a period of 4 months.
- International destinations were selected following liaison with Invest NI to identify main air routes into and out of NI with their clients.

Methodology:

- Search for flights conducted for Mondays across February, March, April and May
- If the trip was within GB flights departing NI to arrive pre-9am and returning at the end of business day post 5pm were selected
- If flying to an international destination then a trip of three days was costed to facilitate one full day of meetings in between inbound and outbound travel
- For domestic travel no additional luggage selected just carry on
- No seat selection on any flights
- No upgrades selected
- Cheapest seats selected in each search
- US travel comparison for NI complicated by the suspension of the Newark route for January to March 2015 so not comparing same flights across all four dates
- Car park charges included in flight costs across all cities and all destinations.

Telecom Costs

**Broadband, telephone and related
but excluding investment in IT
equipment and software**

Invest NI website

- According to the Invest NI website “Northern Ireland’s communications infrastructure is state-of-the-art and enjoys **international connectivity at a very competitive cost.**”
- NI was the first region in Europe to achieve 100 per cent broadband coverage and one of the first to operate and experience high speed, next generation services with a new 40-gigabyte per second transatlantic and terrestrial telecommunications link between Northern Ireland, North America and Europe.
- This provides secure, reliable service and delivering **prices up to 20 per cent below market rates in London, Dublin, Manchester and Glasgow.**
- The 20% lower cost refers to an outcome of **Project Kelvin**, established to reduce telecom costs for large users. As part of the contract with Hibernia it was agreed that broadband tariffs for SMEs would be lowered to at least 20% below the locations listed above until 2018.
- Northern Ireland’s telecoms industry is a highly deregulated and competitive market with over 70 operators. **Deregulation means better service and lower costs.**

Comparative international pricing

- OFCOM carried out analysis on the price of UK communications services to those in France, Germany, Italy, Spain and the US based on the use of services by five 'typical' households.
- Whilst the analysis is on the cost of telecommunications to households broad messages can be drawn for the implied costs to businesses.
- The key findings highlighted that prices in the UK compared favourably to those in the other five countries with the lowest 'weighted average' single-service prices for three of the five baskets, and the lowest 'best offer' prices for two baskets, found in the UK.
- Low basket prices in the UK were largely due to lower mobile prices: the UK had four of the lowest 'weighted average' stand alone prices and six of the lowest 'best offer' prices on offer.
- The UK also benefitted from low fixed broadband and fixed voice prices, having the lowest 'weighted average' and 'best offer' prices for all three of the fixed broadband connections used, and the lowest 'weighted average' prices for three of the four fixed voice connections used.
- Note: The methodology matches tariffs to usage requirements and has been developed in order to address the difficulties in comparing prices caused by service bundling, tariff complexity, differing usage priorities within countries and variations in averages across countries.

OECD telecoms cost

- According to OECD data **prices for broadband and mobile communications have declined over the past 2 years while services have expanded.**
- **Broadband speeds have increased between 15-20%** whereas the **downward trend in prices** has been more marked for mobile services.
- **Benchmarking prices and mapping them to services** is becoming increasingly **difficult** due to the **rising use of bundled services.**
- This trend makes it increasingly difficult to map offers to prices and to compare them across providers.
- The OECD uses a methodology that enables the comparison of communications charges: the “basket” methodology.
- This methodology builds a standard basket of monthly consumption and then compares how much the same service would cost across countries.

OECD business costs

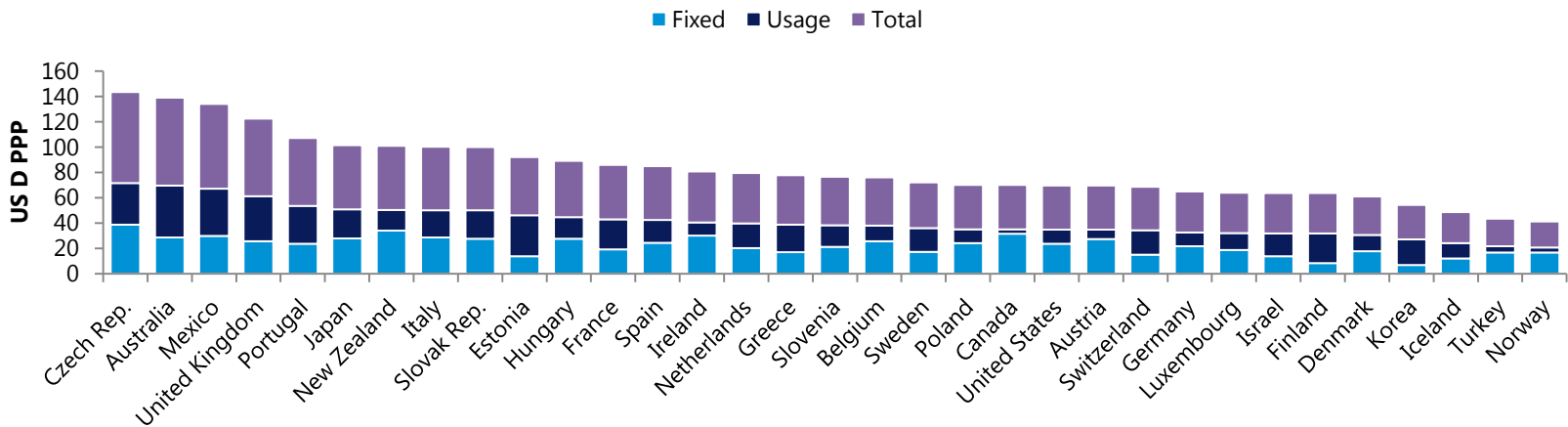
- For **business users there are two different profiles** provided on the costs of fixed public switched telephone network (PSTN) line : **100** calls per single user per month and **260** calls per single user per month.
- Unlike previous versions, these two baskets refer to business single users only, and **do not intend to address the communication costs of a SME.**

PSTN Baskets		
Business		
Calls per month	100 calls single user	260 calls single user
Calls per year	1,200 calls single user	3,120 calls single user

- **Data for NI is not available for either measure** however information is supplied on both the UK and Ireland relative to a number of comparators.

100 calls business basket

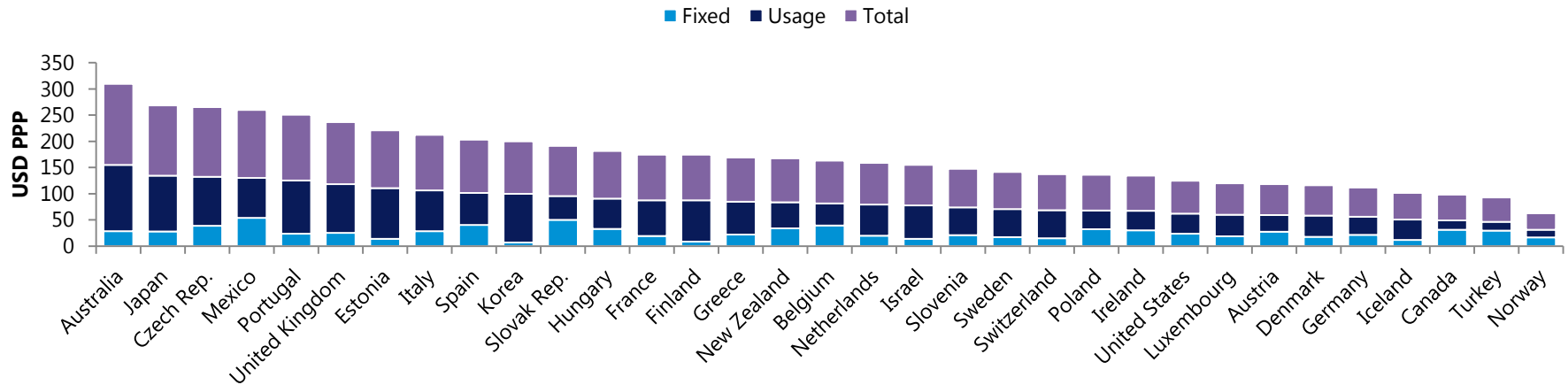
- The 100 calls business basket costs showed **average costs in OECD countries** (both fixed and usage elements) to be USD **41.18** PPP per month.
- **UK costs are 49% above this average** and in the **top five most expensive countries**.



- **Ireland's costs are mid table** and around **52% below those in the UK**.
- OECD data suggests that **Ireland is more competitive than the UK**, and perhaps NI, **for small business user telecom costs on this measure**.

260 calls business basket

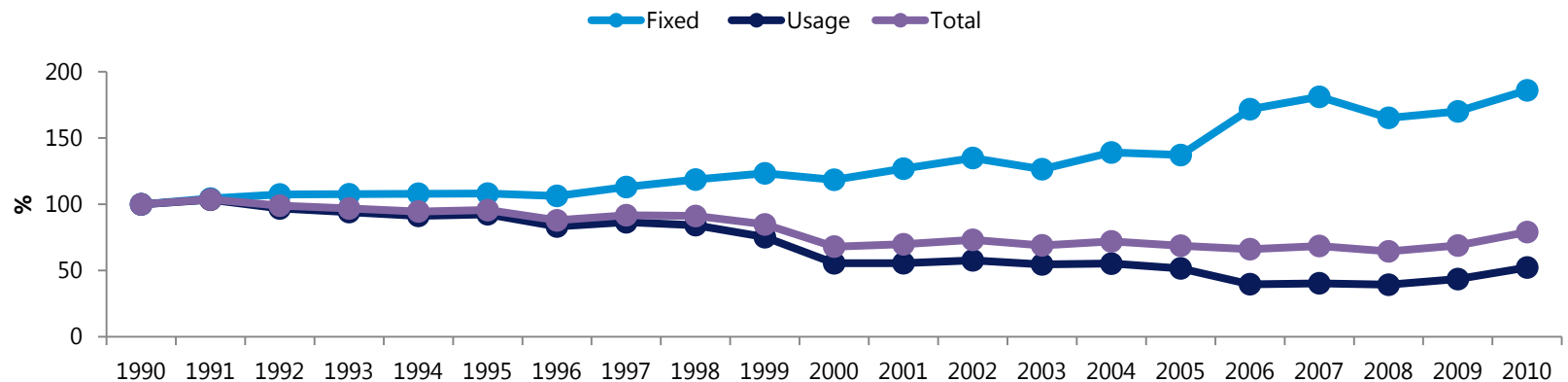
- The 260 calls business basket costs reflects a higher usage pattern, **average costs in OECD countries** (both fixed and usage elements) to be USD **84.95** PPP per month.
- **UK costs are 39% above this average** and in the **top six most expensive countries**.



- **Ireland's costs are below mid table** and around **76% below those in the UK**.
- Again, OECD data suggests that **Ireland is more competitive than the UK**, and perhaps NI, **for small business user telecom costs on this measure**.

