Briefing material for the Oireachtas Select Committee on Jobs, Enterprise & Innovation

2016 In year Review

For Committee meeting 22nd September 2016
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Introduction

Minister Mitchell O’Connor T.D, accompanied by Ministers Pat Breen T.D. and John Halligan T.D., presented the 2016 JEI Estimate to the Select Committee on 21st June 2016. The primary matters discussed at that meeting covered:

- High-level details of the JEI Financials for 2016
- Jobs being supported by the Enterprise Agencies and related activities
- The IDA Regional Property Programme
- Innovation (Research & Development/Science & Technology)
- Skills shortages/future skills needs
- Local Enterprise Offices – “first stop shops”
- Workplace Relations Commission

Given the multi-annual nature of the broad enterprise, innovation and regulatory supports delivered through the Department and the relatively short passage of time since the Committee considered the JEI Estimates on 21st June 2016 there is some repetition in some of the material that follows. We believe some of this repetition should assist Committee members in their understanding of the wide diversity of responsibilities delivered across the Department, its Offices and Agencies.

Department of Jobs, Enterprise & Innovation
14th September 2016
Overview

The remit of the Department of Jobs, Enterprise and Innovation is one of the most diverse of all Government Departments. It has a wide range of functions and policy responsibilities which span across jobs and enterprise development, science, technology, research and innovation, industrial relations and employment rights, competition and consumer policy, health and safety and chemicals policy, construction contracts, and North-South enterprise initiatives amongst its key functions.

The mission of the Department is:

“To encourage the creation of high quality and sustainable full employment by championing enterprise across government, supporting a competitive enterprise base, promoting a low tax environment to incentivise work and enterprise, and promoting fair and competitive markets”.

DJEI “Statement of Strategy 2015 – 2017”

Enterprise and innovation policies are broad reaching and its formulation and implementation requires a whole of government commitment. Although DJEI is the principal Governmental advocate for enterprise and innovation, many other Government Departments play a crucial role in delivering on complementary policy actions to provide an environment that is conducive to job creation and which support the development of a competitive and sustainable enterprise mix, including in the areas of skills and tax, and essential infrastructures such as broadband and housing. So there are a multitude of actors and variables at play which impact on the enterprise, innovation and regulation agendas.

The Action Plan for Jobs (APJ), led by this Department, was developed by Government as a response to the dramatic rise in unemployment since 2008 and the loss of 300,000 jobs in the wider economy.

It is a whole of Government approach to identify actions required to support the enterprise sector as the main engine of job creation and to drive collaboration and implementation among the relevant stakeholders who have shared responsibility for the different objectives.

The APJ process has been demonstrably successful. The Department and its agencies have been to the fore in a cross-departmental focus on addressing the jobs challenge over the last five years. We now have an additional 176,000 people at work since the beginning of 2012 since the APJ process began.

Further Progress on the Jobs Agenda in 2016 to date

At the end of June 2016, as per CSO Quarterly National Household Survey, Q2 2016) there are now over 2 million people employed (a total of 2.014 million). This is the highest level of employment since Q4, 2008. The CSO end of Q2 data also shows that the employment figures have been increasing by close to 1,000 additional jobs per week in 2016.
The CSO figures also show that there is strong and continued employment growth in all regions of the country. The figures show that the biggest increases in the second three months of 2016 were in construction, and in administrative and support services.

On average, around 1,000 jobs have been added in the economy every week since the beginning of 2016.

For the first time since 2009 net migration into the country has outstripped emigration with an additional 3,100 coming in to Ireland than emigrating in the period April 2015 to April 2016.

Despite more people being in work now, the seasonally adjusted unemployment rate at the end of July stood at 8.4%. This increase is due to increased participation and net migration flow which has seen the labour force growing by 1.5% over the past year. CSO figures at the end of July now show the labour force figure at 2,202,700.

187,800 people remain unemployed and therefore further progress is needed to deliver on the aim of full-employment.

Whilst we have made excellent progress on the jobs front in recent years there are also a number of external risks that could impact on the momentum of enterprise job creation over the short and medium term. Primary threats include currency issues vis-a-vis sterling and the US dollar impacting on exports, responding to the challenges now posed by BREXIT, increases in energy and oil prices, increased tax-based competition and the impact on global economic growth of fragilities in China, Europe and the US. In addition there are ongoing concerns as to the impact of increases in domestic costs on our competitiveness, and emerging capacity issues in areas such as skills, office and industrial buildings availability, infrastructure investment and housing supply, which are increasingly impacting on our potential for enterprise investment and job creation.

As a reminder to the Committee members the table below sets out the number of jobs being directly supported by the enterprise agencies at the end of 2015.

Table 1: Jobs being directly supported in client companies of the Enterprise Agencies 2014/2015

<table>
<thead>
<tr>
<th></th>
<th>At end 2015</th>
<th>At end 2014</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Ireland</td>
<td>192,223</td>
<td>182,054</td>
<td>+10,169</td>
</tr>
<tr>
<td>IDA Ireland</td>
<td>187,056</td>
<td>175,223</td>
<td>+11,833</td>
</tr>
<tr>
<td>Local Enterprise Offices</td>
<td>32,592</td>
<td>29,059</td>
<td>+ 3,533</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>411,871</strong></td>
<td><strong>386,336</strong></td>
<td><strong>+25,535</strong></td>
</tr>
</tbody>
</table>
2015 was a record year in the number of jobs being supported by the Enterprise Agencies. Through capital funding supports provided through the Department to Enterprise Ireland, IDA Ireland and the Local Enterprise Offices over 25,500 net new jobs were created in the enterprise agency supported client companies in 2015.

At the end of 2015 the combined employment being directly supported by EI, IDA and the LEOs client companies stood at 411,871. Allowing for the multiplier effect a similar number of 400,000+ jobs are being indirectly supported in services and sub-supply to the enterprise agency client companies. Therefore over 800,000 jobs – or 2 out of every 5 jobs in Ireland – are in companies that are connecting in some way to the enterprise agencies supports.

In addition to the jobs being supported, typically the EI and IDA client cohort companies spend over €20 billion each per annum in the Irish economy. Furthermore EI clients generated export sales of €20.6 billion in 2015 – the highest level ever by EI supported clients.

The positive jobs momentum across the enterprise agency base has continued in the year to date with over 12,000 new jobs announced in IDA and EI supported client companies. (for more details see Section 2 – Jobs & Enterprise Development that follows from p23).
Section 1: JEI 2016 Estimate & Expenditure to end Aug.’16

2016 JEI Estimate

The total Gross Allocation for the Department for 2016 is €810.47 million as per the published 2016 Revised Estimates Volume (REV). This includes funding for the Department, its Offices and its Agencies. This compares to a 2015 Estimates provision of €810.1 million.

The JEI capital provision of €513m represents approximately 12.68% of the total Public Capital Programme proposed for 2016.

The JEI Current (gross) provision of €297m represents 0.58% of the total 2016 Exchequer Current expenditure provision of €51.33 billion.

The JEI 2016 Estimate is the 15th largest of the 41 Votes published in the 2016 Revised Estimates Volume.

<table>
<thead>
<tr>
<th>Programme Area</th>
<th>2016 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current €m</td>
</tr>
<tr>
<td>A- JOBS &amp; ENTERPRISE DEVELOPMENT</td>
<td>188.685</td>
</tr>
<tr>
<td>B – INNOVATION</td>
<td>25.93</td>
</tr>
<tr>
<td>C – REGULATION</td>
<td>82.858</td>
</tr>
<tr>
<td>Gross Total: -</td>
<td>297.473</td>
</tr>
<tr>
<td>APPROPRIATIONS-IN-AID (i.e. Estimated income)</td>
<td>46.648</td>
</tr>
<tr>
<td>Net Total: -</td>
<td>250.825</td>
</tr>
</tbody>
</table>

*There is no capital provision in Programme Area C – Regulation. The current provision in this programme area covers the Pay, Pensions and Non-Pay (day to day running costs) of the various bodies across the Regulation areas.
The split of Current and Capital allocations across the **3 Programme Areas** for 2016 are illustrated in the graphs below.
A Reminder of the JEI Capital Allocations 2016

The 2016 JEI capital allocation is a €4 million increase (+0.8%) over the 2015 total Revised Estimates allocation of €509m. The JEI capital provision supports the grant activities of the enterprise agencies, primarily Enterprise Ireland, IDA Ireland, Science Foundation Ireland and the Local Enterprise Offices as well as Ireland’s subscriptions to a number of international research organisations, such as the European Space Agency. The bulk of the enterprise grant operations are multi-annual programmes typically spanning over a 3 to 5 year period. Take-up on agency grants is usually dependent on industry demand and activity in the economy.

It is important for Committee Members to appreciate that given the multi-annual nature of enterprise agency grant programme offerings that a significant portion of the JEI Capital in any given year is utilised to meet existing business commitments. Therefore it is not the case that the Department has c. €500m+ at its disposal each year to conduct new business.

As can be seen from Table 3 that follows on page 9 the two significant Capital funding changes in 2016 relate to an increased provision to the IDA Ireland and a reduced provision under the Programme for Research in Third-Level Institutions. All other capital funding lines have remained essentially the same as the 2015 provision.

Increased IDA Capital allocation in 2016 – primarily for Regional Property Programme

The additional provision (+€27m) to the IDA Ireland in 2016 is primarily to further progress the IDA’s Regional Property/Advanced Facilities Programme. Some of the additional monies are also being used across IDAs grant funding programmes targeting new FDI investments.

Reduction in the Programme for Research in Third-Level Institutions in 2016 – offset by 2015 Supplementary Estimate

In December 2015 the Department had a Supplementary Estimate totalling €50 million. Of this €23.5 million was provided to the Programme for Research in Third-Level Institutions (PRTLI). The PRTLI funds large-scale research infrastructural and human capital (PhD) awards on a cyclical basis.

The PRTLI (currently on Cycle 5) funding provision covers 33 projects (18 infrastructure and 15 Structured PhD/Emergent Technology Programmes) which were initiated in 2011/12. Funding is provided to the colleges once expenditure has been incurred.

The capital reimbursement through the JEI Vote to the colleges for the infrastructural projects is akin to paying off a mortgage commitment. The €23.5 million provided in the 2015 Supplementary helped to meet some existing PRTLI commitments somewhat earlier than envisaged and enabled a lower PRTLI 2016 capital provision of €10.14 million. However it is important to note that the reduced 2016 PRTLI provision does not impact in terms of programme delivery.
### Table 3: Capital Provisions 2016 v 2015 by Agency/Programme area

<table>
<thead>
<tr>
<th>Agency/Programme area</th>
<th>2016 Estimate</th>
<th>2015 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Science Foundation Ireland</td>
<td>€157m</td>
<td>€157m (inc. €3m carryover)</td>
</tr>
<tr>
<td>IDA Ireland</td>
<td>€122m (inc €10m carryover)</td>
<td>€95m (inc. €5m carryover)</td>
</tr>
<tr>
<td>Enterprise Ireland – Subhead A7</td>
<td>€56m</td>
<td>€56m (incl €6m carryover)</td>
</tr>
<tr>
<td>Enterprise Ireland – Subhead B4 (R&amp;D)</td>
<td>€117.6m</td>
<td>€119.40m (incl €6m carryover)</td>
</tr>
<tr>
<td>Local Enterprise Offices</td>
<td>€18.50m</td>
<td>€18.50m</td>
</tr>
<tr>
<td>Memberships of International Research Organisations (ESA, EMBL, EMBC, Eureka, COST)</td>
<td>€18.72m</td>
<td>€18.62m</td>
</tr>
<tr>
<td>Programme for Research in Third Level Institutions</td>
<td>€10.37m</td>
<td>€32.02m</td>
</tr>
<tr>
<td>InterTrade Ireland</td>
<td>€5.53m</td>
<td>€5.53m</td>
</tr>
<tr>
<td>Interreg Programme (North/South)</td>
<td>€2.77m</td>
<td>€3.00m</td>
</tr>
<tr>
<td>Tyndall National Institute (at UCC)</td>
<td>€3.50m</td>
<td>€2.90m</td>
</tr>
<tr>
<td>National Standards Authority of Ireland</td>
<td>€0.50m</td>
<td>€0.50m</td>
</tr>
<tr>
<td>Credit Guarantee Scheme</td>
<td>€0.50m</td>
<td>€0.50m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>€513m</strong></td>
<td><strong>€509m</strong></td>
</tr>
</tbody>
</table>

*2015 figures do not include the €50m secured in the December Supplementary Estimate. Figures rounded to 2 decimal places.*
JEI Capital Spend is Delivering for Ireland

The investments through DJEI and its agencies have contributed strongly to growing productivity, innovation and employment in the economy and thereby significantly reducing the unemployment level from 15.1% in early 2012 to 8% at the end of July 2016 (as per CSO). As mentioned earlier over 400,000 of the 2 million people currently employed in Ireland are in enterprise agency supported client companies. The direct and indirect returns to the Exchequer from this very significant level of employment in agency supported clients are in the multiple billions of euros annually. Typically the EI and IDA client cohort spend over €40 billion combined in the Irish economy each year.

The Department’s capital investment programmes differ significantly to other Public Capital Programme (PCP) projects and have a far greater jobs impact. The majority of PCP offers one off construction projects which yield in the region of 10-20 jobs per €1m spent. Whereas, in terms of sustainable employment, it is important to note that enterprise agency job numbers are based on jobs that are sustained over at least 7 years\(^1\) as opposed to 2 to 4 years for capital investment in other infrastructure projects.
**Narrative on expenditure to the end of August 2016**

Table 4 below shows the 2016 allocation, profiled spend and actual expenditure to the end of August 2016 (the latest data available at the time of preparing this briefing material).

