



Department of Enterprise, Trade and Employment
An Roinn Fiontar, Trádála agus Fostaíochta

Annual Report 2006





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We will work for
Government and
the people to grow
quality employment
and national
competitiveness.

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Foreword by Minister for Enterprise, Trade and Employment



The Irish economy remained strong during 2006 and continues to enjoy a level of growth that is among the highest in the OECD. Ireland continues to be one of the top performers in the EU for entrepreneurial activity and private capital

investment and 1st in the OECD for attracting new Greenfield Foreign Direct Investment, demonstrating a healthy performance in both the indigenous and foreign owned areas of our economy. The labour market remained buoyant, the total numbers of people in employment in the State reaching over 2 million for the first time in our history. However, we are not complacent and continue to work to maintain and develop a dynamic economy that responds effectively to the evolving demands of international competitiveness. This Annual Report outlines how the Department of Enterprise, Trade and Employment contributed to our national competitiveness through the delivery of key enterprise, trade and employment commitments as set out in our Statement of Strategy 2005-2007.

Science, Technology and Innovation are vital to our economic and social progress and, in an increasingly globalised world, high levels of investment in research and innovation are essential for our national competitiveness. The Government's new Strategy for Science, Technology and Innovation 2006-2013, launched in Summer 2006, outlines a vision of Ireland as a leading knowledge economy by 2013 and sets out the steps we need to take in order to ensure that Ireland becomes a world-class centre for the development and exploitation of knowledge. The establishment, by my Department, of Technology Ireland (TI) with participation from Enterprise Ireland, IDA Ireland, Science Foundation Ireland and Forfás will bring coherence to the enterprise dimension of the Strategy and will allow Ireland to reach its targets for increased R&D expenditure, as set out in the Strategy.

Small Business plays a key role in our country and the continued growth of this sector will be an important factor in our economic development over the next decade. It is crucial, therefore, that government provides a supportive environment within which small businesses can flourish, reduces unnecessary burdens and provides appropriate supports. When I established the Small Business Forum in 2005, I was very conscious of the need to ensure that our policies and strategies were addressing the particular needs of this sector in Ireland. The publication, during 2006, of the Report of the Forum sets out a comprehensive agenda to achieve this and has presented my Department with a detailed set of proposals designed to enable the small business sector to achieve its full potential and enhance the significant contribution the sector already makes to the economic well-being of this country. I am committed to the implementation of those recommendations of the Forum to the maximum extent possible. I have also asked the members of the Forum to serve on the group to review implementation of the Report's recommendations and monitor progress in achieving the Report's core objectives.

Workplace change is also critical to our continuing viability as an economy and society. In the context of this ongoing change, it is important that we look carefully at the protections afforded to workers to ensure that they are sufficient and relevant in the new environment. The new Employment Rights compliance model, provided for in the new partnership agreement *Towards 2016*, confirms that Ireland is now entering into a new era of employment rights. The compliance model will inform people of their entitlements and provide simpler redress systems, coupled with stronger enforcement and increased penalties for non-compliance. The establishment of a new National Employment Rights Authority (NERA), under the aegis of my Department, will ensure an independent and workable inspection regime which will ensure employment rights compliance and demonstrates the Government's determination to protect the rights of workers.

Developing an ever-more highly skilled and adaptable labour force continues to be an important challenge facing Ireland if we are to ensure the continuation of our economic success. While our education and training system has served us well and has been a major contributor to our current prosperity, Ireland cannot afford to be complacent. Without significant further education and training of those already in employment, there is a risk that low skilled people in the labour force will be unable to access the employment opportunities arising from our knowledge-based economy. During 2006, my Department chaired the Steering Group which completed the Forfás Expert Group on Future Skills Needs report 'Tomorrow's Skills – Towards a National Skills Strategy'. The development and implementation of this strategy, through 2007 and beyond, will be a key labour market initiative aimed at ensuring that, over the period to 2020, we have the skills required to remain competitive in the global marketplace.

The revocation of the Groceries Order by the enactment, during 2006, of the Competition (Amendment) Act 2006 was a significant day for Irish consumers. The Act also strengthened the provisions of the Competition Act, 2002 by specifically prohibiting the fixing of minimum retail prices by suppliers (resale price maintenance), unfair discrimination in the grocery trade and the payment of advertising allowances and "hello money". In line with my ongoing commitment to the protection of consumer interests I asked the Competition Authority to review and monitor developments in the grocery sector in light of the new regulatory environment and report their findings to me. I expect to receive their first report later in 2007.

My Department was intensively engaged throughout 2006 on the preparations of our input to the National Development Plan (NDP) 2007-2013 which the Government launched in January 2007. A total of €13.7 billion of investment in Enterprise Science and Innovation and in Human Capital will be overseen by my Department under the new €184 billion NDP

– "A Better Quality of Life for All". The €13.7 billion of investment for which my Department is responsible comprises €7.7 billion for training and upskilling the workforce, €3.3 billion in enterprise development and €2.7 billion as part of the overall investment of €8.3 billion in the Strategy for Science, Technology and Innovation.

Finally, I would like to acknowledge the hard work and support of my colleagues Michael Ahern TD, Minister for Trade & Commerce and Tony Killeen TD, Minister for Labour Affairs, and of the Department's Management Board and staff. Their dedication and commitment has ensured that we continued to make excellent progress on achieving the goals and objectives set out in our Statement of Strategy 2005 – 2007, thereby increasing our ability to grow the economy, create jobs and deliver a better quality of life for all our citizens.



Michéal Martin, TD,
Minister for Enterprise, Trade and Employment.

Introduction by Secretary General



2006 marked the midpoint in the life of this Department's Statement of Strategy 2005 – 2007 and this Annual Report outlines actions undertaken during the year to advance the objectives set out in the strategy under each of its supporting pillars (1) Enterprise, Innovation & Growth, (2) Quality Work & Learning, (3) Making Markets & Regulation Work Better and (4) Business Delivery, Modernisation & Customer Focus.

Included among the key achievements by the Department, during 2006, are:

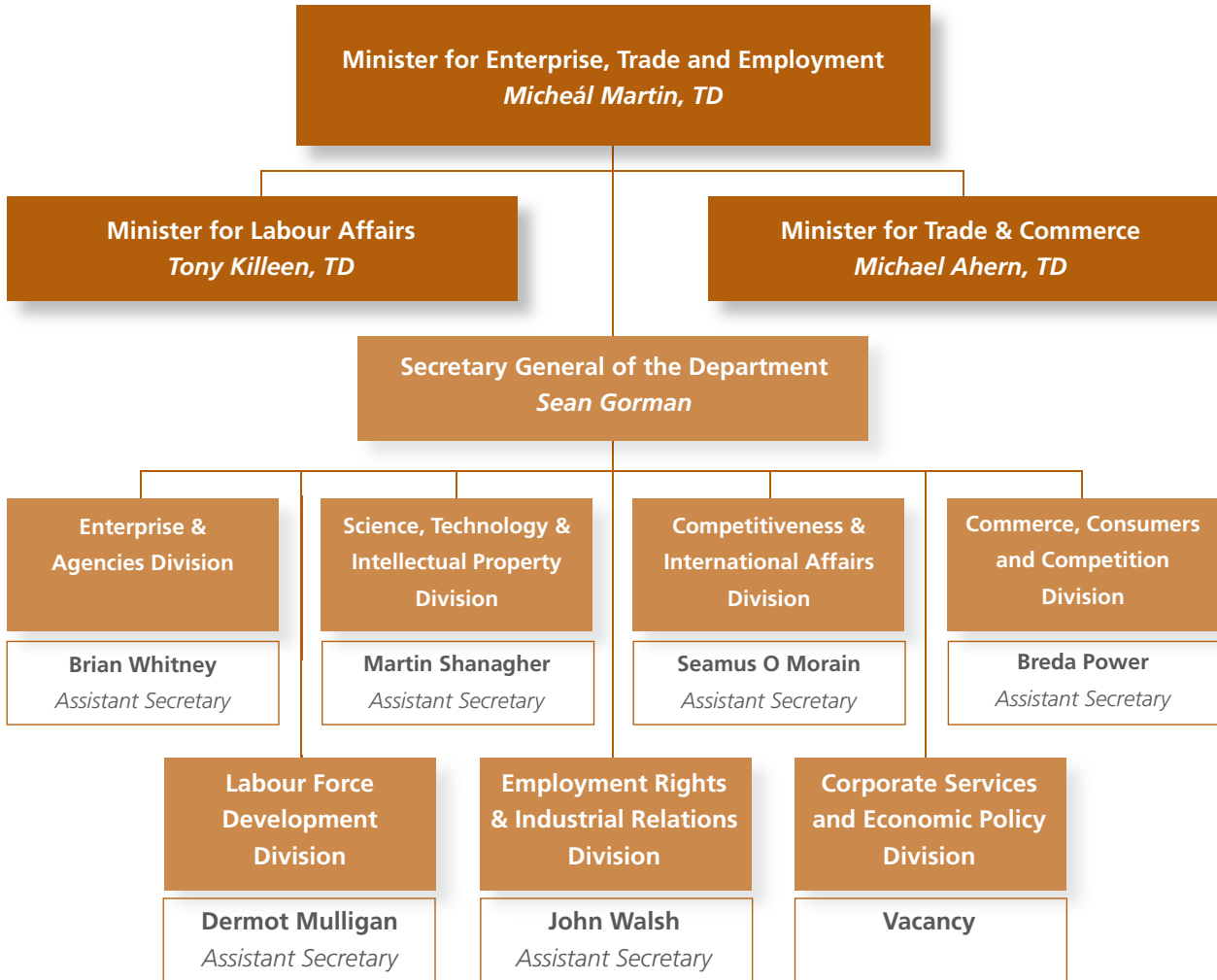
- Participation in negotiations for the new partnership agreement *Towards 2016*, where *Employment Rights compliance* formed a major element of the ten-year agreement;
- Securing investment of €13.7 billion to *create and sustain high value employment opportunities*, as part of the new National Development Plan 2007-2013;
- Enactment of the *Employment Permits Act 2006*, establishing a statutory framework within which to implement an active, managed economic migration and employment permits policy;
- Continuing work on *reviewing consumer legislation* in order to ensure that Ireland has a strong and modern consumer protection regime;
- Publication of a *Sectoral Plan under the Disability Act 2005* for the provision of services to people with disabilities. The Plan, which covers the period 2006 –2010, contains a number of key initiatives to promote and support the inclusion of people with disabilities into the Irish labour market;
- Commissioning of a follow-up survey to one carried out in 2001 on the incidence of *workplace bullying*, with the purpose of establishing a baseline from which the effectiveness of structures and processes put in place since 2001 could be measured; and
- Launching of the *Strategy on Science, Technology & Innovation, 2007 – 2013*, aimed at ensuring that Ireland secures its position as one of the world's advanced knowledge economies.

During the year under review, the Department submitted its final progress report to the Civil Service Performance Verification Group, outlining progress made in advancing the modernisation initiatives outlined in our Action Plan under Sustaining Progress. The Report demonstrated how we continued, during 2006, to deepen the culture of modernisation/innovation in the Department. Areas progressed included commitments to providing better customer service; making more efficient use of resources; and, in particular, using partnership and cross-functional structures to drive the modernisation agenda. The preparation of a new *Towards 2016* Action Plan, setting out clear goals and initiatives which the Department will seek to deliver in furtherance of our modernisation agenda over the first phase of the latest Social Partnership Agreement, was undertaken towards the end of the year. It further develops the modernisation programme set out in our Sustaining Progress Action Plan and demonstrates how the Department will build on initiatives delivered over the last decade, as well as outlining new actions which it is proposed to initiate, progress or complete during the first phase of the *Towards 2016* Agreement in order to create an ever more flexible, modern and agile Department delivering its mission and business goals to its customers/stakeholders.

Significant progress was made in 2006 on implementing our Departmental Strategy 2005–2007 and on delivering the many commitments in the Programme for Government. I have highlighted just a few key achievements here but there are many more noted throughout this Report. In that regard, I would like to thank staff throughout the Department for their hard work during 2006 and their dedication in ensuring excellent progress in advancing the Department's goals for the 2005 –2007 period. I am confident, as we move into the final year of our current strategy, that their continued support will ensure full delivery of all the commitments in that strategy.

Sean Gorman,
Secretary General.

Organisation Chart



Our Mission

We will work for Government and the people to grow quality employment and national competitiveness

Our policies are designed to enhance competitiveness, help create an environment where enterprise can flourish and consumers are protected, up-skill the labour force, provide sustainable employment opportunities, improve workplace conditions, and help to build an inclusive society.

Our Values

Our approach to interacting with our key stakeholders – Government and the Oireachtas, members of the public, other public and private organisations and internally with our staff – is founded upon our core values¹ of:

- Fairness and Respect
- Openness and Transparency
- Flexibility and Responsiveness
- Partnership and Consultation
- Responsibility
- Motivation and Performance
- Service
- Professionalism

Structure of the Department

The Department is divided into the following seven divisions:

- Enterprise and Agencies
- Competitiveness and International Affairs
- Science, Technology and Intellectual Property
- Labour Force Development
- Employment Rights and Industrial Relations
- Commerce, Consumers and Competition
- Corporate Services and Economic Policy

¹ See the Department's Human Resources Strategy 2005-2007

Pillars & Key Goals of our Strategy

This Annual Report is based on activities aligned along the four pillars set out in our Statement of Strategy 2005 – 2007 and each pillar contains a number of high-level goals, which form the basis for the work of the Department over the period. These Pillars and Goals are:

Pillar 1 - Enterprise, Innovation, Growth

Key Goals

- The enhancement of Ireland's productivity and competitiveness levels so as to sustainably produce and sell on world markets, goods and services which add to national welfare.
- The development and implementation of policies to enhance the enterprise environment leading to high rates of sustainable entrepreneurship activity, the start up and growth of competitive firms, continued inward foreign direct investment and sustainable development.
- The stimulation of business to increase commitment to R&D, the promotion of innovation and a culture of entrepreneurship amongst researchers and the encouragement and rewarding of effective linkages between enterprise and academia.
- The harnessing of the potential of the knowledge-based economy for economic and social well being, turning knowledge into products and services, and contributing to the development of enterprises that can compete internationally and thereby deliver growing employment for the benefit of all.
- Working with the relevant stakeholders to ensure that Ireland becomes internationally renowned for the excellence of our research and is at the forefront in generating and using new knowledge for economic and social progress, within an innovation driven culture.

- Reviewing and updating industrial policies and interventions in light of the evolving competitiveness environment, developments in respect of the all-island economy and the need for regional balance.

Pillar 2 - Quality Work & Learning

Key Goals

- The pursuit of labour market policies which promote the development of human capital and lifelong learning, help to address the skills needs of the economy, facilitate increased participation in and access to employment, and contribute to social inclusion.
- The further enhancement of quality employment by improving and enforcing employment rights and entitlements, including safety and health at work, and promoting social partnership, industrial peace and effective dispute resolution.

Pillar 3 - Making Markets & Regulation Work Better

Key Goals

- Ensuring that the current regulatory system delivers efficient and competitive markets with high standards of corporate governance and consumer protection.
- The further development of the legislative framework, having regard to best regulatory practice, in particular the principles of Better Regulation.
- The reduction of the cost of the delivery of compensation and the delivery processing times for personal injury claims with a view to improving the functioning of the insurance market for the benefit of consumers and businesses.

Pillar 4 - Business Delivery, Modernisation & Customer Focus

Key Goals

- The provision of high level professional support and advice across the Department in key support areas, in order to ensure that we meet our business goals and continue to be at the forefront of the modernisation agenda.
- The delivery of excellent services to our external customers and stakeholders through ensuring the most effective use, development and deployment of our resources and the achievement of maximum value for our expenditure.

Environmental Analysis

During 2006, the outlook for the Irish economy remained positive, with GDP growth of 5.8 per cent and GNP growth of 6.3 per cent. The services sector grew by 6.5 per cent during the year, while the growth rate in non-services industry was 4.8 per cent, demonstrating a continuation of the trend whereby the economy is becoming more services intensive, in line with other developed economies.

The labour market remained buoyant with employment growth in the region of 85,500 or 4.3 per cent. The total numbers of people in employment in the State reached over 2 million for the first time in our history. Redundancies during 2006 were marginally greater than 2005, with a small increase of 2.3 per cent. Immigration continued to be an important factor in our economic success, with net migration into the labour market increasing to an estimated 52,000. The underlying trend in the inflow of workers from the new EU Member States has been increasing since EU enlargement began and the number of work permits issued by the Department in January – July 2006 was less than half the number issued for the corresponding period in 2003.

Notwithstanding relatively high oil prices, as well as rising interest rates and fiscal pressures which could ultimately slow the pace of growth in many of our trading partners, as well as in Ireland, our export performance continued to grow, and is expected to show an overall increase of around 6 per cent, while consumption grew by some 6.8 per cent, reflecting continuing strong domestic consumer demand. The volume of imports also expanded by approximately 8 per cent, reflecting the robust state of the domestic economy as well as a pick-up in exports.

Despite favourable conditions, Irish businesses faced new and increasingly difficult challenges during 2006. These included competition associated with greater globalisation, higher business costs and a considerably tighter labour market. The *Report of the Small Business Forum*, which was published during 2006, noted

the increasingly important role which small business now plays in the economic, social and cultural life of the population. The Forum also noted that, while globalisation and international market liberalisation has opened many foreign markets to Irish business, it has also resulted in a greater international presence in the Irish locally-traded market, where the great majority of Irish businesses currently trade. As Irish companies continue to face increasing competition from major international players they will need to offer superior levels of innovation, service and quality in order to compete. In an increasingly competitive world, a greater proportion of the country's wealth creation will, in future, have to be generated by indigenous companies with the potential to grow and to conquer international markets. Implementation of Enterprise Ireland's Strategic Plan 2005 –2007 *Transforming Irish Industry*, which commenced in 2005, will continue to be a crucial factor in ensuring a sharp focus on growth opportunities, both for individual companies and for targeted new growth sectors. Delivery of the strategy will require an optimum combination of one-to-one company activity together with sectoral and group initiatives.

The development of the knowledge economy is one of the key challenges and opportunities facing Ireland. If we are to protect, and expand on, our current success it is essential that Ireland becomes a world-class centre for the development and exploitation of knowledge. While our progress in science over the past decade has been impressive, there are significant challenges ahead. Ireland is still underdeveloped by comparison with our key global competitors and must benchmark itself against countries such as Sweden, Denmark and the USA, whose research systems have roots extending back more than a century. The policies and funding outlined in the *Strategy for Science, Technology and Innovation*, launched by the Government in 2006, are crucial to Ireland securing its position as one of the world's advanced knowledge economies and becoming renowned worldwide for the excellence of its research.

Enhancing Ireland's competitive advantage in a changing world economy and building sustainable social and economic development is a core objective of the new Social Partnership Agreement, *Towards 2016*. This is complemented by a strong emphasis on Employment Rights compliance. The new compliance model includes the establishment of a new statutory Office dedicated to Employment Rights compliance (the National Employment Rights Authority), a trebling of the number of Labour Inspectors and increased staffing resources for the adjudicative bodies such as the Labour Court, the Employment Appeals Tribunal and the Rights Commissioner Service. Successful implementation of the new system of Employment Rights compliance will set challenging targets for Government, employers, employees and the Social Partners in order to build a compliance model which will protect employees and foster labour market harmony. The *Towards 2016* Agreement also acknowledges the critical role played by manufacturing in the development of the Irish economy. The High Level Manufacturing Group established by this Department in response to the commitment in *Towards 2016*, and chaired by a senior industry figure, will allow key stakeholders to focus on policies and actions that will not only maintain and grow our existing manufacturing base, but also identify new opportunities in what is an extremely important sector of the Irish economy.

A stable industrial relations environment and an increased willingness of employers, workers and trade unions to resolve potential disputes either at workplace level or, if necessary, through the utilisation of the available dispute settling services, such as the Labour Relations Commission and the Labour Court, continue to be an important component of Ireland's economic well-being. In this context, the industrial relations environment showed encouraging improvement in 2006 with record lows in terms of numbers of days lost and number of disputes commenced since statistics were first compiled in 1923. In 2006 a total of 7,352 days were lost due to industrial disputes, compared to 26,665 during 2005.

Ensuring the availability of an adequate supply of labour, and developing a highly skilled, adaptable workforce is an important challenge facing Ireland in ensuring its continuing economic success. Activation of unemployed and inactive groups, and increasing the participation of women in the workforce was an important focus during 2006. While our employment rate for women has increased significantly in recent years, there is still scope for further improvement, particularly with regard to older women. In general, the ageing of our population, and the consequent decrease in the working age population, is a major challenge. While Ireland's employment rate for older workers, at 53 per cent, currently exceeds the EU 2010 target of 50 per cent, a number of reforms have, nevertheless, been undertaken to encourage more older workers to remain in or return to the workforce. These include raising the retirement age for new entrants to the public sector to 65; extending the labour market "activation process" (whereby the public employment service engages with unemployed people) to 55-64 year olds; and the phasing out of the Pre Retirement Allowance. In addition, a number of schemes have been introduced to encourage employers to retain and recruit disabled employees. A review of the level and adequacy of pension coverage, currently being undertaken by the Pension Board will be an important factor in striking a balance between the improvement of retirement incomes and the enablement of older workers to continue working.

A continuing challenge for the Irish labour market is to bring in from outside the European Economic Area (EEA) those skills which we need to progress our economy to one that is knowledge-based and innovation-driven, which we cannot source from within the EEA. The implementation of the green card-type system for high skilled non-EEA nationals and the revised work permit system for occupations where the shortage is of labour rather than of skills was important in ensuring that migrant workers continued to make a positive contribution to our economy and to participate significantly in the development of our infrastructure.

The challenge for the consumer in an economy which is growing at a rapid rate is to ensure that their economic well-being is not compromised. This is achieved by using consumer and competition policy in such a way that it allows the economy to grow while protecting consumer interests. During 2006 the Competition Authority continued with its studies on various sectors of the economy which raised awareness on how competition (or the lack of it) can (adversely) affect the consumer. On the consumer side, the interim Board of the National Consumer Agency continued with its awareness programmes on various consumer issues. Legislation has been drafted within the Department to establish the National Consumer Agency on a statutory footing. In addition, legislation will also transpose the Unfair Commercial Practices Directive and significantly modernise consumer law.

Outside the many commitments in the Statement of Strategy 2005-2007, the Department was intensively engaged on the preparations of its input to the National Development Plan (NDP) 2007-2013, which was launched by Government in January 2007. A total of €13.7 billion of investment in Enterprise Science and Innovation and in Human Capital will be overseen by the Department of Enterprise, Trade and Employment under the new NDP. The main focus of this investment will be in:

- Creating and sustaining high value jobs;
- Growing Ireland's exports through Irish enterprise and foreign direct investment companies;

- Upskilling workers through the National Skills Strategy; and
- A doubling of funding for the Strategy on Science, Technology and Innovation.

This €13.7 billion of investment comprises €7.7 billion for training and upskilling the workforce, €3.3 billion for Enterprise Development and €2.7 billion as part of the overall investment of €8.3 billion in Science, Technology and Innovation.

Finally, 2006 was the mid-point of this Department's current Statement of Strategy, which covers the period 2005 - 2007. Delivery on the commitments in that Strategy is essential to the continued growth of our economy. This Annual Report sets out progress made in that regard during 2006.

Summary of Key Achievements in 2006

Pillar 1 - Enterprise, Innovation, Growth

- Participation in the production and launch of a comprehensive *Science, Technology & Innovation Strategy 2006-13* which provides for the continued development of a world-class research system underpinned by the essential physical and human infrastructure, and the establishment of new cross-cutting structures at operational level, to take forward its implementation in a whole-of-Government manner.
- Publication of the *Report of the Small Business Forum*. The Forum's recommendations have three fundamental objectives: creating a better environment for small enterprises; stimulating growth of small enterprises; and encouraging more and better start-ups.

Pillar 2 - Quality Work & Learning

- Passing, by the Oireachtas, of the *Employment Permits Act 2006* which establishes a statutory framework within which to implement an active, managed economic migration policy and provides a number of important new protections for migrant workers in Ireland.
- Participation in completing Forfás' Expert Group on Future Skills Needs report entitled '*Tomorrow's Skills – Towards a National Skills Strategy*'.
- Publication of Department's *Sectoral Plan for People with Disabilities*.
- Participation in the negotiations which concluded with Ireland's new social partnership agreement, *Towards 2016*, agreed between the Government and the Social Partners. A new employment rights compliance package, which includes new legislation as well as the establishment of a new National Employment Rights Authority, is provided for in the agreement.
- Coming into force of the *Safety, Health and Welfare at Work (Construction) Regulations 2006*

on 6 November 2006. The regulations were the culmination of a comprehensive review process begun at the Construction Advisory Committee of the Health & Safety Authority (HSA) in 2002.

Pillar 3 - Making Markets & Regulation Work Better

- Enactment of the *Competition (Amendment) Act 2006* which revoked the Restrictive Practices (Groceries) Order 1987. In addition to abolishing the Groceries Order, the Act also strengthened the provisions of the Competition Act, 2002.
- Completion, by the Company Law Review Group, of the drafting of the *General Scheme of a new Companies Consolidation and Reform Bill*, consisting of some 1,300 sections.

Pillar 4 - Business Delivery, Modernisation & Customer Focus

- Preparation of a *Towards 2016 Modernisation Action Plan* setting out clear goals and initiatives which the Department will seek to deliver in furtherance of our modernisation agenda over the first phase of the latest Social Partnership Agreement. The Action Plan will ensure the continued development of an ever more flexible, modern and agile Department delivering its mission and business goals to its customers/stakeholders.
- Publication of the Department's first ever *Training and Development Strategy*. The Strategy aims to ensure that all staff have the opportunity to develop the competencies required to meet their business objectives over the period 2006 to 2008, thereby contributing to the achievement of the Department's business goals.

Cross-Divisional Actions

- Agreeing the Department's €13.7 billion input to the *National Development Plan 2007-2013*. The new NDP was launched in January 2007.

Summary of Key Priorities Identified in the Statement of Strategy

Enterprise Strategy Group

The Enterprise Strategy Group (ESG) was established to develop policy options for Ireland's enterprise strategy for growth and employment for the coming decade. Their report – *Ahead of the Curve, Ireland's Place in the Global Economy* – was published in July 2004. Following its publication the Government agreed a follow-up action plan. This action plan forms the basis for implementing ESG recommendations where the process is monitored by the Enterprise Advisory Group. Implementation of the plan continued in 2006 and the Group is due to finalise its work in 2007.

Small Business

The Report of the Small Business Forum was published on 16 May 2006 and provided Government with a review of the environment for small business in Ireland. The Forum proposed a set of recommendations designed to maximise the potential contribution of the Small and Medium Enterprise (SME) sector to the Irish economy.

Considerable progress is already being made on the implementation of the recommendations of the Forum that fall within the remit of the Department of Enterprise, Trade and Employment and it is hoped that the new and improved initiatives delivered in response to the Forum's Report will help unleash the full potential of the sector.

Investment in Research & Development

The development of the knowledge economy remained a key policy initiative of the Government and the Department in 2006. The new coordination and governance structures for Science, Technology & Innovation (STI) put in place by Government at the end of 2004, in which the Department plays a central role, have contributed to more coherent and effective policy development in this key area. On 18 June 2006, the Government published its comprehensive *Strategy for Science, Technology and Innovation* for the period 2006-2013, developed by the Inter-Departmental Committee on STI under the direction of the Cabinet Sub-Committee chaired by the Minister for Enterprise, Trade and employment, Micheál Martin TD. This

Strategy provides for the continued development of a world-class research system, underpinned by the essential physical and human infrastructure. The Strategy also contains mechanisms to ensure that our significant investment in research is turned into commercial value to the greatest extent possible. In regard to enterprise, the Strategy sets out structures and mechanisms to enhance supports to industry and encourage firms to become more engaged in R&D activity. The Strategy is a core component of the National Development Plan 2007-2013, with an €8.2 billion investment in Science, Technology and Innovation to deliver the knowledge economy and bring Ireland into line with R&D performance in leading countries worldwide.

Economic Migration Issues

Economic migration policy is formulated within a context where the focus on meeting our skills needs is, in the first instance, on upskilling our resident workforce and secondly, on maximising the potential of European Economic Area (EEA) nationals to fill our skills deficits. In this context, economic migration policy aims to ensure that we have a responsive, managed and skills-based employment permits system to meet those skill needs which cannot otherwise be addressed.

The Employment Permits Act 2006 came into force on 1st January 2007 with the new economic migration arrangements coming into effect on 1st February 2007. These arrangements included a new green card permit for occupations where there are strategic skills shortages, revised work permit arrangements, a new intra-company transfer scheme and a work permit scheme for spouses and dependants.

Lifelong Learning

Significant investment in lifelong learning for people of working age continued in 2006 with €440 million being allocated for a range of programmes. This included €141 million to upskill those in employment. The new Social Partnership Agreement, *Towards 2016*, makes a commitment to increase resources further and to develop a National Skills Strategy which will put in

place a strategic framework for the implementation of a skills and training strategy up to the year 2020.

The Department chaired the Steering Group which completed the Forfás Expert Group on Future Skills Needs report '*Tomorrow's Skills – Towards a National Skills Strategy*'.

People with Disabilities

The Department of Enterprise, Trade and Employment was one of six Government Departments which published a Sectoral Plan under the Disability Act, 2005 for the provision of services to people with disabilities. The six Sectoral Plans were launched by the Government on 21st July, 2006, as a key element of the National Disability Strategy.

The Department's Sectoral Plan covers the period 2006 – 2010. It contains a number of key initiatives which are aimed at: promoting equal opportunities for people with disabilities in the open labour market; further developing the mainstreaming agenda within the Department and its agencies; helping people with disabilities to increase their economic and social independence; and promoting greater social inclusion. In addition the Plan contains proposals for providing fully accessible services by the Department and its agencies over the next four years.

Unemployed and Long-Term Unemployed Persons

A variety of training and labour market programmes and supports continue to be provided by FÁS in addition to placement and career guidance services.

Following consideration by the Department of Enterprise, Trade and Employment, FÁS and the Department of Social and Family Affairs, the recommendations contained in the review of the Preventive Strategy² are being implemented by FÁS and the Department of Social and Family Affairs.

Consumer Strategy Group

The main recommendation of the Consumer Strategy Group, endorsed by the High Level Inter-Departmental Committee, was the establishment of the National Consumer Agency. In that regard, legislation providing for the establishment of the new agency (the Consumer Protection Bill) was drafted during 2006 and published early in 2007 and the new Agency will be established on a statutory basis in the first half of 2007.

Competition Policy

The Restrictive Practices (Groceries) Order 1987 was revoked by the enactment of the Competition (Amendment) Act 2006 in March 2006. The Act also strengthens the provisions of the Competition Act, 2002 by specifically prohibiting the fixing of minimum retail prices by suppliers (resale price maintenance), unfair discrimination in the grocery trade and the payment of advertising allowances and "hello money". The Minister for Enterprise, Trade and Employment, Micheál Martin TD asked the Competition Authority to review and monitor developments in the grocery sector in light of the new regulatory environment, and an analysis of developments in the grocery sector focusing on pricing trends, market structure and barriers to entry is expected during the later half of 2007.

National Partnership Agreements

The Department continued its active involvement in the Social Partnership process during the year by participating in the negotiations on a successor to Sustaining Progress. Those negotiations commenced in February and the new 10-year Social Partnership framework agreement – *Towards 2016* – was ratified on 5 September 2006. The agreement represents a shared vision and agreed framework for Ireland's continuing success in meeting its ambitious economic and social objectives. In particular, the new Employment Rights compliance package provided for in the agreement, which includes new legislation as well as the establishment of a new National

² www.entemp.ie/labour/services/neapolisstrategy.htm

Employment Rights Authority, will guarantee the necessary strong protection for employment standards, while also ensuring that Ireland continues to provide an excellent environment for business and job creation. Details are set out in Pillar 2 – “Quality Work and Learning” – of this Report. The Agreement also contains a number of other commitments coming within the remit of this Department and these are discussed in other sections of this report.

International Dimension

The Department continued to ensure that Ireland's export markets were developed. Despite economic difficulties in some of our key markets, latest Central Statistics Office (CSO) figures (up to October 2006) suggest that the value of merchandise goods exports for the year will increase by about 3 per cent, relative to 2005. During the year, good progress was made in some new markets, particularly in the new EU Member States and in Asia. Ireland's trade surplus was once again very healthy for 2006. While final 2006 data on exports of services is not yet available from the CSO, indications are that this sector is continuing to grow and is currently running at approximately 40 per cent of total exports.

In 2006, Ireland continued its role as a Deputy Member of the Governing Body of the International Labour Organisation (ILO) following its election for a three-year term in June 2005. A tripartite delegation comprising Government and the Social Partners attended the dedicated 94th ILO Conference in February 2006. The Conference adopted the Maritime Convention 2006, which consolidates all previous ILO maritime standards.

Decentralisation

Since the decentralisation programme was announced by the Government, the Department of Enterprise, Trade and Employment has made excellent progress in preparing Business Units for the move of some 250 personnel of the Department to Carlow.

A major development in 2006 was the decision to undertake an advance move to Carlow, to facilitate staff who wish to move earlier than the projected permanent

building completion date will allow. Work in this area is progressing well and the Office of Public Works have confirmed that they have agreed terms with a developer to provide accommodation during the first half of 2007. This advance move will allow for the movement of approximately 80-100 decentralising staff during the first half of 2007.

Work also continued on the procurement of the Department's permanent offices following the purchase in 2005 of a landmark site in Carlow town centre. On the staffing side, assignments of staff to “Carlow posts” commenced in 2006 and by the end of the year, 95 people were assigned and in place to decentralise. It is intended that this process will be completed by end 2007, to ensure that staff are adequately trained in advance of the substantive move to Carlow.

Modernisation Agenda

The Department's four Strategic Management Initiative (SMI) Working Groups – (1) Quality Customer Service & Openness, Transparency and Accountability; (2) Financial Management; (3) Human Resources Management; and (4) Information Systems Management - met regularly during 2006 to progress their work programmes and advance the modernisation agenda throughout the Department. Other similar Groups were established, as appropriate, on a thematic basis e.g. Decentralisation.

The work of the Groups contributed to the advancement of a number of modernisation activities during 2006, including the implementation of the Human Resource Strategy, the completion of a number of significant ICT projects and consideration of the implications of the new Value for Money Initiative and the Reform of the Estimates process.

During 2006, the Department submitted two reports to the Civil Service Performance Verification Group on progress being made in relation to delivering commitments contained in our Sustaining Progress Modernisation Action Plan, drawn up under the last Social Partnership agreement. Both reports were approved by the Group.

During 2006 the Department also prepared a Modernisation Action Plan setting out clear goals and initiatives which the Department will seek to deliver in furtherance of our modernisation agenda over the first phase of the latest Social Partnership Agreement – *Towards 2016* - building on the modernisation programme set out in our Sustaining Progress Action Plan.

Better Regulation

The Business Regulation Forum was established at the end of 2005. The secretariat for the Forum is provided by the Department of Enterprise, Trade and Employment. The Forum consists of business persons and representatives of key Government Departments, and its focus is on reducing the compliance or administrative cost of regulations to business. In 2006 the Forum sought submissions from interested parties and received some 40 in response and also carried out case studies of the regulatory impact on a sample of six firms. The Forum carried out a pilot study of ways of reducing the administrative cost of two specific regulations. It has also examined other research or activities, including internationally, concerning the burden of regulation on the business sector. Based on the evidence accumulated, the Forum will make a report to the Minister for Enterprise Trade and Employment in the first quarter of 2007.

North/South Co-operation

InterTradeIreland continued the development of key business networks on the island of Ireland and supported a range of initiatives aimed at enhancing the capability of businesses to grow their enterprise on an all-island basis.

A '*Comprehensive Study on the All-Island Economy*' was completed. The study sets out a clear and strong economic rationale for all-island economic activity. A new cross-border initiative, the North West Gateway Initiative, is underway to maximise the potential of the North West region.



PILLAR 1

Enterprise, Innovation, Growth

Competitiveness

Objective

To promote competitiveness so as to attain productivity levels in Ireland equivalent to the most advanced economies in the world through prioritizing policy interventions in the domains of entrepreneurship, investment in research and development, competition and consumer policy, regulatory reform, human resource development and public sector reform. This will be complemented by a focus on cost competitiveness so as to restore relative prices to compare favourably with comparator countries; and by a commitment to work with our EU partners on the actions to achieve the Lisbon competitiveness targets.

Strategic Actions:

We will maintain a high profile for competitiveness issues and challenges over the period of the strategy through reporting to Government on a six monthly basis.

We will report annually to the Government on the Annual Competitiveness Report and Challenge of the National Competitiveness Council and undertake an action-oriented follow-up of the recommendations.

In the context of international competitiveness, benchmarking reports such as the International Institute for Management Development's World Competitiveness Yearbook and the World Economic Forum's Global Competitiveness Report, determined that Ireland had maintained its high, and improving, overall national rankings in 2006.

The Department continues its active promotion of competitiveness issues through inter-departmental groups and through working with both Forfás and the National Competitiveness Council (NCC), on

which a senior Department official serves as a Council member. During 2006 the Department also reported to Government on progress being made in relation to the implementation of the NCC's 2005 recommendations. Many of the Council's 2005 recommendations were implemented in line with Government policy.

