



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

# Annual Report and Accounts 2016

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## Vision

We will make Ireland the best place to succeed in business, delivering sustainable full employment and higher standards of living across all regions of the country.

## Mission

We will lead on the creation and maintenance of high quality and sustainable full employment across all regions of the country by championing enterprise across government, by supporting a competitive enterprise base to incentivise work, enterprise, trade and investment and by promoting fair and competitive markets.

## Values

As a Department we foster a culture of accountability, efficiency and value for money, which is rooted in a public service ethos of independence, integrity, impartiality, openness and respect.

As Civil Servants we espouse the highest standards of professionalism, honesty, objectivity and quality, which are central to fulfilling our roles in supporting the democratic process and serving the people.

### **Statement of Strategy 2016-2019**

The Department of Jobs, Enterprise and Innovation's goals are set out in the Department's Statement of Strategy 2016-2019. This Statement is published on the Department's website: <https://dbei.gov.ie/en/Publications/Statement-of-Strategy.html>

## Introduction to DJEI

The Department of Jobs, Enterprise and Innovation (DJEI) plays a key role in implementing the Government's policies of stimulating the productive capacity of the economy and creating an environment which supports job-creation and jobs maintenance. The Department also has a remit to promote fair competition in the marketplace, protect consumers and safeguard workers.

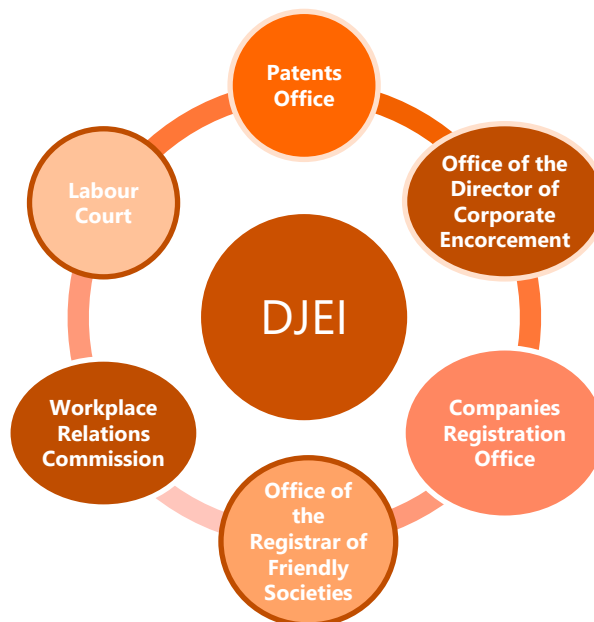
Through its Agencies and Offices, the Department's remit covers a wide range of activity including:

- Facilitating the start-up and growth of indigenous enterprises,
- Attracting Foreign Direct Investment,
- Increasing exports,
- Improving competitiveness,
- Promoting innovation and growth through investment in research and development,
- Promoting fair competition for businesses and consumers,
- Ensuring fit for purpose, modern company law,
- Safeguarding the rights of workers, including their entitlement to occupational safety and health,
- Supporting and facilitating a positive industrial relations environment,
- Making evidence based policy, informed by research, analysis and robust evaluations,
- Identifying the future skills needs of enterprise, and
- Representing Ireland's interests in relevant EU fora, including:
  - Competitiveness Council (incorporating Internal Market, Industry and Research),
  - Employment and Social Affairs (EPSCO) Council
  - General Affairs Council (meeting in its Trade formation) and relevant
  - World Trade Organisation (WTO),
  - International Labour Organisation (ILO),
  - Organisation of Economic Co-operation and Development (OECD)
  - World Intellectual Property Organisation (WIPO) fora.

## Agencies of the Department



## Offices of the Department



### In addition to these Agencies and Offices:

**Local Enterprise Offices:** The Department funds 31 Local Enterprise Offices (LEOs).

**InterTrade Ireland:** The Department co-funds InterTrade Ireland, the North South Body that promotes cross border trade between the Republic of Ireland and Northern Ireland.

## Management Board

Membership	
Orlaigh Quinn	Secretary General
Dermot Mulligan	Assistant Secretary, Innovation and Investment Division
Clare Dunne	Assistant Secretary, Indigenous Enterprise Division
Declan Hughes	Assistant Secretary, Strategic Policy Division
Philip Kelly	Assistant Secretary, Corporate Services, EU Affairs and Trade Policy Division
Breda Power	Assistant Secretary, Commerce, Consumers and Competition Division
Martin Shanagher	Assistant Secretary, Labour Affairs Division
Michael O'Leary	Head of Management Support Unit

## Our Achievements in 2016 include:

**IDA** created 11,842 net new jobs over the course of 2016, with every region in Ireland posting net gains in jobs. The number of investments won for Ireland during the year also rose to 242 from 213 the previous year.

At the end of 2016 there were **199,877** people working in IDA Ireland client companies, the highest in IDA Ireland's history. It was also the seventh consecutive year of growth in net employment

**BeSMART** is the Health and Safety Authority's free online tool designed to help small business owners/managers to prepare risk assessments and safety statements for their workplace. 2016 figures show that uptake of the BeSMART tool continues to grow and in comparison to 2015 more than 8,000 additional new users accessed BeSMART. Results show that an additional 1,900 safety statements were completed in 2016 compared to 2015 providing the small and micro business sector with estimated savings of between €7.3m and €11m.

The **5<sup>th</sup> Action Plan for Jobs**, which was launched in January 2016, contained 304 actions involving all Government Departments and 46 agencies. The 2016 Plan aimed to help create an additional 50,000 jobs in 2016. Over 66,000 jobs were created during 2016, bringing total employment to 2,044,700, the highest number of people at work in the State since Q4 2008.

Following on from the **Brexit** result, **Enterprise Ireland** published a **Five Pillar Strategy** for supporting affected clients. It created a UK Export Help website featuring documents, webinars and a video with advice and guidance for companies. The site also features information on opportunities in the UK and in other markets. In addition, a dedicated Brexit Unit has been established within the Agency to lead a coordinated cross-agency response and develop targeted client supports.

**Enterprise Ireland** companies exceeded their 3-year target with 45,592 new full time jobs created by client companies in the 2014–2016 period.

This brings the total number of people employed by Enterprise Ireland supported companies to **201,108** – an all-time high for the Agency.

A record number of 1,842 (up from 1,398 in 2015) young entrepreneurs aged between 18 and 35 took part in **Ireland's Best Young Entrepreneur (IBYE)** competition in 2016. The aim of the initiative, which has an overall investment fund of €2 million, is to support a culture of entrepreneurship among young people in Ireland, to promote entrepreneurship as a career choice, and to encourage Ireland's young people to set up new businesses which will ultimately create jobs.

The **Regional Action Plan for Jobs** launched in February 2015 and Action Plans for each of the eight regions were published by January 2016. The numbers in employment increased in all regions in 2016 and 70% of all the new jobs added in 2016 were outside Dublin.

The Low Pay Commission, established through the **National Minimum Wage** (Low Pay Commission) Act 2015, submitted its second report in July 2016. Its recommendation to increase the minimum wage to **€9.25 per hour** was accepted by Government to come into effect from January 1<sup>st</sup> 2017.

The **Credit Guarantee (Amendment) Act 2016** was enacted in early 2016 and was later commenced by Statutory Instrument in Oct 2016. This legislation provides for a new Scheme containing reforms and improvements, including increasing the level of the guarantee from 75% to 80%, increasing the portfolio cap for each bank from 10% to 13%, and extending the range of financial providers and financial products covered (to include leasing, asset and invoice finance).

# 1. Creating and sustaining high quality enterprise and employment

**Goal 1:** Lead on creating and sustaining high quality enterprise and employment across all regions of the country by supporting a strong indigenous enterprise base, the continued attraction of Foreign Direct Investment and a strong entrepreneurial culture.

**Action Plan for Jobs 2016** <https://dbej.gov.ie/en/Publications/Action-Plan-for-Jobs-2016.html>

The 'Action Plan for Jobs 2016' was presented at a critical juncture in Ireland's transformation from an economy recovering from the most severe recession to a competitive, innovative, highly productive, and environmentally sustainable economy providing sustainable full employment for its people.

The Action Plan for Jobs (APJ) is an integrated, whole-of-Government initiative under which Government Departments and agencies work to support job creation in the enterprise sector. DJEI takes the lead in developing the APJ on behalf of Government, working closely with other Government Departments and agencies.

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

The results of the concerted action on job creation since 2012 demonstrate that the process is working. Almost 206,000 more people were at work at the end of 2016 than in 2012 when the first Plan was launched. The original target was to add an extra 100,000 jobs by the end of 2016. Unemployment declined from over 15% in early 2012 to 6.9% in December 2016.

The 2016 Plan marked the transition to the implementation of key Government policies that plan for medium term growth. *Enterprise 2025*, the ten year jobs and enterprise strategy, sets out the roadmap to build a sustainable economy and have 2.18 million people at work by 2020, the highest in the history of the State. In addition, *Innovation 2020* sets the Government's five year strategy for research and development, science and technology including a roadmap to deliver on the vision for Ireland to become a global innovation leader by focussing on excellence, talent and impact.

The fifth APJ, which was launched in January 2016, contained 304 actions involving all Government Departments and 46 agencies. The 2016 Plan aimed to help create an additional 50,000 jobs in 2016. Over 66,000 jobs were created during 2016, bringing total employment to 2,044,700, the highest number of people at work in the State since Q4 2008.

While employment continues to grow strongly, the Government's overall goal is to achieve full and fair employment. The *Programme for Partnership Government*, published in May 2016, sets



a target to increase the number of people at work by 200,000 by 2020, including 135,000 jobs outside of Dublin. Among the main areas of focus in the 2016 Plan were:

### Delivering skills for a growing economy

One of the main priorities for APJ 2016 was ensuring the availability of the required skills and talent base to meet the needs of a growing economy. In particular, the 2016 Plan built on the significant progress and reforms during 2015 to deliver a more dynamic, responsive and high quality system. It included a range of measures to reskill and upskill jobseekers through Springboard and Momentum; provide more apprenticeships; foster stronger links at regional level between employers and the education and training sector; and address skills shortages in specific sectors such as ICT.

### Driving export led growth

As in previous years, there was a strong focus in the 2016 Plan on initiatives to support export-led job creation and deliver on the DJEI agencies' targets. These included measures to grow sales and exports in Irish companies; further develop and embed foreign direct investment; increase collaboration between Irish and foreign-owned companies; and support entrepreneurship and start-ups. Enterprise Ireland and IDA Ireland supported clients delivered almost 21,000 net new jobs in 2016. Sixty one per cent of new jobs in Enterprise Ireland firms and 52 per cent of those in IDA firms were based outside of Dublin. Almost 3,700 new jobs were created in businesses supported by the LEOs. Exports by Enterprise Ireland client companies reached an estimated €22 billion in 2016 and IDA secured 244 investments. There were 1,551 participants on Enterprise Ireland's short management development programmes and 569 participants on its long programmes, while 412 clients benefitted from tailored mentoring programmes.

### Stimulating Regional Growth

One of the main areas of focus in the 2016 Plan was implementing the eight Regional Action Plans for Jobs to help each region achieve its economic potential and increase employment. The first progress reports for all eight regions were published in December 2016 and reflected the good work made to date within the regions in driving collaboration and creating a supportive environment for job creation. Employment grew in all regions during 2016 and 70 per cent of the new jobs created were outside of Dublin. To support regional development goals in 2016, €5 million was allocated for investment in 48 local and regional initiatives under the LEO Competitive Fund and the Community Enterprise Initiative and €3 million under the Regional Accelerator Scheme to create more accelerator spaces outside of Dublin for start-ups. Further information on the Regional Action Plans is contained in Chapter 2 of this Report.

### Promoting Innovation

The Plan included the 2016 actions to deliver on the *Innovation 2020* objectives. Among the key measures were increasing the numbers of enterprises engaging in R&D; increasing collaboration between industry and the public research system; reviewing all enterprise supports to ensure they meet the needs of small and early stage firms as well as those of larger, established firms; and securing €150 million in research funding for Irish companies under Horizon 2020. During 2016, IDA clients committed to R&D investment of €1.115bn, Enterprise Ireland supported 1,036 industry-led collaborative research projects, Horizon 2020 funding of €156 million was secured, the Knowledge Development Box was delivered and the Health Innovation Hub was launched.

## Providing Finance for Growth

Ensuring that all viable SMEs have access to a suitable supply of credit from a range of bank and non-bank sources remained a key priority for APJ 2016. Since the establishment of the Strategic Banking Corporation of Ireland (SBCI) in 2015, a total of €544 million has been lent to over 12,500 SMEs to the end of December 2016. Enterprise Ireland progressed the establishment of a number of funds under the Seed & Venture Capital Scheme (2013-2018) – €109.5 million was committed to target funding in the general technology and life sciences sectors. During 2016, 131 loans totalling €22.8 million were sanctioned under the Credit Guarantee Scheme and Microfinance Ireland approved 336 loans to the value of €4.3 million.

## Disruptive Reforms

There were five Disruptive Reforms in APJ 2016 – these comprised a step-up in enterprise skills supply, through the rollout of new apprenticeships, the Regional Skills Fora, and the ICT skills portal, Tech/life Ireland; investment of €530 million in competitive calls for enterprise-led initiatives, supports for rural development and funding for regional property solutions to accelerate the pace of progress across each region over the period to 2020; bringing all significant Government transactions with business online by 2017; the implementation of a new National Clustering Initiative; and a doubling of intellectual property outputs from enterprise.

## Access to Finance

### SME Credit Guarantee Scheme

The Credit Guarantee Scheme (CGS) provides a State guarantee<sup>1</sup> through the Department of Jobs, Enterprise and Innovation to accredited lenders of 75% on eligible loans or Performance Bonds to viable Micro, Small and Medium-sized Enterprises (SMEs).

The purpose of the Scheme is to encourage additional lending to SMEs and is not a substitute for conventional lending. SMEs are thus enabled to develop a positive track record with the Lender with the objective of returning to standard commercial credit facilities in time. It also places Irish SMEs on a competitive level-footing relative to other trading competitors who are able to avail of a guarantee in their own countries. During 2016, 131 facilities were sanctioned worth €22.77m which allowed 592 jobs to be created and 301 jobs to be maintained.

The original CGS 2012 was reviewed in 2014, arising from which some reforms were implemented by secondary legislation in the replacement CGS 2015. However, primary legislation was needed for more significant reforms, and the Credit Guarantee (Amendment) Act 2016 was enacted in early 2016 and was later commenced by Statutory Instrument in Oct 2016. This legislation provides for a new Scheme containing reforms and improvements, including increasing the level of the guarantee from 75% to 80%, increasing the portfolio cap for each bank from 10% to 13%, and extending the range of financial providers and financial products covered (to include leasing, asset and invoice finance). Work continued throughout 2016 to finalise the SI which will give effect to these changes by means of a new CGS 2017. In October 2016, the Strategic Banking Corporation of Ireland became the new Operator of the Credit Guarantee Scheme.

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<sup>1</sup> The Guarantee is paid by the State to the Lender on the unrecovered outstanding principal balance on a Scheme Facility in the event of a Borrower defaulting on the Scheme Facility repayments.

## Microenterprise Loan Fund

Microfinance Ireland (MFI) was established to support lending to microenterprises in the SME sector and was launched on the 1<sup>st</sup> October 2012. This initiative targets start-ups, established and growing microenterprises across all sectors, employing up to 10 people. Loans are for amounts from €2,000 to €25,000 and can be used for business start-up and expansion costs and working capital. In 2016 Microfinance Ireland approved €5.4m in funding to 397 small businesses throughout the country, supporting the creation or sustainment of 990 jobs.

During 2016, Microfinance Ireland continued its promotional work with key stakeholders through direct engagement and attendance at business events and conferences with small business owners, their representatives and advisors, the banks and the Local Enterprise Offices. In 2016 DJEI also reviewed the funding requirements of MFI approaching the end of its first 5 years of operation, and provided via the DJEI budget a further €10 million in equity funding to ensure that MFI could continue to operate for another 5 years.

## Working for Business

### National Entrepreneurship Policy Statement

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

1. Culture, human capital and education;
2. Business environment and supports;
3. Innovation;
4. Access to finance;
5. Networks and mentoring and
6. Access to markets.

The actions in the Policy Statement were progressed in 2016 through the Action Plan for Jobs process and we continue to monitor progress against key performance indicators and work with partners in enterprise to achieve the ambition.

In other Action Plan for Jobs (APJ) tasks, the Department also carried out a mapping exercise to identify the range of supports available to entrepreneurs. As a result, a 'living document' (that will allow amendments and additions) has been published on the Entrepreneurship section on the Department's website. The document lists both State and non-State supports for entrepreneurs and acts as a useful tool for policy makers.

Also under the APJ, the Department established and monitored a range of nationally and internationally available indicators to assess national performance across the entrepreneurship ecosystem in order to further inform future entrepreneurship policy.

In this regard, 2016 saw continued progress in such international indicators in the areas of entrepreneurship and innovation, for example:

- In November 2016, the Global Entrepreneurship Index placed Ireland in 9th place Worldwide (up from 12th the previous year), and 6th in Europe.
- The EU's 2015 Digital Scoreboard saw Ireland maintain its ranking at 8th.

- In the World Bank 2016 Doing Business Report, Ireland placed 10th out of 137 countries in the 'Starting a Business' rankings.
- The Global Innovation Index ranked Ireland 7th up from 8th in 2015.

The Department also created pages on its website's Entrepreneurship section (<https://www.djei.ie/en/What-We-Do/Business-Sectoral-Initiatives/Entrepreneurship-/>) with free resources such as:

- Links to thousands of free online entrepreneurship videos and other materials to assist current and potential entrepreneurs.
- In the area of Entrepreneurship Education, resources were compiled for both primary and secondary level teachers.

