



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

# Annual Report and Accounts 2015

# Annual Report 2015

## Table of contents

Our Mission	2
About Us	3
Our Achievements – 2015	7
Statement of Strategy 2015 - 2017	
1. Championing Jobs and Competitiveness	8
2. Promoting and Supporting High Performance in Enterprise	33
3. Research and Innovation	41
4. Better Markets and Quality Employment through Better Regulation	51
5. Delivering the Strategy and Managing Change	60
Appendix 1	
Audited Financial Statements as at 31 December 2015	64
Appendix 2	
Bills published or enacted in 2015	72
Appendix 3	
Statutory Instruments made in 2015	73

## Our Mission

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

## About Us

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

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

## Agencies of the Department



### Local Enterprise Offices

In addition, the Department funds 31 Local Enterprise Offices (LEOs).

## Offices of the Department



\*The establishment of the Workplace Relations Commission (WRC), on 1 October 2015, brought together the functions of the Labour Relations Commission (LRC), the National Employment Rights Authority (NERA), the Equality Tribunal, and the first instance functions of the Employment Appeals Tribunal (EAT). The EAT appellate functions were transferred to the Labour Court. However, the Employment Appeals Tribunal (EAT) cannot be wound up until it has disposed of its legacy caseload which may take between 18 and 24 months.

<b>Management Board Membership</b>	
John Murphy*	Secretary General
Dermot Mulligan**	Assistant Secretary, Innovation and Investment Division
Clare Dunne	Assistant Secretary, Competitiveness and Jobs Division
Declan Hughes	Assistant Secretary, Strategic Policy Unit
Philip Kelly	Assistant Secretary, Corporate Services, EU Affairs and Trade Policy Division
Breda Power	Assistant Secretary, Commerce, Consumers and Competition Division
Michael O'Leary	Head of Management Support Unit

\*Orlaigh Quinn replaced John Murphy as Secretary General on Mr Murphy's retirement in October 2016

\*\*Dermot Mulligan replaced Dermot Curran in July 2015

## Our Achievements – 2015

**Enterprise Ireland recorded the highest level of full-time jobs created in what has been the best year for job creation in Enterprise Ireland's history. With 192,223 currently employed, 10,169 net new jobs were created in 2015.**

Exports by EI client companies grew 10% to €20.6bn, the highest ever level of export gains. The export figure is now almost double what it was 10 years ago (€10.73bn in 2005).

**IDA created 11,833 net new jobs over the course of 2015, compared to 7,131 for 2014 – representing a year-on-year rise of 66%. The number of investments won for Ireland during the year also rose to 213 from 197 in the previous year.**

At the end of 2015 there were 187,056 people working in IDA Ireland client companies, the highest in IDA Ireland's history. It was also the sixth consecutive year of growth in net employment.

**The Regional Action Plans for Jobs Initiative was launched in February 2015. This initiative brings the different stakeholders in each of the eight regions together to identify a range of innovative actions to be taken in order to have a further 10 – 15% at work in each of the regions by 2020.**

The Industrial Relations (Amendment) Act 2015 (No. 27 of 2015) was enacted in July 2015. It reintroduces a mechanism for the registration of employment agreements, provides a new statutory framework for the Labour Court to examine and establish rates of pay and conditions of employment in certain sectors and amends the law in relation to collective bargaining and the power of the Labour Court to make legally binding orders regarding terms of employment against employers who do not have collective bargaining arrangements.

**In 2015, Irish exports reached a record level of almost €234 bn. This was the sixth successive year for year on year export growth. Goods exports amounted to over €112 bn which was a 21% increase on 2014. Service exports reached almost €122 bn in 2015 which was more than 15% higher than the value of service exports for the previous year.**

Launch of Enterprise 2025 which sets out the strategic actions needed across Government in order to deliver on the stated ambition to reach full employment by 2020, and to ensure that Ireland's enterprise policy is sufficiently robust to anticipate and/or respond to the changing competitive environment and intensified global competition for trade, investment and people.

**Government adopted Innovation 2020 which sets out its ambitions in the area of science, technology and innovation over the next five years.**

During 2015, under the Credit Guarantee Scheme, 108 approvals were sanctioned worth €20.39m which allowed 470 jobs to be created and 489 jobs to be maintained

**The Companies Act 2014 was commenced on 1 June 2015. The Act brought together 17 previous Companies Acts dating from 1963 to 2013 as well as a number of EU regulations.**

The Workplace Relations Act, 2015 (Act No. 16 of 2015) was signed by the President on 20th May, 2015 bringing together the functions of the Labour Relations Commission (LRC), the National Employment Rights Authority (NERA), the Equality Tribunal, and the first instance functions of the Employment Appeals Tribunal (EAT). The appellate functions of the Employment Appeals Tribunal were incorporated into an expanded Labour Court.

# 1. Championing Jobs and Competitiveness

## Action Plan for Jobs

The core of this Department's strategy since 2012 has been the creation of 100,000 additional jobs by 2016, as set down in the strategic ambitions of the Action Plan for Jobs process launched in the first quarter of that year. The Action Plan for Jobs is an integrated, whole-of-Government initiative under which Government Departments and Agencies work to support job creation in the enterprise sector. DJEI takes the lead in developing the APJ on behalf of Government, working closely with other Government Departments and agencies.

The Action Plan for Jobs process has sought to advance the job creation agenda through the fostering of a supportive and competitive business environment, focusing on private sector-led, export oriented job creation and getting the framework conditions right. Its key objective has been to rebuild Ireland's economy based on enterprise and entrepreneurship, talent, innovation and exports, and provide a solid foundation for future growth.

A 2014 OECD review of the APJ process concluded that it marked "an important innovation in Irish Governance", representing a coordination mechanism that ensures high level political buy-in and oversight, whole of government engagement and the establishment of quarterly targets, underpinned by a robust monitoring system. These, the OECD stated, "are important steps towards addressing long-standing gaps that undermine successful policy implementation".

The fourth instalment of this ambitious multi-year programme, Action Plan for Jobs 2015, was launched in January 2015.



(L-R) Minister for Skills, Research & Innovation, Mr Damian English, Minister for Business & Employment, Mr Ged Nash, the Taoiseach, Mr Enda Kenny, the Tánaiste Ms Joan Burton and Minister for Jobs, Enterprise & Innovation, Mr Richard Bruton at the launch of the Action Plan for Jobs 2015 (February 2015)

The Action Plan contained 382 actions involving all Government Departments and 46 agencies. At the time of its launch the Irish economy was on course to meet the 100,000 job creation

target a year in advance. In fact, 2015 saw the 100,000 target far surpassed, with 138,000 more people at work in Q4 2015 over Q1 2012- bringing the total number of those employed to 1,976,000.

Expectation of this progress saw the 2015 Action Plan update its job creation ambition, and set an even more challenging high level goal for the country, now reflected in this Department's 2015-2017 Statement of Strategy: to replace all of the jobs lost during the economic crisis and bring the number of those in employment to 2.1 million in 2018, two years ahead of the target originally set out in the Medium Term Economic Strategy, 2014-2020.

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

**1. Increasing Sales and Exports**

As with previous iterations, the 2015 APJ featured measures to grow Irish enterprise and foreign direct investment, to maintain the momentum of export-led job creation. The plan targeted the creation of new jobs and support for firms to achieve strong exports performance, through work to grow and embed foreign direct investment in Ireland and actions to strengthen and promote Ireland's world-class export base- particularly through the roll out of the new Enterprise Ireland strategy, *Driving Enterprise Delivering Jobs Strategy to 2016*, and the IDA's *Winning: Foreign Direct Investment 2015-2019*.

**2. Competitiveness**

The 2015 Action Plan maintained the focus on enhancing competitiveness. Despite improvements in Ireland's cost base across a range of metrics in previous years, the Irish cost base remained out of line with that of competitors for trade and investment, while upward cost pressures were emerging. There was also room for improvement in the ease of doing business, and in achieving Ireland's productivity potential. The Action Plan contained measures to reduce the administrative burden on business; enhance managerial and firm productivity and efficiency; improve the quality of Ireland's skills base and economic infrastructure; and in general monitor and improve Ireland's competitiveness to achieve a top 5 position internationally- particularly by focusing on areas of greatest impact to business identified by the National Competitiveness Council.

**3. Stimulating the Domestic Economy through local employment**

APJ 2015 contained a range of measures to ensure success in international markets was mirrored in the domestic economy, and that all regions could achieve their potential. This involved support for enterprise at a regional level, particularly through publication of a suite of Regional Enterprise Strategies and provision of competitive funding for regional initiatives; support for local and rural development; measures aimed at the progression of the delivery of high speed broadband; and a range of measures targeted at the agri-food, marine, retail, construction and tourism sectors.

**4. Increasing entrepreneurial activity**

APJ 2015 sought to build on the reform of previous Plans by rolling out the ambitious and robust Local Enterprise Office county strategies and targets for start-ups, enterprise engagements and supports, initiatives under the National Policy Statement on Entrepreneurship, building upon the success of awards programmes such as Ireland's Best Young Entrepreneur, and development and rollout of the successful delivery of the Start-up Gathering 2015. The plan also targeted a step up in ambition for the starting of export orientated companies and measures to see them more successfully grow in scale.

## New Features in 2015 APJ

Amidst generally improving economic conditions, the 2015 Action Plan introduced a chapter focusing on new sources of growth, setting out specific activity for emerging sources of economic growth where early, targeted Government led-initiatives can lay the foundations for sustainable progress over the short to medium-term. Those dealt with in APJ 2015 were Smart Ageing, growing sales through leadership in design, financial services, internet of things, innovative/advanced manufacturing, the green economy, and RD&I and skills development initiatives in the National Institute for Bioprocessing Research and Training.

The 2015 Action Plan also embedded an assessment framework, to link the APJ's objectives and actions to impacts, and provide a better sense of the direction of progress against international benchmarks. This is to help ensure that actions effectively contribute to the over-arching objective of increased employment.

## Disruptive Reforms

There were six new Disruptive Reforms in 2015:

- National Talent Drive- This reform focuses on strengthening the employability of learners and enhancing employer engagement at all levels, using collaborative funding mechanisms to ensure skills supply meets demand to underpin the New Economy.
- Delivering Regional Potential- This includes the launch of Competitive Funding Initiatives of up to €25 million to promote innovative collaborations to support entrepreneurship and innovation in the regions, exploiting regional competitive advantage.
- Establishing Ireland as Europe's Energy Innovation Hub- This reform focuses on positioning Ireland at the forefront of innovation and attracting mobile investment in energy related research, management services, technologies and solutions, and driving energy efficiency in the public and private sectors to improve competitiveness.
- Strategic Banking Corporation of Ireland- This involves leveraging funding of €800 million, to provide tailored loans and a range of new products for enterprises across the country via existing and new to the Irish market financial intermediaries over the subsequent two years.
- Increasing Entrepreneurial Activity- This entails driving the implementation of the actions in the National Policy Statement on Entrepreneurship, aimed at increasing the number, survival rate and capacity of start-ups, and doubling the jobs impact of Irish start-ups within five years.
- Intellectual Property in Enterprise- This aims at doubling the number of patents, industrial designs registered and other IP management of firms. The objective is to enhance support for firms, drive commercialisation, and introduce a Knowledge Development Box to ensure the tax environment is optimised for innovative enterprises based in Ireland.

## Implementation

The Action Plan for Jobs process marks two significant developments in Ireland. The first is a concerted whole-of-government policy implementation with political buy-in, oversight and direction at the highest level and the second is a rigorous quarterly monitoring and reporting system led by Department of the Taoiseach. This has resulted in an implementation rate of 89% for 2015. Just some of the key actions completed were:

- Publication of seven Regional Action Plans for Jobs
- Implementation of actions under National Policy Statement on Entrepreneurship
- Support of 150 start-ups under New Frontiers Entrepreneur Development programme

- Development of new Apprenticeships in response to proposals from key sectors of the economy
- Provision of 10,000 training days to over 240 unemployed persons as part of implementation of Skillnets ICT Conversion programmes
- Facilitation of employer demand for ICT permits of over 2,000 in 2015
- Publication of *Collaborating for talent and growth: Strategy for Higher Education-Enterprise Engagement*
- Establishment of the Low Pay Commission
- 23 Ministerial led Trade Missions and events in 2015, including to US, China, India, South Africa, Nigeria and Gulf
- Development by EI of series of collaborative initiatives to drive exports and investment in priority markets, in partnership with IDA, Bord Bia, Science Foundation Ireland and Department of Foreign Affairs and Trade
- Publication of *Food Wise 2025* strategy for agri-food sector
- EI support for in excess of 28 significant food industry investments
- Roll out of the Integrated Licensing Applications Services
- Establishment of a Dublin office for the Data Protection Commissioner
- Launch of a new JobPlus strand for young people under the Youth Guarantee
- Publication of the National Youth Strategy 2015-2020, with measures to support youth employment and employability initiatives
- Establishment of a Prompt Payment Forum to support the delivery of the Prompt Payments Code
- Publication of *Innovation 2020*, successor to the Strategy for Science, Technology and Innovation
- Further scaling up of the Science Foundation Ireland Centres through the Spokes programme
- Expansion of SFI Partnerships scheme to further develop industry and research collaboration in key areas
- Establishment by IDA of a New Forms of Investment Division focused on securing investment from areas where IDA had not previously been engaged

### Job Creation impact

Overall the Action Plan for Jobs process was shown to have demonstrable impacts in 2015. It was a year of record employment levels in Enterprise Ireland's client companies with total direct employment in client companies of 192,223, with an increase of 10,169 net new jobs in the client base in 2015. Enterprise Ireland clients achieved a record €20.6bn in exports.

In 2015 IDA client companies created 11,833 net new jobs, a year on year increase in net job creation of 66%, leaving the IDA as an organisation with the highest level of direct client employment in its history at 187,056.

The Q4 2015 CSO Quarterly National Household Survey (QNHS) data showed an annual increase of 2.3% or 44,500 bringing total employment to 1,976,000.

### Regional Action Plans for Jobs

The Regional Action Plans for Jobs Initiative was launched by Government in February 2015. This initiative brings the different stakeholders in each of the 8 regions together to identify a range of innovative actions, to be taken across a range of Departments and agencies, with clear timelines for delivery over the period 2015–2017, aimed at facilitating each region to achieve its economic potential and raise employment levels in each of the regions.

Six of the eight Regional Action Plans were published in 2015: Midlands, South West, South East, Mid-West, West and North East/North West.

The primary objective of the plans is to have a further 10 to 15 per cent at work in each region by 2020 and to ensure the unemployment rate of each region is within one per cent of the State average.

Key targets in all Regional Action Plans are to:

- Increase the number of entrepreneurs/start-ups in each region by a minimum of 25%,
- Improve the 5-year survival rate by 25%
- Improve scaling performance of companies by 25%.
- Increase FDI investment into each region by between 30% and 40%.

Delivery of each Plan is being overseen by a Regional Implementation Committee, with membership drawn from industry, local authorities, enterprise agencies, education sector and other key stakeholders and agencies.

Supporting the implementation of the Regional Action Plans is a fund of €250 million announced in February 2015 to be provided over the next five years to Enterprise Ireland and IDA. This comprises a €150m Regional Property Programme delivered by IDA and up to €100 million available through three Enterprise Ireland competitive calls. Twice yearly updates will be published for each plan.

### **Dublin Regional Action Plan**

DJEI launched the Dublin Action Plan for Jobs – the final of eight regional action plans – in January 2016. The development of the Plan involved extensive engagement and collaboration with a range of stakeholders that have committed to delivering on a suite of actions over the next three years. The Dublin APJ acknowledges that Dublin's scale, diversity and the dynamic already in evidence, as well as its role in the international context, makes this Plan somewhat different. The Actions have been informed by Enterprise 2025 and aim to:

- Elevate activities that are having an impact – activities that work as demonstrators that can be replicated across the city region and that raise Dublin's profile internationally;
- Collaborate where, by working together we can achieve more than might otherwise be realised and can facilitate clustering activities with scale and international visibility; and
- Seek always to differentiate Dublin in terms of innovativeness, place-making, talent and its connectedness regionally, nationally and globally.

The actions cover the following areas - to:

- Realise a step up in enterprise performance in terms of international competitiveness, innovation and productivity – delivering:
  - 430 FDI investments over the period 2015-2019;
  - Realising a 20 percent uplift in RD&I activity;
  - An additional 66,000 more jobs by 2020.
- Develop Dublin's global reputation for a number of key sectoral hubs, building clusters of scale and international visibility in exporting sectors including international financial services, software, services, design, Bio-pharma, food and other manufacturing; and also to realise the potential of employment intensive sectors including tourism and retail.

- Enhance Dublin's standing as a world class start-up city and strengthen the capabilities of our entrepreneurs and start-ups to deliver sustainable growth – to deliver an increase in the number of start-ups by a minimum of 25 percent with improved survival rates.
- Develop Dublin as a home for 21<sup>st</sup> century talent for enterprise and ensure that we keep abreast of how sectors, occupations and skills are evolving so that our people will differentiate Dublin's offering in a global context.
- Celebrate and promote the unique offerings of Dublin neighbourhoods and prioritise the infrastructure investments needed to support our international city – where Dublin is a city of the world that feels like a village.
- Elevate Dublin's reputation national and internationally as the Ideas Capital, where innovation is the way of life, delivering through initiatives such as the Smart Cities project.

An industry led implementation group has been set up that is responsible for driving and monitoring delivery of the actions over the period to 2018, and its first meeting will be held in September 2016.

### **Developing Ireland's National Enterprise Policy**

DJEI is required, under the Industrial Development Acts, to undertake regular reviews of Ireland's industrial policy. During 2015, the Department finalised Enterprise 2025, Ireland's national enterprise policy for the period 2015-2025. Enterprise 2025 was adopted by Government and launched in November 2015. The key principles and ambition set out in Enterprise 2025 have been reflected in the Programme for Partnership Government and commitment to its delivery set out in the Summer Economic Statement published in July 2016.

This is an ambitious strategy, with the objective of delivering growth that is sustainable, that is led by strong export performance, builds on our sectoral strengths and that is underpinned by innovation, productivity and competitiveness.

We aim to build resilience into our economy so that we do not suffer again as we have done in the past number of years.

Enterprise 2025 sets out our ambition to:

- have 2.18 million people in employment by 2020 – which would be a record level of employment in the State. We envisage unemployment to have reduced to 6 percent (circa 266,000 more people at work from 2104 base) – which brings forward the unemployment of 6.5 percent forecast by Department of Finance in its analysis for Budget 2016;
- ensure that jobs are created throughout the regions so that unemployment in each region is within one percent of the State average by 2020;
- grow Irish owned exports by between 6 and 8 percent annually to 2020;
- restore our competitiveness to rank in the top three of the most competitive small countries in the world; and
- realise long term productivity growth to levels ranking amongst the top five EU countries.

This is a whole of enterprise strategy – encompassing all sectors and activities in the economy, and across all regions of Ireland.