The NCC Annual Competitiveness Report 2005, published during 2006, acknowledged Ireland's continued and outstanding economic performance, supported by steady flows of inward investment and strong growth in employment. The NCC reported that these fundamental drivers of growth lifted Ireland by 10 places to 11th position in the OECD league table that measures GNP per capita.³ In terms of national competitiveness, productivity is a crucial element in expanding living standards. The NCC reported that Ireland's productivity performance brought about a rise of two places in the OECD rankings, to 14th place for output per hour.⁴ The strong performance of the economy ranked Ireland's unemployment rate as the second best across OECD economies.⁵

Strategic Action:

We will undertake thematic or sectoral analyses of competitiveness issues from time to time, as the need arises.

During 2006 the Department worked closely with Forfás on a number of its Steering Groups, leading to the publication of a range of studies and analyses on waste management, oil dependency, services innovation and electricity price benchmarking⁶. These reports examined topical and important aspects of competitiveness and pointed to useful policy options to benefit both national and firm-level competitiveness.

³ Annual Competitiveness Report 2006, National Competitiveness Council, p19 fig 2.1

⁴ Annual Competitiveness Report 2006, National Competitiveness Council, p39 fig 3.2

⁵ Annual Competitiveness Report 2006, National Competitiveness Council, p56 fig 3.53

⁶ These publications can be accessed at http://www.forfas.ie/publications/_year/_2006.html

Strategic Action:

We will actively support, as part of the national contribution to the Lisbon Strategy, the effective adoption and implementation of the policy fields and instruments, agreed following the mid-term review of Lisbon, which fall within the ambit of the Department. As part of the commitment to enhance national stakeholder "ownership" of the agenda, this will include timely and effective communication to the Oireachtas Committee on EU Affairs on issues arising. It will also include effective engagement with cross-Departmental teams concerned with the EU and, in particular, the Lisbon agenda.

In pursuit of the "Lisbon strategy" for growth and jobs, the Department took the lead responsibility - in consultation with other relevant Government Departments - in drafting the micro-economic and employment policies, in preparation for submission of the Progress Report on the Lisbon National Reform Programme (NRP) to the European Commission.

The Department was centrally involved in the ongoing reviews and country surveillance processes in relation to the competitiveness and employment elements of the NRP, including attendance at peer review meetings in Brussels.

The Annual Progress Report on "Lisbon" was adopted by the Commission on 12th December, 2006. The Commission has reported that Ireland is making very good progress in the implementation of our NRP and in relation to commitments made by the 2006 Spring European Council – which is a meeting of Heads of State and Government. The Report will be examined by the various sectoral Councils, prior to its submission to the Spring European Council in 2007, which will decide on the future actions required to further progress the Lisbon Agenda.

During the year under review the Department actively participated in the system for Oireachtas Scrutiny of EU proposals, and dealt with more than 103 proposals on which information notes were prepared

and submitted to the Oireachtas. Sixteen of these proposals were referred for further scrutiny to various Joint Committees of the Oireachtas. The Department also submitted six-monthly reports for 2006 to the Oireachtas under the European Union (Scrutiny) Act, 2002.

In addition, the Department successfully transposed 18 EU Directives (and partially transposed one Directive) into domestic law during the year. Overall, there are currently 16 Directives awaiting transposition in the period up to 2010. Across Departments, a "transposition deficit" rating of 1.2 per cent was achieved for internal market Directives in December as against a target of 1.5 per cent set by Member States for Directives that are two years or less overdue.

Strategic Action:

We will pro-actively support efforts to make the EU Competitiveness Council a key driver of competitiveness related reforms at the Union level.

A range of co-ordination work, networking, information gathering and issue-influencing was also carried out with particular reference to the EU Competitiveness Council. In that regard, in collaboration with our Permanent Representation in Brussels, we continued to take an active part in EU negotiations to influence the outcomes of EU legislative and non-legislative measures. During the year, in the context of the EU Competitiveness issues, we focused on: competitiveness and productivity; better regulation and simplification of EU legislation; strengthening innovation policy and R & D Programmes; and the internal market. The Department played a leading role in negotiations on the Services Directive, REACH (new Chemicals Regulation) and State Aid reform.

During the year, as part of our input into the Competitiveness Council, we actively participated in the High Level Group on Competitiveness and Growth and the Enterprise Policy Group.

Strategic Action:

We will continue consultation on, and maintain awareness of, issues affecting particular sectors of enterprise and continue to seek to have those issues addressed as far as is possible, at national, EU and international levels.

The Department worked with the Department of Environment, Heritage and Local Government on changes to the local development charges guidelines and, as part of its public consultation process on the Green Paper on Energy Policy, provided a competitiveness perspective to the Department of Communication, Marine and Natural Resources. Arising from its concern about the competitive implications of energy price increases, the Department engaged with the Commission for Energy Regulation (CER) about the competitiveness implications of its activities. As a result, new arrangements will be put in place during 2007 to highlight the importance of competitiveness in the context of the CER's independent, statutory responsibilities.

Our support and promotion of the Enterprise Strategy Group (ESG) agenda and the National Competitiveness Council's recommendations provided the main instruments for addressing competitiveness issues impacting on the enterprise sector at national level. At EU level we supported and continue to implement actions under the key elements of the "Lisbon Agenda" which relate to the enterprise sector through the National Reform Programme.

In 2006, the Minister for Enterprise, Trade and Employment, Micheál Martin TD, and officials, met with companies and representative organisations, across a number of sectors, to discuss factors impacting on business competitiveness and pursued the issues with the relevant authorities, domestically and at EU level.

Enterprise Strategy Group

Objective

To implement the recommendations of the Enterprise Strategy Group (ESG) report as decided by the Government.

Strategic Actions:

In line with Government decisions and the agreed action plan, we will progress implementation of the recommendations of the ESG report.

We will use the Expert Group, set up to monitor implementation of the ESG recommendations, to ensure sustained progress in achieving this objective.

We will report twice yearly to Government on progress in implementing the ESG recommendations and will report on these activities in the Department's annual report.

The Enterprise Advisory Group⁷, chaired by Mr. Michael Buckley, is mandated to report to the Minister for Enterprise, Trade and Employment on progress in implementing the Enterprise Strategy Group Action Plan. The Chairman reported to the Minister twice during the year under review on the status of ESG implementation. These reports acknowledged continuing and sustained momentum and implementation activity across both the Department, and its Agencies responsible for moving the ESG agenda forward. In addition to the early implementation work carried out during 2005, further significant progress was achieved during 2006, including publication of a national Strategy for Science, Technology and Innovation (covering the science and technology elements of the ESG programme); finalising a new skills based immigration regime with associated legislative underpinning; enacting secondary legislation

⁷ Press Release announcing Group Membership and objectives can be found at <http://www.entemp.ie/press/2005/20051009.htm>



Micheál Martin TD, Minister for Enterprise, Trade and Employment & Joe Macri, Chair of the Small Business Forum at the Launch of the Report of the Small Business Forum.

to facilitate Enterprise Ireland co-ordinating the activities of the City and County Enterprise Boards (CEBs); a significant expansion of seed and venture capital availability for start-up and expanding companies; and important changes to tax arrangements under the Business Expansion Scheme to improve the environment for raising risk capital by small and medium enterprises.

Small Business

Objective

To ensure that there is a favourable environment for the development and growth of small business in Ireland.

Strategic Actions:

We will review the environment for small businesses in Ireland, with particular reference to the factors that facilitate the development and growth of businesses.

We will ensure an ongoing open-ended and effective dialogue with the small business sector through the Small Business Round Table meetings.

The Small Business Forum (SBF) was set up by the Minister for Enterprise, Trade and Employment in July 2005 to consider the current environment for conducting small business in Ireland and to advise on the adequacy and appropriateness of public policy responses. The Report of the Forum was published in May 2006. The Forum's recommendations have three fundamental objectives:

- Creating a better environment for small enterprises through better regulation, enhanced access to information, provision of critical infrastructure and restraint in application of local government charges;
- Stimulating growth through improved supports for start-up and early stage capital requirements of the sector, providing support for management development initiatives and encouraging innovation and effective exploitation of technology;
- Encouraging more and better start-ups through initiatives to promote entrepreneurship throughout society and supports for aspiring entrepreneurs.

At the time of publication, it was agreed that an Implementation Body would be set up to monitor progress in terms of implementation, and to encourage

timely delivery of the recommendations, and that the Forum would be retained to discharge this role. This recommendation was accepted and it was also agreed that the Implementation Body should meet with both the Minister and Secretary General of the Department of Enterprise, Trade and Employment, twice yearly, until 2009.

In the light of this approach and given that the Small Business Forum included representatives of most of the organisations represented at the Small Business Round Table, it was considered appropriate to suspend any further meetings of the Round Table.

By the end of 2006, significant progress had been made by the Department and elsewhere in respect of the implementation of the Small Business Forum Report, including:

- New initiatives to provide Innovation Vouchers, Knowledge Acquisition Grants and ICT Audits which were announced in November 2006, by the Minister For Enterprise, Trade and Employment, Micheál Martin, TD and launched, early in 2007, at a cost of some €5m.
- An increase in the audit threshold was provided for in the Investment Funds, Companies and Miscellaneous Provisions Act 2006. This revised limit came into effect from 1 January 2007.
- A package of measures announced in Budget 2007 by the Minister for Finance on 6 December 2006 aimed at:
 - Enhancing the Business Expansion and Seed Capital Schemes up to 2013 (subject to EU Commission approval of State Aid Rules);
 - Reducing the Administrative Burden on Small Businesses in relation to the payment of Corporation Tax, Preliminary Tax and the requirement for a Tax Clearance Certificate, by increasing the current thresholds which trigger such requirements. In addition, the Revenue Commissioners have been asked to explore further opportunities to reduce the tax compliance burden on all firms, large and small; and
- Increasing the VAT Cash Accounting and VAT Registration Turnover Thresholds from 1 March 2007 to simplify administration and reduce working capital requirements on small businesses

The above measures will continue to support and develop the spirit of entrepreneurship in Ireland and represent a real boost for the 250,000 Small Businesses operating in Ireland and the 800,000 people which they employ.

Other supports for the Small Business Sector, delivered in 2006, included:

- The Enterprise Ireland (EI) Productivity Improvement Fund (PIF), which exists to stimulate investment by EI clients into activities designed to increase levels of productivity. It is intended that through this support, a sustainable improvement in productivity will be embedded in the recipient companies, thereby increasing exports or establishing a base from which they can develop their exports. Activities covered by the fund include capital investment in machinery/automation equipment, management/staff training and technology acquisition. There were 151 companies approved in 2006 under the PIF scheme. The amount of money approved was €29 million – €17 million for Capital & Technology Acquisition and €12 million for Training.
- The Industry Led Networks Pilot, through which EI supported the Network facilitation phase of 16 networks and approved project funding for 5 industry led networks. The Industry Led Networks was one of the recommendations of the Enterprise Strategy Action Plan and is designed to establish the potential of networks to act as a vehicle for achieving enterprise and economic development in Ireland.

Enterprise Ireland (EI) also encourages entrepreneurship at grass roots level through its support for Community Enterprise Centres. These Centres provide a supportive environment for budding entrepreneurs and serve to help the development of entrepreneurship at the local level. During the year, EI approved grants of €7 million to 24 Community Enterprise Centre projects throughout the country, at a total building cost of approximately €26 million.

Public Expenditure on Enterprise Development

Objective

To closely monitor the effectiveness of public expenditure on enterprise development and the efficiency of its agencies in this regard.

Strategic Action:

We will oversee a course of elementary budgetary reviews of each agency programme.

The Department of Enterprise, Trade and Employment held discussions with Enterprise Ireland (EI) on the subject of public expenditure reviews, with the result that EI has drawn up an action plan outlining the reviews undertaken for the period 2006-2007. Seven reviews were undertaken in 2006, including a full review of the Export Orientation Programme (EOP), an impact review of projects supported in 2002, a progress review of the International Selling Programme and elementary reviews of activities including trade fairs, trade missions and market research. Beginning in 2005, the Department has required performance measures to be set out in proposals for funding EI. Sanctions given by the Department to Enterprise Ireland include explicit requirements for performance measurement. This innovative development ensures that, from the start, schemes can be measured against the stated objectives. This initiative will continue as and when new proposals are received.

Strategic Action:

We will respond to significant company closures by ensuring that all relevant State Agency supports are activated in a timely and co-ordinated manner that produces the most effective response by the State to such closures.

In 2006, the Department oversaw interventions by State agencies under its aegis in response to company closures and consequent job losses. These included measures on training, re-training and skills analysis for workers to equip them for employment opportunities in new and emerging sectors.

In July 2006, the Minister for Enterprise, Trade and Employment, Micheál Martin TD, launched the report of the Inter-Departmental Group on Donegal⁸, which was chaired by the Department of Enterprise, Trade and Employment. The report, which was undertaken against the background of job losses in Donegal, detailed the key actions underway in terms of supporting the environment for job creation in Donegal.

Entrepreneurial Activity

Objective

To seek to improve the rate of entrepreneurial activity in order to enhance the start-up and competitiveness of firms.

Strategic Action:

We will support the provision of a number of high specification, regionally-distributed industrial sites by IDA Ireland to enable it compete for and win high value projects in both the Biopharmaceutical and ICT sectors.

IDA Ireland has significantly raised the potential for regions to prosper by implementing a national programme of investment in the vital infrastructure of

⁸ <http://www.entemp.ie/publications/index.htm>.

business park development and the provision of sites for major projects including ICT and bio-pharma. In 2006, major construction work was undertaken in Oranmore, Co Galway and Dundalk, Co Louth on utility-intensive sites. IDA also obtained planning permission for a large integrated circuit development at Grange Castle, Clondalkin, Co Dublin, which is now being marketed globally.

Announcements in recent years by companies such as Google and Wyeth Research, and financial firms such as BISYS (in Waterford), IFS (Drogheda), AXA (Athlone) and PFPC (Wexford and Navan) all indicate that Ireland has now firmly established itself as a high performance, high value location of choice for overseas investors.

During 2006, IDA Ireland negotiated 89 new investment projects, including 46 R&D investments, in regional locations outside of Dublin.

IDA has now commenced a scoping exercise for the next tranche of strategic sites, in support of the current National Development Plan and in line with the National Spatial Strategy. The IDA will discuss the next phase of the Strategic Sites initiative with the Department, and the Department of Finance, during the first half of 2007.

Strategic Action:

We will support the industrial development agencies in the delivery of programmes to assist the enterprise sector to grow and develop through financial supports, managerial capability building programmes and actions to promote entrepreneurship and an enterprise culture throughout the economy.

Enterprise Ireland

The main targets for Enterprise Ireland (EI) for the 2005-2007 period are set out in its Strategy Statement⁹, "Transforming Irish Industry". Enterprise

⁹ The Enterprise Ireland Strategy Statement "Transforming Irish Industry" can be accessed on the EI website at <http://www.enterprise-ireland.com/AboutUs/Organisation/Enterprise+Ireland+Strategy+2005-2007.htm>

Ireland reported an excellent performance in 2006, with all strategic targets met or exceeded by EI Client companies. EI reported an excellent export performance by client companies in 2006. Preliminary indications are that Irish companies have gained strong positions in international markets that will result in the achievement of €1bn in new export sales by end 2006, when final data for the year is confirmed. Seventy-five companies with high export growth potential were established in the year. Eighty-nine key reference sales were secured for start-up clients and seventy-nine of these were in first time export markets. In addition, significant new first time export sales contracts with a value of €125 million were won by client companies with EI assistance. One-hundred-and-fifty-one companies are engaged in significant productivity improvement projects and are investing €80 million with the support of EI. Total employment in EI supported companies is 141,000 representing a net gain of 1,200 in 2006.

Client companies in the 'Scaling Portfolio' are actively pursuing rapid global growth strategies to achieve agreed scale thresholds of €10 million, €15 million and €20 million. In 2006, EI supported eight major investments by scaling companies. EI launched a new phase in the strategy of building a competitive venture capital community with the announcement by the Minister for Enterprise, Trade and Employment, Micheál Martin TD, of an injection of €175 million to support private venture capital funds.

The Department also facilitated organisational changes within EI, e.g. a voluntary leaving programme enabling recruitment of new skills, to assist it in achieving its mission.

IDA Ireland

Foreign Direct Investment (FDI) is a key component of Ireland's economic success and IDA Ireland will continue to develop new value propositions and work processes that will reflect Ireland's strategic competitiveness in an increasingly competitive market place. The Agency will use several instruments to promote FDI and to respond to the needs of existing and new clients. These will include a range of financial

products to support investments and client services such as the provision of information and advice, facilitation, representation and property/infrastructure solutions.

Key investments by new or existing IDA client companies in 2006 include a major investment by Amgen, sophisticated R&D projects from Cisco, GlaxoSmithKline and PepsiCo, and high quality investments from Eli Lilly, IBM, Netgear, Sandisk, Trend Micro, Northern Trust, Cordis, USCI, Ebay and Google, among others. These investments indicate the remarkable evolution of the business ecosystem in Ireland that is now underway and also that Ireland has established itself as a high performance, high value location for quality investments in a range of leading edge technologies.

IDA-supported companies spent almost €15 billion in the Irish economy during 2006 from their annual sales of €77 billion and paid approximately €2.8 billion in corporation tax. Total employment in IDA supported companies increased by 3,795 in 2006 bringing the total to 135,487.

National Standards Authority of Ireland

The National Standards Authority of Ireland (NSAI) supports enterprise, trade and consumers through the effective provision of services of the highest quality in the areas of Standards, Legal Metrology, Agrément, Certification and Scientific and Industrial Metrology.

During 2006, NSAI activity, particularly in the field of certification and standards, continued to provide a strong support for economic activity generally and contributes to the ability of enterprises to develop products and services having a national and international dimension.

County and City Enterprise Boards

The role of the County and City Enterprise Boards (CEBs) is to provide a source of support for micro-enterprise in the start-up and expansion phases, to promote and develop indigenous micro-enterprise potential and to stimulate economic activity and

entrepreneurship at local level. The CEBs deliver a series of Programmes to fulfil their role. During 2006 the Department facilitated the delivery of these Programmes through the provision of Capital expenditure of almost €19 million for the support and development of micro-enterprises throughout the Country.

The provision of financial assistance for micro-enterprise projects primarily took the form of Capital Grants, Employment Grants and Feasibility Study Grants. The provision of non-financial assistance took the form of a wide range of business advice and information services, management capability training and development programmes, e-Commerce training initiatives etc. In addition to these activities the CEBs continued to actively promote an entrepreneurial culture through the National Enterprise Awards scheme and, specifically within the education sector, through the National Student Enterprise Awards scheme. The Department provided €250,000 for other activities to promote an entrepreneurial culture amongst schoolchildren in the September to December 2006 period alone. In addition, the CEBs also targeted the promotion of female entrepreneurship through their Women in Business networks.

In relation to financial assistance during 2006;

- the CEBs issued grant approvals totalling €14.4 million to the micro-enterprise sector and issued grant payments totalling over €10.6 million. Grant approvals and payments were issued in respect of project support expenditure in the form of Capital Grants, Feasibility Study Grants and Employment Grants;
- A total of 894 projects were approved for financial assistance from the CEBs while a total of 892 projects received grant aid; and
- Over 2,000 net jobs were created in CEB assisted enterprises.

In relation to non-financial assistance, over 19,800 people participated on the various Management

Training and Development courses offered by the CEBs in 2006 while over 10,000 students participated in the National Student Enterprise Awards scheme in the 2005/2006 school year.

InterTradelreland

An all-island approach to enterprise development can yield significant benefits to business. InterTradelreland, the all-island trade and business development body, continued the development and the exploitation of collaborative all-island business networks and supported a range of projects to create value and secure competitive advantage for participating businesses and organisations.

InterTradelreland supported several active sector-specific networks during 2006, such as those operating in biotechnology and life sciences (BioMedIreland), computer software (All-Island Software Network and Mobile Software Business Network), plastics (Polymer and Plastics Network) and other business networks such as the North West Science and Technology Network.

InterTradelreland is addressing areas such as the utilisation of equity finance as a tool for company growth (EquityNetwork), island-wide supply chain solutions (Logistics XP), and the exploitation of benchmarking resources (All Island Best Practice Network).

Support was also provided by InterTradelreland through Communities of Interest Networks such as micro-enterprises (MicroTrade), the US/Ireland Research Partnership which is establishing linkages between the US and research institutes and researchers on the island of Ireland, and Universities Ireland which is a high-level body promoting co-operation and collaboration among universities across the island.

Its science, technology and innovation portfolio included the FUSION all-island technology transfer project, the INNOVA all-island collaborative research & development project and the expertiseireland all-island research portal (www.expertiseireland.com).

Its sales & marketing portfolio included the ACUMEN programme which is designed to stimulate cross-border trade amongst small and medium enterprises, the Network & Getwork buyer-supplier programme, the Go-Source public procurement portal (www.go-source.com), and the Go-Tender training programme for SMEs to develop public procurement expertise. InterTradelreland also continued its programme of business & economic research and published or sponsored a number of all-island business Reports in 2006.

During the year, InterTradelreland assisted more than 2,600 companies to develop their knowledge and capabilities to do business on an all-island basis, had more than 300 companies working within their trade and business development programmes, and 16 all-island business networks. The aggregated trade and business development value of their projects in 2006 (with significant data still being collected) stands at €28 million.

The Department provided significant input into a 'Comprehensive Study on the All-Island Economy', in order to identify areas for further co-operation. This blueprint for all-island economic co-operation sets out the economic rationale for North/South collaboration, as well as concrete proposals for economic initiatives. These initiatives include: interventions to support research and development and the development of the knowledge economy; co-operation on trade and investment promotion; and enhanced co-operation in support of enterprise and business development. InterTradelreland provided the Secretariat for the study.

The Irish and British Governments are committed to a joint approach to maximise the potential of the North West region. A new cross-border initiative, the North West Gateway Initiative, is underway which involves a broad range of actions including an examination of the potential for joint investment in key infrastructure projects, and joint analysis and actions by agencies in areas such as trade and investment promotion, skills/training, further and higher education, innovation and business development.

Strategic Action:

We will seek to maximise returns from the European Regional Development Fund by monitoring the financial and physical implementation of the Productive Sector Operational Programme.

The Department of Enterprise, Trade and Employment is the Managing Authority for the Productive Sector Operational Programme 2000-2006, which provides for investment of €4.5 billion over the life of the Programme, in areas covering Research, Technological Development and Innovation (RTDI), as well as Indigenous and Foreign Investment. Ongoing monitoring and management of the programme takes place throughout the year, and two monitoring committee meetings were held during 2006.

The Managing Authority, in conjunction with Measure Managers i.e. Government Departments, Agencies and other Bodies responsible for delivering individual actions or projects, carried out a measure-level review of the expenditure figures submitted over the programme to-date (i.e. to end 2005), resulting in some adjustments to previously reported figures. A report on the revised figures was presented to the Monitoring Committee, and approved at the autumn meeting.

In December, the Monitoring Committee also approved the submission of a request to the European Commission to agree the co-funding of a number of measures which are currently not co-funded, including one new measure. This will allow additional measures to draw down EU funding for RTDI in the Border, Midland and Western (BMW) region, where drawdown has been behind target owing to a lack of absorptive capacity.

The EU Commission formally accepted the 2005 Annual Implementation Report of the Monitoring Committee in December 2006.

Strategic Action:

We will seek to ensure active Irish participation in the Multi-annual Programme for Enterprise and Entrepreneurship 2001-2005 and its successor.

The Multi-annual Programme for Enterprise and Entrepreneurship (MAPEE) 2001 – 2005, was extended until the end of 2006 and contained a framework plan of activities which were aimed at:

- Enhancing the growth and competitiveness of business in a knowledge-based internationalised economy;
- Promoting entrepreneurship;
- Simplifying and improving the administrative and regulatory framework for business so that research, innovation and business creation in particular can flourish;
- Improving the financial environment for business, especially Small and Medium Enterprises (SMEs); and
- Giving business easier access to community support services, programmes and networks and improving the coordination of these facilities.

The Department continued to be active during 2006 on the Enterprise Programme Monitoring Committee which managed the MAPEE 2001 – 2005. The Committee approved a Work Programme that included a number of Best Practice projects such as:

- Requirements of accounting systems from the point of view of small enterprises;
- Models to reduce the over-proportional regulatory burden on SMEs;
- Promoting entrepreneurship in the audio-visual media;
- Supporting Internationalisation of SMEs;
- Impact of Co-operative Groups on the Competitiveness of their Craft and Small Enterprise Members; and
- Regulation of Microcredit.

The Department arranged Irish participation in the above projects.

Competitiveness and Innovation Framework Programme (CIP) 2007-2013

This Programme, which succeeds the MAPEE 2001-2005, was adopted in October 2006 and brings together a number of existing separate EU community initiatives in the areas of Innovation, SME financing, ICT, telecoms and energy efficiency under a common budgetary and administrative framework, dedicated to the identification and dissemination of 'Best Practice' in selected key areas of enterprise and entrepreneurship policy. The Department will represent Ireland on the Entrepreneurship and Innovation Programme Management Committee which will oversee the implementation of the Programme during the period to 2013.

Use of ICT by Small & Medium Enterprises

Objective

To encourage greater and more effective usage of ICTs by SMEs across all sectors of the economy

Strategic Action:

Over the period of this strategy, we will roll out the eBusiness strategy, which was launched by the Department in December 2004. The implementation of this work programme will be overseen by a cross Divisional/Agency Working Group.

The National eBusiness Strategy¹⁰ was launched on 30 December, 2004. The Strategy contains a series of recommendations to help overcome obstacles to more effective usage of ICTs by SMEs and micro-enterprises and to stimulate optimum ICT usage by SMEs and micro-enterprises. An Inter-Departmental/ Agency Working Group was established to oversee implementation of these recommendations and considerable progress has been made in that regard to date.

¹⁰ www.entemp.ie/enterprise/support/ebusinessstrategy.htm

A progress report on the implementation of the strategy was presented to the Minister for Trade & Commerce, Michael Ahern TD, in April 2006 outlining progress against the 13 recommendations in the Strategy. Overall, 9 of the 13 recommendations have been addressed comprehensively to date. The progress report highlights areas for continued focus and effort going forward and the Department, in conjunction with the Agencies, continues to drive the Strategy.

Regional Development & Development Agencies

Objective

To ensure that the enterprise development agencies strategies are making a clear and verifiable contribution towards balanced regional development.

Strategic Action:

We will require the enterprise development agencies to conduct a full review of their regional development strategies and we will work with the agencies in addressing the findings of the reviews.

Enterprise Ireland

Enterprise Ireland (EI) has developed a clear and integrated new regional strategy 2006-2013. This was heavily influenced by a review of EI's previous regional strategy "Driving the growth of Regional Enterprise (2001)". The National Spatial Strategy (NSS) will drive EI's future approach to enterprise development outside Dublin. EI's critical activities and regional strategy will focus on growing established companies, driving the creation of new start-ups and providing necessary enterprise infrastructure. EI will also work with the Universities and Institutes of Technology to maximise collaboration between industry and academia to develop clusters of high technology companies in the Regions. EI will focus on growing and developing companies throughout Ireland's Regions. Driving competitiveness through in-company R&D and innovation, management development and

training will remain a significant area of focus over the course of the NDP 2007-2013. The funding offer from EI already reflects the need to boost activity in the Regions with a weighting of support in favour of less economically developed Regions.

IDA Ireland

During 2006 IDA Ireland conducted a review of their regional strategy. The main objectives of the review were to:

- Outline IDA's regional strategy since 2000 and relevant changes and amendments to the strategy up to 2005; and
- Provide an overall assessment of the impact and effectiveness of the strategy by reference to key performance indicators and experience on the ground.

Key achievements of IDA regional strategy to date are as follows:

- The core components of the new regional strategy adopted by IDA in February 2001 have been successfully implemented.
- IDA now has 9 offices outside Dublin; 6 of which are in the objective one region.
- Key business units such as the Regions, Property, Planning and EU, ICT, Medical-Technologies and Globally traded businesses have been decentralised to Athlone, Waterford and Sligo.
- The Athlone, Waterford and Sligo offices have national as well as regional responsibilities.
- Work is at an advanced stage in terms of delivering strategic sites and construction of a network of flagship business parks is near completion in a wide range of regional locations.
- Excellent progress has been made toward delivering the target of 50 per cent of all new greenfield jobs in the BMW region.

- The regional development agenda has been made a central feature of IDA strategy and IDA operations.
- IDA is actively working to enhance the Business Ecosystem across a range of areas, at both national and regional level, to further enhance the attractiveness of Ireland as a location of choice for high technology/leading edge Foreign Direct Investment (FDI).

The regional development agenda is now core to IDA's mission and reflects the objectives of Government policy as expressed through the NSS and the principles of equity and efficiency. The strategy as described in the review continues to evolve in response to experience on the ground and progress to date. The regional and locational dimensions and impacts of FDI are now central to IDA's business.

Going forward, there will be additional challenges to address as part of implementing the regional strategy, but the structures and business processes already put in place represent a strong foundation for future progress.

Regional Aid

During 2006, the Department negotiated Ireland's new Regional Aid Map for 2007-2013, under which Ireland will retain significant scope to grant investment aid. The new "Map" was approved by the European Commission in October, 2006. In designating areas where investment aid could continue to be granted, Ireland had to observe a strict EU requirement that the areas selected be relatively more in need of economic development. Under the new Map, all of the Border, Midlands and West Region is classified as an "economic development region" and will continue to qualify for regional aid throughout 2007-2013. The South East sub-region (Wexford, Waterford, Kilkenny, Carlow and Tipperary South) also qualifies for regional aid throughout 2007-2013 on the basis of unemployment criteria specified by the European Commission. The Mid West sub-region (Clare, Limerick and North Tipperary) and Kerry will be entitled to

regional aid only for small and medium-sized firms throughout 2007-2013 and for large firms for 2007-2008. County Cork will be designated for regional aid for small, medium and large firms for 2007-2008. In addition, the docklands area of Cork has been designated as an urban regeneration area and will also retain entitlement to aid for small and medium firms until the end of 2013. While Dublin and the Mid-East sub-region (Meath, Wicklow and Kildare) will no longer be entitled to regional aid after 2006, they will continue to qualify for other forms of State aid, including aid for small and medium-sized enterprises, aid for Research, Development and Innovation, Training aid and aid for Environmental Protection, which will continue to be available in all areas.

Fiscal Environment

Objective

To ensure the fiscal environment continues to evolve in support of enterprise and quality employment.

Strategic Action:

We will work with the Enterprise Agencies to review and develop fiscal proposals to ensure Ireland is an attractive location for sought after economic activities.

In 2006 the Department of Enterprise, Trade and Employment, in conjunction with Forfás and Enterprise Ireland, conducted a survey of over 1,000 small and medium sized companies (SMEs) to analyse the market conditions faced by Irish SMEs in accessing external finance and equity capital. The survey results were used to assess the accessibility and/or difficulties, which are perceived by Irish SMEs in sourcing their development capital needs for the immediate future.

The Business Expansion Scheme (BES) and Seed Capital Scheme (SCS) were also reviewed in 2006

by the Department of Finance in conjunction with this Department and the Office of the Revenue Commissioners. As part of this review, over 1,300 companies availing themselves of the schemes were surveyed. Revenue records data were also analysed and studies carried out by Enterprise Ireland.

The results of this survey work provided the evidence to support the continuation and enhancements to the BES and SCS announced in Budget 2007, which will safeguard indigenous companies' ability to raise funds and assist businesses in raising capital to pursue entrepreneurial risk taking. The BES and SCS schemes will assist the creation of indigenous industry and employment for Ireland into the future.

Strategic Action:

We will review the recently introduced R&D tax credit to ensure it operates as an effective incentive to companies to increase R&D.

In advance of Budget 2007, a review of the 20 per cent Research & Development (R&D) tax credit scheme was undertaken by an informal Steering Group made up of officials from the Department of Enterprise, Trade and Employment, the Department of Finance and the Revenue Commissioners. The Department of Enterprise, Trade and Employment strongly advocated for the enhancement of the R&D tax credit scheme so that companies would be incentivised to grow their R&D expenditure, year-on-year, over a six-year timeframe commencing in the 2003 base year, rather than the existing three-year cycle. This was achieved by extending the base year – 2003 - against which the increases in spending were measured, for a further 3 years up to 2009. This change was announced in Budget 2007. The enhanced R&D tax credit will now accommodate the lengthy and inherently unpredictable development cycle times involved in R&D industries. The tax credit was also further enhanced from 1 January 2007, whereby expenditure incurred by



Micheál Martin TD, Minister for Enterprise, Trade and Employment at the launch of the New Strategy for Science, Technology & innovation, 2006 - 2013.

companies on sub-contracting R&D work to unconnected parties will now qualify under the tax credit scheme up to a limit of 10 per cent of qualifying R&D expenditure in any one year. This is in addition to the existing provision in the scheme in relation to subcontracting to universities.

Promoting Investment in Research & Development

Objective

To develop and implement policies to achieve the targets in Building Ireland's Knowledge Economy, the Irish Action Plan for Promoting Investment in R&D to 2010. The overall goal is that enhanced performance in business, higher education and public sector R&D should result in gross expenditure on R&D increasing to 2.5 per cent GNP by 2010.

Strategic Action:

We will develop and utilise, to best advantage, the structures and mechanisms for coordinating and implementing national policy for Science, Technology and Innovation in Ireland.

Coordination and Governance of STI

The new Coordination and Governance System for Science, Technology and Innovation (STI), agreed by Government in June 2004, continued to operate effectively in 2006. This strategic framework ensures ongoing synergy, coherence and more structured policy coordination in this complex and evolving environment.

These structural arrangements include a dedicated Cabinet Subcommittee, supported by an InterDepartmental Committee (IDC) of senior officials, both chaired by the Department of Enterprise, Trade and Employment. The Cabinet Subcommittee met in April 2006 under the Chairmanship of the Minister for Enterprise, Trade and Employment, Micheál Martin TD, and the IDC met regularly throughout the year.

The appointment of Professor Patrick Cunningham as the new Chief Scientific Adviser to the Government was announced on 19 December 2006. Prof. Cunningham will play a key role in the monitoring, evaluation and delivery of the STI Strategy.

The Advisory Science Council published a major report on achieving a step-change in Health Research in Ireland and this was jointly endorsed and launched by the Minister for Enterprise, Trade and Employment and the Minister for Health and Children on 23 November, 2006 reflecting the cross-Departmental nature of this issue, and addressing the potential for Health Research highlighted in the Government's new STI Strategy.

STI Strategy 2006-13

In February 2005, the Cabinet Sub-Committee on Science Technology and Innovation had tasked the Inter Departmental Committee with producing a Strategy on Science, Technology and Innovation (SSTI) and this formed a major part of the IDC's work programme in 2005 and the early part of 2006. The comprehensive STI Strategy 2006-13 was launched by the Taoiseach, the Tánaiste, and the Ministers for Enterprise, Trade and Employment, Finance, Education and Science and Agriculture and Food on 18 June 2006 and has been widely welcomed, nationally and internationally. The STI Strategy provides for the continued development of a world-class research system underpinned by the essential physical and human infrastructure, doubling the number of PhD graduates over its lifespan. Top-level researchers will also be drawn from both home-grown talent and the brightest who can be drawn from overseas. The Strategy also proposed mechanisms to ensure that the investment in research is turned into commercial value to the greatest extent possible. In regard to enterprise, the Strategy sets out structures and mechanisms to enhance supports to industry and to encourage firms to become more engaged in R&D activity.

While overall policy continues to be directed by the Cabinet Sub-Committee on STI and its supporting high-level IDC, the Strategy also provides for the establishment of new cross-cutting structures at operational level, to take forward its implementation in a whole-of-government manner. On foot of the Strategy, two new Implementation Groups, Technology Ireland (TI) and the Higher Education Research Group (HERG), were established in 2006.

The HERG is chaired by the Department of Education & Science, with the Department of Enterprise, Trade and Employment as Deputy Chair. It is developing a substantive work programme for 2007 focused on tackling the objectives in the Strategy for the Higher Education Sector, including the PhD numbers expansion. The initial areas which HERG is focusing on are: developing key indicators for measuring implementation of the STI Strategy; researcher careers; and capacity development in the higher education sector.

In line with the recommendation of the Strategy, the Department has established Technology Ireland (TI) with participation from Enterprise Ireland, IDA Ireland, Science Foundation Ireland and Forfás. TI will bring coherence to the enterprise dimension of the Strategy and will have particular responsibility for overseeing the implementation of required actions to achieve the Business Expenditure on Research and Development (BERD) targets set out in the Strategy for Science, Technology & Innovation (SSTI) 2006-2013. Among the SSTI initiatives currently being driven by TI are simplifying the R&D Grants Schemes, strengthening the Technology Transfer Offices (TTOs) in the Universities and developing a proposal for competence centres.

Strategic Action

We will work with IDA Ireland and Enterprise Ireland to review, and adapt where necessary, the programmes of Enterprise Ireland and IDA Ireland which are aimed at strengthening the R&D capability of their client companies, developing R&D collaboration among these companies and between the companies and higher education and public sector R&D bodies, and facilitating the commercialisation of research emanating from these sources.

