

Annual Report and Accounts 2014



An Roinn Post, Fiontar agus Nuálaíochta
Department of Jobs, Enterprise and Innovation

Annual Report 2014

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Foreword by the Minister for Jobs, Enterprise and Innovation



This is the fourth annual progress report presented to me by the Secretary General of the Department of Jobs, Enterprise and Innovation. In February 2014 the third Action Plan for Jobs was launched. The Plan builds on the successes of the previous years where between 2012 and 2014 over 1,100 actions were progressed, monitored and assessed.

2014 saw a further increase in the number of jobs created. IDA Ireland client companies created 15,012 new jobs, with a net increase in employment of 7,131 while Enterprise Ireland saw a growth of 8,476 net jobs in the same year.

2014 also saw the integration of Forfás with my Department and the merger of the Competition Authority and National Consumer Agency to form the Competition and Consumer Protection Commission, the body responsible for enforcing consumer protection and competition law in Ireland.

The Country Enterprise Boards (CEBs) were dissolved in April 2014 and on the same day the 31 Local Enterprise Offices (LEOs) were established. The LEOs are now the first stop shop for anyone seeking information and support on starting or growing a business in Ireland. They provide a comprehensive integrated support service to local entrepreneurs in the micro and small business sectors in Ireland.

In December 2014 the Companies Act was signed into law. This Act is the largest, most substantive Act in the history of the State and consolidates the existing 17 Companies Acts into one Act. It introduces a number of reforms which are designed to make it easier to operate as a company in Ireland and will benefit companies of all types throughout the state.

Work on the amalgamation of the 5 workplace relations bodies continued to progress during 2014 with the Workplace Relations Bill completing its Second stage and Committee stage in the Dáil.

I would like to take the opportunity to thank the Secretary General and all the staff in the Department, its Offices and Agencies for their tireless work during the year to deliver on the goals in our Strategy Statement. I would also acknowledge the continuous, tireless work of my then Ministerial colleagues, John Perry, T.D., Minister for Small Business, and Seán Sherlock, T.D., Minister for Research and Innovation and, from mid-2014, my Ministerial colleagues, Ged Nash, T.D., Minister for Business & Employment and Damien English, T.D., Minister for Skills, Research and Innovation

Richard Bruton
Minister for Jobs, Enterprise and Innovation

Introduction by John Murphy, Secretary General, Department of Jobs, Enterprise and Innovation

Welcome to the 2014 Annual Report of the Department of Jobs, Enterprise and Innovation. This is the final annual report under the Department's Statement of Strategy for the period 2011-2014. A new Statement of Strategy for the Department, covering the period 2015-2017, was approved by the Government in May 2015.

This report details the further good progress delivered across the multiple and diverse business areas for which the Department has responsibility. It provides a summary of the key outputs in 2014, along with highlights of the programmes under each of the high level objectives in the Statement of Strategy, which contribute to the overall delivery of key commitments in the Programme for Government and Statement of Government Priorities.



2014 was a further challenging year of increasing demands and shrinking resources. Savings continued to be delivered through significant structural reform and streamlining of business processes and achieving greater efficiencies and effectiveness in how we do our work, including through increased use of technology. The changes being introduced in the Department are also set within the broader change agenda for the Civil Service outlined in the Civil Service Renewal Plan published in October 2014.

Despite the ongoing challenges, there are many successes and positive developments to report. The third annual Action Plan for Jobs was developed and launched as part of an ambitious multi-year process, aimed at increasing the number of people at work in Ireland and this built on the successes of previous years. During 2014, both IDA Ireland and Enterprise Ireland client companies continued to make a significant contribution to job creation; in Enterprise Ireland's case recording the highest overall rise in employment levels in the history of the agency. The 35 County Enterprise Boards were legally dissolved and 31 Local Enterprise Offices were established. This reformed structure provides a service which amalgamates national enterprise policy and local business supports in order to strengthen the local business culture and environment. The research and policy functions of Forfás were integrated into the Department on 1st August 2014 to form the core of a new Strategic Policy Division, within the Department. The Companies Act 2014 was signed by the President in December 2014 and this landmark legislative project will provide significant benefits to companies of all types throughout the country by reducing red tape and making company law easier to understand. The Competition and Consumer Protection Act 2014 was enacted and provided, amongst other things, for the establishment of the Competition and Consumer Protection Commission and the dissolution of the Competition Authority and the National Consumer Agency on 31 October 2014. The major reform of the State's Workplace Relations Services continued during 2014, with the Workplace Relations Bill published on 30th July 2014 and completed Second Stage and Committee Stage in the Dáil before year end.

I am deeply indebted to staff across the Department, its Offices and Agencies for their ongoing commitment and hard work and for their major part in delivering in key strategic and policy

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areas. With the reduction in numbers, I am keenly aware that staff have had to continue to shoulder an extra load and I wish to thank everyone for their contribution.

I look forward to working with everybody in the Department, its Offices and Agencies and with stakeholders in advancing the key priorities set out in our new Statement of Strategy.

John Murphy
Secretary General

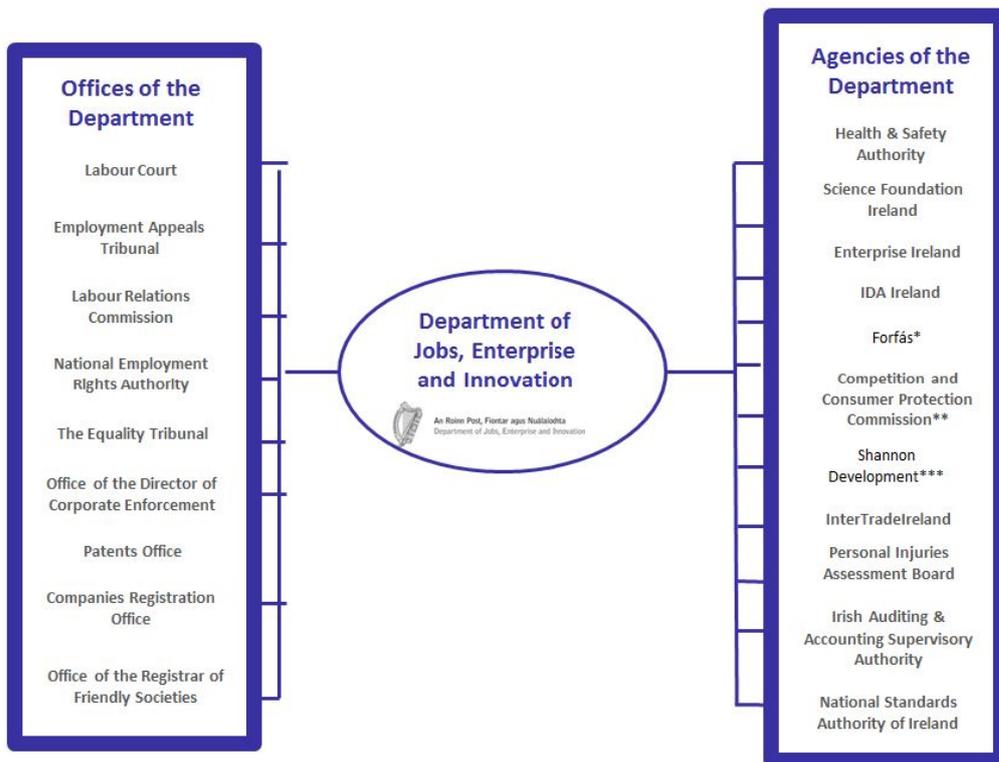
OUR MISSION

“To support the creation of good jobs by promoting the development of a competitive business environment in which enterprise will operate to high standards and grow in sustainable markets”

About Us

The Department of Jobs, Enterprise and Innovation plays a key role in implementing the Government's policies of stimulating the productive capacity of the economy and creating an environment which supports job-creation. The Department also has a remit to ensure fair competition in the marketplace, protect consumers and safeguard workers. Through its agencies and Offices, the Department's remit covers a wide range of activity including:

- facilitating the start-up and growth of indigenous enterprises,
- attracting foreign direct investment,
- increasing exports,
- improving competitiveness,
- promoting innovation and growth through investment in research and development,
- promoting fair competition for businesses and consumers,
- upholding company law,
- safeguarding the rights of workers, including their entitlement to occupational safety and health,
- facilitating a positive industrial relations environment,
- making evidence based policy, informed by research, analysis and a robust evaluations culture,
- identifying the future skills needs of enterprise (enhancing the product offering to attract FDI, facilitate investment and job creation by indigenous businesses and improving Ireland's competitiveness, innovation and productivity), and
- representing Ireland's interests in relevant EU, WTO, ILO, OECD and WIPO fora.



Local Enterprise Offices

In addition, the Department funds 31 Local Enterprise Offices (LEOs). The LEOs were established and open for business on 15th April 2014 following the dissolution of the County and City Enterprise Boards (CEBs) on the same day.

*The Industrial Development (Forfás Dissolution) Act was signed into law on 29 June 2014 allowing for the integration of Forfás with DJEI on its dissolution date of 1 August 2014

**The Competition and Consumer Protection Commission was established on 31 October 2014 following the amalgamation of the Competition Authority and the National Consumer Agency

***Shannon Development became part of Shannon Group plc on 14 November 2014 and was renamed Shannon Commercial Enterprises Ltd trading as Shannon Enterprises.

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| Management Board Membership | |
|-----------------------------|---|
| John Murphy | Secretary General |
| Dermot Curran | Assistant Secretary, Innovation and Investment Division |
| Clare Dunne | Assistant Secretary, Competitiveness and Jobs Division |
| Declan Hughes * | Assistant Secretary, Strategic Policy Unit |
| Philip Kelly | Assistant Secretary, Corporate Services, EU Affairs and Trade Policy Division |
| Breda Power | Assistant Secretary, Commerce, Consumers and Competition Division |
| Martin Shanagher | Assistant Secretary, Labour Affairs Division |
| Martin Shanahan** | Chief Executive, Forfás |
| Michael O'Leary*** | Head of Management Support Unit |

*In August 2014, following the integration of Forfás with the Department of Jobs, Enterprise and Innovation, Declan Hughes, Assistant Secretary, Strategic Policy Division, joined the Management Board.

**In August 2014, Martin Shanahan resigned from the Management Board following his appointment as Chief Executive of IDA Ireland.

***In October 2014, Michael O'Leary became a member of the Management Board upon his appointment as Head of the Management Support Unit.

Our Achievements – 2014

The 2014 Action Plan for Jobs was launched in February 2014. It is the third plan in a multi-year process and built on the successes of the previous years.

IDA client companies created 15,012 new jobs (net new jobs 7,131) bringing IDA's client employment number to 174,488. Total permanent full-time employment in agency-assisted companies operating in the industrial and services sectors amounted to 19,597 in 2014, an increase of 15,424 jobs on 2013 Employment levels.

IDA approved 197 investment projects of which 88 were from new companies.

Enterprise Ireland (EI) client companies created 19,705 new jobs in 2014 recording the highest overall rise in employment levels in the history of the agency with 8,476 (net) jobs created. This includes 7,214 full time and 1,262 part-time jobs. At the end of the year, employment in client companies stood at 180,072 (156,202 full time and 23,870 part-time).

On 15th April 2014 the 35 County Enterprise Boards were legally dissolved and 31 Local Enterprise Offices were established. The reformed structure provides a service which amalgamates national enterprise policy and local business supports in order to strengthen the local business culture and environment.

The Workplace Relations Bill was published on 30th July 2014 and completed Second Stage and Committee Stage in the Dáil in 2014.

The integration of Forfás with the Department of Jobs, Enterprise and Innovation took place on 1st August 2014.

The Friendly Societies and Industrial and Provident Societies (Miscellaneous Provisions) Act (No. 19 of 2014) was signed by the President on 21 July 2014.

The Competition and Consumer Protection Act (No. 29 of 2014) was signed by the President on 28 July 2014.

The Companies Act 2014 (No. 38 of 2014) was signed by the President on 23 December 2014. This landmark legislative project will provide significant benefits to companies of all types throughout the country by reducing red tape and making company law easier to understand.

In July 2014, Government agreed to the scaling up of the pilot Health Innovation Hub to a national level to proactively develop, manage and progress relationships and connections with industry and the health system.

During 2014 work continued on the reform of the State's Workplace Relations Services merging the activities of NERA, LRC, the Equality Tribunal, and the first instance functions of the EAT. The appellate functions of the EAT are incorporated into an expanded Labour Court.

Ireland's Best Young Entrepreneur competition was rolled out in 2014 with a total funding of €2m.

Statement of Strategy

2011-2014

During 2014 steady progress was made in achieving the goals set out in our Statement of Strategy 2011 – 2014.

Our Goals are as follows:

- Championing Enterprise
- Improving Competitiveness and Access to Finance
- Enterprise Development and Jobs
- Increasing Exports
- Regulation
- Innovation
- Developing Sectors with Potential

1. CHAMPIONING ENTERPRISE

"Make Ireland the best small country in which to do business and enlist the widest possible support within and outside Government for this goal".

Achieving this objective involves intensive engagement with other Departments on a range of issues across Government and at EU level. This Department has a leading role on key Government objectives, including creating job opportunities, reducing the burden of red tape on business, enterprise supports, the research and innovation agendas, trade policy, competitiveness challenges, and access to finance for business.

At EU level, we have the lead and coordination role in respect of the Competitiveness, Employment and Social Affairs and Trade Councils, and we lead Ireland's representation at the World Trade Organisation (WTO), the International Labour Organisation (ILO), and the World Intellectual Property Organisation (WIPO).



Action Plan for Jobs 2014

The Government's goal of creating 100,000 jobs by 2016 through supporting enterprises and improving the competitiveness of the business environment is at the core of our strategy. The Action Plan for Jobs 2014, the third instalment in an ambitious multi-year programme, was launched in February 2014. Working closely with other Government Departments and with its agencies, DJEI developed the plan on behalf of Government.

The Action Plan for Jobs is an integrated, whole-of-Government initiative under which Government Departments and Agencies work to support job creation in the enterprise sector. It focuses on private sector-led, export-oriented job creation by getting the framework conditions right and continually upgrading the business environment. The key objective of the Action Plan for Jobs process has been to rebuild Ireland's economy based on enterprise and entrepreneurship, talent, innovation and exports, and provide a solid foundation for future growth.

An OECD review of the APJ process concluded, in 2013, that it marked “an important innovation in Irish governance” as a coordination mechanism that ensures high level political buy-in and oversight, whole-of-government engagement and the establishment of quarterly targets underpinned by a robust monitoring system and that “these are important steps towards addressing long-standing gaps that undermine successful policy implementation”.

Action Plan for Jobs 2014 contained 385 actions involving all Government Departments and 46 Agencies. The high level ambition remained focused on creating the environment to support a 100,000 increase in employment by 2016 and set a new target of 2.1 million people in employment by 2020 in line with the Government’s Medium Term Economic Strategy.

There are four **key themes** emerging strongly from the Action Plan:

Productivity

The Action Plan placed a specific emphasis on competitiveness and productivity. While Ireland has improved its ranking internationally, as economic growth improves there is a risk that some of the hard won gains may be lost. Therefore, through the Cabinet Committee on Economic Recovery and Jobs, the Government monitored progress on competitiveness issues identified by the National Competitiveness Council and others, considered further actions to improve Ireland’s international competitiveness, and considered initiatives to make it easier to do business in Ireland.

The role of the entrepreneur and start-ups in job creation

The 2014 Plan set out a vision for Ireland to be among the most entrepreneurial nations in the world. The rollout of the LEO network, supported by a centre of excellence in Enterprise Ireland, was a key initiative as well as programmes to target young entrepreneurs, female entrepreneurs and overseas entrepreneurs.

Support for the SME sector to grow jobs

There was a particular focus on Access to Finance which gave effect to the Government’s priority to work with the private sector to increase bank and non-bank funding for SMEs. Actions around the skills agenda, support for research and innovation and management development also impacted significantly on SMEs. Finally there are sector specific actions including food and drink, green economy, retail, construction, eHealth and creative services.

Maximising impact through effective communication

Since 2011 the Government had introduced significant new and innovative programmes and initiatives that target enterprise and those out of work. It was recognised that clearly communicating these initiatives and making them accessible to the target groups would be critical to the uptake and ultimate impact. A priority in 2014 was to raise awareness amongst SMEs and entrepreneurs of the full suite of developmental business supports available through a comprehensive communications strategy involving the widest possible range of stakeholders and harnessing the full potential of the LEOs. The Department of Education and Skills and the Department of Social Protection would also coordinate branding and improve awareness of the range of industry focused skills initiatives encompassing Springboard, ICT skills conversion courses, Momentum, Skillnets programmes, JobBridge and JobsPlus.

Disruptive Reforms

There were three new Disruptive Reforms in 2014:

- Entrepreneurship – this was focused on the rollout of the LEOs; reviewing tax based schemes for entrepreneurs; and launching a €2 million fund for young entrepreneurs.
- Winning Abroad – this focused on increasing resources in the overseas offices of the enterprise agencies.
- Manufacturing: National Step Change – this was focused on achieving a step change in the productivity of manufacturing companies that are clients of Enterprise Ireland, IDA and the LEOs.

The Action Plan for Jobs process marks two significant developments in Ireland. The first is a concerted whole-of-government policy implementation with political buy-in, oversight and direction at the highest level, and the second is a rigorous quarterly monitoring and reporting system led by Department of the Taoiseach. This has resulted in an implementation rate of 91% for 2014. Some of the key actions completed were:

- The Local Enterprise Offices (LEOs) network was formally launched. The network is a world class enterprise support facility to provide a 'first stop shop' service for local start-ups and small business;
- Ireland's Best Young Entrepreneur competition was rolled out with total funding of €2 million;
- A national trading online voucher scheme was launched through the LEO network;
- Six rounds of the Competitive Start Fund targeting sectors such as manufacturing, aviation, lifesciences and Internet and Games as well as graduates and female entrepreneurs, were rolled out which resulted in approval for 81 additional start-ups;
- A programme to build financial capability in SMEs commenced through Skillnets targeting 1000 participants;
- Six roadshow events were held promoting the use of the LEAN guide to more than 400 businesses;
- The 2014 call for proposals for the ICT graduate skills conversion and Springboard programmes was rolled out;
- The establishment of the Strategic Banking Corporation of Ireland was announced which will ultimately provide up to €4bn in low cost funding to SMEs.
- 93 first time exporters were supported including 52 exporting for the first time into high growth markets (China, Brazil, Russia, Gulf States etc.).

Overall the Action Plan for Jobs process was shown to have demonstrable impacts in 2014. It was a year of record employment levels in Enterprise Ireland's client companies with total direct employment in client companies of 180,072 with an increase of 8,476 net new jobs in the client base in 2014. Enterprise Ireland clients achieved a record €18.6bn in exports.

In 2014 IDA client companies created 7,131 net new jobs, one of the highest levels of job creation in a decade, leaving the IDA as an organisation with the highest level of direct client employment in its history at 174,488.

The Q4 2014 CSO Quarterly National Household Survey (QNHS) data showed an annual increase of 1.5% or 29,100 bringing total employment to 1,938,900.

Enterprise Ireland's Role in Championing Enterprise

Enterprise Ireland (EI) operates as an Agency of the Department and is responsible for the development and growth of Irish enterprises in world markets. The work and activities of Enterprise Ireland contributes significantly to the championing of enterprise. Companies supported by Enterprise Ireland now, directly and indirectly, account for more than 300,000 jobs

in the Irish economy – equating to 16 per cent of Ireland’s total workforce. Their total spend in the Irish economy reached €22.9bn in 2014.

Its client companies achieved record export sales of €18.7bn in 2014, an increase of almost 10% on 2013 figures – and the highest export sales in the history of the agency. Exports now account for 51% of total sales by companies supported by Enterprise Ireland.

Growth was recorded in exports to all international regions and across all sectors. Enterprise Ireland’s top-five exporting countries are the UK, US, France, Germany and the Netherlands. Exports to these countries together accounted for just over €11bn or 61% of export sales in 2014.

Exports have continued to increase to the High Growth Markets. Exports increased to €2.26bn in 2014. Exports in Latin America and Asia Pacific were up 42% and 25%, respectively.

Responding to evolving growth opportunities and the Agency’s clients’ export strategies, Enterprise Ireland opened new overseas offices in Abu Dhabi, United Arab Emirates, and in Perth, Australia, during 2014. During the year, the number of significant new overseas customers that client companies secured with assistance from Enterprise Ireland totalled 893. 455 new overseas presences were established, 203 of which were in High Growth Markets.

2014 was a transformation year for the food sector, with record investment levels. Exports from the food sector grew 8% to €10.3bn, accounting for 55% of sales overseas by EI client companies.

In 2014, Enterprise Ireland invested in 183 new start-ups. This included 81 companies supported through the Competitive Start Fund and 102 investments in new High-Potential Start-Ups (HPSUs). The HPSU class of 2014’ included 18 female entrepreneurs, 10 overseas entrepreneurs and 11 research spinouts.

A special emphasis was placed on promoting female, regional and graduate/youth-led entrepreneurship. Forty-three of the 183 start-ups supported were led by female entrepreneurs. During the year, EI developed a series of female accelerator programmes in partnership with knowledge providers and launched its first peer-to-peer online networking platform for female-led companies.

EI also continues to promote the ‘Start in Ireland’ agenda at events at home and overseas. EI rolled out four Competitive Feasibility Funds, one of which was an open call, while the other three were targeted at females, graduates and agri-business technologies. Five Competitive Start Funds were also launched. Two were general calls, with the other three targeting aviation and manufacturing technologies, female-led businesses and the first ever call targeting graduates.

In 2014, 1,181 individuals (644 companies) participated on leadership development programmes designed by Enterprise Ireland to develop the leadership and management skills required to scale and internationalise their business. Key flagship programmes include:

- Leadership4Growth, delivered by world-class executive education faculties, aimed at bringing about a step-change in leadership capabilities among high-growth client companies.

- The International Selling Programme, delivered in partnership with Dublin Institute of Technology, designed to equip companies with the tools to achieve export sales targets.
- Enterprise Ireland Strategic Leadership 4 Chief Financial Officers, delivered by the Stanford Graduate School of Business and the Continuous Learning Group, aimed at equipping CFOs with the financial leadership and strategic insight to drive growth in their organisations.
- The Accelerated Growth Engagement Programme, geared towards building capability among High-Potential Start-Up founders and leaders.
- Access Silicon Valley, designed to help Irish tech companies deliver tangible strategies and market-entry plans relevant to the Silicon Valley and San Francisco markets.