Enterprise 2025 sets out the strategic actions needed across Government in order to deliver on the stated ambition to reach full employment by 2020, and to ensure that Ireland's enterprise

policy is sufficiently robust to anticipate and/or respond to the changing competitive environment and intensified global competition for trade, investment and people.

The actions encompass three main areas:

- realising a step change in enterprise performance that delivers a significant increase in Irish owned companies of scale, a greater number of start-ups with better survival rates, and strategic foreign direct investments that add value to Ireland's sectoral development, clusters of scale and economic growth;
- focused capital investment in areas that will differentiate Ireland in what is an intensively competitive global environment, including in talent & skills; innovation; place-making (realising regional potential); and in strengthening our international connectivity and diversifying export markets;
- excelling in the basics to ensure that companies can access the finance they need to support growth; taxation policies are supportive of enterprise; investments are made in productive infrastructures to support enterprise investment and the mobility of goods, services and people; and that a concerted focus on cost competitiveness relative to international competitors is maintained.

The development and shaping of Enterprise 2025 involved extensive consultation with enterprise, industry associations, academia, agencies and other Government Departments through a series of focused workshops and meetings over the period 2014 through to its completion in 2015. Enterprise 2025 is aligned with Innovation 2020 that was also launched by DJEI in late 2015.

### **Enterprise Ireland**

Enterprise Ireland (EI) operates as an Agency of the Department and is responsible for the development and growth of Irish enterprises in world markets. Enterprise Ireland works in partnership with Irish enterprises to help them start, scale, innovate and win export sales on global markets. In this way, the agency supports sustainable economic growth, regional development and job creation. As an open economy, export success is fundamental to Ireland's continued economic growth.

Enterprise Ireland's strategy 2014-2016 sets out the strategic goals and key deliverables for the period. It details initiatives and actions that will create 40,000+ new jobs in Irish companies and increase Irish exports by €5bn by 2016. This strategy is driving the greatest export gain and job creation ever achieved in any three year period by Irish companies. The associated annual spend in Ireland by Enterprise Ireland clients will increase national prosperity in all regions across Ireland.

The work and activities of Enterprise Ireland contributes significantly to the championing of jobs. Companies supported by Enterprise Ireland, directly and indirectly, account for more than 300,000 jobs in the Irish economy. Their total spend in the Irish economy reached €23.7bn in 2015. The consequential economic impact of EI activity is felt across all sectors of the economy, from agri-food to construction, manufacturing to logistics, and retail to hospitality.

Enterprise Ireland also recorded the highest level of full-time jobs created in what has been the best year for job creation in Enterprise Ireland's history. With 192,223 currently employed, 10,169 net new jobs were created in 2015. Some 64% of these new jobs were created outside of Dublin.

Exports by Enterprise Ireland client companies grew 10% to €20.6bn, the highest ever level of export gains. The export figure is now almost double what it was 10 years ago (€10.73bn in 2005). Clients reaped the benefits of a strong US dollar and UK sterling, with US and UK sales up 27% and 12% respectively. Export growth in the USA/Canada was strongest in 2015 and there were record levels of exports to the Eurozone.

UK exports grew by 12%, but as a proportion of all Enterprise Ireland client exports, have fallen from 45% to 37% over the past 10 years, as Enterprise Ireland clients have diversified their export base. High Growth Markets (e.g. China, Brazil, etc.) have continued to increase in importance over the past 10 years and at €2.5bn they now account for 12% of total exports compared to 7% in 2005.

Responding to evolving growth opportunities and clients' export strategies, Enterprise Ireland co-ordinated over 120 overseas trade missions and knowledge events, including the first State-led missions to West Africa and to the Baltic States. Throughout the year, the number of significant new overseas customers that client companies secured with assistance from Enterprise Ireland totalled 1,239; with 429 new overseas presences established.

In order to be competitive in export markets, Enterprise Ireland's Lean Business Offer is designed to encourage clients to adopt Lean business principles in their organisation to increase performance and competitiveness. Lean tools and techniques are helping companies across the globe to address competitiveness issues within their businesses by building the capability of their people to identify problems and improve operations. Funding was provided for 156 companies to avail of the various Lean and Green Business offers during 2015. Enterprise Ireland also piloted a new lean business programme for small and microenterprises with seven of the Local Enterprise Offices.

To support the scaling agenda, nearly 1000 CEOs and managers participated in Enterprise Ireland's Leadership and Management Development Programmes in 2015. Enterprise Ireland's in-depth flagship programmes provided 290 managers from 165 companies with the tools, techniques and ambition to grow their business. Enterprise Ireland's short programmes allowed 669 managers from 401 companies to make rapid impacts on their businesses. The Platform4Growth programme piloted a blended-learning approach to management development and the Graduates4International Growth programme was recognised as 'Best Graduate Training & Development Programme' at the GradIreland Graduate Recruitment Awards 2015.

During 2015, Enterprise Ireland was also heavily engaged in delivering actions in the APJ, in monitoring and financing of regional APJs, in delivering numerous actions under the Entrepreneurship Policy Statement and in the development and management of the 31 Local Enterprise Offices. The Agency continued to roll out training for staff of the Local Enterprise Offices to drive service consistency for their 6,000 clients nationally.

In 2015, the Regional Job Creation Funds were set up to boost job creation by encouraging 'bottom up' collaborative projects between private and public organisations e.g. providing incubation space, mentoring entrepreneurs, start-up accelerator programmes, supporting industry clusters within and between local and regional areas as well as local driven initiatives. During the year, Enterprise Ireland launched a new €5m Community Enterprise Initiative competitive funding call, attracting 118 proposals from all over the country. The call for applications was open to new and existing organisations, groups and alliances, who

collaboratively sought to promote entrepreneurship, create jobs, foster innovation and enhance export opportunities for small businesses.

### **Local Enterprise Offices (LEOs)**

The Local Enterprise Offices (LEOs) are the 'first-stop-shop' for providing advice and guidance, financial assistance and other supports to those wishing to start or grow their own business. The LEOs can 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.

In addition the LEOs provide a 'signposting' service in relation to other relevant state supports available in, for example, Revenue, the Department of Social Protection, Microfinance Ireland and Education & Training Boards Ireland. For anyone interested in starting or growing a business, the LEOs may be able to offer 'soft' support in the form of training and mentoring. For further information on the LEOs go to [www.localenterprise.ie](http://www.localenterprise.ie).

2015 was the first full year of the LEO operation and overall they have delivered a strong performance in terms of job creation in the micro-enterprise sector at the local level.

In summary:

- A total of 7,122 new full and part-time jobs (gross) were created overall.
- Taking into account losses, there was a net increase of 3,533 jobs (full and part-time)
- The LEO portfolio in 2015 consisted of 6,573 client companies, with an employment total of 32,592 (full-time and part-time jobs).

Key to the delivery of these jobs has been the provision of a range of development supports aimed at building company capacity and performance among the micro-enterprise sector:

- In 2015 the LEOs paid out direct financial assistance to 984 business projects (against a target of 900), to the value of €10m. Of these, 400 were priming grants for start-up companies.
- In addition to direct financial assistance, the LEOs supported an even wider cohort of entrepreneurs and small businesses in 2015 through other soft supports:
  - 1,896 training programmes involving 27,185 participants
  - provision of one-to-one mentoring support to 8,175 participants
  - referrals to Micro Finance Ireland (200 grant applications approved)
  - promotion of the Department of Communications, Climate Action and Environment (D/CCA) Trading Online Voucher Scheme with 1,770 vouchers approved in 2015.

During 2015, 23 LEO client companies progressed to Enterprise Ireland. These clients are significant in so far as they were amongst the best performing companies in the LEO client portfolio (their performance is not reflected in the 2015 outturn above). They represent a positive outcome of LEO investment and are an important metric of LEO performance which DJEI will continue to monitor.

Furthermore in 2015, an overall investment fund of €2 million was available for County, regional and national winners in the Ireland's Best Young Entrepreneur (IBYE) competition. Almost 1,400 young people aged between 18 and 30 took part (up from 1,018 in 2014). The aim of the initiative is to support a culture of entrepreneurship among young people in Ireland, to promote

entrepreneurship as a career choice, and to encourage Ireland's young people to set up new businesses which will ultimately create jobs.

### Key LEO output metrics 2015

Value of project approvals	€15,023,380
Value of payments made	€10,048,453
No. of business projects funded	984
of which, start-up priming grants	400
Training programmes held	1,896
Training participants	27,185
Mentoring participants	8,175
No. of referrals to Microfinance Ireland (MFI)	399
No of referrals approved	200
IBYE participants	1,400
No. of Trading Online Vouchers	1,770



Minister Richard Bruton with Mr James Foody of Ayda, the winner of Ireland's Best Young Entrepreneur 2015

### National Entrepreneurship Policy Statement

Ireland's first ever National Policy Statement on Entrepreneurship was launched in October 2014 and it sets out the Government's strategic objectives as a facilitator within the Irish entrepreneurship ecosystem. It covers the six key elements that impact on entrepreneurs and start-ups and signposts the direction that policy will take in the coming years.

The key target contained in the plan is to double the jobs impact of start-ups in Ireland over five years. In order to deliver on this we must:

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

The Government has set out a vision for Ireland to be among the most entrepreneurial nations in the world and to be acknowledged as a world-class environment to start and grow a business.

To achieve that ambition, the Department has set out to improve the key interlocking elements that impact on entrepreneurship and make up the entrepreneurship ecosystem in Ireland. These are:

- Culture, human capital and education;
- Business environment and supports;
- Innovation;
- Access to finance;
- Networks and mentoring and
- Access to markets.

The actions in the Policy Statement were progressed in 2015 through the Action Plan for Jobs process and the Department continues to monitor progress against key performance indicators and work with partners in enterprise to achieve the ambition.

An implementation group has been established to drive the strategy. The Group met four times in 2015 and an Annual Progress Report was produced by the end of the year. This Progress report highlighted the successes of the year and identified areas of focus for 2016.

By the end of 2015 there were many positive changes to international indicators in the areas of entrepreneurship and innovation:

- In November 2015, the Global Entrepreneurship Index placed Ireland in 12th place Worldwide (up from 19th the previous year), and 7th in Europe (up from 12th the previous year).
- The EU's 2015 Digital Scoreboard placed Ireland 8th in the EU, up from 11th in 2014.
- The World Bank 2016 Doing Business Index placed Ireland 17th, up from 19th the previous year.
- The Global Innovation Index ranked Ireland 8th up from 11th in 2014.

In addition, the participants in Ireland's Best Young Entrepreneur Competition rose to 1,400, showing an increase of 40% from 2014.

### **Engagement with Small Business Community**

The Department's Advisory Group on Small Business (AGSB) provides a platform for structured engagement between Small Business owners and the Minister for Business and Employment.

The AGSB met six times during the year, and made a submission into the Action Plan for Jobs Process.

### **The Start Up Gathering**

The Action Plan for Jobs, 2015, supported a new initiative, the Start-up Gathering. This took place across Ireland from the 5<sup>th</sup> to 10<sup>th</sup> October, with over 400 events taking place throughout Ireland.

Five cities, Dublin, Cork, Waterford, Limerick and Galway, acted as the Hubs for the Start-up Gathering and there were also associated regional events in a total of twenty two counties.

The events promoted entrepreneurship, innovation and Ireland's start-up sector to national and international audiences.

## IDA Ireland

*The Policy Statement on Foreign Direct Investment in Ireland*, adopted in 2014, informed the development of IDA Ireland's new strategy *Winning: Foreign Direct Investment 2015-2019*. This aims to build on the successes in attracting FDI over the last five years and to consolidate, via challenging and measurable targets, Ireland's world leading fertile investment climate. This ambitious strategy sets 5 year goals of securing 80,000 new jobs, 900 investments and €3bn in R&D investments.

Regional development is a cornerstone of the IDA's new strategy and for the first time each region has been allocated a set of investment targets with a minimum increase of 30-40% sought in each region outside Dublin. This component of the strategy is aligned with DJEI's Regional Action Plans for Jobs. To deliver these regional targets the IDA aims to increase its regional footprint aligning its business sectors with the regions to develop "sectoral ecosystems" and to take advantage of industry clusters. The IDA will also work more closely with Enterprise Ireland and its existing clients to ensure that benefits are maximised for each region. Critically the IDA Ireland through the Regional Property Programme will develop appropriate property solutions in designated regional locations to attract overseas investment.

In 2015, against a backdrop of intense competition from other jurisdictions the IDA made significant progress against the challenging targets contained in this strategy. 11,833 net new jobs were created over the course of the 12 months, compared to 7,131 for 2014 – representing a year-on-year rise of 66%. The number of investments won for Ireland during the year also rose to 213 from 197 in the previous year.

Both figures evidence the strong investment and jobs pipeline that is in place.

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

In 2013 a Protocol for cooperation was agreed between the Department of Social Protection, the Department of Jobs, Enterprise and Innovation and the Enterprise Development Agencies including Enterprise Ireland, IDA Ireland, and the Local Enterprise Offices (LEO's), as well as Udarás na Gaeltachta.

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

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

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

This Steering Group met quarterly throughout 2015, overseeing significant improvements in cross Departmental and agency communications. In June 2015 a report was prepared by the Steering Group on the effectiveness of the initiative to date. This report found that the Enterprise Development agencies were working well with the new INTREO service of the Department of Social Protection, with greater awareness among the Enterprise Development agencies and their clients of the services available from the Department of Social Protection through INTREO. The ability to match the skills or potential skills available through the constant flow of information between these parties to the skills that are actually in demand by enterprise has attracted significant multinational interest.

### **Economic Impact of Foreign Direct Investment**

IDA Ireland estimates that for every 10 jobs generated by FDI another 7 are created in the wider economy, translating to 318,000 jobs or 1 in 5 private sector jobs in 2015.

At the end of 2015 there were 187,056 people working in IDA Ireland client companies, the highest in IDA Ireland's history. It was also the sixth consecutive year of growth in net employment. This reflects the continued contribution that multinational companies make to the wider Irish economy, as further demonstrated by the figures below:

- Supporting an estimated 122,000 indirect jobs
- Exporting €130.1bn from IDA Ireland client companies
- Paying €3bn in corporation tax
- Spending €1.5bn on research and development

These economic benefits will be felt in particular in the regions where the IDA Ireland has created 53% of their total jobs for 2015 in comparison with 49% in 2014. This is reflective of their strategic commitment to balanced regional development in line with the Government's overall focus on creating the conditions for increased employment and investment in areas outside Dublin.

In addition, in 2015 the IDA worked with its sister agency Enterprise Ireland to ensure that synergies between its client companies and home grown firms were exploited to deliver the best possible outcome for the Irish economy. The IDA's Strategy details this partnering with Enterprise Ireland to showcase Irish enterprise and develop joint enterprise strategies to ensure companies are supported at all stages of their investment lifecycle.

As a result of the analysis, Enterprise Ireland has placed an intensified focus on the potential for increased levels of FDI from enterprises addressing the Food and Beverage markets including ingredients, consumer foods, nutrition and nutraceuticals, and on working with entities already established here to broaden their corporate mandates, including RD&I and HQs.

Building on the findings of the Policy Statement, The Action Plan for Jobs 2015 set out a suite of specific actions to be delivered within the year that placed the broad Talent agenda as a disruptive reform. The underpinning research, analysis and findings also contributed to shaping Enterprise 2025, Ireland's national enterprise policy for the next decade, and have considerably advanced the development of a more systematic approach to sector ecosystem development and enabling the creation of sustainable National Clusters of scale, with international visibility and impact.

Sustainable economic growth depends on maintaining national competitiveness and creating employment. Ireland's competitiveness is a key determinant of our ability to sell goods and services in the global market and to attract inward investment. The aim of the Action Plan for Jobs, first introduced in 2012, is to create the conditions to support private sector-led, export-oriented economic growth and job creation.

### **Economic Infrastructures**

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

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

Throughout 2014 the Department highlighted the main issues and priorities for business users across each infrastructure area drawing on in-depth research carried out by the Strategic Policy Division.

Activity in 2015 included inputting to the Energy Green Paper to ensure that cost competitiveness was considered alongside sustainability and security of supply; making a formal submission to Irish Water as it prepares its investment plans for 2017-2021, reviewed the top infrastructure priorities for enterprise development in the context of Ireland's ambition that the regions throughout Ireland will benefit from (and contribute to) Ireland's future economic growth.

In parallel, the Department engaged on an ongoing basis across the public and private sectors to advocate for policy measures to improve the availability and quality of economic infrastructure to support enterprise development and growth.

### **Taxation**

DJEl coordinated a joint agency Pre-Budget Submission 2016 involving IDA Ireland, Enterprise Ireland and SFI. The primary purpose of the submission was to ensure that Budget 2016 supports enterprise, in particular, the export potential of firms and Ireland's attractiveness as a location for foreign direct investment and for the attraction and retention of talent. This submission makes recommendations in respect of a number of key taxation areas for enterprise under three headings of Entrepreneurship and Investment, the International Tax Environment and support for Job creation and Export Growth.

In addition, DJEl coordinated a response, together with Enterprise Ireland, to the Department of Finance's consultation on Tax and Entrepreneurship review. This involved an extensive review of a range of measures, together with an assessment of Ireland's relative competitiveness in terms of the taxation regime for entrepreneurs and start-ups. The submission placed a priority on CGT Entrepreneurs relief, incentivising investment in start-ups and in talent. DJEl emphasised the importance of delivering on Ireland's OCED compliant Knowledge Development Box taking into account the specific challenges facing smaller Irish owned enterprises in relation to Intellectual Property.

### **State Aid Modernisation**

The European Commission initiated a State Aid Modernisation (SAM) process in 2012. The objectives of the initiative are to foster growth in a strengthened, dynamic and competitive internal market, to focus enforcement on cases with the biggest impact on the internal market and to streamline the state aid rules, including the speed of decision-making by the Director General for Competition (DG COMP).

The first phase of SAM, completed in 2013, agreed the regulatory framework tabled by the Commission. The Irish Presidency facilitated reaching an agreement between DG COMP and Member States on the Procedural and Enabling Regulations. The Procedural Regulation deals with State Aid notification requirements by Member States and investigations by the DG COMP. The Enabling Regulation allows the Commission to exempt new categories of aid.

The second phase (currently in progress) focuses on permitting increased flexibility for Member States to grant State Aid without prior notification and approval by the Commission, provided that certain conditions are met in accordance with the new Group Block Exemption Regulation (GBER).

In return for the greater flexibility allowed by the new EU rules, Member States now face increased responsibility to ensure compliance with State Aid requirements, with the Commission paying greater attention to complaints.

In line with the new State Aid transparency rules, as of 1 July 2016, Member States are required to notify on a public website the identity of the beneficiary of all individual aid awards above €500,000, the amount and objective of the aid and the legal basis. The Commission, in collaboration with Member States, has designed a central webpage displaying the above transparency data for each Member State or region. However, it will be up to each Member State to compile, check and publish that data within 6 months from the granting of the aid. The information will be available on the website for at least 10 years from the date on which the aid was granted.