At European level, work on entrepreneurship has been a central feature of the SME Envoy Network. In 2016, four meetings of the SME Envoy took place. This Department engaged on entrepreneurship initiatives arising from these meetings.

### Engagement with Small Business Community

The Department's Advisory Group on Small Business (AGSB) provides a platform for structured engagement between Small Business owners and the Minister of State for Employment and Small Business. Mr. Pat Breen TD Minister of State for Employment and Small Business took over as Chair in 2016. The AGBS met once in January, and the reconstituted AGBS met a further four times after the change in Chair. The group made a submission into the Action Plan for Jobs process.

The Small Business Act for Europe (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 guiding principles. The EU Commission's 2016 Report on Ireland showed once again that Ireland has one of the most SME friendly environments in the EU. Ireland featured among the top three performers in the EU in two of the ten principles:

- Skills & innovation of SMEs, and
- Single market (Single market refers to the integration and interaction of a countries administration and SME's to the Single Market).

Ireland performed well above the EU average in three other SBA areas:

- Entrepreneurship
- Second chance, and
- Responsive administration

### Retail

The Retail Consultation Forum, which is chaired by the Minister for Jobs, Enterprise and Innovation, provides a platform for working collaboratively across relevant Government Departments and with the retail sector to support sustainable jobs growth in the sector. Key issues progressed by the Forum in 2016 included:

- Developing a Framework for Town Centre Renewal
- Establishing a Retail Skills Working Group
- Assisting retailers to reduce their energy costs, including Pilot Energy Efficiency Scheme for Retailers;
- Identifying ways to support the sector to maximise opportunities from online retailing

**Enterprise Ireland** <https://enterprise-ireland.com/en/>

Enterprise Ireland (EI) operates as an Agency of the Department and is responsible for the development and growth of Irish enterprises in world markets. Enterprise Ireland works in partnership with Irish enterprises to help them start, scale, innovate and win export sales on global markets. In this way, the agency supports sustainable economic growth, regional development and job creation. The Enterprise Ireland 2014-2016 Strategy 'Driving Enterprise, Delivering Jobs' has driven the greatest job creation ever achieved in any 3 year period by EI client companies.

Enterprise Ireland companies exceeded their 3 year target with 45,592 new full time jobs created by client companies in the 2014–2016 period. This brings the total number of people employed by Enterprise Ireland supported companies to 201,108 – an all-time high for the Agency. Significantly, over 130,000 (almost two-thirds) of those jobs are outside of Dublin, and all regions recorded increases in employment. A total of 19,244 new jobs (full and part-time) were created in 2016. This translates into a net increase of 9,117 jobs for 2016 (taking account of job losses). Digital Technology, Construction and Fintech were the best performing sectors.

Annual expenditure in Ireland by EI clients, in terms of payroll and purchases, amounts to €22.9 billion.

The return on driving Irish enterprise is in the jobs and wealth created in Ireland. Each directly supported job creates one further job in the economy. The directly and indirectly supported employment through Enterprise Ireland now amounts to over 375,000 which effectively translates into one in every five jobs in Ireland.

Enterprise Ireland attributes the strong performance by Irish businesses over the last three years to an improving entrepreneurial climate for start-ups and dynamic Irish companies innovating and scaling up in key sectors such as food, fintech, business process outsourcing, non-food manufacturing, ICT and construction.

To achieve this impressive employment growth, significant supports were delivered by Enterprise Ireland in 2016 including:

- EI invested €32 million in Irish start-ups in 2016 and supported a total of 229 start-up companies, the highest number to date in a single year.
- Over half (53%) the start-ups supported during 2016, were in regions outside of Dublin.
- During 2016, EI launched 6 new venture capital funds, committing €81m and leveraging a total of €330m of new commercial investment to support companies.
- 15 spin-outs from Higher Education Institutes became Enterprise Ireland HPSU clients in 2016 - the highest annual number ever recorded.
- The Female Entrepreneurship Unit had another successful year with an increase in female-led start-ups to 63, including 19 High Potential Start-Ups.
- 569 Managers undertook Long Term Management Development courses and 1,551 on short term development courses.
- 87 companies were approved for Lean competitiveness programmes.
- 1,036 collaborative innovations between Industry & Third Level were supported
- Enterprise Ireland client exports increased to €21.6bn in 2016, the highest export figures on record. An increase in exports was evident in areas such as the UK (2%), Northern Europe (3%), USA/Canada (19%), Asia Pacific (16%), Latin America (17%). In total, Enterprise Ireland client companies' sales reached €42.42bn.
- The number of companies exporting to High Growth Markets (HGMs) increased by 69. There were 420 new overseas presences, of which 189 were in High Growth Markets.

- 1,194 new contracts were secured overseas with Enterprise Ireland assistance in Dublin and across the international network of 32 offices.

Enterprise Ireland's activities deliver on a number of other DJEI and Government policies including Enterprise 2025, the Action Plan for Jobs, the eight Regional Action Plans for Jobs, Foodwise 2025, National Entrepreneurship Policy Statement and the Trade, Tourism and Investment Strategy. EI is the lead co-ordinator on Ireland's participation in the EU R&D funding programme "Horizon 2020".

### Enterprise Ireland and Brexit

Following the UK referendum result of 23rd June 2016, Brexit is the most significant challenge in 50 years. It is imperative that companies respond now to the challenges Brexit will bring. This will include maximising opportunities to not only sustain and grow their exports to the UK but also to continue to diversify their export base.

On the day the Brexit result was announced, Enterprise Ireland published a Five Pillar Strategy for supporting affected clients. They created a UK Export Help website featuring documents, webinars and a video with advice and guidance for companies. The site also features information on opportunities in the UK and in other markets. In addition, a dedicated Brexit Unit has been established within the Agency to lead a coordinated cross-agency response and develop targeted client supports.

To maintain market share and grow exports, Enterprise Ireland's Market Advisers in the UK began actively providing clients with market knowledge on a sectoral basis, making introductions to buyers, suppliers and partners in-market and providing market intelligence such as competitor analysis, identification of professional services etc.

As part of Budget 2017, additional monies were secured to provide for 39 targeted posts in EI. These extra staff will be placed in EI's overseas offices with sectoral knowledge and expertise such as in engineering, food, life sciences and construction. This will drive export growth to other international markets where there are known opportunities and reduce reliance on the UK.

Enterprise Ireland finalised its 2017-2020 Strategy in early 2017, which includes the overall short and medium term response to Brexit.

### Local Enterprise Offices <https://www.localenterprise.ie/>

The 31 Local Enterprise Offices (LEOs) are the 'first-stop-shop' for providing advice and guidance, financial assistance and other supports to those wishing to start or grow their own business.

The LEOs can offer direct grant aid to micro-enterprises (10 employees or fewer) in the manufacturing and internationally traded services sector which, over time, have the potential to develop into strong export entities. The LEOs also offer 'soft' supports in the form of training and mentoring for anyone interested in starting or growing a business. In addition, the LEOs provide a 'signposting' service for the micro-enterprise and SME sector in relation to other relevant State supports, for example: Revenue; the Department of Social Protection; Microfinance Ireland; Trading Online Vouchers, LEADER, and Education & Training Boards (ETBs).

Since their establishment in 2014, the LEOs have continued to support a high level of performance amongst their clients across their range of services. In summary, during 2016:

- A total of 7,883 new full and part-time jobs (gross) were created by LEO clients overall.
- Taking into account losses in the client company portfolio, there was a net increase of 3,679 jobs (full and part-time).
- The LEO portfolio in 2016 consisted of 6,846 client companies, with an employment total of 34,634 (full-time and part-time jobs).

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

- In 2016, the LEOs paid out direct financial assistance to 1,041 business projects, to the value of €11.4m. Of these, 469 were priming grants for start-up companies.
- In addition to direct financial assistance, the LEOs supported an even wider cohort of entrepreneurs and small businesses in 2016 through other soft supports:
  - 1,917 training programs involving 27,617 participants
  - provision of one-to-one mentoring support to 7,474 participants
  - 433 referrals to Micro Finance Ireland (208 grant applications approved)
  - promotion of the Department of Communications, Climate Action and Environment Trading Online Voucher Scheme (TOVS) with 1,161 businesses participating.

A very positive outcome of LEO investment and support is the progression of some LEO client companies to the Enterprise Ireland portfolio. During 2016, 40 LEO client companies progressed to Enterprise Ireland. These clients are very significant in so far as they were among the best performing companies in the LEO client portfolio (and because of the transfer to EI their performance is not reflected in the 2016 outturn above).

**Ireland's Best Young Entrepreneur (IBYE)** <http://www.ibye.ie/>

A record number of 1,842 (up from 1,398 in 2015) young entrepreneurs aged between 18 and 35 took part in Ireland's Best Young Entrepreneur (IBYE) competition in 2016. The aim of the initiative, which has an overall investment fund of €2 million, is to support a culture of entrepreneurship among young people in Ireland, to promote entrepreneurship as a career choice, and to encourage Ireland's young people to set up new businesses which will ultimately create jobs.

**IDA Ireland** <https://www.idaireland.com/>

IDA Ireland's 2016 results indicate that it is on track to meet the targets set out in its strategy *Winning: Foreign Direct Investment 2015-2019*. Since 2015 the Agency has been working towards the objectives of this strategy including the creation of 80,000 new jobs and 900 new investments. This would bring total FDI employment in Ireland to 209,000 by 2019. The IDA also aims to increase the level of investment by between 30% and 40% in each region outside Dublin within the same timeframe.

Regional development is a cornerstone of the strategy and good progress was made in this respect in 2016, with 52% of IDA Ireland supported jobs created located outside Dublin. To deliver these challenging regional targets the Agency is working to increase its regional footprint, aligning its business sectors with the regions to develop "sectoral ecosystems" and to take advantage of industry clusters. IDA Ireland is also working more closely with Enterprise Ireland and its existing clients to ensure that benefits are maximised for each region.



Through its Regional Property Programme, the IDA is also developing appropriate property solutions in designated regional locations to attract overseas investment. This includes the construction of nine new advance facilities around the country. Significant progress was made on the delivery of this element of the Programme in 2016, with 7 advance facilities now scheduled for completion in 2017.

Overall, in 2016, against a backdrop of geopolitical uncertainty and intense competition from other jurisdictions, IDA Ireland performed strongly in terms of working towards the ambitious targets set out in its strategy. This is evidenced by the results achieved with each region in Ireland seeing a net increase in jobs with the highest level of job creation ever achieved in the Agency's 67 year history.

In 2016 IDA client companies created 18,827 jobs on the ground with losses, as a percentage of the overall employment portfolio, recorded at their lowest level ever. IDA Ireland client companies now account for almost 10% of private sector employment or approximately 1 in 5 private sector jobs in the State.

### **InterTrade Ireland (ITI)** <http://www.intertradeireland.com/>

ITI is one of the six North/South Implementation Bodies established under the Good Friday Agreement in 1998. It undertakes a wide range of business support programmes to assist SMEs on both sides of the border to pursue business opportunities in the other jurisdiction.

The Body provides a targeted portfolio of programmes to help businesses to build competitive advantage in the crucial areas of Science, Technology & Innovation and Sales and Marketing, all backed by evidence-based economic and business research. Its services are significantly oversubscribed.

ITI's activities in 2016 included:

- Providing opportunities and financial resources for North/South Technology Transfer projects to develop new innovative products and services which can drive exports.
- Scoping new areas for co-operation between firms North and South.
- Providing sales and marketing opportunities to help firms find new cross-border markets.
- Providing access for SMEs to the €12 billion all-island public procurement market.

Main outputs delivered by ITI in 2016:

- Job creation impact was 2,339 (target of 1,100);
- First time innovator companies were 79 (target of 56);
- First time exporters companies were 88 (target of 50);

In 2016 ITI was successful in being awarded management of a significant project under the EU's INTERREG Programme. The new project entails the Body managing a diverse set of initiatives to assist companies to develop their Research and Innovation expertise, over a five year period. This new initiative will complement the Body's existing range of programmes for SMEs.

As the SMEs assisted by ITI may be significantly impacted by Brexit, this Department provided specific funding to ITI in 2016 to sponsor a research project, being undertaken by the Economic and Social Research Institute, to examine the impact of differing trade regimes which may emerge in the post-Brexit environment. This study will include analysis of tariff rates and data on the current extent and concentration of cross-border trade. This project will be completed in 2017.



**National Standards Authority of Ireland (NSAI) <https://www.nsai.ie/>**

NSAI is the state agency responsible for standardisation, conformity assessment and measurement. NSAI aims to improve the performance of Irish business and protect consumers by developing standards, inspecting measuring instruments used in trade, and conducting audits and issuing certificates on the application of standards to goods, services and measurements.

The number of standards purchased by Irish organisations in 2016 rose by 20% in comparison to 2015.

NSAI published 1,391 standards during the year, including five new Irish standards in the areas of construction and manufacturing. This brings the total number of standards available in NSAI's catalogue to over 24,000.

In 2016, NSAI commissioned a study on the economic benefits of standards. According to the Centre for Economics and Business Research (CEBR) report, between 2006 and 2013, standards contributed an estimated €335 million to the Irish economy, helped create an additional 900 permanent full-time equivalent jobs, and were a component for almost a quarter of all trade growth.

The number of new registered users to the agency's 'Your Standards, Your Say' portal exceeded targets, while more than 1,400 Irish people are currently involved in shaping the standards of the future for their sector, by sitting on voluntary committees in Ireland, Europe and further afield.

NSAI had regular engagement with industry in 2016 e.g. 16 free regional ISO 9001 and 14001 roadshows took place, which encouraged businesses certified to the world's leading standards for quality and environmental management systems to upgrade to the latest versions.

Over 1,300 people, from a variety of businesses and organisations, attended the seminars throughout the year. This focus on engagement with industry will continue in 2017 with an additional focus on the benefits of quality systems and standards to industry post-Brexit.

NSAI is the Irish Type Approval Authority for a variety of vehicle types. The agency undertakes this work on behalf of the Minister for Transport, Tourism and Sport. NSAI has appointed Approved Test Centres to carry out the relevant tests and inspections. The volume of vehicles, components and systems being processed is increasing – with more than 8,000 approved in 2016.

The Medical Devices sector continued to be an important sector for NSAI's conformity assessment activities in 2016. There were significant challenges to the sector in 2016 with the introduction of the Medical Device Single Audit Program (MDSAP), a standardised, global approach to auditing and certification for medical device manufacturing. NSAI will continue to monitor requirements and opportunities, particularly through its subsidiary, NSAI Inc., based in the US.

NSAI has also stepped up its engagement with the public in an effort to better explain the important technical work it does. The agency increased its followers on Twitter by 117% and by 99% on LinkedIn during 2016. NSAI's Insulation campaign was named Best Public Sector PR Campaign at the 2016 Excellence in PR Awards, while the organisation was named Best State Body at the 2016 Chambers Ireland InBusiness Recognition Awards.

## Export Control

Increasing exports is a key goal of the Department and controls and restrictions on international trade are, therefore, unusual. While this report outlines the measures taken to achieve export growth in 2016, running parallel to these are measures to ensure the safe and responsible export of controlled goods and technology.

The security, regional stability and human rights concerns which underpin export controls are of paramount importance to this Department. Export control is an area in which the Department's strategic goal of supporting and facilitating trade plays an important role, ensuring the export of sensitive goods is specially catered for in the context of safeguarding EU and global principles underpinning export controls.

Ensuring the appropriate level of licensing on exports of dual-use and other goods and technologies is especially important in facilitating exporters to expand and develop global activities in high technology sectors.

The Department issued 556 export licences in 2016. This figure is comprised of 409 individual dual-use licences, 128 military licences, 1 military global transfer licence (for use within the EU), with 23 global dual-use licences in use during 2016. Statistics on the number and value of export licences are published periodically on the Department's website.

## Sector Briefs

The Department developed a set of 18 Sector Briefs on the development of sectors in Ireland in 2016. DJEI worked with the enterprise development agencies and other stakeholders to review and prioritise sector specific barriers and or enablers to inform policy development, required actions and implementation. The suite of sector briefs set out an agreed cross agency agenda, which:

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

In relation to specific new areas of opportunity, in 2016 the Department supported the work of the High Level Group for IFS 2020 (Internationally Traded Financial Services).

In 2016, the Evaluations Unit also commenced an *Evaluation of the Overseas Network of the Enterprise Development Agencies*. The overarching goal of this evaluation is to determine the appropriateness, efficiency and effectiveness of the overseas office networks and activities of the Enterprise Agencies over the period 2005-2015. This evaluation will be important for assessing how the overseas offices can contribute to the targets of the Government's national enterprise policy, *Enterprise 2025*, the Strategy for Tourism, Trade and Investment and the respective missions and strategies of the agencies.

## 2. Whole of Government approach to promoting enterprise and employment growth

**Goal 2:** Lead a whole-of-Government approach to developing the most competitive environment for investment, productivity and sustainable jobs growth.

The Department has a strong and broad engagement in a wide range of EU policy fields and takes the lead on Ireland's trade and competitiveness policy, including at EU and WTO level. Working across Government and with our EU and international partners, we will continue to represent Ireland at EU level, engaging with EU institutions including at Competitiveness, Trade and EPSCO Councils, to influence emerging policies that will support the delivery of our jobs, competitiveness and growth agendas.

Competitiveness remains a key issue for the European Union, as a driver of growth within Europe, and also in seeking to enhance the EU's position relative to the other major trading blocs. The Department will continue to advocate ambitious initiatives to deepen the Single Market, especially in services, and the Digital Single Market, in policy areas within our responsibility, and to support the continued mainstreaming of competitiveness across other policy fields.