Time series data

- The total price of business fixed telephony has increased since 2008, reaching approximately 80% of the 1990 cost.
- Both subscription and usage charges have increased by 80% and 35% respectively over the period.



- In 2010 fixed subscriptions were 86% more expensive than in 1990 and usage fees were approximately half of the price in that year.

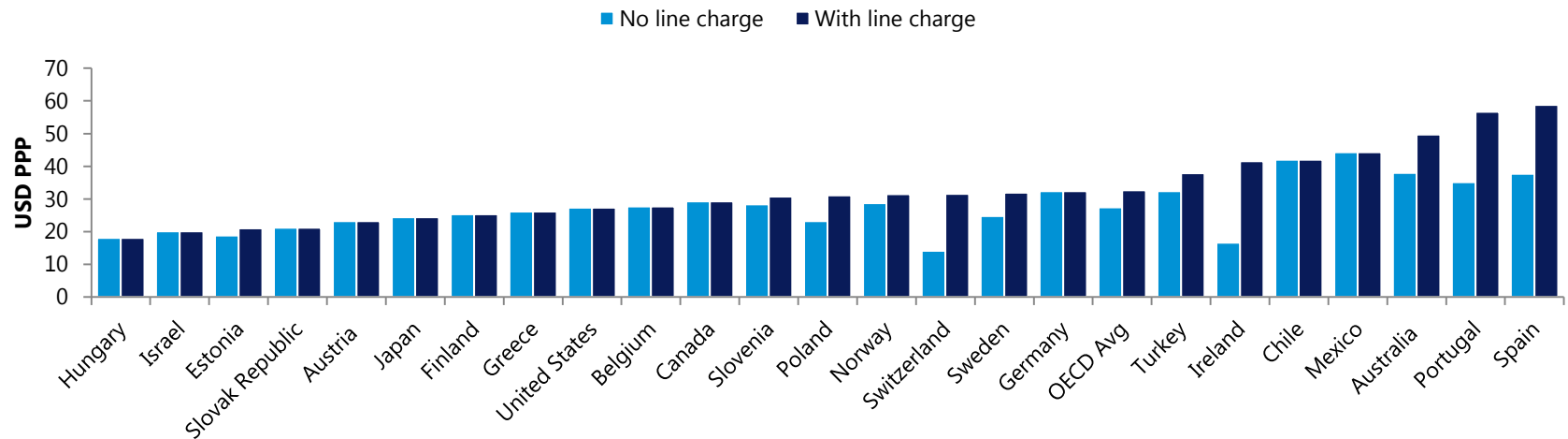
Broadband prices

- **Broadband prices have been continuously declining over the past decade across the OECD area, while connection speeds have increased.**
- Most OECD countries have at least one operator actively offering fibre based, high speed broadband connections.
- The OECD fixed broadband basket breaks down offers by speeds and amount of data transferred, using identical download speed ranges to group offers and map them to prices.
- There are five different intervals:

Broadband Intervals
Below 2.5 mega bites per second
Between 2.5 and 15 mega bites per second
Between 15 and 30 mega bites per second
Between 30 and 45 mega bites per second
45 mega bites per second and above

Speeds below 2.5 mbps

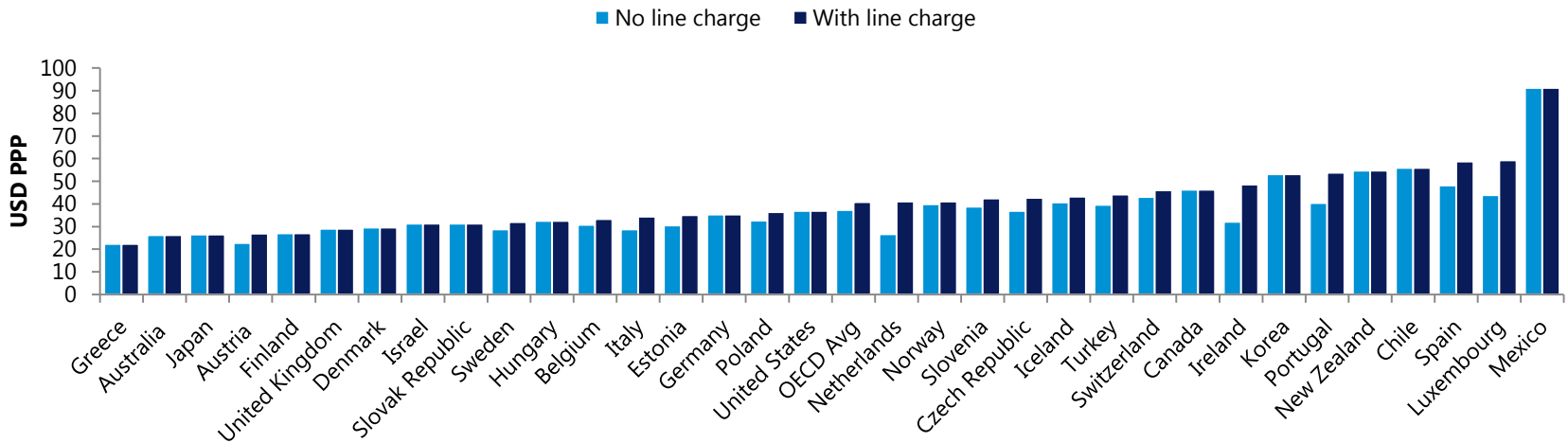
- Out of 34 countries 24 advertised an offer within the lowest speed range with Australia, Portugal and Spain being the most expensive for monthly subscription charges.
- No information is available for the UK on this measure.



- The **OECD average cost** with a line charge for speeds below 2.5 mbps was USD **32.64** PPP.
- **Ireland's costs were 9% higher** than the OECD average on this measure.

Speeds between 2.5 and 15 mbps

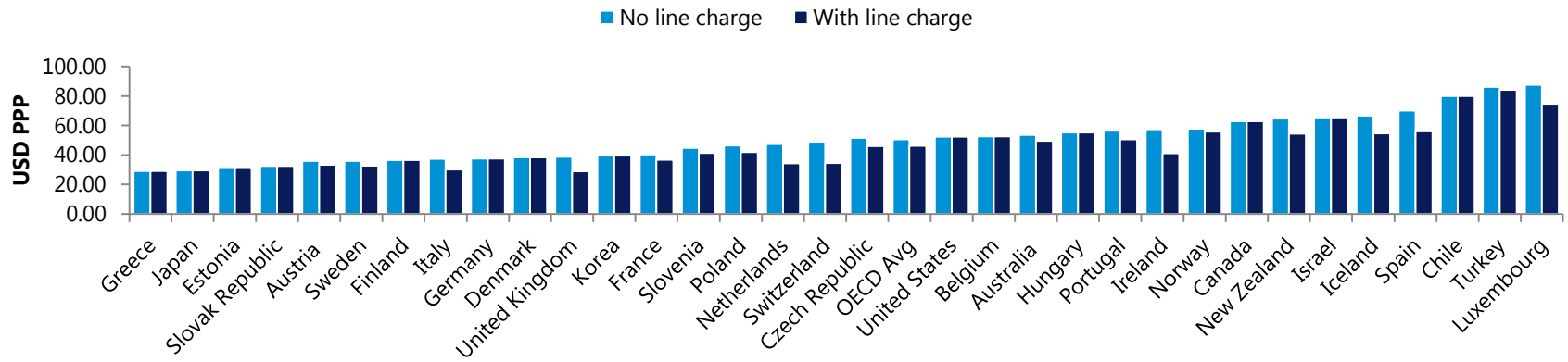
- For download speeds of between 2.5 and 15 mbps the most expensive monthly subscription charges were in Mexico, Luxembourg and Spain.



- The **OECD average cost** with a line charge for speeds between 2.5 and 15 mbps was USD **40.82** PPP.
- Ireland's costs were 19% higher** than OECD average on this measure.
- However the **UK costs were 41% lower** than OECD average on this measure.

Speeds between 15 and 30 mbps

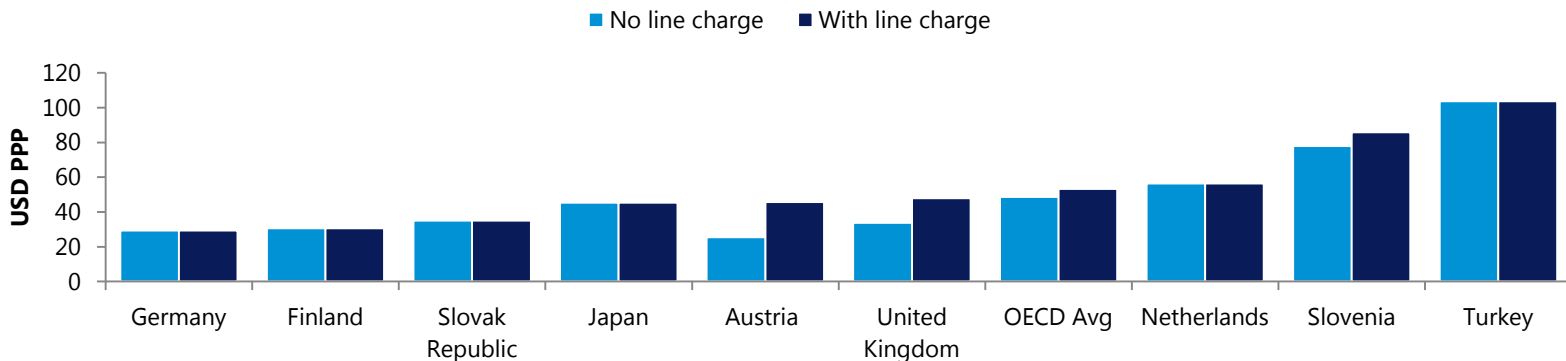
- For download speeds of between 15 and 30 mbps the most expensive monthly subscription charges were in Luxembourg, Turkey and Chile.



- The **OECD average cost** with a line charge for speeds between 15 and 30 mbps was USD **46.21** PPP.
- Ireland's costs were 12% lower** than OECD average on this measure.
- Whereas UK costs were 60% lower** than the OECD average on this measure.