Adherence to State Aid rules remained a priority for the Department of Jobs, Enterprise and Innovation in 2015. The Department, in its capacity as the National Contact Point for overarching State Aid policy, continued disseminating information across Government Departments and the Department's enterprise agencies. In addition, as the liaison point for all communications issuing to and from DG Competition, the Department coordinated Ireland's position on state aid issues during the course of 2015.

### **National Standards Authority of Ireland (NSAI)**

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

During 2015, NSAI published a total of 1,382 European and Irish standards, and sold 11,549 standards worldwide with 4,881 purchased by Irish organisations. The most popular standards related to Domestic Gas installations standard I.S. 813, a standard for Hygiene in the Catering Sector I.S. 340, a standard for Emergency Lighting I.S. 3217, the Quality Management Systems standard I.S. EN ISO 9001 & ISO 9001 and the Fire Detection and Alarm Systems for Buildings standard I.S. 3218.

NSAI's "Your Standards, Your Say" web portal had over 1,766 registered users in 2015.

NSAI is the Irish Type Approval Authority and has appointed Approved Test Centres to carry out the relevant tests and inspections in various vehicle areas including Individual Vehicle Approval, Commercial Vehicles, Trailer Certification, and the Licence Scheme for the Adaption of New Vehicles for Disabled Drivers. In 2015 NSAI issued over 7,000 national and European vehicle approvals.

Under the Metrology Act 1996, NSAI is legally responsible for providing an assurance regarding everyday measurements used in trade. In 2015, NSAI inspectors visited 5,503 premises and inspected 13,285 instruments, while some 40,469 instruments were subject to verifications by private companies designated as authorised verifiers by NSAI.

NSAI continued its research activities with EU institutions and other Research & Development (R&D) stakeholders throughout 2015. A total of 462 research days were completed in 2015, where NSAI staff engaged in applied research projects and a research cooperation agreement was established with Dublin City University. During the year, 5 research projects were progressed across a number of areas including the calibration of measuring rules and instruments and a PhD research project in the area of Electrolytic Conductivity.

### **Competitiveness**

National competitiveness is a broad concept that encompasses a diverse range of factors and policy inputs including education and training, entrepreneurship and innovation, Ireland's economic and technological infrastructure and the taxation and regulatory framework. Competitiveness is not an end in itself, but is a means of achieving sustainable improvements in living standards and quality of life. Only by ensuring that Irish based firms can compete successfully here and abroad can we create the employment, income and wealth necessary to improve the lives of all of our citizens. It is also vital that the Government promotes competitive markets across the services that are critical to business and champion's smarter regulation. Since 2011, Ireland's relative international competitiveness as measured by a range of international indices improved. As a result of our concerted efforts to improve the business environment, Ireland's relative international competitiveness as measured by a range of indices has improved. Ireland moved from 24<sup>th</sup> to 16<sup>th</sup> in the IMD's World Competitiveness Yearbook in 2015, from 29<sup>th</sup> to 24<sup>th</sup> in the WEF Global Competitiveness Report and 17<sup>th</sup> out of 189 countries, up two places on last year as assessed by the World Bank. The Bank's latest report shows Ireland is now ranked fourth in the euro area in terms of ease of doing business. The National Competitiveness Council (NCC) has pointed out that Ireland has become significantly more cost competitive since 2008 and this improvement is reflected in the various international competitiveness rankings. While welcoming the improvement over the period 2011-2015, the Council is concerned that hard won competitiveness gains are at risk of being eroded. International competitiveness is a dynamic process and competition in the global economy is intense and constant. The IMD's World Competitiveness Yearbook published in May 2015, shows that Ireland's overall competitiveness ranking slipped from 15<sup>th</sup> in 2014 to 16<sup>th</sup> in 2015. Ireland's decline in the IMD can be partially explained as a result of improved performance amongst some of our key competitors (most notably Luxembourg), emphasising the relative nature of cross country competitiveness comparisons. While the drop in performance is relatively slight, it serves as a reminder about Ireland's vulnerability, the fragile nature of our recovery, and the need to continually focus on policies to support and enhance competitiveness.

Ireland is also seen as a highly desirable location for foreign direct investment and the IBM 2015 Global Location Trends Report<sup>1</sup> showed:

- Ireland continued to attract investment projects with the highest average value;
- Ireland remained the strongest investment jobs per-capita performer among the higher-cost economies; and
- Dublin was the 12th most attractive FDI location globally.

Ireland's commitment to research, development and innovation has expanded significantly, both in terms of the level of investment and the human resources engaged in R&D activity over the past decade. According to the European Union's Innovation Scorecard, Ireland's overall innovation performance has improved incrementally in recent years, and in 2014 was 20% above the EU average (compared with 10% in 2007). Ireland moved up to 8th ranking in the Innovation Union Scoreboard for 2014 but performance lags innovation leaders such as Denmark, Finland, Germany and Sweden. Ireland leads the EU28 in how innovative firms are and in the economic impact of innovation in terms of employment, revenue and exports. A range of weaknesses (relating to community designs, non-R&D innovation expenditures, and R&D expenditures in the public sector) remain to be addressed.

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

Many of the actions which are being pursued through the "Action Plan for Jobs" Framework over the period 2012-2016 are aimed at improving Ireland's overall competitiveness – a strategic objective of the APJ is to get Ireland back to a top-five ranking in international competitiveness. APJ 2015 commits the Government, led by the Taoiseach and supported by this Department, to continue its focus on institutionalising the drive for competitiveness. Action 246 commits the Cabinet Committee on Economic Recovery and Jobs, and other Cabinet Committees as appropriate, to continue monitoring progress on competitiveness issues identified by the National Competitiveness Council and others and consider further actions to improve Ireland's international competitiveness and consider initiatives to make it easier to do business in Ireland. The Cabinet Committee(s) will be supported by the relevant Senior Officials Group and the APJ Monitoring Committee in this work.

### **Competitiveness Challenges**

The National Competitiveness Council (NCC) published its Costs of Doing Business 2015 in April as required under the Action Plan for Jobs 2015. The report benchmarks key business costs and highlights areas where Irish enterprise costs are out of line with key competitors. The report concentrates on costs that are largely domestically determined such as labour, property, energy, water, waste, communications and business services, and considers both price levels, and

---

<sup>1</sup> Released September 2015

changes in those levels (i.e. price inflation). The 2015 report also included two additional chapters examining commercial insurance costs, and waste costs.

The Council published *Ireland's Competitiveness Scorecard* in July 2015. The overall conclusion from this analysis of a comprehensive assessment was that Ireland's recovery maintained its momentum throughout 2015. Further improvements in the labour market, the public finances and the macroeconomic outlook were recorded throughout 2015. However, the negative consequences of the last five years will continue to be felt for the foreseeable future. Incomes and quality of life have been reduced, and society continues to bear the scars of unemployment, emigration and debt. Improving our competitiveness is central to any recovery strategy. From a competitiveness perspective, the cost reductions that occurred since the onset of recession, allied to the elimination of many capacity constraints, have resulted in improved international competitiveness. This provides our enterprises with advantages when selling into foreign export markets, makes them more competitive at home, and makes Ireland a more attractive proposition for international investors.

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

In *Ireland's Competitiveness Challenge 2015*, the Council highlighted seven challenges that must be addressed if we are to create the employment and wealth necessary to improve the lives of all of our citizens, and to lay the foundations for future prosperity:

Maintaining Fiscal Sustainability;

1. Investing in Physical and Knowledge Infrastructure;
2. Improving Cost Competitiveness;
3. Enhancing Talent and Skills;
4. Improving Access to Finance for Enterprise;
5. Supporting Innovation and Productivity; and
6. Broadening the Enterprise and Export Base.

The Competitiveness Challenge report highlights a range of obstacles to continued recovery:

- Firstly, Ireland must maintain a sound budgetary position whilst simultaneously increasing capital investment to enhance competitiveness and support enterprise. A significant ramping up of expenditure on physical and knowledge infrastructure is required, above and beyond the commitments contained in the recent Capital and Investment Plan 2016-2021, which the Council welcomes. Additional investment is particularly essential in the areas of broadband and transport. Such services are required now to support regional jobs, growth and competitiveness.
- Secondly, the enterprise sector provides the engine for economic growth. Our internationally trading firms must be able to win business in increasingly competitive global markets. However, we must also grow a cadre of Irish firms of sufficient scale and capability to make the leap into such markets. Increasing the number of productive and innovative indigenous firms acting as sub-suppliers to exporting sectors and serving the domestic market is a vital component of developing a balanced, vibrant and competitive economy. We must maintain, and enhance where appropriate, the capital budgets of the

Enterprise Development Agencies. Failure to address the resource constraints currently faced by the Development Agencies puts at risk Ireland's ability to attract new foreign direct investment, and risks damaging the domestic recovery.

- Thirdly, we must protect and enhance Ireland's value proposition from an investor perspective. The attractiveness of our overall taxation system is essential in this regard. International tax competitiveness is not just about our corporate tax offering. While much good work has been undertaken in this regard, including maintaining our 12.5 per cent rate (whilst simultaneously complying with best international standards) and developing the Knowledge Development Box, more is required. If we are to continue to attract high skilled individuals and deliver upon our ambitions to further develop an innovation driven economy, we must ensure that we provide a competitive income tax regime. While the changes announced as part of Budget 2016 are welcome, it is now timely to reduce marginal rates below 50 per cent for all earners. Such a move will not only make Ireland a more attractive location for high-skilled workers, it will also help to embed potentially mobile activities of real substance in Ireland (since such activities are explicitly dependent on the presence of an appropriate highly-skilled work force).
- Fourthly, and related to the issue of attracting high skilled workers, is the availability of affordable property. Rapid increases in both residential rental costs and purchase prices feed through into increased wage demands and rising living costs. A rising house price – wage rate – cost of living spiral adversely impacts on quality of life for those already living here, and makes Ireland a less attractive location for potential migrants, especially high-skilled migrants who have their choice of destinations. In this regard, it is essential to increase housing supply, whether through the provision of additional social housing or through the removal of barriers currently limiting construction of private housing. The shortage of commercial office space in key urban centres is equally of concern.
- Finally, the ability of the education and training system to react to the demands of the enterprise sector has long represented a core competitiveness strength, and our flexibility to respond to an ever-changing labour market has been much lauded. The Council is concerned, however, about the emergence of a range of skills shortages. Our still high rates of youth and long-term unemployment are also concerning, as is the relatively large cohort of workers with relatively low levels of educational attainment. The new National Skills Strategy, allied to enhanced employer engagement, must provide the bedrock for future skills development. It is vital that this Strategy is prioritised and that the necessary urgency is brought to bear to ensure its timely delivery and implementation.

Since its introduction, the Action Plan for Jobs (APJ) has recognised the fundamental link between competitiveness and job creation, and has been the key mechanism to drive competitiveness in all areas of economic activity. The *Challenge* urges that the commitment to implementation inherent in the APJ process be maintained. The *Challenge 2015* also includes the Council's Submission to the Action Plan for Jobs 2016 which identifies the most immediate areas for action in 2016, from a competitiveness perspective.

The Council released six short bulletins in 2015 on key competitiveness issues:

- The impact of electricity prices on competitiveness (June 2015);
- The IMD's World Competitiveness Yearbook (July 2015);
- Infrastructure and its importance in supporting competitiveness (July 2015);
- The labour market and competitiveness (August 2015);

- The World Economic Forum's Global Competitiveness Report (October 2015); and
- The World Bank's Doing Business Report (October 2015).

In addition, the NCC also published a Submission to Department of Finance on the Potential of Taxation Measures to Encourage Development of Zoned and Commercial Land. This submission highlights the potential role for site value taxes, and notes that sustainable and broad based property taxes, when properly structured, would enhance Ireland's fiscal stability while supporting competitiveness.

### **Engagement at EU Level on what**

At European level, work on entrepreneurship has been a central feature of the SME Envoy Network. In 2015, four meetings of the SME Envoy took place and, through this Department, the Minister for Business and Employment, Mr. Ged Nash, TD. drove and reported on entrepreneurship initiatives arising from these meetings.

The Digital Single Market (DSM) Strategy, adopted on the 6<sup>th</sup> May 2015, includes 16 initiatives, under 3 pillars, to be delivered by the end of 2016:

1. Access: better access for consumers and businesses to digital goods and services across Europe
2. Environment: creating the right conditions and a level playing field for digital networks and innovative services to flourish
3. Economy and Society: maximising the growth potential of the digital economy

The Commission also believes that an inclusive DSM offers opportunities for citizens, provided they are equipped with the right digital skills. Enhanced use of digital technologies can improve citizens' access to information and culture and improve their job opportunities. It can also promote modern open government.

Digital Single Market issues span both intra and cross Departmental work areas. In 2015 this Department established a cross-divisional group to gather internal views on those issues for which it has policy responsibility in order to ensure there is policy coherence within DJEI. These views are being fed into a cross-Governmental group led by the Department of An Taoiseach.

### **Exports 2015**

In 2015, Irish exports reached a record level of almost €234 bn. This was the sixth successive year for year on year export growth. Goods exports amounted to over €112 bn which was a very impressive 21% increase on 2014. Service exports reached almost €122 bn in 2015 which was more than 15% higher than the value of service exports for the previous year. The main categories of Goods exports were Medical and Pharmaceutical products (€30bn) and Organic chemicals (€21bn). These two categories made up 46% of all Goods exports. The main destinations for Goods Exports in 2015 were USA (23%), UK (17%), Belgium (16%), Germany (8%), Switzerland (7%) and France (5%). China accounted for 2.5% of total goods exports. The main category of service exports was Computer Services which were valued at over €57bn and accounted for 47% of Service exports.

Enterprise Ireland companies saw an increase of 10% in exports in 2015 compared with 2014, amounting to an all-time high of €20 bn. Significant growth was recorded in exports across all sectors with software, construction and manufacturing seeing the greatest increases. Exports increased across most territories, with exports to the USA and Canada increasing by 27% to

almost €3bn; exports to the UK increasing by 12% to €7.5bn, and exports to Northern Europe increasing by 8% to €4.2bn.

### **Overseas and Trade Events**

Ministers from this Department lead a number of Trade Missions abroad to Poland, Czech Republic, the Gulf States and China in 2015 and also attended other trade and networking events abroad. Trade Missions raise Ireland's profile as a world-class supplier of goods and tradable services, and work to develop and expand Ireland's exports to existing and new markets abroad.

### **Trade Policy**

Trade policy is an essential component of the Department's priority in helping firms export and create quality employment and contribute to the ambitious international trade objectives in the Action Plan for Jobs and further through Enterprise 2025. It is estimated that every €1m in exports from indigenous firms sustains four jobs. Across the EU, 30m jobs depend on sales to the rest of the world, an increase of 10m since 1995. This reflects the importance of world trade to both Ireland and to very large numbers of EU consumers, whose spending power also contributes to the growing success of our exporters across Europe.

The EU has an ambitious policy for the EU as a leading trade region. In 2015 Ireland worked with the EU Commission to bring several trade agreements to a successful conclusion including the Information Technology Agreement, which is important for Ireland and worth €1.3bn globally. The EU also concluded free trade agreements with Vietnam and Ecuador, bringing the total number of Agreements in force to 35.

Significant progress was also made on the EU Japan and EU – US Free Trade Agreements during 2015.

### **Export Control**

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

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

The Department issued 650 export licences in 2015. This figure is comprised of 546 individual dual-use licences and 81 military licences, with 23 global dual-use licences in use during 2015. Statistics on the number and value of export licences are published periodically on the Department's website.

### **Retail Sector**

The Wholesale and Retail sector accounts for the largest share of private sector employment in the Irish economy, employing over 270,000 people in Ireland and representing approximately

12.5% of the workforce. The sector provides employment in every community in the country and is an important part of every locality. A vibrant retail sector breathes life into our towns and communities. In addition, Retail indirectly supports jobs in other areas, such as logistics and distribution and provides an important outlet for Irish products, thereby supporting more jobs.

The Retail sector experienced a considerable number of job losses over the period 2008-2012 as a result of the economic crisis and the consequent loss in consumer confidence. The number of people employed in Wholesale and Retail fell from 319,600 at the start of 2008, to just over 268,000 at the beginning of 2014. Recovery in employment figures has been slow. However, there has been a very gradual overall increase in the numbers employed in the sector in 2014 and 2015, with just over 275,000 people employed at the end of 2015.

The Retail Consultation Forum, which was established in 2014 under the Action Plan for Jobs 2014, met four times in 2015. The Consultation Forum provides a platform for a structured engagement between the Retail sector and relevant Government Departments and public sector bodies. The purpose of the Forum is to allow key issues of relevance to the retail sector to be discussed, with a view to identifying practical actions which could be taken by Government, or by industry itself, to support the sector.

The Forum held a special meeting in Drogheda to examine the recommendations in the report published by The Joint Oireachtas Committee on Jobs, Enterprise and Innovation, entitled "Policy Options to support Business Growth and Job Creation and Retention in Town and Village Centres" in April 2015.

At the October 2015 meeting of the Forum, Minister Ged Nash, then Chair of the Forum, established three Working Groups to look at the following issues highlighted in the JOC Report:

- a working group on reducing energy costs to examine and propose solutions aimed at assisting retailers to reduce their energy costs;
- a working group on retail and the digital economy to examine how the retail sector can maximise the opportunities presented by the digital economy;
- a working group on the revival of the town centre to examine and identify practical ways to give effect to some of the recommendations of the JOC report.

The Forum also prepared a pre-budget proposal to the Department of Finance on behalf of the retail members of the forum and contributed to the preparations of draft actions on retail for inclusion in the 2016 Action Plan for Jobs.

### **Corporate Social Responsibility**

Ireland's National Plan on Corporate Social Responsibility 2014-2016, *Good for Business, Good for the Community*, sets out a vision that Ireland will be recognised as a Centre of Excellence for responsible and sustainable business practices.

The National Plan on Corporate Social Responsibility (CSR) outlines the key principles and objectives which underpin the Government's approach to CSR. It also seeks to communicate a common understanding of CSR by outlining the Pillars on which CSR is based in Ireland. The Pillars are: Workplace, Environment, Marketplace, Community and the Public sector.

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

This CSR Plan represents a milestone in raising the profile of CSR in Ireland as a means of improving competitiveness at enterprise level while making a meaningful contribution to the communities and the environment within which businesses operate.

Through the CSR Stakeholder Forum and its sub-groups, the key objectives of the National Plan on CSR are being progressed. The Forum met four times in 2015 to discuss and exchange views on a range of CSR related issues. A key objective of the Forum is to raise awareness of the benefits of CSR to businesses in Ireland and to all stakeholders in society.

In August 2015, the Minister for Jobs, Enterprise and Innovation launched a new website, [www.csrhub.ie](http://www.csrhub.ie), which provides advice and support for businesses and other organisations who are interested in learning more about Corporate Social Responsibility. The website (CSRHub) is a key initiative of the CSR Stakeholder Forum and will help to increase awareness of CSR. The CSRHub is a communications tool which explains the benefits of engaging in CSR and acts as a signpost to all of the key CSR resources available in Ireland and at international level.