Combining quality academic input with expert business advisers, peer networks and strong commitment from the management team in well-structured programmes, these flagship initiatives are delivering strong results for companies.

Enterprise Ireland has developed a Lean Business Offer designed specifically to help client companies address competitiveness issues. Since the programme was launched, participants have collectively reduced costs by millions of euro, grown sales and output and increased overall employment. The programme can be accessed at three levels, based on a company's ability to absorb the lean tools and techniques, namely LeanStart, LeanPlus and LeanTransform. The three levels of support can be adopted sequentially, based on the company's increasing levels of ability to absorb and implement lean business practice. Over the last five years, Enterprise Ireland has supported over 700 Lean projects in companies.

In April this year, the Local Enterprise Offices became the First-Stop-Shop support service for new entrepreneurs and existing micro and small business owners. The LEOs are supported by the Centre of Excellence in Enterprise Ireland which is responsible for developing an improved environment for small and micro business and utilising Enterprise Ireland's experience and specialised sectoral approaches to business innovation and development.



On 15 May 2014, the Taoiseach and Minister Bruton launched a new €2m investment fund competition to find Ireland's Best Young Entrepreneur. Open to anybody between the ages of 18 and 30, the aim of the initiative is to encourage and support a culture of entrepreneurship among young people in Ireland, to promote entrepreneurship as a career choice, and to encourage the establishment and development of new innovative businesses by Ireland's young entrepreneurs. Each Local Enterprise Office (LEOs) had an investment fund of up to €50,000, with an overall national winner's fund of up to €100,000.

Along with the suite of direct financial and indirect "soft" supports being provided for their clients, utilising a capital funding allocation of €18.5m, each Local Enterprise Office (LEO) drew up a Local Enterprise Development Plan for 2014. The purpose of the Plans was to assist the LEOs in focusing their efforts in the promotion and development of an enterprise culture within their County. The Plans included targets for the key metrics of business start-ups, business expansions and jobs created / sustained, as well as initiatives to support enterprise and job creation.

In the Action Plan for Jobs 2012 Minister Bruton had given a commitment to improve access to information and enhance visibility of the supports that are available to businesses from Government Departments, their agencies and public bodies. A range of the supports, both financial and non-financial, available from Government Departments, Offices and Agencies were identified and formed the basis for the compilation of a new webpage listing the supports available. The focus of the featured measures was to highlight supports that are available to assist companies to grow, improve productivity and create employment, with live links directly to detailed information on each of these schemes.

In May 2014 the SME online tool was launched. This tool was built with the focus on the information a small business needs and is accessible from over thirty different websites, the majority of which are Government sites that SMEs use. By answering 8 simple questions, each user receives filtered results on the range of specialised Government supports that could possibly suit their business, information on Government access to credit schemes and the contact details for their nearest Local Enterprise Office to discuss any results in greater detail.

National Entrepreneurship Policy Statement

This Department committed to produce the first ever National Entrepreneurship Policy Statement and this was published in October 2014. This represents the first time the Irish Government has published a comprehensive national strategy for entrepreneurship in Ireland. The key target contained in the plan is to double the jobs impact of start-ups in Ireland over the next five years, from 93,000 currently. In order to deliver on this there are three overarching aims –

- Increase the number of start-ups by 25% - representing 3,000 more start-ups per annum
- Increase the survival rate in the first five years by 25% - 1,800 more survivors per annum
- Improve the capacity of start-ups to grow to scale by 25%

The Policy Statement sets out the Government's strategic objectives as a facilitator within the Irish entrepreneurship ecosystem in key areas that impact on entrepreneurs and start-ups and signposts the direction which policy will take in the coming years.

Objectives were developed across each of the 6 elements that make up the framework for entrepreneurs to grow and flourish. These six elements are:

- 1) Culture, human capital and education

- 2) Business environment and supports
- 3) Innovation
- 4) Access to finance
- 5) Networks and mentoring
- 6) Access to markets

The 96 actions will be delivered and overseen through the Action Plan for Jobs 2015 process and the DJEI will monitor progress against key performance indicators and work with partners in enterprise to achieve the ambition. To drive the strategy, an Implementation Group has been established, chaired by DJEI, with membership drawn from the enterprise agencies and other Government Departments. This Group will have formal, structured engagement with industry partners and the National Competitiveness Council. It will meet quarterly, with sub-groups exploring certain issues or delivery as required. The Group will report annually to the Cabinet Committee on Economic Recovery and Jobs.

At European level work on entrepreneurship has been a central feature of the SME Envoy Network. In July, 2014, the Minister for Business and Employment, Mr. Ged Nash, TD., took over the role of Irish SME Envoy which was previously held by Mr. John Perry, TD., Minister for Small Business. Minister Nash has, through this Department, driven and reported on initiatives in the entrepreneurship space.

National Standards Authority of Ireland (NSAI)

Standards create a level playing field for Irish businesses selling into European and global markets. They help to facilitate international trade and enhance consumer confidence in products and services. NSAI actively promotes the benefits of standards through its national stakeholder networks and Consultative Committee structures.

During 2014, NSAI published a total of 1,450 European and Irish standards, contributing to a library in the region of 23,000. Among these were standards for domestic gas installations, the remote monitoring of CCTV systems, and a code of practice for the energy efficient retrofit of existing dwellings. NSAI's "Your Standards, Your Say" web portal had over 1,600 registered users in 2014.

In 2014, NSAI continued to support Enterprise Ireland's LEAN initiative through its provision of the systematic standard for utilisation of LEAN, including the standard for SWiFT 11 (Specifications Written in Fast Track - *Driving Competitiveness Using LEAN*).

Under the Metrology Act 1996, NSAI is legally responsible for providing an assurance regarding everyday measurements used in trade. In 2014 NSAI's nationwide network of 28 Authorised Verifiers carried out 34,619 inspections ranging from liquor dispensers and taximeters, to truck mounted meters for oil and milk.

The role of standardisation as a bridge between research activities and the market has been increasingly recognised, both by EU institutions and by Research & Development (R&D) stakeholders. In order to enhance industries' innovation capacity, NSAI has been working with Irish Third Level Colleges and European Metrology Institutes through the establishment of research initiatives. In 2014, this collaborative approach produced 3 projects in this area.

International Labour Organisation (ILO)

2014 was a year of significant achievement as regards Ireland's engagement with the ILO which is led by the Department of Jobs, Enterprise and Innovation. Ireland ratified two ILO Conventions; the Domestic Workers Convention and the Maritime Labour Convention 2006. The Maritime Labour Convention relates to maritime safety and to improved living and working conditions for seafarers. The Convention on Domestic Workers lays down basic principles and measures regarding the promotion of decent work for domestic workers and it is noteworthy that it was not necessary to make any amendments to national law to enable Ireland to ratify the Convention. This is a reflection of the strength of the employment rights protections for domestic workers in our existing legislation.

Furthermore, Ireland secured a "Titulaire" seat, i.e. a seat with full participation and voting rights, at the ILO Governing Body for the 2017-2020 term. This will be the first time Ireland has held a Titulaire seat at the Governing Body.

At the International Labour Conference (ILC) in June 2014 the Department led a tripartite delegation comprising representatives of ICTU, IBEC and the Department of Justice and Equality. At the ILC a Protocol and a Recommendation which supplement the provisions of the Forced Labour Convention, 1930 were adopted. In addition, the Department participated in the three Governing Body meetings which took place in March, June and November 2014.

World Trade Organisation

Both the European Union and the 28 EU Member States are members of the World Trade Organisation (WTO). The interests of the European Union and its member states are represented in the WTO by the European Commission when authorised by the EU Council. Through the Council's Trade Policy Committee and ultimately in the EU's Foreign Affairs Committee (Trade), which is the EU's Council of Trade Ministers, Ireland fully participates in the formulation of the EU's position with regard to trade and investment issues at the WTO and in other international organisations. This Department continues to be a strong advocate for Irish business and its global economic interests across all aspects of WTO activities.

Engagement at EU Level

In the context of a period of change for the EU Commission and European Parliament, we continued our engagement at EU level to achieve national and EU policy outcomes that are supportive of our enterprise, competitiveness and innovation agenda. During 2014, the enhancement of the Single Market, Mainstreaming of Industrial Competitiveness, the Review of the Europe 2020 Strategy, Smart Regulation, the implementation of the European Research Area and Innovation and Research as renewed sources of growth and jobs were the focus of discussion at the Competitiveness Councils.

Benefits of the EU Single Market

The EU Single Market is an area without internal borders designed to ensure the free movement of goods, services, capital and persons. The Single Market has delivered great benefits to European and Irish businesses and consumers. It adds almost €600 billion a year to the EU economy, it has doubled intra-EU trade and has increased workers mobility, creating 3 million new jobs since 1992. The dismantling of trade barriers has created cost advantages, intensified competition in the Single Market and made companies more competitive in the global arena. Empirical analyses show that the Single Market has realistically increased GDP in the EU by some 2 to 3%. While the Single Market has contributed significantly to economic growth and consumer welfare in the European Union it has not yet achieved its full potential. In 2014, the

Department progressed an initiative across Government to conduct a review of national legislation for compliance with the Services Directive. Further, the Department continued its engagement at EU level, including with the European Commission, and with other Member States, and in representing Ireland at relevant EU groups and committees on Single Market issues. The Department also continued to administer the SOLVIT and Internal Market Information (IMI) Systems, responded to SOLVIT cases and raised awareness of these administrative tools among businesses and citizens.

Transposition of EU Directives

The EU Internal Market Scoreboard, which reports on Member States' performance on the transposition of EU Directives, was published in November 2014. It showed Ireland's transposition deficit for transposing Directives was at 0.4%. This deficit is well below the 1% target set for all Member States.

European Semester

The Department also played a central role in processing the **European Semester** (a yearly cycle of economic policy co-ordination) and contributions to the Country Specific Recommendations in Council formations (Competitiveness and Employment, Social Policy, Health and Consumer Affairs (EPSCO)) through the Councils' advisory and preparatory Committees and Groups, in particular, the Employment Committee and the High Level Group on Competitiveness and Growth. Council conclusions were also achieved on the Annual Growth Survey 2014 and the 2014 Joint Employment Report was adopted.

EPSCO (Employment, Social Policy, Health and Consumer Affairs) Council

This Department coordinates the work of the Employment and Social Policy, strands of the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO). During 2014 Government Ministers attended four Councils and the Department co-ordinated inputs across Government in the Employment and Social policy spheres.

2. IMPROVING COMPETITIVENESS AND ACCESS TO FINANCE

“Regain the competitive edge necessary to underpin a successful small open economy”.

Sustainable economic growth depends on maintaining national competitiveness. Ireland’s competitiveness is a key determinant of our ability to sell goods and services in the global market and to attract inward investment. Access to finance is essential for the development of a strong indigenous enterprise sector and for a return to growth in the domestic economy. It is also vital that the Government promotes competitive markets across the services that are critical to business and champions smarter regulation.

Competitiveness

National competitiveness is a broad concept that encompasses a diverse range of factors and policy inputs including education and training, entrepreneurship and innovation, Ireland’s economic and technological infrastructure and the taxation and regulatory framework. Competitiveness is not an end in itself, but is a means of achieving sustainable improvements in living standards and quality of life. Only by ensuring that Irish based firms can compete successfully here and abroad can we create the employment, income and wealth necessary to improve the lives of all of our citizens. It is also vital that the Government promotes competitive markets across the services that are critical to business and champion’s smarter regulation.

Access to competitively priced sources of finance is essential in developing a strong indigenous enterprise sector thereby allowing enterprises establish and expand their operations, improve productivity and ultimately survive and scale. Limited or costly credit flows damage the environment for entrepreneurship, scaling and investment.

The National Competitiveness Council has pointed out that Ireland has become significantly more cost competitive since 2008 and this recovery has started to be reflected in international competitiveness rankings. However, the Council warned that certain factors, outside of our control, were working in our favour. In 2014 these included a weak euro exchange rate towards the latter part of the year, low international energy prices and historically low interest rates.

The IMD World Competitiveness Yearbook 2014 showed Ireland’s headline position improving to 15th in 2014, up from 17th in 2013 and 20th in 2012. The World Economic Forum’s Global Competitiveness Index 2014-2015¹ rankings showed that Ireland improved its position to 25th in the rankings, after falling to 28th position in the previous year. There are a number of key areas where Ireland tops global lists, such as:

- Business impact of rules on foreign direct investment;
- Inflation (annual % change); and
- FDI and technology transfer.

¹ Released September 2014

Ireland is also seen as a highly desirable location for foreign direct investment and the IBM 2013 Global Location Trends Report² ranks Ireland:

- First in the world for inward investment by average value of investments.
- First in Europe and second globally for the number of investment jobs per capita.
- Dublin rising to 9th destination city globally by projects.
- Ireland moved up to 9th ranking in the Innovation Union Scoreboard.

The EU Commission's Competitiveness Report 2014³ showed that Ireland had a strong and improving competitive position in all dimensions and was better than the EU average in the vast majority of the competitiveness indicators examined. These indicators included labour productivity, our share of high-tech exports, the energy intensity of industry, our overall business environment and early stage financing. However, the very large public and private sector debt burden was highlighted as a severe drag on growth with further challenges in areas such as restoring credit channels for SMEs, strengthening activation mechanisms, tackling skills mismatches, reducing business (including legal) costs and increasing competition.

Overall, despite some important caveats highlighted by the NCC and the EU Commission, these results are a very positive base on which to build as the Department, its Agencies and the wider Government continue to strive towards the aim of Ireland becoming the best small country in the world in which to do business. They are also important indicators in the fight to ensure that Ireland recovers and sustains its international competitiveness, so as to be able to compete on global markets for both generating export sales and attracting further inward investment into Ireland, which will ultimately lead to companies being able to sustain existing jobs and create new ones.

Many of the actions which are being pursued through the "Action Plan for Jobs" Framework over the period 2012-2016 are aimed at improving Ireland's overall competitiveness - reducing costs and ensuring that key aspects of the enterprise environment (regulation, infrastructure, availability of skills) are supportive of job creation. APJ 2014 commits the Government, led by the Taoiseach and supported by this Department, to focusing on competitiveness in all areas of economic activity. The Government will develop and target actions specifically at improving our competitiveness rankings. This is aimed at achieving a top-five IMD competitiveness ranking, making Ireland the best small country in which to do business and creating the jobs we need.

National Competitiveness Council

Competitiveness Challenges

The National Competitiveness Council published *Ireland's Competitiveness Scorecard* in Q1 2014. The overall conclusion from this analysis of a comprehensive assessment was that Ireland's recovery maintained its momentum throughout 2014. Further improvements in the labour market, the public finances and the macroeconomic outlook were recorded throughout 2014. However, the negative consequences of the last five years will continue to be felt for the foreseeable future. Incomes and quality of life have been reduced, and society continues to bear the scars of unemployment, emigration and debt. Improving our competitiveness is central to any recovery strategy.

² Released December 2013

³ Released September 2013

From a competitiveness perspective, the cost reductions that occurred since the onset of recession, allied to the elimination of many capacity constraints, have resulted in improved international competitiveness. This provides our enterprises with advantages when selling into foreign export markets, makes them more competitive at home, and makes Ireland a more attractive proposition for international investors.

However, in looking to the future, the *Scorecard* was quite clear that the hard won competitiveness gains that we have made since 2008 are in danger of being eroded as the economy returns to growth. These gains cannot be allowed to dissipate through either overconfidence or inertia.

The Council in its *Ireland's Competitiveness Challenge 2014* highlighted six challenges that must be addressed if we are to create the employment and wealth necessary to improve the lives of all of our citizens, and to lay the foundations for future prosperity.

The Cost Base

There is an ongoing need to maintain vigilance in relation to our cost base. Despite the upward price pressures that almost inevitably accompany economic growth, we must be rigorous in our pursuit of efficiency and take the steps necessary to minimise those costs within our domestic policy control. The Council highlighted the cost of labour, property and energy as the three most significant cost factors for most firms.

Restoring Balance to the Public Finances

The Council's focus in 2014 was on the need to put the public finances on a sustainable basis all the while being mindful of the need to provide for public investment in essential economically and socially productive infrastructure (for example water, broadband and social housing). Such investments enhance our productive potential as an economy.

Education and Skills

The development of Ireland's skills base remains a concern for the Council, and the 2014 challenge is no exception. Whilst recognising the need to invest in all areas of the education system, the Council is particularly focussed on the development of the Further Education and Training (FET) and Apprenticeship systems. The goal is to ensure that FET can deliver more high quality, flexible and responsive education and training programmes that explicitly meet the needs of the learner and the employer.

A Broader Enterprise Base

Ireland's resilient exporting sector has been one of the economy's greatest strengths in recent years. However, a more sustainable, diversified and broad-based export oriented enterprise sector would enhance our resilience but this is a difficult challenge. Notwithstanding continued attention and support by successive Governments, this has been one of the continuing deficits in Irish economic policy outcomes for more than half a century. We must strive to capitalise on our newfound cost competitiveness, maximising our exports, competing for mobile international investment, and encouraging the development of a new cohort of outward looking indigenous firms. The Council put forward a number of recommendations aimed at both foreign and indigenous companies and across the full life cycle of the firm.

Finance for Enterprise

As outlined in the previous section, finance plays a critical role for firms - both in terms of facilitating existing operations and in creating opportunity for growth and investment. The Council put forward a number of recommendations to increase the supply of credit, particularly to SMEs. To fully support our enterprises, we will need to ensure that we make full use of all possible sources of credit, traditional bank finance and more innovative, non-traditional approaches.

Access to Finance

SME Credit Guarantee Scheme

The Credit Guarantee Scheme (CGS) provides a State guarantee through the Department of Jobs, Enterprise and Innovation to accredited Lenders of 75% on eligible loans or Performance Bonds to viable Micro, Small and Medium-sized Enterprises (SMEs). The Guarantee is paid by the State to the Lender on the unrecovered outstanding principal balance on a Scheme Facility in the event of a Borrower defaulting on the Scheme Facility repayments.

The purpose of the Scheme is to encourage additional lending to SMEs, not to substitute for conventional lending. SMEs are thus enabled to develop a positive track record with the Lender with the objective of returning to standard commercial credit facilities in time. It will also place Irish SMEs on a competitive level-footing relative to other trading competitors who are able to avail of a guarantee in their own countries. During 2014, 68 facilities were sanctioned worth €9.3m which allowed 649 new jobs to be created and 333 jobs to be maintained.

Review of the SME Credit Guarantee Scheme

Following on from the external review of the Credit Guarantee Scheme, the Minister subsequently brought a Memorandum to Government in mid-2014 detailing his findings and conclusions and permitted the Minister to begin drafting a Bill to amend the Credit Guarantee Bill. The external review along with the Minister's findings and conclusions were published in 2014 and laid before the Houses of the Oireachtas.

Work then commenced in 2014 on drafting the Credit Guarantee (Amendment) Bill. When enacted, this Bill will make a number of improvements including increasing the level of guarantee from 75% to 80%, extending the range of finance providers and products (to include leasing and invoice finance).

Changes to Credit Guarantee Scheme

As take-up of the Scheme was slow, an independent external review of the SME Credit Guarantee Scheme was commissioned in 2013. Government approval for revision of this legislation was received in Q2 2014. While a preliminary draft Bill was provided, there were still a range of drafting and legal issues to be resolved at the end of 2014. The legislation is due to be completed in Q1 2015.

Microenterprise Loan Fund

Microfinance Ireland was established to support lending to microenterprises in the SME sector and was launched on the 1st October 2012. This initiative targets start-ups, established and growing microenterprises across all sectors, employing up to 10 people. Loans are for amounts from €2,000 to €25,000 and can be used for business start-up and expansion costs and working capital. In 2014 Microfinance Ireland approved €4.2m in loans, which was over double the amount of approvals in 2013 and supported over 600 additional jobs.

During 2014, Microfinance Ireland continued its work on promoting the Microenterprise Loan Fund at numerous small business events and conferences and engaged with small business owners their representatives and advisors. Microfinance Ireland continues to work hard to explore relevant avenues to ensure that all viable microbusinesses that have difficulty in accessing credit are aware of the Scheme, and that each application is given a full and fair credit assessment.

Review of Microenterprise Loan Fund

To improve the take-up and impact of the Microenterprise Loan Fund a review of the operation of the Microenterprise Loan Fund Act 2012 took place in 2014. This review of the Microenterprise Loan Fund was published in Q1 2015.

Seed and Venture Capital

There was a continued upward trend in the level and value of activity by venture capital funds supported under Enterprise Ireland's Seed and Venture Capital Programmes. In 2014, these Funds made 156 investments with an investment value of €62m into 97 Irish-based companies. This level of investment represents an increase of €3m on the €59m invested into 94 Irish companies in 2013 under the schemes.

The Enterprise Ireland Direct Equity Portfolio now holds investments in over 1,200 client companies. EI also supports investment in company equity through its contribution to other investment funds.

- €1.4bn combined value of 44 funds established to date under the various Seed and Venture Capital schemes
- €46m was invested in 3rd party private equity funds supported by Enterprise Ireland in 2014
- €492m total under management in funds established under the Development Capital Scheme.

In 2014, EI made 337 direct equity investments in client companies, spanning early-stage, High-Potential Start-Up and established businesses across a range of sectors. This represented a 17% increase on the number of investments completed in 2013.

The total direct equity funding received by Enterprise Ireland client companies in 2014 was €33.1m, representing a 3% increase on the direct equity funding invested in 2013. This investment was matched by a significant multiple of external funding from domestic and international investors, further supporting EI's clients' development and scaling.

In addition, in Q1 2014 Enterprise Ireland initiated a consultative process to assist in its evaluation of what further sectors should be assisted with the remaining funds of the Scheme. The consultation involved dialogue with various sector experts, Enterprise Ireland client companies and investors to get their feedback on the specific funding requirements for companies.

- Venture Capital - Seed and Venture Capital Scheme 2007-2012
The overall capital under management through Enterprise Ireland's Seed and Venture Capital Programme (2007-2012) has now reached over €70m. Irish companies in receipt of investment under this Programme employed over 2,100 people in Ireland at the end of 2014. These companies recorded turnover of €257m of which €160m were exports.
- Seed and Venture Capital Programme 2013-2018

In May 2013 a new €175m Seed and Venture Capital Programme (2013-2018) was introduced and is aimed at providing additional funding for high- growth Irish companies with the potential to generate large amounts of additional export sales and grow jobs. As at December 2014, €99.5m has been committed as part of the first call to a number of Venture Capital Funds and two new Funds have been established with an Enterprise Ireland commitment of €3m. A further call targeting seed funding will be issued in 2015.