For the purposes of monthly Vote Management reporting by the Department to the Department of Public Expenditure and Reform, the Monthly Profiled expenditure for the financial year is conducted through an exercise undertaken in February each year.

On a monthly basis thereafter we are then required to report cumulative expenditure incurred to the end of each month and provide a comparison versus the “February” profiles. This comparison then allows for the “snapshot” month end position of the cumulative variance amount in Current and Capital spend.

**Table 4: 2016 JEI Estimate and expenditure position as at end August 2016**

<table>
<thead>
<tr>
<th></th>
<th>2016 Allocation</th>
<th>REV spending to the end of August 2016</th>
<th>Initial Profile of Expenditure to the end of August 2016</th>
<th>Variance in spend at the end August versus initial profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>€503m</td>
<td>€226.568m</td>
<td>€242.523m</td>
<td>-€15.95m (-6.5%)</td>
</tr>
<tr>
<td>Capital Carryover</td>
<td>€ 10m (for IDA)</td>
<td>€ 10m (IDA)</td>
<td>€ 10m (IDA)</td>
<td>-</td>
</tr>
<tr>
<td>Current</td>
<td>€297.473m</td>
<td>€177.611m</td>
<td>€188.373m</td>
<td>-€10.76m (-6%)</td>
</tr>
<tr>
<td><strong>Total Allocation (Gross)</strong></td>
<td><strong>€810.473m</strong></td>
<td><strong>€414.179m</strong></td>
<td><strong>€440.896m</strong></td>
<td><strong>-€26.71m / -6%</strong></td>
</tr>
</tbody>
</table>

Whilst at first glance a variance of €26.71 million (-6%) behind profile might give the impression of some difficulties or lower demand for enterprise supports or significant underspends arising across the Vote, the reality is that much of it relates to timing issues associated with certain JEI Capital programmes.

Committee members should appreciate that the profiling of multi-annual capital expenditure across thousands of client companies and Ireland’s research community is not an exact science. There are numerous variables at play, some of which can be factored in to some degree in the complex funding models operated by the enterprise agencies. However not all expenditure related factors can necessarily be fully controlled by the agencies on a monthly basis.

The primary capital funded programmes of the enterprise agencies are multi-annual in nature which means annual plans will be consistent over a medium-term period (typically 3 to 5 years). Good corporate governance and oversight arrangements in place across the agencies will also ensure that monies are not expended “Just for the sake of it” but that client companies and the research institutions are meeting the various terms and conditions relating to grant awards.
Other issues that impact on the timing and drawdown of expenditure are:

- The administrative capacity of the clients or the agencies themselves to submit and process expenditure claims in a given month,
- The demand for new business,
- Various aspects impacting on property development such as planning permission and inclement weather,
- Agency own resource income streams.

Traditionally it has been the case that the 2nd half of the financial year, typically from September onwards, where the bulk of JEI Capital expenditure is incurred each year.

**Explanations for Capital Variance at the end of August**

As mentioned earlier the capital expenditure at the end of August was €15.9 million behind profile (-6.5%). Notwithstanding this the Department still expects to expend the full capital provision of €513 million this year. The primary variances in capital at the end of August were as follows:

- **Subhead A5 - IDA Ireland** is €4m behind their original February profiled amount. The variance relates to slightly slower progress on property related activity than previously envisaged.

  The recent IDA experience over the past 18 months or so is that the “run rate” on their grant offerings is increasing with the IDA clients delivering new jobs at a faster rate than previously envisaged. This is very positive news as can be evidenced in the growing numbers employed across the IDA client base (187,000+ jobs directly at the end of 2015 - the highest level ever in the agency’s history). However the increased run rate understandably places pressure on the IDA grant funding model and it may be the case that some additional capital monies might be required by year end to meet some grant commitments.

- **Subhead A7 - Enterprise Ireland** is €9.1 million behind the February profile. This variance primarily relates to higher than anticipated Own Resource Income being received to the end of August. Under Public Financial Management rules Agencies must first use its Own Resource Income rather than drawdown exchequer monies. Enterprise Ireland fully expects to expend all of its Exchequer capital provision (€56 million in this subhead) by year end.

  In relation to Own Resource Income, the primary source of which comes from equity shares taken by Enterprise Ireland in their client companies, the agency is not in full control of the flow of Own Resource Income.
Subhead B4 - Science & Technology Development Programme is €3.87 million behind profile. The variance is primarily due to timing delays in the receipt by Science Foundation Ireland (SFI) of some financial reports from a small number of colleges. SFI will fully expend its €157 million capital allocation by year end.

Subhead A8 – Local Enterprise Development is €1.6 million ahead in capital versus the initial profile with some grants being provided across the 31 Local Enterprise Offices (LEOs) slightly earlier than previously envisaged. The 2016 capital provision of €18.5 million for the LEOs is expected to be expended in full.

**Indicative Year End Position – Capital**

One consequence of the economic recovery is that demand for enterprise and innovation supports is now back to pre-crisis levels. Whilst there are still 4 months left in the financial year, the Department believes that full capital expenditure and indeed some additional capital expenditure, if such monies were to be made available from the Exchequer, could be appropriately expended by year end in support of enterprise and innovation activities.

At this time of the year any exploration of the possibility of additional capital monies arising in 2016 for the JEI Vote cannot be done be in isolation from the forthcoming 2017 Estimates discussions with the Department of Public Expenditure.
Explanations for Variance in Current Expenditure at end August

Table 5: JEI Current Allocation 2016 and expenditure to the end of August

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>Profiled expenditure to the end August</th>
<th>Expenditure to end of August</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Current (gross) provision</td>
<td>€297.473m</td>
<td>€188.373m</td>
<td>€177.161m</td>
<td>€-10.75m (-6%)</td>
</tr>
</tbody>
</table>

Pay covers the Pay associated with the c. 2,500 staff of the Department and its Offices (c. 850) and the enterprise agencies (c. 1,650 staff).

At the end of August, the Department’s Pay expenditure was approximately €3.82 million behind the initial February profile (-4%). This primarily relates to some staff vacancies and delays in recruitment which is undertaken through the Public Appointments Service. Given existing staff vacancies and the timings associated with ongoing recruitment it is likely that a modest Pay underspend will arise across the Vote by year end.

Non-Pay covers the cost of day-to-day operations of the Department, Offices and Agencies (e.g. accommodation related costs, travel, publications, ICT costs etc). Non-Pay also includes payment of Ireland’s annual membership contributions to, for example, the World Trade Organisation, the International Labour Organisation, the World Intellectual Property Organisation and the OECD.

At the end of August the variance in Non-Pay expenditure versus profile was just over €6 million (-11%). There are a combination of factors contributing to this variance such as:

- Approximately €3.3 million in the August Non-Pay variance relates to timing issues associated with payments of invoices and receipt of some expenditure reports spanning IDA Ireland, Enterprise Ireland and the Local Enterprise Offices. These Non-Pay monies are expected to be fully expended by year end.

- A further €819k (-2.5%) or so of the August Current Variance relates to Pensions underspend across the Vote. The uncertain nature of when people might retire in a given year essentially makes the profiling of Pensions expenditure extremely difficult on a monthly basis.

- The Department’s Administrative budget is €2 million behind profile at the end of August. The bulk of the variance is primarily Accommodation and ICT related. There are some timing issues associated with proposed moves of a number of
Departmental Units and Offices due to several office lease expiries which were due to arise in 2016.

- Over 300 Departmental staff (spanning Labour Affairs Division, Finance Unit, the Companies Registration Office and the Workplace Relations Commission) will be relocating from current offices in Adelaide Road, Parnell Square and Haddington Road to different offices in the months ahead and into early 2017. Such moves are dependent on the assistance and resource capacity of the Office of Public Works to progress. The OPW is responsible for managing the Accommodation portfolio of right across Government. Some delays in the availability and fit-out of the “receiving” buildings (i.e. the new locations Departmental staff will be moving into) means that the Department has not yet incurred some of the profiled Accommodation expenditure this year.

**Current Expenditure: Indicative Year End Position**

Based on the end of August Current expenditure figures it is possible that the Department will not fully expend all of the €297 million Current provision this year. Whilst there are still 4 months (from the end August figures) in the year to go, based on spending trend in the year to date, it is likely that there will be some Pay, Pensions and Non-Pay underspends in a small number of subheads.

Notwithstanding the above point, it is also possible that over the coming months the Department may need to expend some additional Current Pay and Non-Pay monies in some subheads to meet emerging issues post the UK’s result on EU Referendum (Brexit).

There is also the possibility of some legal fees arising by year end particularly in Expenditure Programme Area C – Regulation. If any additional Current funding pressures are to arise in a subhead(s) by year end, then the Department would be required to obtain the approval of the Minister for Public Expenditure and Reform to vire monies from underspends arising elsewhere in the Vote. This process would have to be managed within the confines of the overall 2016 Current provision of €297 million. A Supplementary Estimate by year end 2016 is not envisaged in respect of any additional Current monies.
Performance Indicators/Targets/Outputs 2014–16

Before moving onto Section 2 which relates to an update on 2016 supported activity, in the pages that follow we deal with the high-level Performance Indicators/Targets and Outputs across the JEI Vote as published in the Revised Estimates Volume (REV) 2016.

In the Revised Estimates Volume (REV) 2016, there are Performance Indicators/Targets/Outputs set out across each Departmental Vote. The Performance Indicators form part of the overall Performance Budgeting approach introduced by the Department of Public Expenditure and Reform as part of Budgetary Reforms in 2012. In the pages that follow we also give a brief narrative on year-to-date developments though some of these, such as jobs and regional development, were already discussed at the Select Committee meeting on 21st June, 2016.

The REV process is co-ordinated and managed annually by the Department of Public Expenditure and Reform. The REV process usually commences immediately after Budget Day in mid-October and runs through November with publication usually in early to mid-December.

Given that the REV contains expenditure and related data across 41 different Votes, it is not possible to fully capture all outputs across all Votes and their respective Subheads given scale of publicly funded activities. Therefore the Performance Indicators published for Departments tend to be at a very high-level and presented across a limited number of Expenditure Programme areas.

As mentioned at the outset of this briefing note, the remit of the Department of Jobs, Enterprise and Innovation is one of the most diverse and wide ranging of all Government Departments. The DJEI remit spans across many areas such as indigenous enterprise development, foreign direct investment, trade, competition policy, consumer policy and protection, innovation, employment rights, industrial relations, company law, microfinance, health and safety in the workplace and employment permits amongst the main areas of focus.

This diversity is reflected in the structure of the Department’s Vote with over 40 different subheads spread across various programmes, Agencies and Administrative expenditure areas. Given the range of activities supported by the Department and its Agencies, there are numerous different metrics associated across virtually all subheads. For example, see Appendix 2 which sets out the key performance metrics specific to the Companies Registration Office (Subhead C11).

However Committee members need to appreciate that the REV publication is a matter for the Department of Public Expenditure & Reform (DPER). For practicality purposes DPER has chosen to limit the number of performance indicators specific to each Department bearing in mind that the REV publication spans 41 different Votes across Government. It is simply not possible for DPER to list the main metrics associated with each subhead of each Department and Vote.
DJEI Working to improve its use of metrics for the REV

Since its introduction in 2012 the Department has worked closely with colleagues in the Department of Public Expenditure to focus on the most appropriate high-level metrics directly relevant to the primary areas of the Department’s expenditure. It has been an evolving process over the past 4 Revised Estimates which has also coincided with a period of significant reforms being delivered across the JEI Vote. This has added to the challenge in having a proper “like-for-like” year-on-year comparison which is one of the objectives of the Performance Budgeting model overseen by DPER.

Another challenge is the timeline associated with the publication of the annual REV for the financial year in question. Typically Departments are required to submit their Performance Indicators/Targets for the forthcoming financial year during November of the previous year. This is essentially 6 weeks prior to actual year-end whereby Departments, their Offices and Agencies will not know definitive year end expenditure position and the associated outputs. The timeline for the REV was adjusted in 2013 so that the Irish Budgetary process fell in line with the EU financial semester.

Prior to 2013 the REV was published in February each year when a definitive year end expenditure position (of the previous year) was known as were many of the associated outputs. Now however the more condensed REV timeline means that all Departments, Offices and Agencies are presented with a practical challenge of setting Output targets for the forthcoming financial year without knowing the year end position of the current financial year.

Over the past 18 months or so the Department has also worked closely with colleagues in the Financial Scrutiny Unit of the Houses of the Oireachtas to see how the Department’s metrics could be further improved. The objective of this work is so that the Oireachtas might have a better understanding of, and capacity to assess, what is being delivered by the Department through the Exchequer provision of c. €800+ million per annum.

There are a multitude of factors that impact across the breadth of DJEI responsibilities at both national and international level. Key influences will be the prevailing global economic environment at a point in time, significant political decisions such as the recent UK EU Referendum (Brexit) or the forthcoming US Presidency Election. Also of relevance is Ireland’s global reputation, our cost competitiveness position and also what our competitors are doing. These are just some of the key influences on the Department’s sphere of operations.