Speeds between 30 and 45 mbps

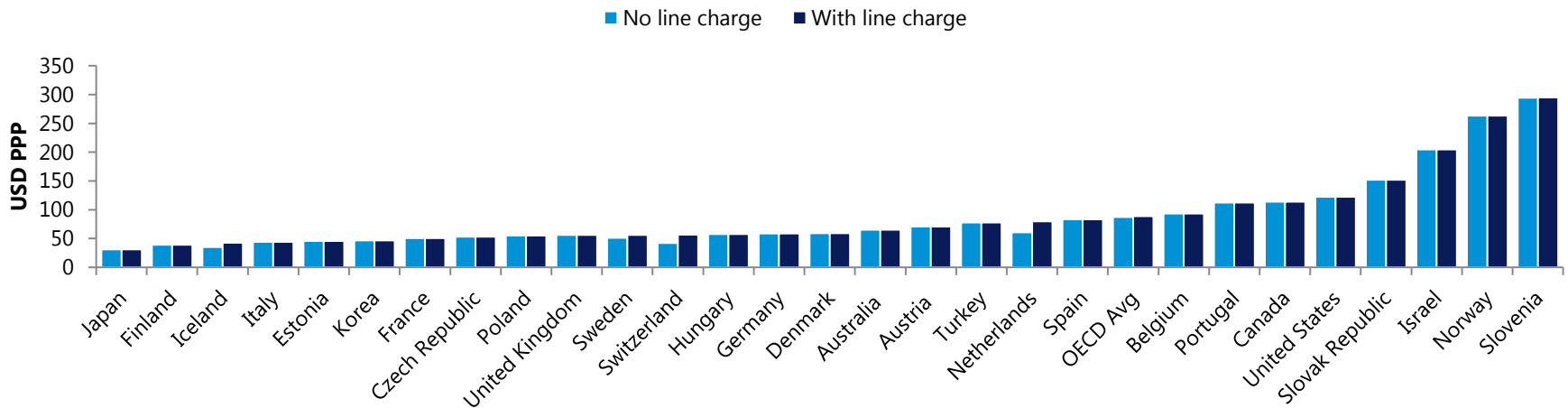
- For download speeds of between 30 and 45 mbps the most expensive monthly subscription charges were in Turkey.
- No data was available for Ireland on this measure.



- The **OECD average cost** with a line charge for speeds between 30 and 45 mbps was USD **53.31** PPP.
- **UK costs were 11% lower** than the OECD average on this measure.

Speeds of 45 mbps and above

- This highest speed range is mainly based on fibre to the premises (FTTP).
- For download speeds of 45 mbps and above the most expensive monthly subscription charges were in Slovenia, Norway and Israel.
- No data was available for Ireland.



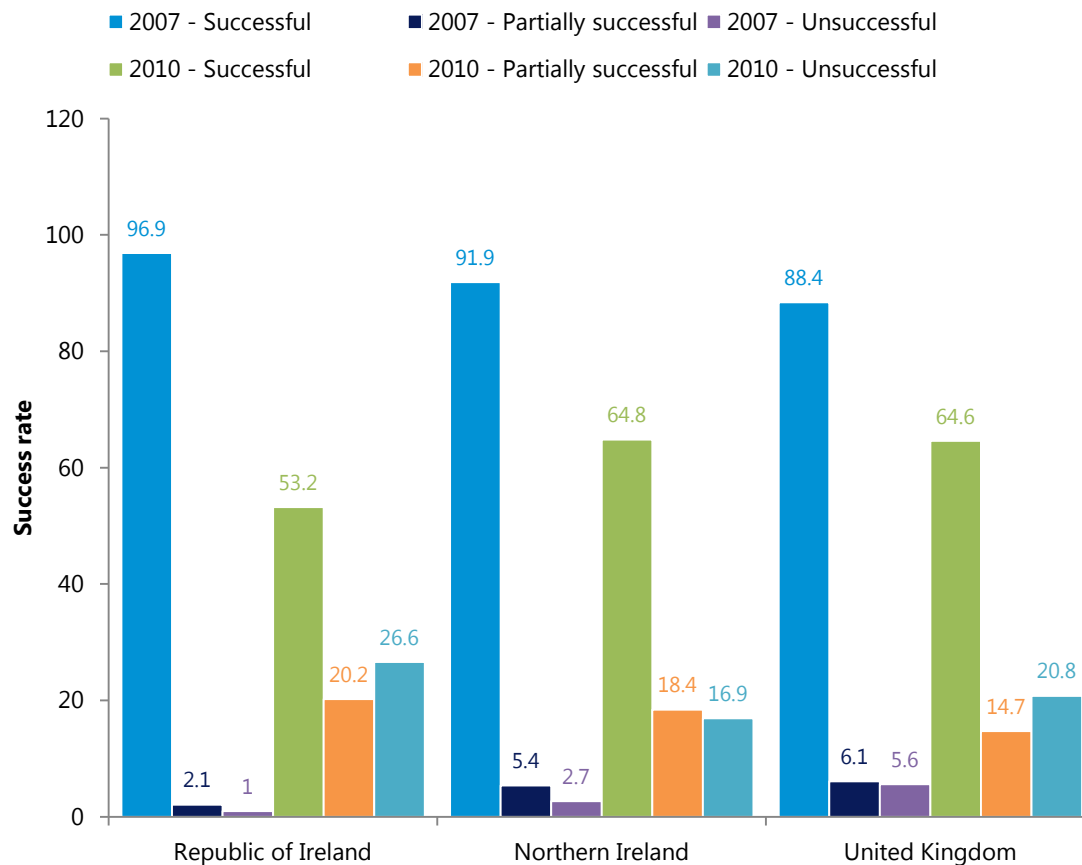
- The **OECD average cost** with a line charge for speeds of 45 mbps and above was USD **88.69** PPP.
- **UK costs were 59% lower** than the OECD average on this measure.

Finance Costs

Costs of obtaining finance and maintaining it, including interest payments and charges

NI Access to Finance survey 2007 and 2010

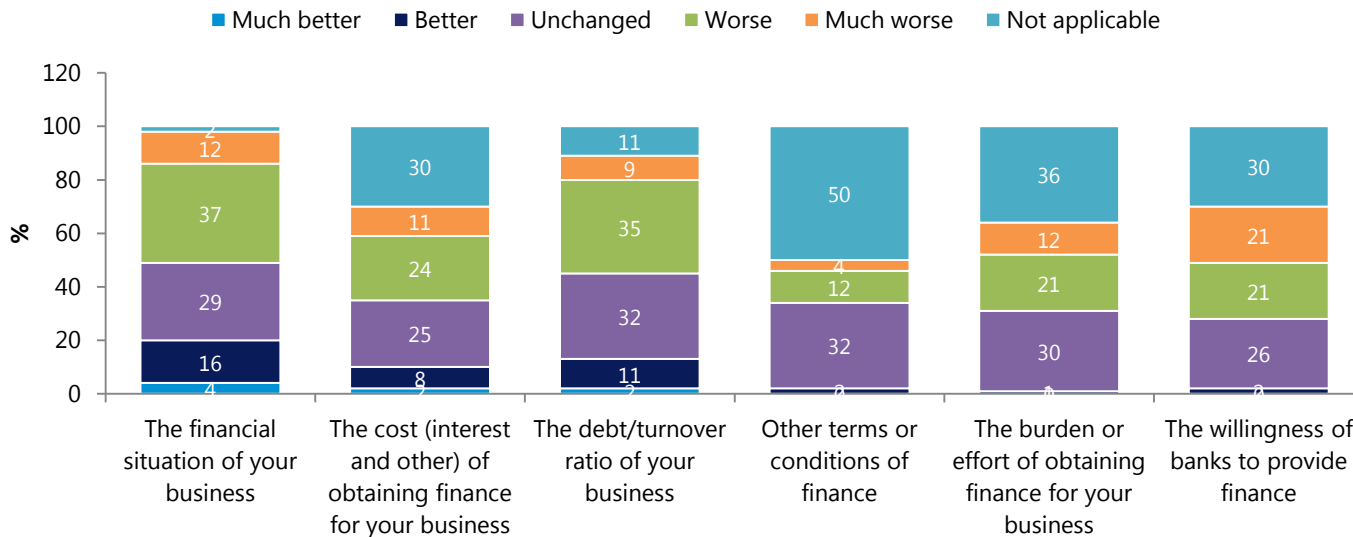
- Data from the NISRA NI Access to Finance study highlights the success rate for loan finance from banks between 2007 and 2010 for SMEs in NI, UK and Ireland.



- In NI the success rate for loan applications fell substantially between 2007 and 2010. This was also true in UK and Ireland.
- Nine out of ten NI SMEs fully successful in obtaining a loan in 2007 compared to 65% in 2010.
- SMEs in NI are **as likely** to obtain a bank loan in 2010 as their counterparts in UK or Ireland.
- The percentage of those SMEs **unsuccessful at obtaining a loan was highest in Ireland.**

NI Access to Finance survey 2007 and 2010

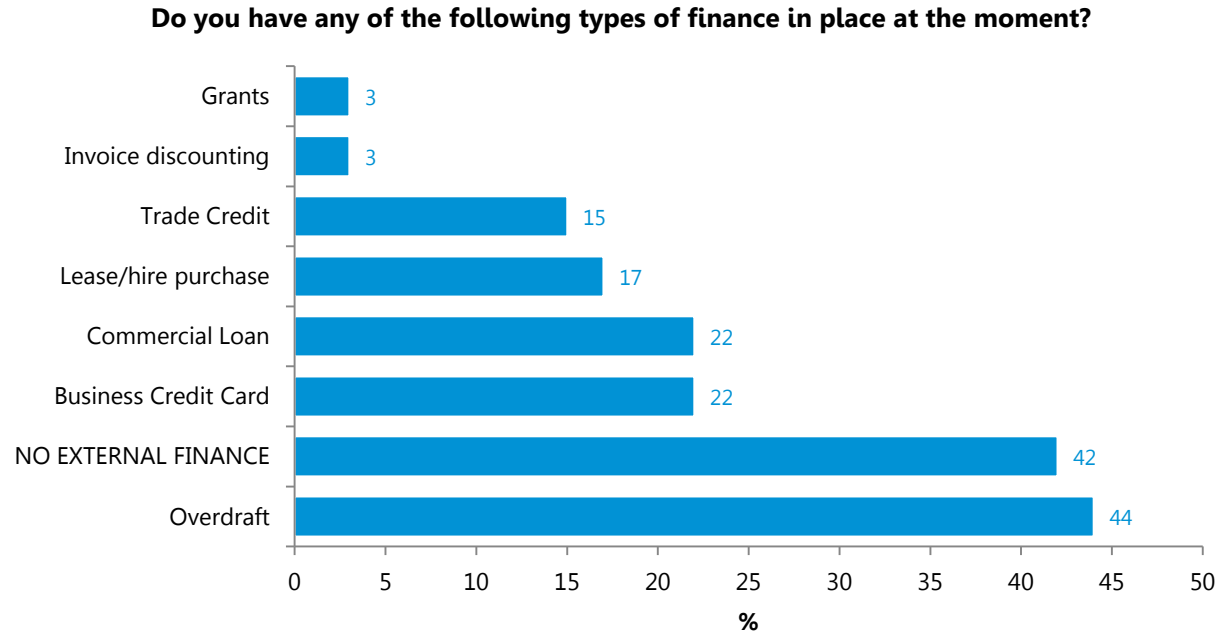
- All businesses surveyed were asked about their perceptions of changes in the availability of finance during 2007 and 2010.