The CSR Stakeholder Forum recognises the importance of social media as a tool to generate online exposure for CSR and to increase awareness. A Twitter account @CSRHubIrl was set up in November 2015, which allows those interested in learning more about CSR to interact with other stakeholders and to share best practice.

### **Wider Engagement at EU Level**

We continued our engagement at EU level to achieve national and EU policy outcomes that are supportive of our enterprise, competitiveness and innovation agenda. The Department has a lead and coordination role in three formations of the Council of Ministers i.e. the Competitiveness Council, the Foreign Affairs (Trade) Council, and the Employment Social Policy Health and Consumer Affairs (ESPCO) Council. During 2015, both the Minister for Jobs, Enterprise & Innovation and the Minister of State for Skills, Research & Innovation represented Ireland at the Competitiveness and Trade Councils respectively. There were five Formal and two Informal Competitiveness Council meetings, as well as two Formal and two Informal Trade Council meetings held during the course of 2015. Key issues progressed by the Competitiveness Council during 2015 included the Single Market Strategy, the Digital Single Market, the EU Better Regulation Agenda, Mainstreaming of Competitiveness, the implementation of the European Research Area and Innovation and Research.

In addition to representing the Department's and Ireland's strategic interests at Council, the Department's key EU interests were also pursued at cross Government level via the Department of an Taoiseach's EU Senior Officials Group, and bilaterally through engagements with like-minded Member States, the Commission, and in particular with the UK, where, Department officials attended a bilateral meeting with their Trade and Single Market counterparts in London in July 2015.

### **Benefits of the EU Single Market**

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

The European Commission's Single Market Strategy (SMS) – *"Upgrading the Single Market: more opportunities for people and business"* – was adopted by the Commission on 28 October 2015. The Department had strong engagement in the preparatory process leading up to the adoption of the Strategy. Department officials met with DG Grow (Growth) - The European Commission Directorate General for Internal Market, Industry, Entrepreneurship and SMEs of the European Commission in Brussels to discuss areas which Ireland would like to see addressed in the Strategy. The Minister for Jobs, Enterprise & Innovation wrote to Commissioner Bienkowska to outline Ireland's priorities for the Strategy, and the Minister also signed a like-minded letter (signed by 17 Member States in total) to Vice President Katainen and Commissioner Bienkowska on the Single Market Strategy. A number of the areas which Ireland had suggested as priorities were addressed in the context of specific actions included in the Strategy.

Further, the Department continued its engagement at EU level, including with the European Commission, and with other Member States, and in representing Ireland at relevant EU Working Groups and Committees on Single Market issues. The Department also continued to administer the SOLVIT (an informal problem-solving network created to solve problems that EU citizens or businesses are experiencing with the public administrations of EU Member States. These problems must be associated with a denial of their Internal Market rights due to Internal Market law not being applied correctly) and Internal Market Information (IMI) Systems, responding to SOLVIT cases and raising awareness of these administrative tools among businesses and citizens.

In 2015 the Department progressed an initiative to enhance the functionality of Ireland's Point of Single Contact (PSC), a website which all Member States are required to operate pursuant to the EU Services Directive. This initiative resulted in a Government Decision to put all services to businesses (for example, licences, authorisations and permits) online by November 2017.

### **European Semester**

The Department also played a central role in processing the European Semester (a yearly cycle of economic policy co-ordination) and contributions to the Country Specific Recommendations in Council formations (Competitiveness and Employment, Social Policy, Health and Consumer Affairs (EPSCO)) through the Councils' advisory and preparatory Committees and Groups, in particular, the Employment Committee and the High Level Group on Competitiveness and Growth. Council conclusions were also achieved on the Annual Growth Survey 2015 and the 2015 Joint Employment Report was adopted.

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

This Department coordinates the work of the Employment and Social Policy strands of the EPSCO Council. Ireland contributed to the work of two formal Councils and one informal Council under the Latvian Presidency in the first six months of 2015 and a further two formal and one informal Councils under the Luxembourg Presidency in the second half of 2015.

The Department's indigenous enterprise policy is focused on supporting a greater number of start-ups with better survival rates, more Irish owned companies of scale, more companies increasing their investment in research, development and innovation to boost their competitiveness, and more enterprises exporting across a range of markets. The attraction of foreign direct investment must be complimented by a clear national effort to develop and grow our own domestic base of exporting companies and to develop clear national advantage in key sectors of strength.

### **Transposition of EU Directives**

The EU Internal Market Scoreboard, which reports on Member States' performance on the transposition of EU Directives, was published in October 2015. It showed Ireland's transposition deficit for transposing Directives was at 0.4%. This deficit is well below the 1% target set for all Member States.

## 2. Promoting and Supporting High Performance in Enterprise

### Enterprise Ireland

In 2015, EI invested €27.6m by way of early stage direct equity into 314 start-ups and established companies. Financial support was provided to 217 new start-ups in 2015, in the form of High Potential Start-up Funding (HPSUs) and Competitive Start Funding. HPSUs are start-up businesses with the potential to develop an innovative product or service for sale on international markets and the potential to create 10 jobs and €1m in sales within 3 to 4 years of starting up. 105 new HPSUs received funding in 2015. 47% of these HPSUs were from outside of Dublin and over 1,500 jobs will be created by these companies by 2018.

The Competitive Start Fund (CSF) provides young companies with the critical early stage funding to test the market for their products and services and progress their business plans for the global marketplace. This has been a very successful programme to date. The CSF has enabled Enterprise Ireland to target entrepreneurs of different profiles and across a range of sectors. In 2015, EI approved 112 new early-stage businesses for investments of up to €50,000 each through a series of Competitive Start Fund calls, including the first ever call for commercial designers and a call specifically targeted at females. 62% of the companies were from outside of Dublin.

In 2015, EI invested €54m in private equity funds and launched the second competitive call under the Seed and Venture Capital Scheme 2013-2018, making additional funds of up to €65m available for co-investment in seed funds. Funds supported by Enterprise Ireland through the Development Growth Capital Scheme invested over €75m in established mid-sized Irish companies. EI also provided over €1m in funding each for business incubation centres at NUI Maynooth and Dublin Institute of Technology. EI also supports high performance by investing substantial monies in clients' innovation activities and in the infrastructure and capability to support client innovation.

Before Enterprise Ireland invests, the agency is working with companies to develop a more focused investor ready plan with particular emphasis given to product, market fit, value proposition, route to market and customers. The new SPRINT programme was launched in 2015, in partnership with Dublin Business Innovation Centre to get early-stage businesses investor-ready.

Enterprise Ireland also remained focussed on promoting and encouraging female entrepreneurship in 2015. The number of female participants in all levels of start-up activity has been growing in recent years due to targeted initiatives. Sixty-one of the 217 start-ups (over 28%) supported in 2015 were led by female entrepreneurs. Participation by female entrepreneurs in Enterprise Ireland's High Potential Start-Up programme increased to 20% in 2015. During 2015, Enterprise Ireland also provided €50,000 each to 34 female entrepreneurs who applied for a targeted Competitive Start Funding round. This is a significant increase on the 2014 figure of 25. EI also organised their first International Business Women's Conference in conjunction with the Rose of Tralee Festival in August 2015.

To encourage and support youth entrepreneurship, EI worked with the LEO network to co-ordinate Ireland's Best Young Entrepreneur (IBYE) competition, which attracted over 1,400

entries, compared to 1,000 entries in 2014. Mentoring, marketing and other supports are made available to participating businesses at various stages of the competition.

Enterprise Ireland jobs and capability building investment approvals supported 6,871 new job commitments and leveraged €582m in additional investment from clients in 2015. As stated earlier, in 2015 Enterprise Ireland clients achieved exports of €20.59bn building on the €18.6 billion achieved in 2014. This is the highest level recorded in the history of the Agency. The EI Internationalisation Support programmes are an effective mechanism to help companies to overcome barriers to exporting related to getting a better understanding of overseas markets, access to prospective customers or partners, and gaining confidence to explore new markets.

588 companies had significant engagement with EI's Potential Exporters Division EI's International Markets week facilitated 1,829 one-to-one meetings with companies. 224 grants were approved for internationalisation, market access, market review and business links during 2015.

### **SME Credit Guarantee Scheme**

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

The purpose of the Scheme is to encourage additional lending to SMEs, not to substitute for conventional lending. SMEs are thus enabled to develop a positive track record with the Lender with the objective of returning to standard commercial credit facilities in time. It also places Irish SMEs on a competitive level-footing relative to other trading competitors who are able to avail of a guarantee in their own countries. During 2015, 108 facilities were sanctioned worth €20.39m which allowed 470 jobs to be created and 489 jobs to be maintained.

Following on from an external review of the Credit Guarantee Scheme, a Memorandum for Government was prepared which permitted the drafting of a Bill to amend the Credit Guarantee Act. Work continued throughout 2015 on the drafting of the Credit Guarantee (Amendment) Bill<sup>2</sup>. The Bill provided for a number of improvements to the Credit Guarantee Scheme including increasing the level of the guarantee from 75% to 80% and extending the range of financial providers and financial products (to include leasing and invoice finance). In addition the Bill also provided for counter guarantees and the leveraging of funds to enable this, including EU funds.

### **Microenterprise Loan Fund**

Microfinance Ireland was established to support lending to microenterprises in the SME sector and was launched on the 1<sup>st</sup> October 2012. This initiative targets start-ups and established and growing microenterprises across all sectors, employing up to 10 people. Loans are for amounts from €2,000 to €25,000 and can be used for business start-up and expansion costs and working capital. In 2015 Microfinance Ireland distributed €5.4m in funding to 357 small businesses throughout the country, supporting an additional 930 jobs.

---

<sup>2</sup> The Credit Guarantee (Amendment) Act was enacted in February 2016.

In Q1 2015 a review of the Microenterprise Loan Fund was published and subsequent changes were made to improve the uptake of the Scheme, including the removal of the requirement to obtain a bank refusal before seeking a loan from Microenterprise Ireland.

Following on from this Review there was strong growth in demand for the Fund. These funds were provided to 357 small businesses throughout the country supporting an additional 930 jobs.

During 2015, Microfinance Ireland continued its promotional work with key stakeholders through direct engagement and attendance at business events and conferences with small business owners, their representatives and advisors, the banks and the Local Enterprise Offices.

### **Seed and Venture Capital**

There was a continued upward trend in the level and value of activity by venture capital funds supported under Enterprise Ireland's Seed and Venture Capital Programmes. In 2015, 144 investments were made in Irish based companies, with a total investment value of €54 million.

The Enterprise Ireland Direct Equity Portfolio now holds investments in over 1,224 client companies.

In 2015, Enterprise Ireland made 314 early-stage direct equity investments, totaling €27.6m, in client companies, spanning high-potential start-ups to established businesses. This investment was complimented by funding leveraged from private sector sources.

In 2015, Enterprise Ireland invested €54m in private equity funds and committed an additional €65m to a number of private sector fund managers as a result of a second call under the Seed & Venture Capital Scheme (2013-2018).

Enterprise Ireland also supports companies through investing in private equity and venture capital funds. This in turn increases the availability of commercially managed investment for Irish start-up and scaling companies.

### **New Sources of Finance**

In 2015 the Department continued to work with other departments and agencies (SBCI, EI & MFI) on alternative finance for SMEs and on establishing the potential requirements for Irish exporting firms in the area of export working capital.

### **Prompt Payment**

Access to finance involves both access to credit and the prompt payment of invoices for goods and services received. Late payment of commercial debt generally has an adverse effect on a firm's cash-flow and can cause small firms to have to extend their overdraft facilities and/or including borrowing. Time and resources that could be concentrated on areas such as the development of a business are diverted instead to monitoring and collection of late payments. Small and Medium-sized Enterprises (SMEs), because of their size, are particularly vulnerable to the adverse effects of late payments.

Significant progress was achieved in 2015 in the area of prompt payment, including:

- The continuing high level of compliance by Central Government Departments and the Bodies under their aegis (including the Agencies of DJEI) with the 15 day Prompt Payment rule.
- Introduction in March 2015 of the Prompt Payment Code (PPC) aimed at improving cash flow for business and ultimately driving a change in the payment culture in Ireland. By signing up to the PPC, hosted through the online portal [www.promptpayment.ie](http://www.promptpayment.ie), businesses make a commitment to pay suppliers on time within the terms agreed at the outset of the contract or in accordance with legislation.
- Launch by the Department of the Payments Forum in 2015. The role of the Forum is to support the promotion of the Prompt Payment Code (PPC) and to examine further initiatives to sustain a responsible payment culture in Ireland.

The above initiatives, combined with the prompt payment initiatives already in place, including the Late Payment in Commercial Transactions Regulations 2012, represent a significant step in moving towards a culture of prompt payment in Ireland.

### **State Aid Modernisation**

The European Commission initiated a State Aid Modernisation (SAM) process in 2012. The objectives of the initiative are to foster growth in a strengthened, dynamic and competitive internal market, to focus enforcement on cases with the biggest impact on the internal market and to streamline the state aid rules, including the speed of decision-making by DG COMP.

The first phase of SAM, completed in 2013, agreed the regulatory framework tabled by the Commission. The Irish Presidency facilitated reaching an agreement between DG COMP and Member States on the Procedural and Enabling Regulations. The Procedural Regulation deals with State Aid notification requirements by Member States and investigations by the DG COMP. The Enabling Regulation allows the Commission to exempt new categories of aid.

The second phase (currently in progress) focuses on permitting increased flexibility for Member States to grant State Aid without prior notification and approval by the Commission, provided that certain conditions are met in accordance with the new Group Block Exemption Regulation (GBER).

In return for the greater flexibility allowed by the new EU rules, Member States now face increased responsibility to ensure compliance with State Aid requirements, with the Commission paying greater attention to complaints.

In line with the new State Aid transparency rules, as of 1 July 2016, Member States are required to notify on a public website the identity of the beneficiary of all individual aid awards above €500,000, the amount and objective of the aid and the legal basis. The Commission, in collaboration with Member States, has designed a central webpage displaying the above transparency data for each Member State or region. However, it will be up to each Member State to compile, check and publish that data within 6 months from the granting of the aid. The information will be available on the website for at least 10 years from the date on which the aid was granted.

Adherence to State Aid rules remained a priority for the Department of Jobs, Enterprise and Innovation in 2015. The Department, in its capacity as the National Contact Point for overarching State Aid policy, continued disseminating information across Government Departments and the Department's enterprise agencies. In addition, as the liaison point for all

communications issuing to and from DG Competition, the Department coordinated Ireland's position on state aid issues during the course of 2015.

### **Access to Procurement for SMEs**

Chapter 6 of the Action Plan for Jobs 2015 highlighted a number of actions to increase SME awareness of public procurement opportunities and identified further measures to assist SMEs to access public sector procurement.

It is recognised that SMEs are critical to the Irish economy. They account for 99.7% of all enterprises and 68% of all employment. The Department in conjunction with the Office of Government Procurement (OPG) is a member of the High Level Group (HLG) on SME Access to Public Procurement. The main focus of this HLG and the SME Working Group is to develop policies to support SMEs in accessing public procurement opportunities, and increase awareness and understanding of public the public procurement process.

In order to address SME concerns in relation to possible barriers in Request for Tender (RFT) criteria in competing for tender opportunities, the OPG developed and launched a pilot service known as the Tender Advisory Service (TAS) in February 2015.

Enterprise Ireland has been encouraging client SMEs to register on eTenders.ie and keep themselves up to date with the OGP pipeline of framework opportunities. Engagement with SMEs and communication of the benefits of registering on eTenders and the importance of the OGP framework contracts was part of Enterprise Ireland's communication policy to SMEs at all events in 2015, including the "Meet the Buyer" events which bring together public sector buyers and potential suppliers. In 2015 two "Meet the Buyer" events held in Belfast and Dublin were attended by approximately 800 suppliers. SMEs get the opportunity to meet the OGP and other public sector buyers, network with other businesses and get advice from specialists. During 2015, Enterprise Ireland highlighted key public procurement opportunities for SMEs, with the National Development Finance Agency (NDFA) and Public Private Partnership (PPP) projects. Enterprise Ireland held eight supplier / buyer events in 2015: the Courts PPP project (5) and the Primary Care Centres (3). In total over 700 companies, most of which were SMEs, participated in the events.

Over the period 2012 to 2015, DJEI (and Forfás up to 2014) carried out a series of evaluations of enterprise agency support programmes provided to clients by the enterprise development agencies. The overall objective of the evaluations is to inform the optimum use of resources to deliver on enterprise policy objectives.

DJEI completed its programme of thematic evaluations with the publication of the evaluation of *Enterprise Agency Business Development Programmes* in March 2015. The Business Development Programmes cover capital and employment programmes, internationalisation supports, productivity programmes and supports for capability, leadership and management development.

In July 2015, DJEI also published its *Evaluations Synthesis and Conclusions* report, which brings together the main findings emerging across the full suite of evaluations of enterprise agency programmes over the period 2012-2015. Generally the programmes evaluated have been found to be appropriate, efficient and effective. They are aligned with Government policy and have identifiable rationales for intervention. The companies participating in the programmes perform better, on balance, than control or comparison groups in terms of key measures such as jobs, sales and exports. Generally, the performance of companies supported through the

programmes demonstrated greater resilience during the recession. Agency support was found to be important not only for the creation of new jobs, but for sustaining existing jobs and overall company viability. Interventions aimed at enhancing productivity, re-skilling and up-skilling and strategic leadership development, play a key role in helping to sustain and develop existing companies.

The *Synthesis and Conclusions* report also makes a number of recommendations for future development of evaluation, including enhancing the evaluations culture, particularly ex-ante evaluation of new or redesigned programmes, objective setting, advancing evaluation methodologies, and learnings for future enterprise policy. The evaluations have helped inform the development of the "systems approach" to enterprise support outlined in *Enterprise 2025*.

### Employment Permits

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

Throughout 2015, the Department continued to build upon the reforms it introduced to the employment permit system in 2013 and which were designed to increase Ireland's attractiveness as a location for attracting these skills, in particular skills in the high-tech areas.

The employment permits system is ordered through a list structure to prioritise particular skills, especially those where, due to rapid sectoral growth or technological development, there is a shortage or absence of specific skills immediately in the labour market. The lists identify critical skills in short supply on the one hand, and skills for which there is ample capacity already in the resident labour market on the other. They are reviewed on a bi-annual basis, to keep the orientation of economic migration firmly in step with the precise needs of the labour market.

During 2015 the suite of Employment Permit Regulations were twice reviewed and adapted to ensure the system remains attuned to the changing labour market and enterprise environment. This close alignment of skills supply with demand was recognised during 2015 as exceptional in the Economic Migration Network's synthesis study *'Determining labour shortages and the need for labour migration from third countries in the EU'*.

Also in 2015, the Trusted Partner Initiative was launched. This streamlined employment permit application process helps reduce the administrative burden on employers and speeds up the time it takes a Trusted Partner employer to have the relevant skills on the ground. It is open to start-up companies, employers who are in expansion mode or existing employers who are already regular users of the employment permits regime. 110 Employers registered as Trusted Partners in 2015 and were issued with a total of 618 employment permits.