The objective of the Strategy for Science, Technology and Innovation is to make a quantum leap forward in the area of R&D, and to move Ireland from impressive latecomer to acknowledged leader in this critical area. Success will be marked by such factors as the transformational change in the quality and quantity of research undertaken by enterprise and the increased output of economically relevant knowledge. Enterprise Ireland (EI) and IDA Ireland worked during 2006 on the simplification of R&D support to firms through the introduction of a single in-company R&D scheme.

This is being developed to ensure a more holistic and systematic approach to providing support to companies.

EI also introduced a new programme to strengthen the Technology Transfer Offices (TTOs) in the higher education institutes. This €30m funding will enable TTOs to identify, protect and exploit intellectual property to the benefit, where possible, of industry in Ireland.

During 2006, in their continuing efforts to deepen the level of collaboration between industry and the third level sector, Enterprise Ireland established four new Industry-Led Networks. This process involved bringing together clusters of firms to explore research agendas of importance to them in the medium term. These research agendas are then used to commission high quality applied research, giving the companies the opportunity to access facilities in the research environment and also to employ research students who have received training in the technologies. Research to the value of €3.64 million was supported as a result.



Dr Brian Foley, TCD, Dr Ita Rickardson, University of Limerick, Dr Pat Fottrell, Chairperson, Science Foundation Ireland, Michael Ahern, TD, Minister for trade and Commerce, Dr Mary Kelly, SFI and Dr Ruth Davis, UCC at the announcement of the Women in Science & Engineering Research – Institute Development Awards.

The investment in Incubation Centres in the Institutes of Technology complements initiatives to deliver innovation and technology to the regions. To date, Enterprise Ireland has approved 16 incubators in Institutes of Technology, of which 14 centres were operational by the end of 2006. The number of people employed in new enterprises in incubators at the end of 2006 was 318. Expenditure by Enterprise Ireland in 2006 on the programme amounted to €7.14 million. These Incubation Centres will strengthen the infrastructural resources of the regions in order to grow new high potential, high tech companies.

Enterprise Ireland has brought a range of supports together under a Commercialisation Fund as part of its increasing focus on facilitating and enhancing the commercialisation of research. This Fund seeks to support academic researchers to develop their ideas closer to the market. In excess of 150 projects were supported in 2006 and the actual expenditure incurred amounted to €24.99 million. These projects typically last one to three years and are reviewed regularly to determine at what stage it is appropriate to protect and transfer the technology emerging. In addition, support to the value of €1.2 million was provided in 2006 through the Intellectual Property Fund Scheme to protect valuable Intellectual Property.

Strategic Action:

We will oversee and evaluate Science Foundation Ireland in its deployment of significant resources aimed at building the research capacity and excellence required to underpin competitiveness into the future.

Through strategic investments in the people, ideas and partnerships essential to outstanding research in the strategic areas of Biotechnology and Information Communications Technology, Science Foundation Ireland (SFI) continued to build, in Ireland, research of globally recognised excellence and nationally significant importance. In 2006, SFI funded 468 awards – over €139.86 million – to 15 third level institutions throughout the country. By end 2006, SFI had

committed in excess of €740 million across more than 1,300 projects to support more than 1,400 individuals since its establishment in 2000.

During 2006, SFI issued Calls for Proposals for new *Centres for Science Engineering and Technology (CSETs)*, as well as a new programme for *Strategic Research Cluster (SRC)* awards. Major funding decisions on these projects are expected in 2007, subject to projects meeting the quality and strategic requirements from SFI.

Both of these programmes have the potential to establish strong links between scientists and engineers in partnerships across academia and industry. Such projects will address interdisciplinary crucial research questions, foster the development of new and existing Irish based technology companies and attract industry which has the potential to make an important contribution to Ireland and its economy.

In addition, SFI made a strategic decision to establish a *Centre of Excellence in Systems Biology* research and issued a Call for Proposals in this regard with the objective of completing the process and funding decisions in 2007. Systems Biology is a broadly enabling approach to many research areas with broad applicability and is pioneering the integration of cutting edge biology, computation and medicine. These new initiatives, coupled with the existing range of programmes, will allow SFI to further implement its strategy to fund and exploit new opportunities in world-class research.

In 2006, it was decided that a Value for Money (VFM) Review of SFI will be undertaken in 2007 to examine the key SFI Programmes and make targeted recommendations, where appropriate, on the overall effectiveness of the agency supports in building a world-class research system in Ireland with a focus on whether the programmes as operated constitute value for money and efficient use of public funds. The VFM review will build on the outputs of the Brooke evaluation of the first years of operation of SFI for 2001-2005.

Strategic Action:

We will improve the level of awareness of science among young people, and the public generally, through the recently established integrated awareness programme, Discover Science & Engineering, and continue to monitor and support the progress of Exploration Station, the interactive science and learning centre due to open in 2006.

Discover Science & Engineering Awareness Programmes

Discover Science & Engineering is the integrated awareness programme that aims to further public awareness of science and the attractiveness of science as a career. Specifically the programme is working to address the declining numbers of students choosing science subjects at second and third level, a trend, which, if left unchecked, will have a substantial impact on Ireland's ability to continue to make the transition to a knowledge-based economy.

The programme is managed by Forfás on behalf of the Office of Science, Technology and Innovation. It was developed in association with the Department of Education and Science, FÁS and the Institution of Engineers of Ireland in consultation with many groups involved in science promotion nationwide. The programme had a budget allocation of €4 million for 2006. The major initiatives supported by the programme include National Science Week, programmes for primary and secondary school pupils and teachers, TV programmes and an ambitious sponsorship programme of science awareness activities throughout the country.

Exploration Station

The development of a world-class interactive science facility Exploration Station at Heuston Gate continued during the year. It is expected that Exploration Station will open its doors to the public in Heuston Gate in 2009.

Strategic Action:

We will work to ensure that Ireland maximises its participation and drawdown under the current Sixth Framework Programme (FP6) 2002 – 2006 and to ensure that our priorities are reflected in the design of the Seventh Framework Programme, which will run from 2007.

Irish researchers and companies were successful in securing over €200 million from the Sixth Framework Programme (FP6). Higher Education researchers were the primary beneficiaries accounting for 70 per cent of funding. Private Industry accounted for 20 per cent of funding with two thirds associated with Small and Medium Enterprises (SMEs) and one third with multi-national corporations (MNCs). The remaining 10 per cent was accounted for by public research organisations and other bodies.

FP7 commenced on 1st January 2007 and has a budget of over €50.5 billion for the period 2007 to 2013. It has been designed to build on the achievements of its predecessor towards the creation of a European Research Area and carry it further towards the development of the knowledge economy and society in Europe. FP7 will provide a valuable opportunity for Irish industry, third level institutions and research organisations to engage in cutting edge research and to develop and intensify research and business networks.

In order to maximise Irish participation in FP7, the Department has put in place a strengthened national support system to encourage and facilitate Irish participation in the new programme. An FP7 Office has been established. This office is based in Enterprise Ireland and headed by a newly appointed National Director for FP7 who will ensure that a co-ordinated approach is adopted across all components of FP7 so that Irish participation as a whole is optimised. A key task of the office is to support the work of a tightly focused network of National Contact Points and programme committee delegates and to act as a first port of call for newcomers to the programme.

Strategic Action:

We will pursue initiatives to provide assistance to mobile researchers and to introduce fast track procedures to improve the entry conditions for third country (non EEA) researchers and their families.

The mobility of researchers has been identified as a priority for Ireland in the Strategy for Science, Technology and Innovation. The Department part-funds (with the EU Commission and the Irish Universities Association) the National Mobility Centre and Portal which provides a one-stop-shop for researchers seeking to advance their careers by moving to, or from, Ireland.

In 2006, the Department introduced a fast track work permit arrangement for researchers in research-active organisations (including those to be employed in industry) who are supported by public funding.

The Department has continued to work closely with the Department of Justice, Equality and Law Reform and the Department of Education and Science on the arrangements for implementing the EU Directive concerning the entry conditions of third country researchers, which is to be implemented by October 2007.

Strategic Action:

We will foster initiatives aimed at enhancing North/South collaboration on STI, in conjunction with third countries where appropriate.

The US/Ireland Research Partnership held a Steering Group meeting in Washington, and successful workshops on cystic fibrosis and nanotechnology in Dublin and Belfast, with participating top-level researchers from Ireland, North and South, and the US. A joint call for proposals was launched by the Minister for Enterprise, Trade and Employment, the US Ambassador and a Northern Ireland Permanent Secretary at the Ambassador's Residence in July 2006.

There was active engagement between the secretariats to the Inter-Departmental Committee and its Northern counterpart and the Advisory Science Council and its Northern counterpart, with a view to developing interaction between these structures to mutual benefit.

The Irish national framework for FP7 includes, for the first time, an officer dedicated to enhancing North/South collaboration under this measure.

Strategic Action:

We will assess, develop and implement policy in relation to Ireland's involvement in space-related Science, Technology and Innovation, in the context of our membership of the European Space Agency (ESA), and the growing linkages between the European Union and ESA.

Ireland has been a member of the European Space Agency (ESA) since 1980. The current strategy being pursued by Ireland is to support participation in ESA Programmes by innovative Irish technology firms that can lead to sustainable business opportunities through:

- Supporting in-house R&D and development of associated intellectual property within Irish companies;
- Utilising ESA participation in order to position Irish companies in European industrial supply chains and in global space and aerospace markets;
- Fostering technology innovation and technology transfer to non-space markets; and
- Supporting industry relevant strategic research within the 3rd level sector.

In line with the national strategy, there was increased involvement in 2006 by Irish companies in developing innovative technologies for the European Space programme, including a number of high potential start-up companies. The spin off business arising from Irish participation in ESA is estimated to be in excess of €25 million.

Nine university research teams are currently active in ESA programmes in a range of scientific areas such as life sciences, advanced materials, optoelectronics and astrophysics.

Ireland continued to influence the development of a European Space Policy and programme to be presented for approval at the Council of Ministers in 2007.

Intellectual Property

Objective

To ensure that our intellectual property legislative framework reflects developments in intellectual property practice and obligations arising from EU and international agreements.

Strategic Action:

Recognising the importance of a modern intellectual property framework as a source of competitive advantage, we will ensure that intellectual property legislation remains up to date and in compliance with our international obligations.

Patents (Amendment) Act 2006

In line with our commitment to maintaining Ireland's intellectual property legislation in the first rank internationally, the Oireachtas enacted the Patents (Amendment) Act, 2006 (No. 31 of 2006) in December 2006. The purpose of this legislation is fourfold:

- Amendments to give effect to certain provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights "TRIP's Agreement";
- Amendments consequent on the revision of the European Patent Convention;
- Provisions to give effect to the Patent Law Treaty which was concluded under the auspices of the World Intellectual Property Organisation, the UN agency which administers international treaties in the field of intellectual property; and
- Miscellaneous necessary amendments to intellectual property legislation, (Patents, Trade Mark, Design and Copyright), mainly by way of clarification or correction.

Artist's Resale Right

Regulations transposing EU Directive 2001/84/EC on Artist's Resale right came into effect in June 2006.

The Regulations - the European Communities (Artists Resale Right) Regulations 2006 - are designed to provide for a payments system for artists when their original works are resold through the art trade.

Enforcement of Intellectual Property Rights

The European Communities (Enforcement of Intellectual Property Rights) Regulations 2006 came into effect in July 2006 and gives effect to those aspects of EU Directive 2004/48/EC not already available under Irish law. The objective of the directive is to harmonise, within the Community, relief measures which Intellectual Property rightholders can resort to in respect of infringing activity affecting their Intellectual Property interests.

Public lending right

Preparatory work on legislation to introduce a Public Lending right in respect of books lent out by Irish public libraries was undertaken in 2006. The objective is to provide for a payments system for authors whose works are lent by public libraries as required by the EU Rental and Lending Directive – 92/100/EC. It is intended to have this legislation enacted in 2007.



Michael Ahern TD Minister for Trade & Commerce and Charlie Culley, General manager, Richard Keenan & Co, Australasia at the Enterprise Ireland Trade Visit to Australia.

International Trade

Objective

To maximise the benefits to Ireland of a successful conclusion of the Doha Development Agenda negotiations, especially in relation to market access, intellectual property and trading rules.

Strategic Action:

We will co-ordinate Irish key interests in relation to matters arising under the framework of the EU Common Commercial Policy and seek to influence, through our participation on the 133 Committee and related structures, an ongoing opening of markets and liberalisation of trade policy developments, including a successful completion of the Doha round of negotiations.

During 2006, Ireland continued to participate and represent our interests in EU trade policy meetings (Article 133 and other committees) and continued to monitor developments at the World Trade Organisation. Ireland's strategic trade interests are fully reflected in the EU's Common Commercial Policy.

During the year, negotiations in the World Trade Organisation on the Doha Development Agenda (DDA) were suspended, principally due to disagreement on liberalisation of trade in Agricultural products. Towards the end of 2006, the negotiations were re-launched and efforts are currently underway to make progress on the contentious issues and bring the Round to a successful conclusion.

Developing Export Potential & Capacity

Objective

To enable trading opportunities available in markets across the world to be capitalised by Irish exporters and to create a system for the effective management of Ireland's export licensing system.

Strategic Action:

We will work cooperatively with other Government Departments, with Enterprise Ireland and with other agencies charged with the promotion of exports so as to enable the benefits of world markets to be optimised for our

exporters. This will include developing means by which the clients involved – exporters themselves – can relay concerns and make suggestions on how policy, supports and administrative procedures could be beneficially refined or adapted so that the State's efforts to consistently improve on our export performance will be realised.

The Minister for Enterprise, Trade and Employment, Micheál Martin TD, and the Ministers for Trade & Commerce, Michael Ahern TD, and Labour Affairs, Tony Killeen TD, led 24 separate trade missions abroad in the course of 2006. These were organised in conjunction with Enterprise Ireland and included participation in the President's State Visit to Saudi Arabia and Jordan; the large Trade Mission led by the Taoiseach to India; 18 trade missions to various countries in Europe and also missions to other regions including South Africa, Canada and Australia.

These Trade Missions facilitated Irish companies in initiating or developing relationships with current and potential partners in the various targeted markets. The range of markets chosen reflects both the need to provide support in important established markets, and to assist companies to further develop their export potential and diversify by accessing emerging markets particularly those in Eastern Europe and in Asia.

While Central Statistics Office data for the full year was not available when this report was printed, the value of merchandise goods exports in 2006 is likely to be about 3 per cent higher than the 2005 total of €88 billion. The EU continues to be our largest export market, accounting for over 60 per cent of the total. Exports to the United States, our largest single export market destination, stood at about 19 per cent of total exports.

A second meeting of the National Trade Forum (NTF), which is a consultative forum designed to give interested stakeholders an opportunity to input into Ireland's trade policy and Forfás' trade research programme, was held on the 11th October 2006. This group provides a forum for discussion on the future agenda for developing trade policy and is coordinated

by Forfás, with Departmental input. This meeting firmly established its role and there is now a recognition by industry that it is a valuable network. At that meeting, presentations were made by several guest speakers on a variety of trade issues.

The Foreign Earnings Committee (FEC), which is representative of relevant Departments and Agencies, has also been restructured to improve its effectiveness and will act as a focus for all Departments and Agencies involved in export related activities. A meeting of the revamped FEC took place on 29 November, 2006 at which it was agreed that the Committee continued to play a worthwhile role while recognising the need to constantly review its modus operandi and structure.

In 2006, formal sessions of the Joint Commissions with China and Russia were held. Progress was made on a range of trade related issues. These Joint Commissions are formal Bilateral InterGovernmental fora set up to deal with trade development in all its aspects, mercantile and services. Their role is to further the development of economic and business cooperation, including scientific and technological cooperation and provide a forum for discussing issues between the two countries involved.

The Department will continue to develop Irish trade policy in regard to the EU and the Organisation for Economic Cooperation and Development (OECD) Frameworks. We participate in the OECD Investment Committee and two EU programmes to assist certain countries in Central and Eastern Europe and Central Asia, i.e., the Instrument for Pre-Accession Assistance (IPA – formerly PHARE) and European Neighbourhood Policy Instrument (ENPI – formerly TACIS).

The Export Credit Insurance Scheme, which was provided by the Department in former years, was suspended in 1998. Some debt owing to the State remained outstanding and had previously been considered unrecoverable. However, recoupment efforts have been active in recent years and are continuing with considerable success. A total of €1.3 million was recovered during 2006.

Strategic Action:

We will introduce revised procedures to report and monitor on the impacts of trade missions abroad with a view to identifying possible success indicators by which to benchmark the outcomes in the future.

Following consultation between the Department of Enterprise, Trade and Employment and Enterprise Ireland (EI), progress reports on all Ministerial trade missions abroad are drawn up by Enterprise Ireland to facilitate better analysis of the success factors and outcomes of such missions. This is particularly important for the major missions which involve a significant level of resources. This work ensures that the Department and EI can optimise the value of these missions, which are designed to play an important part in enhancing Ireland's export performance.

Strategic Action:

We will give effect to the recommendations of the Review of the Export Licensing System, including the introduction of new legislation.

The Government approved the General Scheme of the Control of Exports Bill in July 2006 and work commenced on drafting the legal text with a view to publication of the Bill in early 2007. This was one of the first pieces of proposed legislation to be subject to a Regulatory Impact Analysis (RIA) in line with the rollout of the Government's "Regulating Better" Strategy. Also in July, the Minister for Enterprise, Trade and Employment, Micheál Martin TD, made Regulations to give effect to the EU Council Regulation on the control of trade in goods that may be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment. The Council Regulation entered into force on 30 July 2006.

Substantial progress was made on the development of an online export licence application system that is expected to go live in March 2007. An updated Users Guide for the Export of Military and Dual-Use Goods was launched at the first ever Export Control Seminar held at Farnleigh in June 2006.

Strategic Action:

We will work towards the implementation of a new Asia Strategy for the period ahead.

The second phase of the Asia Strategy, for the period 2005-2009, was officially launched by An Taoiseach, Mr. Bertie Ahern, TD, in April 2005. This sets targets and priorities to expand trade and economic links with the key Asian economies. An Asia Strategy High Level Group, with public and private sector representation, was established to monitor progress by relevant Government Departments and Agencies in meeting the specific targets set out for implementation of the Strategy. The High Level Group is chaired by the Secretary General of the Department of Enterprise, Trade and Employment and met twice during the year. A key development during 2006 was a major Trade Mission led by the Taoiseach, accompanied by the Minister for Enterprise, Trade and Employment, Micheál Martin TD and other Ministers, to India in January. In addition, Minister Martin visited China and Japan to promote trade in those countries. Specific developments in relation to the targets of this Strategy include: an additional 30 Irish companies establishing a presence in the priority countries; a significant increase in the number of third level students coming to Ireland; and significant increases in food and drink exports. During 2006 Enterprise Ireland organised a total of 46 events to promote exports there.

Internal Market

Objective

To strengthen the functioning of the Internal Market, including through the development of a regime to create an Internal Market in services, and through the timely transposition of EU Directives.

Strategic Action:

We will continue to work towards the creation of an effective Internal Market for Goods and Services. A particular focus over the period of this strategy will be to begin the transposition of the EU Directive on Services in the Internal Market.

Services Directive

The Services Directive is a broad crosscutting proposal to give service providers the freedom to supply their services across EU borders or to establish in other Member States. While the Directive does not cover all services (and will not affect labour law), those covered by the Directive represent about 40 per cent of GDP, roughly twice as much as manufacturing. The Directive was adopted by Council of Ministers in December 2006.

Work is now underway on the transposition of the Directive and Member States have three years (from 28th December 2006) to transpose it. A Group has been set up by the European Commission to assist Member States with the transposition process. It will meet for the first time in February 2007.

The Department of Enterprise, Trade and Employment continued its consultations on the draft Directive with interested parties throughout 2006. There will be similar consultations with interested parties during 2007 on the transposition of the Directive.

Internal Market Review

In April 2006, the European Commission launched a public consultation on how the Internal (or Single)

Market should respond to new and future challenges. Its aim was to stimulate a public debate on the future of Single Market policy. The results of the public consultation are expected to feed into the fundamental review of the Single Market, called for in the Commission's Communication to the European Council entitled *A Citizens' Agenda Delivering Results for Europe* (10th May 2006). This Department, on behalf of Ireland, responded to the public consultation. The Commission published the responses, which numbered 1,400, on 20th September and again on 30th October.

Ireland's submission welcomed the European Council's underlining of the importance of strengthening consumer and business confidence in the Single Market. As a trading nation, Ireland can only benefit from a fully functioning Single Market. Making it work in a fair, transparent and timely fashion is, in our view, the key objective. It was more important, however, to focus on making the existing *acquis communautaire*¹¹ work than to adopt more and more measures, unless they could be clearly demonstrated to enhance the functioning of the Single Market. The submission also stressed the role of Member States in the operation of the Single Market through the full and effective application of the administrative co-operation requirements of EU measures, and through such initiatives as SOLVIT. Indeed, unless Member States were given sufficient time to fully "bed down" the existing *acquis*, there was a danger that citizens/consumers and businesses would lose confidence in the project.

Work on the Internal Market Review is continuing. An Ad Hoc Working Group of officials from the Member States was established to conduct fact-finding on the many tools that already exist at a national level to make the Single Market function better in practice. The Department of Enterprise, Trade and Employment represents Ireland on the Working Group, which met for the first time on 7 December 2006.

¹¹ *Acquis communautaire* is a French term referring to the cumulative body of European Community laws, comprising the EC's objectives, substantive rules, policies and, in particular, the primary and secondary legislation and case law – all of which form part of the legal order of the European Union (EU).

Strategic Action:

We will ensure compliance and timely implementation of EU Internal Market law in Ireland by working with other Government Departments to monitor closely and report on the correct transposition and notification of all Internal Market Directives.

Transposition of Directives

The primary responsibility for ensuring the correct application of Internal Market rules lies with the Member States. It is in their common interest to ensure that the Internal Market functions properly for the benefit of their citizens and businesses. If Internal Market rules are not applied effectively, their contribution to Europe's growth and competitiveness is adversely affected.

The Internal Market Scoreboard, which is published by the European Commission twice yearly, records the performance of Member States in transposing Internal Market Directives against the deadline laid down in each Directive. Member States who do not transpose Directives correctly or on time fail to meet the commitment that they have given to the other Member States.

Across Departments, and as a consequence of concerted effort, Ireland surpassed the EU agreed deficit target of 1.5 per cent with a rating of 1.2 per cent.

SOLVIT programme on the removal of barriers in the Single Market

SOLVIT targets cases of misapplication of EU Internal Market law by public authorities in the Member States. The Irish SOLVIT Centre ("SOLVIT Ireland") is based in the Department of Enterprise, Trade and Employment and is one of 30 SOLVIT Centres, one in each Member State of the EU and the European Economic Area (EEA). SOLVIT was created by the European Commission in 2002 to solve problems that EU citizens or businesses are experiencing with the public administrations of the Member States.

During the course of 2006, SOLVIT Ireland experienced an increase in enquiries compared to previous years. While 11 cases were dealt with in 2005, this increased to 19 cases in 2006, 7 of which were initiated by SOLVIT Ireland and 12 by other SOLVIT Centres. In addition, SOLVIT Ireland handled a large number of additional problems and queries raised by citizens and businesses. Issues and cases raised with SOLVIT Ireland during 2006 included: the rules applying to products sold on the market of another Member State; professionals wishing to register in this or another Member State; taxation issues; insurance issues; social welfare issues; pension rights; and EU Treaty rights [residency] issues. SOLVIT Ireland also began a series of meetings with Irish competent authorities during 2006, including competent authorities for the professions, to brief them on SOLVIT and the importance of the acquis to their activities. This series of meetings will continue in 2007.

The SOLVIT Centres meet in workshop format every five months to exchange experiences, best practices, discuss problems, etc. SOLVIT Ireland hosted the 17th SOLVIT workshop in Dublin on the 23rd and 24th November 2006.

More information on SOLVIT, including the contact details of all the SOLVIT Centres, can be found at: http://europa.eu.int/solvit/site/index_en.htm.

Taiex (Technical Assistance and Information Exchange)

The TAIEX (Technical Assistance and Information Exchange) Office of the European Commission provides institution-building support in all areas of EU legislation with a view to supporting the alignment, application and enforcement of the legislation in the new Member States, the Candidate Countries, the Western Balkans and the Turkish Cypriot Community in the northern part of Cyprus. TAIEX assistance is also provided to the States associated with the EU through European Neighbourhood Policy, and Russia where there are voluntary shared norms.

TAIEX provides centrally managed short-term technical assistance in the field of approximation, application and enforcement of EU legislation. It responds to demand-driven requests for assistance from the Beneficiary Countries, the new Member States, the European Neighbourhood States and the Commission Services.

TAIEX assistance is provided by experts from the public sector in the Member States. The European Commission has created a database of such experts who can be quickly mobilised to respond to requests for assistance. The number of Irish experts used by TAIEX has steadily increased - 63 in 2002, 93 in 2003, 99 in 2004 and 144 in 2005. The figure for 2006 will be available in mid-2007. TAIEX has a national contact point in each Member State and the Department of Enterprise, Trade and Employment is the National Contact Point for Ireland.

Sustainability & Competitiveness

Objective

To integrate sustainability and competitiveness and to ensure that the development of environment policy at national and EU level enhances competitiveness, fosters entrepreneurship and encourages innovation.

Strategic Action:

We will engage with the Department of Environment, Heritage and Local Government on discussions at EU level regarding the EU position on climate change for the post Kyoto period (2012 onwards), seeking to ensure a balanced approach which takes account of competitiveness and environmental considerations.

The Department contributed to the post 2012 policy debate at national level through participation in the

Inter-Departmental Climate Change Team. The Team is led by the Department of Environment, Heritage & Local Government and comprises Government stakeholders in the area of climate change, viz the Departments of Enterprise, Trade and Employment, Transport, Communications, Marine & Natural Resources, Agriculture & Food and Foreign Affairs.

The EU position on climate change for the post Kyoto period was a central element of the revision of the EU Sustainable Development Strategy. This Department ensured that the Sustainable Development Strategy was considered at the Competitiveness Council, and contributed to Competitiveness Council Conclusions on the revision of the Strategy thereby ensuring that competitiveness considerations were reflected in the revised Strategy.

Strategic Action:

We will discharge our lead role in negotiations on the REACH proposals on chemicals.

The REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Regulation was adopted on 18 December 2006 at second reading after more than 3 years of negotiations. It will enter into force on 1st June 2007, and pre-registration of chemicals with the new European Chemicals Agency in Helsinki will be required by the end of November 2008. The Health and Safety Authority (HSA) is the national competent authority for REACH, and the Department has secured additional staffing and funding to enable it fulfil that role. Informing industry of its obligations under REACH will be a key task, and the HSA will involve itself in information campaigns for industry, in collaboration with representative bodies and government enterprise agencies. The Department, through the HSA, has provided some financial support to IBEC for this project. The HSA will also set up an information help desk for small and medium enterprises.

Strategic Action:

We will continue to work on the implementation of the Department's Sustainable Development Strategy which aims to provide a path for enterprise to achieve sustainable development.

The Department undertook a review of the implementation of the Department's Sustainable Development Strategy 2003 – 2005.¹² The Strategy covered four pillars: (1) Climate Change, (2) Competitive Sustainability, (3) Corporate Social Responsibility and (4) Departmental Sustainability. The Review documents the implementation of the Department's Sustainable Development Strategy, providing information on the activities undertaken under each of the four pillars, the outcomes achieved and the evolution of the policy context for the sustainable development agenda.

The Department continued to work with Enterprise Ireland which is responsible for a range of initiatives designed to improve the environmental performance of Irish industry, e.g. Environmentally Superior Products, Environmental Management Systems, the environcentre.ie website and the EU BEST Project on the Streamlining of Environment-Related Regulatory Requirements for Companies, the final report of which was published in May 2006. In addition, the Department participated in the judging panel of the Association of Chartered, Certified Accountants (ACCA) sustainability reporting awards.

Strategic Action:

We will engage in negotiations at EU level on a range of environmental initiatives which impact on industry, including initiatives on climate change and the proposals for new legislation on chemicals.

The Department was involved in negotiations at EU level on a number of environmental initiatives in 2006. The Department participated in the Commission Working Group on Emissions Trading, engaging in discussions on a range of matters arising from the implementation of the Emissions Trading Scheme. Together with the Department of the Environment, Heritage & Local Government, this Department was involved in the development of the EU Environmental Technologies Action Plan (ETAP). ETAP is a joint initiative between the Environment and Research Directorates of the European Commission which aims to improve the development and wider use of environmental technologies by harnessing the synergies between environmental protection and economic growth. The Department contributed to the development of the Irish National Roadmap for the Implementation of the ETAP which was published in April 2006.

¹² The Review of the Implementation of the Department of Enterprise, Trade and Employment's Sustainable Development Strategy 2003-2005 is available on the Department of Enterprise, Trade and Employment website: <http://www.entemp.ie/publications/trade/2006/reviewimplsusdevstrategy.pdf>

PILLAR 2

Quality Work & Learning





L-R: Patricia Curtin, Assistant Director General FÁS, Micheál Martin TD, Minister for Enterprise, Trade and Employment, Rody Molloy, Director General FÁS, Tony Killeen, TD Minister for Labour Affairs at the launch of FÁS Opportunities 2006.

Lifelong Learning

Objective

To make Lifelong Learning a reality for increasing numbers of people in the Labour Force.

Strategic Action:

We will interact with other Departments, agencies and groups to develop and implement lifelong learning initiatives that will provide learning opportunities for people in the labour force.

The Department continued, in 2006, to give a high priority to expanding learning opportunities for people of working age. In particular, the Department contributed to this agenda by investing almost €440 million in employment training activities, programmes and services to assist those seeking work to acquire the requisite skills and competencies.

The Department also gave a high priority to addressing the future skills needs of the economy. It requested the Expert Group on Future Skills Needs (EGFSN) to undertake research on the context for a National Skills Strategy to cover the period to 2020. The Department chaired the EGFSN Steering Group which produced the report entitled 'Tomorrow's Skills – Towards a National Skills Strategy' which will be published in early 2007.

The Department also participated in the negotiations leading to a new national social partnership agreement, *Towards 2016*, which includes a commitment to place a particular focus on low-skilled workers and to facilitate lifelong learning generally.

In-Company Training (Upskilling Those in Employment)

Objective

To expand the level of engagement and investment in In-Company Training, particularly activity targeting low skilled workers.

Strategic Actions:

We will directly administer a training initiative to address In-Company Training through a public Call for Proposals and we will facilitate the implementation of additional training initiatives in this area by FÁS, utilising ESF and National Training Fund (NTF) monies.

We will work with other Departments, agencies and groups to ensure that training policy development includes the employability needs of lower skilled workers and we will ensure that FÁS and Skillnets continue to develop programmes which are focused on lower skilled workers.

The significant increases in investment in the training of the employed that were secured in 2005 were maintained in 2006, and the social partnership agreement, *Towards 2016*, makes a commitment to continue this trend. The allocation of these additional resources since 2005 has paved the way for increased activity in the area and the introduction of new programmes. In particular, FÁS expanded the One Step Up Programme in size and scope. This included the introduction of the Strategic Alliance Programme involving working with national organisations in 2005. During 2006 this latter programme provided training to 11,840 people over 29,600 training days.

A further development under the Strategic Alliance Programme was the announcement of three calls for expressions of interest to establish new programmes. Accordingly, a programme for capacity building in sales management and selling was established in October 2006 and will be completed in early 2008. It is planned that two further programmes, one each in relation to the second and third calls, will be operational in the course of 2007. The first will be in the area of training low skilled/low qualified workers, while the second will respond to the findings on training contained in the reports *Small Business is Big Business*, prepared by the Small Business Forum¹³ and *SME Management Development in Ireland*, prepared by the Expert Group on Future Skills Needs, Enterprise Ireland and FÁS¹⁴. In addition, the budget for apprenticeship training increased in 2006 to €113 million, from €101.8 million the previous year. This funding provided for the training of nearly 18,000 apprentices in the course of the year.

In addition, the Skillnets Training Networks Programme (TNP) continues to support and fund enterprise-led networks training under a mandate that runs to the end of 2010. It is operated and delivered by Skillnets Limited, a training support company representative of employees and employers in partnership with the Department of Enterprise, Trade and Employment. The TNP budget of €8.5 million in 2006 supported over 50 training networks. The budget for 2007 has been increased to €13.5 million which includes funding for the delivery on commitments in the partnership agreement, *Towards 2016*.

The ACCEL Programme – Accelerating in-company skills – is also managed by Skillnets. In 2006, over 55 projects were approved to receive support and it is expected that the budget of €16 million will be fully spent over the period to 2008.

¹³ www.smallbusinessforum.ie/webopt/sbf060516_full_report_webopt.pdf

¹⁴ www.skillsireland.ie/press/reports/pdf/egfsn060512_sme_report_webopt.pdf

Training & Supports for People with Disabilities

Objective

To enhance training and employment supports for people with disabilities.

Strategic Action:

We will develop and rollout with FÁS a new scheme to help people with disabilities to take up full-time employment (Full Time Employment Scheme).

Rollout by FÁS – the National Training and Employment Authority – of the Wage Support Scheme (WSS), which commenced operation in September 2005, continued in 2006. At the end of 2006 the total number of participants on the WSS was 796. It is intended that the operation of the WSS will be reviewed in 2007 with a view to enhancing the operation of the scheme.

Strategic Action:

We will engage with key stakeholders in the development of a Sectoral Plan for the Department, as set out in the Disability Bill 2004.

The Sectoral Plan for the Department of Enterprise, Trade and Employment, covering the period 2006-2010, was published in 2006¹⁵. It contains a number of key initiatives which are aimed at promoting equal opportunities for people with disabilities in the open labour market, further developing the mainstreaming agenda within the Department and its agencies, helping people with disabilities to increase their economic and social independence, and promoting greater social inclusion. The Plan contains proposals for providing fully accessible services by the Department and its agencies over the next four years.

The Plan includes proposals for developing a Comprehensive Employment Strategy aimed at

promoting systematic engagement with people with disabilities by the Department and its Agencies through:

- Enhancing the effectiveness of employment programmes and vocational training, including implementation of the FÁS Vocational Training Strategy;
- Further developing supports to the open market employment of people with disabilities in both the public and private sectors; and
- Increasing the participation rates of people with disabilities on Community Employment schemes (CE) over the period of the Plan, and raising the CE participation limits for people with disabilities in order to provide additional training to assist progression to employment.

In addition, the Plan provides for:

- Enhanced collaboration with key stakeholders, including the establishment of a new Consultative Forum on the Comprehensive Employment Strategy for People with Disabilities; and
- Close collaboration with other key Government Departments and Agencies in order to promote and enhance the employment and training prospects of people with disabilities.

Progress on the implementation of the labour market measures contained in the Sectoral Plan will be monitored by the Department in consultation with the Consultative Forum on the Employment Strategy. The Plan will be reviewed in 2009.

Strategic Action:

We will explore the scope for promoting increased employers' awareness of people with a disability as a labour market resource.

FÁS continued to actively promote awareness in 2006 regarding its supports for the employment of disabled people on a systematic basis through such channels as

¹⁵ <http://www.entemp.ie/labour/strategy/sectoralplan.htm>.

its web site, selected mail shots, presentations to relevant groups, publications, magazine articles, newsletters, brochures and employer packs. Increased employers' awareness of people with disabilities as a labour market resource will be further considered in the context of the new Consultative Forum on the Employment Strategy.

Vocational Education & Training at EU level

Objective

To contribute, in co-operation with the Department of Education and Science, to the development of EU policy to ensure that vocational education and training makes a greater and more effective contribution to the Lisbon agenda.

Strategic Actions:

We will work to give effect to the recommendations contained in the December 2004 Maastricht Communiqué on Vocational Education and Training.

We will support initiatives to increase the mobility of the EU labour force through the development of a new European Qualifications Framework and other transparency and mobility measures.

The Department continued to work cooperatively with the Department of Education & Science and other relevant organisations, to ensure that developments and directions agreed at international level inform domestic training and education policies and practices.

The Department also continued to co-operate with the National Qualifications Authority of Ireland to further develop and promote the National Framework of Qualifications.

Support for the Unemployed

Objective

To attract and facilitate the entry of the unemployed and inactive into the labour market through the provision of a range of programmes and services.

Strategic Action:

The Preventive Strategy, whereby FÁS engages with the unemployed, will continue to be implemented. We will consider the recommendations of the recent review of this strategy with a view to improving the effectiveness of the process.

The Preventive Strategy provides a systematic engagement of Employment Services staff with the unemployed. The focus is on early intervention with persons referred to FÁS by the Department of Social and Family Affairs for the purpose of assisting their integration into the labour market and to provide, where appropriate, the necessary skills to improve their employability.

Up to end November 2006 over 36,000 persons were referred to FÁS and of these over 20,600 left the Live Register. FÁS is continuing to engage with the rest.

Following the completion of the Review of the Preventive Strategy, consideration and implementation of the recommendations took place. In particular, with effect from October 2006, the Employment Action Plan referral has been extended to those over 55 years of age who are in receipt of unemployment assistance/benefit payment for a six-month period. In addition, the period after which intervention takes place has been reduced from 6 to 3 months on the Live Register for all age groups.

Strategic Action:

We will continue to provide a range of employment and training programmes to enable participants to progress into employment.