Development Capital Scheme

The Development Capital Scheme is run through an open and competitive process, on foot of key actions under the Action Plan for Jobs process. Enterprise Ireland has made commitments totalling €75m to three funds; MML Growth Capital Partners Ireland, BDO Development Capital Fund and Cardinal Carlyle Ireland. The funds established have successfully leveraged significant private sector capital, with over €490m. available for investment.

Each of the funds established under the Development Capital Scheme is aimed at providing funding for the mid-sized, mostly export-oriented businesses with clear growth and development prospects. The funds are targeted particularly at manufacturing and technology companies in traditional sectors including engineering, food, life sciences, services and electronics. All of the funds were established in the latter part of 2013 and commenced investment in 2014. In 2014 there have been a total of 4 investments totalling almost €30m.

Innovation Fund Ireland

Innovation Fund Ireland is geared towards attracting leading international venture capital fund managers to Ireland and is a joint initiative with the Irish Investment Fund. To date, five funds have been announced as having established a presence under this scheme, with commitments being made to Sofinnova Venture Partners, Lightstone Ventures, Highland Capital Partners, DFJ Esprit and Polaris.

Innovation Fund Ireland is a Government initiative designed to attract leading international venture capital fund managers to Ireland to complement the domestic venture capital sector. Innovation Fund Ireland funding involves Enterprise Ireland and NPRF investing together and separately. The NPRF has now been reconstituted as the Irish Strategic Investment Fund. The dual mandate of the ISIF – investment return and Irish economic impact – represents a new approach to investing and will require all transactions to generate both risk adjusted commercial returns and economic impact in Ireland.

Enterprise Ireland and the NPRF each had up to €125m to make commitments to international Venture Fund Managers. These funds are committed to establishing a presence in the Irish market and agree to invest, at a minimum, the equivalent of Enterprise Ireland's contribution, over the lifetime of the fund in Irish companies or companies with significant operations in Ireland. Enterprise Ireland issued two open competitive calls for proposals. In 2014 there have been a total of 3 investments totalling over €32m.

In respect of access to finance the Department continued to promote the needs of business in this very important area through participation in the state bodies group and by advancing use of the credit guarantee scheme and Microfinance Ireland. In addition awareness of the level and types of support available for businesses was promoted through the supporting SME tool and through the running of a separate promotional campaign under the banner actionplanforjobs.ie.

During 2014, a number of initiatives were rolled out in key areas such as:

- extending the remit of the Credit Review Office (see below);
- issuing the first call for proposals under the Seed and Venture Capital Scheme 2013 – 2018;
- increased engagement with the European Investment Bank and European Investment Fund;
- State involvement in new Development Capital Funds for Irish SMEs;
- an examination of how companies can be supported to scale by way of IPO which resulted in the Budget decision to remove the stamp duties charge on shares listed on the Enterprise Securities Market (ESM); and
- the transposition of the Late Payments Directive.

APJ 2014, launched in February of this year, builds on the vision set out in APJ 2013 of an Irish economy in which all viable businesses will have an opportunity to access sufficient finance to meet their enterprise needs in a manner which supports growth and jobs.

To further improve access to finance for micro, small and medium enterprises in Ireland, further efforts were made in 2014 to:

- Increase new lending to SMEs, drawing on both bank and non-bank sources of funding;
- Increase participation in Government sponsored access to finance schemes for SMEs such as the Microenterprise Loan Fund⁴, the Credit Guarantee Scheme⁵, the Seed and Venture Capital Scheme⁶, Employment and Investment Incentive Scheme (EIS)⁷, Seed capital Scheme (SCS)⁸, the NPRF SME Funds⁹ and the Credit Review Office;

⁴ Microfinance Ireland was established in 2012 to support lending to the most vulnerable cohort of our SME sector, the microenterprises. This Government initiative is designed to stimulate lending to sustainable microenterprises and is targeted at start-up, established or growing micro enterprises across all industry sectors, employing up to 10 people. Loans are for amounts less than €25,000 and generally will be provided for business start-up costs, expansion costs and working capital.

⁵ The Credit Guarantee Scheme is targeted at supporting an additional flow of credit for SMEs and was also introduced in 2012. The Scheme is closely targeted at commercially viable, well performing enterprises that have a solid business plan and a defined market for their products or services which can demonstrate repayment capacity for the additional credit facilities but which cannot secure credit facilities due to market inefficiencies. The Scheme provides a 75% guarantee to banks against losses on qualifying loans to job-creating firms to get the banks' lending again to industry and entrepreneurs. The minimum permissible loan value is €10,000 and the maximum is €1,000,000.

⁶ In May 2013 the Minister for Jobs, Enterprise and Innovation launched the first call for expressions of interest under the new €175 million SVC Scheme 2013-2018 aimed at providing additional funding, through Enterprise Ireland, for venture capital funds to invest in high growth firms with the potential to generate large amounts of additional export sales and grow jobs in fast-growing sectors, such as the ICT and Life Sciences sectors. This first call saw €99.5 million committed by Enterprise Ireland.

⁷ The EIS allows investments in new ordinary shares qualify as a tax deduction against the investor's total income at his/her marginal income tax rate.

⁸ The revised Seed Capital Scheme is a slightly more generous version of the EIS targeted at individuals who leave PAYE employment to set up their own companies.

⁹ In 2013, the National Pensions Reserve Fund (NPRF) launched a suite of three new long-term funds totalling €850m which will provide equity, credit and restructuring / recovery investment for Irish SMEs. The NPRF and the fund partners are continuing to work on sourcing opportunities to make commercial

- Develop new and innovative sources of finance for SMEs;
- Raise the level of awareness amongst SMEs and entrepreneurs of the full suite of developmental business supports available through a comprehensive communications strategy involving the widest possible range of stakeholders; harness the full potential of the soon to be established Local Enterprise Offices as the key conduit for providing advice, information and guidance to SMEs on access to finance issues including available state sponsored supports;
- Enhance the financial capability of SMEs; and
- Enhance research and policy evaluation on access to finance for SMEs.

Increase new lending to SMEs

The Department of Finance published the SME Credit Demand Survey for the period October 2013 – March 2014 in June 2014. The results of this comprehensive survey inform ongoing policy discussions by the SME State Bodies Group in the access to finance area.

Credit Review Office

The activities and reach of the Credit Review Office were expanded in 2014 and the Office is now involved in the SME State Bodies Group; the SME Funding Consultation Committee (both chaired by the Department of Finance); and the Small Business Advisory Group. Improving participation in state-sponsored schemes is one of the issues that is regularly addressed by the consultative fora. The Credit Review Office has also engaged directly with the Department of Jobs, Enterprise and Innovation in relation to both the Credit Guarantee Scheme and the Microfinance Scheme.

The Department of Finance and Credit Review Office held quarterly meetings with AIB and Bank of Ireland throughout 2014. The banks provided the Department of Finance and Credit Review Office with granular monthly lending data, including data on new lending which ensured a more informed understanding of the SME bank lending environment, with a particular focus on new lending.

Building Financial Capability of SMEs

Delivering the Building Financial Capability in SMEs programme by Skillnets and undertaking an evaluation of this initiative took place during 2014. The procurement was completed on time in January and approved by the Skillnets Board on 6 February 2014. Delivery of the programme commenced in February. Work continues to promote the programme and to ramp up delivery to achieve the target of 1,000 participants on the pilot programme.

New Sources of Finance

An outline agreement was reached with the KfW Bank and the German Finance Ministry to develop an initiative that will improve funding mechanisms for SMEs, and funding from the European Investment Bank has been added to this initiative. The Government agreed to the publication of enabling legislation to allow for the establishment of the Strategic Banking Corporation of Ireland (SBCI) in July 2014.

investments in the SME sector, while waiting for the legislation required to formally create the Irish Strategic Investment Fund (ISIF) and enable further investment.

Enhance Research and Policy Evaluation

In 2014 the Economic and Social Research Institute (ESRI) undertook research on “Financing SMEs” on behalf of the SME State Bodies Group and both bodies jointly hosted two research and policy seminars on the topic of Financing for Growth.

Economic Infrastructures

The availability of competitively priced world class infrastructure (energy, telecoms, transport, waste and water) and related services is critical to support economic growth and enterprise development.

Throughout 2014 the Department highlighted the main issues and priorities for business users across each infrastructure area drawing on in-depth research carried out by the Strategic Policy Division. We agreed the top infrastructure priorities for enterprise development and engaged with the Department of Public Expenditure & Reform (DPER). We put energy cost competitiveness in a more central position in the Green Paper process. We engaged on transport, aviation, water and telecoms policy and investment needs to support enterprise.

The Department monitors and reviews the current and future infrastructure needs of the enterprise base, with a particular focus on the internationally trading sectors, assesses Ireland’s performance in meeting those needs, identifies the investment and policy priority actions that need to be addressed to support enterprise activity growth and job creation, and endeavours to have these actions implemented.

Activity in 2014 included inputting to the Governments Review of the Public Capital Investment Programme, to consultations on the Energy Green Paper, and to the CER’s consultation on non-domestic water tariff proposals and the draft Irish Water customer code of practice. The Department, in 2014, also made a submission to the DTTAS consultation on the draft national aviation policy and to the CAR’s consultation on airport charges at Dublin Airport. The Department also inputted to the Strategic Framework for Investment in Land Transport. In parallel, the Department engaged on an ongoing basis across the public and private sectors to advocate for policy measures to improve the availability and quality of economic infrastructure to support enterprise development and growth.

Taxation

Throughout 2014 we engaged with the Department of Finance to ensure that changes to the tax residency rules were managed and that alternative proposals to maintain our competitiveness were progressed and supported the work of the Department of Finance in bringing forward a number of changes to a range of other tax initiatives.

DJEI coordinated a joint agency Pre-Budget Submission 2015 involving IDA Ireland, Enterprise Ireland and SFI. The primary purpose of the submission was to ensure that Budget 2015 supports enterprise, in particular, the export potential of firms and Ireland’s attractiveness as a location for foreign direct investment and for the attraction and retention of talent.

The submission highlighted the importance to ensure a continued focus on certainty and predictability, which is key to enterprise decision making. It highlighted in particular, that any significant changes impacting on enterprise should, where possible, be signalled in advance, involve a consultation process and have an adequate lead time to provide business with certainty.

This submission makes recommendations in respect of a number of key taxation areas for enterprise under three headings of Entrepreneurship and Investment, the International Tax Environment and support for Job creation and Export Growth.

3. ENTERPRISE DEVELOPMENT AND JOBS

“Maximise jobs growth especially through the development of a strong indigenous enterprise base, the attraction of foreign direct investment, and the development of cross enterprise networks”.

A thriving enterprise base benefits society by providing sustainable economic growth, sustainable job creation, and raising standards of living. Enterprise policy in Ireland is targeted to provide a supportive environment for all businesses whether they are trading locally or exporting. It includes the provision of direct and indirect supports, in compliance with EU State Aid rules, to create, attract and grow enterprises that either export or have the potential to export.

The Department plays a central role in supporting enterprise development in Ireland and is assisted in this regard by its agencies including Forfás¹⁰, Enterprise Ireland (EI), IDA Ireland, the Local Enterprise Offices,¹¹ Shannon Development¹², Science Foundation Ireland (SFI), and the National Standards Authority of Ireland (NSAI).

The development agencies, the client groups of which vary from indigenous micro-enterprises to foreign multinational companies, focus on the broad objectives of:

- Fostering entrepreneurship and business start-ups.
- Promoting Investment.
- Promoting exports.
- Enhancing the productivity, innovation, management capability and competitiveness of both indigenous firms and overseas companies based in Ireland.

DJEl Agency-Assisted Enterprise Performance

The Survey Unit of the DJEl conducts surveys of the enterprise agencies' clients, namely the Annual Business Survey of Economic Impact and the Annual Employment Survey, and is also mandated with the collection of R&D data on the Higher Education and State sectors. In 2014 DJEl published a number of key reports, including the 2013 Science Budget which is an inventory of all state-funded R&D conducted in Ireland, as well as the 2014 Annual Employment Survey and 2013 Annual Business Survey of Economic Impact. More results and detailed information on these reports can be found on the Publications section of the Department's website.

The performance of enterprises supported by the agencies of the Department, Enterprise Ireland and IDA Ireland, in 2014 is set out below.

¹⁰ Forfás was integrated with the Department of Jobs, Enterprise and Innovation on 1 August 2014.

¹¹ The 35 CEBs were legally dissolved on 15 April 2014 and 31 Local Enterprise Offices were established and open for business on the same day.

¹² Shannon Development became part of Shannon Group plc in November 2014 and its enterprise support functions in relation to indigenous and overseas enterprises were assumed by Enterprise Ireland and IDA Ireland respectively

Figure 1. Job Gains, Losses & Net Change in Permanent Full-time Employment in All Agency-Assisted Companies, 2005-2014



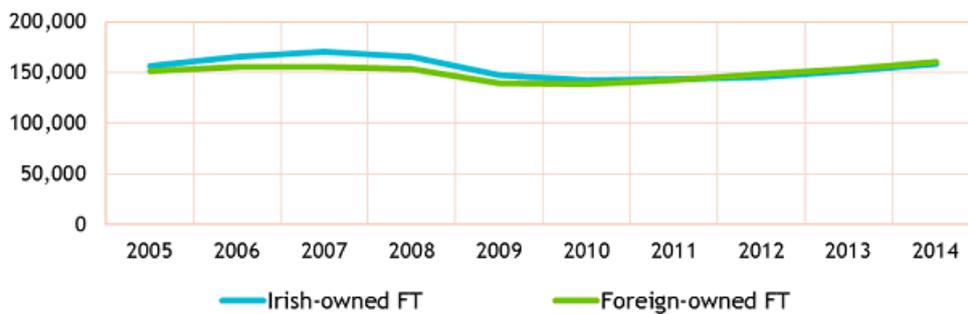
Source: SPD Survey Unit, DJEI

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Gross Job Gains | 37,222 | 33,415 | 28,971 | 24,585 | 15,298 | 20,936 | 25,493 | 25,878 | 26,127 | 29,985 |
| Gross Job Losses | -23,221 | -21,290 | -24,421 | -30,808 | -46,712 | -26,991 | -21,333 | -17,536 | -15,886 | -14,561 |
| Net Job Change | 14,001 | 12,125 | 4,550 | -6,223 | -31,414 | -6,055 | 4,160 | 8,342 | 10,241 | 15,424 |

Source: SPD Survey Unit, DJEI

- Since 2011 agency assisted companies have recorded positive net job gains with the highest positive net job change of 15,424 jobs recorded in 2014.
- There has been a 15% increase in gross job gains (3,858 jobs) since 2013, although since 2005 gross job gains have declined by 19%.
- In 2014, total gross job losses at 14,561 were at their lowest level in a decade.

Figure 2. Trends in Permanent Full-time (FT) Employment in Irish and Foreign-owned Agency-Assisted Companies, 2005-2014



Source: SPD Survey Unit, DJEI

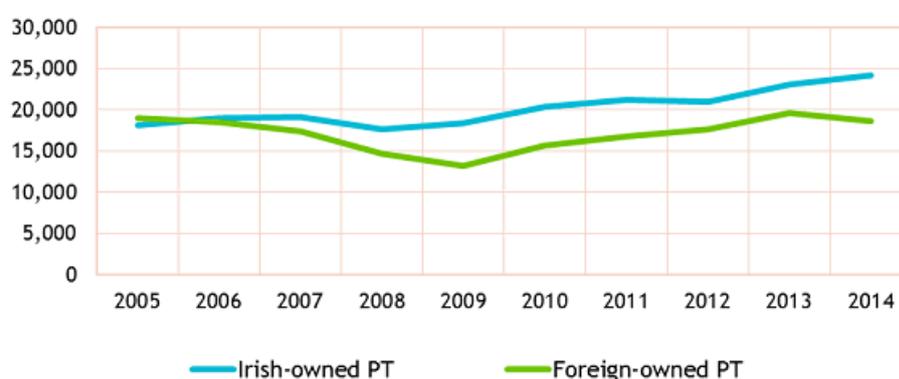
ANNUAL REPORT AND ACCOUNTS 2014
DEPARTMENT OF JOBS, ENTERPRISE AND INNOVATION

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Irish | 156,679 | 165,684 | 170,058 | 165,305 | 147,698 | 142,757 | 142,972 | 145,606 | 150,910 | 158,829 |
| Foreign | 151,768 | 154,888 | 155,064 | 153,594 | 139,787 | 138,673 | 142,618 | 148,326 | 153,263 | 160,768 |
| All ownership | 308,447 | 320,572 | 325,122 | 318,899 | 287,485 | 281,430 | 285,590 | 293,932 | 304,173 | 319,597 |

Source: SPD Survey Unit, DJEI

- Total permanent full-time employment in agency-assisted companies operating in the industrial and services sectors amounted to 319,597 in 2014, an increase of 15,424 jobs (5.1%) on 2013 employment levels.

Figure 3. Trends in Part-time/ Temporary/ Short-term Contract Employment in Irish and Foreign-owned Agency-Assisted Companies, 2005-2014



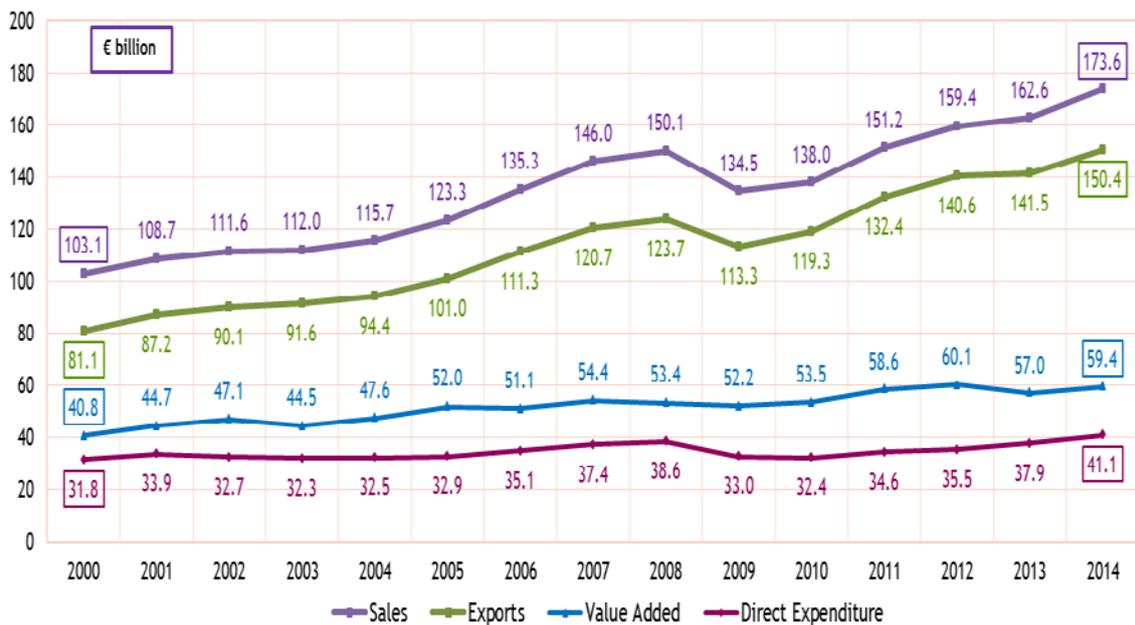
Source: SPD Survey Unit, DJEI

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Irish | 18,141 | 18,966 | 19,076 | 17,624 | 18,345 | 20,385 | 21,291 | 20,971 | 23,032 | 24,202 |
| Foreign | 18,959 | 18,513 | 17,402 | 14,662 | 13,219 | 15,609 | 16,773 | 17,586 | 19,587 | 18,616 |
| All ownership | 37,100 | 37,479 | 36,478 | 32,286 | 31,564 | 35,994 | 38,064 | 38,557 | 42,619 | 42,818 |

Source: SPD Survey Unit, DJEI

In total, there were a further 42,818 jobs of a temporary or part-time nature recorded in agency-assisted companies in 2014 representing an increase of 199 jobs since 2013.

Figure 4. Sales, Exports, Value Added and Direct Expenditure of all Agency Client Companies, 2000-2014



Source: SPD Survey Unit, DJEI

- Agency client companies reported a rise in sales and exports in 2014 over the previous year's figures, with sales of some €173.6 billion in 2014. This continues a substantial upward trend in results following the downturn in the economy in 2009.
- The Value Added figures in the Irish economy by client firms increased to €59.4 billion in 2014.
- Direct Expenditure in the Irish Economy is at its highest in the time-series at €41.1 billion in 2014.

Review of Foreign Direct Investment Policy

The attraction of Foreign Direct Investment (FDI) has been a central part of Ireland's enterprise policy since Ireland first took proactive measures to secure internationally mobile investments in the 1950s. Today, foreign firms contribute substantially to Ireland's exports, jobs, expenditure in the Irish economy and to the exchequer. The global environment in which Ireland is competing for FDI continues to change and competition for investment has intensified significantly.

In this context, DJEI asked Forfás to undertake a review of Ireland's FDI policy that culminated in the publication of the Government's *Policy Statement on Foreign Direct Investment in Ireland* in July 2014. Based on the analysis of global FDI trends, international policy approaches, the contribution of FDI to the Irish economy the Policy Statement set out the policy objectives to:

1. Further expand and develop export oriented FDI that will:
 - Deliver sustainable job creation and wealth creation;
 - Contribute to enhanced productivity and value added;
 - Develop Ireland's capabilities and critical mass in key sectors and self-sustaining ecosystems;
 - Enhance Ireland's innovative capabilities;

- Contribute through direct economy expenditures to indirect job creation in the domestic economy;
 - Enable access to global value chains for Irish owned companies; and
 - Optimise the potential contribution of FDI to regional economic development as part of cohesive regional spatial and economic strategies (RSEs).
2. Identify and promote (as appropriate) opportunities where FDI can help to boost productivity, address strategic business environment gaps in the domestic economy and/or to contribute to addressing national challenges.

The Policy Statement sets out actions that will be delivered across Government to nurture and develop those areas that will genuinely differentiate Ireland's offering and specifically with regards to:

Talent: Ireland as an internationally competitive location for talent attraction and growth.