- Almost half of all NI SMEs cited the financial situation of the business had worsened during the period.
- Over two fifths (42%) of SMEs perceived the willingness of banks to provide finance has worsened over the period compared to 33% of UK SMEs.

EAG - Access to Finance

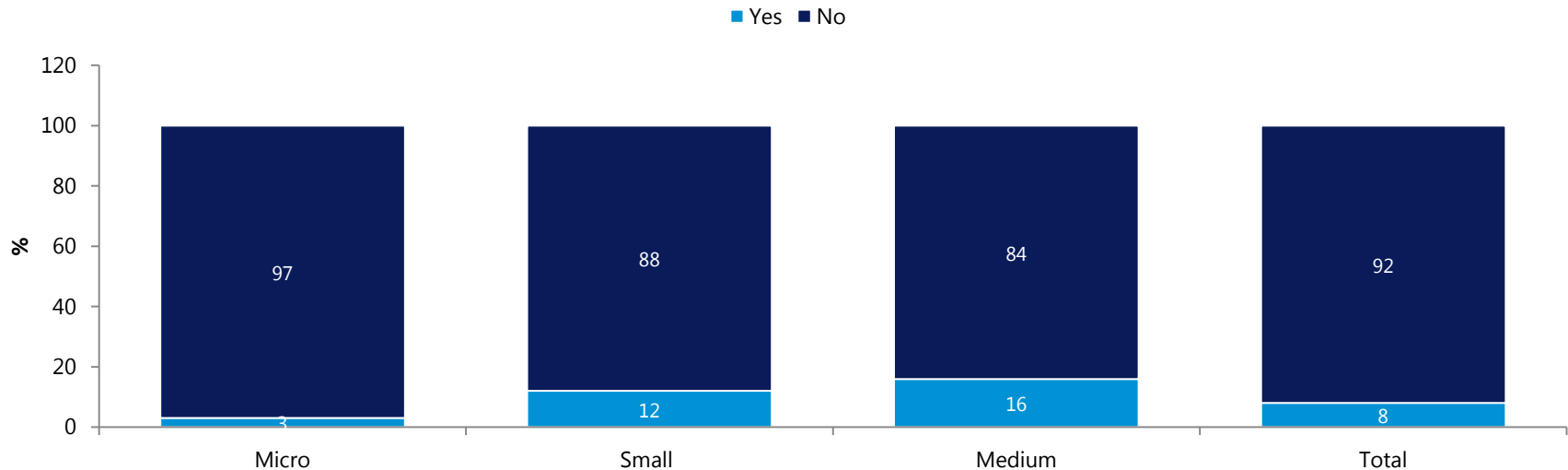
- Quantitative evidence on demand was gathered from a survey of 1,000 SMEs undertaken with Intertradelreland as part of the EAG research into Access to Finance.



- Overdrafts, commercial loans and credit cards are the three most popular products.**
- Overdrafts are used by 44% of SMEs, just over one fifth (22%) have commercial loans in place, and 22% have credit cards.
- However 42% of total SMEs were recorded as operating without any external finance.**

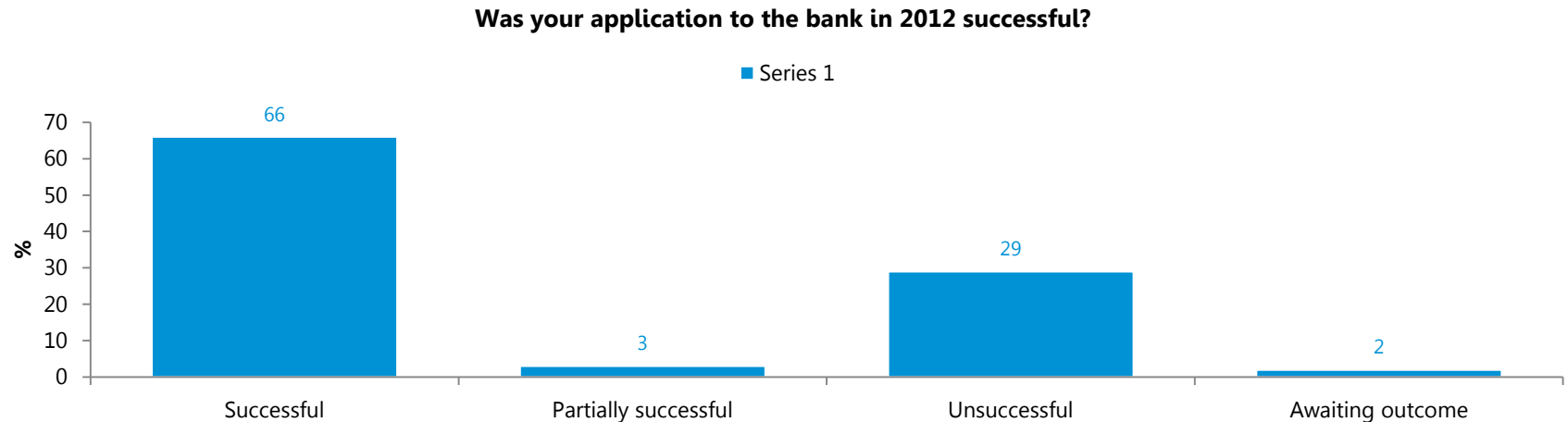
EAG - Access to Finance

In the past 12 months did you seek any loan finance?



- Demand for loan finance in 2012 by SMEs was low.
- **Only 8% of total SMEs actively applied for bank loan finance in 2012**, increasing to 16% for medium sized enterprises.
- **Most of the loans sought were relatively small**; around two thirds of SMEs applied for £50,000 or less.
- Just under half of those who applied for a loan sought finance to 'grow their domestic activities', whilst **40% of SMEs used it to 'maintain the business as a going concern'**.

EAG - Access to Finance

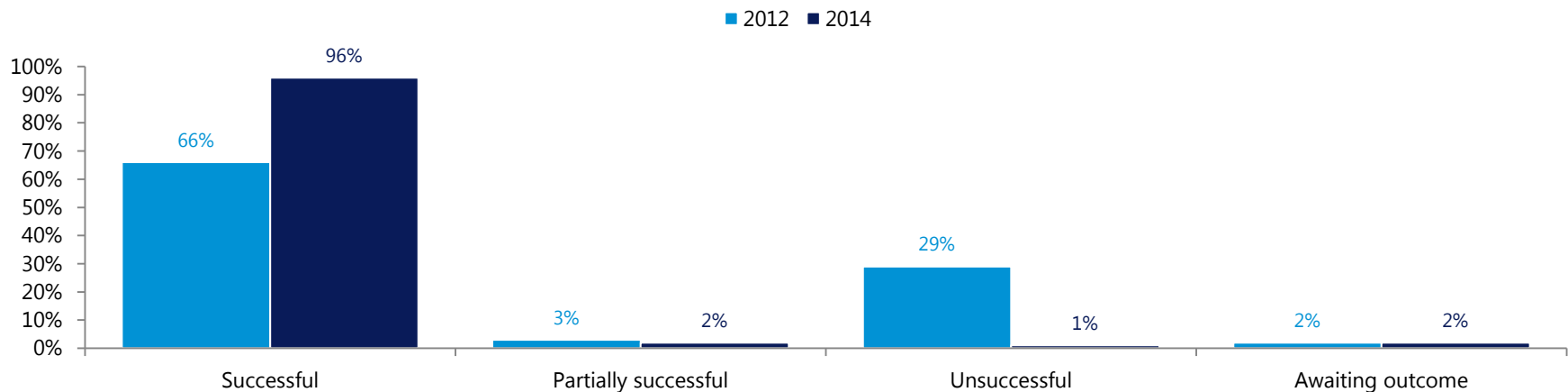


- Around 7 in 10 SMEs (69%) who applied for a bank loan in 2012 were either wholly (66%) or partially (3%) successful. The remainder were unsuccessful.
- Over 55% of those rejected were **declined on the back of business related reasons** such as poor credit rating, insufficient or risky potential of the business.
- The remainder (45%) were **declined for bank related reasons** such as change in bank lending policy, the bank is no longer lending to that sector, or the rates offered were too high.

NISRA Access to Finance survey 2014

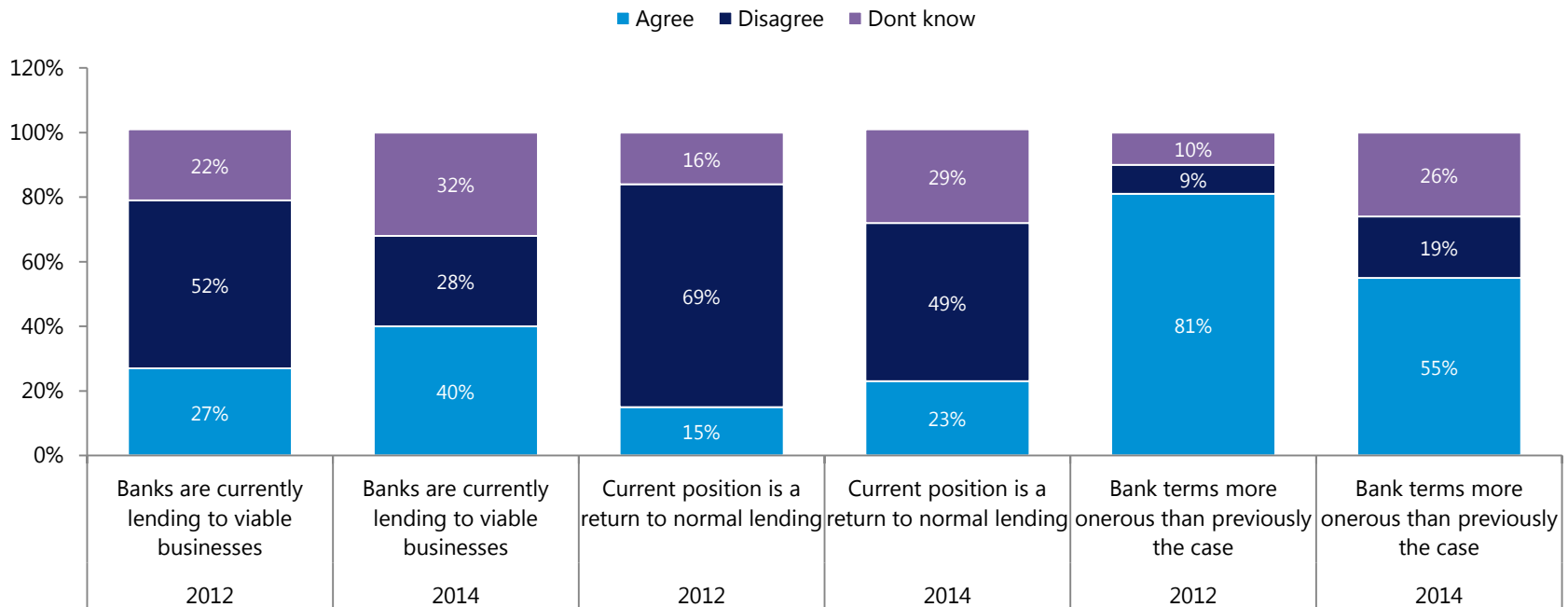
- NISRA carried out a further survey on business access to finance in 2014 to determine how conditions had changed since 2012.
- Compared to 2012 (7%) SME demand for loan finance had fallen (4%).
- Virtually all SMEs (98%) who applied for a bank loan in 2014 were either wholly or partially successful. The remainder were unsuccessful or awaiting the outcome of the application.