FÁS provides a series of services for those seeking employment. The main employment schemes are Community Employment and Job Initiative which provide opportunities for work and/or training with local communities. In 2006 there were over 23,000 places on these schemes.

On 1 January 2006 responsibility for the Social Economy Programme transferred from the Department of Enterprise, Trade and Employment to the Department of Community, Rural and Gaeltacht Affairs. The programme has been renamed the Community Services Programme.

FÁS also provides a placement and career guidance service and has self-service access to a wide range of job vacancies, including opportunities in other EU Member States and the European Economic Area for clients.

In 2006 the focus of the FÁS 'Expanding the Workforce' was on mainstreaming the scheme to all FÁS regions as well as a concentrated effort to seek out women returners, to provide a service to them and to modify FÁS services to meet their needs. Throughout the year, 'Choices' recruitment days were held nationally for both participants and employers. A review of the scheme is currently underway.

A Sub-Group on the Delivery of Employment and Training to Members of the Travelling Community, chaired by the Department of Enterprise, Trade and Employment, continued to meet during 2006. Throughout the year, the Department and FÁS worked closely with the Department of Finance and the Public Appointments Service to provide placements for Travellers in Government Departments through the Internship Programme.

European Employment Strategy

Objective

To participate in the next phase of the European Employment Strategy, which will be reflected in the National Reform Programme, with particular emphasis on the creation of employment and the development of a skilled and adaptable workforce.

Strategic Action:

We will contribute at EU level to the work of the Employment, Social Policy, Health and Consumer Affairs (ESPHCA) Council and other relevant groups, including the Employment Committee, to ensure that EU policies reflect the Department's goals and objectives. National Employment Action Plans will be completed on an annual basis and submitted to the European Commission as part of the reporting arrangements on the Lisbon Agenda.

A revised "Lisbon Strategy", with the focus on growth and jobs, was launched at the European Council in March 2005. Under the new approach each Member State prepared a National Reform Programme (NRP) outlining the challenges and priorities for action for the three-year period 2005-2008. Ireland's NRP brings together a broad range of policies and initiatives, including labour market policies.

The 2006 NRP, which was submitted to the European Commission in October 2006, reports on the progress being made in implementing the Programme. The Commission's assessment of the NRP is outlined in their Annual Progress Report which was published in December 2006. The Report states that Ireland is making very good progress in terms of implementing policies to increase growth and jobs. Measures to address early school leaving and enhance skills, and the development of a National Skills Strategy are identified as key strengths in relation to the labour

market. The assessment also suggests focus needs to be maintained on increasing labour market participation, including development of childcare infrastructure and greater integration of migrants into the labour market and society.

Under the Lisbon Agenda a number of EU employment targets for 2010 are in place: an overall employment rate of 70 per cent; a female employment rate of 60 per cent and an employment rate of 50 per cent for older workers aged 55-64. Ireland has made steady progress in relation to these targets and in 2006 exceeded the targets for females and older workers. At end 2006 the overall employment rate stood at 68.7 per cent, the female employment rate 59.6 per cent, with the employment rate for older workers 53 per cent.

Skilled Labour from Outside the EEA¹⁶

Objective

To implement a policy of providing a range of instruments to facilitate the recruitment of skilled labour force personnel from outside the European Economic Area, where the skills needs in question cannot otherwise be met by normal recruitment or by training.

Strategic Action:

We will implement the provisions of the Employment Permits Bill which is due to be enacted in 2005 to put the Employment Permit regime on a comprehensive and sound statutory footing. We will publish a policy paper on Ireland's specific skills needs post EU enlargement, taking account of the migration flows from the new Member States.

Ireland opened its labour market to the nationals of the 10 additional Member States of the EU on 1st May 2004. Since that date nationals of the then 25 EU Member States and the wider European Economic Area (EEA) and Switzerland are free to come to Ireland to work without restriction. On 24th October 2006, the Government decided to continue to require that nationals of Bulgaria and Romania apply for work permits in order to participate in the Irish labour market after their accession to the EU, but that preference would be given to them over nationals of non-EEA countries. Non-EEA nationals require permission to work in the State and must secure an employment permit, administered by the Department of Enterprise, Trade and Employment for this purpose.

The Employment Permits Act 2006 was signed by the President on 23rd June, 2006 and has two key objectives:

- It establishes a statutory framework within which to implement an active, managed economic migration policy; and
- It provides a number of important new protections for migrant workers in Ireland.

The new economic migration arrangements, which came into operation on 1st February 2007, the core of which will be a job offer, comprise:

- A Green Card permit scheme for occupations where there are high level or strategic skills shortages;
- A revised Work Permit scheme;
- A new Intra-Company Transfer scheme; and
- A Spousal/Dependant Work Permit Scheme.

¹⁶ The EU plus Norway, Iceland and Lichtenstein

Employment Permits

Objective

To offer an improved level of customer service for Employment Permit applicants

Strategic Action:

We will pursue the introduction of an on-line facility for certain Employment Permit applications and we will avail of a reduced volume of applications in a post-EU enlargement environment to provide better information and a more personal level of service to our customers.

The development phase of the online project was put on hold pending formulation of the new Employment Permits system scheduled for early 2007. This process will resume in 2007.

During 2006, Work Permits were, in general, only issued to highly skilled and highly paid persons from outside the EEA. A total of 7,300 new Work Permits issued in 2006 which was about the same as 2005. The total number of Work Permits issued, including renewals, was 23,892 which represents an overall reduction of 12 per cent in 2006 on 2005.

The processing time target for issuing valid Work Permit applications was 15 working days. This target was met in the first half of the year but not in the latter part of the year due to a very heavy work schedule including the putting in place of plans to successfully introduce new Employment Permits arrangements for launch in early 2007.

A Work Authorisation/Work Visa Scheme was introduced in June 2000 for skills-shortage sectors such as the Healthcare and the Information, Communications and Technologies Sectors. In 2006 a total of 2,101 Work Authorisations/Visas was issued to end September 2006 (latest available figures) compared to a full year of 2,585 in 2005. The highest percentage of persons availing themselves of the Scheme was in the medical profession.

The Department continued to operate an Intra Company Transfer Scheme on a concessionary basis during 2006. In 2006 a total of 226 persons availed themselves of the Scheme.

FÁS Expenditure & Activities

Objective

To monitor the effectiveness of FÁS' expenditure and activities in pursuit of the Department's strategic training and labour market objectives.

Strategic Action:

We will oversee the allocation of financial resources to FÁS' activities and ensure that they support the Department's strategic objectives.

€974 million was allocated in respect of FÁS training and employment activities in 2006. The allocation in 2005 was €935 million. The extra funding was applied, in particular, to increased activity in in-company training, to training and employment schemes for people with disabilities and to training for childcare. Over €395 million was allocated for training programmes. FÁS was allocated €387 million in respect of Employment Programmes such as Community Employment, Jobs Initiative and Wage Subsidy (employment of persons with disability) schemes.

A Social Partnership Group on Labour Market issues was established in May 2005 under the chair of the Department of Enterprise, Trade and Employment. The Group provides a forum for dialogue between the Social Partners and Government Departments on a broad range of labour market issues. The group held two meetings in 2006.

The Department contributes to identifying and developing responses to training and employment priorities, notably through its input to the formulation of FÁS' Statement of Strategy 2006-2009. In response

to the changing demands of the economy and a situation of virtually full employment, the training and upskilling of workers has become a key focus. FÁS plays a major role in delivering this training, and works in close collaboration with industry to ensure that the training and curricula meet the efficient elimination of long-term unemployment. The report of the review was made available on the Department's website early in 2006.¹⁷

Strategic Action:

We will monitor FÁS' activities and performance to ensure that the agency meets both strategic and corporate governance guidelines.

The Department holds regular meetings with FÁS to review progress and ensure that, where necessary, strategy and funding are adjusted in line with changing need. Expenditure and activity are monitored on a regular basis, with reviews of specific schemes carried out on an ongoing basis. FÁS participated in the "Cross-Departmental Expenditure Review of Supports for the Long Term Unemployed", which was coordinated by this Department as part of the Expenditure Review Initiative¹⁸. The objective of the Review was to evaluate the range of State supports for the long-term unemployed during the period 1998-2003, and to assess their contribution to the effective and efficient elimination of long-term unemployment. The report of the review was made available on the Department's website early in 2006¹⁹.

FÁS is required to comply with the Code of Practice for the Governance of State Bodies and compliance is regularly reviewed. A new Board of FÁS took office on 1st January 2006 for a five-year term.

¹⁷ <http://www.entemp.ie/publications/labour/2004/reviewactivelabmarket.htm>

¹⁸ The reviews are now called Value for Money Reviews

¹⁹ <http://www.entemp.ie/publications/labour/2004/reviewactivelabmarket.htm>

Labour Market Data

Objective

To promote relevant and up-to-date labour market data which will inform the development of labour market policies and initiatives.

Strategic Action:

We will prepare and update labour market data through the detailed analysis of economic reports and the compilation of statistics relating to employment/unemployment trends.

Labour Market data is continuously analysed and updated on the basis of the various CSO statistical publications and reports of bodies such as the ESRI and FÁS. Employment/labour market indicators are also monitored on a regular basis. The latest labour market data, informing policy, is summarised at Appendix 10.

European Social Fund

Objective

To ensure optimum use of the resources available from the European Social Fund (ESF) for 2000-2006 programmes to support labour market initiatives.

Strategic Action:

We will monitor ESF expenditure under relevant programmes and will endeavour to optimise the use of ESF resources.

Approximately €161 million in ESF aid was received by Ireland during 2006, €52.5 million of which was in respect of activities run by or on behalf of this Department and its Agencies. In accordance with the requirements of the Structural Funds Regulations, the Department's ESF Unit carried out control checks on all ESF claims received in 2006, including checking of the financial management and control systems of organisations submitting claims.



Will Thompson, Department of Work & Pensions UK, Lenka Zrala, Equal Support Structure, Czech Republic, Tony Killeen, TD, Minister for Labour Affairs, Shira Mehlman, FÁS and Karl Held, UKEQUAL Support Structure at the Launch of the EQUAL Ideas Bank

The ESF co-funded EQUAL Community Initiative seeks to identify and address fundamental forms of discrimination and inequality in the labour market.

The Employment and Human Resources Development Operational Programme (EHRD-OP) Managing Authority, located in the Department, continued to monitor the implementation of the OP during 2006. Meetings of the Monitoring Committee, combined with the implementation of satisfactory financial control practices by the Managing Authority, gave good assurance that appropriate management systems are in place to protect the ESF and the Exchequer monies.

ESF Programme Design 2007-2013

Objective

To design, within the parameters of EU and national guidelines, ESF programmes for the period 2007-2013 which add value to the development of human capital and increase participation in employment.

Strategic Action:

We will develop, in consultation with key stakeholders, ESF programme(s) for the 2007-2013 period that address the identified training and/or employment support needs of the labour market, in line with the relevant EU regulations.

During 2006 the Department made preparations for the ESF programme 2007-13 including:

- Approving the relevant EU Regulations;
- Negotiating with the EU Commission on the human capital and labour market priorities to be published in the National Strategic Reference Framework; and
- Preparing the Operational Programme including the arrangements for the ex-ante evaluation.

Social Dialogue

Objective

To progress social dialogue at EU, national and enterprise level.

Strategic Action:

We will contribute to the social dialogue process at EU and national levels.

Employment, Social Policy, Health and Consumer Affairs Council

The Department of Enterprise, Trade and Employment co-ordinates the Irish input into the Employment, Social Policy, Health and Consumer Affairs (ESPHCA) Council of Ministers at EU level. The work of the Council falls under the remit of this Department, the Department of Social & Family Affairs, the Department of Justice, Equality & Law Reform and the Department of Health and Children. In 2006, the Council met formally in March, June and December. In addition, an extraordinary Council was convened in November 2006. Informal Council meetings were held in January 2006 in Villach under the Austrian Presidency and in Helsinki in July 2006 under the Finnish Presidency. The Minister for Labour Affairs, Tony Killeen, TD, represented Ireland at each of the Council meetings.

Council of Ministers meetings are where the Ministers from all EU Member States and the European Commission meet to debate, review and agree on EU wide policies in whichever areas are covered by the particular Council.

Formal Councils

The key employment issue on the agenda at the March 2006 Council was the adoption of its contribution to the European Spring Council (meeting of Heads of State and/or Government). As part of this preparation, the Council also held an exchange of views on the Tripartite (employers, workers & Government representatives) Social Summit for growth and employment scheduled for the eve of

the Spring European Council. The Council was also briefed by the European Commission on its report on transitional arrangements regarding the free movement of workers set out in the 2003 Accession Treaty, and the Commission presented its proposal to Council to establish a European Globalisation Fund. Political agreement could not be reached at the June Council on the main item on the agenda - the Review of the Working Time Directive - despite the tabling of several new texts in an attempt to find a compromise regarding the "opt-out clause". Political agreement was reached on the Community Programme for Employment and Social Solidarity (PROGRESS), and the Guidelines for the Employment Policies for Member States. The Council also endorsed the Employment Committee and Social Protection Committee opinions on 'Flexicurity' (promoting a balance between labour market flexibility and job security/social protection), as well as the Review of the EU Strategy for Sustainable Development.

At the December Formal Council, Ministers debated the Commission's new Green Paper, "Communication on Modernising European Labour Law", a consultation document seeking to encourage public debate on how European Labour Law can be best updated to meet the challenges ahead. The Council adopted Conclusions on Decent Work, and the Employment Committee opinion on National Reform Programmes was agreed. The Council also endorsed the Employment Committee opinion on enhancing productivity and on people at the margins of the labour market.

Informal Councils

In January 2006, an ESPHCA Informal Council was held in Villach, Austria. The two main items on the agenda were Flexicurity and the social dimension of the revised Lisbon Strategy. The July 2006 Informal Council meeting, held in Helsinki, addressed challenges for EU Member States posed by globalisation, technological development and demographic change.

Strategic Actions:

We will actively represent the Department in the national social partnership process, including negotiations on a successor to Sustaining Progress.

We will implement the relevant provisions of Sustaining Progress and any successor Agreement within the required time frame.

Together with the Social Partners and other Government Departments, the Department of Enterprise, Trade and Employment participated in the negotiations led by the Department of the Taoiseach which concluded with Ireland's new social partnership agreement, *Towards 2016*, agreed in 2006. This included a major package of employment rights measures and the Department began the implementation of these measures during 2006 as set out in this report under the heading legislative, compliance and dispute resolution later on in this chapter.

Strategic Action:

We will implement agreed recommendations from the Forum on the Workplace of the Future.

The First Report of the High-Level Implementation Group on the National Workplace Strategy – "*Working to our Advantage - A National Workplace Strategy*" - was submitted to the Government and published on 3 August 2006. The Report outlined the progress made to date in implementing key elements of the National Workplace Strategy, i.e. Promoting Capacity for Change, Developing Future Skills, Access to Opportunities, Quality of Working Life and the Workplace Innovation Fund. The National Workplace Strategy, which was launched in 2005, resulted from the Forum on the Workplace of the Future, which was established by Government to assess the readiness of Ireland's workplaces to meet the challenges of our emerging knowledge economy. Its central proposition is that Ireland's competitiveness as a knowledge-based economy will depend significantly on the capacity of organisations to achieve transformative change

through innovative work practices. The Implementation Group is composed of senior representatives from relevant Departments, State Agencies and the Social Partners, with the National Centre for Partnership and Performance (NCPP) acting as secretariat. The Report is available on the NCPP's website, at www.ncpp.ie/forum.

Legislative, Compliance & Dispute Resolution

Objective

To provide effective legislative, compliance and dispute resolution provisions in the area of employment rights, including health and safety, and industrial relations.

Strategic Action:

We will introduce effective legislative provisions to transpose EU and ILO obligations.

Employees (Provision of Information and Consultation) Act 2006

The Employees (Provision of Information and Consultation) Act 2006 came into operation on 24 July 2006. The purpose of the Act, which implements EU Directive 2002/14/EC of 11 March 2002, is to provide for the establishment of a general framework setting out minimum requirements for the right to information and consultation of employees in undertakings with at least 50 employees. It provides a general right to information and consultation for employees from their employer on developments within the enterprise which directly affect them.

European Company Statute

The European Company Statute is a new legal instrument that gives companies with commercial interests in more than one Member State the option of forming a European Company (to be known as *Societas Europea*, "SE"). The Statute consists of a Regulation and a Directive. A new SE cannot be registered without first negotiating with employees on their involvement in the Company. The employee

involvement aspects are regulated in Ireland by the European Communities (European Public Limited-Liability Company) (Employee Involvement) Regulations 2006 which implement EU Directive 2001/86/EC of 8 October 2001. These regulations were signed into law on 14 December 2006.

Strategic Actions:

We will give legislative effect, as required, to commitments arising under social partnership or to take account of the evolving industrial relations environment.

We will follow up on the Review of the Mandate and Resourcing of the Labour Inspectorate.

National Employment Rights Authority – Employment Law Compliance Bill 2007

The measures agreed under *Towards 2016* included: the establishment of a new statutory Office (the National Employment Rights Authority), operating on a regional basis, dedicated to Employment Rights compliance and led by a Director at top management level; a trebling of the number of Labour Inspectors to 90; the provision of legal, accounting and other administrative support to the new office to ensure its effective functioning; and the proactive promotion of employment rights; and enhanced inspection arrangements. A new Section, the *Towards 2016* Employment Rights Legislation Section, dedicated to the task of delivering on commitments in *Towards 2016*, was established by the Department in the last quarter of 2006 to introduce new legislation for the establishment of the new Authority and underpinning employment rights compliance - including the strengthening of penalties and redress and strengthening compliance in the electrical contracting sector. Preparatory work commenced on drafting the Scheme of the Employment Law Compliance Bill 2007. The commitment in *Towards 2016* anticipates publication of the Bill before the end of 2007.

New Compliance Model

In accordance with the Agreement, the legislation is being prepared which will give effect to a New Compliance Model which seeks to maximise the

effectiveness of the substantially increased compliance effort and simplify the adjudication and redress mechanisms available in the employment rights area. The Model will include education and awareness programmes, promotional activities, increased inspection activity, increased penalties and improved access to redress.

New Resources for Employment Rights Bodies

Given the increasing demands on the employment rights bodies in the rapidly growing labour force for compliance enforcement, adjudication and redress and with a view to improving the industrial relations climate and customer service outcomes, a commitment was also made, under the *Towards 2016* Agreement, to augment the staff of the Labour Court and the Rights Commissioner Service of the Labour Relations Commission. Additional resources were also committed to the Employment Appeals Tribunal

Exceptional Collective Redundancies

Drafting of the Protection of Employment (Exceptional Collective Redundancies and Related Matters) Bill 2007 commenced in 2006. The Bill is mainly concerned with the implementation of Sections 18 and 19 of part two of *Towards 2016*. Under Section 18 of the Agreement, there is provision for a Redundancy Panel, which can request the Minister for Enterprise, Trade and Employment to refer certain compulsory collective redundancies to the Labour Court for an Opinion as to whether or not they are genuine redundancies. If they are not, the Minister can refuse to pay the statutory redundancy rebate to the employer, with the employees being entitled to take an Unfair Dismissals case with enhanced compensation under an amendment to be made to the Unfair Dismissals legislation. Under Section 19 of the Agreement, there is provision for protection for employees in a strike/lockout situation where *all* workers are dismissed. This also involves an amendment to Unfair Dismissals legislation. A number of other measures to update employment rights legislation are also included, principally the removal of the upper age limit of 66 for statutory redundancy entitlement and the implementation of the mandatory judgement of the European Court of Justice in the “Junk v Kuhnel” case

of 27 January, 2005. This measure will provide that employers cannot issue individual redundancy notices until the 30-day notice and consultation period under the Protection of Employment Act 1977 has elapsed.

Review of the Employment Agency Act 1971

It was agreed between the Government and the Social Partners that the existing regulatory arrangements in respect of employment agencies and agency workers need to be reinforced by putting in place a statutory requirement that all employment agencies established, or operating, in Ireland hold a licence. In this regard, the legislation will set out the conditions for the granting of a licence. The proposed legislation will also put in place a statutory Code of Practice (COP), and a Monitoring and Advisory Committee is to be established. Compliance with the COP will be a condition for the granting of a licence. Draft Heads of the Employment Agency Regulation Bill 2006 were drawn up, providing for the licensing of all employment agencies operating in Ireland, including those from abroad and those operating on-line. In October 2006, the draft Heads were circulated in advance to the Social Partners prior to the publication of the Bill early in 2007.

National Minimum Wage

ICTU and IBEC agreed, under *Towards 2016*, that the minimum wage should be adjusted with effect from 1 January 2007. As the parties could not reach agreement on the new rate, ICTU asked the Labour Court to consider the issue and to make a recommendation on a new rate. The Labour Court, in considering the matter, consulted both employer and employee representative bodies and, on 29 November 2006, recommended to the Minister for Enterprise, Trade and Employment, Micheál Martin TD, that the minimum hourly rate of pay should be increased to €8.30 with effect from 1 January 2007, and to €8.65 with effect from 1 July 2007. By Order signed on 20 December 2006, the Minister gave effect to the Court's recommendation.

Code of Practice for Domestic Workers

The Labour Relations Commission was requested, in 2006, to develop a Code of Practice on the current employment rights and protections for employees

working in other people's homes. The Commission is finalising its work on the preparation of the Code following consultation with the Social Partners, and it is expected that work will be completed early in 2007.

Work Life Balance

The work of the National Framework Committee for Work/Life Balance Policies continued in 2006 with, among other activities, the holding of Work Life Balance Day on 1 March 2006. The Committee, which was established under the Programme for Prosperity and Fairness and continued under *Towards 2016*, is charged with supporting and facilitating the development of family friendly policies at the level of the enterprise through the development of a package of practical measures that can be applied. The Committee comprises representatives from IBEC, ICTU, the Equality Authority, a number of Government Departments including the Departments of the Taoiseach, Finance, Justice, Equality and Law Reform, Social and Family Affairs, and is chaired by the Department of Enterprise, Trade and Employment.

Partnership Pensions Review Group

The Government and the Social Partners agreed, in the context of *Towards 2016*, that the issue of pensions must be dealt with as a priority. They also agreed to co-operate in formulating a comprehensive approach to future policy in the course of 2007. A Partnership Pensions Review Group, chaired by the Department of the Taoiseach and including the Department of Social and Family Affairs, the Department of Finance, the Pensions Board, the Department of Enterprise, Trade and Employment, ICTU and IBEC is overseeing the pensions review. Work commenced in 2006 on a number of items to be delivered in 2007, including a Government Green Paper on Pensions to be published at the end of March; an open Public Consultation to be conducted in the period April to September; a Government Framework to address the Pensions Agenda over the longer term to be published in September/October; and a review, to be completed by the end of 2007, of the optional pensions provision in the Transfer of Undertakings Directive 2001/23/EC, in relation to the transfer of occupational pension rights.

European Communities (Protection of Employees on Transfer of Undertakings) Regulations 2003

The 2003 Regulations transpose the mandatory provisions of the Transfer of Undertakings Directive (2001/23/EC) into Irish law. The Directive provides that, when employees move in a “transfer of undertakings” situation from one employer to another employer, such as in a merger/acquisition or the transfer of a lease or contract, the employees retain, subject to some exceptions, the conditions of service in their original contracts of employment. A commitment was given in Sustaining Progress that the Government would consult the Social Partners on the optional provisions of the Directive. One of the optional provisions, i.e., Article 3.2 on the option to provide for an obligation on the transfer or (the former employer) to inform the transferee (the new employer) of the rights and obligations which will be transferred to the transferee, was enacted by way of section 21 of the Employees (Provision of Information and Consultation) Act 2006. In relation to all but one of the other optional provisions, the conclusion from the consultation was that enactment into Irish law was not appropriate. The one optional provision remaining to be decided on is the provision in article 3.4 of the Directive on the transfer of supplementary pension rights. This is referred to above in the context of the Partnership Pension Review Group.

Review of the Carer’s Leave Act 2001

The Carer’s Leave Act 2001 was amended in the Social Welfare Law Reform and Pensions Act 2006. The amendment extended the maximum carer’s leave entitlement from 65 weeks to 104 weeks and came into effect on 24 March 2006. This amendment followed the extension of the parallel Carer’s Benefit Scheme administered by the Department of Social and Family Affairs whereby the maximum duration for receipt of Carer’s Benefit payment increased from 65 weeks to 104 weeks also.

Strategic Action:

We will, in conjunction with other Member States, and in consultation with other relevant Departments and the Social Partners, review the EU Directive on Working Time.

In the first half of 2006, the Employment, Social Policy and Health and Consumer Affairs (ESPHCA) Council, under the Austrian Presidency, held extensive discussions on the draft Working Time Directive. While the discussion at the ESPHCA Council on 1 June 2006 contributed to identifying elements of a solution to the “opt-out” issue, it was still not possible to reach agreement. The Finnish Presidency held a “stand alone” ESPHCA Council on this dossier on 7 November but agreement could not be reached. The Commission has indicated that, in these circumstances, it would have no option but to take the necessary measures to ensure that the present Directive, as interpreted by several European Court of Justice (ECJ) rulings, is implemented by Member States correctly. This could lead to infringement proceedings being taken against Member States, including Ireland. Ireland is currently preparing a report for the Commission on how its legislation is complying with the Directive in the context of the ECJ rulings.

Strategic Actions:

We will consolidate the corpus of employment law and develop proposals, in conjunction with the interested parties, in relation to the structures and procedures of the employment rights bodies.

We will enhance compliance with employment rights legislation by revising procedures and developing proposals for consideration by Government.

The Employment Rights Group (ERG), comprising representatives of a small number of Government Departments, the Social Partners and the Employment Rights Bodies, was established to consider the

operational implications of implementing a programme of action agreed by Government to facilitate the simplification of procedures and provide greater ease of access for all users of the services of the employment rights bodies. By the end of 2006, significant progress had been made in relation to the delivery of key elements of the Group's agenda. Discussions took place in the ERG on such matters as the new operating mandates of the employment rights bodies, the likely caseloads to be handled by the different bodies under new arrangements, including personnel resources, together with simplifying and streamlining procedures and improving the level of customer service in the bodies. Working Groups were established in each of the bodies to examine the issue of the delivery of services to their customers and customer service improvements have been implemented in the bodies. A number of issues central to the work of the Group were prioritised for detailed discussion in the partnership talks in 2006, where the Social Partners (who are also ERG participants) were represented. This had the effect of accelerating the deliberative process and, accordingly, *Towards 2016* contained a commitment that legislation to provide a new model of compliance and increased penalties across employment rights legislation would be published in 2007, as outlined earlier in this chapter.

Strategic Actions:

We will enact new Health & Safety legislation and subsequently update the associated general application regulations as well as a number of sector-specific regulations.

We will develop guidelines for all actors in the sphere of occupational safety, health and welfare.

Much of the activity in the area of occupational health and safety in 2006 focused on the continuing review of regulations and the enactment of EU Legislation. As part of the objective to provide effective legislation, the Department published the *Report on the Economic Impact of the Safety, Health and Welfare at Work*

Legislation prepared by Indecon Economic Consultants. The report estimates that work-related ill health and accidents could be costing the Irish economy as much as €3.6 billion per annum. Attitudinal surveys of firms' views on the legislation show an encouraging level of positive support. The majority felt that the legislation was effective in reducing accident and insurance costs, particularly in the construction sector. The report is available on the Department's website, www.entemp.ie.

The Safety, Health and Welfare at Work (Construction) Regulations 2006 came into force on 6 November 2006. The Regulations were the culmination of a comprehensive review process begun at the Construction Advisory Committee of the Health & Safety Authority (HSA) in 2002. A Regulatory Impact Assessment, the first such report on significant occupational safety and health legislation, accompanied the regulations on publication. Guides to the Construction and Work at Height regulations were also prepared and are now publicly available on the HSA's website, www.hsa.ie. The revision of the General Application Regulations advanced during the year, and the HSA undertook a public consultation process on revisions to particular parts of the draft. At year's end, a final draft was being prepared for submission to the Office of the Parliamentary Counsel for legal drafting.

New draft regulations for the quarries sector have also been submitted to the Office of the Parliamentary Counsel and the regulations are expected to be signed into law in Spring 2007.

A Code of Practice for the Prevention of Accidents and Occupational Ill Health in Agriculture was launched by the Minister for Labour Affairs, Tony Killeen, TD, at the 2006 World Ploughing Championships in September. The aim of the code is to improve the level of safety and health among all people engaged in the agriculture sector by providing practical guidance for the observance of the Safety, Health and Welfare at Work Act 2005.

A number of new sets of regulations gave effect to EU Directives on occupational safety and health. The regulations are:

- Safety, Health and Welfare at Work (Work at Height) Regulations 2006 (Directive 2001/45/EC);
- Safety, Health and Welfare at Work (Control of Vibration at Work) Regulations 2006 (Directive 2002/44/EC);
- Safety, Health and Welfare at Work (Control of Noise at Work) Regulations 2006 (Directive 2003/10/EC); and
- Safety, Health and Welfare at Work (Exposure to Asbestos) Regulations 2006 (Directive 2003/18/EC).

The Department also transposed a number of Directives relating to chemicals and dangerous substances during 2006 through the following:

- European Communities (Control of Major Accident Hazards Involving Dangerous Substances) Regulations 2006 (Directive 2003/105/EC – the “Seveso II” Directive);
- Carriage of Dangerous Goods by Road Regulations 2006, European Communities (Carriage of Dangerous Goods by Road) (ADR Miscellaneous Provisions) Regulations 2006, Carriage of Dangerous Goods by Road Act 1998 (Appointment of Competent Authorities) Order 2006, Carriage of Dangerous Goods by Road Act 1998 (Fees) Regulations 2006 (Directives 2004/111/EC and 2004/112/EC);
- European Communities (Dangerous Substances and Preparations) (Marketing and Use) (Amendment) Regulations 2006 (Directives 2005/59/EC, 2005/69/EC, 2005/84/EC and 2005/90/EC); and
- European Communities (Classification, Packaging, Labelling and Notification of Dangerous Substances) (Amendment) Regulations 2006 (Directive 2004/73/EC).

The ADR - the International Carriage of Dangerous Goods Agreement - is an agreement drawn up by the United Nations Economic Commission for Europe. Its main purpose is to increase the safety of international transport of dangerous goods by road. The Department facilitated the formal accession of Ireland to the ADR, which took effect from 12 October 2006.

In line with one of the recommendations of the Report of the Expert Advisory Group on Workplace Bullying, the Department commissioned the ESRI to carry out a follow-up survey to one carried out in 2001 on the incidence of workplace bullying. The purpose of the survey is to establish a baseline from which the effectiveness of structures and processes put in place since 2001 could be measured. The survey is currently being finalised, for completion in early 2007. The Minister for Labour Affairs, Tony Killeen TD, has given a commitment to publish the results of the survey. He has also asked the Health & Safety Authority to update its 2002 Code of Practice on Workplace Bullying and bring it into line with the Safety, Health and Welfare at Work Act 2005. It is expected that the revised Code of Practice will be published early in 2007.

Strategic Action:

We will review service delivery in the Employment Appeals Tribunal.

The Employment Appeals Tribunal presented its review of internal procedures to the Minister for Labour Affairs, Tony Killeen TD, in April 2006. This was followed by the introduction of a Customer Charter. The Tribunal undertook a number of other initiatives to improve the delivery of its services and to provide better access to information on those services. An important step in achieving this was the launching of the Tribunal's website on 3 April 2006. The website recorded 1.96 million “hits” during the period from its launch to the end of the year.

The Tribunal also initiated a programme entitled “School’s Out: Learning in the Workplace”, which is aimed at second and third level students to support their studies in the area of employment rights. In that context, a number of educational establishments took the opportunity to visit the Tribunal to experience at first hand the work it carries out. In addition, the Tribunal continued its active participation on the Employment Rights Group, which was established by the Minister for Labour Affairs in 2005.

Additional Activities Undertaken in Pursuit of this Objective

As part of the Department’s supports for promoting increased awareness of the rights, entitlements and obligations of employees and employers in the areas of employment rights, the Department continued to deliver a number of specific activities in 2006:

Employment Rights Information

A total of 132,101 enquiries were handled in 2006 by the Employment Rights Information Unit of the Department. It responded to 3,768 e-mail contacts, 4,595 voice mail requests and 1,319 ‘person-to-person’ consultations. The Employment Rights information page on the Department’s website recorded an average of 10,000 visits each month. Thirteen visits were made to Citizens Information Centres to update them on employment legislation. A total of 18 presentations on employment rights were made to schools and colleges, migrant centres and Chambers of Commerce, and the Department was represented at four exhibitions, one of which was held in Poland and one in New York.

Employment Rights Inspection

During 2006, the Labour Inspectorate carried out a total of 15,670 inspections and visits, a significant increase on the figure of 5,719 in 2005. Inspections and visits were conducted to determine and ensure compliance with a broad corpus of legislation

including the National Minimum Wage Act, the Organisation of Working Time Act, the Payment of Wages Act, and Employment Regulation Orders and Registered Employment Agreements governing pay and conditions of employment in the Catering, Hotels, Security, Agriculture, and other sectors. A total of 3,247 inspections and visits were undertaken in respect of the Protection of Young Persons Employment Act 1996 of which 1,766 were conducted at night. The Inspectorate collected arrears of monies underpaid to employees in respect of wages, overtime, holiday pay, etc. amounting to almost €1.4 million during the year. A total of 12 cases arising from Labour Inspectorate activity were referred to the Chief State Solicitor’s Office (CSSO) for prosecution.

Employment Rights Prosecution and Enforcement

The Department initiates prosecutions on behalf of the Minister for Enterprise, Trade and Employment for alleged breaches of certain employment rights legislation. Cases processed in 2006, compared with 2005, were as follows:

| | 2005 | 2006 |
|--|------|------|
| Number of cases referred to CSSO | 59 | 62 |
| Number of convictions | 31 | 26 |
| Cases Successfully Concluded/Withdrawn | 29 | 31 |

The Department also deals with the enforcement of awards of both the Labour Court and the Employment Appeals Tribunal through the Courts. Enforcement activity in 2006, compared with 2005, was as follows:

| | 2005 | 2006 |
|------------------------|---------|----------|
| New Cases Registered | 59 | 47 |
| Cases Referred to CSSO | 24 | 19 |
| Cases Concluded | 53 | 61 |
| Arrears Collected | €93,000 | €193,056 |

Under the Protection of Young Persons Employment Act 1996, children working in the entertainment industry must be covered by licence. The Department issued 150 licences in this regard in 2006 as against 79 in 2005.

Employment Appeals Tribunal

The Tribunal disposed of 3,169 cases under the large amount of legislation within its remit in 2006. The number of claims and appeals referred to the Tribunal during the year was 3,480, down from 3,727 in 2005. However, an increasing proportion of cases are being referred under the Unfair Dismissals Acts, which is placing greater time demands on the Tribunal.

Redundancy Payments

The Department made Redundancy Payments totalling approximately €166.5 million in respect of 23,684 employees in 2006. The following is a breakdown of redundancies in 2006 by sector:

| Industrial Group | Number of Employees | | |
|---|---------------------|--------------|---------------|
| | Male | Female | Total |
| Agriculture/Forestry and Fisheries | 598 | 245 | 843 |
| Energy and Water | 130 | 184 | 314 |
| Extraction Industry (Chemical Products) | 368 | 61 | 429 |
| Metal Manufacturing and Engineering | 929 | 322 | 1,251 |
| Other Manufacturing | 3,584 | 2,461 | 6,045 |
| Building and Civil Engineering | 1,946 | 180 | 2,126 |
| Distributive Trades | 1,189 | 1,162 | 2,351 |
| Transport and Communications | 1,234 | 431 | 1,665 |
| Other Services | 3,477 | 3,948 | 7,425 |
| Banking, Finance & Insurance | 626 | 609 | 1,235 |
| TOTAL | 14,081 | 9,603 | 23,684 |

Insolvency Payments

Claims processed under the Insolvency Payments Scheme in 2006 totalled 4,687, involving 2,022 employees and 156 employers. The total expenditure was approximately €4.3 million. The overall average waiting time for unqueried cases in 2006 was less than 3.5 weeks.

Review of Redundancy and Insolvency Recovery Procedures

During the year, a review of the Redundancy and Insolvency Recovery procedures was undertaken to ascertain how best to streamline and improve the recovery of debts due to the Social Insurance Fund. The current legal powers and obligations were identified and a research of write-off procedures and sample case histories was carried out. In a relatively small number of cases, where the employer is unable or unwilling to pay redundancy payments, the Department pays the amount from the Social Insurance Fund. This money must, where possible, be recovered by the Department and paid back to the Social Insurance Fund. In the case of all Insolvency and some Redundancy Payments, however, where the employer is insolvent, little, if any, of the debt might be recoverable from the liquidator or receiver. New options for recovery procedures are now being considered following the review.



PILLAR 3

Making Markets & Regulation Work Better

Competition Authority

Objective

To ensure that the Competition Authority is adequately resourced and empowered to fulfil its mission.

Strategic Action:

We will assist the Authority in expanding its Mergers Division to meet increased demand and will keep the staffing and funding of the Authority under review going forward.

Having expanded the Competition Authority's Merger Division in 2005, the focus in 2006 was on the Cartel Division. With an increased budget allocation, the Authority was able to appoint seven new case officers to its Cartel's Division in 2006. These additional resources allow the Competition Authority to investigate more allegations of hard-core cartel activity than it could previously. This latest increase means that the Authority's staff complement has effectively doubled since 2000.