Plans to further enhance and streamline the application process through an online employment permit application and payment system were progressed during 2015 with the selection by competitive tender of a contractor, to work with the Department to deliver this project during 2016.

The success of the employment permit system in responding to emerging skill shortages and delivering enhanced administrative efficiencies during 2015 is evident in the following statistics:

1. processed one third more permits compared to 2014;
2. one third of all permits issued in 2015 were in respect of Critical Skills Employment Permits, the employment permit designed to target skills shortages;
3. one third of new employment permits issued were to ICT professionals;
4. average waiting times for a permit in 2015 was 18 days,
5. wait times for employment permit applications in respect of Trusted Partners averaged 5 days.

Year	New	Renewal	Total	Refused	Withdrawn	Awaiting processing	Live Permits Existing
2015	6,088	1,177	7,265	906	167	1,134	17,325
2014	4,862	634	5,496	593	144	435	15,086
2013	3,034	829	3,863	541	122	142	13,333
2012	2,919	1,088	4,007	829	246	179	14,245
2011	3,184	2,016	5,200	1,078	201	377	16,265
2010	3,394	3,877	7,211	990	199	999	18,987

### Irish Design 2015 (ID2015)

The aim of Irish Design 2015 (ID2015) was to bring visibility to Ireland's dynamic design businesses, supporting them in trading in competitive foreign markets and ultimately creating jobs at home. The idea of designating a year to celebrating and promoting Irish design emerged from the Global Irish Economic Forum in 2013. ID2015 involved a comprehensive programme of national and international events and activities throughout 2015. ID2015 was convened by the Design & Crafts Council of Ireland (DCCoI), in collaboration with partner organisations, on behalf of the Department, the Department of Foreign Affairs and Trade and Enterprise Ireland.

The overall objective of ID2015 was to sustain and grow employment opportunities, sales and export potential for the Irish design sector, by encouraging investment in design as a key component of competitiveness and innovation and by showcasing Irish design nationally and in international design capitals during 2015. Design is a key component of business innovation, differentiation and international competitiveness.

As part of ID2015, Dublin was designated World Design Hub 2015 by the International Association of Designers, providing Ireland with a platform to promote the skills and talents of Irish designers to a worldwide audience.

The goals of YOID 2015 were:

- To develop the design sector with a view to sustaining existing jobs and generating new jobs, and to increase sales both domestically and internationally;
- To develop design programmes and projects to increase the demand for Irish designers and design through:
  - ✚ Raising the national and international profile of Irish designers and the importance of good design to everyday living;
  - ✚ Creating greater public awareness and appreciation of design in Ireland;
  - ✚ Developing resources to promote the integration of design in enterprise.

- To promote Ireland's creative economy, and the cultural value of design, through the celebration of design excellence across all sectors both nationally and internationally;
- To promote dialogue between the design community and other groups of society;
- To leave a legacy for the ongoing development of the design sector in Ireland and its contribution to the craft and design sector overall.

Design is pervasive, impacting across all sectors, from manufacturing to the creative economy, and in all regions of the country. Design impacts on all product development (e.g. medical devices, electrical devices, food products) and is a key component in construction, furniture, fashion and textiles as well as in architecture and engineering. It is also driving emerging sectors and jobs in Graphics, Film and Animation, in Web Interface and ICT Design, in Costume and Set Design, Organisational and Service Design and even Food Design. Modern urban design supports attractive locations for mobile investment and entrepreneurs.

The comprehensive programme of events and activities for ID2015 played an instrumental role in positioning design at the heart of our creative economy and in growing Ireland's reputation abroad as a home for innovative design products and services. The reaction to the work of Irish designers at key international design weeks, architectural biennales and fashion weeks highlighted the success of ID2015 in promoting the breadth of Ireland's design talent on the world stage.

Key successes of the ID2015 programme include Irish design being represented for the first time with *Liminal – Irish design at the threshold* at Milan Design Week, New York Design Week and Dutch Design Week; The Ogham Wall, an ambitious project designed by Grafton Architects, that saw Irish design represented for the first time at the V&A during London Design Festival; and New Horizon, ID2015's flagship presentation of Irish practices working in the architecture and built environment at London Festival of Architecture in June, Chicago Architecture Biennial in October and Shenzhen/Hong Kong in December 2015.

The fantastic response to ID2015 programmes and events has promoted the work of talented Irish designers on the international stage, strengthening the capability of the Irish design sector and promoting collaboration between the Irish design sector and the wider business sector.

In closing out the ID2015 programme, the outcome of a research study into design in Ireland was announced. This was commissioned as part of the initiative and led by the Department in collaboration with ID2015/DCCol, Enterprise Ireland, Science Foundation Ireland and IDA Ireland. The study - Policy Framework for Design in Enterprise in Ireland - showed that:

- The Design sector accounts for €38bn in exports or 20% of total exports
- 48,000 people or 2.5% of the workforce are employed in design roles in Ireland
- Between 80% and 90% of firms cite the importance of design to innovation, customer service and profit
- Ireland's design-sector exports are higher relative to the UK.

The Government's commitment to pursuing concrete actions on design is reflected in the 2016 Action Plan for Jobs. These design-focused actions will maintain the momentum created by the year of Irish Design and build on the legacy of ID2015. There is huge potential to grow both employment and exports in businesses that embrace design as a core function of their enterprise. We also have the opportunity to further cement Ireland's reputation as a source of quality design.

## 3. Research and Innovation

### Research Prioritisation

The implementation of Research Prioritisation (RP) continued to be the central focus of the Department's endeavours to promote enterprise development through research and innovation during 2015. RP was adopted by the Government in 2012 as the principle guiding public investment in research in support of the enterprise sector. It aligns public investment with areas of strategic market opportunities for Irish-based enterprise. The current cycle of RP spans the five-year period 2013-2017. The *Annual Business Survey of Economic Impact*, conducted on the client firms of the enterprise development agencies, confirmed the high level of interest and relevance of the areas to the activities of the firms.

During 2015 in addition to providing policy direction and technical support on research prioritisation and ensuring the progression of the actions to be delivered in the 15 priority area action plans, a series of workshops were held in order to review the enterprise needs of the public research system in each of the fourteen priority areas, the first progress report of the NRPE was developed and published and first independent international review of the implementation of NRPE was held. Under the auspices of an enterprise led group agreement was achieved on how best to promote Innovation in Services and Business Processes

Based on this work the importance of ISBP is recognised in Ireland's new Innovation Strategy Innovation 2020 which contains a number of recommendations for strengthening public research capacity in ISBP, including:

- Increase capacity in the higher education sector by appointing a number of 'star' researchers with proven track records of solutions-driven research in Services and Business Processes in collaboration with global leaders in enterprise.
- Incorporate enterprise relevant services and business processes challenges in a proposed new challenge based funding system aimed at addressing global and national societal challenges.
- Address the identified enterprise need for RTO support in the area of Services & Business Processes, by building on Ireland's existing network of research centres.

In addition, Enterprise Ireland has introduced a pilot programme, the Business Innovation Initiative, aimed at increasing firm investment in RD&I in innovation in services and business processes.

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

The review which was concluded in 2015 and provided input to Innovation 2020 found that research prioritisation provided a coherent economic rationale and roadmap for public investment in research and made significant progress towards creating research activities of critical mass in areas of economic opportunity; efficiently extracting value from the national research investment; and taking research to market faster than in other jurisdictions.

### New Strategy for Research and Development, Science and Technology

The first SSTI expired in 2013 and over the period of that strategy Ireland has built an innovation-driven culture and is firmly on the global map in terms of the excellence of our

research. We are now among the leaders in generating and using new knowledge for economic and social progress. Ireland has succeeded in building a strong research capacity that has earned an international reputation. The base of enterprises engaging in research, development and innovation activity is steadily increasing. Our investment in research and innovation has been instrumental in securing, diversifying and growing foreign direct investment, in licensing new technologies, in creating new companies, and in providing the highly educated workforce needed to grow the economy and contribute to society.

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

The study on strengthening enterprise R&D built largely on pre-existing analysis and data collected by Forfás, and informed by the work of the OECD in their recent reviews of Ireland's innovation performance and policies, and the EU Innovation Union Scoreboard. The study drew conclusions on Ireland's existing enterprise RDI policy and made recommendations for strengthening the policy mix in support of enterprise RDI covering both short-term and medium-term practical actions.

The purpose of the study on Ireland's market focused research centre landscape was to determine the extent to which enterprise needs for applied research are being met by the current mix of research centres in Ireland and how best that mix of centres should evolve in the medium term. Recommendations are based on an analysis of current and projections of future supply and enterprise demand and on a review of successful research ecosystems and research centre models internationally. The overall conclusion of the review is that there is currently unmet demand for the provision of external RDI services to Irish based companies, especially in more applied research areas and in upper-middle and high Technology Readiness Levels (TRL) areas and short-term applied and contract research and that for an internationally competitive research ecosystem for the future Ireland should begin to build capacity in these areas through evolving and strengthening the existing research centre base.

An in-depth consultation process was commenced with the drafting of a detailed consultation paper for circulation to key stakeholders in the innovation eco-system which set out key issues for consideration in the formulation of the Strategy. The Strategy Innovation 2020 was launched in December 2015.

### **Innovation 2020**

An Interdepartmental Committee on Science, Technology and Innovation (IDC) chaired by the Department of Jobs, Enterprise and Innovation and comprising representatives from key Government Departments, along with the Chief Scientific Adviser to the Government and representatives from the Higher Education Authority, worked during 2015 to formulate a successor to the Strategy for Science, Technology and Innovation 2006-2013.

A number of studies were undertaken and their findings were taken into consideration in the development of the strategy. The studies/reviews were in areas including Ireland's future research infrastructure needs, Research Prioritisation, strengthening enterprise R&D, the Intellectual Property capability of Irish firms, market focussed research centre landscape and Ireland's participation in international research organisations.

To further inform the development of the strategy, an in-depth consultation process was undertaken during 2015 which involved a written consultation process and a consultative forum involving key stakeholders from industry, the public sector and academia.

Following the consultation process, Innovation 2020, Ireland's strategy for research and development, science and technology agreed by Government and was officially launched by An Taoiseach, the Minister for Jobs, Enterprise & Innovation and the Minister for Skills, Research & Innovation in December 2015. The overarching vision of the strategy is for Ireland to become a Global Innovation Leader driving a strong sustainable economy and a better society. Key to delivering on this vision is a commitment to increasing public and private investment in research to reach 2.5% of GNP by 2020.

Other key targets in Innovation 2020 include:

- Increase the number of research personnel in enterprise by 60% to 40,000
- Increase numbers of enrolments in research masters and PhDs by 30% to 2,250
- A successor to the Programme for Research in Third Level Institutions to support infrastructure (buildings & equipment) and people
- Double private investment of R&D performed in the public research system
- 40% increase in the share of PhDs transferring from SFI research teams to industry
- Draw down €1.25bn funding under the EU Framework Programme Horizon 2020

Innovation 2020 contains 93 actions for implementation across Government up to 2020. This Department chairs an Implementation Group comprising relevant Government Departments and research funding agencies to drive implementation of the strategy.

### **Science Foundation Ireland (SFI)**

During 2015, SFI continued to focus on supporting a high quality collaborative research environment with the aim of establishing Ireland as a location renowned for the excellence and economic relevance of its scientific research. In 2015 Ireland rose to 14th in the world rankings for the quality of scientific research. Ireland ranked 2<sup>nd</sup> in the world for Nanotechnology, Chemistry and Immunology. It ranked 3<sup>rd</sup> in the world for Animal and Dairy, and Agricultural Sciences and it ranked 4<sup>th</sup> for Materials Science and Mathematics.

SFI continued to fund applied as well as oriented basic research, enabling it to deliver further on the Government's aim to strategically direct its research investment towards areas linked to Ireland's future economic and societal needs and to accelerate the delivery of desirable outcomes from this investment. SFI's funding supports are fully aligned with those identified in the National Research Prioritisation Exercise (NRPE) approved by Government in 2012. In addition to its research funding supports, SFI continued, during 2015, to provide funding to promote the study of education in, and awareness of STEM (Science, Technology, Engineering and Maths).

2015 was a year of significant accomplishment across all areas of SFI's activity. SFI invested €154 million in 2015 across all its award programmes. The Science Foundation Ireland Annual Report

2015 includes a comprehensive list of all awards approved in 2015. The researchers they supported attracted a further €130 million in international and industry funding to support their research of this SFI funded researchers secured €79 million in EU funding. SFI awards supported 1,220 collaborations with industry, 711 with Multinational Corporations (MNCs) and 509 with Small-Medium Enterprises (SMEs) involving some 372 individual MNC's and 437 SMEs.

2015 saw continued investment in SFI's Research Centres. In 2013, seven Research Centres were established and a further five were added in 2015. The total investment into these 12 Centres is €355 million from Science Foundation Ireland and a further €190 million from Industry Partners, committed over the six year award period. These 12 Centres are focused on strategic areas of importance to Ireland covering Pharma, Big Data Analytics, Medical Devices, Nanotechnology /Materials, Marine and Renewable Energy, Food for Health/Functional Food, Perinatal Research, Applied Geosciences, Software, Digital Content and Telecommunications. The SFI Research Centres have been further supported via additional funding for nine major projects through the Science Foundation Ireland Spokes Programme to a cumulative value of €23 million.

In 2015 there were over 4,040 highly skilled people working on SFI supported research projects, including over 1,300 postgraduate students. The Foundation also supported 38 conferences and workshops in 2015, which involved 4,784 international delegates also, had a projected economic value for Ireland of €4.8 million. SFI estimates that this involvement and combined significant investment has an economic impact on the Irish economy by directly and indirectly supporting 28,000 jobs.

SFI held a number of initiatives in 2015 to improve education and public engagement in science, including the announcement of a partnership with RTE to support and develop STEM broadcasting. To help inform the focus of STEM programmes SFI commissioned and conducted a number of pieces of research and published the "Science in Ireland Barometer 2015", which has shown public attitudes to STEM and investment in science and innovation were positive. SFI organised the first "Celebration of Irish Science" in Government Buildings to showcase Irish achievements in research and innovation. This was followed by "Science Week" which celebrated its 20<sup>th</sup> birthday with eight regional science festivals across the country and 800 events organised by SFI's Science Week partners, reaching 250,000 people. SFI also continued to provide formal and informal educational interventions at primary and post primary level, including its Discover Primary Science and Maths and Smart Futures Programmes.

During 2015, SFI continued to play a key role in supporting the government's vision for Ireland to become a Global Innovation Leader and contributed to the development of Ireland's strategy for research and development, science and technology - *Innovation 2020*, as well as implementing a number of actions in the *Action Plan for Jobs 2015* and other national strategies. In addition during 2015, SFI continued to focus implementing its own strategic *Plan Agenda 2020* and was awarded the "Excellence Through People" certification in December 2015 by the National Standards Authority of Ireland (NSAI) and the *NSAI Swift 3000 Certification* for Corporate Governance.

### **Enterprise Ireland (EI) Innovation Investment and Activity**

EI is responsible for supporting the development of manufacturing and internationally traded services companies. It provides R&D supports for companies to develop new technologies and processes that will lead to job creation and increased exports. EI does this through three main actions:

- Strengthening existing in-company R&D capacity

- Driving increased collaboration between industry and academia
- Commercialisation

### **Strengthening existing in-company R&D capacity**

In providing support for RDI, the State recognises a market failure where companies (particularly SMEs) do not invest enough in R&D or that when they do invest they tend not to invest in enough large or ambitious projects. Enterprise Ireland's role in this regard is to de-risk such RDI so that companies will develop new and improved products and services.

### **R&D Fund**

Enterprise Ireland's R&D Fund provides support for research, development and technological innovation to enable companies to progress from undertaking an initial research project to higher level innovation and R&D activities.

### **Technology Centres**

Technology Centres are designed and led by industry with market-led research undertaken by academics and industry partners in order to solve sector-wide problems (that are too risky or resource intensive to attempt on their own). These Centres focus on identifying new sources of industrial growth and job creation and achieving competitive advantage for industry in Ireland by accessing and leveraging the innovative capacity of the Irish research community. In 2015 424 companies were working with these centres. EI invested €35million in a new Dairy Processing Technology Centre in 2015.

### **Technology Gateways**

Enterprise Ireland funds small industry facing "gateways" in Institutes of Technology. The aim is to provide technology solutions for companies in a particular sector and, where possible, within a region. The Technology Gateways provide the Institutes of Technology with dedicated resources who work with industry to articulate their problems in a manner that can be addressed by the Institute's research base. In essence these Business Development resources then find companies that can benefit from their research base and manage the subsequent research projects. In 2015 there were 12 such Gateways.

### **Innovation Vouchers**

€5,000 Innovation Vouchers are designed to build links between Ireland's public knowledge providers and small businesses and are helping to create a cultural shift in the small business community's approach to innovation. 530 vouchers were redeemed in 2015.

### **Innovation Partnerships**

Innovation Partnerships offer financial support to companies who engage in collaborative research projects with Irish universities and institutes of technology with Enterprise Ireland providing grants of up to 80% towards eligible costs of the research project. 70 innovation partnerships were supported in 2015.

### **New Frontiers**

New Frontiers is an entrepreneur development programme for innovative, early-stage start-ups. It supports individuals who are capable of building sustainable new businesses, trading internationally, creating employment and generating revenue in their locality.

### **Campus Incubators**

Under the Campus Incubation Programme, Enterprise Ireland funding has supported the development of a national network of business innovation centres and specialist bio-incubation facilities. Incubators now exist on every university and Institute of Technology Campus in the country. They are an important driver of regional development with the majority of companies remaining in their region after they have completed their incubation period.

### **Driving increased collaboration between industry and academia**

In addition to in-company support EI works to extract maximum value from Ireland's research system. It aims to secure commercial use for the technologies and ideas developed in Irish research institutions.

896 collaborative projects between companies and the higher education sector took place in 2015.

### **Commercialisation**

EI works with researchers to help maximise the commercial return from publicly-funded research. The EI Commercialisation Fund provides supports for academic researchers to take research outputs with commercial potential and bring them to a point where they can either be transferred into industry or spun out into a new start-up company.

In 2015 Enterprise Ireland oversaw the first full year's operation of Knowledge Transfer Ireland, Ireland's central Technology Transfer Office (KTI) in partnership with the Irish Universities Association.

### **Knowledge Transfer Ireland (KTI)**

KTI is the national office that helps business to benefit from access to Irish expertise and technology by making it simple to connect and engage with publicly funded research in Ireland. KTI plays a key role by providing a responsive interface between companies and the wealth of technology, skills and "know-how" available in the higher education system. KTI makes it simpler for business to connect and engage with researchers.

KTI's focus is on three strategic areas:

- Strengthening the National Knowledge Transfer Framework: supporting policy development; producing practical resources for industry.
- Supporting the Irish Knowledge Transfer Infrastructure: ensuring that Ireland has the skills, capacity and capability within dedicated teams to support industry research interaction.
- Developing Ireland's Knowledge Transfer System: managing, monitoring and reporting on Ireland's performance.