Place-making: to create competitive dynamic and globally connected city regions as attractors of investment, and position Dublin as the leading European hotbed for start-ups, fast growing firms and talent.

Connected world leading research: Ireland is recognised as one of the most enterprise aligned science, technology & innovation systems in the World, connecting and collaborating with enterprise and delivering sustainable economic impact.

The Policy Statement on Foreign Direct Investment in Ireland has informed the development of IDA Ireland's strategy *Winning Abroad* that focuses on meeting the policy objectives, on building on our strengths and positioning for new opportunities, and on diversifying Ireland's FDI portfolio in terms of source markets – setting out clear targets and metrics for success.

As a result of the analysis, Enterprise Ireland has placed an intensified focus on the potential for increased levels of FDI from enterprises addressing the Food and Beverage markets including ingredients, consumer foods, nutrition and nutraceuticals, and on working with entities already established here to broaden their corporate mandates, including RD&I and HQs. Building on the findings of the Policy Statement, The Action Plan for Jobs 2015 set out a suite of specific actions to be delivered within the year that placed the broad Talent agenda as a disruptive reform. The underpinning research, analysis and findings also contributed to shaping Enterprise 2025, Ireland's national enterprise policy for the next decade, and have considerably advanced the development of a more systematic approach to sector ecosystem development and enabling the creation of sustainable National Clusters of scale, with international visibility and impact.

Progressing a Coherent Sector Development Agenda

The Department played a key role in developing a coherent agenda aimed at the development of sectors in Ireland in the context of increased global competition. Sectoral development requires constant review and update if it is to be effective, involving horizon scanning and analysis of global and national developments to inform a rolling agenda for action. DJEI worked with Forfás and the enterprise development agencies and other stakeholders to review and prioritise sector specific barriers and or enablers to inform policy development, required actions and implementation.

The suite of sector briefs developed initially by Forfás as a result of ongoing consultation set out an agreed cross agency agenda, which:

- Harness the collective knowledge of the agencies which is informed by industry to set out a comprehensive overview of a sector encompassing indigenous and foreign perspectives and including non-DJEI supported sectors;
- Set out a common suite of actions that are agreed by the agencies and that inform policy development; and
- Provide early insights into industry structural shifts and trends that may require focused policy analysis and/or alternative responses.

The sector briefs were used effectively to contribute the development of the DJEI led Regional Action Plans, to the Department of Finance's Medium Term Economic Strategy (2014) and provide a strong foundation for the development of Enterprise 2025 over the period 2014/2015.

In relation to specific new areas of opportunity, in 2014 the Department supported the work of the Big Data Task Force and completed an assessment of Big Data policy challenges. The Department also completed a mapping and analysis of opportunities for enterprise growth in Smart Ageing.

Developing Ireland's National Enterprise Policy

DJEI is required, under the Industrial Development Acts, to undertake regular reviews of Ireland's industrial policy. While cognisant of the immediate imperative to focus on job creation and to reduce the high unemployment rates over the period from 2010, the Department commenced the process to develop a longer term national enterprise policy that would inform strategic policy priorities over the next decade.

The aim is to set out the strategic actions needed across Government in order to deliver on the stated ambition to reach full employment by 2020, and to ensure that Ireland's enterprise policy is sufficiently robust to anticipate and/or respond to the changing competitive environment and intensified global competition for trade, investment and people.

Research and analysis started in 2014 culminating in the development of a number of background papers including Global Trends and implications for enterprise, baseline analysis of enterprise performance and trends, international review of best practice for sectoral ecosystem development and sustainable clustering.

The development and shaping of Enterprise 2025¹³ involved extensive consultation with enterprise, industry associations, academia, agencies and other Government Departments through a series of focused workshops and meetings over the period 2014 through to its completion in 2015.

Skills Needs of Enterprise

Having the right skills and talent base will be a key driver of recovery and growth in our economy and labour market. A well-educated, highly-skilled labour force will enable Ireland to compete in international markets, to attract foreign direct investment, to grow the number of better quality and better paid jobs and to develop the knowledge economy.

¹³ Enterprise 2025: Innovative, Agile, Connected, Ireland's National Enterprise Policy 2015-2025 was launched in November 2015.

The Expert Group on Future Skills Needs (EGFSN) plays a key role in identifying the current and emerging skills needs of the economy. The Department, together with the Skills and Labour Market Research Unit in SOLAS, provides the Secretariat to EGFSN, which reports jointly to the Minister for Education and Skills and the Minister for Jobs, Enterprise and Innovation. The EGFSN identifies the skills required by enterprises across occupations and sectors. Its work provides information to education and training providers to support the alignment of programmes with employers' needs and underpins labour market activation programmes, and assists individuals to make informed decisions around employment opportunities and career choices.

In 2014, the EGFSN also undertook research on the future skills needs of a number of specific sectors, including Big Data/Data Analytics, the Freight Transport, Distribution & Logistics sector, and the Marine Economy. A report on *Assessing the Demand for Big Data/Data Analytics in Ireland 2013-2020* was published in May 2014, while reports on Freight Transport, Distribution & Logistics, and the Marine Economy were published in 2015 following on from the research conducted in 2014.

As in previous years, the EGFSN provided the *Guidelines for Higher Education Providers on Current and Future Skills Needs of Enterprise* for the Springboard training calls. A key objective of Springboard is to enhance collaboration and engagement between the enterprise sector and higher education providers in the design and delivery of skills programmes to support job seekers.

During 2014, the EGFSN continued to monitor trends in skills supply and demand through the annual labour market reports produced by the Skills and Labour Market Research Unit in SOLAS, viz. *National Skills Bulletin*, *Vacancy Overview 2014*, and *Regional Labour Markets Bulletin 2014*. It also provided an overview of the supply of skills from the Irish education system through *Monitoring Ireland's Skills Supply 2014*.

As part of its work programme, the EGFSN Chair and Secretariat continued to engage with stakeholders in 2014 to ensure that key labour market information was disseminated to all relevant parties. The EGFSN continues to contribute to advancing the skills agenda through representation on a number of groups, including the Department of Education and Skills' Project Maths Implementation Support Group, Science Foundation Ireland's Discover Smart Futures Advisory Group, the High Level Implementation Group for the ICT Skills Action Plan, and the Evaluation Committee for Springboard.

The reports of the EGFSN are available on www.skillsireland.ie.

Evaluation and review of Enterprise Programmes and supports

In 2014, Forfás (which was integrated into the Department in the second half of the year) published evaluations of enterprise agency support programmes for Start Up and Entrepreneurship and Research & Development. The evaluations are part of the review of a suite of approximately 50 programmes delivered by the enterprise development agencies - Enterprise Ireland, IDA Ireland, Science Foundation Ireland and the Local Enterprise Offices. The overall objective of the evaluations is to inform the optimum use of resources to deliver on enterprise policy objectives.

Generally, the programmes evaluated have been found to be appropriate, efficient and effective. They are aligned with Government policy and have identifiable rationales for intervention. The companies participating in the programmes perform better, as a rule, than control or comparison groups by key measures such as jobs, sales and exports. Generally, the performance of companies supported through the programmes demonstrated greater resilience during the recession. Agency support was found to be important not only for the creation of new jobs, but for sustaining existing jobs and overall company viability. Corrective measures to programmes were identified, where relevant.

The programme of evaluations continued through 2014 on the final suite of supports - the agency Business Development Programmes - which focus on supports for capital and employment, internationalisation, mentoring, training and management development and supports for productivity.

A Review of Business Mentoring Services in Ireland was also led by Forfás/DJEI in 2014 and overseen by a project Steering Group comprising representatives of Enterprise Ireland and the Department. The study reviewed the mentoring services available to start-up and small businesses and identified actions to be taken to address areas that can be strengthened. It maps out the existing mentoring landscape in Ireland (including private and public sector providers) and evaluates the primary publicly funded providers.

The report highlights actions to address areas that can be strengthened. It recommended that a working group would be established, led by DJEI, and made of up of representatives from EI, LEOs, Skillnets, and other mentor stakeholders as appropriate, to drive implementation.

Action Plan for Jobs 2014

The Action Plan process brings a “whole of Government” focus on job creation, brings Departments together, accelerates concrete measures towards improving competitiveness and has produced a more focused and collaborative approach by this Department and its Agencies. The plan focuses on those areas that are most important to business – Access to Finance, Costs, Productivity, Skills Availability, Research and Development and Innovation and Selling Abroad. It looks to build on strengths, develop new opportunities, and implements policies focused on supporting Irish enterprise and on attracting foreign direct investment in key sectors.

The 2014 Action Plan for Jobs contained actions which continued to provide supports for job-creating businesses and remove the barriers to employment-creation across the economy.

Despite a very difficult continuing domestic and external economic environment, 2014 saw significant net job creation by Enterprise Ireland and IDA supported companies, building on the positive results of 2013 and following successive years of significant net job losses. While unemployment remains high, there are signs of progress in the wider labour market also. The end of year CSO Quarterly National Household Survey (QNHS) data showed that there was an annual increase in employment of 1.3% or 25,500 in the year to the fourth quarter of 2014 bring total employment to 1,902,100. Employment increased in 11 of the 14 economic sectors, including Construction, Retail, Tourism, Professional and Scientific activities, all areas of focus for the Action Plan for Jobs. Unemployment fell by 35,000 in Quarter 4 of 2014 and the Unemployment Rate decreased to 10.4%, down from 15.1% in Quarter 1 of 2012 (all figures are seasonally adjusted).

The Action Plan for Jobs has proven to be an effective means to drive implementation of policy with each and every task having an owner and a timeline for delivery. There is a transparent system of quarterly progress reports which ensures that the public can scrutinise the implementation of actions. Implementation of the Action Plan for Jobs in 2013 and 2014 was very high at 94% and 91% respectively.

Access to Procurement for SMEs

The Action Plan for Jobs 2014 included a number of measures aimed at implementing the commitment in the Programme for Government to improve access to public procurement for Small and Medium Enterprises (SMEs).

One of the key actions for 2014 was the establishment of a working group of SME stakeholders. The Department is a member of the SME Working Group on Access to Public Procurement which is chaired by the Office of Government Procurement (OGP). Membership also includes a number of business representative bodies. The SME Working Group held its first meeting in January 2014. The group contributed positively to the work carried out in advance of publishing Circular 10/2014. The new guidelines contained in the Circular are aimed at reducing the administrative burden for SMEs that want to tender for public contracts. The new guidelines also encourage SMEs to form consortia where they are not of sufficient scale to tender in their own right and to register on www.etenders.gov.ie to ensure maximum exposure to tendering opportunities.

Widening the procurement of innovation in the public sector is being explored through the High Level Group on SME Access to Public Procurement, which is chaired by the OGP and whose membership includes the Department, Enterprise Ireland and InterTrade Ireland. Key amongst the High Level Groups initiatives was the introduction of Circular 10/14: Initiatives to assist SMEs in Public Procurement.

Enterprise Ireland has been encouraging client SMEs to register on the eTenders.ie and Procurement.ie websites so that they are alerted to upcoming public procurement opportunities. Engagement with SMEs and communication on the benefits of registering on eTenders was part of Enterprise Ireland's communication policy to SMEs at all events in 2014, including the "Meet the Buyer" events which bring together public sector buyers and potential suppliers. In 2014 two "Meet the Buyer" events held in Belfast and Dublin were attended by approximately 700 suppliers. SMEs get the opportunity to meet the OGP and other public sector buyers, network with other businesses and get advice from specialists. During 2014, Enterprise Ireland highlighted key public procurement opportunities to SMEs, such as regional National Development Finance Agency (NDFA), Public Private Partnership (PPP) projects. Enterprise Ireland, in collaboration with the NDFA held four supplier / buyer events in 2014: the DIT Grangegorman project, the Primary Care Centres and two focussing on the Schools Bundles programme. In total over 700 companies, most of which were SMEs, participated in the events.

The Department is keen to improve access by innovative SMEs to public procurement opportunities. The objective is to allow greater scope for innovative SMEs to offer new solutions that can provide better value for money and more effective products/services for Contracting Authorities.

In December 2014, The Competition and Consumer Protection Commission published a guide targeted at SMEs to help them comply with competition law when tendering as part of a consortium. The guide delivers on an important commitment in the Action Plan for Jobs, as part

of a suite of measures to make it easier for SMEs to access procurement opportunities from Government. The guide was developed to assist businesses who want to join together to form a consortium to submit a joint tender for a public contract.

Regional Aid Guidelines

The Regional Aid Guidelines enable States to grant State Aid to businesses in order to support new investment and new employment in productive projects in Ireland's most disadvantaged regions and helps the convergence of these regions with the more advantaged regions of the Union. The areas included in the new Regional Aid Map were agreed with the EU Commission in the first half of 2014.

Areas accounting for 51.28% of Ireland's population will be eligible for assistance under the new Regional Aid Guidelines, an increase from the 50% under the 2007-2013 Map. The 2014-2020 Regional Aid Guidelines entered into force on 1 July 2014.

It is important to note that all of the country, including those areas not entitled to Investment aid, can qualify for other forms of State support such as those mentioned above.

IDA Strategy – Horizon 2020

2014 was the fifth year of IDA's Horizon 2020 Strategy. The Strategy set high level goals of 62,000 new jobs (with an economic impact of 105,000 jobs) and 640 investments to be achieved over the five year period from 2010 to 2014. Over the course of the five year strategy, IDA exceeded the jobs and investment targets and in early 2015 IDA will publish its new strategy. IDA secured 779 investments against a five year target of 640 and has delivered an increase in gross job gains of 65,066 against a target of 62,000. In the critical measure of net jobs, IDA has delivered 28,242 jobs against the five year target of 25,000.

IDA client companies created 15,012 new jobs (net new jobs 7,131) bringing IDA's client employment number to 174,488.

IDA approved 1974 investment projects equating to a 20% increase on 2013 which included 88 new name companies.

Economic Impact of Foreign Direct Investment

Global players once again put their faith in Ireland as a place which nurtures business and innovation. At the end of 2014 there were 174,488 people working in IDA client companies, the highest in IDA's history. 2014 was the fifth consecutive year of growth in net employment. These companies continue to make a significant contribution to the wider Irish economy:

IDA client exports increased by 24% to €130.1bn in 2014 from its base in 2010. IDA client companies spent €18.1bn in the Irish economy in 2014, an increase of 8% when compared with 2013 data. The expenditure includes:

- Payroll expenditure of €9.1bn, an increase of 5.6% from 2013.
- Expenditure on Irish sourced materials of €3.7bn, an increase of 14.3% from 2013.
- Expenditure on Irish sourced services of €5.3bn, an increase of 8.1% from 2013.

Ireland's International Ratings

Ireland continued to perform well in international rankings in 2014. The *IMD World Competitiveness Yearbook* ranked Ireland as the 15th most competitive of the 60 global

economies in the study – two places higher than a year ago and a full nine places above 2011. The following are some of the rankings Ireland achieved:

- 1st for flexibility and adaptability of workforce.
- 5th in the world for the Educational System meeting the needs of a competitive economy
- 1st in the world for availability of skilled workforce.
- 3rd for labour productivity.

Cross Border Enterprise Initiatives

The Department continued to support the advancement of the 'all island' economy through the work of InterTrade Ireland and the enterprise theme of the Interreg Programme.

InterTradelreland

InterTradelreland is one of the six North/South Implementation Bodies established by the Good Friday Agreement and is co-funded by this Department and by the Department of Enterprise, Trade and Investment in Northern Ireland. During 2014, InterTradelreland presented detailed progress reports on its work programme to two meetings of the North South Ministerial Council, in the Trade and Business Development sectoral format. The Body exceeded key targets for 2014, with over 3,005 firms utilising the Body's programmes and networks to develop their cross-border business capabilities. 127 of these firms were first time exporters and 64 firms became first time innovators as result of engaging in InterTradelreland's programmes. Its activities also contributed to the creation or protection of 1881 jobs in 2014. Business support programmes operated by InterTradelreland during the year involved capacity building, export development, technology transfer, assistance on tendering and new product development. In addition, the Body is involved in developing cross border participation in the new EU Framework Programme for Research and Innovation (2014 – 2020) HORIZON 2020. The Body achieved an efficiency saving of 9% over the period 2011-2013 and a further efficiency saving of 4% in 2014. InterTradelreland also undertook research during 2014 including a quarterly Business Monitor Survey that reflected business sentiment among SMEs on both sides of the border, and commenced work on credit constraints for SMEs and a study on cross border business clusters.

Interreg – Enterprise Theme

Since 2007, under the EU Interreg IVA programme, an European Union supported Structural Funds Programme, the Department has jointly funded 28 enterprise development projects for the border region with its Northern Ireland counterpart Department, which will represent a total investment of about €70m by the time the programme is concluded in 2015. Many of the projects are now drawing to a conclusion. A notable initiative in 2014 was the development of a Science Park facility in Letterkenny, at a cost of €4.5m and, together with a partner development in Derry City, this will assist in the development of science and innovation in the North West region.

Throughout 2014, the Department engaged with other stakeholders, including the EU Managing Authority, on the development of appropriate themes for the next round of the programme, which will run from 2015 until 2020. The new Programme will involve support for specific Research and Innovation initiatives.

Protocol for Cooperation between the Department of Social Protection (DSP), the Department of Jobs, Enterprise and Innovation (DJEI) and Enterprise Development Agencies

In 2013 a Protocol for cooperation was agreed between the Department of Social Protection, the Department of Jobs, Enterprise and Innovation and the Enterprise Development Agencies including Enterprise Ireland, IDA Ireland, and the Local Enterprise Offices (LEO's formerly County Enterprise Boards, (CEBs).

The overarching aim of the Protocol is to ensure that the recruitment of appropriately skilled persons from the live register by enterprise agency client companies is maximised, and to this end:

- To establish more structured links between Enterprise Development Agencies and the Department of Social Protection;
- To increase the sharing of information between Enterprise Development Agencies and the Department of Social Protection;
- To increase cooperation on employment awareness and promotion activities;
- To facilitate matching enterprise agency client company needs for existing and new projects with clients from the Live Register;
- To increase engagement on the conversion and training requirements of enterprise;
- To ensure client companies can avail of Intreo placement services, employer incentives and employer support services;
- To ensure that effective monitoring and reporting arrangements for recruitment from the Live Register are in place.

The effective delivery of the aims of the Protocol is overseen by a Steering Group comprising senior managers from each signatory organisation.

This Steering Group met throughout 2014, overseeing significant improvements in cross Departmental and agency communications. This greater connectivity has led to a greater awareness and understanding of mutual difficulties and successes within this area, leading to an enhancement of collective effectiveness. It has assisted the enterprise agencies in matching potential employment opportunities to skills actually present in the labour force and to those requiring some level of upskilling. The level of recruitment from the Live Register by Enterprise Agencies' client companies was estimated to have reached 23% of new employees' recruited (2013 data).

Local Enterprise Offices

In April 2014 the Government decision to dissolve the County Enterprise Boards (CEBs) and establish new Local Enterprise Offices (LEOs) was fully implemented. The LEOs comprise the former CEB functions and those of the Business Development Units of the Local Authorities are now and will be the first-stop-shop through which all information on State supports for small and micro businesses can be accessed and where businesses with clear high growth potential can be fast-tracked to the next level of support from Enterprise Ireland. The LEOs are now Units within each Local Authority, overseen by Enterprise Ireland, with the policy and budgetary responsibility remaining with the Minister for Jobs, Enterprise and Innovation.

The LEOs will become the "front door" through which all information in relation to State supports for small and micro businesses can be signposted, and where companies with clear high growth potential can be seamlessly fast-tracked to the next level of support by way of

progression to Enterprise Ireland. This will include access to national bodies with programmes relevant to small business as well as important local services and compliance requirements.

The progress made in the Department involved the following:

- The County Enterprise Boards (Dissolution) Act, 2014 was fully enacted on 15th April, 2014
- All 31 LEOs opened for business on 15th April, 2014 providing an enhanced service including:-
 - 31 offices focused on local enterprise development
 - 120 former CEB staff and 60 LA staff (for LA business supports)
 - Single point of access to ALL local and national enterprise supports and services
 - All small businesses supported or advised, both exporting and domestically trading
 - Customer Charter and staff training by Enterprise Ireland
 - Increased budget allocation of €3.5m (20%) in 2014
 - New Youth Entrepreneurship Fund (IBYE)
 - Development of a new LEO Graduate Programme
 - Access to Microfinance and Loan Guarantee schemes
 - Network supported and managed by National Centre of Excellence in EI

Details of the number of jobs associated with the CEB/LEO capital supports provided in 2014 are outlined below. As part of the LEO reform process, the LEO client portfolio was cleansed to ensure that only relevant clients were included in the performance metrics data.

| Local Enterprise Offices – Employment Statistics | Number |
|--|--------|
| Total no. of Jobs Supported by CEBs LEOs– end 2014 | 31,326 |
| Total no. of Gross New Full-Time Jobs created by CEBs LEOs in 2014 | 4,568 |
| Total no. of Gross New Part-Time Jobs created by CEBs LEOs in 2014 | 2,737 |
| Total no. of Net New Jobs created by CEBs LEOs in 2014 | 4,012 |

State Aid Modernisation

The European Commission initiated a State Aid Modernisation process in 2012. As part of the State Aid Modernisation process the Irish Presidency concluded successfully the negotiations on the Procedural and Enabling Regulation in 2013. The agreement achieved ensures more efficient and transparent monitoring of State Aid by the Commission, enhanced data-gathering processes and improved co-operation between the Commission and Member States' national courts. The reforms will also enable the Commission to focus on large and potentially distortive State Aids, while simplifying the procedures for 'good aid'.

The Enabling Regulation dictates how the Commission decides upon the scope of the types of aid that could in the future be covered by block exemptions. Once block exempted, certain aid can be brought into place by Member States without seeking prior permission from the Commission. Following the agreement on the Enabling Regulation, the Commission published a Regulation declaring certain categories of aid compatible with the internal market (the General Block Exemption Regulation) in June 2014.

The new transparency rules concerning state aid require that for each state aid award above €500,000, Member States are obliged to publish the identity of the beneficiary, the amount and

objective of the aid and the legal basis. The Commission has agreed to designing and host a central webpage displaying the above transparency data for each Member State or region. However, it will be up to each Member State to compile, check and send that data. Ireland is engaging in the process to ensure that issues of concern are brought to the Commission's attention.