During 2006, Mr William Prasifka was appointed as Chairperson of the Competition Authority, Mr Stanley Wong and Ms Carolyn Galbreath were appointed as Members of the Authority and Mr Declan Purcell was reappointed as Member of the Authority.

Competition in Sheltered Sectors

Objective

To remove restrictions on competition and open up sheltered sectors of the economy.

Strategic Actions:

We will analyse existing regulatory provisions that restrict competition and proposals for new regulation or legislation with a view to seeking the elimination of any unwarranted constraints on competition.

We will further enhance the role of competition and consumer policy to remove restrictions on competition and open up sheltered sectors of the economy

Authority Studies

Throughout 2006 work continued on the Authority's analysis of competition in the market for professional services. This comprehensive study focuses on engineers, architects, solicitors, barristers, veterinarians, dentists, optometrists and doctors. In respect of each of these professions, the Authority's strategy was to release a preliminary report first, containing initial proposals for improving competition, and thereby allowing a period of consultation with interested parties before the publication of a final report.

In 2006, the Authority published its final reports in respect of Architects, Optometrists and Solicitors and Barristers.²⁰

The Restrictive Practices (Groceries) Order 1987

Following on from the 2005 recommendation of the Consumer Strategy Group that the Groceries Order should be revoked, and the subsequent public consultation process, the Restrictive Practices (Groceries) Order 1987 was revoked by the enactment of the Competition (Amendment) Act 2006 in March 2006. In addition to abolishing the Groceries Order, the 2006 Act also strengthens the provisions of the Competition Act, 2002 by specifically prohibiting the fixing of minimum retail prices by suppliers (resale price maintenance), unfair discrimination in the grocery trade and the payment of advertising allowances and "hello money".

In order to ensure that the benefits of removing the Order are not thwarted by the emergence of other anti-competitive practices, the Minister for Enterprise, Trade and Employment, Micheál Martin TD, asked the Competition Authority to review and monitor developments in the grocery sector in light of the

²⁰ <http://www.tca.ie/PromotingCompetition/MarketStudies/MarketStudies.aspx>



Micheál Martin TD, Minister for Enterprise, Trade and Employment at the Announcement of the new Consumer Bill.

new regulatory environment. Since the removal of the Order, the Authority has received no complaints of anti-competitive behaviour in the sector, nor has it seen any evidence of such behaviour. The Authority's monitoring of the sector is ongoing and it intends to publish, later in 2007, an analysis of developments in the grocery sector focusing on pricing trends, market structure and barriers to entry.

Consumer Policy

Objective

To formulate and implement a new consumer policy in line with best international practice and based on a modern institutional and legislative framework.

Strategic Actions:

We will develop a new consumer policy and associated support structures aimed at promoting and protecting the interests of consumers based on the work of the Consumer Strategy Group.

We will progress the review of existing consumer legislation to ensure that consumer law is more readily understood and meets consumer needs.

The main recommendation of the Consumer Strategy Group, whose report was published in May 2005, was that a new National Consumer Agency should be established. This recommendation was endorsed by the High Level Inter-Departmental Committee established to examine the implementation of the Consumer Strategy Group recommendations in its report which was published in February 2006. In this regard, the General Scheme of the Bill to establish the new Agency was published in August 2006. In addition to the establishment of the new Agency, the Bill will also transpose into Irish law the Unfair Commercial Practices Directive and will repeal, with the retention in updated form of a limited number of their provisions, nine existing consumer protection statutes governing false and misleading advertising and trade descriptions, price display and price control, and pyramid selling. The Bill proposes that the Agency shall have specific statutory functions in areas such as consumer advocacy, research, education and

awareness, enforcement and information as recommended by the Consumer Strategy Group and endorsed by the High Level Inter-Departmental Committee. It is expected that the Bill will be published early in 2007 and that the new Agency will be established on a statutory basis in the first half of the year.

An Interim Board of the National Consumer Agency was appointed in May 2005 to prepare the way until the Agency is established on a statutory basis. In the course of 2006, the Interim Board has been active in a significant number of areas. It has established a consumer helpline (1890 432432) which has dealt with over 25,000 calls to date. In November, the Interim Board launched the Agency's website (www.consumerconnect.ie) which contains information and guides on areas as diverse as prices, travel, buying online and product safety. In October 2006, the Interim Board published a comprehensive report on Management Fees and Service Charges Levied on Owners of Property in Multi-Unit Dwellings and produced an accompanying consumer advice booklet. In November the National Consumer Agency commenced a year-long TV, radio and print awareness campaign with its key messages including 'how to spot a scam', 'what to watch out for when buying online' and 'don't be pressurised into making a quick decision'.

Company Law & Regulatory Agencies²¹

Objective

To cooperate with, support and monitor the CRO, RFS, ODCE and IAASA (when formally established) in pursuit of the high level goal of delivering high standards of corporate governance.

Strategic Action:

We will implement the Companies (Auditing and Accounting) Act 2003 and in particular establish on a statutory basis the Irish Auditing and Accounting Supervisory Authority as soon as possible.

The Irish Auditing and Accounting Supervisory Authority was established statutorily on 3 January 2006. It has been actively involved in supervision of the regulation by accountancy bodies of their auditor/accountant members. In addition, the Minister for Trade & Commerce, Michael Ahern TD, has designated the Irish Auditing and Accounting Supervisory Authority as a Competent Authority for purposes of the Transparency Directive (2004/109/EC) in respect of the review of accounts of listed companies function provided for in the Directive. The Minister for Trade and Commerce, Michael Ahern TD, also referred to the Irish Auditing and Accounting Supervisory Authority for consideration, the issue of protection of the term "accountant", and having conveyed its preliminary conclusions to the Minister, the Irish Auditing and Accounting Supervisory Authority is due to complete this review in the first half of 2007.

Arising from the recommendation of the Small Business Forum Report for an increase in the audit exemption thresholds for small companies, the Department, through the Investment Funds, Companies and Miscellaneous Provisions Act 2006, effected new audit exemption thresholds - turnover €7.3 million and balance sheet €3.65 million - with effect from 24 December 2006.

²¹ Matters relating to company law and regulatory agencies will be reported on more fully in the Companies Report 2006, which is required to be laid before the Oireachtas not later than end July 2007.

Companies Legislative Framework for the Financial Services Industry

Objective

To provide a flexible legislative framework for the corporate vehicles used by the financial services industry. This will facilitate the further development of Ireland's competitive position as an attractive location for the establishment of financial services companies.

Strategic Action:

We will develop proposals for the consolidation of legislative provisions applying to all investment companies.

A draft proposal was prepared for the consolidation/streamlining of provisions relating to all Collective Investment Schemes. Consultation was initiated with the Financial Regulator and Industry.

Meanwhile, the Minister for Finance is preparing a General Scheme of a Bill to consolidate existing legislation for the regulation of financial services. An expert advisory forum is being set up to assist that Department in the preparation of the draft legislation as well as complementary modernisation and simplification that can be achieved as part of the consolidation process. It has been agreed that the proposed advisory forum will consider the merits of including the legislation relating to Collective Investment Schemes in the consolidated Bill. A detailed submission will be made to the advisory forum by the Minister for Enterprise, Trade and Employment and the Department in due course.

Additional Strategic Action Undertaken in Pursuit of Objective

Investment Funds, Companies and Miscellaneous Provisions Act 2006

The main provisions of the Act are the amendment of the Companies Acts 1963-2005 dealing with matters relating to:

- Private Companies and their ability to offer shares and debentures;
- Increase of audit exemption thresholds;
- Dematerialisation of securities certification;
- Guarantor liability for prospectus content; and
- Consent of experts relating to material provided by them in Prospectuses

The Act also has provisions to enable the transposition of the EU Transparency Directive (including the involvement of the Irish Auditing and Accounting Supervisory Authority) which is due to be transposed into Irish law by January 2007. The Takeover Panel Act 1997 is amended to provide for the complete transposition of the EU Takeovers Directive, which was transposed into Irish law to meet the EU deadline of 20 May 2006. The Consumer Information Act 1978 was amended to allow for the appointment of a person to perform the functions of the Director of Consumer Affairs for a period of more than 6 months. There are also provisions for Statutory Declarations made abroad for the purposes of the Companies Acts and for the amendment of the Netting of Financial Contracts Act 1995 to ensure the protections of that Act for Common Contractual Funds.

EU Legislation on Company Law

Objective

To contribute to the legislative work of the EU Council and Commission on company law in order to strengthen and develop the Internal Market.

Strategic Actions:

We will enact a programme of primary and secondary company legislation as appropriate to provide for the transposition of new EU legislation, including:

- *European Company Statute;*
- *European Cooperative Statute;*
- *Amendments to the First Company Law Directive;*
- *Insider dealing and Market Manipulation (Market Abuse) Directive²²*
- *International Accounting Standards Regulation²³*
- *Modernisation of Accounting, Prospectuses, Takeovers, Transparency Obligations Directives*

We will participate in negotiations on measures currently before the EU Council and in respect of new measures expected to be brought forward from the Corporate Governance/Company Law Action Plan over the next three years.

European Company Statute Regulation (2157/2001/EC)

This Statute provides certain companies with the option of forming a European Company known officially by its Latin name of 'Societas Europae' (SE). Essentially, the Statute gives companies operating in more than one Member State the option of being

recognised as a single company under EU law. This will enable them to function across the European Union with one set of rules and a unified management and reporting system. An SE is established by two pieces of legislation, namely Regulation EC 2157/2001 (establishing the company law rules), and Directive 2001/86/EC (on worker involvement).

European Communities (European Public Limited-Liability Company) (Employee Involvement) Regulations 2006 (SI No. 623), transposing Directive 2001/86/EC, which supplements the Statute for a European company with regard to the involvement of employees, came into force on the 14 December 2006. Secondary legislation to give effect to Regulation EC 2157/2001 is due to be enacted in January 2007.

European Co-operative Statute (1435/2003/EC)

Work on the implementation of Council Regulation (EC) No. 1435/2003 on the Statute for a European Cooperative Society (SCE) was at an advanced stage at year end and is expected to be completed by mid-2007.

Amendments to the First Company Law Directive (2003/58/EC)

Work on the transposing of Directive 2003/58/EC of the European Parliament on information disclosure was completed in early 2007.

Additional activity undertaken in pursuit of this objective

Takeover Bids Directive (2004/25/EC)

Regulations entitled European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 (SI No. 255 of 2006) transposing Directive 2004/25/EC on takeover bids came into operation on 20 May 2006. These Regulations provide for certain general principles and rules on how takeovers of listed companies in the EU should be conducted and supervised. The objective is to protect the interests of all concerned in the course of such transactions in a fair and balanced manner. The Regulations designate the Irish Takeover Panel as the

²² Directive given full effect in 2005 and reported on at that time.

²³ Regulation given full effect in 2005 and reported on at that time.

supervisory authority for purposes of the Directive. The Panel has been operating domestically in such a supervisory capacity since 1997, on foot of its statutory establishment in the role by virtue of the Irish Takeover Panel Act 1997.

Amendment to the Fourth and Seventh Directives

The Fourth (78/660/EEC) and Seventh (83/349/EEC) Company Law Directives primarily form the basis for EU accounting requirements dealing with the annual accounts of certain types of companies and consolidated accounts. Directive 2006/46/EC, which was adopted on 14 June 2006, amends the Fourth and Seventh Directives. The purpose of the amendment is to further enhance confidence in the financial statements and annual reports published by EU companies, by requiring them to provide more reliable and complete information to shareholders and other stakeholders. Directive 2006/46/EC requires to be transposed by 5 September 2008.

Amendment to the Eighth Directive

The Eight Directive on Company Law (Council Directive 84/253/EEC) deals with the professional integrity, independence and qualifications of corporate auditors. Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC, was adopted on 17 May 2006 and requires to be transposed by 29 June 2008. The Directive reinforces and harmonises the statutory audit function throughout the EU and sets out principles for public supervision in all Member States, along with a requirement for external quality assurance and clarifies the duties of statutory auditors. It also sets out principles of independence applicable to all statutory auditors and further improves the independence of auditors by requiring listed companies to set up an audit committee with clear functions to perform.

Amendment to the Second Company Law Directive

The Second Company Law Directive (77/91/EEC), which was adopted in 1976, deals with issues relating to public limited liability companies including formation, minimum share capital requirement, distributions to shareholders, increase in capital and reduction in capital. Directive 2006/68/EC, which was adopted on 6 September 2006, amends the Second Company Law Directive in relation to the formation of public limited liability companies and the maintenance and alteration of their capital. The Directive establishes the conditions that must be satisfied in order to ensure that the capital of the company is maintained in the interest of creditors. Furthermore, it aims at protecting minority shareholders and states the principle that all shareholders who are in the same position should be treated in the same way. This Directive is due to be transposed into Irish legislation by 15 April 2008.

Proposal for a Directive of the European Parliament and of the Council on the exercise of voting rights by shareholders

This proposal arises from the European Commission's "Action Plan on Modernising Company Law and Enhancing Corporate Governance in the European Union", and was brought forward by the Commission on 10 January 2006. It seeks to achieve effective simplification of the cross-border voting process and reduction in the disparities between Member States and focuses on selected rights of shareholders in the general meeting. It introduces minimum standards to ensure that company shareholders have timely access to complete information in relation to general meetings of the company and have simplified ways of voting without attending the general meeting. Member States are left free to maintain or introduce provisions that are more favourable to shareholders. It is expected that this proposal will be adopted in early 2007.

Company Law Consolidation and Reform Act

Objective

To bring forward proposals for a Company Law Consolidation and Reform Act based on the work of the Company Law Review Group.

Strategic Action:

We will submit the General Scheme of a Consolidation and Reform Bill for approval by Government in 2005 with a view to publication and enactment as soon as possible thereafter.

The Company Law Review Group completed the drafting of the General Scheme of a new Companies Consolidation and Reform Bill, consisting of some 1,300 sections, at the end of 2006. The work was considerably delayed in 2005 because the Group was diverted by an intensive review of the Directors' Compliance Statement (section 45 of the Companies (Auditing and Accounting) Act 2003). Proposals based on the Company Law Review Group will be brought before Government as soon as possible to seek approval for the drafting of the Bill by the Office of the Parliamentary Counsel.

Insurance Reform Programme

Objective

To monitor and aid the newly established Personal Injuries Assessment Board in fulfilling its mission.

Strategic Action:

We will engage with and support the Personal Injuries Assessment Board to enable it to improve the processing of personal injury claims in order to achieve lasting improvements in the functioning of the insurance market generally, for the benefit of consumers and business.

The Personal Injuries Assessment Board (PIAB) continued to ramp up its activities during 2006. By the end of September 2006 the Board had issued 4,542 assessments. Of this amount, 951 assessments were issued in 2005 and 3,591 were issued in the nine months to end-September 2006, representing a substantial increase in assessments made. This increase in activity is expected to continue into 2007. The total value of accepted assessments at end-September 2006 was almost €52 million. The total delivery cost of these accepted assessments was €3.7 million, representing a saving of approx. €20.2 million on the cost of delivering compensation under the old, litigation based system. In addition, the normal 9-month timeframe for issuing assessments compares very favourably with the average of 36-months which it took to process a claim through the Courts.

The Department continued its support for the PIAB to ensure that it can continue to deliver these benefits. On 1st June 2006 the Minister for Enterprise, Trade and Employment, Micheál Martin TD, made an Order increasing the respondent fee for cases before the PIAB from €850 to €900 in order to ensure that the PIAB continues to be self-funding in respect of its operational costs. The cost of the claimant fee at €50 remained unchanged during the year.



PILLAR 4

Business Delivery, Modernisation & Customer Focus

Quality Customer Service

Objective

To deliver the highest quality service to our customers by implementing the customer service standards established in our Customer Service Charter and implementing specific e-Government initiatives of benefit to our customers.

Strategic Actions:

We will continuously monitor, evaluate & improve the standards set out in our Customer Charter and report regularly on the delivery of those standards

We will continue to monitor, expand and improve the services we deliver to the public and our stakeholders and actively seek to increase e-delivery of services where appropriate and feasible.

Customer Charter

The Department published its third Customer Service Action Plan in July 2005. It covers the years 2005 to 2007 and builds on the work already achieved and sets out the new actions through which we aim to improve our service delivery. Over the lifetime of the Action Plan the Department is committed to work to the best of our ability to meet the standards established in the Action Plan and the Customer Charter. These documents are available on the Department's website at www.entemp.ie.

In 2006, a Desk Top Guidelines on Customer Services was drafted. These Guidelines, in conjunction with the Department's Customer Service Charter and Customer Service Action Plan, provide useful advice and information to staff on how to deliver better quality service to customers conducting business with the Department. In late 2006 the Department of the Taoiseach appointed consultants to carry out an evaluation of the Customer Charter process in the Civil

Service and the Department is involved in the review which is ongoing at present.

Quality Customer Service Principles

As an implementation mechanism for the twelve quality customer service principles, the Quality Customer Service Unit examined the business plans of each of the Department's business units using the principles to assess each plan. The audits have increased the quantitative and qualitative adoption of the QCS principles in the Department's business plans by setting standards and providing for performance measurement as well as helping to promote and develop a customer service ethos throughout the Department. In 2006, the business plans of all Units showed a high compliance with the QCS principles and we will continue to further develop ways to measure this compliance.

Customer Care

The Department concluded its rolling programme of independent Customer Care research in 2005. Preliminary discussions and examination of the results took place in 2006 and this process will be actively pursued in 2007. Following on from this, the Department will draw on the conclusions of the research and formulate a strategy detailing the way forward and identify how we can further develop our commitment to the delivery of a quality service in consultation with our customers and staff.

Complaints Procedure

As part of our effort to improve our services we monitor all complaints through our formal Complaints Procedure. During 2006, no formal complaints were recorded.

Website

The Department is committed to the ongoing development of our website as an important conduit of information to all of our customers, including those with disabilities. The website received a total of 1,362,084 visits in 2006. This represents an increase of 21 per cent on the 2005 figure.

Official Languages Act, 2003

We are currently examining the Department's commitments under the legislation to be in readiness for timely and inclusive implementation on receipt of official notification from the Department of Community, Rural and Gaeltacht Affairs. Currently we are implementing the basic requirements of the Act in that all key documents and corresponding web material are published bi-lingually and all correspondence received in Irish is replied to in Irish.

Telephone Contact

The Department's Information Unit provides a wide-ranging information service to the Department's customers. Statistics by means of "iCMS" (electronically generated internal telephone reports) reports indicate that 13,813 calls were received and dealt with in 2006 with a total of 13,095 calls or (95 per cent) answered within 20 seconds.

Correspondence/Letter & E-mail

Work continued in 2006 on the development of a correspondence tracking system. This system will involve electronic recording and monitoring of general correspondence and will enable the Department to better monitor response times and to produce robust statistics on this area. The project is due for completion in 2007.

Employment Rights Information

As noted earlier in this Report, a total of 132,101 enquiries were handled in 2006 by the Employment Rights Information Unit of the Department. The Unit also responded to 3,768 e-mail contacts, 4,595 voice mail requests and 1,319 'person-to-person' consultations. The Employment Rights information page on the Department's website recorded an average of 10,000 visits each month. Thirteen visits were made to Citizens Information Centres to update them on employment legislation and a total of 18 presentations on employment rights were made to schools and colleges, migrant centres and Chambers of Commerce.

Visitors

A recent survey of visitors to the Department has shown a high level of satisfaction with reception areas while also highlighting some areas that may need improvement. We continuously monitor our facilities and act upon the findings of surveys to further improve the quality of service provided to all visitors to the Department. In September 2005, a Disability Access Audit was carried out across the Department's buildings. As part of the Department's ongoing commitment to meet its obligations under the Disability Act 2005 a number of projects were undertaken in Kildare Street, Davitt House, Earlsfort Terrace and Patents Office, Kilkenny, during 2006 to implement the recommendations of that Audit including:

- The refurbishment of the lifts for improved access;
- A new handrail at the front entrance to Kildare St;
- Implementation of an automatic door system;

E-Government

E-Government initiatives developed during the year for the benefit of our customers included an Online Redundancy Payments System, new Employment Appeals Website and Extranet and 3 new online services from the Patents Office: (1) Online Journal Publication System, (2) Online Trade Mark Search System and (3) Online access to database downloads for licensed users of the Office's Trade Marks Database.

E-Government initiatives on which work is ongoing include the development of:

- A new online application system for Work Permits;
- Online access to the decisions of the Employment Appeals Tribunal; and
- Online filing of applications for Export Licences

The Department remains fully committed to realising the full potential of e-Government possibilities as we regularly review the variety of means by which we deliver our services to our customers.



Dominic McBride, Secretary to the Employment Appeals Tribunal, Kate O'Mahony, Chairman of the Employment Appeals Tribunal, Martin Casey, Arekibo, Tony Killeen, TD Minister for Labour Affairs and John Doherty, Department of Enterprise, Trade and Employment at the launch of the Employment Appeals Tribunal Website.

Modernisation

Objective

To advance all areas of the modernisation process with particular emphasis on value-adding initiatives, including the implementation of the Management Information Framework, and to utilise our Partnership structures to promote internal dialogue and consultation with staff.

Strategic Action:

We will identify and implement change management initiatives and priorities for the Department, through the Change Management Committee and the SMI Groups and we will drive the successful delivery of the comprehensive range of commitments in our Sustaining Progress Action Plan.

Change Management

The Department's four Strategic Management Initiative (SMI) Working Groups – (1) Quality

Customer Service & Openness, Transparency and Accountability; (2) Financial Management; (3) Human Resources Management; and (4) Information Systems Management - met regularly during 2006 to progress their work programmes and advance the modernisation agenda throughout the Department. Additional Groups are established on a thematic basis as the need arises (e.g. Decentralisation) in recognition of the benefits the Department derives from this participative means of effecting change.

The work of the Groups contributed to the advancement of a number of modernisation activities during 2006, including the implementation of the Human Resource Strategy, the completion of a number of significant ICT projects and consideration of the implications of the new Value for Money Initiative and the Reform of the Estimates process.

Sustaining Progress

During 2006, the Department submitted two reports to the Civil Service Performance Verification Group on progress being made in relation to delivering commitments contained in our Sustaining Progress

Modernisation Action Plan, drawn up under the last Social Partnership agreement. Both reports were approved by the Group who noted in particular the progress achieved by the Department in the area of customer service, particularly in working to establish benchmarks of quality of service delivery for each Division and in the use of annual QCS audits of business plans to develop service delivery Performance Indicators.

In the latter part of 2006 the Department prepared its Modernisation Action Plan, setting out clear goals and initiatives which the Department will seek to deliver in furtherance of the modernisation agenda over the first phase of the latest Social Partnership Agreement – *Towards 2016*. The latest Plan will build on the modernisation programme set out in the previous Sustaining Progress Plan and demonstrates how the Department will further advance initiatives progressed during the lifetime of Sustaining Progress as well as outlining new actions which it is proposed to initiate, progress or complete during the first phase of the latest Agreement as we continue to strive to create the ever more flexible, modern and agile Department we wish to have to deliver our mission and business goals to our customers/stakeholders.

Strategic Action:

We will drive the roll-out and implementation of the Management Information Framework having regard to the MIF project plan 2004-2006.

The Management Information Framework project is designed to ensure better decision making in the allocation of resources, more efficient and effective management of those resources once allocated, and greater transparency in, and accountability for, the use of resources.

The Management Information Framework (MIF) Team in the Department successfully delivered on targets set out in the MIF Project Plan 2004-2006, drawn up by the Department of Finance. In the latter half of the year, the first complete test run of MIF management

reports, incorporating performance indicators selected as part of the Management Information Framework and Reform of Estimates processes, were issued to the Department's Management Board in association with the existing monthly Management Information Report. These MIF reports will be produced on a quarterly basis from 2007 and will further enhance the quality of information available to the Department's Management Board to assist with decision-making and resource allocation processes.

Other targets successfully delivered include the completion of the Department's MIF training programme, which focused on financial management training, setting and reporting on performance indicators and the use of management reports and the completion of a review of the implementation of the Department's new financial management system.

Strategic Action:

We will continue to ensure that our Partnership Committee is central to promoting internal dialogue and consultation with staff on key issues in the process of change and improvement

The Department's Partnership Committee continued to promote a participative approach to the ongoing enhancement of the Department's processes and procedures. The Committee, which comprises staff management and union representatives, met on seven occasions in 2006. Actions taken by the Committee and its sub groups to further improve how the Department conducts its business include:

- Assisting in preparing the Department's progress reports under *Sustaining Progress* and the its new Action Plan under *Towards 2016*;
- Enhancing accessibility to the Department's buildings for staff with disabilities;
- Issuing communications to staff to address two key challenges highlighted by the Department's successful participation in the 2006 "Best Companies To Work For in Ireland" competition

- Taking further actions to enhance the health, safety and welfare of staff in the Department;
- Continuing to enhance the level of IT equipment available to staff;
- Developing a manual for all staff which outlines best practice in regard to the provision of customer services; and
- Conducting a thorough review of how the Committee functions, having regard to developments within the Department and in relation to the civil service modernisation agenda since the Committee was established in 1998. This exercise, which took place in workshop format, resulted in the agreement of new terms of reference which focus on the ongoing improvement to customer services provided by the Department and enhancement of the working environment for staff. A two-year action plan, which outlines how these objectives will be achieved, was also agreed and is being implemented.

Human Resources & Training

Objective

To continue to develop our human resources through the Performance Management and Development System, and transition from a traditional Personnel Management function to a devolved system of Human Resource Management, and to provide equality of opportunity to all staff.

Strategic Action:

We will implement the Department's Human Resources Strategy, including the development and roll out of a training programme and supports.

The Department's first Human Resources (HR) Strategy, for the period 2005-2007, provides an Action Plan for the development of HR policy in 6 key areas - Resourcing the Department; Managing Performance and Development; Work-Life Balance; Positive Working Environment; Strengthening Partnership, Consultation and Involvement; and Supporting the Move from Personnel to Human Resource Management. The action plan contains 55 Action Points for implementation over the life of the HR Strategy.

In 2006, 28 of these Action Points had been fully implemented, and a further 23 were in the process of being implemented. One of the main actions carried out in 2006 was the drafting of a comprehensive Human Resource Management Handbook, setting out all HR policies and practices. This Handbook, which will be published in 2007, will provide a central support to managers and staff in the devolution of day-to-day HR matters to local line managers. This is one of the overarching objectives of the HR Strategy.

The implementation of these action points will allow us to build upon the already changing HRM environment within the Department in order to create that ever more flexible, modern and agile Department we seek to be.

Strategic Action:

We will continue to effectively implement our Performance Management and Development System (PMDS), in accordance with agreed deadlines, to enhance staff development and performance.

The Department's PMDS Monitoring Group continued to monitor the implementation of PMDS and to provide guidance to facilitate its consistent application across the Department. Following detailed reviews of the level of implementation of the stages of PMDS by the Group, which were presented to the Management Board on two occasions in 2006, the Department is satisfied that the system is contributing to enhanced performance at individual and organisational level. In

addition, the Group was actively involved in the preparatory work undertaken to integrate PMDS within HR systems from 2007 in accordance with a civil service wide agreement.

Strategic Action:

We will develop policies to achieve greater participation by women in senior grades, with particular emphasis on achieving the targets of at least 33 per cent of Assistant Principal (AP) posts and 20 per cent of Principal Officer (PO) posts to be filled by women.

During 2006, the Department continued to progress the Equality agenda through the work of the Partnership Committee, and, in particular, the work of the Equality Group (a sub-group of the Partnership Committee). Work on a research project, commissioned by the Department in 2005, to investigate the barriers and facilitators to the participation of women in senior management grades in the Department (Promotion to AP and PO level) continued throughout 2006. In December 2006, a final report was presented to the Department by the Centre for Gender and Women's Studies, Trinity College Dublin.

In October 2006, the Department achieved the target of 34 per cent of AP posts and 21 per cent of PO posts to be filled by women, well in advance of the end 2007 deadline set out in the Department's Strategy Statement 2005-2007. Nevertheless, the Department will be giving careful consideration to the recommendations in the report produced by Trinity College Dublin which will inform the Department's future policy in progressing gender equality.

Strategic Action:

We will develop policies to improve participation in promotion competitions by people with disabilities.

Throughout 2006, the Department continued to exceed the 3 per cent quota for the employment of people with disabilities.

During the year, the Department focused its attention on enhancing disability awareness in the Department. This was achieved through a series of talks/presentations; and, in accordance with its obligations under the National Disability Act, 2005, the Department completed its Sectoral Plan in July 2006 (as reported on earlier in this Report). A Committee is being established to monitor the Department's adherence to the 3 per cent target and review the Department's adherence to the relevant Codes of Practice.

The Department continued to provide an equality module in all grade specific and induction training programmes. In addition, a series of briefings was provided to heighten awareness of disability issues throughout the Department. These briefings were provided by Ms Caroline Casey, Aisling Foundation, and provided an insight of her experience of living with a disability.

Human Resources Management

Objective

To ensure the Department has the required human resources, equipped with the skill sets needed to deliver our business goals.

Strategic Actions:

We will provide targeted training and development, addressing the identified development and business needs of individuals and groups of staff, utilising e-learning systems where possible.

We will grow our skills and competencies to improve continuously our service to our customers and stakeholders at all levels.

The Department published its first ever Training and Development Strategy in 2006. The Strategy aims to ensure that all staff have the opportunity to develop the competencies required to meet their business objectives over the period 2006 to 2008, thereby contributing to

the achievement of the Department's business goals and to further personal and career development. The Strategy outlines 35 action points which are being taken to enhance the provision of training to all staff in the Department.

In accordance with this Strategy, the Department continued to provide appropriate courses identified via the Performance Management Development System (PMDS) in 2006. Within the existing target of up to 4 per cent of payroll costs, our objective is to deliver quality training on a value-for-money basis. Including training-related administration and actual training costs, a figure of €1,953,336 was reached in 2006, amounting to 3.8 per cent of payroll. 2,015 members of staff attended courses to develop their business competencies in such areas as policy analysis, public procurement, good corporate governance, the legislative process, regulatory impact analysis, the responsibilities of line managers, employment law and IT.

A priority for 2006 was the development of a comprehensive leadership programme for staff at Assistant Principal and Principal Officer level. Following a request for tenders, an extensive leadership programme, which encompasses "360-degree" feedback assessment, personal coaching, optional refresher modules and core modules in leadership, was designed. Tenders for the delivery of the programme were sought in early 2007.

The Department also continued to administer its Refund of Fees Scheme which provides financial assistance to staff who pursue appropriate third level studies in their own time. In 2006, thirty-five staff applications were approved under the scheme.

Information & Communications Technology

Objective

To provide the best ICT (Information & Communication Technology) services to support the Department's business needs.

Strategic Action:

We will undertake a review of the ICT Strategy 2003-2006 and, if appropriate, prepare a revised ICT Strategy to reflect any significant changes in the Department's working environment.

The review of the ICT Strategy 2003-2006 established that there were many significant achievements over the lifetime of the Strategy including -

- Implementation of a wide range of applications/projects which allowed us better serve our external and in-house customers (online payments in the Patents Office, Redundancy Payments System, Peoplesoft Human Resource System, Oracle Financial System, Development of the Department's Intranet, Employment Rights Case Management System);
- Implementation of a comprehensive e-Government strategy to "e-enable" Departmental services to our wide customer base;
- Putting in place a comprehensive ICT governance procedure (ICT Steering Group, formal project proposal documentation, approval and reporting procedures);
- Introducing a very strong customer service focus to the work of the IT Unit and regular communication with users;
- Providing an extensive mobile working environment for Departmental staff;

- Standardisation of the desktop environment (around Windows XP); and
- Implementation of an e-mail archiving system which enables staff on a self-service basis to search the archive using the range of search criteria.

During the year the IT Unit commenced work on the development of a new ICT Strategy, to cover the period 2007 - 2010, which involved extensive research and a programme of consultation with all the Divisions and Offices of the Department. Work on the new Strategy will be completed in the first half of 2007.

Strategic Action:

We will provide a resilient ICT infrastructure for the successful hosting of the Department's public-facing services on a 24/7 basis.

Among the many facilities now available online to our stakeholders are e-Payment Services (Companies Registration and Patents Offices), Redundancy Calculator, Search Services, Redundancy & Insolvency Applications, Online Filing Systems and a facility for Electronic Funds Transfer to Departmental suppliers. The Department also has a number of websites providing 24/7 access to these services for its customers.²⁴

A review of the Department's e-Public Service Strategy 2001, undertaken in 2005, identified significant progress in the "e-enabling" of the Department, including making available on-line most of the forms used by the Department. Further progress was made in 2006 in this area, most notably with the introduction of a website and extranet for the Employment Appeals Tribunal, the development of an Online Export Licence Application System and further enhancements to the Patents Office online services, including a new Online Journal Publication System.

During the year, significant work was completed on the strengthening of the ICT infrastructure to provide

more secure and resilient systems. A comprehensive Disaster Recovery programme was implemented and most key systems now have fully resilient fail-over facilities, which were tested throughout the year and proved to be fully capable of becoming operational should they be required.

A priority for 2007 is a comprehensive review of IT security which will lead to a strengthening of all IT systems ensuring resilience and continuity.

Strategic Action:

We will provide a Business Process Review (BPR) facility to assist Units and Offices of the Department improve the process of service delivery and subsequently assist those Units and Offices in the implementation of new work approaches. In particular, we will prioritise work on decentralising areas over the period of the strategy.

The delivery of a Business Process Review (BPR) service to the Department and its Offices is an essential factor in facilitating the introduction of new work process improvements. A comprehensive review of the Department's Information & Organisation Unit commenced during the year and the final report of the review of the Department's Travel Section was completed and approved.

Strategic Action:

We will develop an improved, more effective electronic Redundancy Payments system.

The Online Redundancy Payments System, including a redundancy calculator, was developed and has been operational since 2005. During 2006 work was carried out to improve the security and robustness of the system to enhance its uptime and availability.

Since the introduction of the new system, the time taken to process redundancy claims has decreased, with output for 2006 being marginally up on output for 2005. The percentage of customers using the on-

²⁴ These websites are listed at the back of this report.

line facility was 63.6 per cent for the month of December 2006; the average for the year was 44.8 per cent. Claim processing time currently stands at 6 weeks for on-line claims and 11 weeks for “paper only” claims. Another successful feature of the new System is the production of monthly statistics of actual as opposed to notified redundancies, which had been the case with the previous IT System. Experience has shown that not all notified redundancies materialise into actual redundancies, and the statistics currently produced are therefore a more reliable indicator of redundancy totals.

Decentralisation

Objective

To relocate Departmental staff and functions to Carlow within the timeframe set by Government in a manner which minimises disruption to business continuity and quality customer service and places people at the heart of the process.

Strategic Action:

We will produce and action a detailed implementation plan which will set out our strategies to minimise customer service disruption, identify and minimise risks, and manage staff turnover, training, knowledge management and communications.

Implementation of the Department’s Decentralisation Implementation Plan, which sets out how the relocation of 250 posts within the Department of Enterprise, Trade and Employment will be undertaken, continued in 2006.

Work commenced in late 2006 on a further revision of this plan, to take account of a number of significant developments in the Department’s decentralisation programme, including a revised timescale for the provision of permanent accommodation in Carlow,

the decision to undertake an advance move to Carlow and the establishment of the National Consumer Agency, which will merge with the existing Office of the Director of Consumer Affairs and operate as an independent consumer body.

Strategic Action:

We will work closely with the Office of Public Works to assist in the procurement of a building in Carlow of high quality design and build, providing a safe, accessible working environment for all staff.

Following the earlier purchase of a landmark site in Carlow town centre for the Department’s permanent offices, the Department completed its specification of accommodation requirements for these new offices early in 2006, in close consultation with the Office of Public Works (OPW). On 31st May 2006, the OPW commenced the tendering process for the Department’s permanent offices in Carlow by seeking expressions of interest from developers in relation to the design, build, finance and maintenance of new office accommodation and car parking on the Carlow site.

A further major development in 2006 was the decision to undertake an advance move to Carlow, to facilitate staff wishing to move earlier than the projected permanent building completion date would allow. The Department worked closely with the OPW throughout the year to finalise the accommodation requirements for the advance move and to secure interim accommodation in Carlow. Work in this area is progressing well and the OPW have confirmed that they have agreed terms with a developer to provide accommodation during the first half of 2007. This advance move will allow for the movement of approximately 80-100 decentralising staff to Carlow during the first half of 2007.

Strategic Action:

We will plan to ensure that quality service delivery will be maintained in Carlow Town.

Work in this area continued in 2006, as set out in the Department's Decentralisation Implementation Plan. Assignments of staff to decentralising posts commenced in early 2006. By the end of 2006, 95 people were assigned and in place to decentralise to Carlow. It is intended that this process will be completed by end 2007, to ensure that staff are adequately trained in advance of the substantive move to Carlow.

By the end of 2006, 20 people were assigned to "advance party" decentralising posts. It is intended that the remaining "advance party" posts will be filled by the end of February 2007, to ensure that staff are adequately trained prior to the advance move to Carlow.

Financial Control & Value for Money

Objective

To ensure that all financial transactions are carried out in accordance with established public financial procedures and to seek improvements in value for money in the administration of the Department's affairs.