2015 was a successful year for KTI with almost 748 new collaborative research agreements signed last year. There was a total of 1,235 live collaborative research programmes ongoing at the end of the year.

Consultancy is an emerging area within knowledge transfer space in Ireland. It allows companies to access critical expertise and knowledge that cannot be found in-house. There were 372 consultancy agreements signed in Ireland in 2015.

The level of licensing activity is on the rise. In 2015 there was an increase of 23% in the number of these types of contracts that give access to intellectual property. In 2015, 38 new products

were launched by companies onto the market as a result of such licences signed in previous years.

There were 31 new spin-out companies launched from the HEI and State research organisations in 2015, representing a 15% increase on 2014. There were 110 active spin-out companies thriving at least three years post-incorporation, and these are responsible for at least 930 jobs.

Work on the development of the National IP Protocol was ongoing through 2015 with a launch date of early 2016.

### **Horizon 2020**

Ireland continued its excellent performance in Horizon 2020, the EU Programme for Research and Innovation.

Horizon 2020 has a total budget of almost €75bn and runs from 2014-2020. Ireland has a national target to secure €1.25 billion in competitive funding from Horizon 2020 over its lifetime. DJEI is responsible for leading the implementation of the national strategy for Horizon 2020 and Enterprise Ireland leads the national support structure.

Researchers and companies based in Ireland participated in 588 successful proposals, which won a total of €251 million in competitive funding, up to the end of November 2015. The Higher Education system accounted for €157 million of this total and companies a further €72 million, including €52 million secured by SMEs.

These results indicate that Ireland is on course to achieve its national target.

### **Health Innovation Hub Ireland**

The Government continued to support the pilot Health Innovation Hub throughout 2015. Following the success of the pilot programme a competitive call, managed by Enterprise Ireland, for hosting a national Health Innovation Hub was launched in early 2015. A consortium involving University College Cork, Cork Institute of Technology, the National University of Galway and Trinity College Dublin was selected as the successful bidder on the basis of a recommendation of an expert independent panel. Health Innovation Hub Ireland was announced in January 2016 by the Minister for Jobs, Enterprise and Innovation and Minister for Health. The objectives of Health Innovation Hub Ireland are:

- to allow healthcare companies to deliver commercial products and services more quickly by giving them access to the health service in order to test and validate and refine products in a real life environment,
- to allow the health service to find efficiencies and improvements by facilitating the HSE and hospitals to engage with innovative companies creating solutions to problems they face, and
- to support the adoption/commercialisation of new innovations developed by healthcare practitioners inside the healthcare system.

### **European Research Area (ERA)**

The European Union has the objective of strengthening its scientific and technological bases by achieving a European Research Area (ERA) in which researchers, knowledge and technology circulate freely. In 2015, Ireland continued to participate in the EU groups that support the development of the European Research Area. In May 2015, the European Council (Competitiveness formation – Research Ministers) approved the EU-level ERA Roadmap drawn

up by its advisory group, European Research Area and Innovation Committee (ERAC) and charged ERAC with developing indicators against which progress could be measured. Each Member State, including Ireland, was then requested to draw up a national ERA Roadmap, with Government commitment to same, by mid-2016, with a view to deepening implementation of ERA across the EU.

### **European Space Agency**

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

Membership of ESA provides Ireland's businesses with access to a €5 billion per year technology development organisation that has no equal anywhere outside NASA along with greatly improved access to Global and European institutional space clients, prime contractors and technology supply chains.

2015 saw a further expansion in the space industry sector in Ireland, with 29 Irish companies securing ESA contracts, 6 of which were first-time ESA contractors, the highest number of new companies in any given year. Four of the 29 companies were multinationals based in Ireland and 25 were Irish owned.

The total value of contracts placed by ESA in Ireland also increased in comparison with previous years and exceeded €13 million for the first time, with over 80% of contracts being placed with Irish industry and almost 20% being placed with 13 different research teams in 8 Irish institutions involving 40 researchers and scientists.

Ireland invested €17.3 million in membership to ESA in 2015. An Economic Evaluation of Ireland's Involvement in the European Space Agency (ESA) was carried out by Technopolis in 2015. The evaluation concluded that Ireland's membership of ESA provides a significant strategic impact on participating industry yielding a direct return on investment of 3:1 in 2013 and a total economic return on ESA investment of 7:1.

Total employment in ESA participating companies has grown from 1,300 in 2008 to almost 1,700 in 2013 and is projected to exceed 5,500 by 2020. Irish companies generated revenues of €43m in the space economy in 2013, an estimated €77m in 2015 and this is projected to grow to €133m by 2020. This high level of activity and growth in employment reflects the combined efforts of Government in investing significantly in R&D, Enterprise Ireland and IDA working with industry and ESA itself translating the innovation capacity in Irish industry into products, systems and services for the European space programme and the global space market.

As part of the Government's Action Plan for Jobs, a space incubator in Ireland supported by ESA and Enterprise Ireland will be formally established in June 2016. A consortium led by the Tyndall institute and involving Athlone Institute of Technology, Maynooth University and IMERC will host and manage the ESA BIC. The BIC will support 25 additional start-up companies in space technologies, services and application by 2020.

The Irish-based European Space Education Resource Office (ESERO) continued its outreach activities with ESA funding to use space as a means to attract young people into STEM-related subjects, through the office of Science Foundation Ireland (SFI).

Irish companies, scientists and researchers continue to pursue exciting and emerging opportunities through the European Space Agency including most recently involvement in the Rosetta mission. Irish company ENBIO will provide mission critical coating technology for ESA Solar Orbiter mission which is due to fly in 2017. ENBIO's coatings will protect all of the sun facing surfaces of the ESA spacecraft, allowing scientists to get closer to the sun than any previous mission and making ENBIO's coating the closest man-made object to the Sun.

### **US-Ireland R&D Partnership**

The US-Ireland R&D Partnership is a product of the peace process and involves the governments of the USA, Ireland and Northern Ireland working together to advance scientific progress by awarding grants for research on a competitive basis. Areas funded include health, telecommunications and energy and in 2015 the scope of the partnership was broadened to include the agriculture sector and collaboration at the level of individual Research Centres. A Steering Group co-chaired by the three jurisdictions guides the collaboration across the three administrations with secretariat support from InterTrade Ireland.

A meeting of the Steering Group was hosted by Ireland in Farmleigh House, Dublin on 17<sup>th</sup> November 2015. Up to the end of 2015, there have been 31 successful projects under the partnership who have been awarded a total investment value of €53m from a combination of sources.

### **Knowledge Development Box**

The Finance Act 2015 provided for the Knowledge Development Box (KDB) which is a tax incentive policy tool to encourage innovation by applying a lower rate of corporation tax i.e. 6.25% on profits on intellectual property assets resulting from qualifying research and development carried out in the European Economic Area (EEA). The KDB forms part of a suite of existing measures aimed at incentivising R&DI across the full lifecycle of development and exploitation.

Two pieces of legislation are required to fully implement the KDB. Firstly, a new bill which will establish a certification scheme, to be administered by the Controller of Patents, Designs and Trade Marks, will allow smaller and medium IP assets that are non-obvious, useful and novel to qualify for the KDB. Secondly amendments to the Patents Act 1992 are required to ensure that Irish long-term patents will continue to qualify for the KDB by introducing substantive patent examination from 1 January 2017. Throughout the year DJEI collaborated closely with colleagues in the Office of the Controller of Patents, Designs and Trade Marks and the Department of Finance to fully implement the KDB.

### **Secondary legislation implemented that affects patent agents**

The Services Directive (2006/123/EC) adopted by the EU in 2006 was developed to help service markets in Europe realise their full potential by removing legal and administrative barriers to trade. A review by the European Commission into a number of professions, including patent agents, certain provisions of the Patents Act 1992 were identified as being incompatible with the requirements of the Services Directive.

Two Statutory Instruments were effected in 2015 that removed restrictions in patents legislation on legal form, shareholding and management requirements for patent agent services in Ireland. The first S.I. facilitates the registration of EU patent agent partnerships and companies who wish to set up a secondary establishment in Ireland. The second S.I. sets out the terms, conditions and fees applicable to patent agents for entry on to the Register.

### **Copyright Review**

The Copyright Review Committee appointed by the then Minister Richard Bruton TD in May 2011 published their report "Modernising Copyright" at the end of October 2013. A public forum was also convened at the Royal Irish Academy in December 2013 to allow the Committee to present its findings and enable the copyright community to probe these findings with members of the Committee. The 60 plus recommendations in the report were aimed at identifying any barriers for innovation in the digital environment and developing proposals for reducing them. The Department conducted an extensive analysis of the recommendations, including an in-depth assessment of the complex legal issues involved in certain of the proposals with the Office of the Attorney General, as well as examination of the proposals from a policy perspective with relevant Government Departments.

### **EU reform proposals on trade marks**

The purpose of the EU Commission's proposals to reform the National and EU Trade Marks systems was to foster innovation and economic growth by making trade mark registration systems all over the EU more accessible and efficient for businesses in terms of lower costs and complexity, increased speed, greater predictability and legal security. These revisions dovetail with efforts to ensure coexistence and complementarity between the Union and national trade mark systems.

Following months of negotiations the EU institutions agreed the final text for a modern Trade Marks Directive & the Community Trade Mark Regulation. The texts were published in the Official Journal of the EU in December 2015.

### **Trade Marks Amendment Rules – SI No. 533 of 2015**

The amendments made to the Trade Marks Rules, 1996 align with amendments made in primary trade marks legislation, in the context of the Intellectual Property (Miscellaneous Provisions) Act, 2014, aimed at facilitating Ireland's accession to the Singapore Treaty.

The objective of the Singapore Treaty on the Law of Trademarks is to create a modern and dynamic international framework for the harmonisation of administrative trade mark registration procedures. The Singapore Treaty will simplify and streamline various administrative procedures across the signatories Member States for the benefit of trade mark users in those countries.

## 4. Better Markets and Quality Employment through Better Regulation

### Companies Act 2014

The Companies Act 2014 was commenced on 1 June 2015. The Act restructures, consolidates and simplifies company law in Ireland and for the first time the Irish company law code is found in one single text. This seminal legislation was a result of an extensive consolidation and reform exercise. The Act brought together 17 previous Companies Acts dating from 1963 to 2013 as well as a number of EU regulations. The reforms include:

- a new simplified private company limited by shares which is now at the centre of Irish company law
- a new structure to the Act which follows the life cycle of a company from incorporation to winding up and dissolution
- separate Parts of the Act for other company types and the manner in which the law applies, dis-applies or modifies the law to those company types
- the codification of directors' duties

The introduction of the Companies Act 2014 has resulted in a streamlined, yet robust regulatory, framework for companies incorporated and operating in Ireland. The result is that the company law code is now recalibrated to reflect the true landscape of enterprise in the State as there is a world of difference between the one-person private company and the large publicly listed limited company.

The commencement of the Companies Act 2014 resulted in the repeal of all existing company law statutes and the revocation of a number of statutory instruments. The repeal of existing legislation will not, however, affect the incorporation of any company already registered under any earlier companies' legislation. To facilitate the orderly commencement, 19 statutory instruments were promulgated in 2015.

As part of the Department's ambition to assist companies and their directors during the transition period from the previous Companies Acts to the Companies Act 2014, an Explanatory Memorandum explaining the 1,448 sections of the Act was published. Furthermore, the Department issued Tables of Origin and Destination to assist company law users to identify how previous law has translated to the new Act and vice versa. These documents are available on the Department's website at <https://www.djei.ie/en/Publications/>

### Personal Injuries Assessment Board

The Personal Injuries Assessment Board was established in 2003 to benefit both consumers and business, through the speedier settlement of personal injury claims and the reduction of costs associated with litigation. Following ten years of operation a consultation process was held in 2014 in relation to the operation of the Personal Injuries and Assessment Board Acts. The Department has been examining the submissions received and will bring forward legislation aimed at further improving the operation of the Act and enhancing its goal of speedier, better and more cost efficient outcomes for consumers and business.

### Supporting Co-operatives

Part 4 of the Friendly Societies and Industrial and Provident Societies (Miscellaneous Provisions) Act 2014 Act was commenced from the 1st July 2015 by Statutory Instrument No. 269 of 2015.

Parts 1, 2 and 3 of the Act were commenced in 2014 by Statutory Instrument No. 365 of 2014. The Act provides for various amendments to two codes of legislation, the Friendly Societies Acts and the Industrial and Provident Societies Acts.

Part 4 of the Act provides for the examinership provisions of the Companies Act to be made available to co-operative societies. From the 1st of July 2015, Industrial and Provident Societies can apply in the same manner as Companies for the protection of the Court.

### **Draft Scheme of Consumer Rights Bill**

The draft Scheme of a comprehensive, consolidated Consumer Rights Bill was issued for public consultation on 25<sup>th</sup> May 2015. Its publication followed the consultation paper on the Reform of the Law on Consumer Contract Rights issued in August 2014. The main parts of the Scheme deal with rights and remedies in contracts for the supply of goods, digital content and services along with provisions on unfair terms in consumer contracts and contracts for the supply of gift vouchers. The aim of the draft Scheme is to enhance and extend the rights and remedies that consumers have when purchasing goods, services or digital content. It seeks also to streamline and simplify the current complex legal provisions governing consumer contracts so that consumers would find it easier to understand and enforce their rights and businesses would find it easier to understand and comply with their obligations. In December 2015, the European Commission published legislative proposals for Directives on consumer contracts for the supply of digital content and consumer contracts for the online and other distance sale of goods. As the Commission's proposals overlap very substantially with two of the main parts of the draft Scheme of the Consumer Rights Bill, future action on the draft Scheme will have to take account of the progress of the EU legislative proposals.

### **European Union (Safety of Toys) (Amendment) Regulations 2015 (S.I. No. 274 of 2015)**

These Regulations give effect to Commission Directive 2014/84/EU of 30 June 2014, which amends (for the purpose of adaptation to technical progress) Appendix A of Annex II to Directive 2009/48/EU of the European Parliament and of the Council of 18 June 2009 relating to toy safety, by adapting the list of uses for which nickel is permitted in toys and toy components.

### **European Union (Safety of Toys) (Amendment) (No. 2) Regulations 2015 S.I. No. 572 of 2015**

These Regulations give effect to Commission Directive 2014/79/EU of 20 June 2014 and Commission Directive 2014/81/EU of 23 June 2014, which amend (for the purpose of adaptation to technical progress) Appendix C of Annex II to Directive 2009/48/EU of the European Parliament and of the Council of 18 June 2009 relating to toy safety, by adapting the limit value of chemicals TCEP, TCPP, TDCP and Bisphenol A permitted in toys and toy components.

### **European Union (Alternative Dispute Resolution for Consumer Disputes) Regulations 2015 (S.I. No. 343 of 2015) and European Union (Alternative Dispute Resolution for Consumer Disputes) (No. 2) Regulations 2015 (S.I. No 368 of 2015)**

These Regulations give effect to Directive 2013/11/EU on alternative dispute resolution for consumer disputes and amending Regulation (EC) No. 2006/2004 and Directive 2009/22/EC. The Regulations apply to procedures for the out-of-court resolution of domestic and cross-border consumer disputes concerning contractual obligations stemming from sales or services contracts, both online and offline, in all economic sectors, other than the exempted sectors and only apply to complaints submitted by a consumer against a trader. The Regulations designate

the Competition and Consumer Protection Commission as the competent authority in the State for the purposes of the Directive and the enforcement of the Regulations. The Regulations set out the requirements which a dispute resolution entity must fulfil to be recognised as a qualified ADR entity, and specifies the information which a trader must make available to a consumer.

### **European Union (Online Dispute Resolution for Consumer Disputes) Regulations 2015 (S.I. No 500 of 2015)**

The Regulations give effect to Regulation (EU) No. 524/2013 on online dispute resolution for consumer disputes and amending Regulation (EC) No. 2006/2004 and 2009/22/EC. The Regulations also designate the European Consumer Centre Ireland as the Online Dispute Resolution (ODR) contact point in the State for the purposes of Article 7 of the Council Regulation and shall carry out the functions of an ODR contact point under that Council Regulation.

### **Better Regulation – Taking Care of Business**

Between 2013 and 2015, the Department, in co-operation with over 25 Public Bodies, Offices and Agencies, launched a series of "Taking Care of Business" events. Approximately 2,000 small businesses attended to hear concise presentations from regulators and support agencies, including asking questions and seeking advice at more than 30 information stands during a half-day free event. These events provided a broad range of information on regulation and supports for business, as well as encouraging informal two-way communication between public bodies and business. Since 2013, seven events have been held in Dublin (two events), Cork, Limerick, Galway, Waterford and Drogheda (one event each).

### **Safety, Health and Chemicals Policy**

In 2015, the number of workplace deaths reported to the Health and Safety Authority (HSA), rose from 55 in 2014 to 56. The highest number of fatalities continued to be in the high-risk sectors of agriculture (18) which was a welcome reduction from 30 in 2014 and construction (11) which suffered an increase from 8 in 2014. In line with its risk-based approach to resource allocation the HSA continued, in 2015, to direct its inspection activity towards these high-risk sectors.

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

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

Critically the HSA also provides guidance and support to Irish businesses on the safe management of chemicals and in navigating the complex chemicals regulatory regime.

During 2015 the HSA published a Code of Practice on Safety in Dock work. This was produced following extensive consultation with stakeholders and finalised with the cooperation of the Department of Transport, Tourism and Sport. The introduction of this Code of Practice allowed for the removal of obsolete Regulations made under the Safety in Industries Acts 1955 and 1987 and brought the enforcement of health and safety for working in the area of docks under the regime of the Safety, Health and Welfare at Work Act 2005 and therefore more in line with other places of work.

### **Chemicals Regulatory Regime**

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

The provisions of the "Seveso III" Directive 2012/18/EU were transposed into Irish law by the Chemicals Act (Control of Major Accident Hazards Involving Dangerous Substances) Regulations 2015 (S.I. No. 209 of 2015). Directive 2014/27/EU amended five EU Directives on health and safety at work as a result of the adoption of the EU "CLP" Regulation (EC) No. 1272/2008 on classification, labelling and packaging of substances and mixtures. This Directive has been transposed via a number of statutory instruments, two of which came into force in 2015 – S.I. No. 622 of 2015 and S.I. No. 623 of 2015. (*S.I. No. 70 of 2016 completes the transposition*).

### **Health and Safety – BeSMART Initiative**

The HSA is committed to making regulatory compliance as simple as possible because it reduces administrative burdens, but also because greater compliance means less injuries and fatalities. BeSMART is the HSA's free online tool designed to help small business owners/managers to prepare risk assessments and safety statements for their workplace. In 2015 BeSMART continued to expand through the development of BeSMART Construction and BeSMART Agri-business. Making this risk assessment tool available to the small operators in these two high risk sectors of our economy will encourage the smaller operators in these sectors to comply with the law in regard to workplace health and safety. This tool, now available to over 250 business types, aids compliance and saves time and money for businesses in meeting their legal obligations under the Safety, Health and Welfare at Work Act 2005. Surveys of business users conducted by the HSA have shown that companies using the system have reduced their compliance costs on average by 86% and the time taken to complete these requirements has reduced by 71%. The HSA's inspection data has shown that since BeSMART was first introduced there has been a 6% increase in Safety Statement compliance amongst micro sized businesses and also a 6% increase in employers completing their own Safety Statement in micro sized businesses as against use of a third party.