In terms of accurately assessing performance against targets, given the breadth and scale of the Department’s operations allied to the available resources (not just in the Department or our Agencies but also across Irish based industry and our innovation system) means that detailed data gathering to determine outputs from exchequer funding can generally only be done properly once a year.
It is often not possible, nor indeed desirable in certain instances, to undertake detailed mid-year data gathering or extensive business census “number crunching” and analysis exercises across c. 6,000+ LEO clients, c. 3,500+ Enterprise Ireland clients, c. 2,800 SFI supported researchers, 1,000+ IDA client companies, 5,500+ BeSmart users or c.190,000 registered companies.

To properly capture as many of the variables involved, given the scale involved in the data gathering, verification and analysis process, it can only be done properly on an annual basis. Usually this is done as close as possible to the commencement of the new financial year and generally always after publication of the Revised Estimates Volume in December.

For the primary metric, the number of Jobs being directly supported through the Enterprise Agencies, this process is conducted through the Enterprise Agency Annual Employment Survey which is co-ordinated by the Department. (see www.djei.ie/en/What-We-Do/Business-Sectoral-Initiatives/Surveys-and-Data/).

Therefore as the bulk of the JEI Performance metrics are compiled on an annual basis in a number of cases the Department is not in a position to supply definitive, verifiable and quantitative mid-year 2016 data for all of the high-level Performance Indicators (as shown in Tables 8 – page 24, Table 12 – page 41 and Table 13 – page 52.

Notwithstanding this point on specific metrics, in the pages that follow we do try to provide a narrative on the year-to-date position across the main programme areas and associated Agencies.

Table 6 below shows the “June 2016 Dashboard of Statistics” which captures many of the pertinent elements on the state of the economy and items of relevant to the enterprise agenda. The vast bulk of these show continuing positive trends across areas of specific relevance to the JEI remit.
### Table 6: June 2016 Dashboard Statistics [latest available]

<table>
<thead>
<tr>
<th>Category</th>
<th>June 2016</th>
<th>Q1 2012-Q1 2016</th>
<th>Year 2015</th>
<th>Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monthly Unemployment Rate</strong></td>
<td>7.8% CSO</td>
<td>+155,000</td>
<td>10,169 net jobs</td>
<td>+ 10,613 net jobs</td>
</tr>
<tr>
<td>(CSO-QNHS)</td>
<td>CSO (9.4% June’15, 15.1% 2012)</td>
<td>(+15,000 Q1 2016 – CSO)</td>
<td>(Total 192,223 employed) – [DJEI AES]</td>
<td>(Total 187,056 employed) (DJEI AES)</td>
</tr>
<tr>
<td><strong>Enterprise Ireland</strong></td>
<td>+3,533 (DJEI AES)</td>
<td>+44,500 (2015) (CSO)</td>
<td>(9,100 jobs approved H1 ’16) (DJEI AES Survey)</td>
<td></td>
</tr>
<tr>
<td><strong>Local Enterprise Offices</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Job change</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IDC Ireland</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>New Goods Vehicles</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Manufacturing Turnover</strong></td>
<td>+2% (+6.5% Volume - CSO)</td>
<td>+6.5% Volume</td>
<td>+3.9% Value [CSO]</td>
<td>+10.05% (+41.1% year 2015 - CSO)</td>
</tr>
<tr>
<td><strong>Year to May 2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Retail Sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>New Company Incorporations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Goods Exports</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employment Permits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Q2 2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Patents Applications</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trading PMI Export</strong></td>
<td>51.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(52.7 May 2016) (Enterprise Ireland)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Services PMI</strong></td>
<td>53.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(51.5 May 2016) (Investec)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Manufacturing PMI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Construction PMI</strong></td>
<td>59.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(55.9 May 2016) (Ulster Bank)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Patents Applications</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Q2 2015-Q2 2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>---------</td>
<td>---------</td>
<td>--------------</td>
<td></td>
</tr>
</tbody>
</table>
| **Services Output Value**  
+ 7.8%  
ICT + 36.4%  
Accommodation & Food +10.4% [CSO] | **Credit Guarantee Scheme**  
€41.5m Funding  
+ 1,275 New Jobs  
(946 Jobs maintained) [DJEI] | **Microfinance Ireland**  
€1.4m approved  
48% approval rate [DJEI] | **Euro**  
£0.83  
$1.11  
(From 31 Dec.'15 €/$ +2.0%:  
€/£ +12.6%) [Central Bank] |
| **Year to May 2016**  
Manufacturing Output Prices (excluding food)  
-1.3%  
(Food -2%, Pharma -2%) [CSO] | | | |

*DJEI AES = the Annual Employment Survey conducted by the Department across the enterprise agencies client companies.*
To assist the Committee Members appreciation of the JEI Vote Structure, Table 7 below sets of the 3 high-level Programme Expenditure areas and the associated Agencies and Programmes.

**Table 7 - List of the Offices and Agencies by specific programme area**

<table>
<thead>
<tr>
<th>Offices and Agencies by Programme</th>
<th>Programme A – Jobs and Enterprise Development</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Enterprise Ireland (EI)</td>
</tr>
<tr>
<td></td>
<td>IDA Ireland</td>
</tr>
<tr>
<td></td>
<td>InterTrade Ireland</td>
</tr>
<tr>
<td></td>
<td>Local Enterprise Offices (x31)</td>
</tr>
<tr>
<td></td>
<td>National Standards Authority of Ireland (NSAI)</td>
</tr>
<tr>
<td>Programme B - Innovation</td>
<td>Enterprise Ireland (Research and Innovation supports)</td>
</tr>
<tr>
<td></td>
<td>Patents Office</td>
</tr>
<tr>
<td></td>
<td>Science Foundation Ireland (SFI)</td>
</tr>
<tr>
<td></td>
<td>*Higher Education Authority (HEA) [an agency under the aegis of the D/Education &amp; Skills ]</td>
</tr>
<tr>
<td>Programme C – Regulation</td>
<td>Companies Registration Office (CRO)</td>
</tr>
<tr>
<td></td>
<td>Competition &amp; Consumer Protection Commission</td>
</tr>
<tr>
<td></td>
<td>Construction Contracts Adjudication Service</td>
</tr>
<tr>
<td></td>
<td>Employment Appeals Tribunal</td>
</tr>
<tr>
<td></td>
<td>Health &amp; Safety Authority (HSA)</td>
</tr>
<tr>
<td></td>
<td>Irish Auditing &amp; Accounting Supervisory Authority (IAASA)</td>
</tr>
<tr>
<td></td>
<td>Labour Court</td>
</tr>
<tr>
<td></td>
<td>Low Pay Commission</td>
</tr>
<tr>
<td></td>
<td>Office of the Director of Corporate Enforcement (ODCE)</td>
</tr>
<tr>
<td></td>
<td>Personal Injuries Assessment Board (PIAB)</td>
</tr>
<tr>
<td></td>
<td>Registry of Friendly Societies (RFS)</td>
</tr>
<tr>
<td></td>
<td>Workplace Relations Commission</td>
</tr>
</tbody>
</table>

* Since May 2010, the Higher Education Authority (an agency of D/Education & Skills) has administered the PRTLI – the Programme for Research in Third-Level Institutions on behalf of the Minister for JEI.
Section 2: 2016 - Progress Year to date at Programme level
(i) Programme A: Jobs & Enterprise Development – 2016 year to date

Programme A 2016 Funding:

<table>
<thead>
<tr>
<th></th>
<th>Amount (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay</td>
<td>87.803m</td>
</tr>
<tr>
<td>Pensions</td>
<td>46.443m</td>
</tr>
<tr>
<td>Non-Pay</td>
<td>54.439m</td>
</tr>
<tr>
<td>Capital</td>
<td>205.800m (incl. 10m carryover for IDA)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>394.485m</strong></td>
</tr>
</tbody>
</table>

The primary objective of this programme area is to maximise sustainable job creation across the enterprise base to make Ireland the best small country to do business in. The Department aims to position Ireland as a competitive, innovation-driven location in which to do business, to promote entrepreneurship, to develop a strong indigenous enterprise base, to target future inward investment and to grow exports in existing and fast-growing markets.

This programme area covers the “Action Plan for Jobs” as well as activities carried out by specific policy areas of the Department spanning indigenous enterprise, regional development, micro-finance, state-aid, EU affairs, trade, foreign direct investment, competitiveness issues and the green economy.

Under Programme A funding provision is provided to the following agencies and programme lines:

- **Subhead A3**: Agency legacy pensions (for retired employees of the enterprise agencies).
- **Subhead A4**: InterTrade Ireland
- **Subhead A5**: IDA Ireland
- **Subhead A6**: National Standards Authority of Ireland
- **Subhead A7**: Enterprise Ireland
- **Subhead A8**: Local Enterprise Development (the LEOs)
- **Subhead A9**: Credit Guarantee Scheme
- **Subhead A10**: To assist North-South measures via the Enterprise Development strand of the cross-border INTERREG programme
- **Subhead A11**: Ireland’s membership of the World Trade Organisation and contribution to the OECD SEED Programme
### Metrics: Programme A: Jobs & Enterprise Development

Objective: Maximise sustainable job creation across the enterprise base to contribute to Government’s goal to deliver full employment by 2018.

#### Table 8: Key High Level Metrics for Programme A (as published in the 2016 REV)

<table>
<thead>
<tr>
<th>(Subhead funding the activity)</th>
<th>(2014 Output)</th>
<th>(2015 Output)</th>
<th>(2016 Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014 Output</td>
<td>2015 Output</td>
<td>2016 Target</td>
</tr>
<tr>
<td></td>
<td>[2014 Target]</td>
<td>[2015 Target]</td>
<td></td>
</tr>
<tr>
<td><strong>A5 – IDA Ireland</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of new IDA investment projects won</td>
<td>197 [155]</td>
<td>213 [170]</td>
<td>175</td>
</tr>
<tr>
<td><strong>A5 – IDA Ireland</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of gross new jobs created by IDA client companies in year</td>
<td>15,012 [13,500]</td>
<td>18,983 [14,700]*</td>
<td>16,200</td>
</tr>
<tr>
<td><strong>A7 – Enterprise Ireland</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of gross permanent fulltime job gains</td>
<td>14,873 [12,000]</td>
<td>21,118 [13,300]</td>
<td>12,000</td>
</tr>
<tr>
<td><strong>A7 – Enterprise Ireland</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports sales by EI client companies</td>
<td>€18.6 billion [€13 billion]</td>
<td>€20.6 billion [€20 billion]</td>
<td>€22 bn</td>
</tr>
<tr>
<td><strong>A7 – Enterprise Ireland</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New contracts secured with EI assistance</td>
<td>893 [750]</td>
<td>1,239 [1,000]</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>A8 – Local Enterprise Development (LEOs)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of (gross) jobs created in Local Enterprise Offices supported companies (full &amp; other-time in client companies in receipt of LEO funding)</td>
<td>4,012 [2,000]**</td>
<td>7,122 [4,050]</td>
<td>4,100</td>
</tr>
<tr>
<td><strong>A8 – Local Enterprise Development (LEOs)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No of LEO clients on individual mentoring assignments [excludes LEOs Mentoring clinics]</td>
<td>2,591**</td>
<td>3,533 [3,000]</td>
<td>3,200</td>
</tr>
<tr>
<td><strong>A9 – Credit Guarantee</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No of loan approvals supported through the Credit Guarantee Scheme</td>
<td>68 [no target set]</td>
<td>N/A [68]</td>
<td>68</td>
</tr>
</tbody>
</table>

*IDA 2015 and 2016 Output targets revised upwards on foot of Supplementary Estimate 1st December 2015.

**The LEOs were established in April 2014.*
Continuing progress on the Jobs front in 2016

In the first half of 2016 we have seen the continuing momentum on the jobs front with over 2 million people now in employment in Ireland, the highest figure since late 2008. In the pages that follow we give a brief overview of the Agency specific developments in Programme A – Jobs & Development expenditure area in the year to date. We also include some commentary on the initial Agency responses to UK’s Vote on the EU Referendum (Brexit) which occurred two days after the Minister’s presentation of the 2016 Estimate to the Select Committee on 21st June 2016.

IDA Ireland

Subhead A5 of the JEI Vote relates to IDA Ireland.

IDA is currently on track to equal last year’s record performance in terms of new jobs being delivered. In early July in its mid-year update IDA Ireland reported a strong first half of 2016 as Ireland continues to be one of the strongest performers in Europe in the foreign direct investment (FDI) sector.

Investments approved by IDA in the first half will lead to the creation of 9,100 jobs as companies roll out their plans over the coming months and years. This performance is on a par with the first half of 2015 which was one of Ireland’s best years for FDI.

Ireland won 115 projects in the first six months of the year compared to 110 in the same period last year.

Technology & Business Services and International Financial Services were amongst the strongest performers in the first half of the year. This was followed by Life Sciences. While the US remains Ireland’s key source market, Growth Markets including Asia-Pacific are showing increased growth over a smaller base. IDA also pointed to the changing structure of the Pharmaceutical sector. Ireland is winning a significant amount of capital intensive bio-pharma investment to support the commercialisation of a range of new drugs. However in parallel, some older plants are facing challenges to their competitive position due to their older product and technology mix.

IDA expects the recent UK referendum decision to leave the European Union (so-called Brexit) may present potential opportunities in the period ahead generated by newly mobile foreign direct investment, but it warned that the impact of Brexit on the global Technology & Business Services and International Financial Services were amongst the strongest performers in the first half of the year.