### Regional Action Plans for Jobs

The Regional Action Plan for Jobs initiative was launched in February 2015, bringing together public and private sector stakeholders to identify a range of innovative actions to support each region to achieve its economic potential. Action Plans for each of the 8 regions were published by January 2016, and are currently being monitored by local Implementation Committees.

Actions are being led across a range of Departments, agencies, and other public and private sector bodies, with clear timelines for delivery over the period 2015-2017.

The First Progress Reports in respect of all 8 Regional Action Plans were published in 2016. While at an early stage, the progress reports reflect the good work made to date in the implementation of all 8 Regional APJs and creating a supportive environment for jobs growth in the regions. Completion rates for actions within the first Progress Reports are in excess of 90% for each region. External shocks, such as Brexit, have the potential to impact on regional job delivery in the future. However, the Plans are flexible and dynamic and can be adapted to address new challenges and opportunities arising within the regions.

The numbers in employment increased in all regions in 2016<sup>2</sup> and 70% of all the new jobs added in 2016 were outside Dublin. In addition, the unemployment rate fell in all regions in the year to Q4 2016. This represents significant progress towards a key aim of Government - to support the creation of an additional 200,000 jobs by 2020, 135,000 of which are outside the Dublin region. Based on current data, all regions are on target to meet or exceed job targets to be delivered by 2020.

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<sup>2</sup> CSO Quarterly National Housing Survey (QNHS) figures for Q4 2016

## Digital Single Market

The Digital Single Market (DSM) Strategy was adopted on the 6 May 2015. It includes 16 initiatives, under 3 pillars:

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

Digital Single Market issues span both intra and cross Departmental work areas. In this Department there is a cross-divisional group which considers and gathers internal views on those issues for which we have policy responsibility in order to ensure there is policy coherence within DJEI. The Department also engages with a cross-Governmental DSM group led by the Department of An Taoiseach.

## Competitiveness

National competitiveness is a broad concept that encompasses a diverse range of factors and policy inputs including education and training, entrepreneurship and innovation, Ireland's economic and technological infrastructure and the taxation and regulatory framework.

Competitiveness is not an end in itself, but is a means of achieving sustainable improvements in living standards and quality of life. Only by ensuring that firms based in Ireland can compete successfully here and abroad can we create the employment, income and wealth necessary to improve the lives of all of our citizens. It is also vital that the Government promotes competitive markets across the services that are critical to business and champion's smarter regulation.

Since its introduction, the Action Plan for Jobs has recognised the fundamental link between competitiveness and job creation, and has been the key mechanism to drive competitiveness in all areas of economic activity. All of the Action Plans to date have provided a sharp focus on specific aspects of the competitiveness agenda, particularly in the area of costs, improving Ireland's global competitiveness ranking and making it easier to start, run and scale a business.

As a small open economy, generating sustainable broad based export-led growth is essential. In order to deliver growth, Ireland's international competitiveness needs to continue to improve. In the short term, cost competitiveness is a critical foundation. Productivity growth, however, is the preferred mechanism to improve competitiveness in the longer term as it can support cost competitiveness in tandem with high and increasing wage levels and improving living standards for all. For the Department, our strategic focus is on ensuring that the diverse range of factors and policy inputs that influence national competitiveness such as entrepreneurship, enterprise, innovation, competitive markets operate at optimum levels.

Ireland's competitive performance continued to improve in 2016. An improved fiscal position, high rate of productivity growth, and increased cost competitiveness have all contributed to Ireland's improved international competitiveness. This improvement is reflected in a range of metrics, notably economic growth, improved public finances, increased employment, falling unemployment and a strong trade performance. In terms of international rankings of national competitiveness, Ireland's performance continued to improve in 2016:

- Using the IMD measure competitiveness Ireland is ranked 7th in 2016, an improvement of 9 places from 2015.
- The WEF Global Competitiveness Report shows Ireland is ranked 23rd most competitive economy, an improvement of 1 place.

### National Competitiveness Council

The National Competitiveness Council (NCC) reports to the Taoiseach and the Government, through the Minister for Jobs, Enterprise and Innovation on key competitiveness issues facing the Irish economy and offers recommendations on policy actions required to enhance Ireland's competitive position. The work of the NCC is underpinned by research and analysis undertaken by the Strategic Policy Division. The NCC is responsible for the management and direction of its own work programme. In 2016 the NCC published its two key annual reports:

- Ireland's Competitiveness Scorecard provides a comprehensive statistical assessment of Ireland's competitiveness performance; and
- Ireland's Competitiveness Challenge uses this information along with the latest research to outline the main challenges to Ireland's competitiveness and the policy responses required to meet them.

As part of its work, the NCC also:

- Published the Costs of Doing Business where key business costs in Ireland are benchmarked against costs in competitor countries; and
- Provided an annual Submission to the Action Plan for Jobs and other papers on specific competitiveness issues.

### Costs of Doing Business

The NCC published its Costs of Doing Business in Ireland in April 2016. The report benchmarks key business costs and highlights areas where Irish enterprise costs are out of line with key competitors. The report concentrates on costs that are largely domestically determined such as labour, property, energy, water, waste, communications and business services, and considers both price levels, and changes in those levels (i.e. price inflation). The report set out how the cost base for enterprise has improved across a range of metrics since 2009, (e.g. the cost of starting a business, communications costs and average income taxes). Ireland, however, remains a relatively high cost location and already the return to growth has resulted in a series of upward cost pressures.

### Ireland's Competitiveness Scorecard

In July 2016, the NCC's annual benchmarking report, Ireland's Competitiveness Scorecard 2016, was published. The Scorecard provides a comprehensive statistical assessment of Ireland's competitiveness performance with regard to a range of countries with which we compete on international markets for trade and investment.

The 2016 report included over 130 indicators, covering all aspects of competitiveness, from the essential conditions underpinning performance, to the policy inputs, outputs and competitiveness outcomes.

The report highlighted how much of Ireland's competitiveness improvement in recent years has resulted from improved relative cost competitiveness as a result of the economic downturn along with favourable exchange rates against Sterling and the Dollar. However, the NCC warns

that while the recovery appears to have consolidated, the outlook is precarious. As a small open economy, external threats such as financial market volatility and the fragile global economy are now exacerbated by the uncertain consequences of the British decision to leave the EU. All of the countries with whom we trade, and compete for FDI are also striving to improve their business environments. A relentless focus on reform and on continuing to improve Ireland's competitiveness performance in areas that can be influenced by domestic policy action is essential to secure sustainable growth.

### Ireland's Competitiveness Challenge

In December 2016, the NCC published Ireland's Competitiveness Challenge 2016 which sets out the medium term policy actions required to enhance Irish competitiveness. The 2016 report also includes the NCC's Submission to the Action Plan for Jobs 2017 which identifies the most immediate areas for action in 2017.

The report set out how enhanced national competitiveness has been key to economic growth and job creation. However, the NCC's view is that there are a number of short and medium-term risks in key areas that could undermine national competitiveness, growth and living standards. The challenges posed by Brexit in particular provide additional motivation to pursue policies to support competitiveness. This report sets out the medium term competitiveness challenges facing the economy and recommendations to address these challenges. Of the issues highlighted by the NCC housing is of particular concern as is the rising cost of insurance.

The NCC also highlight the importance of capital investment in key infrastructures to support competitiveness, the challenges posed in relation to our climate change targets, and the need to deliver the National Planning Framework. The Department of Jobs, Enterprise and Innovation engaged with every Government Department to further develop meaningful actions to support competitiveness for inclusion in the Action Plan for Jobs 2017.

### Competitiveness Bulletins

The NCC's Competitiveness Bulletins focus on individual topics and highlight issues of concern to the Council, setting out briefly why a particular issue is of concern, and providing a summary of actions designed to enhance Ireland's competitiveness. The NCC published seven bulletins in 2016 on key competitiveness issues:

1. Ireland's performance in World Competitiveness Rankings
2. House Price & Rent Affordability and Competitiveness
3. Harmonised Competitiveness Indicators
4. Exchange Rates and Irish Competitiveness
5. Why Competitiveness Matters
6. Insurance Costs
7. Legal Costs

### Competitiveness Research

In addition, the NCC published a range of other papers, submissions and reports on a variety of issues of importance to Ireland's competitiveness. In 2016 the Council published two discussion papers.

- **Review of Competitiveness Frameworks**

For over a decade, the NCC has used a bespoke competitiveness framework to describe the multifaceted and interlinked dimensions of competitiveness, with a particular focus on how competitiveness issues impact upon Ireland as a small, open economy. To ensure that the NCC remains an effective and authoritative voice advocating for competitiveness enhancement, the NCC commissioned research to examine our competitiveness definitions and framework. This work was carried out for the NCC by Dr Christian Ketels, Principal Associate at the Institute for Strategy and Competitiveness at Harvard Business School and published in April 2016. The NCC also launched a public consultation on this work in April 2016.

- **A Study to Examine the Affordability of Irish Housing**

The affordability of housing matters for the individual household, for society as a whole, and for national competitiveness. From a competitiveness perspective, housing affordability is a component of Ireland's ability to compete internationally. It impacts upon the attractiveness of Ireland as a location for investment and directly impacts on enterprise costs through wage effects, and indirectly determines the price of Irish goods and services. The cost of housing influences labour mobility and contributes to an economy's ability to adjust to adverse shocks. In July 2016, the NCC published a Study to Examine the Affordability of Irish Housing. The primary objective of the study, undertaken on behalf of the NCC by Indecon Economic Consultants, was to assess the affordability of residential property in Ireland in an international context. Housing affordability is measured by examining the proportion of household income that is spent to meet housing need, whether purchasing a home or renting.

### **Skills Needs of Enterprise** [www.skillsireland.ie](http://www.skillsireland.ie)

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

### **Expert Group on Future Skills Needs (EGFSN)**

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

During 2016 the EGFSN published research into skills needs of the Biopharma sector - 'Future Skills Needs of the Biopharma Industry in Ireland 2016'. The Biopharma industry is one of the fastest growing sectors in Ireland. In 2015, the sector employed 28,200 people in Ireland and accounted for over €30bn in exports. Ireland is winning significant investments in Biopharma, with capital projects amounting to over €4bn in the pipeline over the coming years. The objective of the report was to review the supply of, and demand for, skills within the Biopharma Industry in Ireland up to 2020 and to propose actions for employers and education and training



providers to build up the required skills supply. It is estimated that 8,400 potential job openings will arise within the Biopharma industry in Ireland over the next five years. The study finds that the quantity of skills supply should be available to meet this demand, albeit with a need to improve alignment of provision with industry's needs, particularly for Biologics manufacturing. There is also both a challenge and an opportunity for the Biopharma industry, working in collaboration with education and training providers and other stakeholders, to increase awareness of the range of careers available in the sector. There is also scope to upskill jobseekers, continue the upskilling of those already working in the sector, and to attract international talent to Ireland to increase the depth of experience in companies. The Biopharma Skills Forum, supported by BiopharmaChem Ireland is working to drive forward recommendations in the EGFSN Biopharma Skills report. This work is being supported by Regions Skill Forums in Dublin, Midlands, South-East and South-West Regions. As part of its work programme for 2016, the Expert Group on Future Skills Needs has reviewed the implementation of recommendations in previous reports and identified areas for specific focus.

DJEI engaged with the Department of Agriculture and Food (DAFM) on the skills needs in the agri-food sector in particular. A study was undertaken by the EGFSN in collaboration with DAFM on an update of the progress of recommendations made in the 2009 EGFSN Report on Skills Needs in the Food and Drink Skills sector. Eleven recommendations have arisen from the study, under four headings: 1. Work-Based Learning; 2. Internships, Mentorships & Apprenticeships; 3. Languages and International Selling Skills; and 4. Coordination.

A Hospitality Skills Oversight Group, including the Department of Education and Skills, Failte Ireland, education and training providers and industry representatives was established with a two-year timeframe to progress implementation of the recommendations in the 2015 EGFSN report on the skills needs of the Hospitality sector. Significant progress has been reported on Hospitality Career promotion and development, a Hospitality Transition Year programme, development of new chef apprenticeships and Traineeships, a new Hospitality Skillnet Programme, Springboard + Hospitality Skills provision, Employer Hospitality Quality employer programme and audits underway of Higher Education and Further Education & Training (FET) hospitality course content and facilities to ensure relevance and optimised use.

Further to DJEI's "Policy Framework for Design in Enterprise in Ireland" (Jan 2016), the EGFSN undertook a review in 2016 of the educational provision of Design Courses to determine their relevance to the needs of Irish industry and the extent to which they reflect the career opportunities that now exist for graduates in new and emerging areas and to put forward recommendations to ensure that the education provision meets the need of the design economy.

DJEI has also inputted into the Department of Education & Skills review of ICT Professional Skills needs and the step-up in demand.

The EGFSN has taken a number of steps to ensure effective communication and information provision with the new Regional Skills Fora of stakeholders established by DES.

As in previous years the EGFSN provided the *Guidance for Higher Education Providers on Current and Future Skills Needs of Enterprise* for the Springboard 2016 Call. The guidance report summarises the skills shortages identified in recent reports of the EGFSN in order to provide guidance for providers tendering for higher education places for job seekers through Springboard 2016. A key objective of



Springboard+ is to enhance collaboration and engagement between the enterprise sector and public and private education providers in the design and delivery of programmes to support job seekers and skills in areas required by enterprise.

The EGFSN continued, during 2016, to monitor trends in supply and demand through its annual labour market reports produced by the Skills and Labour Market Research Unit in SOLAS: *Monitoring Ireland's Skills Supply 2016, National Skills Bulletin 2016, Vacancy overview 2015 and Regional Labour Markets Bulletin 2016*.

The EGFSN produces an annual *Statement of Activity* which provides details of the Group's output and activity in the preceding year, its forthcoming work and information on the Group's research and analysis resources. The *Statement of Activity* is submitted to both the Minister for Jobs, Enterprise and Innovation and the Minister for Education and Skills, and forms the basis for a meeting with the EGFSN Chairperson to discuss key skills issues.

### **Corporate Social Responsibility**

In 2016, through the Corporate Social Responsibility (CSR) Stakeholder Forum and initiatives such as the CSR Hub website, the CSR on-line tool for SMEs and through social media, the Department contributed to raising the profile of CSR in Ireland as a means of improving competitiveness at enterprise level, while making a meaningful contribution to the communities and environment within which businesses operate.

The Department, in consultation with the CSR Stakeholder Forum, also commenced work on the development of Ireland's second National Plan on Corporate Social Responsibility to ensure it remains relevant to changing national and global conditions.

### **Economic Infrastructures**

The availability of competitively priced world class infrastructure (energy, telecoms, transport, waste and water) and related services is critical to support economic growth and enterprise development. In 2016 the Department worked closely with other Departments on the development of the new National Planning Framework.

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

Throughout 2016 the Department highlighted the main issues and priorities for business users across each infrastructure area drawing on in-depth research carried out by the Strategic Policy Division.

### **Research and Innovation**

- Research was undertaken on public investment in RDI with an assessment of how best to support Knowledge Capital development in the economy.
- Research was also carried out for a technology, market and enterprise based horizon scanning exercise as input to the next cycle of the National Research Prioritisation Exercise.
- A review was undertaken of the optimal supports to promote business expenditure on R&D in Ireland and in other small advanced economies and the development of relevant proposals.

## **Climate Change**

The Department provided for co-ordinated technical analysis and policy input on the enterprise dimensions of climate change targets and policy and ensured consideration of competitiveness impacts in policy options.

## **Enterprise and Science Surveys**

DJEI produced a number of agency enterprise and research surveys in 2016.

These included the Annual Employment Survey and the Annual Business Survey of Economic Impact (ABSEI) of Enterprise Ireland and IDA Ireland supported firms. The Department also carried out the National Science Budget survey and the Higher Education R&D Survey.

## **Taxation**

DJEI coordinated a joint agency Pre-Budget Submission 2017 involving IDA Ireland, Enterprise Ireland and Science Foundation Ireland (SFI). The primary purpose of the submission was to ensure that Budget 2017 supports enterprise, in particular, the export potential of firms and Ireland's attractiveness as a location for foreign direct investment and for the attraction and retention of talent.

### 3. Working ambitiously with our EU and International Partners

**Goal 3:** Working ambitiously with our EU and international partners to achieve progress in EU and International fora, across a wide range of interests, including in response to the implications of Brexit.

#### Engagement at EU Level

The Department continued its engagement at EU level to achieve national and EU policy outcomes that are supportive of our enterprise, competitiveness and innovation agenda. The Department has a lead and coordination role in the Competitiveness Council, the Foreign Affairs (Trade) Council, and the Employment Social Policy Health and Consumer Affairs (ESPCO) Council.

During 2016, Minister Mary Mitchell O'Connor, Minister Breen and Minister Halligan represented Ireland's interests at the Competitiveness, ESPSCO and Trade Councils. There were four Formal and two Informal meetings at both the Competitiveness and EPSCO Councils, as well as three Formal and two Informal Trade Council meetings held during the course of 2016.

Key issues progressed by the Competitiveness Council during 2016 included the Single Market Strategy, Portability of Digital Content, Collaborative Economy and Geo blocking: removing barriers to e-commerce. In the area of research, investing in R & D, Framework Programme (FP) 7 and the Space Strategy for Europe featured at the Research Councils.

In addition to representing the Department's and Ireland's strategic interests at Council, the Department's key EU interests were also pursued at the cross Government level via the Department of An Taoiseach EU Senior Officials Group, and bilaterally through engagements with like-minded Member States and the Commission.

As a result of the UK referendum result in favour of leaving the EU, the Department undertook a series of comprehensive wide ranging actions, including coordination across the Department, alliance building with other Member States and ongoing representation and liaison in the context of the cross-Government response led by the Department of the Taoiseach. The Minister engaged in a series of bilateral meetings with EU Commissioners, and the UK.