Were you successful in obtaining loan finance from the bank?



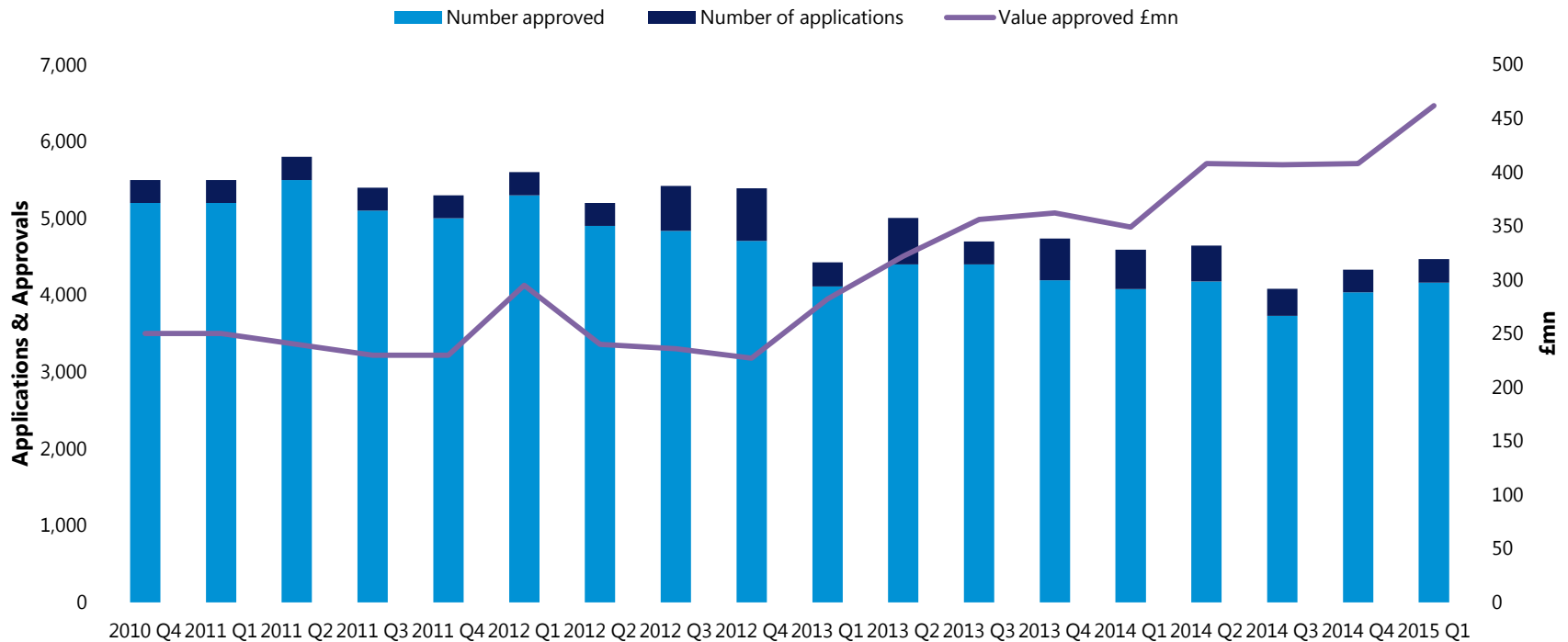
NISRA Access to Finance survey 2014

- In terms of perceptions, 40% of SMEs agreed that banks are currently lending to viable businesses, a large increase from 28% in 2012.
- As in the 2012 survey, views varied by business size with larger businesses more likely to agree that banks are lending.



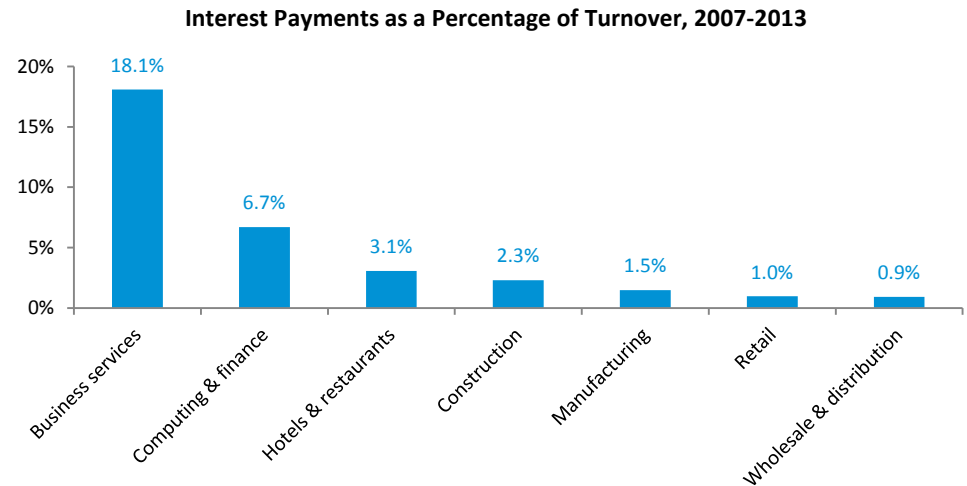
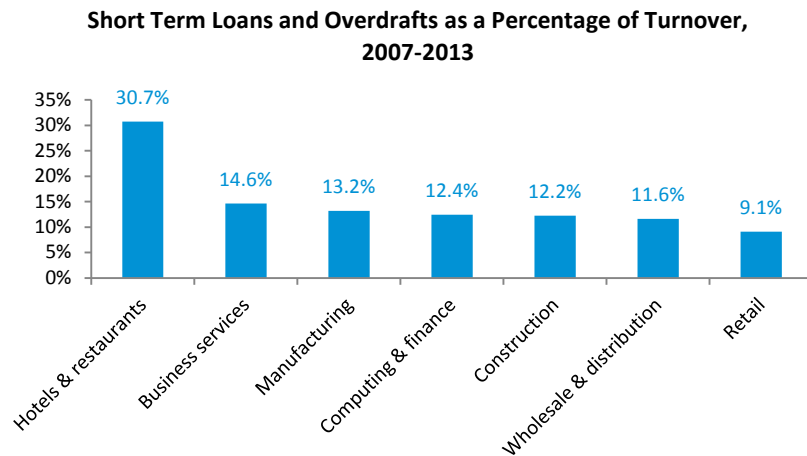
British Bankers Association

- Data on bank support for customers in Northern Ireland to Q1 2015 shows that 9 out of 10 SME loan applications are being approved.
- The value of new borrowing (£462mn) in Q1 2015 was 33% higher than in Q1 2014.



FAME Analysis

- The Fame database was used to access company information, on the top 500 NI companies, on interest payments on loans as a percentage of turnover and short term loans and overdrafts as a percentage of turnover.



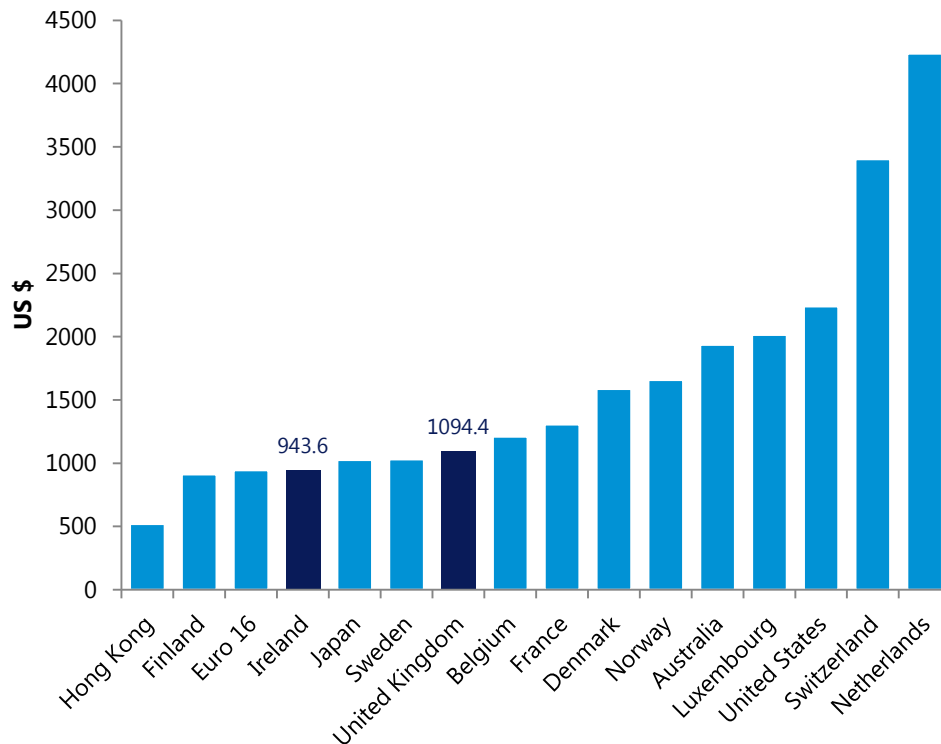
- Across the economy short term loans and overdrafts averaged 12% of turnover (excluding outliers) between 2007 – 2013. The highest levels were present in the hotels and restaurants sector (30%).
- Across the economy interest payments on outstanding debts averaged 3% of turnover (excluding outliers) over the same period. The highest average levels were found in the business services sector (18%).