Examples of some IDA client companies jobs announcements in 2016 to date [@ September 1st] are outlined in Table 9 that follows.
Table 9 – 2016 Jobs announcements in IDA supported client companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uber</td>
<td>Limerick</td>
<td>100 initially – up to 300 at full capacity</td>
</tr>
<tr>
<td>Oracle</td>
<td>Dublin</td>
<td>450</td>
</tr>
<tr>
<td>Netigate</td>
<td>Cork</td>
<td>45</td>
</tr>
<tr>
<td>First Data</td>
<td>Tipperary</td>
<td>300</td>
</tr>
<tr>
<td>Hortonworks</td>
<td>Cork</td>
<td>50</td>
</tr>
<tr>
<td>Equifax</td>
<td>Dublin</td>
<td>100</td>
</tr>
<tr>
<td>Credit Suisse</td>
<td>Dublin</td>
<td>100</td>
</tr>
<tr>
<td>Hubspot</td>
<td>Dublin</td>
<td>320</td>
</tr>
<tr>
<td>Ipswitch</td>
<td>Galway</td>
<td>60</td>
</tr>
<tr>
<td>Eli Lilly</td>
<td>Kerry</td>
<td>35m US dollar investment in new high-tech manufacturing facility</td>
</tr>
<tr>
<td>Shire</td>
<td>Meath</td>
<td>400</td>
</tr>
<tr>
<td>OPKO Health/Eirgn</td>
<td>Waterford</td>
<td>200</td>
</tr>
<tr>
<td>Kellton Tech Solutions Ltd</td>
<td>Drogheda</td>
<td>100</td>
</tr>
<tr>
<td>Wayfair</td>
<td>Galway</td>
<td>160</td>
</tr>
<tr>
<td>Amazon</td>
<td>Dublin</td>
<td>500</td>
</tr>
<tr>
<td>9 Story Media Group/Brown Bag Films</td>
<td>Dublin</td>
<td>95</td>
</tr>
<tr>
<td>Surmodics</td>
<td>Galway</td>
<td>100</td>
</tr>
<tr>
<td>Eurofins</td>
<td>Dungarvan</td>
<td>+500 increase by 2021</td>
</tr>
<tr>
<td>iDirect</td>
<td>Kerry</td>
<td>30</td>
</tr>
<tr>
<td>Endress &amp; Hauser</td>
<td>Kildare</td>
<td>20</td>
</tr>
<tr>
<td>Siteminder</td>
<td>Galway</td>
<td>100</td>
</tr>
<tr>
<td>Glan Agua &amp; Meic</td>
<td>Galway</td>
<td>60</td>
</tr>
<tr>
<td>Se2</td>
<td>Waterford</td>
<td>65</td>
</tr>
<tr>
<td>Fitbit</td>
<td>Dublin</td>
<td>50</td>
</tr>
<tr>
<td>Coca Cola</td>
<td>Ballina</td>
<td>25</td>
</tr>
</tbody>
</table>

IDA Regional Property update

A key component of the IDA's property strategy is the provision of suitable buildings for prospective investors.

As the Minister noted at the presentation of the 2016 JEI Estimates to the Committee on 21st June, a total of 34 sites across 22 counties have been identified by the IDA as part of their Regional Property/Advance Facilities programme in the period to 2020.
The first three planned advance facilities in Castlebar, Sligo and Tralee were the subject of design, planning and procurement stages in 2015 and construction is now aimed to be completed in 2016. The next round of locations will progress through design and planning this year with similar activity for the last round of locations scheduled to begin in 2017 (see table below).

<table>
<thead>
<tr>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sligo</td>
<td>Galway</td>
<td>Athlone (2(^{nd}) build)</td>
</tr>
<tr>
<td>Tralee</td>
<td>Dundalk</td>
<td>Carlow</td>
</tr>
<tr>
<td>Castlebar</td>
<td>Limerick</td>
<td>Waterford (2(^{nd}) build)</td>
</tr>
</tbody>
</table>

**Enterprise Ireland**

Subhead A7 of the JEI Vote relates to Enterprise Ireland – general supports to client companies. (EI also receives funding under Subhead B4 – the Science & Technology Programme which is dealt with in the section that follows on “Innovation” from page 28 onwards).

After the record year for Enterprise Ireland’s client cohort, the first half of 2016 has also continued in a positive vein with over 3,000 new jobs being announced in EI supported client companies. Table 10 that follows on page 28 outlines some examples of the jobs announced across EI clients to the end of August.

The positive performance across the EI client cohort for the first half of the year has, more recently, had to be tempered with the uncertainty arising from the Brexit Vote and its possible impacts on EI clients in the short and medium term. (See p34 for DJEI and Agency response to Brexit).
Table 10: Examples of Enterprise Ireland jobs announcements in 2016 to the end Aug.

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chanelle</td>
<td>Galway</td>
<td>175</td>
</tr>
<tr>
<td>3D4 Medical</td>
<td>Dublin</td>
<td>100</td>
</tr>
<tr>
<td>CBE</td>
<td>Mayo</td>
<td>40</td>
</tr>
<tr>
<td>Aspira</td>
<td>Cork</td>
<td>50</td>
</tr>
<tr>
<td>APC</td>
<td>Dublin</td>
<td>100</td>
</tr>
<tr>
<td>Grant Engineering</td>
<td>Offaly</td>
<td>50</td>
</tr>
<tr>
<td>Obelisk</td>
<td>Cavan &amp; Dublin</td>
<td>200</td>
</tr>
<tr>
<td>LotusWorks</td>
<td>Sligo</td>
<td>50</td>
</tr>
<tr>
<td>Kiernan Structural Steel</td>
<td>Longford</td>
<td>50</td>
</tr>
<tr>
<td>Datalex</td>
<td>Dublin</td>
<td>200</td>
</tr>
<tr>
<td>Compliance &amp; Risks</td>
<td>Cork</td>
<td>50</td>
</tr>
<tr>
<td>Sigmar Recruitment</td>
<td>Cork, Kerry, Galway</td>
<td>150</td>
</tr>
<tr>
<td>CoreHR</td>
<td>Cork, Kilkenny, Dublin</td>
<td>300</td>
</tr>
<tr>
<td>Vistamed</td>
<td>Carrick-on-Shannon</td>
<td>200</td>
</tr>
</tbody>
</table>
Local Enterprise Offices

Subhead A8 of the JEI Vote is Local Enterprise Development and the funding supports to the Local Enterprise Offices (LEOs).

The LEOs are the ‘first stop shop’ for providing advice, financial assistance and signposting to other sources of supports to those wishing to start or grow their business in each Local Authority area.

The LEOs utilise their funding allocation to provide a range of development supports aimed at driving new start-ups and building company capacity and performance among the micro-enterprise sector.

They offer direct grant aid to microenterprises (10 employees or fewer) in the manufacturing and internationally traded services sector which, over time, have the potential to develop into strong export entities.

Subject to certain eligibility criteria, such financial assistance (Measure 1 support) is available in the form of: Priming grants (new start-ups), Business Expansion/Development grants, and Feasibility/Innovation grants in the micro enterprise sector.

Soft supports in the form of training and mentoring (Measure 2 support) are also provided through the LEOs in support of business start-ups and development in the broader small business sector. Youth entrepreneurship is directly supported through Ireland’s Best Young Entrepreneur competitive initiative (see below).

On the basis of the 2016 capital allocation of €18.5 million the LEOs have targeted the approval of 900 projects to be directly funded under Measure 1, with 1,500 associated jobs (to come on stream in 2016 and subsequent years).

Each LEO has prepared a Local Enterprise Development Plan (LEDP) setting out what the LEO intends to deliver during 2016.

Performance in the first half of 2016 indicates that the LEOs are on course to deliver on these targets, with almost 500 projects approved around the country in the first six months of 2016. These projects represent an overall investment of €8.4 million and are projected to deliver c. 960 new jobs.

Grants paid out to LEO client companies so far in 2016 amount to €4.37 million. Also during this period, the LEOs had 13,509 participants on training courses and provided mentoring services to 1,497 participants.

The performance to date in 2016 indicates a continuation of the strong investment and job creation momentum for the LEOs since their inception. In 2015, the LEOs approved 984 projects to the value of €15 million.
The LEO client portfolio as a whole added 3,533 new full and part-time jobs (net) last year and 4,012 jobs (net) in 2014.

DJEI’s focus through the Enterprise Ireland Centre of Excellence remains on driving the development and performance of the LEOs. Key elements of this include:

- Ensuring that all LEOs realise the full potential for job creation within their portfolio, addressing differential performance levels through enhanced portfolio management, sharing of best practice, and effective customer relationship management;

- Ensuring that LEO job creation and new start-up potential across all of the regions is adequately supported through an increased capital funding allocation;

- Driving performance of micro-enterprises, particularly in a Brexit context, with the emphasis on competitiveness, innovation, online trading, export development and diversification, and productivity improvements;

- Managing the considerable extra demands that have been placed on the LEOs since their establishment in conjunction with the Local Authorities, including Regional APJs, economic development activities, signposting and referrals and other national level initiatives;

- Ensuring adequate staffing levels are in place in each of the 31 LEOs, provided through DJEI/Enterprise Ireland and the Local Authorities; and

- Communicating the value of a strong start-up culture at local level and the supports that are available through the LEOs.

Table 11 : Local Enterprise Offices Outcomes 2014/15

<table>
<thead>
<tr>
<th>LEOs Outcomes</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Jobs Created</td>
<td>7,122</td>
<td>7,350</td>
</tr>
<tr>
<td>Net Jobs Created</td>
<td>3,533</td>
<td>4,012</td>
</tr>
<tr>
<td>Training Programme Participants</td>
<td>27,185</td>
<td>24,616</td>
</tr>
<tr>
<td>IBYE Participants</td>
<td>1,398</td>
<td>1,018</td>
</tr>
<tr>
<td>Mentoring Participants</td>
<td>8,175</td>
<td>6,890</td>
</tr>
<tr>
<td>Trading online vouchers (from 1 July 14)</td>
<td>1,550</td>
<td>-</td>
</tr>
</tbody>
</table>
• **Ireland’s Best Young Entrepreneur - IBYE**

In August Minister Mitchell O’Connor launched the latest search to find Ireland’s Best Young Entrepreneur (IBYE). With a €2 million investment fund available, the enterprise initiative is run by the 31 Local Enterprise Offices around the country. IBYE supports young entrepreneurs through training, mentoring and direct financial investments. Young entrepreneurs between the ages of 18 and 35 are now being encouraged to apply, before the closing date of Friday, October 14th 2016.

The initiative is co-ordinated by all 31 Local Enterprise Offices and begins with a nationwide competition across three categories at county level: Best Idea, Best Start-Up Business and Best Established Business. A total of around 450 applicants, across every Local Authority area, will be invited to regional ‘Entrepreneur Bootcamps’ in November, to help them develop their business and new venture ideas.

With an available IBYE investment fund of €50,000 each, every Local Enterprise Office will award six investments to three category winners and three runners-up at county level.

IBYE is now in its third year and last year’s winners were James Foody of Ayda in South Cork (Ireland’s Best Young Entrepreneur for 2015 and Best Start-Up Business), Blaine Doyle of GlowDX in Kilkenny (Best Business Idea) and James Wood of Rathwood in Wicklow (Best Established Business).
Regional Action Plans

As mentioned earlier in the brief since the Action Plan for Jobs was launched in 2012 employment has increased by over 176,000. All regions of the country have experienced job growth, but in some regions, growth has been slower than in others. That is why, in February 2015 the Department launched the “Regional Action Plans for Jobs Initiative” to facilitate each region to achieve its economic potential and raise employment levels in each of the regions.

Development of the Plans

The contributions and commitment of people based in the regions, from both the private and public sector (over 1,000 stakeholders consulted), was a crucial element in the design of 8 Regional Action Plans during 2015 and early 2016. It will continue to be a key element in ensuring they remain focused on the region’s own particular needs, strengths, and areas of opportunity. The collaborative cross-county approach of the Plan also ensures that resources and expertise are used effectively to the maximum benefit of the region, and thus its individual counties and towns.

Targets: The overall goal is to have a further 10% to 15% at work in each region by 2020.

Achieving these ambitious jobs targets at regional level will require a renewed focus on building on regional strengths, assets and areas of competitive advantage to develop the attractive and competitive environments for business to start, grow and succeed on international markets and to attract inward investment.

Each Plan contains a series of actions for delivery over 2015 – 2017 to support and develop employment growth, developed in consultation with stakeholders in each of the regions.

Implementation and Monitoring

All 8 Plans have been published during the course of 2015 and early 2016.

Each Plan is overseen by a Regional Implementation Committee, with members drawn from the private and public sector. DJEI is working closely with county councils to encourage them to play a significant role in implementing the Plans. Collaboration with the private sector has also been, and will continue to be, a key element in the development and delivery of these plans. The role of private sector Enterprise Champions on the Regional Implementation Committees is to drive the delivery of these plans and maintain the Committees’ focus on enterprise and jobs growth.

Twice yearly updates will be published for each plan. The first Progress Reports will be published in Quarter 3 2016.
Access to Finance

Interest rate cut for small business

From July 1st 2016 micro-businesses could avail of reduced interest rates (down by 1%) from Microfinance Ireland (MFI). Micro-enterprises can apply for loans of between €2,000 and €25,000 directly to MFI, or indirectly through their Local Enterprise Office.