#### Brexit

Given that Brexit will impact on practically all policy across the remit of the Department and our family of Agencies we have been at the centre of Government planning before and after the UK voted to exit the EU in June 2016. Before the Referendum we conducted a contingency risk assessment of the potential impacts across all policy areas – this fed into the Contingency Framework published by the Government in June. Post-Referendum we continued to refine that analysis and work with Agencies to put in place actions to mitigate risks and maximize opportunities.

DJEI Ministers and officials participated in the Cabinet Committee on Brexit, the Inter-Departmental Group on EU/UK Relations and the myriad of Brexit Working Groups established after the vote and mandated to analyse impacts and implications of Brexit taking into account various scenarios that may emerge.

Given the breath, depth and scale of work involved in preparations for Brexit, a dedicated Brexit Unit was established in November to ensure a coordinated and coherent policy and operational response by the Department and its Agencies. The Brexit Unit worked closely with sections across all Divisions in the Department and provided support for:

- The Co-Ordination Group chaired by Minister Mary Mitchell O'Connor and comprising the CEOs of EI and IDA along with senior DJEI officials
- The Senior Officials Group chaired by the Secretary General, Dr. Orlaigh Quinn, comprising senior officials in relevant policy areas impacted across the Department.

Consultation with stakeholders was also a key aspect of our Brexit preparations during 2016. Ministers met with a wide range of representative organisations including employers and unions and had discussions about the impacts of Brexit at the Retailers Consultation Forum, chaired by Minister Mitchell O'Connor. It was a regular item for discussion at the Regional Action Plan for the Jobs Implementation Committees.

Ministers and officials across the Department also began an extensive programme of engagement with our EU partners, EU institutions and our long-established connections in London and Belfast, in order to ensure that Ireland's unique concerns were well understood.

Following on the Government led All-Island Civic Dialogue in November planning began at the end of 2016 for a DJEI sectoral event (held in January 2017) to engage in a formal way with all of our stakeholders. This input was critical to validating our analysis and identifying issues of concern for employers, employees and consumers.

In 2016, Ireland worked closely with the EU Commission and Member States to bring several trade agreements to a successful conclusion, including Free Trade Agreements with Vietnam and Canada. Arising from the conclusion of the Comprehensive Economic and Trade Agreement with Canada, the Department has been actively engaged with a wide range of stakeholders to raise awareness of the new opportunities for Irish business presented by the Agreement. We also continued to work with the Commission and Member States to ensure that Ireland's interests are promoted and safeguarded in ongoing EU trade negotiations.

## **EU State Aid Regime**

Adherence to State Aid rules remained a priority for the Department of Jobs, Enterprise and Innovation in 2016. The Department, in its capacity as the National Contact Point for overarching State Aid policy, continued disseminating information across Government Departments and the Department's enterprise agencies. In addition, as the liaison point for all communications issuing to and from DG Competition, the Department coordinated Ireland's position on state aid issues during the course of 2016.

The objectives of the EU's State Aid Modernisation initiative are to foster growth in a strengthened, dynamic and competitive internal market, to focus enforcement on cases with the biggest impact on the internal market and to streamline the state aid rules, including the speed of decision-making by DG COMP.

A key reform, introduced as part of this modernisation is the requirement, as of 1 July 2016, for notifying on a public website, the identity of the beneficiary of all individual aid awards above €500,000, the amount and objective of the aid and the legal basis. The Commission, in collaboration with Member States, has designed a central webpage displaying this transparency data for each Member State or region. However, it is up to each Member State to compile, check and publish that data within 6 months from the granting of the aid.

### **Supporting the EU INTERREG Programme**

The INTERREG Programme is one of 60 cross-border funding programmes across the EU. It embraces the six Border counties of Ireland, all of Northern Ireland and part of Western Scotland (the latter only for some projects).

For the current round of INTERREG (due to run from 2016 to 2022), there is a Research and Innovation (R & I) strand, in respect of which DJEI co-funds, together with our counterpart Department in Northern Ireland. Total funding available for this R & I strand (from the EU and National Governments) is €71m over the period up to 2022. It is a requirement that most project activity must be located within Northern Ireland and the six border counties in the Republic of Ireland.

The R & I strand comprises two distinct strands: an initiative to increase the number of SMEs engaged in cross-border research and innovation activity (€18m) under which a range of activities will be provided for SMEs; and a more research-oriented initiative to increase the level of cross-border business and industry-relevant research and innovation capacity within the Health and Life Sciences and Renewable Energy sectors (€53m). Third level institutions within the geographical area will have a strong role, including the three Institutes of Technology in the border counties.

### **European Semester**

The Department played a central role in processing the European Semester (a yearly cycle of economic policy co-ordination) and contributions to the Country Specific Recommendations in Council formations (Competitiveness and Employment, Social Policy, Health and Consumer Affairs (EPSCO) through the Councils' advisory and preparatory Committees and Groups, in particular, the Employment Committee and the High Level Group on Competitiveness and Growth. Council conclusions were also agreed on the Annual Growth Survey 2016 and the 2016 Joint Employment Report was adopted.

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

This Department coordinates the work of the Employment and Social Policy strands of the EU EPSCO Council. Ireland contributed to the work of two formal Council meetings and one informal Council meeting under the Dutch Presidency in the first six months of 2016 and a further two formal meetings and one informal Council meeting under the Slovakian Presidency in the second half of 2016.

### **Business Regulation Unit (BRU)**

The Business Regulation Unit has continued to engage positively in various international groups such as the European Union's REFIT Platform, looking at regulatory fitness, the European Council's Better Regulation Working Group, and the OECD's Regulatory Policy Committee.

### **Small Advanced Economies Initiative (SAEI)**

In 2016 DJEI hosted the annual meeting of Principals of the Small Advanced Economies Initiative in Dublin Castle in September 2016. The SAEI is a collaborative initiative between seven countries namely Denmark, Finland, Ireland, Israel, New Zealand, Singapore, and Switzerland. All of the countries are advanced economies by International Monetary Fund standards, and are of similar scale in terms of population with around 5 to 10 million inhabitants.

The Principals' Meeting was jointly convened in Ireland by the Department of Jobs, Enterprise and Innovation, the Department of Foreign Affairs and Trade, and the Office of the Chief Scientific Adviser to Government. The initiative has a supporting Secretariat hosted at the Office of the Prime Minister's Chief Science Advisor within the Department of the Prime Minister and Cabinet of New Zealand.

The delegates were all senior representatives of their countries' ministries (including Offices of the Prime Minister, Ministries of Business, Ministries of Finance, Ministries of Higher Education and Science, and Ministries of Foreign Affairs and Trade) as well as associated agencies as appropriate, and the offices of Chief Scientific Advisers. A Director from the OECD also presented to a plenary session on the Digital Economy and contributed to stream discussions on productivity.

Areas for discussion included productivity, economic complexity, and regional/urban development, Digital Economy, challenge-based R&D funding, public engagement with Science, Technology, Engineering, and Maths, and driving increased Business R&D expenditure. A joint paper on policies to promote Business Expenditure on R&D prepared by DJEI was agreed by the participants.

### **European Pillar of Social Rights**

In 2016, the Department coordinated Ireland's response to the European Commission's consultation on a European Pillar of Social Rights. The Commission proposes advancing twenty principles in the social and employment policy sphere. The department worked with twelve other departments and engaged with 179 stakeholders before finalising a detailed response to the Commission. The Commission's comprehensive policy proposals are due in April 2017.

## 4. Positioning Ireland as a Global Innovation Leader

**Goal 4:** Lead a whole-of-Government ambition to position Ireland as a Global Innovation Leader, driving an internationally competitive research system, creating an innovative enterprise base and building a better society

### Innovation 2020

Innovation 2020, our national strategy for research and development, science and technology, sets a vision for Ireland to become a Global Innovation Leader.

The aim is to create an internationally competitive research and innovation system, driving a sustainable economy and ultimately, creating a better society. Key to this vision is supporting excellent science, nurturing talent and delivering impact.

Implementation of Innovation 2020 is being driven by a cross Government Implementation Group chaired by DJEI and involving the Chief Scientific Adviser to the Government, research funding agencies and relevant Government Departments.

The Implementation Group met three times in 2016. The first progress report on implementation of Innovation 2020 was brought to Government and published in July 2016.

Key progress on Innovation 2020 actions in 2016 included:

- Publication of a revised National Intellectual Property Protocol;
- Launch of Health Innovation Hub Ireland;
- €1m fund secured for Small Business Innovation Research;
- Science Foundation Ireland (SFI) launched a large scale Research Centres Call;
- Five awards made through the SFI Research Centres Spokes Call;
- Launch of the third phase of the Technology Transfer Strengthening Initiative by Enterprise Ireland to boost the commercialisation of research;
- Full Irish membership of ELIXIR secured;
- Parameters developed for successor to Programme for Research in Third Level Institutions;
- Knowledge Development Box operational;
- Record number of collaborative innovations between industry and Higher Education Institutions;
- 54 new IDA Ireland R&D investments approved in 2016;
- 101 new High Potential Start-Ups approved funding in 2016.

### Research Prioritisation

Research Prioritisation (RP) was adopted by the Government in 2012 as the principle guiding public investment in research in support of the enterprise sector. It aligns public investment with areas of strategic market opportunities for Irish-based enterprise. The current cycle of RP spans the five-year period 2013-2017.

In 2016 work commenced on developing a new cycle of RP. Three studies were commenced which will provide the evidence base for the next cycle of RP. The studies are:

- A Global Market Opportunity Assessment to identify strategic areas of commercial opportunity in global markets for Irish-based enterprises.
- A Technology Futures exercise to assess technologies that are or will be critical to Ireland's economic and social development.
- An assessment of the current cycle of Research Prioritisation.

### **Health Innovation Hub Ireland**

Health Innovation Hub Ireland is a joint initiative of the DJEI and the Department of Health. The aim of the initiative is to drive collaboration between the health service and the enterprise sector leading to the development and commercialisation of new healthcare technologies, products and services.

Following the success of a pilot project, Government agreed to the initiative being scaled to the national level. In January 2016 a consortium led by University College Cork, with partners including Cork Institute of Technology, Trinity College Dublin and the National University of Ireland Galway, was appointed to host Health Innovation Hub Ireland following a competitive call.

In scaling up to the national level, funding was secured from within the DJEI Vote and, through Enterprise Ireland, €5m is being provided over five years (€1m per annum.) The HSE provides in-kind support including clinician time and hospital engagement etc., along with staff assigned to work in the hub.

Health Innovation Hub Ireland was officially launched by the Minister for Health and the Secretary General of DJEI in University College Cork in September 2016. As part of the official launch the first calls for proposals (open and focussed) were issued. Project proposals were sought from companies or entities whose innovative products or services have the potential to significantly impact healthcare. Concepts and ideas from individuals or teams involved in healthcare delivery were also sought. The open call sought innovations to address any healthcare need. In line with the Smart Ageing Initiative, the focussed call was on Improving Care for Older Persons in the Healthcare System.

By the close of the first call in November 2016, 65 proposals were received of which 45 were in response to the open call (any healthcare need) and 13 were in response to the focussed call (older persons). Of the 65 applications, 45 proposals came from companies and 20 concepts came from within the healthcare system. A Review Panel was convened in December 2016 to identify successful applicants.

### **National Maritime Strategy**

DJEI and its agencies, Enterprise Ireland, IDA Ireland and Science Foundation Ireland contributed to the on-going implementation of Harnessing our Ocean Wealth, the national maritime strategy.

DJEI participates on the cross-Government Marine Coordination Group, chaired by the Minister for Agriculture, Food and the Marine. Its agencies participated on the inter-agency group tasked with advising the Marine Coordination Group on the implementation of the new Marine Development Team (MDT), which has been established under the auspices of the Irish Maritime Development Office. The MDT works closely with the DJEI development agencies to realise new enterprise opportunities in the marine sector.



DJEI, in association with six other public bodies, organised a workshop on the theme of the Digital Ocean, as part of SeaFest 2016, the national maritime festival held in Galway in June.

The event promoted the opportunities for technology companies (MNCs and SMEs) in the blue economy in Ireland with its significant marine resource and world-class expertise and infrastructure.

## **Horizon 2020**

Ireland continued its excellent performance in Horizon 2020, the EU Framework Programme for Research and Innovation. Ireland won €336.6 million in competitive, EU funding from the programme over the period 2014 to September 2016. Higher Education Institutes accounted for €198 million, or 59%, of the total. Companies won €104 million, or 31%, with €74 million of this going to SMEs. Irish SMEs also recorded the highest success rate in the Horizon 2020 SME Instrument with a 16% success rate compared to a European average of 6%.

DJEI chairs the cross-Government High Level Group on Horizon 2020 which is tasked with coordinating and driving implementation of the national strategy for Horizon 2020. These results indicate that Ireland is on track to achieve the national target set in the strategy of securing €1.25 billion in EU funding over the course of the programme.

## **Enterprise Programmes and Policies Evaluations**

The Department is committed to ensuring that its programmes and expenditures and that of the bodies and agencies under its remit are efficient and effect and provide value for money. To provide such assurance the Department undertakes a systematic programme of evaluations of enterprise policies and programmes.

In July 2016, DJEI published its evaluations of the Seventh European Framework Programme for Research (FP7) and an interim evaluation of the Eight Framework Programme, Horizon 2020. The evaluations were carried out by Technopolis Group consultants on behalf of the DJEI. A steering group with independent expertise and stakeholders from across the research system was appointed to oversee the evaluations.

Overall, the evaluations find that Ireland has performed well in the Framework Programmes to date, especially when adjusting for the size of the research base, indicating significant leverage of the programme relative to other countries. Ireland exceeded its target for funding under FP7, securing €625m in funding. Early indications are that Ireland is on track to achieve its target of €1.25 billion in funding under Horizon 2020, assuming current performance can be maintained. The evaluations find that the Framework Programme provides a high level of additional research, development and innovation (RDI) that can only take place at a transnational level. Without FP funding, many projects would either not have gone ahead or have proceeded at a much reduced scale.

The Framework Programme provides opportunity for access to and collaboration with experts that may not be located in Ireland, improving the overall quality of the research base domestically. International collaboration and working to international standards also has an important reputational enhancing effect. The evaluations also provide reported impacts for enterprise with regard to development and adoption of new technologies and increased turnover, employment and productivity. There are tangible impacts evident in terms of licences, spinouts, patents and scientific publications.

The evaluations indicate that the National Support Structure for the Framework Programme in Ireland is relevant, efficient and effective and that it delivers a range of benefits for the research community in terms of information, advice and navigation through the programme. There are clear and positive correlations between engagement with the support network and increased likelihood of success. The recommendations provide a range of options aimed at building on our success to date and strengthening Ireland's engagement in the framework programme, including targeting greater participation around national priorities, increasing the scale of participation and maximising success rates.

### **EU Competitiveness Council**

DJEI attended four Competitiveness Councils (Research and Innovation) and was involved in the preparatory work leading to four sets of Council Conclusions relating to:

- The lessons learnt from the 7th Research Framework Programme;
- The creation of a friendly regulatory environment for research and innovation;
- The transition towards an Open Science system; and
- Measures to support early stage researchers, raise the attractiveness of scientific careers and foster investment in human potential in research and development.

### **European Research Area**

The European Research Area is a unified research area open to the world based on the EU internal market, in which researchers, scientific knowledge and technology circulate freely. Through ERA, the EU strengthens its scientific and technological bases, its competitiveness and its capacity to collectively address grand challenges.

In May 2016, DJEI submitted Ireland's ERA Roadmap to the European Commission. Based on the commitments set out in Innovation 2020, the ERA Roadmap sets out the range of actions Ireland will take to deepen its engagement with ERA and the 6 ERA priorities.

Also in May 2016, DJEI responded to the EU Commissioner for Research and Innovation, Carlos Moedas's "call for ideas" in relation to the proposed European Innovation Council (EIC). The EIC is intended to encourage and reward disruptive, market-creating innovation in the EU. DJEI's submission discussed the nature of Europe's innovation challenge and put forward proposals for consideration in the design of an EIC indicating that it should include (i) Research and Advocacy (ii) an Advisory Service for Innovators and (iii) provide Innovation Focussed Funding.

### **International Research Organisations (IROs)**

DJEI continued to strengthen Ireland's participation in international research collaborations by completing Ireland's membership of ELIXIR, the European Life-science Infrastructure for Biological Information. Membership of ELIXIR will enable researchers in Ireland to access the leading international infrastructure for the collection, quality control and archiving of the large quantities of biological data produced by life science experiments.

Preparatory work was also undertaken during 2016 for Ireland's participation in the International LOFAR (LOW Frequency ARray) Telescope (ILT) from 2017. The ILT comprises a network of radio telescopes distributed across Europe which are linked together to function as a unified, super-telescope. This will be a world-leading instrument when fully operational. DJEI, through its agency Science Foundation Ireland, provided a grant of €1.4 million in January 2016 towards the capital cost of the I-LOFAR radio telescope. An all-Ireland consortium of Universities and

Institutes of Technologies is constructing the telescope adjacent to the historic Leviathan telescope in Birr Castle, Co Offaly.

Ireland is now a member of 7 IROs – the European Space Agency, the European Molecular Biology Laboratory, the European Molecular Biology Conference, Eureka, COST, CECAM and ELIXIR.

### EURAXESS and Accreditations of research institutions

The EU's Third Country Researchers Directive provides for a fast track procedure for admitting researchers from outside of the European Economic Area for a period of up to five years to undertake research in organisations accredited to the scheme. DJEI is responsible for managing the applications process for organisations that seek accreditation as research institutions. DJEI received 7 applications and three renewal applications in 2016. Currently, there are 58 organisations accredited to the scheme.