Insurance Costs

All insurance premiums

Non life insurance premiums

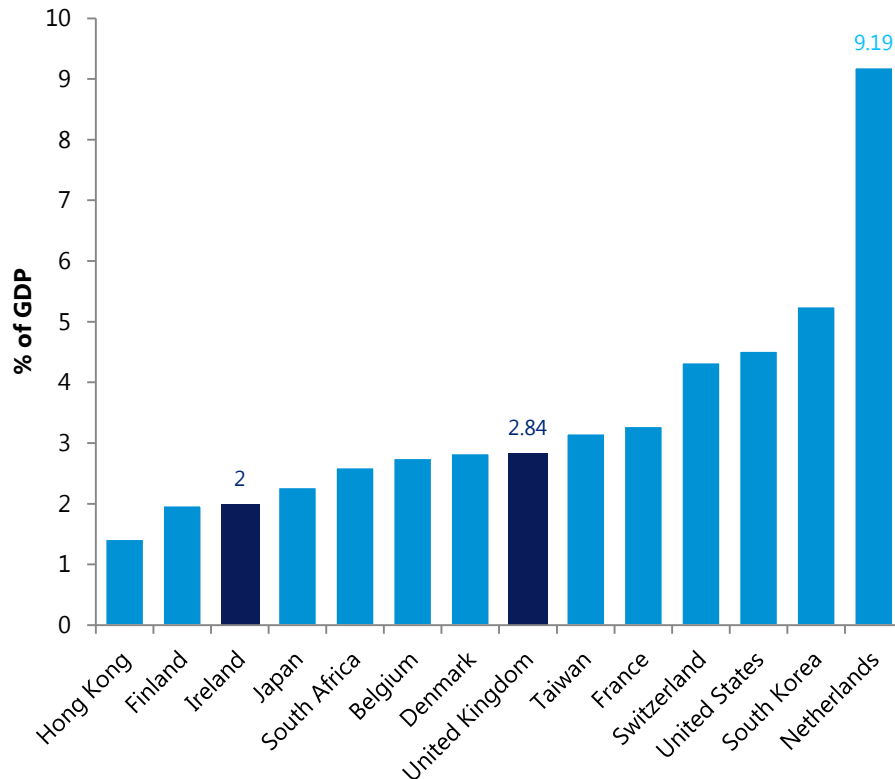
- Data from Swiss Re for 2012 provides estimates of non life insurance density per capita for a number of countries.
- Non life insurance relates to motor, property, employer's liability, public liability, travel and other business insurance.



- High insurance density (premiums per capita) can be a function of both high insurance costs and the requirement for high coverage levels.
- The density of non life insurance in Ireland is below that of the euro area 16 (\$1,133) and the UK (\$1094.4).
- No information was available at NI level.

Non life insurance premiums

- Data from Swiss Re for 2012 provides estimates of insurance penetration of non life business, i.e. premiums as % of GDP.



- At 2% of GDP Ireland's insurance penetration is relatively low.
- The UK was marginally higher at 2.84% of GDP.
- The Netherlands had the highest premiums as a % of GDP of all European countries at 9%.
- No information was available at NI level.

Compliance Costs

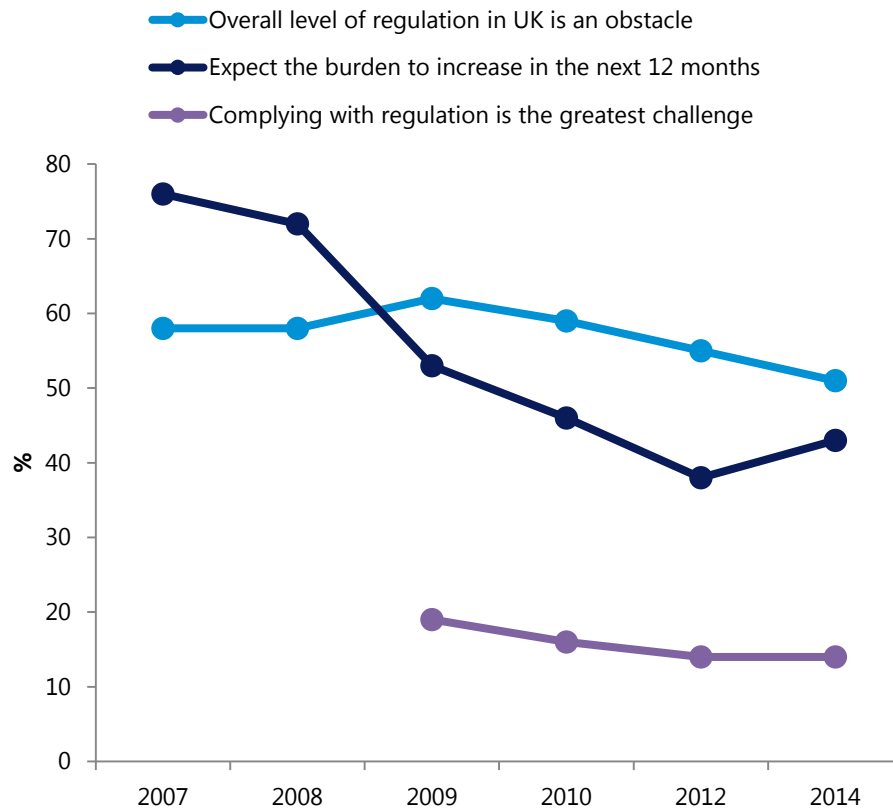
All costs involved in meeting government regulations, including staff time

Estimates of the cost of compliance

- The cost of compliance can be direct costs, such as licences or buying equipment to comply with regulation, often referred to as the policy cost.
- There are also indirect costs, such as the time spent understanding legislative requirements, usually referred to as administrative costs.
- **Estimates of the cost of the administrative burden from regulation** are around 3-4% of GDP, while the policy costs are 7-8% of GDP.
- A survey by the **Forum of Private Business in 2010** reported that **businesses spent 37 hours on average on compliance issues per month.**
- This equated to **average costs for a year** of:
 - £1,358 for micro businesses
 - £3,289 for small businesses
 - £5,711 for medium businesses
- The Forum estimated **total costs to small and medium businesses in the UK to be £11.9 billion per year** with the **heaviest burden falling on businesses with fewer than ten employees.**

The burden of regulation

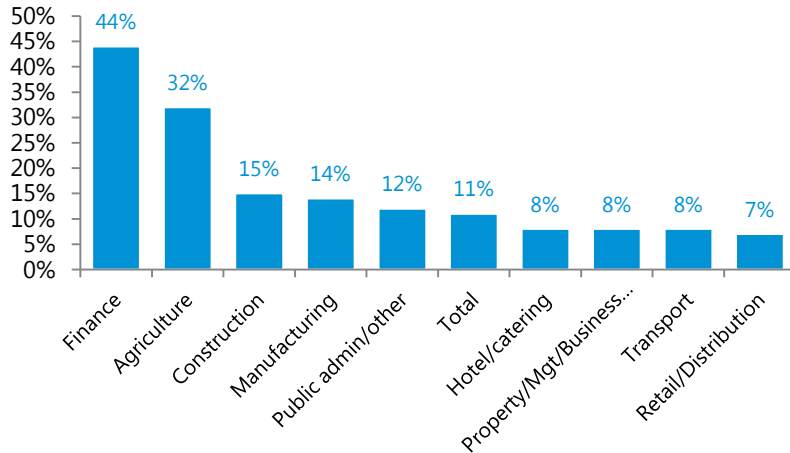
- The 2014 Business Perceptions Survey from the National Audit Office highlighted the following responses in relation to business attitudes towards regulation.



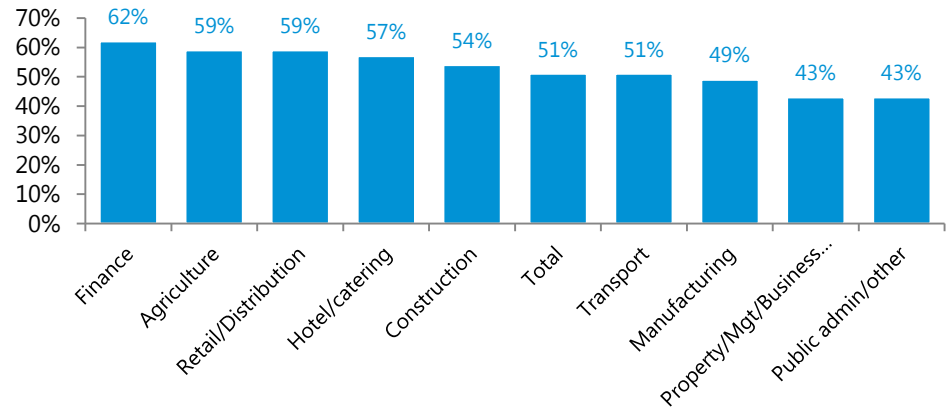
- **Business perceptions of regulation have improved since 2009** with just over half seeing the level of regulation as an obstacle to business.
- **Expectations of future regulatory burdens are also well below 2009 levels.**
- However a **greater number expect the burden to increase in the next 12 months** compared with those surveyed in 2012.
- Note that the 2014 response to whether complying with regulation was the greatest challenge was checked and recoded where necessary. 14% is the approach used in previous surveys and has been used for comparison on this basis.

The burden of regulation by sector

Complying with regulation is the greatest challenge



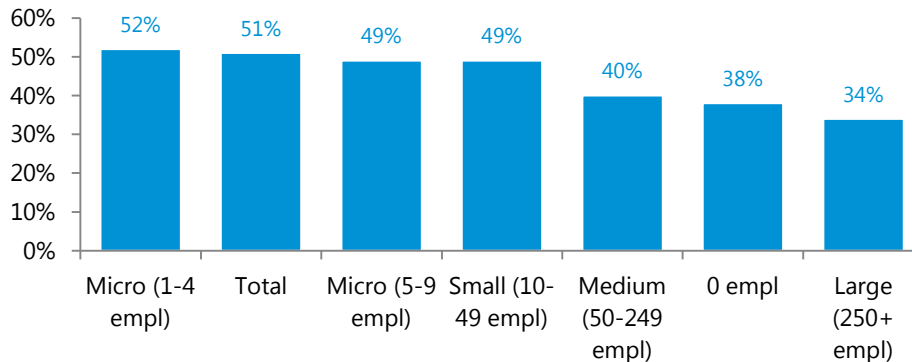
Agree overall level of regulation in the UK is an obstacle to your business's success



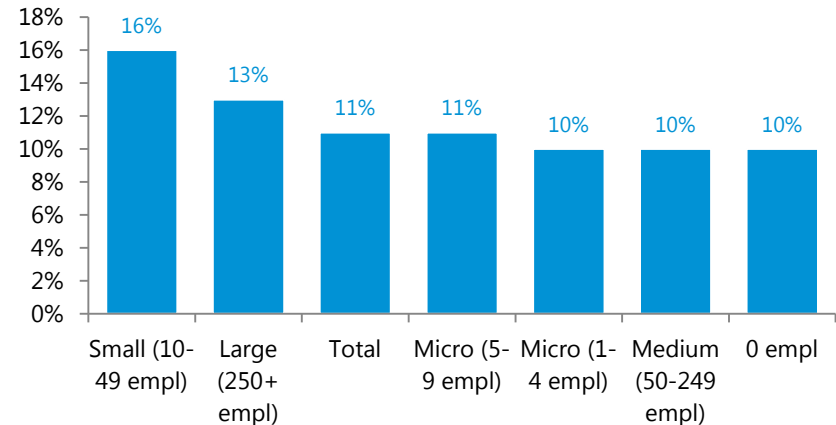
- Complying with regulation is a **more important challenge in the Agriculture and Finance sectors.**
- **Both agree the overall level of regulation in the UK is an obstacle to business success** (62% Finance and 59% Agriculture versus 51% overall).
- Elsewhere **both expect the burdens of regulation to increase in the next 12 months** (62% Finance and 53% Agriculture versus 43% overall).