Global Sourcing

In 2014, IDA Ireland and Enterprise Ireland progressed implementation of the agreed Global Sourcing Strategy and increased global sourcing sales by Enterprise Ireland client companies by €100m over three years and by €30m in 2014.

Attracting Inward Entrepreneurs

The EI/IDA Senior Management team were active in driving effective collaboration between respective teams in Enterprise Ireland and IDA Ireland during 2014 working on the inward entrepreneurs and emerging businesses agenda. This included:

- Leveraging of marketing collateral to deliver the message overseas that Ireland is an excellent location for early stage companies.
- Regular engagement and sharing of pipelines of potential clients between teams in Enterprise Ireland and IDA Ireland.
- Referral of prospective clients by IDA to Enterprise Ireland for consideration under the EI Inward Entrepreneur programme.

4. INCREASING EXPORTS

“Support enterprises to achieve challenging export targets”.

Export-led growth is essential for a return to sustainable economic growth and it is identified as a key component of the Programme for Government. Exports lead to sustainable job opportunities and growth in revenues for firms beyond that available from the domestic economy and have a substantial ripple effect across the entire economy in terms of jobs and tax revenues. The Programme for Government sets out an integrated approach by Government to develop trade, tourism and investment and confirms a number of targets to be achieved by 2015. A key objective is to increase the number of new jobs directly associated with exporting enterprises by over 150,000 in manufacturing, tourism and internationally trading services, and with the creation of a similar number of new indirect jobs.

Exports 2014

In 2014, Irish exports reached a record level of some €194 bn. This was the fifth successive year for year on year export growth. Service exports led the growth trajectory once again with exports topping €101bn, a 10% increase on the 2013 level. The main category of service exports was Computer Services which were valued at almost €43bn and accounted for 42% of Service exports. Goods exports amounted to over €92bn in 2014 and once again there was a large surplus of almost €32bn in our goods trade. The main categories of Goods exports were Medical and Pharmaceutical products (€22.2bn) and Organic chemicals (€18.1bn). These two categories made up 44% of all Goods exports. The main destinations for Goods Exports in 2014 were USA (23%), UK (15%), Belgium (13%), Germany (7%), Switzerland (6%) and France (5%). China accounted for 2.3% of total goods exports.

Enterprise Ireland client companies achieved record export sales of €18.6bn in 2014, an increase of almost 10% on 2013 figures, with substantial growth coming from the North America (increase of 16%) and Asia Pacific (increase of 25%). Software and Public Procurement exports grew by 19%, while food sector exports (the largest sector by far) were up by 8%.

Overseas and Trade Events

2014 saw Ministers from this Department lead a number of Trade Missions abroad to Singapore, Malaysia, UK, the USA, Switzerland, China, Korea, Australia and Turkey. Minister Bruton accompanied the Taoiseach on a Trade Mission to the Gulf visiting United Arab Emirates, Saudi Arabia and Qatar.

2014 also saw a new initiative where Minister Bruton led a Trade Mission in Ireland which gave Irish companies the opportunity to engage with multinational companies based in Ireland.

In addition, Ministers from the Department attended trade and networking events abroad, while Ministers from other Departments also led Trade Missions to promote a range of export orientated sectors that are intrinsic to our growth and job creation aspirations.

Trade Policy

Trade policy is an essential component of the Department's priority in helping firms export and create quality employment and contribute to the ambitious international trade objectives in the Action Plan for Jobs. It is estimated that every €1m in exports from indigenous firms sustains four jobs. Across the EU, 30m jobs depend on sales to the rest of the world, an increase of 10m

since 1995. This reflects the importance of world trade to both Ireland and to very large numbers of EU consumers, whose spending power also contributes to the growing success of our exporters across Europe.

Export Control

Increasing exports is a key goal of the Department and controls and restrictions on international trade are, therefore, unusual. While this report outlines the measures taken to achieve export growth, running parallel to these are measures to ensure the safe and responsible export of controlled goods and technology.

The security, regional stability and human rights concerns which underpin export controls are of paramount importance to this Department. Export control is an area in which the Department's strategic goal of supporting and facilitating trade plays an important role, ensuring the export of sensitive goods is specially catered for in the context of safeguarding EU and global principles underpinning export controls. Ensuring the appropriate level of licensing on exports of dual-use and other goods and technologies is especially important in facilitating exporters to expand and develop global activities in high technology sectors.

The Department issued 793 export licences in 2014. This figure is comprised of 680 individual dual-use licences and 95 military licences, with 18 global dual-use licences in use during 2014. Statistics on the number and value of export licences are published periodically on the Department's website.

5. REGULATION

“Make markets, including the labour markets, work more efficiently through smart regulation which encourages innovation, keen competition, high standards of compliance and consumer protection but without unnecessary regulatory costs”.

A well-functioning, robust and proportionate regulatory environment is a fundamental part of Ireland’s competitive offering. International benchmarking statistics reveal that Ireland imposes a relatively low burden of regulation on business and that Ireland’s regulatory environment is one of the more progressive and supportive environments for enterprise.

An effective and constructive regulatory environment must be supported through better business regulation, promoting competition and consumer rights, appropriately regulating enterprises, ensuring employment rights are protected and ensuring that workplace relations are well-managed including through the provision of the workplace relations machinery of the State. Further improving and modernising the regulatory environment provides an opportunity for Ireland to develop a competitive advantage which will foster and encourage the growth of enterprise on a sustainable basis. The Department has a number of Offices and Agencies with regulatory remits, namely, the Competition Authority, the National Consumer Agency (NCA), the Office of the Director of Corporate Enforcement (ODCE), the Companies Registration Office (CRO), the Registry of Friendly Societies (RFS), the Irish Auditing and Accounting Supervisory Authority (IAASA), the National Employment Rights Authority (NERA), the Employment Appeals Tribunal (EAT), the Labour Relations Commission (LRC), the Labour Court, the Health and Safety Authority (HSA) the Patents Office, the Legal Metrology Unit of the NSAI and the Irish National Accreditation Board. The Department also undertakes regulatory functions itself including export licensing and employment permits.

During 2014, the following employment permits legislation was enacted:

Employment Permits (Amendment) Act 2014, No 26 of 2014

The Employments Permits (Amendment) Act 2014 was signed by the President on 27 July 2014 and came into force on 30 September 2014 (SI No 430).

The Act responds to current developments in the economy, providing flexibility to deal with changing labour market, work patterns and economic development needs. It provides for an employment permits system which operates on a robust and transparent basis, to support potential investors and employers, both indigenous and multi-national, in their business planning and HR decision-making.

It assists Ireland’s participation in a global skills market. The categories of employment permits established by the Act provide for a variety of employment scenarios. Primary among these is the *Critical Skills Employment Permit*, which is intended to attract highly skilled non-EEA workers in occupations where there are acknowledged skills shortages by waiving certain requirements otherwise applying to the issue of employment permits. The skills for which a *Critical Skills Employment Permit* may be issued fall into a number of categories – financial, medical, engineering and especially ICT.

The Act also recognises that the Irish labour market has been through some turbulent years and that preference must be given, wherever possible, to Irish and EEA nationals in the awarding of contracts of employment. This priority is protected by the inclusion of a number of conditions for issue of an employment permit, chief among which are the Labour Market Needs Test and the 50:50 Rule. The Labour Market Needs Test makes it a condition of grant that an employer must prove that he or she has in the first instance made the employment in question available to Irish and EEA nationals and that no viable candidate was found from this process. The 50:50 Rule requires that any enterprise wishing to employ a non-EEA national must have a workforce comprised of more than 50% Irish or EEA nationals. The 50:50 Rule is only waived for start-up companies for a defined period, where one of the enterprise development agencies has supported such a waiver.

This Act also amends the 2003 Act to provide a defence to a migrant who is in breach of employment permit legislation despite his or her efforts to work in line with statutory requirements. These amendments address the 'Younis' case, delivered on 31 August 2012, in which the High Court overturned a decision of the Labour Court to award Mr Younis, an immigrant, back-pay and other monies.

Zero Hours Contract Study

In December 2014, further to a commitment in the July 2014 Statement of Government Priorities, there was a competitive tendering process for the preparation of a report on "The Prevalence of Zero Hours Contracts among Irish Employers and their Impact on Employees". University of Limerick was appointed on foot of that process.

The following Companies legislation was advanced in 2014:

The Companies Act 2014, No 38 of 2014

The enactment of the Companies Act 2014 was a landmark legislative project for the Department. Published in December 2012 it is the largest substantive Act in the history of the State and it brings significant benefits to companies of all types throughout the country, by introducing reforms and by making company law obligations easier to understand.

The Act consolidates the existing 17 Companies Acts, which date from 1963 to 2013, into one Act and the reforms are designed to make it easier to operate a company in Ireland, whilst preserving sufficient safeguards for members and creditors. Set out across 25 Parts, to ease the accessibility of the law for each different company type, the Act contains 1,448 sections, and 17 Schedules.

Significant features and benefits of the Companies Act

The provisions contained in Parts 1 to 15 of the Act make it simpler to operate the most common form of company used in Ireland at present – the new model private company limited by shares (the "LTD"). These provisions will reduce burdens on business and will simplify the day-to-day operation of a company, thereby offering tangible benefits to a broad range of ordinary businesses throughout the country. The simplifications and benefits contained include:

- The LTD will have the same legal capacity as a natural person. The previous ultra vires rule will not apply to this new company type – the ultra vires rule is the legal doctrine whereby a company must have an "objects clause" in its Memorandum of Association. This "objects clause" lists the activities which the company has power to undertake, with the consequence that any other activities are regarded as being beyond the powers of, or

ultra vires, the company. In practice, this can lead to companies drawing up exhaustive objects clauses, to be certain that they have power to do the things which they wish to do, and can in some cases lead to legal disputes as to whether a company actually has power to undertake a certain transaction or activity.

- The LTD will be allowed to have only one director. Under the previous law, a company was obliged to have at least two directors – even if one person wishes to establish a business as a company on his or her own, he or she needs to find an additional person to act as the second director. Removing this requirement will make it easier to start a new business.
- The LTD will have a single-document constitution, as contrasted to the previous law whereby every company was obliged to have two documents – a Memorandum of Association and separate Articles of Association. A further benefit of the new legislation will be that the extensive and detailed provisions which every company previously needed to include in its own Articles of Association, will now be brought into the main body of the legislation and will apply to each company by default. However, the vast majority of these provisions can be modified by an individual company if that company has particular circumstances in light of which it would wish to alter the general provision.
- The LTD will no longer be obliged to go through the formality of holding a “physical” AGM whereby all of the members have to convene in one location at the same time once each year. The new Act will allow the members to instead hold a “written” AGM, whereby all of the matters which must be dealt with at the AGM can be approved by written procedure.
- The Act contains a codified version of the fiduciary duties to which directors were previously subject by a combination of the common law and statutory provisions. This brings all of these duties together in a single identifiable place.
- The Act contains a “summary approval procedure”, which will be applicable to a number of activities (for example, reduction of capital) which under the previous law might have required the company to undertake the process of securing Court approval. The new “summary approval procedure” incorporates safeguards in relation to directors’ liability in circumstances where the procedure is used without proper justification.
- The Act introduces, for the first time in Irish law, a qualification regime for liquidators. In general, this will require liquidators to be a member of a prescribed accountancy body, or of the Law Society, or of any other body recognised for this purpose by the Irish Auditing and Accounting Supervisory Authority (IAASA), or to be approved individually by IAASA pursuant to the transition (or “grandfathering”) provisions, based on the individual’s experience and expertise. Liquidators will now also be required to hold appropriate professional indemnity cover. This qualification regime will also be extended to examiners under the Act.
- For the first time, all offences under company law have been streamlined under a new classification procedure which operates on the basis of four categories of offences, with Category 1 being the most serious. This will bring a structure and consistency to the offence provisions throughout the legislation.
- For the first time, it will be possible to merge two Irish private companies. The procedure for this is modelled on the EU Cross-Border Merger Regulations, which are regarded as relatively straightforward to operate by the business and advisory communities.
- The company types which will each have their own dedicated Part, following this structure, are as follows – designated activity companies (Part 16), PLCs (Part 17), guarantee companies (Part 18), unlimited companies (Part 19), external companies (Part 21), unregistered companies (Part 22), and investment companies (Part 24).

- Part 18 extends the availability of the audit exemption to guarantee companies on the same basis as this is available to private companies limited by shares. However, any one member of a guarantee company can object to the audit exemption being availed of and in these circumstances the company will be required to proceed with an audit.
- Part 20 contains provisions which will enable a company to convert from any company type (for example, a private company limited by shares) to any other company type (for example, a PLC), subject to complying with the requirements for the company type to which it wishes to convert.
- Part 21 contains a streamlined regime for external companies operating in Ireland. All external companies will now have the single option of registering as a “branch” in Ireland, which is a concept under EU law (and which Ireland is accordingly obliged to provide for) and which offers greater clarity and structure.

Competition and Consumer Protection Act 2014

The Competition and Consumer Protection Bill 2014 (No. 29 of 2014) was published on 31 March 2014 and signed by the President on 28 July 2014 and provided, amongst other things, for the establishment of the Competition and Consumer Protection Commission, the dissolution of the Competition Authority and the National Consumer Agency, the amendment of general merger and media mergers provisions and provided a framework for the regulation of certain practices in the grocery goods sector. The Department worked closely with the National Consumer Agency and the Competition Authority throughout 2014 to prepare for the establishment of the Competition and Consumer Protection Commission which took place on the 31 October 2014.¹⁴

European Union (Consumer Information, Cancellation and Other Rights) Regulations 2013 (SI No 484 of 2013)

The Regulations which give effect to Directive 2011/83/EU on Consumer Rights came into operation on 14 June 2014. Subject to certain specified exclusions, the Regulations:

- set out the substance and form of the information that traders must provide to consumers before consumers are bound by on-premises, off-premises or distance contracts;
- give consumers the right to cancel off-premises and distance contracts within fourteen days of the delivery of the goods in the case of sales contracts and fourteen days of the conclusion of the contract in the case of service contracts;
- regulate the fees charged by traders in respect of the use of a given means of payment, the cost of calls by consumers to customer helplines, and payments by consumers additional to the remuneration agreed for the trader’s main obligation under the contract;
- amend the provisions of the Sale of Goods Act 1893 on the passing of risk and certain of the Act’s rules on delivery, in contracts of sale where the buyer deals as consumer.

European Union (Unfair Terms in Consumer Contracts) (Amendment) Regulations 2014 (SI No. 336 of 2014)

The Regulations amend the European Union (Unfair Terms in Consumer Contracts) Regulations 1995 (SI No. 27 of 1995) to give the Commission for Communications Regulation enforcement

¹⁴ The Competition and Consumer Protection Commission was established on 31 October 2014, following the amalgamation of the Competition Authority and the National Consumer Agency.

powers under those Regulations in respect of consumer contracts for electronic communications networks, electronic communications services and premium rate services.

Consultation on the Reform of the Law on Consumer Contract Rights

A Consultation Paper setting out a wide range of proposals to consolidate and update the law on consumer contract rights was published on 25 August 2014. The legislative changes outlined in the Paper would represent the most important reform in this area of consumer law in recent decades. The main areas in which changes were proposed and on which views were sought were:

- consumer rights and remedies in contracts for the sale of goods;
- consumer rights and remedies in contracts for the supply of goods;
- consumer rights and remedies in contracts for the supply of digital content;
- consumer rights and remedies in contracts for the supply of services;
- unfair terms in consumer contracts, whether sales, digital content or service contracts.

Competition and Consumer Protection Bill European Union (Consumer Information, Cancellation and Other Rights) Regulations 2013 (SI No 484 of 2013)

The Regulations which give effect to Directive 2011/83/EU on Consumer Rights were made on 13 December 2013 and will come into operation on 14 June 2014. Subject to certain specified exclusions, the Regulations:

- set out the substance and form of the information that traders must provide to consumers before consumers are bound by on-premises, off-premises or distance contracts;
- give consumers the right to cancel off-premises and distance contracts within fourteen days of the delivery of the goods in the case of sales contracts and fourteen days of the conclusion of the contract in the case of service contracts;
- regulate the fees charged by traders in respect of the use of a given means of payment, the cost of calls by consumers to customer helplines and payments by consumers additional to the remuneration agreed for the trader's main obligation under the contract;
- amend the provisions of the Sale of Goods Act 1893 on the passing of risk, and certain of the Act's rules on delivery, in contracts of sale where the buyer deals as consumer.

Reduction of Government Imposed Red-Tape on Business

The High Level Group on Business Regulation, chaired by the Minister for Business and Employment, Mr Ged Nash TD, acts as a clearing house for red tape issues experienced by business and has membership from across the business community, Government Departments and Agencies and the unions. The Group meets five to six times a year. Each year the Group identifies a small number of priority areas and sets up sub-groups, chaired by the members, to progress these.

In 2014, the Group established sub-groups to examine three topics:

1. one sub-group identified and examined thirty legislative proposals believed to be most likely to have an impact on business; the Regulatory Impact Analyses (RIAs) were requested from the relevant Departments and the sub-group examined these to determine how well business burdens were assessed and minimised;
2. a second sub-group considered the complex array of legal, administrative and practical issues arising for businesses seeking Planning Permission and produced a one-page list of proposed (practical and feasible) simplifications, aimed at saving time and money both for

businesses and the Local Authorities; the list was submitted to the County and City Managers' Association (CCMA) for their consideration.

3. a third sub-group considered the wide range of issues facing inspection and enforcement agencies and the businesses they inspect, culminating in a small but very successful event in December, attended by more than 80 experts from business, unions, Departments, Agencies, and Offices, dealing with inspection and enforcement; the meeting concluded that there is considerable appetite for continuing and increased communication between the actors in this space, particularly in terms of sharing best practice, problems and issues, and progressing data sharing to underpin more efficient enforcement, effectively reducing inspection burdens on compliant businesses.

A key part of reducing regulatory burdens is better communication. Making it easier for small businesses and start-ups to identify the regulations that apply to them is crucial. In 2012 this Department developed and launched the www.businessregulation.ie web portal, which provides a single source of regulatory and compliance information for businesses, along with links to available supports. The portal helps businesses to identify the main regulations affecting them and reduces the need to search through multiple pages on different websites, by providing users with over 150 separate links to information, guidance and contact details. To complement this online information source, the Department brought together more than 25 Agencies, Offices and other Departments under the heading "Taking Care of Business" to run half-day business information events which include upwards of fifteen short presentations by the bodies and up to 30 information stands. This provides a broad range of priority information on regulation and supports for business, as well as encouraging informal two-way communication between public bodies and business. The first such event was held in the Printworks in Dublin Castle on 22 October 2013 and was attended by more than 500 business people. During 2014, a further four successful events were held, in Cork, Limerick, Galway and Dublin, bringing total attendance at the events to over 1,500 people. These events are set to continue during 2015.

Supporting Co-operatives

The Friendly Societies and Industrial and Provident Societies (Miscellaneous Provisions) Bill 2013 was enacted as Act No. 19 of 2014. Parts 1, 2 and 3 of the Act were commenced by Statutory Instrument No. 356 of 2014 with effect from 28th July 2014. Part 4 of the Act was commenced from 1st July 2015 by Statutory Instrument No. 269 of 2015. The Act provides for various amendments to two codes of legislation, the Friendly Societies Acts and the Industrial and Provident Societies Acts. The main amendment in the area of friendly societies provides for the closure of registration of new societies. The amendments in the area of industrial and provident societies are aimed at easing the regulatory burden on co-operative societies and making examinership accessible to co-operative societies. In particular, it will:

- Allow individual societies to set their own limit on individual shareholdings in the society.
- Ease financial reporting restrictions by extending the period for the preparation and submission of the annual return and accounts.
- Make it easier for cancelled societies to be restored to the register.
- Ease fund-raising restrictions for non-agricultural societies.

Reform of the State's Workplace Relations Services

Work continued on the reform of the State's Workplace Relations Services. The Reform Programme was established to deliver a two tier Workplace Relations structure by merging the activities of the National Employment Rights Authority, the Labour Relations Commission, the Equality Tribunal and the first instance functions of the Employment Appeals Tribunal into a new

Body of First Instance, the Workplace Relations Commission. The appellate functions of the Employment Appeals Tribunal are incorporated into an expanded Labour Court.

Significant progress was achieved to the end of 2014 in advance of the enabling legislation, insofar as the technological, structural, administrative and staffing changes required to underpin the Workplace Relations Reform Programme are concerned. These included the establishment of a Shared Workplace Relations Customer Services, a Shared Post-Registration Unit and an Early Resolution Service, the completion of the design of a Customer Relationship Management Solution, the launch of an e-complaint facility and Workplace Relations website, the design of an Adjudicator training programme, the holding of an open recruitment competition for Adjudicators and the design and implementation of enhanced technologies and business processes.

The Workplace Relations Bill was published on 30 July, 2014. The Bill completed Second Stage and Committee Stage in the Dáil in 2014.

Collective Bargaining

The Programme for Government contains a commitment to reform the current law on employees' right to engage in collective bargaining (the Industrial Relations (Amendment) Act 2001), so as to ensure compliance by the State with recent judgments of the European Court of Human Rights. In December 2012, Minister Bruton wrote to relevant stakeholders inviting submissions on the matter. Over the course of 2013 a number of comprehensive submissions and presentations were received from a number of interested parties ranging from trade union representatives, employer representatives, State bodies and others.

Following consideration of the submissions and subsequent discussions, a series of meetings with representatives of the Irish Congress of Trade Unions, the Irish Business and Employers' Confederation and the American Chambers of Commerce took place. Following this consultation process, proposals were developed and were approved for drafting by Cabinet in May 2014. Officials engaged with the Office of the Attorney General on drafting of the Industrial Relations (Amendment) (No. 2) Bill 2014.

Sectoral Wage Setting

In the judgment delivered on 9 May 2013 in the McGowan case, the Supreme Court held that Part III of the Industrial Relations Act 1946 was invalid having regard to Article 15.2.1 of the Constitution.

Having considered the legal advice from the Attorney General on the implications of the Supreme Court ruling and given the importance of the issue for employers and their employees, particularly in relation to rates of pay and tendering for contracts it was proposed to bring forward legislation to address the ruling and to provide for a revised legislative framework that would be fully informed by the Supreme Court judgment and be expected to withstand constitutional challenge in the future.