DJEI also funds the EURAXESS office, hosted by the Irish Universities Association, which processes the application for hosting agreements from the individual countries. In 2016, EURAXESS Ireland processed 373 new hosting agreements from researchers encompassing 51 different nationalities

### US-Ireland R&D Partnership

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

A meeting of the Steering Group was hosted by Northern Ireland on 1<sup>st</sup> July 2016. Up to the start of 2017, there have been 36 successful projects under the partnership who have been awarded a total investment value of €61.1m from a combination of sources.

Over 50 team members were supported through the US-Ireland programme in 2016, including 20 PhD students, and over 25 postdoctoral researchers. A significant number of publications and international presentations were completed during the year.

### Ministerial engagements

DJEI provided support to Ministerial delegations to Brazil, China, Japan, Korea, Israel, France and the US to highlight and promote research and innovation collaborations with academia and enterprises. DJEI supported Ministers' when meeting with foreign delegations.

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

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

- Strengthening existing in-company R&D capacity
- Driving increased collaboration between industry and academia
- Commercialisation

## Strengthening existing in-company R&D capacity

In providing support for Research Development and Innovation (RDI) the State recognises a market failure where companies (particularly SMEs) do not invest enough in R&D or that when they do invest they tend not to invest in enough large or ambitious projects.

Enterprise Ireland's role in this regard is to de-risk such RDI so that companies will develop new and improved products and services.

**Collaborative Innovations:** During 2016, a record number of collaborative projects (955) between companies and Irish Higher Education Institute (HEIs) were supported by Enterprise Ireland.

These projects range from small initial Innovation Vouchers projects, to large and potentially transformative Innovation Partnerships. These projects provide companies with new commercial opportunities, cost savings or increases in their innovative capability.

- **HPSU Spinouts:** 15 new High Potential Start-ups (HPSUs) were created from research outputs from the Higher Education System, in 2016. These HPSU's are high technology, often disruptive young companies and have a strong ability to succeed, achieve export sales and contribute to employment growth in Ireland.
- **SME Instrument:** In 2016, Enterprise Ireland's work helping SMEs access the SME Instrument of Horizon 2020. This has meant that Ireland is now the most efficient country in getting Horizon 2020 proposals funded through the European Commission. In the last year, 15 SMEs won over €11m with many SMEs winning over €1m each.
- **Horizon 2020 Success:** Enterprise Ireland leads our national participation in Horizon 2020, Europe's Innovation and Research funding programme. Since its launch in 2014, €336m in non-exchequer RDI funding has been awarded to Irish companies and higher level researchers (€156m in 2016). In addition to this funding, Horizon 2020 provides connectivity to important leading edge partners and know-how which can enable step changes in companies' longer term performance.
- **Big Ideas:** Enterprise Ireland hosted the Big Ideas event during 2016. This event is a platform for High Potential Start-ups from the Irish research system, to pitch their innovations to investors and to turn their Big Ideas into profitable sustainable enterprise.
- **ESA Incubator:** The European Space Agency (ESA) and Enterprise Ireland established an Incubation Centre in Cork, to support Irish start-up companies developing space-age technology. The ESA Space Solutions Centre Ireland is led by the Tyndall National Institute, in partnership with Athlone Institute of Technology, Maynooth University and the Irish Maritime and Research Cluster.

The Centre provides financial support to 25 start-ups, as well as expert technical assistance from ESA and access to ESA programmes. Additionally, through Ireland's membership of ESA, 30 Irish companies secured over €12m in contracts to work with ESA, to develop and deliver sophisticated technologies and products. The know-how and technologies that are generated for ESA enable companies to boost sales in other areas.

- **Meat Technology Centre:** In 2016, Enterprise Ireland established the Meat Technology Centre. This centre will focus on beef and sheep meat processing, with the aim of improving meat quality and ultimately delivering safer, higher value products to a global market. The research work programme will address for the member companies' areas such as shelf life, meat tenderness, packaging and food safety.
- **IP Protocol:** Launched by DJEI in January 2016, the national IP Protocol 2016 is the product of an extensive consultative process led by Enterprise Ireland and Knowledge Transfer Ireland. The Protocol provides a framework for best practice, guiding companies and research performing organisations (RPOs) on the expected norms for research-related agreements.
- **TTSI3 Funding Programme:** Enterprise Ireland has announced the third phase of its Technology Transfer Strengthening Initiative (TTSI) which serves to bolster the capability within the knowledge transfer system and build the capacity to support knowledge transfer and commercialisation of research, in Irish research performing organisations (RPOs). This third phase will see €34.5m invested over five years, to further embed knowledge transfer within the public research system in Ireland.
- **Business Innovation Initiative:** This is a new initiative designed to support Process and Organisational Innovation in SMEs. The Business Innovation Initiative (BII) is aligned with the new Innovation 4 Growth offer and supports the aims of embedding innovative practices and processes across the enterprise base. To date over 20 companies have been supported across a range of sectors.
- **Small Business Innovation Research:** Small Business Innovation Research (SBIR) is an action arising from the Action Plan for Jobs. The objective is to ensure more public sector bodies utilise innovative capabilities of early stage and established SME's. Enterprise Ireland has undertaken a range of activities to drive the agenda with public bodies since 2013 including, 3 SBIR Pilots with ESB, Sustainable Energy Authority Ireland (SEAI) & Dublin City Council.

In 2016, Enterprise Ireland approved €1m to step-change the national SBIR agenda over 2017 and 2018, enabling the agenda to co-fund the agency SBIR projects up to a maximum of €100,000, with participating public bodies.

- **KTI Impact Awards:** Knowledge Transfer Ireland (KTI) helps business to benefit from access to Irish expertise and technology, by making it simple to connect and engage with this research base in Ireland, thus progressing innovation, the commercialisation of research, job creation and economic prosperity.

In June 2016, the KTI awards ceremony celebrated the achievements of knowledge transfer professionals working in Irish Higher Education Institutes (HEIs) and publicly-funded research organisations (RPOs) and was opened by Minister Mary Mitchell O'Connor. Winners included projects and initiatives that had been undertaken with research performing organisations across the country, spanning a broad range of industry sectors from manufacturing to food and beverages to healthcare and ICT.

## Science Foundation Ireland

During 2016 Science Foundation Ireland (SFI) continued to play a key role in supporting the government's vision for Ireland to become a Global Innovation Leader, as outlined in Ireland's strategy for research and development, science and technology - *Innovation 2020*, as well as implementing a number of actions in the *Action Plan for Jobs 2016* and other national strategies.

Through 2016, SFI continued to focus on supporting a high quality research environment with the aim of establishing Ireland as a location renowned for the excellence and economic relevance of its scientific research. In 2016 Ireland moved up in the global bibliometric rankings, rising to 10th in the world rankings for the overall quality of scientific research. Ireland ranked 1<sup>st</sup> in the world for Nanotechnology, 2<sup>nd</sup> for Animal and Dairy, 3<sup>rd</sup> for Chemistry, Immunology, Material Science and Agricultural Sciences and 4<sup>th</sup> for Mathematics.

### Programme activity

2016 was a year of significant accomplishment across all areas of Science Foundation Ireland's activity. 393 new awards were approved in 2016 across 22 programmes with a value of €194 million. Total payments to research bodies and organisations in 2016 were €184 million.

Key areas of progress in 2016 included:

- Forty awards to support critical research infrastructure and facilities in Higher Education Institutes (HEI)
- Thirty-four awards made to outstanding experienced researchers through the SFI Investigators Programme (IvP).
- Twenty-six awards made to early-to-mid career researchers through the SFI Career Development Award (CDA) programme, and twenty-seven awards to early career researchers through the SFI Starting Investigator Research Award (SIRG); 55% of the SIRG awardees were female.
- Five awards were approved under the SFI Research Professorship Programme, whereby internationally renowned researchers in strategically important areas relocated to Irish research institutions; these new hires included two with a manufacturing focus.
- Four awards made under the SFI Strategic Partnerships Programme, involving Science Foundation Ireland funding of over €10M, plus cumulative investment of €8 million from industry partners.
- Ten awards made under the SFI-HRB-Wellcome Trust Partnership, including 2 Investigator awards.
- Five Royal Society University Research Fellowship (URF) awards funded under the SFI-Royal Society Partnership Scheme.
- Ten awards were made under the first two calls of the SFI-BBSRC Partnership.
- New international partnerships were established with US National Science Foundation (PIRE and ICORPS) and NSF China.
- 2016 saw continued investment in SFI's 12 Research Centres.

The total investment in the Centres is €355m from Science Foundation Ireland with a further €190m from industry partners committed over the 6-year period of the awards.

The provision of scientifically trained expertise is a vital output resulting from Science Foundation Ireland funded research.

In 2016 Science Foundation Ireland continued to develop the pipeline of talent through supporting over 4,000 people working on research projects. 1,300 of these were post-graduate students who will graduate in the years up to 2019.

### **STEM awareness (science, technology, engineering, maths)**

Science Foundation Ireland held a number of STEM awareness initiatives in 2016. Science Week 2016 reached a wider demographic across Ireland with 10 Regional Festivals receiving support to run programmes of events including new festivals in Kerry and Cavan/Monaghan.

New demographics were reached in innovative ways including Dara O'Brian hosting a show for an audience of over 1,000 in the National Concert Hall, radio shows and new social media campaigns. There was significant contribution from Science Foundation Ireland funded researchers and industry partners who participated in Science Week Events throughout the country. Fifty-nine awards were made through SFI Discover Programme totalling €3.2 million supporting the education and engagement of the Irish public in STEM.

### **The Programme for Research in Third-Level Institutions (PRTL)**

The PRTL supports the provision of top-class research infrastructure (buildings, laboratories and cutting edge equipment) as well as human capital development through Structured PhD/Emergent Technology programmes across Ireland's higher education institutions. Responsibility for the programme transferred to DJEI from DES in 2010. The programme continues to be administered by the Higher Education Authority on behalf of DJEI.

Cycle 5, initiated in 2011 awarded funding across 33 distinct projects, totalling €277m in Exchequer funding plus an additional matched funding of €58m. Cycle 5 was largely complete by end 2016 with 29 of the 33 projects completed by year end. The remaining 4 projects are due to finish by mid-2017.

The PRTL investment in infrastructure and human capital continued to support our third-level institutions in formulating and implementing research strategies to give them critical mass and world class capacity in key areas of research. Cycle 5 will deliver in excess of 62,000<sup>m</sup><sup>2</sup> of new/refurbished research area, in excess of 5,700 research workstations and in excess of 330 PhD students by programme end.

### **European Space Agency**

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

Membership of ESA and investment in its programmes provides Ireland's businesses and researchers with access to a €5 billion per year technology development organisation that has no equal anywhere outside NASA and access to Global and European institutional space clients, prime contractors and technology supply chains. Ireland invested €17.3 million in membership to ESA in 2016 and a further supplementary investment of €2m was made at the end of the year.

2016 saw a further expansion in the space industry sector in Ireland, with 24 Irish companies securing ESA contracts, 5 of which were first-time ESA contractors. Four of the 24 companies were multinationals based in Ireland and the remainder were Irish owned.



The value of contracts placed by ESA in Ireland remained stable, in line with annual investment in ESA, and exceeded €12.5 million, with over 75% of contracts being placed with Irish industry and almost 25% being placed with research teams in Irish institutions involving 40 researchers and scientists.

Total employment in ESA participating companies has grown from 1,300 in 2008 to over 2,000 in 2016 and is projected to exceed 5,000 by 2020. Irish companies generated revenues of €43m in the space economy in 2013, over €80m in 2016 and this is projected to grow to €150m by 2020. This high level of activity and growth in employment reflects the combined efforts of Government in investing significantly in R&D, Enterprise Ireland and IDA working with industry and ESA itself translating the innovation capacity in Irish industry into products, systems and services for the European space programme and the global space market.

The ESA Space Business incubator was established in September 2016, involving a consortium with the Tyndall National Institute, Athlone Institute of Technology and Maynooth University with the objective to establish 25 new space start-ups in the next 5 years.

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

Irish companies, scientists and researchers continue to pursue exciting and emerging opportunities through the European Space Agency including involvement in the Rosetta mission which terminated in September 2016. Irish company ENBIO will provide mission critical coating technology for ESA Solar Orbiter mission which is due to launch in 2019. ENBIO's coatings will protect all of the sun facing surfaces of the ESA spacecraft, allowing scientists to get closer to the sun than any previous mission and making ENBIO's coating the closest man-made object to the Sun.

In January 2016 An Taoiseach visited the European Space Technology Centre (ESTEC) as part of an Irish trade mission, where he met with the ESA Director General, Centre Director, a number of Irish staff working at ESA as well as a number of Irish companies working in the space sector.

This was followed up mid-2016 with a visit by the ESA Director General to Ireland for meetings with officials, senior politicians, research community and industry. ESA also featured during the Trade Mission by An Tánaiste to France with a visit by Irish companies to Thales Space Systems, one of the largest satellite manufacturers in the world.

ESA also signed a Memo of Understanding (MOU) with the Irish Research Council to develop a programme to train Irish engineering and science graduates on space technologies. The programme will accommodate 10 Irish graduates during the period to 2020.

2016 concluded with the ESA Ministerial Council meeting in December at which Ireland consolidated its investment in various ESA programmes, including the European Vega C Launcher development programme, in which a strong Irish industrial participation is already happening, leading to strong commercial exploitation and return on investment. Other ESA optional programmes invested in include Earth Observation, Telecommunications, Technology and Navigation.



Ministers with responsibility for space investments from ESA's 22 Member States allocated €10.3 billion for space activities and programmes based on the vision of a United Space in Europe.

The high level of subscriptions demonstrated that ESA Member States consider space as a strategic and attractive investment with a particularly high socio-economic value. It also demonstrates ESA's capability to respond effectively to regional, national and European needs.

## **EU Space Policy Developments**

In May European Space Ministers, under the auspices of the Dutch Presidency of the EU, adopted "The Hague Manifesto" which paved the way for signing in October of the Joint EU/ European Space Agency Statement which set down a "Shared Vision and Goals for the future of Europe in Space".

The May Competitiveness Council under the Dutch Presidency exchanged views on the uptake of space data from European space programmes. Ministers agreed that space data, applications and services, coupled with the rapid development of the digital economy, offer enormous potential benefits for more effective and efficient public policies, as well as opportunities for science, the private sector and society.

The EU Space Strategy for Europe was the focus of work during the Slovak Presidency in the second part of the year.

The European Commission published its Space Strategy for Europe in October 2016. This high-level Strategy sets out the rationale for a space strategy for Europe and identifies four main goals to be addressed together with a range of actions under each goal which the Commission will undertake in coming the years.

The four goals in the Commission's Strategy are to:

1. Maximise the benefits of space for society and the EU economy.
2. Foster a globally competitive and innovative European space sector.
3. Reinforce Europe's autonomy in accessing and using space in a secure and safe environment.
4. Strengthen Europe's role as a global actor and promoting international cooperation.

On 26 October, the Commission also signed a Joint Statement with the European Space Agency which set down a "Shared Vision and Goals for the future of Europe in Space" to be achieved on the basis of reinforced cooperation between both organisations. The Commission's Strategy invites the European Parliament and the Council to discuss and support this strategy, and to steer its effective implementation, in close cooperation with all relevant stakeholders.

At the Competitiveness Council (Space) meeting on 29 November the Commission presented the new Space Strategy for Europe for a first Ministerial discussion. Ministers welcomed the European Space Strategy and supported its overarching objectives.

All Ministers concurred on the potential to create new business opportunities in the area of space. The need to ensure Europe's autonomy in accessing and using space safely was cited as vitally important together with the exploitation of space data by industry and, in particular the partnership between the EU and ESA was viewed as pivotal to the process.

## Tyndall National Institute

Tyndall National Institute (Tyndall) is Ireland's largest dedicated research centre, specialising in Information and Communications Technology (ICT) hardware and systems.

Tyndall is a National Institute, operating internationally to facilitate and enable R&D & innovation in Ireland.

The ICT sector in which Tyndall specialises is of huge economic importance globally, with turnover in excess of over \$2.3 trillion annually. It provides the technological basis upon which most other manufacturing sectors depend for improvements in productivity, and all services (healthcare, energy management, transport, environmental management) depend for efficiency and improving delivery.

The Irish ICT industry is the largest single manufacturing sector in the country and has considerable potential for increasing the level and quality of its economic impact.

Under a formal Agreement with UCC the Minister for Jobs, Enterprise and Innovation is committed to providing core funding to support the day-to-day operations of Tyndall. Tyndall leveraged the core grant provided by this Department of €3.5 million in 2016 to generate a total research budget of some €32.9 million. This included:

- Direct industry funding of €5 million.
- Income generated from EU research programmes (FP7 and H2020) of ca €6 million.
- Income secured from competitive research programmes (SFI, EI and other funders) of ca €19 million.

### Direct outputs from this research funding in 2016 included:

- 35 Tyndall H2020 projects have been funded to date, with 5 coordinated by the Institute. Total value to Tyndall is €22m, with an additional €11m to Irish industry from these projects.
- Tyndall is leading the European Photonics pilot line project (PixApp), which has been awarded €13m under the H2020. This European flagship project will establish the world's first open access Photonic Integrated Circuit (PIC) assembly & packaging Pilot Line. The value to Tyndall is €3m.
- Strong collaborations with industry continued during the year with a number of new Commercialisation Fund/Innovation Partnership programme projects funded with a value of €1.6m.
- 31 invention disclosures made and 7 patents filed.
- Training of 121 PhD and research masters students with 24 PhDs successfully completed.
- Employment of over 420 highly qualified scientists, engineers, postgraduates and support professionals.
- Over 200 peer reviewed publications in key international journals.
- 8 commercial licences/options/assignments were concluded with industry (with many more under discussion).
- In support of start-up activity the European Space Agency business incubator ESA BIC Ireland was launched, in conjunction with partners NUIM and AIT.