The burden of regulation by company size

Agree overall level of regulation in the UK is an obstacle to your business's success



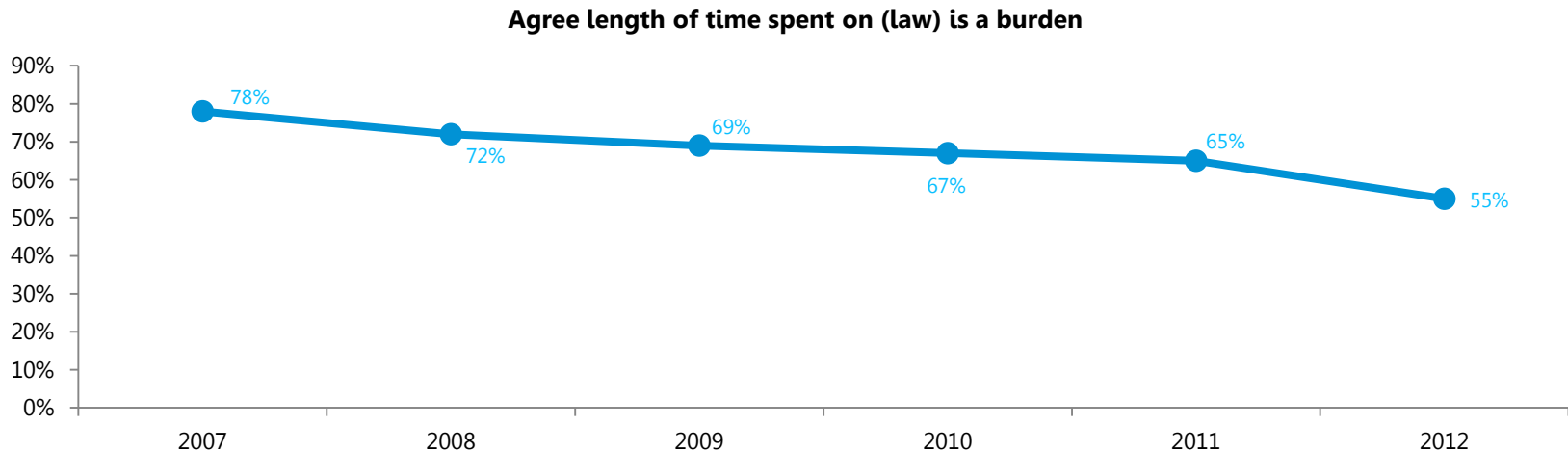
Complying with regulation is the greatest challenge



- The very smallest (0 employees) and the very largest (250+ employees) are less likely to agree that the overall level of regulation is an obstacle.
- This may be due to **0 employee businesses being less affected by regulations** than those employing staff, **while larger companies may be more likely to have specialist staff handling this aspect and therefore see it as less of a burden.**
- **Small companies** are more likely than average to **cite compliance as their biggest challenge.**

Effort of dealing with regulation

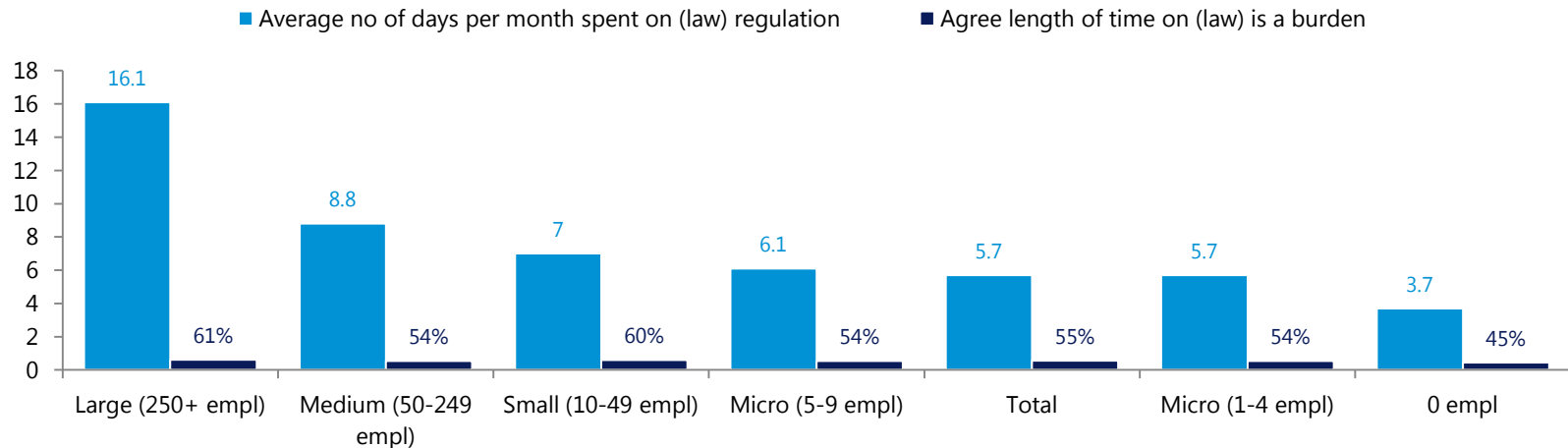
- The figure below shows how **perceptions of time spent dealing with compliance has decreased over time and sharply over the last 2 years.**



- Businesses were asked for their levels of agreement that ‘the length of time it takes to go through the whole process of complying (with one specific law)’ is a burden.
- 55% agreed with this statement in 2014, a fall from 65% in 2012 and much lower than the 78% who agreed with this statement in 2007.

Effort of dealing with regulation by company size

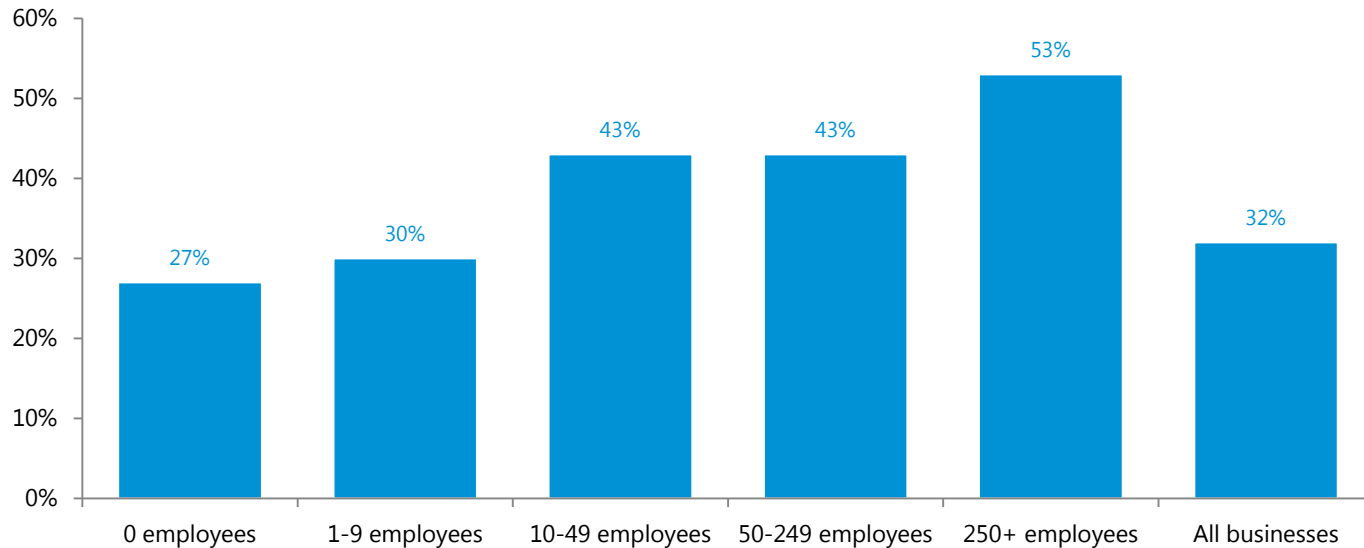
- The figure below shows the importance of complying with regulation by company size and demonstrates that as expected, **the larger the business the higher the average number of days spent by staff on compliance.**



- Large businesses spent 16.1 days on average on compliance** whilst **businesses with 0 employees spent only 3.7 on average.**
- Businesses were asked for their levels of agreement that ‘the length of time it takes to go through the whole process of complying (with one specific law)’ is a burden.
- 55% in total agreed with this statement in 2014, a fall from 65% in 2012 and much lower than the 78% who agreed with this statement in 2007.

Effort score by company size

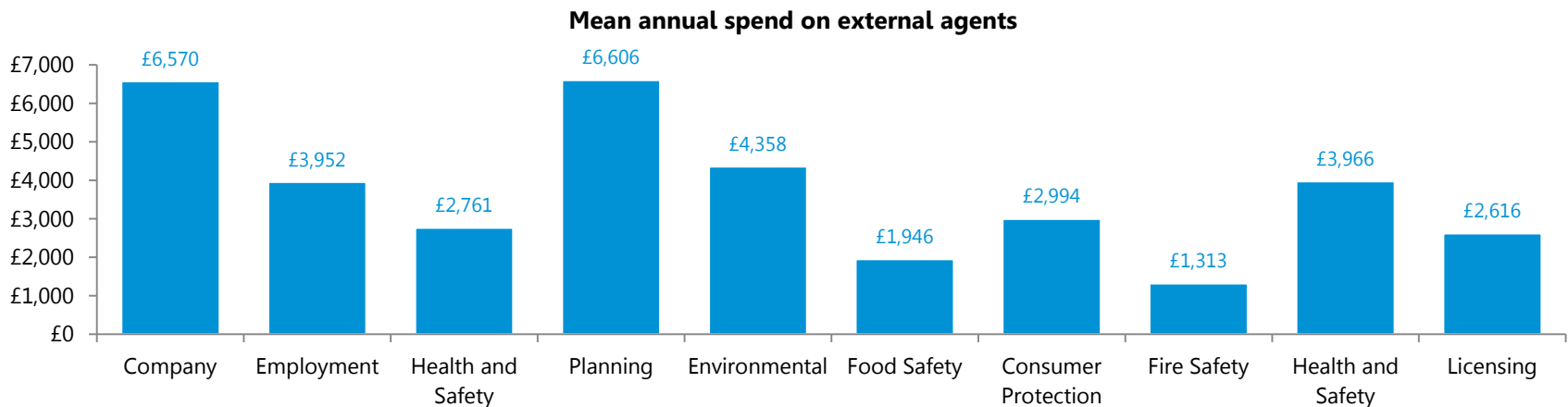
- The figure below shows that **perceived effort is higher amongst non micro companies** with 10-49 employees (43%) or 50-249 employees (43%) or 250+ employees (53%).