In consultation with relevant stakeholders, a framework was developed and was approved for drafting by Cabinet in July 2014. Officials engaged with the Office of the Attorney General on drafting the Industrial Relations (Amendment) (No. 1) Bill 2014. The Industrial Relations (Amendment) (No. 1) and (No. 2) Bills were subsequently enacted in 2015 as the Industrial Relations (Amendment) Act, 2015 (No. 27 of 2015).

Joint Labour Committees

The Industrial Relations (Amendment) Act 2012 Act provides, inter alia, that a review of each Joint Labour Committee be carried out by the Labour Court. That Review was completed in April 2013. The review assisted the Labour Court's deliberations as to whether any JLC should be abolished, maintained in its current form, amalgamated with another JLC or its establishment order amended and the Labour Court made its recommendations to the Minister to this effect. Minister Bruton published the Report of the Review on October 1 2013 along with his response to the recommendations contained in the Report.

In January 2014, Minister Bruton signed Orders which gave effect to recommendations contained in the Labour Court Review of the JLC System. The Orders provide for the abolition of 2 JLCs:

- Dublin Hotels
- Law Clerks

and, amendments to the existing Establishment Orders in respect of:

- Contract Cleaning
- Hairdressing
- Hotels (non-Dublin and Cork)
- Security

As the Agricultural Workers JLC was established under primary legislation, effecting the recommendation of the Labour Court Review will require an amendment to primary legislation. In this regard officials engaged with the Department of Agriculture, Food and Marine to ascertain how this could be achieved as early as possible.

No Orders were required in respect of the JLCs for the Retail Grocery Sector or the two Catering JLCs as their existing scope and structure remained in place.

The Minister subsequently appointed Industrial Relations Officers as Chairpersons and Deputy Chairpersons to the JLCs. It is a matter for the Labour Court to ensure that equal numbers of representatives of workers and employers in the relevant sectors are on each of the JLCs.

Low Pay Commission

In November 2014, the Government agreed to the establishment of the Low Pay Commission in line with the Statement of Government Priorities 2014-2016, to its establishment on a statutory basis through amendment of the National Minimum Wage Act, 2000 and its establishment on an interim basis pending the enactment of the necessary legislative measures.

The Low Pay Commission will advise the Government on the appropriate rate of the national minimum wage on an annual basis. It will also examine relevant data from organisations like the Central Statistics Office and be able to commission research to fill in any data gaps. The Commission can also be asked to examine related matters.

Safety, Health and Chemicals Policy Safety

The number of workplace deaths reported to the Health and Safety Authority (HSA), rose from 47 in 2013 to 55 in 2014. The highest number of fatalities continued to be in the high-risk sectors of agriculture (30) and construction (8). In line with its risk-based approach to resource allocation the HSA continued, throughout 2014, to direct its inspection activity towards these high-risk sectors.

Research has demonstrated that good health and safety practice makes good business sense. It aids competitiveness, improves relations with workers and should be a central consideration in any successful enterprise. Successful businesses in Ireland, both indigenous and multinational, are now placing best practice in health and safety at the core of their enterprise strategy.

The principal aim of workplace health and safety and chemicals regulation policy is to support the embedding of occupational safety and health as an integral part of doing business in every Irish workplace and to ensure that the chemicals manufactured and used as a vital component of Irish industry, do not impact human health or the environment. This policy is delivered through a strong but balanced legislative base supported by a compliance and risk-based enforcement regime operated by the HSA which is aimed primarily at reducing workplace accidents through the provision of guidance and support to employers and employees to enable them meet their obligations.

Critically the HSA also provides guidance and support to Irish businesses on the safe management of chemicals and in navigating the complex chemicals regulatory regime. In 2014, the provisions of Council Directive 2010/32/EU of 10 May 2010 implementing the Framework Agreement on prevention from sharp injuries in the hospital and healthcare sectors were transposed. The European Union (Prevention of Sharps Injuries in the Healthcare Sector) Regulations 2014 (SI No. 135 of 2014) came into operation on 14 March 2014. The Regulations cover the risks posed by sharps to those working in healthcare and implement specific control measures to protect employees at risk. The Regulations require an appropriate response in the event of an incident occurring and represent the first time a framework agreement between social partner representatives has been transposed into Irish legislation in the area of occupational safety and health.

Chemicals Regulatory Regime

The chemicals regulatory regime as set out in EU Regulations such as REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) and Classification, Labelling and Packaging (CLP) is complex and requires ongoing work at EU-level on implementation, review and amendment. The Department, with expert support from the HSA, continues to service these demands. The Department and the HSA worked very closely together in 2014 to strive to maximise the support provided by the HSA to Irish companies as they worked to comply with existing regulatory obligations and prepared for compliance with the EU CLP Regulation 1272/2008 by the 1 June 2015 deadline.

Health and Safety – BeSmart Initiative

The HSA is committed to making regulatory compliance as simple as possible because it reduces administrative burden but also because greater compliance means less injuries and fatalities. BeSMART is the HSA's free online tool designed to help small business owners/managers to prepare risk assessments and safety statements for their workplace. The HSA, throughout 2014, continued to expand the range of businesses to which 'BeSMART' is available. This tool, now available to over 200 business types, aids compliance and saves time and money for businesses in meeting their legal obligations under the Safety, Health and Welfare at Work Act 2005. Surveys of business users conducted by the HSA have shown that companies using the system have reduced their compliance costs on average by 86% and the time taken to complete these requirements has reduced by 71%. The HSA's inspection data has shown that since BeSMART was first introduced there has been a 6% increase in Safety Statement compliance amongst micro sized businesses and also a 6% increase in employers completing their own Safety Statement in micro sized businesses as against use of a third party.

It is planned to expand BeSMART during 2015 and provide SMEs in the Construction and Agribusiness sectors with access to this free online risk assessment tool. See www.besmart.ie for more detail.

Employment Permits

The broad purpose of the employment permits system is to supplement Ireland's skills supply by allowing enterprise to recruit non-EEA nationals where those nationals have specific skills or expertise which cannot be sourced within the EEA where such recruitment may benefit the State's economic or social development.

Throughout 2014, the Department continued to build upon the reforms it introduced to the employment permit system in 2013 and which were designed to increase Ireland's attractiveness as a location for attracting these skills, in particular skills in the high-tech areas.

These reforms culminated in the Employment Permits (Amendment) Act 2014 which was enacted in July and commenced in October. This legislation rebalances previous legislation to enhance the employment permits system as a conduit for key skills which are required to develop enterprise in the State for all of our benefit, while simultaneously protecting the balance of the labour market and the employment rights of those migrants who come to work here.

The key changes were:

- nine different types of employment permit introduced, each designed to meet the needs of the contemporary workplace and the different types of employment situations which arise for enterprise;
- the requirement for a Labour Market Needs Test retained and extended for all new applications, regardless of applicant, with certain grounds for waiver;
- the 50:50 rule retained and extended to all applications, both new and renewal regardless of applicant, with certain grounds for waiver;
- the Highly Skilled Eligible Occupations List (HSEOL) and Ineligible Categories of Employment List (ICEL) compiled drawing on data collated by the Expert Group on Future Skills Needs (EGFSN) and the Skills and Labour Market Research Unit of SOLAS and using the Standard Occupational Classification System (SOC)
- remuneration for the purposes of the employment permit regime clearly defined providing clarity and certainty.

The success of the employment permit regime in responding to emerging skill shortages during 2014 is evident in the following statistics:

- processed 40% more permits compared to 2013;
- 33% of all permits issued in 2014 were in respect of Critical Skills Employment Permits, the employment permit designed to target skills shortages;
- 69 per cent of new employment permits issued were to professionals;
- average waiting times for a permit in 2014 varied between 14 and 18 days.

| Year | New | Renewal | Total | Refused | Withdrawn | Awaiting processing | Live Permits Existing |
|------|-------|---------|-------|---------|-----------|---------------------|-----------------------|
| 2014 | 4,862 | 634 | 5,496 | 593 | 144 | 435 | 15,086 |
| 2013 | 3,034 | 829 | 3,863 | 541 | 122 | 142 | 13,333 |
| 2012 | 2,919 | 1,088 | 4,007 | 829 | 246 | 179 | 14,245 |
| 2011 | 3,184 | 2,016 | 5,200 | 1,078 | 201 | 377 | 16,265 |
| 2010 | 3,394 | 3,877 | 7,211 | 990 | 199 | 999 | 18,987 |

Review of Intellectual Property legislation

Arising from a commitment contained in the Programme for Government to review the intellectual property legislation to benefit innovation, the Intellectual Property (Miscellaneous Provisions) Act 2014 was enacted on 23 December 2014. The Act amends the research exemption contained in Section 42 of the Patents Act 1992 to provide legal certainty for companies involved in research and development in the pharmaceutical and biopharmaceutical sectors. The amendment will provide greater protection for companies involved in clinical tests and trials on new and generic products in order to obtain a market authorisation.

The Intellectual Property (Miscellaneous Provisions) Act 2014 also amended Section 29 of the Trade Marks Act 1996 in order to allow Ireland accede to the Singapore Treaty on the Law of Trade Marks. The Treaty aims to streamline administrative trade mark procedures across trade mark offices globally without impacting on substantive trade mark law.

European Union (Certain Permitted Uses of Orphan works) Regulations, 2014 SI No 490 of 2014

These Regulations transposed Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of orphan works. In line with the Directive, the Regulations apply to publicly accessible libraries, educational establishments, museums, archives, film or audio heritage institutions and public service broadcasters (up to 31 December 2002). The Regulations provide for an exception to copyright law for these organisations in respect of categories of works first published in the EU that are still protected by copyright but whose authors or other right holders cannot be identified and located. The categories of works are: works in the print sector (books, journals, magazines and newspapers), cinematographic and audio-visual works, sound recordings and works embedded or incorporated in other works or sound recordings (e.g. pictures in a book). The exception to copyright law will allow these cultural organisations to digitise orphan works and make them publicly available on-line in all EU Member States. The Directive also applies to unpublished works (such as letters, manuscripts, etc.) under certain conditions. The Regulations came into effect on 29 October 2014.

Copyright Review

The Copyright Review Committee appointed by the Minister in May 2011 published their report "Modernising Copyright" at the end of October 2013. A public forum was also convened at the Royal Irish Academy in December 2013 to allow the Committee to present its findings and the copyright community to probe these findings with members of the Committee. The 60 plus recommendations in the report, aimed at identifying any barriers for innovation in the digital environment and developing proposals for reducing them, remain under examination by Government with a view to bringing forward legislative proposals in this area.

6. INNOVATION

“Develop a broad based innovation strategy to make our enterprises more competitive”

Strategic investment in science, technology and innovation is one of the Government’s infrastructure investment priorities. In order to realise the return on investment in this area, issues to be addressed include start-up risk, embedding innovation throughout the economy, the need for collaboration between industry and research providers and the need to bring the outputs of research and innovation activity to the marketplace. Ireland must develop an economy renowned for high productivity and high innovation. The guiding principle underpinning this aim is that excellence in research and translation into economic output is a key engine to accelerate Ireland’s economic recovery and the achievement of sustainable growth.

Achieving this goal requires us to maintain the standards in Research that Ireland has worked hard to achieve, support innovation in indigenous Irish enterprises, and build innovative capacity in the FDI sector. It also involves ensuring that the business environment supports innovation, and seeking to explore and exploit international linkages.

Research Prioritisation

The implementation of Research Prioritisation (RP) continued to be the central focus of the Department’s endeavours to promote enterprise development through research and innovation during 2014. RP was adopted by the Government in 2012 as the principle guiding public investment in research in support of the enterprise sector. It aligns public investment with areas of strategic market opportunities for Irish-based enterprise. The current cycle of RP spans the five-year period 2013-2017. The *Annual Business Survey of Economic Impact*, conducted on the client firms of the enterprise development agencies, confirmed the high level of interest and relevance of the areas to the activities of the firms.

The primary vehicle for driving implementation of RP and monitoring progress was the Prioritisation Action Group (PAG), which brings together the principal research-funding State agencies and Government departments. The PAG was chaired by the Minister for Skills, Research and Innovation and operates under the auspices of the Cabinet Committee for Economic Recovery and Jobs. The Department provides administrative and research support to the Group.

The PAG compiled the first progress report on the implementation Research Prioritisation (RP). Of the 186 actions with key milestones up to June 2014, 81% were complete and a further 13% were underway. The report also contained an update on the comprehensive framework of metrics and targets for monitoring the impact of public investment in Science, Technology and Innovation. The report highlighted the increased coordination and collaboration between the research funding agencies and departments engendered by RP. The RP action plans have driven practical cooperation at the operational level as many of the actions require two or more funders to collaborate in their implementation. The report was published by the Government in July 2014.

During 2014 in addition to providing policy direction and technical support on research prioritisation and ensuring the progression of the actions to be delivered in the 14 priority area action plans, a series of workshops were held in order to review the enterprise needs of the public research system in each of the fourteen priority areas, the first progress report of the

NRPE was developed and published and first independent international review of the implementation of NRPE was held. Under the auspices of an enterprise led group agreement was achieved on how best to promote Innovation in Services and Business Processes.

In the fourth quarter of 2014 a panel of national and international experts was established to carry out an independent assessment of the progress to date in the implementation of RP.

Development of successor Strategy for Science Technology and Innovation

The first SSTI expired in 2013 and over the period of that strategy Ireland has built an innovation-driven culture and is firmly on the global map in terms of the excellence of our research. We are now among the leaders in generating and using new knowledge for economic and social progress. Ireland has succeeded in building a strong research capacity that has earned an international reputation. The base of enterprises engaging in research, development and innovation activity is steadily increasing. Our investment in research and innovation has been instrumental in securing, diversifying and growing foreign direct investment, in licensing new technologies, in creating new companies, and in providing the highly educated workforce needed to grow the economy and contribute to society.

New Strategy for Research and Development, Science and Technology

The process of drafting of a successor to the Strategy for Science, Technology & Innovation 2006 - 2013 commenced in 2014. An Interdepartmental Committee on Science, Technology and Innovation chaired by this Department and comprising representatives from key Government Departments, along with the Chief Scientific Adviser to the Government and representatives from the Higher Education Authority, was convened to formulate the new Strategy. A number of studies were commenced to inform its development and were in areas including Ireland's future research infrastructure needs; an independent review of Research Prioritisation; strengthening enterprise R&D; the market focussed research centre landscape; the IP capability of Irish firms; and Ireland's participation in international research organisations. An in-depth consultation process was commenced with the drafting of a detailed consultation paper for circulation to key stakeholders in the innovation eco-system which set out key issues for consideration in the formulation of the Strategy. The Strategy Innovation 2020 was launched in December 2015.

Innovation Union Scoreboard

The annual Innovation Union Scoreboard, compiled and published by the European Commission, provides a comparative assessment of the innovation performance of the 28 EU Member States and the relative strengths and weaknesses of their research and innovation systems. In the Scoreboard pertaining to performance in 2014 (published in May 2015) Ireland's overall innovation performance was 13% above the EU average and is ranked 8th out of 28, placing Ireland in the second tier of countries, designated the "Innovation Followers". This was the second year in succession in which Ireland's ranking improved: up from 10th and 9th in 2012 and 2013, respectively.

While a direct comparison of Ireland's performance in 2013 and 2014 (actual *score*, rather than *ranking*) is not possible due to changes in the measurement framework, an indirect comparison using adjusted data, carried out by the European Commission, indicates that Ireland had the largest increase in overall innovation performance among the western EU states and the fourth largest among the EU28.

Of the eight dimensions making up the composite innovation indicator, Ireland was top-ranked among the EU28 in two: *Innovators* and *Economic Effects*. The former dimension measures how

innovative firms are, while the latter captures economic success stemming from innovation in terms of employment, revenue and exports. In addition, Ireland is ranked second for *Human Resources*. In addition, under *Open, Excellent and Attractive Research System*, for which Ireland is ranked 8th, Ireland has a particular strength in *International Scientific co-publications*.

Science Foundation Ireland

SFI is the national foundation for investment in scientific and engineering research. Supported by the Department of Jobs, Enterprise and Innovation SFI invests in academic researchers and research teams who are most likely to generate new knowledge, leading edge technologies and competitive enterprises in the fields of science, technology, engineering and maths (STEM). The Foundation also promotes and supports the study of, education in, and engagement with STEM and promotes an awareness and understanding of the value of STEM to society and, in particular, to the growth of the economy. In 2014 SFI delivered on a number of actions in support of its vision for Ireland to be a global leader in scientific and engineering research, discovery and innovation.

Highlights of 2014 included:

- The establishment of 5 new SFI Research Centres through an investment of €155 million over 5 years, matched by cash and in kind commitment from industry of €90 million, focused on research areas including applied geosciences, internet of things, telecommunications, software and medical devices. This brought the number of SFI research centres to 12, ensuring Ireland has sufficient research centres of scale and pact which will sustain Ireland as a location of choice for researchers and firms wishing to conduct world class research, development and innovation.
- In 2014, SFI approved 343 new awards across 23 programmes to 50 research bodies/organisations totalling an investment of €154 million. The SFI Annual Report 2014 includes a comprehensive list of all programmes and awards approved.
- SFI supported a human capital base of approximately 2,800 researchers/team members throughout the research eco-system in Ireland, this included 468 leading researchers, 1,665 postdoctoral researchers and postgraduate students.

Engaging with industry

SFI continued to work with sister agencies Enterprise Ireland and the IDA Ireland to ensure that opportunities for research partnerships with industry were maximised, with particular focus on developing research capacity in areas of strategic national importance such as Advanced Manufacturing, Energy and Sustainable food.

- In 2014, SFI researchers reported 1,200 industry collaborations; 650 with Multinational Corporations (MNCs) and 561 with Small-Medium Enterprises (SMEs).
- Commercial and pre commercial outputs from SFI research groups produced in 2014 included:
 - 1 spin-out company
 - 18 licence agreements
 - 31 patents filed
 - 13 patents awarded
 - 5 standards contributed to, and
 - 82 invention disclosures
- SFI continued to support the SFI Industry Fellowship programme, funding 7 new industry-academia partnerships during the year.

Public engagement and Education

The *SFI Discover Programme* seeks to promote the awareness and engagement of the Irish public with science, technology, engineering and maths (STEM). In 2014, SFI coordinated Science Week 2014, with 165 interactive workshops and science shows taking place across the country.

The *Smart Futures Initiative*, a 3 year plan to increase the uptake of STEM was launched in 2014.

The Programme of Research in Third-Level Institutions (PRTLII)

The PRTLII supports the provision of top-class research infrastructure (buildings, laboratories and cutting edge equipment) as well as human capital development through Structured PhD/Emergent Technology programmes across Ireland's higher education institutions. DJEI took over responsibility for the programme from DES in 2010. Cycle 5 of the programme, initiated in 2011, spans 33 distinct projects. 18 of these are Capital infrastructural projects and 15 are Current expenditure projects through Structured PhD/Emergent Technologies in specified areas. By the end of 2014, of the 18 Capital infrastructure projects, 7 projects were completed/substantially completed and 11 were at various stages of construction and equipment procurement.

In addition to the end of 2014, c.475 students/researchers/other personnel had been appointed on 12 Structured PhD Programmes, 3 Emergent Technologies and 14 Supporting Infrastructure Projects, intended to expand the human capital necessary to amplify Ireland's competitive advantage in a number of areas. These areas include but are not limited to bioscience/biomedical; medical technologies; energy, environment and marine; food and drink; social sciences and humanities; ICT and advanced communications and; platform technologies and materials.

The PRTLII investment in infrastructure and human capital continued to support our third-level institutions in formulating and implementing research strategies to give them critical mass and world class capacity in key areas of research.

Enterprise Ireland (EI) Innovation Investment and Activity

The Technology Centres programme is a joint initiative between EI and IDA Ireland allowing Irish companies and multinationals to collaborate with highly qualified researchers who are empowered to undertake market focussed strategic R&D for the benefit of industry.

Technology Centres are collaborative entities established and led by industry; focused on research with a direct impact on industry. In 2014, two new Technology Centres were established in the areas of Pharmaceutical Manufacturing and the Financial Services sectors and these were built jointly with 40 companies based in Ireland, for the benefit of Irish industry. Existing Technology Centres were supported in the areas of biorefining and bioenergy; IT innovation; financial services; eLearning innovation ; cloud computing; applied nanotechnology; composite materials; microelectronics; food for health, manufacturing and energy efficiency. A total of 15 Technology Centres were in operation at the end of 2014, while preparations for the establishment of a Meat Technology Centre got underway in 2014.

In 2014, the Technology Gateway Programme sought to harness the innovation and technological expertise in the Institutes of Technology (IoT's) for the benefit of Irish based industry on a regional and national basis. A nationwide network of 12 industry focused Gateways in 8 IoT's have been established, representing a €23 million investment by Enterprise

Ireland over 5 years from January 2013 to December 2017. These Gateways completed 279 industrially relevant projects for companies in 2014.

The New Frontiers Programme is a national entrepreneur development programme which is aimed at supporting the establishment and growth of technology or knowledge intensive ventures that have the potential to trade internationally and create employment in Ireland. Over 137 companies were created via this on-campus entrepreneurial training initiative in 2014.

Supporting Collaborative Research

Effective industry-academic collaboration is essential for the translation of the best ideas from the lab into innovative new products and services and, ultimately, the delivery of quality, sustainable jobs. In 2014, Enterprise Ireland recorded 878 collaborative interactions between industry and the higher education sector.

Sixty six Innovation Partnerships were funded by Enterprise Ireland in 2014 to support collaborative research between a company and a higher education research team. Enterprise Ireland also funded 525 Innovation Vouchers, allowing SMEs and microbusinesses to commission a small piece of research with a €5,000 voucher. This scheme plays an important role in helping smaller companies solve a business problem or take the first steps into research and development.

Knowledge Development Box

The Department of Finance initiated a consultation process in December 2014 on the development of Ireland's knowledge development box to which DJEI coordinated a cross agency response. The submission highlighted the need to ensure that Ireland's overall tax offering remain clear, competitive and consistent with our wider national innovation strategy. The KDB forms part of a suite of existing measures aimed at incentivising R&DI across the full lifecycle of development and exploitation. The submission focused on ensuring that the KDB, while OECD compliant, would take into account the different challenges facing smaller Irish owned companies through to the larger foreign owned company and ensure clarity in definition of qualifying IP, consider aspects such as outsourcing and collaborative research, minimise complexity, encompass transitional measures and ensure that the effective rate would be competitive relative to competitor jurisdictions. DJEI continued to work closely with the Department of Finance throughout 2015.