## Copyright

Progress was made during the year in advancing copyright issues at domestic and EU level. In July 2016, the Government approved the drafting of a General Scheme of Bill entitled Copyright

and Related Rights (Amendment) (Miscellaneous Intellectual Property) Bill, 2016. The Bill is designed to progress a number of recommendations contained in the Report entitled *"Modernising Copyright"* published by the Copyright Review Committee in late 2013. The Department worked with the Attorney General's Office on the formal drafting of the Bill in 2016 with the intention of publishing the Bill in 2017.

At EU level, the Commission published proposals to reform and modernise EU copyright law in December 2015 and September 2016. The proposals are designed to allow wider online access to copyright works by users and consumers across the EU.

During the year, the Department was engaged in analysing a number of the EU copyright proposals and consulting with stakeholders to inform Ireland's negotiating position on the copyright proposals published. One notable proposal dealt with in 2016 was a draft EU Regulation allowing for portability of online content. This means that subscribers to e.g. music streaming services and premium sports services in one Member State will be able to access these services while temporarily away from home. This Regulation is due to come into effect in the EU in June 2017.

Other notable EU copyright proposals published by the Commission in September 2016 are designed: to give effect in the EU to the international Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled; to facilitate better choice and access to content online and cross border; to harmonise copyright exceptions in the areas of research, education and cultural preservation and, to create a fairer marketplace whereby content owners can derive greater economic value for the online use of their content.

### **Knowledge Development Box scheme for SMEs**

The Finance Act 2015 provided for the Knowledge Development Box (KDB) which is designed to encourage greater levels of innovation by applying a lower rate of corporation tax i.e. 6.25% on profits on intellectual property assets that result from qualifying research and development carried out in Ireland.

The Act provided also for the introduction of a scheme designed to better suit the needs of smaller and medium sized companies in terms of inventions that are certified by the Controller of Patents, Designs and Trade Marks as being novel, non-obvious and useful. During 2016 DJEI worked closely with the Patents Office to develop the new scheme to be administered by that Office.

A Bill entitled The Knowledge Development Box (Certification of Inventions) Bill 2016 to provide for the certification scheme for SMEs was published in 2016. The Bill advanced through a number of Parliamentary stages before year end.

The Bill provides also for amendments to the Patents Act 1992 to reintroduce substantive patent examination by the Irish Patents office to ensure that all Irish patents qualify for the KDB.

### **Secondary legislation implemented in the area of Intellectual Property**

#### **Collective Rights Management Regulations – SI No. 156 of 2016 and SI No. 616 of 2016**

The Regulations are designed to transpose into Irish law an EU Directive on collective management of copyright and related rights. The Regulations aim to ensure that rightholders

have greater protection built into the management of their rights with for instance a frequency of reporting on amounts due to rightholders and, prompt payment of those amounts. This is expected to result in better functioning of collective management organisations across the EU. The Regulations also facilitate multi-territorial licensing i.e. licensing of authors' rights in online musical works rights by collecting societies across a number of EU Member States.

#### Regulations affecting trade mark agents – S.I. No. 46 of 2016 and S.I. No. 47 of 2016

Two Statutory Instruments were enacted in 2016 to remove restrictions in trade mark legislation on the legal form, shareholding and management requirements for trade mark agent services in Ireland. The first Statutory Instrument sets out the terms and conditions applicable to trade mark agents that can be entered on the Trade Mark Register maintained by the Patents office. The second Statutory Instrument facilitates the registration of EU trade mark agent partnerships and companies who wish to set up a secondary establishment in Ireland.

These S.I.'s mirror identical S.I.'s effected in 2015 in respect of patent agents and arose from certain incompatibilities with the Services Directive (2006/123/EC) which aims to remove legal and administrative barriers to trading across the European Union.

## 5. Supporting Quality Employment, Dispute Resolution and Safety in the work environment

**Goal 5:** Promote quality employment, positive workplace relations, well-functioning dispute resolution mechanisms, a safe working environment and the evolution of the minimum wage.

### Employment Rights

Problems caused by the increased casualisation of employment and to strengthen the regulation of precarious work

The May 2016 Programme for Government (PfG) includes a commitment to tackle the problems caused by the increased casualisation of work and to strengthen the regulation of precarious work.

At year end, work was well advanced on developing a policy response to this PfG commitment. This work was being informed by the University of Limerick (UL) study on zero hour contracts and the subsequent public consultation on that study conducted by the Department. Some 48 submissions were received in response to the public consultation which closed in January 2016.

The responses contained a variety of views both for and against the findings and recommendations as made by UL which required careful consideration. Most importantly, the responses contained extensive material and practical examples of the impacts of the specific legislative changes proposed by UL.

The Department also initiated a detailed dialogue process with IBEC and ICTU in October 2016 to assist in developing and refining the policy response to this PfG commitment. At year end, this dialogue process was on-going.

### Duffy-Cahill Report/Clerys investigation

A number of actions were initiated as part of the Government's response to the closure of Clerys. This included the Duffy-Cahill expert examination of legal protections for employees.

The Duffy-Cahill report provides a comprehensive analysis of the relevant provisions of employment law and company law. It makes a number of proposals for reform of the law, which are primarily concerned with amendments to employment law. The Department conducted a Public Consultation on the report following its publication in April 2016.

The Company Law Review Group was also asked to review company law aspects. This was with a view to recommending ways company law could be potentially amended to ensure better safeguards for employees and unsecured creditors.

Separately, authorised officers of the Minister from the Workplace Relations Commission (WRC) sought information from a number of parties in relation to the collective redundancies that took place in the trading company which was the employer of the staff of Clerys when it closed. The work of the authorised officers relates to the application of the Protection of Employment Act

1977 to the collective redundancies in question. A legal challenge was taken by two of the parties. The High Court ruled comprehensively in favour of the authorised officers on 25 October 2016. An appeal was made and the matter is due to be heard before the Court of Appeal in 2017. At year end, the investigation by the authorised officers (WRC Inspectors) was continuing and the matter of prosecutions, where appropriate, was also being progressed.

### European Union (Posting of Workers) Regulations 2016

These Regulations transpose into Irish law EU Directive 2014/67/EU on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No. 1024/2012 on administrative cooperation through the Internal Market Information System (the Enforcement Directive). Posted Workers are individuals who are employed in one EU Member State but are posted by their employer to work in another Member State on a temporary basis.

The purpose of the Enforcement Directive is to provide for better and more effective enforcement of the original Posted Workers Directive (96/71/EC), through improved monitoring and compliance measures and more effective cross border co-operation between national authorities.

The Regulations introduce a number of new measures to strengthen the enforcement of employment rights for posted workers and ensure that Foreign Service providers respect labour standards applicable in Ireland. The key measures introduced in the Regulations include:

- a new requirement on foreign service providers when posting workers to Ireland to notify the Workplace Relations Commission (WRC) and provide information which will allow the WRC to monitor posting activity and ensure compliance with posting rules;
- a new subcontracting liability in the construction sector introduced to guard against posted workers being paid less than their minimum entitlements;
- the creation of a right for a posted worker to refer a complaint to the Director General of the WRC naming both their employer and the contractor one step up as respondents;
- the introduction of a defence of due diligence for the contractor in any claim before the WRC;
- new measures to allow for the enforcement of cross border financial administrative penalties and fines.

These Regulations came into effect on 27 July 2016.

### Retirement age

In September 2016 Minister Breen made a statutory request to the Workplace Relations Commission to prepare a Code of Practice under Section 42 of the *Industrial Relations Act 1990* around the issue of working longer.

This Code should set out best industrial relations practice in managing the engagement between employers and employees in the run up to retirement, including requests to work beyond what would be considered the normal retirement age in the employment concerned.

This built on the work of an Interdepartmental Group (IDG), chaired by the Department of Public Expenditure and Reform (DPER), established by the Government in 2016 to consider policy around retirement age in both the public and private sectors. The Group's report was published in August 2016.

## Employment Permits

Employment Permit trends in 2016 reflected the continuing strong growth in economic activity.

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

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

During 2016 the suite of Employment Permit Regulations were amended three times to ensure the system remains attuned to the changing labour market and enterprise environment.

On 5 September 2016, the Employment Permits Online System (EPOS) was introduced. This system provides an end to end online application system including an option for secure online payment. It offers applicants a shorter application process and improved turnaround times. One of the key measures of success for the project was the level of take-up of the new online service. Within two weeks of making this available to key stakeholders, Employment Permits Unit achieved a 95% take-up rate.

In the last three years demand for employment permits has risen by one third year-on-year. Catering for this increased demand was not feasible in a scenario where staffing resources were static or reducing and the economy has continued to grow. This EPOS has laid the foundation to cater for the increasing need for specific skills to enable the economy to continue its growth.

The EPOS, when combined with the Trusted Partner initiative launched in 2015, means that the application to decision time can take as little as 5 -7 working days to complete. This timeframe is excellent by international comparison and contributes to Ireland's reputation and to our aim to be the best small country in which to do business.

The EPOS was shortlisted for the 2016 Civil Service Excellence and Innovation Awards representing the Department in the category of "Leading Civil Service Renewal".

The success of the employment permits system in responding to emerging skill shortages and delivering enhanced administrative efficiencies during 2016 is evident in the following statistics:

- processed 35% more employment permits compared to 2015;
- 38% of all employment permits issued in 2016 were in respect of Critical Skills Employment Permits, the employment permit designed to target skills shortages;
- 34% of employment permits issued were to ICT professionals;
- average waiting times for an employment permit at the end of 2016 was 12.5 days,
- wait times for employment permit applications in respect of Trusted Partners averaged 5-7 days.

Year	Applications Received	Total Issued	Total Refused	Total Withdrawn	Awaiting processing
<b>2016</b>	<b>13,371</b>	<b>9,383</b>	<b>1,651</b>	<b>207</b>	<b>1,238</b>
<b>2015</b>	11,783	7,265	906	167	1,134
<b>2014</b>	8,786	5,496	593	144	435
<b>2013</b>	6,696	3,863	541	122	142
<b>2012</b>	8,086	4,007	829	246	179
<b>2011</b>	9,524	5,200	1,078	201	377
<b>2010</b>	7,978	7,211	990	199	999

### The Low Pay Commission

The Low Pay Commission, established through the National Minimum Wage (Low Pay Commission) Act 2015, submitted its second report in July 2016.

Its recommendation to increase the minimum wage to €9.25 per hour was accepted by Government to come into effect from January 1<sup>st</sup> 2017.

As well as making recommendations regarding the national minimum hourly rate of pay, the Commission was requested to examine the appropriateness of the sub-minima rates as currently provided for in the National Minimum Wage Acts with regard in particular to their impact on youth unemployment rates and participation in education.

The Commission was also requested to examine the issues surrounding the preponderance of women on the national minimum wage and report its views in relation to the underlying causes.

The Commission submitted its Reports on both issues to the Minister at the end of October. In relation to the appropriateness of the sub-minima rates, the Commission did not consider it appropriate to make recommendations in the absence of up-to-date data from the Central Statistics Office which is pending validation.

The Commission undertook to submit its recommendations in a supplementary report as soon as the data is validated.

With regard to its report on women on the national minimum wage, preliminary findings of the research carried out by the ESRI on this matter indicated that the predominant issues which affect the risk of being on the minimum wage are the sector in which one works and whether one is part-time or full-time. Women, if working part-time, are much more likely to be doing so for reasons related to 'caring responsibilities' than men (one-in-five women as against just one-in-twenty men).

The Commission noted the measures being put in place around the affordability of childcare, which it might be expected would be of assistance to women in this area.



## Workplace Relations Commission & Labour Court

2016 was the first full year of the operation of the Workplace Relations Commission (WRC), which brought together the functions of the Labour Relations Commission (LRC), the National Employment Rights Authority (NERA), the Equality Tribunal, and the first instance functions of the Employment Appeals Tribunal (EAT). Also, the first full year of the operation of the expanded Labour Court.

The Labour Court is now the single appellate body dealing with all appeals under employment rights legislation in addition to its role as the Court of last resort in industrial relations dispute resolution.

In 2016 the Labour Court received 1121 referrals and this represents a 38 % increase on the number of referrals (810) received in 2015. The Labour Court has managed to maintain its waiting times over the period despite the increase in cases received.

In June 2016, the former Chairman of the Labour Court Mr. Kevin Duffy retired and Mr. Kevin Foley was appointed Chairman of the Court in July.

The WRC's core services include the provision of early resolution, mediation, conciliation, facilitation and advisory services, adjudication on employment and equality complaints, the monitoring of employment conditions to ensure the compliance and enforcement of employment rights legislation, the provision of information, and the processing of employment agency and protection of young persons (employment) licences.

The WRC received 14,400 complaints in 2016. Over 4,800 inspections were carried out by the WRC's Inspectorate and €1.5 million in unpaid wages recovered. 75% of adjudication hearings were held within 22 weeks of complaint receipt and adjudication decisions issued within 29 weeks from complaint receipt.

In June, the former Director General of the WRC, Mr. Kieran Mulvey retired and Ms. Oonagh Buckley was appointed to the position of Director General of the WRC in July.

In November 2016 the WRC and the Labour Court moved to new Headquarters which means that for the first time in the state's history all of the dispute resolution bodies of the state are located under one roof in Lansdowne House.

## Industrial Relations Environment

There was a significant increase in the number of days lost to industrial disputes compared with the figures for 2015.

- There were 71,647 days lost to strike action in 2016, whereas there were 32,964 days lost in 2015.
- The ASTI strikes and withdrawal from supervision and substitution duties accounted for over 70% of those days lost in 2016.
- In total there were ten disputes in 2016 involving 29,372 workers with over 21,000 of those being ASTI members.
- The second largest strike of 2016 was at Dublin Bus and accounted for almost 14,000 days lost over six days in September

## Safety, Health and Chemicals Policy

The Safety, Health and Chemicals Policy Unit acts as a liaison mechanism between the Department and the Health and Safety Authority (HSA), while also formulating and developing policy in relation to workplace health and safety and chemicals at national, EU and international levels.

The principal aim of workplace health and safety and chemicals regulation policy continues to be to support the embedding of occupational safety and health as an integral part of doing business in every Irish workplace and to ensure that the chemicals manufactured and used as a vital component of Irish industry, do not impact human health or the environment.

This policy is delivered through a strong but balanced legislative base supported by compliance and risk-based enforcement regime operated by the HSA. The policy is aimed primarily at reducing workplace accidents through the provision of guidance and support to employers and employees to enable them to meet their obligations.

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

In 2016, the number of workplace deaths reported to the Health and Safety Authority (HSA), fell from 56 in 2015 to 45. As with 2015, the highest number of fatalities occurred in the high-risk sector of agriculture (21) with an additional 3 reported workplace fatalities in 2016. Construction saw a small decrease to 9 reported workplace fatalities in 2016, from 11 in 2015.

As in previous years, and in line with its risk-based approach to resource allocation, the HSA directed its inspection activity towards these high-risk sectors.

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

Specific research carried out by the ERSI on behalf of the HSA and launched in 2016 highlighted the scale and determinates of musculoskeletal disorders (MSD) and stress, anxiety and depression (SAD), the two biggest causes for absenteeism from illness over a sustained period.

This publication was the third in a series carried out by the ESRI for the HSA and the information obtained in these reports will be used in determining future policy direction for the HSA.

Legislation introduced in 2016 in the area of occupational safety and health included an amendment to the 2007 General Application Regulations setting out the requirements in respect to the reporting of accidents and dangerous occurrences at places of work.

The introduction of these Regulations allowed for the full revocation of the remaining provisions of the 1993 General Application Regulations. Other occupational safety and health legislation introduced in 2016 included the transposing measure to give effect to the provisions of Directive 2013/35/EU on the protection of workers from the effects of electromagnetic fields.

## Chemicals Regulatory Regime

The chemicals regulatory regime as set out in EU Regulations such as "REACH" (Registration, Evaluation, Authorisation and Restriction of Chemicals) and "CLP" (Classification, Labelling and Packaging) continues to be complex and requires work at EU level on implementation, review and amendment. The Department, with expert support from the HSA, services these demands.

During 2016 the Department established and chaired a Steering Group on the Impact of REACH in Ireland. The work of the Group will continue in 2017.

In 2016, the Department and the HSA again worked very closely together to strive to maximise the support provided by the HSA to Irish companies as they worked to comply with existing regulatory obligations.

The REACH and CLP Helpdesks, operated by the HSA since 2007, continued to focus major efforts on advising and supporting industry throughout the year. The HSA worked to ensure that registrants are well prepared and supported in the run up to the 31 May 2018 EU REACH Regulation registration deadline.

The transposition of EU Directive 2014/27/EU (amending five EU Directives on health and safety at work as a result of the adoption of the EU CLP Regulation) was completed in 2016 by the entry into force of S.I. No. 70 of 2016. *(S.I. No. 622 of 2015 and S.I. No. 623 of 2015 complete the transposition of this Directive into Irish law).*

## Dangerous Substances

During 2016, a formal Dangerous Substance Review Group was established with the stated aim of transforming the current out-dated and overly prescriptive legislation on Dangerous Substances into a more relevant and updated regime.

This is an initiative supported by all the regulatory and enforcement bodies involved. This important initiative will be further progressed in 2017 and it is expected that discussions with industry representatives will also form part of the Review.

## Health and Safety – BeSMART Initiative

The HSA is committed to making regulatory compliance as simple as possible because it reduces administrative burdens, but also because greater compliance means less injuries and fatalities.

BeSMART is the HSA's free online tool designed to help small business owners/managers to prepare risk assessments and safety statements for their workplace. HSA figures for 2016 show that uptake of the BeSMART tool continues to grow and in comparison to 2015 more than 8,000 additional new users accessed BeSMART.

By year end, BeSMART had over 38,000 registered users. Results also show that an additional 1,900 safety statements were completed in 2016 compared to 2015 providing the small and micro business sector with estimated savings of between €7.3m and €11m. This tool, now available to over 270 business types, aids compliance and saves time and money for businesses in meeting their legal obligations under the Safety, Health and Welfare at Work Act 2005.