Microfinance Ireland as a not-for-profit lender, was established to deliver the Government’s Microenterprise Loan Fund. Microfinance Ireland provide an alternative source of funding to micro-enterprises – both new and existing, who may be having difficulties in accessing finance from commercial providers and ultimately supports the creation and/or retention of jobs.

Since being set up in late 2012, it has approved €14.1m in loans to 944 businesses supporting 2,148 jobs, across all sectors of business and in every county across the country. In 2015 approximately two-thirds of approved loans went to support Start-Up companies, with the remainder going to existing small businesses that were looking to expand and develop.

From 1st July, 2016 applicants direct to MFI can avail of a standard rate of 7.8% APR, down from 8.8%. In addition, applicants to MFI via their Local Enterprise Office (or LEO) can borrow at an even lower rate of 6.8% APR, a competitive interest rate for those small businesses who are currently finding it difficult to access finance from traditional sources.

Committee members should note that Microfinance Ireland was provided with an initial €10 million tranche of funding via the JEI Vote in 2012. Its funding does not feature in the 2016 JEI Estimate though it is possible that a second tranche of funding to Microfinance Ireland may feature in the 2017 Estimate.

Credit Guarantee Scheme

Subhead A9 of the JEI Vote provides funding for the Credit Guarantee Scheme. The latest Quarterly Report (Q2 of 2016) from Capita Asset Services Ireland Ltd on its operation, on behalf of the State, of the Credit Guarantee Scheme (CGS) was published on 8th September.

The latest Report shows that CGS Facilities were sanctioned for 43 Irish SMEs in the Q2 of 2016, for a combined total of almost €7.3 million, facilities that will create or maintain more than 300 Irish jobs. This is the highest level of quarterly figures achieved under all of these headings since the Scheme was introduced in October 2012.

347 facilities totaling over €56 million have been sanctioned since October 2012. These went on to support or maintain more than 2,500 jobs. The figures also show that jobs have been supported in every region, and that numerous sectors across the economy have benefited from the Scheme.
Immediate DJEI & Agency Response to BREXIT

Since the announcement on Friday 24th June 2016 of the result of the UK referendum, in favour of the UK leaving the European Union, a number of steps have been taken. The Government held an emergency meeting on that Friday morning. Statements were issued during the course of that day by the Taoiseach, by Minister Mitchell O’Connor, and by the CEOs of IDA Ireland and Enterprise Ireland respectively.

The Government also published on the same day a summary of the Contingency Framework which identified actions that would be taken by Departments and agencies across Government, including by DJEI and by Enterprise Ireland and IDA Ireland, to respond to challenges arising from the referendum result.

Immediately following the Government meeting on 24 June, and as part of this Department’s contingency plans, the Minister chaired the first meeting of the Coordination Group consisting of the CEOs of both IDA Ireland and Enterprise Ireland, and relevant enterprise, single market and trade officials from the Department. The Group addressed the immediate response to the referendum result, and the messaging to business both domestically and overseas. The Group held subsequent meetings during the summer months, and is scheduled to meet again during September. Minister has continued to chair this Group as part of the Department’s ongoing response as developments unfold.

Also in the aftermath of the referendum result, the Minister has also met with a wide range of representative organisations, including IBEC, ISME, the SFA, the Irish Exporters Association, American Chamber of Commerce Ireland (AmCham), Dublin Chamber of Commerce, and the Irish Farmers Association, to provide an update on immediate responses to reassure business in the aftermath of the result.

During July the Minister also wrote to her two newly appointed UK counterparts, Secretaries of State Fox and Clark, requesting a meeting with each at an early date. These requests are being followed up through contacts with the British Embassy in Dublin. In addition, the UK Trade Minister, Lord Price, has requested to meet the Minister during his visit to Dublin in the first week of November.

On September 5th the Minister travelled to Brussels and held a series of meetings to convey the unique impact of Brexit on Ireland, at the earliest stage in advance of the commencement of the detailed exit negotiations. The Minister met with Commissioner Elzbieta Bienkowska, Commissioner for the Internal Market, Industry, Entrepreneurship and SMEs, and with Commissioner Cecelia Malmstrom, Commissioner for Trade, and also with Vicky Ford MEP, Chair of the Internal Market (IMCO) Committee of the European Parliament.

Minister Mitchell O’Connor is also a member of the recently formed Cabinet Sub-Committee on Brexit which convened its first meeting on September 8th.
Expanded Trade Missions

In July the Minister announced an intensive trade mission and events schedule to the end of 2016. Through Enterprise Ireland, the Department has increased the number of planned Ministerial-led missions from July to December 2016 to 26. This represents an increase of 16 Ministerial-led missions and events on the first half of 2016. In total there will be 36 ministerial-led trade missions and events in 2016. This scale is almost double the 2015 level.

Enterprise Ireland actions

The expanded Trade Missions programme announced will draw from Enterprise Ireland’s international network, research and market intelligence to help provide the greatest opportunity for Irish companies to grow their exports.

Some of the key sectors and markets targeted include:

- Lifesciences Trade Mission to the USA
- Financial Services Trade Mission to China
- Subcontractor Automotive Expo in Sweden
- ICT Water and Wastewater Trade Mission to the Gulf
- Software and Education Trade Mission to India
- Food Manufacturing in UAE and Iran

Ever since the UK vote, Enterprise Ireland has been systematically engaging with its 1,500 clients that export to the UK to fully understand the support they need in this period of uncertainty and following the recent and likely medium term devaluation of sterling.

The immediate impact of BREXIT on EI clients has been a downturn in sentiment towards the UK market with clients expressing fears around faltering growth, new business orders and export expectations. While this scenario will be monitored over the coming months, the only question seems to be around the degree of impact ie. whether exports to the UK will fall, stagnate or grow more slowly than they otherwise might have.

In July, Enterprise Ireland took immediate action and published an “Information Guide for Irish Exporters to the UK” outlining 5 Pillars of support including;

- Information & Guidance
- Market Diversification Support
- International Sector Clustering Strategy
- UK Market Support
- Competitiveness & Market Development Support

In July, the agency also published “A new Guide for Irish Exporters post Referendum” providing further information and guidance.

EI has developed a new marketing campaign to drive the global ambitions of Irish companies into new markets and sectors. The marketing campaign includes a number of articles on UK Opportunities for Irish Exporters, the new guide to exporting and supports available to Irish companies published in national and regional newspapers.
EI will also be organising a series of exploratory Market Study Visits to bring clients individually, or in sector groupings, to visit new markets to assess the potential for developing business opportunities.

**Enterprise Ireland Global Ambition Campaign**

The campaign has 3 parts and will be implemented at National, Regional and International Levels on a phased basis.

1. **Encourage** – inspire Irish companies to scale up, expand and diversify beyond the UK into international markets by showcasing inspiring Irish companies across a range of sectors.

2. **Educate** – inform Irish exporters of the exporting toolkit (competitiveness, innovation and international market access) available from Enterprise Ireland and educate them about how to export into key international markets through seminars, guidance and webinars.

3. **Enable** – support exporters in-market, position Ireland as a source of innovative solutions in key clusters and scale up Enterprise Ireland international office network marketing around trade missions and key buyer events.

In summary, EI Plans to Counteract the Impact of BREXIT by:

- Strengthening our performance in the UK market
- Strengthening our performance in other markets
- Scaling companies to compete by supporting investment, management capability and sales skills, innovation and internationalisation and
- Strengthening local and regional enterprise development capability.

**IDA Ireland actions**

Since the Brexit vote the IDA has taken a number of steps to ensure that it carefully manages the uncertainty that the vote has created.

IDA Ireland has a strategic scenario planning team, which in the months leading up to the UK referendum on European membership, engaged with clients and prospective clients in relation to the potential impact of a decision by Britain to leave the European Union.

Subsequent to the vote, the IDA established a dedicated Brexit Team and market analysis is on-going.

The IDA also contacted each of its 1,200+ existing clients. The purpose of this being to:

- reassure clients that Ireland will remain in European Union
- remind clients of Ireland’s positive attributes incl. talent, skills, tax, ease of doing business etc.,
- offer assistance, advice and support
IDA has also initiated a global advertising campaign highlighting Ireland’s attributes as a key European FDI location and this will be supported by public relations activities later this year.

IDA Ireland will continue to market Ireland across the globe as the number one location for direct investment, confirming that we are open for business.

**Developments in the UK**

Despite the earlier than anticipated appointment of the new UK Government, it is still expected that Article 50 will not be invoked by the UK before the end of this year, and most likely will be triggered early in 2017. The UK can be expected to be strategic as to when to invoke Article 50, as when they do, control of timing will pass from the UK to the EU process.

The new UK Government has not yet clearly identified the scope of the relationship which it will seek with the EU post-exit. The most significant issue is how the UK’s negotiating position might reconcile the conflicting aims of retaining access to the EU’s single market, while also allowing the UK to impose limits on immigration from the EU.

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**End of Programme A: Jobs & Enterprise Development**
(ii) Programme Area B – Innovation - 2016 year to date

Programme B 2016 Funding:

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<tbody>
<tr>
<td>Pay</td>
<td>€14.951m</td>
</tr>
<tr>
<td>Non-Pay</td>
<td>€10.979m</td>
</tr>
<tr>
<td>Capital</td>
<td>€307.200m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>€333.130m</strong></td>
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The primary objective of this programme is to foster and embed a world class innovation system that underpins enterprise development and drives commercialisation of research to build national competitive advantage across the economy.

Funding is provided for strategic investments in research, development and innovation and the development of human capital. This investment is serving as key driver for growth, and the creation and maintenance of sustainable employment into the future.

Funding to support the Department’s activities under **Programme Area B – Innovation** are delivered by and through:

- The Patents Office
- Enterprise Ireland
- Science Foundation Ireland
- The Programme for Research in Third-Level Institutions (PRTLI)
- Tyndall National Institute, Cork

Funding under this programme area also covers Ireland’s memberships of various international research organisations such as:

- Centre Européen de Calcul Atomique et Moléculaire (CECAM)
- European Space Agency (ESA)
- European Molecular Biology Laboratory (EMBL)
- European Molecular Biology Conference (EMBC)
- European Cooperation in Science and Technology (COST)
- Eureka

Research, Development and Innovation (R,D&I) and the application of knowledge are critical drivers for the future success of Irish enterprise. It is therefore imperative that Ireland focuses on promoting the level, quality and commercial applicability of the R,D&I undertaken, ensuring that industry leads the response to rapid changes in customer needs.

A significant portion of our jobs growth and economic recovery capacity in recent years is underpinned by Ireland’s high-quality research and innovation capability.
Important advances have been made since the late 1990s due to the pursuance of a Smart Economy Strategy and investment in science and technology by successive Governments. There are significant tangible impacts of this investment which has made Ireland one of the world’s most competitive locations for R&D.

As a leading RDI location, Ireland has attracted world renowned companies and is now home to:
- 9 of the Top 10 global ICT Companies;
- 9 of the Top 10 global pharmaceutical companies;
- 15 of the Top 20 medical technology companies;
- All of the Top 10 ‘Born on the Internet’ companies;
- 3 of the Top 5 games publishers;
- More than 50% of the world’s leading financial services firms

Past investment has successfully built up Ireland’s research capacity and the development of a very strong science base yielding both economic and impact. Ireland is ranked:
- 8th in the Global Innovation Index 2015 (out of 141 countries) [1]
- 8th in 2015 Innovation Union Scoreboard 2015 - ranked first in Innovators and Economic Effects (i.e. how innovative firms are and the economic success stemming from innovation in terms of employment, revenue and exports)
- 3rd in the EU “Indicator of Innovation Output” - extent to which ideas from innovative sectors reach market [2]

This investment has also led to the building of a world class research system.
- Ireland is now among the top 20 countries in global rankings for the quality of our scientific research, having ascended 20 places from 36th position in 2003.
- During 2015 Ireland continued its upward trajectory in the Global Scientific Rankings, moving up another two places from 16th to 14th for the quality of our scientific research. (as per Thomson Reuters InCites).

- We have excelled in certain scientific disciplines and Ireland is ranked
  - 1st in immunology,
  - 1st in animal and dairy,
  - 3rd in nanotechnology and
  - 4th in computer science [3]

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1 [Source: Cornell University, INSEAD and WIPO 2015]
2 As above
3 Based on citations [Source: Thomson Reuters Essential Science Indicators]
Essentially half of Ireland’s public research funding supports is via the Department’s Vote, mainly in **Programme Area B - Innovation**. The 2015 public R&D spend is estimated at €730m of which the JEI capital R&D expenditure amounted to approximately €370m.

Most of this is through the JEI capital supports through Science Foundation Ireland (€157m), Enterprise Ireland (€117m) and the Programme for Research in Third-Level Institutions (PRTLI) (€53.5m) as well as IDA Ireland R&D supports to client companies.

One of the key factors for prospective investors in Ireland is the research and development capacity and available research talent so these strong results in a range of scientific disciplines sets Ireland up well for future potential investments. However, globally, competition has intensified. Scientific and technological progress is advancing at rapid rates and the scientific community is a highly mobile one. The competitive nature of international funding means that we cannot be complacent in terms of our innovation actions.