See [www.besmart.ie](http://www.besmart.ie) for more detail.

### **Accreditation**

The Irish National Accreditation Board (INAB), which has responsibility for the accreditation of laboratories, certification bodies and inspection bodies, completed its first full year as part of the HSA, following its integration into the HSA in mid-2014, with the dissolution of Forfás.

Accreditation is the last level of public control in the European conformity assessment system. It is designed to ensure that conformity assessment bodies (e.g. laboratories, inspection or certification bodies) have the technical capacity to perform their duties. Accreditation is gaining increased recognition as an important and practical tool in the delivery of objectives across an increasing range of policy areas.

### **Establishment of the Workplace Relations Commission**



Minister Richard Bruton and Minister of State Ged Nash at the launch of the Workplace Relations Commission (October 2015)

The Workplace Relations Act 2015 introduced the most significant reorganisation of the State's industrial relations and employment machinery in almost 70 years. The establishment of the Workplace Relations Commission (WRC), on 1 October 2015, brought together the functions of the Labour Relations Commission (LRC), the National Employment Rights Authority (NERA), the Equality Tribunal, and the first instance functions of the Employment Appeals Tribunal (EAT). The appellate functions of the Employment Appeals Tribunal were incorporated into an expanded Labour Court. Prior to the introduction of the Workplace Relations Act 2015, the Labour Court's primary function was to investigate trade disputes between workers and employers under the Industrial Relations Acts. Since the 2015 Act was enacted, the Labour Court's role has expanded and it is now the single appellate body dealing with all appeals.

The Workplace Relations Commission has responsibility for services which include the provision of early resolution, mediation, conciliation, facilitation and advisory services, adjudication on employment and equality complaints, the monitoring of employment conditions to ensure the compliance and enforcement of employment rights legislation, the provision of information, and the processing of employment agency and protection of young persons (employment) licences.

During 2015 significant progress was achieved in the implementation of the technological, structural, administrative and staffing changes required to underpin the Workplace Relations Reform Programme. These included the bedding down of a Shared Workplace Relations Customer Services unit, a Shared Post-Registration Unit and an Early Resolution Service, the implementation of a Customer Relationship Management Solution, the further development of an e-complaint facility and Workplace Relations website. Following the holding of an open

recruitment competition for adjudicators a training programme was implemented for the selected individuals. Through 2015 a programme to deliver enhanced technologies and business processes was implemented.

Further to a Programme for Government Commitment to ensure that Irish law on employees' right to engage in collective bargaining is consistent with recent judgements of the European Court of Human Rights in-depth consultation took place with stakeholders, including employer and worker representatives. A review of the experience of the operation of the existing legislative framework as put in place under the Industrial Relations Acts of 2001 and 2004 and the consequences of the litigation that had arisen in the course of the operation of these Acts was also undertaken.

That process resulted in the enactment of the Industrial Relations (Amendment) Act 2015 which came into effect on 1<sup>st</sup> August.

Part 3 of the Act relates to Collective Bargaining and provides a clear and balanced mechanism by which the fairness of the employment conditions of workers in their totality can be assessed in employments where collective bargaining does not take place and brings clarity and certainty for employers in terms of managing their workplaces in this respect. It also provides strong protections for workers who invoke the provisions of the 2001/2004 Industrial Relations Acts or who have acted as a witness or a comparator for the purposes of those Acts.

The legislation ensures the retention of Ireland's voluntary system of industrial relations, but it also means that where an employer chooses not to engage in collective bargaining either with a trade union or an internal 'excepted body', and where the number of employees on whose behalf the matter is being pursued is not insignificant, the 2001 Act has been remediated to ensure that an effective framework exists that allows a trade union to have the remuneration and terms and conditions of its members in that employment assessed against relevant comparators and determined by the Labour Court, if necessary.

It also ensures that where an employer is engaged in collective bargaining with an internal 'excepted body', as opposed to a trade union, that body must satisfy the Labour Court as to its independence of the employer. In addition, an explicit prohibition on the use by employers of inducements (financial or otherwise) designed specifically to have staff forego collective representation by a trade union was introduced with the adoption of a statutory Code of Practice on Victimisation on the 28<sup>th</sup> October 2015.

### **Registered Employment Agreements/Sectoral Employment Orders**

Part 2 of the Industrial Relations (Amendment) Act 2015 provides for the reintroduction of a mechanism for the registration of employment agreements between an employer or employers and trade unions governing terms and conditions in individual enterprises. Such agreements will be known as Registered Employment Agreements (REAs) and will not be legally binding beyond the subscribing parties.

It also provides for a new statutory framework for establishing minimum rates of remuneration and other terms and conditions of employment for a specified type, class or group of – in effect a framework to replace the former sectoral REA system which were found to be unconstitutional in *McGowan – v – the Labour Court*, in 2013.

In this context, the new framework proposes a mechanism whereby, in future, at the request, separately or jointly from organisations substantially representative of employers and/or of workers, the Labour Court can initiate a review of the pay and pension and sick pay entitlements of workers in a particular sector and, if it deems it appropriate, make a recommendation to the Minister on the matter. If the Minister is satisfied that the process provided for in the new legislation, has been complied with by the Labour Court, he shall make the Order. Where such an order is made it will be binding across the sector to which it relates, and will be enforceable by the Workplace Relations Commission. Such Orders will be known as Sectoral Employment Orders (SEOs). No such Orders were made in 2015.

There are JLCs for the following sectors – Agriculture, Catering (one for Dublin and one for outside Dublin), Contract Cleaning, Hairdressing, Hotels (excluding Dublin and Cork), Retail Grocery and Allied Trades, and Security.

Two Employment Regulation Orders were signed in 2015. They relate to the Security and Contract Cleaning Sectors and came into effect on October 1<sup>st</sup> 2015.

### **Low Pay Commission**

The Statement of Government Priorities 2014–2016 included a commitment “(to) establish a Low Pay Commission on a statutory basis as an independent body to make annual recommendations to the Government about the appropriate level of the minimum wage and related matters”. The Commission was established on an interim basis in February 2015, and on a statutory basis with the passing of the National Minimum Wage (Low Pay Commission) Act 2015.

The principal function of the Commission is, on an annual basis, to examine and make recommendations to the Minister on the national minimum wage, with a view to securing that the national minimum wage, where adjusted, is adjusted incrementally having regard to changes in earnings, productivity, overall competitiveness and the likely impact any adjustment will have on employment and unemployment levels.

The Commission submitted its first report to the Minister on July 17<sup>th</sup> and recommended that the national minimum hourly rate of pay for an experienced adult worker be increased from €8.65 to €9.15. The recommendation was accepted by Government in October 2015 and the new National Minimum Wage was introduced on January 1<sup>st</sup> 2016.

Alongside examining the national minimum wage, the Low Pay Commission may also be tasked with examining matters related generally to the functions of the Commission under the Act. In this regard the Commission was asked at end 2015 to undertake an examination of the sub-minima rates of minimum wage (payable to young people and trainees) and to examine the reasons for the high numbers of women on the national minimum wage. Reports on these matters will be submitted to the Minister in October 2016.

### **Composition of the Low Pay Commission**

The Commission is a nine member body comprising

- an independent chairman,
- three members who have an understanding of the interests of low-paid workers,
- three members who have an understanding of the interests of employers, particularly small to medium-sized employers and those operating in traditionally low-pay sectors, and

- two members who have relevant knowledge or expertise in relation to some or all of the following; economics, labour market economics, statistics, and employment law.

### **Employment Rights**

The University of Limerick (UL) was appointed in February to carry out a study into the prevalence of zero hour contracts and low hour contracts in the Irish economy and their impact on employees. The study took place against a backdrop of increasing debate both nationally and internationally about the use of such contracts. The study found that zero hour contracts as defined within current Irish employment rights legislation are not extensively used in Ireland. It found low working hours can arise in different forms in employment contracts, such as regular part-time contracts with fixed hours or a contract with "If and when" hours only or a hybrid of the two. It made a range of recommendations relating to contracts, hours of work and notice, minimum hours, how contracted hours should be determined, collective agreements, data gathering and wider contextual issues. Given the independent nature of the study, the Department sought submissions from interested parties on the key findings and recommendations of the study by way of a public consultation. The consultation was ongoing at year end.

In July the Minister for Business and Employment submitted a report to Government on the sale and liquidation of Clerys which occurred the previous month. The report provided an initial review of the sequence of events leading to the closure and gave an overview of the relevant employment and company law provisions. A range of actions were developed during 2015 which led to the establishment of the Duffy/Cahill expert review and referral of specific questions to the Company Law Review Group early in 2016.

There were a number of legislative developments during the year. An amendment was made to the Organisation of Working Time Act 1997 by way of section 86(1) of the Workplace Relations Act 2015 to provide for implementation of Court of Justice of the European Union (CJEU) rulings in the Schultz-Hoff line of cases on accrual of annual leave entitlement during sick leave. In July the Minister for Jobs, Enterprise & Innovation signed Statutory Instrument No. 342/2015, the Organisation of Working Time (Non-Application of Certain Provisions to Persons Performing Mobile Road Transport Activities) Regulations 2015. The Regulations clarified the law regarding organisation of working time and mobile transport workers.

At international level the Department continued to deepen engagement with the International Labour Organisation as Ireland prepares to assume a Titulaire seat on the Governing Body of the ILO for the period 2017-20. The Department represented Ireland at the three Governing Body meetings which took place, and also participated in the International Labour Conference in June which resulted in the adoption of a Recommendation on the Transition from the Informal to the Formal Economy. The Department also represented Ireland on the Governmental Committee of the Council of Europe European Social Charter and engaged with a broad range of Government Departments in preparation of Ireland's Annual Report to the Council of Europe on implementation of the European Social Charter.

### **New Payments Regime and Statutory Entitlement to Adjudication in Dispute Resolution**

The Construction Contracts Act, 2013 applies to certain construction contracts entered into after the 25th July 2016.

The purpose of the Act is to regulate payments - particularly the timing of payments - under a construction contract covered by the legislation. It provides new payment protections for subcontractors in the construction industry who have been considered vulnerable in the payment cycle in that industry.

Main contractors are at liberty to agree their own terms with their clients, however main contractor/subcontractor and subcontractor/sub-subcontractor contracts are governed by the Schedule to the Act which requires payment every 30 days within 30 days (unless such contracts contain more favourable terms).

The Act also provides, for the first time in Ireland, the right for a party to a construction contract to refer a payment dispute for adjudication as a means of resolving the dispute. The Act envisages that adjudications will be completed usually within 28 days of referral. Some contracts are exempted from the legislation: a contract of less than €10,000 in value; a Public Private Partnership contract; a contract of employment; and a contract for a dwelling of less than 200 square metres where one of the parties occupies or intends to occupy it.

A Code of Practice Governing the Conduct of Adjudications has been published by Minister Breen and a national information campaign undertaken by the Department.

The then Minister for Business and Employment, Ged Nash appointed a Chairperson and Panel of thirty adjudicators in 2015. Whereas it is open to parties to a dispute to agree to appoint an adjudicator of their choice, in circumstances where such agreement is not reached, either party may now seek the appointment of an adjudicator from the Ministerial Panel by applying to the Chairperson.

## 5. Delivering the Strategy and Managing Change

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

### **Move to Shared Services: Devolution to PeoplePoint of Transactional HR Activity**

On 30th March 2015, as part of the Government's decision to move to shared services, the Department transitioned its transactional HR activity to PeoplePoint. A Service Management Agreement was put in place to manage the services provided by PeoplePoint on behalf of the Department. The following administrative functions were devolved: Leave / Absence / Pensions / Payroll Instructions / Work-sharing / Employee Scheme / and Exits.

The move is designed, over time, to realise a dividend in resources, and release the HR Unit to focus more on strategic issues such as workforce and succession planning, mobility, talent management and learning and development. The handover of functions, in the initial period, required a heavy burden of administration to manage the transitional arrangements in respect of staff awareness and system / process issues. While this is still ongoing it is hoped that it will lessen as PeoplePoint becomes more established.

### **Improving our Efficiency and Effectiveness**

The Department is committed to providing a high quality and efficient service to all of our customers and stakeholders. In 2015, we continued to ensure that we delivered value for money through the delivery of effective and efficient services as evidenced throughout this Annual Report.

In 2015 the Department received delegated sanction from the Department of Public Expenditure and Reform (DPER), which allowed for the filling of posts up to and including Principal Officer Standard, as long as the Department operated within its pay budget limit without having to seek specific DPER approval in each case. Under this new model the Department is required to submit quarterly reports under a Staffing Resource Management Framework, which enables DPER to monitor the changes in numbers and grades within the Department on a quarterly basis. The delegated sanction has enabled the Department to fill some key vacancies across Divisions. Further recruitment/filling of key vacancies, within pay budget limits, will continue in 2016.

The HR Unit within the Department also consulted with all Divisional managers to review our workforce planning requirements. Data was collected regarding upward and downward pressures and a report will be submitted to DPER in 2016 setting out the Department's plans in respect of meeting the workforce requirements to support the statement of strategy (over the period 2016-2017)

### **Civil Service Renewal**

The Department was a committed partner in the Civil Service wide Renewal Programme in 2015. This Renewal Programme "Once Civil Service" is led by the Reform Delivery Office in the Department of Public Expenditure and Reform which reports regularly on progress across the Service. This Department participated in the Civil Service Excellence and Innovation Awards in 2015 and was among the finalists chosen to showcase their initiatives in late 2015. In addition,

the Department is also running its own New Ways of Working Initiative to help promote greater efficiency and capability for our staff and progress under a number of headings is noted further on in this Chapter. We also report separately on a number of allied initiatives throughout this Chapter.

### **Corporate Governance**

This Department seeks to ensure that it has in place a robust and effective corporate governance structure capable of supporting DJEI, and its Agencies and Office, so that all requirements relating to governance issues are met in compliance with both statutory obligations and the requirements laid down, from time to time, by the Department of Public Expenditure and Reform and the Department of Finance.

Achieving excellence in governance is one of the commitments under the Civil Service Renewal Plan, 2014. In response to this commitment, a Corporate Governance Standard for the Civil Service was developed and this was launched in November 2015. The Standard required all Government Departments to document and publish their governance arrangements in the form of a Governance Framework and provided guidance in the style and content of the Frameworks. DJEI commenced the development of its Governance Framework at the end of 2015 for delivery by April 2016. This framework is published on the DJEI website at <https://www.djei.ie/en/Publications/Governance-Framework.html>

### **Internal Audit Function**

Based on internationally accepted standards adopted for the Civil Service by the Department of Public Expenditure and Reform in 2012, the Internal Audit Unit Function provided assurance to the Secretary General and advice regarding the Department's financial and other internal processes and procedures during 2015.

### **ICT Supports to Strategy Delivery**

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

- A new ICT strategy for the Department was agreed, which sets out ICT service delivery goals up to end the end of 2018.
- New systems to support the work of the newly established Workplace Relations Commission were rolled out, including new back-office systems and the delivery of new e-forms to allow clients to apply for services on-line
- New ICT services for the Patents Office were delivered, including a service to allow applications to register designs to be made online, and greater interoperability with other European Intellectual Property Offices. ICT supports were provided to the Companies Registration Office to implement the new Companies Act.
- A new Departmental website was developed and rolled out, and new web presences for the Low Pay Commission and to promote corporate social responsibility were also delivered.
- New services were put in place for the Department's employment permits service, to support trusted partner applications and to allow on-line queries of application status. Work also commenced on the development of a new online application service which will go live during 2016.

## **People and Capability**

In a changing business environment, the calibre of the workforce is a critical factor in ensuring that the Department has the skills in place to respond to the challenges and opportunities presented. In addition to recruiting skilled people, we have in place a wide range of comprehensive training programmes designed to provide our staff with the skills and knowledge required to meet the business needs of establishing ourselves as a modern, forward-looking world class ministry.

The Management Board via the New Ways of Working Steering Group prioritised coaching and mentoring as a key deliverable for 2015 with the appropriate research undertaken to identify the models of coaching and mentoring that best suited the Department's needs. These initiatives were identified as a proven approach to foster a learning, innovative and agile organisation by empowering people through the facilitation of self-directed learning, personnel growth and enhanced personal performance.

As well as continuing to invest in existing teams and their capabilities, the Department continued to drive the ongoing performance and management development agenda for its staff in 2015. During 2015, the Department's Learning and Development Unit continued to engage with staff and management to identify priority training and development needs. To meet those needs a range of targeted and customised training was available to staff.

We continued to prioritise management training to enhance capacity to meet new and evolving challenges by introducing a tailored coaching programme for line managers, as well as the provision of a tailored programme for Clerical Officers designed to equip them with the necessary skills for their current/future roles and wider career development. Our newly appointed Administrative Officers also participated in the Civil Service Graduate Programme.

## **Looking Ahead and New Ways of Working**

The New Ways of Working Steering Group, which operates on a partnership basis with the Trade Unions and is chaired by the Secretary General, continues to roll-out of several initiatives under the programme since its establishment in early 2015. This approach feeds into the wider Public Sector Reform agenda and the drive to renew the vision and strategy of modernising the Civil Service.

## **Customer Charter**

In 2015, the Department's second Irish Language Scheme 2015-2018 was approved by the Minister for Arts, Heritage and the Gaeltacht. . The new Scheme builds on a commitment made in the Department's Customer Charter 2014-2016 to ensure that customers who wish to conduct their business through Irish can do so. It sets out the extent to which services are currently available through Irish, and identifies areas for future enhancement over the period to 2018.s. Throughout 2015, the Department's Cross Divisional Committee, which monitors the implementation of the commitments given in the Department's Customer Service Publications, which were updated in 2014, and its Irish Language Scheme 2015-2018, continued to meet on a quarterly basis. These meetings served to ensure that any challenges arising in relation to the implementation of commitments made in these publications can be addressed in a timely manner.

During 2015, the Department continued to process Freedom of Information (FOI) requests in accordance with the provisions of the Freedom of Information Act 2014. Notwithstanding the increase of 132% in the number of FOI requests received in 2015 compared to 2014, all FOI

requests were processed within the statutory time limit. Work commenced in late 2015 on the development of the Department's FOI Publication Scheme. The Scheme, which makes information available about the Department and the services it provides, was published in April 2016 in accordance with Section 8 of the FOI Act 2014.