Surveys of business users conducted by the HSA have shown that companies using the system have reduced their compliance costs on average by 86% and the time taken to complete these requirements has reduced by 71%.

The HSA's inspection data has shown that since BeSMART was first introduced there has been a 6% increase in Safety Statement compliance amongst micro sized businesses and also a 6% increase in employers completing their own Safety Statement in micro sized businesses as against use of a third party.

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

### **Accreditation**

The Irish National Accreditation Board (INAB), which has responsibility for the accreditation of laboratories, certification bodies and inspection bodies, completed its second full year as part of the HSA, following its integration into the HSA in mid-2014, with the dissolution of Forfás. In 2016, INAB in the HSA delivered an ongoing programme of accreditation to industry and implemented a significant new client relationship management system and revised business practices.

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

## 6. Ensuring a High Performance Legal and Regulatory Framework for Business and Consumers

**Goal 6:** Ensure that our business regulation facilitates business investment and development, competition in the market place, high standards of consumer protection and corporate governance, and provides Ireland with a competitive advantage in the global market.

### **Construction Contracts Act, 2013 - New Payments Regime and Statutory Entitlement to Adjudication in Dispute Resolution**

The Construction Contracts Act, 2013 came into force for certain construction contracts entered into after the 25th July 2016 in accordance with the 'Construction Contracts Act, 2013 (Appointed Day) Order 2016 (Statutory Instrument No. 165 of 2016)'. A national information campaign, primarily using the print media, was undertaken by the Department in advance of the commencement of the legislation.

The purpose of the Act is to regulate payments - particularly the timing of payments - under a construction contract covered by the legislation. It provides new payment protections for subcontractors in the construction industry who have been considered vulnerable in the payment cycle in that industry. The Act also provides, for the first time in Ireland, a new right for a party to a construction contract to refer a payment dispute for adjudication as a means of resolving the dispute. The Act envisages that adjudications will be completed usually within 28 days of the referral of the dispute to an Adjudicator.

The parties to a new construction contract covered by the Act must ensure that the contract conforms to the terms of the legislation and they cannot opt out of the legislation. Some contracts are exempted from the legislation and these include: a contract of less than €10,000 in value; a Public Private Partnership contract; a contract of employment; and a contract for a dwelling of less than 200 square metres where one of the parties occupies or intends to occupy it.

The Minister of State for Employment and Small Business, Mr. Pat Breen T.D., published a 'Code of Practice Governing the Conduct of Adjudications' under section 9 of the Act. The Code of Practice is binding on all Adjudicators operating under the Construction Contracts Act, 2013 in accordance with section 6(8) of the Act.

If a payment dispute arises under a construction contract covered by the Act, either party may refer the payment dispute for adjudication and if the parties cannot agree on the appointment of an Adjudicator, an Adjudicator will be appointed from the Ministerial appointed Panel of Adjudicators following an application made to the Chairperson of the Panel. An information booklet on the Act and other information is available on the Department's website: [www.dbei.ie](http://www.dbei.ie)

The Rules of the Superior Courts have been broadened to incorporate a provision for enforcement by the High Court of Adjudicator decisions - 'Rules of the Superior Courts (Construction Contracts Act, 2013) 2016 (Statutory Instrument No. 450 of 2016)'.

### **Contracts for the online and other distance sales of goods**

In December 2015, the European Commission published proposals for a Directive on consumer contracts for the supply of digital content (data produced and supplied in digital form such as apps, games, music, videos, and computer programs as well as social media, cloud computing and other digital services) and a Directive on consumer contracts for the online and other distance sales of tangible goods. While it was initially intended that the two proposals would be discussed in tandem, Member States took the view that rules for the online sale of goods should not be considered separately from the general rules on the sale of goods in the existing Consumer Sales Directive (Directive 1999/44/EC) which are being assessed as part of the REFIT analysis of a number of consumer protection Directives due to be completed in May 2017. Working Party discussions during the Dutch and Slovak Presidencies in 2016 were confined accordingly to the digital content proposal.

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

While it had been intended to progress the draft Scheme of the comprehensive, consolidated Consumer Rights Bill issued for public consultation in May 2015, further action on the Scheme of the Bill was paused in 2016 due to the publication by the European Commission in December 2015 of proposed Directives on consumer contracts for the supply of digital content and the online and other distance sale of goods. As these proposals overlap very substantially with two of the main parts of the draft Scheme, future action on the draft Scheme had to take account of the progress of the proposed Directives and to consider the advisability of bringing forward a legislative proposal to the Oireachtas when directly related and fully harmonised legislative proposals were proceeding through the European Union legislative process. The progress of the proposed Directives continues to be monitored with a view to deciding the best course of action to take with regard to the Scheme of the Consumer Rights Bill.

### **Consumer Protection Act 2007 (Grocery Goods Undertakings) Regulations 2016**

The Consumer Protection Act 2007 (Grocery Goods Undertakings) Regulations 2016 (the "Regulations"), came into effect on 30<sup>th</sup> April 2016. The Regulations apply to retailers and wholesalers of food and drink in Ireland who have, or are part of a group of related companies with, a worldwide turnover in excess of €50 million. The purpose of the Regulations is to facilitate greater certainty and transparency in the dealings between suppliers of food and drink and grocery businesses. The Competition and Consumer Protection Commission is responsible for monitoring compliance, investigating complaints and, where appropriate, taking enforcement action.

### **Review of the Industrial and Provident Acts**

In late 2016 a legislative review of the Industrial and Provident Societies Acts 1893 to 2014 was commenced, with the aim of further supporting Cooperatives in Ireland. The purpose of the review is to consolidate and modernise all existing legislation to ensure an effective cooperative legislative framework suitable for the diverse range of businesses operating the cooperative model in Ireland. An open consultation commenced at end-November 2016 with a closing date of 31 January 2017.

## **Hallmarking (Amendment) Bill 2016**

On 14 December 2016 the Government published the Hallmarking (Amendment) Bill 2016 which proposes amendments to the Hallmarking Act 1981 giving effect to three main proposals:

- to add palladium (alongside gold, silver and platinum) as a precious metal that comes under the State's hallmarking regime;
- to enable the Company of Goldsmiths of Dublin ('the Company'), which oversees the Assay Office in Dublin, to open assay offices outside the State, where articles can be assayed by the Company and have Irish hallmarks applied to them. The Company is also to have power to enter into agreements with certain other offshore assay offices allowing them to assay articles and strike Irish hallmarks on them on the Company's behalf;
- to create new offences of applying forged hallmarks and of selling articles that bear them.

This will enhance consumer protection when buying articles of precious metal. As this was a technical measure, consultation with the EU Commission and the other 27 Member States was required; this consultation period lasts for 3 months

## **Personal Injuries Assessment Board**

The Personal Injuries Assessment Board was established in 2003 to benefit both consumers and business, through the speedier settlement of personal injury claims and the reduction of costs associated with litigation. Following ten years of operation a consultation process was held in 2014 in relation to the operation of the Personal Injuries and Assessment Board Acts. The Department has been examining the submissions received and will bring forward legislation in 2017 aimed at further improving the operation of the Act and achieving its goal of speedier, better and more cost efficient outcomes for consumers and business. The proposed legislation will also have regard to relevant recommendations in the Cost of Insurance Working Group Report on Motor Insurance.

## **Cost of Insurance Working Group on Motor Insurance**

The Cost of Insurance Working Group, chaired by the Minister of State for Financial Services, Eoghan Murphy T.D., was established in late July 2016 by the Department of Finance to review the factors influencing the increased cost of motor insurance with a view to identifying immediate and longer term measures to address these increasing costs. Officials from the Department of Jobs, Enterprise and Innovation and from the Personal Injuries Assessment Board (PIAB) participated in the Cost of Insurance Working Group. The Cost of Insurance Working Group Report on the Cost of Motor Insurance will be published in early January 2017. The Report recommends the establishment of a Personal Injuries Commission.

## **Company Law Audit and Accounting Policy**

Work on two key legislative areas contributed to significant progress on this goal in 2016. The Companies (Accounting) Bill 2016 which transposes Directive 2013/34/EU (the Accounting Directive) was published on 5 August 2016. The legislation will bring tangible benefits for the vast majority of Irish companies. In particular it will reduce financial reporting requirements for small and micro enterprises and increase the threshold for qualification for the audit exemption. It will also introduce new transparency requirements for specified types of companies, such as companies active in mining and logging of primary forests.

SI No 312 of 2016: European Union (Statutory Audits) (Directive 2006/43/EC, as amended by Directive 2014/56/EU, and Regulation (EU) No 537/2014) Regulations 2016 was signed by the

Minister in June 2016. It transposes the EU Audit Directive and gives effect to certain provisions of the Audit Regulation. The Statutory Instrument designates the Irish Auditing and Accounting Supervisory Authority (IAASA) as the competent authority with ultimate responsibility for the oversight of statutory auditors. It introduces new obligations on statutory auditors that are designed to enhance their independence and support the quality of their audits. In conjunction with the Audit Regulation, it also imposes more stringent rules on entities such as banks, other financial institutions, insurers, funds, and listed companies and their auditors.

### **Company Law Review Group (CLRG)**

In June 2016, the Company Law Review Group (CLRG) was appointed by the Minister for the period 1<sup>st</sup> June 2016 to 31<sup>st</sup> May 2018 with Dr. Thomas B. Courtney reappointed as Chairperson. The work programme of the CLRG 2016-2018 was determined by the Minister in consultation with the CLRG and includes matters such as the general review of company law, the enforcement of company law, the review of EU and international proposals and a review of the provisions in relation to winding up in the Companies Act 2014. The work of the CLRG is proceeding through plenary sessions and 9 sub-committees. The secretariat is provided by the Company Law Development and EU Unit.

- The CLRG were tasked with a review of the enforcement of company law in Ireland with a view to determining whether there are mechanisms to refine and enhance the current operation of company law enforcement. A discussion document on the enforcement of company law was prepared by the secretariat and discussed twice in 2016 by the CLRG in plenary session. The CLRG subcommittee for Compliance and Enforcement is continuing its deliberations on the issues raised in the discussion document and is drafting a report for consideration by the CLRG on the enforcement of company law.
- A CLRG ad-hoc committee has been reviewing company law and the wider legislative code to ensure better safeguards for a company's employees and unsecured creditors. The committee was convened in February 2016 and commenced a detailed examination of the current provisions of the Companies Act 2014. A draft report is in preparation arising from the examination of legislation, submissions from committee members and proposals for consideration presented during these meetings. A comprehensive report on this matter is expected in 2017.
- As a result of the economic downturn, there has been an increase in insolvency-related cases before The Irish courts and a resulting increase in case law on this matter. The CLRG has commenced its review of the legislation on the winding up of companies as well as the UNCITRAL Model Law on Insolvency with potential importance for post-Brexit cross border insolvencies.



## 7. Investing in our Staff and Optimising our Resources

**Goal 7:** Invest in our staff to further enhance individual and collective capacity, ensure high standards of corporate governance and optimise our other resources to deliver our Strategy, Mission and Goals.

### People and Capability

#### Civil Service Renewal

During 2016, HR unit continued to enhance our capacity to deliver through our people with our active participation in the Civil Service Renewal Plan and our internal New Ways of Working initiative.

Our participation in the CS Renewal Plan included our successful transition from a manual PMDS (Performance Management Development System) to an electronic version, ePMDS. This enabled the completing, reviewing and signing off of each staff members ePMDS to be done on a timely basis, resulting in the response rate rising from 81% in 2015 to 96% in 2016. The rating system also changed from a 5 point rating system and the new 2 point rating system. ePMDS is connected to the PeoplePoint portal.

Once again we participated in the Civil Service Excellence and Innovation Awards and, in particular, the Employment Permits Online System (EPOS) was commended by the judging panel.

Presentations and discussions took place on the results of the Civil Service Employee Engagement Survey from 2015, at business unit, divisional, regional and Management Board levels.

#### People and Capability

Amidst a very challenging and fluid labour market, the Department worked closely with the Public Appointments Service (PAS) and training providers to both recruit staff to fill critical vacancies and to develop and strengthen our workforce.

Some of our own initiatives included the rolling out of our Coaching and Mentoring Programme; the development of a HEO/AO Development Programme, engaging with leaders across the Department in respect of Workforce Planning and a range of related issues such as demographics, successions planning, knowledge management, gender balance, recruitment, mobility and technology supports.

#### New Ways of Working

The New Ways of Working Steering Group continued to be a focal point for staff engagement and pursued its own work programme for the year. The group progressed projects in respect of internal communications and knowledge management.

## Customer Service/Irish Language

The Department's internal Cross Divisional Committee, which monitors the implementation of the commitments made in the Department's Customer Action Plan and Irish Language Scheme regarding the provision of customer services and the provision of certain of those services in the Irish language, met on a quarterly basis throughout 2016.

This fora served to ensure that any challenges arising in regard to meeting commitments that were due for delivery in 2016 were addressed.

## Corporate Governance

### Governance Framework, April 2016

<https://dbe.gov.ie/en/Publications/Governance-Framework.html>

The Department's Governance Framework was published in April 2016 and sets out the governance procedures, processes and principles that underpin the work of the Department of Jobs, Enterprise and Innovation.

It was developed in line with the Corporate Governance Standard for the Civil Service as part of the Civil Service Renewal Plan, 2014.

### Statement of Strategy 2016-2019 <https://dbe.gov.ie/en/Who-We-Are/Statement-of-Strategy/>

In 2016, as required due to the appointment of a new Minister, the Department developed a Statement of Strategy for the period 2016-2019.

The Statement of Strategy summarises the Department's strategy and provides an outline of our Mission and strategic goals. It sets out, concisely, the current context facing our stakeholders and the Department, and details the commitments we are making in terms of delivering on our strategic goals.

### Protected Disclosures Act, 2014 <https://dbe.gov.ie/en/Publications/Protected-Disclosures.html>

In accordance with the Protected Disclosures Act 2014, the Department has a policy in respect of Protected Disclosures in place for staff. As required under Section 22 of the Protected Disclosures Act 2014, an annual report setting out the number of protected disclosures received and the action taken in 2016 is available on the Department's website.

### Freedom of Information (FOI)

<https://dbe.gov.ie/en/Who-We-Are/Corporate-Information/Freedom-of-Information/>

The Freedom of Information Act 2014 asserts the right of members of the public to obtain access to official information to the greatest extent possible consistent with the public interest and the right to privacy of individuals

The Department's FOI Publication Scheme was published in April 2016 in accordance with Section 8 of the Freedom of Information Act 2014. The Scheme sets out information, under 6 headings, to assist members of the public in their understanding of the Department and its functions. In 2016 the Department received 163 Freedom of Information (FOI) requests and these were processed in accordance with the provisions of the Freedom of Information Act 2014.

### **Internal Audit Unit (IAU)**

Based on internationally accepted standards adopted by the Civil Service by the Department of Public Expenditure and Reform in 2012, the Internal Audit Unit functions provided assurance to the Secretary General and advice regarding the Department's financial and other internal processes and procedures during 2016.

### **Using ICT to enhance our Services**

The Department implemented a number of new technology initiatives during the year to increase the efficiency of both staff and processes, and to make it easier for our customers to do business with us.

- A new service was introduced to allow online applications for employment permits; the system makes it easier to apply for and track an application, while supporting greater efficiencies in the processing of applications. 95% of applications are now made online.
- The Patent's Office also increased the range of services which may be accessed online. Support was also provided to ensure that the Dublin based staff of the Workplace Relations Commission were able to move to a new single premises, supporting greater working efficiencies and greater convenience for clients.

### **Irish Human Rights & Equality Commission Act, 2014**

In line with our obligations under this Act, the Department is committed to proofing its wider policies, procedures and services across its business areas to ensure we comply with our requirements in the area of human rights and equality.

#### **Workplace Relations Commission**

<https://www.workplacerelements.ie/en/>

The WRC is the independent body set up by law to investigate or mediate complaints of discrimination. The WRC is covered by the European Convention on Human Rights.

Discrimination happens when a person is treated less favourably than another person is, has been or would be treated. Victimisation is also covered by the legislation.

#### **Corporate Social Responsibility**

<https://dbei.gov.ie/en/What-We-Do/Business-Sectoral-Initiatives/Corporate-Social-Responsibility/>

This Department is the lead Department on Corporate Social Responsibility - a concept whereby businesses and other organisations integrate their social and environmental responsibilities into their mainstream business operations, and business decisions are made with reference to wider sustainability issues.

#### **Innovation 2020**

<https://dbei.gov.ie/en/Publications/Innovation-2020.html>

Ireland's cross Government strategy for research and development, science and technology, recognises the importance of gender equality in research.

The strategy notes that Ireland has the opportunity to build its international reputation for gender equality through improved participation of women in research and innovation activities, and sets out actions to address gender issues relating to career progression in research and innovation.

#### Disability Inclusion Strategy

<http://justice.ie/en/JELR/Pages/WP15000115>

The Department is represented on and is progressing actions under the Comprehensive Employment Strategy for People with Disabilities 2015-2024 and participated in the development of the new Disability Inclusion Strategy which is due to be published in 2017.

In addition, DJEI participated on the Make Work Pay Group led by Department of Social Protection that aims to identify and address barriers that face individuals on disability as they seek to participate in (or return to) the workplace.

In addition to the above, the Department operates within employment law and other relevant legislation that seek to ensure, amongst other things, human rights and equality, such as:

Civil Service Regulation Act, Public Service Management Act, Paternity Leave and Benefit Act, Equality Act, Industrial Relations Act, Workplace Relations Act, Protected Disclosures Act, Employees (Provision of Information and Consultation) Act, Safety, Health and Welfare at Work Act, Maternity Protection Act, Carer's Leave Act, Organisation of Working Time Act, Unfair Dismissals Act.