**Metrics - Programme Area B: Innovation**

The objective of Programme Area B is to foster and embed a world class innovation system that underpins enterprise development and drives commercialisation of research. In doing so we will build national competitive advantage across the economy to deliver on Government’s stated aim of full employment.
Table 12 - Key High Level Metrics for Programme Area B – Innovation as published in 2016 REV

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>B4 – Enterprise Ireland R&amp;D No. of High Potential Start-Ups (HPSUs) supported</td>
<td>102 [95]</td>
<td>105 [100]</td>
<td>100</td>
</tr>
<tr>
<td>B4 – Enterprise Ireland R&amp;D Commercially valuable technologies transferred to Irish industry</td>
<td>95 [114]</td>
<td>174 [122]</td>
<td>125</td>
</tr>
<tr>
<td>B4 – Enterprise Ireland R&amp;D Company Collaborations with 3rd level Institutions</td>
<td>878 (825)</td>
<td>896 (825)</td>
<td>820</td>
</tr>
<tr>
<td>B4 – Science Foundation Ireland Funding leveraged by SFI teams from non-exchequer, non-commercial sources.</td>
<td>€28.2m (No target set)</td>
<td>€58m [€53.5m]</td>
<td>86.5m</td>
</tr>
<tr>
<td>B4 – Science Foundation Ireland Licence agreements from SFI supported research</td>
<td>33 (No target set)</td>
<td>61 [24]</td>
<td>48</td>
</tr>
<tr>
<td>B4 – Science Foundation Ireland Research income secured from international sources</td>
<td>€34m (€75m)</td>
<td>€88.3m [€82.5m]</td>
<td>€90m</td>
</tr>
<tr>
<td>B5 – Programme for Research in Third-level Institutions No. of Capital Infrastructural projects to be supported by PRTLI [only Cycle 5 projects remain. Cycle1 to 4 all completed and Exchequer funding commitments provided.]</td>
<td>18 [21]</td>
<td>18 [18]</td>
<td>18</td>
</tr>
<tr>
<td>B6 – Ireland’s membership of European Space Agency Secure €12 million in contracts from the European Space Agency</td>
<td>12.1m (12m)</td>
<td>13.1m (12m)</td>
<td>12.0m</td>
</tr>
<tr>
<td>B6 – Ireland’s membership of European Space Agency Increase in the number of companies engaged in ESA contract work.</td>
<td>45 (45)</td>
<td>50 (45)</td>
<td>55</td>
</tr>
</tbody>
</table>
Innovation: Progress in 2016

2015 saw another important milestone in the evolution of Ireland’s research system with the publication in December 2015 of “Innovation 2020” the new national science, technology, research and innovation strategy covering the period to 2020.

This innovation plan is a key element of the Government’s overall jobs strategy, Enterprise 2025 aimed at building a new economy based on exports and enterprise, and delivering full employment on a sustainable basis.

The strategy is aimed at building on the significant successes delivered by the Government’s science strategy over the past decade, which has seen Ireland dramatically improve its performance globally in this area. The next phase of the strategy is aimed at building on existing infrastructures and achieving ambitious private-public collaborations.

Following the publication of “Innovation 2020”, a cross departmental Implementation Group chaired by the Department of Jobs, Enterprise and Innovation was established to drive the implementation of the strategy. The Implementation Group has met twice to date and has agreed a 2016 Work Programme containing 53 actions to be initiated this year.

To July 2016, three of the 53 actions identified for initiation in 2016 have been successfully completed and the remaining 50 actions have been initiated.

On 19th July the Government noted the first report outlining progress to date in implementing “Innovation 2020” and an update on reaching the Europe 2020 and National Reform Programme target to raise gross expenditure (public and private) in R&D to 2.5% of GNP by 2020. The rate is estimated, based on the CSO GNP figures (12th July 2016) at 1.6% for 2015, down from an estimated 1.74% in 2015.

Ireland climbs from 8th to 6th place in the European Innovation Scoreboard

In July the European Commission published the 2016 European Innovation Scoreboard. The annual Innovation Scoreboard provides a comparative assessment of the research and innovation performance of the EU Member States and the relative strengths and weaknesses of their research and innovation systems.

The 2016 Scoreboard shows that Ireland has moved up two places from 8th to 6th in the overall ranking of 28 EU Member States. In recent years Ireland has consistently improved our innovation performance moving up from 10th place in 2013 to 6th place in 2016.

Ireland remains the overall leader in the innovators dimension which demonstrates how innovative Irish SMEs are in product, process and marketing innovation. Ireland has also maintained first place in the economic effects dimension which captures economic success stemming from innovation in terms of employment, revenue and exports.
Science Foundation Ireland - 2016 year to date

Funding to Science Foundation Ireland is provided through Subhead B4 of the JEI Vote (the Science & Technology Programme).

Science Foundation Ireland is the national foundation for investment in excellent scientific and engineering research. 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).

SFI 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.

SFI is building strategic partnerships to perform cutting-edge scientific research and supports industry-informed research and fosters academic industry interactions to build a competitive advantage for Ireland.

SFI funding is provided to the Irish Higher Education Institutions (i.e. not directly to industry).

2015 SFI Output and Impacts

Committee members should note that SFI 2015 Annual Report Data was published in July 2016 (i.e. post the 21st June presentation of the 2016 Estimates by the Minister to the Committee). In its 2015 Annual Report SFI reported the following key achievements for last year.

Financial

- During 2015 SFI supported researchers leveraged an additional €130 million in non-Exchequer funding in support of R&D projects.
- Of this €79 million came from the EU.
- The Exchequer capital provision to SFI in 2015 was €157m. Therefore the €130m leveraged from non-Exchequer funds during 2015 represents a 82% direct return on the 2015 grant provision.

Key Activities

- The funding of 5 new world leading large scale Research Centres in areas of strategic importance for Ireland, bringing the total number to 12.
- Continued increased in industry collaborations totalling 1,220 companies in 2015.
- Of these, 711 are multinationals (increase of 61 from 2014) and 509 are SMEs.

Key awards made in 2015

- €45 million in total paid out to SFI Research Centres.
- €30 million in research funding for 23 major projects through SFI’s Investigators Programme.
• €28 million investment in 21 research awards for equipment and facilities in sectors including applied geo-sciences, pharmaceutical manufacturing, bio-banking, marine renewable energy, internet of things, astronomy, big data and additive manufacturing using nano-materials.

Key impacts in 2015

• Ireland ranked 2nd in the world for Nanotechnology, Chemistry and Immunology. It ranked 3rd in the world for Animal and Dairy, and Agricultural Sciences. It also ranked 4th for Materials Science and Mathematics.
• In 2015, Ireland rose 2 places to 14th in the world rankings for the quality of scientific research.
• SFI continued to develop research talent and skills with 4,040 researchers working on SFI projects and 1,300 postgraduate students funded by SFI.
• SFI estimate that the combined significant investment of their programmes, coupled with investment leveraged by their researchers has an economic impact on the Irish economy by directly and indirectly supporting 28,000 jobs.

2016 SFI highlights – year to date

A new call for Research Centres was issued with 16 proposals received. The current 12 Research Centres have leveraged non Irish exchequer funding of over €80 million and have over 200 industry and other partners.

SFI Investigators Programme, announced in August, will support over 200 researchers through the provision of €40 million in research funding for 24 major research projects.

In partnership with the Universities the attraction to Ireland of leading scientists in areas of strategic importance is a key objective for Science Foundation Ireland, recent awards include the following:

  o Trinity College Dublin appointed Professor Aljosa Smolic, a world-renowned creative technologies researcher to lead a cutting-edge research programme that will increase Ireland’s capability as a global centre of creative industries and production.
  o Professor Andersson-Engels, UCC will lead a new biophotonics research programme that is relevant to the biomedical industry in Ireland.

Three new awards have been approved under the SFI-Pfizer Biotherapeutics Innovation Award programme. The collaboration provides qualified academic researchers with an opportunity to deliver important potential discoveries in the areas of immunology, oncology, cardiovascular and rare diseases.

International Collaborations/Partnerships

SFI and the U.S. National Science Foundation (NSF) have established a new pilot programme that will allow SFI researchers to undertake entrepreneurial training in the U.S. as part of the NSF’s ground-breaking Innovation Corps (I-Corps) Programme. The programme focuses on
the development of entrepreneurial skills that will enable researchers to realise opportunities to enhance the economic and societal impact of their research.

**SFI supported researchers helping to deliver on Ireland EU Horizon 2020 targets**

Science Foundation Ireland is playing a key role to encourage and support national bids for EU Horizon 2020 funding through its various programmes with a focus on significantly increasing both the level of participation and the scale of ambition; catalysing successful large bids. Examples of successes include:

- The **MedTrain** project led by the Science Foundation Ireland Research Centre CÚRAM (led by NUI Galway) received €2.1 million in Marie Skłodowska Curie funding to develop a new industry-academia fellowship. 31 postdoctoral fellowships will be offered over the next four and half years in medical device research and development, offering researchers tailor-made training as well as facilitating their engagement with industry through non-academic secondment partnerships.

- Another successful partnership out of Trinity College Dublin saw three Science Foundation Ireland Research Centres, **ADAPT, AMBER and CONNECT** bring in TCD’s largest ever Horizon 2020 win. The postdoctoral programme named **Edge**, was awarded €6 million in Horizon 2020 funding and will employ over 70 outstanding ICT researchers.

**Education & Public Engagement**

SFI has invested €2.8 million nationally in 42 initiatives aimed at engaging the Irish public in science, technology, engineering and maths (STEM) through the SFI Discover Programme. Geographically dispersed, it is estimated that these STEM projects will touch 3.6 million people in Ireland by the end of 2017. In particular, projects were sought that targeted counties which currently have low levels of STEM public engagement activity (Leitrim, Carlow, Monaghan, Roscommon, Cavan, Louth, Clare and Kerry).

In June, 546 primary schools nationwide received **SFI Discover Science and Maths Awards.** This programme aims to increase interest in Science, Technology, Engineering and Maths (STEM) among primary students and teachers.

Science Foundation Ireland manages **Science Week** and is encouraging communities and businesses across Ireland to get involved in what will be the biggest Science Week yet from 13-20 November 2016.
Science Foundation Ireland & Brexit

Ireland needs to take a positive and proactive approach to supporting its research and innovation sector in the light of the current Brexit situation; one which focuses on maximising the opportunities as well as mitigating the risks. In this context, SFI proposes a range of immediate measures:

- Strengthen our research funding collaborations with the UK and Northern Ireland with aim of supporting current collaborations and ensuring that we are well-positioned for the post-Brexit scenario, in which Britain will still be a key centre of innovation and R&D.
- Target globally-renowned UK-based researchers to relocate their research operations to Irish universities, thereby benefiting Ireland but also offering these researchers certain access to EU funding.
- Support Irish researchers to diversify their alliances with other EU-based researchers, thus mitigating the current risk of over-reliance on UK partners.
- Scope medium and long term post-Brexit opportunities for Ireland, with emphasis on identifying:
  - EU Horizon 2020 industry/academic consortia in which UK researchers are prominent and where Irish researchers could be promoted as replacements – and then running a scheme to promote the integration of the Irish research group.
  - EU research infrastructures based in the UK, which could potentially be relocated to Ireland.
  - Increase the intensity and targeting of promotion of all of SFI’s relevant programmes to UK-based researchers through a focused advertising and PR campaign.
Enterprise Ireland - Research & Development 2016

Through Subhead B4 of the JEI Enterprise Ireland (R&D) capital funding of €117.6m is being provided in 2016.

EI provide supports for both companies and researchers in Higher Education Institutes to develop new technologies and processes that will lead to job creation and increased exports.

EI help researchers based in third level institutions and Public Research Institutes to engage in research. EI’s aim is to facilitate collaborative links between enterprise and the research community that lead to the practical application of research in business, yielding benefits to both groups.

Progress in 2016 – Year to date

In 2016 Enterprise Ireland is continuing to drive engagement with Irish based industry and academia to deliver over 850 collaborative research projects, increasing companies’ innovative capability, increased competitiveness and export potential. To date 640 such collaborative research projects have been completed.

In addition 370 companies are targeted for membership of Technology Centres by year end. This target has already been exceeded with 407 members to date in 2016.

Enterprise Ireland launched the €35M Dairy Processing Technology Centre (DPTC) in 2015. This Centre, hosted by the University of Limerick will position Ireland as a world leader in dairy innovation, and help to maximise the long term growth opportunities created by anticipated increase of 50% in the Irish milk pool by 2020.

Enterprise Ireland is leading the national drive to secure €1.25 billion in research funding from Horizon 2020 for Irish companies and academics. €135 million was awarded to Irish companies and academics in 2015 and in 2016 EI aims to secure a further €150 million in research funding for Ireland.

Ireland’s SME performance in H2020 is one of the highest in Europe and to date over 10 SMEs secured over €1m each.

Enterprise Ireland is driving the commercialisation of Irish research and will deliver over 30 new spin-out companies this year (10 to date). 15 spin-outs will be High Potential Start-ups (7 to date) and 64 commercially valuable technologies have been transferred to industry already in 2016. Combined all will lead to new products, process and services thus driving company growth.

Enterprise Ireland will expand its Campus Incubation facilities to support more new regional start-up companies. The three initial expansions include the Galway, Athlone and Waterford campus incubators as each have unequivocally enhanced the profile and reputation of their regions as a location of choice for international start-ups, collaborative R&D ventures, service providers, entrepreneurs, investors and returning emigrants.

EI has invited expressions of interest proposals for the establishment of a Marine Campus Incubation Centre, the closing date for which was June 2016.
Ireland and the European Space Agency

Funding for Ireland’s membership of the European Space Agency is provided under “Subhead B6 – Subscriptions to International Organisations” of the JEI Vote.