## Appendix 1

### Audited Financial Statements as at 31 December 2015

#### Vote 32 Jobs, Enterprise and Innovation Appropriation Account 2015

	Estimate provision		2015	2014
	€000	€000	Outturn	Outturn
	€000	€000	€000	€000
<b>Programme expenditure</b>				
A Jobs and Enterprise Development				
<i>Current year provision</i>	359,071			
<i>Deferred surrender</i>	11,000			
<i>Supplementary</i>	21,000	391,071	379,379	337,824
B Innovation				
<i>Current year provision</i>	347,384			
<i>Deferred surrender</i>	9,000			
<i>Supplementary</i>	29,000	385,384	382,633	357,370
C Regulation		83,731	72,833	70,366
<b>Gross expenditure</b>				
<i>Current year provision</i>	790,186			
<i>Deferred surrender</i>	20,000			
<i>Supplementary</i>	50,000			
		<b>860,186</b>	<b>834,845</b>	<b>765,560</b>
<i>Deduct</i>				
D Appropriations-in-aid		<b>49,774</b>	<b>51,925</b>	<b>49,248</b>
<b>Net expenditure</b>				
<i>Current year provision</i>	740,412			
<i>Deferred surrender</i>	20,000			
<i>Supplementary</i>	50,000			
		<b>810,412</b>	<b>782,920</b>	<b>716,312</b>

#### Surplus for surrender

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

	2015	2014
	€	€
Surplus	27,492,889	38,763,031
Deferred surrender	(10,000,000)	(20,000,000)
Surplus to be surrendered	<u>17,492,889</u>	<u>18,763,031</u>

**Analysis of administration expenditure**

		<b>2015</b>	<b>2014</b>
		<b>Estimate provision</b>	<b>Outturn</b>
		<b>€000</b>	<b>€000</b>
I	Salaries, wages and allowances	23,834	24,196
ii	Travel and subsistence	686	424
iii	Training and development and incidental expenses	1,096	828
iv	Postal and telecommunications services	587	450
V	Office equipment and external IT services	3,959	3,090
vi	Office premises expenses	1,750	1,271
vii	Consultancy services and value for money and policy reviews	1,210	936
viii	Advertising and information resources	581	391
		<b>33,703</b>	<b>31,586</b>
		<b>30,682</b>	

## Notes to the Appropriation Account

### 1 Operating Cost Statement 2015

	2015	2014
	€000	€000
Programme cost	803,259	734,878
Pay	24,196	22,032
Non pay	7,390	8,650
<b>Gross expenditure</b>	<b>834,845</b>	<b>765,560</b>
<i>Deduct</i>		
<b>Appropriations-in-aid</b>	<b>51,925</b>	<b>49,248</b>
<b>Net expenditure</b>	<b>782,920</b>	<b>716,312</b>
<b>Changes in capital assets</b>		
Purchases cash	(773)	
Depreciation	1,834	
Loss on Disposals	6	
	1,067	915
<b>Changes in assets under development</b>		
Cash payments	(1,126)	(1,239)
<b>Changes in net current assets</b>		
Increase in closing accruals	1,310	
Decrease in stock	12	
	1,322	(904)
<b>Direct expenditure</b>	<b>784,183</b>	<b>715,084</b>
<b>Expenditure borne elsewhere</b>		
Net allied services expenditure (cash) (note 1.1)	22,694	22,601
Notional rents (non-cash) (note 1.2)	1,947	1,452
<b>Net programme cost</b>	<b>808,824</b>	<b>739,137</b>

#### 1.1 Net Allied Services Expenditure

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

	2015	2014
	€000	€000
Vote 9 Office of the Revenue Commissioners	e 144	67
Vote 12 Superannuation and Retired Allowances	e 16,056	15,982
Vote 13 Office of Public Works	e 6,158	6,229
Central Fund - Ministerial pensions	e 336	323
	<u>22,694</u>	<u>22,601</u>

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

#### 1.2 Notional Rent

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

## 2 Balance Sheet as at 31 December 2015

	Note	2015 €000	2014 €000
<b>Capital assets</b>	2.2	7,149	6,762
<b>Capital assets under development</b>	2.3	43	354
		<b>7,192</b>	<b>7,116</b>
<b>Current Assets</b>			
Bank and cash	2.4	14,294	22,212
Stocks	2.5	197	209
Prepayments		922	1,063
Accrued income		1,003	1,381
Other debit balances	2.6	1,094	2,136
<b>Total current assets</b>		<b>17,510</b>	<b>27,001</b>
<b>Less current liabilities</b>			
Accrued expenses		446	285
Deferred income		1,802	1,172
Other credit balances	2.7	2,388	4,522
Net liability to the Exchequer	2.8	13,000	19,826
<b>Total current liabilities</b>		<b>17,636</b>	<b>25,805</b>
<b>Net current (liabilities)/assets</b>		<b>(126)</b>	<b>1,196</b>
<b>Net assets</b>		<b>7,066</b>	<b>8,312</b>
<b>Represented by:</b>			
<b>State funding account</b>	2.1	<b>7,066</b>	<b>8,312</b>

2.1 State Funding Account	Note	2015 €000	2014 €000
Balance at 1 January		8,312	7,078
Disbursements from the Vote			
Estimate provision	Account	810,412	
Deferred surrender	Account	(10,000)	
Surplus to be surrendered	Account	(17,492)	
<b>Net vote</b>		782,920	716,312
Net assets transferred from LRC	2.2	17	-
Net assets transferred from Forfás		-	5
Prior year adjustment		-	1
Expenditure (cash) borne elsewhere	1	22,694	22,601
Non cash expenditure – notional rent	1	1,947	1,452
Net programme cost	1	(808,824)	(739,137)
<b>Balance at 31 December</b>		<b>7,066</b>	<b>8,312</b>

## 2.2 Capital Assets

	Office and IT equipment €000	Furniture and fittings €000	Total €000
<b>Gross assets</b>			
Cost or valuation at 1 January 2015	34,440	6,701	41,141
Reclassification	4	(4)	-
Transfers from Labour Relations Commission <sup>a</sup>	378	58	436
Additions	2,125	85	2,210
Disposals	(42)	(1,367)	(1,409)
Cost or valuation at 31 December 2015	36,905	5,473	42,378
<b>Accumulated depreciation</b>			
Opening balance at 1 January 2015	27,850	6,529	34,379
Reclassification	4	(4)	-
Transfers from Labour Relations Commission <sup>a</sup>	364	55	419
Depreciation for the year	1,782	52	1,834
Depreciation on disposals	(37)	(1,366)	(1,403)
Cumulative depreciation at 31 December 2015	29,963	5,266	35,229
<b>Net assets at 31 December 2015</b>	<b>6,942</b>	<b>207</b>	<b>7,149</b>
<b>Net assets at 31 December 2014</b>	<b>6,590</b>	<b>172</b>	<b>6,762</b>

<sup>a</sup> ICT assets and furniture and fittings, with a net value of €17,252, were transferred to this Department following the merging of the Labour Relations Commission into the Workplace Relations Commission with effect from 1 October 2015. A difference of €38,000 arose on the net assets transferred due to differences in accounting policies in the Department.

## 2.3 Capital Assets under Development

	In-house computer applications €000
Amounts brought forward at 1 January 2015	354
Cash payments in year <sup>a</sup>	1,224
Brought into use in year	(1,535)
Balance at 31 December 2015	43

<sup>a</sup> EU funding in the amount of €97,841 was used to acquire ICT assets under the Patent Cooperation Fund projects.

<b>2.4 Bank and Cash</b>	<b>2015</b>	<b>2014</b>
at 31 December	<b>€000</b>	<b>€000</b>
PMG balances	14,293	22,212
Commercial bank account balance	1	—
	<u>14,294</u>	<u>22,212</u>

<b>2.5 Stocks</b>	<b>2015</b>	<b>2014</b>
at 31 December	<b>€000</b>	<b>€000</b>
Stationery	137	144
IT supplies	43	49
Cleaning materials	17	16
	<u>197</u>	<u>209</u>

<b>2.6 Other Debit Balances</b>	<b>2015</b>	<b>2014</b>
at 31 December	<b>€000</b>	<b>€000</b>
Advances to OPW	105	184
Miscellaneous debit balances	631	1,385
Recoupable expenditure:		
Travel	333	
Shared services	<u>25</u>	
	358	567
	<u>1,094</u>	<u>2,136</u>

<b>2.7 Other Credit Balances</b>	<b>2015</b>	<b>2014</b>
at 31 December	<b>€000</b>	<b>€000</b>
<b>Amounts due to the State</b>		
Income Tax	56	966
Pay Related Social Insurance	60	373
Income Levy	-	8
Professional Services Withholding Tax	-	154
Value Added Tax on intra EU acquisitions	-	53
	116	1,554
Miscellaneous credit balances <sup>*</sup>	<u>2,272</u>	<u>2,968</u>
	<u>2,388</u>	<u>4,522</u>

<sup>\*</sup> Miscellaneous credit balances comprise i) patent renewal fees - €1.4m, ii) staff deductions - €0.3m and iii) other miscellaneous balances - €0.6m.

<b>2.8 Net Liability to the Exchequer</b>	<b>2015</b>	<b>2014</b>
at 31 December	<b>€000</b>	<b>€000</b>
Surplus to be surrendered	17,492	18,763
Deferred surrender	10,000	20,000
Exchequer grant undrawn	(14,492)	(18,937)
Net liability to the Exchequer	<u>13,000</u>	<u>19,826</u>

**Represented by:**

<b>Debtors</b>		
Bank and cash	14,294	22,212
Other debit balances	<u>1,094</u>	<u>2,136</u>
	15,388	24,348
<b>Creditors</b>		
Due to State	(116)	(1,554)
Other credit balances	<u>(2,272)</u>	<u>(2,968)</u>
	(2,388)	(4,522)
	<u>13,000</u>	<u>19,826</u>

<b>2.9 Commitments</b>	<b>2015</b>	<b>2014</b>
at 31 December	<b>€000</b>	<b>€000</b>

**(A) Global commitments**

Procurement subheads	1,717	1,586
Grant subheads <sup>a</sup>	1,427,488	1,453,199

<sup>a</sup> Includes commitments that will be funded from own resource income generated by State bodies under the aegis of the Department.

**(B) Multi-annual capital commitments**

Capital grants involving total expenditure of €6,350,000 or more is shown separately in the multi-annual capital commitments table

	Cumulative expenditure to 31 December 2014 <sup>a</sup>	Expenditure in 2015	Project commitments in subsequent years	Expected total spend lifetime of project 2015	Expected total spend lifetime of project 2014 <sup>a</sup>
	€000	€000	€000	€000	€000
IDA Ireland	49,000	12,400	87,000	148,400	125,700
Enterprise Ireland	199,792	57,367	188,854	446,013	407,919
Science Technology & Development Programme	196,127	61,887	280,068	538,082	523,823
Programme for Research in Third Level Institutions (PRTL)	95,839	28,831	48,405	173,075	173,074
	540,758	160,485	604,327	1,305,570	1,230,516

<sup>a</sup> Excludes projects completed by end of 2014.

**Significant variations**

Where the programme spend has increased by more than €500,000 from 2014 to 2015, an explanation is provided as follows:

Project by Project basis	Expected total spend 2015	Expected total spend 2014	Year on year increase
	€000	€000	€000
IDA Ireland:	148,400	125,700	22,700
Explanation: one new grant approval in 2015 totalling €13.8 million and a commitment, in 2015 to make additional payments of €9 million in order to surrender a lease which was not due to expire until 2034.			
Enterprise Ireland:	446,013	407,919	38,094
Explanation: increase relates to three new projects totalling €29.5 million and an increase in the value of three existing project commitments of €8.6 million.			
Science, Technology and Development Programme	538,082	523,823	14,259
Explanation: increase relates to two new grant approvals in 2015.			

**2.10 Matured Liabilities**

	<b>2015</b>	<b>2014</b>
	<b>€000</b>	<b>€000</b>
Estimate of matured liabilities not discharged at year-end	206	99

## Prompt Payments Summary January to December 2015

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

Details	Number	Value €	Percentage (%) of total payments made (Number) %
Number of payments made within 15 days	5,523	35,857,454	79.17%
Number of payments made within 16 to 30 days	1,164	4,300,912	16.69%
Number of payments made in excess of 30 days	289	548,326	4.14%
Total payments made in 2015	6,976	40,706,692	100%

## Appendix 2

### Bills published or enacted in 2015

- Industrial Relations (Amendment) Act 2015
- National Minimum Wage (Low Pay Commission) Act 2015
- The Workplace Relations Act 2015 (Act No. 16 of 2015) was signed by the President on 20<sup>th</sup> May, 2015

## Appendix 3

### Statutory instruments made in 2015

S.I. No. 31 of 2015	European Communities (Carriage of Dangerous Goods by Road and Use of Transportable Pressure Equipment) (Amendment) Regulations 2015
S.I. No. 81 of 2015	European Communities (Pressure Equipment) (Amendment) Regulations 2015
S.I. No. 147 of 2015	Companies Act 2014 (Forms) Regulations 2015
S.I. No. 169 of 2015	Companies Act 2014 (Commencement) Order 2015
S.I. No. 172 of 2015	Employment Permits (Trusted Partner) Regulations 2015
S.I. No. 196 of 2015	European Communities (Classification, Packaging and Labelling) (Revocation) Regulations 2015
S.I. No. 203 of 2015	Companies Act 2014 (Section 897) Order 2015
S.I. No. 208 of 2015	European Union (Control of Major Accident Hazards involving (Dangerous Substances) (Revocation) Regulations 2015
S.I. No. 209 of 2015	Chemicals Act (Control of Major Accident Hazards involving Dangerous Substances) Regulations 2015
S.I. No. 212 of 2015	Companies Act 2014 (Forms) (No.2) Regulations 2015
S.I. No. 213 of 2015	Companies Act 2014 (Fees) Regulations 2015
S.I. No. 214 of 2015	Companies Act 2014 (Recognised Stock Exchanges) Regulations 2015
S.I. No. 215 of 2015	Companies Act 2014 (Bonding) Order 2015
S.I. No. 216 of 2015	Companies Act 2014 (Part 14 Prescribed Officers) Regulations 2015
S.I. No. 217 of 2015	Companies Act 2014 (Section 580(4) Members' Voluntary Winding Up Report) Regulations 2015
S.I. No. 218 of 2015	Companies Act 2014 (Section 208 Report) Regulations 2015
S.I. No. 219 of 2015	Companies Act 2014 (Section 623 Account) Regulations 2015
S.I. No. 220 of 2015	Companies Act 2014 (Commencement) (No.2) Order 2015
S.I. No. 221 of 2015	Companies Act 2014 (Section 682) Regulations 2015

S.I. No. 222 of 2015	Companies Act 2014 (Disqualification and Restriction Undertakings) Regulations 2015
S.I. No. 223 of 2015	Companies Act 2014 (Section 1313) Regulations 2015
S.I. No. 224 of 2015	European Communities (Accounts) (Amendment) Regulations 2015
S.I. No. 225 of 2015	Companies Act 2014 (Section 150) Regulations 2015
S.I. No. 258 of 2015	Irish Collective Asset-management Vehicles Act 2015 (Forms) Regulations 2015
S.I. No. 259 of 2015	Irish Collective Asset-management Vehicles Act 2015 (Fees) Regulations 2015
S.I. No. 269 of 2015	Friendly Societies and Industrial and Provident Societies (Miscellaneous Provisions) Act 2014 (Part 4) (Commencement) Order 2015
S.I. No. 274 of 2015	European Communities (Safety of Toys) (Amendment) Regulations 2015
S.I. No. 288 of 2015	European Communities (Carriage of Dangerous Goods by Road and Use of Transportable Pressure Equipment) (Amendment) (No. 2) Regulations 2015
S.I. No. 338 of 2015	Workplace Relations Act 2015 (Commencement) Order 2015
S.I. No. 340 of 2015	National Minimum Wage (Low Pay Commission) Act 2015 (Section 20) (Commencement) Order 2015
S.I. No. 342 of 2015	Organisation of Working Time (Non-Application of certain Provisions to Persons Performing Mobile Road Transport Activities) Regulations 2015
S.I. No. 343 of 2015	European Union (Alternative Dispute Resolution for Consumer Disputes) Regulations 2015
S.I. No. 344 of 2015	Industrial Relations Act 1969 (Section 3A) Order 2015
S.I. No. 349 of 2015	Employment Permits (Amendment) Regulations 2015
S.I. No. 368 of 2015	European Union (Alternative Dispute Resolution for Consumer Disputes) (No. 2) Regulations 2015
S.I. No. 385 of 2015	Industrial Relations Act 1976 (Section 8) Order 2015
S.I. No. 410 of 2015	Workplace Relations Act 2015 (Commencement) (No. 2) Order 2015
S.I. No. 411 of 2015	National Minimum Wage (Low Pay Commission) Act 2015 (Section 20) (Commencement) (No. 2) Order 2015
S.I. No. 412 of 2015	Workplace Relations Act 2015 (Establishment Day) Order 2015

S.I. No. 413 of 2015	Labour Relations Commission (Dissolution Day) Order 2015
S.I. No. 417 of 2015	Employment Regulation Order (Security Industry Joint Labour Committee) 2015
S.I. No. 418 of 2015	Employment Regulation Order (Contract Cleaning Joint Labour Committee) 2015
S.I. No. 419 of 2015	Workplace Relations Act 2015 (Fixed Payment Notice) Regulations 2015
S.I. No. 423 of 2015	European Union (Traded Companies – Corporate Governance Statements) Regulations 2015
S.I. No. 442 of 2015	National Minimum Wage Order 2015
S.I. No. 463 of 2015	Industrial Relations Act 1990 (Code of Practice on Victimisation) (Declaration) Order 2015
S.I. No. 464 of 2015	Industrial Relations Act 1990 (Code of Practice on Protected Disclosures Act 2014) (Declaration) Order 2015
S.I. No. 498 of 2015	Companies Act 2014 (Section 457 Forms) Regulations 2015
S.I. No. 500 of 2015	European Union (Online Dispute Resolution for Consumer Disputes) Regulations 2015
S.I. No. 519 of 2015	Safety, Health and Welfare at Work Act 2005 (Repeals) (Commencement) Order 2015
S.I. No. 521 of 2015	Safety, Health and Welfare at Work (Docks) (Revocation) Regulations 2015
S.I. No. 536 of 2015	Workplace Relations Act 2015 (Fees) Regulations 2015
S.I. No. 543 of 2015	Companies Act 2014 (Section 150) (No. 2) Regulations 2015
S.I. No. 572 of 2015	European Communities (Safety of Toys) (Amendment) (No. 2) Regulations 2015
S.I. No. 602 of 2015	Employment Permits (Amendment) (No. 2) Regulations 2015
S.I. No. 621 of 2015	European Communities (Machinery) (Amendment) Regulations 2015
S.I. No. 622 of 2015	Safety, Health and Welfare at Work (Carcinogens) (Amendment) Regulations 2015
S.I. No. 623 of 2015	Safety, Health and Welfare at Work (Chemical Agents) (Amendment) Regulations 2015

**Department of Jobs, Enterprise and Innovation**

23 Kildare Street  
Dublin 2  
D02 TD30

Tel: +353 1 631 2121  
LoCall: 1890 220 222

Email: [info@djei.ie](mailto:info@djei.ie)  
[www.djei.ie](http://www.djei.ie)



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