Strategic Action:

We will pursue the full implementation of the financial management modernisation programme, including the continuous improvement of service to our internal and external customers.

In 2006, the Department expanded its system of using Electronic Funds Transfer (EFT) to make payments directly to suppliers' bank accounts. The number of payments made by EFT rose from 13 in January to

331 in December. Over 90 per cent of the value of all payments made by the Department are processed through EFT. This development is in line with a Government decision that Electronic Funds Transfer should be used to the greatest extent possible in making payments to customers.

Strategic Action:

We will bring the benefits of the new financial management system to the management and business units of the Department, enabling them to perform their functions more efficiently and effectively.

Direct access to information on the Department's financial management system was made available in 2006 to staff in the Redundancy and Insolvency Unit of the Department. The provision of direct access to expenditure reports for managers across the rest of the Department followed at the end of the year and will be expanded extensively in 2007. Direct access to up-to-date reports will enable managers to more closely monitor expenditure and allocate resources.

Strategic Action:

We will review the Insolvency Payments scheme.

An internal review of the Insolvency Payments Scheme was carried out during 2006. It covered the relevant legislation and EU Directives, the Scheme itself and its administration. Recommendations from the review will be followed up during 2007.

Additional Actions Undertaken in Pursuit of this Objective

Details of the Value for Money initiative, announced by the Minister for Finance towards the end of 2005, were circulated to staff of the Department and to the Department's Agencies at the beginning of 2006.

The Agencies outlined to the Department the specific measures being taken to implement the initiative. These measures will be reviewed in 2007 to ensure continued compliance with the initiative.

As part of the Department's preparation for the Reform of the Estimates process, which will become operational in 2007, a number of briefing sessions were held for senior managers on the requirements of the new initiative. A special seminar on the new requirements was also organised for the staff of the Department's Agencies. Performance Indicators, against which targets will be set for the Department's 2007 Estimate allocation, were developed across the Department as part of the preparations for the Estimates reform process. The targets will provide a clear indication of the main objectives to be achieved with the funding provided in the Estimate.

A Value for Money/Expenditure Review of Science & Technology spending was finalised in 2006 and is available on the Department's website (www.entemp.ie). The Department's investment in Research, Technological Development & Innovation (RTDI) comprises 3 main intervention schemes administered by Enterprise Ireland (EI) and implemented by the enterprise agencies, IDA Ireland, EI, SFADCo and Údárás na Gaeltachta. The schemes subject of this Expenditure Review accounted for €79.5 million in 2004 or 38 per cent of the Department's total spend on research and development.

The aims of the Expenditure Review were to provide a systematic analysis of what had actually been achieved by expenditure in each scheme subject of the review and to provide a basis on which informed decisions could be made on priorities within and between expenditure programmes. The schemes that were covered by the review are:

- RTDI Competitive Scheme - supporting high quality, medium to high-risk R&D projects in firms.
- R&D Capability Scheme – building up the R&D infrastructure and capability within new and existing firms and assisting Irish subsidiaries to increase their embeddedness in Ireland.
- RTDI for Collaboration Scheme - supporting collaborative research networks, between industry and the higher education sector.

A copy of the Review was lodged in the Oireachtas library in 2006 and the report has served to inform policy decisions on RTDI for 2007 onwards.

Internal Audit

Objective

To provide a risk based internal audit service, which gives assurance on the systems of control.

Strategic Action

We will provide assurance to the Accounting Officer regarding the internal control systems of the Department and those offices directly within the remit of the Department. We will specifically advise the Accounting Officer regarding signature of the Statement on Internal Financial Control, which now accompanies the annual Appropriation Account.

The Department's Internal Audit Unit provides an assurance to the Accounting Officer (Secretary General) on the adequacy of the internal control systems of the Department and those offices directly within the remit of the Department. In this regard, a programme of activity is drawn up each year, and reviewed and monitored by the Departmental Audit Committee.

During 2006, audits were carried out in respect of the Department's internal control systems. The programme of work completed in 2006 enabled the Internal Audit Unit to provide assurance to the Accounting Officer regarding signature of the Statement on Internal Financial Control, which accompanies the annual Appropriation Account.

Strategic Action:

We will fulfil our responsibilities to the European Commission for a programme of audit activity to be undertaken across organisations in receipt of funding from the European Social Fund (ESF). We also have a specific and extensive role in relation to the closure of each round of funding.

Internal Audit Unit works to fulfil the Department's responsibilities to the European Commission in relation to EU Structural Funds audit (primarily relating to the European Social Fund). This necessitates the conduct of audits within the Department and the co-ordination and assessment of related auditing activity undertaken across other Departments and organisations in receipt of Structural Funds from the Department. The Unit liaises with Structural Funds Sections in the Department and with the EU Commission in relation to matters arising from this audit activity and in relation to various aspects of EU financial control requirements.

During 2006 Internal Audit, along with the ESF Financial Control Unit, continued an audit of an ESF Community Initiative. This included audits at a number of levels of the management structure and a comprehensive audit of all projects receiving funding.

The Financial Control Unit in accordance with Articles 10.1(b) and 10.2 of EU Commission Regulation (EC) No. 438/2001 conducted a number of audits to fulfil the minimum 5 per cent verification in 2006 and the value of claims verified exceeded the minimum requirement for the year.

During 2006, Internal Audit completed an audit associated with the Department's responsibilities for European Regional Development Funding (ERDF).

Internal Audit along with ESF Financial Control Unit facilitated phase 1 and 2 of an EU Commission closure audit of the Human Resources Development Operational Programme 1994-1999 and the audit of two ESF Measures of 2000-2006 in the Employment and Human Resources Development Operational Programme.

Openness, Transparency & Accountability

Objective

To enhance the management effectiveness and transparency of our business, including the provision of high-quality information under Freedom of Information (FOI) and other instruments, and to provide effective ongoing communication horizontally and vertically throughout the Department.

Strategic Action:

Subject to the agreement of the Minister for Finance, we will extend FOI to the Employment Appeals tribunal (administrative functions only), Science Foundation Ireland, the Company Law Review Group, the Crafts Council of Ireland, the European Social Fund Financial Control Unit, the 35 County and City Enterprise Boards, Skillnets and the Labour Court (administrative functions only) by end 2005.

On the 31st May 2006 the FOI Act was extended to Science Foundation Ireland, the Company Law Review Group, the Crafts Council of Ireland, the European Social Fund Financial Control Unit, the 35 County and City Enterprise Boards and Skillnets. At the end of 2006 preparations were in hand with the Department of Finance with a view to further extending FOI to also include selected functions of the Labour Court and the Employment Appeals Tribunal. This is expected to happen during 2007.

Strategic Action:

We will continue to develop the Department's intranet site through enhancing its content and functionality to facilitate effective communication throughout the Department.

The Intranet continues to be a key information dissemination tool for the Department. While some minor enhancements were implemented in 2006,

the main task for the year was the completion of an accessibility audit. Following the report of the audit a major upgrade of the Intranet is planned for 2007, to include enhanced accessibility, faster access to information, improved navigation and increased user-friendliness.

Better Regulation

Objective

To adhere to the principles of better regulation as set out in the White Paper "Regulating Better".

Strategic Action:

We will participate in the Regulatory Impact Analysis pilot project

Following the publication by the Department of the Taoiseach of guidelines on how to conduct a Regulatory Impact Analysis, this Department produced a toolkit consisting of the steps to be followed, and the types of questions to be raised. In particular, the Toolkit contains a series of checklists designed to examine the impact of proposed measures on different policy areas e.g. competitiveness, consumers or small business.

During the year under review, 4 RIAs were undertaken by the Department. Details of these are summarised in Appendix 4.

Strategic Action:

We will adhere to the principles of better regulation when preparing legislation

The Business Regulation Forum, established by the Minister for Enterprise, Trade and Employment, Micheál Martin TD, in November 2005, continued its examination of the regulatory impact on business, by seeking submissions, carrying out case studies of a number of companies and examining the administrative cost burden of selected regulatory requirements.

The work on the Companies Consolidation and Reform Bill represents a major advance in simplifying and codifying the existing 13 pieces of companies legislation into a single Act. It also brings together all the provisions relating to the 'private company' model (reflecting 90 per cent of the businesses established in Ireland) to make it easier for practitioners to comply with the law.

A Regulatory Impact Analysis of the Bill was conducted by the Company Law Review Group.

Risk Management

Objective

To ensure that appropriate actions are taken by management throughout the organisation to identify and manage effectively the risks to which the organisation may be exposed.

Strategic Action:

We will put in place a framework for identifying and minimising risks in order to ensure that the Department has an agreed and understood methodology for achieving its objectives.

A Risk Committee, consisting of representatives from each division of the Department and chaired by the Assistant Secretary for Corporate Services, has responsibility for overseeing the Department's risk policy and for co-ordinating the risks for each Division onto their respective Divisional Risk Registers.

In 2006 each Division identified their key risks and appropriate actions to be taken by management throughout the organisation to manage effectively risks to which the organisation may be exposed. All Divisions updated their Risk Registers and the Assistant Secretary from each division reported the Division's High Level Risks to the Management Board for review during 2006.

In 2006 a quality review of the Department's Risk Policy Procedures was completed and the findings from the review were reported to the Internal Audit Committee. These findings will be incorporated into a revised policy document during 2007.

Appendices



Appendix 1

Estimate (or Budget of the Department for 2007 including provisional outturn for 2006).

ENTERPRISE, TRADE AND EMPLOYMENT

- I. Estimate of the amount required in the year ending 31 December 2007 for the salaries and expenses of the Office of the Minister for Enterprise, Trade and Employment, including certain services administered by that Office, for the payment of certain subsidies, grants and a grant-in-aid, and for the payment of certain grants under cash-limited schemes.

(a) by way of current year provision

One thousand, three hundred and ninety-one million, three hundred and eleven thousand euro (€1,391,311,000)

(b) by way of the application for capital supply services of unspent appropriations, the surrender of which may be deferred under Section 91 of the Finance Act 2004.

Sixteen million, three hundred and twenty-two thousand euro (€16,322,000)

- II. Subheads under which this Vote will be accounted for by the Office of the Minister for Enterprise, Trade and Employment.

| | 2006 Provisional Outturn | | | 2007 Estimate | | | Change 2007 over 2006 % |
|--|-----------------------------|---------|---------------|------------------|---------|---------------|-------------------------------------|
| | Current | Capital | Total | Current | Capital | Total | |
| | €000 | €000 | €000 | €000 | €000 | €000 | |
| ADMINISTRATION | | | | | | | |
| A.1 SALARIES, WAGES AND ALLOWANCES | 33,471 | - | 33,471 | 34,965 | - | 34,965 | 4% |
| A.2 TRAVEL AND SUBSISTENCE | 1,924 | - | 1,924 | 1,801 | - | 1,801 | -6% |
| A.3 INCIDENTAL EXPENSES | 1,210 | - | 1,210 | 1,583 | - | 1,583 | 31% |
| A.4 POSTAL AND TELECOMMUNICATIONS SERVICES | 949 | - | 949 | 1,082 | - | 1,082 | 14% |
| A.5 OFFICE MACHINERY AND OTHER OFFICE SUPPLIES AND RELATED SERVICES | 4,342 | - | 4,342 | 5,451 | - | 5,451 | 26% |
| A.6 OFFICE PREMISES EXPENSES | 2,365 | - | 2,365 | 1,986 | - | 1,986 | -16% |
| A.7 CONSULTANCY SERVICES | 347 | - | 347 | 439 | - | 439 | 27% |
| A.8 ADVERTISING AND INFORMATION RESOURCES | 286 | - | 286 | 515 | - | 515 | 80% |
| A.9 OFFICE OF THE DIRECTOR OF CORPORATE ENFORCEMENT | 3,355 | - | 3,355 | 4,823 | - | 4,823 | 44% |
| A.10 LABOUR COURT | 2,747 | - | 2,747 | 3,085 | - | 3,085 | 12% |
| A.11 NATIONAL EMPLOYMENT RIGHTS AUTHORITY | - | - | - | 8,553 | - | 8,553 | - |
| A.12 VALUE FOR MONEY AND POLICY REVIEWS | - | - | - | 225 | - | 225 | - |
| <i>Subtotal:*</i> | 50,996 | - | 50,996 | 64,508 | - | 64,508 | 26% |

*Includes carryover of savings €1,845,000 from 2006 under the terms of the Administrative Budget Agreement.

| | 2006 Provisional Outturn | | | 2007 Estimate | | | Change 2007 over 2006 % |
|--|-----------------------------|---------|----------------|------------------|---------|----------------|---|
| | Current | Capital | Total | Current | Capital | Total | |
| ENTERPRISE, AGENCIES, SCIENCE AND TECHNOLOGY | €000 | €000 | €000 | €000 | €000 | €000 | |
| B.1 FORFÁS - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES | 30,181 | - | 30,181 | 34,407 | - | 34,407 | 14% |
| B.2 INTERTRADEIRELAND | 2,714 | 6,250 | 8,964 | 2,726 | 9,166 | 11,892 | 33% |
| C.1 IDA IRELAND - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES | 37,918 | - | 37,918 | 42,223 | - | 42,223 | 11% |
| C.2 IDA IRELAND - GRANTS TO INDUSTRY | - | 76,000 | 76,000 | - | 95,120 | 95,120 | 25% |
| C.3 IDA IRELAND - GRANT FOR BUILDING OPERATIONS | - | 17,300 | 17,300 | - | 3,400 | 3,400 | -80% |
| D.1 ENTERPRISE IRELAND - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES | 93,738 | - | 93,738 | 99,858 | - | 99,858 | 7% |
| D.2 ENTERPRISE IRELAND - GRANT TO INDUSTRY | 5,728 | 40,300 | 46,028 | 4,837 | 49,300 | 54,137 | 18% |
| D.3 ENTERPRISE IRELAND - GRANT FOR CAPITAL EXPENDITURE | - | 2,900 | 2,900 | - | 3,400 | 3,400 | 17% |
| E.1 SHANNON FREE AIRPORT DEVELOPMENT COMPANY LIMITED - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES | - | - | - | 100 | - | 100 | - |
| E.2 SHANNON FREE AIRPORT DEVELOPMENT COMPANY LIMITED - GRANTS TO INDUSTRY | - | 2,684 | 2,684 | - | 3,000 | 3,000 | 12% |
| F. SCIENCE, TECHNOLOGY AND INNOVATION PROGRAMMES | 22,257 | 226,030 | 248,287 | 27,395 | 262,378 | 289,773 | 17% |
| G. COUNTY ENTERPRISE DEVELOPMENT | 12,900 | 15,315 | 28,215 | 13,834 | 18,022 | 31,856 | 13% |
| H. MONITORING AND EVALUATION OF EU PROGRAMMES | 19 | - | 19 | 270 | - | 270 | - |
| I. NATIONAL STANDARDS AUTHORITY OF IRELAND - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES | 5,692 | 576 | 6,268 | 6,977 | 742 | 7,719 | 23% |
| - <i>NITRIGIN EIREANN TEORANTA</i> | - | - | - | - | - | - | - |
| - <i>LOAN SUBSIDY FOR SMALL BUSINESS EXPANSION SCHEME - PAYMENTS TO ICC BANK plc.</i> | 1 | - | 1 | - | - | - | - |
| <i>Subtotal:</i> | 211,148 | 387,355 | 598,503 | 232,627 | 444,528 | 677,155 | 13% |

| | 2006 Provisional Outturn | | | 2007 Estimate | | | Change 2007 over 2006 % | |
|---|--|---------|--------|------------------|---------|--------|-------------------------------------|------|
| | Current | Capital | Total | Current | Capital | Total | | |
| | €000 | €000 | €000 | €000 | €000 | €000 | | |
| LABOUR FORCE DEVELOPMENT | | | | | | | | |
| K.1 | FÁS ADMINISTRATION AND GENERAL EXPENSES (a) | 140,967 | - | 140,967 | 147,595 | - | 147,595 | 5% |
| K.2 | FÁS TRAINING AND INTEGRATION SUPPORTS | 78,043 | - | 78,043 | 93,592 | - | 93,592 | 20% |
| K.3 | FÁS EMPLOYMENT PROGRAMMES | 376,295 | - | 376,295 | 415,228 | - | 415,228 | 10% |
| K.4 | FÁS CAPITAL | - | 37,190 | 37,190 | - | 25,505 | 25,505 | -31% |
| L. | GRANT TO IRISH NATIONAL ORGANISATION FOR THE UNEMPLOYED (b) | 50 | - | 50 | 51 | - | 51 | 2% |
| M.1 | TECHNICAL SUPPORT FOR COMMUNITY INITIATIVES | 694 | - | 694 | 735 | - | 735 | 6% |
| M.2 | MATCHING FUNDING FOR COMMUNITY INITIATIVES | - | - | - | 100 | - | 100 | - |
| M.3 | OPERATIONAL PROGRAMME FOR HUMAN RESOURCES DEVELOPMENT - TECHNICAL ASSISTANCE | 364 | - | 364 | 799 | - | 799 | 120% |
| M.4 | LEONARDO PROGRAMME | 125 | - | 125 | 128 | - | 128 | 2% |
| M.5 | EQUAL COMMUNITY INITIATIVE DEVELOPMENT PARTNERSHIPS | 5,959 | - | 5,959 | 5,628 | - | 5,628 | -6% |
| | <i>Subtotal:</i> | 602,497 | 37,190 | 639,687 | 663,856 | 25,505 | 689,361 | 8% |
| EMPLOYMENT RIGHTS AND INDUSTRIAL RELATIONS | | | | | | | | |
| N. | LABOUR RELATIONS COMMISSION - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES | 4,626 | - | 4,626 | 6,194 | - | 6,194 | 34% |
| O.1 | GRANTS FOR TRADE UNION EDUCATION AND ADVISORY SERVICES (b) | 1,801 | - | 1,801 | 1,887 | - | 1,887 | 5% |
| O.2 | WORK PLACE INNOVATION FUND PROMOTION OF PARTNERSHIP | 301 | - | 301 | 950 | - | 950 | 216% |
| P. | TRADE UNION AMALGAMATIONS | - | - | - | 147 | - | 147 | - |
| | <i>Subtotal:</i> | 6,728 | - | 6,728 | 9,178 | - | 9,178 | 36% |

(a) Some FÁS instructors costs and the costs of FÁS Skills Analysis Unit are funded by the National Training Fund.

(b) Cash limited subhead.

| | 2006 Provisional Outturn | | | 2007 Estimate | | | Change 2007 over 2006 % |
|---|-----------------------------|---------|------------------|------------------|---------|------------------|-------------------------------------|
| | Current | Capital | Total | Current | Capital | Total | |
| COMMERCE, CONSUMERS AND COMPETITION | €000 | €000 | €000 | €000 | €000 | €000 | |
| Q. GRANT TO THE COMPETITION AUTHORITY | 4,818 | - | 4,818 | 6,104 | - | 6,104 | 27% |
| R.1 CONSUMER AFFAIRS - GRANT FOR ADMINISTRATION AND GENERAL AFFAIRS | 5,867 | - | 5,867 | 8,397 | - | 8,397 | 43% |
| R.2 CONSUMER SUPPORT | 65 | - | 65 | 66 | - | 66 | 2% |
| S.1 COMPANIES REGISTRATION OFFICE AND REGISTRY OF FRIENDLY SOCIETIES - GRANT FOR ADMINISTRATION AND GENERAL AFFAIRS | 9,286 | - | 9,286 | 10,097 | - | 10,097 | 9% |
| S.2 IRISH AUDITING AND ACCOUNTING SUPERVISORY AUTHORITY (GRANT-IN-AID) | 569 | - | 569 | 1,528 | - | 1,528 | 169% |
| <i>Subtotal:</i> | 20,605 | - | 20,605 | 26,192 | - | 26,192 | 27% |
| HEALTH AND SAFETY | | | | | | | |
| T. HEALTH AND SAFETY AUTHORITY - GRANT FOR ADMINISTRATION AND GENERAL AFFAIRS | 20,598 | - | 20,598 | 22,513 | - | 22,513 | 9% |
| <i>Subtotal:</i> | 20,598 | - | 20,598 | 22,513 | - | 22,513 | 9% |
| OTHER SERVICES | | | | | | | |
| U. RESEARCH INCLUDING MANPOWER SURVEYS | 363 | - | 363 | 369 | - | 369 | 2% |
| V. NATIONAL FRAMEWORK COMMITTEE FOR WORK/LIFE BALANCE POLICIES | 258 | - | 258 | 278 | - | 278 | 8% |
| W. SUBSCRIPTIONS TO INTERNATIONAL ORGANISATIONS, ETC. | 14,983 | - | 14,983 | 15,527 | - | 15,527 | 4% |
| X.1 COMMISSIONS, COMMITTEES AND SPECIAL INQUIRIES | 767 | - | 767 | 904 | - | 904 | 18% |
| X.2 MISCELLANEOUS PAYMENTS | 1,019 | - | 1,019 | 2,020 | - | 2,020 | 98% |
| X.3 SUPERANNUATION AND PENSIONS FOR MEMBERS OF THE LABOUR COURT, THE RESTRICTIVE PRACTICES COMMISSION AND THE COMPETITION AUTHORITY | 484 | - | 484 | 668 | - | 668 | 38% |
| X.4 EXPORT CREDIT INSURANCE - REFUND TO THE EXCHEQUER | 82 | - | 82 | 477 | - | 477 | 482% |
| <i>Subtotal:</i> | 17,956 | - | 17,956 | 20,243 | - | 20,243 | 13% |
| <i>Gross Total:</i> | 930,528 | 424,545 | 1,355,073 | 1,039,117 | 470,033 | 1,509,150 | 11% |

Deduct:

| | | | | | | | |
|---------------------------------|---------|----|----------------|---------|---|----------------|----|
| Y. APPROPRIATIONS-IN-AID | 113,809 | 50 | 113,859 | 117,839 | - | 117,839 | 3% |
|---------------------------------|---------|----|----------------|---------|---|----------------|----|

Net Total: 816,719 424,495 **1,241,214** 921,278 470,033 **1,391,311** 12%
Net Increase (€000) 150,097

| | | | |
|---|---------|---------|-----|
| <i>Exchequer pay and pensions included in net total</i> | 296,520 | 327,932 | 11% |
| <i>Associated Public Service employees and pensioners</i> | 6,118 | 6,002 | -2% |

Subheads under which it is intended to apply the amount of €16.322 million in unspent 2006 appropriations to capital supply services.

| | 2006 Provisional Outturn | 2007 Estimate | Change 2007 over 2006 |
|---|--|---------------|-----------------------|
| | <i>Application of Deferred Surrender</i> | | |
| | €000 | €000 | % |
| B.2 INTERTRADEIRELAND | 700 | - | - |
| F SCIENCE, TECHNOLOGY AND INNOVATION PROGRAMMES | 6,355 | 8,992 | 41% |
| G COUNTY ENTERPRISE DEVELOPMENT | 3,000 | 4,450 | 48% |
| I. NATIONAL STANDARDS AUTHORITY OF IRELAND - GRANT FOR ADMINISTRATION AND GENERAL EXPENSES | 365 | 880 | 141% |
| K.4 FÁS CAPITAL | 19,360 | 2,000 | -90% |
| | 29,780 | 16,322 | -45% |

Estimate of Income and Expenditure of the National Training Fund

| | 2006 Provisional Outturn | | | 2007 Estimate | | | Change 2007 over 2006 % |
|---------------------------|--------------------------|---------|----------------|---------------|---------|----------------|-------------------------|
| | Current | Capital | Total | Current | Capital | Total | |
| | €000 | €000 | €000 | €000 | €000 | €000 | |
| Income: | | | | | | | |
| Income from contributions | 366,000 | - | 366,000 | 380,000 | - | 380,000 | 4% |
| Income from investments | 2,476 | - | 2,476 | 2,375 | - | 2,375 | -4% |
| ESF Receipts | 5,947 | - | 5,947 | 20,000 | - | 20,000 | 236% |
| Total Income : | 374,423 | - | 374,423 | 402,375 | - | 402,375 | 7% |

| | 2006 Provisional Outturn | | | 2007 Estimate | | | Change 2007 over 2006 % |
|---|-----------------------------|---------|----------------|------------------|---------|----------------|-------------------------------------|
| | Current | Capital | Total | Current | Capital | Total | |
| Expenditure: | €000 | €000 | €000 | €000 | €000 | €000 | |
| FÁS - Training people in employment (a) | 125,731 | - | 125,731 | 151,589 | - | 151,589 | 21% |
| FÁS - Training people for employment | 188,253 | - | 188,253 | 194,937 | - | 194,937 | 4% |
| FÁS - Skills Analysis Unit | 336 | - | 336 | 369 | - | 369 | 10% |
| FÁS - Workplace Education Fund | 2,000 | - | 2,000 | 3,046 | - | 3,046 | 52% |
| Training Networks Programme (Skillnets) | 8,500 | - | 8,500 | 13,500 | - | 13,500 | 59% |
| IDA Ireland - Training Grants to Industry | 1,269 | - | 1,269 | 2,500 | - | 2,500 | 97% |
| Enterprise Ireland - Training Grants to Industry | 3,550 | - | 3,550 | 3,160 | - | 3,160 | -11% |
| SFADCo. - Training Grants to Industry | 161 | - | 161 | 250 | - | 250 | 55% |
| Continuing Professional Development Pilot (IEI) | 300 | - | 300 | 180 | - | 180 | -40% |
| Expert Group on Future Skills Needs (Forfás) | 561 | - | 561 | 628 | - | 628 | 12% |
| Information Technology Investment Fund (HEA) | 493 | - | 493 | - | - | - | - |
| Technical Support Unit (In Company Training) | 911 | - | 911 | 673 | - | 673 | -26% |
| New ESF funded Training Schemes (b) | 21,177 | - | 21,177 | 23,577 | - | 23,577 | 11% |
| Other Training Supports | 712 | - | 712 | 1,257 | - | 1,257 | 77% |
| <i>Total Expenditure:</i> | 353,954 | - | 353,954 | 395,666 | - | 395,666 | 12% |
| Excess of Income over Expenditure | 20,469 | - | 20,469 | 6,709 | - | 6,709 | - |
| Amount of Fund Surplus as at 31 December 2006 (projected) | 113,000 | - | 113,000 | | | | |
| Amount of Fund Surplus as at 31 December 2007 (projected) | | | | 123,000 | - | 123,000 | |

- (a) Expenditure under the National Training Fund is allocated to organisations that operate schemes to raise the skills of those in employment or to provide training to those who wish to acquire skills for the purpose of taking up employment, or to provide information in relation to existing, or likely future, requirements for skills in the economy. The NTF allocation to FÁS supplement activities funded by Exchequer subheads K1-K3.
- (b) Including NTF advances on in-company training expenditure refundable from the European Social Fund (ESF).

Appendix 2

Value for Money and Policy Reviews

(1) Reviews completed in 2006

A Value for Money/Expenditure Review of Science & Technology spending was finalised in 2006 and is available on the Department's website (www.entemp.ie). The Department's investment in Research, Technological Development & Innovation (RTDI) comprises 3 main interventions and the schemes which were subject of this Expenditure Review accounted for almost €80million in 2004 or 38 per cent of the Department's total spend on research and development. Further information on the Review is contained in Pillar 4 of this Annual Report.

(2) Other Reviews under consideration in 2006-2008 period

Two further Value for Money Reviews are due to be undertaken by the Department during the 2006-2008 period, namely:

- A Review of Science Foundation Ireland expenditure; and
- A Review of the FÁS Competency Development Programme.

Both of these reviews have a target date for completion of December 2007 and we will report on progress with both in our next Annual Report.

Appendix 3

Report on Compliance with the Provisions of the Prompt Payment of Accounts Act

During 2006, 25 invoices totalling €92,083 incurred penalty interest of €579.07. The delays were as follows:

- Up to 30 days overdue in 16 cases resulting in interest of €237.56
- 7 invoices between 31 and 60 days overdue resulting in interest of €152.02
- More than 60 days overdue in 2 cases resulting in interest of €189.49

In accordance with S.I. No. 388 of 2002, interest is only paid when the amount due is over €5.

The corresponding figure for 2005 was 24 late payments attracting prompt payment interest of €4,929.90.

Appendix 4

Report on Regulatory Impact Assessments (RIAs) carried out by the Department in 2006

1. Proposal for a directive of the European Parliament and of the Council on the exercise of voting rights by shareholders of companies having their registered office in a Member State and whose shares are admitted to trading on a regulated market and amending Directive 2004/109/EC

Date of commencement

January 2006

Date of completion

While the negotiation process at Council working group level is completed and a text has been agreed with the European Parliament this proposal has not yet been formally adopted by the Council of Ministers though it should be adopted in the next few months. The RIA process is still ongoing and will continue into the transposition phase.

Where a copy of the RIA can be obtained?

Not yet available

Short summary of outcome from RIA

The European Commission in its "Action Plan on Modernising Company Law and Enhancing Corporate Governance in the European Union" identified shareholder participation as an essential component of good Corporate Governance. This proposal aims to facilitate the rights of shareholders to participate in general meetings, reduce cross-border voting costs by making voting in absentia easier and overall improve corporate governance standards on a cross-border basis.

Overall, the RIA found that implementation of this proposal should have the effect of enhancing corporate governance in companies by providing simplified procedures for the exercise of shareholder rights which in turn will lead to a more proactive shareholder base. It will lead to greater transparency in the voting procedures, as companies will be required to publish the voting results. In general, the implementation of this

proposal should have the effect of boosting market confidence and encourage increased cross border investment.

The existing regulatory framework in Ireland in relation to the rights of shareholders adopts a less interventionist approach. The Companies Acts, the Listing Rules of the Irish Stock Exchange and the Combined Code of Corporate Governance which all listed companies are obliged to observe, on a comply or explain basis, largely cover the requirements of the proposal. This proposal will introduce additional legal backing for what is already considered best practice in Ireland in the facilitation of shareholders' rights.

2. Screening Regulatory Impact Analysis of the Consumer Protection (National Consumer Agency) Bill 2006

Date of commencement

August 2006

Date of completion

September 2006

Where a copy of the RIA can be obtained?

www.entemp.ie/publications under "latest publications"

Short summary of the outcome from RIA

The Consumer Protection (National Consumer Agency) Bill 2006, now called the Consumer Protection Bill 2007, will establish the National Consumer Agency on a statutory basis, codify and review the existing body of consumer protection legislation and transpose the European Commission Unfair Commercial Practices Directive (UCPD) into Irish law.

This Bill was broadly welcomed and supported by consumer groups, businesses and business associations. Ireland strongly supports initiatives to harmonise consumer protection regimes at a high

level and tackle barriers to cross-border provisions of goods and services to consumers.

The NCA will have additional powers/options of enforcement to achieve compliance with consumer law. The replacement of the present multiplicity of legislation by a single statute will create a simpler and more accessible legislative code and regulatory regime for consumers and businesses. As the proposed legislation will proscribe practices that would not be engaged in by responsible businesses there should not be a greater compliance burden on business than exists currently.

3. Screening Regulatory Impact Analysis of the Companies Consolidation and Reform Bill

Date of commencement

June 2006

Date of completion

December 2006

Where a copy of the RIA can be obtained?

The text of the RIA is included at Chapter 4 of the Company Law Review Group (CLRG) Report on the General Scheme of the Companies Consolidation and Reform Bill, which is expected to be published in April 2007. When published, it will be available online at www.clrg.org

Short summary of outcome from RIA

The RIA concluded that overall, the benefits to the citizen and to the country of the proposals contained in the General Scheme include a simplified regime for the establishment and operation of companies, based on the company type which is used by 90 per cent of Irish companies, while at the same time ensuring the highest standards of corporate governance, and of creditor and shareholder protection. In so doing, the new regime will greatly facilitate business start-ups and the fostering of investment and innovation as the driving force of the Irish economy.

4. Regulatory Impact Analysis of the Safety, Health and Welfare at Work (Construction) Regulations 2006

Date of commencement

March 2006

Date of completion

September 2006

Where a copy of the RIA can be obtained

<http://www.entemp.ie/publications/employment/2006/riaconstregs.pdf>

Summary of outcome

With an increasing workforce and a recent increasing number of fatalities, a tightening of the regulation of safety, health and welfare in the sector has become imperative. These regulations are the third phase in the development of regulations implementing Directive 92/57/EEC and amending requirements arising from consultation with industry stakeholders. The regulations have a particular emphasis on client and management issues. Costs related to the impact of safety and health issues in the sector include insurance, fines, liabilities, lost output, legal fees, costs of shutdowns/site closures, inquiries, etc. Earlier regulations also introduced training costs in the form of a general safety awareness scheme and task-specific construction skills certification. The Health & Safety Authority estimates that enforcement and awareness activities in the sector accounted for €8.7m of its budget during 2005, roughly equivalent to €35 for each construction worker employed in the sector. The new regulations propose to take account of structural changes as regards certification schemes and also to clarify the nature of client and project supervisor responsibilities.

Appendix 5

Legislation administered by the Department

Health and Safety at Work

Boiler Explosions Acts, 1882 and 1890
 Chemical Weapons Act 1997
 Carriage of Dangerous Goods by Road Act 1998
 Dangerous Substances Act, 1972 and 1979
 Mines and Quarries Act, 1965
 Safety, Health and Welfare (Offshore Installations) Act 1987
 Safety, Health and Welfare at Work Act 2005
 Safety in Industry Acts 1955 and 1980

Employment Rights

Carer's Leave Act 2001
 Hospitals' Trust (1940) Limited (Payment to Former Employees) Act 2000
 Minimum Notice and Terms of Employment Acts 1973 to 2001
 National Minimum Wage Act 2000
 Organisation of Working Time Act 1997
 Protection of Employment Act 1977
 Protection of Employees (Fixed-Term Work) Act 2003
 Protection of Employees (Part-Time Work) Act 2001
 Protection of Employees (Employers' Insolvency) Acts 1984 to 2004
 Payment of Wages Act 1991
 Protection of Young Persons (Employment) Act 1996
 Redundancy Payments Acts 1967 to 2003
 Terms of Employment (Information) Acts 1994 and 2001
 Unfair Dismissals Acts 1977 to 2005
 Employees (Provision of Information and Consultation) Act 2006
 Employment Agency Act 1971 (while this Act is administered by the ERIR Division of the Department, it does not form part of the employment rights suite of legislation).

Internal Market

Decision No 3052/95/EC of the European Parliament and of the Council of 13 December 1995 establishing a procedure for the exchange of information on national measures derogating from the principle of the free movement of goods within the Community.

Council Regulation (EC) No. 2679/98 of 7 December 1998 on the functioning of the internal market in relation to the free movement of goods among the Member States.

Resolution of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, of 7 December 1998 on the free movement of goods.

Commission Recommendation No. 2001/893/EC of 7 December 2001 on principles for using "SOLVIT" – the Internal Market Problem Solving Network.

Commission Recommendation No. 2005/309/EC of 12 July 2004 on the transposition into national law of Directives affecting the internal market.