The Inter-Governmental European Space Agency (ESA) promotes co-operation among European States in space research, technology and applications. Ireland’s membership of ESA and targeted investment in Optional Programmes has provided the foundation for the rapid expansion of the Irish Space Sector over the past 5 years. Our annual contribution through Subhead B6 of the JEI Vote amounts to €17.2 million.

The Irish Space sector is set to expand at an unprecedented rate over the period to 2021 due to rapid and sustained growth in the Global and European space economies which are forecast to grow by 5-10% p.a. for the next 20 years. Subject to adequate investment in ESA the Irish Space sector is set to double all key economic metrics by 2020 and will contribute to all metrics and targets in “Innovation 2020” – the new national science strategy.

Irish companies are ideally placed to gain a significant share of this new market and are already expanding into this market. Investment in ESA Space Programmes:-

- Provides a significant capital investment support for in-company & 3rd level RDI in leading edge space technologies for commercial exploitation in the global space and non-space markets for the SME and MNC sector.
- Supports the Enterprise Ireland and IDA Ireland strategies of supporting high potential start-ups, company scaling, as well as foreign direct investment.
- Is prioritised to support technology innovation and technology transfer that leads to export, sales and employment generation by Irish industry.
- A platform to fully exploit the opportunities of the Global space market and maximise the financial return and economic impacts of Ireland’s significant financial contributions to the EU space programme budgets.

ESA related Progress in 2015/2016

Investment in ESA has contributed to the development of a highly knowledge-intensive industry sector with a demonstrated direct effect on the generation of commercial export sales in the commercial space and non-space market.

There were over 50 companies engaged in contracts with ESA at end 2015 with 5 new company entrants p.a. expected each year to 2020.

Commercial sales have quadrupled from €18 million in 2008 to in excess of €75 million in 2015. Sales are projected to grow to in excess of €133 million by 2020.

Employment in ESA supported companies in Ireland was 1,300 in 2008 and is expected to double from 2,000 in 2014 to over 5,000 by 2020.

In December 2016 the ESA Ministerial Council will meet to agree long term policies and investment plans to 2021.
EU Programme for Research & Development “Horizon 2020”

Horizon 2020 (H2020) is the EU’s Programme to support Research and Innovation. It is one of seven flagship initiatives in Europe 2020, the European Union’s ten-year jobs and growth strategy. H2020 has a budget of €75 billion and runs from 2014 to 2020.

H2020 funding (grant aid) is awarded on a competitive basis to researchers and companies across three main pillars:

- Excellent Science;
- Leadership in Industrial Technologies; and
- Societal Challenges.

Ireland has a national target to win €1.25 billion in competitive funding from Horizon 2020 over the lifetime of the programme. This would represent a doubling of our performance in the previous framework programme (FP7) where Ireland won €625 million. The H2020 target is equivalent to 1.67% of the total Horizon 2020 budget, which is significantly ahead of Ireland’s juste retour of 1.2%.

In addition, there is target of €175 million for joint collaborative North-South bids.

The Department of Jobs, Enterprise and Innovation has overall lead responsibility at Ministerial/Departmental level for EU “Horizon 2020” engagement and chairs a High Level Group which oversees and drives implementation of the national strategy. This group includes representatives of all the relevant Government Departments and Research Funders as well as representatives bodies for the Higher Education Institutions and InterTrade Ireland.

A National Support Structure is led by Enterprise Ireland to maximise participation by researchers and companies in Horizon 2020.

Ireland’s EU “Horizon 2020” Performance to Date : On Target

From January 2014–May 2016 Ireland has won €274.7 million in competitive funding from Horizon 2020. The €274.7 million of total funding won so far represents 1.72% of the Horizon 2020 budget allocated to date which is ahead of our national target of 1.67%. Thus, this performance has us on track to achieve the national target of €1.25 billion.

- Ireland’s Higher Education system accounted for €172.5 million of this total; and companies a further €79.2 million.

Ireland has recorded a particularly strong performance in the Marie Skłodowska-Curie sub-programme of Horizon 2020; this initiative ensures talent development and focuses on research mobility, between countries and sectors, backed up by professional development and training. Ireland has won €57 million since the start of 2014 and it is estimated that around 400 high-value research jobs and studentships will be created in these projects. A large portion of the funding is going to projects with strong interactions between academia and industry across the indigenous and MNC sectors.
EU Horizon 2020 and Brexit

The full implications of the UK vote to leave the EU have yet to be determined. Withdrawal negotiations will not begin until Article 50 has been triggered by the UK and will probably take at least two years to complete. So there will be no change in the situation regarding UK participation in EU Horizon 2020 during that period.

The special relationship between Ireland and the UK extends to research. There is a long history of research collaboration between the two jurisdictions, both inside and outside of EU Framework programmes and it is important that this would continue post-Brexit.

New International Research Memberships for Ireland in 2016

- **ELIXIR**

In July 2016 the Government approved Ireland’s joining ELIXIR – the European life-sciences Infrastructure for biological Information.

ELIXIR is a life-sciences international research organisation based near Cambridge, UK. The goal of ELIXIR is to orchestrate the collection, quality control and archiving of large amounts of life-science data. Such data is particularly pertinent to the Irish economy given the importance of the life-sciences, biopharma and agricultural sectors here – all areas which are dependent on “Big data” related developments.

Ireland became full members of ELIXIR in July 2016. Membership of ELIXIR will allow Irish academics and companies to participate in this infrastructure and participate in EU Horizon 2020 bids. Annual membership for Ireland is €50k. In addition Ireland can put forward a proposal to host an Irish Node. ELIXIR is currently in discussion with University College Dublin concerning the shape of this node.

- **LOFAR**

The Low Frequency Array, LOFAR, is a radio telescope. It consists of antennas spread across Europe. The Irish location will be in Birr, County Offaly, known as I-LOFAR. DJEI agreed to pay for membership to LOFAR if capital funding for the equipment in Birr was found.

I-LOFAR received €1.4 million through the Science Foundation Ireland infrastructure programme as well as philanthropic donations for the equipment. The Irish LOFAR site in Birr is expected to begin operation in 2017, at which point the Department will look, subject to approval of the Minister for Public Expenditure and Reform, to pay the membership fee and Ireland will become a full member of LOFAR.

**End of Programme B: Innovation**
(iii) Programme C: Regulation – 2016 Year to date Update

**Programme C 2016 Funding: Than**

<table>
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<tr>
<th></th>
<th>€</th>
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<tbody>
<tr>
<td>Pay</td>
<td>52.313m</td>
</tr>
<tr>
<td>Non-Pay</td>
<td>27.894m</td>
</tr>
<tr>
<td>Pensions</td>
<td>2.651m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>82.858m</strong></td>
</tr>
</tbody>
</table>

The primary objective of this Programme is to ensure that Ireland’s business regulatory system and dispute resolution mechanisms facilitate fair, efficient and competitive markets, for businesses, employees and consumers to make Ireland the best small country to do business in.

The Department aims to 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 cost. In recent years the Department has delivered very significant reforms to the Regulation area such as:

- The amalgamation of the Competition Authority with the National Consumer Agency to form the Competition & Consumer Protection Commission;
- The establishment of the Workplace Relations Commission (through the amalgamation of the Labour Relations Commission, National Employment Rights Authority and the Equality Tribunal);
- Establishment of the Low Pay Commission.

Funding under Programme Area C – Regulation covers the following:

- Companies Registration Office (CRO) incorporating the Registrar of Friendly Societies
- Competition & Consumer Protection Commission
- Construction Contracts Adjudication service
- Employment Appeals Tribunal (EAT)
- Health and Safety Authority (HSA)
- Irish Auditing and Accounting Supervisory Authority (IAASA)
- Labour Court
- Low Pay Commission
- Office of the Director of Corporate Enforcement (ODCE)
- Patents Office
- Workplace Relations Commission (WRC)

The activities of the High-Level Group on Business Regulation, the Company Law Review Group and the Sales Law Review Group are also included under this Programme area. Ireland’s membership of the International Labour Organisation is also provided for under this programme area. This programme area covers Current expenditure only (Pay, Pensions & Non-Pay). There is no capital grants provision under this Programme Area.
Expenditure Area C - Regulation

The high-level objective of Expenditure Programme C – Regulation is to ensure that the business regulatory system and dispute resolution mechanisms facilitate fair, efficient and competitive markets, for businesses, employees and consumers to make Ireland the best small country in the world to do business in.

Table 13 - Key High Level Metrics for Programme C – Regulation as per 2016 REV

<table>
<thead>
<tr>
<th>(Subhead funding the activity)</th>
<th>2014 Output (2014 Target)</th>
<th>2015 Output [2015 Target]</th>
<th>2016 Output Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>C3 – Workplace Relations Programme</td>
<td>Optimising the finalisation of EAT* legacy cases to achieve dissolution of the EAT during 2017</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>C5 – Health &amp; Safety Authority</td>
<td>Total no. of workplace inspections undertaken by HSA (including Chemicals inspections)</td>
<td>10,719 [≤ 11,520]</td>
<td>12,516 [11,955]</td>
</tr>
<tr>
<td>C5 – Health &amp; Safety Authority</td>
<td>Number of new users of BeSMART programme</td>
<td>5,500</td>
<td>6,500 [6,500+]</td>
</tr>
<tr>
<td>C5 – Health &amp; Safety Authority</td>
<td>Cumulative total number of users of BeSMART programme</td>
<td>23,382 [22,882]</td>
<td>30,278 [29,900]</td>
</tr>
<tr>
<td>C8 – Competition &amp; Consumer Protection</td>
<td>Percentage of merger applications considered by the CCPC within statutory deadlines</td>
<td>100% [100%]</td>
<td>100% [100%]</td>
</tr>
<tr>
<td>C11 – Companies Registration Office</td>
<td>Electronic Filing: Producing saving to public in filing fees</td>
<td>€4.8m [€4m]</td>
<td>N/A [€5.0m]</td>
</tr>
<tr>
<td>C11 – Companies Registration Office</td>
<td>Number of companies up-to-date with their annual return filing requirement</td>
<td>88% [90%]</td>
<td>N/A [90%]</td>
</tr>
</tbody>
</table>

*The WRC was formally established on 1st October 2015. The reform process saw the amalgamation of LRC/NERA/Equality Tribunal into a single entity. The Labour Court has been expanded.
Programme C: REGULATION - 2016 Developments

Workplace Relations Programme

Subhead C3 provides for the funding for the Workplace Relations Commission, the Labour Court and the Employment Appeals Tribunal.

The Workplace Relations Commission (WRC) was established on the 1st October 2015. It incorporates the former Labour Relations Commission (LRC), Equality Tribunal, the National Employment Rights Authority (NERA) and first instance functions of the Employment Appeals Tribunal (EAT).

The WRC is in the process of implementing newly designed world-class workplace relations services which are simple to use, independent, effective, impartial and cost-effective, to provide for workable means of redress and enforcement within a reasonable period and to reduce costs to business. A new post of Chief Operations Officer was filled in late 2015 to help implement this change with agreed targets being set out in its new business plan and Memorandum of Understanding with the Department.

The Labour Court has become the single appellate body for all employment rights and equality cases in addition to renewed Industrial Relations activity. Additional resources have been provided to the Labour Court with the appointment of two Deputy Chairs and the establishment of an additional Division to assist it with managing its expanded mandate.

In the context of the Workplace Relations Reform process, the Employment Appeals Tribunal (EAT) will be dissolved. The Workplace Relations Act 2015 transferred the first instance jurisdiction and appellate jurisdiction of the EAT to the Workplace Relations Commission (WRC) and the Labour Court respectively. However, all cases submitted to the EAT before 1st October, 2015 must be disposed of by the EAT.

The EAT will be dissolved after it has disposed of all complaints and appeals referred to it before the commencement of the WRC. It is estimated that the dissolution will be 2 years after the commencement of the Workplace Relations Commission i.e. by 1st of October, 2017. Considerable progress has been made with 737 cases awaiting a first hearing, decreasing from 2,075 cases at the end of 2015.

Appointments to the Labour Court and Workplace Relations Commission

In July Minister Mitchell O’Connor and Minister Breen TD announced the outcome of the competitive processes to fill the critical leadership positions of Chairman of the Labour Court and Director General of the Workplace Relations Commission (WRC). The announcement follows two separate Public Appointments Service selection processes conducted over recent months.
Mr. Kevin Foley, has been appointed as the Chairman of the Labour Court and Ms. Oonagh Buckley has been appointed to the position of Director General of the Workplace Relations Commission.

### Table 14: Days Lost to Industrial Disputes (at end July 2016)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>No. of firms involved</th>
<th>No. of workers</th>
<th>Days Lost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2014</td>
<td>2</td>
<td>178</td>
<td>310</td>
</tr>
<tr>
<td>Q2 2014</td>
<td>7</td>
<td>1,681</td>
<td>8,014</td>
</tr>
<tr>
<td>Q3 2014</td>
<td>4</td>
<td>3,412</td>
<td>10,914</td>
</tr>
<tr>
<td>Q4 2014</td>
<td>3</td>
<td>27,092</td>
<td>24,777*</td>
</tr>
<tr>
<td>Q1 2015</td>
<td>4</td>
<td>27,588</td>
<td>24,056**</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>3</td>
<td>10,100</td>
<td>8,792</td>
</tr>
<tr>
<td>Q3 2015</td>
<td>0</td>
<td>0</td>
<td>0***</td>
</tr>
<tr>
<td>Q4 2015</td>
<td>2</td>
<td>72</td>
<td>116</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>4</td>
<td>4,828</td>
<td>5,115^</td>
</tr>
</tbody>
</table>

* The one day teachers’ dispute involved 27,000 workers and accounts for a total of 23,500 days lost in Q4 2014.
** The second teachers’ strike accounts for 98% of the 24,056 days lost (A total of 27,588 workers went on strike between January and March of this year; 27,500 of which were second-level teachers striking over the Junior Cycle reform dispute).
***First time since Q4 2012 that no strikes were recorded for a quarter.
^Teachers Union of Ireland (TUI) strike in Institutes of Technology and LUAS stoppages account for majority of days lost in Q1.