Knowledge Transfer Ireland

2014 saw the official launch of Knowledge Transfer Ireland (KTI) - the first resource of its kind in Europe – a State-funded central technology transfer office, located in Enterprise Ireland and operated collaboratively by Enterprise Ireland and the Irish Universities Association. The establishment of the office is a significant step in making it easier to commercialise, and ultimately create jobs from, ideas developed through publicly funded research.

Work also commenced in 2014 on a review by KTI of the National IP Protocol in consultation with stakeholders. The aim of the review is to understand and address any key issues that have arisen since the implementation of the protocol in 2012. The key objective of the protocol is to maximise the economic and societal benefits from Government investment in Research Performing Organisations. The review will inform a revised National IP Protocol.

Transferring Technology from Research to the Marketplace

Throughout the year, Enterprise Ireland's Technology Transfer Strengthening Initiative continued to transform how research with commercial potential, developed within Higher Education

Institutes, is brought to the marketplace. Overall in 2014, with the support of the Technology Transfer Strengthening Initiative, 27 companies were spun out from Ireland's colleges, and 117 commercially valuable packages of technologies and intellectual property were transferred to companies.

The joint SFI-Enterprise Ireland TIDA (Technology Innovation Development Award) programme call was launched in March 2014 and 63 awards were funded at a cost of €7.4 million, the purpose being to realise a greater economic impact from the state investment in oriented basic research.

Innovation Showcase



In December 2014 the inaugural National Innovation Showcase took place in Dublin bringing together for the first time all Irish State-supported research centres and technology centres of scale. The aim of the event was to promote awareness and increase levels of collaboration between industry in Ireland and the various centres in order to drive economic growth. Also in 2014 the first national directory of all research centres and technology

centres of scale was published. The directory acts as a guide for all businesses who wish to access the valuable knowledge and technology resources in State-supported research centres.

Horizon 2020 Target and Strategy

In 2013, the Government agreed an ambitious target for Irish researchers to win funding of €1.25 billion over the lifetime of Horizon 2020. The Horizon 2020 High Level Group, chaired by DJEI, meeting regularly during the course of the seven year programme, will oversee the implementation of the Horizon 2020 strategy to ensure that all of the actors involved in the national research system work towards securing the maximum benefits from Horizon 2020 for Ireland and achieve the national target of €1.25 million from the programme.

The National Support Structure for Horizon 2020 will build on the experience of the support structure for the previous Research Framework Programme, FP7 (2006-2013). As with FP7, Enterprise Ireland will provide the lead national role across all research funding organisations in promoting and supporting Ireland's participation in Horizon 2020. A network of National Contact Points (NCPs) and National Delegates (NDs) covers each of the subject areas in Horizon 2020 to ensure that researchers and enterprises have a nominated individual who they can turn to for practical advice and assistance with regard to availing of Horizon 2020 opportunities.

This ambitious target reflects significant investment in the national research system, which has led to attaining world class standard in a number of areas. In the first year of the programme researchers in Ireland won over €127 million in funding, exceeding our 2014 target – as expressed in the Action Plan for Jobs 2014 – by 27%.

European Research Area (ERA)

The European Union has the objective of strengthening its scientific and technological bases by achieving a European Research Area in which researchers, knowledge and technology circulate freely.

Tyndall National Institute

The Tyndall National Institute is Ireland's largest dedicated research centre and under a formal agreement with UCC the Minister for Jobs, Enterprise and Innovation is committed to providing core funding to support the day-to-day operations of the Institute. Tyndall specialises in Information and Communications Technology (ICT) hardware and systems and it is very much a national Institute, operating globally to facilitate and enable R,D&I in Ireland. In 2014, Tyndall continued to operate successfully, bringing about many industry/academic collaborations once again.

European Space Agency

Since Ireland joined the European Space Agency in 1975, Irish industry and research groups have been at the heart of Europe's space missions building a reputation as providers of innovative technologies for use in the European space programme.

The purpose of Ireland's membership of ESA is to participate in European space industry programmes with a focus on facilitating innovative Irish companies to develop leading edge space industry technologies and to exploit commercially their ESA participation in global commercial space and non-space markets, leading to increased exports, sales and employment. 2014 saw a further expansion in the space industry sector in Ireland, with 25 Irish companies securing ESA contracts, 5 of which were first-time ESA contractors, the highest number of new companies in any given year. The total value of contracts placed by ESA in Ireland also increased in comparison with previous years and exceeded €12 million for the first time, with over 80% of contracts being placed with Irish industry and almost 20% being placed in Irish universities and research centres. Ireland invested €17.3 million in membership to ESA in 2014. An Evaluation of Ireland's Involvement in the European Space Agency (ESA) commenced in 2014.

From the development of technology for use on board the International Space Station and point of-care diagnostic technology used to assess the impact of space travel on the health of astronauts, to developing highly innovative uses of satellite systems, including connecting isolated forests to communications systems, Irish companies are at the leading edge of innovation and technological development in the space sector.

Ireland's annual investment in ESA is directly aligned with the strategy and objectives of Enterprise Ireland investment in the R&D capability of Irish Industry and with the Enterprise Ireland and IDA Ireland strategy of supporting high potential start-ups and foreign direct investment. The State's investment in the coming years in ESA Space programmes reflects a strategy that prioritises Ireland's investment in those ESA programmes which support technology innovation and technology transfer that leads to export, sales and employment generation by Irish industry.

In recent years Ireland is seeing strong and sustainable growth in this sector in Ireland in both established space companies, and in new entrants to the sector with over 50 Irish companies now working in the development of technologies for the commercial space market and in the development of downstream products and services. It is projected that 80 companies will be operating in the space sector by 2020.

Total employment in ESA participating companies has grown from 1,300 in 2008 to almost 1,700 in 2013 and is projected to exceed 5,500 by 2020. Irish companies generated €43m in the space economy in 2013 and this is projected to grow to €133m by 2020. This high level of activity and growth in employment reflects the combined efforts of Government in investing significantly in R&D, Enterprise Ireland and IDA working with industry and ESA itself translating the innovation capacity in Irish industry into products, systems and services for the European space programme and the global space market.

Irish companies, scientists and researchers continue to pursue exciting and emerging opportunities through the European Space Agency including most recently involvement in the Rosetta mission. The European spacecraft Rosetta became the first ever to rendezvous with and place a lander on a comet, a landmark for space exploration in a decade-long mission that scientists hope will help unlock some of the secrets of the solar system. A number of Irish companies have produced components for the craft and Irish scientists are also involved in the research and control aspects of the mission.

US-Ireland R&D Partnership

Up to the end of 2013, fourteen projects had been awarded a total of €22.2 million from a combination of sources in the successful US-Ireland R&D Partnership. Close cooperation has been developed between Agencies and Departments, north and south of the border and with our US counterparts. The outgoing Irish Co-Chair to the Partnership, Dr Killian Halpin, who held the post since the establishment of the US-Ireland R&D Partnership Steering Group in 2006, stepped down from the post in 2013. Feargal Ó'Móráin, retired Executive Director of Enterprise Ireland, was appointed as the new Irish Co-Chair to the Partnership Steering Group, with effect from November 1st 2013.

Health Innovation Hub

The Government continued to support a pilot Health Innovation Hub, based in UCC, which is supporting the development and commercialisation of new ideas from domestic enterprise, and which will benefit the Irish healthcare system. A second call for proposals took place in December 2013, and included an 'Open Call' for applications from companies whose innovative projects and ideas have the potential to significantly address any area of the broad spectrum of healthcare sector needs, as well as a 'Focused Call' in Infection Control and Hygiene Management. Learning from this pilot, preparations are underway to roll out a National Health Innovation Hub in 2014 to drive collaboration between the health system and enterprise, leading to the development and commercialisation of new healthcare technologies, products and services.

7. DEVELOPING SECTORS WITH POTENTIAL

“Prioritise sectors of opportunity and systematically remove obstacles and develop enabling policies”

Pharma and chemicals, ICT, and international financial services are examples of sectors which now provide significant employment in Ireland, contribute substantially to exports and have attracted many of the world’s leading companies to locate in Ireland over the last two decades. While these sectors will continue to play an important role in the Irish economy, it is also important to seek to catch the next wave of emerging sectors so that Ireland benefits from the creation of sustainable long-term jobs. This involves targeting new sectors actively and urgently identifying and removing obstacles that may stand in the way of such opportunities.

Sectors which have been identified as holding significant potential for Ireland include Health, LifeSciences and Medtech, Silver Technology, Cloud Computing, Digital Economy and Media Services, the Video Games Sector (especially Digital Gaming), and the Green Economy (especially Cleantech). The Government also placed a specific focus on the domestic economy in the 2013 Action Plan for Jobs, including the retail sector.

A consortium of Higher Education institutions was awarded €1.2m to carry out the initial research phase of Ireland’s Cloud Computing Technology Centre. An industry-led Clustering Development Team has been established to drive implementation of the Forfás Games Strategy. Particular attention is being given to identifying the training and educational needs of the companies operating in the games sector and exploring how State Agencies represented can meet these.

The fourth Internet Growth Acceleration Programme (iGap) was launched in October 2012. iGap is an intensive management development programme for high potential internet/games companies, aimed at equipping them with the practical tools needed to formulate international growth plans and scale their businesses.

Creating Green Jobs

The Green Economy presents a major opportunity for employment creation in Ireland and for the development of indigenous enterprise. It will contribute to securing sustainable economic growth in the medium term. The Government published its Policy Statement on Growth and Jobs in the Green Economy, *Delivering our Green Potential*, in late 2012.

The term Green Economy covers a wide range of sectors that have in common the objective of providing goods and services in a sustainable way that reduces the impact on the environment and contributes to the circular economy. In Ireland this covers activities such as sustainable food production, tourism, green financial services, green products and services, waste and water management, renewable energy and energy efficiency.

The Consultative Committee on Jobs in the Green Economy which was established in 2013 and is chaired by the Minister for Jobs, Enterprise and Innovation met twice in 2014 to examine research and development in the Green Economy, how to communicate Ireland’s performance on the Green Economy and to examine proposals for Green Economy actions to include in the 2015 Action Plan for Jobs.

A key delivery on the Green Economy was the development of a comprehensive internet resource for enterprise on supports available to improve the sustainability of their performance. This guide can be found on the Department's website at <https://www.djei.ie/en/What-We-Do/Supports-for-SMEs/Green-Economy-Supports-/>.

The Department of Jobs, Enterprise and Innovation attended the Cabinet Committee on Climate Change and the Green Economy throughout 2014. The Department also continued to represent Ireland on the European Ecodesign Committee and liaised with other Government Departments and Agencies on Green Economy issues.

ICT Sector

Work commenced in 2013, in partnership with the Department of Education and Skills, on development of a revised ICT Skills Action Plan to run from 2014 to 2018. The plan will build on progress made under the 2012 ICT Skills Action Plan and will respond, in partnership with Industry, to the Expert Group on Future Skills Needs forecasts of 44,500 job openings to 2018.

Retail Sector

Retail provides employment to people in every town in the country. It has a reach into every locality and is at the heart of every community. A vibrant retail sector breathes life into our towns and communities. In addition, Retail indirectly supports jobs in other areas, such as logistics and distribution and provides an important outlet for Irish products, thereby supporting more jobs. With over 270,000 people employed in Wholesale and Retail, the sector has a key part to play in the Government's objective in getting people back to work.

The Retail sector was hit significantly by the recession in terms of job losses and the viability of businesses. The Wholesale and Retail sector combined accounted for over 46,000 job losses over the period 2008-2012.

A key deliverable under the Action Plan for Jobs 2014 was the establishment and convening of a Retail Consultation Forum in June 2014 which is chaired by the Minister for Business and Employment, Mr Ged Nash TD.

The Consultation Forum provides a platform for a structured engagement between the Retail sector and relevant Government Departments and public sector bodies. The purpose of the Forum is to allow key issues of relevance to the retail sector to be discussed, with a view to identifying practical actions which could be taken by Government, or by industry itself, to support the sector. The Forum met three times in the second half of 2014 and the Work Programme included preparing and submitting a pre-budget proposal on behalf of the retail members of the Forum which outlined a number of changes that the sector would like to see introduced in order to help with the recovery in jobs in the retail sector. The Forum also contributed to the preparation of draft actions on retail for inclusion in the 2015 Action Plan for Jobs and examined ways of reducing business costs for the retail sector.

Corporate Social Responsibility

Ireland's National Plan on Corporate Social Responsibility was launched by the Minister for Jobs, Enterprise and Innovation in April 2014.

The National Plan on CSR, *Good for Business, Good for the Community*, sets out the general framework within which CSR operates in Ireland, and outlines the key principles and objectives which underpin the Government's approach to CSR. It also seeks to communicate a common

understanding of CSR by outlining the Pillars on which CSR is based in Ireland. The Pillars are: Workplace, Environment, Marketplace, Community and the Public sector.

The Plan explains how CSR can contribute positively to a company's business and highlights practical supports which are available to organisations that want to embark on or make improvements in this area.

This CSR Plan represents a milestone in raising the profile of CSR in Ireland. As part of the Plan, a CSR Stakeholder Forum was established mid-2014. A key objective of the Forum is to raise awareness of the benefits of CSR to businesses in Ireland and to all stakeholders in society. The Stakeholder Forum brings together representatives of the business sector, the public sector other key stakeholder and the wider community.

The Forum embarked on a work programme to deliver on some of the key objectives set out in the National Plan on CSR which are set out below:

- Increasing awareness of CSR, its value to businesses and to society as a whole.
- Encouraging enterprises to develop and implement CSR policies and practices and mainstream them into their core business operations.
- Encouraging more small and medium-sized enterprises to build CSR capacity.
- Increasing transparency and reporting of CSR activity by enterprises operating in Ireland.
- Anchoring CSR principles in public bodies in the context of their own operations.

The intention is that these objectives will be delivered progressively over the period to 2016, through a collaborative approach with the business sector. Four sub-groups were established in 2014 to progress these objectives and to feed back to the main Forum.

Marine

The first cross-Government Annual Marine Conference was held in June 2014 and focussed on sustainable growth and employment opportunities for the future, the challenges that face us and the actions required to drive progress. Promoting innovation to drive a thriving marine sector was one of the key themes at the Conference and a first progress report on achievements to date in delivering the integrated marine plan *Harnessing Our Ocean Wealth* was launched.

8. DELIVERING THE STRATEGY AND MANAGING CHANGE

The Department's ambition is to become a pioneer of best practice in the Civil Service in setting and delivering on performance targets. The importance of this is underlined by the fact that we are seeking to achieve our strategic goals against a background of a significant reduction in staffing levels and financial resources.

Institutional Reform

Dissolution of Forfás and integration of staff and functions into the Department:

As part of the Public Service Reform Plan, the Minister for Jobs, Enterprise and Innovation decided in 2012 to integrate the research and policy advisory functions of Forfás into the Department of Jobs, Enterprise and Innovation.

The legislation to give effect to the Government Decision to dissolve Forfás, and to transfer its staff and functions as appropriate to the Department of Jobs, Enterprise and Innovation and a number of Agencies was published on 23 December 2013. The Bill passed through all stages in the Houses of the Oireachtas in the first half of 2014. The Industrial Development (Forfás Dissolution) Act 2014 was enacted in June 2014 and the integration of the research and policy advisory functions of Forfás into the Department became effective on 1 August 2014.

The legislation provided for the following key changes:

- The integration of the research and policy advisory functions of Forfás into the Department;
- The transfer of functions conferred upon Forfás and assigned to Enterprise Ireland and IDA Ireland (IDA) directly to Enterprise Ireland and IDA as appropriate;
- The strengthening and transfer of the accreditation function and the transfer of staff of the Irish National Accreditation Board (INAB), which is a Committee of Forfás, to the Health and Safety Authority (HSA) with INAB becoming a Committee of the HSA;
- Staff working in Forfás to transfer to the Department as civil servants or as fixed term employees as appropriate;
- The dissolution of Forfás and transitional and related matters.

Improving our Efficiency and Effectiveness

The Department is committed to providing a high quality and efficient service to all of our customers and stakeholders. In 2014, we continued to ensure that we delivered value for money through the delivery of effective and efficient services as evidenced throughout this Annual Report. In 2014, the Moratorium on Recruitment and the associated Employment Control Framework was in place under which the Department and its associated Agencies had to further downsize to contribute to the aggregate pay bill savings required. After a number of years of downward pressure on staffing, the Minister for Public Expenditure and Reform announced that a revised staffing model would be introduced from 2015 onwards where Departments and publicly funded Bodies would be given more autonomy to organise themselves. The focus was now on operating within pay-budget limits rather than a requirement to achieve a set number of staff. At end 2014, the Department had fallen below its allotted staffing level through various exits such as retirements and so sanction was received to fill some additional or lost posts.

Public Service Reform Initiatives

The Department also supported the Public Service Reform initiatives during 2014 in a number of ways including

- A reduction in staffing numbers;
- The reassignment of staff on both a temporary and permanent basis to areas of critical need to ensure the continued delivery of key services;
- Collaboration with the Human Resources (HR) Shared Service Centre, PeoplePoint, in preparation for the transition of certain HR and Pension functions to that service in Q1 2015; and
- Continued development of the Workforce Planning process

ICT Supports to Strategy Delivery

During the year, a number of significant activities were undertaken in the Information Technology area to support the processes of institutional reform and greater efficiency in the delivery of the Department's services:

- Development of systems to support the reform of the workplace relations bodies, including the design and development of new back office systems and the delivery of new eForms to allow on-line filing of applications.
- The delivery of new online functionality to allow Trademarks to be filed electronically with the Patents Office, and new systems for sharing Patents Design filings with other countries Patents and Trademarks Offices.
- Supports for an extensive work programme in the Companies Registration Office to prepare systems for the commencement of the new Companies Act, and to put in place facilities to minimise the disruption caused by the planned relocation of that Office.
- Work was also carried out on the Department's ICT infrastructure to provide greater resilience, to facilitate future delivery of on-line services, and to ensure that systems and services continue to keep pace with technological developments.
- Support for Forfás integration, including the upgrade and migration of a number of Forfás systems to the Department's infrastructure.

Performance Management and Staff Training and Development

The Department continued to drive the ongoing performance and management development agenda for its staff in 2014 in the context of further reductions in staffing levels for the Department and its Agencies.

During 2014, the Department's Learning and Development Unit continued to engage with staff and management to identify priority training and development needs. To meet those needs a range of targeted and customised training was available to staff.

We continued to prioritise management training to enhance capacity to meet new and evolving challenges through the provision of training programmes for middle and senior managers. A Strategic Development & Integration training programme for Senior Managers was designed and implemented. The aim of the programme was to contribute to the achievement of integration across the newly reformed Department, and to ensure that the Department's mandate and policy role was deployed to maximum effect across Government. Other training, which was mainly delivered in-house, was provided in areas including Financial Management, Business Process Improvement, Freedom of Information and Procurement etc.

New Ways of Working

A new initiative was launched in late 2014 entitled “New Ways of Working” which aims to improve how we do business within the Department. A Steering Group was established, which operates on a partnership basis with the Trade Unions and is chaired by the Secretary General. Roll-out of several initiatives under the programme began in early 2015.

Customer Charter

The Department published its updated Customer Charter, Customer Action Plan and Complaints Procedures in 2014. These documents, which cover the period 2014-2016, set out the levels of service customers can expect when dealing with the Department and how they can make a complaint if unhappy with the level of service provided.

Also in 2014, the Department agreed its second Irish Language Scheme and submitted it to the Department of Arts, Heritage and the Gaeltacht for approval in accordance with the provisions of the Official Languages Act, 2003. The new Scheme builds on a commitment in the Department’s Customer Charter to ensure that customers who wish to conduct their business through Irish can do so. It sets out the extent to which services are currently available through Irish, and identifies areas for future enhancement over the next three years. The Scheme was subsequently approved and came into effect in September 2015.

In late 2014 a Cross Divisional Committee was established to monitor the implementation of the commitments given in the Department’s Customer Action Plan and Irish Language Scheme. This committee, which meets quarterly, is working to ensure that any challenges arising in relation to the implementation of commitments made can be addressed in a timely manner.

Throughout 2014 work progressed on the development of the Department’s new website. In mid-year, a consultation exercise was undertaken with 28 of the Department’s key stakeholders to obtain customer feedback on the new site. This exercise informed the design of the new website, which was launched in 2015.

During 2014, the Department worked closely with the Department of Public Expenditure and Reform to ensure that the Department was best placed to administer the provisions of the Freedom of Information Act 2014. In addition to the formal training courses on the provisions of the new Act which were provided by the Department of Public Expenditure and Reform, staff in the Department’s FOI Unit provided shorter briefing sessions on the main changes to the FOI system following the enactment of the 2014 Act. Work is currently underway on the development of the Department’s FOI Publication Scheme which will be available in 2016, in accordance with Section 8 of the FOI Act 2014.

Internal Audit Function

Based on internationally accepted standards adopted for the Civil Service by the Department of Public Expenditure and Reform in 2012 and 2014, the Internal Audit Unit Function provided assurance to the Secretary General and advice regarding the Department’s financial and other internal processes and procedures during 2014. Among other requests advice was provided regarding governance considerations for new structures planned, thus ensuring their efficiency and effectiveness.

Cross-functional and cross-Departmental collaboration

During 2012, the Department began rolling out a suite of collaboration tools to address some of the issues traditionally faced by organisations such as the development of knowledge silos and

loss of corporate memory. These tools are now being used in a number of areas where teams are geographically dispersed or where a requirement for cross functional collaboration exists. For example, staff in the Department's Workplace Relations Reform Programme Office have been using these tools to collaborate internally with the Workplace Relations Bodies and other internal stakeholders on the design and implementation of the Reform Programme.

Delivering the Strategy and Managing Change

Effective communications are essential for the successful delivery of the policies, programmes and activities of the Department of Jobs, Enterprise and Innovation (DJEI) and its offices and agencies.

DJEI has undergone significant change in the last number of years both through integrations and restructuring as well as through significant staff changes. To effectively manage this change a number of aspects of how we work in DJEI were highlighted for consideration and improvement through a programme of initiatives entitled New Ways of Working. One of the aspects for particular focus was communications.

In August 2014 a Communications Unit was established within the Department and was tasked with the role of developing and implementing a plan for improving internal and external communications.