Industry

Cement (Repeal of Enactments) Act 2000
 Custom Free Airport Acts, 1947 and 1958 (parts of)
 Export Promotion (Amendment) Act, 1987
 Industrial Development Acts, 1986 to 2006
 Industrial Research and Standards Act, 1961
 Irish Steel Limited Act, 1996
 National Standards Authority of Ireland Act, 1996
 NET Acts, 1963 – 2001
 Prompt Payment of Accounts Act, 1997
 Science and Technology Act, 1987
 Shannon Free Airport Development Company Limited Acts 1959 - 1991

Company Law

Companies Acts 1963 – 2006
 Friendly Societies Acts 1896 – 1977
 Industrial and Provident Societies Act, 1893 - 1978
 Investment Limited Partnership Act, 1994
 Investment Funds, Companies and Miscellaneous Provisions Act 2005
 Investment Funds, Companies and Miscellaneous Provisions Act 2006
 Irish Takeover Panel Act, 1997
 Limited Partnership Act, 1907
 Partnership Act, 1890
 Registration of Business Names Act, 1963
 Unit Trusts Act, 1990
 Designated Investment Funds Act, 1985 (section 6)
 Safety, Health and Welfare at Work Act, 1989 (section 12(6))
 Investment Intermediaries Act, 1995 (section 80)
 Competition Act 2002 (section 48(a) and 51)
 Stock Exchange Act 1995

Personal Injury

Personal Injuries Assessment Board Act 2003

Science, Technology & Intellectual Property

Industrial Development (Science Foundation Ireland) Act, 2003
 Intellectual Property Rights
 Patents Act 1992, Patents (Amendment) Act 2006 (No. 31 of 2006)
 Trade Marks Act 1996
 Section 4 and 5 of the Intellectual Property (Miscellaneous Provisions) Act 1998
 Copyright and Related Rights Act 2000 (excluding sections 98, 198, 199 and 247 which were not commenced with the remainder of the Act on 1 January 2001)
 Industrial Designs Act 2001

Copyright and Related Rights (Amendment) Act 2004 (No 18 of 2004)

Trade

Control of Exports Act, 1983
 Restriction of Imports Act, 1962
 Control of Imports Acts, 1934-1964
 Insurance Act 1953 (as amended)

Competition & Consumer Policy

Casual Trading Acts 1995
 Charter of the Company of Goldsmiths of Dublin, 1637
 Competition Act, 2002
 Competition (Amendment) Act 2006
 Consumer Credit Act, 1995
 Consumer Information Act, 1978
 Hallmarking Act, 1981
 Hallmarking of Foreign Plate Act, 1904
 Liability for Defective Products Act, 1991
 Merchandise Marks Acts, 1887-1970
 Metrology Act, 1996
 Occasional Trading Act, 1979
 Packaged goods (Quantity Control) Act, 1980
 Plate Assay Act, 1783
 Plate Assay (Ireland) Act, 1807
 Plate Assay (Amendment) Act, 1931
 Prices Acts, 1958-1972
 Pyramid Selling Act, 1980
 Restrictive Practices (Amendment Act) Act, 1987
 Restrictive Practices (Confirmation of Order) Act, 1987
 Sale of Goods Act, 1893
 Sale of Goods and Supply of Services Act, 1980
 Shop/Hours of Trading Act, 1938
 Trading Stamps Act, 1980

Trade Union and Industrial Relations

Trade Union Acts 1871 to 1990

Transnational Information and Consultation of
Employees Act 1996

Worker Participation (State Enterprises) Acts 1977 and
1988

National Minimum Wage Act 2000

Industrial Relations Acts 1946 to 2004

Employees (Provision of Information and Consultation)
Act 2006

Employment and Training

Apprenticeship Act, 1959

Industrial Training Act, 1967

Labour Services Act, 1987

National Training Fund Act, 2000

Employment Permits Acts 2003 & 2006

Appendix 6

Legislation Enacted in 2006

Competition (Amendment) Act 2006

The Competition (Amendment) Act 2006 was introduced to repeal the Restrictive Practices (Groceries) Order, 1987 which prohibited practices such as selling below net invoice price, boycotting and 'hello' money. Its removal sought to introduce greater competition into the grocery trade by allowing retailers freedom to determine the prices retailers charge customers for their products. The 2006 Act also strengthens the existing provisions of the 2002 Act by prohibiting –

- the imposition of resale price maintenance in regard to the supply of grocery goods (resale price maintenance is the practice whereby manufacturers or suppliers specify the minimum prices at which their goods may be resold);
- unfair discrimination in regard to the supply of grocery goods. This is a reference to a supplier offering preferential terms to one buyer over another even though the transactions involved are equivalent in nature;
- retailers or wholesalers of grocery goods from compelling or coercing suppliers into payment of advertising allowances (e.g. where a retailer seeks payment from a supplier in order to advertise the supplier's goods as a means of attracting customers to the retailer's premises);
- retailers from compelling or coercing suppliers into payment of 'hello' money (i.e. where a retailer demands a payment from a supplier before agreeing to stock that supplier's products). The circumstances in which the practice will be prohibited include on the opening of a new store, an extension to an existing store or a change of ownership of a store.

Employees (Provision of Information and Consultation) Act 2006

The Employees (Provision of Information and Consultation) Act 2006 came into operation on 24 July 2006. The purpose of the Act, which transposes EU Directive 2002/14/EC of 11 March 2002, is to provide

for the establishment of a general framework setting out minimum requirements for the right to information and consultation of employees in undertakings with at least 50 employees.

Employment Permits Act 2006:

(NO. 16 of 2006). This Act provides for the grant of employment permits to certain foreign nationals for the purpose of permitting them to be in employment in the State, to otherwise regulate the employment of certain foreign nationals in employment in the State, to amend the Employment Permits Act 2003 and provides for related matters.

Industrial Development Act 2006

The Industrial Development Act 2006 amends the Industrial Development Act 1993 by the insertion of a new Section 21 into the 1993 Act. The new Section gives legislative authority to the Minister for Enterprise, Trade & Employment to designate the transfer of staff from Shannon Development to Forfás. It also provides a guarantee that the pay, conditions of service and pension arrangements of staff who are so designated shall be in no way diminished by virtue of the transfer.

Patents (Amendment) Act 2006 (No. 31 of 2006)

The primary purpose of the Patents (Amendment) Act 2006 is to bring our Intellectual Property Law into compliance with obligations under international agreements i.e. the Trips Agreement, the revision of the European Patent Convention and the Patent Law Treaty. The Act also makes miscellaneous necessary amendments to Intellectual Property legislation.

Investment Funds, Companies and Miscellaneous Provisions Act 2006

The main provisions of the Act are:

Amendment of the Companies Acts 1963-2005 dealing with matters relating to:

- Private Companies and their ability to offer shares and debentures;
- Increase of audit exemption thresholds;

- Dematerialisation of securities certification;
- Guarantor liability for prospectus content; and
- Consent of experts relating to material provided by them in Prospectuses;

Provisions to facilitate transposition of the EU Transparency Directive which is due to be transposed into Irish law by January 2007;

Amendment of the Takeover Panel Act 1997 including provisions to complete the transposition of the EU Takeovers Directive which was transposed into Irish law to meet the EU deadline of 20 May 2006;

Amendment of the Consumer Information Act 1978 to allow for the appointment of a person to perform the functions of the Director of Consumer Affairs for a period of more than 6 months;

Statutory Declarations made abroad for the purposes of the Companies Acts and Amendment of the Netting of Financial Contracts Act 1995 to ensure the protections of that Act for Common Contractual Funds.

Appendix 7

Statutory Instruments made during 2006

S.I. No. 8 of 2006

Industrial Relations Act 1990 (Code of Practice on Access to Part-Time Working) (Declaration) Order 2006

This Code of Practice under the Industrial Relations Act 1990 seeks to minimise the potential for indirect discrimination in relation to part-time working and introduces positive measures to eliminate obstacles and barriers and encourage greater participation in employment on a number of grounds.

S.I. No. 24 of 2006

Carriage of Dangerous Goods by Road Act 1998 (Appointment of Competent Authorities) Order 2005

These Regulations implement the requirements of the European Union Directives on the carriage of dangerous goods by road and those of the associated ADR (European Agreement concerning the international carriage of dangerous goods by road). These Regulations set out functions to be performed by various competent authorities. This Order appoints the various competent authorities for the purposes of the Act.

S.I. No. 25 of 2006

European Communities (Classification, Packaging and Labelling and Notification of Dangerous Substances) (Amendment) Regulations 2006

These Regulations transpose Commission Directive 2004/73/EC of 29 April 2004, the 29th Adaptation to Technical Progress of Council Directive 67/548/EEC on the classification, packaging and labelling of dangerous substances. They amend the European Communities (Classification, Packaging, Labelling and Notification of Dangerous Substances) Regulations 2003 (S.I. No. 116 of 2003).

S.I. No 50 of 2006

European Communities (Limitation of Effect of Patent) Regulations 2006

These Regulations made pursuant to the European Communities Act, 1972, amend Section 42 of the

Patents Act, 1992 to limit the rights conferred by a patent where certain acts are undertaken to fulfil the application requirements of Article 10 of Directive 2001/83/EC (as last amended by Directive 2004 /27/EC of the European Parliament and of the Council of 31 March 2004) for a marketing authorisation for a generic or similar biological medicinal product for human use and Article 13 of Directive 2001/82/EC (as last amended by Directive 2004/28/EC of the European Parliament and of the Council of 31 March 2004) for a marketing authorisation for a generic or similar biological medicinal product for veterinary use.

S.I. No. 56 of 2006

Companies (Auditing and Accounting) Act 2003 (Commencement) Order 2006

This Order fixes the 3rd February, 2006 as the date on which the various provisions being commenced come into operation. These provisions bring into effect many of the powers and functions of the Irish Auditing and Accounting Supervisory Authority (IAASA) provided for in the Companies (Auditing and Accounting) Act, 2003 and in particular transfers the powers of the Minister for Enterprise, Trade and Employment in relation to the recognition of accountancy bodies under the Companies Acts to IAASA.

S.I. No. 57 of 2006

Companies (Auditing and Accounting) Act 2003 (Prescribed Accountancy Bodies) Regulations 2006

These Regulations prescribe for the purposes of the Companies (Auditing and Accounting) Act, 2003 the following three bodies of accountants:

- (i) The Association of International Accountants (AIA)
- (ii) The Chartered Institute of Management Accountants (CIMA) and
- (iii) The Chartered Institute of Public Finance and Accountancy (CIPFA).

S.I. No. 62 of 2006**European Communities (Restrictive Measures) (Uzbekistan) Regulations 2006 (2 February 2006)**

The effect of this Order is to provide for penalties for infringements of Council Regulation (EC) No. 1859/2005 which introduced a ban on technical assistance, the provision of finance relating to military activities and the sale, supply, transfer or export of equipment that might be used for internal repression in respect of Uzbekistan.

S.I. No. 74 of 2006**European Communities (Control of Major Accident Hazards Involving Dangerous Substances) Regulations 2006**

The purpose of these Regulations is to transpose Council Directive 96/82/EC on the control of major accident hazards involving dangerous substances as amended by Directive 2003/105/EC of the European Parliament and of the Council. The Regulations revoke and replace the European Communities (Control of Major Accident Hazards Involving Dangerous Substances) Regulations 2000 (S.I. No. 476 of 2000), and the European Communities (Control of Major Accident Hazards Involving Dangerous Substances) (Amendment) Regulations 2003 (S.I. No. 402 of 2003).

S.I. No. 127 of 2006**Competition (Amendment) Act 2006 (Commencement) Order 2006**

This SI is the Commencement Order which enacted the Competition (Amendment) Act 2006. This Act which abolished the Restrictive Practices (Groceries) Order, 1987 came into force on 20th March 2006.

S.I. No. 130 of 2006**European Communities (Trade with Iraq) Regulations 2006 (8 March 2006)**

The effect of this Order is to provide for penalties for infringements of Council Regulation (EC) No. 1210/2003 which introduced a ban on the import, export and dealing in any item of illegally removed Iraqi cultural property. The Council Regulation also revoked European Communities (Trade with Iraq)

Regulations 1997 (S.I. No. 370 of 1997) which provided for penalties for breaches of the EU prohibition on trade with Iraq.

S.I. No 141 of 2006**European Communities (Patent Agents) Regulations 2006**

These Regulations, made pursuant to the European Communities Act, 1972, amend certain provisions of the Patents, 1992 in order to allow a person, established in another Member State of the European Community and qualified under the law of the State to act as a patent agent, to act for another person in relation to patent matters before the Controller of Patents, Designs and Trade marks.

S.I. No 142 of 2006**Patents (Amendment) Rules 2006**

These Rules set out the evidential requirements with which a person established in another Member State of the European Community and qualified to act under the law of that State as a patent agent must comply in order to act for another person in relation to patent matters before the Controller of Patents, Designs and Trade Marks. They also set necessary consequential amendments to the Patents Rules, 1992.

S.I. No. 186 of 2006**European Communities (Restrictive Measures against Certain Persons and Entities Associated with Usama bin Laden, the Al-Qaida Network and the Taliban) Regulations 2006 (11 April 2006)**

The effect of this Order is to provide for penalties for infringements of Council Regulation (EC) No. 881/2002 which introduced a ban on the sale, supply or transfer of technical advice, assistance or training related to military activities against certain persons and entities associated with Usama bin Laden, the Al-Qaida Network and the Taliban. The Council Regulation also revoked European Communities (Prohibition of the Export of Certain Goods and Services to Afghanistan and Strengthening of the Flight Ban) Regulations, 2001 (S.I. No. 417 of 2001) which provided for penalties for breaches of the EU prohibition on trade with Afghanistan.

S.I. No. 241 of 2006**European Communities (Noise Emission by Equipment for Use Outdoors) (Amendment) Regulations 2006**

These Regulations give effect to EU Directive 2005/88/EC on Noise Emission in the Environment by Equipment for Use Outdoors and provide for certain types of equipment listed in Article 1 of the Directive, which would not be able to meet the stage II limits by 3 January 2006 solely for technical reasons, to still be placed on the market and/or put into service by that date.

S.I. No. 255 of 2006**European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006**

These Regulations transpose the requirements of Directive 2004/25/EC on takeover bids. They provide for general principles and rules on how takeovers of listed companies in the EU should be conducted and supervised.

S.I. No. 264 of 2006**Personal Injuries Assessment Board (Fees) (Amendment) Regulations 2006**

These Regulations provide an amendment to the charges the Personal Injuries Assessment Board may make on respondents under the Personal Injuries Assessment Board (Fees) Regulations 2004. These charges are in respect of the processing by the Board of applications under section 11 of the Personal Injuries Assessment Board Act 2003 (No. 46 of 2003). The Regulations come into operation on the 1st day of June 2006.

S.I. No. 287 of 2006**European Communities (Undertakings for Collective Investment in Transferable Securities)(Amendment) Regulations 2006**

To give further legal effect to Directive 2001/107/EC of 21 January 2002 of the European Parliament and Council known as the "Management Directive". It comes into operation on 13 February 2007.

S.I. No. 290 of 2006**European Communities (Cooperation between National Authorities Responsible for the Enforcement of Consumer Protection Laws) Regulations, 2006**

These Regulations implement Regulation (EC) No. 2006/2004 of the European Parliament and of the Council on cooperation between national authorities responsible for the enforcement of consumer laws. The main purpose of the Regulations is the designation of competent authorities for the specific consumer measures outlined in the annex to the Regulation.

S.I. No 312 of 2006**European Communities (Artist's Resale Right) Regulations 2006**

These Regulations transpose into Irish law Directive 2001/84/EC of the European Parliament and of the Council of 27 September 2001 on the resale right for the benefit of the author of an original work of art. This will allow creators of original works of visual and plastic art, through a system of royalty payments, to benefit from resales of those works when they are sold through the professional art market.

S.I. No 318 of 2006**Safety, Health and Welfare at Work (Work at Height) Regulations 2006**

These Regulations transpose into Irish law the provisions of Council Directive 89/655/EEC of 30 November 1989 concerning the minimum safety and health requirements for the use of work equipment by workers at work, as amended by Council Directive 95/63/EC of 5 December 1995 and Directive 2001/45/EC of the European Parliament and of the Council of 27 June 2001, relating to the use of work equipment when carrying out work at a height.

S.I. No. 360 of 2006**European Communities (Enforcement of Intellectual Property Rights) Regulations 2006**

These Regulations transpose into Irish Law aspects of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights which are not currently available under Irish law. The directive harmonises civil remedies and measures available for the enforcement of Intellectual Property Rights across the European Community.

S.I. No. 364 of 2006**European Communities (Dangerous Substances and Preparations) (Marketing and Use) (Amendment) Regulations 2006**

These Regulations amend Schedules 1 and 3 to the European Communities (Dangerous Substances and Preparations) (Marketing and Use) Regulations, 2003 (S.I. No. 220 of 2003), as previously amended by the European Communities (Dangerous Substances and Preparations) (Marketing and Use) (Amendment) Regulations 2003 (S.I. No. 503 of 2003) and the European Communities (Dangerous Substances and Preparations) (Marketing and Use) (Amendment) Regulations 2004 (S.I. No. 852 of 2004). The Regulations transpose Directives 2005/59/EC, 2005/69/EC, 2005/84/EC and 2005/90/EC into Irish law.

S.I. No. 366 of 2006**The European Communities (Control of Trade in Goods that may be used for Torture) Regulations 2006 (11 July 2006)**

The effect of this Order is to provide for penalties for breaches of Council Regulation (EC) No 1236/2005 of 27 June 2005 which came into force on the 30 July 2006. The "Torture Regulation" bans trade in equipment that can be used for capital punishment and imposes controls on the export and import outside the EU of products that could be used for torture or for other cruel and degrading purposes.

S.I. No. 370 of 2006**Safety, Health and Welfare at Work (Control of Vibration at Work) Regulations 2006**

These Regulations transpose into Irish law the provisions of Directive 2002/44/EC of the European Parliament and of the Council of 25 June 2002 on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (vibration), the sixteenth individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC of 12 June 1989.

S.I. No. 371 of 2006**Safety, Health and Welfare at Work (Control of Noise at Work) Regulations 2006**

These Regulations transpose into Irish law the provisions of Council Directive 2003/10/EC of 6 February 2003 on the minimum health and safety requirements regarding the exposure of employees to the risks arising from physical agents (noise), the seventeenth individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC of 12 June 1989.

S.I. No. 386 of 2006**Safety, Health and Welfare at Work (Exposure to Asbestos) Regulations 2006**

The Regulations apply to all work activities which expose persons to risks arising from the inhalation of dust from asbestos or materials containing asbestos. These Regulations transpose for the first time Directive 2003/18/EC of the European Parliament and of the Council of 27th March, 2003, amending Council Directive 83/477/EEC, as previously amended by Council Directive 91/382/EEC on the protection of workers from the risks related to exposure to asbestos at work into Irish law.

S.I. No. 405 of 2006**Carriage of Dangerous Goods by Road Regulations 2006**

S.I. No. 406 of 2006**European Communities (Carriage of Dangerous Goods by Road) (ADR Miscellaneous Provisions) Regulations 2006****S.I. No. 407 of 2006****Carriage of Dangerous Goods by Road Act (Appointment of Competent Authorities) Order 2006****S.I. No. 408 of 2006****Carriage of Dangerous Goods by Road Act (Fees) Regulations 2006**

S.I. Nos. 405, 406, 407 and 408 above transpose Directive 2004/111/EC on the transport of dangerous goods by road and Directive 2004/112/EC on road checks into Irish law and set out the associated fees and competent authorities necessary for implementation of the Directives. The Regulations revoke and replace the Carriage of Dangerous Goods by Road Regulations 2004, the Carriage of Dangerous Goods by Road Act 1998 (Appointment of Competent Authorities) Order 2006, the Carriage of Dangerous Goods by Road (Fees and Section 18 Payments) Regulations 2005 and the Carriage of Dangerous Goods by Road (Fees and Section 18 Payments) (Amendment) Regulations 2005.

S.I. No. 473 of 2006**European Communities (Restrictive Measures) (Burma/Myanmar) Regulations 2006 (5 September 2006)**

The effect of this Order is to provide for penalties for infringements of Council Regulation (EC) No. 817/2006 concerning the further renewal of certain restrictive measures which include, a ban on technical assistance and the provision of finance relating to military activities and the sale, supply, transfer or export of equipment that might be used for internal repression in respect of Burma/Myanmar and to repeal European Communities (Restrictive Measures) (Burma/Myanmar) Regulations 2004 (S.I. No. 392 of 2004).

S.I. No. 502 of 2006**Companies (Fees) Order 2006**

This Order introduced a "nil" fee for the electronic filing of Form B73 (nomination to the Registrar of Companies of a new annual return date for a company).

S.I. No. 504 of 2006**Safety, Health and Welfare at Work (Construction) Regulations 2006**

These Regulations prescribe the main requirements for the protection of the safety, health and welfare of persons working on construction sites and to give further effect to Council Directive 92/57/EEC on the minimum safety and health requirements at temporary or mobile construction sites.

S.I. No. 574 of 2006**European Communities (Restrictive Measures) (Lebanon) Regulations 2006 (15 November 2006)**

The effect of this Order is to provide for penalties for infringements of Council Regulation (EC) No. 1412/2006 which introduced a ban on technical assistance, and the provision of finance relating to military activities in respect of Lebanon.

S.I. No. 619 of 2006**Companies (Auditing and Accounting) Act 2003 (Prescribed Bodies for Disclosure of Information) Regulations 2006**

These Regulations prescribe bodies to whom the Irish Auditing and Accounting Supervisory Authority may disclose information for the purposes of Section 31(3) of the Companies (Auditing and Accounting) Act, 2003.

S.I. No. 623 of 2006**European Communities (European Public Limited-Liability Company) (Employee Involvement) Regulations 2006**

These Regulations transpose EU Directive 2001/86/EC of 8 October 2001. The Directive deals with the

employee involvement aspects in the new legal form of company, the European Company (known as *Societas Europea*, "SE"). A new SE cannot be registered without first negotiating with employees on their involvement in the company, whether through information and consultation and/or, in certain circumstances, participation at board level.

S.I. No. 630 of 2006

Dangerous Substances (Retail and Private Petroleum Stores) (Amendment) Regulations 2006

These Regulations provide for the amendment of the Dangerous Substances (Retail and Private Petroleum Stores) Regulations 1979, as previously amended by the Dangerous Substances (Retail and Private Petroleum Stores) (Amendment) Regulations 1988, the Dangerous Substances (Retail and Private Petroleum Stores) (Amendment) Regulations 1999, the Dangerous Substances (Retail and Private Petroleum Stores) (Amendment) Regulations 2002 and the Dangerous Substances (Retail and Private Petroleum Stores) (Amendment) Regulations 2004 (S.I. No. 860 of 2004).

S.I. No 646 of 2006

European Communities (Enforcement of Community Judgements on Trade Marks and Designs) Regulations 2006

These Regulations ensure that decisions, accompanied by an Order for costs, made by the Community Trade Mark and Industrial Design registration office based in Alicante Spain can be executed in accordance with the civil law provisions prevailing in Ireland.

S.I. No. 655 of 2006

Industrial Development Act 1995 (Authorisation of Enterprise Ireland) Order

This Order authorises Enterprise Ireland to carry out certain functions in respect of the County and City Enterprise Boards (CEBs) on behalf of the Minister for Enterprise, Trade and Employment.

S.I. No. 667 of 2006

National Minimum Wage Act 2000 (National Minimum Hourly Rate of Pay) Order 2006

This Order increased the national minimum hourly rate of pay to €8.30 from 1 January 2007, and to €8.65 from 1 July 2007.

S.I. 682 of 2006

Employment Permits Act 2006 (Commencement) Order 2006

The effect of this Order is to appoint the 1st January 2007 as the date from which the provisions of the Employment Permits Act 2006 come into operation.

S.I. 683 of 2006

Employment Permits Act 2006 (Prescribed Fees and Miscellaneous Procedures) Regulations 2006

These Regulations permit certain foreign nationals, as defined in the Employment Permits Act of 2003 and 2006, to be employed in the State and set out the procedures to be followed in making an application for such a permit, including the form in which an application should be made and the review procedures to be followed in cases where application for a permit is refused or a permit is revoked. The Regulations also prescribe the fees which must accompany an application for an employment permit.

Appendix 8

Directives adopted at EU Level during 2006

2006/2/EC

Directive 2006/2/EC of the European Parliament and of the Council of 6 January 2006 amending, for the purposes of its adaptation to technical progress, Annexe II to Directive 96/73/EC on certain methods for quantitative analysis of binary textile fibre mixtures.

2006/3/EC

Directive 2006/3/EC of the European Parliament and of the Council of 9 January 2006 amending, for the purposes of their adaptation to technical progress, Annexes I and II to Directive 96/74/EC on textile names.

2006/8/EC

2006/8/EC amending for the purposes of their adaptation to technical progress, Annexes II, III and V to Directive 1999/45/EC of the European Parliament and of the Council concerning the approximation of the laws, regulations and administrative provisions of the Member States relating to the classification, packaging and labelling of dangerous preparations.

2006/15/EC

2006/15/EC establishing a second list of indicative occupational exposure limit values in implementation of Council Directive 98/24/EC and amending Directives 91/322/EEC and 2000/39/EC.

2006/25/EC

2006/25/EC of the European Parliament and of the Council of Europe on the minimum health and safety requirements regarding the exposure of workers to risks associated arising from physical agents (artificial optical radiation) (19th individual directive within the meaning of article 16(1) of Directive 89/391/EEC.

2006/42/EC

2006/42/EC of the European Parliament and of the Council of 17 May 2006 on machinery, and amending Directive 95/16/EC (recast).

2006/43/EC

Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC.

2006/46/EC

2006/46/EC of the European Parliament and of the Council of 14 June 2006 amending Council Directives 78/660/EEC on the annual accounts of certain types of companies, 83/349/EEC on consolidated accounts, 86/635/EEC on the annual accounts and consolidated accounts of banks and other financial institutions and 91/674/EEC on the annual accounts and consolidated accounts of insurance undertakings.

2006/68/EC

Directive 2006/68 of the European Parliament and of the Council of 6 September 2006 amending Council Directive 77/91/EEC as regards the formation of public limited liability companies and alteration of their capital.

2006/89/EC

2006/89/EC adapting for the sixth time to technical progress Council Directive 94/55/EC on the approximation of the laws of the Member States with regard to the transport of dangerous goods by road.

2006/122/EC

2006/122/EC of the European Parliament and of the Council of 12th December 2006 amending for the 30th time Council Directive 76/769/EEC on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations (perfluorooctane sulfonates).

2006/123/EC

2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market.

Appendix 9

Employment Regulation Orders (ERO's) and Registered Employment Agreements (REA's) made during 2006

ERO's

The following Employment Regulation Orders were made in 2006, fixing minimum rates of pay and regulating conditions of employment in the industries concerned;

1. Aerated Waters & Wholesale Bottling Joint Labour Committee, S.I. No. 559 of 2006
2. Agricultural Workers Joint Labour Committee, S.I. No. 24 of 2006
3. Contract Cleaning (City and County of Dublin) Joint Labour Committee, S.I. No. 72 and S.I. No. 458 of 2006
4. Contract Cleaning (excluding City and County of Dublin) Joint Labour Committee, S.I. No. 73 and S.I. No. 459 of 2006
5. Hairdressing (Cork City) Joint Labour Committee, S.I. No. 276 of 2006
6. Handkerchief & Household Piece Goods Joint Labour Committee, S.I. No. 513 of 2006
7. Law Clerks Joint Labour Committee, S.I. No. 249 of 2006
8. Provender Milling Joint Labour Committee, S.I. No. 560 of 2006
9. Retail Grocery & Allied Trades Joint Labour Committee, S.I. No. 251 and S.I. No. 591 of 2006
10. Security Industry Joint Labour Committee, S.I. No. 500 of 2006
11. Shirtmaking Joint Labour Committee, S.I. No. 514 of 2006
12. Tailoring Joint Labour Committee, S.I. No. 515 of 2006
13. Women's Clothing & Millinery Joint Labour Committee, S.I. No. 516 of 2006

REA's

At the end of 2006 there were 45 Employment Agreements on the Register maintained by the Court. The following agreements were varied during 2006:

- Construction Industry (Wages and Conditions of Employment) (1)
- Construction Industry (Pensions Assurance & Sick Pay) (2)
- Electrical Contracting Industry (1)
- Footwear, Drapery and Allied Trades (1)

Appendix 10

Labour Market Data

Economic Growth

The economy continued to perform well in 2006 with Gross Domestic Product (GDP) Growth of 5.8% and Gross National Product (GNP) Growth of 6.5% during the year.

Labour Force²⁵

As of Quarter 4 2006, the labour force (employed + unemployed persons) stood at 2,154,800, representing an annual increase of 82,900 (+4%). Demographic factors such as the increase in the working age population added 63,000 to the labour force. Net inward migration accounted for approximately 75% of the demographic factors with the remaining 19,900 attributable to increased labour force participation.

Employment

Strong employment growth in 2005 continued in 2006 with the numbers employed increasing by 85,500, (+4.3%) in the year to Q4 2006. This increase brought the total number in employment to 2,066,100, the first time in the history of the State that employment has exceeded 2 million. As a result the overall employment rate increased by 0.9% to 68.7%. Full-time employment accounted for 83% of the increase in employment with 1,717,000 persons now working on a full-time basis. Part-time employment continued to increase (+8,300) in 2006 with 349,100 persons working part-time. On an annual basis, the number of female and male workers in employment increased by 4.7% and 4.0% respectively.

The numbers in employment increased across most economic sectors with growth particularly strong in the Construction (+28,400) and Health (+18,700) sectors. Employment also increased in Financial and other business services (+15,000) and Education (+11,700). The numbers employed increased across most occupational categories with Professionals (+23,800), Personal and protective services (+17,800), Associate

²⁵ All labour market data Central Statistics Office Quarterly National Household Survey Quarter 4 2006 unless indicated.

professional and technical (+13,100) and Craft and related (+12,800) showing the greatest increases.

Employment by Nationality²⁶

Employment of non-Irish nationals accounted for over 10% of total employment in Q4 2006. Non-Irish national employment increased by 44,300 (+26%) in the year with 61% of the increase attributable to persons from the EU10 Member States. The numbers of non-Irish nationals in employment increased across practically all economic sectors with the largest increases recorded in Construction, Hotels and Restaurants, Wholesale and Retail Trade and Other Production Industries. The sectors with the highest proportion of non-Irish national employment were Hotels and Restaurants (28%), Construction (13.4%) and Other Production Industries (12%).

Unemployment

At Q4 2006 there were 88,700 persons unemployed (54,200 males and 34,500 females). The unemployment rate decreased by 0.3% to 4.1% in the year, with the rate for males and females decreasing by 0.1% to 4.4% and 0.4% to 3.8% respectively. There were 27,100 persons long-term unemployed, with the long-term unemployment rate remaining unchanged at 1.3% over the year.

Regional Comparisons

In the year to Q4 2006 employment grew by 60,700 (+4.1%) in the Southern and Eastern (S&E) region and by 24,800 (+4.9%) in the Border Midlands and Western (BMW) region. There was a decline in the numbers unemployed in the S&E (-1,900) and BMW regions (-600). Employment grew in all sub-regions, with the South-East and Border showing the strongest rate of growth at 7.4% and 6.6% respectively.

²⁶ Since 2005, the QNHS contains data on the labour force classified by nationality. While the figures are subject to review in light of the 2006 Census results, the statistics are regarded by the CSO as a broadly accurate estimate of recent trends and the current situation.

Labour Market Outlook

The Department of Finance²⁷ forecasts that the outlook for economy over the period 2007-2009 will remain positive with estimated GNP and GDP growth rates of 4.7% per annum.

Employment is estimated to increase by 3.5% in 2007, with growth of 2.1% in 2008 with growth driven largely by the expanding services sector. The unemployment rate is expected to average around 4.5% over the period. While the outlook is favourable, there are nevertheless a number of external and internal risks to growth. As a small open economy, Ireland remains extremely vulnerable to external economic shocks. In addition to slower US economic growth, there are other risks to the medium-term labour market outlook. Growth may also be affected by rising energy prices, interest rate increases and national competitiveness.

²⁷ Department of Finance: *Stability Programme Update-December 2006*

Table 1 Labour Market Data 2001-2006

| Total (000's) | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Labour force | 1,831.6 | 1,866.3 | 1,914.8 | 1,979.7 | 2,071.9 | 2,154.8 |
| Employed | 1,759.9 | 1,782.3 | 1,828.9 | 1,894.1 | 1,980.6 | 2,066.1 |
| Full-time | 1,471.6 | 1,487.5 | 1,524.1 | 1,577.5 | 1,639.8 | 1,717.0 |
| Part-time | 288.3 | 294.8 | 304.8 | 316.5 | 340.8 | 349.1 |
| Unemployed | 71.8 | 84.1 | 85.9 | 85.6 | 91.3 | 88.7 |
| Long-Term Unemployed | 21.4 | 24.9 | 26.2 | 28.9 | 27.6 | 27.1 |
| Males (000's) | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Labour force | 1,077.6 | 1,092.4 | 1,114.5 | 1,145.2 | 1,194.8 | 1,240.5 |
| Employed | 1,032.9 | 1,040.5 | 1,061.1 | 1,092.4 | 1,140.5 | 1,186.3 |
| Full-time | 966.6 | 975.2 | 994.9 | 1,027.7 | 1,066.0 | 1,110.3 |
| Part-time | 66.3 | 65.3 | 66.3 | 64.7 | 74.6 | 76.0 |
| Unemployed | 44.7 | 51.9 | 53.3 | 52.8 | 54.3 | 54.2 |
| Long-Term Unemployed | 17.2 | 19.0 | 19.6 | 21.3 | 20.7 | 20.2 |
| Females (000's) | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Labour force | 754.0 | 773.9 | 800.3 | 834.5 | 877.1 | 914.3 |
| Employed | 727.0 | 741.7 | 767.8 | 801.7 | 840.1 | 879.8 |
| Full-time | 505.0 | 512.3 | 529.2 | 549.8 | 573.9 | 606.7 |
| Part-time | 222.0 | 229.5 | 238.6 | 251.9 | 266.2 | 273.1 |
| Unemployed | 27.0 | 32.2 | 32.6 | 32.8 | 37.0 | 34.5 |
| Long-Term Unemployed | 4.2 | 5.8 | 6.6 | 7.5 | 6.9 | 6.9 |
| Rate (%) | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Employment | 65.6% | 65.1% | 65.7% | 66.7% | 67.8% | 68.7% |
| Female Employment | 55.1% | 54.9% | 55.9% | 57.2% | 58.4% | 59.6% |
| Older Workers Employment | 47.4% | 48.4% | 49.2% | 50.0% | 52.2% | 53.0% |
| Unemployment | 3.9% | 4.5% | 4.5% | 4.3% | 4.4% | 4.1% |
| Long-Term Unemployment | 1.2% | 1.3% | 1.4% | 1.5% | 1.3% | 1.3% |

Table 2 Employment Growth (000's) by sector 2001-2006

| Economic Sector (NACE Rev.1) | | | | | | | % | % |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | Change 2005-2006 | Change 2001-2006 |
| Agriculture, forestry and fishing | 127.2 | 123.1 | 123.4 | 112.5 | 115.3 | 115.8 | 0.4% | -9% |
| Other production industries | 319.0 | 305.0 | 297.3 | 301.1 | 288.2 | 292.1 | 1.3% | -8.4% |
| Construction | 185.4 | 191.3 | 200.6 | 227.4 | 253.2 | 281.6 | 11.2% | +51.9% |
| Wholesale and retail trade | 245.3 | 251.5 | 256.5 | 265.4 | 285.0 | 288.3 | 1.2% | +17.5% |
| Hotels and restaurants | 107.8 | 111.5 | 115.4 | 112.6 | 115.5 | 116.6 | 1% | +8.2% |
| Transport, storage and communication | 112.2 | 113.3 | 114.6 | 115.7 | 118.3 | 117.2 | 0.9% | +4.4% |
| Financial and other business services | 227.0 | 224.5 | 231.3 | 247.7 | 263.0 | 278.0 | 5.7% | +22.5% |
| Public administration and defence | 82.5 | 88.3 | 90.6 | 94.4 | 100.7 | 105.1 | 4.4% | +27.4% |
| Education | 107.3 | 112.3 | 118.1 | 118.5 | 127.9 | 139.6 | 9.1% | +30.1% |
| Health | 150.9 | 163.2 | 175.8 | 182.5 | 191.5 | 210.2 | 10% | +39.3% |
| Other services | 95.2 | 98.3 | 105.3 | 116.3 | 122.1 | 121.6 | 0.4% | +27.7% |
| Total persons | 1,759.9 | 1,782.3 | 1,828.9 | 1,894.1 | 1,980.6 | 2,066.1 | 4.3% | +17.4% |

Table 3 Share of total employment by economic sector 2001-2006²⁸

| Economic Sector (NACE Rev.1) | 2001 | 2006 |
|---------------------------------------|-------|-------|
| Agriculture, forestry and fishing | 7.2% | 5.6% |
| Other production industries | 18.1% | 14.1% |
| Construction | 10.5% | 13.6% |
| Wholesale and retail trade | 13.9% | 14.0% |
| Hotels and restaurants | 6.1% | 5.6% |
| Transport, storage and communication | 6.4% | 5.7% |
| Financial and other business services | 12.9% | 13.4% |
| Public administration and defence | 4.7% | 5.1% |
| Education | 6.1% | 6.8% |
| Health | 8.6% | 10.2% |
| Other services | 5.4% | 5.9% |

²⁸ Source: CSO QNHS Quarter 4 2001-2006

Appendix 11

Bodies and Offices associated with the Department

ENTERPRISE IRELAND

Wilton Park House, Wilton Place, Dublin 2.
Telephone: 01 808 2000

Merrion Hall, Strand Road, Sandymount, Dublin 4.
Telephone: 01 808 2000

Glasnevin, Dublin 9. Telephone: 01 808 2000.

Website: www.enterprise-ireland.com,
E-mail: info@enterprise-ireland.com

Enterprise Ireland, which was established in July 1998, seeks to accelerate Ireland's national and regional development by working with Irish companies to develop and compete so that they can grow on world markets. Enterprise Ireland brings together the key marketing, technology, enterprise development, business training and science and innovation initiatives through which the Government supports the growth of Irish industry.

Chairperson: Pat Molloy

Other Board Members: Frank Ryan (Chief Executive), Kieran Mc Gowan, Elaine Farrell (retired), Brian Kearney, Veronica Perdisatt, Heather Ann McSharry, Gus Fitzpatrick (retired), Lorraine Benson, John Connolly, Margaret Daly, Gerard O'Malley

In accordance with Sections 9(8) and (9) of the Industrial Development (Enterprise Ireland) Act 1998. The Minister will shortly appoint two new members to the Board.

FORFÁS

Wilton Park House, Wilton Place, Dublin 2.
Telephone: 01 607 3000, Fax 01 607 3030

Website: www.forfas.ie, E-mail: info@forfas.ie

Forfás is the national policy and advisory body for enterprise, trade, science, technology and innovation.

Chairperson: Eoin O'Driscoll

Other Board members: Martin Cronin (Chief Executive), Sean Dorgan, Frank Ryan, Jane Williams, Rosheen McGuckian, Rody Molloy, Sean Gorman, Dr Donald Thornhill, Ms. Anne Heraty (appointed 21 March 2006), William O'Brien (appointed 21 March 2006), Pat Barry (appointed 21 March 2006), Mark Keane (appointed 4 September 2006), Dr William Harris (retired 1 July 2006) .