### University of Limerick (UL) Study on Zero Hours Contracts

In November 2015 the then Minister for Business and Employment Ged Nash TD published a “A Study on the Prevalence of Zero Hours Contracts among Irish Employers and their Impact on Employees” by the University of Limerick.

The independent study was carried out by Dr Michelle O’Sullivan and a team from UL’s Kemmy Business School. UL were asked to establish the extent to which zero hour and low hour contracts exist in the Irish economy. The key findings of the report include:

- Zero hour contracts as defined within current Irish employment rights legislation are not extensively used in Ireland.
- There is, however, evidence of so-called “if and when” contracts. While both involve non-guaranteed hours of work, the main difference is that workers on zero hours contracts are obliged to make themselves available for work while those on “if and when” contracts are not contractually required to make themselves available for work.
- UL’s view that there is a lack of clarity around the employment status of those who work only if and when hours which may raise questions over the extent such workers are protected by employment legislation.
Work is well advanced on developing a policy response to the UL Study and the public consultation on the Study. It is expected that proposals will be brought forward for consideration by Government by October this year. The policy response will be informed by the UL study itself and also the extensive material and practical examples provided by respondents to the public consultation conducted by the Department.

The policy response will address the concerns expressed in the UL study and in the public consultation about the issue of workers on low hour contracts who consistently work more hours each week but whose contracts do not reflect the reality of their hours. The proposals will also seek to ensure that workers are better informed about the nature of their employment arrangements and their core terms and conditions at an early stage in their employment. Furthermore the proposals will include provisions aimed particularly at low paid, more vulnerable workers.

**Duffy/Cahill Report**

The Duffy/Cahill report was commissioned as part of the Government's response to the closure of Clerys in 2015. The report provides a comprehensive analysis of the relevant provisions of employment law and company law. It makes a number of proposals for reform of the law, which are primarily concerned with amendments to employment law. The Department conducted a Public Consultation on the report following its publication on 26th April 2016. The submissions received in response to the consultation are important in terms of assessing how the suggested reforms could operate in practice and in identifying any unintended consequences. They will inform the response to the report which will be brought forward for consideration by Government.

**Clerys - Work of Authorised Officers**

Separately, authorised officers have sought information from a number of parties in relation to the collective redundancies that took place in OCS Operations Limited on 12 June 2015. The work of the authorised officers relates to the application of the Protection of Employment Act 1977 to the collective redundancies in question. Prosecutions, if appropriate, remain an option under the Act.

One of the parties from whom the authorised officers sought information initiated proceedings in the High Court challenging the powers of the authorised officers. The hearing of submissions in the case concluded in July and judgement was reserved to a future, unspecified date.
Low Pay Commission

Subhead C13 provides for the funding for the Low Pay Commission.

In July the Low Pay Commission recommended an increase in the national minimum wage of 10 cents per hour. In its second report a majority of the members of the Commission recommend that the appropriate rate of the national minimum wage should rise to €9.25 per hour.

The current rate of the minimum wage is €9.15. The minimum wage was last increased on 1st January 2016, following Government acceptance of the Low Pay Commission’s first recommendation, made in July 2015, that the rate increase by 50 cents an hour from €8.65.

In its report the Low Pay Commission sets out a range of data it has considered in recommending the increase. The Commission also sought submissions from interested parties and consulted directly with workers on the minimum wage and employers in relevant economic sectors. The Report relies on data available in the period up to 1 July 2016.

The Minister has brought the Commission’s report and recommendation to Government and it will be considered in detail in the context of Budget 2017.

Work of Low Pay Commission 2016

As well as making recommendations to the Minister regarding the national minimum hourly rate of pay (by 19 July 2016) the Commission has also been requested to:

(a) examine the appropriateness of the sub-minima rates as currently provided for in the National Minimum Wage Acts with regard in particular to their impact on youth unemployment rates and participation in education (report due by the end October);

(b) examine the issues surrounding the preponderance of women on the NMW and report its views in relation to the underlying causes (report due by end October 2016).

Commission’s Work Programme for 2017

As well as examining the minimum hourly rate of pay and making a recommendation to the Minister in respect of the appropriate rate, the Commission can be asked by the Minister to examine issues related generally to the minimum wage. The Minister must make such a request to the Commission by the end of February in the year for the issue to be on the Commissions work programme.

As indicated by Minister Breen during the debate on the Au Pair Placement Bill 2016 during Private Members Business in July, he is very conscious of the passage of time since the board and lodgings rates were set. It is his intention therefore to ask the Low Pay Commission to review these rates as part of their next Work Programme.
Health & Safety Authority

Subhead C5 provides for the funding for the Health & Safety Authority (HSA).

The HSA 2016 Programme of Work includes a mix of promotion, information, education, inspection and enforcement to ensure delivery.

The agriculture sector is again a priority for 2016 for the HSA as the number of fatalities is still a matter of concern. Although low in employment levels, this sector continues to have the highest level of fatalities of any economic sector by far.

In its 2016 Programme, the HSA set out how it aims to improve health and safety in agriculture –

- it plans to maintain inspections at 2015 levels (2,300)
- a new Farm Safety Action Plan 2016–2018 is being implemented;
- it is continuing to engage with farmers, e.g. through knowledge sharing groups
- deliver coordinated awareness raising/safety promotion/training initiatives with major stakeholders (e.g. National Farm Safety Conference)

Construction inspections: are being increased (3,800) in order to maintain the inspection rate per 1,000 workers in the sector in line with workforce expansion. The aim is to pre-empt any rise in injury and illness rates associated with the increasing level of activity in the sector. Information campaigns will highlight the increased risks posed to new employees in the initial six months of their employment and seek to raise awareness of safety and health among self-employed and small contractors.

The HSA has increased its inspection programme in 2016 and continues to be targeted at areas of highest risk. The HSA’s 2016 Programme of Work set a target of 11,165 inspections and investigations and its performance is currently on target.

Mid-year update

- Inspection Programme

A total of 5,237 inspections and 524 investigations have been carried out to the end of Q2 by the HSA. This is over 51% of the planned target of 11,165.

- Construction inspections: HSA is continuing to prioritise activity in construction - a total of 2,145 construction inspections and 172 investigations were carried out to the end of Q2 (56% of the targeted inspection number of 3,800).

The new Farm Safety Action Plan 2016–2018 was launched in early 2016. The new action plan lays out a series of specific actions and priorities for tackling the high rates of illness, injury and death on Irish farms.
Of the annual target of over 2,000 farm inspections, 1,277 inspections (55.5% of target) have been competed midway through 2016.

Farming continues to be the most dangerous sector in which to work with annual fatalities in recent years as high as 50% of the overall total from a sector that employs just 6% of the workforce. Over the five year period between 2011 and 2015, 106 people were killed on farms and many thousands more seriously injured.

The reduction in agriculture inspections on 2015 reflects a strategic decision by the HSA to adopt a blended approach to spreading the safety message in the agriculture sector by shifting from an individual inspection approach to more group centred activities and shared learning opportunities such as the knowledge sharing groups and farm walks. These activities are aimed at effecting a change in culture and exerting more influence on farming behaviour and mind-sets.

Copies of the Farm Safety Action Plan 2016-18 can be downloaded from http://www.hsa.ie
Table 15: Workplace fatalities figures notified to the Health & Safety Authority since 2007

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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>23</td>
<td>22</td>
<td>13</td>
<td>29</td>
<td>27</td>
<td>28</td>
<td>21</td>
<td>31</td>
<td>24</td>
<td>8</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>3</td>
<td>6</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>1</td>
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<tr>
<td>Electricity, gas, steam and air conditioning supply</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water supply; sewerage, waste management and remediation activities</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>1</td>
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<td>47</td>
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</table>
**Employment Permits**

The Department’s Administrative budget C1 provides for the staffing funding costs covering the Employment Permits area of the Department.

The demand for Employment Permits continued to increase in Q2 2016. 7,164 employment permit applications were received to end Q2 2016 compared to 5,648 up to end Q2 2015. This represents an increase of 27% over Q2 2015 and 68% over Q2 2014.

The total number of permits issued this year to end Q2 2016 (4,882) is up 42% on the same period last year (3,450).

The total number of ICT permits issued to end Q2 2016 was 1,614 compared to 1,068 for Q2 2015, a 51% increase over the same period last year. The increase demonstrates continued strong demand for ICT professionals in the Irish labour market.

**Demand for Permits**

![Graph showing demand for permits from 2013 to 2016]
Employment Permit Section Productivity

New Online Application Processing System for Employment Permits

The delivery of an online application system for employment permits is one of the Department’s commitments in the Action Plan for Jobs 2016 (Action 73). The Department went to tender in July 2015 for the provision of an Employment Permits Online Application System and following a competitive process a contract was signed with the preferred provider in November 2015.

Employment Permits Section has successfully released the Employment Permits Online System (EPOS) to Trusted Partners and others with access now live and available through a dedicated web address or via the Department’s website. Access is also compatible with a multitude of mobile devices and browsers and payments can be facilitated by Credit/Debit Cards via the EPOS. There will still be an option to apply for a permit on a hard copy application form but it is anticipated that the majority of business users will opt for the ease and speed of the online system. EPOS brings a number of significant benefits:

- Faster turnaround of applications;
- Easier, online submission of supporting documentation;
- Secure Online Fee Payments (where applicable) by credit/debit card;
- Validating of data and supporting documentation reducing errors; plus
- Intuitive user experience with help information and relevant mandatory fields.

It is expected that an official launch of the EPOS will take place in the weeks ahead.
Revised Code of Practice under the Construction Contracts Act, 2013


The Construction Contracts Act, 2013 will apply to certain construction contracts entered into after the 25th July 2016 in accordance with Statutory Instrument No. 165 of 2016 entitled ‘Construction Contracts Act, 2013 (Appointed Day) Order 2016’. The purpose of the Act is to regulate payments under construction contracts and to provide for, inter alia, a new right to refer a payment dispute for adjudication.

The Construction Contracts Act, 2013 provides, subject to some exceptions, new minimum contractual provisions relating to payment arrangements between the parties to a construction contract. If a payment dispute arises between the parties to a contract covered by the Act, either party may refer the payment dispute for adjudication, which will then take place within a tight timeframe. If the parties cannot agree on the appointment of an adjudicator, an application may be made to the Chairperson of the Construction Contracts Adjudication Panel, Dr. Nael Bunni, to appoint an Adjudicator to the dispute from the Ministerial appointed Panel of Adjudicators.

END OF Section on REGULATION
Subhead by Subhead – Expenditure to the end of August

(Supplied separately).
Appendix 2  End Quarter 2 2016: Key Performance Measures – Companies Registration Office

Key Activities

<table>
<thead>
<tr>
<th></th>
<th>2013 Q2</th>
<th>2014 Q2</th>
<th>2015 Q2</th>
<th>2013 Q2</th>
<th>2014 Q2</th>
<th>2015 Q2</th>
<th>2016 Q2</th>
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<tr>
<td>New Company incorporations</td>
<td>15,506</td>
<td>17,782</td>
<td>19,404</td>
<td>7,728</td>
<td>8,728</td>
<td>8,906</td>
<td>10,589</td>
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<tr>
<td>Formed minus Dissolved</td>
<td>+1,967</td>
<td>+4,776</td>
<td>+10,276*</td>
<td>+349</td>
<td>+2,157</td>
<td>+3,169*</td>
<td>+1,036*</td>
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<tr>
<td>New Receiverships</td>
<td>553</td>
<td>463</td>
<td>327</td>
<td>254</td>
<td>239</td>
<td>150</td>
<td>167</td>
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<tr>
<td>New Examinerships</td>
<td>41</td>
<td>22</td>
<td>21</td>
<td>9</td>
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<tr>
<td>New Liquidations (ALL)</td>
<td>1,979</td>
<td>1,999</td>
<td>1,754</td>
<td>967</td>
<td>910</td>
<td>869</td>
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<tr>
<td>New Liquidations (INSOLVENT)</td>
<td>1,132</td>
<td>1,001</td>
<td>722</td>
<td>619</td>
<td>512</td>
<td>418</td>
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</table>

*Strike-off was halted during 2015 due to the changeover to the new Companies Act 2014 procedures. As a result the register expanded and should contract now in 2016 with a large number of defunct companies being removed.

New company incorporations

- 5,340 new companies have been incorporated in Q2 2016, 5,249 in Q1;
- On average, 1,780 new companies were incorporated in Q2 2016 compared with 1,417 in Q2 2015, 1,433 in Q2 2014 and 1,297 in Q2 2013;
- 2015 saw the largest figure for new company incorporations since 1998 and the figure for 2016 is an increase on this. Should this be sustained, a record 20,000 companies will be incorporated this year. (Companies Act 2014 simplified registration procedures and LTD companies can be single director companies).