## Appendix 1

<b>Vote 32 Jobs, Enterprise and Innovation Appropriation Account 2016</b>					
			<b>2016</b>	<b>2015</b>	
			<b>Outturn</b>	<b>Outturn</b>	
			<b>€000</b>	<b>€000</b>	
<b>Programme expenditure</b>					
<b>A</b>	<b>Jobs and Enterprise Development</b>				
	<i>Original</i>	384,485			
	<i>Supplementary</i>	(5,981)			
	<i>Deferred surrender</i>	10,000	388,504	389,680	379,379
<b>B</b>	<b>Innovation</b>				
	<i>Original</i>	333,130			
	<i>Supplementary</i>	48,349	381,479	381,126	382,633
<b>C</b>	<b>Regulation</b>				
	<i>Original</i>	82,858			
	<i>Supplementary</i>	(7,368)	75,490	72,153	72,833
	<b>Gross expenditure</b>		<b>845,473</b>	<b>842,959</b>	<b>834,845</b>
	<i>Deduct</i>				
<b>D</b>	<b>Appropriations-in-aid</b>		<b>47,148</b>	<b>52,680</b>	<b>51,925</b>
	<b>Net expenditure</b>				
	<i>Original</i>	753,325			
	<i>Supplementary</i>	35,000			
	<i>Deferred surrender</i>	10,000			
			<b>798,325</b>	<b>790,279</b>	<b>782,920</b>
<b>Surplus for surrender</b>					
The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Unspent appropriations for capital supply services may be carried over for spending in the following year under Section 91 of the Finance Act 2004.					
			<b>2016</b>	<b>2015</b>	
			<b>€</b>	<b>€</b>	
<b>Surplus</b>			8,045,508	27,492,889	
<b>Deferred surrender</b>			—	(10,000,000)	
<b>Surplus to be surrendered</b>			8,045,508	17,492,889	

<b>Analysis of administration expenditure</b>				
			<b>2016</b>	<b>2015</b>
		<b>Estimate provision</b>	<b>Outturn</b>	<b>Outturn</b>
		<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>i</b>	Salaries, wages and allowances	24,523	22,949	24,196
<b>ii</b>	Travel and subsistence	686	771	424
<b>iii</b>	Learning and development and incidental expenses	1,096	968	828
<b>iv</b>	Postal and telecommunications services	587	296	450
<b>v</b>	Office equipment and external IT services	3,959	4,000	3,090
<b>vi</b>	Office premises expenses	1,750	800	1,271
<b>vii</b>	Consultancy services and value for money and policy reviews	1,210	468	936
<b>vii i</b>	Advertising and information resources	581	169	391
		<b>34,392</b>	<b>30,421</b>	<b>31,586</b>

<b>Notes to the Appropriation Account</b>				
<b>1 Operating Cost Statement 2016</b>				
			<b>2016</b>	<b>2015</b>
		€000	€000	€000
Programme cost			812,538	803,259
Pay			22,949	24,196
Non pay			7,472	7,390
<b>Gross expenditure</b>			<b>842,959</b>	<b>834,845</b>
<i>Deduct</i>				
<b>Appropriations-in-aid</b>			<b>52,680</b>	<b>51,925</b>
<b>Net expenditure</b>			<b>790,279</b>	<b>782,920</b>
<b>Changes in capital assets</b>				
Purchases cash		(1,136)		
Depreciation		1,860		
Loss on Disposals		1		
			725	1,067
<b>Changes in assets under development</b>				
Cash payments			(467)	(1,126)
<b>Changes in net current assets</b>				
Decrease in closing accruals		(1,465)		
Increase in stock		(12)		
			(1,477)	1,322
<b>Direct expenditure</b>			<b>789,060</b>	<b>784,183</b>
<b>Expenditure borne elsewhere</b>				
Net allied services expenditure (cash) (note 1.1)			23,715	22,694
Notional rents (non-cash) (note 1.2)			2,580	1,947
<b>Net programme cost</b>			<b>815,355</b>	<b>808,824</b>

### 1.1 Net Allied Services Expenditure

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

		2016	2015
		€000	€000
Vote 9 Office of the Revenue Commissioners	e	91	144
Vote 12 Superannuation and Retired Allowances	e	16,021	16,056
Vote 13 Office of Public Works	e	7,291	6,158
Central Fund - Ministerial pensions	e	312	336
		23,715	22,694

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

### 1.2 Notional Rent

The notional rent figure is in respect of two State-owned properties occupied by the Department. It has been compiled by the Office of Public Works based on current market rental prices.



<b>2 Balance Sheet as at 31 December 2016</b>			
		<b>2016</b>	<b>2015</b>
	<b>Note</b>	<b>€000</b>	<b>€000</b>
<b>Capital assets</b>	2.2	6,830	7,149
<b>Capital assets under development</b>	2.3	138	43
		<b>6,968</b>	<b>7,192</b>
<b>Current Assets</b>			
Bank and cash	2.4	2,985	14,294
Stocks	2.5	209	197
Prepayments	2.6	2,932	922
Accrued income		951	1,003
Other debit balances	2.7	578	1,094
<b>Total current assets</b>		<b>7,655</b>	<b>17,510</b>
<b>Less current liabilities</b>			
Accrued expenses		718	446
Deferred income		2,057	1,802
Other credit balances	2.8	2,691	2,388
Net liability to the Exchequer	2.9	872	13,000
<b>Total current liabilities</b>		<b>6,338</b>	<b>17,636</b>
<b>Net current assets/(liabilities)</b>		<b>1,317</b>	<b>(126)</b>
<b>Net assets</b>		<b>8,285</b>	<b>7,066</b>
<b>Represented by:</b>			
<b>State funding account</b>	<b>2.1</b>	<b>8,285</b>	<b>7,066</b>

<b>2.1 State Funding Account</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>€000</b>	<b>€000</b>
Balance at 1 January		7,066	8,312
Disbursements from the Vote			
Estimate provision	Account	798,325	
Deferred surrender	Account	—	
Surplus to be surrendered	Account	(8,046)	
<b>Net vote</b>		<b>790,279</b>	<b>782,920</b>
<i>Net assets transferred from LRC</i>		<b>—</b>	<b>17</b>
Expenditure (cash) borne elsewhere	1	23,715	22,694
Non cash expend. – notional rent	1	2,580	1,947
Net programme cost	1	(815,355)	(808,824)
<b>Balance at 31 December</b>		<b>8,285</b>	<b>7,066</b>

<b>2.2 Capital Assets</b>			
	<b>Office and IT equipment</b>	<b>Furniture and fittings</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Gross assets</b>			
Cost or valuation at 1 January 2016	36,905	5,473	42,378
Reclassification	(12)	12	—
Additions	1,380	162	1,542
Disposals	(294)	(38)	(332)
Cost or valuation at 31 December 2016	37,979	5,609	43,588
<b>Accumulated depreciation</b>			
Opening balance at 1 January 2016	29,963	5,266	35,229
Reclassification	(12)	12	—
Depreciation for the year	1,794	66	1,860
Depreciation on disposals	(293)	(38)	(331)
Cumulative depreciation at 31 December 2016	31,452	5,306	36,758
<b>Net assets at 31 December 2016</b>	<b>6,527</b>	<b>303</b>	<b>6,830</b>
<b>Net assets at 31 December 2015</b>	<b>6,942</b>	<b>207</b>	<b>7,149</b>

<b>2.3 Capital Assets under Development</b>	
	<b>In-house computer applications</b>
	<b>€000</b>
Amounts brought forward at 1 January 2016	43
Cash payments in year <sup>a</sup>	507
Brought into use in year	(412)
Balance at 31 December 2016	138
<sup>a</sup> Includes EU funding of €40,272 used to acquire ICT assets for Patent Cooperation Fund projects.	

<b>2.4 Bank and Cash</b>	<b>2016</b>	<b>2015</b>
	<b>€000</b>	<b>€000</b>
at 31 December		
PMG balances	2,985	14,293
Commercial bank account balance	—	1
	2,985	14,294

<b>2.5 Stocks</b>	<b>2016</b>	<b>2015</b>
at 31 December	€000	€000
Stationery	151	137
IT supplies	48	43
Cleaning materials	10	17
	209	197
<b>2.6 Prepayments</b>	<b>2016</b>	<b>2015</b>
	€000	€000
Prepayments at 31 December*	2,932	922
*Prepayments of €2.9 million at 31 December 2016 include an advance payment of €1.8 million, being the State's contribution to the World Trade Organisation for 2017.		
<b>2.7 Other Debit Balances</b>	<b>2016</b>	<b>2015</b>
at 31 December	€000	€000
Advances to OPW	166	105
Miscellaneous debit balances	307	631
Recoupable expenditure:		
Travel	37	
Shared services	68	
	105	358
	578	1,094

<b>2.8 Other Credit Balances</b>	<b>2016</b>	<b>2015</b>
at 31 December	€000	€000
Amounts due to the State		
Income Tax	24	56
Pay Related Social Insurance	60	60
Professional Services Withholding Tax	103	—
Value Added Tax on intra EU acquisitions	37	—
	224	116
Miscellaneous credit balances*	2,467	2,272
	2,691	2,388
*Miscellaneous credit balances comprise i) share of patent renewal fees totalling €1.4 million payable to the European Patents Office, ii) recoupable salaries - €0.4 million, iii) Patent Co-operation Programme - €0.3 million, iv) employers' pension liability - €0.3 million and v) other miscellaneous balances.		

<b>2.9 Net Liability to the Exchequer</b>	<b>2016</b>	<b>2015</b>
at 31 December	€000	€000
Surplus to be surrendered	8,046	17,492
Deferred surrender	—	10,000
Exchequer grant undrawn	(7,174)	(14,492)
Net liability to the Exchequer	872	13,000
Represented by:		
Debtors		
Bank and cash	2,985	14,294
Other debit balances	578	1,094
	3,563	15,388
Creditors		
Due to State	(224)	(116)
Other credit balances	(2,467)	(2,272)
	(2,691)	(2,388)
	872	13,000

<b>2.10 Commitments</b>	<b>2016</b>	<b>2015</b>
at 31 December	€000	€000
<b>a) Global Commitments</b>		
Procurement of goods and services	2,001	1,717
Grant programmes <sup>a</sup>	1,515,146	1,427,488
Total of legally enforceable commitments	1,517,147	1,429,205

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

<b>b) Major Capital Commitments</b>					
Capital grants involving total expenditure of €6.35 million or more is shown separately in the major capital commitments table.					
	Cumulative expenditure to 31 December 2015 <sup>a</sup>	Expenditure in 2016	Project commitments in subsequent years	Expected total spend lifetime of project 2016	Expected total spend lifetime of project 2015 <sup>a</sup>
	€000	€000	€000	€000	€000
IDA Ireland	61,400	19,000	99,000	179,400	148,400
Enterprise Ireland	250,259	58,235	203,232	511,726	439,113
Science Technology & Development Programme	208,711	51,248	225,843	485,802	488,800
Programme for Research in Third Level Institutions (PRTL)	124,669	20,638	26,188	171,495	171,495
INTERREG	—	—	21,000	21,000	—
	645,039	149,121	575,263	1,369,423	1,247,808
<sup>a</sup> Excludes projects completed by end of 2015.					
<b>Significant variations</b>					
Where the programme spend has increased/decreased by more than €500,000 from 2015 to 2016, an explanation is provided as follows:					
Project by Project basis	Expected total spend 2016	Expected total spend 2015	Year on year increase/(decrease)		
	€000	€000	€000		
IDA Ireland	179,400	148,400	31,000		
The increase relates to three new grants approvals in 2016.					
Enterprise Ireland	511,726	439,113	72,613		
The increase relates to five new projects totalling €69 million and an increase in the value of five existing project commitments of €3.6 million.					
Science, Technology and Development Programme	485,904	488,800	(2,896)		
The decrease relates to one project expected to come in lower than originally estimated.					
INTERREG	21,000	—	21,000		
The Department committed in 2016 to €21 million funding towards the current INTERREG Programme, which will run until 2022.					

<b>2.11 Matured Liabilities</b>		
	2016	2015
	€000	€000
Estimate of matured liabilities not discharged at year-end	266	206

## Prompt Payments Summary January to December 2016

Details	Number	Value €	Percentage (%) of total payments made (Number) %
Number of payments made within 15 days	5,259	37,561,070	76%
Number of payments made within 16 to 30 days	1,373	4,099,185	20%
Number of payments made in excess of 30 days	272	556,307	4%
Total payments made in 2016	<b>6904</b>	<b>42,216,562</b>	<b>100%</b>

## Appendix 2

### Bills published or enacted in 2016

- Knowledge Development Box (Certification of Inventions) Bill 2016
- The Companies (Accounting) Bill 2016 was published on the 5<sup>th</sup> August 2016
- The Hallmarking (Amendment) Bill 2016 was published on the 14<sup>th</sup> December 2016

## Appendix 3

### Statutory instruments made in 2016

S.I. No. 32 of 2016	European Union (Online Dispute Resolution for Consumer Disputes) Regulations 2016
S.I. No. 33 of 2016	Employment Permits (Amendment) Regulations 2016
S.I. No. 35 of 2016	Consumer Protection Act 2007 (Grocery Goods Undertakings) Regulations 2016
S.I. No. 36 of 2016	Safety, Health and Welfare at Work (General Application) (Amendment) Regulations 2016
S.I. No. 43 of 2016	Companies Act 2014 (section 1313) Regulations 2016
S.I. No. 70 of 2016	Safety, Health and Welfare at Work (General Application) (Amendment) (No. 2) Regulations 2016
S.I. No. 71 of 2016	European Union (Restrictive Measures concerning Sudan) Regulations 2016
S.I. No. 72 of 2016	European Union (Restrictive Measures concerning the Republic of Guinea-Bissau) Regulations 2016
S.I. No. 73 of 2016	European Union (Restrictive Measures concerning the Republic of Guinea) Regulations 2016
S.I. No. 74 of 2016	European Union (Restrictive Measures concerning the Democratic Republic of the Congo) Regulations 2016

S.I. No. 75 of 2016	European Union (Restrictive Measures concerning Burundi) Regulations 2016
S.I. No. 76 of 2016	European Union (Restrictive Measures concerning Tunisia) Regulations 2016
S.I. No. 77 of 2016	European Union (Restrictive Measures concerning Liberia) Regulations 2016
S.I. No. 78 of 2016	European Union (Restrictive Measures concerning Zimbabwe) Regulations 2016
S.I. No. 79 of 2016	European Union (Restrictive Measures concerning the Democratic People's Republic of Korea) Regulations 2016
S.I. No. 126 of 2016	Employment Equality Act 1998 (Withdrawal of Certain Claims) (Relevant Date) Regulations 2016
S.I. No. 147 of 2016	Companies Act 2014 (Section 839) Regulations 2016
S.I. No. 156 of 2016	European Communities (Collective Rights Management Directive 2014/26/EU) Regulations 2016
S.I. No. 165 of 2016	Construction Contracts Act, 2013 (Appointed Day) Order 2016
S.I. No. 206 of 2016	Workplace Relations Act 2015 (Section 37) (Commencement) Order 2016
S.I. No. 227 of 2016	European Union (Simple Pressure Vessels) Regulations 2016
S.I. No. 312 of 2016	European Union (Statutory Audits) (Directive 2006/43/EC, as amended by Directive 2014/56/EU, and Regulation (EU) No 537/2014) Regulations 2016
S.I. No. 337 of 2016	Safety, Health and Welfare at Work (Electromagnetic Fields) Regulations 2016
S.I. No. 345 of 2016	European Union (Low Voltage Electrical Equipment) Regulations 2016
S.I. No. 363 of 2016	Employment Permits (Amendment)(No. 2) Regulations 2016
S.I. No. 370 of 2016	Safety, Health and Welfare at Work (General Application) (Amendment) (No. 3) Regulations 2016
S.I. No. 403 of 2016	Employment Permits (Trusted Partner) (Amendment) Regulations 2016
S.I. No. 412 of 2016	European Union (Posting of Workers) Regulations 2016
S.I. No. 473 of 2016	European Communities (Intra-Community Transfers of Defence Related Products) (Amendment) Regulations 2016



S.I. No. 474 of 2016	European Union (Restrictive Measures concerning Central African Republic) Regulations 2016
S.I. No. 475 of 2016	European Union (Restrictive Measures concerning Zimbabwe) (No. 2) Regulations 2016
S.I. No. 476 of 2016	European Union (Restrictive Measures concerning Syria) Regulations 2016
S.I. No. 477 of 2016	European Union (Restrictive Measures concerning Iran) (No. 2) Regulations 2016
S.I. No. 478 of 2016	European Union (Restrictive Measures concerning Iran) Regulations 2016
S.I. No. 516 of 2016	National Minimum Wage Order 2016
S.I. No. 539 of 2016	European Union (Restrictive Measures concerning the Democratic Republic of the Congo) (No. 2) Regulations 2016
S.I. No. 540 of 2016	European Union (Restrictive Measures concerning the Democratic People's Republic of Korea) (No. 2) Regulations 2016
S.I. No. 541 of 2016	European Union (Restrictive Measures concerning Tunisia) (No. 2) Regulations 2016
S.I. No. 548 of 2016	Employment Regulation (Amendment) Order (Contract Cleaning Joint Labour Committee) 2016
S.I. No. 562 of 2016	Companies Act 2014 (Commencement) Order 2016
S.I. No. 604 of 2016	Dangerous Substances (Retail and Private Petroleum Stores) (Amendment) Regulations 2016
S.I. No.616 of 2016	European Communities (Collective Rights Management) (Directive 2014/26/EU) (Amendment) Regulations 2016
S.I. No. 644 of 2016	European Communities (Safety of Toys) (Amendment) Regulations 2016

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