SCIENCE FOUNDATION IRELAND (SFI)

Wilton Park House, Wilton Place, Dublin 2.
Telephone: 01 607 3200, Fax: 01 607 3201

Website: www.sfi.ie, E-mail: webmaster@sfi.ie

Science Foundation Ireland (SFI) – the National Foundation for Excellence in Scientific Research - was established to support research excellence in strategic technologies deemed capable of driving economic competitiveness in the longer term.

Chairperson: Dr. Pat Fottrell

Other Board Members: Prof. Mark Keane (Director General appointed 26/7/06), Dr. Don Thornhill, Mr. John Travers, Dr. Jane Grimson, Dr. Jim Mountjoy (Deputy Chairperson), Dr. Martina Newell McGloughlin, Mr. Ned Costello, Mr. Peter Mac Donagh, Prof. Marja Makarow (appointed 22/05/2006), Helen Keelan (appointed 05/07/2006), Mr Sean Ahern (appointed 24/10/2006).

[Resigned – Dr William C. Harris (Director General) on 30/06/06, Mr. Frank McCabe (Deputy Chairperson) 24/07/06, Dr Jacqueline Hunter 16/2/2006, Dr. Kristina Johnson 12/01/2006]

IDA IRELAND

Wilton Park House, Wilton Place, Dublin 2.
Telephone: 01 603 4000

Website: www.idaireland.com, E-mail: idaireland@ida.ie

This body is responsible for the attraction to and development of overseas industry within Ireland.

Chairperson: John Dunne

Other Board Members: Sean Dorgan (Chief Executive), Nial Ring, Kieran Corrigan, Brian Whitney, Thomas G Lynch, Bernard Collins, Loreta Brennan Glucksman, Paul Mackay, Gerard O Mahoney, Suzanne King, Professor Terri Scott.

NATIONAL STANDARDS AUTHORITY OF IRELAND

Glasnevin, Dublin 9.
Telephone: 01 807 3800
Fax: 01 807 3838
E-mail: nsai@nsai.ie
Website: www.nsai.ie

The National Standards Authority of Ireland operates under the National Standards Authority of Ireland Act, 1996, on behalf of the Minister for Enterprise, Trade and Employment. The Authority's primary functions are the development and publication of standards, the provision of a comprehensive product and management system certification service, Agrément certification of building and civil engineering products and Legal Metrology for the establishment of confidence in trade measurements. The Legal Metrology Service operates under the Metrology Acts, 1980-1998. The governing board of NSAI is appointed by the Minister for Enterprise, Trade and Employment and represents a cross-section of industrial and government interests.

The NSAI, through the National Metrology Laboratory, develops and disseminates national measurement standards in accordance with the International System of Units.

Chairperson: Dan Tierney

- Secretary:** Patrick Bracken
- Other Board Members:** Patrick J. Coffey, Dorothea Dowling, Sean J. McCarthy, John Hewitt, Anne Riordan, Niall Fitzsimons, Edmond Stack, Paul Bennett, Des O'Loughlin, Mary O'Leary, Brian Cunningham.
- Chief Executive:** Simon Kelly
- [Retired – Ms Ursula MacEvilly on 14th. April 2006; Brian Cunningham appointed with effect from 24th April 2006]
- [Resigned – Ms. Rose Hynes on 14th. April 2006; Ms. Mary O'Leary appointed with effect from 13th. June 2006]

SHANNON FREE AIRPORT DEVELOPMENT COMPANY LTD

Town Centre, Shannon, Co. Clare.
Telephone: 061 361 555.

Website: www.shannon-dev.ie,
E-mail: info@shannon-dev.ie

Shannon Development's Mission Statement is Pioneering Regional Development for the Knowledge Age.

- Chairperson:** Liam McElligott
- Other Board Members:** Brian O'Connell, Ms. Joan Reynolds, Mr. Tom Barrett, Ms. Clare Dunne, Mr. William Loughnane, Mr. Paul O'Brien, Dr. Roger Downer, Ms. Noreen Foran, Ms. Patricia Collins, Mr. John Brassil, Mr. Pat Shanahan.
- Chief Executive:** Kevin Thompstone

FÁS

27-33 Upper Baggot Street, Dublin 4.
Telephone: 01 607 0500.

Website: www.fas.ie

The functions of FÁS include the operation of training and employment programmes, the provision of a placement service for industry and support for co-operative and community-based enterprises.

- Chairperson:** Peter McLoone
- Other Board Members:** Ruth Carmody, Caroline Casey, Tim Duggan, Des Geraghty, Jenny Hayes, Brian Keogh, Sally-Anne Kinahan, Danny McCoy, Margaret Mernagh, Dermot Mulligan, James O'Leary, Brian O'Raghallaigh, Alice Prendergast, Niall Saul, Frank Walsh, Owen Wills

Director General: Roddy Molloy

HEALTH AND SAFETY AUTHORITY

Metropolitan Building, James Joyce Street, Dublin 1.
Telephone: 01 614 7000 Lo-call: 1890 289 389

Website: <http://www.hsa.ie>

The Authority has responsibility for the administration and enforcement of the occupational safety and health legislation. It provides information, advice and guidance for employers, workers, the self-employed and others to whom occupational safety and health legislation applies or is of relevance.

- Chairperson:** Mr. Jim Lyons
- Vice-Chairperson:** Mr. Peter McCabe
- Other Board Members:** Mr. Pat Kearney, Mr. Martin Lynch, Mr. Fergus Whelan, Ms. Yvonne O'Sullivan, Ms. Christina McEleneay, Ms. Rosie Sheerin, Ms. Louise O'Donnell, Mr. Tony Briscoe, Ms. Anne-Marie Hayes, Mr. Sylvester Cronin

Chief Executive Officer: Mr. Tom Beegan

PERSONAL INJURIES ASSESSMENT BOARD (PIAB)

P.O. BOX 8, Clonakilty, Co. Cork

Telephone: 1890 829 121

Website: www.piab.ie, E-mail: enquiries@piab.ie

Chief Executive Officer: Ms Patricia Byron

Chairperson: Ms Dorothea Dowling

Other Board Members: Senator Joe O'Toole (Vice-Chairperson), Mr John Fay, Mr Tom Noonan, Mr Pat Healy, Ms Ann Fitzgerald, Ms Mary O'Dea, Ms Frances Cooke, Mr Frank Cuneen, Professor Denis Cusack.

The Personal Injuries Assessment Board (PIAB) is a statutory body which provides independent assessment of personal injury compensation for victims of Workplace, Motor and Public Liability accidents. This assessment is provided without the need for the majority of litigation costs, such as Solicitors, Barristers and Experts fees, associated with such claims. These significant costs had contributed to the high cost of insurance in Ireland for both consumers and the business community. The PIAB is funded by fees payable by Respondents (those who pay the compensation). These fees are significantly less than litigation costs.

Under the PIAB Act 2003 all claims for personal injury (excluding medical negligence) must be submitted to PIAB.

NATIONAL COMPETITIVENESS COUNCIL

The National Competitiveness Council (NCC) is a social partnership body and was established in May 1997 as part of the Partnership 2000 Agreement. Each year it is required to report to both the Taoiseach and the Minister for Enterprise, Trade and Employment, on key competitiveness issues for the Irish economy together with recommendations on policy actions required to enhance Ireland's competitive position. Forfás provides the NCC's secretariat.

Website: www.forfas.ie/ncc

E-mail: ncc@forfas.ie

Chairperson: Dr. Don Thornhill

Other Board Members: Rory Ardagh, Brendan Butler, Donal Byrne, Seamus Cody, Martin Cronin, Pat Delaney, Thia Hennessy, Annette Hughes, Patrick O'Brien, Seamus O'Morain, William Prasifka, William Slattery, Paul Sweeney, John Travers, Professor Ferdinand von Prondzinski

NITRIGIN EIREANN TEO

Department of Enterprise, Trade and Employment
Earlsfort Centre
1-3 Lower Hatch Street
Dublin 2.

Telephone: 01-631 2924

E-mail: niamh_griffin@entemp.ie

Established by Government in 1961 as a private limited company to set up a nitrogenous fertiliser industry in Ireland - NET is now a 51 per cent shareholder in Irish Fertiliser Industries Ltd., which went into liquidation in November, 2002.

Chairperson: Ronald Long

Other Board Members: Jim O'Brien, Conor O'Mahony

Company Secretary: Niamh Griffin

CRAFTS COUNCIL OF IRELAND (CCOI)

Castle Yard, Kilkenny.
Telephone: 056-7761804
Fax: 056-7763754
Website: www.ccoi.ie
E-mail: info@ccoi.ie

The Crafts Council of Ireland (CCOI) is a limited company set up by the craft industry and is responsible for managing and developing its policy on behalf of member organisations and the Irish craft industry. Enterprise Ireland has primary responsibility for overseeing the activities of the CCOI, which are funded by the Department of Enterprise, Trade and Employment via Enterprise Ireland.

Ministerial Appointments to the Board

Chairperson: Gerry Wycherley

Board Members: Jean Byrne, Jim Dunne, Ann Foy, Vacancy (Minister has agreed to appoint Paddy Hopkins, EI to the Board)

Other Board Members: Sarah Daly, Lorretta O'Brien, Anne Montgomery, JP Donnelly, Emmet Kane, Laura O'Hagan, David Shaw-Smith, Peter Pollock, Christine Charlton Beth Moran

COMPETITION AUTHORITY

The function of the Competition Authority is to promote greater competition in all sectors of the economy by tackling anti-competitive practices and by increasing awareness of such practices. As of 1st January, 2003, the Authority assumed responsibility for examining and deciding upon mergers and acquisitions notified under the Competition Act, 2002.

Chairman: William Prasifka

Secretary: Ciaran Quigley

Members: Declan Purcell, Stanley Wong, Carolyn Galbreath, Paul Gorecki

COUNTY AND CITY ENTERPRISE BOARDS

CARLOW Michael P. Kelly, Carlow County Enterprise Board, Enterprise House, O'Brien Road, Carlow.
Telephone: 059 913 0880
Fax: 059 913 0717
E-mail: enterprise@carlow-ceb.com
Website: www.carlow-ceb.com

CAVAN Vincent Reynolds, Cavan County Enterprise Board, Cavan Innovation & Technology Centre, Dublin Road, Cavan.
Telephone: 049 437 7200
Fax: 049 437 7250
E-mail: info@cceb.ie
Website: www.cceb.ie

| | | | |
|------------|---|------------------------|---|
| CLARE | Eamon Kelly, Clare County Enterprise Board, Enterprise House, Mill Road, Ennis, Co. Clare. Telephone: 065 684 1922 Fax: 065 684 1887 E-mail: clareceb@clareceb.ie Website: www.clareceb.ie | DONEGAL | Michael Tunney, Donegal County Enterprise Board, The Enterprise Fund Business Centre, Ballyraine, Letterkenny, Co. Donegal Telephone: 074 916 0735 Fax: 074 916 0783 E-mail: info@donegalenterprise.ie Website: www.donegalenterprise.ie |
| CORK CITY | Dave Cody, Cork City Enterprise Board, 1/2, Bruach na Laoi, Union Quay, Cork. Telephone: 021 496 1828 Fax: 021 496 1869 E-mail: info@corkceb.ie Website: www.corkceb.ie | DUBLIN CITY | Greg Swift, Dublin City Enterprise Board, 17 Eustace Street, Dublin 2. Telephone: 01 677 6068 Fax: 01 677 6093 E-mail: info@dceb.ie Website: www.dceb.ie |
| NORTH CORK | Rochie Holohan, North Cork County Enterprise Board, 26, Davis Street, Mallow, Co. Cork. Telephone: 022 43235 Fax: 022 43247 E-mail: corknent@iol.ie Website: theenterpriseoffice.com | FINGAL | Oisín Geoghegan, Fingal County Enterprise Board, Upper Floor Office Suite, Mainscourt, 23 Upper Main Street, Swords, Co. Dublin. Telephone: 01 890 0800 Fax: 01 813 9991 E-mail: oisin@fingalceb.ie Website: www.fingalceb.ie |
| SOUTH CORK | Sean O'Sullivan, South Cork County Enterprise Board, Unit 6a, South Ring Business Park, Kinsale Road, Cork Telephone: 021 497 5281 Fax: 021 497 5287 E-mail: info@sceb.ie Website: www.sceb.ie | SOUTH DUBLIN | Loman O'Byrne, South Dublin County Enterprise Board, No. 3, Village Square, Old Bawn Road, Tallaght, Dublin 24. Telephone: 01 405 7073 Fax: 01 451 7477 E-mail: info@senterprise.ie Website: www.senterprise.ie |
| WEST CORK | Michael Hanley, West Cork County Enterprise Board 8, Kent Street, Clonakilty, Co. Cork. Telephone: 023 34700 Fax: 023 34702 E-mail: enterprise@wceb.ie Website: www.wceb.ie | DUN LAOGHAIRE RATHDOWN | Michael Johnson, Dun Laoghaire/Rathdown County Enterprise Board, Nutgrove Enterprise Centre, Nutgrove Way, Rathfarnham, Dublin 14. Telephone: 01 494 8400 Fax: 01 494 8410 E-mail: info@dlrceb.ie Website: www.dlrceb.ie |

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|-----------------------|---|--------------------|--|
| GALWAY COUNTY/CITY | Charles P. Lynch, Galway County/City Enterprise Board, Wood Quay Court, Wood Quay, Galway. Telephone: 091 565 269 Fax: 091 565 384 E-mail: charles@galwayenterprise.ie Website: www.galwayenterprise.ie | LEITRIM | Joe Lowe, Leitrim County Enterprise Board, Carrick-on-Shannon Business Park, Dublin Road, Carrick-on-Shannon, Co. Leitrim. Telephone: 071 962 0450 Fax: 071 962 1491 E-mail: info@leitrimenterprise.ie Website: www.leitrimenterprise.ie |
| KERRY | Martin Collins, Kerry County Enterprise Board, County Buildings, Ratass, Tralee, Co. Kerry. Telephone: 066 718 3522 Fax: 066 712 6712 E-mail: kerryceb@kerrycoco.ie Website: www.kerryceb.ie | LIMERICK CITY | Eamon Ryan, Limerick City Enterprise Board, The Granary, Michael Street, Limerick Telephone: 061 312 611 Fax: 061 311 889 E-mail: info@limceb.ie Website: www.limceb.ie |
| KILDARE | Donal Dalton, Kildare County Enterprise Board, The Woods, Clane, Co. Kildare. Telephone: 045 861 707 Fax: 045 861 712 E-mail: info@kildareceb.ie Website: www.kildareceb.ie | LIMERICK COUNTY | Ned Toomey, Limerick County Enterprise Board, Lower Mallow Street, Limerick. Telephone: 061 319 319 Fax: 061 319 318 E-mail: info@lcoeb.ie Website: www.lcoeb.ie |
| KILKENNY | Sean McKeown, Kilkenny County Enterprise Board, 42, Parliament Street, Kilkenny. Telephone: 056 775 2662 Fax: 056 775 1649 E-mail: enquiries@kceb.ie Website: www.kceb.ie | LONGFORD | Michael Nevin, Longford County Enterprise Board, Longford Enterprise Centre Templemichael, Ballinallee Road, Longford Telephone: 043 42757 Fax: 043 40968 E-mail: info@longfordceb.ie Website: www.longfordceb.ie |
| LAOIS | Maria Callinan, Laois County Enterprise Board, IBS House, Dublin Road, Portlaoise, Co. Laois. Telephone: 057 866 1800 Fax: 057 866 1797 E-mail: admin@laoisenterprise.com Website: www.laoisenterprise.com | LOUTH | Ronan Denny, Louth County Enterprise Board, Quayside Business Park, Mill Street Dundalk, Co. Louth. Telephone: 042 932 7099 Fax: 042 932 7101 E-mail: rdenny@lceb.ie Website: www.lceb.ie |

| | | | |
|-----------|--|------------------|---|
| MAYO | Frank Fullard, Mayo County Enterprise Board, McHale Retail Park, McHale Rd. Castlebar, Co. Mayo. Telephone: 094 902 2887 Fax: 094 902 441 E-mail: ffullard@mayococo.ie Website: www.mayoceb.com | SLIGO | John Reilly, Sligo County Enterprise Board, Sligo Development Centre, Cleveragh Road, Sligo. Telephone: 071 914 4779 Fax: 071 914 6793 E-mail: info@sligoenterprise.ie Website: www.sligoenterprise.ie |
| MEATH | Hugh Reilly, Meath County Enterprise Board, Navan Enterprise Centre, Trim Road, Navan, Co. Meath. Telephone: 046 907 8400 Fax: 046 902 7356 E-mail: mhceb@meath.com Website: www.meath.com | TIPPERARY North | Rita Guinan, Tipperary North County Enterprise Board, Connolly Street, Nenagh, Co. Tipperary. Telephone: 067 33086 Fax: 067 33605 E-mail: info@tnceb.ie Website: www.tnceb.ie |
| MONAGHAN | John McEntegart, Monaghan County Enterprise Board, M: TEK Building, Knockaconny, Monaghan. Telephone: 047 71818 Fax: 047 84786 E-mail: info@mceb.ie Website: www.mceb.ie | TIPPERARY South | Thomas Hayes, Tipperary South County Enterprise Board, 1 Gladstone Street, Clonmel, Co. Tipperary. Telephone: 052 29466 Fax: 052 26512 E-mail: toss.hayes@southtippcoco.ie Website: www.southtippcceb.ie |
| OFFALY | Sean Ryan, Offaly County Enterprise Board, Cormac Street, Tullamore, Co. Offaly Telephone: 057 935 2971 Fax: 057 935 2973 E-mail: info@offalyceb.ie Website: www.offaly.ie | WATERFORD CITY | William Rafter, Waterford City Enterprise Board, Enterprise House, New Street Court, Waterford. Telephone: 051 852 883 Fax: 051 877 494 E-mail: info@waterfordceb.com Website: www.waterfordceb.com |
| ROSCOMMON | Ann Flynn, Roscommon County Enterprise Board, Abbey Street, Roscommon. Telephone: 090 662 6263 Fax: 090 662 5474 E-mail: ceb@roscommon.ie Website: www.roscommon.ie | WATERFORD COUNTY | Gerard Enright, Waterford County Enterprise Board, The Courthouse, Dungarvan, Co. Waterford. Telephone: 058 44811 Fax: 058 44817 E-mail: waterfordceb@cablesurf.com Website: www.enterpriseboard.ie |

WESTMEATH Christine Charlton, Westmeath County Enterprise Board, Enterprise Centre, Church Avenue, Mullingar, Co. Westmeath.
Telephone: 044 934 9222
Fax: 044 934 9009
E-mail: ccharlton@westmeath-enterprise.ie
Website: www.westmeath-enterprise.ie

WEXFORD Sean Mythen, Wexford County Enterprise Board, Unit 1, Ardavan Business Park, Ardavan, Wexford.
Telephone: 053 22965
Fax: 053 24944
E-mail: info@wexfordceb.ie
Website: www.wexfordceb.ie

WICKLOW Sheelagh Daly, Wicklow County Enterprise Board, 1 Main Street, Wicklow.
Telephone: 0404 67100
Fax: 0404 67601
E-mail: enterprise@wicklowceb.ie
Website: www.wicklowceb.ie

LABOUR RELATIONS COMMISSION

Tom Johnson House, Haddington Road, Dublin 4.
Telephone: 01 613 6700. Fax: 01 613 6701.
Lo-call: 1890 220 227.
Website: www.lrc.ie E-mail: info@lrc.ie

The Labour Relations Commission, established under the Industrial Relations Act 1990, has overall responsibility for promoting the improvement of industrial relations, and does so by providing a range of services including a Conciliation Service, a Rights Commissioner Service and an Advisory Services Division. If every effort has been made to resolve the issue in dispute within the undertaking concerned and local procedures have been exhausted, industrial

disputes should first be referred to the Labour Relations Commission unless there is provision, under the Industrial Relations legislation for direct reference of the dispute to the Labour Court.

Chairperson: Maurice Cashell
Trade Union Nominees: Peter McLoone, Peter Bunting
Employer Nominees: Brendan McGinty, Pat McCann
Other Members: Breege O'Donoghue, Gerard Barry
Chief Executive: Kieran Mulvey
Director of Conciliation: Kevin Foley
Director of Advisory Service: Declan Morrin
Director of Corporate Services: Freda Nolan

Conciliation Service

The Conciliation Service of the Labour Relations Commission provides an independent third party service to assist in the resolution of industrial disputes. The service provides, free of charge, a conciliator to assist parties to resolve issues in dispute. The service consistently achieves a settlement rate of 80 per cent of all disputes referred to it.

The Commission encourages parties to make every effort to resolve the issue in dispute within the undertaking concerned and to exhaust local procedures. Where local procedures have been exhausted, industrial disputes may be referred to the Labour Relations Commission, with the agreement of both parties, for conciliation.

The Conciliation and Advisory Services also provide, on a cross-divisional basis, a Workplace Mediation Service, which provides a prompt, confidential and effective remedy to workplace conflicts, disputes and disagreements. Workplace mediation is particularly suited to disputes involving individuals or small groups of workers.

Advisory Services Division

The Advisory Services Division promotes good industrial relations and human resource management practice throughout Ireland by working with employers, employees and trade unions in non-dispute situations to develop effective practices, procedures and structures that best meet their needs.

RIGHTS COMMISSIONER SERVICE

Tom Johnson House, Haddington Road,
Dublin 4.

Telephone: 01 613 6700

The Rights Commissioner Service is a service of the Labour Relations Commission.

The Service investigates disputes, grievances and claims that individuals, or small groups of workers make under certain legislation. Rights Commissioners are independent in the performance of their duties and provide a broad range of investigative functions under a wide variety of employment legislation. The following is a complete list of legislation under which Rights Commissioners have jurisdiction:

1. Adoptive Leave Acts 1995 and 2005
2. Carer's Leave Act 2001
3. Competition Acts 2002 and 2006
4. Employees (Provision of Information and Consultation) Act 2006
5. Health, Safety and Welfare at Work Act 2005
6. Industrial Relations Acts 1969 to 1990
7. Industrial Relations (Miscellaneous Provisions) Act 2004
8. Maternity Protection Acts 1994 and 2004
9. National Minimum Wage Act 2000
10. Organisation of Working Time Act 1997
11. Parental Leave Acts 1998 and 2006
12. Payment of Wages Act 1991
13. Protection of Employees (Fixed-Term Work) Act 2003
14. Protection of Employees (Part-Time Work) Act 2001
15. Protection of Young Persons (Employment) Act 1996
16. Protections for Persons Reporting Child Abuse Act 1998
17. Terms of Employment (Information) Acts 1994 and 2001
18. Unfair Dismissals Acts 1977 to 2005
19. European Communities (European Public Limited-Liability Company) (Employee Involvement) Regulations 2006
20. European Communities (Protection of Employment) Regulations 2000
21. European Communities (Protection of Employees on Transfer of Undertakings) Regulations 2003
22. Employment Permits Act 2006.

Rights Commissioners: Tony Bregazzi, Joan Carmichael, Gerry Fleming (resigned September 2006), Janet Hughes, David Iredale, Mark A. McGrath, Michael Rooney, John Tierney, Peter O'Brien.

LABOUR COURT

Tom Johnson House, Haddington Rd, Dublin 4.

Telephone: 01 613 6666. Fax: 01 613 6667.

Lo-call: 1890 220 228.

Website: www.labourcourt.ie

E-mail: info@labourcourt.ie

The Labour Court was established under the Industrial Relations Act 1946. It provides a free, comprehensive service for the investigation and resolution of disputes in the areas of industrial relations, employment

equality, organisation of working time, national minimum wage, part-time work and fixed-term work. The Court makes Employment Regulation Orders prescribing legally enforceable minimum rates of pay and conditions of employment in those sectors covered by Joint Labour Committees. The Court also registers employment agreements, the effect of which makes the provisions of the agreement legally enforceable.

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|-----------------------------|--|
| Chairperson: | Kevin Duffy |
| Deputy Chairpersons: | Caroline Jenkinson, Raymond McGee |
| Employers' Members: | Robert Grier, John Doherty, Peter Murphy |
| Workers' Members: | Pádraigín Ní Mhurchú, Noel O'Neill, Jack Nash |
| Registrar: | Hugh O'Neill |

EMPLOYMENT APPEALS TRIBUNAL

Davitt House, 65A Adelaide Road, Dublin 2.

Telephone: 01 631 2121 Fax: 01 631 3266

Lo-call: 1890 220 222

Website: www.eatribunal.ie

The purpose of the Tribunal is to determine matters in dispute arising from the following legislation: the Redundancy Payments Acts 1967, 1971, 1979 and 2003, the Minimum Notice and Terms of Employment Acts 1973 to 2001, the Unfair Dismissals Acts 1977 to 2005, the Protection of Employees (Employers' Insolvency) Act 1984, the Payment of Wages Act 1991, the Terms of Employment (Information) Acts 1994 and 2001, the Maternity Protection Acts 1994 and 2004, the Adoptive Leave Acts 1995 and 2005, the Protection of Young Persons (Employment) Act 1996, the Organisation of Working Time Act 1997, the Parental Leave Acts 1998 and 2006, the Protections for Persons Reporting Child Abuse Act 1998, the Competition Act 2002, the European Communities (Protection of Employment) Regulations 2000, the Carer's Leave Act 2001, and the European

Communities (Protection of Employees on Transfer of Undertakings) Regulations 2003.

Chairperson: Kate O' Mahony

Vice-Chairmen

| | | |
|----------------------------|------------------|------------------------|
| Kieran Buckley | Patrick Goold | Penelope McGrath |
| Dymphna Cusack | Con Guiney | Leachlain S. Ó Catháin |
| Emile Daly | Tony Halpin | Mark O'Connell |
| Catherine Egan | Dara Hayes | Thomas O'Donoghue |
| John Fahy | Elva Kearney | Peter J. O'Leary |
| Fergal T. Fitzgerald Doyle | Kevin P. Kilrane | Marian Petty |
| James Flanagan | Margaret Levey | Moya Quinlan |
| Myles Gilvarry | Sean Mahon | Joe Revington |
| Clodagh Gleeson | Eoin Martin | Tom Ryan |
| Bernie Glynn | Dermot McCarthy | Jeremiah Sheedy |
| | | Geraldine Small |

Trade Union Nominees

| | | |
|---------------|------------------|------------------|
| Frank Barry | Ben Kearney | Alice Moore |
| Rita Bergin | Hillary Kelleher | Jim Moore |
| Eveta Brezina | Tony Kenneally | Sam Nolan |
| Nick Broughal | George Lamon | Owen Nulty |
| Brendan Byrne | Sean Mackell | Clare O'Connor |
| Paul Clarke | Mary Maher | Kevin O'Connor |
| Anne Clune | Des Mahon | Seamus O'Donnell |

| | | |
|---------------|------------------|---------------|
| Jim Dorney | Margaret McArdle | Emer O'Shea |
| Breda Fell | John McDonnell | Ciaran Ryan |
| Kay Garvey | Dominic McEvoy | Tom Wall |
| Noirin Greene | Michael McGarry | Kitty Warnock |
| George Hunter | Bernard McKenna | Paddy Woods |

Employer Nominees

| | | |
|-----------------|-------------------|------------------|
| Patrick Bracken | Richard Keating | Neil Ormond |
| Joe Brown | Mel Kennedy | Gerry Phelan |
| William Browne | Don Moore | Pat Pierce |
| Pat Casey | Desmond Morrison | Peter Pierson |
| Frank Cunneen | Michael J. Murphy | William Power |
| Ann Delahunty | Roger Murphy | Robert D E Prole |
| Moss Flood | Gerry McAuliffe | Jim Redmond |
| Michael Forde | Cyril McHugh | John Reid |
| Tom Gill | Billy O'Carroll | Eamon Ryan |
| James Goulding | Terence O'Donnell | Marie Sweeney |
| John Guinan | Paul O'Leary | John Walsh |
| Ben Kealy | James O'Neill | Declan Winston |

The terms of office of the Vice Chairmen and Members expired on 29 January 2007.

OFFICE OF THE DIRECTOR OF CONSUMER AFFAIRS

4 Harcourt Road, Dublin 2. Telephone: 01 402 5500
Lo-call: 1890 220229

Website: www.odca.ie E-mail: odca@entemp.ie

The Director is an independent statutory officer, responsible for providing advice and information to consumers and for the enforcement of a wide range of consumer protection laws, including misleading advertising, consumer credit, package travel, unfair contract terms, timeshare, product safety food labelling, textile labelling, product pricing and price displays.

From December 2006 the Director is the Competent Authority for dealing with cross border infringements of a range of EU Directives as provided for under a new EU Regulation on cross border enforcement.

Director of Consumer Affairs: Ann Fitzgerald

Principal Officer: John Shine

Bodies and Offices associated with the Department

PATENTS OFFICE

Government Buildings, Hebron Road, Kilkenny
Telephone: 056 772 011 Lo-call: 1890 220 223

Fax: 056 772 0100 Lo-call Fax: 1890 220 120

E-mail: patlib@entemp.ie

Website: www.patentsoffice.ie

The Patents Office is responsible for the grant of patents for inventions and for the registration of trade marks and designs. The Controller also has functions in relations to the adjudication of certain copyright disputes.

Controller: Sean Fitzpatrick
(retired July 2006)
Michael English
(interim appointee)

COMPANIES REGISTRATION OFFICE

Parnell House, 14 Parnell Square, Dublin 1.
 Telephone: 01 804 5200
 Fax: 01 804 5222 Lo-call: 1890-220226
 Website: www.cro.ie

The Companies Registration Office is the central depository of public statutory information on Irish companies. Its main functions include the incorporation of companies; the registration of business names, of charges on companies, of other post-incorporation documents and of changes in business name particulars. The office has an extensive enforcement programme in respect of the filing of returns.

Registrar: Paul Farrell

OFFICE OF THE REGISTRAR OF FRIENDLY SOCIETIES

Parnell House, 14 Parnell Square, Dublin 1.
 Telephone: 01 804 5499 Lo-call: 1890-220 225
 Fax: 01 804 5498

The Office of the Registrar of Friendly Societies is a statutory independent office responsible for the registration and general regulation of friendly societies, trade unions and industrial and provident societies (co-operatives).

Registrar: Paul Farrell

OFFICE OF THE DIRECTOR OF CORPORATE ENFORCEMENT

Address: 16 Parnell Square, Dublin 1.
 Telephone: 01 858 5800 Lo-call: 1890 315 015
 Fax: 01 858 5801
 Website: www.odce.ie E-mail: info@odce.ie

The Office of the Director of Corporate Enforcement was established on 28 November 2001 under the Company Law Enforcement Act 2001. The Director of Corporate Enforcement is required to be independent

in discharging his compliance and enforcement role with respect to the Companies Acts 1963-2006. His functions include encouraging compliance with the Companies Acts, investigating suspected offences under the Acts and initiating civil and summary criminal proceedings in the Courts. The Director has a general supervisory role in respect of liquidators and receivers.

Director: Paul Appleby

Principal Officers: Barry Harte, Eamonn McHale

Principal Solicitor: Ann Keating

Compliance Manager: Kevin Prendergast

Irish Auditing and Accounting Supervisory Authority

Willow House, Millennium Park, Naas, Co. Kildare.
 Website: www.iaasa.ie
 E-mail: info@iaasa.ie
 Telephone: 045 983 600
 Fax: 045 983 601

The Irish Auditing and Accounting Supervisory Authority was established in January 2006, as an independent statutory office in accordance with the provisions of Part 2 of the Companies (Auditing and Accounting) Act 2003. The office has four principal objectives; to supervise how the prescribed accountancy bodies regulate and monitor their members; to promote adherence to high professional standards in the auditing and accountancy profession; to monitor whether the accounts of certain classes of companies and other undertakings comply with the Companies Acts and; to act as a specialist source of advice to the Minister on auditing and accounting matters.

Chief Executive Officer: Mr Ian Drennan

Appendix 12

Addresses of Offices of the Department

Department of Enterprise, Trade and Employment, Kildare Street, Dublin 2

Telephone: 01 631 2121 Fax: 01 631 2827

Lo-call Telephone service for outside 01 area:
1890 220 222.

Website: www.entemp.ie

E-mail: webmaster@entemp.ie

Corporate Services & Economic Policy Division, Competitiveness, Trade, Environmental and EU Affairs Division, Enterprise & Agencies Division, Science, Technology & Intellectual Property Division (Intellectual Property Unit based in Earlsfort), Labour Force Development Division, Consumer, Competition. & Commerce Division

Department of Enterprise, Trade and Employment

Earlsfort Centre, Lower Hatch Street, Dublin 2

Telephone: 01 631 2121

Lo-call Telephone service for outside 01 area:
1890 220 222

Website: www.entemp.ie

E-mail: webmaster@entemp.ie

Science, Technology & Intellectual Property Division (Office of Science & Technology based in Kildare Street.) Consumer, Competition. & Commerce Division

Department of Enterprise, Trade and Employment

Davitt House, Adelaide Road, Dublin 2.

Telephone: 01 631 2121. Fax: 01 631 3267.

Lo-call Telephone service for outside 01 area:
1890 220 222.

Website: www.entemp.ie

E-mail: webmaster@entemp.ie

Employment Rights Information:

Telephone: 01 631 3131

Lo-call: 1890 201 615

e-mail: erinfo@entemp.ie

Work Permits: Telephone: 01 631 3333/631 3308

Lo-call: 1890 201 616

E-mail: workpermits@entemp.ie

Employment Rights & Industrial Relations Division;
Labour Force Development Division; Corporate Services
& Economic Policy Division (Finance Unit)

Competition Authority

Parnell House, 14 Parnell Square, Dublin 1.

Telephone: 01 804 5400. Fax: 01 804 5401.

Lo-call Telephone service for outside 01 area:
1890 220 224.

Website: www.tca.ie

E-mail: info@tca.ie

Office of the Registrar Friendly Societies

Parnell House, 14 Parnell Square, Dublin 1

Telephone: 01 804 5499. Fax: 01 804 5498

Lo-call Telephone service for outside 01 area:
1890 220 225

Companies Registration Office

14 Parnell Square, Dublin 1

Telephone: 01 804 5200, Information Unit:
01 804 5201, Fax: 01 804 5222

Lo-call Telephone service for outside 01 area:
1890 220 226

Website: www.cro.ie

Office of the Director of Corporate Enforcement

Address: 16 Parnell Square, Dublin 1.

Telephone: 01 858 5800

LoCall service: 1890 315 015

Fax: 01 858 5801

E-mail: info@odce.ie

Website: www.odce.ie

Patents Office

Government Buildings, Hebron Road, Kilkenny

Telephone: 056-772 0111

Lo-call: 1890-220 223

Fax: 056-772 0100 Lo-call Fax: 1890 220 120

E-mail: patlib@entemp.ie

Website: www.patentsoffice.ie

Dublin Patents Information Centre

Ground Floor, Earlsfort Centre, Lower Hatch Street,
Dublin 2

Telephone: 01 631 2603

Lo-call: 1890 220 222 ext. 2603

Lo-call Fax: 1890 220 210

Fax: 01 631 2551

E-mail: patdub@entemp.ie

Website: www.patentsoffice.ie

Office of the Director of Consumer Affairs

4 Harcourt Road, Dublin 2.

Telephone: 01 402 5500. Fax: 01 402 5501.

Helpline Telephone No: 01 402 5555.

Lo-call Telephone service for outside 01 area:
1890 220 229.

Website: www.odca.ie

E-mail: odca@entemp.ie

**Office of the Director of Consumer Affairs,
(Cork Office)**

89-90 South Mall, Cork.

Telephone: 021 427 4099. Fax: 021 427 4109.

Labour Relations Commission

Tom Johnson House, Haddington Rd, Dublin 4.

Telephone: 01 613 6700. Fax: 01 613 6701.

Lo-call Telephone service for outside 01 area):
1890 220 227.

E-mail: labrc@iol.ie

Website: www.lrc.ie

Labour Court

Tom Johnson House, Haddington Rd, Dublin 4.

Telephone: 01 613 6666. Fax: 01 613 6667.

Lo-call Telephone service for outside 01 area):
1890 220 228

E-mail: info@labourcourt.ie

Website: www.labourcourt.ie

Employment Appeals Tribunal

Davitt House, Adelaide Road, Dublin 2.

Telephone: 01 631 2121. Fax: 01 631 3266

Lo-call Telephone service for outside 01 area):
1890 220 222.

Irish SOLVIT Centre

Internal Market Section,

Market Access Unit,

Earlsfort Centre,

Lower Hatch Street,

Dublin 2

Telephone: 01 631 2744/2740

Fax: 01 631 2562

E-mail: solvit@entemp.ie

Website: [www.entemp.ie/trade/marketaccess/
singlemarket/solvit.htm](http://www.entemp.ie/trade/marketaccess/singlemarket/solvit.htm)

Department of Enterprise, Trade and Employment Websites

www.entemp.ie

www.basis.ie

www.cro.ie

www.eatribunal.ie

www.labourcourt.ie

www.lrc.ie

www.odca.ie

www.odce.ie

www.esf.ie

www.patentsoffice.ie

<http://ie.espacenet.com>

(separate Patent document search website)



Department of Enterprise, Trade and Employment
An Roinn Fiontar, Trádála agus Fostaíochta

Department of Enterprise, Trade and Employment
Kidlare Street,
Dublin 2.

Telephone: +353 631 2121

Fax: + 353 631 2827

Web: www.entemp.ie/

*We will work for Government and the people to grow
quality employment and national competitiveness.*