In November 2014 a working Group was established to work with the Communications Unit to develop an Internal Communications Strategy. Extensive consultations took place across the Department, and the Management Board and New Ways of Working Steering Group signed off on an Internal Communications Strategy and Action Plan in 2015. Actions are being progressed under the oversight of the New Ways of Working Steering Group.

Implementation of Government's changed arrangements for appointments to State Boards

On 7th March, 2014, the first meeting of the new Board of the Health and Safety Authority took place. This was the first Authority Board to contain members appointed by the Minister following a publicly advertised process seeking expressions of interest for such appointments, under the Government's changed arrangements for appointments to State Boards.

Appendix 1

Audited Financial Statements as at 31
December 2014

Appendix 1

Audited Financial Statements as at 31 December 2014

Vote 32 Jobs, Enterprise and Innovation

Appropriation Account 2014

| | Estimate provision | | 2014 | 2013 |
|------------------------------|---------------------------------|---------------|----------------|----------------|
| | | | Outturn | Outturn |
| | €000 | €000 | €000 | €000 |
| Programme expenditure | | | | |
| A | Jobs and Enterprise Development | | | |
| | <i>Original provision</i> | 360,555 | | |
| | <i>Deferred surrender</i> | 6,000 | | |
| | <i>Supplementary</i> | (1,019) | 365,536 | 337,824 |
| | | | | 359,143 |
| B | Innovation | | | |
| | <i>Original provision</i> | 340,367 | | |
| | <i>Deferred surrender</i> | 17,000 | | |
| | <i>Supplementary</i> | 1,338 | 358,705 | 357,370 |
| | | | | 359,714 |
| C | Regulation | | | |
| | <i>Original provision</i> | 80,100 | | |
| | <i>Supplementary</i> | (318) | 79,782 | 70,366 |
| | | | | 73,092 |
| | Gross expenditure | | | |
| | <i>Original provision</i> | 781,022 | | |
| | <i>Deferred surrender</i> | 23,000 | | |
| | <i>Supplementary</i> | 1 | | |
| | | | 804,023 | 765,560 |
| | <i>Deduct</i> | | | |
| D | Appropriations-in-aid | 48,948 | 49,248 | 51,295 |
| | Net expenditure | | | |
| | <i>Original provision</i> | 732,074 | | |
| | <i>Deferred surrender</i> | 23,000 | | |
| | <i>Supplementary</i> | 1 | | |
| | | | 755,075 | 716,312 |
| | | | | 740,654 |

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Surplus for surrender

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Unspent appropriations for capital supply services may be carried over for spending in the following year under section 91 of the Finance Act 2004.

| | 2014 | 2013 |
|---------------------------|-------------------|-------------------|
| | € | € |
| Surplus | 38,763,031 | 44,935,290 |
| Deferred surrender | 20,000,000 | 23,000,000 |
| Surplus to be surrendered | <u>18,763,031</u> | <u>21,935,290</u> |

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Analysis of administration expenditure

| | | | 2014 | 2013 |
|------|---|--------|-----------------------|---------|
| | | | Estimate provision | Outturn |
| | | | €000 | €000 |
| i | Salaries, wages and allowances | | | |
| | <i>Original</i> | 19,901 | | |
| | <i>Supplementary</i> | 2,058 | 21,959 | 21,145 |
| ii | Travel and subsistence | 632 | 555 | 551 |
| iii | Training and development and incidental expenses | 855 | 785 | 475 |
| iv | Postal and telecommunications services | 587 | 408 | 458 |
| v | Office equipment and external IT services | 3,763 | 3,403 | 3,035 |
| vi | Office premises expenses | | | |
| | <i>Original</i> | 2,033 | | |
| | <i>Supplementary</i> | 648 | 2,681 | 2,310 |
| vii | Consultancy services and value for money and policy reviews | 1,210 | 1,083 | 29 |
| viii | Advertising and information resources | 211 | 106 | 84 |
| | <i>EU Presidency</i> | - | - | 1,338 |
| | | 31,898 | 30,682 | 27,744 |

Notes to the Appropriation Account

1 Operating Cost Statement 2014

| | 2014 | | 2013 |
|------------------------------|----------------|------|----------------|
| | €000 | €000 | €000 |
| Programme cost | 734,878 | | 764,206 |
| Pay | 22,032 | | 21,693 |
| Non pay | 8,650 | | 6,050 |
| Gross expenditure | 765,560 | | 791,949 |
| <i>Deduct</i> | | | |
| Appropriations-in-aid | 49,248 | | 51,295 |
| Net expenditure | 716,312 | | 740,654 |

Changes in capital assets

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| | | | |
|---|-------------------|-----------------------|-----------------------|
| Purchases cash | (902) | | |
| Depreciation | 1,811 | | |
| Loss on disposals | 6 | | |
| | <u> </u> | 915 | 1,301 |
| Changes in assets under development | | | |
| Cash payments | | (1,239) | (862) |
| Changes in net current assets | | | |
| Decrease in closing accruals | (934) | | |
| Decrease in stock | 30 | | |
| | <u> </u> | (904) | (247) |
| Direct expenditure | | <u>715,084</u> | <u>740,846</u> |
| Expenditure borne elsewhere | | | |
| Net allied services expenditure (cash) (note 1.1) | | 22,601 | 21,400 |
| Notional rents (non cash) (note 1.2) | | 1,452 | 1,667 |
| Net programme cost | | <u><u>739,137</u></u> | <u><u>763,913</u></u> |

1.1 Net Allied Services Expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 32 borne elsewhere.

| | | 2014 | 2013 |
|---|---|---------------|---------------|
| | | €000 | €000 |
| Vote 9 Office of the Revenue Commissioners | e | 67 | 60 |
| Vote 12 Superannuation and Retired Allowances | e | 15,982 | 14,205 |
| Vote 13 Office of Public Works | e | 6,229 | 6,882 |
| Central Fund - Ministerial pensions | e | 323 | 253 |
| | | <u>22,601</u> | <u>21,400</u> |

'e' indicates an estimated value or an apportioned cost.

1.2 Notional Rent

The notional rent figure has been compiled by the Office of Public Works based on current market rental prices. The notional rent figure is in respect of two properties occupied by the Department of Jobs, Enterprise and Innovation.

2 Balance Sheet as at 31 December 2014

| | Note | 2014 €000 | 2013 €000 |
|---|---------|---------------------|---------------------|
| Capital assets | 2.2 | 6,762 | 6,665 |
| Capital assets under development | 2.3 | <u>354</u> | <u>122</u> |
| | | 7,116 | 6,787 |
| Current Assets | | | |
| Bank and cash | 2.4 | 22,212 | 23,782 |
| Stocks | 2.5 | 209 | 239 |
| Prepayments | | 1,063 | 826 |
| Accrued income | | 1,381 | 1,248 |
| Other debit balances | 2.6 | <u>2,136</u> | <u>1,420</u> |
| Total current assets | | 27,001 | 27,515 |
| Less current liabilities | | | |
| Accrued expenses | | 285 | 677 |
| Deferred income | | 1,172 | 1,344 |
| Other credit balances | 2.7 | 4,522 | 2,245 |
| Net liability to the Exchequer | 2.8 | <u>19,826</u> | <u>22,958</u> |
| Total current liabilities | | 25,805 | 27,224 |
| Net current assets | | 1,196 | 291 |
| Net assets | | 8,312 | 7,078 |
| Represented by: | | | |
| State funding account | 2.1 | <u>8,312</u> | <u>7,078</u> |
| 2.1 State Funding Account | | | |
| | Note | 2014 €000 | 2013 €000 |
| Balance at 1 January | | 7,078 | 7,266 |
| Disbursements from the Vote | | | |
| Estimate provision | Account | 755,075 | |
| Deferred surrender | Account | (20,000) | |
| Surplus to be surrendered | Account | <u>(18,763)</u> | |
| Net vote | | 716,312 | 740,654 |
| Net assets transferred from Forfás/ Department of Justice and Equality | 2.2 | 5 | 5 |
| Adj. /(Loss) on disposal of assets | | 1 | (1) |
| Expenditure (cash) borne elsewhere | 1 | 22,601 | 21,400 |
| Non cash expenditure – notional rent | 1 | 1,452 | 1,667 |
| Net programme cost | 1 | <u>(739,137)</u> | <u>(763,913)</u> |
| Balance at 31 December | | 8,312 | 7,078 |

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2.2 Capital Assets

| | Office and IT equipment €000 | Furniture and fittings €000 | Total €000 |
|---|---|--|-----------------------|
| Gross assets | | | |
| Cost or valuation at 1 January 2014 | 35,702 | 6,679 | 42,381 |
| Transfers from Forfás ^a | 578 | 31 | 609 |
| Additions | 1,872 | 37 | 1,909 |
| Disposals | (3,712) | (46) | (3,758) |
| Cost or valuation at 31 December 2014 | <u>34,440</u> | <u>6,701</u> | <u>41,141</u> |
| Accumulated depreciation | | | |
| Opening balance at 1 January 2014 | 29,218 | 6,498 | 35,716 |
| Transfers from Forfás ^a | 573 | 31 | 604 |
| Depreciation for the year | 1,765 | 46 | 1,811 |
| Depreciation on disposals | (3,706) | (46) | (3,752) |
| Cumulative depreciation at 31 December 2014 | <u>27,850</u> | <u>6,529</u> | <u>34,379</u> |
| Net assets at 31 December 2014 | <u>6,590</u> | <u>172</u> | <u>6,762</u> |
| Net assets at 31 December 2013 | <u>6,484</u> | <u>181</u> | <u>6,665</u> |

^a ICT equipment and furniture and fittings were transferred to this Department following the dissolution of Forfás with effect from 1 August 2014.

2.3 Capital Assets under Development

| | In-house computer applications €000 |
|---|--|
| Amounts brought forward at 1 January 2014 | 122 |
| Cash payments in year ^a | 1,411 |
| Brought into use in year | (1,179) |
| Balance at 31 December 2014 | <u>354</u> |

^a EU funding in the amount of €172,420 was used to acquire ICT assets under the Patent Cooperation Fund projects.

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| 2.4 Bank and Cash at 31 December | 2014 €000 | 2013 €000 |
|--|----------------------------|----------------------------|
| PMG balance | 22,212 | 22,833 |
| Commercial bank account balance | - | 952 |
| Orders outstanding | - | (3) |
| | <u>22,212</u> | <u>23,782</u> |

| 2.5 Stocks at 31 December | 2014 €000 | 2013 €000 |
|-------------------------------------|----------------------------|----------------------------|
| Stationery | 144 | 164 |
| IT supplies | 49 | 60 |
| Cleaning materials | 16 | 15 |
| | <u>209</u> | <u>239</u> |

| 2.6 Other Debit Balances at 31 December | €000 | 2014 €000 | 2013 €000 |
|---|-------------|----------------------------|----------------------------|
| Advances to OPW | | 184 | 209 |
| Miscellaneous debit balances | | 1,385 | 427 |
| Recoupable expenditure in respect of: | | | |
| Travel | 346 | | |
| Shared services | 216 | | |
| Pension lump sums | 5 | | |
| | <u>567</u> | 784 | |
| | | <u>2,136</u> | <u>1,420</u> |

| 2.7 Other Credit Balances at 31 December | 2014 €000 | 2013 €000 |
|--|----------------------------|----------------------------|
| Amounts due to the State | | |
| Income Tax | 966 | 53 |
| Pay Related Social Insurance | 373 | 60 |
| Income Levy | 8 | - |
| Professional Services Withholding Tax | 154 | 68 |
| Value Added Tax on intra EU acquisitions | 53 | 8 |
| | <u>1,554</u> | <u>189</u> |
| Miscellaneous credit balances | 2,968 | 2,056 |
| | <u>4,522</u> | <u>2,245</u> |

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| | | |
|---|----------------------------|----------------------------|
| 2.8 Net Liability to the Exchequer at 31 December | 2014 €000 | 2013 €000 |
| Surplus to be surrendered | 18,763 | 21,935 |
| Deferred surrender | 20,000 | 23,000 |
| Exchequer grant undrawn | (18,937) | (21,977) |
| Net liability to the Exchequer | <u>19,826</u> | <u>22,958</u> |

Represented by:

Debtors

| | | |
|----------------------|--------------|--------------|
| Bank and cash | 22,212 | 23,782 |
| Other debit balances | <u>2,136</u> | <u>1,420</u> |
| | 24,348 | 25,202 |

Creditors

| | | |
|-----------------------|----------------|----------------|
| Due to State | (1,554) | (189) |
| Other credit balances | <u>(2,968)</u> | <u>(2,055)</u> |
| | (4,522) | (2,244) |
| | <u>19,826</u> | <u>22,958</u> |

| | | |
|--|----------------------------|----------------------------|
| 2.9 Commitments at 31 December | 2014 €000 | 2013 €000 |
| (A) Global commitments | | |
| Procurement subheads | 1,586 | 2,147 |
| Grant subheads ^a | <u>1,453,199</u> | <u>1,309,880</u> |

^a Includes expenditure from own resource income.

(B) Multi-annual capital commitments over €6.35 million

| | Cumulative Expenditure to 31 December 2013 ^a | Expenditure in 2014 | Subsequent years | Projects total 2014 | Projects total 2013 |
|---|---|------------------------|---------------------|------------------------|------------------------|
| | €000 | €000 | €000 | €000 | €000 |
| IDA Ireland | 156,810 | 20,390 | 89,000 | 266,200 | 308,600 ^b |
| Enterprise Ireland | 149,300 | 50,493 | 208,126 | 407,919 | 322,659 |
| Science Technology & Development Programme | 205,447 | 68,522 | 327,797 | 601,766 | 503,616 |
| Programme for Research in Third Level Institutions (PRTL) | 79,572 | 16,266 | 77,236 | 173,074 | 194,398 |
| | <u>591,129</u> | <u>155,671</u> | <u>702,159</u> | <u>1,448,959</u> | <u>1,329,273</u> |

^a Excludes projects completed by end of 2013.

^b Following a review carried out by the IDA in relation to the recording of commitments, it was identified that the 2013 project total was overstated by €65,400,000 because projects that were completed in 2012 and previous years had not been excluded from the total.

Significant variations

An explanation is provided below where multi-annual commitments increased or decreased by more than €500,000 from 2013 to 2014.

| Agency/programme | Amount of increase / (decrease) €000 | Explanation |
|------------------|---|---|
| IDA Ireland | (42,400) | Following a review carried out by the IDA in relation to the recording of commitments, it was identified that the 2013 project total was overstated by €65,400,000 because projects that were completed in 2012 and previous years had not been excluded from the total. Three large approvals (to the combined total of €22.5 million) were granted in 2014. Two of the grants approvals were for capital projects (€7.5 million each). The third approval was for a research and training capital project (€7.5 million). |

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| | | |
|---|----------|---|
| Enterprise Ireland | 85,260 | Increase due to three new seed and venture (€50 million) and three other new approvals (€21.7 million) in 2014. Also increases to three seed and venture commitments (€13.5 million) listed in 2013. |
| Science Technology & Development Programme | 98,150 | Increase due to five new large scale world class SFI research centres and EI approval for one new technology centre in 2014. |
| Programme for Research in Third Level Institutions (PRTLII) | (21,324) | The decrease in the multi annual capital commitment for PRTLII was due to Cycles 3 and 4 of the PRTLII being financially closed out in 2014 with savings declared. Cycle 5 remains the only outstanding multi annual commitment as at 31 December 2014. |

2.10 Matured Liabilities.

Estimated matured liabilities un-discharged at the year-end were €99,421 (2013: €255,568).

Prompt Payments Summary January to December 2014

| Details | Number | Value € | Percentage (%) of total payments made (Number) % |
|--|--------|------------|--|
| Number of payments made within 15 days | 5,127 | 18,194,369 | 83.14% |
| Number of payments made within 16 to 30 days | 803 | 1,942,791 | 13.02% |
| Number of payments made in excess of 30 days | 237 | 7,922,286 | 3.84% |
| Total payments made in 2014 | 6,167 | 28,059,446 | 100% |

The details supplied above relate to payments to suppliers for commercial transactions.

Appendix 2

Bills Published or Enacted in 2014

Appendix 2

Bills published or enacted in 2014

- Employment Permits (Amendment) Bill 2014) was signed by the President on 27 July 2014 and came into force on 30 September 2014 (SI No 430).
- Intellectual Property (Miscellaneous Provisions) Act 2014. The Bill was published on 31 July 2014
- Industrial Development (Forfás Dissolution) Act 2014 was signed by the President on 29 June 2014
- The Companies Act 2014 (No. 38 of 2014) was signed by the President on 23 December 2014.
- The Competition and Consumer Protection Bill 2014 (No. 29 of 2014) was published on 31 March 2014 and signed by the President on 28 July 2014
- The Friendly Societies and Industrial and Provident Societies (Miscellaneous Provisions) Bill 2013 was enacted as Act No. 19 of 2014. Parts 1, 2 and 3 of the Act were commenced by Statutory Instrument No. 356 of 2014 with effect from 28th July 2014
- The Workplace Relations Bill was published on 30 July, 2014. The Bill completed Second Stage and Committee Stage in the Dáil in 2014.
- The County Enterprise Boards (Dissolution) Bill 2013 was published on 31st July, 2013 and fully enacted on 15th April, 2014

Appendix 3

Statutory Instruments made in 2014

Appendix 3

Statutory Instruments made in 2014

| | |
|----------------------|---|
| S.I. No. 25 of 2014 | Contract Cleaning Joint Labour Committee Establishment (Amendment) Order 2014 |
| S.I. No. 26 of 2014 | Hairdressing Joint Labour Committee Establishment (Amendment) Order 2014 |
| S.I. No. 27 of 2014 | Hotels Joint Labour Committee (for the areas known, until 1 st January, 1994, as the County Borough of Dublin and the Borough of Dun Laoghaire) (Abolition) Order 2014 |
| S. I. No. 28 of 2014 | Hotels Joint Labour Committee Establishment (Amendment) Order 2014 |
| S. I. No. 29 of 2014 | Law Clerks Joint Labour Committee (Abolition) Order 2014 |
| S. I. No. 30 of 2014 | Security Industry Joint Labour Committee Establishment (Amendment) Order 2014 |
| S.I. No. 72 of 2014 | European Communities (Aerosol Dispensers) (Amendment) Regulations 2014 |
| S.I. No. 121 of 2014 | Companies (Miscellaneous Provisions) Act 2013 (Commencement) Order 2014 |
| S.I. No. 135 of 2014 | European Union (Prevention of Sharps Injuries in the Healthcare Sector) Regulations 2014 |
| S.I. No. 160 of 2014 | County Enterprise Boards (Dissolution) Act 2014 (Commencement) Order 2014 |
| S.I. No. 170 of 2014 | County Enterprise Boards (Dissolution) Act 2014 (Section 2) Order 2014 |
| S.I. No. 171 of 2014 | County Enterprise Boards (Dissolution) Act 2014 (Section 2) (No. 2) Order 2014 |
| S.I. No. 172 of 2014 | County Enterprise Boards (Dissolution) Act 2014 (Section 2) (No. 3) Order 2014 |
| S.I. No. 173 of 2014 | County Enterprise Boards (Dissolution) Act 2014 (Section 2) (No. 4) Order 2014 |
| S.I. No. 175 of 2014 | County Enterprise Boards (Dissolution) Act 2014 (Dissolution Day) Order 2014 |

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| | |
|------------------------|---|
| S.I. No. 250 of 2014 | European Union (Consumer Information, Cancellation and other Rights) (Amendment) Regulations 2014 |
| S.I. No. 285 of 2014 | Companies (Miscellaneous Provisions) Act 2013 (Section 2) Commencement Order 2014 |
| S.I. No. 306 of 2014 | European Communities (Companies) Regulations 2014 |
| S.I. No. 309 of 2014 | European Union (Cross-Border Mergers) (Interconnection of Business Registers) Regulations 2014 |
| S. I. No. 310 of 2014 | European Union (Branch Disclosures) (Interconnection of Business Registers) Regulations 2014 |
| S.I. No. 336 of 2014 | European Communities (Unfair Terms in Consumer Contracts) (Amendment) Regulations 2014 |
| S.I. No. 356 of 2014 | Friendly Societies and Industrial and Provident Societies (Miscellaneous Provisions) Act 2014 (Parts 1, 2 and 3) (Commencement) Order 2014 |
| S.I. No. 357 of 2014 - | Protection of Young Persons (Employment) (Exclusion of Workers in the Fishing and Shipping Sectors) Regulations 2014 |
| S.I. No. 366 of 2014 | Competition and Consumer Protection Act 2014 (Commencement) Order 2014 |
| S.I. No. 367 of 2014 | Competition and Consumer Protection Act 2014 (Establishment Day) Order 2014 |
| S.I. No. 400 of 2014 | European Union (Protection of Consumers in Respect of Timeshare, Long-Term Holiday Product, Resale and Exchange Contracts) (Amendment) Regulations 2014 |
| S.I. No. 401 of 2014 | Competition and Consumer Protection Act 2014 (Commencement) (No. 2) Order 2014 [was signed by Mr. Alex White TD, Minister for Communications, Energy and Natural Resources] |
| S.I. No. 430 of 2014 | Employment Permits (Amendment) Act 2014 (Commencement of Certain Provisions) Order 2014 |
| S.I. No. 432 of 2014 | Employment Permit Regulations |
| S.I. No. 490 of 2014 | European Union (Certain Permitted Uses of Orphan Works) Regulations, 2014 |
| S.I. No. 545 of 2014 | Jobs, Enterprise & Innovation (Delegation of Functions) Order 2014 |

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| | |
|----------------------|---|
| S.I. No. 547 of 2014 | Jobs, Enterprise & Innovation (Delegation of Functions) (No.2) Order 2014 |
| S.I. No. 555 of 2014 | European Union (Third Country Auditors and Audit Entities Equivalence, Transitional Period and Fees) (Amendment) Regulations 2014 |
| S.I. No. 574 of 2014 | Dangerous Substances (Retail and Private Petroleum Stores) (Amendment) Regulations 2014 |

International Agreements 2014

- The Marrakesh Treaty to Facilitate Access to Published Works for Persons who are Blind, Visually Impaired, or otherwise Print Disabled, that was adopted in Marrakesh on June 27, 2013. was signed by Ireland's Permanent Representative to the United Nations in Geneva, Ambassador Patricia O'Brien, on June 20, 2014

The images on the cover of this document are of drawings by Gabriel Hayes who was commissioned in 1941 to design and complete a range of carved stonework for the facade of the Department of Industry and Commerce building at Kildare Street.

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