- It is also **higher in the construction (47%) and hotel/catering sectors (48%) but this is heavily based on the type of law they were asked about.**
- For example, hotels and catering were much more likely to be asked about food safety law and this high score is reflective of the law type rather than the industry sector.

External support

- **91%** of businesses **use some form of external support** when complying with one specific law type.
- **Medium and large type companies** (50+ employees) are **more likely to seek external support form websites and advisors.**
- **Micro and small companies** (less than 50 employees) are **more likely to seek support from friends and peers.**



- **The mean average spend on external agents is £3,870 per law type.** This increases to £6,000 for those answering questions about company law and planning law.
- Note Health and Safety law is considered at both a regional and national level hence being included twice.

Ease of doing business

- Through its annual ‘Doing Business’ report the World Bank measures and tracks changes in regulations applying to domestic small and medium size companies in the largest business city of each economy.
- Each economy is assessed in 10 areas in their life cycle: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and resolving insolvencies.
- The aggregate ranking on the ease of doing business is based on these indicators.
- The economies ranking highest are therefore not those with no regulation but those with a regulatory system with strong institutions and low transaction costs.
- In 2014 the UK was ranked 10th out of 189 countries for ease of doing business with Ireland ranked 15th.
- As firms in Northern Ireland face broadly similar compliance costs to firms in GB this would suggest that relative to Ireland, Northern Ireland companies have a regulatory advantage.

UK– ease of doing business

- The following table contains summary data on each of the ten indicators assessed as part of the World Bank methodology for the UK.

Ease of doing business (rank)		8			
Starting a business (rank)	45	Registering property (rank)	68	Trading across borders (rank)	15
Procedures (number)	6	Procedures (number)	6	Documents to export (number)	4
Time (days)	6	Time (days)	21.5	Time to export (days)	8
Cost (% of income per capita)	0.3	Cost (% of property value)	4.6	Costs to export (US\$ per container)	1,005
Minimum capital (% of income per capita)	0			Documents to import (number)	4
				Time to import (days)	6
				Cost to import (US\$ per container)	1,050
Dealing with construction permits (rank)	17	Getting credit (rank)	17	Resolving insolvency (rank)	13
Procedures (number)	9	Strength of legal rights index (0-12)	7	Time (years)	1
Time (days)	105	Depth of credit information index (0-8)	8	Cost (% of estate)	6
Cost (% of warehouse value)	1.2	Credit bureau coverage (% of adults)	100.0	Recovery rate (cents on the dollar)	88.6
		Credit registry coverage (% of adults)	0.0	Strength of insolvency framework index (0-16)	11
Getting electricity (rank)	70	Protecting minority investors (rank)	4		
Procedures (number)	4	Extent of conflict of interest regulation index (0-10)	8.3		
Time (days)	126	Extent of shareholder governance (0-10)	7.3		
Cost (% of income per capita)	90.1	Strength of minority investor protection index (0-10)	7.8		
Paying taxes (rank)	16	Enforcing contracts (rank)	36		
Payments (number per year)	8	Procedures (number)	29		
Time (hours per year)	110	Time (days)	437		
Total tax rate (% of profit)	33.7	Cost (% of claim)	39.9		

Ireland – ease of doing business

- The following table contains summary data on each of the ten indicators assessed as part of the World Bank methodology for Ireland.

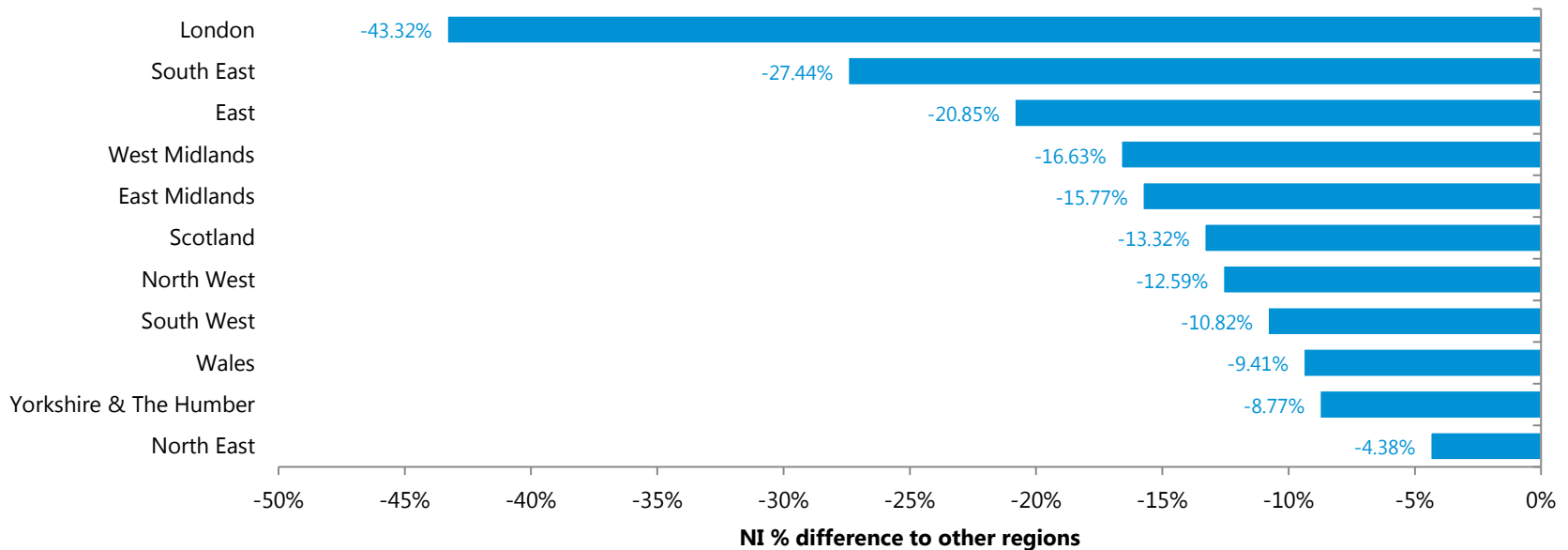
Ease of doing business (rank)		13			
Starting a business (rank)	19	Registering property (rank)	50	Trading across borders (rank)	5
Procedures (number)	4	Procedures (number)	5	Documents to export (number)	2
Time (days)	6	Time (days)	31.5	Time to export (days)	8
Cost (% of income per capita)	0.3	Cost (% of property value)	2.6	Costs to export (US\$ per container)	1,160
Minimum capital (% of income per capita)	0			Documents to import (number)	2
				Time to import (days)	9
				Cost to import (US\$ per container)	1,121
Dealing with construction permits (rank)	128	Getting credit (rank)	23	Resolving insolvency (rank)	21
Procedures (number)	10	Strength of legal rights index (0-12)	7	Time (years)	0.4
Time (days)	209	Depth of credit information index (0-8)	7	Cost (% of estate)	9
Cost (% of warehouse value)	9.5	Credit bureau coverage (% of adults)	100.0	Recovery rate (cents on the dollar)	87.7
		Credit registry coverage (% of adults)	0.0	Strength of the insolvency framework index (0-16)	9.5
Getting electricity (rank)	67	Protecting minority investors (rank)	11		
Procedures (number)	5	Extent of conflict of interest regulation index (0-10)	8.3		
Time (days)	85	Extent of shareholder governance index (0-10)	6.3		
Cost (% of income per capita)	83.3	Strength of minority investor protection index (0-10)	7.3		
Paying taxes (rank)	6	Enforcing contracts (rank)	18		
Payments (number per year)	9	Procedures (number)	21		
Time (hours per year)	80	Time (days)	650		
Total tax rate (% of profit)	25.9	Cost (% of claim)	26.9		

Professional Costs

**All costs involving legal and
accountancy services obtained**

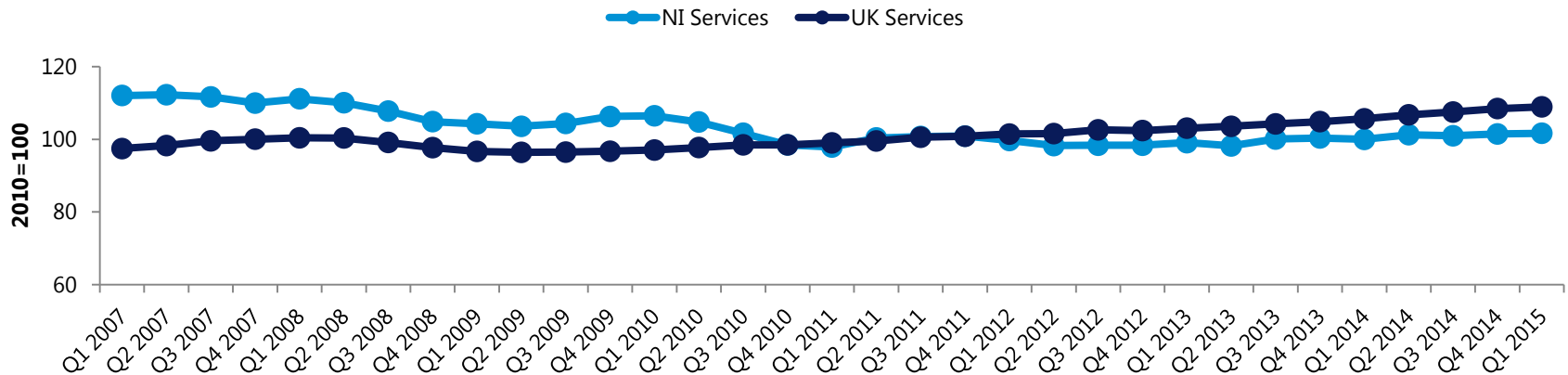
Professional occupations

- Whilst there is no specific data relating to the costs for specialist services firms may not undertake in house, the earnings of a range of professionals (such as accountants) has been used as a broad proxy.
- Those classified as working in professional occupations in Northern Ireland are paid £575 per week.
- This is the lowest of all other UK regions in a range of -4% to -43%.



Index of services NI and UK

- The Index of Services is a measure of changes in the output of the Northern Ireland private service sector industries in real terms.
- The figure below compares changes in the Northern Ireland index with those for the UK between Q1 2007 and Q1 2015.



- First quarter results for 2015 show that the index rose by 1.7% in Q1 2015 compared to Q1 2014.
- However, the Northern Ireland index has declined by some 9.5% below the peak recorded in Q4 2006, whilst the UK index has increased by 12.6% in the same period.